PRADA S.p.A.

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

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED JULY 31, 2013

FINANCIAL HIGHLIGHTS

- Group's net revenues were Euro 1,728.1 million, recording an increase of 11.7% compared with the six months ended July 31, 2012
- Retail net sales were Euro 1,422.5 million, up by 15.7% compared with the six months ended July 31, 2012
- the number of Directly Operated Stores (DOS) reached 491
- Retail Same Store Sales Growth (SSSG) was 7% compared with the six months ended July 31, 2012
- EBITDA was Euro 551.1 million, up by 17.4% compared with the six months ended July 31, 2012 (representing a margin of 31.9% on net revenues)
- Group's net income amounted Euro 308.2 million, an increase of 7.6% compared to Euro 286.4 million for the six months ended July 31, 2012
- Positive net financial position at Euro 195.6 million as at July 31, 2013
- Net operating cash flow for the six months ended July 31, 2013, was Euro 403.8 million

Consolidated results for the six months ended July 31, 2013

The Board of Directors (the "Board") of PRADA S.p.A. (the "Company", or "PRADA spa") is pleased to announce the unaudited Consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended July 31, 2013, together with the unaudited comparative figures for the six months ended July 31, 2012. The following financial information has been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union. The Consolidated results of the Group for the year ended January 31, 2013, have been audited by Deloitte & Touche spa.

Key financial information

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

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

Highlights for the six months ended July 31, 2013

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

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

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

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

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

Consolidated income statement for the six months ended July 31, 2013

(amounts in thousands of Euro)	Note	six months ended July 31 2013 (unaudited)	%	six months ended July 31 2012 (unaudited)	%
Net revenues	3	1,728,065	100.0%	1,547,373	100.0%
Cost of goods sold		(460,407)	-26.6%	(440,872)	-28.5%
Gross margin		1,267,658	73.4%	1,106,501	71.5%
Operating expenses	4	(809,320)	-46.8%	(711,619)	-46.0%
EBIT		458,338	26.5%	394,882	25.5%
Interest and other financial income/(expenses), net	5	(15,194)	-0.9%	(2,911)	-0.2%
Dividends received from third parties		284	-	-	-
Income before taxes		443,428	25.7%	391,971	25.3%
Taxation	6	(130,609)	-7.6%	(102,756)	-6.6%
Net income from continuing operations		312,819	18.1%	289,215	18.7%
Net income for the period		312,819	18.1%	289,215	18.7%
Net income – Non-controlling interests		4,580	0.3%	2,806	0.2%
Net income – Group		308,239	17.8%	286,409	18.5%
Depreciation, amortization and impairment		92,715	5.4%	74,491	4.8%
EBITDA		551,053	31.9%	469,373	30.3%
Basic and diluted earnings per share (in Euro per share)	7	0.120		0.112	

Consolidated income statement for the three months ended July 31, 2013

(amounts in thousands of Euro)	Note	three months ended July 31 2013 (unaudited)	%	three months ended July 31 2012 (unaudited)	%
Net revenues	3	945,771	100.0%	860,639	100.0%
Cost of goods sold		(253,971)	-26.9%	(250,564)	-29.1%
Gross margin		691,800	73.1%	610,075	70.9%
Operating expenses		(429,182)	-45.4%	(379,976)	-44.2%
EBIT		262,618	27.8%	230,099	26.7%
Interest and other financial income/(expenses), net		(9,035)	-1.0%	(4,371)	-0.5%
Income before taxes		253,583	26.8%	225,728	26.2%
Taxation		(82,652)	-8.7%	(59,800)	-6.9%
Net income from continuing operations		170,931	18.1%	165,928	19.3%
Net income for the period		170,931	18.1%	165,928	19.3%
Net income – Non-controlling interests		851	0.1%	1,238	0.1%
Net income – Group		170,080	18.0%	164,690	19.1%
Depreciation, amortization and impairment		47,609	5.0%	39,176	4.6%
EBITDA		310,227	32.8%	269,275	31.3%

