

*Salvatore Ferragamo*

***Salvatore Ferragamo Group***

**Half-year report as at 30 June 2015**

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

Florence

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This document has been translated into English solely for the convenience of international readers.

## **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, subscribed and paid-up share capital 16,879,000 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.ferragamo.com](http://www.ferragamo.com)

## Corporate boards

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

(1) Appointed by the Shareholders' Meeting on 24 April 2015 and serving for the 2015-2017 period

(2) Appointed by the Shareholders' Meeting on 29 April 2014 and serving for the 2014-2016 period

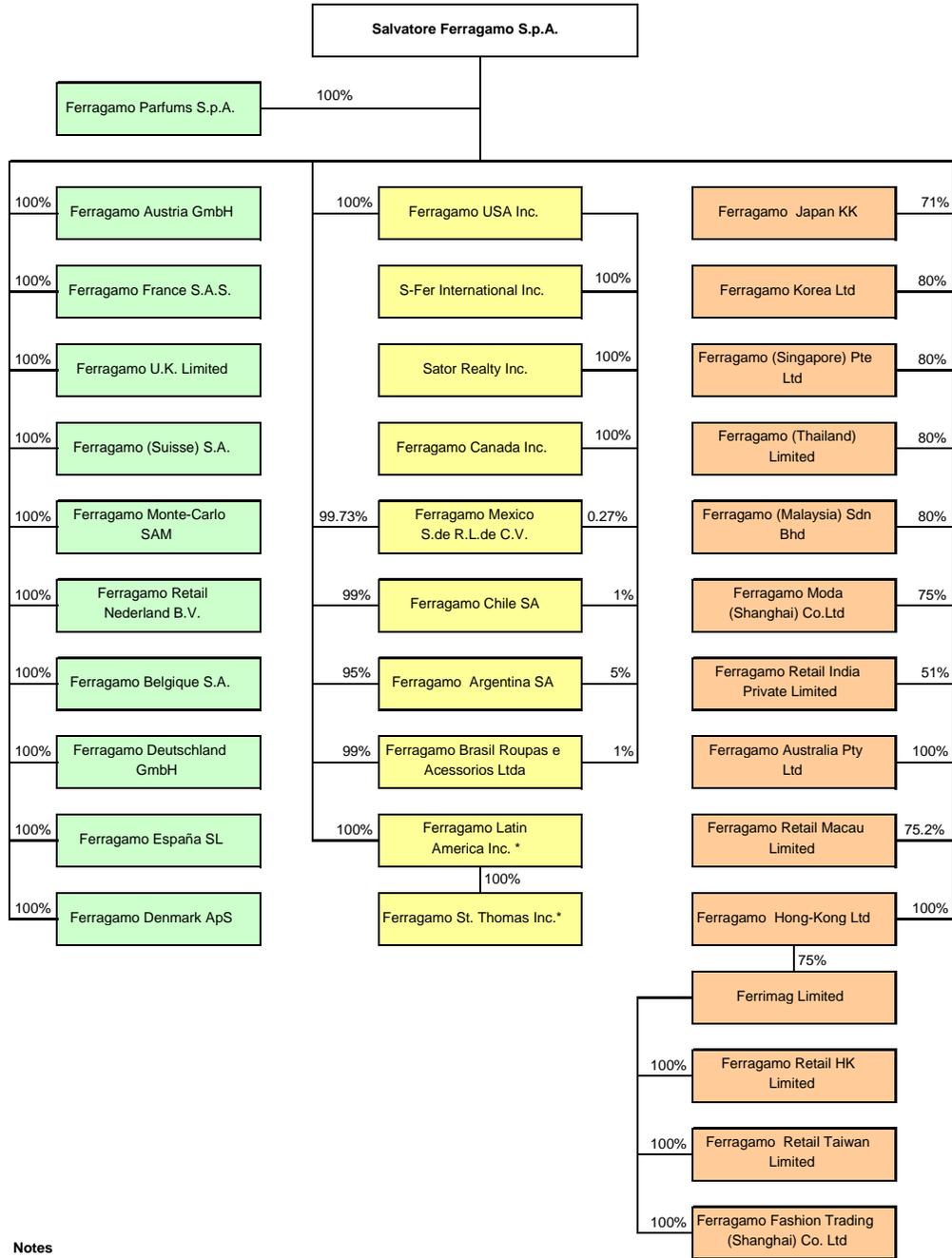
(3) Appointed for the 2011- 2019 period

(4) Executive director

(5) Non-executive director

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

**Group structure**



**Notes**

- European companies
- North/Centre/South America companies
- Far East companies

\* Non-operating company in liquidation

## Group description

As at 30 June 2015, the Salvatore Ferragamo Group consists of Salvatore Ferragamo S.p.A. (Parent company) and the consolidated subsidiaries in which the Parent company holds majority stakes, both directly or indirectly, and which it controls.

<b>Salvatore Ferragamo S.p.A.</b>	Parent company, owner of the Ferragamo and Salvatore Ferragamo brands, as well as of numerous other figurative and shape-based trademarks; it undertakes production activities and it manages the retail distribution channel in Italy and wholesale channel in Italy and abroad and acts as a holding company.
<b>Europe</b>	
<b>Ferragamo Retail Nederland B.V.</b>	It manages directly operated stores (DOS) in Holland
<b>Ferragamo France S.A.S.</b>	It manages directly operated stores (DOS) in France
<b>Ferragamo Deutschland GmbH</b>	It manages directly operated stores (DOS) in Germany
<b>Ferragamo Austria GmbH</b>	It manages directly operated stores (DOS) in Austria
<b>Ferragamo U.K. Limited</b>	It manages directly operated stores (DOS) in the United Kingdom
<b>Ferragamo (Suisse) SA</b>	It manages directly operated stores (DOS) in Switzerland
<b>Ferragamo Belgique SA</b>	It manages directly operated stores (DOS) in Belgium
<b>Ferragamo Monte-Carlo S.A.M.</b>	It manages directly operated stores (DOS) in the Principality of Monaco
<b>Ferragamo Espana S.L.</b>	It manages directly operated stores (DOS) in Spain
<b>Ferragamo Denmark ApS</b>	It manages directly operated stores (DOS) in Denmark
<b>Ferragamo Parfums S.p.A.</b>	Licensee of the Ferragamo and Ungaro brands for the production and distribution of the fragrances product category
<b>North, Central and South America</b>	
<b>Ferragamo USA Inc.</b>	It distributes and promotes products in the USA and acts as a sub-holding for North America (USA and Canada)
<b>Ferragamo Canada Inc.</b>	It manages the retail and wholesale channels in Canada
<b>S-Fer International Inc.</b>	It manages directly operated stores (DOS) in the USA
<b>Sator Realty Inc.</b>	It manages directly operated stores (DOS) in the USA and real estate assets
<b>Ferragamo Latin America Inc.</b>	Non-operating company in liquidation
<b>Ferragamo St. Thomas Inc.</b>	Non-operating company in liquidation
<b>Ferragamo Mexico S. de R.L. de C.V.</b>	It manages directly operated stores (DOS) and the wholesale channel in Mexico
<b>Ferragamo Chile S.A.</b>	It manages directly operated stores (DOS) in Chile
<b>Ferragamo Argentina S.A.</b>	It manages directly operated stores (DOS) in Argentina
<b>Ferragamo Brasil Roupas e Acessorios Ltda.</b>	It manages directly operated stores (DOS) in Brazil
<b>Asia Pacific and Japan</b>	
<b>Ferragamo Hong Kong Ltd.</b>	It distributes and promotes products in Asia and acts as a sub-holding for the Chinese area (Hong Kong, Taiwan, PRC)
<b>Ferragamo Japan K.K.</b>	It manages directly operated stores (DOS) in Japan
<b>Ferragamo Australia Pty Ltd.</b>	It manages directly operated stores (DOS) in Australia
<b>Ferrimag Limited</b>	Sub-holding company for the Chinese area (Hong Kong, Taiwan, PRC)
<b>Ferragamo Fashion Trading (Shanghai) Co. Ltd.</b>	It manages directly operated stores (DOS) and the wholesale channel in the People's Republic of China
<b>Ferragamo Moda (Shanghai) Co. Ltd.</b>	It manages directly operated stores (DOS) in the People's Republic of China
<b>Ferragamo Retail HK Limited</b>	It manages directly operated stores (DOS) in Hong Kong
<b>Ferragamo Retail Taiwan Limited</b>	It manages directly operated stores (DOS) in Taiwan
<b>Ferragamo Retail Macau Limited</b>	It manages directly operated stores (DOS) in Macau
<b>Ferragamo Retail India Private Limited</b>	It manages directly operated stores (DOS) in India
<b>Ferragamo Korea Ltd.</b>	It manages directly operated stores (DOS) and the wholesale channel in South Korea
<b>Ferragamo (Singapore) Pte Ltd</b>	It manages directly operated stores (DOS) and the wholesale channel in Singapore and Indonesia
<b>Ferragamo (Thailand) Limited</b>	It manages directly operated stores (DOS) in Thailand
<b>Ferragamo (Malaysia) Sdn. Bhd.</b>	It manages directly operated stores (DOS) in Malaysia

## Interim Directors' report on operations

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

Official price as at 30 June 2015 in Euro	27.20814
Stock Market capitalization as at 30 June 2015 in Euro	4,592,461,951
Number of shares making up the share capital as at 30 June 2015	168,790,000
Number of outstanding shares (free float)	44,747,040

Here below is the trend in Salvatore Ferragamo's share price during the first six months of 2015.



### Alternative performance measures

In order to better assess its performance, the Salvatore Ferragamo Group makes use of some alternative performance measures which are not identified as accounting measures under IFRS. Therefore, the determination criterion applied by the Group may differ from that adopted by other groups and the balance may not be comparable.

The definitions of the alternative performance measures adopted in the interim Directors' report on operations are provided below:

**EBITDA:** it is *Operating profit before Amortization and depreciation and Write-downs of tangible/intangible assets*

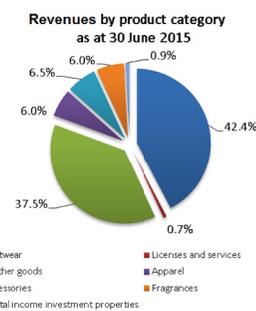
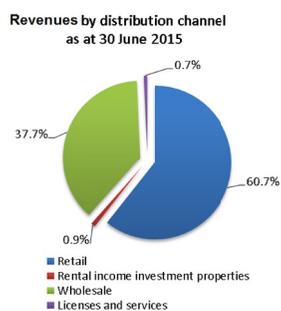
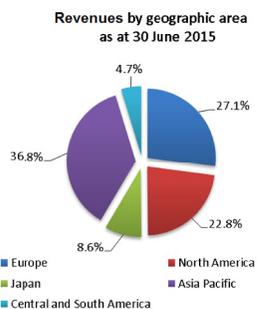
**Net working capital:** it is calculated as *Inventories plus Trade receivables, net of Trade payables*. It should be noted that this measure has been determined in accordance with the provisions of CESR's Recommendation 05-178/b of 3 November 2005 "CESR's Recommendation on alternative performance measures".

**Net invested capital:** it is the total amount of *Non current assets and Current assets*, excluding financial assets (*Other current financial assets and Cash and cash equivalents*) net of *Non current liabilities and Current liabilities*, excluding financial liabilities (*Current and non current interest-bearing loans & borrowings, Other current and non current financial liabilities*).

**Net financial debt:** it is calculated as *Current and non current interest-bearing loans & borrowings plus Other current and non current financial liabilities* including the negative fair value of derivatives (non-hedge component), net of *Cash and cash equivalents and Other current financial assets*, including the positive fair value of derivatives (non-hedge component). The measure 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".

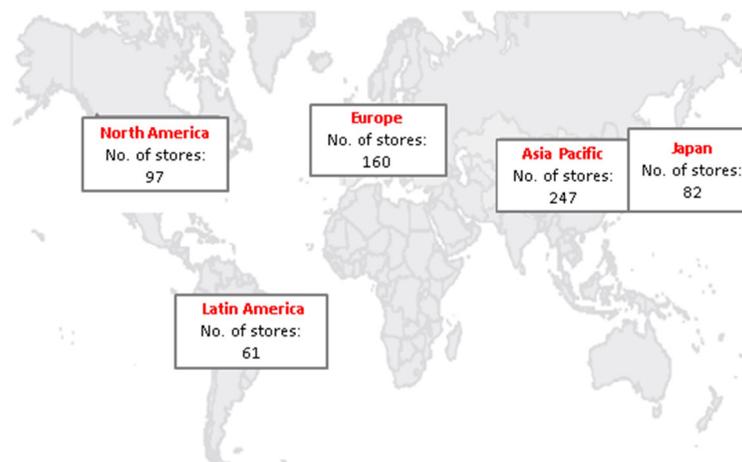
## Income and financial highlights for the first half of 2015

(In millions of Euro)	Half-year period ended 30 June			% change	% change
	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
Revenues	722.4	659.0	624.7	9.6%	5.5%
Gross profit	475.2	413.7	393.9	14.9%	5.0%
Gross profit %	65.8%	62.8%	63.1%		
EBITDA	164.6	143.0	131.5	15.1%	8.8%
EBITDA %	22.8%	21.7%	21.0%		
Operating profit	135.6	120.6	111.6	12.4%	8.0%
Operating profit %	18.8%	18.3%	17.9%		
Net profit/(loss) for the period	89.8	82.0	86.8	9.5%	(5.5%)
Net profit/(loss) – Group	88.2	78.1	80.9	12.9%	(3.5%)
Net profit/(loss) – minority interests	1.7	3.9	5.9	(57.2%)	(33.4%)



(In millions of Euro)	30 June 2015	31 December 2014	30 June 2014
Investments in tangible/intangible assets	30.4	82.9	34.3
Net working capital	323.5	301.9	301.0
Shareholders' equity	504.8	508.2	419.4
Net financial debt	97.6	49.4	114.0
Cash flow generated from operations	63.3	143.8	23.5
	<b>30 June 2015</b>	<b>31 December 2014</b>	<b>30 June 2014</b>
Staff as at the reporting date	3,962	3,900	3,824
Number of DOS	380	373	357
Number of TPOS	267	270	269

### Geographical distribution of monobrand stores (30 June 2015)



647 Ferragamo monobrand stores

#### **Disclaimer**

*This document contains forward-looking statements, in particular in the sections headed “Outlook” and “Significant events occurred after 30 June 2015” 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 2015 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 Interim Directors’ report on operations, in addition to the indicators required for financial statements, in compliance with International Financial Reporting Standards (IFRS), also includes some alternative performance measures used by management to monitor and assess the Group’s performance, as detailed in a specific section.

#### **The Group’s activities**

The Group is active in the creation, production and sale of luxury goods for men and women: footwear, leather goods, apparel, silk goods, other accessories, jewels and fragrances. 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 Salvatore 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 significant and well-established 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 as at 30 June 2015 numbered 380 (the so-called retail channel);
- a network of tailored single brand stores and/or stores-in-stores managed by third parties (TPOS), which as at 30 June 2015, numbered 267, 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) as at 30 June 2015 was 647, distributed across the various geographic areas.

