PRADA

MILANO

DAL 1913

Interim Financial Report 2014

PRADA spa
(Hong Kong Stock code: 1913)

Interim Financial Report 2014

Index

The PRADA Group	3
Financial Review	9
Corporate Governance	27
Interim condensed consolidated financial statements	35
Notes to the Interim condensed consolidated financial statements	41

Patrizio Bertelli

Miuccia Prada

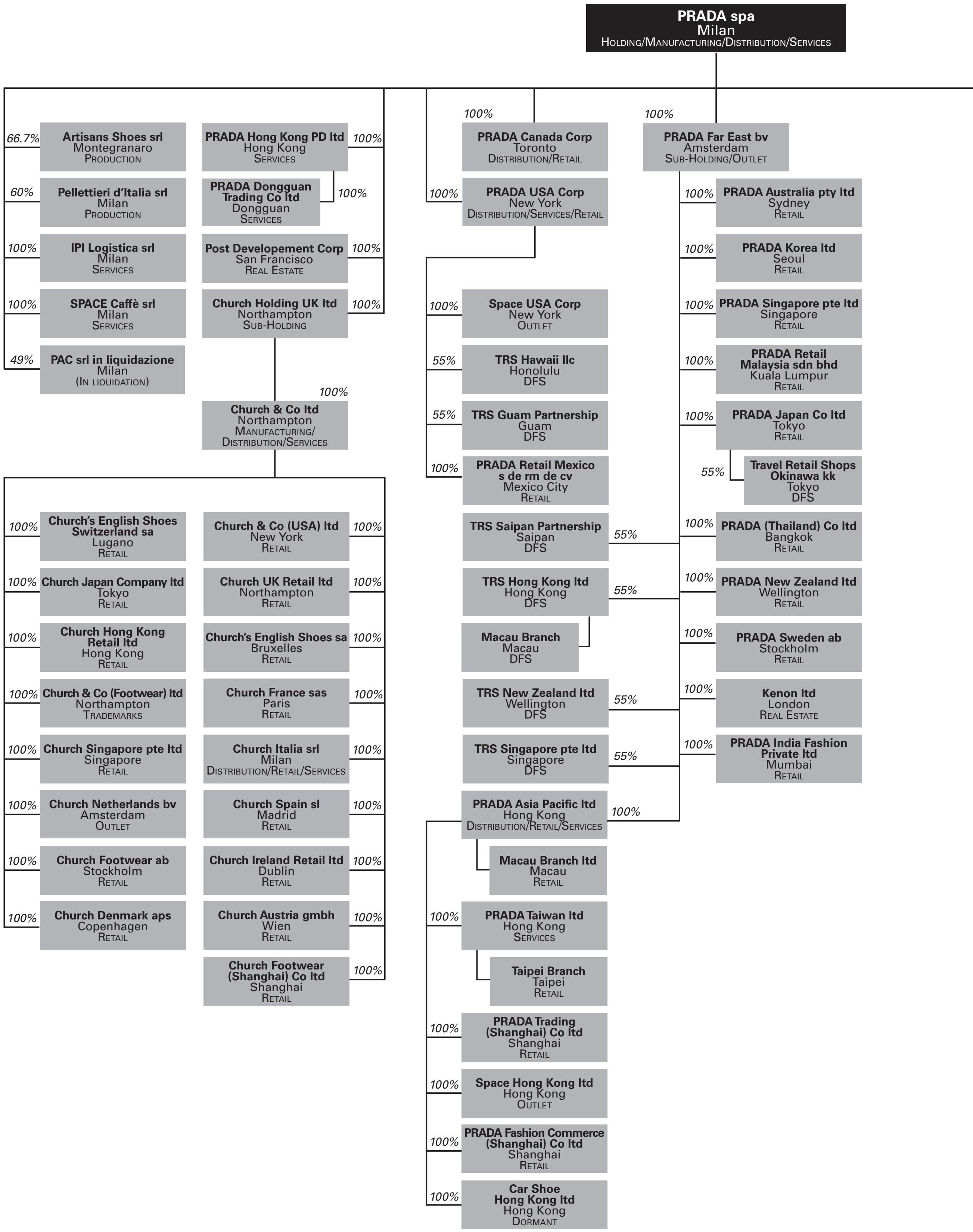
The PRADA Group

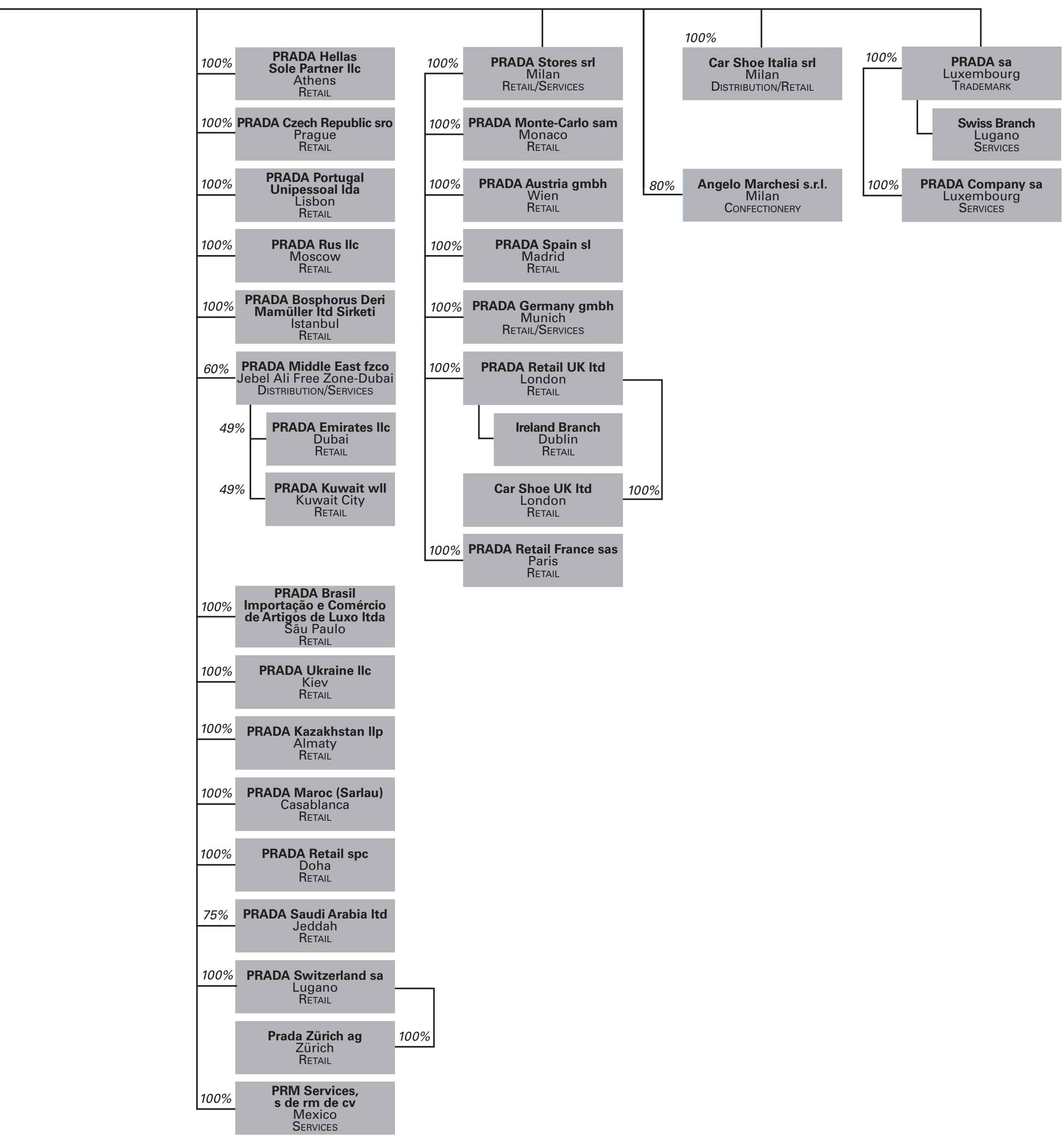
Corporate Information

Registered office	Via A. Fogazzaro, 28 20135 Milan, Italy
Headquarters office	Via A. Fogazzaro, 28 20135 Milan, Italy
Place of business in Hong Kong registered under Part 16 of the Hong Kong Companies Ordinance	36/F, Gloucester Tower The Landmark, 11 Pedder Street Central, Hong Kong
Company website	www.pradagroup.com
Hong Kong Exchange Stock Code	1913
Board of Directors (appointed on May 22, 2012)	Carlo Mazzi (Chairperson, having assumed the role on February 14, 2014, and Executive Director) Miuccia Prada Bianchi (Chief Executive Officer, having assumed the role on February 14, 2014, and Executive Director) Patrizio Bertelli (Chief Executive Officer and Executive Director) Donatello Galli (Chief Financial Officer and Executive Director) Alessandra Cozzani (Executive Director appointed on December 20, 2013) Gaetano Micciché (Non-Executive Director) Gian Franco Oliviero Mattei (Independent Non-Executive Director) Giancarlo Forestieri (Independent Non-Executive Director) Sing Cheong Liu (Independent Non-Executive Director) Marco Salomoni (Non-Executive Director) resigned on December 19, 2013
Audit Committee	Gian Franco Oliviero Mattei (Chairman) Giancarlo Forestieri Sing Cheong Liu
Remuneration Committee	Gian Franco Oliviero Mattei (Chairman) Carlo Mazzi Giancarlo Forestieri
Nomination Committee	Gian Franco Oliviero Mattei (Chairman) Carlo Mazzi Sing Cheong Liu
Board of Statutory Auditors	Antonino Parisi (Chairman) Roberto Spada (Standing member) David Terracina (Standing member)

Supervisory Body (Legislative Decree 231/2001)	David Terracina (Chairman) Gian Franco Oliviero Mattei Franco Bertoli
Main Shareholder	PRADA Holding B.V. Keizersgracht 313 3rd floor 1016 EE Amsterdam - The Netherlands
Joint Company Secretaries	Patrizia Albano Via A. Fogazzaro, 28 20135 Milan, Italy Ying-Kwai Yuen (Fellow member, HKICS) 36/F, Gloucester Tower The Landmark, 11 Pedder Street Central, Hong Kong
Authorized Representatives in Hong Kong	Carlo Mazzi Via A. Fogazzaro, 28 20135 Milan, Italy Ying-Kwai Yuen (Fellow member, HKICS) 36/F, Gloucester Tower The Landmark, 11 Pedder Street Central, Hong Kong
Alternate Authorized Representative in Hong Kong to Carlo Mazzi	Sing Cheong Liu House 7 Severn Hill 4 Severn Road The Peak Hong Kong
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Auditor	Deloitte & Touche Spa Via Tortona, 25 20144 Milan, Italy

PRADA Group Structure




100%
PRADA Hellas Sole Partner llc
Athens
Retail
100% PRADA Czech Republic sro
Prague
Retail
100%
PRADA Portugal Unipessoal lda
Lisbon
Retail
100%
PRADA Rus llc
Moscow
Retail
100%
PRADA Bosphorus Deri Mamüller ltd Sirketi
Istanbul
Retail
60%
PRADA Middle East fzco
Jebel Ali Free Zone-Dubai
Distribution/Services
49%
PRADA Emirates llc
Dubai
Retail
49%
PRADA Kuwait wll
Kuwait City
Retail
100%
PRADA Brasil Importação e Comércio de Artigos de Luxo ltda
Säu Paulo
Retail
100%
PRADA Ukraine llc
Kiev
Retail
100%
PRADA Kazakhstan llp
Almaty
Retail
100%
PRADA Maroc (Sarlau)
Casablanca
Retail
100%
PRADA Retail spc
Doha
Retail
75%
PRADA Saudi Arabia ltd
Jeddah
Retail
100%
PRADA Switzerland sa
Lugano
Retail
Prada Zürich ag
Zürich
Retail
100%
100%
PRM Services, s de rm de cv
Mexico
Services
100%
PRADA Stores srl
Milan
Retail/Services
100%
PRADA Monte-Carlo sam
Monaco
Retail
100%
PRADA Austria gmbh
Wien
Retail
100%
PRADA Spain sl
Madrid
Retail
100%
PRADA Germany gmbh
Munich
Retail/Services
100%
PRADA Retail UK ltd
London
Retail
Ireland Branch
Dublin
Retail
Car Shoe UK ltd
London
Retail
100%
100%
PRADA Retail France sas
Paris
Retail
100%
Car Shoe Italia srl
Milan
Distribution/Retail
80%
Angelo Marchesi s.r.l.
Milan
Confectionery
100%
PRADA sa
Luxembourg
Trademark
Swiss Branch
Lugano
Services
100%
PRADA Company sa
Luxembourg
Services

Financial Review

The Financial review of the Board of Directors refers to the Group of companies controlled by PRADA spa (the "Company"), operating holding company of the PRADA Group (the "Group") and is based on the unaudited Interim condensed consolidated financial statements of the Group for the six months ended July 31, 2014, prepared in accordance with IAS 34 and the IFRS as adopted by the European Union. This Financial review must be read together with the 2014 Interim condensed consolidated financial statements.

Consolidated income statement

(amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)	%	six months ended July 31 2013 (unaudited)	%
Retail	1,442,161	82.3%	1,422,460	82.3%
Wholesale	288,739	16.5%	285,124	16.5%
Royalties	20,415	1.2%	20,481	1.2%
Net revenues	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	(884,442)	-50.5%	(809,320)	-46.8%
EBIT	373,158	21.3%	458,338	26.5%
Interest and other financial income/(expenses), net	(9,492)	-0.5%	(15,194)	-0.9%
Dividends from investments	455	-	284	-
Income before taxation	364,121	20.8%	443,428	25.7%
Taxation	(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 from continuing operations – non-controlling interests	6,198	0.3%	4,580	0.3%
Net income – non-controlling interests	6,198	0.3%	4,580	0.3%
Net income from continuing operations - Group	244,848	14.0%	308,239	17.8%
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)	0.096		0.120	

Key financial information

Key income statement information (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)	% change on 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 statement of financial position information (amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)	July 31 2013 (unaudited)	change on January 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 surplus/(deficit)	(1,366)	295,890	195,626	(297,256)
Group shareholders' equity	2,666,923	2,687,554	2,388,096	(20,631)

2014 first half financial highlights

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.

Net sales analysis

(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%

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.

Number of stores

	July 31, 2014 (unaudited)		January 31, 2014 (audited)		July 31, 2013 (unaudited)	
	Owned	Franchises	Owned	Franchises	Owned	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

	July 31, 2014 (unaudited)		January 31, 2014 (audited)		July 31, 2013 (unaudited)	
	Owned	Franchises	Owned	Franchises	Owned	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

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 million 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.

