

*Salvatore Ferragamo*

***Salvatore Ferragamo Group***

**Half-year report as at 30 June 2013**

**Salvatore Ferragamo S.p.A.**

Palazzo Feroni  
Florence

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This document has been translated into English for the convenience of international readers.  
The original Italian is the authoritative version.

## **General information**

### **Registered office of the Parent company**

Salvatore Ferragamo S.p.A.  
Via Tornabuoni, 2  
50123 Florence

### **Legal information about the Parent company**

Authorized share capital 16,891,000 Euro  
Subscribed and paid-up share capital 16,841,000 Euro  
Tax code and Florence Company Register no.: 02175200480  
Registered with the Florence Chamber of Commerce under REA (Economic and Administrative Register)  
no. 464724  
Corporate website [www.group.ferragamo.com](http://www.group.ferragamo.com)

## Corporate boards

<b>Honorary Chairman (1)</b>	Wanda Miletti Ferragamo	
<b>Board of Directors (1)</b>	Ferruccio Ferragamo (4)	Chairman
	Michele Norsa (4)	Managing Director
	Giovanna Ferragamo (5)	Deputy Chairman
	Fulvia Ferragamo (5)	
	Leonardo Ferragamo (5)	
	Francesco Caretti (5)	
	Raffaella Pedani (5)(7)	
	Diego Paternò Castello di San Giuliano (5)	
	Peter Woo Kwong Ching (5)	
	Umberto Tombari (5)(6)	
	Marzio Saà (5)(6)	
	Piero Antinori (5)	
	Lidia Fiori (5)(6)(8)	
<b>Control and Risk Committee (1)</b>	Marzio Saà	Chairman
	Umberto Tombari	
	Lidia Fiori (8)	
<b>Nomination and Remuneration Committee (1)</b>	Umberto Tombari	Chairman
	Marzio Saà	
	Lidia Fiori (8)	
<b>Board of Statutory Auditors (2)</b>	Mario Alberto Galeotti Flori	Chairman
	Gerolamo Gavazzi	Acting Statutory Auditor
	Fulvio Favini	Acting Statutory Auditor
	Deborah Sassorossi	Substitute Statutory Auditor
	Guido Alberto Gonnelli	Substitute Statutory Auditor
<b>Independent Auditors (3)</b>	Reconta Ernst & Young S.p.A.	
<b>Manager responsible for corporate financial reporting</b>	Ernesto Greco	

(1) Appointed by the Shareholders' Meeting on 26 April 2012 and serving for the 2012-2014 period

(2) Appointed by the Shareholders' Meeting on 30 March 2011 and 28 April 2011 and serving for the 2011-2013 period

(3) Appointed for the 2011- 2019 period

(4) Executive director

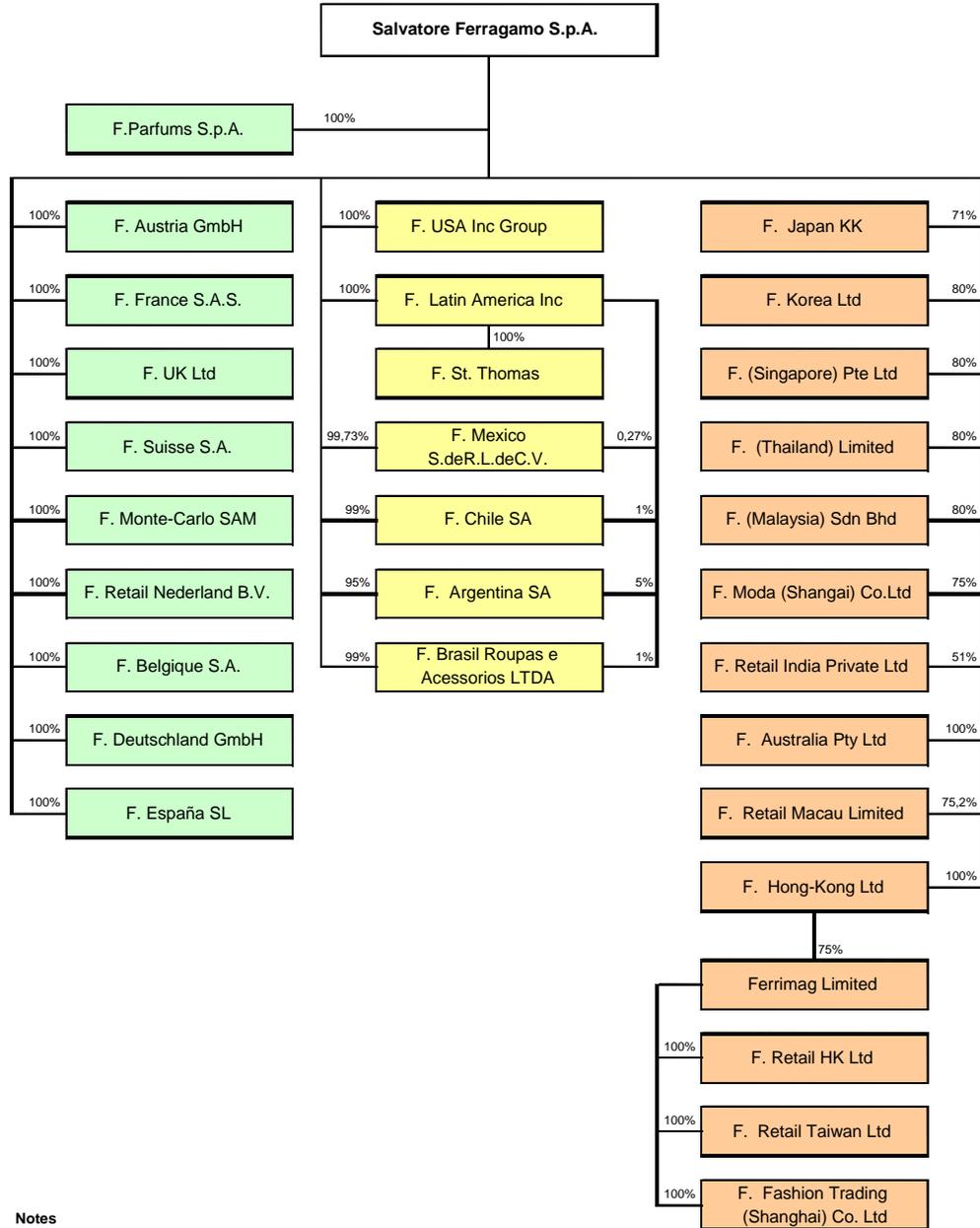
(5) Non-executive director

(6) Independent director pursuant to art. 148, paragraph 3 of the Consolidated Law on Finance and the Code of Conduct

(7) Resigned as Director as from 11 July 2013

(8) Appointed by The Board of Directors on 11 July 2013 by means of co-optation and in office until the Shareholders' Meeting approving the Separate Annual Report as at 31 December 2013

**Group structure**



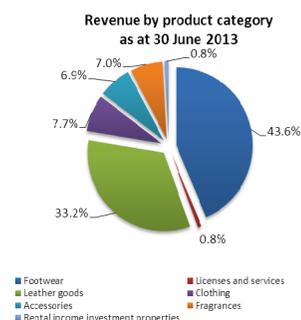
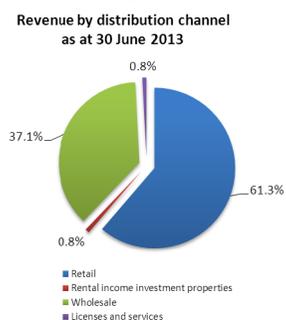
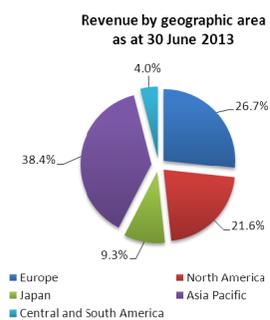
- Notes**
- European companies
  - North/Centre/South American Companies
  - Asia Pacific and Japanese companies

## Interim Directors' report on operations

### Income and financial highlights for the first half of 2013

(In millions of Euro)	Half-year period ended 30 June			% change	% change
	2013	2012	2011	06.13 vs. 06.12	06.12 vs. 06.11
Revenues	624.7	565.1	459.7	10.5%	22.9%
Gross profit	393.9	359.5	292.2	9.6%	23.1%
EBITDA (*)	131.5	104.7	83.8	25.5%	25.0%
EBITDA (*)%	21.0%	18.5%	18.2%		
Operating profit	111.6	88.4	70.9	26.2%	24.7%
Operating profit %	17.9%	15.6%	15.4%		
Net profit/(loss) for the period	86.8	55.9	45.6	55.3%	22.5%
Net profit/(loss) – Group	80.9	44.8	36.1	80.5%	24.0%
Net profit/(loss) – Minority Interests	5.9	11.1	9.5	(46.7%)	16.8%

(\*) EBITDA is operating profit before amortization and depreciation and write-downs of tangible/intangible assets. EBITDA so defined is a parameter used by the company's management to monitor and assess the company's operating performance and is not identified as an accounting measurement under IFRS and, therefore, must not be considered as an alternative measurement to assess Group performance. Since the composition of EBITDA is not regulated by reference accounting standards, the determination criterion applied by the Group may differ from that adopted by others and therefore may not be comparable.



(In thousands of Euro)	30 June 2013	31 December 2012	30 June 2012
Investments in tangible/intangible assets	25,274	59,393	25,148
Net working capital	241,368	197,307	234,916
Shareholders' equity	338,991	299,498	261,021
Net financial position	77,829	57,942	99,901
Cash flow generated from operations	47,003	121,140	12,398

	30 June 2013	31 December 2012	30 June 2012
Staff as at the reporting date	3,547	3,322	3,286
Number of DOS	353	338	327
Number of TPOS	254	268	267

#### Geographical distribution of monobrand stores (30 June 2013)



607 Ferragamo monobrand stores

#### **Disclaimer**

*This document contains forward-looking statements, in particular in the sections headed "Outlook" and "Significant events occurred after 30 June 2013" relating to future events and the operating, income and financial results of the Salvatore Ferragamo Group. These statements are based on the Group's current expectations and forecasts regarding future events and, by their nature, involve risks and uncertainties since they refer to events and depend on circumstances which may, or may not, happen or occur in the future and, as such, they must not be unduly relied upon. The actual results could differ significantly from those contained in these statements due to a variety of factors, including the volatility and deterioration in the performance of securities and financial markets, changes in raw material prices, changes in macroeconomic conditions and in economic growth and other changes in business conditions, in the legal and institutional framework (both in Italy and abroad), and many other factors, most of which are beyond the Group's control.*

#### **Introduction**

The half-year report as at 30 June 2013 has been prepared in accordance with the international accounting standard regarding interim reporting (IAS 34 - Interim Financial Reporting) and consists of:

- Consolidated statement of financial position
- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated statement of cash flows
- Statement of changes in consolidated shareholders' equity
- Explanatory notes

#### **The Group's activities**

The Group is active in the creation, production and sale of luxury goods for men and women: footwear, leather goods, clothing, silk goods, other accessories, fragrances and jewels. The product range also includes eyewear and watches manufactured under license by third parties. The product range stands out for its uniqueness which is the result of the combination of creative and innovative style with the quality and craftsmanship that are the hallmark of luxury goods made in Italy. The Ferragamo Group carries out product sales mainly through a network of Salvatore Ferragamo monobrand stores, managed both directly (DOS) or by third parties, and, alongside this network, also through a presence in department stores and multibrand specialty stores.

As for the fragrances product category, which involves the creation, development and production (completely outsourced) of fragrances and related products under the Ferragamo brand and, on license, the Ungaro brand, sales are handled by Group distributors and third parties which serve a network of selected, mainly multibrand stores belonging to the specific fragrances channel. The Group is also active in the licensing of the Ferragamo brand and in real estate management.

#### **The distribution system**

The organization of distribution and sales is one of the Group's strengths, by virtue of its extensive and consolidated presence both in so-called traditional markets (Europe, United States and Japan) and in emerging markets (such as Asia Pacific and Latin America), as well as because it is extremely well positioned in terms of store locations.

The Group attributes great importance to the monitoring of distribution which is done through:

- a network of directly operated Ferragamo brand stores (DOS), which at 30 June 2013 numbered 353 (the so-called retail channel);
- a network of tailored single brand stores or stores-in-stores managed by third parties (TPOS), which at 30 June 2013 numbered 254, as well as through a multibrand channel (taken as a whole the so-called wholesale channel).

Therefore, the total number of tailored Ferragamo monobrand stores (DOS and TPOS) at 30 June 2013 was 607, distributed across the various geographic areas.

Through the retail channel, the Group directly markets all products lines to end customers. Directly

operated stores (DOS) are spread across all the main markets served by the Group in exclusive and strategic locations, both from a reputational and commercial point of view.

Wholesale sales are targeted solely at retailers, excluding distributors. Wholesale customers consist of:

- department stores and luxury specialist retailers, in order to strengthen the presence in countries where the Group has its own network of directly operated stores; the business in the United States is of particular importance;
- franchisees, which ensure the presence on markets which are still not sufficiently large or developed to justify a direct retail presence, for example in some areas of the People's Republic of China;
- stores opened inside airports (travel retail/duty free).

### **Effect of exchange rate changes on operations**

The Group has a strong presence on international markets, including through commercial companies located in countries with currencies other than the Euro, mainly the US dollar, Chinese Renminbi and the Japanese yen. Therefore, the Group is exposed both to settlement and translation risk.

As for the exchange rate trend of the main currencies, the focus was once again on expectations regarding interest rate trends and returns on financial assets denominated in the various currencies. The Federal Reserve's announcement of a gradual reduction in monetary stimulus was in contrast to that of the European Central Bank which, during the meeting held on 5 July 2013, announced that its policy of low rates could fall even further. Thus for the first time in several years monetary policies diverged between the two sides of the Atlantic. After falling in May to levels of 1.28 US dollar to the Euro, the Euro gained ground in June and rose to 1.34, a level which had last been recorded in February, before then falling back to 1.30 and lower levels. The market expects a further possible depreciation of the Euro against the US dollar in the second half of the year, to around 1.25. As for the Japanese yen/Euro exchange rate, after the dramatic depreciation of the Japanese currency, which saw the exchange rate go from 114 at the start of January to over 133 in May, the currency strengthened against both the US dollar and the Euro, to reach levels around 126, due to the combined effect of higher growth and inflation prospects for the Japanese economy. If these prospects were to be confirmed by figures in coming months, this could result into a strengthened currency which could bring a halt to the marked depreciation. With the exception of the Chinese renminbi, the currencies of emerging economies fell sharply against the US dollar and the Euro, a trend which accelerated in the last month.

### **Results for the first half of 2013**

In the first half of 2013 significant sales and positive operating results were achieved compared to those recorded in the prior-year period, with the growth trend observed in the first quarter of 2013 continuing into the second quarter.

The Ferragamo Group's consolidated net revenues rose by 10.5% in the first half of 2013 compared to the prior-year period, increasing steadily; they were up by 35.9% compared to the first half of 2011. The strong growth in operating margins, the double-digit increase in sales volumes, a stable gross profit (exceeding 63%) and a lower ratio of operating costs to revenues (down from 48.0% to 45.2%) resulted in a significant rise in both operating profit (+26.2%), EBITDA (+25.5%) and net profit for the period (+55.3%).

These positive results confirm once again the strength of the Ferragamo brand and the world-class quality of its products, based on "Made in Italy" excellence as well as an extensive distribution network.

The following table shows the main income statement data.

(In thousands of Euro)	Half-year period ended 30 June				
	2013	% of revenues	2012	% of revenues	% change
<b>Revenues</b>	<b>624,653</b>	100.0%	<b>565,107</b>	100.0%	<b>10.5%</b>
<b>Gross profit</b>	<b>393,888</b>	63.1%	<b>359,543</b>	63.6%	<b>9.6%</b>
Style, product development and logistics costs	(22,863)	(3.7%)	(19,877)	(3.5%)	15.0%
Sales & distribution costs	(174,137)	(27.9%)	(166,394)	(29.4%)	4.7%
Marketing & communication costs	(36,627)	(5.9%)	(39,447)	(7.0%)	(7.1%)
General and administrative costs	(47,423)	(7.6%)	(45,643)	(8.1%)	3.9%
Other operating costs	(6,329)	(1.0%)	(6,603)	(1.2%)	(4.1%)
Other income and revenues	5,113	0.8%	6,839	1.2%	(25.2%)
<b>Operating profit</b>	<b>111,622</b>	17.9%	<b>88,418</b>	15.6%	<b>26.2%</b>
Net financial income and charges (including investments accounted for using the Equity Method)	9,286	1.5%	(131)	(0.0%)	(7188.5%)
<b>Profit before taxes</b>	<b>120,908</b>	19.4%	<b>88,287</b>	15.6%	<b>36.9%</b>
Income taxes	(34,109)	(5.5%)	(32,378)	(5.7%)	5.3%
<b>Net profit/(loss) for the period</b>	<b>86,799</b>	13.9%	<b>55,909</b>	9.9%	<b>55.3%</b>
Net profit/(loss) – Group	80,884	12.9%	44,802	7.9%	80.5%
Net profit/(loss) – minority interests	5,915	0.9%	11,107	2.0%	(46.7%)
Amortization, depreciation and write-downs of tangible/intangible assets	19,857	3.2%	16,332	2.9%	21.6%
<b>EBITDA (*)</b>	<b>131,479</b>	21.0%	<b>104,750</b>	18.5%	<b>25.5%</b>

(\*) EBITDA is operating profit before amortization and depreciation and write-downs of tangible/intangible assets. EBITDA so defined is a parameter used by the company's management to monitor and assess the company's operating performance and is not identified as an accounting measurement under IFRS and, therefore, must not be considered as an alternative measurement to assess Group performance. Since the composition of EBITDA is not regulated by reference accounting standards, the determination criterion applied by the Group may differ from that adopted by others and therefore may not be comparable.

**Revenues** from sales, services and rental income investment properties in the first half of 2013 totaled 624,653 thousand Euro, compared to 565,107 thousand Euro in the first half of 2012, up by 10.5%.

Revenues, at constant exchange rates (applying to the revenues of the first half of 2012 the average exchange rate of the first half of 2013), showed a total increase of 11.6%, up by 14.2% in Europe, 14.0% in North America, 1.6% in Japan, 11.7% in Asia Pacific, and 6.7% in Central and South America. Asia Pacific contributed the most to Group revenues with 38.4%, followed by Europe (26.7%), North America (21.6%), Japan (9.3%), and Central and South America (4.0%).

With reference to the second quarter of 2013 alone, revenues from sales amounted to 342,704 thousand Euro, up by 12.2% at current exchange rates and 13.3% at constant exchange rates compared to the prior year quarter.

The three currencies other than the Euro in which most Group revenues are generated, i.e. the US dollar, the Chinese renminbi and the Japanese yen, performed as follows in the first half of 2013 compared to the prior year period: the US dollar depreciated by 1.3%<sup>(1)</sup> and the Japanese yen by 21.4%<sup>(2)</sup>, while the Chinese renminbi appreciated by 0.75%<sup>3</sup>, compared to the Euro, i.e. the currency in which the figures in the consolidated financial statements are expressed.

**Gross profit** for the period ended 30 June 2013 was 393,888 thousand Euro, i.e. 63.1% as a percentage of sales, compared to 359,543 thousand Euro in the prior year period. The 9.6% rise was mainly due to the increase in sales revenues. Indeed, both the retail and wholesale channels grew strongly (by 8.1% and 14.4%, respectively). In the first half of 2013, the retail channel accounted for 61.3% of total revenues (62.6% in the first half of 2012), and the wholesale channel for 37.1% (35.8% in the first half of 2012).

