PRADA

MILANO

DAL 1913

Annual Report 2014

PRADA spa
(Hong Kong Stock code: 1913)

Annual Report 2014

Index

Patrizio Bertelli

Miuccia Prada

The PRADA Group

The first Prada store,
Galleria Vittorio Emanuele II
Milan

The PRADA Group

Presentation

"For Prada, fashion, luxury and style have always been core aspects of a project that goes beyond production of clothes, footwear and handbags.

Careful observation and interest in the world, society, and culture are at the core of Prada's creativity and modernity. This has pushed Prada beyond the physical limitations of boutiques and showrooms, leading us to interact with diverse, seemingly distant worlds, and introduce, very naturally, a new way of creating fashion."
Miuccia Prada and Patrizio Bertelli

These values have transformed a family business into a major player in the luxury market worldwide with the Prada, Miu Miu, Church's and Car Shoe brands.

The Group operates in 70 countries through 594 DOS, 35 franchise operated stores and a network of selected high-end multi-brand stores and luxury department stores.

Prada's distinctive features and prestige derive from its particular management of the creative and production process which allows the Group to offer its customers all around the world products of unequalled quality, creativity and exclusivity.

A focus on quality permeates every aspect of the Group's business. The individual heritage and identity of each brand is rigorously defended with the Group's designers and craftsmen being constantly challenged to keep tradition alive through a continuous process of re-invention and innovation. Each step of the process, both inside and outside the company, is carefully monitored in order to guarantee uncompromised quality.

The result is an exclusive relationship between each customer and the Group's brands, its products, its communications and its stores. This is why customers recognize in Prada's products something exclusive, important and personal which represents the image they wish to portray of themselves.

**The first Prada Epicenter Concept Store,
Broadway, New York
by architect Rem Koolhaas and Studio OMA**

**The third Prada Epicenter Concept Store,
Los Angeles, Beverly Hills
by architect Rem Koolhaas and Studio OMA**

The second Prada Epicenter Concept Store,
Aoyama, Tokyo
by architects Herzog & de Meuron

Prada Store
by architect Roberto Baciocchi

Prada Store
by architect Roberto Baciocchi

Miu Miu Store
Aoyama, Tokyo
by architects Herzog & De Meuron

Spring/Summer 2015
Advertising campaign
for Prada

History of PRADA Group

The Prada brand dates back to the beginning of the last century. In 1913, Mario Prada opened a luxury store in the Galleria Vittorio Emanuele II in Milan, selling leather handbags, travelling trunks, beauty cases, refined luxury accessories, jewels and articles of value. Thanks to its exclusively designed goods, handcrafted using fine materials and sophisticated techniques, Prada rapidly became a reference point for aristocracy and the most elegant members of the *haute-bourgeoisie* in Europe.

In 1919, Prada became an official supplier to the Italian Royal Family. Since then, Prada has been able to display the House of Savoy coat of arms and knotted rope design on its trademark logo.

Over the years, the Prada name gained increasing renown and prestige.

The Group saw a turning point in the development of its activities at the end of the Seventies, when Miuccia Prada, Mario Prada's granddaughter, launched a partnership with Tuscan businessman Patrizio Bertelli. This partnership combined creativity and business ideas laying the foundations of the international expansion that was to come. Patrizio Bertelli broke new ground in the luxury goods sector, introducing a business model in which he kept direct, internal control over all processes, applying uncompromised quality criteria across the entire production cycle. Miuccia Prada's creative talent and avant-garde approach attracted the attention of the global fashion industry, while her ability to look at the world from an unconventional vantage point allowed her not only to anticipate but, quite often, to set new trends.

In 1977, Patrizio Bertelli set up IPI spa to consolidate the production resources that he had built up over the previous ten years in the leather goods segment. In the same year, IPI spa obtained an exclusive license from Miuccia Prada to produce and distribute leather goods bearing the Prada brand name. In the following years, the activities of the two families were gradually brought together within a single Group.

In 1983, the Prada family opened a second store in the prestigious Via della Spiga in Milan, one of Europe's key shopping destinations. The new store showcased the new brand image as it blended traditional elements with a modern and innovative architectural setting: a revolution and a true benchmark for luxury retail.

Commencing in 1986, new stores were opened in New York and Madrid, followed by London, Paris and Tokyo.

In response to the growing appreciation for the offer of Prada products, the women range was extended from leather goods to include the first footwear collection in 1979 and the first apparel collection as presented in Milan in 1988.

In 1993 Prada made its debut in the men's segment with its first men's apparel and footwear collection. That same year, Miuccia Prada's creative inspiration led to the establishment of a new brand – Miu Miu – designed for women who are particularly fashion-forward and aware of *avant-garde*, trendy and sophisticated. Miu Miu now offers women's ready-to-wear, bags, accessories, footwear and eyewear and is an increasingly important component of the Group's sales.

Also in 1993, Miuccia Prada and Patrizio Bertelli created "Milano Prada Arte", which soon became "Fondazione Prada". The project's purpose was to gather "the most challenging mental provocations of our time" in art, architecture, cinema, philosophy and culture in general.

In 1997 Patrizio Bertelli creates the "Prada Challenge for the America's Cup 2000" sailing team. The Prada's products for leisure time, with the distinctive "Red Line", was launched in 1997 too.

**Spring/Summer 2015
Advertising campaign
for Prada**

In 1999, the prestigious Church's brand, established in 1873 in Northampton, becomes part of the Prada Group. The brand, specialized in handmade high-end footwear, is a worldwide recognized symbol of top quality British tradition and sophisticated elegance.

In 2001 Prada acquired control of Car Shoe, an historical Italian brand famous for its exclusive driving moccasins. The same year, the first Prada Epicenter store, designed in collaboration with Rem Koolhaas, was opened on Broadway, New York. It was the first store of the "Epicenters" project, which purpose was to rethink the concept of shopping with a new approach, and to experiment innovative interactions with customers. A second "Epicenter" store was opened in Aoyama, Tokyo, followed by a third, on Rodeo Drive, Beverly Hills in 2004.

In 2003, Prada entered into a licensing agreement, then renewed in 2012, with the Italian eyewear manufacturer Luxottica, world leader in the eyewear industry. The Luxottica Group currently produces eyewear for the Prada and Miu Miu brands. That same year, the Group also began its partnership with the Spanish cosmetics manufacturer Puig Beauty & Fashion Group with the launch, at the end of 2004, of the fragrance Amber.

In 2006, Miu Miu organized its first fashion show in Paris to better emphasize its identity.

The first Prada Phone by LG was launched in March 2007; it was the world's first touch screen cell phone. The successful partnership was renewed in 2008 and in 2011 with further two releases.

The Prada e-store first went online in 2010 while Miu Miu was launched in 2011. The same year, Prada entered into a joint venture with the Al Tayer Insignia llc Group to develop a Prada and Miu Miu retail network in the Middle East.

On June 24, 2011, 20% of the share capital of PRADA spa was successfully placed on the Main Board of the Hong Kong Stock Exchange.

In 2013 the Prada Group and Coty Inc announced an exclusive agreement for the creation, development and distribution of a line of Miu Miu fragrances, marking the brand's entrance into the prestige fragrance segment. That same year the team Luna Rossa Challenge, sponsored by Prada, took part in the 34th edition of the America's Cup.

In March 2014, Prada Spa announced the acquisition of control of the company Angelo Marchesi Srl, owner of the historical Milanese pastry shop founded in 1824. A few months later, the Group announced the acquisition of the French tannery Tannerie Megisserie Hervy (now Tannerié Limoges sas) to further strengthen its integrated industrial know-how.

Spring/Summer 2015
Advertising campaign
for Miu Miu

The Group brands

PRADA Group owns and manages some of the most prestigious luxury brands in the world. These brands, together with control over the key elements of the value chain, represent key assets for the Group. All of the Group's activities are geared towards constantly increasing brand value, in order to raise their profile, recognition and make them more desirable.

Prada

The Prada brand has become one of the most prestigious and widely-recognized brands in the fashion and luxury goods industries. Prada represents the best of creativity and the Italian manufacturing tradition, sophisticated style and uncompromising quality.

As one of the most innovative fashion brands, it is capable of re-defining "the norm", always anticipating and often setting new trends. Prada has also become a recognized symbol of elegance and the very essence of fashion. It has even often captured the attention of the world of literature, cinema and art. The brand's distinctive originality is built on its innovative approach to style, craftsmanship and quality, characterized by a constant research in all sectors: Prada relentlessly applies its creative approach not only to design development but also to the most innovative production techniques.

Prada has been a sophisticated interpreter of its times and a frontrunner of style and trends. The Prada brand now produces men's and women's leather goods, ready-to-wear, footwear and also operates in the eyewear and fragrance, targets an international customer base that is modern, sophisticated, aware of stylistic innovations and expects craftsmanship of the highest quality. By combining attention to detail and quality with a cutting-edge production and a unique identity style, it aims to make each Prada product one-of-a-kind.

Miu Miu

Named after Miuccia Prada's nickname in her younger years, Miu Miu was created in 1993 as a brand with a different identity from Prada and soon evolved into one of the leading fashion brands in the world, based on the same creativity, quality and culture of innovation at the heart of all Group activities. Miu Miu is characterized by its avant-garde, sensual and provocative style, which seeks to evoke a sense of freedom and intimacy with attention to detail and quality. Miu Miu targets women particularly aware of the latest fashion trends, driven by a modern spirit of exploration and experimentation in their fashion choices.

The Group has made major efforts since 2005 to enhance the independent identity of the Miu Miu brand. The brand's fashion shows and the nerve center of its communications and marketing activities have been moved to Paris while international activities and events have increased and the retail network has expanded swiftly in order to cover all leading markets. The Miu Miu fragrance, expected to be launched in 2015, is also part of the brand's development.

Church's

The Church's brand was founded in 1873 in Northampton, England, by Thomas Church and his three sons, capitalizing on the historical family experience in the production of handmade men's shoes since 1675. At the beginning of the 20th century, Church's began exporting outside of Europe to the United States, Canada and South America and received the prestigious Queen's Award for Exports from Queen Elizabeth II in 1965. Church's remains a recognized leader in the men's handmade luxury footwear industry. Church's footwear stands out for its classical style and sophisticated English elegance based on the combination of fine leather and top quality craftsmanship. Church's collections are designed to appeal to a discerning, international male and

Spring/Summer 2015
Advertising campaign
for Prada Eyewear

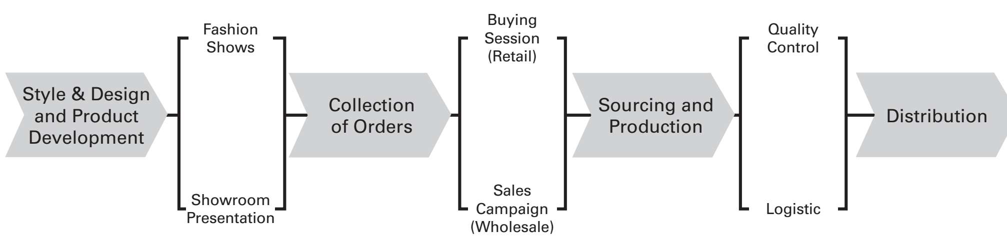
female clientele who appreciates high-quality shoes, combining a classical range with modern style collections, both sharing the same top quality and elegance.

Car Shoe

Car Shoe was founded in 1963 by Gianni Mostile whose passion for sports and racing cars led him to design handmade moccasins made from very soft leather and soles set on tiny rubber studs to improve grip on car pedals. The Car Shoe driving moccasins design was awarded a registered patent by the Italian Ministry of Trade and Industry in 1964, though it has now expired. The brand has since become an iconic Italian classic, known for its technical-design originality with high-quality leather and handmade craftsmanship. Car Shoe is a symbol of exclusive and relaxed luxury attitude in mind. Particularly suited for leisure time and informal occasions, Car Shoe products are targeted at a sporty and elegant male and female clientele.

Business model

Fundamental to the success of the Group's brands and their consistently high level of quality and innovation is the ability to operate an integrated value chain. The strategically integrated business cycle, through the in-house design competence and industrial capability, allows the Group to translate its innovative fashion concepts into viable commercial production while retaining control over technical know-how, quality standards and production cost, whilst maintaining flexible capacity.



Spring/Summer 2015
Advertising campaign
for Miu Miu Eyewear

Design

Creativity is the first step of the quality process.

Miuccia Prada has the ability to combine intellectual curiosity, the pursuit of new and unconventional ideas, cultural and social interests with a strong sense of fashion. This has made it possible to establish in Prada a genuine "in house" design culture, also based on method and discipline, which guides everyone working in the Prada creative process.

This unique approach enables Prada always to anticipate and, often set, trends, continually experimenting with new designs, fabrics, leathers and production techniques. This experimentation and exchange of ideas are the essential components of the design content found in each Group's product. The time spent at the "drawing board" and in the "fitting room" on research and stylistic development for the brands is fundamental in defining each collection: all items of ready-to-wear apparel, footwear and accessories complement one another and create a well-defined, consistent brand image.

Miuccia Prada and Patrizio Bertelli's flair, coupled with their extraordinary charisma, continues to attract talented people from all over the world who want to work with them in many different creative fields. This results in formidable teams in all aspects of the creative process: from fashion design to manufacture, from architecture to communication and photography, from interior design of the stores to all unique and special projects in which the Prada Group is involved.

Sourcing and production

Raw materials are an essential part of product quality, making them a primary concern in the Prada Group. In many cases, the fabrics and hides are made especially for Prada, in line with stringent technical and style specifications guaranteeing both the excellence of the material and its exclusive nature. The materials highlight the independent spirit imbued in all Prada Group products. Before they enter the production cycle, raw materials are also subject to stringent quality control by internal inspectors and engineers.

Prada products are made at thirteen state-of-the-art facilities owned by the Group (11 in Italy,1 in England and 1 in France) and through a network of external sub-contractors, whom are supplied with the raw materials, designs and prototypes and monitored by a team of internal inspectors. This system enables close control of each stage of the overall production process and maximizes the individual capacities of each facility. Furthermore, it guarantees highest level of quality for each product as well as maximum flexibility.

It is worth noting also that the hardcore of Prada's production employees has been working with the Group for an average of 20 years. This leads to the highest level of specialization, extensive knowledge and understanding of the Group DNA and ensures that know-how of production techniques and core values is handed on smoothly to younger generations.

The Prada Group's approach to production is therefore based on two key principles: the constant quest for innovation, thereby ensuring skills and expertise continue to evolve, and an artisan spirit, the legacy core value for production and a unique asset for each brand.

Throughout the Group's expansion, production sites have either been built to meet product requirements or acquired from companies already used as suppliers. The sites acquired have then been modernized or, in some cases, rebuilt. The aim in each case has been to optimize manufacturing processes and create optimal working environments

2014
Advertising campaign
for Prada Parfums

that reflect signature Prada aesthetics and quality.

Distribution

Innovation is at the core of Prada's success, with no sector escaping the Group's avant-garde approach, distribution included.

The retail network is constantly revised and updated in order to make it easier for customers to use and make product displays more effective.

Over the years, the Group has expanded its retail network and it now includes 594 DOS (Directly Operated Stores) in prestigious locations in the main international shopping destinations. This large network offers an effective platform to showcase new collections and is an essential point of contact with customers offering real-time information on the performance of each product category. Apart from their primary sales function, the DOS are also important means of communication: genuine brand ambassadors which portray a strong and consistent brand image worldwide.

The wholesale channel (department and multi-brand stores) guarantees a number additional of points of sale, selected on the basis of their prestigious location on key markets and provides a direct and immediate comparison with the competition. In recent years, this sales channel has been carefully reviewed with the aim of being more selective in order to achieve consistency with the retail network expansion and to maintain the right positioning and international image of the brands.

The retail channel generates 84.8% of the PRADA Group’s consolidated sales while the remaining 15.2% comes from the wholesale channel.

Image and communications

Effective communications are key to building and maintaining a unique powerful and consistent brands image. From fashion shows rich in content and impeccable executed to award-winning advertising campaigns, Prada and all the Group brands continue successfully to create an appealing and cutting-edge image that attracts a high quality, international client base and is appreciated by the most demanding of commentators and critics.

Strong press coverage, featured prominently on hundreds of covers of the world’s most important fashion magazines not to mention the most important daily and weekly publications, contributes towards the visibility of the products of the Group brands.

In-store events help raise the brands’ profile and increase awareness of the most recent collections on local markets and, in particular, in leading international cities from Tokyo to New York and London and from Hong Kong to Shanghai and Beijing.

Prada industrial Headquarter
Valvigna, Terranuova Bracciolini (AR),
by architect Guido Canali

Human Resources

Human Resources are a fundamental asset across the entire business model. The development of the Group builds its competitive advantage on the skills and commitment of its employees, promoting and rewarding pro-activity, goal orientation and teamwork.

The Human Resources Department operates in an international environment, cooperating closely with the areas in order to analyze processes, make them more efficient and effective and make the most of skills and specific local characteristics as part of an ongoing process to improve business processes, achieve integration between central and outlying parts of the business while focusing on the business.

Through a structured and transparent selection process, which is also based on cooperation with the most prestigious universities and fashion schools, the Group constantly seeks and attracts the best talents in the international employment market.

The Group’s presence on the international market through its four brands offers its professionals several international working opportunities in addition to the continuous education and training programs. This can help the Group to support internal growth in managerial and international roles as the Group’s policy itself promotes internal over external recruitment. The international scale of the activities is also reflected in the multitude of different cultures, skills, nationalities and religions which the Group believes are of strong importance. As a matter of fact, the fourty different nationalities working for the Group highlights the importance of diversity within the workforce as a source of cultural richness, well-being, creativity, lateral thinking, progress and affinity with the customer base, which in turns is extremely diverse.

The natural respect for equal opportunities within the Group is supported by the compensation & benefit system which is based on the promotion of skills and merit while ensuring equal treatment of genders seniority and role. At the same time, the protection of workers’ rights is of preeminent importance as the Group promotes and endorses the respect for human rights and labor provisions regarding child and involuntary labor, as well as health and safety throughout our value chain. The Group also collaborates with trade unions to evaluate any opportunity to enhance the working conditions of our employees.

The Group’s remuneration policy seeks to attract, reward and retain high-level professionals and skilled managers, as well as to align the interests of the management with the primary objective of creating value over the medium and long term. The common structure of the remuneration policy, characterized by a balanced mix of fixed and variable components, is defined locally in accordance with the principles of internal equality and external competitiveness. Comparison with the external market is ensured by surveys conducted by qualified companies, internationally recognized in the fashion and luxury sector.

The Remuneration Committee oversees the remuneration of our top management, taking into account the position and responsibilities assigned and benchmarking similar positions in a panel of companies comparable with Prada in terms of size and complexity.

The Calzaturificio Lamos facility
Montevarchi, (AR)
by architect Guido Canali

Castello Cavalcanti
short film directed by Wes Anderson, 2013

Special projects

Convinced of the need to combine varied creative experiences to ensure that its style, image and communications activities are renewed and updated constantly, the Prada Group has always had strong links with other fields, especially the fields of art and culture. Interaction with these apparently distant environments has led to the realization of special projects which have, over the years, helped define the many facets of the Prada universe.

Prada's interest in architecture has gradually taken form with the realization of state-of-the-art production sites, the refurbishment of former industrial buildings to house new showrooms and offices and the development of revolutionary concepts to fit out retail premises. The most high-profile project in the retail sector, known as the *Epicenter Concept Store*, was carried out between 2001 and 2004 with the opening of three exceptional stores in New York, Los Angeles and Tokyo. The epicenters, studied in collaboration with world famous architects Rem Koolhaas and Herzog & de Meuron, winners of the Pritzker Prize (architecture's "Nobel Prize"), were designed to reinvent and revamp the shopping concept: constantly evolving experimental laboratories where products, technologies, design and architecture blended perfectly with a vast range of exclusive services and sensorial experiences. Prada Epicenters soon became genuine landmarks on a local and international scale. On certain occasions, they transcend their function as stores to house film showings, exhibitions, presentations, debates and other cultural activities. The collaboration with Rem Koolhaas/AMO, the think-thank of the Office for Metropolitan Architecture, also led to the creation of the Prada Transformer building which opened in Seoul in 2009: for six months, this multi-dimensional structure housed an innovative series of inter-discipline projects including exhibitions, projections and live multi-cultural events.

Miuccia Prada and Patrizio Bertelli's interest in contemporary art have led the PRADA Group to support Fondazione Prada's activities in the fields of art and culture since 1993. Fondazione Prada was created as a platform to conceive and develop art exhibitions along with architecture, cinema and philosophy projects. It staged 24 solo shows in Milan devoted to Italian and International artists until 2010. Since 2011, the Foundation has presented four group shows at its Venetian venue, Ca' Corner della Regina, a 18th Century palace. Exhibition 'Art or Sound' was on view in Venice between June and November 2014. The project, curated by Germano Celant, brought together more than 180 artworks and objects from the Renaissance Period until the present day, including automata and musical machines, paintings and scores, sculptures and installations, rare and surprising musical instruments. Its objective was to explore the ambiguous relationship between artworks and sound objects. Architecture exhibition "Auguste Perret: Huits Chefs d'œuvre !/?", organized by the Economic, Social and Environmental Council (ESEC) in collaboration with Fondazione Prada at the Palais d'Iéna in Paris, opened in November 2013 and ran successfully until February 2014. The first phase of Curate Award, the competition launched by Fondazione Prada and Qatar Museum Authority to seek out new curatorial talent, was completed in January 2014. An International Jury selected three projects from more than 500 entries. The winners - Michael Wang, Misal Adnan Yıldız and Evelyn Simons – will realize their exhibition projects in the next two years.

Fondazione Prada's new Milan venue is scheduled to open in May 2015. Designed by architecture firm OMA, led by Rem Koolhaas, and situated in Largo Isarco, in the South of Milan, it is the result of the transformation of a former industrial compound dating back to the first decade of the 20th Century. The premises cover a total area of 19,000 sqm and will house an extensive program of exhibitions and cultural events, thus enabling the Foundation to develop further its multidisciplinary vocation.

Cinema, as a contemporary art form, has also led to creative collaborations with internationally renowned directors, resulting in numerous productions including Thunder

Fondazione Prada
Largo Isarco 2, Milan
by architect Rem Koolhaas

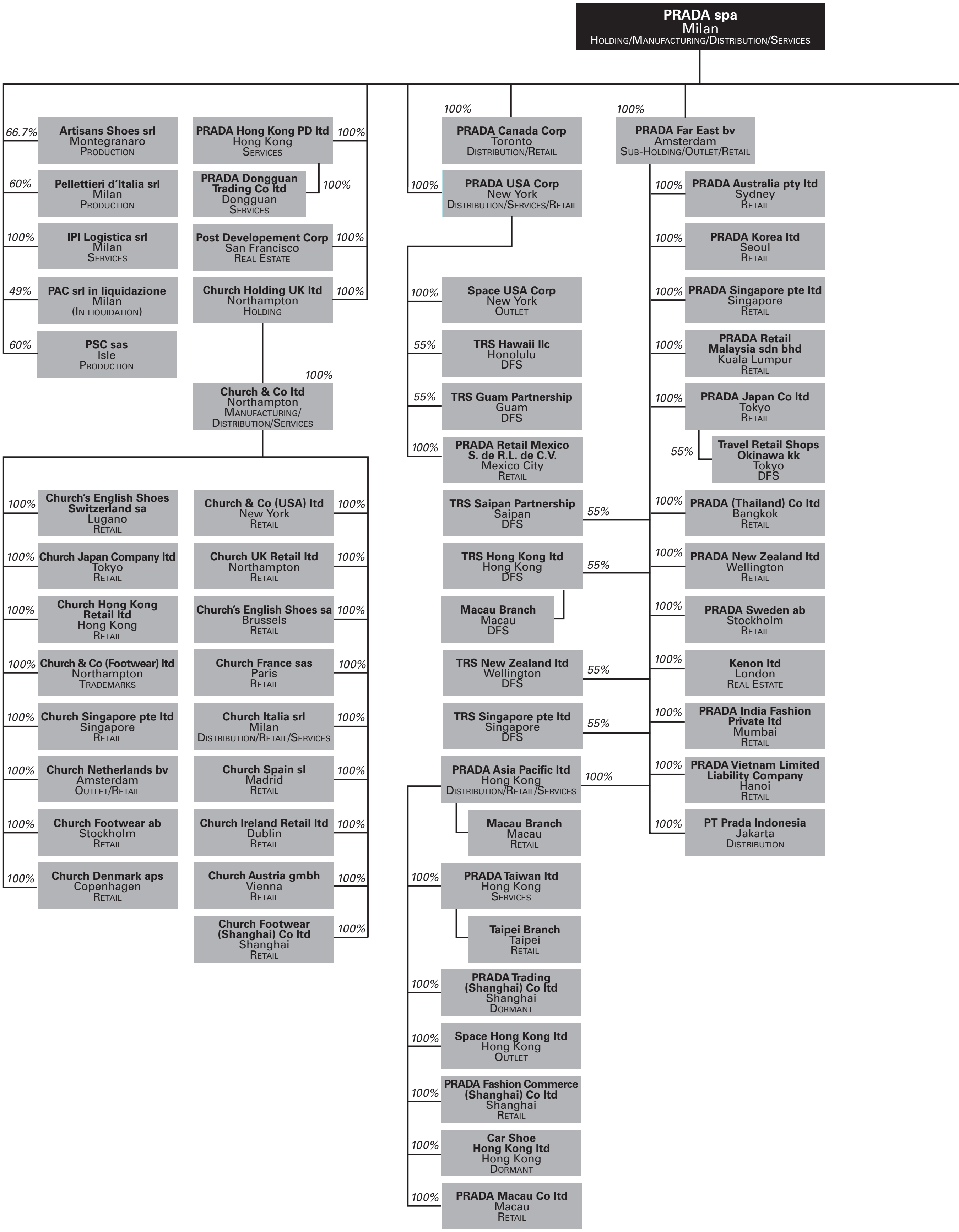
AC45 Luna Rossa
Cagliari, Sardinia 2015

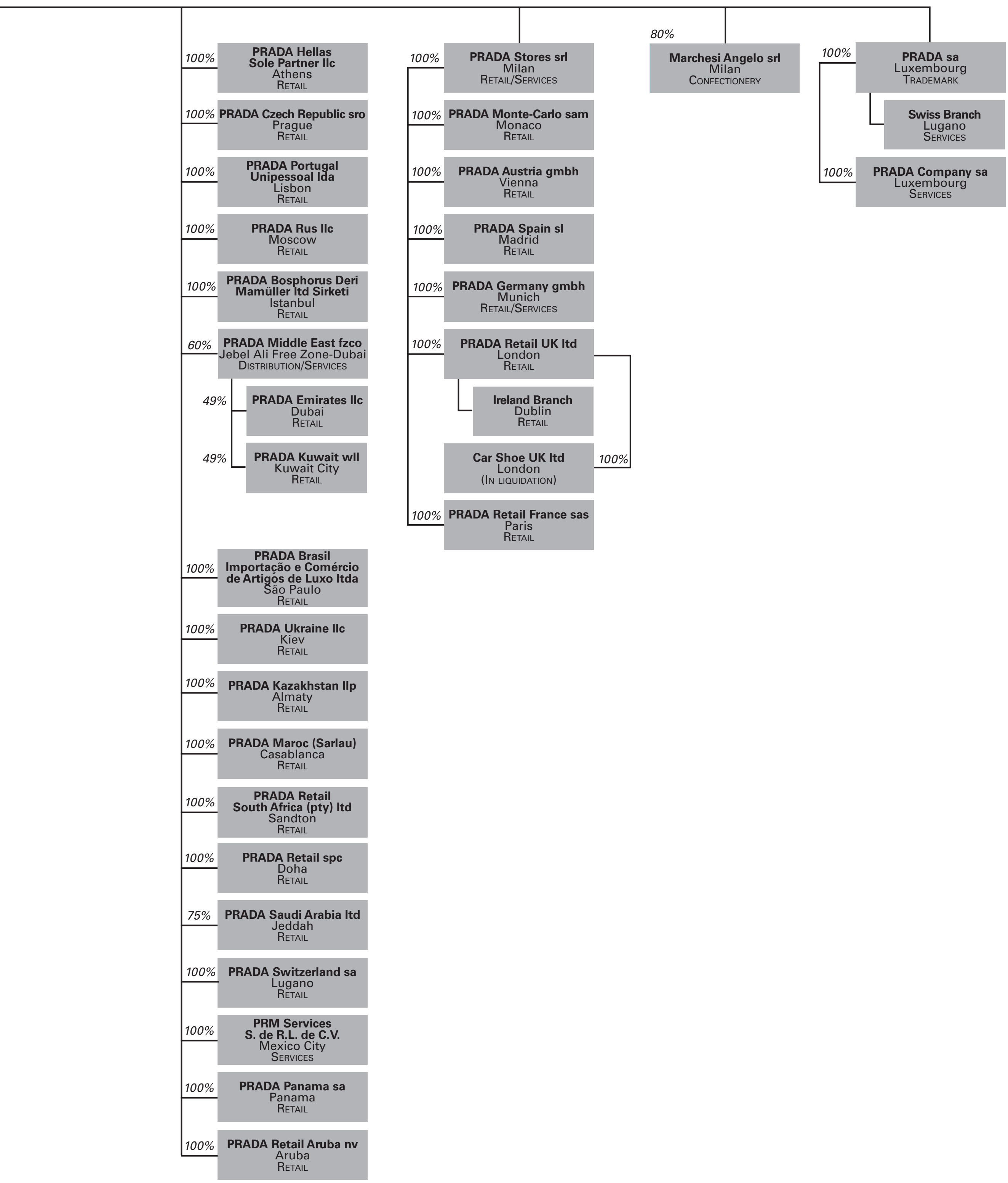
Perfect Mind by Jordan and Ridley Scott in 2006, A Therapy by Roman Polanski in 2012, Castello Cavalcanti by Wes Anderson in 2013 and, also, The Miu Miu Women's Tales: a series of short films produced between 2011 and 2014 by internationally famous directors – with different intellectual backgrounds – which explore the female universe. Miuccia Prada's passion for this field has also given rise to other projects like production of costumes for The Great Gatsby by Baz Luhrmann.

In 2013, true to its spirit of innovation, Prada, with Giangiacomo Feltrinelli Editore and Luxottica, launched a literary contest in New York which was then repeated in Milan in 2014. The contest created an independent platform of interest and an unusual search for literary talent, seeking to explore and exploit personal interpretations of reality as seen through the metaphor of Prada eyewear.

Moreover, in the field of high level sport, Team Luna Rossa, sponsored by the Group, has participated as a challenger in the 2000, 2003, 2007 and 2013 editions of the *America's Cup*. It won the challengers' regattas in 2000 and reached the finals in 2007 and 2013. This experience has contributed significantly to the commercial success of the leisure time apparel and footwear lines and has further spread the Prada image around the world, associating the name with the oldest and one of the most prestigious international sporting events.

PRADA Group Structure

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PRADA Middle East fzco
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PRADA Maroc (Sarlau)
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Sandton
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PRADA Retail spc
Doha
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PRADA Saudi Arabia ltd
Jeddah
Retail
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PRADA Switzerland sa
Lugano
Retail
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PRM Services S. de R.L. de C.V.
Mexico City
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PRADA Panama sa
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PRADA Retail Aruba nv
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PRADA Stores srl
Milan
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PRADA Monte-Carlo sam
Monaco
Retail
100%
PRADA Austria gmbh
Vienna
Retail
100%
PRADA Spain sl
Madrid
Retail
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PRADA Germany gmbh
Munich
Retail/Services
100%
PRADA Retail UK ltd
London
Retail
Ireland Branch
Dublin
Retail
Car Shoe UK ltd
London
(In liquidation)
100%
100%
PRADA Retail France sas
Paris
Retail
80%
Marchesi Angelo srl
Milan
Confectionery
100%
PRADA sa
Luxembourg
Trademark
Swiss Branch
Lugano
Services
100%
PRADA Company sa
Luxembourg
Services

Corporate Information

Registered office	Via A. Fogazzaro, 28 20135 Milan, Italy
Head Office	Via A. Fogazzaro, 28 20135 Milan, Italy
Place of business in Hong Kong registered under Part 16 of the Hong Kong Companies Ordinance	36/F, Gloucester Tower The Landmark, 11 Pedder Street Central, Hong Kong
Company web site	www.pradagroup.com
Hong Kong Stock Exchange Identification Number	1913
Board of Directors	Carlo Mazzi (Chairman) Miuccia Prada Bianchi (Chief Executive Officer) Patrizio Bertelli (Chief Executive Officer) Donatello Galli (Executive Director) Alessandra Cozzani (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) Carlo Mazzi Giancarlo Forestieri
Nomination Committee	Gian Franco Oliviero Mattei (Chairman) Carlo Mazzi Sing Cheong Liu
Board of Statutory Auditors	Antonino Parisi (Chairman) Roberto Spada (Standing member) David Terracina (Standing member)
Supervisory Board (Leg. Decr. 231/2001)	David Terracina (Chairman) Gian Franco Oliviero Mattei Franco Bertoli

Main Shareholder	PRADA Holding S.p.A. Via A. Fogazzaro, 28 20135 Milan, Italy
Joint Company Secretaries	Patrizia Albano Via A. Fogazzaro, 28 20135 Milan, Italy Ying-Kwai Yuen (Fellow member, HKICS) 36/F, Gloucester Tower The Landmark, 11 Pedder Street Central, Hong Kong
Authorized Representatives in Hong Kong	Carlo Mazzi Via A. Fogazzaro, 28 20135 Milan, Italy Ying-Kwai Yuen (Fellow member, HKICS) 36/F, Gloucester Tower The Landmark, 11 Pedder Street Central, Hong Kong
Alternate Authorized Representative to Carlo Mazzi in Hong Kong	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 S.p.A. Via Tortona, 25 20144 Milan, Italy

Financial Review

The Financial review of the Board of Directors refers to the Group of companies controlled by PRADA spa (the "Company"), holding company of the Prada Group (the "Group") and is based on the Consolidated financial statements of the Group for the twelve months ended January 31, 2015 (year 2014), prepared in accordance with IFRS as adopted by the European Union. The Financial review must be read together with the Consolidated financial statements and the Notes which form an integral part of the Consolidated financial statements.

Consolidated income statement

(amounts in thousands of Euro)	twelve months ended January 31 2015	%	twelve months ended January 31 2014	%
Retail	2,980,891	83.9%	2,996,637	83.5%
Wholesale	532,545	15.0%	551,570	15.4%
Royalties	38,260	1.1%	39,140	1.1%
Net revenues	3,551,696	100.0%	3,587,347	100.0%
Cost of goods sold	(1,001,117)	-28.2%	(938,698)	-26.2%
Gross margin	2,550,579	71.8%	2,648,649	73.8%
Operating expenses	(1,849,028)	-52.1%	(1,709,412)	-47.7%
EBIT	701,551	19.8%	939,237	26.2%
Interest and other financial expenses, net	(34,304)	-1.0%	(17,357)	-0.5%
Dividends from investments	455	-	1,016	-
Income before taxation	667,702	18.8%	922,896	25.7%
Taxation	(208,484)	-5.9%	(285,091)	-7.9%
Net income for the year	459,218	12.9%	637,805	17.8%
Net income - non-controlling interests	8,488	0.2%	10,020	0.3%
Net income - Group	450,730	12.7%	627,785	17.5%
Depreciation, amortization and impairment	252,698	7.1%	203,949	5.7%
EBITDA	954,249	26.9%	1,143,186	31.9%
Basic and diluted earnings per share (in Euro per share)	0.176		0.245	

Key financial information

Key income statement information (amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014	twelve months ended January 31 2013	% change on January 2014	CAGR % 2012-14
Net revenues	3,551,696	3,587,347	3,297,219	-1.0%	3.8%
EBITDA	954,249	1,143,186	1,052,469	-16.5%	-4.8%
EBITDA %	26.9%	31.9%	31.9%	-	-
EBIT	701,551	939,237	889,781	-25.3%	-11.2%
EBIT %	19.8%	26.2%	27.0%	-	-
Income before tax	667,702	922,896	883,616	-27.7%	-13.1%
Net income of the Group	450,730	627,785	625,681	-28.2%	-15.1%
Earnings per share (Euro)	0.176	0.245	0.245	-28.2%	-15.2%
Capital expenditure	449,735	611,227	351,129	-	-
Net operating cash flows	483,597	769,436	759,272	-37.1%	-20.2%
Average number of employees	11,962	10,816	9,427	10.6%	-

Key statement of financial position information (amounts in thousands of Euro)	January 31 2015	January 31 2014	January 31 2013	January 2015 less January 2014
Net operating working capital	563,409	409,774	317,714	153,635
Net invested capital	2,829,359	2,405,650	2,017,844	423,709
Net financial position	188,788	295,890	312,648	(107,102)
Group shareholders' equity	3,000,737	2,687,554	2,320,022	313,183

2014 highlights

The 2014 financial year has ended with consolidated net revenues of Euro 3,551.7 million, down by 1% compared to Euro 3,587.3 million in 2013. At constant exchange rates, consolidated net revenues have remained almost unchanged because, overall, exchange rates between other currencies and the Euro had a negative impact on sales for a significant portion of the year but then made a positive contribution and helped sales recover in the last few months of the year. Sales in the retail channel – which comprised 594 DOS at January 31, 2015 – were broadly in line with 2013 while wholesale channel sales fell by 3.4% and were again affected by the program of rationalization and conversion into retail sales.

The international economic environment in which the Group operated in 2014 was particularly challenging because of the ongoing economic uncertainty and the political and social tension that affected several important markets. Against this background, there was, generally, a lower contribution from flows of tourists while local demand followed different trends on the various markets: there was growth in Japan and the Americas and decreases in Europe, Italy and Asia Pacific. Nonetheless, Prada Group has continued to invest resources in pursuit of its medium/long-term objectives: it has confirmed the opening of new stores on markets not considered sufficiently covered although some have been postponed until 2015; it has also launched a number of communications initiatives in order to strengthen brand image and reinforce the link with customers. At the same time, in order to safeguard industrial margins and further increase production know-how, there has been a major overhaul of certain internal production processes, the effects of which will be visible from next year. However, as the general situation during the year gradually became more complicated than could have been expected, management concluded that it was essential to implement a series of measures aimed at containing costs at various income statement levels.

The slowdown in the rate of growth and the accompanying increase in costs linked to retail network expansion has hit operating margins: EBITDA for the twelve months ended January 31, 2015, was Euro 954.2 million, or 26.9% of net revenues against 31.9% in prior year, and EBIT totaled Euro 701.6 million, or 19.8% of net revenues against 26.2% in prior year.

After net financial expenses of Euro 33.8 million (Euro 16.3 million in 2013) and an effective tax rate almost in line with prior year (31.2% against 30.9% in 2013), the Group's net income amounted to Euro 450.7 million (12.7% of net revenues against 17.5% in 2013).

The capital expenditure for 2014 totaled Euro 449.7 million and was mainly dedicated to the expansion and renewal of the DOS network and to the acquisition for Euro 61.5 million of a property in Milan already used by the Group as its Corporate Headquarters under a rental contract.

At January 31, 2015, the Group's net financial position was positive by Euro 188.8 million. In the twelve months then ended, cash flows generated by operating activities amounted to Euro 483.6 million and were almost entirely employed – together with some existing cash – to finance capex and pay dividends to the shareholders of PRADA spa (Euro 281.5 million) and the non-controlling shareholders of subsidiaries (Euro 9.4 million).