EBITDA by brand

six months ended July 31, 2014 (amounts in thousands of Euro)	Group	Prada	Miu Miu	Church's	Car Shoe	Others
Net sales	1,730,900	1,431,114	256,031	35,560	6,516	1,679
Royalties	20,415	18,764	1,643	8	-	-
Net revenues	1,751,315	1,449,878	257,674	35,568	6,516	1,679
EBITDA	492,835	475,306	21,392	969	(4,019)	(813)
EBITDA %	28.1%	32.8%	8.3%	2.7%	-	-

six months ended July 31, 2013 (amounts in thousands of Euro)	Group	Prada	Miu Miu	Church's	Car Shoe	Others
Net sales	1,707,584	1,410,062	255,950	32,673	7,551	1,348
Royalties	20,481	19,261	1,214	6	-	-
Net revenues	1,728,065	1,429,323	257,164	32,679	7,551	1,348
EBITDA	551,053	507,854	43,680	2,569	(2,916)	(134)
EBITDA %	31.9%	35.5%	17.0%	7.9%	-	-
Change in Net revenues	23,250	20,555	510	2,889	(1,035)	331
Percentage change in Net Revenues	1.3%	1.4%	0.2%	8.8%	-13.7%	24.6%
Change in EBITDA	(58,218)	(32,548)	(22,288)	(1,600)	(1,103)	(679)
% change in EBITDA	-10.6%	-6.4%	-51.0%	-62.3%	-	-

The PRADA brand generated EBITDA of Euro 475.3 million for the six months ended July 31, 2014, or 32.8% on the relevant net revenues. In the same period last year it amounted to Euro 507.9 million, or 35.5% on the relevant net revenues. The dilution came after the negative impact of a relatively strong Euro currency, that diluted the profitability at gross margin level, and the increased incidence of the labor and rental costs in the selling area, following the expansion of the retail network pursued in the last twelve months (52 openings and 11 closures). Against these effects, the measures undertaken by the management to increase efficiency at all operational levels managed to limit the margin pressure. The Group believes that is fundamental for the long-term perspective of the brand to continue investing in design innovation, communication and promotional activities in order to enhance the leading positioning and global awareness. To this extent, it is worth highlighting at least two major initiatives undertaken in the last period: the sponsorship agreement signed on February 27, 2014, with the Luna Rossa sailing team, that will take part to the the XXXV edition of the America's Cup, and the important art exhibition "Art or Sound" organized by the Fondazione Prada at Ca' Corner della Regina in Venice inaugurated on June 4, 2014. On the retail side, with the impressive one-month event in Harrods Knightsbridge, one of the world's most famous department store, the brand and its products were celebrated with 40 window displays, a pop-up store, multiple screen displays and an exhibition tracing the brand's multivalent obsessions from fashion to art, architecture, cinema, sport and beyond.

The Miu Miu brand generated EBITDA of Euro 21.4 million for the six months ended July 31, 2014, or 8.3% on the relevant net revenues. In the same period last year it amounted to Euro 43.7 million, or 17% on the relevant net revenues. The lower profitability of this six months period is mostly explained by the higher incidence of the selling expenses, essentially resulting from the enlargement strategy of the DOS network of the brand that the Group is realizing despite the difficult political and macro-economic scenario and that, given the dimension of the brand, is resulting even more challenging. With this view, during the six months period, Miu Miu unveiled 12 new DOS covering Far and Middle East, Europe, Japan and US and reaching a total number of 162 at July 31, 2014. At the same time the brand continued investing resources in the communication activities to enhancing its identity. Among others, it is worth remembering the exclusive Miu Miu Croisiere 2014-2015 event held at the Palais d'Iena in Paris on July 5, 2014, or the release of the "Spark and Light" film, the 7th Miu Miu Women's tales which premier was screened at the Diamond Horseshoe in New York.

Church's generated EBITDA of Euro 1 million for the six months ended July 31, 2014, or 2.7% on the relevant net revenues. In the same period last year it amounted to Euro 2.6 million, or 7.9% on the relevant net revenues. The expansion of the retail network, that counted new 3 DOS in the six months period (Copenhagen, Wien and Hong Kong), while giving impulse to the growth of the net sales, entailed more operating expenses that diluted the profitability. The light contraction occurred in the wholesale business, that the Group is confident will be recovered in the second half of the year, contributed negatively to the lower EBITDA margin.

The Car Shoe brand reported a negative EBITDA of Euro 4 million, a deterioration on previous period because of the decline in the wholesale business and a level of retail net sales not yet at the breakeven.

Analysis of the statement of financial position

Net invested capital

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

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)	July 31 2013 (unaudited)
Non-current assets (excluding deferred tax assets)	2,427,553	2,225,451	2,015,666
Trade receivables, net	373,848	308,405	317,519
Inventories, net	539,042	449,903	408,534
Trade payables	(402,673)	(348,534)	(402,921)
Net operating working capital	510,217	409,774	323,132
Other current assets (excluding items of financial position)	157,567	132,866	165,028
Other current liabilities (excluding items of financial position)	(336,490)	(291,378)	(240,039)
Other current assets/(liabilities), net	(178,923)	(158,512)	(75,011)
Provision for risks	(56,229)	(52,660)	(47,750)
Post-employment benefits	(68,760)	(63,279)	(57,888)
Other long-term liabilities	(122,584)	(113,698)	(89,211)
Deferred taxation, net	172,492	158,574	136,739
Other non-current assets/(liabilities)	(75,081)	(71,063)	(58,110)
Net invested capital	2,683,766	2,405,650	2,205,677
Shareholder's equity – Group	(2,666,923)	(2,687,554)	(2,388,096)
Shareholder's equity – Non-controlling interests	(15,477)	(13,986)	(13,207)
Total consolidated shareholders' equity	(2,682,400)	(2,701,540)	(2,401,303)
Long-term financial payables	(265,972)	(207,969)	(81,572)
Short-term financial, net surplus/(deficit)	264,606	503,859	277,199
Payable for dividends	-	-	(1)
Net financial position surplus/(deficit)	(1,366)	295,890	195,626
Shareholders' equity deducted the positive Net financial position	(2,683,766)	(2,405,650)	(2,205,677)
Debt to Equity ratio	0.0005	n.a.	n.a

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

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

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)	July 31 2013 (unaudited)
Long term debt	(265,965)	(207,950)	(81,124)
Obligations under finance leases	(7)	(19)	(448)
Long-term financial payables	(265,972)	(207,969)	(81,572)
Short-term financial payables and bank overdrafts	(242,061)	(61,909)	(159,468)
Payables to parent company and related parties	(3,498)	(4,130)	(4,205)
Receivables from parent company and related parties	11	2,008	1,415
Obligations under finance leases	(437)	(524)	(197)
Cash and cash equivalents	510,591	568,414	439,654
Short-term financial (payables)/receivables, net of cash and cash equivalents	264,606	503,859	277,199
Payable for dividens	-	-	(1)
Net financial surplus/(deficit)	(1,366)	295,890	195,626
Net financial surplus/(deficit), excluding receivables/(payables) with parent company and other related parties	(1,366)	298,012	195,626
NFP/EBITDA ratio	0.003	n.a.	n.a.

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.

Risk factors

Risk factors regarding the international luxury goods market

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

The Group is exposed to several macroeconomic factors as a consequence of its operations on an international scale.

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

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

Risks regarding the protection of intellectual property rights

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

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

Risks regarding brand image and recognition

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

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

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

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

The Group pursues its objective of driving the luxury goods market by stimulating consumer markets and setting trends thanks to the creative efforts of its Design and Product Development department. This area of the business includes around 950 persons divided between design – where creativity is boosted by a strong mix of nationalities, cultures and talents – and development – where craft skills combined with tried and tested industrial processes ensure that the Group continues to compete in order to keep up with consumer trends and emerging lifestyles.

Risk factors specific to the PRADA Group

Risks regarding exchange rate fluctuations

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

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

Risks regarding interest rate fluctuations

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

Interest rate risk management is described in more detail in the Notes to the Interim condensed consolidated financial statements.

Risks regarding the importance of key personnel

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

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

Risks regarding the implementation of strategy

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

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

Risks regarding the outsourcing of manufacturing activities

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

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

Credit risk

Credit risk is defined as the risk that a counterparty in a transaction causes a financial loss for another entity through failure to fulfill its obligations. The maximum risk to which an entity is potentially exposed is represented by all financial assets recorded in the financial statements. The Group essentially believes that its credit risk mainly regards trade receivables generated in the wholesale channel and cash equivalents. The Group manages the credit risk and reduces its negative effects through its commercial and financial strategy.

On the trade receivables side, credit risk management is performed by controlling and monitoring the reliability and solvency of customers. At the same time, the fact that the total receivables balance is not highly concentrated on individual customers, the fact that net sales are evenly spread geographically and the ongoing strategy of selective reduction of the wholesale customer base (for reasons including the prevention of parallel distribution) have led to a reduced credit risk.

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

Liquidity risk

The liquidity risk relates to the difficulty the Group may have in fulfilling its obligations with regard to financial liabilities. The Directors are responsible for managing the liquidity risk while the Corporate finance department, reporting to the CFO, is responsible for managing financial resources as well as possible. The Directors believe that the funds and lines of credit currently available, in addition to those that will be generated by operating and financing activities, will allow the Group to meet its needs resulting from investing activities, working capital management, repayment of loans as they fall due and dividend payments as planned.

Legal and regulatory risks

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

- the risks associated with the failure to comply with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong or with other laws or regulations in force in Hong Kong and applicable to the Company following its listing on the Stock Exchange of Hong Kong Limited;
- the risks associated with the failure to comply with the laws and regulations applicable to the Company following the listing of the Notes issued on August 2013 on the Irish Stock Exchange;
- the risks associated with health and safety at work in compliance with Italian Legislative Decree 81/08 and equivalent regulations in other countries;
- possible legal sanctions for wrongful acts pursuant to Law 231/2001, as subsequently amended;
- the risks associated with antitrust rules in the areas where the Group operates;
- the possibility of events that adversely affect the reliability of financial reporting and the safeguarding of Group assets;
- changes in international tax rules applicable in the various countries where the Group operates that could expose the Group to the risk of non-compliance;
- possible industrial compliance risks regarding the conformity of the finished goods distributed and the raw materials and consumables used with Italian and international laws and regulations.

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

Risks regarding data processing

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

- data is adequately protected against the risk of unauthorized access and disclosure (including means for protecting personal privacy and proprietary information), improper information modification or destruction (including accidental loss) and utilization inconsistent with assigned duties;
- data is processed in accordance with applicable laws and regulations.

Information on relationships and transactions with related parties

Information on the Group's relationships and transactions with related parties is provided in the Notes to the Interim condensed consolidated financial statements in accordance with "IAS 24 Related parties". Some of the transactions reported as transactions with related parties fall also within the application of the Hong Kong Listing Rules. Information relating to such transactions is provided in accordance with Chapter 14A of the Hong Kong Listing Rules.

Non-IFRS measures

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

In this 2014 Interim financial report, the PRADA Group has used the following non-IFRS measures:

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

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

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

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

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

(amounts in thousands of Euro)	six months ended July 31 2014	six months ended July 31 2013	six months ended July 31 2012
Consolidated net income for the year from continuing operations	251,046	312,819	289,215
Taxation	113,075	130,609	102,756
Interest and other financial income/(expense), net	9,492	15,194	2,911
Dividends from investments	(455)	(284)	-
EBIT	373,158	458,338	394,882
Depreciation, amortization and impairment	119,677	92,715	74,491
EBITDA	492,835	551,053	469,373

Outlook for second half of 2014

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.

Milan (Italy), September 19, 2014

Corporate Governance

Corporate governance practices

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

Compliance with the Code

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company's corporate governance practices have complied with the code provisions set out in the Code throughout the six months from February 1, 2014, to July 31, 2014 (the "Reviewed Period").

The Board

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

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Each Committee is chaired by an independent non-executive director. The written terms of reference of each Committee are of no less than exacting terms than those set out in the Code and are available on the Company's and The Stock Exchange of Hong Kong Limited's (the "Stock Exchange") websites.

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

Audit Committee

The Company has established an Audit Committee in compliance with Rule 3.21 of the Listing Rules of 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 the 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 recommendation 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 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 directors, 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, the Company is required to have a board of statutory auditors, appointed by the shareholders for a term of three financial year, 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.

Joint Company Secretaries

As disclosed in the prospectus of the Company dated June 13, 2011, as part of its application for listing, the Company was granted a waiver by the Stock Exchange from strict compliance with Rule 8.17 (now Rule 3.28) of the Listing Rules for three years with respect to the appointment of Ms. Patrizia Albano as the joint company secretary.

Before the expiration of the waiver, the Company sought confirmation from the Stock Exchange in relation to the compliance with Rule 3.28 of the Listing Rules regarding Ms. Patrizia Albano as joint company secretary. On April 8, 2014, the Stock Exchange confirmed that Ms. Patrizia Albano is qualified to act as the company secretary of the Company under Rule 3.28 of the Listing Rules; therefore, a further waiver is not necessary.

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

Dividends

The Company may distribute dividends subject to the approval of the shareholders in a general 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' 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.

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

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of Director since the Company's 2013 Annual Report is set out below:

Name of Director	Change
Miuccia PRADA BIANCHI	Emolument to be received for the executive role as Chief Executive Officer of the Company for 2014 financial year: Euro 960,000
Carlo MAZZI	Emolument to be received for the executive role as Chairperson of the Company for 2014 financial year: Euro 960,000
Gaetano MICCICHE'	Ceased as board member of Telecom Italia S.p.A. since April 16, 2014 Ceased as member of the supervisory board of *Fondazione Ricerca e Imprenditorialità* since February 22, 2014

Directors' Securities Transactions

The Company has adopted written procedures governing Directors' securities transactions on terms no less exacting 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.

Directors' interests and short positions in securities

As at July 31, 2014, the Directors and chief executives of the Company and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

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

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

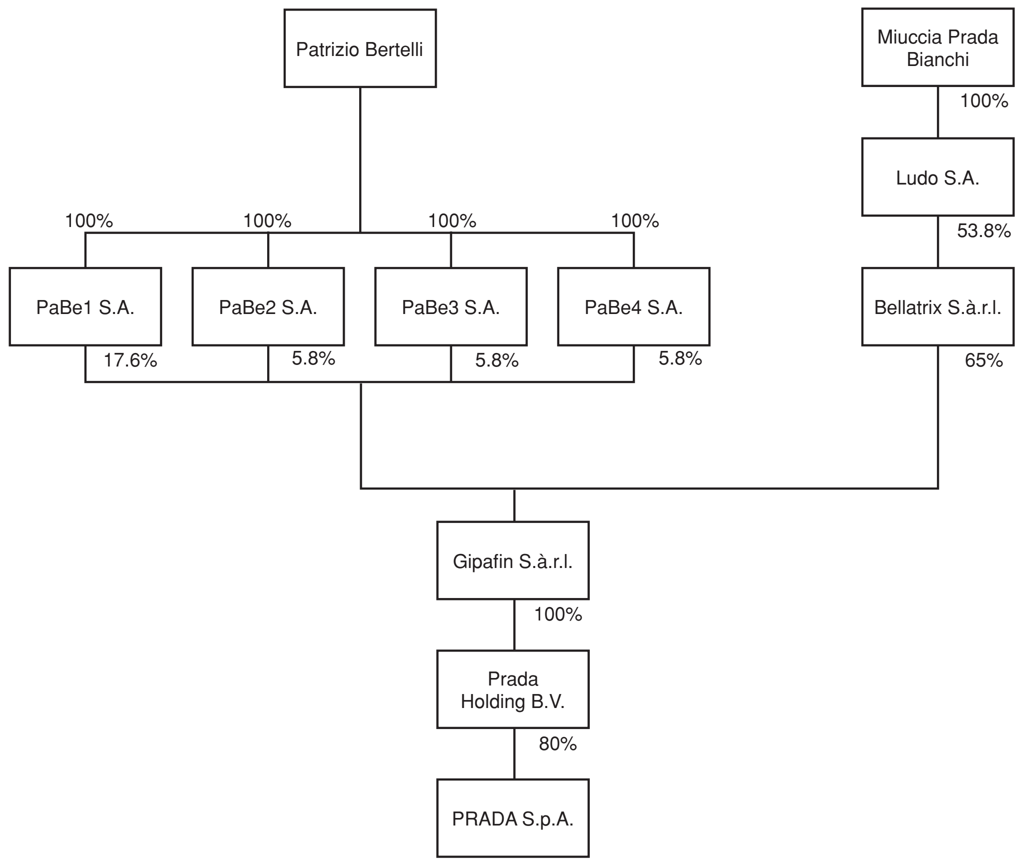
Notes:

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

2. The entire issued share capital in Prada Holding B.V. is held by Gipafin S.à.r.l.. Ms. Miuccia Prada Bianchi, owns, indirectly through Ludo S.A. 53.8% (which comprises 438,460 ordinary shares and 100,000 preference shares) of the capital in Bellatrix S.à.r.l., which in turn owns 65% (which comprises 1,650 ordinary shares and 300 preference shares) of the capital in Gipafin S.à.r.l.. Ms. Miuccia Prada Bianchi is therefore deemed under the SFO to be interested in all the shares registered in the name of Prada Holding B.V.. Ms. Miuccia Prada Bianchi is also a director of Ludo S.A..