Through the retail channel, the Group directly markets all product 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 exclusively at retailers and, to a lesser extent, at 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, the 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 decisive factor remains unchanged: actual and expected Monetary Policy differentials, expectations regarding interest rate trends and returns on financial assets denominated in the various currencies, in a scenario characterized by high liquidity and search for returns. The start in March of the Quantitative Easing program announced by the European Central Bank, until at least September 2016, will continue to impact on exchange rates. The relationship between the exchange rate and developments in the Greek crisis is more complex: regardless of the outcome, setting aside the short-term volatility, the most likely scenario is for the markets to soon return to focusing on macroeconomic fundamentals. The poor economic performance of the United States in the first quarter resulted in the postponement of the market's expectations of a rate rise by the Federal Reserve. However, the divergence of policies compared to the other central banks, which in the meantime adopted further expansive measures, has not narrowed and the US dollar should hold steady also against the currencies of emerging countries, with an impact on competitiveness in these areas. An exception is the Chinese renminbi, the rate of which against the US dollar has stabilized in recent months at around 6.20. The Bank of Japan confirmed its own monetary easing program. Further depreciation of the currency has been slowed by the statements made by Governor Kuroda regarding the possibility of the yen weakening further.

2015 started with a significant drop in the value of the Euro against the US dollar, starting from around 1.21 and falling to 1.04. Over half of the decrease was recovered in the second quarter, when the exchange rate rose to 1.14, to then end the first half of the year at 1.12. Looking forward, the divergence between the expansionary policies of the ECB and the restrictive approach adopted by the Federal Reserve may keep the Euro weak against the US dollar, even if the rate of depreciation should be slower. The interest rate differential significantly weakened the Japanese yen, above all against the US dollar. The overall depreciation of the Euro, on the other hand, strengthened the Japanese currency against the Euro: after starting the year around 145, the exchange rate started to fall, to stabilize in a range between 127 and 130. With the appreciation of the Euro, the exchange rate returned to levels over 140, to then end the first half of the year at around 138. The depreciation of the yen against the US dollar should not see further significant changes; therefore, against the Euro it will be mainly affected by the trends in the Euro's exchange rate against the American currency.

### **Operating performance**

The first half of 2015 confirmed the positive trend which the Salvatore Ferragamo Group has been reporting for years now, with increasing revenues and the achievement of significant results compared to the prior-year period. In particular, even though a number of events hindered the business in the second quarter of 2015, revenues and operating profit achieved a percentage increase in line with that recorded in the first quarter of the year. Besides the good results, there was also an improvement in the Group's equity and financial debt fell compared to 30 June 2014 thanks to the sharp increase in cash flows from operations, which rose from 23,510 thousand Euro in the first half of 2014 to 63,334 thousand Euro in the first half of 2015.

In the first half of 2015, the Salvatore Ferragamo Group's consolidated net revenues increased 9.6% from the same period last year, continuing their long-run expansion. Operating margins also increased: EBITDA rose by 15.1%, with its ratio to revenues increasing from 21.7% to 22.8% compared to the first half of 2014, and operating profit rose from 18.3% to 18.8% of revenues, up by 12.4% compared to the first half of 2014.

Net profit for the period totaled 89.8 million Euro, up by 9.5% compared to the prior-year period.

These results, although affected by the positive trend in exchange rates, are even more remarkable since they were achieved against a backdrop of unstable markets with significant geopolitical tensions (the continuation of the crisis in Ukraine and the embargo on Russia, the risk of default in Greece, the economic slowdown in China and the difficulties on the Hong Kong market).

The following table shows the main income statement data.

(In thousands of Euro)	Half-year period ended 30 June				
	2015	% of revenues	2014	% of revenues	% change
<b>Revenues</b>	<b>722,375</b>	100.0%	<b>659,019</b>	100.0%	<b>9.6%</b>
<b>Gross profit</b>	<b>475,232</b>	65.8%	<b>413,741</b>	62.8%	<b>14.9%</b>
Style, product development and logistics costs	(22,371)	(3.1%)	(22,723)	(3.4%)	(1.5%)
Sales & distribution costs	(224,689)	(31.1%)	(184,314)	(28.0%)	21.9%
Marketing & communication costs	(35,335)	(4.9%)	(34,586)	(5.2%)	2.2%
General and administrative costs	(52,781)	(7.3%)	(47,671)	(7.2%)	10.7%
Other operating costs	(9,919)	(1.4%)	(8,586)	(1.3%)	15.5%
Other income and revenues	5,414	0.7%	4,707	0.7%	15.0%
<b>Operating profit</b>	<b>135,551</b>	18.8%	<b>120,568</b>	18.3%	<b>12.4%</b>
Net financial income and charges	(5,687)	(0.8%)	(2,449)	(0.4%)	132.2%
<b>Profit before taxes</b>	<b>129,864</b>	18.0%	<b>118,119</b>	17.9%	<b>9.9%</b>
Income taxes	(40,025)	(5.5%)	(36,102)	(5.5%)	10.9%
<b>Net profit/(loss) for the period</b>	<b>89,839</b>	12.4%	<b>82,017</b>	12.4%	<b>9.5%</b>
Net profit/(loss) – Group	88,153	12.2%	78,078	11.8%	12.9%
Net profit/(loss) – minority interests	1,686	0.2%	3,939	0.6%	(57.2%)
Amortization, depreciation and write-downs of tangible/intangible assets	29,090	4.0%	22,467	3.4%	29.5%
<b>EBITDA</b>	<b>164,641</b>	22.8%	<b>143,035</b>	21.7%	<b>15.1%</b>

In the first half of 2015, **revenues** totaled 722,375 thousand Euro compared to 659,019 thousand Euro in the prior-year period: they increased by 9.6% and were positively affected by exchange rate trends. As a matter of fact, the three main 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 2015 compared to the same period last year: the US dollar appreciated by 18.6% <sup>(1)</sup>, the Chinese renminbi by 17.9% <sup>(2)</sup> and the Japanese yen by 4.4% <sup>(3)</sup> against the Euro, the currency in which the figures in the consolidated financial statements are expressed.

Revenues, at constant exchange rates (applying to the revenues of the first half of 2014 the average exchange rate of the first half of 2015), showed a total increase of 2.0%, up by 6.2% in Europe, 3.2% in North America, 11.3% in Japan, 12.2% in Central and South America, and a decrease of 4.1% in Asia Pacific.

As in the past, Asia Pacific contributed the most to Group revenues with 36.8% – taking into account also the impact of hedging – followed by Europe (27.1%), North America (22.8%), Japan (8.6%), and Central and South America (4.7%).

With reference to the second quarter of 2015 alone, revenues amounted to 395,113 thousand Euro, up by 9.7% at current exchange rates – including the impact of hedging – and 1.9% at constant exchange rates compared to the prior year quarter.

**Gross profit** for the period ended 30 June 2015 was 475,232 thousand Euro, i.e. 65.8% as a percentage of revenues, compared to 413,741 thousand Euro in the prior year period, up by 14.9%. Also in the second quarter of 2015 gross profit rose by 14.3% compared to the prior-year quarter, with a ratio to revenues of 66.7% compared to 64.0% in the second quarter of 2014.

Total **operating costs** (net of other income) for the first half of 2015 rose by 15.9% compared to the first half of 2014 (at constant exchange rates the estimated increase was 4.8%), and their ratio to revenues increased from 44.5% in the prior year period to 47.0%, both due to higher costs arising from the expansion of the distribution network and the appreciation of the currencies in which part of the operating costs incurred by the Salvatore Ferragamo Group are denominated. In the second quarter of 2015, total net

<sup>1</sup> With reference to the average Euro/US\$ exchange rate for the period – first half of 2015: 1.116; 2014: 1.370  
<sup>2</sup> With reference to the average Euro/Cny exchange rate for the period – first half of 2015: 6.941; 2014: 8.45  
<sup>3</sup> With reference to the average Euro/Yen exchange rate for the period – first half of 2015: 134.20; 2014: 140.40

operating costs rose from 151,729 thousand Euro to 174,947 thousand Euro (+15.3%), with the ratio to revenues increasing from 42.1% to 44.3%.

Higher revenues and gross profit steadily above 65% resulted in a significant increase in **EBITDA** from 143,035 thousand Euro to 164,641 thousand Euro (+15.1%) and its ratio to revenues increased from 21.7% in the first half of 2014 to 22.8%.

In the second quarter of 2015, EBITDA totaled 103,560 thousand Euro compared to 90,272 thousand Euro in the second quarter of 2014 (+14.7%), and its ratio to revenues increased from 25.1% to 26.2%.

Also **operating profit**, following the EBITDA trend, grew from 120,568 thousand Euro to 135,551 thousand Euro (+12.4%), accounting for 18.8% of revenues compared to 18.3% in the first half of 2014.

With reference to the second quarter of 2015, operating profit amounted to 88,657 thousand Euro compared to 78,830 thousand Euro in the second quarter of 2014 (+12.5%) and the ratio to revenues rose from 21.9% to 22.4%.

**Net financial income and charges** totaled 5,687 thousand Euro in charges, up by 3,238 thousand Euro compared to the first half of 2014, largely due to the increase in charges arising from hedging.

(In thousands of Euro)	Half-year period ended 30 June		
	2015	2014	% change
Net interest	(2,530)	(1,868)	35.4%
Other net income/(charges)	(1,072)	(773)	38.7%
Net gains/(losses) on exchange rate differences	7,588	2,254	236.6%
Net financial income/(charges) for fair value adjustment of derivatives	(9,674)	(2,062)	369.2%
Gains/(losses) on disposal of investments	1	-	na
<b>Total</b>	<b>(5,687)</b>	<b>(2,449)</b>	<b>132.2%</b>

Net gains and losses on exchange rate differences mainly reflect the impact of commercial transactions in foreign currency and went from net gains of 2,254 thousand Euro in the first half of 2014 to net gains of 7,588 thousand Euro, mainly due to the appreciation of foreign currencies, in particular the US dollar, the Chinese renminbi and the Japanese yen. Changes in net gains and losses should be correlated with the item "Net financial income/(charges) for fair value adjustment of derivatives", which refers to the premium or discount on transactions to hedge the exchange rate risk undertaken by the Parent company and the changes in the fair value of non-hedge derivatives.

With reference to the second quarter of 2015, financial income and charges totaled 3,100 thousand Euro in net charges, compared to net charges of 737 thousand Euro in the second quarter of 2014.

#### **Income taxes**

(In thousands of Euro)	Half-year period ended 30 June		
	2015	2014	% change
<b>Profit before taxes</b>	<b>129,864</b>	<b>118,119</b>	<b>9.9%</b>
Current and deferred taxes	(40,025)	(36,102)	10.9%
<b>Tax rate</b>	<b>30.8%</b>	<b>30.6%</b>	

The estimated effective tax rate for the first half of 2015 was 30.8% in line with 30.6% in the prior year period.

In the first half of 2015, the Group posted 89,839 thousand Euro in consolidated **net profit**, compared to 82,017 thousand Euro in the first half of 2014, up by 9.5%.

The Group share of consolidated net profit amounted to 88,153 thousand Euro compared to 78,078 thousand Euro in the prior year period. In the second quarter of 2015, Group net profit amounted to 56,969 thousand Euro compared to 52,029 thousand Euro in the second quarter of 2014, up by 9.5%.

## Revenues

The following table shows revenues by **geographic area** for the periods ended 30 June 2015 and 30 June 2014 and the relevant changes:

(In thousands of Euro)	Half-year period ended 30 June					at constant
	2015	% of revenues	2014	% of revenues	% change	exchange rates % change
Europe	195,494	27.1%	181,665	27.6%	7.6%	6.2%
North America	164,480	22.8%	141,657	21.5%	16.1%	3.2%
Japan	62,528	8.6%	57,760	8.7%	8.3%	11.3%
Asia Pacific	265,650	36.8%	248,928	37.8%	6.7%	(4.1%)
Central and South America	34,223	4.7%	29,009	4.4%	18.0%	12.2%
<b>Total</b>	<b>722,375</b>	<b>100.0%</b>	<b>659,019</b>	<b>100.0%</b>	<b>9.6%</b>	<b>2.0%</b>

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

Turnover recorded an increase both at current and constant exchange rates in all markets with the sole exception of Asia Pacific.

Despite the negative impact of the still challenging economic backdrop and of geopolitical events in the area (Ukraine, Russia, Greece), in Europe revenues increased by 7.6% at current exchange rates and 6.2% at constant exchange rates, mainly thanks to the good trend in sales from the retail channel (+18.4% at current exchange rates), which was positively affected by the good performance of sales to tourists, especially from Asia.

The North American market saw an increase in revenues of 16.1% at current exchange rates (3.2% at constant exchange rates), which was positively impacted by the growth in the wholesale channel.

In Japan revenues increased both at current (+8.3%) and constant (+11.3%) exchange rates, accelerating compared to the first quarter of 2015 (+12.1% in the second quarter of 2015 at current exchange rates, +17.6% at constant exchange rates).

The Asia Pacific region saw an increase in revenues of 6.7% (down by 4.1% at constant exchange rates) and was negatively affected by the purchases made by Chinese customers abroad and the significant drop in sales on the Hong Kong market.

The Central and South American market saw a significant increase in revenues: up by 18.0% at current exchange rates and 12.2% at constant exchange rates, accounting for 4.7% of total revenues (4.4% in the prior year period), mainly thanks to the good performance of the Mexican market.

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

(In thousands of Euro)	Half-year period ended 30 June					at constant
	2015	% of revenues	2014	% of revenues	% change	exchange rates % change
Retail	438,135	60.7%	393,361	59.7%	11.4%	3.1%
Wholesale	272,554	37.7%	255,953	38.8%	6.5%	0.2%
Licenses and services	5,264	0.7%	4,224	0.7%	24.6%	24.6%
Rental income investment properties	6,422	0.9%	5,481	0.8%	17.2%	(4.6%)
<b>Total</b>	<b>722,375</b>	<b>100.0%</b>	<b>659,019</b>	<b>100.0%</b>	<b>9.6%</b>	<b>2.0%</b>

During the first half of 2015 retail sales grew by 11.4% at current exchange rates and by 3.1% at constant exchange rates thanks to the increase in sales on the European market (with an increase at current and constant exchange rates of 18.4% and 16.3% respectively) and the Japanese market (+8.2% at current exchange rates and 11.1% at constant exchange rates), while the Asia Pacific region saw an increase of 8.9% at current exchange rates and a decrease of 2.5% at constant exchange rates.

During the first six months of 2015, the number of directly operated stores increased by 7 units compared to the situation as at 31 December 2014. Compared to 30 June 2014 there was a net increase of 23 units.

Also thanks to the good performance of the travel retail channel, the wholesale channel rose by 6.5% (mostly unchanged at constant exchange rates). In particular the North American market grew by 24.0% at current exchange rates (11.9% at constant exchange rates) and the South American market rose by 17.5% at current exchange rates (4.5% at constant exchange rates).

Revenues from licenses and services in the first half of 2015 rose by 24.6% compared to the first half of 2014 (both at current and constant exchange rates); this item mainly consists of royalties for the licensing of the Salvatore Ferragamo brand in the eyewear and watch sectors and reflects the excellent trend in the sales of such products.

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 17.2% at current exchange rates (-4.6% at constant exchange rates).

Here below is a breakdown of revenues, which shows the contribution and growth by **product category** for the periods ended 30 June 2015 and 30 June 2014.