Consolidated statement of financial position

(amounts in thousands of Euro)	Note	as at July 31 2013 (unaudited)	as at January 31 2013 (audited)
Assets			
Current assets			
Cash and cash equivalents		439,654	571,746
Trade receivables, net	9	317,519	304,525
Inventories, net	8	408,534	343,802
Derivative financial instruments - current		22,863	43,060
Receivables from and advance payments to parent company and other related parties	10	17,973	19,493
Other current assets	12	125,607	104,823
Total current assets		1,332,150	1,387,449
Non-current assets			
Property, plant and equipment	11	1,047,291	857,299
Intangible assets	11	879,477	878,750
Associated undertakings		16,672	23,024
Deferred tax assets		182,244	176,057
Other non-current assets	13	72,028	61,682
Derivative financial instruments - non current		198	1,018
Total non-current assets		2,197,910	1,997,830
Total Assets		3,530,060	3,385,279
Liabilities and Shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans		159,468	175,570
Payables to parent company and other related parties	14	5,018	5,599
Trade payables	15	402,921	330,613
Current tax liabilities		105,229	97,148
Derivative financial instruments - current		1,845	912
Obligations under finance leases - current		197	575
Other current liabilities	16	132,153	131,645
Total current liabilities		806,831	742,062
Non-current liabilities			
Long-term financial payables		81,124	78,830
Obligations under finance leases non-current		448	518
Post-employment benefits		57,888	45,538
Provisions for risks and charges	17	47,750	46,914
Deferred tax liabilities		45,505	55,636
Other non-current liabilities		89,054	84,905
Derivative financial instruments non-current		157	384
Total non-current liabilities		321,926	312,725
Total Liabilities		1,128,757	1,054,787
Share capital		255,882	255,882
Other reserves		1,860,837	1,480,747
Translation reserve		(36,862)	(42,288)
Net profit for the period		308,239	625,681
Shareholders' Equity – Group		2,388,096	2,320,022
Shareholders' Equity – Non-controlling interests		13,207	10,470
Total Liabilities and Shareholders' Equity		3,530,060	3,385,279

Net current assets		525,319	645,387
Total assets less current liabilities		2,723,229	2,643,217

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

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

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

Summarized statement of consolidated cash flows

(amounts in thousands of Euro)	six months ended July 31 2013 (unaudited)	six months ended July 31 2012 (unaudited)
Net cash flows from operating activities	403,764	332,191
Cash flows generated (utilized) by investing activities	(293,189)	(140,054)
Cash flows generated (utilized) by financing activities	(245,918)	(168,045)
Change in cash and cash equivalents, net of bank overdrafts	(135,343)	24,092

Statement of consolidated comprehensive income

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

Notes to the Interim results for the six months ended July 31, 2013

1. Presentation of PRADA Group

PRADA spa (the "Company"), together with its subsidiaries (jointly the "Group"), is listed on the Hong Kong Stock Exchange (HKSE code: 1913) and is one of the world leaders in the luxury goods sector where it operates with the Prada, Miu Miu, Church's and Car Shoe brands in the design, production and distribution of luxury handbags, leather goods, footwear, apparel and accessories. The Group also operates, under licensing agreements, in the eyewear, fragrances and mobile telephone sectors. Its products are sold in 70 countries worldwide through a network that included 491 Directly Operated Stores (DOS) at July 31, 2013, and a selected network of luxury department stores, independent retailers and franchise stores.

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

2. Basis of preparation

The content of this Announcement is based on the Interim condensed consolidated financial statements of the PRADA Group for the six months ended July 31, 2013. Such Interim condensed consolidated financial statements, including the "Consolidated statement of financial position", the "Consolidated income statement", the "Statement of consolidated comprehensive income", the "Summarized statement of consolidated cash flows", the "Statement of changes in consolidated shareholders' equity" and the "Notes to the Interim condensed consolidated financial statements" have been prepared in accordance with "IAS34 Interim Financial Reporting" as endorsed by the European Union.