3. Mr. Patrizio Bertelli owns, indirectly through companies owned by him (PaBe1 S.A., PaBe2 S.A., PaBe3 S.A. and PaBe4 S.A.), 35% (which comprises 750 ordinary shares and 300 preference shares) of the capital in Gipafin S.à.r.l.. Mr. Patrizio Bertelli is therefore deemed under the SFO to be interested in all the shares registered in the name of Prada Holding B.V..

The deemed interests of Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli in the 2,046,470,760 shares of the Company as at July 31, 2014, are summarized in the following chart:



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

Name of Director	Name of associated corporations	Class of shares	Number of shares	Nature of Interests	Approximate percentage of Interests
Ms. Miuccia Prada Bianchi	Prada Holding B.V.	Common Shares	1,001	Controlled Corporation	100%
	Prapar Corporation	Common Shares	50	As above	100%
	EXHL Italia S.r.l.	Participation Quotas (Euro)	15,000	As above	100%
	I.P.I. (21) UK Ltd	Ordinary Shares	750,000	As above	100%
	MFH Munich Fashion Holding GmbH	Registered Share	1	As above	100%
	PAC S.r.l. (in liquidation)	Participation Quotas (Euro)	30,600	As above	100%
	Gipafin S.à.r.l.	Ordinary Shares	1,650	As above	68.75%
	Gipafin S.à.r.l.	Preference Shares	300	As above	50%
	Bellatrix S.à.r.l.	Ordinary Shares	438,460	As above	49.83%
	Bellatrix S.à.r.l.	Preference Shares	100,000	As above	83.34%
	Ludo S.A.	Ordinary Shares	100,310	Beneficial Owner	100%
	PRADA Arte B.V.	Registered Shares	180	Controlled Corporation	100%
	Arte One B.V.	Ordinary Shares	180	As above	100%
	PRA 1 S.r.l.	Participation Quotas (Euro)	10,000	As above	100%
Mr. Patrizio Bertelli	Prada Holding B.V.	Common Shares	1,001	Controlled corporation	100%
	Prapar Corporation	Common Shares	50	As above	100%
	EXHL Italia S.r.l.	Participation Quotas (Euro)	15,000	As above	100%
	I.P.I. (21) UK Ltd	Ordinary Shares	750,000	As above	100%
	MFH Munich Fashion Holding GmbH	Registered Share	1	As above	100%
	PAC S.r.l. (in liquidation)	Participation Quotas (Euro)	30,600	As above	100%
	Gipafin S.à.r.l.	Ordinary Shares	750	As above	31.25%
	Gipafin S.à.r.l.	Preference Shares	300	As above	50%

Save as disclosed above, as at July 31, 2014, none of the Directors and chief executives of the Company or their associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial shareholders' interests and short positions in securities

As at July 31, 2014, other than the interests of the Directors or chief executives of the Company as disclosed above, the following persons had interests in the shares or underlying shares of the Company which fall to be disclosed to the Company under Section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of issued capital
Prada Holding B.V.	Legal and beneficial owner	2,046,470,760	80%
Gipafin S.à.r.l.	Interest of controlled corporation	2,046,470,760	80%
Bellatrix S.à.r.l.	Interest of controlled corporation	2,046,470,760	80%
Ludo S.A.	Interest of controlled corporation	2,046,470,760	80%
OppenheimerFunds, Inc.	Investment manager	153,708,010	6.01%

Note:
Prada Holding B.V. owns approximately 80% of the issued capital in the Company. As Ludo S.A. owns 53.8% of Bellatrix S.à.r.l. which in turn owns 65% of Gipafin S.à.r.l (Gipafin S.à.r.l. owns the entire issued capital in Prada Holding B.V.), Gipafin S.à.r.l., Bellatrix S.à.r.l. and Ludo S.A. were all deemed to be interested in the 2,046,470,760 shares held by Prada Holding B.V..

Save as disclosed above, as at July 31, 2014, the Company had not been notified of any interests or short positions being held by any substantial shareholder in the shares or underlying shares of the Company.

Interim condensed consolidated financial statements

Consolidated statement of financial position

(amounts in thousands of Euro)	Note	July 31 2014 (unaudited)	January 31 2014 (audited)
Assets			
Current assets			
Cash and cash equivalents	6	510,591	568,414
Trade receivables, net	7	373,848	308,405
Inventories	8	539,042	449,903
Derivative financial instruments - current	9	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	11	151,004	114,897
Total current assets		1,581,059	1,461,596
Non-current assets			
Property, plant and equipment	12	1,366,552	1,230,192
Intangible assets	13	947,075	901,289
Associated undertakings	14	27,228	21,186
Deferred tax assets	33	212,958	201,245
Other non-current assets	15	74,208	69,867
Derivative financial instruments - non current	9	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	16	242,061	61,909
Payables to parent company and other related parties - current	17	4,697	4,894
Trade payables	18	402,673	348,534
Current tax liabilities	19	119,534	132,145
Derivative financial instruments - current	9	11,993	3,803
Obligations under finance leases - current	20	437	524
Other current liabilities	21	203,764	154,666
Total current liabilities		985,159	706,475
Non-current liabilities			
Long-term financial payables	22	265,965	207,950
Obligations under finance leases non-current	20	7	19
Long-term employee benefits	23	68,760	63,279
Provision for contingencies and commitments	24	56,229	52,660
Deferred tax liabilities	33	40,466	42,671
Other non-current liabilities	25	108,444	98,982
Derivative financial instruments non-current	9	825	1,469
Payables to parent company and other related parties – non-current	17	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 year		244,848	627,785
Total Shareholders' Equity – Group	26	2,666,923	2,687,554
Shareholders' Equity – Non-controlling interests	27	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

Consolidated income statement

(amounts in thousands of Euro)	Note	six months ended July 31 2014 (unaudited)	%	six months ended July 31 2013 (unaudited)	%
Net revenues	28	1,751,315	100.0%	1,728,065	100.0%
Cost of goods sold	29	(493,715)	-28.2%	(460,407)	-26.6%
Gross margin		1,257,600	71.8%	1,267,658	73.4%
Operating expenses	30	(884,442)	-50.5%	(809,320)	-46.8%
EBIT		373,158	21.3%	458,338	26.5%
Interest and other financial income/(expenses), net	31	(9,492)	-0.5%	(15,194)	-0.9%
Dividends from investments	32	455	-	284	-
Income before taxes		364,121	20.8%	443,428	25.7%
Taxation	33	(113,075)	-6.5%	(130,609)	-7.6%
Net income for the period 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	27	6,198	0.3%	4,580	0.3%
Net income – Group		244,848	14.0%	308,239	17.8%
Basic and diluted earnings per share (in Euro per share)	34	0.096		0.120	

Consolidated statement of cash flows

(amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)	six months ended July 31 2013 (unaudited)
Income before taxation	364,121	443,428
Income Statement adjustments		
Depreciation and amortization from continuing operations	118,367	91,825
Impairment of property, plant and equipment and intangible assets	1,310	890
Non-monetary financial (income) expenses	14,844	14,512
Other non-monetary charges	(2,481)	41,137
Balance Sheet changes		
Other non-current assets and liabilities	(14,981)	(14,899)
Trade receivables, net	(63,655)	(13,674)
Inventories, net	(82,308)	(65,911)
Trade payables	54,490	71,296
Other current assets and liabilities	(13,470)	(33,105)
Cash flows from operating activities	376,236	535,499
Financial expenses, net – third parties	(6,106)	(6,854)
Taxes paid	(160,944)	(124,881)
Net cash flows from operating activities	209,186	403,764
Purchases of property, plant and equipment and intangible assets	(220,423)	(292,484)
Disposals of assets	-	-
Financial assets held for trading	454	(989)
Dividends from investments	-	284
Acquisition of Angelo Marchesi	(7,701)	-
Net cash flows utilized by investing activities	(227,670)	(293,189)
Dividends paid to shareholders of PRADA spa	(281,471)	(230,294)
Dividends paid to non-controlling shareholders	(6,763)	(1,881)
Repayment of loans to related companies	(659)	(930)
Repayment of loans by related companies	2,000	-
New loans from related companies	-	-
New loans to related companies	-	-
Repayment of short-term portion of long term borrowings - third parties	(23,379)	(143,436)
Arrangement of long-term borrowings – third parties	76,480	29,812
Change in short-term borrowings – third parties	169,364	100,801
Share capital increases by subsidiaries	1,589	-
Capital contribution by non-controlling interests	-	10
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)
Foreign exchange differences	9,048	3,262
Opening cash and cash equivalents, net of bank overdraft	568,299	571,722
Closing cash and cash equivalents, net of bank overdraft	496,024	439,641
Cash and cash equivalents	510,591	439,654
Bank overdraft	(14,567)	(13)
Closing cash and cash equivalents, net of bank overdraft finale	496,024	439,641

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

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

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

Notes to the Interim condensed consolidated financial statements

1. General information

PRADA spa (the "Company"), together with its subsidiaries (jointly the "Group"), is listed on the Hong Kong Stock Exchange (HKSE code: 1913). It is one of the world leaders in the luxury goods sector where it operates with the Prada, Miu Miu, Church's and Car Shoe brands in the design, production and distribution of luxury handbags, leather goods, footwear, apparel and accessories. The Group also operates, under licensing agreements, in the eyewear 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 select network of luxury department stores, independent retailers and franchise stores.

The Company is a joint-stock company, registered and domiciled in Italy. Its registered office is in via A. Fogazzaro 28, Milan, Italy. At July 31, 2014, 79.98% of the share capital was owned by PRADA Holding bv, a company domiciled in The Netherlands, while the remaining shares were floating on the Main Board of the Hong Kong Stock Exchange.

The 2014 unaudited Interim condensed consolidated financial statements were approved by the Board of Directors of PRADA spa on September 19, 2014.

2. Basis of preparation of the unaudited 2014 Interim condensed consolidated financial statements

The 2014 Interim condensed consolidated financial statements of the PRADA Group for the six months ended July 31, 2014, including the "Consolidated statement of financial position", the "Consolidated income statement", the "Statement of consolidated comprehensive income", the "Consolidated statement of cash flows", the "Statement of changes in consolidated shareholders' equity" and the "Notes to the interim condensed consolidated financial statements" have been prepared in accordance with "IAS 34 Interim Financial Reporting" as endorsed by the European Union.

The Interim condensed consolidated financial statements should be read together with the Consolidated financial statements of the PRADA Group for the twelve months ended January 31, 2014, that were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") as endorsed by the European Union.

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

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

The Interim condensed consolidated financial statements have been prepared using the same scope of consolidation, basis of consolidation and accounting policies adopted for the preparation of the Consolidated financial statements for the twelve months ended January 31, 2014, except for the amendments to accounting standards as reported below under Note 3.

The Group has prepared the Interim condensed consolidated statement of financial position presenting separately current and non-current assets and liabilities. All the details needed for more complete information are provided in the Notes to the Interim condensed consolidated financial statements. The Consolidated income statement is classified by destination. The cash flow information is provided in the Consolidated Statement of cash flows which has been prepared under the indirect method.

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

3. Amendments to IFRS

New standards and amendments issued by the IASB, endorsed by the European Union and applicable to the PRADA Group from February 1, 2014

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

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

- Amendments to "IAS 36 Impairment of Assets". The objective of the amendments made to this standard, effective from annual periods beginning on or after January 1, 2014, is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets. The amendments also requires more disclosure about the recoverable amount of any cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. Such amendments are required to apply for annual periods beginning on or after January 1, 2014. An entity shall not apply those amendments in periods (including comparative periods) in which it does not also apply IFRS 13.

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

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

- "Investment Entities", meant as a group of amendments to IFRS 10, IFRS 12 and IAS 27. "IFRS 10 Consolidated Financial Statements" has been amended in order to better reflect the business model of investment entities. It requires that investment entities measure their subsidiaries at fair value through profit or loss account rather than consolidate them. "IFRS 12 Disclosure of Interests in Other Entities" has been amended in order to require specific disclosure about such subsidiaries of investment entities. The amendments to "IAS 27 Separate Financial Statements" also removed the option for investment entities to measure investments in certain subsidiaries either at cost or at fair value in their separate financial statements. The Amendments are applicable to the PRADA Group at the latest as from the commencement date of a financial year starting on January 1, 2014.

- Transition Guidance (amendments to IFRS 10, IFRS 11 and IFRS 12). The objective of the amendments is to clarify the IASB's intention when first issuing the transition guidance in "IFRS 10 Consolidated Financial Statements". The amendments also provide additional transition relief in IFRS 10, "IFRS 11 Joint Arrangements" and "IFRS 12 Disclosure of Interests in Other Entities", limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Amendments are applicable to the PRADA Group at the latest as from the commencement date of a financial year starting on January 1, 2014.

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

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

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

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

- Amendments to "IAS 27 Separate Financial Statements". The amendments to this standard followed the issue of "IFRS 10 Consolidated Financial Statements", "IFRS 11 Joint Arrangements", "IFRS 12 Disclosure of Interests in Other Entities" and the amendments to "IAS 28 Investment in Associates and Joint Ventures" and prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. Such amendments are applicable to the PRADA Group at the latest as from the commencement date of a financial year starting on January 1, 2014.

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

New standards and amendments issued by the IASB, endorsed by the European Union, but not yet applicable to the PRADA Group as effective from annual periods beginning on or after January 1, 2015

None

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

– "IFRS 9 Financial instruments". This Standard will replace "IAS 39 Financial Instruments: Recognition and Measurement" in its entirety and currently, there is no mandatory effective date to adopt IFRS 9, but entities may however still choose to early apply it. Such replacement project has been divided into three main phases, namely the measurement of financial assets and financial liabilities, the impairment methodology and the hedge accounting.

– "IFRS 14 Regulatory Deferral Accounts". This new IFRS describes regulatory deferral account balances as amounts of expense or income that would not be recognized as assets or liabilities in accordance with other Standards, but that qualify to be deferred in accordance with this Standard because the amount is included, or is expected to be included, by the rate regulator in establishing the price(s) that an entity can charge to customers for rate-regulated goods or services.

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

  Step 1: Identify the contract(s). In some cases, IFRS 15 requires an entity to combine contracts and account for them as one contract. IFRS 15 also provides requirements for the accounting for contract modifications.

  Step 2: Identify the performance obligations in the contract. If those goods or services are distinct, the promises are performance obligations and are accounted for separately.

  Step 3: Determine the transaction price. If the consideration is variable, an entity estimates the amount of consideration to which it will be entitled in exchange for the promised goods or services. The estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation—an entity recognizes revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service).

- Amendment to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization". The IASB amended "IAS 16 Property, Plant and Equipment" and "IAS 38 Intangible assets" to address the concerns regarding the use of a revenue-based method for depreciating an asset. An entity shall apply those amendments prospectively for annual periods beginning on or after January 1, 2016.

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

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

- Annual improvements to IFRS (2010–2012 Cycle). Such improvements impacted: "IFRS 2 Share-based Payment", amending the definition of vesting condition;

  "IFRS 3 Business Combinations", amending the accounting for contingent consideration in a business combination;

  "IFRS 8 Operating Segments", requesting more disclosure when aggregating operating segments and requiring the reconciliation of the total of the reportable segments' assets to the entity's assets;

  "IFRS 13 Fair Value Measurement", clarifying the impact of the standard on the measurement of short-term receivables and payables;

  "IAS 16 Property, Plant and Equipment", amending the revaluation method;

  "IAS 24 Related Party Disclosure", amending the definition of key management personnel;

  "IAS 38 Intangible Assets", amending the revaluation method.

- Annual improvements to IFRS (2011–2013 Cycle). Such improvements impacted:

  "IFRS 1 First-time Adoption of IFRS", meaning of "effective IFRS";

  "IFRS 3 Business Combinations", clarifying that the IFRS does not apply to the accounting for the formation of a joint arrangement;

  "IFRS 13 Fair Value Measurement", clarifying the application of the IFRS to financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk;

  "IAS 40 Investment Property", clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

As at September 19, 2014, the date of approval of these Interim condensed consolidated financial statements, the European Union has not completed yet the endorsement of the new standards and amendments as described above.