Net sales analysis

(amounts in thousands of Euro)	twelve months ended January 31 2015		twelve months ended January 31 2014		% change
Net sales by geographical area					
Italy	553,429	15.8%	552,897	15.6%	0.1%
Europe	739,100	21.0%	776,494	21.9%	-4.8%
Americas	492,151	14.0%	487,990	13.8%	0.9%
Asia Pacific	1,252,675	35.7%	1,292,753	36.4%	-3.1%
Japan	367,625	10.5%	340,784	9.6%	7.9%
Middle East	103,475	2.9%	91,114	2.6%	13.6%
Other countries	4,981	0.1%	6,175	0.1%	-19.3%
Total	3,513,436	100.0%	3,548,207	100.0%	-1.0%
Net sales by brand					
Prada	2,895,437	82.4%	2,943,633	83.0%	-1.6%
Miu Miu	526,770	15.0%	519,142	14.6%	1.5%
Church's	74,041	2.1%	68,609	1.9%	7.9%
Car Shoe	11,935	0.3%	13,427	0.4%	-11.1%
Other	5,253	0.2%	3,396	0.1%	54.7%
Total	3,513,436	100.0%	3,548,207	100.0%	-1.0%
Net sales by product line					
Clothing	594,756	16.9%	581,594	16.4%	2.3%
Leather goods	2,218,032	63.1%	2,332,518	65.7%	-4.9%
Footwear	644,666	18.3%	594,586	16.8%	8.4%
Other	55,982	1.7%	39,509	1.1%	41.7%
Total	3,513,436	100.0%	3,548,207	100.0%	-1.0%
Net sales by distribution channel					
DOS	2,980,891	84.8%	2,996,637	84.5%	-0.5%
Independent customers and franchises	532,545	15.2%	551,570	15.5%	-3.4%
Total	3,513,436	100.0%	3,548,207	100.0%	-1.0%
Net sales	3,513,436	98.9%	3,548,207	98.9%	-1.0%
Royalties	38,260	1.1%	39,140	1.1%	-2.2%
Total net revenues	3,551,696	100.0%	3,587,347	100.0%	-1.0%

Sales channels

Retail sales for the twelve months ended January 31, 2015, totaled Euro 2,980.9 million, slightly down compared to Euro 2,996.6 million for the previous year. At constant exchange rates, retail sales were almost unchanged on prior year. A total of 64 new DOS were opened during the year, as driven by the program to convert some independent retailers in North America and Switzerland into DOS, while ten DOS were closed. At January 31, 2015, the total number of DOS had increased to 594. On an SSSG basis (same number of stores and constant exchange rates), the retail network performed less well than in prior year, especially in relation to the Asian market and leather goods.

The wholesale channel generated net sales of Euro 532.5 million, a decrease of 3.4% compared to 2013 (-4.7% at constant exchange rates). This decrease is in line with Group strategy which has, for some years, prioritized the development of the retail channel, and essentially relates to the European and American markets. Nonetheless, it is worth noting the growth achieved in the wholesale channel in Asia, especially thanks to the strong performance of DFS which are operated under selected franchising agreements.

Markets

In the twelve months ended January 31, 2015, the Asia Pacific market – which contributed 35.7% of total net sales making it the Group's largest market – recorded a 3.1% decrease (-4.5% at constant exchange rates), generating net sales of Euro 1,252.7 million against Euro 1,292.8 million in 2013. Results in the region were hit by the negative performances recorded in Hong Kong and Macau. The Greater China area still benefited from growth on the Chinese domestic market and ended the year with net sales of Euro 774.1 million, a decrease of 6.3% (-7.3% at constant exchange rates). In the twelve month period, there were 18 new store openings in Asia Pacific, net of three closures. In terms of distribution channel, the retail channel recorded a 5.5% decrease (-6.5% at constant exchange rates) while, as already stated, the wholesale channel enjoyed double-digit growth, especially thanks to tourist flows in South Korea.

In Europe, net sales totaled Euro 739.1 million, a 4.8% decrease (same decrease at constant exchange rates) compared to the previous year. Thanks to new store openings during the year (17 net of one closure), the retail channel limited its net sales decrease compared to prior year to -1.3% (-1.1% at constant exchange rates). Wholesale results, already hit by general weakness on the domestic market, were further limited by the aforementioned strategy of rationalization of independent retailers.

In the twelve months ended January 31, 2015, the Italian market generated total net sales of Euro 553.4 million, broadly in line with the Euro 552.9 million recorded in 2013. There was no significant difference in the respective performances of the two distribution channels, with the retail channel recording a slight decrease and the wholesale channel slight growth.

The American market generated net sales of Euro 492.2 million, slightly up on the Euro 488 million recorded in 2013: +0.9% at actual exchange rates and +0.3% at constant exchange rates. A total of 19 DOS were opened during the year (net of two closures) and the retail channel recorded an overall increase in net sales (+7.7% at actual exchange rates and +7.2% at constant exchange rates). Meanwhile, the wholesale channel recorded a double-digit drop in net sales (also because of the aforementioned program to convert wholesale customers into DOS).

In the twelve months ended January 31, 2015, Japan recorded significant growth with net sales of Euro 367.6 million, a 7.9% increase on prior year (+13.4% at constant exchange rates). The DOS network was rationalized with the closure of three Prada stores and the opening of a Miu Miu store.

The Middle East market generated net sales totaling Euro 103.5 million, an increase of 13.6% (+12.2% at constant exchange rates) compared to Euro 91.1 million the previous year. The excellent performances of footwear in general and the Miu Miu brand must be highlighted.

Products

The footwear division has recorded net sales of Euro 644.7 million, an 8.4% increase compared to prior year (+8.1% at constant exchange rates). Footwear sales increased to 18.3% of consolidated net sales from 16.8% in 2013. With the sole exception of the North American market where footwear sales fell slightly compared to prior year, growth was recorded in all geographical areas, solely thanks to the retail channel (+19.1% at actual exchange rates and at constant exchange rates).

Clothing contributed 16.9% of consolidated net sales in 2014 with total net sales of Euro 594.8 million, a 2.3% increase on the Euro 581.6 million reported for 2013 (+2.7% at constant exchange rates). The growth was driven by the retail channel which recorded a 4.4% increase (+4.9% at constant exchange rates). As for footwear, clothing sales fell in the wholesale channel compared to 2013.

Leather goods contributed net sales of Euro 2,218 million with a 4.9% decrease compared to Euro 2,332.5 million in 2013 (-5% at constant exchange rates). The decrease recorded by this division affected all markets (except Japan) and hit the retail channel results of the Prada and Miu Miu brands.

Brands

The Prada brand generated net sales of Euro 2,895.4 million, slightly down on 2013 when its sales totaled Euro 2,943.6 million. The decrease of 1.6% (-1.7% at constant exchange rates) was broadly the same in both the retail and wholesale channels. From a geographical perspective, the results achieved by each brand in the various regions were consistent with the performance of the Group as a whole, albeit with some variances in Italy, where Prada achieved 4.5% net sales growth (Group +0.1%), and in the Middle East, where Prada grew by 5.4% (Group +13.6%). Meanwhile, sales performance by brand in terms of product line were exactly in line with Group performance.

The Miu Miu brand generated net sales of Euro 526.8 million, a 1.5% increase compared to Euro 519.1 million in 2013 (+1.7% at constant exchange rates). All of the growth was achieved in the retail channel which recorded a 4% net sales increase (+4.4% at constant exchange rates). In contrast, the wholesale channel recorded a double-digit drop in net sales, at both actual exchange rates and constant exchange rates. Except on the Italian market where there was a significant fall in net sales compared to 2013 and, to a lesser extent, in Europe, the Miu Miu brand enjoyed double-digit growth on all other markets. As for the Prada brand, the Miu Miu sales trend in terms of product line was wholly in line with the Group trend.

In the twelve months ended January 31, 2015, the Church's brand contributed consolidated net sales of Euro 74 million, up by 7.9% from Euro 68.6 million the previous year (+4.9% at constant exchange rates). The sales growth was driven by the DOS which, alone, achieved a 14.8% increase (+12% at constant exchange rates). Meanwhile, the wholesale channel recorded a 3.4% decrease in net sales (-6.8% at constant exchange rates).

The Car Shoe was hit especially hard by the slump in the wholesale channel. It generated net sales of Euro 11.9 million, a decrease of 11.1% compared to prior year.

Royalties

In the twelve months ended January 31, 2015, licensing agreements generated royalties income of Euro 38.3 million, 2.2% less than the Euro 39.1 million recorded in 2013. The decrease related entirely to revenues under some minor licensing agreements that were terminated during the year. Eyewear royalties performed very well with a 6.3% increase compared to 2013.

Number of stores

	January 31, 2015		January 31, 2014	
	Owned	Franchises	Owned	Franchises
Prada	362	27	330	24
Miu Miu	169	8	150	8
Church's	55	-	52	-
Car Shoe	8	-	8	-
Total	594	35	540	32

	January 31, 2015		January 31, 2014	
	Owned	Franchises	Owned	Franchises
Italy	51	6	51	6
Europe	167	3	150	6
Americas	110	-	91	-
Asia Pacific	175	22	157	20
Japan	70	-	72	-
Middle East	17	4	16	-
Africa	4	-	3	-
Total	594	35	540	32

Operating results

Gross margin – net revenue less cost of goods sold – was Euro 2,550.6 million for the twelve months ended January 31, 2015, or 71.8% of net sales. The decrease in gross margin percentage from 73.8% in 2013 was essentially due to the different product mix and to unfavorable foreign exchange trends.

EBITDA for the year totaled Euro 954.2 million (26.9% of net revenues), down compared to Euro 1,143.2 million in 2013 (31.9% of net revenues). Meanwhile, EBIT for the year also decreased to Euro 701.6 million or 19.8% of net revenues. The decrease was due to the aforementioned reduction in gross margin as well as to the higher incidence of operating expenses because of ongoing investment in the retail network and initiatives aimed at strengthening brand identity and the link with the clientele, above all the "Pradasphere" event in London and Hong Kong.

Net financial expenses for the year amounted to Euro 33.8 million. The increase compared to the Euro 16.3 million recorded in 2013 was due to higher net interest expenses because of higher average bank borrowing and to higher foreign exchange losses. The effective tax rate was 31.2%, in line with the rate of 30.9% recorded in 2013.

The financial year 2014 has ended with net income attributable to the Group of Euro 450.7 million, or 12.7% of net revenues.

EBITDA by brand

twelve months ended January 31, 2015 (amounts in thousands of Euro)	Group	Prada	Miu Miu	Church's	Car Shoe	Other
Net sales	3,513,436	2,895,437	526,770	74,041	11,935	5,253
Royalties	38,260	34,868	3,378	14	-	-
Net revenues	3,551,696	2,930,305	530,148	74,055	11,935	5,253
EBITDA	954,249	922,644	35,130	4,605	(7,295)	(835)
EBITDA %	26.9%	31.5%	6.6%	6.2%	-	-

twelve months ended January 31, 2014 (amounts in thousands of Euro)	Group	Prada	Miu Miu	Church's	Car Shoe	Other
Net sales	3,548,207	2,943,633	519,142	68,609	13,427	3,396
Royalties	39,140	37,127	1,997	16	-	-
Net revenues	3,587,347	2,980,760	521,139	68,625	13,427	3,396
EBITDA	1,143,186	1,054,126	89,322	4,368	(4,795)	165
EBITDA %	31.9%	35.4%	17.1%	6.4%	-	-

The PRADA brand generated EBITDA of Euro 922.6 million for the twelve months ended January 31, 2015, 31.5% of net revenues and down by 12.5% compared to the figure of Euro 1,054.1 million reported in 2013. Gross margin was affected by a less favorable sales mix in terms of products sold and by the generally negative forex effect during the year. At the level of operating expenses, major investment in DOS network expansion eroded profitability while revenue growth slowed down. In line with the long-term vision for brand positioning, important communications initiatives were confirmed (e.g. the Pradasphere – an exclusive exhibition which explored the Prada Universe at the exceptional locations of Harrods Knightsbridge in London and Central Ferry Pier 4 in Hong Kong) and the costs partially offset by measures aimed at containing other expenses.

The Miu Miu brand generated EBITDA of Euro 35.1 million for the twelve months ended January 31, 2015, 6.6% of net revenues and down by 60.7% compared to the figure of Euro 89.3 million reported for 2013. For Miu Miu, a fall in gross profit, essentially for the same reasons stated above for Prada, and the operating expenses generated by retail network development hit operating profits for the year, also considering moderate sales growth and the relative size of the brand. In 2014, management continued to work on the development of a strong brand identity, opening 19 DOS (net of one closure), mainly in Asia Pacific, and undertaking communications initiatives (advertising campaigns, special projects and events) considered strategic for the positioning of the brand.

The Church's brand ended 2014 with EBITDA of Euro 4.6 million, a 5.4% increase on the figure of Euro 4.4 million reported for 2013. The commercial development of the brand, driven by SSSG and new openings, generated higher net revenues than in prior year but also led to an increase in costs so the brand was unable to benefit from operating leverage in 2014. Advertising and communications expenses also increased significantly in 2014 in order to strengthen the identity of the English brand.

The Car Shoe brand ended 2014 with negative EBITDA of Euro 7.3 million, a further deterioration on prior year. Retail growth in 2014 did not make up for the downturn in the wholesale segment.

Analysis of the statement of financial position

Net invested capital

The following table contains the statement of financial position, as reclassified in order to provide a better picture of the composition of Net Invested Capital.

(amounts in thousands of Euro)	January 31 2015	January 31 2014	January 31 2013
Non-current assets (excluding deferred tax assets)	2,557,198	2,225,451	1,821,773
Trade receivables, net	346,284	308,405	304,525
Inventories, net	654,545	449,903	343,802
Trade payables	(437,420)	(348,534)	(330,613)
Net operating working capital	563,409	409,774	317,714
Other current assets (excluding items of financial position)	190,149	132,866	165,962
Other current liabilities (excluding items of financial position)	(411,878)	(291,378)	(230,285)
Other current assets/(liabilities), net	(221,729)	(158,512)	(64,323)
Provision for risks	(63,695)	(52,660)	(46,914)
Post-employment benefits	(85,754)	(63,279)	(45,538)
Other long-term liabilities	(159,419)	(113,698)	(85,289)
Deferred taxation, net	239,349	158,574	120,421
Other non-current assets/(liabilities)	(69,519)	(71,063)	(57,320)
Net invested capital	2,829,359	2,405,650	2,017,844
Shareholder's equity – Group	(3,000,737)	(2,687,554)	(2,320,022)
Shareholder's equity – Non-controlling interests	(17,410)	(13,986)	(10,470)
Total consolidated shareholders' equity	(3,018,147)	(2,701,540)	(2,330,492)
Long-term financial payables	(254,462)	(207,969)	(79,348)
Short-term financial, net surplus/(deficit)	443,250	503,859	391,996
Net financial position surplus/(deficit)	188,788	295,890	312,648
Shareholders’ equity and net financial position	(2,829,359)	(2,405,650)	(2,017,844)
Debt to Equity ratio	n.a.	n.a.	n.a.

At January 31, 2015, Net invested capital stood at Euro 2,829.4 million, Euro 423.7 million more than reported at January 31, 2014.

At January 31, 2015, non-current assets, excluding deferred tax assets, amounted to Euro 2,557.2 million, an increase of Euro 331.7 million compared to January 31, 2014. This increase was mainly due to capex of Euro 449.7 million for the year and to the restatement of property, plant and equipment and intangible assets expressed in currencies other than the Euro, increasing their value by around Euro 94 million. Total capex included Euro 260.9 million to expand and renew the retail network, Euro 58.9 million to strengthen production facilities and Euro 129.9 million relating to the corporate area, Euro 61.5 million of which related to the aforementioned purchase of the real estate property in Milan. Intangible assets at January 31, 2015, include assets with an indefinite useful life i.e. goodwill totaling Euro 513.2 million. As required by “IAS 36 Impairment of Assets”, these assets were subjected to an impairment test at the reporting date. The value in use of the CGUs to which the goodwill have been allocated, essentially determined using methods based on discounted future cash flows, did not reveal any impairment. The results of the impairment tests were further supported by sensitivity tests. More information is provided in the Notes to the Consolidated financial statements under Note 16.

Net operating working capital increased by Euro 153.6 million compared to January 31, 2014, to stand at Euro 563.4 million. The increase is due to the net increase of 54 DOS compared to prior year as well as to a different replenishment strategy adopted in the last few months of 2014 in order to improve the retail range. At the reporting date, raw materials and finished products are recorded at estimated realizable amount which is net of inventory provisions of Euro 64.2 million.

Total other current liabilities, net, increased from Euro 158.5 million at January 31, 2014, to Euro 221.7 million mainly because of the larger negative reporting date fair value of derivative instruments used to hedge the exchange risk and because of higher capex payables which, at January 31, 2015, also included Euro 55 million outstanding in relation to the purchase of the corporate headquarter offices.

Other non-current liabilities, net, totaled Euro 69.5 million and remained almost unchanged compared to January 31, 2014. The increase in non-monetary liabilities for deferred lease income and long-term employee benefits was offset by an increase in deferred tax assets mainly because of higher temporary differences between the tax value and consolidated reported value of finished products.

Group shareholders' equity amounted to Euro 3,000.7 million at January 31, 2015. During the year, dividends of Euro 281.5 million were distributed to the PRADA spa shareholders (as approved by the Annual General Meeting on May 22, 2014, on the financial statements for the year ended January 31, 2014). The weakening of the Euro towards the end of the reporting period led to the restatement of shareholders' equity expressed in currencies other than the Euro thus generating an increase in the translation reserve of Euro 180.4 million.

Net financial position

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

(amounts in thousands of Euro)	January 31 2015	January 31 2014	January 31 2013
Long-term debt	(255,203)	(207,950)	(78,830)
Obligations under finance leases – non-current	-	(19)	(518)
Long-term financial receivables due from related parties	741	-	-
Long-term financial payables	(254,462)	(207,969)	(79,348)
Short-term financial payables and bank overdrafts	(263,335)	(61,909)	(175,570)
Payables to parent company and related parties	(2,371)	(4,130)	(5,018)
Receivables from parent company and related parties	11	2,008	1,413
Obligations under finance leases	(21)	(524)	(575)
Cash and cash equivalents	708,966	568,414	571,746
Short-term financial (payables)/receivables, net of cash and cash equivalents	443,250	503,859	391,996
Net financial surplus/(deficit)	188,788	295,890	312,648
Net financial surplus/(deficit), excluding receivables/(payables) with related parties	190,407	298,012	316,253
NFP/EBITDA ratio	n.a.	n.a.	n.a.

At January 31, 2015, the Group's net financial position showed a cash surplus of Euro 188.8 million. Operating cash flows for the twelve months then ended amounted to Euro 483.6 million and were entirely employed, together with part of the existing cash, to finance capital expenditure and to pay dividends to the shareholders of PRADA spa (Euro 281.5 million) and to the non-controlling shareholders of the subsidiaries (Euro 9.4 million). It must be also noted that, during the year, in order to increase its financial flexibility while taking advantage of favorable conditions available on the credit market, the Group arranged a new revolving credit facility of Euro 315 million with a syndicate of banks and Euro 150 million of the facility was utilized at the reporting date.

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 performance of the luxury goods market greatly depends on general economic conditions. Therefore, the Group's profitability and operating performance are exposed to global macroeconomic risk factors as a consequence of its operations on an international scale.

The current international economic environment could have a negative impact on demand for the Group's products and reduce access to credit, causing financial problems for customers and other parties with which the Group operates. Overall, these factors could have a negative impact on the business, results, cash flows and the financial condition of the Group.

A significant portion of the Group's sales is made to customers who purchase goods during trips abroad. Consequently, unfavorable economic conditions (e.g. the global financial crisis of 2008 and 2009), global political developments (e.g. the war in Iraq in the spring of 2003), other social or geopolitical factors resulting in unrest, instability, disorder, civil war or military conflict, natural disasters like fires, flooding and earthquakes, or other events (e.g. the events of September 11, 2001, in the United States or travel advice issued by the World Health Organization in response to Severe Acute Respiratory Syndrome, "SARS") which lead to changes in the flow of travelers or a reduction in the volume of travel have in the past and could in future have a negative impact on the Group's business and results.

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 market position. Consequently, the Group's business is strongly dependent on its ability to protect and defend its trademarks and other intellectual property rights.

The Group is constantly committed to the international registration and protection of its trademarks and other intellectual property. It maintains that its trademarks and other intellectual property rights are adequately protected on major markets by registration applications, existing registrations and other legal safeguards.

Risks regarding brand image and recognition

The success of the Group on the international luxury goods market is linked to the image and distinctiveness of its brands. These features depend on many factors, like the style and design of products, the quality of materials and production techniques used, the image and location of the Group's directly operated stores, the careful selection of licensees for certain product categories and 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 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 ability to anticipate trends and react to changing customer preferences

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

The Group pursues its objective of driving the luxury goods market by stimulating consumer markets and setting trends thanks to the creative efforts of its Design and Product Development department. This area of the business includes around 900 persons divided between design – where creativity is boosted by a strong mix of nationalities, cultures and talents – and development – where craft skills combined with tried and tested industrial processes ensure that the Group continues to compete in order to keep up with consumer trends and emerging lifestyles.

Risk factors specific to Prada Group

Risks regarding exchange rate fluctuations

The Group has a vast international presence and is, therefore, exposed to the foreign exchange risk which can negatively impact revenue, costs, margins and profit. In order to hedge the foreign exchange risk, the Group enters into hedging derivatives designed to guarantee the Euro (or other operating currency) amount of identified future cash flows. These future cash flows mainly regard the collection of trade and financial receivables and the settlement of trade payables. They are mainly concentrated in PRADA spa, Group holding company and worldwide distributor of Prada and Miu Miu brand products.

Exchange rate risk management is described in more detail in the Notes to the 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.

Interest rate risk management is described in more detail in the Notes to the 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 who are highly capable in terms of the design, marketing and merchandising of products.

The Group believes it has a management structure capable of guaranteeing the ongoing success of the business and has recently implemented a long-term incentive plan in order to retain key figures so that they will continue to fulfil roles essential to achievement of the challenging objectives that the Group constantly sets itself.

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 continued support and development of retail channel performance and on expansion on an international scale.

The Group sustains the operating performance and results of the retail channel by constantly checking and, if necessary, redesigning the main business processes, also through localized marketing initiatives that reassert the distinctive strengths of the Group brands: their strong identity, the close control over the entire value chain, the overseeing capacity to combine innovation and quality in a short period of time and a network of stores positioned on the most prestigious shopping streets and the most important international department stores. 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 so that brand identify is properly represented.

Risks regarding the outsourcing of manufacturing activities

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

The Group has implemented a rigorous inspection and quality control process for all outsourced production. Prada contractually requires its outsourcers to comply with rules and regulations on brand ownership and other intellectual property rights, with all the provisions of laws and national collective agreements on labor and social security rules and with laws and regulations on health and safety in the workplace. It also requires them to read the Prada Group Code of Ethics and make an undertaking to respect the principles set out in it.

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, also considering its low-risk policy, to invest the surplus funds generated by operations. 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 highly 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 the failure to comply with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong or with other laws or regulations in force in Hong Kong and applicable to the Company following its listing on the Stock Exchange of Hong Kong Limited;

– the risks associated with the failure to comply with the laws and regulations applicable to the Company following the listing of the Notes issued on August 2013 on the Irish Stock Exchange;

– the risks associated with health and safety at work in compliance with Italian Legislative Decree 81/08 and equivalent regulations in other countries;

– possible legal sanctions for wrongful acts pursuant to Law 231/2001, as subsequently amended;

– the risks associated with antitrust rules in the areas where the Group operates;

– the possibility of events that adversely affect the reliability of annual financial reporting and the safeguarding of Group assets;

– changes in international tax rules applicable in the various countries where the Group operates that could expose the Group to the risk of non-compliance;

– possible industrial compliance risks regarding the conformity of the finished goods distributed and the raw materials and consumables used with Italian and international laws and regulations.

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

Risks regarding data processing

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

– data is adequately protected against the risk of unauthorized access and disclosure (including means for protecting personal privacy and proprietary information), improper information modification or destruction (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 Consolidated financial statements, insofar as required by IFRS, and in the Directors' Report and Corporate Governance Report, insofar as required by the Hong Kong Stock Exchange Rules.

Non-IFRS measures

The Group uses certain financial measures ("non-IFRS measures") to measure its operating performance and to help the reader to understand and analyze its statement of financial position. Although they are used by Group management, these measures are not universally or legally defined and are not regulated by IFRS based on which the Consolidated financial statements are prepared. As other companies operating in the luxury goods segment might utilize the same measures, but based on different calculation criteria, it is worth noting the fact that said non-IFRS measures should always be read together with the related notes and may not be suitable for a direct comparison between different companies.

In this Annual Report, the Prada Group has used the following non-IFRS measures:

EBITDA: Earnings Before Interests, Taxation, Depreciation and Amortization, i.e. "Consolidated net income for the year" adjusted to exclude "Interest and other financial income/(expense) and dividends from investments", "Taxes on income" and "Depreciation, amortization and impairment".

EBIT: Earnings Before Interest and Taxation, i.e. "Consolidated net income for the year" adjusted to exclude "Interest and other financial income/(expense) and dividends from investments" and "Taxes on income".

SSSG: Same Store Sales Growth, i.e. same store sales growth comparing constant exchange rate results of all DOS operational for more than a year and utilizing the effective number of days of operations for each DOS in the previous year (i.e. only the number of days in which the DOS were open in both reporting periods).

Net financial position: Short-term and long-term financial payables towards third parties, towards related parties and under finance leases less Cash and cash equivalents, short-term and long-term financial receivables from third parties and related parties.

Free cash flows: net cash flows generated by operating activities less cash flows utilized in investing activities.

The following table shows the calculation of EBITDA and EBIT for the last three reporting periods.

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014	twelve months ended January 31 2013
Consolidated net income for the period	459,218	637,805	633,277
Taxes on income	208,484	285,091	250,339
Interest and other financial income/(expense) and dividends from investments	33,849	16,341	6,165
EBIT (Earnings Before Interest and Taxation)	701,551	939,237	889,781
Depreciation, amortization and impairment	252,698	203,949	162,688
EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortization)	954,249	1,143,186	1,052,469

Outlook for 2015

In the first few months of 2015, the financial markets have reacted positively to monetary policy stimulus, raising expectations of growth for the real economy. However, there is still uncertainty on the international luxury goods market because of local issues on certain markets and the ongoing volatility of currencies. In this context, the Group is working to contain costs in the short-term and on broader measures that will increase the overall efficiency of the business in terms of both the supply chain and store productivity.

Milan, March 27, 2015

Directors and Senior Management

Directors

Our Board consists of nine Directors, of whom five are executive Directors, one is non-executive Director and three are independent non-executive Directors. The Board of Directors is appointed for a term of three years.

Chairman

MAZZI, Carlo, aged 68, is the Chairman of the Board. He was appointed to the Board first in 2004 and was re-elected as Executive Director on May 22, 2012. Mr. Mazzi holds directorships in subsidiaries of the Company. He holds directorships in Prada Holding S.p.A., Bellatrix S.p.A. and Ludo S.r.l., which are substantial shareholders of the Company. Mr. Mazzi obtained a degree "cum laude" (with praise) in Mechanical Engineering from the Bologna University of Italy in 1971 and obtained a Master's degree in Business Administration from Bocconi University of Milan in 1976. Mr. Mazzi worked as a Manager of the Large Corporate department of IMI and San Paolo IMI Bank from 1994 to 2000. He was a board member of IBI International Business Advisors Investment N.V. - Amsterdam; Vice Chairman and Executive Committee Member of IBI Bank AG - Zurich; Board Member of IBI Corporate Finance B.V. - Amsterdam; Managing Director of IBI S.p.A. - Milan (financial intermediation ex art. 106 TUB) from 2000 to 2004. He is currently a board member of Chora S.r.l. - Milan (a service company). He was previously a board member of ABN AMRO S.p.A. - Milan (focused on merchant banking), SAGO S.p.A. - Florence (an IT research company responsible for the management of health facilities), IMILEASE S.p.A. - Rome (a leasing company), Banca di Intermediazione Mobiliare IMI S.p.A. - Milan (now Banca IMI S.p.A.) (focused on investment banking), Tecnofarmaci S.p.A. - Pomezia (a research company in the pharmaceuticals industry), SIM S.p.A. - Rome (focused on project management) and Paros International Insurance Brokers S.r.l. - Milan (in the insurance brokerage sector). He is currently a member of the Remuneration Committee and Nomination Committee. Mr. Mazzi is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Executive Directors

PRADA BIANCHI, Miuccia, aged 66, is a Chief Executive Officer of the Company. She was appointed as the Chairperson of the Board on November 20, 2003 until February 14, 2014 and she was re-elected as Executive Director on May 22, 2012. Ms. Prada holds a directorships in Prada Holding S.p.A., Bellatrix S.p.A. and Ludo S.r.l., which are substantial shareholders of the Company. Ms. Prada received an Honorary Doctorate from the Royal College of Art (London) in 2000. Ms. Prada is a co-founder of our Group along with Mr. Bertelli. Ms. Prada is the wife of Mr. Bertelli, one of our Chief Executive Officers. Ms. Prada is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

BERTELLI, Patrizio, aged 68, is a Chief Executive Officer of the Company. He was first appointed to the Board on November 20, 2003 and was re-elected as Executive Director on May 22, 2012. Mr. Bertelli holds directorships in subsidiaries of the Company. He holds directorship in PA BE 1 S.r.l., which is a substantial shareholder of the Company. Mr. Bertelli received an honorary degree in Business Economics from the University of Florence in October, 2000. Mr. Bertelli is a co-founder of our Group along with Ms. Prada. Mr. Bertelli is the husband of Ms. Prada, one of our Chief Executive Officers. Mr. Bertelli is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

GALLI, Donatello, aged 53, is the Chief Financial Officer of the Company. He was appointed to our Board first on January 21, 2005 and was re-elected as Executive Director on May 22, 2012. Mr. Galli holds directorships in subsidiaries of the Company. Mr. Galli received a degree "cum laude" (with praise) in Economics and Banking from the University of Siena (Italy) in July, 1986. He started his career as business controller at Faricerca S.p.A. (now the Angelini Group) (pharmaceutical laboratories and Lines consumer products business), from 1987 to 1990. Mr. Galli was a financial analyst at Istituto Mobiliare Italiano S.p.A. from 1990 to 1999 and then Head of the Large Corporate Division central assessment office of San Paolo IMI S.p.A. until 2000. He was also the Administration and Finance Director of IBI S.p.A. (now Alerion Clean Power S.p.A., a renewable energy company) from 2000 to 2004 and later joined Enertad S.p.A. (now ERG Renewable S.p.A., a renewable energies company) - both are listed companies on the Italian Stock Exchange. Mr. Galli is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

COZZANI, Alessandra, aged 52, was appointed to the Board as Executive Director first on December 20, 2013 and she was re-elected on May 22, 2014. She has been our Investor Relations Director since July 2010, responsible for managing financial communication and for relationships with investment community. Ms. Cozzani holds directorships in subsidiaries of the Company. Ms. Cozzani joined our Group in 2000 and has covered different managerial roles within the Finance department. In 2003, she was appointed as Group Financial Reports Director. Ms. Cozzani obtained a degree "cum laude" (with praise) in Business Administration from the University of Genoa (Italy) in 1988. She started her career as an auditor at Coopers & Lybrand (1989 to 1995). Prior to joining our Group, she worked in Castelletti International Transports, the Italian subsidiary of an international logistic company (now Schenker Group) for five years, most of the time as Finance and Control Director. Ms. Cozzani is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years

Non-Executive Directors

MICCICHÈ, Gaetano, aged 64, was appointed as Non-Executive Director first on May 9, 2011 and was re-elected on May 22, 2012. Mr. Micciché obtained a degree in Law from University of Palermo (Italy) in 1984 and a master's degree in Business Administration from SDA Bocconi University (Italy) in 1985. Mr. Micciché began his career in Cassa Centrale di Risparmio delle Provincie Siciliane in 1971 and became Head of Corporate Clients. In 1989 he joined Rodriquez S.p.A., the luxury yachting group, as Chief Financial Officer. Mr. Micciché also worked as General Manager of Gerolimich-Unione Manifatture (holding company with business in various industries), as General Manager of Santa Valeria S.p.A. (chemical company) and as Managing Director and General Manager of Olcese S.p.A. (yarn and thread mill company), all of which were listed on the Italian Stock Exchange. Since June 2002, he has been with the Intesa Sanpaolo Group (formerly Banca Intesa) and currently serves as the General Manager and Head of Corporate and Investment Banking Division and Chief Executive Officer of Banca IMI. Furthermore on May 9, 2013, he was appointed to be a member of the Management Board of Intesa Sanpaolo S.p.A.. Mr. Micciché is also a board member of Pirelli & C. S.p.A., a major Italian group which operates in the tyre sector, whose shares are listed on the Italian Stock Exchange, a board member of ABI Associazione Bancaria Italiana and a member of the Scientific Committee of the Politecnico of Milan. On May 31, 2013 he was granted the honorary title of "Cavaliere del Lavoro" by the President of the Republic of Italy. Save as disclosed herein, Mr. Micciché is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Independent Non-Executive Directors

MATTEI, Gian Franco Oliviero, aged 69, was appointed as Independent Non-Executive Director first on May 28, 2009 and was re-elected on May 22, 2012. Mr. Mattei obtained a Degree in Economics from The Sapienza University of Rome (Italy) in 1970 and became a Public Chartered Accountant (member of the Registro dei Revisori Contabili) with the Italian Ministry of Justice in 1995. He has worked as Managing Director (Investment

Banking) in Credit Suisse, Managing Director (Global Banking & Markets) in The Royal Bank of Scotland, Head of Investment Banking at Sanpaolo IMI and Chairman of Banca IMI and was previously Head of the Finance Department at the Istituto Mobiliare Italiano IMI. Mr. Mattei has also been a Board Member of Borsa Italiana. He is Chairman of Officine CST - Consulting Services & Technology - S.p.A.. Mr. Mattei is currently the Chairman of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Mattei is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

FORESTIERI, Giancarlo, aged 68, was appointed to our Board first on May 31, 2007 and was re-elected as Independent Non-Executive Director on May 22, 2012. Mr. Forestieri obtained a degree in Economics and Banking from the University of Siena (Italy) in 1970 and obtained a Specialization in Corporate Finance from the Scuola Mattei - ENI in 1971. From 1988 to the present, Mr. Forestieri has been a Full Professor of Financial Markets and Institutions at the Bocconi University in Milan. Mr. Forestieri's professional experience includes serving as a member of the boards of directors of INA and Assitalia (from 1993 to 1994), Mediofactoring (from 1997 to 1999), Cassa di Risparmio di Parma e Piacenza (from 1996 to 1999 and then from 2003 to 2007 as the chairman of the board), Banca Intesa (from 1999 to 2006) and as a member of its executive committee (from 2000 to 2006), Alleanza Assicurazioni (from 2001 to 2007), Centrosim (from 1998 to 2003 where he was the chairman of the board) and Crédit Agricole Vita (from 2007 to 2013). Mr. Forestieri is a member of the Italian Scientific Societies in the Fields of Finance and Management. Mr. Forestieri is currently a member of the Audit Committee and the Remuneration Committee. Mr. Forestieri is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

LIU, Sing Cheong, JP, aged 59, was appointed as Independent Non-Executive Director first on May 9, 2011 and was re-elected on May 22, 2012. He has been the Chairman of My Top Home (China) Holdings Limited (a Guangzhou-based property agency and consultancy) since 2005, the Vice Chairman of Guangzhou Pearl River - Hang Cheong Real Estate Consultants Limited (from 1993 to 2008), Chairman of Evergreen Real Estate Consultants Limited since 2001, Director of HKS Education Fund Limited ("HKSEF") since 2005 (HKSEF is a charitable institution which holds certain % of shares in Hongkong Sales (International) Limited ("HKSI"), an investment holding, knitwear manufacturing company), and Non-executive Director of HKSI since 2005 and its Vice Chairman since April 1, 2012 all of which are private companies. He has been an independent non-executive director of Swire Properties Limited since 2010 (Swire Properties Limited was listed on the Stock Exchange of Hong Kong on January 18, 2012). Mr. Liu graduated from The Hong Kong Polytechnic in 1979 with an Advanced Higher Diploma in Surveying and from The Hong Kong University of Science and Technology in 1994 with a Master of Business Administration degree. He has been a fellow of the Royal Institution of Chartered Surveyors since 1994 and the Hong Kong Institute of Surveyors since 1993. Mr. Liu is currently a member of the Audit Committee and the Nomination Committee. Save as disclosed above, Mr. Liu is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Senior Management

Our senior management is responsible for the day-to-day management of our business of the Group.

