PRADA spa
(Stock Code: 1913)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED JULY 31, 2014

- Net revenues were Euro 1,751.3 million, recording an increase of 1.3% compared with the six months ended July 31, 2013 (+4.5% at constant exchange rates)
- Retail net sales were Euro 1,442.2 million, up by 1.4% compared with the six months ended July 31, 2013 (+5.1% at constant exchange rates)
- EBITDA was Euro 492.8 million, representing a margin of 28.1% on net revenues (31.9% in the six months ended July 31, 2013)
- Group's net income amounted to Euro 244.8 million, compared to Euro 308.2 million for the six months ended July 31, 2013
- Net financial position standing slightly negative at Euro 1.4 million as at July 31, 2014
- Net operating cash flow for the six months ended July 31, 2014, was Euro 209.2 million

Consolidated results for the six months ended July 31, 2014

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, 2014, together with the unaudited comparative figures for the six months ended July 31, 2013. 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, 2014, have been audited by Deloitte & Touche spa.

Key financial information

Key information from the Income statement (amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)	twelve months ended Jan 31 2014 (audited)	Six months ended July 31 2013 (unaudited)	% change vs July 31 2013
Net revenues	1,751,315	3,587,347	1,728,065	1.3%
EBITDA	492,835	1,143,186	551,053	-10.6%
EBITDA %	28.1%	31.9%	31.9%	-
EBIT	373,158	939,237	458,338	-18.6%
EBIT %	21.3%	26.2%	26.5%	-
Income before tax	364,121	922,896	443,428	-17.9%
Net income of the Group	244,848	627,785	308,239	-20.6%
Earnings per share (Euro)	0.096	0.245	0.120	-20.6%
Capital expenditure	289,616	611,227	293,031	-
Net operating cash flows	209,186	769,436	403,764	-48.2%
Average number of employees	11,824	10,816	10,364	14.1%

Key information from the Statement of financial position (amounts in thousands of Euro)	as at July 31 2014 (unaudited)	as at Jan 31 2014 (audited)	as at July 31 2013 (unaudited)	change vs Jan 31 2014
Net operating working capital	510,217	409,774	323,132	100,443
Net invested capital	2,683,766	2,405,650	2,205,677	278,116
Net financial position surplus/(deficit)	(1,366)	295,890	195,626	(297,256)
Group shareholders' equity	2,666,923	2,687,554	2,388,096	(20,631)

Highlights for the six months ended July 31, 2014

During the first half of the year the PRADA Group continued to pursue its long-term growth strategy investing in its brands' equity. Despite a difficult political and macroeconomic environment, and a general unfavorable exchange rate situation, the Group kept strengthening its retail network to further extend its global reach. At the same time, in order to limit margin pressure, several measures to increase efficiency have been taken at all operational levels.

The consolidated net revenues amounted to Euro 1,751.3 million, slightly up by 1.3% compared to Euro 1,728.1 million achieved in the same six months period of 2013. At constant exchange rates the growth was 4.5%.

The EBITDA for the six months ended July 31, 2014, totaled Euro 492.8 million, down compared to the EBITDA of Euro 551.1 million achieved in the first half of 2013. The dilution recorded at gross margin level, mainly due to the negative impact of the exchange rate fluctuations, coupled with the higher incidence of the selling expenses following the retail expansion, generated the reduction in the EBITDA margin which went down from 31.9% on net revenues in the six months ended July 31, 2013, to 28.1%.

In this first half of 2014, the Group's net result amounted to Euro 244.8 million, or 14% as a percentage of net revenues. In the same period of last year, the Group's net result totaled Euro 308.2 million, 17.8% on revenues.

The capital expenditure for the period amounted to Euro 289.6 million and was mainly focused to enlarge, renovate and strengthen the retail network worldwide, but it also included the significant investment of Euro 61.5 million for the acquisition of the Milan buildings where the Group operates its corporate headquarter.

At July 31, 2014, the Group's net financial position was slightly negative for Euro 1.4 million, decreasing from Euro 295.9 million at January 31, 2014, after the capital expenditure for the period and the payment of the dividends to the PRADA spa shareholders for Euro 281.5 million.

Consolidated income statement for the six months ended July 31, 2014

(amounts in thousands of Euro)	Note	six months ended July 31 2014 (unaudited)	%	six months ended July 31 2013 (unaudited)	% on Net revenues
Net revenues	3	1,751,315	100.0%	1,728,065	100.0%
Cost of goods sold		(493,715)	-28.2%	(460,407)	-26.6%
Gross margin		1,257,600	71.8%	1,267,658	73.4%
Operating expenses	4	(884,442)	-50.5%	(809,320)	-46.8%
EBIT		373,158	21.3%	458,338	26.5%
Interest and other financial income/(expenses), net	5	(9,492)	-0.5%	(15,194)	-0.9%
Dividends received from third parties		455	-	284	-
Income before taxes		364,121	20.8%	443,428	25.7%
Taxation	6	(113,075)	-6.5%	(130,609)	-7.6%
Net income from continuing operations		251,046	14.3%	312,819	18.1%
Net income for the period		251,046	14.3%	312,819	18.1%
Net income – Non-controlling interests		6,198	0.3%	4,580	0.3%
Net income – Group		244,848	14.0%	308,239	17.8%
Depreciation, amortization and impairment		119,677	6.8%	92,715	5.4%
EBITDA		492,835	28.1%	551,053	31.9%
Basic and diluted earnings per share (in Euro per share)	7	0.096		0.120	

Consolidated income statement for the three months ended July 31, 2014

(amounts in thousands of Euro)	Note	three months ended July 31 2014 (unaudited)	%	three months ended July 31 2013 (unaudited)	%
Net revenues	3	973,575	100.0%	945,771	100.0%
Cost of goods sold		(291,471)	-29.9%	(253,971)	-26.9%
Gross margin		682,104	70.1%	691,800	73.1%
Operating expenses		(465,288)	-47.8%	(429,182)	-45.4%
EBIT		216,816	22.3%	262,618	27.8%
Interest and other financial income/(expenses), net		(3,452)	-0.4%	(9,035)	-1.0%
Income before taxes		213,364	21.9%	253,583	26.8%
Taxation		(71,743)	-7.4%	(82,652)	-8.7%
Net income from continuing operations		141,621	14.5%	170,931	18.1%
Net income for the period		141,621	14.5%	170,931	18.1%
Net income – Non-controlling interests		2,104	0.2%	851	0.1%
Net income – Group		139,517	14.3%	170,080	18.0%
Depreciation, amortization and impairment		62,072	6.4%	47,609	5.0%
EBITDA		278,888	28.7%	310,227	32.8%