4. Acquisitions, disinvestments and incorporation of companies

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 acquired)	(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.

5. Operating segments

"IFRS 8 Operating Segments" requires that detailed information must be provided for each operating segment that makes up the business. An operating segment is intended as a business division whose operating results are regularly reviewed by top management so that they can make decisions about the resources to be allocated to the segment and assess its performance.

The Group's matrix-based organizational structure - whereby responsibility is assigned cross-functionally in relation to brands, products, distribution channels and geographical areas, together with the complementary nature of the production processes of the various brands and the many relationships between the different business segments – means that operating segments that meet the IFRS 8 definition cannot be identified, as top management is only provided with income statement results on a Group-wide level. For this reason, the business has been considered as a single operating segment as this better represents the specific characteristics of the PRADA Group business model.

Detailed information on net revenues by brand, geographical area, product and distribution channel, as well as EBITDA by brand and non-current assets by geographical area are provided below while the complementary management discussion and analyses are provided in the Financial Review.

Net sales analysis

(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%

EBITDA by brand

six months ended July 31, 2014 (amounts in thousands of Euro)	Group	Prada	Miu Miu	Church's	Car Shoe	Others
Net sales	1,730,900	1,431,114	256,031	35,560	6,516	1,679
Royalties	20,415	18,764	1,643	8	-	-
Net revenues	1,751,315	1,449,878	257,674	35,568	6,516	1,679
EBITDA	492,835	475,306	21,392	969	(4,019)	(813)
EBITDA %	28.1%	32.8%	8.3%	2.7%	-	-

six months ended July 31, 2013 (amounts in thousands of Euro)	Group	Prada	Miu Miu	Church's	Car Shoe	Others
Net sales	1,707,584	1,410,062	255,950	32,673	7,551	1,348
Royalties	20,481	19,261	1,214	6	-	-
Net revenues	1,728,065	1,429,323	257,164	32,679	7,551	1,348
EBITDA	551,053	507,854	43,680	2,569	(2,916)	(134)
EBITDA %	31.9%	35.5%	17.0%	7.9%	-	-
Change in Net revenues	23,250	20,555	510	2,889	(1,035)	331
Percentage change in Net Revenues	1.3%	1.4%	0.2%	8.8%	-13.7%	24.6%
Change in EBITDA	(58,218)	(32,548)	(22,288)	(1,600)	(1,103)	(679)
% change in EBITDA	-10.6%	-6.4%	-51.0%	-62.3%	-	-

The PRADA brand generated EBITDA of Euro 475.3 million for the six months ended July 31, 2014, or 32.8% on the relevant net revenues. In the same period last year it amounted to Euro 507.9 million, or 35.5% on the relevant net revenues. The dilution came after the negative impact of a relatively strong Euro currency, that diluted the profitability at gross margin level, and the increased incidence of the labor and rental costs in the selling area, following the expansion of the retail network pursued in the last twelve months (52 openings and 11 closures). Against these effects, the measures undertaken by the management to increase efficiency at all operational levels managed to limit the margin pressure. The Group believes that is fundamental for the long-term perspective of the brand to continue investing in design innovation, communication and promotional activities in order to enhance the leading positioning and global awareness. To this extent, it is worth highlighting at least two major initiatives undertaken in the last period: the sponsorship agreement signed on February 27, 2014, with the Luna Rossa sailing team, that will take part to the the XXXV edition of the America's Cup, and the important art exhibition "Art or Sound" organized by the Fondazione Prada at Ca' Corner della Regina in Venice inaugurated on June 4, 2014. On the retail side, with the impressive one-month event in Harrods Knightsbridge, one of the world's most famous department store, the brand and its products were celebrated with 40 window displays, a pop-up store, multiple screen displays and an exhibition tracing the brand's multivalent obsessions from fashion to art, architecture, cinema, sport and beyond.

The Miu Miu brand generated EBITDA of Euro 21.4 million for the six months ended July 31, 2014, or 8.3% on the relevant net revenues. In the same period last year it amounted to Euro 43.7 million, or 17% on the relevant net revenues. The lower profitability of this six months period is mostly explained by the higher incidence of the selling expenses, essentially resulting from the enlargement strategy of the DOS network of the brand that the Group is realizing despite the difficult political and macro-economic scenario and that, given the dimension of the brand, is resulting even more challenging. With this view, during the six months period, Miu Miu unveiled 12 new DOS covering Far and Middle East, Europe, Japan and US and reaching a total number of 162 at July 31, 2014. At the same time the brand continued investing resources in the communication activities to enhancing its identity. Among others, it is worth remembering the exclusive Miu Miu Croisiere 2014-2015 event held at the Palais d'Iena in Paris on July 5, 2014, or the release of the "Spark and Light" film, the 7th Miu Miu Women's tales which premier was screened at the Diamond Horseshoe in New York.

Church's generated EBITDA of Euro 1 million for the six months ended July 31, 2014, or 2.7% on the relevant net revenues. In the same period last year it amounted to Euro 2.6 million, or 7.9% on the relevant net revenues. The expansion of the retail network, that counted new 3 DOS in the six months period (Copenhagen, Wien and Hong Kong), while giving impulse to the growth of the net sales, entailed more operating expenses that diluted the profitability. The light contraction occurred in the wholesale business, that the Group is confident will be recovered in the second half of the year, contributed negatively to the lower EBITDA margin.

The Car Shoe brand reported a negative EBITDA of Euro 4 million, a deterioration on previous period because of the decline in the wholesale business and a level of retail net sales not yet at the breakeven.

Geographical information

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

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Italy	703,681	569,176
Europe	1,122,603	1,054,397
Americas	199,118	198,453
Asia Pacific	254,403	260,175
Japan	110,307	102,628
Middle East	31,657	33,873
Other countries	4,926	5,319
Total	2,426,695	2,224,021

The total amount of Euro 2,426.7 million (Euro 2,224 million at January 31, 2014) relates to the Group's non-current assets excluding, as requested by IFRS 8, those relating to financial instruments and deferred tax.

6. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Cash on hand	37,777	35,541
Bank deposit accounts	324,733	342,399
Bank current accounts	148,081	190,474
Total	510,591	568,414

At July 31, 2014, bank current accounts and deposit accounts generated interest income of between 0% and 3% per annum (between 0% and 2.5% at January 31, 2014).

Bank deposit accounts are broken down by currency as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Euro	12,700	40,000
US Dollar	32,319	31,992
Korean Won	13,127	50,880
Hong Kong Dollar	248,531	190,458
Other currencies	18,056	29,069
Total bank deposit accounts	324,733	342,399

The Group seeks to mitigate the default risk on bank deposit accounts by allocating available funds to several accounts that differ in terms of currency, country and bank; these investments are always short-term in nature.

Bank current accounts are broken down by currency as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Euro	16,357	93,690
US Dollar	56,449	46,532
Korean Won	8,577	3,083
Hong Kong Dollar	6,719	5,112
GB Pound	4,867	5,934
Other currencies	55,112	36,123
Total bank current accounts	148,081	190,474

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

7. Trade receivables, net

Trade receivables are detailed as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Trade receivables – third parties	347,864	288,504
Allowance for bad and doubtful debts	(10,560)	(10,432)
Trade receivables – 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 were 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 of total receivables before the allowance for doubtful accounts at the reporting date:

(amounts in thousands of Euro)	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)	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)	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)	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

At the reporting date, the expected loss on doubtful receivables was fully covered by the allowance for doubtful receivables.

8. Inventories, net

Inventories are detailed as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	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.

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

(amounts in thousands of Euro)	Raw materials	Finished Products	Total
Balance at January 31, 2014 (audited)	29,780	37,547	67,327
Exchange differences	3	8	11
Increases	-	24	24
Reversals	(3,000)	-	(3,000)
Balance at July 31, 2014 (unaudited)	26,783	37,579	64,362

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

9. Derivative financial instruments: assets and liabilities

Derivative financial instruments: assets and liabilities, current portion.

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Financial assets regarding derivative instruments	2,754	13,984
Financial liabilities regarding derivative instruments	(11,993)	(3,803)
Net carrying amount – current	(9,239)	10,181

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

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Financial assets regarding derivative instruments	856	1,430
Financial liabilities regarding derivative instruments	(825)	(1,469)
Net carrying amount – non current	31	(39)

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

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)	IFRS7 Category
Forward contracts	1,750	8,582	Level II
Options	1,048	5,402	Level II
Interest rate swaps	812	1,430	Level II
Positive fair value	3,610	15,414	
Forward contracts	(8,275)	(1,990)	Level II
Options	(2,776)	(1,364)	Level II
Interest rate swaps	(1,767)	(1,918)	Level II
Negative fair value	(12,818)	(5,272)	
Net carrying amount – current and non-current	(9,208)	10,142	

All of the above derivative instruments are qualified as Level II of the fair value hierarchy proposed by IFRS 7.

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

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

Foreign exchange rate transactions

The cash flows resulting from the Group's international activities are exposed to exchange rate volatility. In order to hedge this risk, the Group enters into options and forward sale and purchase agreements so as to guarantee the value in Euro (or in other currencies of the various Group companies) of identified cash flows. Expected future cash flows mainly regard the collection of trade receivables, settlement of trade payables and financial cash flows. The most important currencies in terms of hedged amounts are: Hong Kong Dollar, US Dollar, Japanese Yen, GB Pound, Korean Won, Swiss Franc and Chinese Renminbi.

At the reporting date, the notional amounts of the derivative contracts designated as foreign exchange risk hedges (as translated at the European Central Bank exchange rate at July 31, 2014) were as stated below.

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

(amounts in thousands of Euro)	Options	Forward sale contracts (*)	Forward purchase contracts (*)	July 31 2014 (unaudited)
Currency				
US Dollar	67,270	10,464	-	77,734
Hong Kong Dollar	31,344	43,004	(974)	73,374
Japanese Yen	38,428	33,779	-	72,207
GB Pound	56,105	49,651	-	105,756
Korean Won	-	61,921	-	61,921
Chinese Renminbi	30,259	15,792	-	46,051
Swiss Franc	-	12,310	-	12,310
Other	479	51,454	(40)	51,893
Total	223,885	278,375	(1,014)	501,246

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

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

(amounts in thousands of Euro)	Options	Forward sale contracts (*)	Forward purchase contracts (*)	July 31 2014 (unaudited)
Currency				
GB Pound	-	8,829	-	8,829
US Dollar	-	48,883	-	48,883
Japanese Yen	-	9,008	-	9,008
Swiss Franc	-	53,689	-	53,689
Other	-	23,453	-	23,453
Total	-	143,862	-	143,862

The contracts in place as at July 31, 2014, will expire within 12 months except for forward contracts sales and options with a maturity date after July 31, 2015, whose notional amount is equal to Euro 53.1 million.

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

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

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

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

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

The contracts in place at January 31, 2014, expired during the six months period, except for forward sale contracts and options with maturity date after July 31, 2014 and totalling a notional amount of Euro 184.6 million.
All contracts in place at the reporting date were entered into with leading financial institutions and the Group does not expect any default by these institutions.

Interest rate transactions

The Group enters into Interest Rate Swaps agreements (IRS) in order to hedge the risk of interest rate fluctuations in relation to bank loans outstanding at the reporting date. The key features of the IRS agreements in place as at July 31, 2014, and January 31, 2014, are summarized as follows:

Hedging Instrument						Hedged Item			
Contract	Currency	Notional amount	Interest rate	Maturity date	July 31 2014 (unaudited)	Currency	Hedged loan – lending institution	Amount	Expiry
					fair value €.000				
IRS	Euro/000	1,200	2.210%	01/07/2015	(17)	Euro/000	MPS	1,200	07/2015
IRS	Euro/000	55,000	1.457%	23/05/2030	(83)	Euro/000	Intesa-Sanpaolo	55,000	05/2030
IRS	GBP/000	60,000	2.778%	31/01/2029	(842)	GBP/000	Unicredit	60,000	01/2029
IRS	Yen/000	1,500,000	1.875%	31/03/2017	(178)	Yen/000	Mizuho	1,500,000	03/2017

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

The IRS agreements convert the variable interest rates applying to a series of loans (i.e. the hedged items in the tables above) into fixed interest rates. These agreements have been arranged with leading financial institutions and the Group does not expect them to default.

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

(amounts in thousands of Euro)	
Opening balance at January 31, 2013 (audited)	27,904
Change in the translation reserve	5
Change in fair value, recognized in Equity	9,148
Change in fair value, charged to Income Statement	(31,902)
Closing balance at January 31, 2014 (audited)	5,155
Change in the translation reserve	(2)
Change in fair value, recognized in Equity	(6,858)
Change in fair value, charged to Income Statement	(2,420)
Closing balance at July 31, 2014 (unaudited)	(4,125)

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

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

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

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Financial receivables – other related parties	11	2,008
Other receivables – PRADA Holding bv	185	356
Other receivables – other companies controlled by PRADA Holding bv	21	36
Other receivables – other related parties	2,348	2,159
Advance payments – other related companies	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. Details of receivables and advance payments to parent company and other related parties are provided in Note 36.

(amounts in thousands of Euro)	July 31 2014 (unaudited)	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. Further information on related party transactions is provided in Note 36.

11. Other current assets

Other current assets are detailed as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	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

Other assets

Other assets are detailed as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Advertising contributions under license agreements	6,696	1,293
Advances to suppliers	1,919	3,184
Incentives for retail investments	4,237	3,645
Advances to employees	691	695
Other receivables	3,662	4,653
Total	17,205	13,470

Prepayments and accrued income

Prepayments and accrued income are detailed as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Rental charges	20,148	15,875
Insurance	3,033	1,931
Design costs	11,254	13,997
Fashion shows and advertising campaigns	5,751	2,585
Amortized costs on loans	759	973
Other	7,823	7,014
Total	48,768	42,375

Design costs mainly include costs incurred for the conception and realization of collections that will generate revenues after July 31, 2014.

12. Property, plant and equipment

Changes in the historical cost of Property, plant and equipment in the period ended July 31, 2014, and in prior year are as follows:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improve-ments	Furniture & fittings	Other tangibles	Assets under construction	Total historical cost
Balance at January 31, 2013 (audited)	252,917	112,098	762,837	250,581	93,832	105,505	1,577,770
Change in scope of consolidation	-	-	-	-	-	-	-
Additions	175,197	10,710	215,784	70,427	32,179	55,499	559,796
Disposals	(15)	(789)	(1,060)	(789)	(857)	(130)	(3,640)
Exchange differences	4,574	346	(21,741)	(4,419)	(649)	(1,759)	(23,648)
Other movements	7,884	48	25,951	8,384	6,071	(49,113)	(775)
Impairment	-	(18)	(31,370)	(9,072)	(1,086)	(644)	(42,190)
Balance at January 31, 2014 (audited)	440,557	122,395	950,401	315,112	129,490	109,358	2,067,313
Change in scope of consolidation	-	185	-	100	101	-	386
Additions	67,071	3,940	55,855	25,258	3,088	73,289	228,501
Disposals	(21)	(256)	(145)	(868)	(243)	(1,305)	(2,838)
Exchange differences	7,055	305	7,866	3,867	399	514	20,006
Other movements	595	121	20,400	4,937	77	(27,137)	(1,007)
Impairment	-	-	(5,173)	(1,606)	(19)	(111)	(6,909)
Balance at July 31, 2014 (unaudited)	515,257	126,690	1,029,204	346,800	132,893	154,608	2,305,452

Changes in accumulated depreciation of Property, plant and equipment in the period ended July 31, 2014, and in prior year are as follows:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improvements	Furniture & fittings	Other tangibles	Total accum. depreciation
Balance at January 31, 2013 (audited)	41,337	94,650	389,794	140,271	54,419	720,471
Change in scope of consolidation	-	-	-	-	-	-
Depreciation	7,931	7,926	112,932	31,900	8,064	168,753
Disposals	(10)	(754)	(977)	(231)	(775)	(2,747)
Exchange differences	100	312	(8,623)	(2,535)	(409)	(11,155)
Other movements	522	-	(846)	(41)	(6)	(371)
Impairment	-	(18)	(29,106)	(7,680)	(1,026)	(37,830)
Balance at January 31, 2014 (audited)	49,880	102,116	463,174	161,684	60,267	837,121
Change in scope of consolidation	-	142	-	81	78	301
Depreciation	4,463	4,157	69,279	18,301	4,721	100,921
Disposals	(2)	(238)	(70)	(694)	(200)	(1,204)
Exchange differences	109	276	5,617	2,107	272	8,381
Other movements	-	(3)	(655)	(280)	(43)	(981)
Impairment	-	-	(4,324)	(1,309)	(6)	(5,639)
Balance at July 31, 2014 (unaudited)	54,450	106,450	533,021	179,890	65,089	938,900

Changes in the net book value of Property, plant and equipment in the period ended July 31, 2014, and in prior year are as follows:

(amounts in thousands of Euro)	Land and buildings	Production plant and machinery	Leasehold improve-ments	Furniture & fittings	Other tangibles	Assets under construction	Total net book value
Balance at January 31, 2013 (audited)	211,580	17,448	373,043	110,310	39,413	105,505	857,299
Change in scope of consolidation	-	-	-	-	-	-	-
Additions	175,197	10,710	215,784	70,427	32,179	55,499	559,796
Depreciation	(7,931)	(7,926)	(112,932)	(31,900)	(8,064)	-	(168,753)
Disposals	(5)	(35)	(83)	(558)	(82)	(130)	(893)
Exchange differences	4,474	34	(13,118)	(1,884)	(240)	(1,759)	(12,493)
Other movements	7,362	48	26,797	8,425	6,077	(49,113)	(404)
Impairment	-	-	(2,264)	(1,392)	(60)	(644)	(4,360)
Balance at January 31, 2014 (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

Additions to land and buildings, that amounted to Euro 67 million, were almost entirely contributed by the acquisition of the building located in Milan that the Group was already occupying with its corporate Headquarter.