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

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

IFRS also refers to all International Accounting Standards ("IAS") and all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretations Committee ("SIC").

The Interim condensed consolidated financial statements have been prepared using the same scope of consolidation, basis of consolidation and accounting policies adopted for the preparation of the Consolidated financial statements for the twelve months ended January 31, 2013, except for the amendments to accounting standards as reported below.

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

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

- Amendments to "IAS 1 Presentation of financial statements";
- Amendments to "IAS 19 Employee benefits";
- "IFRS 13 Fair Value Measurement";
- Amendments to "IAS 12 Income Taxes";
- Amendments to "IFRS 7 Financial Instruments: Disclosures";
- "IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine";
- Amendments to "IFRS 1 First-time Adoption of IFRS – Governments Loans";
- Annual improvements to IFRSs (2009-2011 Cycle).

On December 29, 2012, the European Union endorsed the "IFRS 10 Consolidated Financial Statements", the "IFRS 11 Joint Arrangements", the "IFRS 12 Disclosure of Interests in Other Entities", the Amendments to "IAS 28 Investment in Associates and Joint Ventures" and the Amendments to "IAS 27 Separate Financial Statements" that, according to IASB, are effective from January 1, 2013, but, because of the timing of the endorsement process in the European Union, are applicable to the PRADA Group from February 1, 2014. The early adoption of these new IFRS and amendments would not have had any significant impact on the Consolidated financial information of the Prada Group for the six months ended July 31, 2013.

3. Operating segment

Net revenues analysis

Net revenues for the six months ended July 31, 2013

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

Net revenues analysis for the three months ended July 31, 2013

(amounts in thousands of Euro)	three months ended July 31 2013 (unaudited)		three months ended July 31 2012 (unaudited)		% change
Net sales by geographical area					
Italy	167,168	17.9%	149,261	17.5%	12.0%
Europe	215,975	23.1%	200,831	23.6%	7.5%
Americas	137,432	14.7%	127,536	15.0%	7.8%
Asia Pacific	312,000	33.4%	279,698	32.8%	11.5%
Japan (including Hawaii)	80,417	8.6%	83,916	9.9%	-4.2%
Middle East	20,456	2.2%	8,836	1.0%	131.5%
Other countries	1,565	0.1%	1,332	0.2%	17.5%
Total	935,013	100.0%	851,410	100.0%	9.8%
Net sales by brand					
Prada	771,224	82.5%	691,894	81.3%	11.5%
Miu Miu	143,291	15.3%	138,633	16.3%	3.4%
Church's	15,910	1.7%	14,706	1.7%	8.2%
Car Shoe	3,818	0.4%	5,040	0.6%	-24.3%
Other	770	0.1%	1,137	0.1%	-32.2%
Total	935,013	100.0%	851,410	100.0%	9.8%
Net sales by product line					
Clothing	140,772	15.1%	134,840	15.8%	4.4%
Leather goods	617,993	66.1%	525,803	61.8%	17.5%
Footwear	164,176	17.5%	180,596	21.2%	-9.1%
Other	12,072	1.3%	10,171	1.2%	18.7%
Total	935,013	100.0%	851,410	100.0%	9.8%
Net sales by distribution channel					
DOS	743,751	79.5%	660,314	77.6%	12.6%
Independent customers and franchises	191,262	20.5%	191,096	22.4%	0.1%
Total	935,013	100.0%	851,410	100.0%	9.8%
Net sales	935,013	98.9%	851,410	98.9%	9.8%
Royalties	10,758	1.1%	9,229	1.1%	16.6%
Total net revenues	945,771	100.0%	860,639	100.0%	9.9%

Number of stores

	as at July 31 2013		as at January 31 2013		as at July 31 2012	
	DOS	franchises	DOS	franchises	DOS	franchises
Prada	301	23	283	19	263	19
Miu Miu	133	7	126	6	102	6
Church's	49	-	45	-	43	-
Car Shoe	8	-	7	-	6	-
Total	491	30	461	25	414	25