1 With reference to the average Euro/US\$ exchange rate for the period – first half of 2013: 1.313; first half of 2012: 1.296

2 With reference to the average Euro/Yen exchange rate for the period – first half of 2013: 125.46; first half of 2012: 103.31

3 With reference to the average Euro/Cny exchange rate for the period – first half of 2013: 8.129; first half of 2012: 8.190

In the second quarter of 2013 alone, gross profit amounted to 218,692 thousand Euro, rising 11.3% over the prior year period and accounting for 63.8% of sales, compared to 64.3% in the second quarter of 2012. The decrease was attributable also to the distribution mix.

Total **operating costs** (net of other income) for the first half of 2013 rose by 4.1% compared to the first half of 2012, and its ratio to revenues decreased from 48.0% in the prior year period to 45.2%.

In the second quarter of 2013 alone, total net operating costs rose from 138,169 thousand Euro to 145,916 thousand Euro (+5.6%), at a pace considerably slower than sales.

Higher revenues, as well as gross profit steadily above 63% as a percentage of revenues, enabled better absorption of fixed costs and other variable operating costs, thus resulting in a significant increase in **EBITDA**, rising from 104,750 thousand Euro to 131,479 thousand Euro (+25.5%) and accounting for 21.0% of revenues compared to 18.5% in the first half of 2012.

With reference to the second quarter of 2013 alone, EBITDA amounted to 83,474 thousand Euro compared to 66,584 thousand Euro in the second quarter of 2012, up by 25.4%.

Also **operating profit** grew strongly, from 88,418 thousand Euro to 111,622 thousand Euro (+26.2%), accounting for 17.9% as a percentage of revenues compared to 15.6% in the first half of 2012.

With reference to the second quarter of 2013 alone, operating profit amounted to 72,776 thousand Euro compared to 58,291 thousand Euro in the second quarter of 2012 (+24.8%).

**Net financial income and charges** totaled 9,286 thousand Euro in income, benefiting from the 12,524 thousand Euro capital gain on the sale of Zefer S.p.A. shares.

(In thousands of Euro)	Half-year period ended 30 June		
	2013	2012	% change
Dividends from other companies	600	-	na
Net interest	(1,581)	(2,201)	(28.2%)
Other net income/(charges)	(1,000)	(1,383)	(27.7%)
Net gains/(losses) on exchange rate differences	(4,044)	4,015	(200.7%)
Net financial income/(charges) for fair value adjustment of derivatives	2,787	(1,093)	(355.0%)
Gains/(losses) on disposal of investments	12,524	-	na
<b>Total</b>	<b>9,286</b>	<b>(662)</b>	<b>(1502.7%)</b>

Net gains and losses on exchange rate differences mainly reflect the impact of commercial transactions in foreign currency. The decrease compared to the first half of 2012 was attributable to the depreciation of foreign currencies, especially the Japanese yen and the US dollar.

Net financial income/(charges) for fair value adjustment of derivatives mainly refers to the premium or discount on transactions to hedge the exchange rate risk undertaken by the Parent company.

With reference to the second quarter of 2013 alone, net financial income amounted to 9,794 thousand Euro, compared to 751 thousand Euro in the prior year period, mainly due to recognition of the 12,524 thousand Euro capital gain on the sale of Zefer S.p.A. shares, the net positive effect of fair value adjustments of derivatives, and the net negative effect of exchange rate differences.

#### **Income taxes**

(In thousands of Euro)	Half-year period ended 30 June		
	2013	2012	% change
Profit before taxes	120,908	88,287	36.9%
Total income taxes	(34,109)	(32,378)	5.3%
<b>Tax rate</b>	<b>28.2%</b>	<b>36.7%</b>	

The estimated effective tax rate for the first half of 2013 was 28.2% compared to 36.7% in the prior year period. Net of one-off effects in the current and previous periods, the current tax rate would have been 31.5% for the first half of 2013 and 29.6% for the prior year period.

In the first half of 2013, the Group posted 86,799 thousand Euro in consolidated **net profit**, compared to 55,909 thousand Euro in the first half of 2012, up by 55.3%. The Group share of consolidated net profit amounted to 80,884 thousand Euro compared to 44,802 thousand Euro in the prior year period. The rise reflected also the increase in the stake held in Asian companies (the stake in companies in Greater China

rose from 50% to 75%, and in companies in Korea and South-East Asia from 50% to 80%), as indicated in the Board of Directors' Report on operations included in the 2012 Consolidated Annual Report. In the second quarter of 2013, Group net profit amounted to 56,508 thousand Euro compared to 32,787 thousand Euro in the second quarter of 2012, up by 72.3%.

## Revenues

The following table shows the sales by **geographic area** and the change on the previous half-year period:

(In thousands of Euro)	Half-year period ended 30 June					at
	2013	% of revenues	2012	% of revenues	% change	constant exchange rates
						% change
Europe	166,716	26.7%	146,310	25.9%	13.9%	14.2%
North America	134,872	21.6%	116,839	20.7%	15.4%	14.0%
Japan	58,018	9.3%	66,381	11.7%	(12.6%)	1.6%
Asia Pacific	240,199	38.4%	212,400	37.6%	13.1%	11.7%
Central and South America	24,848	4.0%	23,177	4.1%	7.2%	6.7%
<b>Total</b>	<b>624,653</b>	<b>100.0%</b>	<b>565,107</b>	<b>100.0%</b>	<b>10.5%</b>	<b>11.6%</b>

The growth in revenues was due to both organic growth and the opening of new directly operated stores (DOS).

Turnover recorded a remarkable increase both at current and constant exchange rates in all markets with the sole exception of Japan.

Europe saw an increase in revenues of 13.9% at current exchange rates, bringing the ratio to total revenues from 25.9% to 26.7%.

The North American market saw an increase in revenues of 15.4% at current exchange rates (14.0% at constant exchange rates), thanks also to the strong performance of the wholesale channel.

Japan saw revenues fall by 12.6% at current exchange rates and edging up by 1.6% at constant exchange rates.

The Asia Pacific region was once again the fastest growing market (increase of 27,799 thousand Euro, equal to 13.1% at current exchange rates and 11.7% at constant exchange rates) and accounted for 38.4% of total revenues.

The Central and South American market saw revenues grow by 7.2% at current exchange rates and 6.7% at constant exchange rates, accounting for 4.1% of total revenues (4.0% in the prior year period).

Sales by **distribution channel** can be broken down as follows:

(In thousands of Euro)	Half-year period ended 30 June					at constant exchange rates
	2013	% of revenues	2012	% of revenues	% change	% change
Retail	382,650	61.3%	353,945	62.6%	8.1%	10.5%
Wholesale	231,567	37.1%	202,439	35.8%	14.4%	13.2%
Licenses and services	5,134	0.8%	4,586	0.9%	11.9%	11.9%
Rental income investment properties	5,302	0.8%	4,137	0.7%	28.2%	29.8%
<b>Total</b>	<b>624,653</b>	<b>100.0%</b>	<b>565,107</b>	<b>100.0%</b>	<b>10.5%</b>	<b>11.6%</b>

Retail sales refer to revenues generated by sales in directly operated stores.

The number of directly operated stores rose from 327 as at 30 June 2012 to 353 as at 30 June 2013.

The wholesale channel rose by 14.4% at current exchange rates and 13.2% at constant exchange rates. In particular, the European market grew by 21.3% at current exchange rates, while the North American market rose by 20.1% at current exchange rates and 19.1% at constant exchange rates.

Revenues from licenses and services in the first half of 2013 rose by 11.9% compared to the first half of 2012; in particular, the revenues for the licensing of the Ferragamo brand to the Marchon group in the

eyewear industry and the Timex group in the watch industry are proportional to the revenues earned by the licensee. Therefore, licenses were positively affected by the general increase in demand.

Revenues from rental income investment properties refer solely to property located in the United States and leased/sub-leased to third parties; the item increased by 28.2% at current exchange rates and by 29.8% at constant exchange rates.

Here below is a breakdown of revenues from sales, services and rental income investment properties which shows the contribution and growth by **product category** for the six months ended 30 June 2013 and 30 June 2012.

(In thousands of Euro)	Half-year period ended 30 June					at constant
	2013	% of revenues	2012	% of revenues	% change	% change
Footwear	272,325	43.6%	245,549	43.5%	10.9%	11.3%
Leather goods	207,104	33.2%	179,765	31.8%	15.2%	16.0%
Clothing	48,079	7.7%	49,996	8.8%	(3.8%)	0.0%
Accessories	43,190	6.9%	42,401	7.5%	1.9%	4.6%
Fragrances	43,519	7.0%	38,673	6.8%	12.5%	13.1%
Licenses and services	5,134	0.8%	4,586	0.9%	11.9%	11.9%
Rental income investment properties	5,302	0.8%	4,137	0.7%	28.2%	29.8%
<b>Total</b>	<b>624,653</b>	<b>100.0%</b>	<b>565,107</b>	<b>100.0%</b>	<b>10.5%</b>	<b>11.6%</b>

All the product categories, with the sole exception of clothing, saw increases both at current exchange rates and at constant exchange rates. In particular, note should be taken of the positive trend in footwear which rose by 10.9% at current exchange rates (11.3% at constant exchange rates). Significant increases were also recorded by revenues from leather goods (+15.2% at current exchange rates and +16.0% at constant exchange rates) and fragrances (+12.5% at current exchange rates).

### Cost of goods sold and gross profit

(In thousands of Euro)	Half-year period ended 30 June				
	2013	% of revenues	2012	% of revenues	% change
Consumables	(120,523)	(19.3%)	(105,125)	(18.6%)	14.6%
Costs for services	(106,189)	(17.0%)	(96,521)	(17.1%)	10.0%
Personnel costs	(3,787)	(0.6%)	(3,641)	(0.6%)	4.0%
Amortization and depreciation	(266)	(0.0%)	(277)	(0.0%)	(4.0%)
<b>Cost of goods sold</b>	<b>(230,765)</b>	<b>(36.9%)</b>	<b>(205,564)</b>	<b>(36.4%)</b>	<b>12.3%</b>
<b>Gross profit</b>	<b>393,888</b>	<b>63.1%</b>	<b>359,543</b>	<b>63.6%</b>	<b>9.6%</b>

The **cost of goods sold** in the first half of 2013 amounted to 230,765 thousand Euro, up 12.3% over the prior year period and essentially in line with the increase in sales volumes. **Gross profit** for the first half of 2013 amounted to 63.1% as a percentage of revenues, compared to 63.6% in the first half of 2012. The slight decrease was mainly attributable to the higher share of wholesale sales and the strong depreciation of the Japanese yen.

## Investment and financial operations

Here below is the statement of financial position as at 30 June 2013 reclassified by sources and uses, compared to the position as at 31 December 2012:

(In thousands of Euro)	30 June 2013	31 December 2012	% change
Property, plant and equipment, investment property, intangible assets with a finite useful life	170,689	167,297	2.0%
Net working capital (1)	241,368	197,307	22.3%
Other non current assets/(liabilities), net	24,233	18,700	29.6%
Other current assets/(liabilities), net	(19,470)	(25,864)	(24.7%)
<b>Net invested capital (2)</b>	<b>416,820</b>	<b>357,440</b>	<b>16.6%</b>
Group shareholders' equity	301,501	267,290	12.8%
Minority interests	37,490	32,208	16.4%
<b>Shareholders' equity (A)</b>	<b>338,991</b>	<b>299,498</b>	<b>13.2%</b>
<b>Net financial debt (B) (3)</b>	<b>77,829</b>	<b>57,942</b>	<b>34.3%</b>
<b>Total sources of financing (A+B)</b>	<b>416,820</b>	<b>357,440</b>	<b>16.6%</b>
<b>Net financial debt/shareholders' equity</b>	<b>(23.0%)</b>	<b>(19.3%)</b>	

(1) Net working capital is calculated as inventories plus trade receivables, net of trade payables, excluding other current assets and liabilities and financial assets and liabilities. It should be noted that it has been determined in accordance with the provisions of CESR's Recommendation 05-178/b of 3 November 2005 "CESR's Recommendation on alternative performance measures". Working capital is not identified as an accounting measurement under IFRS. The determination criterion applied by the Group may differ from that adopted by other groups and, therefore, the balance may not be comparable.

(2) Net invested capital is calculated as working capital, tangible assets, investment property, intangible assets with a finite useful life and goodwill, other current and non current assets, net of other current and non current liabilities. Net invested capital is not identified as an accounting measurement under IFRS. The determination criterion applied by the Group may differ from that adopted by other groups and, therefore, the balance may not be comparable.

(3) Pursuant to the provisions of CONSOB Communication no. DEM/6064293 of 28 July 2006, it should be noted that net financial debt is calculated as the sum of cash and cash equivalents, current financial receivables including the positive fair value of financial instruments and current financial assets, non current financial liabilities and the negative fair value of financial instruments and has been determined in accordance with the provisions of CESR's Recommendation on alternative performance measures 05-178/b of 3 November 2005.

### Investments in fixed assets

During the first half of 2013, the Group made investments in tangible and intangible assets for a total amount of 25,274 thousand Euro, of which 20,007 thousand Euro in tangible assets and 5,267 thousand Euro in intangible assets, compared to a total of 25,148 thousand Euro in the first half of 2012.

The most important investments were made in the opening and refurbishment of stores (around 70% of investments in tangible assets), while investments in intangible assets concerned the so-called "Marlin Project", aimed at standardizing the Group's retail information systems, and key money paid during the first half of 2013 as a consequence of taking over the direct management of stores on the Brazilian market which were previously managed by a franchisee, as indicated in the section "Significant events occurred during the first half of 2013" (around 71% of total investments in intangible assets).

Depreciation and amortization amounted to 18,462 thousand Euro as at 30 June 2013 compared to 16,332 thousand Euro as at 30 June 2012 (+13.0%).

Investments in tangible assets under construction mainly concerned the refurbishment and opening of new stores that had not yet started operations as at the reporting date.

During the first half of 2013, the Group did not make any investments in financial assets.

### Net working capital

Here below is the breakdown and change in net working capital as at 30 June 2013 compared with the figure as at 31 December 2012 and 30 June 2012.

(In thousands of Euro)	30 June 2013	31 December 2012	30 June 2012	% change 06.13 vs. 12.12	% change 06.13 vs. 06.12
Inventories	288,339	249,804	282,824	15.4%	1.9%
Trade receivables	140,627	105,184	117,895	33.7%	19.3%
Trade payables	(187,598)	(157,681)	(165,803)	19.0%	13.1%
<b>Total</b>	<b>241,368</b>	<b>197,307</b>	<b>234,916</b>	<b>22.3%</b>	<b>2.7%</b>

Working capital increased by 22.3% compared to 31 December 2012 and 2.7% compared to 30 June 2012. The change was due mainly to the growth in turnover and, to a lesser extent, to exchange rate effects. Inventories rose by 15.4% (+1.9% compared to 30 June 2012) and concerned the stocks of raw materials

used for production with an increase of 2,938 thousand Euro and stocks of finished products which rose by 35,597 thousand Euro.

Trade receivables mainly refer to wholesale sales. They rose 33.7% from 31 December 2012 and 19.3% from 30 June 2012, largely due to two factors: the significant increase in, and seasonality of, related sales. Trade payables are mainly due to purchases of production materials, products and manufacturing in outsourcing and their increase related to the rise in production.

#### **Other current non current assets /(liabilities), net**

Other non-current assets/(liabilities), amounting to 24,233 thousand Euro net assets, grew by 29.6% compared to 31 December 2012. The 5,533 thousand Euro increase was attributable to the rise in deferred tax assets (3,419 thousand Euro), particularly in taxes calculated on the reversal of the profit unrealized in Group inventories; the increase in other non-current assets due to the straight lining of rental income from the American real estate business (1,310 thousand Euro); and the decrease in employee benefit liabilities (1,045 thousand Euro).

Other current assets/(liabilities), amounting to 19,470 thousand Euro net liabilities, were down by 6,394 thousand Euro from 31 December 2012. The change was mainly attributable to the decrease in other current liabilities (7,136 thousand Euro) and the increase in other current assets (4,926 thousand Euro), including also receivables due from credit card management companies for retail sales (+976 thousand Euro), advances to suppliers (+724 thousand Euro), other receivables for hedge derivatives (+680 thousand Euro), and prepaid expenses (+1,146 thousand Euro).

#### **Shareholders' equity**

The changes in the Group's share of shareholders' equity, amounting to 34,211 thousand Euro, were attributable to net profit for the period (80,884 thousand Euro); the positive effect of translating into Euro the subsidiaries' financial statements denominated in other currencies (6,195 thousand Euro); the valuation of hedge derivatives in accordance with IFRS, net of the relevant tax effect (2,628 thousand Euro); the increase in the Stock Grant Reserve (763 thousand Euro); the decrease in dividends declared by the Parent company (55,575 thousand Euro); the decrease due to the net impact of the acquisition of minority interests in companies consolidated on a line-by-line basis together with the changes in the fair value of put options assigned to pre-existing minority shareholders (576 thousand Euro); and other minor reductions (108 thousand Euro).

The reconciliation statement between the Parent company's profit/(loss) for the period and shareholders' equity and the corresponding consolidated values is provided below:

<b>(In thousands of Euro)</b>	<b>Half-year period ended 30 June 2013</b>	
	<b>Shareholders' equity</b>	<b>Net profit/(loss) for the period</b>
<b>Parent company - shareholders' equity and profit/(loss)</b>	<b>231,474</b>	<b>51,242</b>
Elimination of consolidated investments	195,224	46,265
Effect of disposal of investments in associates and joint ventures (IAS 28)	-	5,149
Elimination of unrealized profits, deriving from transactions between Group companies, relating to inventories, net of the deferred tax effect	(90,894)	(11,847)
Effect of IAS 39 - cash flow hedge reserve, net of deferred tax effect	-	(4,220)
Other consolidation adjustments	3,187	210
<b>Total shareholders' equity and profit/(loss)</b>	<b>338,991</b>	<b>86,799</b>
Minority interests - shareholders' equity and profit/(loss)	37,490	5,915
<b>Group - shareholders' equity and profit/(loss)</b>	<b>301,501</b>	<b>80,884</b>

## Net financial debt

Net financial debt as at 30 June 2013 and 31 December 2012 was as follows:

(In thousands of Euro)	30 June	31 December
	2013	2012
Cash and cash equivalents	(69,600)	(110,864)
Current financial receivables	(2,319)	(1,942)
Current financial debt	149,748	170,748
<b>Net financial debt</b>	<b>77,829</b>	<b>57,942</b>

**Net financial debt** for the period ended 30 June 2013 totaled 77,829 thousand Euro, equal to 23.0% of consolidated shareholders' equity. The increase over 31 December 2012 was mainly attributable to the payment of dividends in the first half of 2013 (55,575 thousand Euro) and the remarkable increase in working capital as well as investments in tangible and intangible assets over the period (25,274 thousand Euro), net of divestments following the sale of Zefer S.p.A. shares. The relevant consideration, amounting to 13,855 thousand Euro, was already received in full.

## Income and financial indicators for the half-year periods ended 30 June 2013 and 30 June 2012

The tables below set out the trend in the main income and financial indicators for the half-year periods ended 30 June 2013 and 30 June 2012.