(In thousands of Euro)	Half-year period ended 30 June					at constant exchange rates
	2015	% of revenues	2014	% of revenues	% change	% change
Footwear	305,899	42.4%	281,861	42.8%	8.5%	(0.3%)
Leather goods	271,076	37.5%	234,558	35.6%	15.6%	7.5%
Apparel	43,289	6.0%	44,169	6.7%	(2.0%)	(6.8%)
Accessories	46,970	6.5%	43,108	6.5%	9.0%	2.4%
Fragrances	43,455	6.0%	45,618	6.9%	(4.7%)	(5.2%)
Licenses and services	5,264	0.7%	4,224	0.7%	24.6%	24.6%
Rental income investment properties	6,422	0.9%	5,481	0.8%	17.2%	(4.6%)
<b>Total</b>	<b>722,375</b>	<b>100.0%</b>	<b>659,019</b>	<b>100.0%</b>	<b>9.6%</b>	<b>2.0%</b>

All the product categories, with the exception of fragrances and apparel, saw increases at current exchange rates. In particular, note should be taken of the positive trend in leather goods, which rose by 15.6% at current exchange rates (7.5% at constant exchange rates), improved revenues from footwear (+8.5% at current exchange rates and substantially unchanged at constant exchange rates) and accessories (+9.0% at current exchange rates, +2.4% at constant exchange rates). Fragrances, down by 4.7% at current exchange rates and by 5.2% at constant exchange rates, were affected by the sharp reduction in sales on the markets of Eastern Europe.

### Cost of goods sold and gross profit

(In thousands of Euro)	Half-year period ended 30 June				
	2015	% of revenues	2014	% of revenues	% change
Consumables	(128,994)	(17.9%)	(123,732)	(18.8%)	4.3%
Services	(113,857)	(15.8%)	(117,332)	(17.8%)	(3.0%)
Personnel	(3,968)	(0.5%)	(3,928)	(0.6%)	1.0%
Amortization and depreciation	(324)	(0.0%)	(286)	(0.0%)	13.3%
<b>Cost of goods sold</b>	<b>(247,143)</b>	<b>(34.2%)</b>	<b>(245,278)</b>	<b>(37.2%)</b>	<b>0.8%</b>
<b>Gross profit</b>	<b>475,232</b>	<b>65.8%</b>	<b>413,741</b>	<b>62.8%</b>	<b>14.9%</b>

The **cost of goods sold** in the first half of 2015 amounted to 247,143 thousand Euro, up 0.8% over the prior year period, well below the increase in sales volumes. As a matter of fact, in the first half of 2015 **gross profit** as a percentage of sales stood at 65.8% compared to 62.8% in the first half of 2014, thanks also to the growth in the retail channel. In the second quarter gross profit as a percentage of revenues rose by 14.3%, from 64.0% to 66.7%.

## Investment and financial operations

Here below is the statement of financial position as at 30 June 2015 reclassified by sources and uses, compared to the position as at 31 December 2014:

(In thousands of Euro)	30 June 2015	31 December 2014	% change
Property, plant and equipment, investment property, intangible assets with a finite useful life	260,016	248,312	4.7%
Net working capital	323,471	301,895	7.1%
Other non current assets/(liabilities), net	54,607	45,032	21.3%
Other current assets/(liabilities), net	(35,620)	(37,692)	(5.5%)
<b>Net invested capital</b>	<b>602,474</b>	<b>557,547</b>	<b>8.1%</b>
Group shareholders' equity	458,783	466,190	(1.6%)
Minority interests	46,058	42,004	9.7%
<b>Shareholders' equity (A)</b>	<b>504,841</b>	<b>508,194</b>	<b>(0.7%)</b>
<b>Net financial debt (B)</b>	<b>97,633</b>	<b>49,353</b>	<b>97.8%</b>
<b>Total sources of financing (A+B)</b>	<b>602,474</b>	<b>557,547</b>	<b>8.1%</b>
<b>Net financial debt/shareholders' equity</b>	<b>19.3%</b>	<b>9.7%</b>	

### Investments in fixed assets

During the first half of 2015, the Group made investments in tangible and intangible assets for a total amount of 30,373 thousand Euro, of which 24,936 thousand Euro in tangible assets and 5,437 thousand Euro in intangible assets, compared to a total of 34,273 thousand Euro in the first half of 2014.

The most important investments were made in the opening and refurbishment of stores (15.6 million Euro, approximately 62.4% of total investments in tangible assets) and the completion of a new building inside the facility at Osmannoro-Sesto Fiorentino which is part of the broader project undertaken by the Parent company to expand and renovate the whole industrial complex, while, as for intangible assets, the main investments were in the so-called "Marlin Project", aimed at standardizing the Group's retail information systems and at developing the e-commerce platform (1.8 million Euro overall), as well the key money paid during the first half of 2015 for the opening of new stores in Europe (2.0 million Euro).

Amortization and depreciation amounted to 29,090 thousand Euro as at 30 June 2015 compared to 22,467 thousand Euro as at 30 June 2014, up by 29.5% thanks to the significant investments made in recent years. 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 2015, 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 2015 compared with the figure as at 31 December 2014 and 30 June 2014.

(In thousands of Euro)	30 June 2015	31 December 2014	30 June 2014	% change 06.15 vs. 12.14	% change 06.15 vs. 06.14
Inventories	339,452	338,555	334,703	0.3%	1.4%
Trade receivables	174,069	150,895	158,341	15.4%	9.9%
Trade payables	(190,050)	(187,555)	(192,017)	1.3%	(1.0%)
<b>Total</b>	<b>323,471</b>	<b>301,895</b>	<b>301,027</b>	<b>7.1%</b>	<b>7.5%</b>

The increase in net working capital was 7.1% compared to 31 December 2014 and 7.5% compared to 30 June 2014. The change was due to the increase in trade receivables and to almost stable trade payables and inventories. Inventories were largely unchanged compared to 31 December 2014 (+1.4% compared to 30 June 2014); in particular, raw materials rose by 8.2% compared to 31 December 2014 and by 6.3% compared to 30 June 2014, while stocks of finished products decreased slightly compared to 31 December 2014 (-1.0%) and were in line with figures as at 30 June 2014 (+0.6%).

Trade receivables rose by 9.9% compared to 30 June 2014 and mainly refer to wholesale sales; the change was mainly due both to the increase in the relevant turnover and to the increase in average collection days. Trade payables are mainly due to purchases of production materials, finished products and costs relating to manufacturing in outsourcing.

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

Other non current assets/(liabilities) amounting to 54,607 thousand Euro net assets rose by 9,575 thousand Euro (+21.3%) compared to 31 December 2014, mainly as a consequence of two changes: the increase in deferred tax assets of 11,654 thousand Euro, in particular taxes calculated on the reversal of the profit unrealized in Group inventories, and the increase in guarantee deposits of 2,414 thousand Euro; in addition, there was an increase in other non current liabilities of 4,693 thousand Euro, mainly due to deferred rents for the straight lining of rents over the contractual period of the leased properties.

Other current assets/(liabilities) went from net liabilities of 37,692 thousand Euro as at 31 December 2014 to net liabilities of 35,620 thousand Euro as at 30 June 2015, up by 2,072 thousand Euro (+5.5%).

### Shareholders' equity

The changes in the Group's share of shareholders' equity were due to: the increase of 88,153 thousand Euro relating to net profit for the period; the decrease of 20,239 thousand Euro attributable to the translation into Euro of the subsidiaries' financial statements denominated in other currencies; the decrease of 5,287 thousand Euro owing to the valuation of hedge derivatives, net of the related tax effect; the increase of 786 thousand Euro relating to the Stock Grant Reserve (impact for the period); the decrease of 70,732 thousand Euro for dividends approved by the Parent company; the increase of 197 thousand Euro arising from changes in the fair value of the put options assigned to pre-existing minority shareholders and other minor reductions for 285 thousand Euro.

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

(In thousands of Euro)	Half-year period ended 30 June 2015	
	Shareholders' equity	Net profit/(loss) for the period
<b>Parent company - shareholders' equity and net profit/(loss)</b>	<b>357,342</b>	<b>112,364</b>
Elimination of consolidated investments	317,876	29,125
Dividends distributed among Group companies	-	(42,945)
Elimination of unrealized profits, deriving from transactions between Group companies, relating to inventories, net of the deferred tax effect	(174,724)	(17,841)
Effect of IAS 39 - cash flow hedge reserve, net of the deferred tax effect	-	9,121
Other consolidation adjustments	4,347	15
<b>Total shareholders' equity and net profit/(loss)</b>	<b>504,841</b>	<b>89,839</b>
Minority interests - shareholders' equity and net profit/(loss)	46,058	1,686
<b>Group - shareholders' equity and net profit/(loss)</b>	<b>458,783</b>	<b>88,153</b>

### Net financial debt

Net financial debt as at 30 June 2015, 31 December 2014, and 30 June 2014 was as follows:

(In thousands of Euro)	30 June	31 December	30 June	Change 06.15	Change 06.15
	2015	2014	2014	vs 12.14 %	vs 06.14 %
Cash and cash equivalents (A)	94,810	96,463	67,388	(1.7%)	40.7%
Other current financial assets (B)	726	976	1,445	(25.6%)	(49.8%)
Interest-bearing loans and borrowings (C)	188,418	142,414	178,184	32.3%	5.7%
Other current financial liabilities (D)	4,751	4,378	4,645	8.5%	2.3%
<b>Net financial debt (C + D - A - B)</b>	<b>97,633</b>	<b>49,353</b>	<b>113,996</b>	<b>97.8%</b>	<b>(14.4%)</b>

**Net financial debt** for the period ended 30 June 2015 totaled 97,633 thousand Euro, equal to 19.3% of consolidated shareholders' equity. The increase compared to 31 December 2014 was caused mainly by the payment of dividends approved by the Parent company totaling 70,732 thousand Euro, and by the investments made in the first six months in tangible and intangible assets (30,373 thousand Euro), net of the cash flows from operations (63,334 thousand Euro) which improved sharply compared to the cash flows generated in the first half of 2014 (23,510 thousand Euro). Compared to 30 June 2014, net financial debt decreased by 16,363 thousand Euro, from 113,996 thousand Euro to 97,633 thousand Euro.

## Income and financial indicators

The tables below set out the trend in the main income and financial indicators for the half-year periods ended 30 June 2015 and 30 June 2014.

Profitability ratios	Half-year period ended 30 June	
	2015	2014
ROE (Group net profit for the period / average Group shareholders' equity)	19.1%	20.9%
ROI (Operating profit / Net average invested capital)	23.4%	25.0%
ROS (Operating profit / revenues)	18.8%	18.3%

Financial ratios	Half-year period ended 30 June	
	2015	2014
Coverage of shareholders' equity ratio (Shareholders' equity / non current assets)	128.8%	131.4%
Liquidity ratio (Current assets excluding inventories / current liabilities)	71.7%	60.2%

Turnover ratios expressed in days	Half-year period ended 30 June	
	2015	2014
Turnover of trade receivables (Average value of Trade receivables in the period / Revenues x days)	40	38
Turnover of Trade payables (Average value of Trade payables in the period / Purchases of goods and services x days)	76	85
Inventory turnover (Average value of Inventories in the period / Cost of goods sold x days)	247	229
Turnover of Average invested capital (Average value of Net invested capital / Revenues x days)	145	132

The above ratios are calculated on a half-yearly basis. Average value means the simple arithmetic average of the closing balances of the period and those as at 31 December 2014.

## 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 and by the Board of Directors on 12 December 2013 and 15 May 2015.

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 Bylaws 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 Woo Kwong Ching, Piero Antinori, Lidia Fiori (independent director), Umberto Tombari (independent director), Chiara Ambrosetti (independent director) and Marzio Saà (independent director), who were appointed by the Shareholders' meeting held on 24 April 2015 according to the single list submitted by the majority shareholder Ferragamo Finanziaria S.p.A..

The current Board of Statutory Auditors was appointed by the Shareholders' meeting held on 29 April 2014 for the 2014-2016 period and consists of the following members, all taken from the single list of candidates submitted by the Shareholder Ferragamo Finanziaria S.p.A.: Fulvio Favini (appointed as Chairman since he was the first Acting Statutory Auditor in the single list), Gerolamo Gavazzi (Acting Statutory Auditor), Alessandra Daccò (Acting Statutory Auditor), Lorenzo Galeotti Flori (Substitute Statutory Auditor) and Deborah Sassorossi (Substitute Statutory Auditor).

### **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, the Company also adopted administrative procedures and a Code of Ethics including the principles and general rules 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 (the so-called ERM: Enterprise Risk Management), 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.
- ERM Guidance Committee, which is appointed by the Managing Director and has the task of assisting him in taking the main decisions concerning the design, implementation and management of the ERM Model.
- 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 S.p.A., 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.ferragamo.com](http://www.ferragamo.com) in the Investor Relations section.

### **Stakes in Salvatore Ferragamo S.p.A.**

As at 30 June 2015, Ferragamo Finanziaria S.p.A. held a majority stake in the share capital of Salvatore Ferragamo S.p.A. with 57.618% as per the communication of Ferragamo Finanziaria S.p.A. pursuant to art. 120 A of the CONSOB Issuers' Regulation.

### **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.

### **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.

## **Significant events occurred during the first half of 2015**

### **Investments**

On 5 January 2015, the Danish company Ferragamo Denmark ApS was set up with share capital of 500,000 Danish Krone and a share premium of 5,500,000 Danish Krone, divided into 500,000 shares, with a par value of 1.00 Danish Krone each, wholly subscribed by Salvatore Ferragamo S.p.A. for a total amount of 6 million Danish Krone (equal to 807 thousand Euro). The company was established in order to open a directly operated store (DOS) in Copenhagen in March.

### **Shareholders' Meeting**

On 24 April 2015 the shareholders' meeting of the Parent company Salvatore Ferragamo S.p.A. approved the financial statements for the year ended 31 December 2014 and approved the distribution of a dividend of 0.42 Euro per share as indicated in detail in the specific section "Dividends".

On the same date the Shareholder's Meeting resolved that the members of the Board of Directors be thirteen and it appointed the Board of Directors which shall be in office for the 2015-2017 three-year period until the Shareholders' Meeting approving the financial statements for the year ending 31 December 2017. In addition, it confirmed Wanda Miletta Ferragamo as the Company's Honorary Chairman for the same period.

### **Board of Directors**

On the same date, 24 April 2015, the Board of Directors confirmed the appointment of Ferruccio Ferragamo as Chairman, Giovanna Ferragamo as Deputy Chairman and Michele Norsa as Managing Director. In addition, it confirmed the Control and Risk Committee comprising the independent directors Marzio Saà (Chairman), Umberto Tombari and Chiara Ambrosetti, the Nomination and Remuneration Committee comprising the independent directors Umberto Tombari (Chairman), Marzio Saà and Lidia Fiori as well as the Product and Brand Strategy Committee comprising Ferruccio Ferragamo (Chairman), Michele Norsa, Fulvia Ferragamo and Leonardo Ferragamo.

#### **2012 Stock grant plan and change in share capital**

On 13 May 2015 the Board of Directors of Salvatore Ferragamo S.p.A. implemented the 2012 Stock Grant Plan approved by the Shareholders' Meeting on 26 April 2012. In particular, the Board of Directors, after having ascertained, upon the request of the Nomination and Remuneration Committee, that all the Company's performance objectives and the other requirements set out in the Plan had been complied with, with the favorable opinion of the Board of Statutory Auditors, approved implementation of the Company's free share capital increase for a total amount of 38,000 Euro, through the issue of 380,000 new ordinary shares with a nominal value of 0.10 Euro each in favor of the 12 beneficiaries of the Plan, by charging to share capital an amount of 38,000 Euro taken from the "Specific reserve for share capital increase to serve the 2012 Stock Grant Plan". The new shares were issued and awarded to rights holders. Therefore, the share capital of Salvatore Ferragamo S.p.A. is 16,879,000 Euro (fully subscribed and paid up), divided into 168,790,000 ordinary shares with a nominal value of 0.10 Euro each. At the same meeting the Parent company's Board of Directors also approved the allocation of the residual amount of 12,000 Euro of the "Specific reserve for share capital increase to serve the 2012 Stock Grant Plan" to the Extraordinary Reserve, with the consequent cancellation of the aforementioned reserve which originally totaled 50,000 Euro.