The additions to Production, plant and machinery mainly related to purchases of equipment for use in manufacturing processes.

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

Total capital expenditure in the retail channel for the six months ended July 31, 2014, amounted to some Euro 174 million. This amount included Euro 111 million invested in newly opened stores (Euro 108 million for stores opened during the period and Euro 3 million for stores opening shortly), while Euro 63 million were invested in the refurbishment and relocation of existing stores.

The impairment adjustments recorded in the six months ended July 31, 2014, related to assets involved in relocation and renewal retail projects.

At July 31, 2014, the Group did not own any land in Hong Kong. All of the Group's land outside Hong Kong is owned on a freehold basis.

13. Intangible assets

Changes in the historical cost of Intangible assets in the period ended July 31, 2014, and in prior year are as follows:

(amounts in thousands of Euro)	Trademarks	Goodwill	Store Lease Acquisitions	Software	Development costs and other intangible assets	Assets in progress	Total historical cost
Balance at January 31, 2013 (audited)	390,889	533,291	155,445	68,320	45,580	8,230	1,201,755
Change in scope of consolidation	-	-	-	-	-	-	-
Additions	616	-	21,816	3,927	20,129	4,943	51,431
Disposals	-	-	(380)	-	-	(14)	(394)
Exchange differences	3,301	1,179	(133)	(58)	-	(113)	4,176
Other movements	(121)	-	4,400	2,622	288	(7,386)	(197)
Impairment	-	-	(693)	(566)	(1,113)	(317)	(2,689)
Balance at January 31, 2014 (audited)	394,685	534,470	180,455	74,245	64,884	5,343	1,254,082
Change in scope of consolidation	-	7,983	21,331	2	1	-	29,317
Additions	92	-	11,442	494	133	19,552	31,713
Disposals	-	-	-	(9)	-	(1)	(10)
Exchange differences	2,859	1,020	682	141	-	30	4,732
Other movements	-	-	3,767	332	-	(4,536)	(437)
Impairment	-	-	-	-	-	(41)	(41)
Balance at July 31, 2014 (unaudited)	397,636	543,473	217,677	75,205	65,018	20,347	1,319,356

Changes in the accumulated amortization of Intangible assets in the period ended July 31, 2014, and in prior year are as follows:

(amounts in thousands of Euro)	Trademarks	Goodwill	Store Lease Acquisitions	Software	Development costs and other intangible assets	Total accumulated amortization
Balance at January 31, 2013 (audited)	99,784	29,304	89,682	60,332	43,903	323,005
Change in scope of consolidation	-	-	-	-	-	-
Additions	11,060	-	12,614	3,505	2,925	30,104
Disposals	-	-	(291)	-	-	(291)
Exchange differences	1,031	793	40	(15)	-	1,849
Other movements	(103)	-	110	(28)	103	82
Impairment	-	-	(694)	(186)	(1,076)	(1,956)
Balance at January 31, 2014 (audited)	111,772	30,097	101,461	63,608	45,855	352,793
Change in scope of consolidation	-	-	-	-	-	-
Additions	5,552	-	8,710	1,808	1,376	17,446
Disposals	-	-	-	(5)	-	(5)
Exchange differences	940	686	251	115	-	1,992
Other movements	-	-	55	(1)	1	55
Impairment	-	-	-	-	-	-
Balance at July 31, 2014 (unaudited)	118,264	30,783	110,477	65,525	47,232	372,281

Changes in the net book value of Intangible assets in the period ended July 31, 2014, and in prior year are as follows:

(amounts in thousands of Euro)	Trademarks	Goodwill	Store Lease Acquisitions	Software	Development costs and other intangible assets	Assets in progress	Total net book value
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	616	-	21,816	3,927	20,129	4,943	51,431
Amortization	(11,060)	-	(12,614)	(3,505)	(2,925)	-	(30,104)
Disposals	-	-	(89)	-	-	(14)	(103)
Exchange differences	2,270	386	(173)	(43)	-	(113)	2,327
Other movements	(18)	-	4,290	2,650	185	(7,386)	(279)
Impairment	-	-	1	(380)	(37)	(317)	(733)
Balance at January 31, 2014 (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

The net book value of Trademarks at July 31, 2014, and January 31, 2014, is broken down as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Miu Miu	162,621	165,386
Church's	101,422	101,480
Luna Rossa	4,659	5,150
Car Shoe	5,337	5,437
Prada	4,068	4,148
Other	1,265	1,313
Total	279,372	282,914

No impairment losses were recorded in relation to the Group's trademarks in the six months ended July 31, 2014. Trademark registration costs are included in Other.

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

The total capital expenditure on Property, plant and equipment and Intangible assets for the six months ended July 31, 2014, amounted to Euro 289.6 million, allocated as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Retail	173,895	521,545
Production and logistics	31,880	33,482
Corporate	83,841	56,200
Total	289,616	611,227

Impairment test

As required by "IAS 36 Impairment of assets", goodwill with an indefinite useful life is not amortized. Instead, it is tested for impairment at least once a year. As at July 31, 2014, Goodwill amounted to Euro 512.7 million, detailed by Cash Generating Unit (CGU) as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Italy Wholesale	78,355	78,355
Asia Pacific and Japan Retail	311,936	311,936
Italy Retail	25,850	25,850
Germany and Austria Retail	5,064	5,064
United Kingdom Retail	9,300	9,300
Spain Retail	1,400	1,400
France and Monte Carlo Retail	11,700	11,700
North America Retail and Wholesale	48,000	48,000
Production division	3,492	3,492
Church's	9,610	9,276
Provisional Goodwill of Marchesi Angelo srl	7,983	-
Total	512,690	504,373

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

14. Investments

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Investment in associated undertaking	1,738	1,738
Investment available for sale	25,476	19,434
Other investments	14	14
Total	27,228	21,186

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

Investment available for sale regards the 4.88% stake in the share capital of Sitoy Group Holdings ltd, a company listed on the Hong Kong Stock Exchange that operates on the Asian market in the production of accessories and other products. In accordance with "IAS 39 Financial instruments: recognition and measurement", the investment was initially recognized at cost and subsequently restated at fair value in line with the official quoted share price on the Hong Kong Stock Exchange as at July 31, 2014 (Level I of the fair value hierarchy per "IFRS 7 Financial Instruments: Disclosures"). Changes to fair value compared to January 31, 2014 – positive for Euro 6.0 million – have been recognized in a specific equity reserve net of the taxation effect. In the six months ended July 31, 2014, the Group received net dividends from Sitoy Group Holdings ltd totaling Hong Kong Dollar 4.9 million (Euro 0.5 million).

15. Other non-current assets

Other non-current assets are detailed as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	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

Guarantee deposits are analyzed below by nature and maturity:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Nature:		
Stores	54,449	54,140
Offices	1,999	2,080
Warehouses	184	163
Other	1,059	775
Total	57,691	57,158

(amounts in thousands of Euro)	July 31 2014 (unaudited)
Maturity:	
By 31.07.2016	13,633
By 31.07.2017	2,101
By 31.07.2018	7,433
By 31.07.2019	7,146
After 31.07.2020	27,378
Total	57,691

16. Short-term financial payables and bank overdrafts

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Bank overdrafts and commercial lines of credit	14,567	114
Short-term bank loans	191,957	21,845
Current portion of long term loans	36,090	40,416
Deferred costs on loans	(553)	(466)
Total	242,061	61,909

At July 31, 2014, the mainly increase in the short-term bank loans is due to the drawdown of the revolving credit line for Euro 170 million on PRADA spa that was signed with a pool of foreign banks. The expiry date is May 2016. The remaining part of the outstanding short-term loans is relevant to the use of a short-term committed line on PRADA Japan. This revolving credit line is subject to compliance with a number of covenants calculated based on the Consolidated financial statements of PRADA spa which were fully respected at July 31, 2014.

The current portion of long-term loans at July 31, 2014, essentially includes loans arranged in Italy, China and Japan.

Current portion of long-term loans includes a loan signed by PRADA spa with Banca Monte dei Paschi di Siena in the 2008. The relevant outstanding amount at July 31, 2014, Euro 1.2 million, is secured by a mortgage on a building in Tuscany that houses offices and research and development workshops.

The current portion of long-term loan also includes a loan signed by PRADA spa with Cassa di Risparmio Parma e Piacenza in the 2008 and whose current portion at July 31, 2014, is Euro 5.2 million. This loan is secured by a mortgage on a building in Tuscany where the Group concentrated the logistics activities of the leather goods division.

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

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Euro	176,781	14,484
Japanese Yen	32,633	30,375
Chinese Renminbi	13,229	13,391
Other currencies	5,404	4,011
Total	228,047	62,261

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

Considering hedges in place at the reporting date, some 16% of the current portion of medium/long-term loans consisted of fixed rate loans (23% at January 31, 2014) with variable rate loans making up the remaining 84% (77% at January 31, 2014).

Bank borrowings are stated net of amortized costs incurred to arrange the loans (Euro 0.6 million short-term and Euro 1.7 million medium/long-term).

At July 31, 2014, the Group had a total of Euro 285.9 million of available unused credit facilities (Euro 454.3 million at January 31, 2014).

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

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

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Other payables – PRADA Holding bv and other companies controlled by PRADA Holding bv	119	136
Financial payables – other related companies	3,498	4,130
Other payables – other related companies	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. Details of payables to parent company and other related parties are provided in Note 36.

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

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Other payables – related parties	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. Details of payables to parent company and other related parties – non-current are provided in Note 36.

18. Trade payables

Trade payables are detailed as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	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 summarizes trade payables by maturity date:

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

19. Current tax liabilities

Tax payables are detailed as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Current income taxes	89,107	101,018
VAT and other taxes	30,427	31,127
Total	119,534	132,145

Net of current income tax receivables, current income tax payables total Euro 49.2 million at July 31, 2014 (Euro 87 million at January 31, 2014).

20. Obligations under finance leases

At July 31, 2014, Obligations under finance leases included short-term payables of Euro 437 thousand (Euro 524 thousand at January 31, 2014) and long-term payables of Euro 7 thousand (Euro 19 thousand at January 31, 2014). They mainly related to leases of properties situated in Italy. Further information is provided in Note 37. The Group's obligations under finance leases are secured on the leased assets.

21. Other current liabilities

Other current liabilities are detailed as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	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

The increase in payables for capital expenditure is significatively contributed by the outstanding payable of Euro 55 million relating to the purchase of the corporate headquarter real-estate in Milan that occurred in June 2014.

Other payables are detailed as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Short-term benefits for employees and other personnel	54,803	57,817
Customer advances	6,267	5,298
Returns from customers	8,878	8,300
Other	1,662	1,561
Total	71,610	72,976

22. Long-term bank borrowings and bond

Long-term financial payables are analyzed below:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Long-term bank borrowings	137,694	79,805
Bond	130,000	130,000
Deferred costs on loans	(1,729)	(1,855)
Total	265,965	207,950

Long-term bank borrowings increased essentialy for the new loan facility agreement of GB Pound 60 million (Euro 74.9 million at July 31, 2014) 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.

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

At the reporting date, some 79% of long-term loans consisted of fixed rate loans (67% at January 31, 2014) with variable rate loans making up the remaining 21% (33% at January 31, 2014).

Details of long-term borrowings at July 31, 2014, are provided below.

Borrower	amount in thousands of Euro	Loan currency	Lender	Expiry date	Interest rate (1)
PRADA spa	130,000	Euro	Bond	08/2018	2.750%
PRADA spa	2,610	Euro	Cariparma	08/2015	1.337%
PRADA Middle East FZCO	5,780	US Dollar	ENBD	09/2016	3.735%
PRADA Japan. Co. Ltd	7,264	Japanese Yen	Mizhuo Bank	03/2017	1.875%
PRADA Japan Co. Ltd	4,359	Japanese Yen	Sumitomo Mitsui Trust	08/2016	0.686%
PRADA Japan Co. Ltd	10,461	Japanese Yen	Syndicated loan	07/2018	1.100%
PRADA Japan Co. Ltd	23,973	Japanese Yen	Syndicated loan	01/2018	1.100%
PRADA Fashion Commerce (Shanghai) co limited	4,539	Chinese Renminbi	Mizuho Bank	11/2015	6.150%
Kenon Ltd	74,924	GB Pound	Unicredit	01/2029	4.477%
Church and co. ltd	3,784	GB Pound	HSBC	05/2018	2.020%
Total	267,694				

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

Details of long-term borrowings at January 31, 2014, are provided below.

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

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

On June 23, 2014, PRADA spa signed with Intesa Sanpaolo a long-term loan secured by a legal mortgage on a building in Milan (corporate offices) for a total amount of Euro 55 million which will be drawn in May 2015. The loan will expire in May 2030; it is repayable in 30 equal instalments starting from November 2015.

The loan from Sumitomo Mitsui Trust Bank is subject to compliance with certain covenants based on the Statutory financial statements of PRADA Japan co ltd. At July 31, 2014, the covenants were fully respected.

The bond, which is listed on the Irish Stock Exchange, bears a fixed interest rate. The fair value of the bond at July 31, 2014, is Euro 137 million, while its carrying amount is equal to Euro 130 million.

All bank borrowings are analyzed by security profile as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Secured	84,659	12,137
Unsecured	425,649	260,043
Total	510,308	272,180

Other than PRADA spa, no Group company had issued any debt securities at the end of the current period.

23. Long-term employee benefits

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Post-employment benefits	42,238	39,568
Other long term employee benefits	26,522	23,711
Total liabilities for long term benefits	68,760	63,279

Post-employment benefits

Liabilities for post-employment benefits reported at July 31, 2014, totaled Euro 42.2 million (Euro 39.6 million at January 31, 2014) and all were qualified as defined benefit plans.

The balance includes Euro 25.4 million of liabilities recorded in the financial statements of Italian companies and Euro 16.8 million reported by non-Italian companies. The Italian liabilities for post-employment benefits regard the *"Trattamento di Fine Rapporto"* (hereinafter "TFR" i.e. staff leaving indemnity), a deferred employee benefit that must be paid by Italian businesses and is linked to length of working life and remuneration received. The fair value of the liability as reported was determined projecting the benefit, accruing under Italian law at the reporting date, to the future date when the employment relationship will be terminated and discounting it at the reporting date using the actuarial "Projected Unit Credit Method (PUCM)".