ANTONACCI, Nicola, aged 51, has been Senior Vice President Prada Retail/Wholesale of Prada USA Corp. since 2012. Mr. Antonacci is primarily responsible for overseeing the Group's commercial operations in the USA and Canada. Mr. Antonacci joined our Group in 1996 and covered, until 2010, different managerial roles within the commercial and the collections development areas. From 2010 to 2011 he worked in Paris, as Men's RTW Director for Givenchy. Prior to joining our Group, he worked for Giorgio Armani S.p.A. and Hermes as store manager and visual merchandiser. Mr. Antonacci is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

BERTOLI, Franco, aged 56, has been Group Internal Auditing Director since 2007. He is primarily responsible for the management of the Group internal control system and to oversee and verify the correct application of procedures within the Group. Mr. Bertoli obtained a master's degree in Economics and Business from the University of Torino (Italy). He started his career as CFO in Multimedia Pubblicità S.p.A. (1994 – 1998). Then he worked for almost ten years for the Telecom Group (1998 – 2007), covering different managerial roles within the Group in Italy and abroad. Mr. Bertoli is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

BESIO, Paolo, aged 52, has been Group Tax Director since 2002. He is primarily responsible for the management of the Group's strategic tax policy. Mr. Besio obtained a master's degree in Economics and Business from the University of Genoa (Italy). Before joining the Group he worked for Pirola Pennuto Zei & Associati, where he acquired extensive knowledge in corporate tax for domestic and multinational companies with specialization in international tax, business restructuring and M&A (1998 - 2001). He is currently a member of various tax committees. Mr. Besio is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

BOZZI, Bruno, aged 53, has been Prada Women's Ready to Wear Industrial Division Director since 2010. Mr. Bozzi is primarily responsible for the manufacturing of the woman's ready to wear collection of the Prada brand. He joined our Group in 1996 and undertook managerial roles in the planning and production of ready to wear for both Prada and Miu Miu brands. In 2009 he was appointed as Knitwear Division Director, a role which he is still covering. Prior to joining the Group he covered different roles in the production departments of a number of manufacturing companies. Mr. Bozzi is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

BRINI, Giulio, aged 47, has been Leather Goods Collections Director since 2015. He is primarily responsible for overseeing the leather goods collections of Prada, Miu Miu and Car Shoe. Mr. Brini obtained a degree in Economics and Banking from the University of Siena (Italy), in 1993. Mr. Brini joined the Group in 1995 and before being appointed to his current position he covered different managerial roles in the merchandising planning and product development of leather goods for the Prada, Miu Miu and Car Shoe brands. He was appointed as Retail Director of the Prada brand from 2011 to 2015 until he was appointed to his current position. Mr. Brini is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

BUSO, Daniele, aged 47, has been our Prada Men's Ready to Wear Industrial Division Director since 2009. Mr. Buso is primarily responsible for the manufacturing of the men's ready to wear collection of the Prada brand. He obtained a high school diploma at Giulio Natta Technical High School in Padova in 1986. Mr. Buso joined our Group in

2004 as Operations Director for Jil Sander brand and in 2008 was appointed as Linea Rossa Ready to Wear Operations Director. He started his career in a Venetian fashion company before joining Gilmar in 1988. In 2001 he joined the Ferrè Group as Industrial Director. Mr. Buso is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

CANTINO, Stefano, aged 48, has been Group Marketing, Communication and Commercial Development Director since June 2009. He is primarily responsible for the Group's communication strategy and global marketing functions. Mr. Cantino obtained a degree in Political Science from the University of Torino (Italy) in 1993. Mr. Cantino joined our Group in 1996 and held several managerial roles in the commercial and marketing areas with Prada, Church's and Car Shoe, including Alaïa Operations Director, Car Shoe Commercial Director and Church's Brand and Retail Director. He was Prada's Marketing Director from 2005 to 2009 until he was appointed to his current position. Mr. Cantino is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

CARETTA, Fabrizio, aged 49, has been Group Legal Director since 2004. He is primarily responsible for overseeing and assuring legal protection of the Group mainly concerning contracts, litigation and real estate. He obtained a degree in Law from the University of Torino (Italy) in 1993 and he is admitted to the Italian Bar since 1996. Mr. Caretta joined our Group in 2000 as Legal Director of Prada Industrial. Prior to joining our Group, he started his career cooperating with the Italian law firm Studio Tucci. From 1995 to 2000 he worked for Fila Sport S.p.A. as Senior Legal Counsel. Mr. Caretta is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

CAROLA, Pablo, aged 47, has been Regional Director for Central America and Caribbean since 2013. Mr. Carola is primarily responsible for overseeing the Group's commercial operations in the Central America area, where he covers several managerial roles at the Company's subsidiaries. Mr. Carola obtained a University Degree in Business Administration at Universidad de Politecnica de Catalunya (Spain). He joined the Group in 2011 to manage human resources of both Miu Miu and Prada stores worldwide. Prior to joining our Group he worked for almost twelve years as human resources director at Louis Vuitton. Mr. Carola is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

CARRARO, Luca, aged 48, has been Miu Miu Ready to Wear Industrial Division Director since 2003 and Leatherwear/Furs Ready to Wear Industrial Division Director since 2010. He obtained a textile expert high school diploma in Padova (Italy) at Giulio Natta Technical High School in 1986. He joined our Group in 1999 and undertook several managerial roles in the planning and production of leatherwear for the Prada brand. Prior to joining Prada he worked for various ready to wear manufacturing companies in Italy as production and sample collection manager. Mr. Carraro is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

CATERINI, Ruggero, aged 53, has been Chief Operating Officer and Chief Financial Officer of Prada USA since 2006. Mr. Caterini is primarily responsible for planning, developing and implementing strategy for operational management of the USA and Canadian area. Before joining our Group, Mr. Caterini covered different Finance & Administration Executive roles within several multinational companies operating in the telecommunication sector in Brazil, Greece and Austria. He obtained a University Degree in Mechanical Engineering at The Sapienza University of Rome (Italy). Mr. Caterini is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

CHOI, Moonyoung, aged 52, has been General Manager of Prada Korea since 2007. She is primarily responsible for overseeing the Group's commercial operations in Korea. She started her career at Louis Vuitton, as the first Louis Vuitton Store Manager in Korea (1991 – 1999). From 1999 to 2002 Ms. Choi worked at Celine Korea, LVMH Group, as Retail Manager, subsequently becoming Country Manager for Korea. Ms. Choi is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

CIABATTI, Maurizio, aged 49, has been Group Engineering Director since 2006. He is primarily responsible for real estate development, equipment and maintenance of retail stores, corporate offices and production sites. Mr. Ciabatti joined our Group in 1989 and has covered different managerial roles in the maintenance and real estate area and, starting from 2005, in Corporate Engineering. Mr. Ciabatti is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

D'IPPOLITO, Andrea, aged 47, is Purchasing and Research Ready to Wear Industrial Division Director. He joined our Group in 1989, and since 1996 he has been responsible for purchases for the Sample Collection within the Ready to Wear Division and then he was promoted as Ready to Wear Purchasing Director for all Group brands. Since 2010 he has also overseen the research fabrics, the raw material warehouses (as well as the Finished Product Quality Control and Repairs Departments). Mr. D'Ippolito is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

ETHERIDGE, Stephen, aged 56, has been Chief Executive Officer of Church & Co Ltd. since 2001. He is primarily responsible for the industrial operations of the Church Group. Prior to this he has covered the role of Chief Executive at Cheaney & Son Footwear (1995 to 2001), a company which belonged to the Church Group. He started his career in the Sales Department at John White Footwear Limited UK and increased his responsibility up to the role of Managing Director (1986 to 1990). From 1990 to 1994 he was Managing Director of SE Marketing for Epic Fashion Footwear Limited, a company specialized in production and distribution of men's footwear. Mr. Etheridge is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

FAYARD, Pierre, aged 53, has been Regional Director for Middle East and South Africa since he joined our Group in 2011. He is responsible for overseeing the Group's operations in the Middle East area and in South Africa, where he covers several managerial roles at the Company's subsidiaries. Mr. Fayard obtained a degree in Business Administration from Paris Business School in 1984. Prior to joining our Group he worked for almost twelve years for the LVMH Group, covering different managerial roles at Sephora International, Sephora Middle East, Sephora UK and Sephora Europe. Mr. Fayard is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

GOTTI, Aldo Camillo, aged 50, has been Regional Director for France, Belgium and the Principality of Monaco since 2014. He is responsible for overseeing the Group's operations in France, Belgium and the Principality of Monaco area, where he covers several managerial roles at the Company's subsidiaries. Mr. Gotti joined our Group in 1990 and before being appointed to his current position, he held several managerial roles in the wholesale, marketing and communication areas of the Prada and Miu Miu brands, including Miu Miu General Manager. Mr. Gotti is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

GRECO, Enzo, aged 49, has been Group Information Technology Director since December 2014. He is primarily responsible for the management of the Group's information technology system. Mr. Greco obtained a degree in Mathematics, from the University of Florence (Italy) and a Master's degree in Business Administration cum laude (with praise) from SDA Bocconi University in Milan (Italy) in 1996. He started his career as IT Director for Federazione Toscana BCC in Florence (1997-2001). Later he was responsible for Outsourcing Application Management Contract in Infogroup Spa, Bank Group in Firenze (2002-2005). He worked for eight years for Esselunga Spa in Milano as IT Director managing the whole group's Information System. Mr. Greco is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

LAM, Shun Yan Janice, aged 44, has been General Manager of Prada Fashion Commerce (Shanghai) since 2013. She is primarily responsible for overseeing the Group's commercial operations in China, where she covers several managerial roles at the Company's subsidiaries. Ms. Lam obtained a Bachelor degree in BA, Sociology from the University of Hong Kong. She started her carrier at Jusco Store HK Ltd. (1993–1995); then she was worked at Chickeeduck Distribution HK Ltd. in China (1999–2003). Before joining our Group she was Managing Director at Alfred Dunhill China (2006 -2012). Ms. Lam is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

LANIA, Lanfranco Fabio, aged 48, has been General Manager of Prada Far East B.V. since 2012. He is primarily responsible for overseeing the financial operations of the main Company's sub-holding. Mr. Lania joined our Group in 2008 as Administration, Finance and Control Manager for European retail subsidiaries. Mr. Lania obtained a master degree in Accounting, Financial Statements and Financial Control at Consorzio Pavese per gli Studi Post Universitari in 1995, and graduated in Business Administration at the Luigi Bocconi University of Milan (Italy) in 1994. He started his career at KPMG Advisory S.p.A. covering different advisory roles (2001 – 2008). Mr. Lania is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

LOMANTO, Maria Cristina, aged 40, has been Retail Director for Miu Miu brand since 2013. She is primarily responsible for overseeing worldwide the retail strategy and operations of the Miu Miu brand. Ms. Lomanto obtained a degree in Law from the University of Milan (Italy) in 1998. She joined our Group in 1994 and before being appointed to her current position she covered different managerial roles in wholesale, retail and collection merchandising areas. Prior to joining Prada, she worked in Yves Saint Laurent as Commercial Director for Italy and Switzerland. Ms. Lomanto is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

LUPAS, Domnica Alexandra, aged 42, has been Regional Director for Central Europe since 2012. She is primarily responsible for overseeing the Group's operations in Germany, Austria, Switzerland and Czech Republic area, where she covers several managerial roles at the Company's subsidiaries. Ms. Lupas joined our Group in 1997 and has covered different managerial roles within the Group. In 2005, she was appointed as Administration, Finance and Control European Retail Subsidiaries Director. Ms. Lupas obtained a degree in International Business Administration from the European Business School in London in 1996. Ms. Lupas is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

MARSICOLA, Alessandra, aged 55, has been the Chief Executive Officer of Prada Fashion Commerce (Shanghai) since September 2014. She is primarily responsible for overseeing the Group's operations in China. Ms. Marsicola joined our Group in 1991 and before being appointed to her current position she covered different managerial roles in the commercial department, including Prada Worldwide Store Operation Director and Prada Retail Director for Prada Japan. From 2006 to 2009, she worked first as Sales Director for La Rinascente then as Asia Pacific Retail Director for Fendi. Ms. Marsicola is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

MECHERI, Fabrizio, aged 49, has been Footwear Division Director since August 2014. He is primarily responsible for the manufacturing of the footwear collection for all the Group's brands. Mr. Mecheri joined our Group in 1999 and covered different managerial roles within the industrial area and was then appointed General Manager of Prada Singapore. Prior to joining our Group, he worked for Salvatore Ferragamo S.p.A. as production manager for ladies' footwear. Mr. Mecheri obtained an executive master degree in Business Administration from Kellogg – HKUST of Hong Kong in 2012, and graduated in Electronic Engineering at the University of Florence (Italy) in 1992. He started his career at Andersen Consulting S.p.A. as top senior consultant (1993-1996). Mr. Mecheri is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

MITCHELL, Mishelle Sandra, aged 41, has been General Manager of Prada Australia since 2010. She is primarily responsible for overseeing the Group's commercial operations in Australia, New Zealand, Thailand, Malaysia and Singapore, where she covers several managerial roles at the Company's subsidiaries. Ms. Mitchell joined our Group in 2006 and covered different managerial roles within Retail Department. Prior to joining our Group, she worked at Origins (Estee Lauder) as National Sales & Education Manager and Marcs as Regional Manager. Ms. Mitchell is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

NOSCHESE, Marcelo, aged 50, has been Regional Director for South America since December 2011, when he joined our Group. He is primarily responsible for overseeing the Group's soperations in Brazil. Mr. Noschese obtained a master degree in Business Administration from INSEAD, Fontainebleau, France, in 1992 and graduated in Business Administration in Getúlio Vargas Foundation São Paulo, Brazil. He started his career at L'Oréal, as International Development Manager for the Fine Fragrances Division, and then was appointed as General Manager for the Travel Retail Division in North and South America (1992 – 1998). Prior to joining our Group, he worked for LVMH – Moët Hennessy Louis Vuitton as Country Manager for Brazil (2001 – 2004) and for Salvatore Ferragamo S.p.A., as Regional Development Director for South America (2007 – 2011). Mr. Noschese is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

RASTRELLI, Stefano, aged 52, has been Group Human Resources Director since 2013. Mr. Rastrelli obtained a degree in Law, from the University of Naples. He first joined the Prada Group in 2007 to manage the human resources of the Industrial Departments and subsequently extended also to the Commercial Departments. Prior to joining our Group he worked for almost twenty years for the Fiat Group, covering different managerial roles within the Fiat Group for different branches in Italy and abroad (Argentina, Brazil). From 2005 to 2007 Mr. Rastrelli was in Spain as Human Resources Director for GKN Driveline. Mr. Rastrelli is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

ROMANO, Anthony, aged 48, has been Regional Director for the South East Mediterranean area since 2013. Mr. Romano is primarily responsible for overseeing the Group's operations in the South East Mediterranean area, where he covers several managerial roles at the Company's subsidiaries. After the bachelor degree in Business in New Zealand, he was employed at Deloitte & Touche and then at Timberland Europe before working for almost ten years for Calvın Kleın Europe (1995 – 2004) where he became C.E.O. and Managing Director. From 2004 to 2007, he was the General Manager and Company Director of Luna Rossa Challenge for the 2007 America's Cup. He was partner of ADR – fashion and sport strategic consultancy company, from 2008 to 2013. Mr. Romano is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

SESIA, Davide, aged 47, has been President of Prada Japan since February 2004. He is primarily responsible for overseeing the Group's operations in Japan, Guam, Saipan and

Hawaii area, where he covers several managerial roles at the Company's subsidiaries. Mr. Sesia obtained a degree in Business Administration from the University Cattolica del Sacro Cuore of Milan in 1991. He joined our Group in 2000 as Representative Director and Chief Financial Officer of Prada Japan. Prior to that, he was Chief Financial Officer and Director of Benetton Japan and Managing Director of Benetton Korea Ltd (1997 - 2000). He started his career in Japan working for several companies from 1992. Mr. Sesia is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

SHIH, Li-Lien Louis, aged 45, has been General Manager of Taiwan since February 2011. He is primarily responsible for overseeing the Group's commercial operations in Taiwan. Mr. Shih joined our Group in 2006 and covered different managerial roles within Retail Department. He obtained a University Degree in Science, Major in Environmental Design. Prior to joining our Group, Mr. Shih worked five years for Fendi Taiwan Ltd. covering different managerial roles within the commercial area. Mr. Shih is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

SUTTER, Stefano, aged 41, has been Regional Director for North Europe since December 2010, when he joined our Group. Mr. Sutter is primarily responsible for overseeing the Group's operations in United Kingdom, Ireland and Sweden, where he covers several managerial roles at the Company's subsidiaries. Mr. Sutter obtained a master in Business Administration from Columbia Business School, New York, in 2005 and graduated "cum laude" (with praise) in Business Administration at University of Genoa in 1998. Prior to joining our Group, he worked for INDITEX Group covering different managerial roles including as General Manager of Zara Canada (2006 to 2007), Managing Director of Inditex UK and Ireland (2007 to 2009) and, then, Managing Director of Inditex Austria, Hungary, Czech Republic and Slovakia. Prior to that, he spent five years working for Bain & Company Inc.. Mr. Sutter is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

TOLOMELLI, Armando, aged 49, has been Chief Executive Officer of Prada Asia Pacific since 2012. Mr. Tolomelli is primarily responsible for overseeing the Group's operations in the Asia Pacific region, where he covers several managerial roles at the Company's subsidiaries. Prior to this appointment Mr. Tolomelli has been our Group Controlling Director since joining our Group in July 2005. Prior to joining our Group, he spent fourteen years working for the Barilla Group, covering various roles including Financing Office Manager, Divisional Business Controller, Business Controller for South Eastern Europe, Group Controller of Wasa in Stockholm, Sweden (1999 to 2001), Finance Manager International Business Development of the Bakery Division (2001) and Corporate Controlling Director of Kamps in Düsseldorf, Germany (2002 to 2005). Mr. Tolomelli is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

ZAMBERNARDI, Fabio, aged 52, has been Design Director for the Prada and Miu Miu brands since November 2002. He is responsible for the collection concept development, overseeing all the strategic activities related to the coherence between image and product development of the collection, as well as supporting the strategic brands image communication. He has been collaborating with the Group since 1981. He was promoted Shoe Design Director in 1997 and Design Fashion Coordinator in 1999. Mr. Zambernardi is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

ZENKOVSKAYA, Vera, aged 38, has been Regional Director for the Russian area since 2013. Ms. Zenkovskaya is primarily responsible for overseeing the Group operations in Russia, Kazakhstan and Ukraine, where she covers several managerial roles at the Company's subsidiaries. Ms. Zenkovskaya obtained a Foreign Languages Degree at Language University of Kazakhstan. Prior to joining our Group in 2011 as Russia Country

Manager, she worked within the beauty sector (L'Oreal, Temtrade) in marketing and retail areas. From 2006 to 2011, she covered several managerial roles in Russia and Ukraine for Louis Vuitton. Ms Zenkovskaya is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Company Secretary

ALBANO, Patrizia, aged 61, is the joint company secretary of the Company. Ms. Patrizia Albano has been the Head of Group Corporate Affairs since September 2008 and is responsible for monitoring general legal compliance. Ms. Albano obtained a degree in Law from the University La Sapienza of Rome in 1979 and was admitted to the Bar Association (Ordine degli Avvocati di Roma) in 2006. She started her career as an in-house legal advisor at the Istituto Mobiliare Italiano S.p.A. from 1981 to 1999 and then worked as Head of the Large Corporate Division central legal office of San Paolo IMI S.p.A. until 2000. She has also worked as General Counsel of IBI (now Alerion Clean Power S.p.A.), and as Company Secretary of Risanamento Napoli S.p.A. and Fincasa S.p.A., both of which are listed companies on the Italian Stock Exchange. In 2002, Ms. Albano became the General Counsel and Company Secretary of a private company active in services provision, property and facility management and renewable energy. She then worked at an Italian law firm, Studio Legale Carbonetti, from 2003 to 2007, and also founded her own private practice law firm, Albano Baldassari, in 2007 before joining our Company in 2008. Ms. Albano has been Chairman of the Board of Statutory Auditors of Artemide Italia S.r.l., a member of the Board of Statutory Auditors in Artemide Group S.p.A. and Artemide S.p.A. since May 2014, and has been Chairman of Gruppo Moda, Design e Arredo of Assolombarda (Association of Industrial provinces of Milan, Lodi, Monza and Brianza) since February 2015. Ms. Albano is the wife of Mr. Carlo Mazzi, the Chairperson of the Board of our Company. Ms. Albano is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

YUEN, Ying-kwai, aged 48, is the joint company secretary of the Company. She is responsible for corporate secretarial duties. Ms. Yuen joined our Group and was appointed joint company secretary in May 2011. Ms. Yuen has over 20 years of working experience in the corporate secretariat and compliance areas of sizeable organizations and professional firms. Prior to joining our Group, she worked with Li & Fung group for 15 years. She first joined in 1995 as company secretary of Li & Fung (1937) Limited until 1999 when she was transferred to Li & Fung Distribution (Management) Limited and appointed as group company secretary in 2000. Ms. Yuen was the company secretary of Integrated Distribution Services Group Limited (member of Li & Fung Group) between 2004 and 2011. Ms. Yuen received an Honours Diploma in Company Secretaryship and Administration from Lingnan College (now known as Lingnan University) in 1988. Ms. Yuen holds a Master degree in Business Administration (Executive) from City University of Hong Kong, awarded in 2003. Ms. Yuen has been a fellow of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators, UK since 2001. Ms. Yuen is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Directors’ Report

Principal activities

PRADA S.p.A. (the "Company"), together with its subsidiaries (the "Group"), is a leading global luxury group in the design, production and distribution of high-end leather goods, handbags, footwear, apparel, accessories, eyewear and fragrances. Through its Directly Operated Stores network (the "DOS") and a selected number of wholesalers, the Group operates in all major international markets.

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

An analysis of the Group's performance for the year ended January 31, 2015 by operating segments is set out in the Financial review and note 8 to the Consolidated financial statements.

Results and dividends

The results of the Group for the year ended January 31, 2015 are set out in the Consolidated income statements.

The Board recommends, for the twelve month period ended January 31, 2015, a final dividend of Euro 281,470,640 (or Euro/cents 11 per share). The payments shall be made:

(i) in Euro to the shareholders recorded in the section of the Company's shareholders register kept by the Company at its registered office in Milan (Italy), and

(ii) in Hong Kong dollars to the shareholders recorded in the section of the Company's shareholders register kept in Hong Kong. The relevant exchange rate will be the opening buying T/T rate of Hong Kong dollars to Euros as announced by the Hong Kong Association of Banks (www.hkab.org.hk) on the day the final dividend is approved by the shareholders.

The final dividend will be subject to approval by the shareholders at the forthcoming shareholders' general meeting of the Company to be held on Tuesday, May 26, 2015.

The shareholders recorded on the Company's shareholders register at the opening of business on Tuesday, May 26, 2015, will be allowed to attend and vote at the shareholders' general meeting of the Company. In order to qualify to attend and vote at the shareholders' general meeting of the Company, all transfers accompanied by the relevant share certificate(s) must be lodged with:

(i) the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, if the transfer concerns shares registered in the section of the Company's shareholders register kept by the Company's Hong Kong share registrar itself, or

(ii) with the Company's registered office in Milan (Italy), Via A. Fogazzaro, 28, if the transfer concerns shares registered in the section of the Company's shareholders register kept by the Company itself,

in any case, no later than 4:30 p.m. (Hong Kong time) on Wednesday, May 20, 2015. The Company's shareholders register will be closed from Thursday, May 21, 2015 to Tuesday, May 26, 2015, both days inclusive, during which no share transfer can be registered.

Subject to the shareholders' approving the recommended final dividend, such dividend will be payable on or about Monday, June 15, 2015.

The final dividend will be paid to shareholders recorded on the Company's shareholders register on Wednesday, June 3, 2015. In order to qualify for the payment of the final dividend, all transfers accompanied by the relevant share certificate(s) must be lodged with:

(i) the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, if the transfer concerns shares registered in the section of the Company's shareholders register kept by the Company's Hong Kong share registrar, or

(ii) the Company's registered office in Milan (Italy), Via A. Fogazzaro, 28, if the transfer concerns shares registered in the section of the Company's shareholders register kept by the Company,

in any case, no later than 4:30 p.m. (Hong Kong time) on Monday, June 1, 2015. The Company's shareholders register will be closed from Tuesday, June 2, 2015 to Wednesday, June 3, 2015, both days inclusive, during which no share transfer can be registered.

The dividend will be paid net of Italian withholding tax, where applicable. The current rate of Italian withholding tax applied to applicable dividend payments is 26%.

Five-year financial summary

The five-year financial summary of the Group is set out in Note 41 to the Consolidated financial statements.

Reserves

Details of the movements in the reserves of both the Group and the Company during the year are set out in the Consolidated Statement of Changes in Shareholders' Equity and in the Statement of Changes in PRADA S.p.A. Equity.

Distributable reserves

As at January 31, 2015, the Company's reserves available for distribution to shareholders in accordance with the Company's by-laws amounted to Euro 894.3 million.

Property, plant and equipment

Details of the movements in the property, plant and equipment of the Group during the year ended January 31, 2015 (the "Reviewed Period"), are set out in Note 15 to the Consolidated financial statements.

Pre-emptive rights

The Company's by-laws do not provide for pre-emptive rights.

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 year ended January 31, 2015.

Capital gain tax in Italy

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

Subsidiaries

Details of the Company's subsidiaries as at January 31, 2015, are set out in Note 42 to the Consolidated financial statements.

Directors

The Directors of the Company during the Reviewed Period and up to the date of this annual report are:

Executive Directors

Mr. Carlo MAZZI (Chairman of the Board)
Ms. Miuccia PRADA BIANCHI (Chief Executive Officer)
Mr. Patrizio BERTELLI (Chief Executive Officer)
Mr. Donatello GALLI (Chief Financial Officer)
Ms. Alessandra COZZANI

Non-Executive Director

Mr. Gaetano MICCICHÉ

Independent Non-Executive Directors

Mr. Gian Franco Oliviero MATTEI
Mr. Giancarlo FORESTIERI
Mr. Sing Cheong LIU

In accordance with the by-laws of the Company, the Board of Directors is appointed by the shareholders' general meeting for a period of up to three financial years. The term lapses on the date of the shareholders' general meeting to be called to approve the financial statements for the final year of its office. The Directors may be reappointed.

At the shareholders' general meeting of the Company held on May 22, 2012, the Board of Directors was appointed for a term of three financial years. The Board's mandate will therefore lapse on the date of the forthcoming shareholders' general meeting called to approve the financial statements for the year ended January 31, 2015.

Biographical information of Directors

A brief biography on each of the Directors of the Company is set out in the "Directors and Senior Management" section of this annual report.

Directors' service contracts

None of the Directors of the Company has or is proposed to have a service contract with any member of the Group that cannot be terminated within one year without payment of compensation, other than statutory compensation.

Directors' interests in competing business

During the Reviewed Period, none of the Directors of the Company, held any interest in a business which competes, either directly, or indirectly, with the business of the Company or the Group.

Directors' interests and short positions in securities

As at January 31, 2015, the Directors of the Company and their associates held 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 (the "SFO") as recorded in the register required to be kept by the Company 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 for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"):

(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%

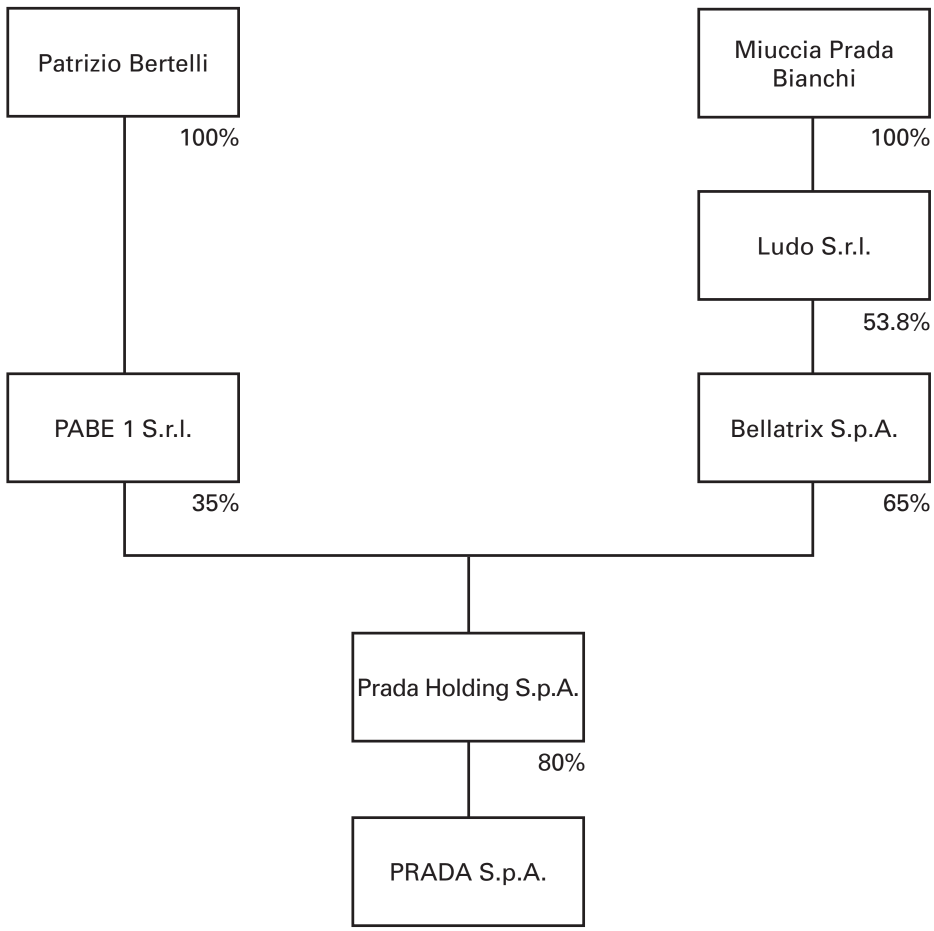
Notes:

1. Prada Holding S.p.A. owns approximately 80% of the issued capital in the Company and is therefore the holding company of the Company. On December 29, 2014, Prada Holding B.V. was merged by incorporation into Gipafin S.à.r.l. and the latter transferred its legal seat to Italy and was renamed Prada Holding S.p.A..

2. Ms. Miuccia Prada Bianchi, owns indirectly through Ludo S.r.l., 53.8% (comprised of 438,460 ordinary shares and 100,000 preference shares) of the capital in Bellatrix S.p.A., which in turn owns 65% (comprised of 1,650 ordinary shares and 300 preference shares) of the capital in Prada Holding S.p.A.. Ms. Miuccia Prada Bianchi is therefore deemed under the SFO to be interested in all the shares registered in the name of Prada Holding S.p.A.. On December 29, 2014, Bellatrix S.à.r.l. transferred its legal seat to Italy and was renamed Bellatrix S.p.A.. On December 31, 2014, Ludo S.à.r.l. (previously known as Ludo S.A.) transferred its legal seat to Italy and was renamed Ludo S.r.l.. Ms. Miuccia Prada Bianchi is also a director of Prada Holding S.p.A., Bellatrix S.p.A. and Ludo S.r.l..

3. Mr. Patrizio Bertelli owns, indirectly through PABE 1 S.r.l., 35% (comprised of 750 ordinary shares and 300 preference shares) of the capital in Prada Holding S.p.A.. Mr. Patrizio Bertelli is therefore deemed under the SFO to be interested in all the shares registered in the name of Prada Holding S.p.A.. On November 27, 2014, PABE 2 S.A., PABE 3 S.A. and PABE 4 S.A. were merged by incorporation into PABE 1 S.à.r.l. (previously known as PABE 1 S.A.), which on December 31, 2014, transferred its legal seat to Italy and was renamed PABE 1 S.r.l.. Mr. Patrizio Bertelli is also a director of PABE 1 S.r.l.

The interests of Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli in the shares of the Company as at January 31, 2015 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 S.p.A.	Ordinary Shares	1,650	Controlled Corporation	68.75%
	Prada Holding S.p.A.	Preference Shares	300	As above	50%
	Prapar Corporation	Common Shares	50	As above	100%
	EXHL Italia S.r.l.	Participation Quotas (Euro)	15,000	As above	100%
	MFH Munich Fashion Holding GmbH	Registered Share	1	As above	100%
	PAC S.r.l. (in liquidation)	Participation Quotas (Euro)	30,600	As above	100%
	Bellatrix S.p.A.	Ordinary Shares	438,460	As above	49.83%
	Bellatrix S.p.A.	Preference Shares	100,000	As above	83.34%
	Ludo S.r.l.	Ordinary Shares	100,311	Beneficial Owner	100%
	PRA 1 S.r.l.	Participation Quotas (Euro)	10,000	Controlled Corporation	100%
	C.I.D. – Cosmetics International Distribution Corp.	Common Shares	1	As above	100%
Mr. Patrizio Bertelli	Prada Holding S.p.A.	Ordinary Shares	750	Controlled Corporation	31.25%
	Prada Holding S.p.A.	Preference Shares	300	As above	50%
	Prapar Corporation	Common Shares	50	As above	100%
	EXHL Italia S.r.l.	Participation Quotas (Euro)	15,000	As above	100%
	MFH Munich Fashion Holding GmbH	Registered Share	1	As above	100%
	PAC S.r.l. (in liquidation)	Participation Quotas (Euro)	30,600	As above	100%
	C.I.D. – Cosmetics International Distribution Corp.	Common Shares	1	As above	100%

Save as disclosed above, as at January 31, 2015, none of the Directors of the Company or their associates held any interest or short position in the shares, underlying shares and/or 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 January 31, 2015, other than the interests of the Directors of the Company as disclosed above, the following persons held 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 S.p.A.	Legal and beneficial owner	2,046,470,760	80%
Bellatrix S.p.A.	Interest of controlled corporation	2,046,470,760	80%
Ludo S.r.l.	Interest of controlled corporation	2,046,470,760	80%
PABE 1 S.r.l.	Interest of controlled corporation	2,046,470,760	80%
OppenheimerFunds, Inc	Investment manager	153,708,010	6.01%
Harris Associates L.P.	Investment manager	128,870,000	5.04%

Note:

Prada Holding S.p.A. owns approximately 80% of the issued capital in the Company. As Ludo S.r.l. owns 53.8% of Bellatrix S.p.A. which in turn owns 65% of Prada Holding S.p.A. and PABE 1 S.r.l. owns 35% of Prada Holding S.p.A., Bellatrix S.p.A., Ludo S.r.l. and PABE 1 S.r.l. are all deemed to be interested in the 2,046,470,760 shares of the Company held by Prada Holding S.p.A..

Share capital

Details of the share capital of the Company during the Reviewed Period are set out in both the Consolidated Statement of Changes in Shareholders' Equity and Note 28 to the Consolidated financial statements.

Directors' interests in contracts

Save for those contracts disclosed under the section on Connected Transactions below and in Note 39, Transactions with Related Parties, and in Note 38, Remuneration of the Board of Directors, to the Consolidated financial statements, in the opinion of the Directors, no contract of significance to the Company or the Group subsists as at January 31, 2015, or in fact subsisted during the Reviewed Period in relation to the Company or the Group's business in which a Director's interest is or was material.

During the Reviewed Period, there were no arrangements to which the Company or any of the Company's subsidiaries or holding companies or a subsidiary of any of the Company's holding companies is a party, these being arrangements whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company.

Issuance of debt securities

Neither the Company nor any of its subsidiaries issued any debt securities during the Reviewed Period.

As announced on August 1, 2013, the Company issued Euro 130 million 2.75 per cent Notes which become due on August 1, 2018 (the "Notes"). The Notes were subscribed by professional and institutional investors and were settled on August 1, 2013. The Notes were admitted to the official list on the Irish Stock Exchange and were permitted to trade on its regulated market. The Company may, at its discretion, redeem the entirety of the Notes at once (but not some only), at any time after their issuance 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 that certain tax changes occur. The Notes are not rated.

Connected transactions

(A) Continuing Connected Transactions

During the Reviewed Period, the Group had the following non-exempt continuing connected transactions, details of which were disclosed in the Company's announcements dated April 27, 2012, January 29, 2013, April 5, 2013, January 29, 2014 and February 27, 2014, respectively:

(a) Franchise Agreement – Prada Milan Stores

As disclosed in the Company's announcement dated January 29, 2014, the Company was established in 1913 as a family business operating in Milan and has continued as such since Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli began their cooperation in the late 1970s. Therefore, the Prada stores in Milan have historically been operated by companies that are connected to the Prada family.

Against this historical background, on January 28, 2009, the Company entered into a franchise agreement in relation to the Prada stores based in Milan (the "Franchise Agreement") with five companies that operated the stores and their controlling entity, all of which subsequently merged with Fratelli Prada S.p.A. (the "Franchisee"). The Franchisee is a company indirectly controlled by Ms. Miuccia Prada Bianchi, a Chief Executive Officer, an executive director and a substantial shareholder of the Company. The Franchise Agreement will expire on January 31, 2024 and will be automatically extended for a further 15-year term provided that (i) the Franchisee has met the minimum annual budget for the initial 15-year term; or (ii) the cumulative amount of the purchases made by the Franchisee for the entire initial 15-year term is at least equal to the sum of the minimum annual budget for each of the 15 years.

The table below sets out the annual caps for the Reviewed Period of the Franchise Agreement:

Franchise Agreement – Prada Milan Stores	Euro million
Revenues from sales of goods	53.7
Revenues from services	6.0
Royalties income	1.5
Purchase of goods by the Group	(1.0)
Net transaction amount	60.2

(b) Consulting Agreement with Ms. Miuccia Prada Bianchi

On April 26, 2012, the Company renewed the consultancy agreement with Ms. Miuccia Prada Bianchi, a Chief Executive Officer, an executive director and a substantial shareholder of the Company, which took effect from February 1, 2012, for a term of three years, under which Ms. Miuccia Prada Bianchi continued acting as a strategic consultant of the Company involved in: (i) identifying and elaborating creative design concepts and styles; (ii) coordinating and supervising the development of collections and all of the dedicated structures and functions; (iii) defining concepts for fashion shows and supervising their execution and (iv) setting guidelines for branding and advertising campaigns and supervising related activities.

On April 5, 2013, the Company and Ms. Miuccia Prada Bianchi entered into a supplemental agreement to amend the consultancy agreement to include a variable incentive component in the consideration to be paid to Ms. Miuccia Prada Bianchi. This is aimed at strengthening the consultancy relationship between the parties.

The revised annual cap for the Reviewed Period for the remuneration payable to Ms. Miuccia Prada Bianchi, or accruable by the Company in accordance with applicable accounting rules, under the consultancy agreement as supplemented on April 5, 2013, is Euro 17 million.

(c) *Consulting Agreement with Mr. Patrizio Bertelli*

On April 26, 2012, the Company renewed the consultancy agreement with Mr. Patrizio Bertelli, a Chief Executive Officer, an executive director and a substantial shareholder of the Company, which took effect from February 1, 2012, for a term of three years, under which, Mr. Patrizio Bertelli continued acting as a strategic consultant of the Company involved in: (i) defining the development of collections and industrialization processes; (ii) developing the shoes and leather goods collection and supervising the related structures and (iii) selecting locations for the new DOS and the refurbishment of existing stores, conceiving store concepts, defining guidelines and coordinating related project development activities.

On April 5, 2013, the Company and Mr. Patrizio Bertelli entered into a supplemental agreement to amend the consultancy agreement to include a variable incentive component in the consideration to be paid to Mr. Patrizio Bertelli. This is aimed at strengthening the consultancy relationship between the parties.

The revised annual cap for the Reviewed Period for the remuneration payable to Mr. Patrizio Bertelli, or accruable by the Company in accordance with applicable accounting rules, under the consultancy agreement as supplemented on April 5, 2013, is Euro 17 million.

(d) *Galleria Transaction*

The Company was granted the right to use the prestigious premises in the Galleria Vittorio Emanuele II in Milan, Italy (the "Galleria Property") by the Municipality of Milan under a concession agreement for a term of 18 years (the "Concession Agreement"), in its own capacity and as the representative of Progetto Prada Arte S.r.l. ("PPA"). In this context, the Company entered into two continuing connected transactions.

On January 29, 2013, the Company entered into a business combination agreement with PPA (the "PPA Business Combination Agreement") for a term of 18 years. PPA is a company indirectly controlled by Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli (both of whom are Chief Executive Officers, executive directors and substantial shareholders in the Company). Under the PPA Business Combination Agreement, the Company is granted the right to represent on exclusively the business cooperation between the Company and PPA vis-à-vis the Municipality of Milan in all aspects relating to the Concession Agreement and PPA is bound to pay to the Company the portion of the annual concession fee allocated to PPA, based on the portion of the Galleria Property used by PPA to carry on its activities, particularly those considered cultural, on the premises.

On November 29, 2013, the Company entered into a business management agreement with Fratelli Prada S.p.A., as the franchisee of the Prada retail business in Milan, to allow the latter to manage the retail activity of the Prada brand in the Galleria Property (the "Fratelli Prada Business Management Agreement"). Fratelli Prada S.p.A. is a company indirectly controlled by Ms. Miuccia Prada Bianchi (a Chief Executive Officer, an executive director and a substantial shareholder of the Company). The Fratelli Prada Business Management Agreement will expire on

January 31, 2024, provided that, upon the renewal of the Franchise Agreement, this agreement will also be automatically extended until the expiration of the Concession Agreement.

Given that the duration of both the PPA Business Combination Agreement and the Fratelli Prada Business Management Agreement is, or will be, longer than three years, pursuant to Rule 14A.35(1) of the then applicable Listing Rules, an independent financial advisor, namely Somerley Limited, was appointed by the Company and it confirmed that the duration of each of the above two agreements is required and is in accordance with normal business practice for this type of contracts.

The annual cap for the Reviewed Period of the rent to be paid by PPA to the Company under the PPA Business Combination Agreement is Euro 1.6 million.

The annual cap for the business management fee to be paid by Fratelli Prada S.p.A. to the Company under the Fratelli Prada Business Management Agreement for the Reviewed Period is Euro 5.5 million.