Consolidated statement of financial position

(amounts in thousands of Euro)	Note	as at July 31 2014 (unaudited)	as at January 31 2014 (audited)
Assets			
Current assets			
Cash and cash equivalents		510,591	568,414
Trade receivables, net	9	373,848	308,405
Inventories, net	8	539,042	449,903
Derivative financial instruments - current		2,754	13,984
Receivables from, and advance payments to, parent company and other related parties - current	10	3,820	5,993
Other current assets	12	151,004	114,897
Total current assets		1,581,059	1,461,596
Non-current assets			
Property, plant and equipment	11	1,366,552	1,230,192
Intangible assets	11	947,075	901,289
Associated undertakings		27,228	21,186
Deferred tax assets		212,958	201,245
Other non-current assets	13	74,208	69,867
Derivative financial instruments non-current		856	1,430
Receivables from, and advance payments to, parent company and other related parties – non-current	10	11,634	1,487
Total non-current assets		2,640,511	2,426,696
Total Assets		4,221,570	3,888,292
Liabilities and Shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans		242,061	61,909
Payables to parent company and other related parties - current	14	4,697	4,894
Trade payables	15	402,673	348,534
Current tax liabilities		119,534	132,145
Derivative financial instruments - current		11,993	3,803
Obligations under finance leases - current		437	524
Other current liabilities	16	203,764	154,666
Total current liabilities		985,159	706,475
Non-current liabilities			
Long-term financial payables		265,965	207,950
Obligations under finance leases non-current		7	19
Post-employment benefits		68,760	63,279
Provision for risks and charges	17	56,229	52,660
Deferred tax liabilities		40,466	42,671
Other non-current liabilities		108,444	98,982
Derivative financial instruments non-current		825	1,469
Payables to parent company and other related parties – non-current	14	13,315	13,247
Total non-current liabilities		554,011	480,277
Total Liabilities		1,539,170	1,186,752
Share capital		255,882	255,882
Other reserves		2,192,938	1,853,325
Translation reserve		(26,745)	(49,438)
Net profit for the period		244,848	627,785
Total Shareholders' equity – Group		2,666,923	2,687,554
Shareholders' equity – Non-controlling interests		15,477	13,986
Total Liabilities and Shareholders' equity		4,221,570	3,888,292

Net current assets		595,900	755,121
Total assets less current liabilities		3,236,411	3,181,817

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, 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 six months (recyclable to P&L)	-	-	-	5,426	(10,225)	-	(4,764)	-	308,239	298,676	4,608	303,284
Comprehensive income for the six months (not recyclable 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
Dividends	-	-	-	-	-	-	-	-	-	-	(4,753)	(4,753)
Capital injection in subsidiaries	-	-	-	-	-	-	-	-	-	-	30	30
Comprehensive income for the six months (recyclable to P&L)	-	-	-	(12,576)	(6,224)	-	3,386	-	319,546	304,132	5,502	309,634
Comprehensive income for the six months (not recyclable to P&L)	-	-	-	-	-	(4,674)	-	-	-	(4,674)	-	(4,674)
Balance at January 31, 2014 (audited)	2,558,824,000	255,882	410,047	(49,438)	3,699	(11,452)	4,108	1,446,923	627,785	2,687,554	13,986	2,701,540
Allocation of 2013 net profit	-	-	-	-	-	-	-	627,785	(627,785)	-	-	-
Dividends	-	-	-	-	-	-	-	(281,471)	-	(281,471)	(6,763)	(288,234)
Acquisition of Marchesi Angelo srl	-	-	-	-	-	-	-	(2,459)	-	(2,459)	107	(2,352)
Capital injection in subsidiaries	-	-	-	-	-	-	-	-	-	-	1,589	1,589
Comprehensive income for the six months (recyclable to P&L)	-	-	-	22,693	(6,844)	-	4,531	-	244,848	265,228	6,558	271,786
Comprehensive income for the six months (not recyclable to P&L)	-	-	-	-	-	(1,929)	-	-	-	(1,929)	-	(1,929)
Balance at July 31, 2014 (unaudited)	2,558,824,000	255,882	410,047	(26,745)	(3,145)	(13,381)	8,639	1,790,778	244,848	2,666,923	15,477	2,682,400

Condensed statement of consolidated cash flows

(amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)	six months ended July 31 2013 (unaudited)
Net cash flows from operating activities	209,186	403,764
Cash flows generated/(utilized) by investing activities	(227,670)	(293,189)
Cash flows generated/(utilized) by financing activities	(62,839)	(245,918)
Change in cash and cash equivalents, net of bank overdrafts	(81,323)	(135,343)

Statement of consolidated comprehensive income

(amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)	twelve months ended January 31 2014 (audited)	six months ended July 31 2013 (unaudited)
Net income for the period – Consolidated	251,046	637,805	312,819
A) Items recyclable to P&L:			
Change in Translation reserve	23,053	(7,057)	5,454
Tax impact	-	-	-
Change in Translation reserve less tax impact	23,053	(7,057)	5,454
Change in Cash Flow Hedge reserve	(9,279)	(22,755)	(14,099)
Tax impact	2,435	6,306	3,874
Change in Cash Flow Hedge reserve less tax impact	(6,844)	(16,449)	(10,225)
Change in Fair Value reserve	6,041	(1,837)	(6,352)
Tax impact	(1,510)	459	1,588
Change in Fair Value reserve less tax impact	4,531	(1,378)	(4,764)
B) Item not recyclable to P&L:			
Change in Actuarial reserve	(2,033)	(6,403)	(385)
Tax impact	104	1,418	77
Change in Actuarial reserve less tax impact	(1,929)	(4,985)	(308)
Consolidated comprehensive income for the period	269,857	607,936	302,976
Comprehensive income for the period – Non-controlling Interests	6,558	10,110	4,608
Comprehensive income for the period – Group	263,299	597,826	298,368

Notes to the Interim results for the six months ended July 31, 2014

1. Presentation of PRADA Group

PRADA spa (the "Company"), together with its subsidiaries (jointly the "Group"), is listed on the Hong Kong Stock Exchange (stock code: 1913). It is one of the world leaders in the luxury goods sector where it operates with the Prada, Miu Miu, Church's and Car Shoe brands in the design, production and distribution of luxury handbags, leather goods, footwear, apparel and accessories. The Group also operates, under licensing agreements, in the eyewear and fragrances sectors. Its products are sold in 70 countries worldwide through a network that included 566 Directly Operated Stores (DOS) at July 31, 2014, 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 Antonio Fogazzaro 28, Milan, Italy.