The following table shows movements on liabilities for post-employment benefits in six months ended July 31, 2014.

	Defined Benefit Plans in Italy (TFR)	Defined Benefit Plans abroad (including Japan and UK)	Other long-term employee benefits	Total
Balance at January 31, 2014 (audited)	23,892	15,676	23,711	63,279
Acquisitions	236	-	-	236
Current service cost	82	1,042	2,864	3,988
Interest expenses (income)	38	-	62	100
Actuarial (gains)/losses	2,033	-	129	2,162
Benefits paid	(840)	-	(365)	(1,205)
Exchange differences	-	79	121	200
Balance at July 31, 2014 (unaudited)	25,441	16,797	26,522	68,760

The current service cost and the interest cost/(revenue) were recognized through income statement. For Other long-term employee benefits only, actuarial differences were also recognized through the income statement. The TFR liability was determined based on an independent appraisal by Federica Zappari, an Italian registered actuary (no 1134) of *Ordine Nazionale degli Attuari*. The technical part of the computation was based on an historical analysis of the data. For the demographic assumptions, variables such as the likelihood of death, early retirement and resignation, dismissal, expiry of employment contract, advance payment on leaving indemnities and supplementary pension schemes were considered.

The surplus of the pension plans relating to Group companies operating in the United Kingdom which provide pension services for their employees amounted to zero at January 31, 2014, as resulting from the relevant actuary report. Such evaluation was not updated on July 31, 2014, as the Directors believed that no significant changes incurred in the fair value during the six months ended July 31, 2014.

Other long-term employee benefits

Other long-term employee benefits come under the IAS 19 category "Other long-term employee benefits" and relate to long-term retention and performance plans recognized in favor of Group employees. As at July 31, 2014, their actuarial valuation, obtained using the Projected Unit Cost Method, was Euro 26.5 million (Euro 23.7 million as at January 31, 2014), as determined based on an independent actuarial appraisal. The increase in 2014 mainly regards revaluation of existing plans. Some Euro 10.7 million of the long-term benefits at July 31, 2014, is recognized in favor of related parties (Euro 8.3 million as at January 31, 2014).

24. Provisions for risks and charges

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

(amounts in thousands of Euro)	Provision for litigation	Provision for tax disputes	Other provisions	Total
Balance at January 31, 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.

Provision for tax disputes

The increases occurred 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.

Provision for litigation

The provision for litigation amounted to Euro 1.3 million at July 31, 2014, and mainly regarded disputes with suppliers, former employees of the Group and government authorities in relation to social contributions.

Other provisions for risks

Other provisions for risks amounted to Euro 29 million as at July 31, 2014, and related to lease agreements defined as onerous – in terms of "IAS 37 Provisions, Contingent liabilities and Contingent assets" - and obligations to return premises held under lease agreements in their original state.

25. Other non-current liabilities

Other non-current liabilities amounted to Euro 108.4 million (Euro 99.0 million as at January 31, 2014). They mainly regarded liabilities to be recognized on a straight-line basis in relation to commercial lease costs.

26. Shareholders’ equity - Group

The Group’s shareholders’ equity is as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Share Capital	255,882	255,882
Share premium reserve	410,047	410,047
Other reserves	1,790,778	1,446,923
Actuarial reserve	(13,381)	(11,452)
Fair value reserve	8,639	4,108
Cash flow hedge reserve	(3,145)	3,699
Translation reserve	(26,745)	(49,438)
Net income for the period	244,848	627,785
Total	2,666,923	2,687,554

Share capital

At July 31, 2014, some 80% of the share capital of PRADA spa is held by PRADA Holding bv while the remainder is floating on the Main Board of the Hong Kong Stock Exchange.

Share premium reserve

The share premium reserve is unchanged compared to January 31, 2014.

Translation reserve

Movements on this reserve related to the translation of the financial statements of consolidated companies named in foreign currency. The reserve changed from negative Euro 49.4 million at January 31, 2014, to negative Euro 26.7 million.

Other reserves

At July 31, 2014, other reserves amounted to Euro 1,790.8 million. They increased by Euro 343.9 million compared to January 31, 2014, mainly as a result of the allocation of the Group’s net income for the previous year (Euro 627.8 million), net of the distribution of dividends (Euro 281.5 million) to PRADA spa shareholders.

Net income for the year

The Group’s net income for the six months ended July 31, 2014, amounted to Euro 244.8 million (Euro 627.8 million for the twelve months ended January 31, 2014).

Capital gain tax in Italy

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

27. Shareholders' equity – Non-controlling interests

The following table shows movements on the Shareholders' equity of Non-controlling interests during the six months ended July 31, 2014, and January 31, 2014.

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Opening balance	13,986	10,470
Translation differences	360	93
Dividends	(6,763)	(6,634)
Net income for the year	6,198	10,020
Actuarial reserve	-	(3)
Capital injection in subsidiaries	1,589	40
Acquisition of Marchesi Angelo srl	107	-
Closing balance	15,477	13,986

The capital injection into subsidiaries related to Pellettieri d'Italia srl for Euro 0.3 million and for Euro 1.3 million to Prada Saudi Arabia, a new company set up by the Group on July 2, 2014 (the Group owns 75% of the said Company).

Dividends paid during the six months ended July 31, 2014, totaled Euro 6.8 million and were distributed by the following subsidiaries: TRS New Zeland, TRS Guam, TRS Saipan,TRS Hong Kong, TRS Singapore, TRS Macau, TRS Okinawa and Artisan Shoes srl.

28. Net revenues

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

(amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)	six months ended July 31 2013 (unaudited)
Net sales	1,730,900	1,707,584
Royalties	20,415	20,481
Total	1,751,315	1,728,065

Breakdowns and comments of net revenues by brand, distribution channel, geographical area and product are provided in the Financial review.

29. Cost of goods sold

Cost of goods sold is analyzed as follows:

(amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)	six months ended July 31 2013 (unaudited)
Purchases of raw materials and production costs	476,558	426,385
Logistics costs, duties and insurance	95,641	90,780
Change in inventories	(78,484)	(56,758)
Total	493,715	460,407

In absolute terms, cost of goods sold increased from Euro 460.4 million in the first six months ended July 31, 2013, to Euro 493.7 million. As a percentage of net revenues it increased from 26.6% to 28.2% because of the negative impact on the net sales of the current period as a result of a Euro currency stronger on average compared to the same period last year.

30. Operating costs

Operating costs are analyzed as follows:

(amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)	% of net revenues	six months ended July 31 2013 (unaudited)	% of net revenues
Product design and development costs	69,686	4.0%	66,405	3.8%
Advertising and communications 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%

Operating costs amounted to Euro 884.4 million and increased their incidence on net revenues from 46.8% to 50.5%.

Product design and development costs advanced from Euro 66.4 million in the six months ended July 31, 2013, to Euro 69.7 million mainly because of a rise in the labour cost.

Advertising and communications costs decreased from Euro 82.1 million in the six months ended July 31, 2013, to Euro 76.5 million and, as a percentage of net revenues, from 4.7% to 4.4%. This was the result of lower sponsorhip expenses in these first six months of 2014 related to the Luna Rossa yacht, as in 2013 it was challenging for the XXXIV edition of the America's Cup.

Selling costs totaled Euro 639.4 million in the six months ended July 31, 2014, and increased from Euro 564 million in the same period of last year. Also their incidence on net revenues went up to 36.5% from 32.6%. The rise was due to the labour, rental and depreciation expenses following the strenghtening strategy of the retail network.

General and administrative costs amounted to Euro 98.9 million for the first half of 2014 and advanced from Euro 96.9 million of the previous period. Their incidence on net revenues was stable.

As requested by "IAS 1 Presentation of Financial Statements" the following table reports the total of depreciation, amortization and impairment, labor cost and rent included under the operating costs.

(amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)	six months ended July 31 2013 (unaudited)
Depreciation, amortization and impairment	119,677	92,715
Labor cost	314,235	283,219
Variable rent	148,198	297,550
Fixed rent	125,136	247,814
Total	707,246	921,298

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

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

(amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)	six months ended July 31 2013 (unaudited)
Interest 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)

Interest expenses have decreased primarily because of lower average indebtedness and the different composition of the bank debt in terms of maturity. In both periods, interest income was earned by investing the increased liquidity across a number of currencies, countries and banks, in compliance with the Group's corporate strategy which permits only low-risk investments.

32. Dividends received

For the six months ended July 31, 2014, the Group received Euro 454.8 thousands of dividends (Euro 284.5 thousands as at July 31, 2013) from Sitoy Group Holdings ltd, a company listed on the Hong Kong Stock Exchange (HKSE code: 1023) in which the Group held a 4.88% interest at July 31, 2014 (same as at January 31, 2014).

33. Income taxes

Income taxes are analyzed as follows:

(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

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 but, as a percentage of result before taxation, it went up to 31.1% from 29.5%. The rise in the effective tax rate was due to a different geographical mix of consolidated net taxable income.

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

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Opening balance	**158,574**	**120,421**
Exchange differences	1,298	(4,763)
Deferred taxes on derivative instruments recorded in equity (cash flow hedges)	2,438	6,303
Deferred taxes on post-employment benefits recorded in equity (reserve for actuarial differences)	104	1,418
Other movements	(4)	110
Deferred taxes for the period in income statement	10,082	35,085
Closing balance	**172,492**	**158,574**

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

(amounts in thousands of Euro)	July 31, 2014 (unaudited)		January 31, 2014 (audited)	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Inventories	100,990	-	95,240	130
Receivables and other assets	438	1,583	451	1,582
Useful life of non-current assets	48,989	13,155	46,197	13,249
Deferred taxes due to acquisitions	-	21,618	-	22,666
Provision for risks / accrued expenses	40,726	2,248	37,456	2,151
Non-deductible / taxable charges / income	5,683	661	6,752	370
Tax loss carryforwards	6,579	-	6,945	-
Derivative financial instruments	1,111	-	81	1,396
Long term employee benefits	7,709	451	7,364	151
Other	733	750	759	976
Total	**212,958**	**40,466**	**201,245**	**42,671**

34. Earnings and Dividends per share

Earnings per share

Earnings per share are calculated by dividing the net income attributable to the PRADA spa 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.

35. Additional information

The average headcount by functional area for the six months periods ended July 31, 2014, and July 31, 2013, is as follows:

(number of employees)	six months ended July 31 2014 (unaudited)	six months ended July 31 2013 (unaudited)
Production	1,987	1,852
Product design and development	950	890
Advertising and Communications	115	112
Selling	7,785	6,637
General and administrative services	987	873
Total	11,824	10,364

Employee remuneration

Employee remuneration by functional area for the six months periods ended July 31, 2014, and July 31, 2013, is as follows:

(amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)	six months ended July 31 2013 (unaudited)
Production	49,158	45,385
Product design and development	34,882	30,187
Advertising and Communications	5,940	5,977
Selling	181,036	161,641
General and administrative services	43,219	40,029
Total	314,235	283,219

Employee remuneration by nature for the six months periods ended July 31, 2014, and July 31, 2013, is as follows:

(amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)	six months ended July 31 2013 (unaudited)
Wages and salaries	238,205	212,662
Post-employment benefits	13,121	13,117
Social security	52,390	47,244
Other	10,519	10,196
Total	314,235	283,219

Distributable reserves of parent company PRADA spa

(amounts in thousands of Euro)	Amount at July 31, 2014 (unaudited)	Possible utilization	Distributable amount	Summary of utilization in last three years	
				Coverage of losses	Distribution of dividends
Share Capital	255,882				
Share premium reserve	410,047	A,B,C	410,047		
Legal reserve	51,176	B			
Other reserves	182,899	A,B,C	182,899		
Retained earnings	354,249	A,B,C	333,733	-	674,706 (*)
Cash flow hedge reserve	(2,394)				
Distributable amount			926,679		

(*) Dividends distributed include also the dividends paid during the six months ended July 31, 2014, on the financial statements ended January 31, 2014.

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

Pursuant to Article 2431 of the Italian Civil Code, the share premium reserve is fully distributable as the legal reserve has reached an amount equal to 20% of share capital. The non-distributable portion of Retained earnings, Euro 20,516 million, refers to restricted reserves under Article 7 of Legislative Decree 38/2005.

Exchange rates

The exchange rates against the Euro used to consolidate statements of financial position and income statements prepared in other currencies as at July 31, 2014, January 31, 2014, and July 31, 2013, are shown below.

Currency	Average rate for the six months ended July 31, 2014	Average rate for the six months ended July 31, 2013	Closing rate	Opening rate
US Dollar	1.369	1.310	1.338	1.352
Canadian Dollar	1.497	1.342	1.461	1.513
GB Pound	0.816	0.856	0.793	0.821
Swiss Franc	1.219	1.231	1.217	1.222
Australian Dollar	1.483	1.323	1.440	1.552
Korean Won	1,426.771	1,460.408	1,378.500	1,464.230
Japanese Yen	139.755	127.466	137.660	138.130
Hong Kong Dollar	10.618	10.167	10.369	10.497
Singapore Dollar	1.720	1.638	1.668	1.728
Thai Baht	44.391	39.327	42.959	44.599
Taiwan Dollar	41.302	39.058	40.114	40.945
Russian Ruble	48.158	41.200	47.522	47.748
Czech Koruna	27.438	25.762	27.570	27.500
Macau Pataca	10.936	10.472	10.680	10.812
Chinese Renminbi	8.475	8.091	8.262	8.192
New Zealand Dollar	1.601	1.599	1.576	1.668
Malaysian Ringgit	4.446	4.063	4.277	4.525
Turkish Lira	2.942	2.409	2.855	3.074
Brazilian Real	3.113	2.708	3.016	3.283
Mexican Peso	17.909	16.474	17.636	18.161
UAE Dirham	5.029	4.813	4.914	4.964
Ukrainian Hryvna	14.895	10.476	16.212	10.877
Moroccan Dirham	11.239	11.149	11.201	11.214
Kuwait Dinar	0.386	0.373	0.379	0.382
Swedish Kronor	9.018	8.536	9.226	8.851
Kazakhstani Tenge	248.369	198.134	245.410	210.750
Qatari Riyal	4.986	4.769	4.871	4.923
Indian Rupee	82.770	-	81.017	84.688
Danish Kronor	7.462	7.457	7.456	7.462
Saudi Arabian Ryal	5.135	4.914	5.017	5.069

Remuneration of Board of Directors

Remuneration of the PRADA spa Board of Directors for the six months ended July 31, 2014

(amounts in thousands of Euro)	Directors' fees	Remuneration and other benefits	Bonuses and other incentives (*)	Benefits in kind	CPension, healthcare and TFR contributions	Total
Patrizio Bertelli	500	3,000	2,623	-	-	6,123
Miuccia Prada Bianchi	500	5,350	585	-	-	6,435
Carlo Mazzi	510	-	-	42	11	563
Donatello Galli	20	208	76	20	106	430
Alessandra Cozzani	20	86	37	7	52	202
Gaetano Micciché	20	-	-	-	-	20
Gian Franco Oliviero Mattei	80	-	-	-	-	80
Giancarlo Forestieri	30	-	-	-	4	34
Sing Cheong Liu	30	-	-	-	6	36
Total	1,710	8,644	3,321	69	179	13,923

(*) Bonuses and other incentives includes Other long-term benefits in favor of Patrizio Bertelli and Miuccia Prada Bianchi for an amount of Euro 623 thousand and Euro 585 thousand, respectively. As required by IAS 19, the amounts shown reflect the effects of an actuarial valuation. Further information on Other long-term benefits is provided in Note 23.