(e) *Luna Rossa sponsorship agreement*

On February 27, 2014, the Company entered into a sponsorship agreement with Luna Rossa Challenge S.r.l. a company which is indirectly controlled by Mr. Patrizio Bertelli, a Chief Executive Officer, an executive director and a substantial shareholder of the Company, for the participation of the Luna Rossa sailing team in the XXXV edition of the America's Cup (the "Luna Rossa Sponsorship Agreement").

Given that the duration of the Luna Rossa Sponsorship Agreement will be longer than three years, pursuant to Rule 14A.35(1) of the then applicable Listing Rules, an independent financial advisor, namely Somerley Capital Limited, was appointed by the Company and it has confirmed that the duration of the Luna Rossa Sponsorship Agreement is of a duration considered to be normal business practice for contracts of this type.

The annual cap for the Reviewed Period of the sponsorship contribution to be paid by the Company to Luna Rossa Challenge S.r.l. under the Luna Rossa Sponsorship Agreement for the Reviewed Period is Euro 25 million.

Below is a table setting out the aggregate value for each of the non-exempt continuing connected transactions for the Reviewed Period:

	Continuing Connected Transaction ("CCT")	Accounting adjustment to the CCT following the application of "IAS 17 Leases"	Total impact on the income statements for the twelve months ended January 31, 2015
(a) Franchise Agreement – Prada Milan Stores	**Euro million**	**Euro million**	**Euro million**
Revenue from sales of goods	36.8	-	36.8
Revenue from services, net	2.3	-	2.3
Royalties income	1.1	-	1.1
Purchase of goods by the Group	(0.1)	-	(0.1)
Net transaction amount	40.1	-	40.1
(b) Consulting Agreement with Ms. Miuccia Prada Bianchi			
Annual amount paid to Ms. Miuccia Prada Bianchi or accrued by the Company	13.2	-	13.2
(c) Consulting Agreement with Mr. Patrizio Bertelli			
Annual amount paid to Mr. Patrizio Bertelli or accrued by the Company	12.2	-	12.2
(d) PPA Business Combination Agreement			
Rental income	1.0	0.5	1.5
(e) Fratelli Prada Business Management Agreement			
Business management income	2.3	2.3	4.6
(f) Luna Rossa Sponsorship Agreement			
Sponsorship contribution	12.6	-	12.6

The Independent Non-executive Directors have reviewed the above non-exempt continuing connected transactions and confirmed that these have been entered into:

(i) in the ordinary and usual course of business of the Company;

(ii) either on normal commercial terms or better; and

(iii) in accordance with the relevant agreement governing them what terms are considered fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Directors of the Company have engaged the auditors to review the above non-exempt continuing connected transactions. The auditors have, based on the work performed, provided a letter to the Directors of the Company (with a copy provided to the Stock Exchange) to confirm that nothing has come to their attention that causes them to believe that the continuing connected transactions:

(i) have not been approved by the Company's Board of Directors;

(ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transaction involve the provision of goods or services by the Group;

(iii) were not entered into, in all material respects, in accordance with the terms of the relevant agreements governing such transactions; and

(iv) have exceeded the relevant annual limits set out in the Company's announcements dated April 27, 2012, January 29, 2013, April 5, 2013, January 29, 2014 and February 27, 2014, as applicable.

(B) Connected Transactions

During the Reviewed Period, the Group had entered into the following non-exempt connected transaction, the nature of and reasons for which were disclosed in the Company's announcement dated February 27, 2014.

Sponsorship Agreement with Progetto Prada Arte S.r.l.

On February 27, 2014, the Company entered into a new sponsorship agreement with Progetto Prada Arte S.r.l. ("PPA") for the organization and promotion of artistic and cultural activities. PPA is indirectly controlled by Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli (both of whom are Chief Executive Officers, executive directors and substantial shareholders in the Company). The total maximum amount of sponsorship is Euro 7.94 million.

Other than the above non-exempt continuing connected transactions and non-exempt connected transaction, no other transaction disclosed in the Consolidated financial statements falls under the definition of "connected transaction" or "continuing connected transaction" contained in Chapter 14A of the Listing Rules or, where it falls under the definition of "connected transaction" or "continuing connected transaction" contained in Chapter 14A of the Listing Rules, it is exempted from the reporting, annual review, announcement and independent shareholders' approval requirements contained in Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements governing "connected transactions" or "continuing connected transactions" in accordance with Chapter 14A of the Listing Rules.

Bank loans and other borrowings

Details of the Group's bank loans and other borrowings as at January 31, 2015 are set out in Notes 19 and 24 to the Consolidated financial statements.

Major customers and suppliers

The nature of the Group's activities are such that the percentage of sales or purchases attributable to the Group's five largest customers or suppliers is significantly less than 30% of the total sales or purchases and the Directors do not consider any one customer or supplier to have an influence on the Group.

Retirement benefit schemes

Details of the retirement benefit schemes of the Group are set out in Note 25 to the Consolidated financial statements.

Model Code for securities transactions

The Company has adopted the Model Code. Having made specific enquiries to all Directors, all have confirmed that they have complied with the standard set out in the Model Code throughout the Reviewed Period.

Events after the reporting period - if applicable

Details of significant events occurring after the reporting date are set out in Note 44 to the Consolidated financial statements.

Commitments and contingencies

Details of capital commitments and contingent liabilities of the Group as at January 31, 2015 are set out in Notes 40 and 26 respectively to the Consolidated financial statements.

Sufficiency of public float

At the time the Company was listed, the Stock Exchange granted a waiver from strict compliance with Rule 8.08(1) of the Listing Rules (the "Public Float Waiver"). Pursuant to the Public Float Waiver, the Company must at all times maintain a minimum public float of 20%. Based on the information that is available to the Company and within the knowledge of the Directors, the Company has maintained an amount of public float as approved by the Stock Exchange and as permitted under the Listing Rules as at the date of this annual report.

Directors' responsibilities for the Consolidated financial statements

The Directors are responsible for the preparation of the Consolidated financial statements for the year which ended January 31, 2015, with a view to ensuring such Consolidated financial statements give a true and fair view of the state of affairs of the Group. In preparing these Consolidated financial statements, the Directors have selected suitable accounting policies, made judgments and estimates that are prudent and reasonable, and prepared the Consolidated financial statements on a going concern basis and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union. The Directors are responsible for keeping proper accounting records for safeguarding the assets of the Company and the Group.

Auditor

The Consolidated financial statements and the Separate financial statements of the Company were audited by Deloitte & Touche S.p.A.. Under Italian company law, the auditor is appointed and its remuneration is resolved every three years by the shareholders of the Company in a general meeting, on the basis of a proposal from the Board of statutory auditors.

On April 13, 2012, the Stock Exchange granted to the Company a waiver from strict compliance with Rule 13.88 of the Listing Rules, which requires the appointment of an auditor at each annual general meeting to hold office until the next annual general meeting. As a consequence, the Company's auditor will be appointed and its remuneration determined every three years at the shareholders' general meeting of the Company under the applicable Italian laws.

On April 5, 2013, the Board had resolved, in accordance with the recommendation received from the Board of statutory auditors and the Audit Committee, to propose a resolution at the shareholders' general meeting of the Company held on May 23, 2013, to appoint Deloitte & Touche S.p.A. as the auditor of the Company for the relevant three year-term and to fix its remuneration.

The shareholders' general meeting of the Company held on May 23, 2013 resolved to appoint Deloitte & Touche S.p.A. as the auditor of the Company for a term of three financial years and to fix its remuneration at Euro 472,000 for each financial year of its three-year term, as consideration for performing the audit of the Separate financial statements and the Consolidated financial statements, an amount included in the overall annual remuneration of Euro 1,605,000 for Deloitte & Touche S.p.A. and its network in respect of the provision of audit services to the Group as a whole. The auditor's annual remuneration shall be subject to adjustment in accordance with changes in the relevant applicable laws or additional requirements for the audit services as well as the annual upward adjustment linked to index of ISTAT – the Italian National Institute for Statistics. The auditor’s mandate lapses on the date of the shareholders’ general meeting to be called to approve the financial statements for the year ending January 31, 2016.

By order of the Board

Carlo Mazzi
Chairman

March 27, 2015

Corporate Governance

Corporate governance practices

The Company is committed to maintaining a high standard of corporate governance practices as part of its commitment to effective corporate governance. The corporate governance model adopted by the Company consists of a set of rules and standards aimed toward 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 Listing Rules.

Compliance with the Code

The Board has reviewed the Company's corporate governance practices and is satisfied that such practices have complied with the code provisions set out in the Code, for the entire Reviewed Period (i.e. the year ended January 31, 2015). This Corporate Governance Report summarizes the way in which the Company has applied the principles and implemented the code provisions contained in the Code for the duration of the Reviewed Period.

Directors' securities transactions

The Company has adopted written procedures governing Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Specific written acknowledgments have been obtained from each Director to confirm his/her compliance with the required standard set out in the Model Code and the Company's relevant procedures regarding directors' securities transactions for the duration of the Reviewed Period. There were no incidents of non-compliance during the Reviewed Period.

The Company has also adopted written procedures governing securities transactions carried out by the relevant employees who are likely to possess inside information in relation to the Company and its securities. The terms of these procedures are no less exacting than the standard set out in the Model Code.

Directors' interests as at January 31, 2015, in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) are set out in the Directors' Report.

Board of Directors

a. Board Composition

The Board is currently composed of nine Directors, of which five are Executive Directors, one is a Non-Executive Director and three are Independent Non-Executive Directors. All Directors have distinguished themselves in their field of expertise and have advised the Board in the area of their respective specialty, where this is relevant to the Group's business activities and strategic development. Biographical details of the Directors and their relationships, where applicable, are set out in the Directors and Senior Management section of this annual report. The Company has maintained both on its own website and on the website of the Stock Exchange an updated list of its Directors, identifying their respective roles and functions and also specifying if they are an Independent Non-Executive Director.

With a view to achieving a sustainable and balanced development, the Company has viewed diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its development. The Board diversity policy has been considered and adopted by the Board. All Board appointments are based on meritocracy and candidates are proposed and selected based on objective criteria, with due regard for the benefits of diversity within the Board. Diversity in this sense encompasses a wide range of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The final selection is based on merit and the contribution which the candidates can bring to the Board.

The Nomination Committee has been delegated the overall responsibility for implementing and monitoring the application of the board diversity policy. The Nomination Committee will discuss any revisions that may be required to ensure the effectiveness of the board diversity policy and will recommend any such revisions to the Board for its consideration and approval. The Board will review its composition on a regular basis to assess its optimal structure.

b. Board Meetings

During the Reviewed Period, the Board held six meetings to discuss the Group's overall corporate strategic direction and objectives, assess its operational and financial performance (including the annual budget, as well as the annual, interim and quarterly results) and to approve connected transactions and the Group's main investments and corporate reorganization plans. The average attendance rate of the Directors for these six meetings either in person or through electronic means was 83.3%.

Minutes of the Board meetings are kept by the Group's Corporate Affairs Director and Joint Company Secretary, Ms. Patrizia Albano. Minutes of the Board meetings and all Board Committee meetings are available for inspection by any Director by giving reasonable notice.

c. Board Attendance

The details of attendance at Board meetings, Committee meetings and shareholders' general meeting held during the Reviewed Period are set out in the following table:

Directors	Board	Audit Committee	Remunera-tion Committee	Nomination Committee	Shareholder's Meeting
Executive Directors					
Mr. Carlo MAZZI (Chairman)	6/6		2/2	2/2	1/1
Ms. Miuccia PRADA BIANCHI (Chief Executive Officer)	2/6				0/1
Mr. Patrizio BERTELLI (Chief Executive Officer)	5/6				0/1
Mr. Donatello GALLI (Chief Financial Officer)	6/6				1/1
Ms. Alessandra COZZANI	6/6				1/1
Non-Executive Directors					
Mr. Gaetano MICCICHÉ	2/6				0/1
Independent Non-Executive Directors					
Mr. Gian Franco Oliviero MATTEI 1	6/6	6/6	2/2	2/2	1/1
Mr. Giancarlo FORESTIERI 2	6/6	6/6	2/2		1/1
Mr. Sing Cheong LIU 3	6/6	6/6		2/2	1/1
Statutory Auditors					
Mr. Antonino PARISI (Chairman)	6/6	6/6			1/1
Mr. Roberto SPADA	4/6	1/6			1/1
Mr. David TERRACINA	5/6	5/6			1/1
Date(s) of Meeting	Feb 14, 2014	Feb 14, 2014	April 1, 2014	Feb 14, 2014	May 22, 2014
	Apr 2, 2014	Apr 1, 2014	June 5, 2014	Apr 1, 2014	
	June 5, 2014	June 5, 2014			
	Sept 19, 2014	Sept 19, 2014			
	Nov 6, 2014	Nov 12, 2014			
	Dec 5, 2014	Dec 5, 2014			
Average Attendance Rate of Directors	83.3%	100%	100%	100%	66.7%

Notes:
1: Chairman of Audit Committee, Remuneration Committee and Nomination Committee
2: Member of Audit Committee and Remuneration Committee
3: Member of Audit Committee and Nomination Committee

Ms. Miuccia Prada Bianchi, Chief Executive Officer of the Company, was absent for four of the Board meetings due to prior commitments concerning fashion shows. Prior to the relevant Board meeting being held, she rendered her views and comments to all the Board members through the Chairman.

d. Roles and Responsibilities

The Board is vested with full powers for the ordinary and extraordinary management of the Company. The Board has the power to perform all acts it deems advisable for the successful implementation and attainment of the Company's corporate purposes, except for those acts reserved by laws or by the By-laws for resolution at a shareholders' general meeting. In particular, 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 reserves for its own consideration and decision all matters concerning the overall Group strategy, major acquisitions and disposals, annual budgets, as well as annual, interim and quarterly results, approval of major transactions, connected transactions and any other significant operational and financial matters.

All Board members have been provided with monthly updates prepared by the Executive Directors with the support of the management in order to give a balanced and comprehensive assessment of the performance, position and prospects of both the Company and the Group, in sufficient detail to enable the Board as a whole and each Director to discharge his/her duties.

The Executive Directors are responsible for the day-to-day management of the Company and to make operational and business decisions within the control and delegation framework of the Company.

The types of decisions delegated by the Board to the management include:

- the preparation of annual, interim and quarterly results for the approval of the Board prior to publication;
- execution of business strategy and other initiatives adopted by the Board;
- monitoring of operating budgets adopted by the Board;
- implementation of adequate systems of internal controls and risk management procedures; and
- compliance with relevant statutory requirements, rules and regulations.

e. Non-Executive Directors

The Non-Executive Directors, including the Independent Non-executive Directors, provide the Company with diversified skills, expertise, qualifications as well as varied backgrounds and perspectives. They participate in the Board and Board Committees (including Audit Committee, Remuneration Committee and Nomination Committee) meetings to bring independent and objective opinions, advice and judgment on important issues relating to the Company's strategy, policy, financial performance, and take the lead on matters where potential conflicts of interests arise. They also attend the shareholders' general meetings of the Company to understand the views of the shareholders. They make a positive contribution to the development of the Company's strategy and policy through independent, constructive and informed comments.

f. Independent Non-executive Directors

The independence of the Independent Non-executive Directors has been assessed in accordance with the applicable Listing Rules. Each Independent Non-Executive Director meets the independence guidelines set out in Rule 3.13 of the Listing Rules and provided the Company with the annual confirmation as to his independence. This was further confirmed by the review of the Nomination Committee made on March 26, 2015. None of the Independent Non-Executive Directors of the Company has any business or financial interest in the Company or its subsidiaries and they continue to be considered independent by the Company.

g. Liability Insurance for the Directors

The Company has arranged appropriate liability insurance to indemnify its Directors for their liabilities arising out of all corporate activities. The insurance coverage is reviewed on an annual basis.

h. Directors' Training

Each Director, after his/her appointment, is provided with a comprehensive, formal and tailored induction program to ensure that he/she has a proper understanding of the key areas of business operations and practices of the Company, as well as his/her responsibilities under the relevant laws, rules and regulations.

All Directors are encouraged to participate in continuous professional training to develop and refresh their knowledge and skills. In this respect, during the Reviewed Period, Directors received regular updates on changes to and developments of the Group's business and on the latest development of the laws, rules and/or regulations relating to Directors' duties and responsibilities. In addition, all Directors attended an in-house seminar conducted by the Joint Company Secretaries covering primarily the new regime of connected transactions. These initiatives are taken to ensure the Directors' awareness of the latest corporate governance practices and that their contribution to the Board remains informed and relevant.

Directors are requested to provide records of the continuous training they have received during the Reviewed Period to the Group Corporate Affairs Director and Joint Company Secretary, Ms. Patrizia Albano.

Chairman and Chief Executive Officers

The Chairman is Mr. Carlo Mazzi and the Chief Executive Officers are Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli. The role of the Chairman is separate from that of the Chief Executive Officers. The Chairman is vested with the power to represent the Company and is responsible for ensuring that the Board is functioning properly and adhering to good corporate governance practices and procedures. The Chief Executive Officers, supported by the other Executive Directors and senior management, are responsible for managing the Company's business, including the implementation of major strategies and other initiatives adopted by the Board. The Chief Executive Officers are husband and wife.

Appointment of Directors

At the shareholders' general meeting of the Company held on May 22, 2012, the Board (including the Non-Executive Directors) were appointed for a term of three financial years. The mandate of all the current Directors will lapse on the date of the forthcoming shareholders' general meeting called to approve the financial statements of the Company for the year ended January 31, 2015.

As per the Company's By-laws, the Directors may be re-appointed.

Corporate Governance Functions of the Board

The Board is responsible for determining and supervising the application of the Company's appropriate corporate governance policies and ensuring its compliance with the provisions of the Code. The Board's role in this regard is:

(i) to develop and review the Company's policies and practices on corporate governance;

(ii) to review and monitor the training and continuous professional development of directors and senior management;

(iii) to review and monitor the Company's policies and practices regarding compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the Code of Conduct, the Organisation, Management and Control Model (adopted pursuant to Italian Legislative decree no. 231 of June 8, 2001) and the Company's procedures applicable to employees and directors;

(v) to review the Company's compliance with the Code and disclosure of such in the Corporate Governance Report; and

(vi) to perform any other corporate governance duties and functions set out by the Listing Rules or other applicable rules, for which the Board shall be responsible.

During the Reviewed Period, the Board considered the following corporate governance matters:

(i) reviewed connected transactions of the Company;

(ii) reviewed the level of compliance with the Code;

(iii) reviewed the effectiveness of the internal control and risk management systems of the Company through the Internal Control Department and the Audit Committee;

(iv) approved the Group's main investments and corporate reorganization plans.

Board Committees

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Each Committee is chaired by an Independent Non-Executive Director. Each of the Committees' terms of reference is available on both the website of the Company and the Stock Exchange. The terms of reference in respect of each Committee are of no less exacting than those terms set out in the Code.

In addition, the Board has established a supervisory body under the Italian Legislative Decree no. 231 of June 8, 2001.

a. Audit Committee

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules where at least one member possesses appropriate professional qualifications in accounting or possesses related financial management expertise to discharge the responsibility of the Audit Committee. The membership of 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 assist the Board in providing an independent view of the effectiveness of the Company's financial reporting process and its internal control and risk management systems, to oversee the external audit process, the internal audit process and to perform any other duties and responsibilities as are assigned to it by the Board.

During the Reviewed Period, the Audit Committee held six meetings (with an attendance rate of 100%) mainly to review with senior management, the Group's internal and external auditor and the board of statutory auditors, the significant internal and external audit findings and financial matters as required under the Committee's terms of reference. The Audit Committee's review covers the audit plans as well as the findings of both the internal and the external auditors, internal controls, risk assessment, annual review of the continuing connected transactions of the Group, tax updates and financial reporting matters (including the annual results for the year ended January 31, 2014, the first quarter results as of April 30, 2014, the interim financial results as of July 31, 2014 and third quarter results as of October 31, 2014, before recommending them to the Board for approval).

The Audit Committee has also held a meeting on March 26, 2015, to review the annual results for the year ended January 31, 2015, before recommending it to the Board for approval.

Auditor's compensation

The total fees and expenses accrued in favor of Deloitte & Touche S.p.A. and its network for the audit of the financial statements ended January 31, 2015 and January 31, 2014, together with non-audit services, are illustrated below:

Type of service	Audit Firm	Provided to	twelve months ended January 31 2015	twelve months ended January 31 2014
Audit services	Deloitte & Touche spa	PRADA spa	480	473
Audit services	Deloitte & Touche spa	Subsidiaries	174	209
Audit services	Deloitte Network	Subsidiaries	1,210	1,047
Total audit fees accruing			1,864	1,729
Comfort letter for bonds of Euro 130 million	Deloitte Network/ Deloitte & Touche spa	PRADA spa	-	175
Tax advisory	Deloitte Network/ Deloitte & Touche spa	PRADA spa	14	26
Tax advisory	Deloitte Network	Subsidiaries	181	235
Certificates of sale	Deloitte Network/ Deloitte & Touche spa	Subsidiaries	24	9
Other	Deloitte Network	PRADA spa and subsidiaries	60	30
Total non-audit fees accruing			279	475
Out of pocket expenses			50	74
Total independent auditors' compensation accruing			2,193	2,278

The total amount of the fees accruing for audit services increased from Euro 1,729 thousand for 2013 to Euro 1,864 thousand for 2014. The increase was mainly due to new appointments to provide services to newly incorporated companies and because of application of contractually agreed parameters (e.g. inflation-linked increases).

b. Remuneration Committee

The Company has established a Remuneration Committee in compliance with the Code. The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration package of Directors and senior management and the establishment of a formal and transparent procedure for developing policies on such remuneration. The recommendations of the Remuneration Committee are then put forward to the Board for consideration and adoption, where appropriate. The Remuneration Committee consists of two Independent Non-Executive Directors, Mr. Gian Franco Oliviero Mattei (Chairman) and Mr. Giancarlo Forestieri and one Executive Director, Mr. Carlo Mazzi.

During the Reviewed Period, the Remuneration Committee held two meetings (with an attendance rate of 100%) mainly to recommend certain updates to the long-term incentive plan connected to the Group's results and an increase of the overall amount of the Board's remuneration. On March 17, 2015, the Remuneration Committee held one meeting to recommend the Directors' fee and the Statutory Auditors' fee to be approved at the forthcoming shareholders' general meeting.

Remuneration Policy

The Group's compensation policy is aimed at attracting, rewarding and protecting its personnel, who are considered to be key to the success of the Group's business.

The Group has an incentive system that links compensation with the annual performance of the Group itself, taking into account the Group's objectives in net sales, as well as the objectives of each department.

The Group has adopted long term cash incentive plans for senior managers and key managers for retention purposes, under which the benefit of a senior manager or a key manager under the incentive plan would vest subject to the achievement by the Group of one or more economic objectives and his/her presence within the Group at the end of a three-year period.

Other incentive schemes specific to sales staff are also in place, and technicians of the Group may receive a collection bonus that is provided to them following the development of a seasonal collection.

The aggregate basic remuneration of the Board is approved by the shareholders in a general meeting. The additional remuneration of each Director vested with special authorities (that is to the Executive Directors and members of the Board's Committees) is determined by the Board - having considered the recommendation of the Remuneration Committee and the opinion of the Board of Statutory Auditors. As an alternative, the shareholders in a general meeting can determine the aggregate additional remuneration of Directors vested with special authorities and the individual allocation to each Director will then be decided by the Board.

Under the current compensation arrangements, the Executive Directors receive compensation in the form of fees, salaries and other benefits, discretionary bonuses and/or other incentives, including non-monetary benefits and other allowances and contributions such as to retirement benefits schemes. The Non-Executive Directors (including Independent Non-Executive Directors) receive compensation in the form of fees, salaries and contributions to retirement benefits scheme, as the case may be. No Director is allowed to approve his/her own remuneration.

c. Nomination Committee

The Company has established a Nomination Committee in compliance with the Code. The primary duties of the Nomination Committee are to determine the policy for the nomination of Directors and to make recommendations to the Board regarding 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 also assesses the independence of Independent Non-Executive Directors. The recommendations of the Nomination Committee are then put forward to the Board for consideration and, where appropriate, adoption. The Nomination Committee consists of two Independent Non-Executive Directors, Mr. Gian Franco Oliviero Mattei (Chairman) and Mr. Sing Cheong Liu and one Executive Director, Mr. Carlo Mazzi.

During the Reviewed Period, the Nomination Committee held two meetings on February 14, 2014 and April 1, 2014 (with all members attending) 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, to propose to the Board the appointment of Mr. Carlo Mazzi as Chairman in replacement of Ms. Miuccia Prada Bianchi and the re-election of Ms. Alessandra Cozzani as Director. In addition, the Nomination Committee held one meeting on March 26, 2015, to assess and confirm the independence of the Independent Non-Executive Directors of the Company during the Reviewed Period and to recommend to the shareholders the current structure of the Board and the election of nine directors at the forthcoming shareholders' general meeting.

d. Supervisory Body

In compliance with Italian Legislative Decree no. 231 of June 8, 2001, 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 Independent 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.

Board of statutory auditors

Under Italian law, a joint-stock company is required to have a board of statutory auditors, appointed by the shareholders for a term of three financial years, with the authority to supervise the Company on its compliance with the applicable laws, regulations and the By-laws, as well as 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 its functioning.

At the shareholders' general meeting of the Company held on May 22, 2012, the board of statutory auditors (including the alternate statutory auditors) was appointed for a term of three financial years. The mandate of the Board of Statutory Auditors will expire at the forthcoming shareholders' general meeting called to approve the financial statements of the Company for the year ended January 31, 2015.

The board of statutory auditors of the Company consists of Mr. Antonino Parisi (Chairman), Mr. Roberto Spada and Mr. David Terracina. The alternate statutory auditors are Mr. Marco Serra and Mr. Cristiano Proserpio.

Directors' responsibility and auditors' responsibility for Consolidated financial statements

The Directors are responsible for preparing the Consolidated financial statements of the Company for the year ended January 31, 2015 with a view to ensuring such Consolidated financial statements give a true and fair view of the state of affairs of the Group. In preparing these Consolidated financial statements, the Directors have selected suitable accounting policies and made judgments and estimates that are prudent and reasonable. The Consolidated financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union.

As regards the auditor of the Company, its responsibilities are stated in the auditor's report on the Consolidated financial statements.

Internal control

The Board places great importance on maintaining a sound and effective system of internal control to safeguard the shareholders' investment and the Company's assets. The Board is also responsible for assessing the overall effectiveness of the internal control system including financial, operational and compliance controls and risk management functions.

The Internal Audit Department provides an independent review of the adequacy and effectiveness of the internal control system. The audit plan is discussed and agreed every year with the Audit Committee and then submitted to the Board for approval. In addition to its agreed annual schedule of work, the Internal Audit Department conducts other special reviews as required.

The Group's internal control system has mainly been designed to safeguard the assets of the Group itself, to maintain proper accounting standards, to ensure that appropriate authority has been given for the performance of acts by the Company, and to comply with relevant laws and regulations. During the Reviewed Period, no significant control failings or weaknesses was identified. The Board, through the Audit Committee, reviewed and is generally satisfied that the internal control system has functioned effectively throughout the Reviewed Period and is adequate for the Group as a whole.

Joint Company Secretaries

The Company has appointed Ms. Patrizia Albano and Ms. Yuen Ying Kwai as joint company secretaries of the Company.

Given that the headquarter of the Company is located outside Hong Kong and the Company is incorporated in Italy, the Company is of the view that it is in the best interests of the Company and is of good corporate governance to maintain Ms. Patrizia Albano and Ms. Yuen Ying Kwai as the joint company secretaries.

During the Reviewed Period, each of Ms. Patrizia Albano and Ms. Yuen Ying Kwai, respectively, undertook over 15 hours of relevant professional training to update their skills and knowledge. In addition, they have attended a training session held by the Company's legal advisor (Slaughter and May) relating to the Listing Rules which lasted for two hours.

Their biographies are set out in the Directors and Senior Management section.

Shareholders' Rights

a. Convening of the shareholders' general meeting at the shareholders' request

Pursuant to Article 14.2 of the Company's By-Laws, a shareholders' general meeting has to be called by the Board when requested by shareholders representing at least one-twentieth of the Company's share capital, provided that the request mentions the item(s) to be discussed at the meeting. If there is an unjustified delay in calling the meeting by the Board, action will be taken by the board of statutory auditors.

b. Putting forward proposals at shareholders' general meeting

Pursuant to Articles 14.4 and 14.5 of the Company's By-Laws, shareholders who, individually or jointly, own or control at least one-fortieth of the Company's share capital may request in writing for additions to be made to the list of items on the agenda, within ten days as of the notice of call of a shareholders' general meeting, by setting out the proposed additions (five days in the circumstances indicated under the second paragraph of Article 14.4). The proposals should be directed to the Group Corporate Affairs Director and Joint Company Secretary by email at corporateaffairs@pradagroup.com or at the Company's address: Via A. Fogazzaro n. 28, Milan 20135, Italy.

c. Making an enquiry to the Board

Enquiries about matters to be put forward to the Board should be directed to the Group Corporate Affairs Director and Joint Company Secretary by email at corporateaffairs@pradagroup.com or at the Company's address: Via A. Fogazzaro n. 28, Milan 20135, Italy. The Company will not normally deal with verbal or anonymous enquiries.

d. Procedures for a shareholders to propose a person for election as Director

The procedures for a shareholder to nominate a person for election as a Director of the Company are set out in Articles 19.3 and 19.4 of the Company's By-laws, details of which have been disclosed in the Company's announcement dated March 30, 2012.

Constitutional Documents

During the Reviewed Period, there was no change to the Company's constitutional documents.

Communication with Shareholders

a. Investor relations and communications

The Company endeavors to maintain a high level of transparency when communicating with the shareholders and the financial community in general. The Company has maintained regular dialogue and fair disclosure with institutional shareholders, fund managers, research analysts and the finance media. Investor/analysts briefings and one-on-one meetings, roadshows (both domestic and international), investor conferences, site visits and results briefings are conducted on a regular basis in order to facilitate communication between the Company, shareholders and the investment community. The Company strives to ensure effective and timely dissemination of information to shareholders and the investment community at all times and will regularly review the arrangements to ensure its effectiveness.

The Company's corporate website (www.pradagroup.com) facilitates effective communications with shareholders, investors and other stakeholders, making corporate information and other relevant financial and non-financial information available electronically and on a timely basis. This includes extensive information about the Group's performance and activities via the annual report, interim report, press releases, presentations, announcements, circulars to shareholders and notices of general meetings, etc.

b. Shareholders' Meetings

The Company strives to maintain an on-going dialogue with its shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend such meetings. The process of the Company's general meeting is monitored and reviewed on a regular basis.

The Company uses the shareholders' general meeting as one of the principal channels for communicating with the shareholders and to ensure that shareholders' views are communicated to the Board. At the shareholders' general meeting, each substantially separate issue is proposed and considered by a separate resolution (including the election of individual directors).

The last shareholders' general meeting of the Company was held on May 22, 2014 at the Company's registered office at Via A. Fogazzaro n. 28, Milan, Italy with a video-conference system located at the registered office of Prada Asia Pacific Limited at 36/F, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong (the "2014 Shareholders' General Meeting"). The Directors, including the Chairman of the Board, the Chairman of the Board Committees and the auditor of the Company, Deloitte & Touche S.p.A., attended the 2014 Shareholders' General Meeting.

Separate resolutions were proposed at the 2014 Shareholders' General Meeting relating to each issue and the voting results of such resolutions were disclosed in the announcement of the Company dated May 22, 2014. The number of votes cast in favour of each resolution (and the corresponding percentage level) are set out below:

Ordinary Resolutions proposed at the 2014 Shareholders' General Meeting	Number of Votes cast in favour (%)
1. To approve the Audited Separate Financial Statements, which show a net income of Euro 395,574,305, and the Audited Consolidated Financial Statements of the Company for the year ended January 31, 2014 together with the Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors	2,380,461,306 (100%)
2. To approve the allocation of the net income for the year ended January 31, 2014 as follows: (i) Euro 281,470,640 to Shareholders as a final dividend, in particular to declare and distribute a final dividend of Euro 11 cents per share to be paid on or about Friday, June 20, 2014; (ii) Euro 114,103,665 to retained earnings	2,380,367,806 (100%)
3. To elect Ms. Alessandra COZZANI as a Director of the Company for a term expiring on the date of the shareholders' general meeting called to approve the financial statements for the year ending January 31, 2015.	2,374,261,773 (99.74%)
4. To approve the aggregate compensation of the Directors for the financial year ending January 31, 2015 in the overall amount of Euro 3,400,000, of which: Euro 360,000 will be Directors' fee, Euro 2,880,000 will be additional fees to be paid to Executive Directors and Euro 160,000 will be fees for members of the Board's committees.	2,175,379,270 (91.38%)

All resolutions put to the shareholders at the 2014 Shareholders' General Meeting were duly passed. Computershare Hong Kong Investor Services Limited, the Company's Hong Kong share registrar, acted as scrutineer for the vote taking at the 2014 Shareholders' General Meeting.

c. Corporate Communications

IIn order to increase efficiency in communication with shareholders and to contribute to environmental protection, the Company has made arrangements from September 2011 to ascertain how its shareholders wish to receive corporate communications. Shareholders have the right to choose the language, either in English or Chinese, or both, and means of receipt of the corporate communications, in printed form or by electronic means through the Company's website at www.pradagroup.com.

Consolidated Financial Statements

Consolidated statement of financial position

(amounts in thousands of Euro)	Note	January 31 2015	January 31 2014
Assets			
Current assets			
Cash and cash equivalents	9	708,966	568,414
Trade receivables, net	10	346,284	308,405
Inventories, net	11	654,545	449,903
Derivative financial instruments – current	12	6,287	13,984
Receivables from and advance payments to parent company and other related parties – current	13	3,240	5,993
Other current assets	14	180,633	114,897
Total current assets		1,899,955	1,461,596
Non-current assets			
Property, plant and equipment	15	1,474,218	1,230,192
Intangible assets	16	943,304	901,289
Associated undertakings	17	30,529	21,186
Deferred tax assets	35	280,983	201,245
Other non-current assets	18	91,353	69,867
Derivative financial instruments - non current	12	1,106	1,430
Receivables from and advance payments to parent company and other related parties – non-current	13	17,429	1,487
Total non-current assets		2,838,922	2,426,696
Total Assets		4,738,877	3,888,292
Liabilities and Shareholders' Equity			
Current liabilities			
Bank overdrafts and short-term loans	19	263,335	61,909
Payables to parent company and other related parties – current	20	3,083	4,894
Trade payables	21	437,420	348,534
Tax payables	22	133,914	132,145
Derivative financial instruments - current	12	56,772	3,803
Obligations under finance leases - current		21	524
Other current liabilities	23	220,480	154,666
Total current liabilities		1,115,025	706,475
Non-current liabilities			
Long-term financial payables	24	255,203	207,950
Obligations under finance leases non-current		-	19
Post-employment benefits	25	85,754	63,279
Provision for risks and charges	26	63,695	52,660
Deferred tax liabilities	35	41,634	42,671
Other non-current liabilities	27	128,752	98,982
Derivative financial instruments non-current	12	17,283	1,469
Payables towards parent company and other related parties-non-current	20	13,384	13,247
Total non-current liabilities		605,705	480,277
Total Liabilities		1,720,730	1,186,752
Share capital		255,882	255,882
Other reserves		2,163,129	1,853,325
Translation reserve		130,996	(49,438)
Net income for the year		450,730	627,785
Total Shareholders' Equity – Group	28	3,000,737	2,687,554
Shareholders' Equity – Non-controlling interests	29	17,410	13,986
Total Liabilities and Shareholders' Equity		4,738,877	3,888,292
Net current assets		784,930	755,121
Total assets less current liabilities		3,623,852	3,181,817

Consolidated income statement

(amounts in thousands of Euro)	Note	twelve months ended January 31 2015	%	twelve months ended January 31 2014	%
Net revenues	30	3,551,696	100.0%	3,587,347	100.0%
Cost of goods sold	31	(1,001,117)	-28.2%	(938,698)	-26.2%
Gross margin		2,550,579	71.8%	2,648,649	73.8%
Operating expenses	32	(1,849,028)	-52.1%	(1,709,412)	-47.7%
EBIT		701,551	19.8%	939,237	26.2%
Interest and other financial income/(expenses), net	33	(34,304)	-1.0%	(17,357)	-0.5%
Dividends from investments	34	455	-	1,016	-
Income before taxes		667,702	18.8%	922,896	25.7%
Taxation	35	(208,484)	-5.9%	(285,091)	-7.9%
Net income for the year from continuing operations		459,218	12.9%	637,805	17.8%
Net income for the year		459,218	12.9%	637,805	17.8%
Net income – Non-controlling interests	29	8,488	0.2%	10,020	0.3%
Net income – Group		450,730	12.7%	627,785	17.5%
Basic and diluted earnings per share (in Euro per share)	36	0.176		0.245	

Consolidated statement of cash flows

(amounts in thousands of Euro)	twelve months ended January31 2015	twelve months ended January 31 2014
Income before taxation	667,702	922,896
Income Statement adjustments		
Depreciation and amortization	248,647	198,857
Impairment of property, plant and equipment and intangible assets	4,051	5,093
Non-monetary financial (income)/expenses	33,844	22,015
Other non-monetary charges	13,677	36,918
Balance Sheet changes		
Other non-current assets and liabilities	(30,050)	(16,285)
Trade receivables, net	(23,667)	(5,857)
Inventories, net	(173,306)	(103,550)
Trade payables	80,420	20,443
Other current assets and liabilities	(33,089)	(17,934)
Cash flows from operating activities	788,229	1,062,596
Interest paid, net – third parties	(9,892)	(10,740)
Taxes paid	(294,740)	(282,420)
Net cash flows from operating activities	483,597	769,436
Purchases of property, plant and equipment and intangible assets	(361,624)	(549,364)
Disposals of property, plant and equipment and intangible assets	-	-
Proceeds of investments held for sale	455	1,015
Business combination	(7,701)	-
Net cash flows utilized by investing activities	(368,870)	(548,349)
Dividends paid to shareholders of PRADA spa	(281,471)	(230,294)
Dividends paid to non-controlling shareholders	(9,378)	(6,634)
Repayment of loans to related companies	(2,211)	(899)
Repayment of loans by related companies	2,000	1,397
New loans to related companies	(741)	(2,000)
Repayment of short term portion of long term borrowings - third parties	(40,676)	(162,479)
Arrangement of long-term borrowings – third parties	77,856	176,773
Change in short-term borrowings – third parties	195,469	4,299
Share capital increases by non-controlling shareholders of subsidiaries	2,125	40
Cash flows generated/(utilized) by financing activities	(57,027)	(219,797)
Change in cash and cash equivalents, net of bank overdrafts	57,700	1,292
Foreign exchange differences	82,874	(4,714)
Opening cash and cash equivalents, net of bank overdraft	568,299	571,722
Closing cash and cash equivalents, net of bank overdraft	708,873	568,300
Cash and cash equivalents	708,966	568,414
Bank overdraft	(93)	(114)
Closing cash and cash equivalents, net of bank overdraft	708,873	568,300

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	Translation reserve	Share premium reserve	Cash flow hedge reserve	Actuarial reserve	Fair Value Available for sale Reserve	Other reserves	Total other reserves	Net income for year	Equity		
											Equity attributable to owners of the Group	Non-controlling interests	Total Equity
Balance at January 31, 2013	2,558,824,000	255,882	(42,288)	410,047	20,148	(6,470)	5,486	1,051,536	1,480,747	625,681	2,320,022	10,470	2,330,492
Allocation of 2012 net income	-	-	-	-	-	-	-	625,681	625,681	(625,681)	-	-	-
Dividends	-	-	-	-	-	-	-	(230,294)	(230,294)	-	(230,294)	(6,634)	(236,928)
Capital injection in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	40	40
Comprehensive income for the year (recyclable to P&L)	-	-	(7,150)	-	(16,449)	-	(1,378)	-	(17,827)	627,785	602,808	10,110	612,918
Comprehensive income for the year (not recyclable to P&L)	-	-	-	-	-	(4,982)	-	-	(4,982)	-	(4,982)	-	(4,982)
Balance at January 31, 2014	2,558,824,000	255,882	(49,438)	410,047	3,699	(11,452)	4,108	1,446,923	1,853,325	627,785	2,687,554	13,986	2,701,540
Allocation of 2013 net income	-	-	-	-	-	-	-	627,785	627,785	(627,785)	-	-	-
Dividends	-	-	-	-	-	-	-	(281,471)	(281,471)	-	(281,471)	(9,378)	(290,849)
Acquisition of Marchesi Angelo srl	-	-	-	-	-	-	-	(2,466)	(2,466)	-	(2,466)	107	(2,359)
Capital injection in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	2,125	2,125
Comprehensive income for the year (recyclable to P&L)	-	-	180,434	-	(39,022)	-	7,007	-	(32,015)	450,730	599,149	10,573	609,722
Comprehensive income for the year (not recyclable to P&L)	-	-	-	-	-	(2,029)	-	-	(2,029)	-	(2,029)	(3)	(2,032)
Balance at January 31, 2015	2,558,824,000	255,882	130,996	410,047	(35,323)	(13,481)	11,115	1,790,771	2,163,129	450,730	3,000,737	17,410	3,018,147

Under Italian law, the Company is required to allocate a portion of its net income to non-distributable reserves and to provide additional information on the distribution of earnings for the period, Note 37.