2. Basis of preparation

The consolidated financial information for the six months ended July 31, 2014, included in this Announcement refers to the Group of companies controlled by PRADA spa (the "Company"), holding company of the PRADA Group (the "Group"), and is based on its Interim condensed consolidated financial statements. Such Interim results were prepared on a consistent basis compared to the Consolidated financial statements of the Group for the twelve months ended January 31, 2014, with the exception of the new and revised IFRS issued by the IASB and endorsed by the European Union that are effective for the PRADA Group starting from February 1, 2014. Such new and revised IFRS did not have a significant impact on the Interim condensed consolidated financial statements.

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

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 amendments to 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";
- Amendments to "IAS 36 Impairment of Assets";
- Amendments to "IAS 39 Financial Instruments: Recognition and Measurement";
- "Investment Entities", meant as a group of amendments to IFRS 10, IFRS 12 and IAS 27;

- Transition Guidance (amendments to IFRS 10, IFRS 11 and IFRS 12);
- “IFRS 10 Consolidated Financial Statements”;
- “IFRS 11 Joint Arrangements”;
- “IFRS 12 Disclosure of Interests in Other Entities”;
- Amendments to “IAS 28 Investment in Associates and Joint Ventures”;
- Amendments to “IAS 27 Separate Financial Statements”;
- Amendments to “IAS 32 Financial Instruments: Presentation”.

3. Net revenues analysis

Net revenues for the six months ended July 31, 2014

(amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)		six months ended July 31 2013 (unaudited)		% change
Net sales by geographical area					
Italy	286,808	16.6%	268,531	15.7%	6.8%
Europe	361,539	20.9%	374,300	21.9%	-3.4%
Americas	233,452	13.5%	231,587	13.6%	0.8%
Asia Pacific	619,221	35.8%	627,564	36.8%	-1.3%
Japan	175,262	10.1%	159,449	9.3%	9.9%
Middle East	51,930	3.0%	43,287	2.5%	20.0%
Other countries	2,688	0.1%	2,866	0.2%	-6.2%
Total	1,730,900	100.0%	1,707,584	100.0%	1.4%
Net sales by brand					
Prada	1,431,114	82.7%	1,410,062	82.6%	1.5%
Miu Miu	256,031	14.8%	255,950	15.0%	0.0%
Church's	35,560	2.0%	32,673	1.9%	8.8%
Car Shoe	6,516	0.4%	7,551	0.4%	-13.7%
Other	1,679	0.1%	1,348	0.1%	24.6%
Total	1,730,900	100.0%	1,707,584	100.0%	1.4%
Net sales by product line					
Clothing	275,779	15.9%	248,817	14.6%	10.8%
Leather goods	1,110,715	64.2%	1,156,369	67.7%	-3.9%
Footwear	314,423	18.2%	282,396	16.5%	11.3%
Other	29,983	1.7%	20,002	1.2%	49.9%
Total	1,730,900	100.0%	1,707,584	100.0%	1.4%
Net sales by distribution channel					
DOS	1,442,161	83.3%	1,422,460	83.3%	1.4%
Independent customers and franchises	288,739	16.7%	285,124	16.7%	1.3%
Total	1,730,900	100.0%	1,707,584	100.0%	1.4%
Net sales	1,730,900	98.8%	1,707,584	98.8%	1.4%
Royalties	20,415	1.2%	20,481	1.2%	-0.3%
Total net revenues	1,751,315	100.0%	1,728,065	100.0%	1.3%

Net revenues analysis for the three months ended July 31, 2014

(amounts in thousands of Euro)	three months ended July 31 2014 (unaudited)		three months ended July 31 2013 (unaudited)		% change
Net sales by geographical area					
Italy	189,855	19.7%	167,168	17.9%	13.6%
Europe	209,778	21.8%	215,975	23.1%	-2.9%
Americas	139,981	14.6%	137,432	14.7%	1.9%
Asia Pacific	311,853	32.4%	312,000	33.4%	0.0%
Japan (including Hawaii)	82,874	8.6%	80,417	8.6%	3.1%
Middle East	26,313	2.7%	20,456	2.2%	28.6%
Other countries	1,795	0.2%	1,565	0.1%	14.7%
Total	962,449	100.0%	935,013	100.0%	2.9%
Net sales by brand					
Prada	790,194	82.1%	771,224	82.5%	2.5%
Miu Miu	148,845	15.5%	143,291	15.3%	3.9%
Church's	18,369	1.9%	15,910	1.7%	15.5%
Car Shoe	3,852	0.4%	3,818	0.4%	0.9%
Other	1,189	0.1%	770	0.1%	54.4%
Total	962,449	100.0%	935,013	100.0%	2.9%
Net sales by product line					
Clothing	157,093	16.3%	140,772	15.1%	11.6%
Leather goods	593,568	61.7%	617,678	66.1%	-3.9%
Footwear	194,260	20.2%	164,176	17.5%	18.3%
Other	17,528	1.8%	12,387	1.3%	41.5%
Total	962,449	100.0%	935,013	100.0%	2.9%
Net sales by distribution channel					
DOS	744,350	77.3%	743,751	79.5%	0.1%
Independent customers and franchises	218,099	22.7%	191,262	20.5%	14.0%
Total	962,449	100.0%	935,013	100.0%	2.9%
Net sales	962,449	98.9%	935,013	98.9%	2.9%
Royalties	11,126	1.1%	10,758	1.1%	3.4%
Total net revenues	973,575	100.0%	945,771	100.0%	2.9%

Number of stores

	as at July 31 2014		as at January 31 2014		as at July 31 2013	
	DOS	franchises	DOS	franchises	DOS	franchises
Prada	342	27	330	24	301	23
Miu Miu	162	7	150	8	133	7
Church's	54	-	52	-	49	-
Car Shoe	8	-	8	-	8	-
Total	566	34	540	32	491	30

	as at July 31 2014		as at January 31 2014		as at July 31 2013	
	DOS	franchises	DOS	franchises	DOS	franchises
Italy	52	6	51	6	50	6
Europe	159	4	150	6	138	6
Americas	100	-	91	-	75	-
Asia Pacific	164	21	157	20	142	18
Japan	71	-	72	-	70	-
Middle East	17	3	16	-	13	-
Africa	3	-	3	-	3	-
Total	566	34	540	32	491	30