#### **Tax and customs disputes and audits**

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 of the 2014 Annual Report, it is recalled 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.. This challenge was confirmed by a second adjustment proposal which was notified on 17 September 2012, which, however, was more favorable to the taxpayer. French law envisages complex proceedings between the tax authorities and the taxpayer, which started with the first notification and which could last some years. On 11 April 2014 the Board of Directors of Ferragamo France S.A.S. resolved to reach a settlement with French tax authorities which should in any case exclude any reason to object and should have a limited economic impact on the Company. On 12 December 2014 the French authorities informed Ferragamo France S.A.S. that they did not intend to set aside their claims and so issued to Ferragamo France S.A.S. two assessment notices to end the administrative proceedings, the first on 25 February 2015 and the second on 3 March 2015, confirming their claims as redetermined during the procedure. For Ferragamo France S.A.S. these claims would entail the payment of around 900 thousand Euro due to higher taxes on the company, penalties and interest for 2009 and 2010, as well as the redetermination of the taxable income for the years from 2011 to 2014 as a consequence of the cancellation of previous tax losses (amounting to around 8,925 thousand Euro), with a higher tax of 2,135 thousand Euro. Ferragamo France S.A.S. firmly believes it is in the right and opposed the notice through an administrative appeal which was submitted on 11 March 2015 and subsequently integrated. The appeal also included a request for suspension concerning the payment of disputed amounts; following the submission of an appropriate guarantee, the court granted the suspension. Should the French tax authorities reject the appeal or should it prove impossible to reach a settlement, Ferragamo France S.A.S. shall have the right to appeal to the tax court. Nonetheless, the company still has the possibility of trying to reach a settlement with the French tax authorities at any stage of the proceedings. Therefore, it is not possible to make estimates regarding any tax liabilities arising from the procedure. On 31 July 2015 Ferragamo France S.A.S. received notice of the opening of a general tax inspection relating to the years 2012 to 2014. The first inspection is planned for the start of September.

As already pointed out in the 2014 Directors' report on operations, to which reference should be made for further details, the dispute with the Korean authorities is still pending: it concerns an assessment notice relating to the Securities transaction tax for a total amount of KRW 282,162,280 (equal to around 226 thousand Euro at the exchange rate as at 30 June 2015). The sums have already been paid: should the dispute be lost, the liability would be definitively recognized; on the contrary, should it be won, Salvatore Ferragamo S.p.A. would be entitled to refund.

From 12 to 30 May 2014 the Seoul Customs Office carried out an audit at Ferragamo Korea Ltd. on transfer pricing concerning transfers of goods and the provision of services by Ferragamo Hong Kong Ltd. to the Korean company from 2009 to 2013. The audit ended with a request for further information and documents and further requests followed in this regard. The preliminary phase of the audit has ended, whilst discussions with the customs authorities on the audit's results are still underway. At present it is not possible to estimate whether and, if it is the case, to what extent import taxes and duties and/or customs penalties will be challenged.

On 19 November 2013 the Chinese subsidiary Ferragamo Fashion Trading (Shanghai) Ltd. received an information request from the Chinese customs offices on transfer pricing concerning transfers of goods and the provision of services by the subsidiary Ferragamo Hong Kong Ltd. to the Chinese company in 2013. In March 2014 customs offices requested further information and documents (extending the scope of the audit to 2011 and 2012), and further requests followed in this regard. The preliminary phase of the audit has ended, whilst discussions with the customs authorities on the audit's results are still underway. At present it is not possible to estimate whether and, if it is the case, to what extent import taxes and duties and/or customs penalties will be challenged.

## 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 2015 this item totaled 12,902 thousand Euro compared to 12,340 thousand Euro in the same period last year.

## Staff

Here below is the Group's staff divided by category as at 30 June 2015, 31 December 2014 and 30 June 2014.

Staff	30 June 2015	31 December 2014	30 June 2014
Top managers, middle managers and store managers	686	668	657
White collars	3,004	2,987	2,924
Blue collars	272	245	243
<b>Total</b>	<b>3,962</b>	<b>3,900</b>	<b>3,824</b>

## Transactions with related parties

Transactions with related parties – as listed in the financial statements and set out in detail in the specific note at the bottom of the comments to the income statement items – 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 2015

In reference to the project of the Parent company Salvatore Ferragamo S.p.A. to expand the facility at Osmannoro and relocate there the logistics center which is currently located in Prato and outsourced to third parties, taking advantage of the building potential allowed by the Town Planning Regulation of the Municipality of Sesto Fiorentino, in the area next to the current facility at Osmannoro, on 15 July 2015 the Board of Directors approved:

- the transfer of ownership from Ferragamo Finanziaria S.p.A. of building plots and building rights;
- the purchase of all the stakes held in Ma.Ga Immobiliare S.r.l., thus ensuring availability of additional building plots owned by the aforementioned company which are needed to implement the above project.

The above transactions were registered on 27 July 2015 through deeds of the Notary Mr F. Steidl, and entailed an outlay of 7,099,613 Euro (plus 22% VAT) for the purchase of the land and building rights from Ferragamo Finanziaria S.p.A. and 2,027,760 Euro to purchase all the stakes in Ma.Ga Immobiliare S.r.l..

It was also agreed between Ferragamo Finanziaria S.p.A. and Salvatore Ferragamo S.p.A. that, should it prove impossible to obtain building permits for the area, Ferragamo Finanziaria S.p.A. will arrange to buy back the land it sold and the stakes in Ma.Ga Immobiliare S.r.l. at the same price incurred for these purchases.

## Outlook

The global economy continues to grow at an unsatisfactory rate, despite the exceptionally accommodating monetary policies adopted in all advanced economies and the boost provided by the fall in the price of oil and raw materials. For a number of months the flow of economic data has continued to be above expectations in Europe, and below expectations in the United States and Asia. The most recent statistics for the Eurozone have confirmed weak positive signals, with a slight increase in growth rates and a moderate improvement in confidence and signs of an increase in private spending. However, these favorable economic conditions are offset by the slowdown in the global economy and the high level of geopolitical uncertainty affecting the Mediterranean, Eastern Europe and Greece. Despite the measures

adopted to limit the risks of contagion to the peripheral countries of the Eurozone, markets are still very volatile. Implementation of the Quantitative Easing program continues in accordance with set parameters; however, the approach of the ECB is not enough in itself to trigger a sustainable growth process which can reduce the high levels of unemployment. After the encouraging data of the first quarter (+0.3%), the Italian economy should manage to maintain the same growth rate for the rest of the year. In the United States, the flow of economic data is still uneven, mainly due to the weakness of the industrial sector; on the other hand, the labor market continues to show signs of improvement. After the negative first quarter, the economy continued to grow from mid-May to the end of June, thanks to the fall in energy prices which supported spending increases, and this despite the negative impact of the strong US dollar. The outlook is positive and in line with the start of the cycle of interest rate rises by the end of the year, despite the still low levels of inflation. The data available for Chinese GDP for the first half of the year confirmed, at least according to the official statistics, a change of just 7.0% and this despite the expansionary measures adopted. Domestic demand remains weak and, in order to boost exports, the Chinese authorities depreciated the currency in August. Again in China, the stock market, which had seen significant rises in recent months, experienced sharp and heavy falls, a trend which might continue also in the near future. Of course, given the importance of the Chinese economy, these events have had a significant impact on global financial markets, generating volatility both on the foreign exchange market and on the stock market.

Japan continued its very expansionary monetary and fiscal policy, which kept the exchange rate very low. Without the temporary effects generated by the consumption tax, inflation stayed low given the fall in energy prices. The recovery seems consolidated, with two consecutive quarters of GDP growth, driven by domestic demand in the private sector; investments and exports should continue to provide a positive contribution. The trends in emerging countries continue to be uneven. There were very negative figures for Brazil and Russia, and a significant fall for South Korea.

In these months, the luxury sector, although it has historically always proven quite resistant to economic crises, certainly more so than other business sectors, must continue to face not only the persistent limited economic growth, including the latest slowdown in the Chinese economy, but also the negative impact of socio-political crises (Ukraine, Russia, Greece, tensions in the Middle East). The ever increasing number of travelers entails a significant negative impact on domestic consumption in favor of international purchases; in particular this phenomenon affects the Chinese market.

The Salvatore 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 deterioration in the market performance occurs which currently cannot be foreseen, there can be a further increase in both revenues and profits for the whole of 2015 too.

Florence, 27 August 2015

On behalf of the Board of Directors  
The Chairman  
Ferruccio Ferragamo

## Financial statements

### Consolidated statement of financial position – assets

<b>(In thousands of Euro)</b>							
	<b>Notes</b>	<b>30 June 2015</b>	<i>of which with related parties</i>	<b>31 December 2014</b>	<i>of which with related parties</i>	<b>30 June 2014</b>	<i>of which with related parties</i>
<b>NON CURRENT ASSETS</b>							
Property, plant and equipment	4	221,630		212,077		182,837	
Investment property	5	7,440		7,015		6,377	
Intangible assets with a finite useful life	6	30,946		29,220		25,315	
Available-for-sale financial assets		20		25		25	
Other non current assets	7	7,843		6,683		6,041	
Other non current financial assets	8	17,082	1,648	14,668	1,522	11,903	1,363
Deferred tax assets	31	106,928		95,274		86,765	
<b>TOTAL NON CURRENT ASSETS</b>		<b>391,889</b>	<b>1,648</b>	<b>364,962</b>	<b>1,522</b>	<b>319,263</b>	<b>1,363</b>
<b>CURRENT ASSETS</b>							
Inventories	9	339,452		338,555		334,703	
Trade receivables	10	174,069	105	150,895	54	158,341	718
Tax receivables	11	10,311		13,488		7,669	
Other current assets	12	39,947	2,025	34,058	2,025	30,225	2,025
Other current financial assets	13	726		976		1,445	
Cash and cash equivalents	14	94,810		96,463		67,388	
<b>TOTAL CURRENT ASSETS</b>		<b>659,315</b>	<b>2,130</b>	<b>634,435</b>	<b>2,079</b>	<b>599,771</b>	<b>2,743</b>
<b>TOTAL ASSETS</b>		<b>1,051,204</b>	<b>3,778</b>	<b>999,397</b>	<b>3,601</b>	<b>919,034</b>	<b>4,106</b>

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

(In thousands of Euro)							
	Notes	30 June 2015	of which with related parties	31 December 2014	of which with related parties	30 June 2014	of which with related parties
<b>SHAREHOLDERS' EQUITY</b>							
<b>GROUP SHAREHOLDERS' EQUITY</b>							
Share capital	15	16,879		16,841		16,841	
Reserves	15	353,751		292,784		287,758	
Net profit/(loss) – Group		88,153		156,565		78,078	
<b>TOTAL GROUP SHAREHOLDERS' EQUITY</b>		<b>458,783</b>		<b>466,190</b>		<b>382,677</b>	
<b>MINORITY INTERESTS</b>							
Share capital and reserves – minority interests		44,372		35,054		32,763	
Net profit/(loss) – minority interests		1,686		6,950		3,939	
<b>TOTAL MINORITY INTERESTS</b>		<b>46,058</b>		<b>42,004</b>		<b>36,702</b>	
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>504,841</b>		<b>508,194</b>		<b>419,379</b>	
<b>NON CURRENT LIABILITIES</b>							
Non current interest-bearing loans & borrowings	20	22,745		21,331		-	
Provisions for risks and charges	16	7,640		7,106		6,532	
Employee benefit liabilities	17	11,883		11,583		10,299	
Other non current liabilities	18	53,451		48,758		38,377	
Deferred tax liabilities	31	4,292		4,171		4,036	
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>100,011</b>	<b>-</b>	<b>92,949</b>	<b>-</b>	<b>59,244</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>							
Trade payables	19	190,050	299	187,555	326	192,017	283
Interest-bearing loans & borrowings	20	165,673		121,083		178,184	
Tax payables	21	22,951		21,528		23,063	
Other current liabilities	22	62,927	12,079	63,710	8,859	42,502	10,676
Other current financial liabilities	23	4,751		4,378		4,645	
<b>TOTAL CURRENT LIABILITIES</b>		<b>446,352</b>	<b>12,378</b>	<b>398,254</b>	<b>9,185</b>	<b>440,411</b>	<b>10,959</b>
<b>TOTAL LIABILITIES</b>		<b>546,363</b>	<b>12,378</b>	<b>491,203</b>	<b>9,185</b>	<b>499,655</b>	<b>10,959</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,051,204</b>	<b>12,378</b>	<b>999,397</b>	<b>9,185</b>	<b>919,034</b>	<b>10,959</b>

## Consolidated income statement

(In thousands of Euro)		Half-year period ended 30 June			
		2015	of which with related parties	2014	of which with related parties
	Notes				
Revenues from sales and services		715,953	109	653,538	1,091
Rental income investment properties		6,422		5,481	
<b>Revenues</b>	<b>26</b>	<b>722,375</b>		<b>659,019</b>	
Cost of goods sold	27-28	(247,143)		(245,278)	
<b>Gross profit</b>		<b>475,232</b>		<b>413,741</b>	
Style, product development and logistics costs	27-28	(22,371)	(423)	(22,723)	(270)
Sales & distribution costs	27-28	(224,689)	(12,236)	(184,314)	(8,517)
Marketing & communication costs	27-28	(35,335)	(29)	(34,586)	(17)
General and administrative costs	27-28	(52,781)	(3,524)	(47,671)	(3,480)
Other operating costs	27-28	(9,919)	(60)	(8,586)	(52)
Other income and revenues	29	5,414	15	4,707	23
<b>Operating profit</b>		<b>135,551</b>		<b>120,568</b>	
Financial charges	30	(31,837)		(10,851)	
Financial income	30	26,150	-	8,402	
<b>Profit before taxes</b>		<b>129,864</b>		<b>118,119</b>	
Income taxes	31	(40,025)		(36,102)	
<b>Net profit/(loss) for the period</b>		<b>89,839</b>		<b>82,017</b>	
Net profit/(loss) – Group		88,153		78,078	
Net profit/(loss) – minority interests		1,686		3,939	
<b>(In Euro)</b>		<b>Half-year period ended 30 June</b>			
	<b>Notes</b>	<b>2015</b>		<b>2014</b>	
Basic earnings per share – ordinary shares	32	0.523		0.464	
Diluted earnings per share – ordinary shares	32	0.522		0.463	

## Consolidated statement of comprehensive income

(In thousands of Euro)	Half-year period ended 30 June	
	2015	2014
<b>Net profit/(loss) for the period (A)</b>	<b>89,839</b>	<b>82,017</b>
<i>Other income/(losses) that will be subsequently reclassified to net profit/(loss) for the period</i>		
- Currency translation differences of foreign operations	(17,409)	16,902
- Net gain/(loss) from cash flow hedge	(7,292)	(14,750)
- Income taxes	2,005	4,056
	<u>(5,287)</u>	<u>(10,694)</u>
<b>Total other income/(losses) that will be subsequently reclassified to net profit/(loss) for the period, net of taxes (B1)</b>	<b>(22,696)</b>	<b>6,208</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	(237)	(205)
- Income taxes	(51)	106
	<u>(288)</u>	<u>(99)</u>
<b>Total other income / (losses) that will not be subsequently reclassified to net profit/(loss) for the period, net of taxes (B2)</b>	<b>(288)</b>	<b>(99)</b>
<b>Total other income/(losses) for the period, net of taxes (B1+B2 = B)</b>	<b>(22,984)</b>	<b>6,109</b>
<b>Total comprehensive income for the period, net of taxes (A+B)</b>	<b>66,855</b>	<b>88,126</b>
Group	62,342	83,651
Minority interests	4,513	4,475