Profitability ratios	Half-year period ended 30 June	
	2013	2012
ROE (Group net profit for the period / average Group shareholders' equity for the period)	28.4%	21.1%
ROI (operating profit / net average invested capital for the period)	28.8%	27.4%
ROS (operating profit / revenues)	17.9%	15.6%

Financial ratios	Half-year period ended 30 June	
	2013	2012
Coverage of shareholders' equity / fixed assets ratio (shareholders' equity / total fixed assets)	131.3%	106.7%
Liquidity ratio (current assets excluding inventories / current liabilities)	64.4%	51.4%

Turnover ratios expressed in days	Half-year period ended 30 June	
	2013	2012
Turnover of trade receivables <i>Average value of trade receivables in the period / revenues x days</i>	35	34
Turnover of trade payables <i>Average value of trade payables in the period / purchases of goods and services x days</i>	77	77
Inventory turnover <i>Average value of inventories in the period / cost of goods sold x days</i>	210	230
Turnover of average invested capital <i>Average value of average invested capital / revenues x days</i>	112	103

The above ratios are calculated on a half-yearly basis.

## Information on corporate governance and ownership structure

### Corporate Governance

The Company is structured according to the traditional management and control model, with the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

The bylaws in force were approved by the Extraordinary Shareholders' Meeting on 30 March 2011 and subsequently amended by the Extraordinary Shareholders' Meeting on 26 April 2012.

The bylaws establish the essential features of the Company and set the main rules for its management and operation, they provide a description of the membership of corporate bodies, their powers and their relationships. The by-laws also include the description of shareholders' rights and the related means of exercising them.

From its admission to listing on 29 June 2011, the Company complied with the Corporate Governance Code issued by Borsa Italiana S.p.A. and adjusted its corporate governance structure to the recommendations contained therein.

The main corporate governance body is the Board of Directors which has the primary responsibility for determining and pursuing the strategic objectives of the Company and of the Group.

The current Board consists of the directors Ferruccio Ferragamo (Chairman), Michele Norsa (Managing Director), Giovanna Ferragamo (Deputy Chairman), Fulvia Ferragamo, Leonardo Ferragamo, Francesco Caretti, Diego Paternò Castello di San Giuliano, Peter K.C. Woo, Piero Antinori, Umberto Tombari (Independent Director), and Marzio Saà (Independent Director), appointed by the Shareholders' Meeting on 26 April 2012 according to the single list submitted by the majority shareholder Ferragamo Finanziaria S.p.A., as well as Lidia Fiori (Independent Director), co-opted by the Board of Directors on 11 July 2013. On that date, the Director Piero Antinori announced he did no longer qualify as independent director under art. 148, paragraph 3 of the Consolidated Law on Finance and art. 3 of the Corporate Governance Code for listed companies; subsequently, the Director Raffaella Pedani resigned from his office in order to allow a new Independent Director, Lidia Fiori, to join the Board of Directors.

The Director Lidia Fiori was also appointed to the Control and Risk Committee as well as the Remuneration Committee, replacing Piero Antinori.

The committees, consisting exclusively of non-executive independent directors, are composed as follows: Control and Risk Committee: Marzio Saà (Chairman), Lidia Fiori and Umberto Tombari.

Nomination and Remuneration Committee: Umberto Tombari (Chairman), Lidia Fiori and Marzio Saà.

The directors appointed by the Shareholders' Meeting will serve for three years, i.e. until the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2014, while Ms. Lidia Fiori will serve until the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2013.

On 26 April 2012 the Shareholders' Meeting also appointed, pursuant to article 17 of the bylaws, Wanda Miletta Ferragamo as Honorary Chairman of the Company by way of recognition of her exceptional commitment to the Group over many years. The term of office of the Honorary Chairman is in line with that of the Board of Directors and so ends with the approval of the financial statements as at 31 December 2014.

### Main features of the systems of risk management and internal control

Salvatore Ferragamo S.p.A., in managing and coordinating its subsidiaries, establishes the general principles governing the Group's internal control and risk management system, in compliance with local laws and rules, implementing operational and organizational procedures that are suitable for the specific context.

In this light, a Code of Ethics has also been adopted, including the principles and general rules that characterize the organization and its business and to which the whole Group must conform.

Furthermore, the following shall be considered as specific elements and integral parts of the system:

- the risk management system in relation to the financial disclosure process adopted in compliance with the provisions of art. 154-bis of the Consolidated Law on Finance;
- the organization, management and control model adopted by the Board of Directors for the purposes of preventing the crimes as set out in Leg. Decree 231/2001.

The Board of Directors is responsible for establishing the guidelines for the risk management and internal control system, which includes the following specific roles:

- Director responsible for the internal control and risk management system, who has the duty of planning, implementing and managing the system, implementing the necessary adjustment over time.
- Control and Risk Committee, which assists in its advisory and consultative role the Board of Directors on risk management and internal control issues.
- Internal audit manager, who, reporting to the Board of Directors, is responsible for verifying the adequacy and effectiveness of the risk management and internal control system, as well as assessing its suitability in order to achieve an acceptable overall risk profile.
- Manager responsible for corporate financial reporting, who is responsible for defining, implementing and maintaining suitable and effective control procedures to manage risks entailed in financial reporting.
- Supervisory Body pursuant to Legislative Decree 231/01, which is responsible for checking the effectiveness, adequacy and compliance of the Organization, Management and Control Model pursuant to Leg. Decree 231/01 and ensuring it is constantly updated.

The risk management and internal control model adopted is in line with the relevant best practices and the principles recommended by the Corporate Governance Code issued by Borsa Italiana S.p.A..

For further information on the main features of the system, reference should be made to the relevant section in the Report on corporate governance and ownership structure available at [www.ferragamo.com](http://www.ferragamo.com).

## Other information

### Financial reporting and Investor relations

Salvatore Ferragamo, in order to maintain constant dialogue with its Shareholders, potential investors and financial analysts and in compliance with the recommendation of CONSOB, has set up the Investor Relator function, which ensures continuous information exchange between the Group and financial markets.

Financial data, corporate presentations, interim reports, official press releases and updates in real time on the share price are available on the Group's website [www.group.ferragamo.com](http://www.group.ferragamo.com) in the Investor Relations section.

### Stakes in the Company

As at 30 June 2013, Ferragamo Finanziaria S.p.A. held a majority stake in the share capital of Salvatore Ferragamo S.p.A. with 57.748% as per the communication received from Ferragamo Finanziaria S.p.A. pursuant to art. 120 A of the CONSOB Issuers' Regulation.

### Main Stock Market indicators – Salvatore Ferragamo S.p.A.

Official price as at 30 June 2013: 23.817 Euro

Market capitalization as at 30 June 2013: 4,011,020,970 Euro

As at 30 June 2013, share capital consisted of 168,410,000 shares, of which 43,007,440 outstanding (free float)



### Treasury shares and shares or stakes in parent companies

It should be noted that the Group does not hold directly or indirectly treasury shares or shares in parent companies and that during the period it did not buy or sell treasury shares or shares in parent companies.

### Non recurring costs and revenues

In the first half of 2013 the Group did not incur any non recurring costs and no non recurring revenues and income were recorded.

### Significant events occurred during the first half of 2013

#### Purchase of minority interests

On 3 January 2013 the agreement signed on 28 February 2011 with Imaginex Holding Ltd. and Imaginex Overseas Ltd. was implemented regarding the increase to 75% of the Group's stake in the distribution companies operating on the strategic market of Greater China, with payment of the agreed price of 41,235,000 Euro, as indicated in the Directors' report on operations under "Significant events occurred during the year" included in the 2011 Annual Report. The agreement involved 25% of Ferrimag Limited

of Hong Kong (a holding company which owns 100% of Ferragamo Retail Hong Kong Ltd., Ferragamo Fashion Trading (Shanghai) Ltd. and Ferragamo Retail Taiwan Ltd), 25% of Ferragamo Moda (Shanghai) Ltd. and 15.2% of Ferragamo Retail Macau Ltd.

#### **Domestic fiscal unity**

Following expiry of the option exercised for the 2010-2012 period, on 22 March 2013 the Parent company Salvatore Ferragamo S.p.A. entered into the new fiscal unity agreement regarding exercise of the option for the Italian fiscal unity (as provided for by articles 117 ff. of the TUIR-Presidential Decree no. 117 of 22 December 1986) with the holding company Ferragamo Finanziaria S.p.A. (the consolidating company) and Ferragamo Parfums S.p.A. This agreement shall be in force for the 2013-2015 period.

#### **Zefer S.p.A.**

Under the agreement entered into on 20 March 2013, which was executed on 15 April 2013 (the date of the notary deed for the sale and transfer of the shares), the Parent company Salvatore Ferragamo S.p.A. sold the 250,000 shares it held in Zefer S.p.A. (equal to 50% of the company's share capital) to Zeleco S.p.A. (a company part of the Ermenegildo Zegna Group). Starting from 15 April 2013, Zeleco S.p.A. acquired full ownership and availability of all the shares purchased, with dividend rights as from 1 January 2013. The sale price of the shares was set at 13,855,000.00 Euro and was paid in full on 15 April 2013. For details on the income and financial effects, reference should be made to the Notes.

#### **Shareholders' Meeting**

On 23 April 2013 the Parent company Salvatore Ferragamo S.p.A. approved the financial statements for the year ended 31 December 2012 and approved the distribution of a dividend of 0.33 Euro per share as indicated in detail in the specific section "Dividends".

#### **Investments**

On 2 May 2013 Ferragamo Brasil Roupas e Acessorios Ltda signed a settlement and asset purchase agreement with the previous franchisee Brasil Fashion Comércio de Roupas Ltda which includes, among other things, the assignment of some lease contracts relating to stores previously managed as franchises. The aim is to boost sales thanks to directly operated stores in the Brazilian market. Pursuant to this plan, on 3 May 2013 the company Ferragamo Brasil Roupas e Acessorios Ltda. resolved to increase its share capital by 14,000,000 Reals (5.3 million Euro), from 715,000 Reals to 14,715,000 Reals, subscribed for 99.0% by Salvatore Ferragamo S.p.A and for the remaining 1.0% by Ferragamo Latin America Inc.

#### **Tax dispute**

With reference to the tax audit carried out on Ferragamo France S.A.S., relating to the tax years 2008-2010 that was started in 2011, and which was referred to in the Directors' report on operations as at 31 December 2012, it should be noted that the audit ended with the notification of an initial adjustment proposal. This does not include challenges to accounting procedures and ordinary taxation, but it challenges the transfer price policy adopted between the Parent company Salvatore Ferragamo S.p.A. and Ferragamo France S.A.S. French law envisages complex proceedings between the tax authorities and the taxpayer, which started with the notification and which could last some years. Since, as already pointed out, the outcomes of these proceedings are not foreseeable at this initial stage, it is not possible to make estimates regarding any tax liabilities arising from the audit.

## **Research and development**

As part of its creative and production studies, the Group incurred costs for research and development for the study of new products and the use of new materials, which were wholly charged to the income statement.

In the first half of 2013 this item totaled 13,087 thousand Euro compared to 11,426 thousand Euro in the same period last year.

## **Staff**

Here below is the Group's staff divided by category as at 30 June 2013 and 31 December 2012.

<b>Staff</b>	<b>30 June 2013</b>	<b>31 December 2012</b>
Top managers, middle managers and store managers	585	570
White collars	2,711	2,545
Blue collars	251	207
<b>TOTAL</b>	<b>3,547</b>	<b>3,322</b>

## **Infragroup relationships and transactions with related parties**

Transactions with related parties are set out in detail in note 37, after the notes to the income statement and cannot be considered as atypical or unusual, since they form part of Group companies' regular business and are regulated at market conditions.

## **Significant events occurred after 30 June 2013**

On 10 July 2013 the Parent company Salvatore Ferragamo S.p.A. paid US\$ 531,600 (406 thousand Euro as at 30 June 2013) as the supplement – as set out in the purchase contract of 20 December 2012 – relating to the further 30% stake in Ferragamo Korea Ltd, Ferragamo Singapore Pte Ltd, Ferragamo Malaysia Sdn Bhd and Ferragamo Thailand Limited on the basis of the final net depreciated asset value as at 31 December 2012, which had previously been estimated, as already indicated in the Board of Directors' report on operations included in the 2012 Consolidated Annual Report in the section "Significant events occurred during the year".

On 11 July 2013 the Board of Directors of the Parent company Salvatore Ferragamo S.p.A. co-opted Lidia Fiori as director in place of Raffaella Pedani who resigned on the same date, as set out in detail in the "Corporate Governance" section of this report. In addition, at the same meeting the Board of Directors approved the project to enlarge the industrial facility at Osmannoro-Sesto Fiorentino, which includes among other things, the construction of a new building in the area currently occupied by three buildings which will be demolished.

## **Outlook**

In the first half of 2013 global economic growth was still weak and was held back above all by the Eurozone's problems. According to the latest estimates, the 2013 growth rate in industrialized countries will be 1.2% (down from 1.4% in 2012), while growth in emerging economies should be 5.5% (up from 5.1% in 2012). Growth in the United States is somewhat volatile, but on average is satisfactory and its strengths are the acceleration in private-sector demand, increased spending on new homes and improved prospects for the labor market, while in the Eurozone, where the first quarter of 2013 saw the sixth consecutive fall in GDP, only the easing of tensions on financial markets and the gradual easing of fiscal policy will allow the economy to return to growth as from 2014, to an estimated level of 0.9%. The fall in confidence, which has also spread to Germany, indicates that, in any case, the recovery will be very slow. As for Asia, the turnaround in the Japanese economy, which the new Government set in motion in the autumn when it announced radical changes in the monetary policy, has turned into well consolidated growth, estimated at 1.8% for 2013, rising to 2.4% for 2014. As for emerging economies, macroeconomic control problems are increasing in Brazil and China, with growth estimates for the Chinese economy cut to around 7.5% as a consequence of the uncertain trend in recent months and the adoption of restrictive liquidity measures. Among the other B.R.I.C. countries, India too is seeing lower than expected growth which is estimated to fall to around 5.1% for 2013.

The luxury sector is once again proving greater resilience to the economic crisis compared to other product sectors. China and emerging countries, such as Brazil, Mexico and South-Eastern Asia should continue to drive growth, even if the aforementioned macroeconomic problems could cause a general slowdown in the economy.

The Ferragamo Group enjoys a favorable and balanced geographic distribution and effective product diversification; these characteristics and the positive results achieved in the first half of the year suggest that, provided that no negative events occur which currently cannot be foreseen, there will be a further increase in both sales volumes and profits for the whole of 2013 too.

Florence, 29 August 2013

The Chairman of the Board of Directors  
Ferruccio Ferragamo

## Financial statements

### Consolidated statement of financial position – assets

<b>(In thousands of Euro)</b>							
	<b>Notes</b>	<b>30 June 2013</b>	<i>of which with related parties</i>	<b>31 December 2012</b>	<i>of which with related parties</i>	<b>30 June 2012</b>	<i>of which with related parties</i>
<b>NON CURRENT ASSETS</b>							
Property, plant and equipment	4	140,971		139,580		128,755	
Investment property	5	6,953		7,039		7,530	
Intangible assets with a finite useful life	6	22,765		20,678		18,274	
Investments in associated and jointly controlled companies	7	-		1,331		1,225	
Available-for-sale financial assets		26		27		20	
Other non current assets	8	5,740		4,430		5,282	
Other non current financial assets	9	10,477	213	9,915	172	8,972	109
Deferred tax assets	32	71,164		67,745		74,528	
<b>TOTAL NON CURRENT ASSETS</b>		<b>258,096</b>	<b>213</b>	<b>250,745</b>	<b>172</b>	<b>244,586</b>	<b>109</b>
<b>CURRENT ASSETS</b>							
Inventories	10	288,339		249,804		282,824	
Trade receivables	11	140,627	59	105,184	2,348	117,895	1,487
Tax receivables	12	9,035		9,157		12,527	
Other current assets	13	39,858	2,070	34,932	2,040	21,520	716
Other current financial assets	14	2,319		1,942		978	
Cash and cash equivalents	15	69,600		110,864		59,968	
<b>TOTAL CURRENT ASSETS</b>		<b>549,778</b>	<b>2,129</b>	<b>511,883</b>	<b>4,388</b>	<b>495,712</b>	<b>2,203</b>
<b>TOTAL ASSETS</b>		<b>807,874</b>	<b>2,342</b>	<b>762,628</b>	<b>4,560</b>	<b>740,298</b>	<b>2,312</b>

## Consolidated statement of financial position – liabilities and shareholders' equity

(In thousands of Euro)							
	Notes	30 June 2013	of which with related parties	31 December 2012	of which with related parties	30 June 2012	of which with related parties
<b>SHAREHOLDERS' EQUITY</b>							
<b>GROUP SHAREHOLDERS' EQUITY</b>							
Share capital	16	16,841		16,841		16,841	
Reserves	16	203,776		144,897		151,455	
Net profit/(loss) – Group		80,884		105,552		44,802	
<b>TOTAL GROUP SHAREHOLDERS' EQUITY</b>		<b>301,501</b>		<b>267,290</b>		<b>213,098</b>	
<b>MINORITY INTERESTS</b>							
Share capital and reserves – minority interests		31,575		12,481		36,816	
Net profit/(loss) – minority interests		5,915		19,727		11,107	
<b>TOTAL MINORITY INTERESTS</b>		<b>37,490</b>		<b>32,208</b>		<b>47,923</b>	
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>338,991</b>		<b>299,498</b>		<b>261,021</b>	
<b>NON CURRENT LIABILITIES</b>							
Provisions for risks and charges	17	4,748		5,424		5,515	
Employee benefit liabilities	18	10,384		11,429		11,610	
Other non current liabilities	19	41,760		41,212		44,708	
Deferred tax liabilities	32	6,282		6,683		3,251	
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>63,174</b>	<b>-</b>	<b>64,748</b>	<b>-</b>	<b>65,084</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>							
Trade payables	20	187,598	157	157,681	733	165,803	125
Interest-bearing loans & borrowings	21	145,798		125,133		115,968	638
Tax payables	22	26,582		21,036		25,872	
Other current liabilities	23	41,781	8,398	48,917	13,575	61,671	11,557
Other current financial liabilities	24	3,950		45,615	41,235	44,879	40,684
<b>TOTAL CURRENT LIABILITIES</b>		<b>405,709</b>	<b>8,555</b>	<b>398,382</b>	<b>55,543</b>	<b>414,193</b>	<b>53,004</b>
<b>TOTAL LIABILITIES</b>		<b>468,883</b>	<b>8,555</b>	<b>463,130</b>	<b>55,543</b>	<b>479,277</b>	<b>53,004</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>807,874</b>	<b>8,555</b>	<b>762,628</b>	<b>55,543</b>	<b>740,298</b>	<b>53,004</b>