4. Operative expenses

(amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)	% on net revenues	six months ended July 31 2013 (unaudited)	% on net revenues
Product design and development costs	69,686	4.0%	66,405	3.8%
Advertising and communication costs	76,535	4.4%	82,053	4.7%
Selling costs	639,366	36.5%	563,954	32.6%
General and administrative costs	98,855	5.6%	96,908	5.6%
Total	884,442	50.5%	809,320	46.8%

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

(amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)	six months ended July 31 2013 (unaudited)
Interests expenses on borrowings	(6,020)	(4,402)
Interest expenses IAS 19	(101)	(125)
Interest income	1,713	2,035
Exchange gains /(losses) – realized	3,031	(4,148)
Exchange gains/(losses) – unrealized	(6,707)	(6,248)
Other financial income/(expenses)	(1,408)	(2,306)
Total	(9,492)	(15,194)

6. Taxation

(amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)	six months ended July 31 2013 (unaudited)
Current taxation	123,157	143,557
Deferred taxation	(10,082)	(12,948)
Income taxes	113,075	130,609

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 2014 (unaudited)	six months ended July 31 2013 (unaudited)
Group net income in Euro	244,847,587	308,238,604
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	0.096	0.120

Dividends per share

During the six months ended July 31, 2014, the Company distributed dividends of Euro 281,470,640 (or Euro 11 cents per share), 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 payable (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 July 31, 2014.

During the year ended January 31, 2014, the Company distributed dividends of Euro 230,294,160 (or Euro 9 cents per share) as approved by the Shareholders' Meeting held on May 23, 2013, to approve the financial statements for the year ended January 31, 2013. The payment of the dividends and the related Italian withholding tax payable (Euro 9.2 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 July 31, 2013.

8. Inventories, net

(amounts in thousands of Euro)	as at July 31 2014 (unaudited)	as at January 31 2014 (audited)
Raw materials	106,412	85,333
Work in progress	36,418	28,424
Finished products	460,574	403,473
Allowance for obsolete and slow moving inventories	(64,362)	(67,327)
Total	539,042	449,903

Overall, the increase in inventories was due to the larger number of stores and the wider replenishment strategy that the Group is realizing with the aim to better serve the retail activities.

9. Trade receivables, net

(amounts in thousands of Euro)	as at July 31 2014 (unaudited)	as at January 31 2014 (audited)
Trade receivables from third parties	347,864	288,504
Allowance for bad and doubtful debts	(10,560)	(10,432)
Trade receivables from related parties	36,544	30,333
Total	373,848	308,405

Trade receivables from third parties increased for the six months ended July 31, 2014, by Euro 59.4 million compared to January 31, 2014, and stood at Euro 347.9 million. The rise mainly followed the deliveries of the 2014 fall/winter collection to independent clients that occurred significantly in July.

Trade receivables from related parties includes an amount of Euro 28.6 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 bv.

The allowance for doubtful debts 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 the fair value.

Movements during the period may be analyzed as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Opening balance	10,432	11,547
Exchange differences	5	55
Increases	375	830
Uses	(207)	(1,922)
Reversals	(62)	(78)
Change in scope of consolidation	17	-
Closing balance	10,560	10,432

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, 2014 unaudited	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	≥ 120
Trade receivables	384,408	315,256	26,788	11,624	3,986	7,098	19,656
Total	384,408	315,256	26,788	11,624	3,986	7,098	19,656

(amounts in thousands of Euro)	as at January 31, 2014 audited	Current	Overdue (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)	as at July 31, 2014 unaudited	Current	Overdue (days)				
			1 < 30	31 < 60	61 < 90	91 < 120	≥ 120
Trade receivables less allowance for doubtful accounts	373,848	314,765	26,789	11,624	3,800	7,098	9,772
Total	373,848	314,765	26,789	11,624	3,800	7,098	9,772

(amounts in thousands of Euro)	as at January 31 2014 audited	Current	Overdue (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

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

(amounts in thousands of Euro)	as at July 31 2014 (unaudited)	as at January 31 2014 (audited)
Financial receivables - other related parties	11	2,008
Other receivables - PRADA Holding bv and other companies controlled by PRADA Holding bv	206	392
Other receivables - other related parties	2,348	2,159
Advance payments - other related parties	1,255	1,434
Receivables from, and advance payments to, parent company and other related parties - current	3,820	5,993

The financial receivables from other related parties reported at January 31, 2014, were due from Luna Rossa Challenge 2013 srl and were reimbursed in the first half of 2014 financial period.

(amounts in thousands of Euro)	as at July 31 2014 (unaudited)	as at January 31 2014 (audited)
Accrued rental income – long-term	2,905	1,487
Deferred sponsorship expenses	8,729	-
Receivables from, and advance payments to, parent company and other related parties – non-current	11,634	1,487

Accrued rental income – long-term - was recognized 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. Deferred sponsorship expenses related to the sponsorship of the Luna Rossa sailing team for the participation in the XXXV edition of the America’s Cup, as in compliance with the agreement signed on February 27, 2014.

11. Capital expenditure

Changes in the net book value of Property, plant and equipment in the period ended July 31, 2014, 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, 2014 (audited)	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	67,071	3,940	55,855	25,258	3,088	73,289	228,501
Depreciation	(4,463)	(4,156)	(69,280)	(18,301)	(4,721)	-	(100,921)
Disposals	(19)	(18)	(75)	(174)	(43)	(1,305)	(1,634)
Exchange differences	6,946	29	2,249	1,760	127	514	11,625
Other movements	595	124	21,056	5,217	119	(27,137)	(26)
Impairment	-	-	(849)	(297)	(13)	(111)	(1,270)
Balance at July 31, 2014 (unaudited)	460,807	20,240	496,183	166,910	67,804	154,608	1,366,552

Changes in the net book value of Intangible assets in the period ended July 31, 2014, 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, 2014 (audited)	282,913	504,373	78,994	10,637	19,029	5,343	901,289
Change in scope of consolidation	-	7,983	21,331	2	1	-	29,317
Additions	92	-	11,443	494	133	19,551	31,713
Amortization	(5,552)	-	(8,710)	(1,807)	(1,377)	-	(17,446)
Disposals	-	-	-	(5)	-	-	(5)
Exchange differences	1,919	334	430	26	-	31	2,740
Other movements	-	-	3,712	332	-	(4,537)	(493)
Impairment	-	-	-	-	-	(40)	(40)
Balance at July 31, 2014 (unaudited)	279,372	512,690	107,200	9,679	17,786	20,348	947,075