## Consolidated statement of cash flows

(In thousands of Euro)	Notes	Half-year period ended 30 June			
		2015	of which with related parties	2014	of which with related parties
<b>NET PROFIT / (LOSS) FOR THE PERIOD</b>		<b>89,839</b>		<b>82,017</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	29,090		22,467	
Allocation / (use) of deferred taxes	31	(7,328)		(6,958)	
Provision for employee benefit plans	17	371		353	
Allocation to / (use of) the provision for obsolete inventory	9	7,039		4,080	
Losses and provision for bad debt		760		791	
Losses / (gains) on disposal of tangible and intangible assets		715		484	
Other non-monetary items		1,190		2,191	
<b>Changes in operating assets and liabilities:</b>					
Trade receivables		(28,009)	(51)	(36,779)	(652)
Inventories		(30,608)		(32,742)	
Trade payables		(412)	(27)	(11,293)	(11)
Tax receivables		3,850		2,802	
Tax payables		299		(699)	
Employee benefits payments	17	(496)		(386)	
Other assets and liabilities		(2,803)	3,220	(2,606)	538
Other – net		(163)		(212)	
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		<b>63,334</b>	<b>3,142</b>	<b>23,510</b>	<b>(125)</b>
<b>Cash flow from investing activities:</b>					
Purchase of tangible assets		(24,936)		(31,749)	
Purchase of intangible assets		(5,437)		(2,524)	
Net change in non current assets and liabilities		(1,306)	(126)	(329)	19
Proceeds from the sale of tangible and intangible assets		108		144	
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		<b>(31,571)</b>	<b>(126)</b>	<b>(34,458)</b>	<b>19</b>
<b>Cash flow from financing activities:</b>					
Net change in financial receivables		381		515	
Net change in financial payables		38,404	-	77,466	-
Dividends paid to shareholders of the Parent company	37	(70,732)	(52,117)	(67,364)	(49,617)
Dividends paid to minority shareholders	37	-	-	(1,766)	(1,766)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		<b>(31,947)</b>	<b>-</b>	<b>8,851</b>	<b>(51,383)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(184)</b>		<b>(2,097)</b>	
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>96,455</b>		<b>70,292</b>	
Increase/(decrease) in cash and cash equivalents		(184)		(2,097)	
Effect of exchange rate translation differences		(1,461)		(812)	
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	14	<b>94,810</b>		<b>67,383</b>	
<b>ADDITIONAL INFORMATION</b>					
Interest paid		2,805		2,244	
Income taxes paid		38,753		42,473	
Interest received		276		133	
Dividends received		-		-	

## Statement of changes in consolidated shareholders' equity

(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	Net profit/(loss) for the period	Group shareholders' equity	Minority interests	Total shareholders' equity
<b>As at 01.01.2015</b>	<b>16,841</b>	<b>2,995</b>	<b>4,188</b>	<b>155,220</b>	<b>(15,698)</b>	<b>(317)</b>	<b>129,861</b>	<b>19,081</b>	<b>(2,546)</b>	<b>156,565</b>	<b>466,190</b>	<b>42,004</b>	<b>508,194</b>
Allocation of results	-	-	-	36,443	-	-	120,122	-	-	(156,565)	-	-	-
Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	88,153	88,153	1,686	89,839
Other comprehensive income/(loss)	-	-	-	-	(5,287)	(18,712)	(1,527)	-	(285)	-	(25,811)	2,827	(22,984)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,287)</b>	<b>(18,712)</b>	<b>(1,527)</b>	<b>-</b>	<b>(285)</b>	<b>88,153</b>	<b>62,342</b>	<b>4,513</b>	<b>66,855</b>
Distribution of dividends	-	-	-	-	-	-	(70,732)	-	-	-	(70,732)	-	(70,732)
Purchase of minority interests in companies consolidated on a line-by-line basis and accounting of options on minority interests	-	-	-	-	-	-	197	-	-	-	197	(459)	(262)
Stock Grant Reserve	-	-	-	-	-	-	-	786	-	-	786	-	786
Reclassifications	38	-	-	12	-	-	5,037	(5,087)	-	-	-	-	-
<b>As at 30.06.2015</b>	<b>16,879</b>	<b>2,995</b>	<b>4,188</b>	<b>191,675</b>	<b>(20,985)</b>	<b>(19,029)</b>	<b>182,958</b>	<b>14,780</b>	<b>(2,831)</b>	<b>88,153</b>	<b>458,783</b>	<b>46,058</b>	<b>504,841</b>

(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	Net profit/(loss) for the period	Group shareholders' equity	Minority interests	Total shareholders' equity
<b>As at 01.01.2014</b>	<b>16,841</b>	<b>2,995</b>	<b>4,188</b>	<b>117,114</b>	<b>13,371</b>	<b>(39,511)</b>	<b>84,330</b>	<b>17,496</b>	<b>(1,810)</b>	<b>150,451</b>	<b>365,465</b>	<b>34,305</b>	<b>399,770</b>
Allocation of results	-	-	-	38,106	-	-	112,345	-	-	(150,451)	-	-	-
Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	78,078	78,078	3,939	82,017
Other comprehensive income/(loss)	-	-	-	-	(10,694)	16,277	91	-	(101)	-	5,573	536	6,109
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,694)</b>	<b>16,277</b>	<b>91</b>	<b>-</b>	<b>(101)</b>	<b>78,078</b>	<b>83,651</b>	<b>4,475</b>	<b>88,126</b>
Distribution of dividends	-	-	-	-	-	-	(67,364)	-	-	-	(67,364)	(1,766)	(69,130)
Purchase of minority interests in companies consolidated on a line-by-line basis and accounting of options on minority interests	-	-	-	-	-	-	139	-	-	-	139	(312)	(173)
Stock Grant Reserve	-	-	-	-	-	-	-	786	-	-	786	-	786
<b>As at 30.06.2014</b>	<b>16,841</b>	<b>2,995</b>	<b>4,188</b>	<b>155,220</b>	<b>2,677</b>	<b>(23,234)</b>	<b>129,541</b>	<b>18,282</b>	<b>(1,911)</b>	<b>78,078</b>	<b>382,677</b>	<b>36,702</b>	<b>419,379</b>

## Explanatory Notes to the Separate Financial Statements

### 1. Corporate information

The Parent company Salvatore Ferragamo S.p.A. is a legal entity organized under Italian law and is listed on the Italian Stock Exchange (MTA segment).

The condensed consolidated half-year report as at 30 June 2015 of Salvatore Ferragamo S.p.A. has been approved by the Board of Directors during the meeting held on 27 August 2015.

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

Salvatore Ferragamo S.p.A. 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 financial statements

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 as at 30 June 2015 has been prepared in accordance with the international accounting standard regarding interim reporting (IAS 34 - Interim Financial Reporting) and it does not include all the information required in the consolidated annual report; therefore, it must be read together with the Consolidated Annual Report of the Salvatore Ferragamo Group for the year ended 31 December 2014.

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 2014 and 30 June 2014 and the consolidated income statement as at 30 June 2014.

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 2015 are the same as those used in preparing the 2014 Consolidated Annual Report, 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 2015, as described below. The adoption of the new standards, 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 has entailed the use of the best estimates and assumptions, both in determining some assets and liabilities, and in assessing contingent assets and liabilities.

The main estimated data refer to:

- provisions for obsolete inventory of raw materials, accessories and finished products; since the Group's products are subject to changes in fashion trends, product inventories at the end of the season or, in the case of fragrances, at the end of the life cycle of the individual item, are subject to impairment;
- provisions for bad debt relating to wholesale sales, which are linked to the solvency of customers;
- provisions for risks and charges, in particular expected future expenses and ongoing or foreseeable disputes;
- useful life of property, plant and equipment, intangible assets with a finite useful life and investment property, as well as future benefits relating to capitalized development costs.
- employee benefits, whose amounts are valued on an actuarial basis;
- receivables for deferred tax assets, in particular the estimate of their recoverability in regard to future income;

- fair value of financial instruments, in which derivatives are particularly important, and which the Group uses extensively to hedge exchange rate risks;
- the Group entered into commercial lease contracts and determined, on the basis of the contractual terms and conditions (such as for example the fact that the contractual terms do not cover most of the economic life of the commercial property and the fair value of the asset), that all the significant risks and benefits typical of ownership of the assets remain with the lessor; therefore, these contracts are recognized as operating leases.

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 2015, no indicators of impairment emerged from the analyses carried out.

- *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 best estimate of the annual average expected tax rate applied to the pre-tax profit of the interim period.

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

**IFRIC 21 Levies**

IFRIC 21 clarifies that an entity recognizes a liability to pay a levy no earlier than when the event that triggers the payment of the levy occurs, as described in the relevant legislation. If an obligation to pay is triggered on reaching a minimum threshold, the liability is recognized only when that minimum threshold is reached. IFRIC 21 requires retrospective application. This interpretation did not have any impact on the Group's financial statements.

**IFRS annual improvements cycle 2011-2013**

The improvements concern the following issues:

IFRS 3: It is made clear that this standard does not apply to the accounting for the formation of a joint arrangement in the financial statements;

IFRS 13: Amendment to the scope of portfolio exception in paragraph 52;

IAS 40: Clarification on the interrelationship between IFRS 3 "Business Combinations" and IAS 40 "Investment property" when property can be classified as investment property or owner-occupied property.

This improvement cycle did not have any impact on the Group's financial statements.

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 consolidated on a line-by-line basis, as at 30 June 2015. These are identified collectively as the Salvatore Ferragamo Group.

The condensed consolidated half-year report as at 30 June 2015 includes the interim accounts for the first half of 2015 of Group companies, which have been prepared by adopting the same accounting standards as the Parent company. Subsidiaries are those entities over which the Group has control, or when the Group is exposed to variable returns arising from its transactions with the entity, or can claim rights over such returns, and at the same time has the ability to influence such returns by exercising its influence over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the moment when the parent company starts to exercise control until such control ends. Should it lose control, the Group eliminates the assets and liabilities of the subsidiary, any non-controlling interests and other shareholders' equity items relating to the subsidiary. Any profit or loss arising from the loss of control is recorded under net profit/(loss) for the period. Any equity investment in the former subsidiary is measured at fair value on the date of loss of control.

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

Minority interests represent the part of profits or losses and of net assets not held by the Group and are shown in a separate item of the income statement, and in the statement of financial position among shareholders' equity items, separately from Group shareholders' equity.

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 consolidation as at 30 June 2015 compared to 31 December 2014.

Company name	Location	Currency	Share capital	30 June 2015			31 December 2014		
				Controlling interest (%)		Notes	Controlling interest (%)		Notes
				Direct	Indirect		Direct	Indirect	
Salvatore Ferragamo S.p.A.	Florence, Italy	Euro	16,879,000	Parent company			Parent company		
Ferragamo Retail Nederland B.V.	Amsterdam, Holland	Euro	500,000	100%			100%		
Ferragamo France S.A.S.	Paris, France	Euro	4,334,094	100%			100%		
Ferragamo Deutschland GmbH	Munich, Germany	Euro	3,300,000	100%			100%		
Ferragamo Austria GmbH	Vienna, Austria	Euro	1,853,158	100%			100%		
Ferragamo U.K. Limited	London, United Kingdom	Pound Sterling	6,172,735	100%			100%		
Ferragamo (Suisse) SA	Mendrisio, Switzerland	Swiss Franc	1,000,000	100%			100%		
Ferragamo Belgique SA	Brussels, Belgium	Euro	750,000	100%			100%		
Ferragamo Monte-Carlo S.A.M.	Principality of Monaco	Euro	304,000	100%			100%		
Ferragamo Espana S.L.	Madrid, Spain	Euro	4,600,000	100%			100%		
Ferragamo Denmark ApS	Copenhagen, Denmark	Danish Krone	500,000	100%			na		
Ferragamo USA Inc.	New York, United States	US Dollar	74,011,969	100%			100%		
Ferragamo Canada Inc.	Vancouver, Canada	Canadian Dollar	430,000		100%	(1)		100%	(1)
S-Fer International Inc.	New York, United States	US Dollar	4,600,000		100%	(1)		100%	(1)
Sator Realty Inc.	New York, United States	US Dollar	100,000		100%	(1)		100%	(1)
Ferragamo Latin America Inc.	Miami, United States	US Dollar	300,000	100%		(7)	100%		(7)
Ferragamo St. Thomas Inc.	U.S. Virgin Island	US Dollar	1,201,000		100%	(4)(7)		100%	(4)(7)
Ferragamo Mexico S. de R.L. de C.V.	Mexico City, Mexico	Mexican Peso	4,592,700	99.73%	0.27%	(1)	99.73%	0.27%	(1)
Ferragamo Chile S.A.	Santiago, Chile	Chilean Peso	1,362,590,000	99%	1%	(1)	99%	1%	(1)
Ferragamo Argentina S.A.	Buenos Aires, Argentina	Argentine Peso	2,969,107	95%	5%	(1)	95%	5%	(1)
Ferragamo Brasil Roupas e Acessorios Ltda.	Sao Paulo, Brazil	Brazilian Real	48,615,000	99%	1%	(1)	99%	1%	(1)
Ferragamo Hong Kong Ltd.	Hong Kong, China	Hong Kong Dollar	10,000	100%			100%		
Ferragamo Japan K.K.	Tokyo, Japan	Japanese Yen	305,700,000	71%		(6)	71%		(6)
Ferragamo Australia Pty Ltd.	Sydney, Australia	Australian Dollar	13,637,003	100%			100%		
Ferrimag Limited	Hong Kong, China	Hong Kong Dollar	109,200,000		75%	(2)		75%	(2)
Ferragamo Fashion Trading (Shanghai) Co. Ltd.	Shanghai, China	US Dollar	200,000		75%	(3)		75%	(3)
Ferragamo Moda (Shanghai) Co.Ltd.	Shanghai, China	US Dollar	1,400,000	75%			75%		
Ferragamo Retail HK Limited	Hong Kong, China	Hong Kong Dollar	39,000,000		75%	(3)		75%	(3)
Ferragamo Retail Taiwan Limited	Taipei, Taiwan	New Taiwanese Dollar	136,250,000		75%	(3)		75%	(3)
Ferragamo Retail Macau Limited	Macau, China	Macau Pataca	25,000	75.2%			75.2%		
Ferragamo Retail India Private Limited	New Delhi, India	Indian Rupee	150,000,000	51%		(5)	51%		(5)
Ferragamo Korea Ltd.	Seoul, South Korea	South Korean Won	3,291,200,000	80%			80%		
Ferragamo (Singapore) Pte Ltd	Singapore	Singapore Dollar	4,600,000	80%			80%		
Ferragamo (Thailand) Limited	Bangkok, Thailand	Baht	100,000,000	80%			80%		
Ferragamo (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	Malaysian Ringgit	1,300,000	80%			80%		
Ferragamo Parfums S.p.A.	Florence, Italy	Euro	10,000,000	100%			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. 7 – Non-operating company in liquidation.

During the first half of 2015 the Group structure underwent the following change: in January 2015 the Danish company Ferragamo Denmark ApS was set up (100% owned by Salvatore Ferragamo S.p.A.); for further details reference should be made to the section “Significant events occurred during the first half of 2015”.