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

4. Operating Expenses

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

5. Interest and other financial expenses, net

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

6. Taxation

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

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

7. Earnings and dividends per share

Earnings per share

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

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

Dividends per share

During the period ended July 31, 2013, the Company distributed dividends for Euro 230,294,160, as approved by the Annual General Meeting held on May 23, 2013, to approve the financial statements for the year ended January 31, 2013. The payment was arranged on June 2013, net of the Italian withholding tax payable (Euro 9.2 million), as arising from the application to the whole amount of dividends payable to beneficial owners of the Company shares held through the Hong Kong Central Clearing and Settlement System of the Italian ordinary withholding tax rate for dividends paid to non-Italian residents.

During the period ended January 31, 2013, the Company distributed dividends of Euro 127,941,200, as approved by the Annual General Meeting held on May 22, 2012, to approve the financial statements for the year ended January 31, 2012. The payment of the dividends and the related Italian withholding tax payable, arising from the application of the Italian ordinary withholding tax rate to the whole amount of dividends paid to beneficial owners of the

Company shares held through the Hong Kong Central Clearing and Settlement System, was completed by January 31, 2013.

8. Inventories, net

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

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

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

9. Trade receivables, net

Trade receivables are detailed as follows:

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

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

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

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

Movements during the period may be analyzed as follows:

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

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

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

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

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

(amounts in thousands of Euro)	as at July 31 2013 unaudited	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	≥ 120
Trade receivables less allowance for doubtful accounts	317,519	283,305	17,060	6,635	2,406	4,558	3,555
Total	317,519	283,305	17,060	6,635	2,406	4,558	3,555

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

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

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

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

Advance payments included Euro 11 million of advance payments made to Luna Rossa Challenge NZ ltd and Luna Rossa Challenge srl in accordance with the contracts signed with subsidiary PRADA sa for sponsorship of the Luna Rossa yacht in relation to its participation on the XXXIV edition of the America's Cup. The remaining Euro 2.8 million mainly consisted of advances paid to Progetto Prada Arte srl and Stichting Fondazione Prada, in accordance with the signed agreements, for cultural initiatives to be undertaken in the future.

11. Capital expenditure

Changes in the net book value of "Property, plant and equipment" in the period ended July 31, 2013, are as follows:

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

Changes in the net book value of “Intangible assets” in the period ended July 31, 2013, are as follows:

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

12. Other current assets

Other current assets are detailed as follows:

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

13. Other non-current assets

Other non-current assets are detailed as follows:

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

14. Payables to parent company and other related parties

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

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

15. Trade payables

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

The increase in Trade payables was due to the growth of the business in general. The following table summarizes trade payables by maturity date.

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

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

16. Other current liabilities

Other current liabilities are detailed as follows:

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

17. Provisions for risks and charges

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

(amounts in thousands of Euro)	Provision for litigation	Provision for tax disputes	Other provisions	Total
Balance at January 31, 2013 (audited)	1,775	27,467	17,672	46,914
Exchange differences	7	(259)	(272)	(524)
Reversals	(8)	-	-	(8)
Uses	(22)	(118)	(317)	(457)
Increases	29	188	1,608	1,825
Balance at July 31, 2013 (unaudited)	1,781	27,278	18,691	47,750

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

Management Discussion and Analysis for the three months period ended July 31, 2013

Net revenues

In the three months ended July 31, 2013, the Group's consolidated net revenues totaled Euro 945.8 million and advanced 9.9% over Euro 860.6 million recorded in the three months period ended July 31, 2012 (+14.5% at constant exchange rates). The progress in sales was substantially achieved thanks to:

- the expansion of the retail channel which contributed 79.5% of total net sales and, totaling Euro 743.8 million, recorded a growth of 12.6% compared to the results reported in the three months ended July 31, 2012 (+18.3% at constant exchange rates);
- the Prada brand that, contributing 82.5% of total net sales, posted a 11.5% rise compared to the three months ended July 31, 2012 (+16% at constant exchange rates);
- the performances achieved by the leather goods product category (+17.5% as reported and +23% at constant exchange rates over the results scored in the same quarter of 2012) in all markets.