12. Other current assets

(amounts in thousands of Euro)	as at July 31 2014 (unaudited)	as at January 31 2014 (audited)
VAT	39,924	39,250
Income tax and other tax receivables	39,880	14,062
Other assets	17,205	13,470
Prepayments and accrued income	48,768	42,375
Deposits	5,227	5,740
Total	151,004	114,897

13. Other non-current assets

(amounts in thousands of Euro)	as at July 31 2014 (unaudited)	as at January 31 2014 (audited)
Guarantee deposits	57,691	57,158
Deferred rental income	6,868	6,923
Other receivables	9,649	5,786
Total	74,208	69,867

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

(amounts in thousands of Euro)	as at July 31 2014 (unaudited)	as at January 31 2014 (audited)
Other payables - PRADA Holding bv and other companies controlled by PRADA Holding bv	119	136
Financial payables - other related parties	3,498	4,130
Other payables - other related parties	1,080	628
Payables to parent company and other related parties – current	4,697	4,894

Financial payables towards other related parties, totaling Euro 3.5 million at July 31, 2014, include an interest-free loan contributed by Al Tayer, the non-controlling shareholder of PRADA Middle East fzco, according to its share in the said company. The loan was partially repaid during the period.

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

(amounts in thousands of Euro)	as at July 31 2014 (unaudited)	as at January 31 2014 (audited)
Other payables – other related companies	13,315	13,247
Payables to parent company and other related parties – non-current	13,315	13,247

Other payables to related companies includes the amount due to Fin-Reta srl in relation to the establishment of a ten year right of usufruct to a real estate property in Tuscany, Italy, and to a business party to the rental agreement for said property which the Group is using as part of its retail operations. The payable reported at July 31, 2014, represents the present value of future payments due after July 31, 2015.

15. Trade payables

(amounts in thousands of Euro)	as at July 31 2014 (unaudited)	as at January 31 2014 (audited)
Trade payables – third parties	392,061	337,807
Trade payables – related parties	10,612	10,727
Total	402,673	348,534

The increase in Trade payables is typical of this part of the year and it is strictly connected with the industrial processes involved in the ongoing strategy pursued by the Group to replenishing the inventories with the aim to better serve the retail activities.

The following table contains a summary, by due date, of total payables:

(amounts in thousands of Euro)	as at July 31 2014 unaudited	Current	Overdue 1 < 30	31 < 60	61 < 90	91 < 120	≥ 120
Trade payables	402,673	365,743	18,170	7,681	2,359	591	8,129
Total	402,673	365,743	18,170	7,681	2,359	591	8,129

(amounts in thousands of Euro)	as at January 31 2014 audited	Current	Overdue 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

16. Other current liabilities

(amounts in thousands of Euro)	as at July 31 2014 (unaudited)	as at January 31 2014 (audited)
Payables for capital expenditure	119,076	70,848
Accrued expenses and deferred income	13,078	10,842
Other payables	71,610	72,976
Total	**203,764**	**154,666**

17. Provisions for charges

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

(amounts in thousands of Euro)	Provision for litigation	Provision for tax disputes	Provisions for other charges	Total
Balance at January 31, 2014 (audited)	1,400	22,724	28,536	52,660
Exchange differences	6	1	258	265
Reclassifications	148	(17)	(148)	(17)
Reversals	(101)	-	(510)	(611)
Uses	(188)	-	(557)	(745)
Increases	-	3,232	1,445	4,677
Balance at July 31, 2014 (unaudited)	1,265	25,940	29,024	56,229

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 contingent liabilities that might arise.

The increases occurred in the provision for tax disputes during the six months ended July 31, 2014, for Euro 3.2 million essentially related to tax risks on direct taxes with reference to subsidiaries located in the European Union for which the management deemed more likely than not the rising of future liabilities as a consequence of the probable outcome of tax inspections ongoing at the reporting date.

Management Discussion and Analysis for the three months period ended July 31, 2014

Net revenues

In the three months ended July 31, 2014, the consolidated net revenues amounted to Euro 973.6 million, up by 2.9% compared to Euro 945.8 million recorded in the same three months period of 2013. At constant exchange rates the growth was 5%. The increase was achieved at net sales level thanks to:

- the expansion of the wholesale channel that in the three months ended July 31, 2014, recorded Euro 218.1 million, up by 14% over Euro 191.3 million achieved in the same three months period of 2013 (+14.4% at constant exchange rates). The development in the channel was also affected by the timing differences in shipments aimed to a more efficient logistic process. The retail channel was essentially flat as reported and grew 2.7% at constant exchange rates;
- the Prada brand which reported net sales totaling Euro 790.2 million, Euro 19 million more than Euro 771.2 million achieved in the same three months period of last year (+2.5% as reported and +4.6% at constant exchange rates). Miu Miu recorded a steady positive trend across the two quarters. In the period also the other brands reported growth both as reported and at constant exchange rates;
- the double-digit growths achieved by the ready-to-wear and shoes department both as reported and at constant exchange rates on the results scored in the same three months period of last year. On the contrary leather goods contracted 3.9% (-2% at constant exchange rates).

A net of 15 new shops (19 openings and 4 closures) were opened during the three months period ended July 31, 2014.

Operating results

In the three months ended July 31, 2014, the consolidated EBITDA totaled Euro 278.9 million, Euro 31.3 million less than Euro 310.2 million reported in the same three months period of previous year. Profitability measured as a percentage of net revenues for the period also decreased from 32.8% to 28.6%.

Main cause of the EBITDA dilution was the reduced profitability registered at gross margin level. In fact, gross margin for the three months ended July 31, 2014, that amounted to Euro 682.1 million, was negatively impacted by the exchange rates fluctuations and decreased its incidence on the consolidated net revenues for the period from 73.1% to 70.1%. In addition, the EBITDA also contracted for the effect of the increased operative expenses that went from 45.4% on net revenues in the three months ended July 31, 2013, to 47.8%.

In the period under analysis the Group’s net result amounted to Euro 139.5 million while in the same period of last year it totaled Euro 170.1 million.

Management Discussion and Analysis for the six months ended July 31, 2014

Net revenues

During the six months ended July 31, 2014, the consolidated net revenues recorded by the Group amounted to Euro 1,751.3 million, slightly up by 1.3% compared to Euro 1,728.1 million posted in the same period of 2013. At constant exchange rates the increase was 4.5%.