## Consolidated income statement

(In thousands of Euro)	Notes	Half-year period ended 30 June			
		2013	of which with related parties	2012	of which with related parties
Revenues from sales and services		619,351	1,466	560,970	2,459
Rental income investment properties		5,302		4,137	
<b>Revenues</b>	27	<b>624,653</b>		<b>565,107</b>	
Cost of goods sold	28-29	(230,765)		(205,564)	
<b>Gross profit</b>		<b>393,888</b>		<b>359,543</b>	
Style, product development and logistics costs	28-29	(22,863)	(277)	(19,877)	(220)
Sales & distribution costs	28-29	(174,137)	(6,362)	(166,394)	(5,906)
Marketing & communication costs	28-29	(36,627)	(25)	(39,447)	(34)
General and administrative costs	28-29	(47,423)	(4,712)	(45,643)	(7,252)
Other operating costs	28-29	(6,329)	(6)	(6,603)	(8)
Other income and revenues	30	5,113	16	6,839	14
<b>Operating profit</b>		<b>111,622</b>		<b>88,418</b>	
Financial charges	31	(16,521)		(16,619)	(554)
Financial income	31	25,807		15,957	
Share of net profit/(loss) on investments accounted for using the Equity Method		-		531	
<b>Profit before taxes</b>		<b>120,908</b>		<b>88,287</b>	
Income taxes	32	(34,109)		(32,378)	
<b>Net profit/(loss) for the period</b>		<b>86,799</b>		<b>55,909</b>	
Net profit/(loss) – Group		80,884		44,802	
Net profit/(loss) – minority interests		5,915		11,107	

(In Euro)	Notes	Half-year period ended 30 June	
		2013	2012
Earnings per share – ordinary shares	33	0.480	0.266
Diluted earnings per share – ordinary shares	33	0.480	0.266

## Consolidated statement of comprehensive income

(In thousands of Euro)	Half-year period ended 30 June	
	2013	2012
<b>Net profit/(loss) for the period (A)</b>	<b>86,799</b>	<b>55,909</b>
<i>Other income (losses) that will be subsequently reclassified to net profit/(loss) for the period</i>		
- Currency translation differences of foreign operations	5,467	7,043
- Net gain / (loss) from cash flow hedge	3,626	(1,755)
- Income taxes	(998)	482
	<u>2,628</u>	<u>(1,273)</u>
<i>Total other income (losses) that will be subsequently reclassified to net profit/(loss) for the period, net of taxes (B1)</i>	<b>8,095</b>	<b>5,770</b>
<i>Other income (losses) that will not be subsequently reclassified to net profit/(loss) for the period</i>		
- Net gain / (loss) from recognition of defined-benefit plans for employees	215	(446)
- Income taxes	(64)	123
	<u>151</u>	<u>(323)</u>
<i>Total other income (losses) that will not be subsequently reclassified to net profit/(loss) for the period, net of taxes (B2)</i>	<b>151</b>	<b>(323)</b>
<b>Total other income (losses) for the period, net of taxes (B1+B2 = B)</b>	<b>8,246</b>	<b>5,447</b>
<b>Total comprehensive income for the period, net of taxes (A+B)</b>	<b>95,045</b>	<b>61,356</b>
Group	89,599	48,923
Minority interests	5,446	12,433

## Consolidated statement of cash flows

(In thousands of Euro)	Notes	Half-year period ended 30 June			
		2013	of which with related parties	2012	of which with related parties
<b>NET PROFIT / (LOSS) FOR THE PERIOD</b>		<b>86,799</b>		<b>55,909</b>	
<b>Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities:</b>					
Amortization, depreciation and write-downs of tangible and intangible assets and investment property	4-5-6	19,857		16,332	
Allocation / (use) of deferred taxes	32	(4,761)		(2,989)	
Provision for employee severance indemnities		328		2,671	
Allocation to / (use of) the provision for obsolete inventory	10	3,186		(560)	
Losses and provision for bad debt		406		909	
Losses / (gains) on disposal of tangible and intangible assets		187		45	
Share of net (profit) / loss on investments accounted for using the Equity Method		-		169	
Other non-monetary items		(11,527)		(5,979)	548
<b>Changes in operating assets and liabilities:</b>					
Trade receivables		(33,682)	2,289	(25,005)	861
Inventories		(36,854)		(33,595)	
Trade payables		30,575	(576)	11,054	(198)
Tax receivables		88		(2,049)	
Tax payables		3,324		4,408	
Employee benefits payments		(414)		(2,254)	
Other assets and liabilities		(9,700)	(5,207)	(4,878)	(7,307)
Other – net		(809)		(1,790)	
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		<b>47,003</b>	<b>(3,494)</b>	<b>12,398</b>	<b>(6,096)</b>
<b>Cash flow from investing activities:</b>					
Purchase of tangible assets		(20,007)		(22,668)	
Purchase of intangible assets		(5,267)		(2,480)	
Net change in non current assets and liabilities		(1,691)	(41)	(1,126)	
Proceeds from the sale of tangible and intangible assets		78		8	
Proceeds from the sale of investments in associated and jointly controlled companies		13,855		-	
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		<b>(13,032)</b>	<b>(41)</b>	<b>(26,266)</b>	<b>-</b>
<b>Cash flow from financing activities:</b>					
Net change in financial receivables		(390)		2,666	
Net change in financial payables		(21,305)	(41,235)	54,755	15
Dividends paid to shareholders of the Parent company	38	(55,575)	(41,383)	(47,155)	(35,086)
Dividends paid to minority shareholders		-		(8,984)	(8,984)
Purchase of minority interests in companies consolidated on a line-by-line basis		(777)		-	
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		<b>(78,047)</b>	<b>(82,618)</b>	<b>1,282</b>	<b>(44,055)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(44,076)</b>		<b>(12,586)</b>	
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>110,808</b>		<b>73,179</b>	
Increase/(decrease) in cash and cash equivalents		(44,076)		(12,586)	
Effect of exchange rate translation differences		2,868		(1,256)	
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>69,600</b>		<b>59,337</b>	
<b>ADDITIONAL INFORMATION</b>					
Interest paid		1,932		1,315	
Income taxes paid		31,201		37,264	
Interest received		165		314	
Dividends received		600		-	

## Statement of changes in consolidated shareholders' equity

Half-year period ended 30 June 2013 (in thousands of Euro)	Share capital	Share capital contributions	Legal reserve	Extraordinary reserve	Cash flow hedge reserve	Translation reserve	Retained earnings	Other reserves	Effect IAS 19 Equity	Effect IAS 28 (Common Control) Equity	Net profit/(loss) for the period	Group shareholders' equity	Minority interests	Total shareholders' equity
<b>As at 01.01.2013</b>	<b>16,841</b>	<b>2,995</b>	<b>4,188</b>	<b>65,812</b>	<b>7,189</b>	<b>(36,208)</b>	<b>92,919</b>	<b>16,084</b>	<b>(2,158)</b>	<b>(5,924)</b>	<b>105,552</b>	<b>267,290</b>	<b>32,208</b>	<b>299,498</b>
Allocation of results	-	-	-	51,302	-	-	54,250	-	-	-	(105,552)	-	-	-
Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	80,884	80,884	5,915	86,799
Other comprehensive income (loss)	-	-	-	-	2,628	6,195	(257)	-	149	-	-	8,715	(469)	8,246
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,628</b>	<b>6,195</b>	<b>(257)</b>	<b>-</b>	<b>149</b>	<b>-</b>	<b>80,884</b>	<b>89,599</b>	<b>5,446</b>	<b>95,045</b>
Distribution of dividends	-	-	-	-	-	-	(55,575)	-	-	-	-	(55,575)	-	(55,575)
Purchase of minority interests in companies consolidated on a line-by-line basis and accounting of options on minority interests	-	-	-	-	-	(35)	(539)	(2)	-	-	-	(576)	(164)	(740)
Stock Grant Reserve	-	-	-	-	-	-	-	763	-	-	-	763	-	763
Reclassifications	-	-	-	-	-	-	(5,924)	-	-	5,924	-	-	-	-
<b>As at 30.06.2013</b>	<b>16,841</b>	<b>2,995</b>	<b>4,188</b>	<b>117,114</b>	<b>9,817</b>	<b>(30,048)</b>	<b>84,874</b>	<b>16,845</b>	<b>(2,009)</b>	<b>-</b>	<b>80,884</b>	<b>301,501</b>	<b>37,490</b>	<b>338,991</b>

Half-year period ended 30 June 2012 (in thousands of Euro)	Share capital	Share capital contributions	Legal reserve	Extraordinary reserve	Cash flow hedge reserve	Translation reserve	Retained earnings	Other reserves	Effect IAS 19 Equity	Effect IAS 28 (Common Control) Equity	Net profit/(loss) for the period	Group shareholders' equity	Minority interests	Total shareholders' equity
<b>As at 01.01.2012</b>	<b>16,841</b>	<b>2,995</b>	<b>4,188</b>	<b>36,686</b>	<b>(15,152)</b>	<b>(17,654)</b>	<b>95,386</b>	<b>14,422</b>	<b>(1,675)</b>	<b>(5,924)</b>	<b>81,290</b>	<b>211,403</b>	<b>44,716</b>	<b>256,119</b>
Allocation of results	-	-	-	76,331	-	-	4,959	-	-	-	(81,290)	-	-	-
Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	44,802	44,802	11,107	55,909
Other comprehensive income (loss)	-	-	-	-	(1,273)	6,742	(1,025)	-	(323)	-	-	4,121	1,326	5,447
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,273)</b>	<b>6,742</b>	<b>(1,025)</b>	<b>-</b>	<b>(323)</b>	<b>-</b>	<b>44,802</b>	<b>48,923</b>	<b>12,433</b>	<b>61,356</b>
Distribution of dividends	-	-	-	(47,155)	-	-	-	-	-	-	-	(47,155)	(9,636)	(56,791)
Purchase of minority interests in companies consolidated on a line-by-line basis and accounting of options on minority interests	-	-	-	-	-	-	(400)	-	-	-	-	(400)	410	10
Stock Grant Reserve	-	-	-	-	-	-	-	327	-	-	-	327	-	327
Specific reserve for share capital increase to serve the Stock Grant Plan	-	-	-	(50)	-	-	-	50	-	-	-	-	-	-
<b>As at 30.06.2012</b>	<b>16,841</b>	<b>2,995</b>	<b>4,188</b>	<b>65,812</b>	<b>(16,425)</b>	<b>(10,912)</b>	<b>98,920</b>	<b>14,799</b>	<b>(1,998)</b>	<b>(5,924)</b>	<b>44,802</b>	<b>213,098</b>	<b>47,923</b>	<b>261,021</b>

## Explanatory Notes

### 1. Corporate information

The Parent company Salvatore Ferragamo S.p.A. is a legal entity organized under Italian law. The condensed consolidated half-year report as at 30 June 2013 of Salvatore Ferragamo S.p.A. has been approved by the Board of Directors during the meeting held on 29 August 2013.

The main Group activities are set out in the Directors' report on operations.

The Parent company Salvatore Ferragamo S.p.A. is part of the Ferragamo Finanziaria Group and is subject to the management and coordination of Ferragamo Finanziaria S.p.A. pursuant to art. 2497-bis of the Italian Civil Code.

### 2. Basis of presentation

#### Contents and structure of the consolidated annual report

This condensed consolidated half-year report has been prepared pursuant to art. 154-ter of Legislative Decree no. 58 of 24 February 1998 (TUF) as subsequently integrated and amended.

The condensed consolidated half-year report for the first half of 2013 has been prepared in accordance with the international accounting standard regarding interim financial reporting (IAS 34 Interim Financial Reporting). The condensed consolidated half-year report does not include all the information required in the consolidated annual report and therefore must be read together with the 2012 Consolidated Annual Report of the Ferragamo Group.

The procedures used for making estimates and assumptions are the same as those used in preparing the annual report.

For comparative purposes, the consolidated financial statements show the comparison with the consolidated statement of financial position as at 31 December 2012 and the consolidated income statement as at 30 June 2012.

All amounts are expressed in Euro and are rounded to the nearest thousand Euro, unless otherwise indicated.

#### Accounting standards

The Group's accounting standards adopted in the preparation of the condensed consolidated half-year report as at 30 June 2013 are the same as those used in preparing the Annual Report as at 31 December 2012, to which reference should be made, except for the adoption of the new or revised standards of the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC), applied as from 1 January 2013, as described below. The adoption of these amendments and interpretations had no significant impact on the Group's financial position or results.

#### *Discretionary valuations and significant accounting estimates*

The preparation of the condensed consolidated half-year report requires the use of estimates and assumptions based on the best possible assessment.

If, in the future, these estimates and assumptions should differ from actual circumstances, they will be changed in the relevant period.

#### *- Impairment/Restatement of Property, plant and equipment, Investment property, Intangible assets with a finite useful life, Investments*

The book value of Property, plant and equipment, Investment property, Intangible assets with a finite useful life, and Investments is subject to impairment testing when there are indicators of impairment which require an immediate assessment of impairment, or when events have occurred which require the procedure to be repeated. As at 30 June 2013, no indicators of impairment emerged from the analyses carried out.

With reference to the item "buildings", in the first half of 2013 the company revised the useful life of three buildings in the industrial complex located in Osmannoro-Sesto Fiorentino: they will be

demolished over the next few months as part of the Parent Company's project to expand and renovate said industrial complex.

**- Taxes**

The tax burden relating to interim periods is determined using the tax rate which would be applicable to the forecast annual total profit, i.e. the annual average estimate of the effective tax rate applied to the pre-tax profit of the interim period.

***Changes in international accounting standards, interpretations and amendments***

**IAS 1 Presentation of Financial Statements – Presentation of other comprehensive income items**

The amendment to IAS 1 introduces the grouping of items of other comprehensive income. The items which could be reclassified (or “recycled”) to profit and loss in the future (for example, elimination or disposal) should be presented separately compared to the items which will never be reclassified. The amendment concerns only the basis of presentation and has no impact on the Group’s financial position or results.

**IAS 1 Presentation of Financial Statements – Clarification of requirements for comparative information**

This amendment to IAS 1 clarifies that when an entity provides financial statements beyond the minimum comparative period requirements provided for by IFRS, the entity must include in the notes to the financial statements the related comparative information in compliance with IFRS. The presentation of this voluntary comparative information does not require full disclosure including a complete set of financial statements.

When an entity applies an accounting standard retroactively, it retroactively restates or reclassifies the items in its financial statements, and when these changes have a material impact on the statement of financial position as at the beginning of the preceding period, it must present an opening statement of financial position (the so-called “third statement of financial position”). The amendment clarifies that related note disclosure is not required for the third statement of financial position. Unless the entity presents complete consolidated financial statements in accordance with IAS 34.9, there are no requirements to present a third statement of financial position in the interim report.

**IAS 16 Property, plant and equipment**

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventories. This change did not have any impact on the Group.

**IAS 19 Employee benefits (IAS 19R)**

IAS 19R includes numerous changes in the accounting of defined benefit plans: actuarial gains and losses are now recorded under other comprehensive income items and permanently excluded from the income statement; the expected return on plan assets are no longer charged to the income statement, while it is necessary to recognize in the income statement interest on the net defined plan liability (asset); such interest must be calculated using the same interest rate applied to discount the obligation; the costs relating to past employment are now recognized in the income statement on the earliest date between i) the change or reduction in the plan, or ii) the recognition of the related restructuring costs or termination of the employment relationship. Other changes include new disclosure, such as for example a qualitative sensitivity analysis. The amendment concerns only the basis of presentation and has no impact on the Company’s financial position or results.

**IAS 32 Tax effect of distribution to holders of equity instruments (Amendment)**

The amendment to IAS 32 “Financial Instruments: presentation” clarifies that taxes arising from distributions to holders of equity interests are accounted for in accordance with IAS 12 Income taxes. The amendment removes from IAS 32 the requirements relating to taxes and clarifies that the tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 “Income Taxes”. The amendment has not had any impact on the Group’s condensed consolidated half-year report since there are no tax effects linked to monetary and non-monetary distributions.

### **IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)**

The amendment clarifies the requirements in IAS 34 relating to segment information in order to improve coherence with the requirements of IFRS 8 “Operating Segments”. It is necessary to provide information on the total assets and liabilities for a segment being presented only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last consolidated annual financial statements for that segment. This amendment did not have any impact on the Group’s segment information.

### **IFRS 7 Disclosures – Offsetting financial assets and financial liabilities – Amendments to IFRS 7**

These amendments require the entity to provide information on the rights to set off and related arrangements (for example guarantees). The disclosure will provide the reader of financial statements with useful information to assess the impact of offsetting arrangements on the entity’s financial position. The new disclosure is required for all financial instruments which are subject to offsetting under IAS 32 “Financial instruments: presentation”. The disclosure is required also for financial instruments that are subject to an enforceable master netting arrangement or similar agreement, regardless of whether they are offset in accordance with IAS 32. These amendments did not have any impact on the financial position or results of the Group.

### **IFRS 13 – Fair value measurement**

IFRS 13 establishes a single guideline in the scope of the IFRS for all fair value measurement. IFRS 13 does not change the situations in which the use of fair value is required, but rather provides guidelines on how to value fair value under IFRS, when the application of fair value is required or allowed. The application of IFRS 13 had no significant impact on the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosure on fair value, part of which replaces the disclosure requirements currently envisaged by other standards, including IFRS 7 “Financial Instruments: Disclosures”. Some of this information is specifically requested for financial instruments by IAS 34.16A(j), and therefore has an impact on the condensed consolidated half-year report. The Group has provided this information in the notes.

In addition to the changes and new standards set out above, also IFRS 1 “First-time adoption of International Financial Reporting Standards” has been amended and is applicable for annual periods beginning on or after 1 January 2013. This amendment is not relevant for the Group which is not a first-time adopter of IFRS.

The Group has not adopted in advance any other standard, interpretation or improvement that has been issued but which is not yet in force.

## **Consolidation area**

The condensed consolidated half-year report provides information on the equity and financial position as well as the operating performance of the Parent company Salvatore Ferragamo S.p.A and its Italian and foreign subsidiaries, as at 30 June 2013. These are identified collectively as the Ferragamo Group.

The condensed consolidated half-year report as at 30 June 2013 includes the interim accounts for the first half of 2013 of Group companies, which have been prepared by adopting the same accounting standards as the Parent company. Subsidiaries are consolidated on a line-by-line basis as from the purchase date, or from the date in which the Group acquires control, and are excluded from consolidation from the date when control is transferred outside the Group.

All intragroup balances and transactions, including any unrealized profits and losses deriving from transactions between Group companies, are completely eliminated.

Acquisitions of subsidiaries are recognized using the acquisition method, allocating the cost of the business combination at the fair values of assets, liabilities and contingent liabilities acquired at the acquisition date and including the result of the purchased company recorded from the acquisition date to the end of the year.

Changes in the Group’s stake in a subsidiary which do not cause the loss of control are recognized as equity transactions.