A net of 29 new shops (34 openings, 5 closures) were opened during the three months period ended July 31, 2013.

Operating results

In the three months ended July 31, 2013, the consolidated EBITDA amounted to Euro 310.2 million, up by 15.2% over Euro 269.3 million posted in the three months ended July 31, 2012. As a percentage on net revenues, the EBITDA raised from 31.3% to 32.8%. The improvement was largely achieved at gross margin level.

In the period under analysis, the Group's net result totaled Euro 170.1 million, up by 3.3% compared to the result reported in the three months ended July 31, 2012. As a percentage on net revenues it decreased from 19.1% to 18% mainly because of the higher interest and other financial expense and the higher effective tax rate.

Management Discussion and Analysis for the six months period ended July 31, 2013

Net revenues

Consolidated net revenues for the six months ended July 31, 2013, amounted to Euro 1,728.1 million, 11.7% higher than the Euro 1,547.4 million recorded in the same period of 2012. At constant exchange rates, the increase was 14.8%.

Distribution channels

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

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

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

Markets

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

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

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

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

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

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

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

Products

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

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

Footwear contributed net sales of Euro 282.4 million in the six months ended July 31, 2013, down by 10.4% as reported (-8.4% at constant exchange rates) compared to Euro 315.3 million achieved in the same period of last year. This category particularly suffered for the shrinkage of the wholesale business except for the Miu Miu shoes that managed to grow double-digit at constant exchange rates in this first half of the year compared to the same period of 2012.

Brands

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

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

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

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

Royalties

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

Operating results

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

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

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

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

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

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

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

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

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

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

Net invested capital

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

(amounts in thousands of Euro)	as at July 31 2013 (unaudited)	as at January 31 2013 (audited)
Non-current assets (excluding deferred tax assets)	2,015,666	1,821,773
Trade receivables, net	317,519	304,525
Inventories, net	408,534	343,802
Trade payables	(402,921)	(330,613)
Net operating working capital	323,132	317,714
Other current assets (excluding financial position items)	165,028	165,962
Other current liabilities (excluding financial position items)	(240,039)	(230,285)
Other current assets/(liabilities), net	(75,011)	(64,323)
Provisions for risks	(47,750)	(46,914)
Post-employment benefits	(57,888)	(45,538)
Other long-term liabilities	(89,211)	(85,289)
Deferred taxation, net	136,739	120,421
Other non-current assets/(liabilities), net	(58,110)	(57,320)
Net invested capital	2,205,677	2,017,844
Shareholders' equity – Group	(2,388,096)	(2,320,022)
Shareholders' equity – Non Controlling Interests	(13,207)	(10,470)
Total consolidated Shareholders' equity	(2,401,303)	(2,330,492)
Long term financial payables	(81,572)	(79,348)
Short term financial , net surplus/(deficit)	277,199	391,996
Payable for withholding on dividends	(1)	-
Net financial position surplus/(deficit)	195,626	312,648
Shareholders' equity and Net financial position	(2,205,677)	(2,017,844)

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

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

Net financial position

(amounts in thousands of Euro)	as at July 31 2013 (unaudited)	as at January 31 2013 (audited)
Long term debt	(81,124)	(78,830)
Obligations under finance leases	(448)	(518)
Long term financial payables	(81,572)	(79,348)
Bank overdraft and short term loans	(159,468)	(175,570)
Payables to related parties	(4,205)	(5,018)
Receivables from related parties	1,415	1,413
Obligations under finance leases	(197)	(575)
Cash and cash equivalents	439,654	571,746
Short term net financial surplus/(deficit)	277,199	391,996
Net financial position surplus/(deficit)	195,627	312,648
Payable for withholding on dividends	(1)	-
Net financial position surplus/(deficit), including payable for withholding on dividends	195,626	312,648
NFP/EBITDA	n.a.	n.a.