Statement of consolidated comprehensive income

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Net income for the period – Consolidated	459,218	637,805
A) Items recyclable to P&L:		
Change in Translation reserve	182,519	(7,057)
Tax impact	-	-
Change in Translation reserve less tax impact	182,519	(7,057)
Change in Cash Flow Hedge reserve	(52,817)	(22,755)
Tax impact	13,795	6,306
Change in Cash Flow Hedge reserve less tax impact	(39,022)	(16,449)
Change in Fair Value reserve	9,343	(1,837)
Tax impact	(2,336)	459
Change in Fair Value reserve less tax impact	7,007	(1,378)
B) Item not recyclable to P&L:		
Change in Actuarial reserve	(2,338)	(6,403)
Tax impact	306	1,418
Change in Actuarial reserve less tax impact	(2,032)	(4,985)
Consolidated comprehensive income for the period	607,690	607,936
Comprehensive income for the period – Non-controlling Interests	10,570	10,110
Comprehensive income for the period – Group	597,120	597,826

The accounting policies and the notes constitute an integral part of the Consolidated financial statements.

Financial Statements of PRADA spa

PRADA spa Statement of financial position

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Assets		
Current assets		
Cash and cash equivalents	127,788	126,124
Trade receivables, net	741,907	621,096
Inventories	312,797	187,067
Derivative financial instruments	6,479	12,105
Financial receivables and other receivables from parent company, subsidiaries, associates and related parties	52,747	258,226
Other current assets	107,678	60,893
Total current assets	1,349,396	1,265,511
Non-current assets		
Property, plant and equipment	462,270	317,996
Intangible assets	119,103	114,188
Associated undertakings	931,599	908,287
Deferred tax assets	50,145	33,009
Other non-current assets	11,340	5,988
Derivative financial instruments - non current	9,544	1,430
Financial receivables and other receivables from parent company, subsidiaries, associates and related parties	309,564	18,853
Total non-current assets	1,893,565	1,399,751
Total assets	3,242,961	2,665,262
Liabilities and Shareholders' equity		
Current liabilities		
Bank overdrafts and short-term loans	157,972	14,483
Financial payables and other payables to parent company, subsidiaries, associates and related parties	339,051	349,100
Trade payables	640,984	436,357
Current tax liabilities	9,053	20,086
Derivative financial instruments	52,708	3,312
Obligations under financial leases	-	498
Other current liabilities	156,742	75,208
Total current liabilities	1,356,510	899,044
Non-current liabilities		
Long-term financial payables	129,209	134,799
Employee benefits	55,878	40,114
Provisions	22,855	23,266
Deferred tax liabilities	7,612	8,027
Other non-current liabilities	5,844	3,134
Derivative financial instruments - non current	13,879	2,490
Financial and other payables to parent company, subsidiaries, associates and related parties	43,851	13,247
Total non-current liabilities	279,128	225,077
Total liabilities	1,635,638	1,124,121
Share capital	255,882	255,882
Other reserves	966,012	889,685
Net income of the year	385,429	395,574
Shareholders' equity	1,607,323	1,541,141
Total Liabilities & Shareholders' Equity	3,242,961	2,665,262

PRADA spa Income statement

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Net revenues	2,027,507	2,004,115
Cost of goods sold	(941,628)	(898,150)
Gross Margin	1,085,879	1,105,965
Selling, general and administrative expenses	(572,899)	(541,635)
Interest and other financial income (expenses), net	34,582	27,605
Income before tax	547,562	591,935
Income taxes	(162,133)	(196,361)
Net income for the year	385,429	395,574

PRADA spa Statement of comprehensive income

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Net income for the year	385,429	395,574
Items recyclable to P&L:		
Change in cash flow hedge reserve	(43,658)	(22,930)
Tax effect	12,006	6,305
Change in Cash Flow Hedge reserve after tax effect	(31,652)	(16,625)
Items not recyclable to P&L:		
Gains/ (losses) recognized in actuarial gains/(losses) reserve	(2,950)	(894)
Tax effect	340	146
Change in actuarial reserve after tax effect	(2,610)	(748)
Net gains (losses) recognized directly in equity	(34,262)	(17,373)
Total comprehensive income	351,167	378,201

PRADA spa Statement of cash flows

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Cash flows generated from operations:		
Income before taxation	547,562	591,935
Adjustments for:		
Depreciation and amortization	32,317	25,911
Impairment of fixed assets	127	-
Losses/(gains) on disposal of fixed assets	2,140	(69)
Impairment of investments	32,417	-
Non-monetary financial (income)/expenses	(98,110)	(44,367)
Provisions and other non-monetary charges	40,053	21,321
Changes in statement of financial position:		
Trade receivables, net	(115,213)	(157,831)
Inventories, net	(124,724)	(33,423)
Trade payables	202,594	42,817
Other current assets and liabilities	(15,803)	3,097
Other non-current assets and liabilities	(19,421)	(3,474)
Cash flows generated from operations	483,939	445,917
Interest paid, net	(6,988)	(4,482)
Income taxes paid, net	(204,745)	(189,909)
Net cash flows generated from operations	272,206	251,526
Cash flow generated (used) from investing activities:		
Purchase of property, plant and equipment	(100,331)	(60,375)
Disposal of property, plant and equipment	3,355	142
Purchase of intangible assets	(11,588)	(11,757)
Disposal of intangible assets	1,318	-
Investments in subsidiaries	(54,861)	(20,336)
Dividends received	92,982	46,515
Cash flows generated (used) by investing activities	(69,124)	(45,811)
Cash flows generated (used) by financing activities:		
Dividends paid	(281,470)	(230,294)
Change in short-term bank loans	161,476	-
Change in short-term intercompany loans	3,212	31,557
Repayment of loans from subsidiaries	89,981	28,265
Disbursement of loans to subsidiaries	(160,973)	(60,400)
New long-term loans to related parties	(741)	-
Repayment of short-term portion of long-term borrowings	(12,984)	(119,136)
New long term borrowings arranged	-	130,000
Cash flow generated (used) by financing activities	(201,499)	(220,008)
Change in cash and cash equivalents net of bank overdraft	1,582	(14,293)
Exchange differences	2	(3)
Opening cash and cash equivalents, net of bank overdraft	126,115	140,411
Closing cash and cash equivalents, net of bank overdraft	127,699	126,115
Cash and bank balances	127,788	126,124
Bank overdraft	(89)	(9)
Closing cash and cash equivalents, net of bank overdraft	127,699	126,115

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

(amounts in thousands of Euro)	Number of shares	Share capital	Share premium reserve	Legal reserve	Other reserves	Retained earnings	Cash flow hedge reserve	Net income	Share-holders' equity
Balance at January 31 2013	2,558,824,000	255,882	410,047	46,390	182,899	189,416	20,304	288,297	1,393,235
Allocation of 2012 net income	-	-	-	4,787	-	283,510	-	(288,297)	-
Dividends paid	-	-	-	-	-	(230,294)	-	-	(230,294)
Comprehensive income for the year (recyclable to P&L)	-	-	-	-	-	-	(16,625)	395,574	378,949
Comprehensive income for the year (not recyclable to P&L)	-	-	-	-	-	(749)	-	-	(749)
Balance at January 31 2014	2,558,824,000	255,882	410,047	51,177	182,899	241,883	3,679	395,574	1,541,141
Allocation of 2013 net income	-	-	-	-	-	395,574	-	(395,574)	-
Dividends paid	-	-	-	-	-	(281,471)	-	-	(281,471)
Other movements	-	-	-	-	-	(3,514)	-	-	(3,514)
Comprehensive income for the year (recyclable to P&L)	-	-	-	-	-	-	(31,652)	385,429	353,777
Comprehensive income for the year (not recyclable to P&L)	-	-	-	-	-	(2,610)	-	-	(2,610)
Balance at January 31 2015	2,558,824,000	255,882	410,047	51,177	182,899	349,862	(27,973)	385,429	1,607,323

Notes to the 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 specific licensing agreements, in the eyewear and fragrances. Its products are sold in 70 countries worldwide through a network that included 594 Directly Operated Stores (DOS) at January 31, 2015, and a select 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 the date of these Consolidated financial statements, 79.98% of the share capital was owned by PRADA Holding spa, a company domiciled in Italy, while the remaining shares were floating on the Main Board of the Hong Kong Stock Exchange.

The Consolidated financial statements were approved and authorized for issue by the Board of Directors of PRADA spa on March 27, 2015.

2. Basis of preparation

The Consolidated financial statements of the PRADA Group as at January 31, 2015, including the "Consolidated statement of financial position", the "Consolidated income statement", the "Statement of consolidated comprehensive income", the "Consolidated statement of cash flows", the "Statement of changes in consolidated shareholders' equity" and the "Notes to the consolidated financial statements" have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and as endorsed by the European Union.

At the date of presentation of these 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 Group has prepared the Consolidated statement of financial position presenting separately current and non-current assets and liabilities. All the details needed for an accurate and complete information are provided in the Notes to the 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 Consolidated financial statements have been prepared on a going concern basis and are presented in Euro which is also the functional currency of PRADA spa.

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, 2014

The following new IFRS and amendments to existing IFRS have been endorsed by the European Union and are applicable to the PRADA Group effective from February 1, 2014. These changes do not have any significant impact to the Group as of the date of these consolidated financial statements:

– "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.

– Amendments to "IAS 36 Impairment of Assets". The objective of the amendments made to this standard, effective from annual periods beginning on or after January 1, 2014, is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets. The amendments also 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.

– Amendments to "IAS 39 Financial Instruments: Recognition and Measurement". Such amendments provides 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.

– "Investment Entities", meant as a group of amendments to IFRS 10, IFRS 12 and IAS 27. "IFRS 10 Consolidated Financial Statements" has been amended in order to better reflect the business model of investment entities. It requires that investment entities measure their subsidiaries at fair value through profit or loss account rather than consolidate them. "IFRS 12 Disclosure of Interests in Other Entities" has been amended in order to require specific disclosure about such subsidiaries of investment entities. The amendments to "IAS 27 Separate Financial Statements" also removed the option for investment entities to measure investments in certain subsidiaries either at cost or at fair value in their separate financial statements. The Amendments are applicable to the Prada Group 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). The objective of the amendments is to clarify the IASB's intention when first issuing the transition guidance in "IFRS 10 Consolidated Financial Statements". The amendments also provide additional transition relief in IFRS 10, "IFRS 11 Joint Arrangements" and "IFRS 12 Disclosure of Interests in Other Entities", limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Amendments are applicable to the Prada Group at the latest as from the commencement date of a financial year starting on January 1, 2014.

- "IFRS 10 Consolidated Financial Statements". This new Standard, applicable to the Prada Group 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, applicable to the Prada Group at the latest as from the commencement date of a financial year starting on January 1, 2014, establishes principles for financial reporting to entities that are 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 11 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 and to account for those rights and obligations in accordance with that type of joint arrangement.

- "IFRS 12 Disclosure of Interests in Other Entities". This new standard, applicable to the Prada Group 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.

- Amendments to "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.

- Amendments to "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 applicable to the Prada Group at the latest as from the commencement date of a financial year starting on January 1, 2014.

- Amendments to "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.

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, 2015

- Annual improvements to IFRS (2011–2013 Cycle). Such improvements impacted:
  - "IFRS 1 First-time Adoption of IFRS", clarifying the meaning of "effective IFRS";
  - "IFRS 3 Business Combinations", clarifying that the IFRS does not apply to the accounting for the formation of a joint arrangement;
  - "IFRS 13 Fair Value Measurement", clarifying the application of the IFRS to financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk;
  - "IAS 40 Investment Property", clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

- Amendments to "IAS 19 Employee Benefits". IASB has amended the requirements in IAS 19 for contributions from employees or third parties that are linked to a service. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. If the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by paragraph 70 of IAS 19 for the gross benefit (i.e. either using the plan's contribution formula or on a straight-line basis). An entity shall apply those amendments for annual periods beginning on or after July 1, 2014, retrospectively in accordance with "IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors". Earlier application is permitted. If an entity applies those amendments for an earlier period, it shall disclose that fact.

- Annual improvements to IFRS (2010–2012 Cycle). Such improvements, effective for annual periods beginning on or after July 1, 2014, impacted:
  - "IFRS 2 Share-based Payment", amending the definition of vesting condition;
  - "IFRS 3 Business Combinations", amending the accounting for contingent consideration in a business combination;
  - "IFRS 8 Operating Segments", requesting more disclosure when aggregating operating segments and requiring the reconciliation of the total of the reportable segments' assets to the entity's assets;
  - "IFRS 13 Fair Value Measurement", clarifying the impact of the standard on the measurement of short-term receivables and payables;
  - "IAS 16 Property, Plant and Equipment", amending the revaluation method;
  - "IAS 24 Related Party Disclosure", amending the definition of key management personnel;
  - "IAS 38 Intangible Assets", amending the revaluation method.

New standards and amendments issued by the IASB, but not yet endorsed by the European Union

- "IFRS 9 Financial instruments". This Standard will replace "IAS 39 Financial Instruments: Recognition and Measurement" in its entirety. An entity shall apply this Standard for annual periods beginning on or after January 1, 2018, with earlier application permitted. Such replacement project has been divided into three main phases, namely the measurement of financial assets and financial liabilities, the impairment methodology and the hedge accounting.

- "IFRS 14 Regulatory Deferral Accounts". This Standard, effective for annual periods beginning on or after January 1, 2016, permits an entity that adopts

IFRS to continue to use, in its first and subsequent IFRS financial statements, its previous GAAP accounting policies for the recognition, measurement, impairment and de-recognition of regulatory deferral account balances without specifically considering the requirements of paragraph 11 of IAS 8. This new IFRS describes regulatory deferral account balances as amounts of expense or income that would not be recognized as assets or liabilities in accordance with other Standards, but that qualify to be deferred in accordance with this Standard because the amount is included, or is expected to be included, by the rate regulator in establishing the price that an entity can charge to customers for rate-regulated goods or services.

– "IFRS 15 Revenue from contracts with Customers". The core principle of IFRS 15, effective for annual periods beginning on or after January 1, 2017 (earlier application is permitted), is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps: identify the contract, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when the entity satisfies a performance obligation.

– Amendment to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization". The IASB amended "IAS 16 Property, Plant and Equipment" and "IAS 38 Intangible assets" clarifying that, even though the selection of an amortisation methodology involves the use of judgement, a revenue-based method is not considered to be an appropriate manifestation of consumption for depreciating an asset. An entity shall apply those amendments prospectively for annual periods beginning on or after January 1, 2016.

– Amendment to "IFRS 11 Accounting for Acquisitions of Interests in Joint Operations". This amendment requires the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in "IFRS 3 Business Combinations", to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in IFRS 11 Joint Arrangements. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations. An entity shall apply that amendment in annual periods beginning on or after January 1, 2016.

– Amendments to IFRS 10, IFRS 12 and IAS 28. "IFRS 10 Consolidated Financial Statements" has been amended to confirm that the exemption from preparing consolidated financial statements set out in paragraph 4(a) of IFRS 10 is available to a parent entity that is a subsidiary of an investment entity. This because an investment entity may measure all of its subsidiaries at fair value through profit or loss in accordance with paragraph 31 of IFRS 10. Those amendments are applicable for annual periods beginning on or after January 1, 2016. Earlier application is permitted, providing disclosure.

– Disclosure Initiative: Amendments to "IAS 1 Presentation of Financial Statements". This project is part of the IASB's overall disclosure initiative and it considers proposals such as:
  – adding an explanation in IAS 1 similar to more recent standards explaining that too much detail can obscure useful information;
  – clarifying that materiality applies to the whole financial statements and that information which is not material need not be presented in the primary financial statements or disclosed in the notes;
  – clarifying that some disclosures specified in standards are simply not important enough to justify separate disclosure for a particular entity;

  - making it clear that preparers should exercise professional judgment in presenting their financial reports;
  - remove the perception of a "normal order of presentation" of financial statements, making it easier for entities to provide more contextual information;
  - reducing restrictions on how accounting policies should be presented, allowing important accounting policies to be given greater prominence in financial reports;
  - adding additional explanations with examples of how IAS 1 requirements are designed to shape financial statements instead of specifying precise terms that must be used, including whether subtotals of IFRS numbers such as earnings before interest and tax (EBIT) and earnings before interest, tax, depreciation and amortisation (EBITDA) should be acknowledged in IAS 1;
  - adding a requirement that entities disclose and explain their net debt reconciliation.

  The amendment will be applicable for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

- Annual Improvements to IFRSs (2012–2014 Cycle). Such improvements, effective for annual periods beginning on or after January 1, 2016, impacted:
  - "IFRS 5 Non-current Assets Held for Sale and Discontinued Operations", changing the methods of disposal.
  - "IFRS 7 Financial Instruments: Disclosures", applying disclosure requirements to a servicing contract.
  - "IAS 19 Employee Benefits", clarifying the discount rate to be used for actuarial assumption.
  - "IAS 34 Interim Financial Reporting".

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments address a conflict between the requirements of "IAS 28 Investments in Associates and Joint Ventures" and "IFRS 10 Consolidated Financial Statements" and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. They are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted.

- Amendments to "IAS 27 Separate Financial Statements". The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted.

As at the date these Consolidated financial statements were prepared, the European Union has not completed yet the endorsement of the new standards and amendments as described above.

4. Scope of consolidation

The consolidated financial information comprises the accounts of PRADA spa and the Italian and foreign companies over which the Company directly or indirectly exercises control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The companies in which the Group has more than 50% of the voting rights or that are controlled by the Group in some other way are consolidated on a line by line basis as from the date the Group acquired control and are no longer consolidated from the date control ceases.

Joint ventures and associated undertakings are consolidated using the equity method. Associated undertakings are those in which the Group has a significant influence but does not exercise effective control.

Significant influence is defined as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A list of the companies included in the Consolidated financial statements is provided in Note 42.

5. Basis of consolidation

The main consolidation criteria applied when preparing the consolidated financial statements for the years ended January 31, 2015, and January 31, 2014, in accordance with IFRS, are as follows:

- the financial statements of PRADA spa are prepared under IFRS and those of its subsidiaries are adjusted, as necessary, to comply with IFRS accounting standards and with the standards applied throughout the Group. The financial statements used to prepare the consolidated financial information are those closed at the reporting date;
- assets and liabilities, costs and revenues of controlled companies are fully included on a line-by-line basis in the Consolidated financial statements irrespective of the percentage held. The book value of equity investments, directly or indirectly owned by the holding company, is eliminated against the corresponding portion of shareholders' equity of the companies in which the interest is held;
- for companies consolidated on a line-by-line basis that are not 100% owned by shareholders of the holding company, the share of the net equity and net results for the year of non-controlling interests are disclosed as "Shareholders' equity - Non-controlling interests" in the Consolidated statement of financial position and "Net income - Non-controlling interests" in the Consolidated income statement;
- the difference between the acquisition cost of investments acquired after the date of first-time application of IFRS (January 1, 2004) and the corresponding share of shareholders' equity at the date of acquisition is allocated, if positive, to assets, liabilities and contingent liabilities based on their fair value at the date of acquisition. Any residual positive amount is accounted for as goodwill while any negative amount is charged to the income statement immediately. The positive difference between the acquisition cost of an additional stake in a controlled company and the value of the interest acquired is directly recognized in equity reserves;
- at the date of the first time application, goodwill was stated at deemed cost less any impairment losses. Deemed cost was calculated based on the difference between the amount paid for the investment and the relevant net equity. Goodwill arising from various acquisitions is not amortized but tested annually for impairment. Any impairment in the value of goodwill is charged to the income statement;
- profits and losses, assets and liabilities of joint ventures and associated undertakings are accounted for using the equity method. According to this method, investments in joint ventures and associated undertakings are recorded in the statement of financial position at cost, and adjusted to account for any changes in the companies' net equity post acquisition, less any impairment of the investment value. Losses exceeding the interest of the shareholders of the holding company are recorded only if the Group has undertaken an obligation to

cover them. The excess of the acquisition cost of the investment over the interest of the holding company shareholders in the net fair value of identifiable assets and liabilities acquired and contingent liabilities is recorded as goodwill. Goodwill is included in the book value of the investment and tested for impairment. If the cost is lower than the holding company shareholders' interest in the fair value of identifiable assets, liabilities and contingent liabilities, the difference is recorded in the income statement for the year of acquisition;

- during the consolidation process, receivables and payables, costs and revenues arising from transactions between entities included in the scope of consolidation are fully eliminated. Any unrealized gains or losses generated by transactions between the Group's consolidated companies and included in inventories and fixed assets at the balance sheet date are also eliminated. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. In this case, the transferred asset is adjusted for impairment;

- dividends paid by consolidated companies are also eliminated from the income statement and added to prior year retained earnings if, and to the extent that, they have been drawn from the latter;

- the financial statements of subsidiary companies are prepared in their respective local currency. The statement of financial position is translated into Euro using the year end exchange rate, whereas the income statement is translated using the average exchange rate for the year. Translation differences arising on conversion of the statement of financial position, using the exchange rate at the start of the period and the exchange rate at the end of the period, and translation differences arising on conversion of the income statement using the average rate for the period and the rate at the end of the period are recorded as a translation reserve in the consolidated shareholder's equity until disposal of the investment. The translation reserve in consolidated shareholder's equity represents translation differences recorded as from first time application on January 1, 2004. When preparing the Consolidated statement of cash flows, the cash flows of subsidiary companies are translated using the average rate for the period;

- the reporting currency used to prepare the Consolidated financial statements is the Euro. All amounts are stated in thousands of Euro unless otherwise stated.

6. Main accounting policies

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at nominal amount. Cash equivalents include all highly liquid investments with an original maturity of three months or less.

For the purposes of the cash flow statement only, cash and cash equivalents comprise cash on hand, bank accounts and deposit accounts. In the statement of financial position, bank overdrafts and current portions of payables to banks for medium and long-term loans are included in Bank overdrafts and short-term loans.

Trade receivables and payables

Trade accounts receivable are carried at nominal amount less the provision for doubtful accounts, estimated based on an assessment of all disputed and doubtful balances at the reporting date. Bad debts are written off when identified.

Trade accounts payable are recorded at nominal amount.

Transactions denominated in foreign currency are recorded at the exchange rate as at the date of the transaction. At the reporting date, transactions denominated in foreign currencies are translated using the exchange rate as at the reporting date. Gains and losses arising from the translation are reflected in the income statement.

The transfer of a financial asset to third parties implies its derecognition from the statement of financial position only if all risks and rewards connected with the financial asset are substantially transferred. Risks and rewards are considered substantially transferred when exposure to variability in the present value of future net cash flows associated with the asset changes significantly as a result of the transfer.

Inventories

Raw materials, work in progress and finished products are recorded at the lower of acquisition cost, production cost and net realizable value. Cost comprises direct production costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Acquisition or production cost is determined on a weighted average basis. Provisions, adjusting the value of the inventory, are made for slow moving, obsolete inventories and if the estimated selling price is lower than cost.

Assets held for sale

A non-current asset is classified as held for sale if its carrying amount will be mainly recovered through sale rather than through its continued usage. Assets held for sale are valued at the lower of net book value and fair value less any costs to sell.

Property, plant and equipment

Property, plant and equipment are recorded at purchase cost or production cost, including any charges directly attributable. They are shown net of accumulated depreciation calculated on the basis of the useful lives of the assets and any impairment losses. Interest costs on borrowings to finance directly purchase, construction or production are capitalized to increase the value of the asset. All other borrowing costs are charged to the income statement.

Ordinary maintenance expenses are charged in full to the income statement for the year they are incurred.

Extraordinary maintenance expenses are capitalized if they increase the value or useful life of the related asset.

The costs included under leasehold improvements relate to refurbishment work carried out on assets not owned by the Group.

All costs incurred during the period between the start of refurbishment work and the opening of the store are capitalized as leasehold improvements, as they are deemed necessary to bring the related assets to their working condition in accordance with company guidelines. The relevant construction or refurbishment period ranges from six to eighteen months depending on the type of store/work.

Depreciation methods, useful lives and net book values are reviewed annually.

The depreciation rates representing the useful lives are listed below:

Category of Property, plant and equipment	Depreciation rate or period
Buildings	3% - 10%
Production plant and equipment	7.5% - 25%
Improvements to leasehold retail properties	shorter of lease term and 10 years
Improvements to leasehold industrial properties	lease term
Furniture and fittings	10% - 20%
Other equipment	6% - 33%

When assets are sold or disposed of, their cost and accumulated depreciation are eliminated from the financial statements and any gains or losses are recognized in the income statement.

The value of land is stated separately from the value of buildings. Depreciation is only charged on the value of buildings.

Every year, a test is performed for indications that the value of property, plant and equipment has been impaired. If any such indications are found, an impairment test is used to estimate the recoverable amount of the asset. The impairment loss is determined by comparing the carrying value of the asset with its recoverable value, which means the higher of the fair value of the asset less costs to sell and its value in use.

Fair value is determined based on the best information available to reflect the amount that could be obtained from the disposal of the asset at the reporting date.

Value in use is an estimate of the present value of future cash flows expected to derive from the asset tested for impairment.

Impairment losses are recorded immediately in the income statement.

At every reporting date, the Group will assess whether there is any indication that an impairment loss recognized in prior periods may no longer apply and should be decreased. If any such indication exists, the Group will estimate the recoverable amount of that asset. The recoverable value of the asset shall not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset in prior years. Reversal of an impairment loss for an asset will be recorded in the income statement.

Intangible assets

Only identifiable assets, controlled by the company and capable of producing future economic benefits are included in intangible assets. Intangible assets include trademarks, licenses, store lease acquisition costs, software, development costs and goodwill.

Trademarks are recorded at cost or at the value attributed upon acquisition and include the cost of trademark registration in the various countries in which the Group operates.

The Directors estimate a useful life of between 20 and 40 years for trademarks. This assumes there are no risks or limitations on control over their use. Every trademark is tested for impairment whenever indicators of impairment emerge.

The useful life of trademark registration costs is estimated to be 10 years.

Software refers to Information Technology development projects and includes all internal and external costs incurred to bring the asset into use. IT projects include costs incurred to acquire licenses as well as costs of development and installation. Software is capitalized on condition that it is identifiable, reliably measurable and if it is probable that the asset will generate future economic benefits.

Store lease acquisition costs represent expenditures incurred to enter into or take over retail store lease agreements. These costs are capitalized and amortized over the shorter period of the lease term or 10 years.

Intangible assets with a definite useful life are amortized on a straight-line basis at the following rates:

Category of intangible assets	Amortization rate or period
Trademarks	2.5% - 10%
Store lease acquisition costs	Shorter of lease term and 10 years
Software	10% - 33%
Development costs and other intangible assets	10% - 33%

All business combinations included within the scope of IFRS 3 are recorded using the acquisition method whereby identifiable assets, liabilities and potential liabilities of the acquired business are measured at their acquisition-date fair value.

The difference between the cost of the business combination and the interest acquired in the net fair value of identifiable assets, liabilities and potential liabilities is recorded as goodwill. If additional interests in subsidiaries already controlled are acquired, the positive difference between the acquisition cost and the value of the interest acquired is recognized in equity.

Goodwill, as an asset that produces future economic benefits but which is not individually identified and separately measured, is initially recognized at cost.

Goodwill is not amortized but tested for impairment every year to check if its value has been impaired. If specific events or altered circumstances indicate the possibility that goodwill has been impaired, the impairment test is performed more frequently.

For impairment test purposes, goodwill acquired in a business combination shall be, from the acquisition date, allocated to each of the acquirer's cash generating units that are expected to benefit from the synergies of the combination. Cash Generating Units are determined based on the organizational structure of the Group and represent groups of assets that generate independent cash inflows from continuing use of the relevant assets. The Prada Group's Cash Generating Units include trademarks, sales channels and geographical areas.

The cash generating units to which goodwill has been allocated are tested for impairment annually and, whenever there is an indication of impairment, the carrying value of the cash generating unit is compared with their recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value in use, as calculated based on an estimate of the future cash flows expected to derive from the cash generating unit tested for impairment. Cash flow projections are based on budget, forecast and on long-term business plans (generally five years) prepared by the management of the relevant business units.

An impairment loss is recorded in the income statement for the period whenever the recoverable amount of the cash generating unit is lower than its book value.

An impairment loss recorded for goodwill is never reversed in subsequent years.

Investments

Investments in associated undertakings and joint ventures are accounted for under the equity method of accounting.

Under the equity method of accounting, investments are initially recognized at cost.

The carrying amount is later increased or decreased to reflect the parent company's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee. Any goodwill included in the historical cost of the investment is tested annually for impairment.

Dividends received from the investee company reduce the carrying amount of the investment.

The reporting date of associated undertakings is the same as the parent company.

If a subsidiary or associated undertaking uses accounting policies other than IFRS, adjustments are made to bring its accounting policies into line with those of the parent company.

If the parent company's share of the losses made by an associated undertaking or joint venture exceeds the carrying amount of the investment in the associate or joint venture, the parent company will recognize a liability for additional losses only to the extent that it has incurred legal or constructive obligations on behalf of the associate undertaking or joint venture.

Other investments and marketable securities

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as financial investments. They are included in current assets and stated at fair value through profit and loss.

Investments intended to be held for an indefinite period of time that may be sold depending on liquidity requirements, are classified as available-for-sale and stated at fair value recognized through other comprehensive income. These assets are included in non-current assets unless the Directors intend to hold them for less than twelve months from the reporting date, in which case they are included in current assets.

All purchases and sales of investments are recognized on the trade date, which means the date that the Group commits to purchase or sell the asset. Purchase cost includes all transaction costs. Realized and unrealized gains and losses arising from changes in the fair value of trading investments are included in the income statement, while those regarding investments available-for-sale are included in shareholders' equity in the period in which they arise.

Deferred tax assets

Deferred tax assets are amounts of income taxes recoverable in future periods in relation to deductible temporary differences and carryforward of unused tax losses.

Deductible temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax value which, in determining taxable income for future years, will result in deductible amounts when the carrying amount of the asset or liability is realized or settled.

Deferred tax assets are recognized for all deductible temporary differences, tax losses carried-forward and unused tax credits only to the extent that is probable that taxable income will be available in future years against which the deductible temporary differences can be used. Recoverability is reviewed at every year end. Deferred tax assets are measured at the tax rates which are expected to apply to the period when the asset is realized based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are not discounted.

Deferred tax assets are recognized through the income statement unless the tax amount is generated from a transaction or an event directly recognized in equity or from a business combination.

Taxation for deferred tax assets relating to items credited or debited directly to shareholders' equity is also credited or debited directly to shareholders' equity.

Derivative financial instruments

Derivative financial instruments that hedge interest rate risk and exchange rate risk exposure are recorded based on hedge accounting rules.

Hedging contracts are designated as cash flow hedges. Hedge accounting treatment is allowed if derivative financial instruments are designated as a hedge of the exposure to changes in future cash flows of a recognized asset or liability or a highly probable transaction and which could affect profit or loss. In this case, the effective portion of the gain or loss on the hedging instrument is recognized in shareholders' equity.

Accumulated gains or losses are reversed from shareholders' equity and recorded in the income statement for the period in which the income statement effect of the hedged operation is recorded.

Any gain or loss on a hedging instrument (or portion thereof) which is no longer effective as a cash flow hedge is immediately recorded in the income statement. If the hedged transaction is no longer expected to take place, any related cumulative gain or loss outstanding in equity will be recognized in the income statement.

Non-current financial liabilities

Non-current financial liabilities include payables to banks for medium and long-term loans. Bank borrowing includes principal amounts, interest and additional arrangement costs accrued and due at the balance sheet date even when they are charged at a later date.

Non-current financial liabilities are initially recorded at fair value on the transaction date less transaction costs which are directly attributable to the acquisition.

After initial recognition, non-current financial liabilities are valued at amortized cost, which means at the initial amount less principal repayments already made plus or minus the amortization (using the effective interest method) of any difference between that initial amount and the maturity amount.

Post-employment benefits

Post-employment benefits mainly consist of Italian *Trattamento Fine Rapporto*, a staff leaving indemnity qualified as defined benefit plan according to "IAS 19 Employee benefits".

Defined benefit plans are recognized using actuarial techniques to estimate the amount of the obligations resulting from employee service in the current and past periods and discounting it to determine the present value of the Group's obligations.

The present value of the obligations is determined by an independent actuary using the Projected Unit Credit Method.

This method considers each period of service provided by the employee as an additional unit right and measures the actuarial liability on the basis of the matured years of service only at the date of measurement. This actuarial liability is then re-measured taking into account the relationship between the service years provided by the employee at the date of measurement and the total years of service expected at the forecast date of settlement of the benefit. Moreover, this method takes account of future salary increases, for whatever reason (inflation, career progression and new employment agreements), until the estimated termination date of the employment relationship.

The cost of defined benefit plans, accrued during the year and recorded in the income statement under labor costs, is equal to the sum of the average present value of rights accrued in favor of employees for service during the current period. The annual interest accrued on the present value of the Group's obligation at the beginning of the year, as calculated adopting the previous year discount rate of future outflows used to estimate the liability at the reporting date, is recorded under interest and other financial income /(expenses).

Actuarial gains and losses are recognized directly in equity, net of the tax effect.

Other long-term employee benefits are recorded among non-current liabilities and their value corresponds to the present value of the defined benefit obligation at the reporting date, adjusted according to the period of the underlying agreement. Like defined benefit plans, other long-term benefits are also valued using the Projected Unit Credit Method.

Provisions for risks and charges

Provisions for risks and charges cover costs of a known nature, that were certain or probable but whose amount or due date was uncertain at year end. Provisions are only recorded when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made based on available information.

Where the Group expects reimbursement of a charge that has been provided for (e.g. under an insurance policy) the reimbursement is recognized as a separate asset but only when the reimbursement is certain.

Deferred tax liabilities

Deferred tax liabilities are amounts of income taxes due in future periods in respect of taxable temporary differences.

Taxable temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base which, in determining the taxable income for future years, will result in taxable amounts when the carrying amount of the asset or liability is recovered or settled.

Deferred tax liabilities are recognized for all taxable timing differences except when liability is generated by the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that does not affect the accounting result or the tax result at the transaction date.

Deferred tax liabilities are measured at the tax rates which are expected to apply to the period when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are not discounted.

Taxation for deferred tax liabilities relating to items credited or debited directly to shareholders' equity is also credited or debited directly to shareholders' equity.

The deferred tax provision is only offset against deferred tax assets or when the two items refer to the same tax and the same period.

Revenue recognition

Revenues from the sale of goods are recognized in the income statement when:

– the significant risks and rewards of ownership are transferred to the buyer;

– the value of the revenues can be reliably measured;

– all control over the goods sold has ceased;

– the economic benefits generated by the transaction will probably be enjoyed by the Company;

– the costs pertaining to the transaction can be reliably measured.

Royalties are accounted for based on sales made by the licensees and the terms of the contracts. Cash discounts are recognized as financial charges.

Costs are recorded on an accrual basis. In particular, a cost is immediately recognized in the income statement when:

– an expense does not generate any future economic benefit;

– the future economic benefits do not qualify or cease to qualify as assets for recognition in the statement of financial position;

– a liability is incurred and no asset has been recognized.

Operating leases

Operating leases are recorded in the income statement on a straight-line basis for the whole lease term. When calculating the lease term, renewal periods are also considered if provided for by the agreement and the amount due is known.

Store opening costs

Costs incurred during the pre-opening period of new or refurbished retail stores are charged to the income statement when incurred, except for those capitalized as leasehold improvements. Upon closure of a store, the net book value of the leasehold improvements, less the expected recoverable amount, is charged to the income statement.

Interest expenses

Interest expenses include interest on bank overdrafts, on short and long term loans, financial charges on finance leases and securitization operations, amortization of initial costs of loan operations, changes in the fair value of derivatives – insofar as chargeable to the income statement – and annual interest maturing on the present value of post-employment benefits.

Income taxes

The provision for income taxes is determined based on a realistic estimate of the tax charge of each consolidated entity, in accordance with the tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Current taxes are recorded in the income statement as an expense. This is except for taxes deriving from transactions or events directly recognized through shareholders' equity which are directly charged to equity.

Earnings per share

Basic earnings per share are calculated by dividing net profit pertaining to the holding company shareholders by the weighted average number of ordinary shares.

Changes of accounting policy, errors and changes in accounting estimates

The accounting policies adopted are only modified from one year to another if the change is required by an accounting standard or if it provides more reliable and more relevant information on the effects of operations on the entity's statement of financial position, income statement or cash flows.

Changes of accounting policy are applied retrospectively, adjusting the opening balance of each affected component of equity for the earliest prior period presented. Other comparative amounts, disclosed for each prior period presented, are also adjusted as if the new accounting policy had always been applied. A prospective approach is applied only when it is not possible to restate the comparative information.

The adoption of a new or amended accounting standard is implemented in accordance with the requirements of the standard itself. If the new standard does not include specific transition provisions, the change of accounting policy is applied retrospectively or, if this is not feasible, prospectively.

In case of material errors, the same approach adopted for changes in accounting standards described in the previous paragraph shall be followed. Non material errors are recognized in the income statement in the period in which the error is identified.

The effect of changes in accounting estimates are prospectively recorded in the income statement for the year the change takes place if it is the only year affected. It is also reflected in later years if they too are affected by the change.

Financial risk management

The Group is exposed to financial risks such as interest rate risk and exchange rate risk as a result of the international scale of its operations. The Group's overall risk management policy takes account of the volatility of financial markets and seeks to minimize uncertainty regarding cash flows and the resulting potential adverse effects on its results.

The Group enters into hedging contracts to manage risks arising from the exposure to the exchange rates and interest rates fluctuations.