The following subsidiaries are included in the consolidation area at 30 June 2013:

Company name	Location	Currency	Share capital	Controlling interest		Notes
				Dir	Indirect	
Salvatore Ferragamo S.p.A.	Florence, Italy	Euro	16,841,000	Parent company		
Ferragamo Retail Nederland B.V.	Amsterdam, Holland	Euro	500,000	100%		
Ferragamo France S.A.S.	Paris, France	Euro	4,334,094	100%		
Ferragamo Deutschland GmbH	Munich, Germany	Euro	3,300,000	100%		
Ferragamo Austria GmbH	Vienna, Austria	Euro	1,853,158	100%		
Ferragamo UK Ltd.	London, United Kingdom	Pound Sterling	6,172,735	100%		
Ferragamo Suisse S.A.	Mendrisio, Switzerland	Swiss Franc	1,000,000	100%		
Ferragamo Belgique S.A.	Brussels, Belgium	Euro	750,000	100%		
Ferragamo Monte-Carlo S.A.M.	Principality of Monaco	Euro	304,000	100%		
Ferragamo Espana S.L.	Madrid, Spain	Euro	4,600,000	100%		
Ferragamo USA Inc.	New York, United States	US Dollar	74,011,969	100%		
SF Licensing Corporation Inc.	Wilmington, DE, United States	US Dollar	1,000		100%	(1)
Ferragamo Canada Inc	Vancouver, Canada	Canadian Dollar	430,000		100%	(1)
S-Fer International Inc.	New York, United States	US Dollar	4,600,000		100%	(1)
Sator Realty Inc	New York, United States	US Dollar	100,000		100%	(1)
Ferragamo Parfums Usa Inc.	New York, United States	US Dollar	200,000		100%	(1)
Ferragamo Latin America Inc.	Miami, United States	US Dollar	300,000	100%		
Ferragamo St. Thomas Inc.	U.S. Virgin Island	US Dollar	1,201,000		100%	(4)
Ferragamo Mexico S. de R.L. de C.V.	Mexico City, Mexico	Mexican Peso	4,592,700	99.73%	0.27%	(4)
Ferragamo Chile S.A.	Santiago, Chile	Chilean Peso	1,471,169,399	99%	1%	(4)
Ferragamo Argentina S.A.	Buenos Aires, Argentina	Argentine Peso	969,107	95%	5%	(4)
Ferragamo Brasil Roupas e Acessorios Ltda	Sao Paulo, Brazil	Brazilian Real	14,715,000	99%	1%	(4)
Ferragamo Hong Kong Ltd.	Hong Kong, China	Hong Kong Dollar	10,000	100%		
Ferragamo Japan KK	Tokyo, Japan	Japanese Yen	305,700,000	71%		(6)
Ferragamo Australia PTY Ltd.	Sydney, Australia	Australian Dollar	10,536,004	100%		
Ferrimag Limited	Hong Kong, China	Hong Kong Dollar	109,200,000		75%	(2)
Ferragamo Fashion Trading (Shanghai) Co. Ltd	Shanghai, China	US Dollar	200,000		75%	(3)
Ferragamo Moda (Shanghai) Co. Ltd	Shanghai, China	US Dollar	1,400,000	75%		
Ferragamo Retail HK Limited	Hong Kong, China	Hong Kong Dollar	39,000,000		75%	(3)
Ferragamo Retail Taiwan Limited	Taipei, Taiwan	New Taiwanese Dollar	136,250,000		75%	(3)
Ferragamo Retail Macau Limited	Macau, China	Macau Pataca	25,000	75.2%		
Ferragamo Retail India Private Limited	New Delhi, India	Indian Rupee	150,000,000	51%		(5)
Ferragamo Korea Limited	Seoul, South Korea	South Korean Won	3,291,200,000	80%		
Ferragamo (Singapore) Pte. Ltd.	Singapore	Singapore Dollar	4,600,000	80%		
Ferragamo (Thailand) Limited	Bangkok, Thailand	Baht	100,000,000	80%		
Ferragamo (Malaysia) Sdn Bhd	Kuala Lumpur, Malaysia	Malaysian Ringgit	1,300,000	80%		
Ferragamo Parfums S.p.A.	Florence, Italy	Euro	10,000,000	100%		

1 – Through Ferragamo USA Inc.

2 – Through Ferragamo Hong Kong Ltd.

3 – Through Ferrimag Ltd.

4 – Through Ferragamo Latin America Inc.

5 – The investment in Ferragamo Retail India Private Ltd. refers to the legal percentage of ownership. In light of the existence of a call option on the company's minority interests which transfers the benefits and risks to Salvatore Ferragamo S.p.A., all reference to the minority interest has been removed from consolidated shareholders' equity.

6 – The investment in Ferragamo Japan K.K. refers to the legal percentage of ownership. In light of a put option attributed to the company's minority shareholders, all reference to the minority interest has been removed from consolidated shareholders' equity.

During the first half of 2013 the composition of the Group saw the following changes:

on 3 January 2013 the agreement signed on 28 February 2011 with Imaginex Holding Ltd. and Imaginex Overseas Ltd. was implemented regarding the increase to 75% of the Group's stake in the distribution companies operating on the market of Greater China, as indicated in the Directors' report on operations under "Significant events occurred during the year" included in the 2011 Annual Report. The agreement involved 25% of Ferrimag Limited of Hong Kong (a holding company which owns 100% of Ferragamo Retail Hong Kong Ltd., Ferragamo Fashion Trading (Shanghai) Ltd. and Ferragamo Retail Taiwan Ltd), 25% of Ferragamo Moda (Shanghai) Ltd. and 15.2% of Ferragamo Retail Macau Ltd.

On 15 April 2013 (the date of the notary deed and transfer of shares), the Parent company Salvatore Ferragamo S.p.A. sold the 250,000 shares it held in Zefer S.p.A. (equal to 50% of the company's share capital) to the Zegna Group (which already owned 50% of the company), as detailed in the Directors' report on operations under "Significant events occurred during the first half of 2013". Said sale did not have any impact on the Group's structure.

*Translation of financial statements in currencies other than the Euro and of items denominated in foreign currency*

The consolidated report is expressed in Euro, which is the functional and presentation currency adopted by the Parent company. Every Group company establishes its own functional currency, which is used to value the items included in the individual reports. Transactions in foreign currency are initially recorded at the exchange rate in force at the transaction date (referred to the functional currency). Monetary assets and liabilities, which are denominated in foreign currency, are translated into the functional currency at the exchange rate in force at the reporting date.

All exchange rate differences are recorded in the income statement.

Non-monetary items which are valued at historic cost and denominated in foreign currencies are translated by using the exchange rates in force at the date of initial recognition of the transaction.

The exchange rates used to determine the value in Euro of subsidiaries' reports expressed in foreign currency were (to 1 Euro) as follows:

	Average rates		Exchange rates at the end of		
	30 June 2013	30 June 2012	30 June 2013	31 December 2012	30 June 2012
US Dollar	1.31337	1.29647	1.3080	1.3194	1.2590
Swiss Franc	1.22995	1.20483	1.2338	1.2072	1.2030
Japanese Yen	125.4592	103.3103	129.3900	113.6100	100.1300
Pound Sterling	0.8508	0.8225	0.8572	0.8161	0.8068
Australian Dollar	1.2961	1.2559	1.4171	1.2712	1.2339
South Korean Won	1,450.22	1,480.41	1,494.23	1,406.23	1,441.01
Hong Kong Dollar	10.1901	10.0619	10.1477	10.2260	9.7658
Mexican Peso	16.4982	17.1867	17.0413	17.1845	16.8755
New Taiwanese Dollar	38.9561	38.4374	39.3378	38.3758	37.7707
Singapore Dollar	1.6328	1.6391	1.6545	1.6111	1.5974
Thai Baht	39.1947	40.3719	40.6130	40.3470	39.8730
Malaysian Ringgit	4.0391	4.0022	4.1340	4.0347	3.9960
Indian Rupee	72.2776	67.5963	77.7210	72.5600	70.1200
Macau Pataca	10.4840	10.3501	10.4460	10.5379	10.1183
Chinese Renminbi	8.1285	8.1901	8.0280	8.2207	8.0011
Chilean Peso	628.520	638.105	663.768	631.999	634.909
Argentine Peso	6.727	5.685	7.034	6.494	5.637
Brazilian Real	2.6683	2.4144	2.8899	2.7036	2.5788
Canadian Dollar	1.3341	1.3040	1.3714	1.3137	1.2871

At the reporting date, the assets and liabilities of Group companies are converted into the Group's presentation currency (the Euro) at the exchange rate in force on that date, and their income statement is converted using the average exchange rate for the period. Translation differences are recorded directly under shareholders' equity, are shown separately in a specific reserve and are recognized in the

statement of comprehensive income. On disposal of a particular foreign company, the accumulated translation differences which have been recorded as component of the statement of comprehensive income for that particular foreign company are recorded in the income statement.

Any goodwill resulting from the acquisition of a foreign company carried out after 1 January 2005 (date of transition to IFRS) and any adjustment to fair value of the book values of assets or liabilities arising from the acquisition of that foreign company are recognized as assets and liabilities of the foreign company, are expressed in the functional currency of the foreign company and are translated at the exchange rate in force at the end of the period.

### 3. Seasonality

The market in which the Group operates is characterized by seasonal events that are typical of the retail and wholesale sales and which can cause an uneven monthly breakdown in the sales flow and in operating costs.

Therefore, it is important to remember that income statement results for the first half of the year cannot be considered as proportional to the year as a whole. The half yearly figures are affected by seasonal events also in terms of equity and financial position.

## Comments on the main statement of financial position items (assets, shareholders' equity and liabilities)

### 4. Property, plant and equipment

The following table shows the change in property, plant and equipment for the half-year period ended 30 June 2013.

(In thousands of Euro)	Half-year period ended 30 June 2013							
	Value at 01.01.2013	Translation differences	Additions	Disposals	Depreciation	Reclassifi- cations	Impairment	Value at 30.06.2013
Land	19,284	(404)	-	-	-	-	-	18,880
Buildings	25,136	(80)	188	-	865	1,717	1,395	24,701
Plant and equipment Industrial and commercial equipment	4,520	(18)	152	-	819	2	-	3,837
Other assets	25,281	(496)	2,946	(38)	3,773	(1,956)	-	21,964
Leasehold improvements	9,466	(59)	3,438	(17)	2,162	9	-	10,675
Fixed assets in progress and payments on account	52,439	(548)	6,704	(95)	7,827	225	-	50,898
<b>TOTAL</b>	<b>139,580</b>	<b>(1,622)</b>	<b>20,697</b>	<b>(840)</b>	<b>15,446</b>	<b>(3)</b>	<b>1,395</b>	<b>140,971</b>

The increase as at 30 June 2013:

- in the item "Buildings" refers to improvements to the property owned in the USA and the facility at Osmannoro-Sesto Fiorentino;
- in industrial and commercial equipment relates to the opening and refurbishment of stores (2,843 thousand Euro) and moulds (103 thousand Euro) for the Fragrances product category;
- in other assets mainly concerns furniture and furnishings (1,965 thousand Euro) and IT equipment (1,154 thousand Euro);
- in leasehold improvements refers mainly to work carried out for the opening or refurbishment of stores.

The 1,395 thousand Euro impairment loss related to buildings represents the amount still to be amortized at the date scheduled for the demolition of three buildings in the industrial complex located in Osmannoro-Sesto Fiorentino. They will be demolished as part of the project to expand and renovate the area.

Disposals mainly refer to assets in renovated or closed stores.

### 5. Investment property

Investment property entirely refers to buildings located in the United States that are not used for operations but produce income through rental.

The following table shows the change in investment property for the half-year period ended 30 June 2013.

(In thousands of Euro)	Half-year period ended 30 June 2013				
	Value at 01.01.2013	Translation difference	Additions	Depreciation	Value at 30.06.2013
Land	4,242	37	-	-	4,279
Buildings	2,797	24	-	147	2,674
<b>TOTAL</b>	<b>7,039</b>	<b>61</b>	<b>-</b>	<b>147</b>	<b>6,953</b>

## 6. Intangible assets with a finite useful life

The following table shows the changes in intangible assets with a finite useful life for the period ended 30 June 2013:

(In thousands of Euro)	Half-year period ended 30 June 2013						
	Value at 01.01.2013	Translation differences	Additions	Disposals	Amortization	Reclassifi- cations	Value at 30.06.2013
Industrial patents and use of intellectual property rights	2,671	(29)	598	-	667	3	2,576
Concessions, licenses and trademarks	1,454	-	248	-	150	-	1,552
Others	14,758	(225)	5,023	(45)	2,052	-	17,459
Intangible assets with a finite useful life in progress	1,795	(15)	35	(637)	-	-	1,178
<b>TOTAL</b>	<b>20,678</b>	<b>(269)</b>	<b>5,904</b>	<b>(682)</b>	<b>2,869</b>	<b>3</b>	<b>22,765</b>

Intangible assets with a finite useful life increased compared to 31 December 2012 mainly due to new investments in software development costs and key money paid during the first half of 2013 as a consequence of taking over the direct management of stores on the Brazilian market, net of amortization for the period.

The item "Others" mainly includes software development costs relating to the capitalization of expenses for the development of business software applications (SAP accounting system, ERP, reporting systems, and the e-commerce platform). This item includes the so-called key money, i.e. the sums paid to obtain the use of leased property by taking over existing contracts or by obtaining the withdrawal of the lessees in such a way as to be able to enter into new contracts with the lessors (net amount to be amortized as at 30 June 2013: 7,064 thousand Euro).

## 7. Investments in associated and jointly controlled companies

The item Investments in associated and jointly controlled companies as at 31 December 2012 amounted to 1,331 thousand Euro and referred to the net book value of the investment in Zefer S.p.A., which was sold during the first half of the year. For details, reference should be made to the section "Significant events occurred during the first half of 2013" in the Directors' Report on operations.

## 8. Other non current assets

Other non current assets as at 30 June 2013 totaled 5,740 thousand Euro, up compared to 31 December 2012, when they amounted to 4,430 thousand Euro.

They refer, for 4,990 thousand Euro, to the impact relating to the straight line charging of rental income from the investment property in the USA, as provided for by the relevant standards (straight lining).

The item also includes 750 thousand Euro, relating to royalty advances paid by Ferragamo Parfums S.p.A. to the owner of the Ungaro fragrances brand, as provided for by the license contract signed in November 2005 and renewed at the beginning of 2012.

## 9. Other non current financial assets

Other non current financial assets, totaling 10,477 thousand Euro as at 30 June 2013 (9,915 thousand Euro as at 31 December 2012), refer for 10,378 thousand Euro to guarantee deposits to third parties, mainly for existing rental contracts, and are accounted for at amortized cost.

The item also includes the fair value evaluation of hedge derivatives (forward contracts) entered into by the Parent company to manage exchange rate risk and falling due after more than 12 months (99 thousand Euro).

## 10. Inventories

Ending inventories refer to the following categories:

(In thousands of Euro)	30 June 2013	31 December 2012	Change 2013 vs. 2012
Raw materials, accessories and consumables	54,178	49,949	4,229
Provision for obsolete inventory	(8,030)	(6,739)	(1,291)
Raw materials, accessories and consumables	46,148	43,210	2,938
Finished products and goods for resale	264,646	227,412	37,234
Provision for obsolete inventory	(22,455)	(20,818)	(1,637)
Finished products and goods for resale	242,191	206,594	35,597
<b>TOTAL</b>	<b>288,339</b>	<b>249,804</b>	<b>38,535</b>

The change in raw materials depends on production volumes, which rose during the period due to the strong increase in sales volumes; the provision reflects the obsolescence of raw materials (mainly leather and accessories) which are no longer suitable for the company's production plans.

The increase in inventories of finished products was a result of the increase in sales volumes. The change, net of the exchange rate effect, was an increase of 30,730 thousand Euro (the exchange rate effect was positive for 4,867 thousand Euro).

Uses of and/or allocations to the provision for obsolete inventory were as follows:

(In thousands of Euro)	Half-year period ended 30 June		Change
	2013	2012	2013 vs. 2012
Raw materials	1,291	(239)	1,530
Finished products	1,895	(321)	2,216
<b>TOTAL</b>	<b>3,186</b>	<b>(560)</b>	<b>3,746</b>

## 11. Trade receivables

The breakdown of the item is set out in the following table:

(In thousands of Euro)	30 June 2013	31 December 2012	Change 2013 vs. 2012
Trade receivables	145,572	109,907	35,665
Provision for bad debt	(4,945)	(4,723)	(222)
<b>TOTAL</b>	<b>140,627</b>	<b>105,184</b>	<b>35,443</b>

Trade receivables refer for approximately 27,819 thousand Euro to the Fragrances product category and the remainder to the other categories, essentially to wholesale sales. They are interest-free and are generally due in less than 90 days. The related provision for bad debt is considered adequate to meet any cases of insolvency. The increase over 31 December 2012 is attributable to the growth in turnover, especially in the wholesale channel.

Trade receivables as at 31 December 2012 include receivables due from Zefer S.p.A. (1,957 thousand Euro), an associated and jointly controlled company as at 31 December 2012 and sold to third parties during the first half of 2013.

The change in the provision for bad debt in the half-year period ended 30 June 2013 was as follows:

(In thousands of Euro)	Half-year period ended 30 June 2013				Value at 30.06.2013
	Value at 01.01.2013	Translation difference	Allocations	Uses	
<b>Total</b>	<b>4,723</b>	<b>8</b>	<b>345</b>	<b>(131)</b>	<b>4,945</b>

## 12. Tax receivables

The breakdown of the item is set out in the following table:

(In thousands of Euro)	30 June 2013	31 December 2012	Change 2013 vs. 2012
Due from tax authorities (value added tax and other taxes)	6,426	7,348	(922)
Due from tax authorities for income taxes	2,590	1,798	792
Withholding taxes	19	11	8
<b>TOTAL</b>	<b>9,035</b>	<b>9,157</b>	<b>(122)</b>

The 122 thousand Euro decrease in tax receivables is mainly attributable to the 922 thousand Euro decrease in receivables for VAT and other taxes, net of the 792 thousand Euro increase in payments on account for income taxes for the current year.

## 13. Other current assets

The breakdown of other current assets is set out in the following table:

(In thousands of Euro)	30 June 2013	31 December 2012	Change 2013 vs. 2012
Other receivables	14,143	11,047	3,096
Accrued income	9	5	4
Prepaid expenses	14,061	12,915	1,146
Other receivables for short-term hedge derivatives	11,645	10,965	680
<b>TOTAL</b>	<b>39,858</b>	<b>34,932</b>	<b>4,926</b>

As at 30 June 2013, other receivables mainly included:

- advances to suppliers (2,499 thousand Euro), up 724 thousand Euro from 31 December 2012;
- receivables due from credit card management companies for retail sales (5,696 thousand Euro), rising 976 thousand Euro compared to 31 December 2012;
- receivables from the Holding company Ferragamo Finanziaria S.p.A. (amounting to 2,025 thousand Euro) concerning the income tax (IRES) refund claim regarding the deduction of the regional manufacturing tax (IRAP) in relation to personnel costs from 2007 to 2011. They remained unchanged compared to 31 December 2012.

Prepaid expenses mainly include contributions to customers for 5,620 thousand Euro, rents for 4,142 thousand Euro and insurance premiums for 1,423 thousand Euro. The increase over December 2012 is attributable to higher prepaid expenses related to contributions to customers for outfitting/renovating stores (728 thousand Euro), as well as the rise in prepaid expenses for insurance premiums (432 thousand Euro).

Other receivables for hedge derivatives amounting to 11,645 thousand Euro (10,965 thousand Euro as at 31 December 2012) refer to the fair value assessment of outstanding derivative contracts (hedge component) entered into by the Parent company to manage exchange rate risk on sales in currencies other than the Euro.

## 14. Other current financial assets

Other current financial assets as at 30 June 2013 totaled 2,319 thousand Euro, up 377 thousand Euro compared to 31 December 2012, and include 2,306 thousand Euro for the fair value measurement of derivatives for the non-hedge component (1,925 thousand Euro as at 31 December 2012).

## 15. Cash and cash equivalents

The breakdown of the item is set out in the following table:

(In thousands of Euro)	30 June 2013	31 December 2012	Change 2013 vs. 2012
Time deposits	7,082	53,058	(45,976)
Bank and post office deposits	61,944	57,318	4,626
Cash and values on hand	574	488	86
<b>TOTAL</b>	<b>69,600</b>	<b>110,864</b>	<b>(41,264)</b>

Time deposits at banks expire in no more than 90 days. Bank and post office deposits refer to temporary cash holdings mainly to meet imminent payments.