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

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

On the long-term side the subsidiary PRADA Japan co ltd entered into a syndicate loan agreement with a pool of Japanese banks for a total amount of Japanese Yen 6 billion, drawn at July 31, 2013, for some Japanese Yen 3.3 billion, or Euro 25.5 million.

Analysis of Capital expenditure

The Group's capital expenditure for the period was allocated as follows: Euro 250.2 million in the retail area, Euro 11.9 million in the production and logistics area and Euro 30.9 million in the corporate area. It is worth highlighting that the spending in the retail area included the purchase of two prestigious retail locations: one in London, in Old Bond street, and one in St. Petersburg.

Outlook for the second half of 2013

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

Corporate governance practices

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

Compliance with the Code

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with all the applicable code provisions set out in the Code throughout the six months ended July 31, 2013.

The Board

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

The Board has established the following committees:

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

Audit Committee

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules. The Audit Committee consists of three independent non-executive directors, namely, Mr. Gian Franco Oliviero Mattei (Chairman), Mr. Giancarlo Forestieri and Mr. Sing Cheong Liu. The primary duties of the Audit Committee are to review and supervise our financial reporting process and internal controls. The Audit Committee has held four meetings on April 3, 2013, May 23, 2013, June 11, 2013, and September 17, 2013, with attendance rate of 91.7% to discuss the auditing and internal controls activities, to propose the appointment of the external Auditor, to review the audited separate and consolidated financial statements of the Company for the year ended January 31, 2013, the unaudited consolidated quarterly financial statements of the Company for the three months ended April 30, 2013, and the unaudited consolidated interim financial statements of the Company for the six months ended July 31, 2013, before recommending to the Board for approval.

Remuneration Committee

The Company has established a Remuneration Committee in compliance with the Code. According to its terms of reference, the primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and the establishment of a formal and transparent procedure for developing policy on such remuneration. The Remuneration Committee consists of two independent non-executive directors, Mr. Gian Franco Oliviero Mattei (Chairman) and Mr. Giancarlo Forestieri and one non-executive director, Mr. Marco Salomoni. The Remuneration Committee has held one meeting on April 3, 2013, with an attendance rate of 100% to discuss the implementation of the long-term incentive plan connected to the Group's results and its application to certain strategic consultants of the Company.

Nomination Committee

The Company has established a Nomination Committee in compliance with the Code. According to its terms of reference, the primary duties of the Nomination Committee are to make recommendations to the Board on the structure, size and composition of the Board itself, on the selection of new Directors and on the succession plans for Directors. The Nomination Committee consists of two independent non-executive directors, Mr. Gian Franco Oliviero Mattei (Chairman) and Mr. Sing Cheong Liu and one non-executive director, Mr. Marco Salomoni. The Nomination Committee has held two meetings on April 3, 2013, and September 17, 2013, with attendance rate of 100% to review the adequacy of the structure and composition of the Board, to perform the annual review of the independence of the independent non-executive directors and to propose to the Board the adoption of the Board diversity policy.

Supervisory Body

In compliance with Italian Legislative Decree 231 of June 8, 2001 (the "Decree"), the Company has established a Supervisory Body whose primary duty is to ensure the functioning, effectiveness and enforcement of the Company's Model of Organization, adopted by the Company pursuant to the Decree. The Supervisory Body consists of three members appointed by the Board selected among qualified and experienced individuals, including non-executive director, qualified auditors, executives or external individuals. The Supervisory Body consists of Mr. David Terracina (Chairman), Mr. Franco Bertoli and Mr. Gian Franco Oliviero Mattei (who replaced Mr. Marco Salomoni on June 11, 2013).

Board of Statutory Auditors

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

Dividends

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

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

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

Directors' Securities Transactions

The Company has adopted written procedures governing Directors' securities transactions in compliance with on terms no less than the standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written procedures. Specific written confirmations have been obtained from each Director to confirm compliance with the Model Code for the six months ended July 31, 2013. There was no incident of non-compliance during the six months ended July 31, 2013.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended July 31, 2013.

Publication of Interim Results Announcement and Interim Report

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

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

Milan (Italy), September 17, 2013

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