Financial instruments are accounted for based on hedge accounting rules set by "IAS 39 Financial instruments: recognition and measurement". At the inception of the hedge contract, the Group formally documents the hedging relationship assuming that the hedging is effective during the different accounting periods it is designated for.

Use of estimates

In accordance with IFRS, the preparation of these consolidated financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses as well as contingent assets and liabilities.

Such assumptions relate primarily to transactions and events not settled as of the year-end. Accordingly, upon settlement, the actual results may differ from the estimated amounts. Estimates and assumptions are periodically reviewed and the effects of any difference is immediately charged to the income statement.

Estimates have been used when performing the impairment tests, in determining provisions for risks and charges, the allowance for doubtful accounts, the allowance for obsolete and slow moving inventories, post-employment benefits and when calculating taxes and valuing securities available for sale.

The fair value of derivatives and securities available for sale is based on market prices at the reporting date. The fair value of derivative instruments used to hedge interest rate risks (IRS) and those used to hedge the exchange rate risk (forward contracts and options) is determined using one of the valuation platforms most widely accepted on the market and is based on interest rate curves and on spot and forward exchange rates at the reporting date.

7. Acquisitions and incorporation of companies

On February 5, 2014, PRADA Switzerland sa acquired from third parties 100% of the share capital of Burgerhaus Zurich sa (PRADA Zurich ag) in order to develop the business in Switzerland. On November 3, 2014, PRADA Zurich ag merged with PRADA Switzerland sa with retroactive effect from August 1, 2014.

On February 27, 2014, the Group incorporated PRM Services S. de RL de CV in order to sustain its commercial activities in Mexico. The Group owns 100% of the company.

On March 13, 2014, the Group incorporated Church Denmark aps in order to develop its commercial activities in Denmark. The Group owns 100% of the company.

On March 14, 2014, PRADA spa acquired 80% of Angelo Marchesi srl, the company that owns an historic Milanese patisserie founded in 1824. This acquisition was made in order to promote and guarantee the strategic strengthening of the brand, synonymous with quality in the Italian food segment, together with the Prada and Miu Miu brands, leaders on the luxury goods market, as part of the Group's global development program.

On July 2, 2014, the Group incorporated PRADA Saudi Arabia in order to develop its commercial activities in that country. The Group owns 75% of the company.

On August 6, 2014, the Group incorporated PRADA Retail South Africa (Pty) ltd in order to develop its commercial activities in that country. The Group owns 100% of the company.

On August 19, 2014, in order to develop industrial activities in Limoges, PRADA spa and third party Conceria Superior spa incorporated PSC sas with respective interests of 60% and 40%. After the reporting date, PSC sas changed its name to Tannerié Limoges sas.

On September 9, 2014, the Group incorporated PRADA Vietnam Limited Liability Company in order to develop its commercial activities in that country. The Group owns 100% of the company.

On September 15, 2014, PRADA Panama sa, a company registered in Panama, became part of the Group. The company will operate the retail business in Panama and is 100% controlled by PRADA spa.

On September 25, 2014, PRADA Retail Aruba nv, a company registered in Aruba, became part of the Group. The company will operate the retail business in Aruba and is 100% controlled by PRADA spa.

On October 15, 2014, PT Prada Indonesia was incorporated with retroactive effect from February 3, 2014 in order to develop the commercial business in that country. The Group owns 100% of the company.

On January 22, 2015, Prada Macau Co. Ltd was incorporated in order to reorganize retail activities in that country.

Marchesi Angelo srl

On March 14, 2014, the Group acquired 80% of Marchesi Angelo srl, owner of the historic Milanese patisserie founded in 1824. The acquisition was intended to increase the value of the "Pasticceria Marchesi" brand, synonymous with quality in the Italian culinary industry, bringing it together with Prada and Miu Miu, leading brands in the luxury goods market, as part of the development of the Group all around the world. The net cash-out for the acquisition was Euro 7.7 million i.e. the net difference between the consideration paid of Euro 8.4 million and the cash surplus of Euro 0.7 million included in the equity acquired.

(amounts in thousands of Euro)	fair value of net assets acquired
Cash	707
Property, plant and equipment	88
Other current assets/(liabilities)	(53)
Other non-current assets/(liabilities)	(210)
Net assets acquired	532
Non-controlling interests (measured in proportion to net assets acquired)	(107)
Consideration paid	8,400
Goodwill	7,975

8. 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.

Detailed information on net revenues by brand, geographical area, product and distribution channel, as well as EBITDA by brand and non-current assets by geographical area are provided below. Information on net revenues is also reported in the Financial review where it is accompanied by further comments.

Net sales analysis

(amounts in thousands of Euro)	twelve months ended January 31, 2015		twelve months ended January 31, 2014		% change
Net sales by geographical area					
Italy	553,429	15.8%	552,897	15.6%	0.1%
Europe	739,100	21.0%	776,494	21.9%	-4.8%
Americas	492,151	14.0%	487,990	13.8%	0.9%
Asia Pacific	1,252,675	35.7%	1,292,753	36.4%	-3.1%
Japan	367,625	10.5%	340,784	9.6%	7.9%
Middle East	103,475	2.9%	91,114	2.6%	13.6%
Other countries	4,981	0.1%	6,175	0.1%	-19.3%
Total	3,513,436	100.0%	3,548,207	100.0%	-1.0%
Net sales by brand					
Prada	2,895,437	82.4%	2,943,633	83.0%	-1.6%
Miu Miu	526,770	15.0%	519,142	14.6%	1.5%
Church's	74,041	2.1%	68,609	1.9%	7.9%
Car Shoe	11,935	0.3%	13,427	0.4%	-11.1%
Other	5,253	0.2%	3,396	0.1%	54.7%
Total	3,513,436	100.0%	3,548,207	100.0%	-1.0%
Net sales by product line					
Clothing	594,756	16.9%	581,594	16.4%	2.3%
Leather goods	2,218,032	63.1%	2,332,518	65.7%	-4.9%
Footwear	644,666	18.3%	594,586	16.8%	8.4%
Other	55,982	1.7%	39,509	1.1%	41.7%
Total	3,513,436	100.0%	3,548,207	100.0%	-1.0%
Net sales by distribution channel					
DOS	2,980,891	84.8%	2,996,637	84.5%	-0.5%
Independent customers and franchises	532,545	15.2%	551,570	15.5%	-3.4%
Total	3,513,436	100.0%	3,548,207	100.0%	-1.0%
Net sales	3,513,436	98.9%	3,548,207	98.9%	-1.0%
Royalties	38,260	1.1%	39,140	1.1%	-2.2%
Total net revenues	3,551,696	100.0%	3,587,347	100.0%	-1.0%

EBITDA by brand

twelve months ended January 31, 2015 (amounts in thousands of Euro)	Group	Prada	Miu Miu	Church's	Car Shoe	Other
Net sales	3,513,436	2,895,437	526,770	74,041	11,935	5,253
Royalties	38,260	34,868	3,378	14	-	-
Net revenues	3,551,696	2,930,305	530,148	74,055	11,935	5,253
EBITDA	954,249	922,644	35,130	4,605	(7,295)	(835)
EBITDA %	26.9%	31.5%	6.6%	6.2%	-	-

twelve months ended January 31, 2014 (amounts in thousands of Euro)	Group	Prada	Miu Miu	Church's	Car Shoe	Other
Net sales	3,548,207	2,943,633	519,142	68,609	13,427	3,396
Royalties	39,140	37,127	1,997	16	-	-
Net revenues	3,587,347	2,980,760	521,139	68,625	13,427	3,396
EBITDA	1,143,186	1,054,126	89,322	4,368	(4,795)	165
EBITDA %	31.9%	35.4%	17.1%	6.4%	-	-

The PRADA brand generated EBITDA of Euro 922.6 million for the twelve months ended January 31, 2015, 31.5% of net revenues and down by 12.5% compared to the figure of Euro 1,054.1 million reported in 2013. Gross margin was affected by a less favorable sales mix in terms of products sold and by the generally negative forex effect during the year. At the level of operating expenses, major investment in DOS network expansion eroded profitability while revenue growth slowed down. In line with the long-term vision for brand positioning, important communications initiatives were confirmed (e.g. the Pradasphere – an exclusive exhibition which explored the Prada Universe at the exceptional locations of Harrods Knightsbridge in London and Central Ferry Pier 4 in Hong Kong) and the costs partially offset by measures aimed at containing other expenses.

The Miu Miu brand generated EBITDA of Euro 35.1 million for the twelve months ended January 31, 2015, 6.6% of net revenues and down by 60.7% compared to the figure of Euro 89.3 million reported for 2013. For Miu Miu, a fall in gross profit, essentially for the same reasons stated above for Prada, and the operating expenses generated by retail network development hit operating profits for the year, also considering moderate sales growth and the relative size of the brand. In 2014, management continued to work on the development of the strong brand identity, opening 19 DOS (net of one closure), mainly in Asia Pacific, and undertaking communications initiatives (advertising campaigns, special projects and events) considered strategic for the positioning of the brand.

The Church's ended 2014 with EBITDA of Euro 4.6 million, a 5.4% increase on the figure of Euro 4.4 million reported for 2013. The commercial development of the brand, driven by SSSG and new openings, generated higher net revenues than in prior year but also led to an increase in costs so the brand was unable to benefit from operating leverage in 2014. Advertising and communications expenses also increased significantly in 2014 in order to strengthen the identity of the English brand.

The Car Shoe brand ended 2014 with negative EBITDA of Euro 7.3 million, a further deterioration on prior year. Retail growth in 2014 did not make up for the downturn in the wholesale segment.

Geographical information

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

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Italy	745,492	569,176
Europa	1,141,285	1,054,397
Americas	220,495	198,453
Asia Pacific	299,947	260,175
Japan	108,707	102,628
Middle East	32,474	33,873
Other countries	5,919	5,319
Total	2,554,319	2,224,021

The total amount of Euro 2,554.3 million (Euro 2,224 million at January 31, 2014) relates to the Group's non-current assets excluding, as requested by IFRS 8, those relating to financial instruments, deferred tax assets and, at January 31, 2015 only, surplus arising from a pension benefit scheme (at January 31, 2014, said surplus was zero).

9. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Cash on hand	44,470	35,541
Bank deposit accounts	415,481	342,399
Bank current accounts	249,015	190,474
Total	708,966	568,414

At January 31, 2015, bank current accounts and deposit accounts generated interest income of between 0% and 3.25% per annum (between 0.0% and 2.50% at January 31, 2014).

10. Trade receivables, net

Trade receivables are detailed as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Trade receivables – third parties	317,147	288,504
Allowance for bad and doubtful debts	(7,784)	(10,432)
Trade receivables – related parties	36,921	30,333
Total	346,284	308,405

The increase in trade receivables from third parties is mainly due to the higher level of receivables from department stores denominated in currencies other than the Euro.

Trade receivables from related parties includes an amount of Euro 29.3 million (Euro 25.5 million at January 31, 2014) essentially arising from sales of finished products and royalties, as provided by the franchising agreement with Fratelli Prada spa, a retail company owned by the majority shareholders of parent company PRADA Holding spa. Trade receivables from related parties also includes a total of Euro 1.5 million due from Fratelli Prada srl and Progetto Prada Arte srl and regarding chargebacks for their utilization of premises in Galleria Vittoria Emanuele II which PRADA spa holds under a concession agreement with the Municipality of Milan. Further information on related party transactions is provided in Note 39.

The allowance for doubtful accounts was determined on a specific basis considering all information available at the date the financial statements were prepared. It is revised periodically to bring receivables as close as possible to their fair value.

Movements during the period were as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Opening balance	10,432	11,547
Change in scope of consolidation	17	-
Exchange differences	463	55
Increases	109	830
Uses	(3,173)	(1,922)
Reversals	(64)	(78)
Closing balance	7,784	10,432

11. Inventories, net

Inventories are analyzed as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Raw materials	106,843	85,333
Work in progress	40,786	28,424
Finished products	571,115	403,473
Allowance for obsolete and slow moving inventories	(64,199)	(67,327)
Total	654,545	449,903

The increase in inventories is generally due to the 54 more DOS (net) than at January 31, 2014, and to a different replenishment strategy adopted in the last few months of 2014 in order to improve the retail range.

Materials being worked upon by third parties are included in raw materials. Work in progress includes materials at the production stage with PRADA spa, other production companies included in the scope of consolidation and third party sub-contractors.

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

(amounts in thousands of Euro)	Raw materials	Finished Products	Total
Balance at January 31, 2014	29,780	37,547	67,327
Exchange differences	9	27	36
Increases	9	61	70
Reversals	(3,000)	(234)	(3,234)
Utilization	-	-	-
Balance at January 31, 2015	26,798	37,401	64,199

The allowance for obsolete and slow moving inventories has been adjusted to bring the value of inventories into line with their estimated realizable amount.

12. Derivative financial instruments: assets and liabilities

Derivative financial instruments: assets and liabilities, current portion.

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Financial assets regarding derivative instruments	6,287	13,984
Financial liabilities regarding derivative instruments	(56,772)	(3,803)
Net carrying amount – current	(50,485)	10,181

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

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Financial assets regarding derivative instruments	1,106	1,430
Financial liabilities regarding derivative instruments	(17,283)	(1,469)
Net carrying amount – non current	(16,177)	(39)

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

(amounts in thousands of Euro)	January 31 2015	January 31 2014	IFRS7 Category
Forward contracts	7,355	8,582	Level II
Options	38	5,402	Level II
Interest rate swaps	-	1,430	Level II
Positive fair value	7,393	15,414	
Forward contracts	(26,901)	(1,990)	Level II
Options	(34,287)	(1,364)	Level II
Interest rate swaps	(12,867)	(1,918)	Level II
Negative fair value	(74,055)	(5,272)	
Net carrying amount – current and non-current	(66,662)	10,142	

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

The fair values of derivatives arranged to hedge interest rate risks (IRS) and of derivatives arranged to hedge exchange rate risks (forward contracts and options) have been determined utilizing one of the valuation platforms in most widespread use on the financial market and are based on the interest rate curves and on spot and forward exchange rates at the reporting date.

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.

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 mainly regard the collection of trade receivables, settlement of trade payables and financial cash flows. The most important currencies in terms of hedged amounts are: Hong Kong Dollar, US Dollar, Japanese Yen, GB Pound, Korean Won, Swiss Franc 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 January 30, 2015) were as stated below.

Contracts in place at January 31, 2015, to hedge projected future trade cash flows.

(amounts in thousands of Euro)	Options	Forward sale contracts (*)	Forward purchase contracts (*)	January 31 2015
Currency				
Hong Kong Dollar	182,117	28,661	-	210,778
US Dollar	197,258	-	(59,651)	137,607
Chinese Renminbi	99,237	33,692	(24,349)	108,580
Japanese Yen	22,017	91,824	(5,493)	108,348
GB Pound	55,252	38,610	(11,290)	82,572
Korean Won	-	71,430	-	71,430
Swiss Franc	-	18,283	(8,063)	10,220
Other currencies	17,749	72,756	(24,533)	65,972
Total	573,630	355,256	(133,379)	795,507

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

Contracts in place at January 31, 2015, to hedge projected future financial cash flows.

(amounts in thousands of Euro)	Options	Forward sale contracts	Forward purchase contracts	January 31 2015
Currency				
Swiss Franc	-	66,979	(15,082)	51,897
Brazilian Real	-	25,138	-	25,138
GB Pound	-	22,633	(1,518)	21,115
Japanese Yen	-	18,335	-	18,335
US Dollar	-	3,538	(56,172)	(52,634)
Other	-	10,934	-	10,934
Total	-	147,557	(72,772)	74,785

All of the contracts in place at January 31, 2015, are due to mature within 12 months, except for several forward contracts to hedge future financial cash flows which mature after January 31, 2016, and whose notional net amount is Euro 74.7 million (forward sale contracts of Euro 83.6 million and forward purchase contracts of Euro 8.9 million).

Contracts in place at January 31, 2014, to hedge projected future trade cash flows.

(amounts in thousands of Euro)	Options	Forward sale contracts	Forward purchase contracts (*)	January 31 2014
Currency				
US Dollar	115,789	37,733	(51,050)	102,472
Hong Kong Dollar	59,541	111,938	-	171,479
Japanese Yen	40,976	43,799	(18,099)	66,676
GB Pound	58,903	36,282	-	95,185
Korean Won	-	60,346	-	60,346
Chinese Renminbi	39,672	9,533	-	49,205
Other	4,167	84,642	(4,920)	83,889
Total	319,048	384,273	(74,069)	629,252

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

Contracts in place as at January 31, 2014, to hedge projected future financial cash flows.

(amounts in thousands of Euro)	Options	Forward sale contracts	Forward purchase contracts	January 31 2014
Currency				
GB Pound	-	79,138	-	79,138
US Dollar	-	48,387	-	48,387
Japanese Yen	-	29,248	-	29,248
Other	-	15,989	-	15,989
Total	-	172,762	-	172,762

All contracts in place at January 31, 2014, expired during the year.

All contracts in place at the reporting date were entered into with leading financial institutions and the Group does not expect any default by these institution. A liquidity analysis on the maturity dates of these derivative contracts is included in these Notes in the Information on financial risks section.

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 January 31, 2015, and January 31, 2014, are summarized as follows:

Interest Rate Swap (IRS) Agreement						Hedged loan			
Contract	Currency	Notional amount	Interest rate	Maturity date	January 31 2015	Currency	Lending institution	Amount	Expiry
					fair value €.000				
IRS	Euro/000	600	2.210%	01/07/2015	(6)	Euro/000	MPS	600	07/2015
IRS	Euro/000	55,000	1.457%	23/05/2030	(2.959)	Euro/000	Intesa-Sanpaolo	55,000	05/2030
IRS	GBP/000	60,000	2.828%	31/01/2029	(9,764)	GBP/000	Unicredit	60,000	01/2029
IRS	Yen/000	1,250,000	1.875%	31/03/2017	(138)	Yen/000	Mizuho	1,250,000	03/2017

Interest Rate Swap (IRS) Agreement						Hedged loan			
Contract	Currency	Notional amount	Interest rate	Maturity date	January 31 2014	Currency	Lending institution	Amount	Expiry
					fair value €.000				
IRS	Euro/000	1,800	2.210%	01/07/2015	(33)	Euro/000	MPS	1,800	07/2015
IRS	Euro/000	3,750	1.545%	02/06/2014	(23)	Euro/000	Intesa-Sanpaolo	3,750	06/2014
IRS	GBP/000	60,000	2.778%	31/01/2029	(198)	GBP/000	Unicredit	60,000	01/2029
IRS	Yen/000	1,750,000	1.875%	31/03/2017	(194)	Yen/000	Mizuho	1,750,000	03/2017

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

Movements on the cash flow hedge reserve included in Group shareholders' equity, before tax effects, since February 1, 2013, may be analyzed as follows:

(amounts in thousands of Euro)	
Balance at January 31, 2013	27,904
Change in the translation reserve	5
Change in fair value, recognized in Equity	9,148
Change in fair value, charged to Income Statement	(31,902)
Balance at January 31, 2014	5,155
Change in the translation reserve	32
Change in fair value, recognized in Equity	(78,233)
Change in fair value, charged to Income Statement	25,416
Balance at January 31, 2015	(47,630)

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

Information on financial risks

Capital management

The Group's capital management strategy is intended to safeguard its ability to continue to guarantee a return to shareholders, protect the interests of other stakeholders and respect covenants, while maintaining an adequate, balanced capital structure.

Categories of financial assets and liabilities according to IAS 39

Financial assets

(amounts in thousands of Euro)	Loans and receivables	Derivative financial instruments	Total	Note
Cash and cash equivalents	708,966	-	708,966	9
Trade receivables, net	346,284	-	346,284	10
Derivative financial instruments	-	7,393	7,393	12
Financial receivables – long-term	741	-	741	13
Financial receivables – short-term	11	-	11	13
Investment available for sale	28,777	-	28,777	17
Total at January 31, 2015	1,084,779	7,393	1,092,172	

(amounts in thousands of Euro)	Loans and receivables	Derivative financial instruments	Total	Note
Cash and cash equivalents	568,414	-	568,414	9
Trade receivables, net	308,405	-	308,405	10
Derivative financial instruments	-	15,414	15,414	12
Financial receivables – short-term	2,008	-	2,008	13
Investment available for sale	19,434	-	19,434	17
Total at January 31, 2014	898,261	15,414	913,675	

Financial liabilities

(amounts in thousands of Euro)	Loans and payables	Derivative financial instruments	Total	Note
Financial payables	520,908	-	520,908	19, 20, 24
Trade payables	437,420	-	437,420	21
Obligations under finance leases	21	-	21	
Derivative financial instruments	-	74,055	74,055	12
Total at January 31, 2015	958,349	74,055	1,032,404	

(amounts in thousands of Euro)	Loans and payables	Derivative financial instruments	Total	Note
Financial payables	273,992	-	273,992	19, 20, 24
Trade payables	348,534	-	348,534	21
Obligations under finance leases	543	-	543	
Derivative financial instruments	-	5,272	5,272	12
Total at January 31, 2014	623,069	5,272	628,341	

Fair Value

The reported amount of derivative instruments, whether they are assets or liabilities, reflects their fair value, as explained in this Note.

The carrying amount of cash and cash equivalents, financial receivables and trade receivables, as adjusted for impairment where necessary, approximates their estimated realizable value and, hence, fair value.

The reported amount of the Investment available for sale reflects its fair value (level I) as explained in Note 17.

The Bonds, classified under financial payables, reported at a net amount of Euro 129 million (nominal amount of Euro 130 million as adjusted by Euro 1 million following application of the amortized cost method). Their fair value, as determined based on the official listed price on the Irish Stock Exchange at January 31, 2015, is Euro 136.3 million. All other financial liabilities are reported at an amount that approximates their fair value.

Credit risk

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. However, management essentially believes that the Group's 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 2014 Annual Report.

Trade receivables

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

(amounts in thousands of Euro)	January 31 2015	Current	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables	354,068	283,878	28,279	11,202	10,029	3,840	16,840
Total	354,068	283,878	28,279	11,202	10,029	3,840	16,840

(amounts in thousands of Euro)	January 31 2014	Current	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables	318,837	262,213	20,331	9,817	6,446	3,633	16,397
Total	318,837	262,213	20,331	9,817	6,446	3,633	16,397

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)	January 31 2015	Current	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables less allowance for doubtful accounts	346,284	283,137	28,279	11,202	10,029	3,840	9,797
Total	346,284	283,137	28,279	11,202	10,029	3,840	9,797

(amounts in thousands of Euro)	January 31 2014	Current	Overdue (in days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade receivables less allowance for doubtful accounts	308,405	261,862	20,331	9,817	6,213	3,633	6,549
Total	308,405	261,862	20,331	9,817	6,213	3,633	6,549

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 10.

Bank deposit accounts and bank current accounts

Bank deposit accounts are broken down by currency as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Euro	-	40,000
US Dollar	37,365	31,992
Korean Won	44,924	50,880
Hong Kong Dollar	319,387	190,458
Other currencies	13,804	29,069
Total bank deposit accounts	415,480	342,399

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; these investments are always short-term in nature.

Bank current accounts

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Euro	127,917	93,690
US Dollar	51,074	46,532
Korean Won	3,924	3,083
Hong Kong Dollar	5,465	5,112
GB Pound	5,420	5,934
Other currencies	55,215	36,123
Total bank current accounts	249,015	190,474

The Group maintains that there is no significant risk regarding bank current accounts as their use is strictly connected with the business operations and corporate processes and, as result, the number of parties involved is 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 Finance Direction 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 payment of dividends.

At January 31, 2015, the Group had a total of Euro 445.3 million of available unused credit facilities (Euro 454.3 million at January 31, 2014).

The following table summarizes trade payables by maturity date:

(amounts in thousands of Euro)	January 31 2015	Current	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables	437,420	392,284	21,893	10,967	1,936	1,424	8,916
Total	437,420	392,284	21,893	10,967	1,936	1,424	8,916

(amounts in thousands of Euro)	January 31 2014	Current	Overdue (days)				
			1 ≤ 30	31 ≤ 60	61 ≤ 90	91 ≤ 120	> 120
Trade payables	348,534	314,375	17,261	8,524	2,099	1,086	5,189
Total	348,534	314,375	17,261	8,524	2,099	1,086	5,189

The following paragraph show the maturity of financial liabilities based on the earliest date on which the Group could be called upon to make payment (worst-case scenario).

Financial liabilities under derivative financial instruments (Forward contracts and options)

As required by IFRS 7, the following tables show financial liabilities under forward contracts and options where a negative cash flow is expected at the reporting date. The cash flows shown below have not been discounted and differ from the amounts included in the table of derivative financial instruments (current and non-current) presented at the start of this section.

(amounts in thousands of Euro)	Future contractual cash flows at Jan. 31, 2015	6 mths or less	6 to 12 mths	1 to 2 years	2 to 3 years	3 to 4 years	more than 4 years
Forward contracts designated as cash flow hedges							
Cash net outflows	(30,820)	(12,093)	(11,238)	(6,908)	(581)	-	-
Options designated as cash flow hedges							
Cash net outflows	(31,887)	(18,059)	(13,828)	-	-	-	-
Net value	(62,707)	(30,152)	(25,066)	(6,908)	(581)	-	-

(amounts in thousands of Euro)	Future contractual cash flows at Jan. 31, 2014	6 mths or less	6 to 12 mths	1 to 2 years	2 to 3 years	3 to 4 years	more than 4 years
Forward contracts designated as cash flow hedges							
Cash outflows	(138,507)	(98,211)	(40,296)	-	-	-	-
Cash inflows	135,754	96,437	39,317	-	-	-	-
Options designated as cash flow hedges							
Cash outflows	(6,235)	(1,795)	(4,440)	-	-	-	-
Cash inflows	(5,740)	(1,649)	(4,091)	-	-	-	-
Net value	(14,728)	(5,218)	(9,510)	-	-	-	-

Financial liabilities under derivative financial instruments (Interest rate swaps)

In contrast to the above, for interest rate swap cash flow hedges only, the following tables show expected positive and negative cash flows. At January 31, 2015, the expected cash flows were all negative while, at the previous reporting date, a positive cash flow was expected for derivatives maturing after more than four years.

(amounts in thousands of Euro)	Future contractual cash flows at Jan. 31, 2015	6 mths or less	6 to 12 mths	1 to 2 years	2 to 3 years	3 to 4 years	more than 4 years
Interest rate swap cash flow hedge	(14,511)	(918)	(1,235)	(2,224)	(1,828)	(1,545)	(6,761)
Net value	(14,511)	(918)	(1,235)	(2,224)	(1,828)	(1,545)	(6,761)

(amounts in thousands of Euro)	Future contractual cash flows at Jan. 31, 2014	6 mths or less	6 to 12 mths	1 to 2 years	2 to 3 years	3 to 4 years	more than 4 years
Interest rate swap cash flow hedge	66	(953)	(842)	(1,275)	(603)	(150)	3,889
Net value	66	(953)	(842)	(1,275)	(603)	(150)	3,889

Financial liabilities

(amounts in thousands of Euro)	Carrying amount at Jan. 31, 2015	Future contractual cash flows at Jan. 31, 2015	on demand	6 mths or less	6 to 12 mths	1 to 2 years	2 to 3 years	3 to 4 years	more than 4 years
Obligations under finance leases	21	21	-	14	7	-	-	-	-
Financial liabilities – third parties	520,477	564,962	4	244,667	23,925	29,530	33,685	141,546	91,605
Financial liabilities – related parties	2,371	2,371	-	2,371	-	-	-	-	-
Total	522,869	567,354	4	247,052	23,932	29,530	33,685	141,546	91,605

(amounts in thousands of Euro)	Carrying amount at Jan. 31, 2014	Future contractual cash flows at Jan. 31, 2014	on demand	6 mths or less	6 to 12 mths	1 to 2 years	2 to 3 years	3 to 4 years	more than 4 years
Obligations under finance leases	543	551	-	103	429	19	-	-	-
Financial liabilities – third parties	272,180	292,566	103	44,690	21,441	40,101	23,156	26,519	136,556
Financial liabilities – related parties	4,130	4,130	-	-	4,130	-	-	-	-
Total	276,853	297,247	103	44,793	26,000	40,120	23,156	26,519	136,556

Some of the above financial liabilities are subject to compliance with covenants, as described in Note 24.

Exchange rate risk

The exchange rate risk to which the Group is exposed depends on foreign currency fluctuation, mainly against the Euro. It is largely concentrated in PRADA spa.

For PRADA spa, the exchange rate risk mainly involves the risk that the cash flows from retail and distribution activities will fluctuate as a result of changes in exchange rates. The most important currencies in terms of hedging for the Group are: the US Dollar, Hong Kong Dollar, Japanese Yen, GB Pound and Chinese Renminbi. Exchange rate risk exposure for subsidiary companies is generated by cash flows in currencies other than their reporting currency.

The following table shows the sensitivity of the Group's net income and Shareholders' equity to a range of hypothetical fluctuation in the main foreign currencies against Euro, based on the Group statement of financial position at January 31, 2015.

(amounts in thousands of Euro)	Euro strengthens by 10%		Euro weakens by 10%	
	Effect on net income	Effect on shareholders' equity	Effect on net income	Effect on shareholders' equity
GB Pound	(433)	4,375	949	(6,397)
Hong Kong Dollar	222	11,405	3,151	(18,676)
Japanese Yen	(1,801)	6,467	2,074	(9,927)
US Dollar	(6,157)	1,614	12,771	(4,434)
Chinese Renminbi	(11,804)	(2,509)	15,068	1,697
Other currencies	(13,811)	(2,414)	3,133	(11,718)
Total	(33,784)	(18,938)	37,146	(49,455)

The total impact on shareholders' equity (Euro 18.9 million negative and Euro 49.5 million negative) is the sum of the theoretical effect on the income statement and on the cash flow hedge reserve of an hypothetical strengthening/weakening of the Euro against other currencies.

The effects on the above-mentioned items are stated before the tax effect. The sensitivity analysis is based on the period end exposure which might not reflect the effects actually generated during the year and for this reason it must be considered merely indicative.

Interest rate risk

The PRADA Group is exposed to the risk of interest rate fluctuations mainly with regard to the interest expenses on the debt carried by parent company PRADA spa and some of its subsidiaries. Management of this risk falls within the scope of the risk management activities the Group carries out through its centralized Corporate Finance department.

The following table shows the sensitivity of the Group's net result and Shareholders' equity to an hypothetical shift in the interest rate curve in relation to the Group companies' financial position as at January 31, 2015.

(amounts in thousands of Euro)	Shift in interest rate curve			
	+0.50%		-0.50%	
	Effect on net income	Effect on shareholders' equity	Effect on net income	Effect on shareholders' equity
Euro	(777)	1,450	777	(1,569)
GB Pound	(391)	3,402	391	(3,402)
Hong Kong Dollar	1,624	1,624	(1,624)	(1,624)
Japanese Yen	(500)	(453)	501	454
US Dollar	379	379	(379)	(379)
Other currencies	420	420	(420)	(420)
Total	755	6,822	(754)	(6,940)

The total impact on Shareholders' equity (positive impact of Euro 6.8 million and negative impact of Euro 6.9 million) should be considered as the sum of the theoretical effect of an hypothetical shift in the interest rate curve on the income statement and on the cash flow hedge reserve. The effects on the above-mentioned items are stated before the tax effect.

The sensitivity analysis was based on the period end net financial position so it might not reflect the actual exposure to the interest rate risk during the year. Therefore, this analysis should be considered as merely indicative.

13. Receivables from and advance payments to parent company and other related parties, current and non-current

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

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Financial receivables – other related companies	11	2,008
Other receivables - PRADA Holding spa and subsidiaries	5	392
Other receivables and advance payments – other related companies	3,224	3,593
Receivables from and advance payments to parent company and other related parties - current	3,240	5,993

The financial receivables from other related companies of Euro 2 million reported at January 31, 2014 were collected during the year from Luna Rossa Challenge 2013 srl.

Other receivables and advance payments due from other related companies, amounting to Euro 3.2 million at January 31, 2015, mainly refer to advance payments made to related party Chora srl in fulfilment of obligations under the consulting agreement signed with PRADA spa.

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Prepaid sponsorship	12,379	-
Deferred rental income – long-term	4,309	1,487
Loans	741	-
Receivables from and advance payments to parent company and other related parties – non-current	17,429	1,487

Prepaid sponsorship refers to the amount paid to Luna Rossa Challenge srl – and relating to future reporting periods – for participation of the Luna Rossa Sailing Team in the XXXV Edition of the America's Cup which will be held in Bermuda in 2017.

Deferred rental income – long term has been recorded in relation to Fratelli Prada spa and Progetto Prada Arte srl in application of "IAS 17 Leases" which requires rental income to be recognized on a constant basis.

Further information on related party transactions is provided in Note 39.

14. Other current assets

Other current assets are detailed as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
VAT	56,934	39,250
Income tax and other tax receivables	53,307	14,062
Other assets	11,454	13,470
Prepayments and accrued income	54,642	42,375
Deposits	4,296	5,740
Total	180,633	114,897

Other assets

Other assets are detailed as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Advertising contributions under license agreements	916	1,293
Advances to suppliers	2,351	3,184
Incentives for retail investments	3,950	3,645
Advances to employees	849	695
Other receivables	3,388	4,653
Total	11,454	13,470

Prepayments and accrued income

Prepayments and accrued income are detailed as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Rental charges	18,741	15,875
Insurance	2,380	1,931
Design costs	14,629	13,997
Fashion shows and advances on advertising campaigns	3,752	2,585
Sponsorship	-	142
Consulting	3,922	498
Amortized costs on loans	1,286	973
Other	9,932	6,374
Total	54,642	42,375

Prepaid design costs mainly include costs incurred for the conception and realization of collections that will generate revenue the following year.

Deposits

Deposits mainly include guarantee deposits paid under commercial lease agreements.

15. Property, plant and equipment

Changes in the historical cost of Property, plant and equipment during the year ended January 31, 2015, 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, 2013	252,917	112,098	762,837	250,581	93,832	105,505	1,577,770
Additions	175,197	10,710	215,784	70,427	32,179	55,499	559,796
Disposals	(15)	(789)	(1,060)	(789)	(857)	(130)	(3,640)
Exchange differences	4,574	346	(21,741)	(4,419)	(649)	(1,759)	(23,648)
Other movements	7,884	48	25,951	8,384	6,071	(49,113)	(775)
Impairment	-	(18)	(31,370)	(9,072)	(1,086)	(644)	(42,190)
Balance at January 31, 2014	440,557	122,395	950,401	315,112	129,490	109,358	2,067,313
Change in scope of consolidation	-	185	-	100	101	-	386
Additions	78,474	9,189	109,969	47,027	9,733	129,570	383,962
Disposals	(1,418)	(580)	(1,096)	(2,707)	(766)	(1,655)	(8,222)
Exchange differences	20,655	777	106,797	27,952	2,788	7,900	166,869
Other movements	1,646	121	22,729	6,389	257	(32,016)	(874)
Impairment	-	(1)	(16,058)	(8,547)	(752)	(291)	(25,649)
Balance at January 31, 2015	539,914	132,086	1,172,742	385,326	140,851	212,866	2,583,785

Changes in accumulated depreciation of Property, plant and equipment during the year ended January 31, 2015, 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. Deprec.
Balance at January 31, 2013	41,337	94,650	389,794	140,271	54,419	720,471
Depreciation	7,931	7,926	112,932	31,900	8,064	168,753
Disposals	(10)	(754)	(977)	(231)	(775)	(2,747)
Exchange differences	100	312	(8,623)	(2,535)	(409)	(11,155)
Other movements	522	-	(846)	(41)	(6)	(371)
Impairment	-	(18)	(29,106)	(7,680)	(1,026)	(37,830)
Balance at January 31, 2014	49,880	102,116	463,174	161,684	60,267	837,121
Change in scope of consolidation	-	143	-	80	78	301
Depreciation	9,483	8,525	146,006	39,451	9,997	213,462
Disposals	(745)	(549)	(632)	(2,161)	(664)	(4,751)
Exchange differences	3,356	703	65,433	14,474	1,608	85,574
Other movements	-	(27)	(478)	23	(21)	(503)
Impairment	-	(1)	(14,063)	(6,886)	(687)	(21,637)
Balance at January 31, 2015	61,974	110,910	659,440	206,665	70,578	1,109,567

Changes in the net book value of Property, plant and equipment in the year ended January 31, 2015, 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	Assets under construction	Total net book value
Balance at January 31, 2013	211,580	17,448	373,043	110,310	39,413	105,505	857,299
Additions	175,197	10,710	215,784	70,427	32,179	55,499	559,796
Depreciation	(7,931)	(7,926)	(112,932)	(31,900)	(8,064)	-	(168,753)
Disposals	(5)	(35)	(83)	(558)	(82)	(130)	(893)
Exchange differences	4,474	34	(13,118)	(1,884)	(240)	(1,759)	(12,493)
Other movements	7,362	48	26,797	8,425	6,077	(49,113)	(404)
Impairment	-	-	(2,264)	(1,392)	(60)	(644)	(4,360)
Balance at January 31, 2014	390,677	20,279	487,227	153,428	69,223	109,358	1,230,192
Change in scope of consolidation	-	42	-	19	24	-	85
Additions	78,473	9,189	109,969	47,027	9,733	129,570	383,961
Depreciation	(9,483)	(8,525)	(146,006)	(39,452)	(9,997)	-	(213,463)
Disposals	(672)	(31)	(465)	(546)	(103)	(1,655)	(3,472)
Exchange differences	17,299	74	41,365	13,478	1,180	7,900	81,296
Other movements	1,646	148	23,207	6,367	277	(32,016)	(371)
Impairment	-	-	(1,995)	(1,660)	(64)	(291)	(4,010)
Balance at January 31, 2015	477,940	21,176	513,302	178,661	70,273	212,866	1,474,218

Additions to land and buildings include Euro 61.5 million for the purchase of a property situated in Milan and used as the Corporate Headquarters. The remainder consists of facilities purchased to improve manufacturing activities.

Additions to Production plant and machinery mainly relate to purchases of equipment for use in 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 twelve months ended January 31, 2015, is summarized as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Stores opened during the year	155,576	241,804
of which stores already opened during the year	*102,493*	*190,521*
of which stores opening soon	*53,083*	*51,283*
Purchases, refurbishment and relocation of existing stores	105,367	279,740
Total retail capital expenditure	260,943	521,544

The impairment adjustments recorded in 2014 essentially relate to several projects for the relocation and renewal of retail premises.

At January 31, 2015, and January 31, 2014, all of the Group's land outside Hong Kong was owned on a freehold basis.

Interest expenses capitalized during the year totaled Euro 20,000 and was allocated to the additions to "Land and Buildings".