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

The consolidated financial statements are 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’ financial statements expressed in foreign currency were (to 1 Euro) as follows:

	Average rates		Exchange rates at the end of the reporting period		
	30 June	30 June	30 June	31 December	30 June
	2015	2014	2015	2014	2014
US Dollar	1.1158	1.3703	1.1189	1.2141	1.3658
Swiss Franc	1.05673	1.22145	1.0413	1.2024	1.2156
Japanese Yen	134.204	140.4027	137.01	145.2300	138.4399
Pound Sterling	0.7323	0.8213	0.7114	0.7789	0.8015
Danish Krone	7.4562	7.4627	7.4604	7.4453	7.4557
Australian Dollar	1.4261	1.4989	1.4550	1.4829	1.4537
South Korean Won	1,227.31	1,438.29	1,251.27	1,324.80	1,382.04
Hong Kong Dollar	8.6517	10.6292	8.6740	9.4170	10.5858
Mexican Peso	16.8887	17.9747	17.5332	17.8679	17.7124
New Taiwanese Dollar	34.8029	41.3777	34.6294	38.3711	40.7937
Singapore Dollar	1.5061	1.7280	1.5068	1.6058	1.7047
Thai Baht	36.7826	44.6170	37.7960	39.9100	44.3230
Malaysian Ringgit	4.0621	4.4771	4.2185	4.2473	4.3856
Indian Rupee	70.1244	83.2889	71.1873	76.7190	82.2023
Macau Pataca	8.9062	10.9389	8.9472	9.6875	10.8956
Chinese Renminbi	6.9408	8.4500	6.9366	7.5358	8.4722
Chilean Peso	692.96	757.541	716.589	736.290	753.739
Argentine Peso	9.839	10.724	10.187	10.158	11.106
Brazilian Real	3.3102	3.1499	3.4699	3.2207	3.0002
Canadian Dollar	1.3774	1.5029	1.3839	1.4063	1.4589

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-year 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 2015.

(In thousands of Euro)	Value at	Translation	Additions	Disposals	Depreciation	Reclassifications	Value at
	01.01.2015	difference					30.06.2015
Land	20,010	751	-	-	-	-	20,761
Buildings	27,485	828	11,450	-	(1,413)	-	38,350
Plant and equipment	4,434	9	3,647	-	(823)	-	7,267
Industrial and commercial equipment	36,853	1,645	5,503	(405)	(6,111)	1,015	38,500
Other assets	16,630	863	3,591	(148)	(3,557)	-	17,379
Leasehold improvements	89,731	5,818	10,457	(255)	(12,924)	(1,015)	91,812
Fixed assets in progress and payments on account	16,934	339	10,082	(19,794)	-	-	7,561
<b>Total</b>	<b>212,077</b>	<b>10,253</b>	<b>44,730</b>	<b>(20,602)</b>	<b>(24,828)</b>	<b>-</b>	<b>221,630</b>

The addition:

- in the item “Buildings” mainly refers to the completion of a new building in the facility at Osmannoro-Sesto Fiorentino following the plan to renovate the whole facility which has been initiated in 2013 and, to a lesser extent, to improvements to the property owned in the USA and South Korea.
- in industrial and commercial equipment refers to the opening and renovation of stores (5,222 thousand Euro) and the purchase of equipment and molds (281 thousand Euro) for the fragrances product category;
- in other assets mainly concerns furniture and furnishings (2,592 thousand Euro) and IT equipment (819 thousand Euro);
- in “Leasehold improvements” refers mainly to work carried out for the opening or refurbishment of stores.

Disposals mainly refer to assets in stores renovated or closed during the period.

### 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 2015.

(In thousands of Euro)	Value at	Translation	Additions	Depreciation	Value at
	01.01.2015	difference			30.06.2015
Land	4,610	392	-	-	5,002
Buildings	2,405	205	-	(172)	2,438
<b>Total</b>	<b>7,015</b>	<b>597</b>	<b>-</b>	<b>(172)</b>	<b>7,440</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 2015:

(In thousands of Euro)	Value at 01.01.2015	Translation difference	Additions	Disposals	Amortization	Value at 30.06.2015
Industrial patents and use of intellectual property rights	3,366	88	1,921	(2)	(1,065)	4,308
Concessions, licenses and trademarks	1,665	-	279	-	(165)	1,779
Development costs	10,486	-	3,827	-	(2,018)	12,295
Others	8,391	235	1,593	(13)	(842)	9,364
Intangible assets with a finite useful life in progress	5,312	71	2,582	(4,765)	-	3,200
<b>Total</b>	<b>29,220</b>	<b>394</b>	<b>10,202</b>	<b>(4,780)</b>	<b>(4,090)</b>	<b>30,946</b>

Intangible assets with a finite useful life rose compared to 31 December 2014 mainly due to new investment in software application development costs (item "Development costs"), software license costs (item "Industrial patents and use of intellectual property rights") and key money paid during the first half of 2015 due to the opening of new stores in Europe (item "Others").

The item "Development costs" includes the capitalization of software development costs for the development of business software applications (SAP accounting system, ERP, reporting systems, and the e-commerce platform).

The item "Others" refers mainly to the so-called key money, i.e. the sums paid to obtain the use of leased property (net value of 7,608 thousand Euro as at 30 June 2015).

## 7. Other non current assets

As at 30 June 2015, other non current assets totaled 7,843 thousand Euro, up compared to 31 December 2014 (6,683 thousand Euro) and refer for 6,105 thousand Euro to the impact relating to the straight line charging of rental income from investment property in the USA, as provided for by the relevant standards (straight lining).

The item also includes 1,595 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 new license contract renegotiated and signed in December 2014.

## 8. Other non current financial assets

Other non current financial assets, totaling 17,082 thousand Euro as at 30 June 2015 (14,668 thousand Euro as at 31 December 2014), refer to guarantee deposits, mainly for existing rental contracts, and are accounted for at amortized cost.

## 9. Inventories

Ending inventories refer to the following categories:

(In thousands of Euro)	30 June 2015	31 December 2014	Change 2015 vs. 2014
Gross value of raw materials, accessories and consumables	60,106	55,246	4,860
Provision for obsolete inventory	(8,476)	(7,519)	(957)
Raw materials, accessories and consumables	<b>51,630</b>	<b>47,727</b>	<b>3,903</b>
Gross value of finished products and goods for resale	325,979	321,506	4,473
Provision for obsolete inventory	(38,157)	(30,678)	(7,479)
Finished products and goods for resale	<b>287,822</b>	<b>290,828</b>	<b>(3,006)</b>
<b>Total</b>	<b>339,452</b>	<b>338,555</b>	<b>897</b>

The change in raw materials compared to 31 December 2014 depends on production volumes for the period; the provision reflects the obsolescence of raw materials (mainly leather and accessories) which are no longer suitable for the production plans.

Inventories of finished products, despite the increase in turnover, decreased by 3,006 thousand Euro compared to 31 December 2014.

(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 2015 vs. 2014
	2015	2014	
Raw materials	957	(1,303)	2,260
Finished products	6,082	5,383	699
<b>Total</b>	<b>7,039</b>	<b>4,080</b>	<b>2,959</b>

## 10. Trade receivables

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

(In thousands of Euro)	30 June	31 December	Change 2015 vs. 2014
	2015	2014	
Trade receivables	181,147	157,509	23,638
Provision for bad debt	(7,078)	(6,614)	(464)
<b>Total</b>	<b>174,069</b>	<b>150,895</b>	<b>23,174</b>

Trade receivables mainly refer to wholesale sales and are due for around 25,832 thousand Euro to fragrances and, for the remainder, to other product categories. They are interest-free and are generally due in 90 days or less. The related provision for bad debt is considered adequate to meet any cases of insolvency. The increase compared to 31 December 2014 is due to the growth in wholesale turnover, also affected by the appreciation of foreign currencies, in particular the US dollar and the Chinese renminbi and in part to the extension of payment terms.

The change in the provision for bad debt in the half-year period ended 30 June 2015 was as follows:

(In thousands of Euro)	Value at	Translation	Allocations	Uses	Value at
	01.01.2015	difference			30.06.2015
<b>Provision for bad debt</b>	<b>6,614</b>	33	661	(230)	<b>7,078</b>

## 11. Tax receivables

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

(In thousands of Euro)	30 June	31 December	Change 2015 vs. 2014
	2015	2014	
Due from tax authorities (value added tax and other taxes)	5,600	6,814	(1,214)
Due from tax authorities for income taxes	4,479	6,447	(1,968)
Withholding taxes	232	227	5
<b>Total</b>	<b>10,311</b>	<b>13,488</b>	<b>(3,177)</b>

The 3,177 thousand Euro decrease in tax receivables is mainly attributable to the decrease in receivables for VAT and income taxes.

## 12. Other current assets

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

(In thousands of Euro)	30 June	31 December	Change 2015 vs. 2014
	2015	2014	
Other receivables	17,004	14,318	2,686
Accrued income	48	3	45
Prepaid expenses	19,206	17,859	1,347
Other receivables for short-term hedge derivatives	3,689	1,878	1,811
<b>Total</b>	<b>39,947</b>	<b>34,058</b>	<b>5,889</b>

As at 30 June 2015, the item "Other receivables" mainly includes:

- advances to suppliers (1,533 thousand Euro), up by 653 thousand Euro from 31 December 2014;

- receivables due from credit card management companies for retail sales (7,455 thousand Euro), down by 959 thousand Euro compared to 31 December 2014;
- receivables due from employees for 3,320 thousand Euro, of which 3,188 thousand Euro for tax withholdings in June in relation to the allocation of ordinary shares of Salvatore Ferragamo S.p.A. as set out in the Stock Grant Plan to employees resident in Italy (see note 33). These receivables were fully repaid by employees before the deadline for the payment of the withholdings;
- receivables from the Holding company Ferragamo Finanziaria S.p.A. (amounting to 2,025 thousand Euro) concerning the domestic fiscal unity; they refer to the income tax (IRES) refund claim (submitted in 2012) regarding the deduction of the regional manufacturing tax (IRAP) in relation to personnel costs from 2007 to 2011, unchanged compared to 31 December 2014.

Prepaid expenses mainly include contributions to customers for 8,898 thousand Euro, rents for 4,644 thousand Euro and insurance premiums for 1,572 thousand Euro and increased overall by 1,347 thousand Euro compared to 31 December 2014.

Other receivables for hedge derivatives amounting to 3,689 thousand Euro (1,878 thousand Euro as at 31 December 2014) 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.

### 13. Other current financial assets

Other current financial assets as at 30 June 2015 totaled 726 thousand Euro, down by 250 thousand Euro compared to 31 December 2014, and include the fair value measurement of derivatives for the non-hedge component.

### 14. Cash and cash equivalents

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

(In thousands of Euro)	30 June 2015	31 December 2014	Change 2015 vs. 2014
Time deposits	10,068	12,212	(2,144)
Bank and post office sight deposits	83,758	83,178	580
Cash and values on hand	984	1,073	(89)
<b>Total</b>	<b>94,810</b>	<b>96,463</b>	<b>(1,653)</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 2015, the Group had unused credit lines for 610,348 thousand Euro. As at 31 December 2014, unused credit lines totaled 650,791 thousand Euro.

For the purposes of the consolidated statement of cash flows, the item "Cash and cash equivalents" as at 30 June 2015 and 30 June 2014 was broken down as follows:

(In thousands of Euro)	30 June 2015	30 June 2014	Change 2015 vs. 2014
Cash and bank sight deposits	84,742	59,803	24,939
Time deposits	10,068	7,585	2,483
Bank overdrafts	-	(5)	5
<b>Total</b>	<b>94,810</b>	<b>67,383</b>	<b>27,427</b>

### 15. Share capital and reserves

Here below are the main changes occurred in the Group's share capital and reserves during the first half of 2015.

The **share capital** of the Parent Company as at 30 June 2015 (wholly subscribed and paid up) amounted to 16,879,000 Euro and consisted of 168,790,000 ordinary shares with a nominal value of 0.10 Euro each. On 3 June 2015, the share capital increased by 38,000 Euro with the issue of 380,000 ordinary shares with a nominal value of 0.10 Euro each as a consequence of the resolution of the Board of Directors of Salvatore Ferragamo S.p.A. of 13 May 2015 which implemented the free share capital increase through the charging to capital of 38,000 Euro taken from the "Specific reserve for share capital

increase to serve the 2012 Stock Grant Plan”. For details reference should be made to the section “Significant events occurred during the first half of 2015” and note 33 herein.

The **extraordinary reserve**, of 191,675 thousand Euro, which refers entirely to the Parent company, was set up with retained earnings; the increase recorded in the period refers for 36,443 thousand Euro to the net profit for 2014, net of the distribution of dividends of 70,732 thousand Euro which were approved during the first half of 2015, and for 12 thousand Euro to the reclassification of the unused residual amount of the “Specific reserve for share capital increase to serve the 2012 Stock Grant Plan”, with the consequent cancellation of the aforementioned reserve of an original amount of 50,000 Euro, which was set up in 2012.

The **cash flow hedge reserve** was negative for 20,985 thousand Euro and is the result of the valuation of the financial instruments defined as cash flow hedges as at 30 June 2015, given the hedges of the Parent Company against exchange rate risk, and is shown net of the tax effect.

The **translation reserve**, negative for 19,029 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 182,958 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 2015 said reserve was affected by the combined effect of several factors: on the one hand, it rose by 120,122 thousand Euro due to the capitalization of the net profit for 2014, net of the Parent company’s profit which was allocated to the extraordinary reserve; in addition, it rose by 197 thousand Euro due to the effect in the period of the recognition of the put and call agreements on pre-existing minority interests and by 5,037 thousand Euro for the transfer from “Other Reserves” of the Stock Grant Reserve, due to the impact of the 2012 Stock Grant Plan which expired in June 2015. On the other hand, the decrease in the reserve was mainly due to the dividends (70,732 thousand Euro) distributed by the Parent company during the first half of 2015.

The items “**Other reserves**” and “**Effect IAS 19 equity**” (net total of 11,949 thousand Euro) include the values recorded for the valuation differences required by IAS/IFRS compared to the local standards of Group companies. This item decreased by 50 thousand Euro following the cancellation of the “Specific reserve for share capital increase to serve the 2012 Stock Grant Plan” and by 5,037 thousand Euro following the transfer to retained earnings of the Stock Grant Reserve which included the valuation of the rights assigned to receive shares of the Parent company relating to the 2012 Stock Grant Plan.

The amounts are net of the tax effects where applicable.

## 16. Provision for risks and charges

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

(In thousands of Euro)	Value at 01.01.2015	Translation difference	Additions	Uses	Value at 30.06.2015
Legal disputes	942	1	55	(82)	916
Other	6,164	345	366	(151)	6,724
<b>Total</b>	<b>7,106</b>	<b>346</b>	<b>421</b>	<b>(233)</b>	<b>7,640</b>

Legal disputes mainly refer to legal proceedings against the Parent company and only partially to proceedings regarding subsidiaries 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 during the period, while allocations to the provision refer to labor disputes that have arisen during the first half of the year.

The provision for other risks includes allocations against likely future costs; the main allocation concerns future expenses for the restoration of premises leased by third parties (4,948 thousand Euro); in addition, it includes the termination allowance set aside by Ferragamo Parfums S.p.A. for agents operating in Italy; also the changes in the period refer mainly to these items.

As regards contingent liabilities at Group level, for which no provisions have been made, reference should be made to the section “Significant events occurred during the first half of 2015 – Tax and customs disputes and audits”.