As at 30 June 2013 the Group had unused credit lines for 354,098 thousand Euro. As at 31 December 2012, unused credit lines totaled 321,889 thousand Euro.

For the purposes of the consolidated statement of cash flows, the item “Cash and cash equivalents” as at 30 June 2013 and 30 June 2012 was broken down as follows:

(In thousands of Euro)	30 June 2013	30 June 2012	Change 2013 vs. 2012
Cash and bank sight deposits	62,518	45,585	16,933
Short-term bank deposits	7,082	14,383	(7,301)
Bank overdrafts	-	(631)	631
<b>TOTAL</b>	<b>69,600</b>	<b>59,337</b>	<b>10,263</b>

## 16. Share capital and reserves

Here below are the main changes occurred in the Group's share capital and reserves during the first half of 2013.

The extraordinary reserve of 117,114 thousand Euro, which refers entirely to the Parent company, was set up with retained earnings; the 51,302 thousand Euro increase recorded in the period refers to the 2012 profit, net of the distribution of dividends, amounting to 55,575 thousand Euro, declared in the first half of 2013.

The cash flow hedge reserve was positive for 9,817 thousand Euro and is the result of the valuation of the financial instruments defined as cash flow hedges as at 30 June 2013, given the Parent company's hedges against exchange rate risk, and is shown net of the tax effect.

The translation reserve, negative for 30,048 thousand Euro, reflects value changes in the Group share of shareholders' equity of the consolidated companies, due to changes in the exchange rates of the companies' functional currencies against the Euro, the presentation currency of the consolidated financial statements.

Retained earnings amounting to 84,874 thousand Euro include profits/losses capitalized during the years, taking due account of consolidation adjustments, in particular unrealized profit on inventories. During the first half of 2013, said reserve was affected by the combined effect of several factors; on the one hand, it rose by 54,250 thousand Euro due to the capitalization of the profit for 2012, gross of the Parent company's profit which was allocated to the extraordinary reserve. On the other hand, the reserve fell by 55,575 thousand Euro due to the dividends distributed by the Parent company during the first half of 2013; by 539 thousand Euro due to the effect in the period of the recognition of the put and call agreements on minority interests already existing as well as of the agreements to acquire minority stakes in companies that are consolidated on a line-by-line basis; by 5,924 thousand Euro due to the reclassification out of the reserve Effect IAS 28 (Common Control) Equity, which came about in 2006 at the time Zefer S.p.A. was acquired.

The reserve Effect IAS 28 (Common Control) Equity, which included the adjustment to the value of the investment in Zefer S.p.A. which was first recognized in 2006, has been completely reclassified (5,924 thousand Euro) to retained earnings, following the sale to third parties of the investment which occurred in the first half of 2013; for further details reference should be made to the section “Significant events occurred during the first half of 2013” included in the Directors' report on operations.

The items “Other reserves” and “Effect IAS 19 Equity” for a net total of 14,836 thousand Euro include the amounts recorded for valuation differences required by the IAS/IFRS compared to the local accounting standards of Group companies, the specific reserve to service the future free share capital increase for a nominal amount of 50,000 Euro for the shares which will be assigned by the Stock Grant Plan (up to a maximum of 500,000 shares with a nominal value of 0.10 Euro each), and the Stock Grant Reserve which includes the fair value at 30 June 2013 of the rights assigned to receive shares of the Parent company. For details on the Stock Grant Plan reference should be made to note 34.

The amounts are net of the tax effects where applicable.

## 17. Provision for risks and charges

The breakdown and changes in the item are provided in the following table:

(In thousands of Euro)	Half-year period ended 30 June 2013				Value at 30.06.2013
	Value at 01.01.2013	Translation difference	Additions	Uses	
Legal disputes	1,754	-	125	(848)	1,031
Other	3,670	(71)	161	(43)	3,717
<b>TOTAL</b>	<b>5,424</b>	<b>(71)</b>	<b>286</b>	<b>(891)</b>	<b>4,748</b>

Legal disputes mainly refer to legal proceedings against the Parent company and some proceedings regarding foreign companies as well as labor disputes. Labor disputes refer both to litigations and to estimates of settlement amounts which the Group companies might pay for settlement in the pre-litigation stage.

The use of the provision for legal disputes mainly refers to the settlement of a number of labor proceedings and/or disputes.

The provision for other risks includes allocations against likely future costs of various kinds. This amount includes the additional allowance set aside by Ferragamo Parfums S.p.A. and Salvatore Ferragamo S.p.A. for agents operating in Italy.

## 18. Employee benefit liabilities

The following table shows the breakdown of employee benefits at 30 June 2013 and 31 December 2012:

(In thousands of Euro)	30 June 2013	31 December 2012	Change 2013 vs. 2012
Employee defined benefit liabilities	10,368	10,802	(434)
Other employee benefit liabilities	16	627	(611)
<b>TOTAL</b>	<b>10,384</b>	<b>11,429</b>	<b>(1,045)</b>

Compared to 31 December 2012, employee severance indemnities of Italian companies and other employee defined benefit liabilities have been presented in one single item, "Employee defined benefit liabilities".

The following table shows the changes in employee defined benefit liabilities:

(In thousands of Euro)	30 June 2013	31 December 2012
Present value of the obligation at the beginning of the period	10,802	10,087
Translation differences	(38)	(93)
Cost relating to current employment	81	596
Financial charge	146	335
Benefits paid	(408)	(729)
Reclassifications	-	62
Actuarial loss (gain) recorded	(215)	544
<b>Present value of the obligation at the end of the period</b>	<b>10,368</b>	<b>10,802</b>

Employee defined-benefit liabilities of the Group's Italian companies (the Parent company and Ferragamo Parfums S.p.A.) amounted to 8,141 thousand Euro, down by 316 thousand Euro compared to 31 December 2012. Here below are the main assumptions used in determining said present value:

	30 June 2013	31 December 2012
Annual rate of pay increase	3.47%	3.47%
Annual discount rate	2.58%	2.25%
Inflation rate	2.00%	2.00%

Employee defined-benefit liabilities of the Group's non-Italian companies refer to Ferragamo Japan KK, Ferragamo Retail Taiwan Ltd., Ferragamo France SAS, Ferragamo Montecarlo SAM, Ferragamo Belgique SA, Ferragamo Mexico S.L.de C.V., Ferragamo Usa Inc., Ferragamo (Thailand) Limited, Ferragamo Hong Kong Ltd. and Ferragamo Retail India Private Ltd. They amounted to 2,227 thousand

Euro, down by 118 thousand Euro. Here below are the main assumptions used in determining the present value of the obligations:

	30 June 2013	31 December 2012
Annual rate of pay increase	2.0% - 6.0%	2.0% - 6.0%
Annual discount rate	1.0% - 8.0%	1.0% - 8.5%
Inflation rate	2.0% - 3.0%	2.0% - 3.0%

## 19. Other non current liabilities

The breakdown of the item is set out in the following table:

(In thousands of Euro)	30 June 2013	31 December 2012	Change 2013 vs. 2012
Payables for deferred rents	37,987	35,057	2,930
Other payables	278	370	(92)
Tax payables	3,495	5,785	(2,290)
<b>TOTAL</b>	<b>41,760</b>	<b>41,212</b>	<b>548</b>

Payables for deferred rents refer almost entirely to the straight lining of rents over the contract period for the property leased in the United States, including the building on Fifth Avenue, next to the building owned by the Company, where a significant part of the New York store is located.

Tax payables refer wholly to the medium-term share (due beyond 12 months) of the tax payable that is paid over 36 monthly installments relating to the assessment with acceptance between the Parent company and the Italian tax authorities; for details reference should be made to the section “*Significant events occurred during the year*” in the 2012 Consolidated Annual Report. The 2,290 thousand Euro decrease compared to 31 December 2012 refers to the reclassification of the portion due within 12 months to short-term payables.

## 20. Trade payables

The breakdown of trade payables was as follows:

(In thousands of Euro)	30 June 2013	31 December 2012	Change 2013 vs. 2012
Trade payables	187,032	156,408	30,624
Advances from customers	566	1,273	(707)
<b>TOTAL</b>	<b>187,598</b>	<b>157,681</b>	<b>29,917</b>

Trade payables do not bear interest and usually become due after 60/90 days.

This item consists of payables relating to the normal commercial activity carried out by Group companies, in particular the purchase of raw materials, parts and manufacturing in outsourcing and their increase is connected with the rise in production.

## 21. Interest-bearing loans & borrowings

A breakdown of short-term interest-bearing loans & borrowings is given below:

(In thousands of Euro)	30 June 2013	31 December 2012	Change 2013 vs. 2012
Financial payables to banks	145,798	125,077	20,721
Bank and postal current accounts	-	56	(56)
<b>TOTAL</b>	<b>145,798</b>	<b>125,133</b>	<b>20,665</b>

The Group’s financial requirements are covered by short-term payables relating to short- and medium-term bank credit lines. The loans and credit lines used by the Group are arranged at floating rates. The cost of debt is generally benchmarked to the market rate for the period (usually Euribor/Libor) increased by a spread which depends on the type of credit line used. The margins applied are in line with the best market standards.

During the first half of the year, some committed credit lines that reached maturity were replaced with credit lines provided by a number of banking counterparties, and the total amount of revolving credit lines available to the Group increased.

In more detail, financial payables to banks and the related used credit lines were as follows:

(In thousands of Euro)	Agreed 30 June 2013	Used	Agreed 31 December 2012	Used
Committed credit lines	236,468	39,684	251,369	57,881
Revolving credit lines	263,428	106,114	195,653	67,252
<b>TOTAL</b>	<b>499,896</b>	<b>145,798</b>	<b>447,022</b>	<b>125,133</b>

Here below is the breakdown of the net financial position as at 30 June 2013 and 31 December 2012, restated in accordance with the model included in CONSOB Communication no. DEM/6064293 of 28 July 2006.

(In thousands of Euro)	30 June 2013	31 December 2012	Change 2013 vs. 2012
A. Cash	574	488	86
B. Other cash equivalents	69,026	110,376	(41,350)
<b>C. Cash and cash equivalents (A)+(B)</b>	<b>69,600</b>	<b>110,864</b>	<b>(41,264)</b>
Derivatives – non-hedge component	2,306	1,925	381
Other financial assets	13	17	(4)
<b>D. Current financial receivables</b>	<b>2,319</b>	<b>1,942</b>	<b>377</b>
E. Current bank payables	145,798	125,133	20,665
F. Derivatives – non-hedge component	9	440	(431)
G. Other current financial payables	3,941	45,175	(41,234)
<b>H. Current financial debt (E)+(F)+(G)</b>	<b>149,748</b>	<b>170,748</b>	<b>(21,000)</b>
<b>I. Current financial debt, net (H)-(C)-(D)</b>	<b>77,829</b>	<b>57,942</b>	<b>19,887</b>
J. Non current bank payables	-	-	-
K. Derivatives – non-hedge component	-	-	-
M. Other non current payables	-	-	-
<b>N. Non current financial debt (J)+(K)+(M)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>O. Net financial debt (I)+(N)</b>	<b>77,829</b>	<b>57,942</b>	<b>19,887</b>

#### Limitations on the use of financial resources

The Group's committed credit lines that are currently outstanding do not require compliance with financial covenants.

Financial covenants, assessed on an annual basis, are included only in some local loan contracts of companies with minority interests, even though they are uncommitted revolving credit lines.

## 22. Tax payables

As at 30 June 2013, tax payables amounted to 26,582 thousand Euro and concerned payables for income taxes pertaining to the period and other taxes due by Group companies. The 5,546 thousand Euro increase is attributable to the 7,634 thousand Euro rise in income taxes, due to the strong results posted by the Group's companies.

### 23. Other current liabilities

The breakdown of the item “Other current liabilities” is set out in the following table:

(In thousands of Euro)	30 June 2013	31 December 2012	Change 2013 vs. 2012
Other payables	30,232	39,251	(9,019)
Payables to social security institutions	3,592	4,410	(818)
Accrued expenses	2,157	2,119	38
Deferred income	5,011	2,752	2,259
Other payables for hedge derivatives	789	385	404
<b>TOTAL</b>	<b>41,781</b>	<b>48,917</b>	<b>(7,136)</b>

The item “Other payables” mainly includes the Group’s payable to employees for sums accrued and not yet paid at the end of the reporting period and payables to the Holding company Ferragamo Finanziaria S.p.A. (7,255 thousand Euro) as part of the domestic fiscal unity; it also includes payables to suppliers and service providers which had not been invoiced at the reporting date.

The item “Payables to social security institutions” refers to payables paid in the month after the reporting period and relating to amounts due to employees.

The item “Other payables for hedge derivatives” shows the fair value valuation at the end of the period of outstanding derivatives (hedge component) signed by the Parent company to manage exchange rate risk. For further details reference should be made to note 25 below.

### 24. Other current financial liabilities

The breakdown of the item “Other current financial liabilities” is set out in the following table:

(In thousands of Euro)	30 June 2013	31 December 2012	Change 2013 vs. 2012
Short-term derivatives	9	440	(431)
Other current financial payables	3,941	45,175	(41,234)
<b>TOTAL</b>	<b>3,950</b>	<b>45,615</b>	<b>(41,665)</b>

Other current financial payables as at 30 June 2013 include:

- 667 thousand Euro for payables to the minority shareholders of Ferragamo Retail India Private Limited. As at 31 December 2012, this item amounted to 674 thousand Euro;
- the put option (2,868 thousand Euro) granted to the minority shareholders of Ferragamo Japan KK, to sell to Salvatore Ferragamo S.p.A. their 29% investment in the Japanese company, which is valued on the basis of the conditions contained in the shareholders’ agreement signed by the parties. This put option was recognized under Group shareholders’ equity after eliminating minority interests. As at 31 December 2012, this item amounted to 3,266 thousand Euro;
- 406 thousand Euro for the financial payable for the supplement to the purchase price relating to the contract dated 20 December 2012 for the further 30% stake in Ferragamo Korea Ltd, Ferragamo Singapore Pte Ltd, Ferragamo Malaysia Sdn Bhd and Ferragamo Thailand Limited, determined on the basis of the final net depreciated asset value at 31 December 2012.

At 31 December 2012, the item included 41,235 thousand Euro for the Group’s payables relating to the recognition of the agreement signed on 28 February 2011 with Imaginex Holding Limited and Imaginex Overseas Limited, for the purchase of a further stake in the distribution companies operating on the strategic market of Greater China, thus increasing the Group’s stake to 75%. The amount due was paid on 3 January 2013.

On each reporting date any value adjustments to the put options will be recorded directly under shareholders' equity.

The item “Short-term derivatives” mainly refers to the fair value of financial derivatives with a negative mark to market at the reporting date. For further details reference should be made to note 25 below.

## 25. Financial instruments

The classification of financial instruments under IAS 39 involves various items. The following table sets out the book value of outstanding financial instruments, divided by category, compared to the corresponding fair values, as at 30 June 2013 and 31 December 2012.

### Classification of financial instruments and representation of their fair value

(In thousands of Euro)	Book value at 30 June 2013		Fair Value at 30 June 2013	Book value at 31 December 2012		Fair Value at 31 December 2012
	Current portion	Non current portion		Current portion	Non current portion	
<b>FINANCIAL ASSETS</b>						
Financial assets at fair value through profit or loss						
Derivatives – non-hedge component	2,306		2,306	1,925		1,925
Securities held for trading	13		13	17		17
Available-for-sale financial assets		26	26		27	27
Receivables and loans						
Receivables from others (M/L term)	129	750	865	275	750	1,014
Trade receivables	140,627		140,627	105,184		105,184
Guarantee deposits		10,378	10,378		9,915	9,709
Cash and cash equivalents	69,600		69,600	110,864		110,864
Derivatives – hedge component	11,645	99	11,744	10,965		10,965
<b>Total</b>	<b>224,320</b>	<b>11,253</b>	<b>235,559</b>	<b>229,230</b>	<b>10,692</b>	<b>239,705</b>

(In thousands of Euro)	Book value at 30 June 2013		Fair Value at 30 June 2013	Book value at 31 December 2012		Fair value at 31 December 2012
	Current portion	Non current portion		Current portion	Non current portion	
<b>FINANCIAL LIABILITIES</b>						
Liabilities at amortized cost						
Trade payables and payments on account	187,598		187,598	157,681		157,681
Financial payables to banks and other financial payables	149,739		149,739	170,308		170,308
Financial liabilities at fair value through profit or loss						
Derivatives – non-hedge component	9		9	440		440
Derivatives – hedge component	789		789	385		385
<b>Total</b>	<b>338,135</b>	<b>-</b>	<b>338,135</b>	<b>328,814</b>	<b>-</b>	<b>328,814</b>

The table shows that most outstanding financial assets and liabilities refer to short-term financial items; taking into account their nature, the book value of most of these items is a reasonable approximation of their fair value.

In all other cases, fair value is measured according to methods which can be classified as Level 2 of the hierarchy of data significance levels used in the fair value calculation as defined by IFRS7.

The Group uses internal valuation models, which are generally used in finance, on the basis of prices provided by market operators or prices collected on active markets through leading info-providers.

To determine the fair value of derivatives a pricing model is used based on market interest rate values and exchange rates at the valuation date.

For receivables from others (M/L term), which include receivables from Emanuel Ungaro Italia S.r.l. of Ferragamo Parfums S.p.a. with a residual life of three years and six months, the fair value is calculated by discounting the nominal value at market IRS rates listed for individual annual maturities and interpolated to account for six-month maturities, in accordance with the discounted cash flow method. Available-for-sale financial assets are measured at cost.

There have been no changes in the valuation methods used compared to the previous years or transfers from one Level to another in the hierarchy of assets or liabilities measured at fair value.

The Group calculates non-performance risk, i.e. the risk that one of the parties may not fulfill its contractual obligations due to a possible default before the derivative expires, both in reference to

counterparty risk (Credit Value Adjustment: CVA), and to its own risk (Debt Risk Adjustment: DVA), applying it to the market value of the risk-free portfolio. Taking into account the type of derivatives in the portfolio (solely currency forward contracts), the related expiry dates (not over fourteen months), and the Group's and counterparties' ratings, these adjustments are immaterial.

In addition, it should be noted that, in compliance with the ISDA Master Agreements and the existing framework agreements relating to derivatives, it is generally possible to offset all the outstanding financial assets and liabilities arising from these derivatives.

## **26. Management of financial risks**

The Salvatore Ferragamo Group is exposed in different measure to the various financial risks related to its business, and in particular to the following types of risk:

- market risks, which can be further divided into:
  - interest rate risks relating to the impact of changes in market interest rates; and
  - exchange rate risks, due to operations in currency areas other than that of the accounting currency;
- liquidity risks relating to the availability of financial resources and the ease of access to the credit market and connected to the need to fulfill the Group's financial commitments in the short term;
- credit and counterparty risks, representing the risks of default on commercial or financial obligations assumed by the various counterparties and arising from normal commercial transactions or from use, financing and risk hedging activities.

Financial risks are managed on the basis of guidelines defined by the Parent company, in compliance with the goals set centrally by the Board of Directors. In accordance with these directives, the Group specifically controls the management of individual financial risks and intervenes to contain their impact, also by using derivatives. Derivatives are used for hedging purposes only. In application of IFRS, some derivatives have been classified as held for trading, although they have been entered into for hedging purposes.

### **Interest rate risk**

Movements in market interest rates affect the level of net financial charges and the market value of financial assets and liabilities.