Distribution channels

In the six months ended July 31, 2014, the retail channel generated net sales of Euro 1,442.2 million, up by 1.4% compared to Euro 1,422.5 million recorded in the same period of 2013. At constant exchange rates, the increase was 5.1%. The contribution to the Group's total net sales was 83.3%, in line with the same period of last year. As at July 31, 2014, the number of Directly Operated Stores (DOS) was 566 with a net of 26 new stores operating from the beginning of the fiscal period (32 openings: 17 Prada, 12 Miu Miu, 3 Church's; 6 closures: 5 Prada, 1 Church's). From August 1, 2013, the total net openings were 75.

For the six months ended July 31, 2014, the wholesale channel delivered net sales totaling Euro 288.7 million. Compared to Euro 285.1 million posted in the first half of 2013 the increase was 1.3% as reported and 1.8% at constant exchange rates. In the second quarter of 2014 the deliveries to independent clients were normalized absorbing those timing differences in shipments that affected the comparison of the results of the first quarter of 2014 with the prior year's period.

Markets

In the first half of 2014 the Asia Pacific market recorded net sales of Euro 619.2 million, down by 1.3% compared to Euro 627.6 million of the six months ended July 31, 2013. At constant exchange rates, there was an increase of 2.3%. Counting on 164 DOS in the area, the retail channel expanded 2.1% at constant exchange rates compared to the results posted in the same period of 2013 (-2.1% as reported). In this channel, the Greater China posted net sales for Euro 388.1 million and recorded an increase of 2.7% at constant exchange rates (1.8% as reported) as a result of double-digit paces of growth in China and Macau and weak sales in Hong Kong. Sales in South Korea and Singapore were weak too, while the other Asian markets reported solid rates of growth at constant exchange rates. It is worth noting that in South Korea, the only significant wholesale market in the area, the independent clients business (mainly duty free operations) increased double-digit both as reported and at constant exchange rates.

The European market reported net sales of Euro 361.5 million, down by 3.4% compared to Euro 374.3 million achieved in the six months ended July 31, 2013 (-3.1% at constant exchange rates). The uncertainty that prevailed on the political and economic landscape, together with a relatively strong Euro, resulted in lower flows of tourists; on the other side, the domestic demand was still weak. In fact, with a total of 159 DOS, the retail channel recorded a slight contraction of 0.9% (-0.5% at constant exchange rates). With a longer term view the Group continued to invest in the region through the opening of some important new stores to cover primary locations where it was not present yet such as Geneva, Amsterdam and St Tropez. The wholesale channel posted a double-digit decrease both as reported and at constant exchange rates compared to the same period of 2013, principally as a consequence of the ongoing selective strategy of the independent clients' accounts and the conversion program of the Swiss market from wholesale to retail.

In the six months ended July 31, 2014, the Italian market generated net sales of Euro 286.8 million, 6.8% higher than Euro 268.5 million posted in the same period of last year. The expansion was substantially achieved through the wholesale channel that increased by 20.4% over the results recorded in the six months ended July 31, 2013. The retail channel was basically in line with the same period of 2013.

The Americas, meant as North, Centre and South America, reported net sales of Euro 233.5 million, up by 0.8% over Euro 231.6 million posted in the period of six months ended July 31, 2013 (+6.3% at constant exchange rates). In the area the progression in sales was fully delivered by the retail channel that achieved a growth of 8.2% that became an increase of 14.2% at constant exchange rates. During the period 9 new DOS were opened in the area out of which 8 were corners converted between United States and Canada.

In the first half of 2014 the Japanese market confirmed a trend of positive performances compared to the results recorded in the same period of 2013. Net sales amounted to Euro 175.3 million advancing 9.9% over Euro 159.4 million achieved in the six months ended July 31, 2013 (+19.5% at constant exchange rates).

The Middle East, that at July 31, 2014, counted 17 stores directly operated by the Group, reported net sales of Euro 51.9 million and achieved a double-digit expansion both as reported and at constant exchange rates: +20% and +24.7% respectively.

Products

In the six months ended July 31, 2014, net sales generated by leather goods amounted to Euro 1,110.7 million, down by 3.9% compared to Euro 1,156.4 million recorded in the same period of 2013 (-0.9% at constant exchange rates). The contribution of this product category to the consolidated net sales dropped to 64.2% from 67.7% achieved in the same period of 2013. As already highlighted in the first quarter of the year, the good performances delivered by Japan and the Americas were compensated by the slowdowns recorded in Europe (Italy excluded) and in Asia Pacific.

The ready-to-wear division generated net sales of Euro 275.8 million and advanced 10.8% over the results achieved in the six months ended July 31, 2013 (+14.5% at constant exchange rates). The contribution to consolidated net sales rose to 15.9% from 14.6%. The expansion was totally delivered through the retail network that recorded double-digit growths both as reported and at constant exchange rates: +13.9% and +18.3% respectively. All markets contributed to the business expansion.

Footwear reported net sales of Euro 314.4 million, up by 11.3% compared to Euro 282.4 million posted in the first half of 2013 (+14.2% at constant exchange rates). As a result, the contribution to consolidated net sales increased up to 18.2% from 16.5% recorded in the six months ended July 31, 2013. With the exception of the Americas, all markets delivered business expansion. Same as the ready-to-wear division, the growth was totally generated through the retail channel: +18.8% as reported and +22.6% at constant exchange rates.

Brands

In the six months ended July 31, 2014, contributing 82.7% to the total net sales for the Group, the Prada brand generated Euro 1,431.1 million, up by 1.5% compared to net sales of Euro 1,410.1 million reported in the same period of last year (+4.7% at constant exchange rates), with similar trends in the two channels. In terms of geography, as reported, Italy, Japan, Middle East and Americas contributed with increases, while Europe and Asia Pacific slightly contracted. The ready-to-wear and footwear categories scored double-digit increases both as reported and at constant exchange rates.

Miu Miu net sales amounted to Euro 256 million for the six months ended July 31, 2014, basically flat as reported compared to the results achieved in the six months ended July 31, 2013 (+3.6% at constant exchange rates). In the retail business Miu Miu advanced 2.9% as reported and 7.1% at constant exchange rates thanks to the contribution of markets such as Asia Pacific, Japan, Middle East and, to a lesser extent, Americas. Similarly to the Prada brand, it is worth noting the performance of the ready-to-wear division that increased double-digit at constant exchange rates. Instead, shoes slightly contracted as reported, but turned into a moderate growth at constant exchange rates.

In the six months ended July 31, 2014, the Church's brand recorded net sales of Euro 35.6 million, up by 8.8% over Euro 32.7 million reported in the same period of last year (+6.8% at constant exchange rates). The expansion was substantially achieved through the retail network where the brand scored a double-digit growth both as reported (+13.8%) and at constant exchange rates (+12.4%).