## 17. Employee benefit liabilities

The following table shows the breakdown of employee benefits at 30 June 2015 and 31 December 2014:

(In thousands of Euro)	30 June 2015	31 December 2014	Change 2015 vs. 2014
Employee defined benefit liabilities	11,767	11,490	277
Other employee benefit liabilities	116	93	23
<b>Total</b>	<b>11,883</b>	<b>11,583</b>	<b>300</b>

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

(In thousands of Euro)	30 June 2015			31 December 2014		
	Employee benefit obligations	Fair value of plan assets	Employee defined benefit liabilities	Employee benefit obligations	Fair value of plan assets	Employee defined benefit liabilities
<b>Value at 01.01</b>	<b>14,422</b>	<b>(2,932)</b>	<b>11,490</b>	<b>12,694</b>	<b>(2,649)</b>	<b>10,045</b>
Current Service Cost	219	-	219	465	-	465
Financial charges/(income)	131	(25)	106	362	(56)	306
<b>Changes included in net profit/(loss) for the period</b>	<b>350</b>	<b>(25)</b>	<b>325</b>	<b>827</b>	<b>(56)</b>	<b>771</b>
Returns on plan assets	-	4	4	-	34	34
Actuarial loss/(gain) arising from:						
- financial assumptions	43	-	43	1,130	-	1,130
- demographic assumptions	5	-	5	(7)	-	(7)
- experience-based adjustments	185	-	185	(63)	-	(63)
Translation differences	388	(206)	182	311	(103)	208
<b>Changes included in other comprehensive income items</b>	<b>621</b>	<b>(202)</b>	<b>419</b>	<b>1,371</b>	<b>(69)</b>	<b>1,302</b>
Contributions paid by the employer	-	(223)	(223)	-	(341)	(341)
Benefits paid	(354)	110	(244)	(446)	183	(263)
Reclassifications	-	-	-	(24)	-	(24)
<b>Other changes</b>	<b>(354)</b>	<b>(113)</b>	<b>(467)</b>	<b>(470)</b>	<b>(158)</b>	<b>(628)</b>
<b>Value at the end of the period</b>	<b>15,039</b>	<b>(3,272)</b>	<b>11,767</b>	<b>14,422</b>	<b>(2,932)</b>	<b>11,490</b>

Employee defined benefit liabilities of the Group's Italian companies (the Parent company and Ferragamo Parfums S.p.A.) amounted to 8,674 thousand Euro, down by 380 thousand Euro compared to 31 December 2014. Here below are the main financial assumptions used in determining said present value:

	30 June 2015	31 December 2014
Annual rate of salary increase	3.97%	3.97%
Annual discount rate	1.62%	1.24%
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 and Ferragamo Retail India Private Ltd. They amounted to 3,093 thousand Euro, up by 657 thousand Euro compared to 31 December 2014. Here below are the main financial assumptions used in determining the present value of the obligations:

	30 June 2015	31 December 2014
Annual rate of salary increase	3.3% - 5.3%	2.0% - 5.5%
Annual discount rate	0.55% - 8.18%	0.47% - 8.0%

## 18. Other non current liabilities

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

(In thousands of Euro)	30 June	31 December	Change
	2015	2014	2015 vs. 2014
Payables for deferred rents	53,054	48,455	4,599
Other payables	397	303	94
<b>Total</b>	<b>53,451</b>	<b>48,758</b>	<b>4,693</b>

Payables for deferred rents mainly refer to the straight lining of rents over the contract period for the property leased in the United States (45,501 thousand Euro), 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, and in other countries in which the Group operates.

## 19. Trade payables

The breakdown of trade payables was as follows:

(In thousands of Euro)	30 June	31 December	Change
	2015	2014	2015 vs. 2014
Trade payables	188,690	186,866	1,824
Advances from customers	1,360	689	671
<b>Total</b>	<b>190,050</b>	<b>187,555</b>	<b>2,495</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.

## 20. Interest-bearing loans & borrowings

A breakdown of current and non current interest-bearing loans & borrowings is given below:

(In thousands of Euro)	30 June	31 December	Change
	2015	2014	2015 vs. 2014
Medium/long-term financial payables to banks	22,745	21,331	1,414
Short-term financial payables to banks	165,673	121,075	44,598
Bank overdrafts	-	8	(8)
<b>Total</b>	<b>188,418</b>	<b>142,414</b>	<b>46,004</b>

The Group's financial requirements are covered by short-term and medium/long-term payables relating to short- and medium/long-term bank credit lines. The Group's loans and credit lines are 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, the total amount of committed lines of credit decreased, since one line of credit expired and it was not considered necessary to renew it. During the first half of the year the total amount relating to uncommitted credit lines available to the Group was increased thanks to new credit lines and the extension of existing ones with different banks.

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

(In thousands of Euro)	30 June 2015		31 December 2014	
	Agreed	Used	Agreed	Used
Committed credit lines	284,195	43,459	311,099	28,140
<i>Revolving credit lines</i>	261,450	20,714	289,768	6,809
<i>Term loans</i>	22,745	22,745	21,331	21,331
Uncommitted credit lines	514,571	144,959	482,106	114,274
<b>Total</b>	<b>798,766</b>	<b>188,418</b>	<b>793,205</b>	<b>142,414</b>

The following table provides the breakdown and changes in the net financial position as at 30 June 2015, 31 December 2014 and 30 June 2014, restated in accordance with the model included in CONSOB Communication no. DEM/6064293 of 28 July 2006.

(In thousands of Euro)	30 June	31 December	30 June	Change	Change
	2015	2014	2014	06.15 vs. 12.14	06.15 vs. 06.14
A. Cash	984	1,073	675	(89)	309
B. Other cash equivalents	93,826	95,390	66,713	(1,564)	27,113
<b>C. Cash and cash equivalents (A)+(B)</b>	<b>94,810</b>	<b>96,463</b>	<b>67,388</b>	<b>(1,653)</b>	<b>27,422</b>
Derivatives – non-hedge component	726	976	1,445	(250)	(719)
Other financial assets	-	-	-	-	-
<b>D. Current financial receivables</b>	<b>726</b>	<b>976</b>	<b>1,445</b>	<b>(250)</b>	<b>(719)</b>
E. Current bank payables	165,673	121,083	178,184	44,590	(12,511)
F. Derivatives – non-hedge component	318	260	512	58	(194)
G. Other current financial payables	4,433	4,118	4,133	315	300
<b>H. Current financial debt (E)+(F)+(G)</b>	<b>170,424</b>	<b>125,461</b>	<b>182,829</b>	<b>44,963</b>	<b>(12,405)</b>
<b>I. Current financial debt, net (H)-(C)-(D)</b>	<b>74,888</b>	<b>28,022</b>	<b>113,996</b>	<b>46,866</b>	<b>(39,108)</b>
J. Non current bank payables	22,745	21,331	-	1,414	22,745
K. Derivatives – non-hedge component	-	-	-	-	-
M. Other non current payables	-	-	-	-	-
<b>N. Non current financial debt (J)+(K)+(M)</b>	<b>22,745</b>	<b>21,331</b>	<b>-</b>	<b>1,414</b>	<b>22,745</b>
<b>O. Net financial debt (I)+(N)</b>	<b>97,633</b>	<b>49,353</b>	<b>113,996</b>	<b>48,280</b>	<b>(16,363)</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, generally assessed on an annual basis, are included only in some local loan contracts of companies with minority interests, even though they are uncommitted credit lines.

## 21. Tax payables

As at 30 June 2015, tax payables amounted to 22,951 thousand Euro and concerned payables for income taxes pertaining to the period and other taxes due by Group companies. The increase by 1,423 thousand Euro recorded in the first half of the year is mainly attributable to the increase in income taxes and in payables for withholdings.

## 22. Other current liabilities

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

(In thousands of Euro)	30 June	31 December	Change
	2015	2014	2015 vs. 2014
Other payables	32,693	28,174	4,519
Payables to social security institutions	4,008	5,404	(1,396)
Accrued expenses	1,591	4,655	(3,064)
Deferred income	2,996	2,357	639
Other payables for hedge derivatives	21,639	23,120	(1,481)
<b>Total</b>	<b>62,927</b>	<b>63,710</b>	<b>(783)</b>

Other payables mainly include the Group's payables to employees for amounts accrued but not yet paid at the reporting date and payables due to the holding company Ferragamo Finanziaria S.p.A. (11,547 thousand Euro) as part of the domestic fiscal unity; they also include payables to suppliers and service providers which had not been invoiced at the reporting date. The increase compared to 31 December 2014 of 4,519 thousand Euro was mainly attributable to payables due to the Parent company Ferragamo Finanziaria S.p.A., net of the reduction in payables due to employees.

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 24 below.

### 23. 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	31 December	Change
	2015	2014	2015 vs. 2014
Short-term derivatives	318	260	58
Other current financial payables	4,433	4,118	315
<b>Total</b>	<b>4,751</b>	<b>4,378</b>	<b>373</b>

The item “Other current financial payables” as at 30 June 2015 includes:

- 940 thousand Euro for payables to the minority shareholders of Ferragamo Retail India Private Limited. As at 31 December 2014 this item amounted to 823 thousand Euro;
- the put option (3,493 thousand Euro) granted to the minority shareholders of Ferragamo Japan K.K. to sell to Salvatore Ferragamo S.p.A. their 29% investment in the Japanese company, which is valued in compliance with the conditions set out 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 2014 this item amounted to 3,295 thousand Euro.

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 24 below.

### 24. 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 2015 and 31 December 2014.

*Classification of financial instruments and presentation of their fair value*

FINANCIAL ASSETS	Book value as at 30 June 2015		Fair Value as at 30 June 2015	Book value as at 31 December 2014		Fair Value as at 31 December 2014
	Current portion	Non current portion		Current portion	Non current portion	
(In thousands of Euro)						
Financial assets at fair value through profit or loss						
Derivatives – non-hedge component	726	-	726	976	-	976
Available-for-sale financial assets	-	20	20	-	25	25
Receivables and loans						
Receivables from others (M/L term)	-	1,595	1,573	-	595	590
Trade receivables	174,069	-	174,069	150,895	-	150,895
Guarantee deposits	-	17,082	17,082	-	14,668	14,668
Cash and cash equivalents	94,810	-	94,810	96,463	-	96,463
Derivatives – hedge component	3,689	11	3,700	1,878	-	1,878
<b>Total</b>	<b>273,294</b>	<b>18,708</b>	<b>291,980</b>	<b>250,212</b>	<b>15,288</b>	<b>265,495</b>
FINANCIAL LIABILITIES						
(In thousands of Euro)						
Liabilities at amortized cost						
Trade payables and payments on account	190,050	-	190,050	187,555	-	187,555
Payables to banks and other financial payables	170,106	22,745	192,851	125,201	21,331	146,532
Financial liabilities at fair value through profit or loss						
Derivatives – non-hedge component	318	-	318	260	-	260
Derivatives – hedge component	21,639	-	21,639	23,120	-	23,120
<b>Total</b>	<b>382,113</b>	<b>23,033</b>	<b>405,146</b>	<b>336,179</b>	<b>21,500</b>	<b>357,679</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 fair value measurement as defined by IFRS 13.

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.

Medium/long-term receivables from others include receivables of Ferragamo Parfums S.p.A. from Emanuel Ungaro Italia S.r.l.; they arose from a contract signed in December 2014 which includes, for 595 thousand Euro, payment in three equal annual installments and, for 1,000 thousand Euro, payment on the basis of the royalties recovered, which is estimated to take place in two annual installments starting from 2018; the fair value is calculated by discounting the nominal value at the market IRS rates listed for individual annual maturities and adjusted to take account of the half-year maturities, in accordance with the discounted cash flow method. Available-for-sale financial assets are measured at cost because there is no market information allowing for their fair value to be reliably established.

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 twelve 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.

## 25. 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;
  - 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.

As at 30 June 2015 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 rate 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 above 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 2015 and the year ended 31 December 2014:

Exchange rate risk (In thousands of Euro)	Cash flow hedge reserve	
	30 June 2015	31 December 2014
<b>Opening balance</b>	<b>(21,653)</b>	<b>18,443</b>
+ increases for recognition of new positive effectiveness	4,035	2,256
- decreases for recognition of new negative effectiveness	(34,433)	(28,490)
- decreases for reversal of positive effectiveness from shareholders' equity and recognition of income in profit or loss	(340)	(15,785)
+ increases for reversal of negative effectiveness from shareholders' equity and recognition of cost in profit or loss	23,446	1,923
<b>Closing balance</b>	<b>(28,945)</b>	<b>(21,653)</b>

The Reserve, which consists of the value changes in hedges for expected transactions in foreign currency, decreased by 7,292 thousand Euro overall during the first half of 2015, due to the general depreciation of the Euro against the currencies in which the Group carries out hedging transactions against exchange rate risk. The effect directly reclassified out of the Reserve to profit or loss under revenues from sales during the first half of 2015, when the underlying cash flows materialized, was negative and amounted to 23,106 thousand Euro.

During the first six months of 2015, 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 2014, 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 38.4 per cent of global turnover: the remaining turnover refers to retail sales with payment in cash or through credit or debit cards.

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, 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 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 2015 and 2014.

### 26. Revenues

In the first half of 2015 and 2014, revenues totaled 722,375 thousand Euro and 659,019 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
	2015	2014	2015 vs. 2014
Retail revenues	438,135	393,361	44,774
Wholesale revenues	272,554	255,953	16,601
Licenses and services	5,264	4,224	1,040
Rental income investment properties	6,422	5,481	941
<b>Total</b>	<b>722,375</b>	<b>659,019</b>	<b>63,356</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).

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

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

Cost of goods sold and operating costs in the first half of 2015 and 2014 were 592,238 thousand Euro and 543,158 thousand Euro respectively, and were classified by function as follows:

(In thousands of Euro)	Half-year period ended 30 June		Change
	2015	2014	2015 vs. 2014
Cost of goods sold	247,143	245,278	1,865
Style, product development and logistics costs	22,371	22,723	(352)
Sales & distribution costs	224,689	184,314	40,375
Marketing & communication costs	35,335	34,586	749
General and administrative costs	52,781	47,671	5,110
Other operating costs	9,919	8,586	1,333
<b>Total</b>	<b>592,238</b>	<b>543,158</b>	<b>49,080</b>

Costs rose by 9.0% compared to the first half of 2014, due to the growth in turnover which rose by 9.6%.

### 28. 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
	2015	2014	2015 vs. 2014
Raw materials, finished products and consumables used	137,468	132,075	5,393
Costs for services	310,231	288,032	22,199
Personnel costs	105,530	91,998	13,532
Amortization and depreciation	29,090	22,467	6,623
Other charges	9,919	8,586	1,333
<b>Total</b>	<b>592,238</b>	<b>543,158</b>	<b>49,080</b>

## 29. Other income and revenues

Other income and revenues, amounting to 5,414 thousand Euro, rose by 707 thousand Euro compared to the first half of 2014, with the ratio to total revenues remaining unchanged compared to the first half of 2014 (0.7%).

## 30. Financial operations

Financial operations are broken down as follows:

(In thousands of Euro)	Half-year period ended 30 June		Change 2015 vs. 2014
	2015	2014	
<b>Financial charges</b>			
Interest expense	2,806	2,001	805
Discount charges and other financial charges	1,107	922	185
Losses on exchange rate differences	15,153	3,853	11,300
Financial charges for fair value adjustment of derivatives	12,771	4,075	8,696
<b>Total</b>	<b>31,837</b>	<b>10,851</b>	<b>20,986</b>

(In thousands of Euro)	Half-year period ended 30 June		Change 2015 vs. 2014
	2015	2014	
<b>Financial income</b>			
Gains on disposal of investments to third parties	1	-	1
Interest income	276	133	143
Other financial income	35	149	(114)
Gains on exchange rate differences	22,741	6,107	16,634
Financial income for fair value adjustment of derivatives	3,097	2,013	1,084
<b>Total</b>	<b>26,150</b>	<b>8,402</b>	<b>17,748</b>
<b>Total financial operations</b>	<b>(5,687)</b>	<b>(2,449)</b>	<b>(3,238)</b>

The decrease in financial income is attributable to the increase in financial income for fair value adjustment of derivatives, to be considered together with net gains and losses on exchange rate differences.