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

(amounts in thousands of Euro)	Directors' fees	Remuneration and other benefits	Bonuses and other incentives (*)	Benefits in kind	CPension, healthcare and TFR contributions	Total
Miuccia Prada Bianchi	500	4,850	1,553	-	1	6,904
Patrizio Bertelli	500	3,000	3,769	-	1	7,270
Carlo Mazzi	150	-	-	40	10	200
Donatello Galli	20	153	91	19	90	373
Marco Salomoni	30	-	-	-	-	30
Gian Franco Oliviero Mattei	70	-	-	-	2	72
Giancarlo Forestieri	30	-	-	-	4	34
Gaetano Micciché	20	-	-	-	-	20
Sing Cheong Liu	30	-	-	-	6	36
Total	1,350	8,003	5,413	59	114	14,939

(*) Bonuses and other incentives includes Other long-term benefits in favor of Patrizio Bertelli and Miuccia Prada Bianchi for an amount of Euro 1,769 thousand and Euro 1,553 thousand, respectively. As required by IAS 19, the amounts shown reflect the effects of an actuarial valuation. Further information on Other long-term benefits is provided in Note 23.

The Remuneration and other benefits and the Bonuses and other incentives of the Chief Executive Officer Miuccia Prada Bianchi for the six months ended July 31, 2014, falls within the scope of application of Chapter 14A of the Hong Kong Stock Exchange Listing Rules as it has been qualified as a continuing connected transaction subject to reporting and disclosure but exempted from independent shareholders' approval requirements. As requested by the Listing Rules, comprehensive disclosure of this continuing connected transaction was communicated to the market through the Announcements published by PRADA spa on April 27, 2012, and April 5, 2013.

The Remuneration and other benefits and the Bonuses and other incentives of the Chief Executive Officer Patrizio Bertelli for the six months ended July 31, 2014, falls within the scope of application of Chapter 14A of the Hong Kong Stock Exchange Listing Rules as it has been qualified as a continuing connected transaction subject to reporting and disclosure but exempted from independent shareholders' approval requirements. As requested by the Listing Rules, comprehensive disclosure of this continuing connected transaction was communicated to the market through the Announcements published by PRADA spa on April 27, 2012, and April 5, 2013.

36. Transactions with related parties

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

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

Statement of financial position amounts at July 31, 2014 (unaudited)

(amounts in thousands of Euro)	Trade receivables	Receivables from, and advances to, parent companies and related parties – current	Receivables from, and advances to, parent companies and related parties – non current	Trade payables	Payables to parent companies and related parties - current	Payables to parent companies and related parties – non current
PRADA Holding bv	-	185	-	-	119	-
Other payables – other companies controlled by PRADA Holding bv	-	21	-	-	-	-
EXHL Italia srl	-	21	-	-	-	-
Other related parties	36,544	3,614	11,634	10,612	4,578	13,315
DFS Hawaii	-	-	-	667	-	-
DFS Venture Singapore pte ltd	-	-	-	29	21	-
DFS Cotai ltd	40	-	-	1,165	-	-
DFS New Zealand ltd	-	-	-	41	-	-
F.lli Prada spa	28,616	-	-	5,104	323	-
F.lli Prada spa (Galleria) (*) (***)	2,998	-	2,019	-	-	-
Al Tayer Travels	-	-	-	15	-	-
Al Tayer Insignia llc	18	-	-	96	3,498	-
Al Tayer Trends	11	-	-	-	-	-
Al Tayer Group llc	-	-	-	4	-	-
Danzas llc UAE	-	-	-	78	117	-
Luna Rossa Challenge 2013 NZ ltd	1,293	-	-	-	-	-
Luna Rossa Challenge 2013 srl	515	11	8,730	154	21	-
Stiching Fondazione Prada	-	578	-	-	34	-
Stiching Prada	-	354	-	-	-	-
Progetto Prada Arte srl	-	2,304	-	-	551	-
Progetto Prada Arte srl (Galleria) (**) (****)	715	-	885	-	-	-
Gipafin sarl	-	6	-	-	-	-
Granello sa	-	191	-	-	-	-
HMP srl	-	8	-	-	-	-
PRA 1 srl	883	72	-	18	-	-
Premiata srl	291	-	-	1,515	-	-
La Mazza srl	85	-	-	594	-	-
Peschiera Immobiliare srl	-	82	-	-	-	-
Secva srl	-	-	-	732	-	-
PRADA Arte bv	-	8	-	-	-	-
FinReta srl	-	-	-	151	-	13,315
Pelletteria Reta srl	-	-	-	78	13	-
Friuli 64 srl	-	-	-	121	-	-
Spelm sa	-	-	-	34	-	-
Gran Cafè snc	-	-	-	14	-	-
Rubaiyat Modern Lux. Prod. ltd	1,079	-	-	-	-	-
Other	-	-	-	2	-	-
Members of the Board of Directors of PRADA spa	-	-	-	223	-	-
Relative of a Director of PRADA spa	-	-	-	387	-	-
Total at July 31, 2014 (unaudited)	36,544	3,820	11,634	11,222	4,697	13,315

(*) the accrual non-current amounting to Euro 2,019 thousand represents the deferred rental income recognized in relation to Fratelli Prada spa in application of "IAS 17 Leases" to the business management agreement between PRADA spa and Fratelli Prada spa.
(**) The accrual non-current amounting to Euro 885 thousand represents the deferred rental income recognized in relation to Progetto Prada Arte srl in application of "IAS 17 Leases" to the business combination agreement between PRADA spa and Progetto Prada Arte srl.
(***) the receivable of Euro 2,998 thousand represents the business management fee to be paid by Fratelli Prada spa for the management of the retail business in Galleria Vittorio Emanuele II in Milan in accordance with the business management agreement between PRADA spa and Fratelli Prada spa.
(****) the receivable of Euro 715 thousand represents the recharged portion of rental costs for premises occupied by Progetto Prada Arte srl at Galleria Vittorio Emanuele II property in Milan in accordance with the business combination agreement between PRADA spa and Progetto Prada Arte srl.

Statement of financial position amounts at January 31, 2014 (audited)

(amounts in thousands of Euro)	Trade receivables	Receivables from, and advances to, parent companies and related parties – current	Receivables from, and advances to, parent companies and related parties – non current	Trade payables	Payables to parent companies and related parties - current	Payables to parent companies and related parties – non current
PRADA Holding bv	-	356	-	-	136	-
Other payables – other companies controlled by PRADA Holding bv	-	36	-	-	-	-
Prapar Corporation	-	-	-	-	-	-
EXHL Italia srl	-	36	-	-	-	-
Other related parties	30,333	5,601	1,487	10,727	4,758	13,247
DFS Hawaii	-	-	-	775	-	-
DFS Venture Singapore pte ltd	-	-	-	81	-	-
DFS Cotai ltd	25	-	-	1,766	-	-
DFS New Zealand ltd	-	-	-	63	-	-
F.lli Prada spa	25,457	1	-	2,379	323	-
F.lli Prada spa (Galleria)	1,335	-	851	-	-	-
Al Tayer Travels	-	-	-	11	-	-
Al Tayer Insignia llc	18	-	-	32	4,130	-
Al Tayer Logistics	-	-	-	-	-	-
Al Tayer Motors	-	-	-	2	-	-
Al Tayer Trends	11	-	-	-	-	-
Al Tayer Group llc	-	3	-	32	-	-
Danzas llc UAE	-	-	-	-	127	-
Luna Rossa Challenge 2013 NZ ltd	1,299	-	-	-	-	-
Luna Rossa Challenge 2013 srl	164	2,008	-	154	21	-
Aati Contracs	-	-	-	-	-	-
Stiching Fondazione Prada	-	625	-	-	61	-
Stiching Prada	-	206	-	-	-	-
Progetto Prada Arte srl	-	2,492	-	-	81	-
Progetto Prada Arte srl (Galleria)	876	-	637	-	-	-
Gipafin sarl	-	6	-	-	-	-
Granello sa	-	166	-	-	-	-
HMP srl	-	8	-	-	-	-
Prada America's Cup srl	-	-	-	-	-	-
PRA 1 srl	983	-	-	-	-	-
Premiata srl	94	-	-	1,951	-	-
La Mazza srl	71	-	-	511	-	-
Calzaturificio Mazza Graziano	-	-	-	61	-	-
Peschiera Immobiliare srl	-	81	-	-	-	-
Secva srl	-	-	-	2,707	-	-
PRADA Arte bv	-	-	-	-	-	-
FinReta srl	-	-	-	140	-	13,247
Pelletteria Reta srl	-	-	-	61	13	-
Other	-	5	-	1	2	-
Members of the Board of Directors of PRADA spa	-	-	-	143	-	-
Relative of a Director of PRADA spa	-	-	-	341	-	-
Total at January 31, 2014 (audited)	30,333	5,993	1,487	11,211	4,894	13,247

Income statement for the six months ended July 31, 2014 (unaudited)

(amounts in thousands of Euro)	Net sales	Cost of goods sold	General, admin. & selling costs (income)	Royalties income	Interest income	Interest expense
PRADA Holding bv	-	-	(57)	-	-	-
Other companies controlled by PRADA Holding bv	-	-	(3)	-	-	-
EXHL Italia	-	-	(3)	-	-	-
Other related parties	16,793	4,847	16,510	522	3	70
F.lli Prada spa (Franchising)	16,792	2	(1,045)	522	-	-
F.lli Prada spa (Galleria) (*)	-	-	(2,329)	-	-	-
Danzas llc	-	667	96	-	-	-
DFS Hawaii	-	-	2,213	-	-	-
DFS New Zealand ltd	-	-	244	-	-	-
DFS Cotai ltd	-	-	4,333	-	-	-
DFS Venture Singapore pte ltd	-	-	164	-	-	-
Al Tayer Travels	-	5	214	-	-	-
Al Tayer Group llc	-	-	13	-	-	-
Al Tayer Insignia llc	-	38	128	-	-	-
Al Tayer Motors	-	-	2	-	-	-
Al Sanam Rent a Car llc	-	-	2	-	-	-
Secva srl (****)	-	-	1,493	-	-	2
Luna Rossa Challenge 2013 NZ ltd	-	-	6	-	-	-
Luna Rossa Challenge 2013 srl	-	(8)	5,482	-	3	-
HMP srl	-	-	20	-	-	-
Stiching Fondazione Prada	-	-	2,417	-	-	-
Progetto Prada Arte srl (Sponsorship)	1	(15)	3,601	-	-	-
Progetto Prada Arte srl (Galleria) (**)	-	-	(758)	-	-	-
Peschiera Immobiliare srl	-	-	248	-	-	-
Premiata srl	-	2,783	-	-	-	-
La Mazza srl	-	1,014	2	-	-	-
Gipafin sarl	-	-	(18)	-	-	-
PRADA Arte bv	-	-	(3)	-	-	-
PRA 1 Srl	-	-	388	-	-	-
FinReta srl (***)	-	248	-	-	-	68
Pelletteria Reta srl	-	111	-	-	-	-
Friuli 64 srl	-	-	360	-	-	-
Spelm sa	-	-	34	-	-	-
Gran Cafè snc	-	2	1	-	-	-
Rubaiyat Modern Lux. Prod. ltd	-	-	(795)	-	-	-
Other	-	-	(3)	-	-	-
Relative of a Director of PRADA spa	-	-	295	-	-	-
Total at July 31, 2014 (unaudited)	16,793	4,847	16,450	522	3	70

(*) This amount contains non-monetary income in the form of deferred rental income of Euro 1,169 thousand recognized in relation to Fratelli Prada spa in application of “IAS 17 Leases” to the business management agreement between PRADA spa and Fratelli Prada spa.
(**) This amount includes non-monetary income in the form of deferred rental income of Euro 249 thousand recognized in relation to Progetto Prada Arte srl in application of “IAS 17 Leases” to the temporary business partnership contract between PRADA spa and Progetto Prada Arte srl.
(***) The interest expense represents the expense for the six months as calculated with the effective interest rate applied to the discounted long-term liability agreed to establish the right of usufruct.
(****) The interest expense represents the expense for the six months resulting from discounting of the liability for deferred fees due after more than a year.

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

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

The above tables report information on transactions with related parties in accordance with "IAS 24 Related Party Disclosures". As stated below, some of these transactions fall within the application of the Hong Kong Stock Exchange Listing Rules.

The transactions with related party "Fratelli Prada spa – franchising" refer to transactions between the Company and Fratelli Prada spa in relation to the franchising agreement regarding the Prada stores in Milan. The transactions reported for the six months ended July 31, 2014, fell within the scope of application of Chapter 14A of the Hong Kong Stock Exchange Listing Rules as they were qualified as continuing connected transactions subject to reporting and disclosure but exempted from independent shareholders' approval requirements. As requested by the Listing Rules, comprehensive disclosure of these continuing connected transactions was included in the PRADA spa Announcement dated January 29, 2014.

The transactions with related party "Fratelli Prada spa – Galleria" refer to the transactions between the Company and Fratelli Prada spa in relation to the business management agreement over the use by the latter of part of the Galleria Vittorio Emanuele II property in Milan to conduct retail business. The transactions reported for the six months ended July 31, 2014, fell within the scope of application of Chapter 14A of the Hong Kong Stock Exchange Listing Rules as they were qualified as continuing connected transactions subject to reporting and disclosure but exempted from independent shareholders' approval requirements. As requested by the Listing Rules, comprehensive disclosure of these continuing connected transactions was included in the PRADA spa Announcement dated January 29, 2013.

The transactions with related party "Progetto Prada Arte srl - Galleria" refer to the transactions between the Company and Progetto Prada Arte srl in relation to the business combination agreement regarding the use by the latter of part of the Galleria Vittorio Emanuele II property in Milan to carry out cultural activities. The transactions reported for the six months ended July 31, 2014, fell within the scope of application of Chapter 14A of the Hong Kong Stock Exchange Listing Rules as they were qualified as continuing connected transactions subject to reporting and disclosure but exempted from independent shareholders' approval requirements. As requested by the Listing Rules, comprehensive disclosure of these continuing connected transactions was included in the PRADA spa Announcement dated January 29, 2013.

The transactions with related party "Progetto Prada Arte srl - Sponsorship" refer to the transactions between PRADA spa and Progetto Prada Arte srl in performance of the sponsorship agreement for cultural activities to be carried out by the latter. The transactions reported for the six months ended July 31, 2014, fell within the scope of application of Chapter 14A of the Hong Kong Stock Exchange Listing Rules as they were qualified as connected transactions subject to reporting and disclosure but exempted from independent shareholders' approval requirements. As requested by the Listing Rules, comprehensive disclosure of these connected transactions was included in the PRADA spa Announcement dated February 27, 2014.

The transactions with related party Luna Rossa Challenge 2013 srl reported for the six months ended July 31, 2014, fell within the scope of application of Chapter 14A of the Hong Kong Stock Exchange Listing Rules as they are qualified as connected transactions subject to reporting and announcement but exempted from the independent shareholders' approval requirement. As requested by the Listing Rules, comprehensive disclosure of these connected transactions was included in the PRADA spa Announcement dated February 27, 2014.

Unlike the "non-exempt continuing connected transactions" and "non-exempt connected transactions" described above, no other transaction reported for the six months ended July 31, 2014, fell under the definition of "connected transaction" or "continuing connected transaction" provided by Chapter 14A of the Hong Kong Stock Exchange Listing Rules or, if it did fall under the definition of "connected transaction" or "continuing connected transaction" in terms of said Chapter 14A, is exempt from reporting, disclosure and independent shareholders' approval requirements again under Chapter 14A.

37. Commitments

Operating leases

At July 31, 2014, and January 31, 2014, operating lease commitments, by maturity date, were as follows:

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Within a year	355,546	321,342
After between one year and five years	1,134,941	981,601
After more than five years	868,341	874,073
Total	2,358,828	2,177,016

Operating lease commitments for the 2014 reporting period included Euro 2,273 million regarding lease agreements for retail premises (Euro 2,095 million for 2013).

The increase in operating lease commitments is mainly due to new operating leases entered into in Asia Pacific.

The amounts recorded in the income statement in relation to lease agreements for the six months ended July 31, 2014, and six months ended July 31, 2013, are shown below:

(amounts in thousands of Euro)	six months ended July 31 2014 (unaudited)	six months ended July 31 2013 (unaudited)
Fixed minimum lease expenses	125,136	113,634
Variable lease expenses	148,198	143,162
Total	273,334	256,796

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

At July 31, 2014, and January 31, 2014, future rental income under current operating leases for properties owned by the Group was analyzed by maturity as follows.