Royalties

In the six months ended July 31, 2014, the Group's licensing agreements generated royalties for Euro 20.4 million, overall in line with the same period of last year. The growth achieved in the eyewear business was offset by the contraction reported in the fragrances.

Operating results

The delivery margin for the six months ended July 31, 2014, amounted to Euro 1,257.6 million, down by 0.8% compared to Euro 1,267.7 million recorded in the same six months period of 2013. Profitability measured as a percentage of net revenues decreased to 71.8% from 73.4% mainly as a consequence of the negative impact of the exchange rates.

The EBITDA for the period amounted to Euro 492.8 million, down compared to Euro 551.1 reported for the six months ended July 31, 2013. The margin went down to 28.1% from the 31.9% achieved in the same period of 2013. The dilution was due to the lower gross margin level together with an increased incidence of the selling expenses. The other expenses contributing to the EBITDA, following the measures undertaken to operate in the current difficult economic scenario, either kept their incidence stable or even reduced, like the advertising and promotional expenses.

EBIT for the period totaled Euro 373.2 million compared to Euro 458.3 million reported in the same period of six months of last year. As a percentage of net revenues profitability was 21.3% compared to 26.5% achieved in the six months ended July 31, 2013. The increase in the amortization and depreciation costs was entirely attributable to the retail investments. No significant impairment occurred during the period.

The tax burden for the six months ended July 31, 2014, totaled Euro 113.1 million, down by Euro 17.5 million compared to the same period of last year. The incidence was higher (from 29.5% to 31.1%) due to a different geographical mix of consolidated net taxable income.

Finally, the Group's net income amounted to Euro 244.8 million, or 14% as a percentage of net revenues, compared to Euro 308.2 million for the six months ended July 31, 2013.

Net invested capital

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

(amounts in thousands of Euro)	as at July 31 2014 (unaudited)	as at January 31 2014 (audited)
Non-current assets (excluding deferred tax assets)	2,427,553	2,225,451
Trade receivables, net	373,848	308,405
Inventories, net	539,042	449,903
Trade payables	(402,673)	(348,534)
Net operating working capital	510,217	409,774
Other current assets (excluding financial position items)	157,567	132,866
Other current liabilities (excluding financial position items)	(336,490)	(291,378)
Other current assets/(liabilities), net	(178,923)	(158,512)
Provisions for risks	(56,229)	(52,660)
Post-employment benefits	(68,760)	(63,279)
Other long-term liabilities	(122,584)	(113,698)
Deferred taxation, net	172,492	158,574
Other non-current assets/(liabilities), net	(75,081)	(71,063)
Net invested capital	2,683,766	2,405,650
Shareholders' equity – Group	(2,666,923)	(2,687,554)
Shareholders' equity – Non Controlling Interests	(15,477)	(13,986)
Total consolidated Shareholders' equity	(2,682,400)	(2,701,540)
Long term financial payables	(265,972)	(207,969)
Short term financial , net surplus/(deficit)	264,606	503,858
Net financial position surplus/(deficit)	(1,366)	295,890
Shareholders' equity and Net financial position	(2,683,766)	(2,405,650)

At July 31, 2014, Net invested capital stood at Euro 2,683.8 million, Euro 278.1 million more than the Euro 2,405.7 million reported at January 31, 2014. The increase mainly regarded non-current assets, especially investments in tangible fixed assets.

The capital expenditure for the first six months of 2014 totaled Euro 289.6 million and was mainly spent to enlarge, renovate and strengthen the retail network; the amount also included Euro 61.5 million for the purchase of the headquarter offices in Milan that were previously occupied under a rental agreement. The non-current assets at July 31, 2014, include Euro 947.1 million of intangible assets, of which Euro 512.7 million relating to fixed assets with indefinite useful life (goodwill), for those the management did not highlight any indication of impairment. Consistently with the guidelines of "IAS 36 Impairment of assets", the mandatory impairment tests will be performed at year end.

The Net operating working capital increased by some Euro 100 million, from Euro 409.8 million at January 31, 2014, to Euro 510.2 million at July 31, 2014. The increase was essentially due to the higher value of retail inventories, mainly because of the larger number of stores and a wider replenishment strategy deployed to better serve the retail activities. The increases in the trade receivables and payables that occurred in the six months period were connected to the seasonality of the wholesale deliveries and manufacturing processes typical of this part of the year.

Total Other net current liabilities increased from Euro 158.5 million at January 31, 2014, to Euro 178.9 million. The variance was essentially due to the lower fair value of derivative financial instrument for Euro 19.4 million, the higher payable for capital expenditure for Euro 48.2 million and net of the higher current tax receivables combined with less current tax payables for a total amount of Euro 39.1 million.

Other non-current liabilities, net, increased from Euro 71.1 million at January 31, 2014, to Euro 75.1 million, essentially as a result of increases in liabilities for long-term employee benefits obligations and in deferred lease income.

The Group shareholders' equity passed from Euro 2,687.6 million at January 31, 2014, to Euro 2,666.9 million at July 31, 2014. The increase generated by the Group's net income for the six months ended July 31, 2014, that amounted to Euro 244.8 million, was offset by the dividends of Euro 281.5 million distributed to the PRADA spa shareholders and other positive changes totaling a net of Euro 16 million which were mostly contributed by the positive changes in the translation reserve.

Net financial position surplus/(deficit)

(amounts in thousands of Euro)	as at July 31 2014 (unaudited)	as at January 31 2014 (audited)
Long-term debt	(265,965)	(207,950)
Obligations under finance leases	(7)	(19)
Long-term financial payables	(265,972)	(207,969)
Bank overdraft and short term loans	(242,061)	(61,909)
Payables to related parties	(3,498)	(4,130)
Receivables from related parties	11	2,008
Obligations under finance leases	(437)	(524)
Cash and cash equivalents	510,591	568,414
Short-term net financial surplus/(deficit)	264,606	503,859
Net financial position surplus/(deficit)	(1,366)	295,890

At July 31, 2014, the Net financial position was slightly negative at Euro 1.4 million. The decrease of Euro 297.3 million from the surplus of Euro 295.9 million at January 31, 2014, was due to the uses of cash to support the investing activities (Euro 227.7 million) and to pay dividends to PRADA spa shareholders and Non-controlling shareholders (Euro 288.2 million), net of the funds generated by the operating activities (Euro 209.2 million).