The Salvatore Ferragamo Group is exposed to the risk of recording on the income statement an increase in financial charges due to an unfavorable change in interest rates. Group companies use third-party financial resources largely in the form of floating rate bank debt and deploy the available liquidity mainly in money market instruments. Changes in market interest rates only affect the cost of loans and the yield on uses and thus the level of the Group's financial charges and income, and not their fair value. Sensitivity to interest rate risk is monitored at Group level, by keeping the overall exposure in due consideration, through coordinated management of debt and available liquidity and of the relevant due dates, which are in any case kept within 12 months.

At 30 June 2013, there were no outstanding interest rate risk hedge derivatives aimed at transforming floating rate debt into fixed rate debt.

### **Exchange rate risk**

The Group operates internationally and therefore is exposed to risks arising from exchange rates fluctuations, which have an impact on the operating results and on the value of shareholders' equity.

The Group manages exchange rate risk arising from operations through the systematic hedging of commercial flows arising from sales forecast in currencies other than the Euro, with the aim of mitigating the expected risk of changes in margins arising from sales relating to future collections.

The Parent company (as a manufacturing company) enters into currency forward contracts or options, to establish the conversion rate in advance, or a predefined range of conversion rates at future dates with an estimated period of maximum 24 months.

The hedges of the Parent company's future transactions in foreign currencies (which can be classified as Cash Flow Hedge pursuant to IFRS) are accounted for in accordance with hedge accounting rules.

To the operations we may add those of some Asian and Latin American subsidiaries which make purchases in US dollars or in Euro and sell in the currency of the country in which they operate. The values of the contracts involved are significantly lower than those of the Parent company.

Ferragamo Parfums S.p.A. hedges exchange rate risk by entering into foreign currency loans or foreign currency forward contracts.

In addition, the Group controls and hedges exposure deriving from changes due to exchange rate changes in the value of assets or liabilities denominated in currencies other than the accounting currency of the individual company, which may affect the income statement (typically intercompany financial receivables/payables) through financial instruments, whose recognition in accordance with IFRS follows the rules of Fair Value Hedge: the profit or loss arising from subsequent assessments of the present value of the hedging instrument is recorded in the income statement as well as the profit or loss on the hedged item.

The following table shows the changes in the cash flow hedge reserve for the six months ended 30 June 2013 and the year ended 31 December 2012:

Exchange rate risk (In thousands of Euro)	Cash flow hedge reserve	
	30 June 2013	31 December 2012
<b>Opening balance</b>	<b>9,916</b>	<b>(20,899)</b>
+ increases for recognition of new positive effectiveness	7,186	13,371
- decreases for recognition of new negative effectiveness	(2,929)	(5,634)
- decreases for reversal of positive effectiveness from shareholders' equity and recognition of income in profit or loss	(2,580)	(863)
+ increases for reversal of negative effectiveness from shareholders' equity and recognition of cost in profit or loss	1,949	23,941
<b>Closing balance</b>	<b>13,542</b>	<b>9,916</b>

The Reserve, which consists of the value changes in hedges for expected transactions in foreign currency, rose by 3,626 thousand Euro overall during the first half of 2013, mainly due to the significant depreciation of the Japanese yen against the Euro, which went from approximately 114 at the beginning of the year to over 133 yen to the Euro in May 2013. The effect directly reclassified out of the Reserve to profit or loss under revenues from sales during the first half of 2013, when the underlying cash flows materialized, was positive and amounted to 631 thousand Euro.

During the first six months of 2013, no hedge was interrupted due to the cancellation of the expected underlying value. Hedges were one hundred percent effective for the whole duration of the underlying asset.

### Liquidity risk

The factors which mainly influence the Group's liquidity are the resources generated or absorbed by current operating and investing activities and the expiry and possibility of renewal of debt or the expiry and possibility of liquidation of financial investments of surplus cash.

The negotiation and management of credit lines is coordinated by the Parent company with the aim of satisfying the short and medium-term needs of the individual companies according to efficiency and cost-effectiveness criteria. It is the Group's policy to sign and constantly maintain with various and diversified banks a total amount of committed credit lines that is considered consistent with the needs of the individual companies and suitable to ensure at any time the liquidity needed to satisfy and comply with all the Group's financial commitments, at the established economic conditions, as well as ensuring the availability of an adequate level of operational flexibility for any expansion programs.

Cash surpluses are entrusted to reference banks for short-term (usually between one and three months) time deposit transactions, referring to the Euribor/Libor rate for the period. Liquidity investments are carried out with the prime objectives of making resources available at short notice and neutralizing the risk of capital losses, avoiding speculative transactions and carefully assessing the counterparty risk. Also with the aim of minimizing this last type of risk, as well as to contain financial costs, the Group has continued to use, as in 2012, a significant part of its cash surpluses to take out intercompany loans, regulated at current market conditions, so as to reduce its net exposure to the banking sector.

The financial position of each company and that of the Group overall is measured every month, and compared with the latest Budget/Forecast.

### Credit risk

The Group's exposure to commercial credit risk refers only to wholesale sales and to receivables arising from revenues generated by licensing activities, which together represent around 38 percent of global turnover: the remaining turnover refers to retail sales with payment in cash or through credit and debit cards.

Credit management is entrusted to the responsibility of the individual business units, including credit recovery and the handling of any disputes.

The Group generally favors trade dealings with customers with whom it has well-established and consolidated relations. It is the Group's policy to check credit ratings of customers who ask for extended payment terms, based both on information which can be obtained from specialist agencies and on the observation and analysis of historical data of established customers. In addition, the balance of trade receivables is constantly monitored during the year in order to ensure prompt intervention and to reduce the risk of losses.

The commercial credit risk is also managed through the subscription of insurance policies with insurance companies or factoring companies (for relationships relating to guarantees only), which agree to guarantee payment of the indemnity in the case of insolvency.

The credit risk connected to financing, investment and operating activities in derivatives to hedge the exchange rate risk is represented by the inability of the counterparty or the issuer of the instruments to meet their obligations. The Group manages this type of risk by selecting counterparties with high credit ratings and who are considered solvent by the market and with whom it has routine and ongoing trade and banking service relations and by diversifying the accounting currency of surplus cash. The Company negotiates and enters into master agreements, in accordance with the international standards (ISDA Master Agreement), with all foreign counterparties of derivatives.

The credit risk regarding the Group's other financial assets, consisting of cash and cash equivalents, available-for-sale financial assets and some derivatives, has a risk equal to the book value of these assets in case of insolvency of the counterparty.

## Comments on the main income statement items

For a better understanding of the development in income statement items, reference should also be made to the comments in the Interim Directors' report on operations relating to the comparison between the data for the first half of 2013 and 2012.

### 27. Revenues

In the first half of 2013 and 2012, net revenues totaled 624,653 thousand Euro and 565,107 thousand Euro respectively, and can be broken down as shown in the following table:

(In thousands of Euro)	Half-year period ended 30 June		Change 2013
	2013	2012	vs. 2012
Retail revenues	382,650	353,945	28,705
Wholesale revenues	231,567	202,439	29,128
Licenses and services	5,134	4,586	548
Rental income investment properties	5,302	4,137	1,165
<b>TOTAL</b>	<b>624,653</b>	<b>565,107</b>	<b>59,546</b>

The item "Licenses and services" includes royalties deriving from the license contract with Marchon for the production and distribution of glasses and to the contract with Timex for the production and distribution of watches ("Ferragamo" brand). The item includes also the revenues from technical consulting services provided to Zefer S.p.A., a 50/50 joint venture with the Zegna Group, sold to the latter during the first half of 2013.

Rental income investment properties were wholly due to the Ferragamo USA Group for the lease of space in owned and leased and/or sub-leased properties.

### 28. Cost of goods sold and operating costs

Cost of goods sold and operating costs in the first half of 2013 and 2012 were 518,144 thousand Euro and 483,528 thousand Euro respectively, and were classified as follows:

(In thousands of Euro)	Half-year period ended 30 June		Change 2013
	2013	2012	vs. 2012
Cost of goods sold	(230,765)	(205,564)	(25,201)
Style, product development and logistics costs	(22,863)	(19,877)	(2,986)
Sales & distribution costs	(174,137)	(166,394)	(7,743)
Marketing & communication costs	(36,627)	(39,447)	2,820
General and administrative costs	(47,423)	(45,643)	(1,780)
Other operating costs	(6,329)	(6,603)	274
<b>TOTAL</b>	<b>(518,144)</b>	<b>(483,528)</b>	<b>(34,616)</b>

Costs rose by 7.2% compared to the first half of 2012, due to the growth in turnover which rose by 10.5%.

### 29. Breakdown by nature of income statement cost items

The breakdown by nature of income statement cost items is set out in the following table:

(In thousands of Euro)	Half-year period ended 30 June		Change 2013
	2013	2012	vs. 2012
Raw materials, finished products and consumables used	(130,580)	(114,715)	(15,865)
Costs for services	(270,852)	(261,493)	(9,359)
Personnel costs	(90,526)	(84,385)	(6,141)
Amortization and depreciation	(18,462)	(16,332)	(2,130)
Write-downs of tangible/intangible assets	(1,395)	-	(1,395)
Other charges	(6,329)	(6,603)	274
<b>TOTAL</b>	<b>(518,144)</b>	<b>(483,528)</b>	<b>(34,616)</b>

### 30. Other income and revenues

Other income and revenues, amounting to 5,113 thousand Euro, fell by 1,726 thousand Euro compared to the first half of 2012, and from 1.2% to 0.8% as a percentage of total revenues, due to the lower use of provisions for risks and charges compared to 30 June 2012.

### 31. Financial operations

Financial operations are broken down as follows:

(In thousands of Euro)	Half-year period ended 30 June		Change 2013 vs. 2012
	2013	2012	
<b>Financial charges</b>			
Interest expense - loans	(1,662)	(1,183)	(479)
Interest expense - other	(84)	(1,332)	1,248
Discount charges and other financial charges	(1,036)	(1,417)	381
Losses on exchange rate differences	(10,565)	(8,833)	(1,732)
Financial charges for fair value adjustment of derivatives	(3,174)	(3,854)	680
<b>TOTAL</b>	<b>(16,521)</b>	<b>(16,619)</b>	<b>98</b>

(In thousands of Euro)	Half-year period ended 30 June		Change 2013 vs. 2012
	2013	2012	
<b>Financial income</b>			
Dividends from other companies	600	-	600
Gains on disposal of investments to third parties	12,524	-	12,524
Interest income	165	314	(149)
Other financial income	36	34	2
Gains on exchange rate differences	6,521	12,848	(6,327)
Financial income for fair value adjustment of derivatives	5,961	2,761	3,200
<b>TOTAL</b>	<b>25,807</b>	<b>15,957</b>	<b>9,850</b>

**Total financial operations** **9,286** **(662)** **9,948**

Dividends from other companies, amounting to 600 thousand Euro, refer to the Parent company's share of dividends from the 2012 profit of Zefer S.p.A., approved and paid during the first half of 2013. The item "Gains on disposal of investments to third parties", totaling 12,524 thousand Euro, is attributable to the sale of the Parent company's investment in Zefer S.p.A. to third parties (Zegna Group).

Interest expense mainly arises from short-term bank loans.

The item "Discount charges and other financial charges" refers mainly to: bank charges, financial charges on employee benefits in relation to the valuation of defined-benefit plans pursuant to IAS 19, and discount charges.

Gains and losses on exchange rate differences arise from the Group's foreign sales, both intercompany and to third parties, in currencies other than the Euro. In the first half of 2013, net exchange rate losses amounted to 4,044 thousand Euro, compared to net exchange rate gains of 4,015 thousand Euro in the first half of 2012. The effects in the two periods under consideration derive mainly from the revaluation/devaluation of the commercial items in foreign currency and reflect the different exchange rate trend of the Euro against the main currencies, in particular the Japanese yen and the US dollar.

### 32. Income taxes

The taxes recorded in the income statement were as follows:

(In thousands of Euro)	Half-year period ended 30 June		Change 2013 vs. 2012
	2013	2012	
Current taxes	(38,870)	(29,085)	(9,785)
Deferred taxes	4,761	2,990	1,771
Allocation to the provision for risks for previous years income taxes	-	(6,283)	6,283
<b>TOTAL</b>	<b>(34,109)</b>	<b>(32,378)</b>	<b>(1,731)</b>
<b>Tax rate</b>	<b>28.2%</b>	<b>36.7%</b>	

Taxes were calculated using the best possible estimate at the reporting date. As at 30 June 2012, the allocation to the provision for risks for previous years income taxes included the economic impact of taxes for the period, following the assessment with acceptance concluded between the Parent company and the Italian tax authorities.

#### Deferred tax assets and liabilities

The following table shows the receivables and payables components for deferred taxes at 30 June 2013 and 31 December 2012:

(In thousands of Euro)	30 June 2013	31 December 2012	Change 2013 vs. 2012
<b>Deferred tax assets</b>			
- on employee benefits	1,164	1,179	(15)
- on tangible assets	8,573	7,858	715
- on intangible assets	1,122	1,036	86
- on the cash flow hedge reserve/derivative contracts IAS 39	-	-	-
- on the valuation of inventories	8,353	7,265	1,088
- on the elimination of the profit unrealized in inventories	37,264	32,879	4,385
- on tax losses	380	742	(362)
- on taxed provisions	2,434	2,427	7
- for other temporary differences	11,874	14,359	(2,485)
<b>Total deferred tax assets</b>	<b>71,164</b>	<b>67,745</b>	<b>3,419</b>
<b>Deferred tax liabilities</b>			
- on employee benefits	80	69	11
- on tangible assets	931	957	(26)
- on the cash flow hedge reserve/derivative contracts IAS 39	2,387	2,990	(603)
- on the valuation of inventories	1,335	1,153	182
- for other temporary differences	1,549	1,514	35
<b>Total deferred tax liabilities</b>	<b>6,282</b>	<b>6,683</b>	<b>(401)</b>

Deferred taxes reflect the net tax effect of temporary differences between the book value and the taxable amount of assets and liabilities.

The accounting of receivables for deferred taxes was duly adjusted to take account of the effective collectability of receivables.

### 33. Earnings per share

As required by IAS 33 information is provided on the data used to calculate the earnings per share and the diluted earnings per share.

The earnings per share is calculated by dividing the profit and/or loss for the period attributable to the shareholders of the Parent company by the weighted average number of outstanding shares during the period.

For the purposes of calculating the basic earnings per share, the profit/(loss) for the period less minority interests is used as a numerator.

Here below are the profit and number of ordinary shares used to calculate the earnings per share, determined in accordance with the method provided for by IAS 33.

	Half-year period ended 30 June	
	2013	2012
Net profit (loss) - shareholders of the Parent company (Euro)	80,884,265	44,801,553
<b>Average number of ordinary shares</b>	<b>168,410,000</b>	<b>168,410,000</b>
<b>Basic earnings per share – ordinary shares (Euro)</b>	<b>0.480</b>	<b>0.266</b>
Average number of ordinary shares	168,410,000	168,410,000
Dilution effect: number of shares which could have been issued at the end of the period	151,986	8,757
<b>Diluted average number of ordinary shares</b>	<b>168,561,986</b>	<b>168,418,757</b>
<b>Diluted earnings per share – ordinary shares (Euro)</b>	<b>0.480</b>	<b>0.266</b>

### 34. Share-based payments

#### Cash-settled plan

During 2013, the cash-settled share-based plan for a director ended. For details, reference should be made to the 2012 Consolidated Annual Report (note 38).

Following the third and final tranche of the plan and its payment on 31 May 2013, in the Half-year report as at 30 June 2013, the relevant debt has been cancelled and the relevant charge to the income statement pertaining to 2013 (1,341 thousand Euro) is attributable solely to the difference between the best estimate of the liability (fair value) used for accounting purposes in the 2012 financial statements and its actual value determined in compliance with the plan's provisions in order to pay the final tranche.

#### Stock Grant Plan

##### (a) Plan Description

In order to adopt a medium/long-term incentive system based on the financial instruments of Salvatore Ferragamo S.p.A. for top managers of the Salvatore Ferragamo Group, at the proposal of the Remuneration Committee, during 2012 the Board of Directors approved a specific plan (the 2012 Stock Grant Plan or, in short, the Plan); for details on the aim, object and term of the plan, reference should be made to the information provided in the 2012 Consolidated Annual Report (note 38).

##### Changes in the period of the number of rights assigned to receive shares\*

(i) outstanding at the start of the year	440,000
(ii) assigned in the period	-
(iii) cancelled in the period	30,000
(iv) exercised in the period	-
(v) expired in the period	-
(vi) outstanding at the end of the period	<b>410,000</b>
(vii) exercisable at the end of the period	-

\*The average exercise price has not been indicated since it is a plan with free assignment of shares

##### (b) Changes of the Stock Grant Reserve in the year

	30 June 2013		31 December 2012	
	Number	Fair Value (In thousands of Euro)	Number	Fair Value (In thousands of Euro)
<u>Rights to receive shares assigned to Salvatore Ferragamo S.p.A.'s employees</u>				
- at the start of the year	230,000	654	-	-
- assigned in the period	-	-	230,000	654
- at the end of the period	230,000	1,130	230,000	654
<u>Rights to receive shares assigned to the subsidiaries' employees</u>				
- at the start of the year	210,000	598	-	-
- assigned in the period	-	-	210,000	598
- cancelled in the period	30,000	85	-	-
- at the end of the period	180,000	885	210,000	598
<u>Total rights to receive shares assigned to Ferragamo Group's employees</u>				
- at the start of the year	440,000	1,252	-	-
- assigned in the period	-	-	440,000	1,252
- cancelled in the period	30,000	85	-	-
- at the end of the period	410,000	2,015	440,000	1,252

The rights to receive shares that were cancelled in the period, amounting to 30,000 shares, refer to an employee who was a beneficiary in a foreign subsidiary of the Group and who resigned in the first half of 2013; as a matter of fact, the plan provides for that the free assignment of shares is dependent on the existence, at the assignment date, of an employment relationship between the beneficiary and the Parent company or one of the subsidiaries.

### (c) Fair value measurement

The average weighted fair value of the shares at the grant date has been calculated using a binomial model together with a Monte Carlo simulation model, with 150,000 simulations. The financial model used to describe the simulation of prices, in the absence of arbitrage, is the Hull-White model.

Considering the above assignment mechanism, it is necessary for two fair value assessments to be made:

- Assessment A which takes into consideration the market condition.
- Assessment B which does not consider the market condition.

Here below are the main assumptions for the two assessments made:

<b>Fair value measurement</b>	<b><u>Assessment A</u></b>	<b><u>Assessment B</u></b>
- Share price at the grant date (average of 10 previous days)	€ 15.647	€ 15.647
- Expected volatility*	34.50%	34.50%
- Expected volatility of the share price of similar companies	between 30.03% and 36.91%	
- Correlation of the share price between Ferragamo and similar companies	between 0.504 and 0.692	
- Expected dividends	2.30%	2.30%
- Risk-free interest rate**	3.86%	3.86%
<b>Fair value per share at the grant date</b>	<b>Euro 12.482/share</b>	<b>Euro 14.544/share</b>

\*The forecast volatility is based on the historic share price volatility in a period equal to the whole vesting period. Since Ferragamo is a recently listed company, without historic volatility measured in the relevant measurement period (3 years), as provided for by IFRS2 the historic volatility of similar companies has been considered.

\*\*The risk-free interest rate has been identified as the yield on Italian Government bonds at the grant date.