16. Intangible assets

Changes in the historical cost of Intangible assets during the year ended January 31, 2015, and in prior year are as follows:

(amounts in thousands of Euro)	Trade-marks	Goodwill	Store Lease Acquisitions	Software	Development costs and other intangible assets	Assets in progress	Total historical cost
Balance at January 31, 2013	390,889	533,291	155,445	68,320	45,580	8,230	1,201,755
Change in scope of consolidation	-	-	-	-	-	-	-
Additions	616	-	21,816	3,927	20,129	4,943	51,431
Disposals	-	-	(380)	-	-	(14)	(394)
Exchange differences	3,301	1,179	(133)	(58)	-	(113)	4,176
Other movements	(121)	-	4,400	2,622	288	(7,386)	(197)
Impairment	-	-	(693)	(566)	(1,113)	(317)	(2,689)
Balance at January 31, 2014	394,685	534,470	180,455	74,245	64,884	5,343	1,254,082
Change in scope of consolidation	-	7,975	22,065	2	1	-	30,043
Additions	494	-	14,677	3,164	177	17,133	35,645
Disposals	-	(711)	-	(21)	(52)	(1)	(785)
Exchange differences	7,425	2,650	9,043	763	2	57	19,940
Other movements	-	670	1,829	629	-	(3,678)	(550)
Impairment	-	-	(256)	(7)	-	(41)	(304)
Balance at January 31, 2015	402,604	545,054	227,813	78,775	65,012	18,813	1,338,071

Changes in the accumulated amortization of Intangible assets during the year ended January 31, 2015, and in prior year are as follows:

(amounts in thousands of Euro)	Trade-marks	Goodwill	Store Lease Acquisitions	Software	Development costs and other intangible assets	Total accumulated amortization
Balance at January 31, 2013	99,784	29,304	89,682	60,332	43,903	323,005
Change in scope of consolidation	-	-	-	-	-	-
Amortization	11,060	-	12,614	3,505	2,925	30,104
Disposals	-	-	(291)	-	-	(291)
Exchange differences	1,031	793	40	(15)	-	1,849
Other movements	(103)	-	110	(28)	103	82
Impairment	-	-	(694)	(186)	(1,076)	(1,956)
Balance at January 31, 2014	111,772	30,097	101,461	63,608	45,855	352,793
Change in scope of consolidation	-	-	-	-	-	-
Amortization	11,097	1	17,950	3,655	2,481	35,184
Disposals	-	(711)	-	(15)	(52)	(778)
Exchange differences	2,503	1,782	2,727	707	2	7,721
Other movements	-	671	(561)	(1)	1	110
Impairment	-	-	(256)	(7)	-	(263)
Balance at January 31, 2015	125,372	31,840	121,321	67,947	48,287	394,767

Changes in the net book value of Intangible assets during the year ended January 31, 2015, and in prior year are as follows:

(amounts in thousands of Euro)	Trade-marks	Goodwill	Store Lease Acquisitions	Software	Development costs and other intangible assets	Assets in progress	Total net book value
Balance at January 31, 2013	291,105	503,987	65,763	7,988	1,677	8,230	878,750
Change in scope of consolidation	-	-	-	-	-	-	-
Additions	616	-	21,816	3,927	20,129	4,943	51,431
Amortization	(11,060)	-	(12,614)	(3,505)	(2,925)	-	(30,104)
Disposals	-	-	(89)	-	-	(14)	(103)
Exchange differences	2,270	386	(173)	(43)	-	(113)	2,327
Other movements	(18)	-	4,290	2,650	185	(7,386)	(279)
Impairment	-	-	1	(380)	(37)	(317)	(733)
Balance at January 31, 2014	282,913	504,373	78,994	10,637	19,029	5,343	901,289
Change in scope of consolidation	-	7,975	22,065	2	1	-	30,043
Additions	494	-	14,677	3,166	177	17,133	35,647
Amortization	(11,097)	(1)	(17,950)	(3,655)	(2,482)	-	(35,185)
Disposals	-	-	-	(7)	-	(1)	(8)
Exchange differences	4,922	867	6,316	57	-	57	12,219
Other movements	-	-	2,390	628	-	(3,678)	(660)
Impairment	-	-	-	-	-	(41)	(41)
Balance at January 31, 2015	277,232	513,214	106,492	10,828	16,725	18,813	943,304

The net book value of Trademarks is broken down as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Miu Miu	159,811	165,386
Church's	102,502	101,480
Luna Rossa	4,169	5,150
Car Shoe	5,237	5,437
Prada	3,985	4,148
Other	1,528	1,312
Total	277,232	282,913

No impairment losses were recorded in relation to the Group's trademarks in the year ended January 31, 2015. Trademark registration costs are included in Other.

Store lease acquisition costs (key-money) includes intangible assets recognized in respect of costs incurred by the Group to enter into or take over lease agreements for retail premises in the most prestigious retail locations worldwide. The increases and change in the period of consolidation recorded during the year regard lease agreements Europe.

Total capital expenditure on Property, plant and equipment and Intangible assets for the twelve months ended January 31, 2015, was Euro 449.7 million.

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)	January 31 2015	January 31 2014
Retail	260,943	521,545
Production and logistics	58,927	33,482
Corporate	129,865	56,200
Total	449,735	611,227

Impairment test

As required by "IAS 36 Impairment of Assets", goodwill, being an asset with indefinite useful life, is not amortized. Instead, it is tested for impairment at least once a year. As at January 31, 2015, goodwill amounted to Euro 513.2 million, detailed by Cash Generating Unit (CGU) as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
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	10,142	9,276
Marchesi Angelo	7,975	-
Total	513,214	504,373

The Group does not recognize any intangible assets with an indefinite useful life other than goodwill. At the same time, IAS 36 requires an entity to assess at each reporting date whether there is any indication that any assets may be impaired. In light of their performance during the year, certain retail CGU were tested for impairment.

The method used to identify the recoverable value (value in use) is 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).

The business plans cover a period of five years and have been constructed on the basis of the 2015 budget, as prepared by Head Office. Prudently, no business development has been forecasted after 2015. This means that no new store openings have been included in the period from 2016 to 2019 and prudent trends in the wholesale channel have been applied.

The discount rate used to discount cash flows was calculated using the weighted average cost of capital (WACC). For the year ended January 31, 2015, the WACC used for discounting purposes was in a range between 5.9% and 19.8% (between 6% and 14.3% at January 31, 2014). The WACC has been calculated ad hoc for each CGU subject to impairment taking into account the country specific parameters: market risk premium and sovereign bond yield. The rate of growth "g" used to calculate the WACC was in a range between 0% and 9%, in light of the different inflation and growth outlooks in the various countries. However, the prevalent rate of growth was 1.5% and it may be considered prudent given the general average rate of growth expected for the luxury goods market and the specific rate of growth expected for PRADA Group at the reporting date.

Certain sensitivity analyses were carried out to ensure that changes in the main assumptions (WACC and "g" growth rate) did not significantly affect the impairment test results. The outcome of these simulations reasonably supported the valuation obtained through the DCF method.

When the calculation of value in use through the DCF method did not lead to reasonable results, it was deemed appropriate to run the impairment test through the application of valuations methods based on the fair value (e.g. market multiples method or royalties method).

None of the impairment tests performed as at January 31, 2015 identified any impairment losses. 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.

17. Associated undertakings

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Investment in associated undertaking	1,738	1,738
Investment available for sale	28,777	19,434
Other investments	14	14
Total	30,529	21,186

Investment in associated undertaking regards a 49% interest in Pac srl (in liquidation), an unlisted company based in Italy, which has been measured under the equity method.

Investment available for sale regards the 4.88% stake in the share capital of Sitoy Group Holdings ltd, a company listed on Hong Kong Stock Exchange that operates on the Asian market in the production of leather bags and other products. In accordance with IAS 39 "Financial instruments: measurement and impairment", 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 January 31, 2015 (Level I of the fair value hierarchy per "IFRS 7 Financial Instruments: Disclosures"). Changes to fair value compared to January 31, 2014 – positive by Euro 9.3 million – have been recognized in a specific equity reserve, net of the taxation effect (Euro 2.3 million). In 2014, the Group collected net dividends from Sitoy Group Holdings totaling HKD 4.9 million (Euro 0.5 million).

18. Other non-current assets

Other non-current assets are detailed as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Guarantee deposits	70,004	57,158
Deferred rental income	9,056	6,923
Pension fund surplus	2,515	-
Other long-term assets	9,778	5,786
Total	91,353	69,867

At January 31, 2015, Other receivables included Euro 2.5 million representing the actuarial valuation of the pension plans the Group has in the United Kingdom (Note 25).

Guarantee deposits are analyzed below by nature and maturity:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Nature:		
Stores	66,568	54,140
Offices	2,175	2,080
Warehouses	182	163
Other	1,079	775
Total	70,004	57,158

(amounts in thousands of Euro)	January 31 2015
Maturity:	
By 31.01.2016	15,646
By 31.01.2017	5,596
By 31.01.2018	6,407
By 31.01.2019	16,847
After 31.01.2020	25,508
Total	70,004

19. Bank overdrafts and short-term loans

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Bank overdrafts and commercial lines of credit	93	114
Short-term bank loans	221,639	21,845
Current portion of long term loans	42,074	40,416
Deferred costs on loans	(471)	(466)
Total	263,335	61,909

On December 1, 2014, PRADA spa arranged a new revolving line of credit of Euro 315 million – expiring in December 2019 – with a pool of banks. This loan replaced the previous revolving facility which was due to expire in May 2016 and was arranged in order to sustain the business's financial cycle, taking advantage of favorable conditions available on the credit market while guaranteeing the Group financial flexibility for a longer period. At January 31, 2015, the outstanding amount on the loan facility was Euro 150 million and it was reported under "Short-term bank loans".

The pool Euro loan is subject to compliance with several covenants determined based on the PRADA spa Consolidated financial statements. Specifically, the ratio between total net bank borrowing and EBITDA must not exceed 3 and the ratio between EBITDA and total net interest expenses must exceed 4. The covenants were respected at January 31, 2015.

Short-term bank loans also include committed lines of credit of PRADA Japan co ltd which are subject to a series of covenants based on the financial statements of PRADA Japan that were fully respected at January 31, 2015.

The current portion of long-term bank loans includes Euro 0.6 million regarding a loan arranged by PRADA spa with the Monte dei Paschi di Siena Group in 2008. This loan is secured by a mortgage on a real estate property in Tuscany used for R&D activities. The current portion of long-term loans also includes the mortgage loan provided by Cassa di Risparmio Parma e Piacenza to PRADA spa in 2008 and reported at Euro 5.2 million at

January 31, 2015. Security for this loan consists of a mortgage on a real estate property in Tuscany used by the Group for leather goods division logistics activities.

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

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Euro	157,883	14,484
Japanese Yen	73,571	30,375
Chinese Renminbi	24,477	13,391
Other currencies	7,782	4,011
Total	263,713	62,261

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 12.

Considering hedges in place at the reporting date, some 15% of the current portion of medium/long term loans consisted of fixed rate loans (23% at January 31, 2014) with variable rate loans making up the remaining 85% (77% at January 31, 2014).

Bank borrowings are stated net of amortized costs incurred to arrange the loans (Euro 0.5 million short term and Euro 1.5 million medium/long term).

20. Payables to parent company and other related parties – current and non-current

The current portion of payables to parent company and other related parties may be detailed as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Other payables – PRADA Holding spa and subsidiaries	-	136
Financial payables – other related companies	2,371	4,130
Other payables – other related companies	712	628
Total	3,083	4,894

Financial payables towards other related parties, totaling Euro 2.4 million at January 31, 2015, include an interest-free loan provided by Al Tayer, the non-controlling shareholder of PRADA Middle East fzco, according to the number of shares held by it in said company. The loan was partially repaid during the year. Details of payables to the parent company and other related parties are provided in Note 39.

The non-current portion of payables to parent company and other related parties may be detailed as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Other payables – other related companies	13,384	13,247
Payables to parent company and other related parties – non-current	13,384	13,247

Other payables to other related companies include the amount due to Fin-Reta srl in relation to the establishment of rights of usufruct (residual period nine years) to a real estate property in Tuscany, Italy and the business party to the rental agreement for said property which the Group is using as part of its retail network expansion. The payable reported at January 31, 2015 represents the present value of future payments due. Details of payables to parent companies and other related parties are provided in Note 39.

21. Trade payables

Trade payables are detailed as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Trade payables – third parties	410,977	337,807
Trade payables – related parties	26,443	10,727
Total	437,420	348,534

The increase in trade payables is essentially due to the intensification of manufacturing activity in the last few months of the year in order to sustain a different strategy of retail channel replenishment. A breakdown of trade payables to related parties is provided in Note 39.

22. Tax payables

Tax payables are detailed as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Current income taxes	97,007	101,018
VAT and other taxes	36,907	31,127
Total	133,914	132,145

Net of current income tax receivables (Euro 53.3 million – Note 14), current income tax payables total Euro 43.7 million at January 31, 2015 (Euro 87 million at January 31, 2014).

23. Other current liabilities

Other current liabilities are detailed as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Payables for capital expenditure	128,346	70,848
Accrued expenses and deferred income	17,354	10,842
Other payables	74,780	72,976
Total	220,480	154,666

Payables for capital expenditure include liabilities as at January 31, 2015, for capital expenditure for Property, plant and equipment and Intangible assets. The amount includes Euro 55 million due for the purchase of the property in Milan used as the Company's headquarter. On June 23, 2014, PRADA spa signed a long-term loan agreement with Intesa Sanpaolo for the aforementioned amount; the loan will be disbursed in 2015.

Other payables are detailed below:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Short term benefits for employees and other personnel	60,332	57,817
Customer advances	4,725	5,298
Returns from customers	7,813	8,300
Other	1,910	1,561
Total	74,780	72,976

24. Long-term financial payables

Long-term financial payables are analyzed below:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Long-term bank borrowings	126,671	79,805
Bonds	130,000	130,000
Deferred costs on loans	(1,468)	(1,855)
Total	255,203	207,950

The increase in long-term bank borrowings is mainly due to a new loan of GBP 60 million (Euro 79.8 million at January 31, 2015) arranged by subsidiary Kenon Limited with Unicredit Group. The loan is secured by a mortgage. The repayment plan, due to expire on January 31, 2029, provides for rising installments from April 2015. The covenant (loan to value) to which the loan is subject was respected at January 31, 2015.

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 12.

At the reporting date, some 83% of long-term loans consisted of fixed rate loans (67% at January 31, 2014) with variable rate loans making up the remaining 17% (33% at January 31, 2014).

Details of long-term borrowings at January 31, 2015, are provided below:

Borrower	Amount in thousands of Euro	Loan currency	Lender	Expiry date	Interest rate (1)
PRADA spa	130,000	Euro	Bonds	08/2018	2.750%
PRADA Middle East FZCO	4,105	US Dollar	ENBD	09/2016	3.155%
PRADA Japan. Co. Ltd	5,636	Japanese Yen	Mizhuo Bank	03/2017	1.875%
PRADA Japan Co. Ltd	3,757	Japanese Yen	Sumitomo Mitsui Trust	08/2016	0.680%
PRADA Japan Co. Ltd	9,017	Japanese Yen	Syndicate loan	07/2018	1.059%
PRADA Japan Co. Ltd	22,543	Japanese Yen	Syndicate loan	01/2018	1.059%
Kenon Ltd	78,285	GB Pound	Unicredit	01/2029	4.477%
Church and co. ltd	3,328	GB Pound	HSBC	05/2018	2.060%
Total	256,671				

(1) the interest rates include, where applicable, the effect of any interest rate risk hedging transactions

Details of long-term borrowing at January 31, 2014 are provided below:

Borrower	Amount in thousands of Euro	Loan currency	Lender	Expiry date	Interest rate (1)
PRADA spa	130,000	Euro	Bonds	08/2018	2.750%
PRADA spa	600	Euro	Monte dei Paschi di Siena	07/2015	3.310%
PRADA spa	5,202	Euro	Cariparma	08/2015	1.290%
PRADA Middle East FZCO	9,254	US Dollar	ENBD	09/2016	3.811%
PRADA Japan. Co. Ltd	9,049	Japanese Yen	Mizhuo Bank	03/2017	1.875%
PRADA Japan Co. Ltd	5,068	Japanese Yen	Sumitomo Mitsui Trust	08/2016	0.708%
PRADA Japan Co. Ltd	12,162	Japanese Yen	Syndicate loan	07/2018	1.117%
PRADA Japan Co. Ltd	26,063	Japanese Yen	Syndicate loan	01/2018	1.117%
PRADA Fashion Commerce (Shanghai) co limited	9,155	Chinese Renminbi	Mizuho Bank	11/2015	6.150%
PRADA Fashion Commerce (Shanghai) co limited	2,034	Chinese Renminbi	Intesa SanPaolo	06/2015	6.027%
Church and co. ltd	1,218	GB Pound	HSBC	05/2018	2.020%
Total	209,805				

(1) the interest rates include, where applicable, the effect of any interest rate risk hedging transactions

On June 23, 2014, PRADA spa arranged with Intesa Sanpaolo Group a long-term loan secured by a mortgage on the property in Milan used as the Group Head Office. The loan will be disbursed in 2015 in the amount of Euro 55 million and is repayable in equal installments from November 2015.

The loan from Sumitomo Mitsui Trust Bank is subject to compliance with a number of parameters based on the statutory financial statements of PRADA Japan co ltd – the parameters were respected in full at January 31, 2015.

The Bonds, classified under financial payables, reported at a net amount of Euro 129 million (nominal amount of Euro 130 million as adjusted by Euro 1 million following application of the amortized cost method). Their fair value, as determined based on the official listed price on the Irish Stock Exchange at January 31, 2015, is Euro 136.3 million.

All bank borrowing is analyzed by security profile as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Secured	85,685	12,137
Unsecured	434,792	260,043
Total	520,477	272,180

All of the loans are analyzed by maturity date in the section of Note 12 on Liquidity risk. Other than PRADA spa, no Group company had issued any debt securities at the end of the current year or previous year.

25. Post-employment benefits

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Post-employment benefits	45,638	39,568
Other long term employee benefits	40,116	23,711
Total liabilities for long term benefits	85,754	63,279
Post-employment benefit (pension plan surplus)	2,515	-
Net liabilities for long term benefits	83,239	63,279

Post-employment benefits

Liabilities and assets for post-employment benefits reported at January 31, 2015 totaled a net amount of Euro 45.6 million (Euro 39.6 million at January 31, 2014) and all were qualified as defined benefit plans. The pension plan surplus relates to Group companies operating in the United Kingdom. It amounted to Euro 2.5 million at January 31, 2015 against zero at January 31, 2014. This item is included in Other non-current assets, Note 18.

The balance includes Euro 26.2 million (Euro 23.9 million at January 31, 2014) of liabilities recorded in the financial statements of Italian companies and Euro 19.4 million reported by non-Italian companies (Euro 15.7 million at January 31, 2014). The Italian liabilities for post-employment benefits regard the "Trattamento di Fine Rapporto" (hereinafter "TFR" i.e. staff leaving indemnity), a deferred employee benefit that must be paid by Italian businesses and is linked to length of working life and remuneration received. The present value of the liability as reported was determined projecting the benefit, accruing under Italian law at the reporting date, to the future date when the employment relationship will be terminated and discounting it at the reporting date using the actuarial "Projected Unit Credit Method (PUCM)".

The following table shows movements on liabilities for post-employment benefits in the year ended January 31, 2015.

(amounts in thousands of Euro)	Defined Benefit Plans in Italy (TFR)	Defined Benefit Plans abroad (including Japan)	Pension Funds in UK	Other long-term employee benefits	Total
Balance at January 31, 2014	23,892	15,676	-	23,711	63,279
Acquisitions	268	-	-	-	268
Current service cost	205	3,093	359	13,151	16,808
Interest expenses (income)	75	204	(65)	186	400
Actuarial (gains)/losses	3,422	776	(1,867)	(1,092)	1,239
Benefits paid	(1,597)	(1,210)	-	(795)	(3,602)
Contributions	-	-	(784)	-	(784)
Exchange differences	-	834	(158)	734	1,410
Other movements	-	-	-	4,221	4,221
Balance at January 31, 2015	26,265	19,373	(2,515)	40,116	83,239

Other movements shows the opening balance and amounts allocated for social contributions on other long-term liabilities which, effective from these financial statements, are stated together with the main liability.

The actuarial gains and losses are determined as follows:

	Defined Benefit Plans in Italy (TFR)	Defined Benefit Plans in Japan	Pension Funds in UK
Actuarial adjustments due to			
(a) Changes in financial assumptions	*3,572*	*648*	*(1,231)*
(b) Changes in other assumptions (e.g. demographic assumptions, remuneration increases)	*98*	*128*	*(636)*
(c) Other	*(248)*	*-*	*-*
Actuarial (Gains)/losses	**3,422**	**776**	**(1,867)**

The current service cost and the interest cost/(revenue) were recognized through income statement. For Other long-term employee benefits only, actuarial differences were also recognized through the 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 the likelihood of death, early retirement and resignation, dismissal, expiry of employment contract, advance payment on leaving indemnities and supplementary pension schemes were considered.

Post-employment benefits of non-Italian companies are stated net of the surplus on pension plans relating to Group companies operating in the United Kingdom which provide pension services for their employees. As at January 31, 2015, these pension plans had a fair value of Euro 2.5 million (net surplus of zero as at January 31, 2014). The fair value of the assets was determined based on the appraisal provided by independent actuary Scottish Widows. They are analyzed as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Fair value of plan assets	**69,413**	**54,060**
Fair value of plan liabilities	**(63,591)**	**(50,454)**
Pension plan surplus	**5,822**	**3,606**
Restrictions on recognition of surplus applied during actuarial valuation of the plan	**(3,307)**	**(3,606)**
Net surplus	**2,515**	**-**

At the reporting date pension plan assets, along with the expected rates of return, were as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Equities	**24,991**	**24,179**
Alternatives	**5,927**	**5,406**
Bonds	**36,800**	**21,714**
Cash	**1,695**	**2,761**
Total	**69,413**	**54,060**

The main actuarial assumptions utilized at January 31, 2015 are as follows:

January 31, 2015	Defined Benefit Plans in Italy (TFR)	Pension Funds in UK	Defined Benefit Plans in Japan
Average duration of plan (years)	12.3	15.0	16.3
Discount rate	0.93%	3.00%	1.01%
Average increase in remuneration	1.80%	1.80%	3.01%
Rate of inflation	1.00%	1.60%	N/A

The main actuarial assumptions utilized at January 31, 2014 are as follows:

January 31, 2014	Defined Benefit Plans in Italy (TFR)	Pension Funds in UK	Defined Benefit Plans in Japan
Average duration of plan (years)	11.2	16.0	15.8
Discount rate	2.50%	4.50%	1.39%
Average increase in remuneration	1.86%	2.40%	3.01%
Rate of inflation	1.50%	2.20%	N/A

The discount rate used to value the defined benefit plans was determined on the basis of the yield on bonds with an AA rating and a maturity date similar to that of the plans in question.

A sensitivity analysis performed on the main actuarial assumptions applied at January 31, 2015 i.e. discount rate, remuneration increases and rate of inflation. It did not show any significant variation in the liability except for the sensitivity analysis performed on the interest rate curve which should that a 50 basis point increase or decrease would lead to an increase or decrease in the Group's total DBO of up to Euro 6.6 million (i.e. 6.5% of the liability currently reported).

Payments expected in relation to the above plans in the years following these financial statements are shown below:

	January 31 2016	January 31 2017	January 31 2018	January 31 2019	After January 31 2019
Defined Benefit Plans in Italy (TFR)	1,870	1,430	1,199	1,222	23,701
Pension Funds UK	2,487	2,507	2,532	2,614	17,687
Defined Benefit Plans Japan	1,666	1,718	1,812	1,716	21,160
	6,023	5,655	5,543	5,552	62,548

The contributions expected for the 2015 fiscal year are as follows:

	twelve months ended January 31, 2016
Defined Benefit Plans in Italy (TFR)	-
Pension Funds UK	625
Defined Benefit Plans Japan	3,002
	3,627

Other long-term employee benefits

Other long-term employee benefits come under the IAS 19 category "Other long-term employee benefits" and relate to long-term retention and performance plans recognized in favor of Group employees. As at January 31, 2015, their actuarial valuation, obtained using the Projected Unit Cost Method, was Euro 40.1 million (Euro 23.7 million as at January 31, 2014), as determined based on an independent actuarial appraisal. The increase in 2014 regards new benefits granted. Some Euro 13.4 million of the long-term benefits at January 31, 2015 is recognized in favor of related parties (Euro 8.3 million as at January 31, 2014).

26. 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, 2014	1,400	22,724	28,536	52,660
Exchange differences	79	10	4,122	4,211
Reclassifications	152	-	(152)	-
Reversals	(210)	(171)	(637)	(1,018)
Utilized	(210)	-	(652)	(862)
Increases	665	2,974	5,065	8,704
Balance at January 31, 2015	1,876	25,537	36,282	63,695

Provisions represent 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 is reasonable considering the liabilities that might arise.

Provision for tax disputes

The Group's main tax disputes are reported below.

On December 30, 2005, PRADA spa (for companies incorporated into PRADA spa, Genny spa and Byblos spa, the respective sellers of the "Genny" and "Byblos" businesses) received two notices of tax assessment for VAT purposes for the 2002 fiscal year. The assessments regarded the sales of the "Genny" and "Byblos" businesses which the authorities sought to treat as sales of the respective brands. The amount assessed was about Euro 21 million. The Company successfully appealed at the first and second levels of appeal. The Tax Authority then announced its appeal to the Supreme Court of Cassation against which the Company submitted a counter appeal. No further developments took place in 2014.

On August 4, 2006, PRADA spa (for IPI Italia spa, a company incorporated into it and the seller of the "Genny" business), received a demand for VAT penalties totaling Euro 5.7 million for the year 2002 in relation to its alleged failure to issue a "self-invoice" for the value of the "Genny" brand. Even though it submitted its defensive arguments against this claim, on October 9, 2007, the Company received a request for penalties against which it filed appeals at two levels but was unsuccessful with both. Finally, the Company then made a further appeal to the Supreme Court of Cassation against which the Tax Authority filed its own counter appeal. No further developments took place in 2014.

In May 2012, the Italian Customs Authority began an audit of PRADA spa on the 2007-2011 tax years and with reference to the method used to value imported products in specific circumstances; PRADA spa provided all of the documentation requested. It is worth noting that, in March 2012 the Company applied to the Central Italian Customs Authority in Rome for a ruling on the same issue and, in 2013, it submitted two explanatory statements to the Public Prosecutor and the Customs Head Office. The customs authorities have suspended their judgment until the criminal proceedings have been completed. Even though, in August and September 2014, PRADA spa received two amended notices of assessment from the customs authorities in relation to 2010 and, after January 31, 2015, it also received demands for payment of the additional duties assessed in relation to the said tax year, the Directors do not believe that any provision need be made. Indeed, the company has submitted its comments in relation to the amended notices of assessment and has filed a request for suspension of collection of the demand for payment. It shall also file an appeal by the legally required deadline.

In October 2012, 2013 and 2014, the Italian Tax Authorities rejected PRADA spa's request not to apply the Italian Controlled Foreign Companies rules (CFC) to its Dutch sub-holding company PRADA Far East bv for the tax years from 2010 to 2013. In order to reduce the risk of application of additional penalties in case of assessment, PRADA spa paid some Euro 64 million, including Euro 42 million recorded in the 2012 income statement and Euro 22 million in the 2013 income statement (under taxation). The tax charge recognized in the 2014 income statements amounted to some Euro 4 million. The amounts paid followed the *"ravvedimento operoso"* procedure (or voluntary settlement of dispute) and represented the taxes due in Italy by PRADA spa on the taxable income of PRADA Far East bv. The tax due for 2013 was not paid due to the credit arising from payments made on account. In October 2012, 2013, 2014 and in May 2014, the Italian tax authorities also declared inadmissible the requests filed by PRADA spa for the tax years from 2010 to 2014 not to apply CFC rules to other Group countries operating in countries on the fiscal black list. In January 2013, 2014, 2015 and in July 2014, PRADA spa filed appeals to the Rome Provincial Tax Commission in relation to the rejection of its requests regarding PRADA Far East bv and the declaration of inadmissibility of its petitions regarding the other "black list" companies; it also requested the reimbursement of the amounts paid in relation to PRADA Far East bv.

In February 2014, the French tax authorities commenced an inspection of PRADA Retail France for Direct Tax and VAT purposes for the 2010, 2011 and 2012 tax years. The inspection was completed in July 2014 and, in October 2014, the tax authorities finalized its proposed adjustment to the declared taxable income which the company accepted and recognized in full in the financial statements by creating a provision for Euro 2.6 million.

Except where there is an express statement that no provision has been made, the Directors, supported by the opinion of their tax advisors, believe that the provisions totaling Euro 25.5 million carried at January 31, 2015 in respect of the tax disputes described above represents the best estimate of the obligations that the Group could be called upon to fulfill.

Provision for litigation

The provision for litigation amounted to Euro 1.9 million at January 31, 2015 and mainly regarded disputes with suppliers, former employees of the Group and government authorities in relation to social contributions.

Other provisions for risks

Other provisions for risks amounted to Euro 36.3 million as at January 31, 2015 and mainly related to contractual obligations to return commercial premises held under lease agreements in their original state.

27. Other non-current liabilities

Other non-current liabilities amounted to Euro 128.8 million (Euro 99 million as at January 31, 2014). They mainly regarded liabilities to be recognized on a straight-line basis in relation to commercial lease costs. The increase is substantially due to expansion of the retail network.

28. Shareholders' equity - Group

The Group's shareholders' equity is as follows:

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Share Capital	255,882	255,882
Share premium reserve	410,047	410,047
Other reserves	1,790,771	1,446,923
Actuarial reserve	(13,481)	(11,452)
Fair value reserve	11,115	4,108
Cash flow hedge reserve	(35,323)	3,699
Translation reserve	130,996	(49,438)
Net income for the period	450,730	627,785
Total	3,000,737	2,687,554

Share capital

At January 31, 2015, some 80% of the share capital of PRADA spa was held by PRADA Holding spa while the remainder was floating on the Main Board of the Hong Kong Stock Exchange.

Share premium reserve

The share premium reserve of Euro 410 million is unchanged compared to January 31, 2014.

Translation reserve

Movements on this reserve relate to the translation of foreign currency financial statements of consolidated companies. The reserve passed from a negative figure of Euro 49.4 million at January 31, 2014 to a positive Euro 131 million at January 31, 2015. The main reason for this change (Euro 180.4 million) lies in the constant strengthening, especially in the second half of the year, of the Hong Kong Dollar, the US Dollar and the GB Pound which have gained 16.5%, 16.4% and 8.6%, respectively, against the Euro compared to the opening exchange rates.

Other reserves

At January 31, 2015, other reserves amounted to Euro 1,791 million. They increased by Euro 344 million compared to January 31, 2014 due to allocation of net income for the previous year (Euro 627.8 million), net of the distribution of dividends to PRADA spa shareholders (Euro 281.5 million).

Net income for the year

The Group's net income for the year amounted to Euro 450.7 million (Euro 627.8 million for the twelve months ended January 31, 2014).

Capital gain tax in Italy

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

29. Shareholders' equity – non-controlling interests

The following table shows movements on the Shareholders' equity of Non-controlling Interests during the years ended January 31, 2015 and January 31, 2014.

(amounts in thousands of Euro)	January 31 2015	January 31 2014
Opening balance	13,986	10,470
Translation differences	2,085	93
Dividends	(9,378)	(6,634)
Net income for the year	8,488	10,020
Actuarial reserve	(3)	(3)
Capital injection in subsidiaries	2,125	40
Acquisition of Marchesi Angelo srl	107	-
Closing balance	17,410	13,986

The capital injection into subsidiaries by non-controlling shareholders, amounting to Euro 2.1 million, regards Pellettieri d'Italia Srl (Euro 0.3 million), Prada Saudi Arabia ltd (Euro 1.3 million) and PSC sas (Euro 0.5 million).

30. Net revenues

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

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Net sales	3,513,436	3,548,207
Royalties	38,260	39,140
Total	3,551,696	3,587,347

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

Licensing contracts generated royalties income of Euro 38.3 million in the twelve months ended January 31, 2015, 2.2% down on the Euro 39.1 million recorded in prior year, entirely as a result of the absence of revenues from minor licenses terminated during the year. Eyewear performed very well with a 6.3% increase compared to 2013.

31. Cost of goods sold

Cost of goods sold is analyzed as follows:

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Purchases of raw materials and production costs	971,527	848,675
Logistics costs, duties and insurance	204,112	193,095
Change in inventories	(174,522)	(103,072)
Total	1,001,117	938,698

In absolute terms, cost of goods sold increased from Euro 938.7 million in 2013 to Euro 1,001.1 million in 2014. It also increased as a percentage of net revenues, from 26.2% in 2013 to 28.2% in 2014. The resulting decrease on gross margin is essentially due to the different product mix as well as to unfavorable average foreign exchange trends.

32. Operating expenses

Operating expenses are analyzed as follows:

(amounts in thousands of Euro)	twelve months ended January 31 2015	% of net revenues	twelve months ended January 31 2014	% of net revenues
Product design and development costs	132,583	3.7%	129,807	3.6%
Advertising and communications costs	170,562	4.8%	171,966	4.8%
Selling costs	1,340,832	37.8%	1,212,065	33.8%
General and administrative costs	205,051	5.8%	195,574	5.5%
Total	1,849,028	52.1%	1,709,412	47.7%

Operating expenses increased from Euro 1,709.4 million in 2013 to Euro 1,849 million in 2014, an 8.2% increase. As a percentage of net revenues, they rose from 47.7% in 2013 to 52.1%.

Product design and development costs and Advertising and communications costs remained practically unchanged on 2013. Total Advertising and communications costs of Euro 170.6 million are the result of a combination of the decision to continue to invest in commercial initiatives aimed at strengthening brands and the relationship with the clientele and actions aimed at containing costs in order to reduce pressure on margins.

Selling costs increased from Euro 1,212.1 million in 2013 to Euro 1,340.8 million in 2014 mainly as a result of the constant expansion and renewal of the DOS network. As a percentage of net revenues, these costs rose from 33.8% to 37.8%.

General and administrative costs, which include costs relating to the business support structure, increased from Euro 195.5 million to Euro 205.1 million and rose from 5.5% to 5.8% of net revenues.

As required by "IAS 1 Presentation of financial statements", the following table shows the depreciation, amortization and impairment costs, labor costs and rental costs included in operating costs.

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Depreciation, amortization and impairment	240,655	192,681
Labor cost	542,042	493,602
Variable rent	312,011	297,550
Fixed rent	261,003	245,498
Total	1,355,711	1,229,331

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

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

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Interest expenses on borrowings	(12,891)	(9,548)
Interest expenses IAS 19	(400)	(12)
Interest income	3,314	3,576
Exchange gains / (losses) – realized	8,854	(9,128)
Exchange gains/ (losses) – unrealized	(30,045)	1,448
Other financial income / (expenses)	(3,136)	(3,693)
Total	(34,304)	(17,357)

Interest expenses on borrowings have increased compared to 2013 because of higher average bank borrowing. At the same time, notwithstanding higher average levels of liquidity, interest income has decreased because of lower rates of remuneration than in prior year, especially on the low-risk investments made in accordance with Group guidelines for the investment of liquidity. Exchange losses mainly refer to fluctuation in the Euro exchange rate against the US Dollar, the HK Dollar and the Swiss Franc in relation to financial positions outstanding at the reporting date.

34. Dividends from investments

As at January 31, 2015, the Group held a 4.88% interest (unchanged on prior year) in Sitoy Group Holdings ltd, a company listed on Hong Kong Stock Exchange (HK: 1023). In 2014, the dividends collected from said company amounted to Euro 455 thousand (Euro 1,016 thousand in 2013).

35. Income taxes

Income taxes are analyzed as follows:

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Current taxation	252,712	320,176
Deferred taxation	(44,228)	(35,085)
Income taxes	208,484	285,091

In absolute terms, the tax burden for the year is lower than in prior year (down from Euro 285.1 million to Euro 208.5 million) but it in line with prior year in terms of total income taxes as a percentage of income before taxation (from 30.9% in 2013 to 31.2% in 2014).

The following table shows a reconciliation between the effective tax rate of the Group and the theoretical tax rate of the parent company PRADA spa:

(amounts in thousands of Euro)	twelve months ended January 31 2015
Group weigthed average theoretical tax rate	27.2%
Non taxable/deductible income and expenses	1.5%
Tax effect of utilization of tax losses carried forward	-0.2%
Prior year taxes	0.9%
Withholding taxes	1.8%
Group effective tax rate	31.2%

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

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Opening balance	158,574	120,421
Exchange differences	21,549	(4,763)
Deferred taxes on derivative instruments recorded in equity (cash flow hedges)	13,795	6,303
Deferred taxes on post-employment benefits recorded in equity (reserve for actuarial differences)	306	1,418
Other movements	897	110
Deferred taxes for the period in income statement	44,228	35,085
Closing balance	239,349	158,574

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

(amounts in thousands of Euro)	January 31, 2015		January 31, 2014	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Inventories	137,815	-	95,240	130
Receivables and other assets	506	1,541	451	1,582
Useful life of non-current assets	54,478	13,248	46,197	13,249
Deferred taxes due to acquisitions	-	21,787	-	22,666
Provision for risks / accrued expenses	47,627	2,436	37,456	2,151
Non-deductible / taxable charges/income	10,896	1,795	6,752	370
Tax loss carryforwards	5,411	-	6,945	-
Derivative financial instruments	12,577	-	81	1,396
Long term employee benefits	10,041	507	7,364	151
Other	1,632	320	759	976
Total	280,983	41,634	201,245	42,671

Tax loss carryforwards at January 31, 2015 are analyzed below:

(amounts in thousands of Euro)	twelve months ended January 31, 2015
Expiring within 5 years	9,173
Expiring after 5 years	41,696
Available for carry forward with no time limit	65,065
Total tax loss carryforwards	115,934

The Directors have updated their assessment of deferred tax assets recognized on tax losses carry-forwards taking account of the general macroeconomic environment and developments regarding the business activities of each subsidiary.

36. Earnings and Dividends per share

Earnings per share

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

	twelve months ended January 31 2015	twelve months ended January 31 2014
Group net income in Euro	450,730,284	627,784,659
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 shares	0.176	0.245

Dividends per share

The Board of Directors of PRADA spa has proposed a final dividend of Euro 281,470,640 (or Euro 11 cents per share) for the twelve months ended January 31, 2015.

During the year ended January 31, 2015, the Company distributed dividends of Euro 281,470,640, as approved by the Shareholders' Meeting held on May 22, 2014 to approve the financial statements for the year ended January 31, 2014.

The payment of the dividends and the related Italian withholding tax liability (Euro 11.3 million), 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, 2015.

Details of the dividends paid in the last three years are provided below:

	Financial statements ended January 31, 2014	Financial statements ended January 31, 2013	Financial statements ended January 31, 2012
Total dividends paid (Euro)	281,470,640	230,294,160	127,941,200
Dividends per Share (Euro)	0.11	0.09	0.05
Date of approval by Shareholders' Meeting	22/05/2014	23/05/2013	22/05/2012
Date of payment	June 2014	June 2013	June 2012

37. Additional information

The average headcount by functional area in twelve months ended January 31, 2015 and January 31, 2014 was as shown below:

(number of employees)	twelve months ended January 31 2015	twelve months ended January 31 2014
Production	2,013	1,897
Product design and development	973	903
Advertising and Communications	115	113
Selling	7,866	7,000
General and administrative services	995	903
Total	11,962	10,816

Employee remuneration

Employee remuneration by functional area for the twelve months ended January 31, 2015 and January 31, 2014 is analyzed below:

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Production	96,905	90,343
Product design and development	66,783	61,350
Advertising and Communications	12,066	12,274
Selling	376,724	338,239
General and administrative services	86,469	81,739
Total	638,947	583,945

Employee remuneration by nature for the twelve months ended January 31, 2015, and January 31, 2014, is analyzed below:

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Wages and salaries	482,826	440,254
Post-employment benefits	29,105	27,991
Social contributions	104,544	94,543
Other	22,472	21,157
Total	638,947	583,945

Distributable reserves of parent company PRADA spa

(amounts in thousands of Euro)	January 31 2015	Possible utilization	Amount distributable	Summary of utilization in the last three years	
				Coverage of losses	Distribution of dividends
Share capital	255,882				
Share premium reserve	410,047	A, B, C	410,047		
Legal reserve	51,177	B			
Other reserves	182,899	A, B, C	182,899		
Retained earnings	349,862	A, B, C	301,373	-	393,235
Cash flow hedge reserve	(27,973)				
Distributable amount			894,319		393,235

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. A non-distributable portion of retained earnings amounting to Euro 20,516 million refers to restricted reserves under Art. 7 of Legislative Decree 38/2005 while a further decrease of Euro 27,973 million is equal to the negative value of the Cash flow hedge reserve.