During the six months ended July 31, 2014, a new loan facility agreement of GB Pound 60 million was signed by the subsidiary Kenon Limited with Unicredit Bank AG, London Branch. The loan under the facility is secured by a mortgage on the prestigious building in Old Bond street, London, home of one of the most important Prada stores in Europe. It has to be repaid in quarterly equal installments starting from April 2015. The loan will expire on January 31, 2029.

Acquisitions, disinvestments and incorporation of subsidiaries

On February 1, 2014, PRADA Stores srl transferred its 100% participation in Space sa to Prada Switzerland sa and on June 2, 2014, Space sa merged by incorporation into PRADA Switzerland sa.

On February 5, 2014, PRADA Switzerland sa acquired the 100% investment into Burgerhaus Zurich sa (PRADA Zurich ag) to operate the retail business in Switzerland.

On February 27, 2014, the Group set up PRM Services S. De R.L. de CV in order to develop its commercial activities in Mexico. The Group owns the 100% of the Company.

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

On March 14, 2014, the Group acquired the 80% of the Marchesi Angelo srl, owner of the historic Milanese pastry shop founded in 1824. The acquisition was aimed at enhancing the "Pasticceria Marchesi" brand, a synonym to quality in the Italian food industry, joining it with Prada and Miu Miu brands, leaders in the luxury goods market, within the Group's development worldwide.

On July 2, 2014, the Group set up PRADA Saudi Arabia in order to develop its commercial activities in the Middle East area. The Group owns the 75% of the Company.

On July 18, 2014, Prada China Limited has been liquidated.

Marchesi Angelo srl

On March 14, 2014, the Group acquired the 80% of the Marchesi Angelo srl, owner of the historic Milanese pastry shop founded in 1824. The acquisition was aimed at enhancing the "Pasticceria Marchesi" brand, a synonym to quality in the Italian food industry, joining it with Prada and Miu Miu brands, leaders in the luxury goods market, within the Group's development worldwide. At the date of the preparation of the Interim condensed consolidated financial statements, the measurement of the fair value of the consideration was not completed, so the purchase accounting is provisional. The net cash-out for the acquisition amounted to Euro 7.7 million and resulted as the net of the consideration paid, Euro 8.4 million, and the cash surplus included in the net asset acquired, Euro 0.7 million.

(amounts in Euro thousand)	fair value of net assets acquired
Cash surplus	707
Tangible fixed assets	88
Other current assets/(liabilities)	(53)
Other non current assets/(liabilities)	(210)
Net assets acquired	532
Non-controlling interests (measured at net assets)	(107)
Consideration paid	8,400
Provisional Goodwill	7,975

The purchase commitments for minority interests resulting from the agreements were recognized in the Group's equity reserves for an amount equal to Euro 2.5 million.

Outlook

Despite recent trends have not shown signs of improvements, also due to the persistent difficult economic and political conditions that are adversely impacting consumers habits, the PRADA Group will remain focused on a medium/long-term growth and continue investing in brands' equity. The Group will aim to increase sales through improvements in the merchandising mix and with marketing activities more focused on retail and domestic customers, as well as protect margins paying the highest attention on costs development.

The second half of 2014 is expected to be broadly in line with the first half. Margins will continue to be under pressure with some marginal improvements deriving from the cost-cutting actions. Investments will be focused on strategic locations with high potential and the maximum attention will be kept on quality and creativity.

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").

Corporate governance practices adopted by the Company during the six months ended July 31, 2014, are in line with those practices set out in the Company's 2013 Annual Report and the Code.

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, 2014.

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 with written terms of reference, which are of no less exacting terms than those set out in the Code:

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, which at least one member possesses appropriate professional qualifications in accounting or related financial management expertise to discharge the responsibility of the Audit Committee. 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 activities of the Company's financial reporting process and internal control and risk management systems, to oversee the external audit process and the internal audit process and to perform other duties and responsibilities as are assigned to the Audit

Committee by the Board. The Audit Committee held four meetings on February 14, 2014, April 1, 2014, June 5, 2014, and September 19, 2014, with an attendance rate of 100% to discuss, among others, the audit plan for the year 2014, to meet with the external auditors, to discuss the auditing and internal controls activities, to review the Group's continuing connected transactions for 2013, the audited separate and consolidated financial statements of the Company for the year ended January 31, 2014, the unaudited consolidated quarterly financial statements of the Company for the three months ended April 30, 2014, and the unaudited consolidated interim financial statements of the Company for the six months ended July 31, 2014, before recommending them to the Board for approval.

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 all remuneration of directors and senior management and the establishment of a formal and transparent procedure for developing policy 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. The Remuneration Committee has held one meeting on April 1, 2014, with an attendance rate of 100% to recommend certain updates to the long term incentive plan and the increase of the overall amount of the Board's remuneration.

Nomination Committee

The Company has established a Nomination Committee in compliance with the Code. 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 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 adoption, where appropriate. 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. The Nomination Committee has held two meetings on February 14, 2014, and April 1, 2014, with an attendance rate of 100% to recommend the appointment of Mr. Carlo Mazzi as the Chairperson to the Board, to recommend the change of Ms. Miuccia Prada Bianchi's role as Chief Executive Officer and certain amendments to the powers already delegated by the Board to the executive directors, to perform the annual review of the independence of independent non-executive directors and to recommend the election of Ms. Alessandra Cozzani as Director of the Company at its shareholders' general meeting held on May 22, 2014.

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 independent non-executive director, qualified auditors, executives or external individuals. The supervisory body consists of Mr. David Terracina (Chairman), Mr. Gian Franco Oliviero Mattei and Mr. Franco Bertoli.

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 2, 2014, the Board of the Company recommended the payment of a final dividend of Euro/cents 11 per share in the capital of the Company, representing a total dividend of Euro 281,470,640. The Shareholders approved this dividend at the Shareholders' Annual General Meeting of the Company held on May 22, 2014. The dividend was paid on June 20, 2014.

No dividends have been declared or paid by the Company in respect of the six months ended July 31, 2014.

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, 2014. There was no incident of non-compliance during the six months ended July 31, 2014.

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, 2014.

Publication of Interim Results Announcement and Interim Report

The interim results announcement of the Company is published on the websites of 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
Chairperson

Milan (Italy), September 19, 2014

As at the date of this announcement, the Company's executive directors are Mr. Carlo MAZZI, Ms. Miuccia PRADA BIANCHI, Mr. Patrizio BERTELLI, Mr. Donatello GALLI and Ms. Alessandra COZZANI; the Company's non-executive director is 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.