### 35. Put and call agreements on minority interests

In recent years the Salvatore Ferragamo Group has expanded largely through internal growth. In some areas, mainly in Asia, it has also grown through partnerships with local distributors. In relation to these partnerships, the Shareholders' Agreements regulate dealings between the partners, define the governance rules and contain some provisions on put and call options which shareholders can exercise under certain conditions.

The subsidiaries involved in this types of agreements are Ferragamo Japan K.K., Ferrimag Limited, Ferragamo Moda (Shanghai) Co. Ltd., Ferragamo Retail Macau Ltd., Ferragamo Korea Limited, Ferragamo (Malaysia) Sdn Bhd, Ferragamo (Singapore) Pte. Ltd., Ferragamo (Thailand) Limited, and Ferragamo Retail India Private Limited.

For details about the agreements on minority interests, reference should be made to the 2012 Consolidated Annual Report (note 39), whereas the cumulative effects of recognized options on the Half-year report as at 30 June 2013 are described in note 24 "Other current financial liabilities".

### 36. Segment reporting

IFRS 8 – Operating segments requires the company to base segment information on the elements which management uses to take its operating decisions. The identification of the operating segments on the basis of internal reporting is regularly reviewed by management to allocate resources to the various segments and to analyze performance.

The Group has one single business segment, consisting in the creation, development and production of footwear, leather goods, clothing, accessories for men and women and jewelry, distributed mainly through the direct retail network, and, to a lesser extent, through franchisees and qualified resellers, and of fragrances under the "Salvatore Ferragamo" brand and, on license, the Ungaro brand, whose sales are handled by a network of selected, mainly multibrand distributors.

(In thousands of Euro)	Half-year period ended 30 June	
	2013	2012
<b>Revenues</b>	<b>624,653</b>	<b>565,107</b>
<b>Gross profit</b>	<b>393,888</b>	<b>359,543</b>
<b>Gross profit %</b>	<b>63.1%</b>	<b>63.6%</b>
Personnel costs	(84,421)	(78,462)
Rental costs	(77,466)	(73,840)
Amortization, depreciation and write-downs of non current assets	(19,574)	(16,032)
Communication costs	(33,997)	(37,056)
Other costs (net of other income)	(66,808)	(65,735)
<b>Operating profit</b>	<b>111,622</b>	<b>88,418</b>
Net financial (charges)/income	9,286	(662)
Share of net profit/(loss) of associated companies	-	531
<b>Profit before taxes</b>	<b>120,908</b>	<b>88,287</b>
Income taxes	(34,109)	(32,378)
<b>Net profit/(loss)</b>	<b>86,799</b>	<b>55,909</b>

(In thousands of Euro)	30 June 2013	31 December 2012
Inventories	288,339	249,804
Trade receivables	140,627	105,184
Tangible assets and investment property	147,924	146,619
Intangible assets with a finite useful life	22,765	20,678
Other assets	136,300	127,537
<b>Total assets gross of cash and cash equivalents</b>	<b>735,955</b>	<b>649,822</b>
Net financial debt	77,829	57,942
Trade payables	187,598	157,681
Other liabilities	131,537	134,701
Shareholders' equity	338,991	299,498
<b>Total liabilities and shareholders' equity (net of cash and cash equivalents)</b>	<b>735,955</b>	<b>649,822</b>

(In thousands of Euro)	30 June 2013	30 June 2012
<b>Other sector information</b>		
Investment in tangible assets	20,007	22,668
Investment in intangible assets with a finite useful life	5,267	2,480

### Information by geographic area

Information by geographic area is shown below: revenues are allocated to the customer's geographic area, while assets are based on their location.

30 June 2013 (In thousands of Euro)	Europe	North America	Japan	Asia Pacific	Central and South America	Consolidated
<b>Revenues</b>	166,716	134,872	58,018	240,199	24,848	624,653
<b>Other sector information</b>						
Sector assets	69,951	52,798	3,860	49,317	10,907	186,833
<b>Investments:</b>						
Tangible assets	3,939	5,257	897	6,924	2,990	20,007
Intangible assets with a finite useful life	2,258	52	27	38	2,892	5,267

30 June 2012 (In thousands of Euro)	Europe	North America	Japan	Asia Pacific	Central and South America	Consolidated
<b>Revenues</b>	146,310	116,839	66,381	212,400	23,177	565,107
<b>Other sector information</b>						
Sector assets	66,616	54,517	4,070	40,760	4,095	170,058
<b>Investments:</b>						
Tangible assets	7,501	7,214	508	6,683	762	22,668
Intangible assets with a finite useful life	2,321	141	7	9	2	2,480

### 37. Transactions with related parties

This section describes the transactions with related parties undertaken in the half-year periods ended 30 June 2013 and 30 June 2012.

The following table shows the overall values of transactions with related parties:

(In thousands of Euro)	Half-year period ended 30 June 2013		As at 30 June 2013			
	Revenues and income	Operating costs (net of other income)	Trade receivables	Other assets	Trade payables	Other current liabilities
<b>Company with significant influence on the Group:</b>						
Ferragamo Finanziaria S.p.A. (company which exercises management and coordination)	-	-	-	2,025	-	(7,255)
<b>Related companies (subject to joint control)</b>						
Palazzo Feroni Finanziaria S.p.A.	21	(3,143)	16	45	(79)	-
Lungarno Alberghi S.r.l.	55	(320)	21	-	(3)	-
<b>Companies connected to members of the Board of Directors</b>						
Bacco S.r.l.	-	(1)	-	-	-	-
Il Borro S.r.l.	6	-	7	-	-	-
Nautor Holding S.r.l.	-	-	1	-	-	-
Castiglion del Bosco sarl	4	10	-	-	-	-
Castiglion del Bosco srl	-	(1)	-	-	-	-
Castiglion del Bosco Hotel S.r.l.	7	-	8	-	-	-
Rubino S.r.l.	-	(76)	-	-	(2)	-
Arpa S.r.l.	1	(16)	4	-	(4)	-
Fondazione Ferragamo	2	(35)	-	-	(42)	-
Multiproject S.r.l.	-	(1)	-	-	-	-
Le Rose S.r.l.	1	-	1	-	-	-
Imaginex Management Co. Ltd.	6	(177)	-	-	(27)	(95)
Wharf T&T Ltd.	-	(8)	-	-	-	-
Times Square Ltd.	-	(750)	-	-	-	-
Wharf Realty Ltd.	-	(2,724)	-	-	-	-
Wheelock Travel Ltd.	-	(4)	-	-	-	-
Imaginex Beauty Ltd.	-	-	-	-	-	(1)
Xiamen Dongfang Hotel Co., Ltd.	1,363	(172)	-	20	-	-
Shanghai Wheelock square Development Co. Ltd	-	(161)	-	100	-	-
Shanghai Harriman Property Management Co. Ltd	-	(40)	-	11	-	-
Shanghai Longxing Property Development Co. Ltd.	-	-	-	77	-	-
Shanghai Times Square Property Management (Shanghai) Co. Ltd.	-	-	-	5	-	-
<b>Other related parties</b>						
Wanda Miletta Ferragamo	-	(111)	1	-	-	(70)
Massimo Ferragamo	-	(57)	-	-	-	-
Giacomo Ferragamo	-	(275)	-	-	-	(60)
Angelica Visconti	-	(91)	-	-	-	(20)
<b>Managers with strategic responsibilities</b>						
Managers with strategic responsibilities*	-	(3,213)	-	-	-	(897)
<b>Total</b>	<b>1,466</b>	<b>(11,366)</b>	<b>59</b>	<b>2,283</b>	<b>(157)</b>	<b>(8,398)</b>
<b>Group total</b>	<b>624,653</b>	<b>(282,266)</b>	<b>140,627</b>	<b>50,335</b>	<b>(187,598)</b>	<b>(41,781)</b>
<b>% ratio</b>	<b>0.2%</b>	<b>4.0%</b>	<b>0.0%</b>	<b>4.5%</b>	<b>0.1%</b>	<b>20.1%</b>

\*Including pay and other fees of the Managing Director and the fair value relating to the Stock Grant Plan

(In thousands of Euro)	Half-year period ended 30 June 2012				As at 30 June 2012			
	Revenues and income	Operating costs (net of other income)	Financial charges	Trade receivables	Other assets	Trade payables	Other liabilities (non-financial)	Financial payables
<b>Company with significant influence on the Group:</b>								
Ferragamo Finanziaria S.p.A.	-	-	-	-	-	-	(3,980)	-
<i>(company which exercises management and coordination)</i>								
<b>Associated/related companies (subject to joint control)</b>								
Palazzo Feroni Finanziaria S.p.A.	21	(3,013)	-	-	15	(88)	-	-
Lungarno Alberghi S.r.l.	48	(349)	-	24	-	(24)	-	-
Zefer S.p.A.	1,134	-	-	1,134	700	-	-	-
<b>Companies connected to members of the Board of Directors</b>								
Il Borro S.r.l.	3	(3)	-	3	-	(4)	-	-
Nautor Holding S.r.l.	16	-	-	19	-	-	-	-
Bacco S.r.l.	-	(1)	-	-	-	-	-	-
Castiglione del Bosco S.a.r.l.	5	(3)	-	5	-	(1)	-	-
Rubino S.r.l.	-	(58)	-	-	-	-	-	-
Arpa S.r.l.	-	(12)	-	-	-	(7)	-	-
Multiproject S.r.l.	-	(2)	-	-	-	-	-	-
Imaginex Overseas Ltd.	-	(3)	(65)	-	-	-	(2)	(5,014)
Imaginex Holding Ltd.	-	-	(489)	-	-	-	(671)	(36,308)
Imaginex Management Co. Ltd	-	(169)	-	-	-	(1)	(130)	-
Wharf T&T Ltd.	-	(8)	-	-	-	-	-	-
Times Square Ltd.	-	(681)	-	-	-	-	(16)	-
Wharf Realty Ltd.	-	(2,705)	-	-	-	-	-	-
Wheelock Travel Ltd.	-	(19)	-	-	-	-	(1)	-
Imaginex Beauty Ltd.	-	(3)	-	-	-	-	(2)	-
Xiamen Dongfang Hotel Co., Ltd.	1,245	(1)	-	302	-	-	-	-
Imaginex (Shanghai) Commercial Co. Ltd	-	(8)	-	-	-	-	-	-
Shanghai Wheelock square Development Co. Ltd	-	(183)	-	-	27	-	-	-
Shanghai Harriman Property Management Co. Ltd	-	(41)	-	-	-	-	-	-
Shanghai Longxing Property Development Co. Ltd.	-	(134)	-	-	82	-	-	-
Shanghai Times Square Property Management (Shanghai) Co. Ltd.	-	(12)	-	-	-	-	-	-
<b>Other related parties</b>								
Wanda Miletto Ferragamo	1	(39)	-	-	1	-	-	-
Massimo Ferragamo	-	(58)	-	-	-	-	(21)	-
Giacomo Ferragamo	-	(217)	-	-	-	-	(60)	-
Angelica Visconti	-	(69)	-	-	-	-	(13)	-
<b>Managers with strategic responsibilities</b>								
Managers with strategic responsibilities*	-	(5,629)	-	-	-	-	(6,661)	-
<b>Total</b>	<b>2,473</b>	<b>(13,420)</b>	<b>(554)</b>	<b>1,487</b>	<b>825</b>	<b>(125)</b>	<b>(11,557)</b>	<b>(41,322)</b>
<b>Group total</b>	<b>565,107</b>	<b>(271,125)</b>	<b>(16,619)</b>	<b>117,895</b>	<b>21,520</b>	<b>(165,803)</b>	<b>(61,671)</b>	<b>(160,847)</b>
<b>% ratio</b>	<b>0.4%</b>	<b>4.9%</b>	<b>3.3%</b>	<b>1.3%</b>	<b>3.8%</b>	<b>0.1%</b>	<b>18.7%</b>	<b>25.7%</b>

\*Including pay and other fees of the Managing Director and the fair value relating to the Stock Grant Plan

Sales and purchases between related parties are carried out at normal market prices. The outstanding balances at the end of the period are not backed by guarantees, nor do they generate interest and are settled in cash. There are no guarantees, given or received, relating to receivables and payables with

related parties. The Group has not set aside any provision for bad debt in relation to amounts due from related parties.

Specifically:

*Company with significant influence on the Group*

Ferragamo Finanziaria S.p.A.

Payables refer to items regarding the domestic fiscal unity involving the Parent company Salvatore Ferragamo S.p.A. together with Ferragamo Finanziaria S.p.A. (the consolidating company) and Ferragamo Parfums S.p.A. Receivables refer to the income tax (IRES) refund claim due to the failure to deduct the regional manufacturing tax (IRAP) in relation to personnel costs from 2007 to 2011 as set out in Law Decree no. 201 of 6 December 2011 which was submitted in 2012.

*Related companies (subject to joint control)*

These transactions mainly refer to trade transactions that affected revenues, operating costs, and trade receivables and payables. They include mainly:

- sale of products
- property rental costs
- rendering of services

*Companies connected to members of the Board of Directors*

These transactions mainly refer to trade transactions that affected revenues, operating costs, and trade receivables and payables. They include mainly:

- sale of products
- property rental costs
- rendering of services

In particular, the following transactions should be noted:

Times Square Ltd.

Costs refer to rents for premises for a store in Hong Kong.

Wharf Realty Ltd.

Costs refer mainly to rents for premises for a store in Hong Kong.

Xiamen Dongfang Hotel Co., Ltd.

Revenues refer mainly to the sale of products; costs refer mainly to rent for premises for the Marco Polo Hotel shop in Shanghai and in part to services for the accounting and commercial activities of the same shop.

*Other related parties*

Wanda Miletta Ferragamo

Costs and payables refer to the rent of a store owned by Wanda Ferragamo and the fees she earns as Honorary Chairman of Salvatore Ferragamo S.p.A.

Massimo Ferragamo

Costs refer to a consultancy agreement between Massimo Ferragamo and Ferragamo USA Inc.

Giacomo Ferragamo

Costs and payables refer to the cost incurred by the Parent company in relation to the employment relationship between Giacomo Ferragamo and the Parent company, including a variable bonus.

Angelica Visconti

Costs and payables refer to the cost incurred by the Parent company in relation to the employment relationship between Angelica Visconti and the Parent company, including a variable bonus.

*Managers with strategic responsibilities*

The Managers with strategic responsibilities are indicated in the following table:

Full name	Role
Michele Norsa	General Manager and Managing Director
Ernesto Greco	General Manager of Administration, Finance, Control and Information Systems
Massimo Barzaghi	Deputy General Manager of Market Coordination and Supply Chain and Europe Area Manager
Sofia Ciucchi	Deputy General Manager of the Product department and Human Resources Manager

Costs and payables refer to the cost incurred by the Group in relation to the employment relationship, including the variable bonuses, and in the case of the Managing Director Michele Norsa, refer also to the amount due as Managing Director, including the variable bonus and the charge recognized in the income statement for the cash-settled share-based remuneration plan that ended in the first half of 2013 (see note 34).

Total costs amounted to 3,213 thousand Euro and refer to wages for employees and fees for directors (1,686 thousand Euro), Stock Grant Plan costs (186 thousand Euro) and to the charge recognized in the income statement of the cash-settled share-based remuneration plan (1,341 thousand Euro).

### 38. Dividends

In order to implement the resolution of the Shareholders' Meeting of 23 April 2013, the Parent company Salvatore Ferragamo S.p.A. arranged to pay shareholders a single dividend of 0.33 Euro per share, relating to the profit for 2012, for a total amount of 55,575,300 Euro, with coupon detachment on 20 May 2013 and payment of the dividend as from 23 May 2013.

### 39. Commitments and risks

The breakdown of risks, commitments and other memorandum accounts is as follows:

(In thousands of Euro)	30 June 2013	31 December 2012
Sureties provided by third parties in the interests of Group companies	7,447	9,166
Guarantees provided by third parties in the interests of Group companies	1,876	1,656
Guarantees provided by Group companies in the interests of third parties	58,406	35,934
<b>Total</b>	<b>67,729</b>	<b>46,756</b>

The sureties provided by third parties in the interests of Group companies mainly consist of: sureties issued by banks in favor of VAT authorities for reimbursements requested by Italian Group companies, sureties issued in favor of third parties on lease contracts entered into by Group companies.

Guarantees provided by third parties in the interests of Group companies mainly relate to lease contracts. Guarantees provided by Group companies refer to a guarantee for US\$ 6 million (4,587 thousand Euro) relating to a lease contract of the Ferragamo USA Group and the remainder is mainly in favor of banks to guarantee credit lines which may be used locally.

### 40. Significant non-recurring events and transactions

During the first half of 2013, the Ferragamo Group did not carry out significant non-recurring transactions.

### 41. Transactions arising from atypical and/or unusual transactions

The Group did not undertake atypical and/or unusual transactions, i.e. those transactions which, due to their importance/size, the counterparties involved, the subject of the transaction, the means of determining the transfer price and the timing of the event, may give rise to doubts about the correctness/completeness of the information provided in the financial statements, conflicts of interest, the safeguarding of the company's equity and the protection of minority interests.

**Statement pursuant to art. 154 bis of Legislative Decree no. 58/98 (Consolidated Law on Finance) and art. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 as subsequently integrated and amended**

1. The undersigned Michele Norsa in his capacity as “Managing Director” and Ernesto Greco in his capacity as “Manager responsible for corporate financial reporting” of Salvatore Ferragamo S.p.A. certify, having also taken account of the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the adequacy in relation to the company’s structure and
- the effective application of the administrative and accounting procedures for the preparation of the condensed half-year financial statements for the first half of 2013.

2. The adequacy of the administrative and accounting procedures for the preparation of the condensed half-year financial statements as at 30 June 2013 has been assessed on the basis of the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission which is the generally accepted model internationally.

3. It is also certified that

3.1 the condensed half-year financial statements as at 30 June 2013:

- a. are prepared in accordance with the applicable international accounting standards as endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council, dated 19 July 2002, and in particular IAS 34 – Interim Financial Reporting;
- b. are in line with accounting books and records;
- c. are suitable to provide a true and fair representation of the equity, income and financial position of the Parent company and of the group of companies included in the consolidation area.

3.2 The Interim Directors’ report on operations includes a reliable analysis of the significant events occurred during the first six months of the year and of their impact on the condensed half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The Interim Directors’ report on operations also includes a reliable analysis of the information on significant transactions with related parties.

29 August 2013

Managing Director  
Michele Norsa

Manager responsible for corporate financial reporting  
Ernesto Greco

**Auditors' review report on the interim condensed consolidated financial statements  
(Translation from the original Italian text)**

To the Shareholders of  
Salvatore Ferragamo S.p.A.

1. We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the statements of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes, of Salvatore Ferragamo S.p.A. and its subsidiaries (the "Salvatore Ferragamo Group") as of June 30, 2013. Management of Salvatore Ferragamo S.p.A. is responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.
2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the interim condensed consolidated financial statements and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these consolidated financial statements. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements as we expressed on the annual consolidated financial statements.

With respect to the consolidated financial statements of the prior year and the interim condensed consolidated financial statements of the corresponding period of the prior year, presented for comparative purposes, reference should be made to our reports issued on March 28, 2013 and on August 29, 2012, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Salvatore Ferragamo Group as of June 30, 2013 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Florence, August 29, 2013

Reconta Ernst & Young S.p.A.  
Signed by: Marco Mignani, Partner

*This report has been translated into the English language solely for the convenience of international readers*