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Within a year	14,169	13,303
After between one year and five years	49,870	49,770
After more than five years	100,525	105,094
Total	164,564	168,167

The future rental income mainly relates to the business management agreement signed with the related company Fratelli Prada spa as described in Note 36.

Finance leases

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

(amounts in thousands of Euro)	July 31 2014 (unaudited)	January 31 2014 (audited)
Land and buildings	7,836	7,836
Furniture and fittings	-	-
Other tangibles	73	67
Accumulated depreciation	(1,867)	(1,728)
Total	6,042	6,175

Other commitments

At July 31, 2014, the Group did not have significant commitments to purchase assets.

38. Comparative income statement and statement of financial position information

(amounts in thousands of Euro)	January 31 2014 (audited)	January 31 2013 (audited)	January 31 2012 (audited)	January 31 2011 (audited)	January 31 2010 (audited)
Net revenues	3,587,347	3,297,219	2,555,606	2,046,651	1,561,238
Gross margin	2,648,649	2,376,541	1,828,025	1,387,888	974,656
Operating income (EBIT)	939,237	889,781	628,935	418,387	187,032
Group net income	627,785	625,681	431,929	250,819	100,163
Total assets	3,888,292	3,385,279	2,943,568	2,366,015	2,147,481
Total liabilities	1,186,752	1,054,787	1,112,601	1,155,877	1,090,822
Total Group shareholders' equity	2,687,554	2,320,022	1,822,743	1,204,350	1,047,903

39. Consolidated companies

Entity	Local currency	Share capital (000s of local currency)	% interest	Registered office	Date of incorporation/ establishment	Main business
Italy						
PRADA spa	EUR	255,882		Milan, Italy		Production/Distribution/ Group Holding company
Artisans Shoes srl (*)	EUR	1,000	66.70	Montegranaro, Italy	09/02/1977	Footwear production
Space Caffè srl (*)	EUR	20	100.00	Milan, Italy	06/12/1990	Service company
IPI Logistica srl (*)	EUR	600	100.00	Milan, Italy	26/01/1999	Service company
PRADA Stores srl (*)	EUR	520	100.00	Milan, Italy	11/04/2001	Retail/sub holding company
Car Shoe Italia srl (*)	EUR	10	100.00	Milan, Italy	16/03/2001	Distribution/Retail
Church Italia srl	EUR	51	100.00	Milan, Italy	31/01/1992	Distribution/Retail
Pellettieri d'Italia srl (*)	EUR	100	60.00	Milan, Italy	10/07/2013	Production
Marchesi Angelo srl (*)	EUR	23	80.00	Milan, Italy	14/03/2014	Service company

Entity	Local currency	Share capital (000s of local currency)	% interest	Registered office	Date of incorporation/ establishment	Main business
Europe						
PRADA Retail UK ltd	GBP	5,000	100.00	London, UK	07/01/1997	Retail
PRADA Germany gmbh	EUR	215	100.00	Munich, Germany	20/03/1995	Retail
PRADA Austria gmbh	EUR	40	100.00	Wien, Austria	14/03/1996	Retail
PRADA Spain sa	EUR	240	100.00	Madrid, Spain	14/05/1986	Retail
PRADA Retail France sas	EUR	4,000	100.00	Paris, France	10/10/1984	Retail
PRADA Hellas Single Partner Limited Liability Company (*)	EUR	2,850	100.00	Athens, Greece	19/12/2007	Retail
PRADA Monte-Carlo sam	EUR	150	100.00	Monte-Carlo, Monaco	25/05/1999	Retail
PRADA sa (*)	EUR	31	100.00	Luxembourg	29/07/1994	Service company / Trademark owner
PRADA Company sa	EUR	3,204	100.00	Luxembourg	12/04/1999	Service company
PRADA Far East bv (*)	EUR	20	100.00	Amsterdam, Netherlands	27/03/2000	Sub-holding company / Service company / Retail
Church Holding UK plc (*)	GBP	78,126	100.00	Northampton, UK	22/07/1999	Sub-holding company
Church France sa	EUR	241	100.00	Paris, France	01/06/1955	Retail
Church UK Retail ltd	GBP	1,021	100.00	Northampton, UK	16/07/1987	Retail
Church's English Shoes Switzerland sa	CHF	100	100.00	Lugano, Switzerland	29/12/2000	Retail
Church & Co. ltd	GBP	2,811	100.00	Northampton, UK	16/01/1926	Sub-holding company / Production/Distribution
Church & Co. (Footwear) ltd	GBP	44	100.00	Northampton, UK	06/03/1954	Trademark owner
Church English Shoes sa	EUR	75	100.00	Brussels, Belgium	25/02/1963	Retail
PRADA Czech Republic sro (*)	CZK	2,500	100.00	Prague, Czech Rep.	25/06/2008	Retail
PRADA Portugal. Unipessoal lda (*)	EUR	5	100.00	Lisbon, Portugal	07/08/2008	Retail
PRADA Rus llc (*)	RUB	250	100.00	Moscow, Russia	07/11/2008	Retail
Church Spain sl	EUR	3	100.00	Madrid, Spain	06/05/2009	Retail
PRADA Bosphorus Deri Mamuller Ticaret Limited Sirketi (*)	TRY	41,000	100.00	Istanbul, Turkey	26/02/2009	Retail
PRADA Ukraine llc (*)	UAH	30,000	100.00	Kiev, Ukraine	14/10/2011	Retail
Church Netherlands bv	EUR	18	100.00	Amsterdam, Netherlands	07/07/2011	Retail
Car Shoe UK ltd	GBP	100	100.00	London, UK	28/10/2011	Retail
Church Ireland Retail ltd	EUR	50	100.00	Dublin, Ireland	20/11/2011	Retail
Church Austria gmbh	EUR	35	100.00	Wien, Austria	17/01/2012	Retail
Prada Sweden AB	SEK	500	100.00	Stockholm, Sweden	18/12/2012	Retail
Church Footwear AB	SEK	100	100.00	Stockholm, Sweden	18/12/2012	Retail
Prada Switzerland sa (*)	CHF	226	100.00	Geneva, Switzerland	28/09/2012	Retail
Prada Kazakhstan llp (*)	KZT	500,000	100.00	Almaty, Kazakhstan	24/06/2013	Retail
Kenon Limited	GBP	84,000	100.00	London, UK	07/02/2013	Real estate company
Church Denmark aps	DKK	50	100.00	Copenhagen, Denmark	13/03/2014	Retail

Entity	Local currency	Share capital (000s of local currency)	% interest	Registered office	Date of incorporation/ establishment	Main business
Americas						
PRADA USA Corp. (*)	USD	152,211	100.00	New York, U.S.A	25/10/1993	Services / Distribution/ Retail
Space USA Corp.	USD	301	100.00	New York, U.S.A.	15/02/1994	Retail
TRS Hawaii llc	USD	400	55.00	Honolulu, U.S.A.	17/11/1999	Duty-free stores
PRADA Canada Corp. (*)	CAD	300	100.00	Toronto, Canada	01/05/1998	Distribution/Retail
Church & Co. (USA) ltd	USD	85	100.00	New York, U.S.A.	08/09/1930	Retail
Post Development corp (*)	USD	45,138	100.00	San Francisco, U.S.A.	18/02/1997	Real estate company
PRADA Retail Mexico, s de rm de cv	MXN	2,058	100.00	Mexico City, Mexico	12/07/2011	Retail
PRADA Brasil Importação e Comércio de Artigos de Luxo Ltda. (*)	BRL	47,000	100.00	Sao Paolo, Brazil	12/04/2011	Retail
PRM Services S. De R.L. de CV	MXN	7,203	100.00	Mexico City, Mexico	27/02/2014	Retail/Services
Asia-Pacific and Japan						
PRADA Asia Pacific ltd	HKD	3,000	100.00	Hong Kong	12/09/1997	Retail /Distribution/ Services
PRADA Taiwan ltd	TWD	3,800	100.00	Hong Kong	16/09/1993	Retail
Space HK ltd	HKD	1,000	100.00	Hong Kong	25/02/1993	Retail
PRADA Retail Malaysia Sdn. Bnd.	MYR	1,000	100.00	Kuala Lumpur, Malaysia	23/01/2002	Retail
TRS Hong Kong	HKD	500	55.00	Hong Kong	23/02/2001	Duty-free stores
PRADA Singapore Pte ltd	SGD	1,000	100.00	Singapore	31/10/1992	Retail
TRS Singapore	SGD	500	55.00	Singapore	08/08/2002	Duty-free stores
PRADA Korea ltd	KRW	8,125,000	100.00	Seoul, Korea	27/11/1995	Retail
PRADA (Thailand) co ltd	THB	172,000	100.00	Bangkok, Thailand	19/06/1997	Retail
PRADA Japan co ltd	JPY	1,200,000	100.00	Tokyo, Japan	01/03/1991	Retail
TRS Guam Partnership	USD	1,095	55.00	Guam	01/07/1999	Duty-free stores
TRS Saipan Partnership	USD	1,405	55.00	Saipan	01/07/1999	Duty-free stores
TRS New Zealand ltd	NZD	100	55.00	Wellington, New Zealand	04/11/1999	Duty-free stores
PRADA Australia Pty ltd	AUD	10,500	100.00	Sydney, Au-stralia	21/04/1997	Retail
PRADA Trading (Shanghai) co ltd	RMB	1,653	100.00	Shanghai, China	09/02/2004	Retail
TRS Okinawa KK	JPY	10,000	55.00	Tokyo, Japan	21/01/2005	Duty-free stores
PRADA Fashion Commerce (Shanghai) co ltd	RMB	174,950	100.00	Shanghai, China	31/10/2005	Retail
Church Japan co ltd	JPY	31,525	100.00	Tokyo, Japan	17/04/1992	Retail
Church Hong Kong Retail ltd	HKD	1,000	100.00	Hong Kong	04/06/2004	Retail
Church Singapore Pte. ltd	SGD	500	100.00	Singapore	18/08/2009	Retail
Car Shoe Hong Kong ltd	HKD	3,000	100.00	Hong Kong	26/02/2010	Retail
PRADA Hong Kong P.D. ltd (*)	HKD	11,000	100.00	Hong Kong	15/12/2011	Service company
Prada Dongguan Trading Co., Ltd	HKD	3,000	100.00	Dongguan, China	28/11/2012	Service company
Church Footwear (Shanghai) Co., Ltd	RMB	11,900	100.00	Shanghai, China	05/12/2012	Retail
Prada New Zealand ltd	NZD	500	100.00	Wellington, New Zealand	05/07/2013	Retail
PRADA India Fashion Private ltd	INR	100	100.00	Mumbai, India	30/09/2013	Retail

Entity	Local currency	Share capital (000s of local currency)	% interest	Registered office	Date of incorporation/ establishment	Main business
Middle East						
PRADA Middle East fzco (*)	AED	18,000	60.00	Jebel Ali Free Zone, Dubai	25/05/2011	Distribution/Services
PRADA Emirates llc (**)	AED	300	49.00	Dubai	04/08/2011	Retail
Prada Kuwait wll (**)	KWD	50	49.00	Kuwait city	18/09/2012	Retail
Prada Retail SPC (*)	QAR	15,000	100.00	Doha	03/02/2013	Retail
Prada Saudi Arabia ltd (*)	AED	26,666	75.00	Jeddah	02/07/2014	Retail
Other countries						
PRADA Maroc sarlau (*)	MAD	68,000	100.00	Casablanca, Morocco	11/11/2011	Retail

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

Companies not included in scope of consolidation:

Company	Percentage direct interest as at July 31, 2014	Percentage direct interest as at January 31, 2014	Note	Consolidation method
PAC srl (in liquidation)	49.00	49.00	Associate	Equity method

40. Disclousure of interests in other entities

Below are reported summarized financial information about the subsidiaries where the Group have Non-controlling interest, as requested by IFRS 12.

Financial information for the six months period ended July 31, 2014, is as follows:

Entity	Total current assets	Total non-current assets	Total current liabilities	Total non-current liabilities	Net Revenue	Net result for the year	Dividends paid to non controlling interests
	Local currency /000	Local currency /000	Local currency /000	Local currency /000	Local currency /000	Local currency /000	Local currency /000
Artisans Shoes srl	35,306	1,044	25,611	1,806	40,272	2,008	510
Pellettieri d'Italia srl	459	342	1,372	83	-	(749)	-
TRS Hawaii llc	7,364	2,089	5,126	-	10,508	406	-
TRS Hong Kong	1,065	-	109	-	-	(101)	36,000
TRS Singapore	1,909	374	609	85	2,209	307	900
TRS Guam Partnership	4,332	2,812	1,581	-	8,197	797	1,125
TRS Saipan Partnership	1,824	11	710	-	3,734	694	450
TRS New Zealand ltd	1,763	28	467	80	2,754	491	585
TRS Okinawa KK	403,956	129,208	197,427	45,349	693,685	84,775	90,000
TRS Macau	146,502	31,531	95,736	4,974	312,087	76,612	-
PRADA Emirates llc	110,476	90,487	178,200	4,081	132,529	(3,223)	-
PRADA Middle East fzco	279,429	4,466	155,733	29,570	122,329	17,192	-
Prada Kuwait wll	3,262	3,457	5,811	795	4,656	87	-
Marchesi Angelo Srl	745	91	110	237	575	(42)	-

Financial information for the six months period ended July 31, 2013, is as follows:

Entity	Total current assets	Total non-current assets	Total current liabilities	Total non-current liabilities	Net Revenue	Net result for the year	Dividends paid to non controlling interests
	Local currency /000	Local currency /000	Local currency /000	Local currency /000	Local currency /000	Local currency /000	Local currency /000
Artisans Shoes srl	29,447	958	21,834	1,735	26,612	(91)	352
Pellettieri d'Italia srl	25	-	-	-	-	-	-
TRS Hawaii llc	4,742	2,788	4,475	-	9,336	544	-
TRS Hong Kong	1,129	-	40	-	-	(37)	15,278
TRS Singapore	3,130	554	911	79	3,914	857	-
TRS Guam Partnership	9,151	2,733	3,521	-	5,720	1,035	-
TRS Saipan Partnership	2,917	11	1,237	-	3,690	712	-
TRS New Zealand ltd	1,831	142	591	80	3,227	683	-
TRS Okinawa KK	511,456	143,942	129,205	37,421	572,651	54,917	-
TRS Macau	114,083	47,519	72,214	6,111	275,377	55,224	-
PRADA Emirates llc	90,704	91,641	152,351	1,995	134,969	11,371	-
PRADA Middle East fzco	249,003	1,887	130,831	59,904	138,518	20,691	-
Prada Kuwait wll	2,866	4,402	6,185	1,025	4,430	104	-
Marchesi Angelo Srl	-	-	-	-	-	-	-

At the reporting date of these 2014 Interim condensed consolidated financial statements there are no significant restriction to the ability of the Group to access or use assets and settle liabilities.

As described in Note 4, on March 14, 2014, the Group acquired the 80% of Marchesi Angelo srl. The purchase commitments on the remaning 20% of the minority interests resulting from the agreements were recognized in the Group's equity reserves for an amount equal to Euro 2.5 million.

The shareholders' agreement signed by PRADA spa and Al Tayer Insignia llc with a view to developing a Prada and Miu Miu brand DOS network in the Middle East provides that the parties may opt to exercise an option for PRADA spa to buy back up to 20% of the share capital of PRADA Middle East fzco. As indicate in paragraph 46 of IAS 39 an entity shall measure financial assets, including derivatives that are assets, at their fair values, except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to, and must be settled by, delivery of such unquoted equity instruments, which shall be measured at cost. At the reporting date the PRADA's management maintains that the above mentioned option continue to fall under this scenario described by IAS 39 and, as a result, the fair value of said derivative financial instrument cannot be reasonably measured.

41. Events after the reporting period

Nothing to report.