Exchange rates

The exchange rates against the Euro used to consolidate statements of financial position and income statements prepared in other currencies as at January 31, 2015, and January 31, 2014.

Currency	Average rate	Average rate in prior year	Closing rate	Opening rate
US Dollar	1.313	1.331	1.131	1.352
Canadian Dollar	1.460	1.382	1.432	1.513
GB Pound	0.801	0.849	0.751	0.821
Swiss Franc	1.203	1.231	1.047	1.222
Australian Dollar	1.464	1.399	1.454	1.552
Korean Won	1,383.862	1,457.043	1,246.540	1,464.230
Japanese Yen	140.037	131.593	133.080	138.130
Hong Kong Dollar	10.179	10.325	8.764	10.479
Singapore Dollar	1.669	1.670	1.529	1.728
Thai Bath	42.614	41.225	37.055	44.599
Taiwan Dollar	39.909	39.623	35.582	40.945
Russian Ruble	53.420	42.802	79.925	47.748
Czech Koruna	27.566	26.148	27.797	27.500
Macau Pataca	10.484	10.635	9.027	10.812
Chinese Renminbi	8.106	8.165	7.064	8.192
New Zealand Dollar	1.590	1.625	1.557	1.668
Malaysian Ringgit	4.320	4.223	4.110	4.525
Turkish Lira	2.882	2.587	2.758	3.074
Brazilian Real	3.108	2.911	3.011	3.283
Mexican Peso	17.588	17.056	16.838	18.161
UAE Dirham	4.821	4.889	4.152	4.964
Ukrainian Hryvna	16.331	10.639	18.283	10.877
Moroccan Dirham	11.145	11.182	10.837	11.214
Kuwait Dinar	0.375	0.378	0.334	0.382
Danish Kronor	7.453	7.458	7.444	7.462
Swedish Kronor	9.144	8.669	9.361	8.851
Kazakhstani Tenge	238.559	203.031	209.180	210.750
Qatari Riyal	4.780	4.846	4.127	4.923
Indian Rupee	80.067	78.946	70.113	84.688

Independent auditors' compensation

The total fees and expenses accrued in favor of Deloitte & Touche spa and its network for the audit of the financial statements ending January 31, 2015, and January 31, 2014, together with non-audit services, are illustrated below:

Type of service	Audit Firm	Provided to	twelve months ended January 31, 2015	twelve months ended January 31, 2014
Audit services	Deloitte & Touche spa	PRADA spa	480	473
Audit services	Deloitte & Touche spa	Subsidiaries	174	209
Audit services	Deloitte Network	Subsidiaries	1,210	1,047
Total audit fees accruing			1,864	1,729
Comfort letter for bonds of Euro 130 million	Deloitte Network/ Deloitte & Touche spa	PRADA spa	-	175
Tax advisory	Deloitte Network/ Deloitte & Touche spa	PRADA spa	14	26
Tax advisory	Deloitte Network	Subsidiaries	181	235
Certificates of sale	Deloitte Network/ Deloitte & Touche spa	Subsidiaries	24	9
Other	Deloitte Network	PRADA spa and subsidiaries	60	30
Total non-audit fees accruing			279	475
Out of pocket expenses			50	74
Total independent auditors' compensation accruing			2,193	2,278

The total amount of the fees accruing for audit services increased from Euro 1,729 thousand for 2013 to Euro 1,864 thousand for 2014. The increase was mainly due to new appointments to provide services to newly incorporated companies and because of application of contractually agreed parameters (e.g. inflation-linked increases).

38. Remuneration of Board of Directors, five highest paid individuals and Senior Managers

Remuneration of the PRADA spa Board of Directors for the year ended January 31, 2015

(amounts in thousands of Euro)	Directors' fees	Remuneration and other benefits	Bonuses and other incentives	Benefits in kind	Pension, healthcare and TFR contributions	Total
Carlo Mazzi	1,020	-	-	84	24	1,128
Miuccia Prada Bianchi	1,000	10,700	2,502 (*)	-	21	14,223
Patrizio Bertelli	1,000	6,000	6,244 (*)	-	21	13,265
Donatello Galli	40	411	155	38	193	837
Alessandra Cozzani	40	178	80	13	96	407
Gaetano Micciché	40	-	-	-	-	40
Gian Franco Oliviero Mattei	140	-	-	-	13	153
Giancarlo Forestieri	60	-	-	-	9	69
Sing Cheong Liu	60	-	-	-	12	72
Total	3,400	17,289	8,981	135	389	30,194

(*) Bonuses and other incentives includes Other long-term benefits in favor of Patrizio Bertelli and Miuccia Prada Bianchi for an amount of Euro 2,494 thousand and Euro 2,501 thousand, respectively. As required by IAS 19, the amounts shown reflect the effects of an actuarial valuation. Further information on Other long-term benefits is provided in Note 25.

Remuneration of the PRADA spa Board of Directors for the year ended January 31, 2014

(amounts in thousands of Euro)	Directors' fees	Remuneration and other benefits	Bonuses and other incentives (*)	Benefits in kind	Pension, healthcare and TFR contributions	Total
Carlo Mazzi	302	-	-	82	13	397
Miuccia Prada Bianchi	1,000	9,700	4,057 (*)	-	20	14,777
Patrizio Bertelli	1,000	6,000	7,991 (*)	-	20	15,011
Donatello Galli	40	306	205	38	175	764
Alessandra Cozzani	3	170	108	13	97	391
Gaetano Micciché	40	-	-	-	-	40
Gian Franco Oliviero Mattei	140	-	-	-	12	152
Giancarlo Forestieri	60	-	-	-	9	69
Sing Cheong Liu	60	-	-	-	11	71
Marco Salomoni	55	-	-	-	-	55
Total	2,700	16,176	12,361	133	357	31,727

(*) Bonuses and other incentives includes Other long-term benefits in favor of Patrizio Bertelli and Miuccia Prada Bianchi for an amount of Euro 3,.991 thousand and Euro 4,057 thousand, respectively. As required by IAS 19, the amounts shown reflect the effects of an actuarial valuation. Further information on Other long-term benefits is provided in Note 25.

The "Remuneration and other benefits" and "Bonuses and incentives" of Chief Executive Officer Miuccia Prada Bianchi for the twelve months ended January 31, 2015, fall within the scope of application of Chapter 14A of the Listing Rules as it has been qualified as a continuing connected transaction subject to reporting and disclosure but exempted from independent shareholders' approval requirements. As requested by the Listing Rules, comprehensive disclosure of this continuing connected transaction was included in the PRADA spa Announcements dated April 27, 2012, and April 5, 2013, while a summary update is reported in the Corporate Governance section of this 2014 Annual Report.

The "Remuneration and other benefits" and "Bonuses and incentives" of Chief Executive Officer Patrizio Bertelli for the twelve months ended January 31, 2015, fall within the scope of application of Chapter 14A of the Listing Rules as it has been qualified as a continuing connected transaction subject to reporting and disclosure but exempted from independent shareholders' approval requirements. As requested by the Listing Rules, comprehensive disclosure of this continuing connected transaction was included in the PRADA spa Announcements dated April 27, 2012, and April 5, 2013, while a summary update is reported in the Corporate Governance section of this 2014 Annual Report.

Remuneration of the five highest paid individuals

The Group's five highest paid individuals include two Directors for both years. The total remuneration of the remaining three of the five highest paid individuals in the twelve months ended January 31, 2015, and the remaining three of the five highest paid individuals in the period ended January 31, 2014, was as follows:

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Remuneration and other benefits	9,463	8,311
Bonuses and other incentives	2,245	3,625
Non-monetary benefits	181	147
Pension/social security, healthcare and TFR contributions	361	343
Total	12,250	12,426

The remuneration of the five highest paid individuals fell into the following ranges:

(amounts in Hong Kong Dollars)	twelve months ended January 31 2015	twelve months ended January 31 2014
Less than HKD 12,500,000	-	-
Between HKD 12,500,000 and HKD 20,000,000	2	2
More than HKD 50,000,000	1	1
Total individuals	3	3

Remuneration of Senior Managers

The remuneration of Senior Managers was as follows:

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Remuneration and other benefits	17,968	15,529
Bonuses and other incentives	5,691	7,573
Non-monetary benefits	2,421	2,197
Pension/social security, healthcare and TFR contributions	3,141	3,329
Total	29,221	28,628

There were 35 Senior Managers at January 31, 2015, one fewer than the total of 36 at January 31, 2014.

The remuneration of the Senior Managers fell into the following ranges:

(amounts in Hong Kong Dollars)	twelve months ended January 31 2015	twelve months ended January 31 2014
Less than HKD 4,000,000	6	8
between HKD 4,000,000 and HKD 8,000,000	25	23
between HKD 8,000,000 and HKD 16,000,000	3	4
between HKD 16,000,000 and HKD 50,000,000	-	-
More than HKD 50,000,000	1	1
Total Senior Managers	35	36

39. Related party transactions

The Group enters into transactions with parties that can be qualified as related according to "IAS 24 Related Party Disclosures". 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 related party transactions for each item in the Statement of financial position and in the Income statement. They show amounts relating to each related party and the total amount relating to each line item.

Statement of financial position amounts at January 31, 2015

(amounts in thousands of Euro)	Trade receivables	Receivables from and advances to parent companies and related parties – current	Receivables from and advances to parent companies and related parties – non current	Trade payables	Payables to parent companies and related parties – current	Payables to parent companies and related parties – non current
PRADA Holding bv	160	5	-	1	-	-
Other payables – other companies controlled by PRADA Holding bv	-	-	-	-	-	-
EXHL Italia srl	-	-	-	-	-	-
Other related parties	36,761	3,235	17,429	26,442	3,083	13,384
DFS Hawaii	-	-	-	707	-	-
DFS Venture Singapore pte ltd	-	-	-	57	-	-
DFS Cotai ltd	89	-	-	1,478	-	-
DFS New Zealand ltd	-	-	-	49	-	-
F.lli Prada srl (franchising)	29,291	-	-	2,639	322	-
F.lli Prada spa (Galleria) (*) (***)	912	-	3,174	-	-	-
Al Tayer Travels	-	-	-	51	-	-
Al Tayer Insignia llc	-	-	-	88	2,371	-
Al Tayer Logistics	-	-	-	-	-	-
Al Tayer Motors	-	-	-	1	-	-
Al Tayer Trends	13	-	-	-	-	-
Danzas llc UAE	-	-	-	27	112	-
Rubaiyat Modern Lux Prod ltd	2,342	-	-	-	-	-
Luna Rossa Challenge 2013 NZ ltd	1,294	-	-	-	-	-
Luna Rossa Challenge 2013 srl	721	11	12,379	154	21	-
Aati Contracs	-	-	-	-	-	-
Stiching Fondazione Prada	526	25	-	36	32	-
Stiching Prada	354	-	-	-	-	-
Progetto Prada Arte srl	355	88	741	1,784	211	-
Progetto Prada Arte srl (Galleria) (**) (****)	566	-	1,135	-	-	-
HMP srl	8	-	-	-	-	-
PRA 1 srl	-	90	-	75	-	-
Premiata srl	182	-	-	2,211	-	-
Friuli 64 srl	-	-	-	151	-	-
SPELM sa	-	-	-	183	-	-
La Mazza srl	105	-	-	867	-	-
Conceria Superior spa	1	-	-	12,418	-	-
Peschiera Immobiliare srl	-	82	-	-	-	-
Chora srl	-	2,924	-	3,233	-	-
FinReta srl	-	-	-	190	-	13,384
Pelletteria Reta srl	-	15	-	38	13	-
Other	2	-	-	5	1	-
Members of the Board of Directors of PRADA spa	-	-	-	143	-	-
Relative of a Director of PRADA spa	-	-	-	432	-	-
Total at January 31, 2015	36,921	3,240	17,429	27,018	3,083	13,384

(*) The non-current receivable of Euro 3,174 thousand recognized in relation to Fratelli Prada spa represents deferred rental income upon application of “IAS 17 Leases” to the business management agreement between PRADA spa and Fratelli Prada spa.
(**) The non-current receivable of Euro 1,135 thousand recognized in relation to Progeto Prada Arte srl represents deferred rental income upon application of “IAS 17 Leases” to the temporary business partnership between PRADA spa and Progeto Prada Arte srl.
(***) The receivable of Euro 912 thousand represents the business management fee due by Fratelli Prada spa to PRADA spa for the conduct of retail business in the premises in Galleria Vittorio Emanuele II, Milan, under the business management agreement between Fratelli Prada spa and PRADA spa.
(****) The receivable of Euro 566 thousand represents the portion of rental expenses for use of the premises in Galleria Vittorio Emanuele II, Milan, by Progeto Prada Arte srl in compliance with temporary business partnership between PRADA spa and Progeto Prada Arte srl.

Statement of financial position amounts at January 31, 2014

(amounts in thousands of Euro)	Trade receivables	Receivables from and advances to parent companies and related parties – current	Receivables from and advances to parent companies and related parties – non current	Trade payables	Payables to parent companies and related parties – current	Payables to parent companies and related parties – non current
PRADA Holding bv	-	356	-	-	136	-
Other payables – other companies controlled by PRADA Holding bv	-	36	-	-	-	-
Prapar Corporation	-	-	-	-	-	-
EXHL Italia srl	-	36	-	-	-	-
Other related parties	30,333	5,601	1,487	10,727	4,758	13,247
DFS Hawaii	-	-	-	775	-	-
DFS Venture Singapore pte ltd	-	-	-	81	-	-
DFS Cotai ltd	25	-	-	1,766	-	-
DFS New Zealand ltd	-	-	-	63	-	-
F.lli Prada spa (*franchising*)	25,457	1	-	2,379	323	-
F.lli Prada spa (Galleria)(*) (***)	1,335	-	851	-	-	-
Al Tayer Travels	-	-	-	11	-	-
Al Tayer Insignia llc	18	-	-	32	4,130	-
Al Tayer Logistics	-	-	-	-	-	-
Al Tayer Motors	-	-	-	2	-	-
Al Tayer Trends	11	-	-	-	-	-
Al Tayer Group llc	-	3	-	32	-	-
Danzas llc UAE	-	-	-	-	127	-
Luna Rossa Challenge 2013 NZ ltd	1,299	-	-	-	-	-
Luna Rossa Challenge 2013 srl	164	2,008	-	154	21	-
Aati Contracs	-	-	-	-	-	-
Stiching Fondazione Prada	-	625	-	-	61	-
Stiching Prada	-	206	-	-	-	-
Progetto Prada Arte srl	-	2,492	-	-	81	-
Progetto Prada Arte srl (Galleria) (**) (****)	876	-	637	-	-	-
Gipafin sarl	-	6	-	-	-	-
Granello sa	-	166	-	-	-	-
HMP srl	-	8	-	-	-	-
Prada America's Cup srl	-	-	-	-	-	-
PRA 1 srl	983	-	-	-	-	-
Premiatasrl	94	-	-	1,951	-	-
La Mazza srl	71	-	-	511	-	-
Calzaturificio Mazza Graziano	-	-	-	61	-	-
Peschiera Immobiliare srl	-	81	-	-	-	-
Secva srl	-	-	-	2,707	-	-
PRADA Arte bv	-	-	-	-	-	-
FinReta srl				140	-	13,247
Pelletteria Reta srl				61	13	-
Other	-	5	-	1	2	-
Members of PRADA spa Board of Directors	-	-	-	143	-	
Relative of a Director of PRADA spa	-	-	-	341	-	-
Total al January 31, 2014	30,333	5,993	1,487	11,211	4,894	13,247

(*) The non-current receivable of Euro 851 thousand recognized in relation to Fratelli Prada spa represents deferred rental income upon application of "IAS 17 Leases" to the business management agreement between PRADA spa and Fratelli Prada spa.
(**) The non-current receivable of Euro 637 thousand recognized in relation to Progeto Prada Arte srl represents deferred rental income upon application of "IAS 17 Leases" to the temporary business partnership between PRADA spa and Progeto Prada Arte srl.
(***) The receivable of Euro 1,335 thousand represents the business management fee due by Fratelli Prada spa to PRADA spa for the conduct of retail business in the premises in Galleria Vittorio Emanuele II, Milan, under the business management agreement between Fratelli Prada spa and PRADA spa.

(****) The receivable of Euro 876 thousand represents the portion of rental expenses for use of the premises in Galleria Vittorio Emanuele II, Milan, by Progeto Prada Arte srl in compliance with temporary business partnership agreement between PRADA spa and Progeto Prada Arte srl

Income statement for the twelve months ended January 31, 2015

(amounts in thousands of Euro)	Net revenues	Cost of goods sold	General, admin. & selling costs (income)	Royalties income	Interest income	Interest expense
PRADA Holding spa	-	-	(129)	-	-	-
Other companies controlled by PRADA Holding spa	-	-	(6)	-	-	-
EXHL Italia	-	-	(6)	-	-	-
Other related parties	36,858	28,677	35,940	1,283	22	152
F.lli Prada spa (*franchising*)	36,848	95	(2,264)	1,116	-	-
F.lli Prada spa (Galleria) (*)	-	-	(4,645)	-	-	-
Danzas llc	-	1,272	215	-	-	-
DFS Hawaii	-	-	4,503	-	-	-
DFS New Zealand ltd	-	-	474	-	-	-
Rubaiyat Modern Lux Prod ltd	-	-	(2,172)	167	-	-
DFS Cotai ltd	-	-	8,338	-	-	-
DFS Venture Singapore pte ltd	-	-	304	-	-	-
Al Tayer Travels	-	13	431	-	-	-
Al Tayer Group llc	-	-	30	-	-	-
Al Tayer Insignia llc	-	77	268	-	-	-
Al Tayer Motors	-	-	2	-	-	-
Al Sanam Rent a Car llc	-	-	8	-	-	-
Chora srl	-	-	3,156	-	-	15
Luna Rossa Challenge 2013 NZ ltd	-	-	6	-	-	-
Luna Rossa Challenge 2013 srl	8	-	12,157	-	3	-
HMP srl	-	-	35	-	-	-
Stiching Fondazione Prada	-	-	6,700	-	-	-
Progetto Prada Arte srl	2	229	(435)	-	19	-
Progetto Prada Arte srl (*sponsorship*)	-	-	7,940	-	-	-
Progetto Prada Arte srl (Galleria) (**)	-	-	(1,517)	-	-	-
Peschiera Immobiliare srl	-	-	505	-	-	-
Premiata srl	-	5,786	-	-	-	-
La Mazza srl	-	1,715	3	-	-	-
SPELM sa	-	-	242	-	-	-
Friuli 64 srl	-	-	690	-	-	-
PRA 1 srl	-	-	797	-	-	-
LUDO srl	-	-	(3)	-	-	-
Conceria Superior spa	-	18,730	34	-	-	-
Fin_Reta srl (***)	-	531	120		-	137
Pelletteria Reta srl	-	220	9	-	-	-
Other	-	9	9	-	-	-
Relative of Director of PRADA spa	-	-	652	-	-	-
Total al January 31, 2015	36,858	28,677	36,457	1,283	22	152

(*) This amount contains non-monetary income in the form of deferred rental income of Euro 2,324 thousand recognized in relation to Fratelli Prada spa in application of "IAS 17 Leases" to the business management agreement between PRADA spa and Fratelli Prada spa

(**) This amount includes non-monetary income in the form of deferred rental income of Euro 498 thousand recognized in relation to Progetto Prada Arte srl in application of "IAS 17 Leases" to the temporary business partnership contract between PRADA spa and Progetto Prada Arte srl

(***) The interest expense represents the expense for the year as calculated with the effective interest rate applied to the discounted long-term liability agreed to establish the right of usufruct

Income statement for the twelve months ended January 31, 2014

(amounts in thousands of Euro)	Net revenues	Cost of goods sold	General, admin. & selling costs (income)	Royalties income	Interest income	Interest expense
PRADA Holding bv	-	-	(70)	-	-	-
Other companies controlled by PRADA Holding bv	-	-	(6)	-	-	-
EXHL Italia			(6)			
Other related parties	47,872	10,607	53,410	1,424	10	78
F.lli Prada spa (*franchising*)	47,986	973	(3,621)	1,424	-	-
F.lli Prada spa (Galleria) (*)	-	-	(2,186)	-	-	-
Danzas llc	-	1,133	96	-	-	-
DFS Hawaii	(1)	-	4,644	-	-	-
DFS New Zealand ltd	-	-	572	-	-	-
DFS Australia pty ltd	-	-	-	-	-	-
DFS Cotai ltd	-	-	8,533	-	-	-
DFS Venture Singapore pte ltd	-	-	504	-	-	-
Al Tayer Travels	-	3	330	-	-	-
Al Tayer Group llc	-	-	46	-	-	-
Al Tayer Insignia llc	-	78	129	-	-	-
Al Tayer Trends	-	39	146	-	-	-
Al Tayer Logistics	-	-	14	-	-	-
Al Tayer Motors	-	-	5	-	-	-
Al Sanam Rent a Car llc	-	-	13	-	-	-
Secva srl	-	-	2,734	-	-	10
Luna Rossa Challenge 2013 NZ ltd	1	(15)	30,277	-	-	-
Luna Rossa Challenge 2013 srl sl	(115)	-	2,331	-	-	-
HMP srl	-	-	242	-	2	-
Stiching Fondazione Prada	2	-	3,582	-	-	-
Progetto Prada Arte srl (*sponsorship*)	-	(32)	5,056	-	-	-
Progetto Prada Arte srl (Galleria) (**)	-	-	(1,510)	-	-	-
Peschiera Immobiliare srl	-	-	497	-	8	-
Premiata srl	-	6,222	-	-	-	-
Calzaturificio Mazza Graziano	-	-	600	-	-	-
La Mazza srl	-	1,746	3	-	-	-
Gipafin sarl	-	-	(35)	-	-	-
PRADA Arte bv	-	-	(5)	-	-	-
PRA 1 srl	-	-	354	-	-	-
Fin_Reta srl (***)	-	248	58		-	68
Pelletteria Reta srl	-	213	1	-	-	-
Other	(1)	(1)	-	-	-	-
Relative of Director of PRADA spa	-	-	734	-	-	-
Total at January 31, 2014	47,872	10,607	54,068	1,424	10	78

(*) This amount contains non-monetary income in the form of deferred rental income of Euro 851 thousand recognized in relation to Fratelli Prada spa in application of "IAS 17 Leases" to the business management agreement between PRADA spa and Fratelli Prada spa
(**) This amount includes non-monetary income in the form of deferred rental income of Euro 637 thousand recognized in relation to Progetto Prada Arte srl in application of "IAS 17 Leases" to the temporary business partnership contract between PRADA spa and Progetto Prada Arte srl
(***) The interest expense represents the expense for the year as calculated with the effective interest rate applied to the discounted long-term liability agreed to establish the right of usufruct

The above tables report information on transactions with related parties in accordance with "IAS 24 Related Party Disclosures". As stated below, some of these transactions fall within the application of the Hong Kong Stock Exchange Listing Rules.

The transactions with related party "Fratelli Prada spa – franchising" refer to transactions between the Prada Group and Fratelli Prada spa in relation to the franchising agreement regarding the Prada stores in Milan. The transactions reported for the twelve months ended January 31, 2015, fall within the scope of application of Chapter 14A of the Listing Rules as they were qualified as continuing connected transactions subject to reporting and disclosure but exempted from independent shareholders' approval requirements. As requested by the Listing Rules, comprehensive disclosure of these continuing connected transactions is contained in the PRADA spa Announcement dated January 29, 2014, while a summary update is reported in the Corporate Governance section of this 2014 Annual Report.

The transactions with related party "Fratelli Prada spa – Galleria" refer to the transactions between the Prada Group and Fratelli Prada spa in relation to the business management agreement over the use by the latter of part of the Galleria Vittorio Emanuele property in Milan to conduct retail business. The transactions reported for the twelve months ended January 31, 2015, fall within the scope of application of Chapter 14A of the Listing Rules as they were qualified as continuing connected transactions subject to reporting and disclosure but exempted from independent shareholders' approval requirements. As requested by the Listing Rules, comprehensive disclosure of these continuing connected transactions was included in the PRADA spa Announcement dated January 29, 2013, while a summary update is reported in the Corporate Governance section of this 2014 Annual Report.

The transactions with related party "Progetto Prada Arte srl - Galleria" refer to the transactions between the Prada Group and Progetto Prada Arte srl in relation to the temporary business partnership agreement regarding the use by the latter of part of the Galleria Vittorio Emanuele property in Milan to carry out cultural activities. The transactions reported for the twelve months ended January 31, 2015, fall within the scope of application of Chapter 14A of the Listing Rules as they were qualified as continuing connected transactions subject to reporting and disclosure but exempted from independent shareholders' approval requirements. As requested by the Listing Rules, comprehensive disclosure of these continuing connected transactions was included in the PRADA spa Announcement dated January 29, 2013, while a summary update is reported in the Corporate Governance section of this 2014 Annual Report.

The transactions with related party "Progetto Prada Arte srl - Sponsorship" refer to the transactions between the Prada Group and Progetto Prada Arte srl in performance of the sponsorship agreement for cultural activities to be carried out by the latter. The transactions reported for the twelve months ended January 31, 2015, fall within the scope of application of Chapter 14A of the Listing Rules as they were qualified as connected transactions subject to reporting and disclosure but exempted from independent shareholders' approval requirements. As requested by the Listing Rules, comprehensive disclosure of these continuing connected transactions was included in the PRADA spa Announcement dated February 27, 2014, while a summary update is reported in the Corporate Governance section of this 2014 Annual Report.

The transactions with related party Luna Rossa Challenge 2013 srl reported for the twelve months ended January 31, 2015, fall within the scope of application of Chapter 14A of the Listing Rules as they are 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 connected transactions was included in the PRADA spa Announcements dated February 27, 2014, while a summary update is reported in the Corporate Governance section of this 2014 Annual Report.

Unlike the "non-exempt continuing connected transactions", "non-exempt connected transactions" and the "Remuneration of the two CEO" as reported in Note 38, no other transaction reported in the Consolidated financial statements falls under the definition of "connected transaction" or "continuing connected transaction" provided by Chapter 14A of the Listing Rules or, if it does fall under the definition of "connected transaction" or “continuing connected transaction” in terms of said Chapter 14A, is exempt from reporting, disclosure and independent shareholders’ approval requirements again under Chapter 14A.

40. Commitments

Operating leases

At January 31, 2015, and January 31, 2014, operating lease commitments by maturity date were as follows:

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Within a year	406,528	321,342
After between one year and five years	1,228,000	981,601
After more than five years	850,197	874,073
Total	2,484,725	2,177,016

Operating lease commitments for the 2014 reporting period included Euro 2,398 million regarding lease agreements for retail premises (Euro 2,095 million for 2013).

The increase in operating lease commitments is mainly due to increases in countries that use currencies other than the Euro.

The amounts recorded in the income statement in relation to lease agreements for the twelve months ended January 31, 2015, and January 31, 2014, are shown below:

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Fixed minimum lease expenses	261,003	247,814
Variable lease expenses	312,011	297,550
Total	573,014	545,364

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

At January 31, 2015, and January 31, 2014, future rental income under current operating leases for properties owned by the Group was analyzed by maturity as follows:

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Within a year	13,471	13,303
After between one year and five years	50,277	49,770
After more than five years	95,427	105,094
Total	159,175	168,167

Future rental income mainly regards income from related company Fratelli Prada spa under the business management agreement between it an PRADA spa.

Finance leases

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

(amounts in thousands of Euro)	twelve months ended January 31 2015	twelve months ended January 31 2014
Land and buildings	-	7,836
Furniture and fittings	-	-
Other tangibles	23	67
Accumulated depreciation	(21)	(1,728)
Total	2	6,175

The decrease in Land and buildings held under finance leases is due to payment of the purchase option price on land and buildings previously held under a finance lease.

Other commitments

At January 31, 2015, the Group had no significant binding purchase commitments.

41. Comparative income statement and statement of financial position information

(amounts in thousands of Euro)	January 31 2015	January 31 2014	January 31 2013	January 31 2012	January 31 2011
Net revenues	3,551,696	3,587,347	3,297,219	2,555,606	2,046,651
Gross margin	2,550,579	2,648,649	2,376,541	1,828,025	1,387,888
Operating income (EBIT)	701,551	939,237	889,781	628,935	418,387
Group net income	450,730	627,785	625,681	431,929	250,819
Total assets	4,738,877	3,888,292	3,385,279	2,943,568	2,366,015
Total liabilities	1,720,730	1,186,752	1,054,787	1,112,601	1,155,877
Total Group shareholders' equity	3,000,737	2,687,554	2,320,022	1,822,743	1,204,350

42. Consolidated companies

Company	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	Production
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
Church Italia srl	EUR	51	100.00	Milan, Italy	31/01/1992	Distribution/Retail
Pellettieri d'Italia srl (*)	EUR	100	60.00	Milan, Italy	10/07/2013	Production
Marchesi Angelo srl (*)	EUR	23	80.00	Milan, Italy	10/07/2013	Service company - Patisserie
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	2,850	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
PRADA Far East bv (*)	EUR	20	100.00	Amsterdam, Netherlands	27/03/2000	Sub-holding company/ Service company / Retail
Church Denmark aps	DKK	50	100.00	Copenhagen, Denmark	13/03/2014	Retail
Church Holding UK plc (*)	GBP	78,126	100.00	Northampton, UK	22/07/1999	Sub-holding company
Church France sas	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 and 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 Rep.	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	41,000	100.00	Istanbul, Turkey	26/02/2009	Retail
PRADA Ukraine llc (*)	UAH	30,000	100.00	Kiev, Ukraine	14/10/2011	Retail
Church Netherlands bv	EUR	18	100.00	Amsterdam, Netherlands	07/07/2011	Retail
Church Ireland Retail ltd	EUR	50	100.00	Dublin, Ireland	20/11/2011	Retail

Company	Local currency	Share capital (000s of local currency)	% interest	Registered office	Date of incorporation/ establishment	Main business
Europe						
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	24,000	100.00	Geneva, Switzerland	28/09/2012	Retail
Prada Kazakhstan llp (*)	KZT	1,130,000	100.00	Almaty, Kazakhstan	24/06/2013	Retail
Kenon Limited	GBP	84,000	100.00	London, UK	07/02/2013	Real estate company
PSC sas (*)	EUR	60	60.00	Isle, France	19/08/2014	Production
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	45,138	100.00	New York, U.S.A.	18/02/1997	Real estate company
PRADA Retail Mexico, S. de R.L. de C.V.	MXN	142,058	100.00	Mexico City, Mexico	12/07/2011	Retail
PRADA Brasil Importação e Comércio de Artigos de Luxo Ltda. (*)	BRL	87,000	100.00	Sao Paulo, Brazil	12/04/2011	Retail
PRM Services S. de R.L. de C.V. (*)	MXN	7,203	100.00	Mexico City, Mexico	27/02/2014	Services
PRADA Panama sa (*)	PAB	30	100.00	Panama, Rep. di Panama	15/09/2014	Retail
PRADA Retail Aruba (*)	USD	2,012	100.00	Oranjestad, Aruba	25/09/2014	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	Kuala Lumpur, Malaysia	23/01/2002	Retail
TRS Hong Kong	HKD	500	55.00	Hong Kong	23/02/2001	Duty-free stores
PRADA Singapore Pte ltd	SGD	1,000	100.00	Singapore	31/10/1992	Retail
TRS Singapore	SGD	500	55.00	Singapore	08/08/2002	Duty-free stores
PRADA Korea ltd	KRW	8,125,000	100.00	Seoul, Korea	27/11/1995	Retail
PRADA (Thailand) co ltd	THB	372,000	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	Wellington, New Zealand	04/11/1999	Duty-free stores
PRADA Australia Pty ltd	AUD	10,500	100.00	Sydney, Au-stralia	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	274,950	100.00	Shanghai, China	31/10/2005	Retail
Church Japan co ltd	JPY	31,525	100.00	Tokyo, Japan	17/04/1992	Retail

Company	Local currency	Share capital (000s of local currency)	% interest	Registered office	Date of incorporation/ establishment	Main business
Asia-Pacific and Japan						
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 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	RMB	8,500	100.00	Dongguan, China	28/11/2012	Service company
Church Footwear (Shanghai) Co., Ltd	RMB	21.900	100.00	Shanghai, China	05/12/2012	Retail
Prada New Zealand ltd	NZD	3,500	100.00	Wellington, New Zealand	05/07/2013	Retail
PRADA India Fashion Private ltd	INR	100	100.00	Mumbai, India	30/09/2013	Retail
PRADA Vietnam Limited Liability Company	VND	10,641,570	100.00	Hanoi City, Vietnam	09/09/2014	Retail
PRADA Indonesia	IDR	3,023,844	100.00	Jakarta, Indonesia	15/10/2014	Distribution
PRADA Macau Co ltd	MOP	-	100.00	Macau	22/01/2015	Retail
Middle East						
PRADA Middle East fzco (*)	AED	18,000	60.00	Jebel Ali Free Zone, Dubai	25/05/2011	Distribution/Services
PRADA Emirates llc (**)	AED	300	49.00	Dubai	04/08/2011	Retail
Prada Kuwait wll (**)	KWD	50	49.00	Kuwait City	18/09/2012	Retail
Prada Retail SPC (*)	QAR	15,000	100.00	Doha	03/02/2013	Retail
Prada Saudi Arabia ltd (*)	AED	26,666	75.00	Jeddah	02/07/2014	Retail
Other countries						
PRADA Maroc sarlau (*)	MAD	95,000	100.00	Casablanca, Morocco	11/11/2011	Retail
PRADA Retail South Africa pty	ZAR	25,000	100.00	Sandton, South Africa	06/09/2014	Retail

(*) Company owned directly by PRADA spa
(**) Company consolidated based on definition of control per IFRS 10

Companies not included in scope of consolidation:

Company	Percentage direct interest as at January 31, 2015	Percentage direct interest as at January 31, 2014	Note	Consolidation method
PAC srl (in liquidation)	49.00	49.00	Associate	Equity method

43. Information on Non-Controlling Interests

Financial information on the Non-Controlling Interests in the Group is provided below, in accordance with IFRS 12. The values below reported are befor the consolidation adjustments.

Financial statements for the year ended January 31, 2015:

Subsidiary (amounts in thousands)	ownership	local currency	total assets	total net equity	net revenues	net result of the year	dividends not distributed to non-controlling interests
Artisans Shoes srl	67.00	EUR	36,868	9,990	75,439	3,064	510
Pellettieri d'Italia srl	60.00	EUR	490	(926)	-	(1,021)	-
TRS Hawaii llc	55.00	USD	8,748	4,994	20,514	1,073	-
TRS Hong Kong	55.00	HKD	1,067	889	-	(168)	63,000
TRS Singapore	55.00	SGD	2,795	1,818	3,929	535	900
TRS Guam Partnership	55.00	USD	7,448	5,766	16,070	1,000	1,375
TRS Saipan Partnership	55.00	USD	2,440	1,643	7,315	1,211	450
TRS New Zealand ltd	55.00	NZD	2,299	1,659	5,291	905	585
TRS Okinawa KK	55.00	JPY	713,380	383,617	1,491,121	178,948	90,000
TRS Hong Kong Branch in Macau	55.00	MOP	144,425	64,312	555,432	125,399	-
PRADA Emirates llc (*)	49.00	AED	189,768	19,652	258,920	(2,253)	-
PRADA Middle East fzco	60.00	AED	282,303	115,039	268,481	33,639	-
Prada Kuwait wll (*)	49.00	KWD	6,523	83	8,633	57	-
Marchesi Angelo srl	80.00	EUR	1,601	744	2,479	212	-
PSC sas	60.00	EUR	1,402	774	-	(426)	-

(*) Company consolidated based on definition of control per IFRS 10

Financial statements for the year ended January 31, 2014:

Subsidiary (amounts in thousands)	ownership	local currency	total assets	total net equity	net revenues	net result of the year	dividends not distributed to non-controlling interests
Artisans Shoes srl	67.00	EUR	28,698	8,459	64,571	1,532	352
Pellettieri d'Italia srl	60.00	EUR	413	(633)	1,581	(733)	-
TRS Hawaii llc	55.00	USD	8,268	3,920	21,558	1,410	-
TRS Hong Kong	55.00	HKD	1,101	1,056	-	(69)	47,672
TRS Singapore	55.00	SGD	4,168	3,282	7,286	1,445	-
TRS Guam Partnership	55.00	USD	8,839	7,266	14,386	1,939	900
TRS Saipan Partnership	55.00	USD	2,115	1,431	7,551	1,451	450
TRS New Zealand ltd	55.00	NZD	2,845	2,054	6,735	1,435	-
TRS Okinawa KK	55.00	JPY	680,707	405,613	1,232,215	122,539	67,500
TRS Hong Kong Branch in Macau	55.00	MOP	170,087	83,113	647,003	124,998	-
PRADA Emirates llc (*)	49.00	AED	199,549	21,905	272,362	5,276	-
PRADA Middle East fzco	60.00	AED	280,382	81,399	268,048	41,935	-
Prada Kuwait wll (*)	49.00	KWD	7,227	26	8,386	72	-

(*) Company consolidated based on definition of control per IFRS 10

At the date of these consolidated financial statements, there were no significant restrictions on the Group's ability to access or utilize its assets and settle its liabilities.

As described in Note 7, on March 14, 2014, the Group acquired 80% of Marchesi Angelo srl. Under agreements between the parties, the remaining 20% non-controlling interest has been recorded under the Group's equity reserves in the amount of Euro 2,5 million.

In 2011, PRADA spa and Al Tayer Insignia llc signed an agreement with the objective of developing the PRADA and MIU MIU brands in the retail business in the Middle East. The agreement gives PRADA spa a call option on up to 20% of the share capital of PRADA Middle East Fzco. At the reporting date, PRADA spa is not reasonably certain that it can estimate the likelihood that the option will be exercise and, therefore, measure the fair value of the option.

44. Events after the reporting period

Nothing significant to report.

Independent Auditors’ Report

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AUDITORS' REPORT
PURSUANT TO ART. 14 OF LEGISLATIVE DECREE No. 39
OF JANUARY 27, 2010

To the Shareholders of
PRADA S.p.A.

1. We have audited the consolidated financial statements of PRADA S.p.A. and its subsidiaries (the "PRADA Group"), which comprise the consolidated statement of financial position as of January 31, 2015, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity and the consolidated statement of cash flows for the year then ended, and the explanatory notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with Auditing Standards issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's consolidated financial statements, whose data are presented for comparative purposes, reference should be made to our auditors' report issued on April 2, 2014.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of the PRADA Group as of January 31, 2015, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

4. The directors of PRADA S.p.A. are responsible for the preparation of the report on operations in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob. In our opinion the report on operations is consistent with the consolidated financial statements of the PRADA Group as of January 31, 2015.

DELOITTE & TOUCHE S.p.A.

Stefano Marnati
Partner

Milan, Italy,
March 27, 2015