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 measurement 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. During the first half of 2015 net exchange rate gains amounted to 7,588 thousand Euro compared to net exchange rate gains of 2,254 thousand Euro in the first half of 2014.

The item "Gains on disposal of investments to third parties" refers to the gain on the sale by the subsidiary Ferragamo Japan K.K. of a residual investment, which was recorded at 31 December 2014 under available-for-sale financial assets for a book value of 5 thousand Euro and which is no longer of interest to the Group.

## 31. Income taxes

The taxes recorded in the income statement were as follows:

(In thousands of Euro)	Half-year period ended 30 June		Change 2015 vs. 2014
	2015	2014	
Current taxes	(47,353)	(43,060)	(4,293)
Deferred taxes	7,328	6,958	370
<b>Total</b>	<b>(40,025)</b>	<b>(36,102)</b>	<b>(3,923)</b>
<b>Tax rate</b>	<b>30.8%</b>	<b>30.6%</b>	

Taxes were calculated using the best possible estimate of the annual average expected tax rate at the reporting date.

*Deferred tax assets and liabilities*

The following table provides a breakdown of the assets and liabilities components for deferred taxes as at 30 June 2015 and 31 December 2014:

(In thousands of Euro)	30 June 2015	31 December 2014	Change 2015 vs. 2014
<b>Deferred tax assets</b>			
- on employee benefits	1,710	1,709	1
- on tangible assets	3,940	3,427	513
- on intangible assets	1,001	1,075	(74)
- on the cash flow hedge reserve/derivative contracts IAS 39	2,360	3,814	(1,454)
- on the valuation of inventories	13,071	10,456	2,615
- on the elimination of the profit unrealized in inventories	55,710	47,743	7,967
- on tax losses	4,653	4,961	(308)
- on taxed provisions	5,045	4,029	1,016
- for other temporary differences	19,438	18,060	1,378
<b>Deferred tax assets</b>	<b>106,928</b>	<b>95,274</b>	<b>11,654</b>
<b>Deferred tax liabilities</b>			
- on employee benefits	(47)	(45)	(2)
- on tangible assets	(941)	(904)	(37)
- on the valuation of inventories	(1,650)	(1,634)	(16)
- for other temporary differences	(1,654)	(1,588)	(66)
<b>Deferred tax liabilities</b>	<b>(4,292)</b>	<b>(4,171)</b>	<b>(121)</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.

### 32. Earnings per share

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

The basic 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 diluted earnings per share, the weighted average number of shares was increased in order to take into account the dilution effects of the 2012 Stock Grant Plan (expired in June 2015) with the allocation of 380,000 ordinary shares. For further details reference should be made to note 33.

Here below are the values used to calculate the basic and diluted earnings per share.

	Half-year period ended 30 June	
	2015	2014
Net profit (loss) – shareholders of the Parent company (Euro)	88,153,427	78,078,087
Average number of ordinary shares	168,467,000	168,410,000
<b>Basic earnings per share – ordinary shares (Euro)</b>	<b>0.523</b>	<b>0.464</b>
Average number of ordinary shares	168,467,000	168,410,000
Dilution effect: number of shares which could have been issued (2012 Stock Grant Plan)	323,000	260,436
Diluted average number of ordinary shares	168,790,000	168,670,436
<b>Diluted earnings per share – ordinary shares (Euro)</b>	<b>0.522</b>	<b>0.463</b>

### 33. Share-based payments

#### 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, as well as fair value measurement, reference should be made to the information provided in the Consolidated Financial Statements as at 31 December 2014 (note 34).

On 13 May 2015 the Board of Directors of Salvatore Ferragamo S.p.A implemented this Plan. In particular, the Board of Directors, after having ascertained, upon the request of the Nomination and Remuneration Committee, that all the Company's performance objectives and the other requirements set out in the Plan had been complied with, with the favorable opinion of the Board of Statutory Auditors, approved implementation of the Company's free share capital increase for a total amount of 38,000 Euro, through the issue of 380,000 new ordinary shares with a nominal value of 0.10 Euro each in favor of the 12 beneficiaries of the Plan. The new shares were issued and awarded to rights holders in June 2015.

Changes in the period	Number of rights assigned to receive shares*	Shares assigned
(i) outstanding at the start of the year	380,000	-
(ii) assigned in the period	(380,000)	380,000
(iii) canceled in the period	-	-
(iv) exercised in the period	-	-
(v) expired in the period	-	-
(vi) outstanding at the end of the period	-	-
(vii) exercisable at the end of the period	-	-

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

##### (b) Changes to the Stock Grant Reserve in the period

	30 June 2015		31 December 2014	
	Number	Fair Value (In thousands of Euro)	Number	Fair Value (In thousands of Euro)
<u>Employees of Salvatore Ferragamo S.p.A.</u>				
- rights to receive shares at the start of the year	230,000	2,574	230,000	1,614
- shares assigned in the period	230,000	3,049	-	-
- rights to receive shares at the end of the period	-	-	230,000	2,574
<u>Employees of subsidiaries</u>				
- rights to receive shares at the start of the year	150,000	1,677	150,000	1,052
- shares assigned in the period	150,000	1,988	-	-
- rights to receive shares at the end of the period	-	-	150,000	1,677
<u>Employees of the Salvatore Ferragamo Group</u>				
- rights to receive shares at the start of the year	380,000	4,251	380,000	2,666
- shares assigned in the period	380,000	5,037	-	-
- rights to receive shares at the end of the period	-	-	380,000	4,251

### 34. 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 these kinds 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 Consolidated Financial Statements as at 31 December 2014 (note 35), whereas the cumulative effects of recognized options on the condensed consolidated financial statements as at 30 June 2015 are described in note 23 "Other current financial liabilities".

### 35. 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, apparel, 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	
	2015	2014
<b>Revenues</b>	<b>722,375</b>	<b>659,019</b>
<b>Gross profit</b>	<b>475,232</b>	<b>413,741</b>
<b>Gross profit %</b>	<b>65.8%</b>	<b>62.8%</b>
Personnel costs	(98,328)	(85,502)
Rental costs	(100,974)	(82,449)
Amortization, depreciation and write-downs of non current assets	(28,679)	(22,163)
Communication costs	(32,937)	(32,278)
Other costs (net of other income)	(78,763)	(70,781)
<b>Operating profit</b>	<b>135,551</b>	<b>120,568</b>
Net financial (charges)/income	(5,687)	(2,449)
<b>Profit before taxes</b>	<b>129,864</b>	<b>118,119</b>
Income taxes	(40,025)	(36,102)
<b>Net profit/(loss)</b>	<b>89,839</b>	<b>82,017</b>

(In thousands of Euro)	30 June 2015	31 December 2014
Inventories	339,452	338,555
Trade receivables	174,069	150,895
Tangible assets and investment property	229,070	219,092
Intangible assets with a finite useful life	30,946	29,220
Other assets	182,131	164,196
<b>Total assets gross of cash and cash equivalents and current financial receivables</b>	<b>955,668</b>	<b>901,958</b>
Net financial debt	97,633	49,353
Trade payables	190,050	187,555
Other liabilities	163,144	156,856
Shareholders' equity	504,841	508,194
<b>Total liabilities and shareholders' equity (net of cash and cash equivalents and current financial receivables)</b>	<b>955,668</b>	<b>901,958</b>

(In thousands of Euro)	30 June 2015	30 June 2014
<b>Other sector information</b>		
Investment in tangible assets	24,936	31,749
Investment in intangible assets with a finite useful life	5,437	2,524

### 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 2015 (In thousands of Euro)	Europe	North America	Japan	Asia Pacific	Central and South America	Consolidated
<b>Revenues</b>	195,494	164,480	62,528	265,650	34,223	722,375
<b>Other sector information</b>						
Sector assets	105,944	77,477	7,047	83,187	11,295	284,950
<b>Investments:</b>						
Tangible assets	7,665	4,358	1,224	10,270	1,419	24,936
Intangible assets with a finite useful life	4,732	638	63	4	-	5,437
<hr/>						
30 June 2014 (In thousands of Euro)	Europe	North America	Japan	Asia Pacific	Central and South America	Consolidated
<b>Revenues</b>	181,665	141,657	57,760	248,928	29,009	659,019
<b>Other sector information</b>						
Sector assets	90,800	61,339	5,685	62,272	12,402	232,498
<b>Investments:</b>						
Tangible assets	11,582	5,619	585	12,700	1,263	31,749
Intangible assets with a finite useful life	2,145	66	102	211	-	2,524

### 36. Transactions with related parties

The following tables show the overall values of transactions with related parties in the first half of 2015 and 2014:

(In thousands of Euro)	Half-year period ended 30 June 2015		30 June 2015			
	Revenues	Operating costs (net of other income)	Trade receivables	Other assets	Trade payables	Other current liabilities
<b>Holding company</b>						
Ferragamo Finanziaria S.p.A.	-	(5)	-	2,025	-	(11,547)
(company which exercises management and coordination on Salvatore Ferragamo S.p.A.)						
<b>Related companies</b>						
Palazzo Feroni Finanziaria S.p.A.	8	(3,573)	15	70	(132)	-
Lungarno Alberghi S.r.l.	66	(333)	58	-	(15)	-
Fondazione Ferragamo	2	(110)	-	-	(50)	-
<b>Companies connected to members of the Board of Directors</b>						
Bacco S.r.l.	-	(1)	-	-	-	-
Il Borro S.r.l.	7	-	9	-	-	-
Castiglion del Bosco Hotel S.r.l.	6	-	2	-	-	-
The European House Ambrosetti S.p.A.	2	-	1	-	-	-
Rubino S.r.l.	-	(62)	-	16	-	-
Arpa S.r.l.	8	(16)	10	-	(8)	-
Baia di Scarlino S.r.l.	3	-	4	-	-	-
Viesca Agricola S.r.l.	4	-	5	-	-	-
Imaginex Management Co. Ltd.	3	(245)	-	-	(71)	(206)
Wharf T&T Ltd.	-	(11)	-	-	-	-
Times Square Ltd.	-	(1,440)	-	-	-	-
Wharf Realty Ltd.	-	(5,153)	-	-	-	-
Imaginex Beauty Ltd.	-	-	-	-	-	(1)
LongJin Zonghe Kaifa (Chengdu) LTD	-	(1,142)	-	610	-	-
Dalian Times Square Commercial Co. Ltd	-	(588)	-	335	-	-
Shanghai Wheelock square Development Co. Ltd.	-	(341)	-	174	-	-
Shanghai Harriman Property Management Co. Ltd.	-	(48)	-	16	-	-
Shanghai Longxing Property Development Co. Ltd.	-	(746)	-	421	-	-
Shanghai Times Square Property Management (Shanghai) Co. Ltd.	-	(46)	-	6	-	-
<b>Other related parties connected to members of the Board of Directors</b>						
Wanda Miletta Ferragamo	-	(84)	1	-	-	-
Massimo Ferragamo	-	(67)	-	-	(23)	-
Giacomo Ferragamo	-	(423)	-	-	-	(85)
Angelica Visconti	-	(31)	-	-	-	(20)
<b>Managers with strategic responsibilities</b>						
Managers with strategic responsibilities*	-	(1,792)	-	-	-	(220)
<b>Total</b>	<b>109</b>	<b>(16,257)</b>	<b>105</b>	<b>3,673</b>	<b>(299)</b>	<b>(12,079)</b>
<b>Group total</b>	<b>722,375</b>	<b>(339,681)</b>	<b>174,069</b>	<b>57,029</b>	<b>(190,050)</b>	<b>(62,927)</b>
<b>% ratio</b>	<b>0.0%</b>	<b>4.8%</b>	<b>0.1%</b>	<b>6.4%</b>	<b>0.2%</b>	<b>19.2%</b>

\*Including pay and other fees of the Managing Director and the notional cost (fair value) relating to the Stock Grant Plan.

*Half-year report as at 30 June 2015*  
*Salvatore Ferragamo Group*

(In thousands of Euro)	Half-year period ended 30 June 2014			30 June 2014		
	Revenues	Operating costs (net of other income)	Trade receivables	Other assets	Trade payables	Other current liabilities
<b>Holding company</b>						
Ferragamo Finanziaria S.p.A.	-	(10)	-	2,025	(5)	(8,829)
<i>(company which exercises management and coordination on Salvatore Ferragamo S.p.A.)</i>						
<b>Related companies</b>						
Palazzo Feroni Finanziaria S.p.A.	8	(3,591)	15	70	(101)	-
Lungarno Alberghi S.r.l.	102	(329)	67	-	(12)	-
Fondazione Ferragamo	2	(100)	-	-	(60)	-
<b>Companies connected to members of the Board of Directors</b>						
Bacco S.r.l.	-	(1)	-	-	-	-
Il Borro S.r.l.	5	(2)	7	-	-	-
Osteria del Borro S.r.l.	-	(2)	-	-	-	-
Nautor Holding S.r.l.	14	-	17	-	-	-
Castiglion del Bosco S.a.r.l.	-	(2)	-	-	(1)	-
Castiglion del Bosco Hotel S.r.l.	6	-	-	-	-	-
Rubino S.r.l.	-	(62)	-	15	(3)	-
Arpa S.r.l.	7	(10)	9	-	(4)	-
Resort Baia Scarlino S.r.l.	1	-	2	-	-	-
Marchesi Antinori S.r.l.	10	-	13	-	-	-
Imaginex Management Co. Ltd.	19	(194)	-	-	(43)	(24)
Wharf T&T Ltd.	-	(7)	-	-	-	-
Times Square Ltd.	-	(724)	-	-	-	-
Wharf Realty Ltd.	-	(3,459)	-	-	-	-
Imaginex Beauty Ltd.	-	-	-	-	-	(1)
LongJin Zonghe Kaifa (Chengdu) LTD	917	(29)	577	499	(35)	-
Dalian Times Square Commercial Co. Ltd	-	(482)	-	274	-	-
Shanghai Wheelock square Development Co. Ltd.	-	(262)	-	142	-	-
Shanghai Harriman Property Management Co. Ltd.	-	(38)	-	13	-	-
Shanghai Longxing Property Development Co. Ltd.	-	(558)	-	345	-	-
Shanghai Times Square Property Management (Shanghai) Co. Ltd.	-	(37)	-	5	-	-
<b>Other related parties connected to members of the Board of Directors</b>						
Wanda Miletta Ferragamo	-	(112)	1	-	-	-
Massimo Ferragamo	-	(55)	-	-	(19)	-
Giacomo Ferragamo	-	(267)	-	-	-	(62)
Giuseppe Visconti	-	9	10	-	-	-
Angelica Visconti	-	(92)	-	-	-	(21)
<b>Managers with strategic responsibilities</b>						
Managers with strategic responsibilities*	-	(1,897)	-	-	-	(1,739)
<b>Total</b>	<b>1,091</b>	<b>(12,313)</b>	<b>718</b>	<b>3,388</b>	<b>(283)</b>	<b>(10,676)</b>
<b>Group total</b>	<b>659,019</b>	<b>(293,173)</b>	<b>158,341</b>	<b>42,128</b>	<b>(192,017)</b>	<b>(42,502)</b>
<b>% ratio</b>	<b>0.2%</b>	<b>4.2%</b>	<b>0.5%</b>	<b>8.0%</b>	<b>0.1%</b>	<b>25.1%</b>

\*Including pay and other fees of the Managing Director and the notional cost (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. Bank guarantees issued in favor of Palazzo Feroni Finanziaria S.p.A. totaled 1,255 thousand Euro and concerned lease of properties owned by said company. There are no other 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:

**Holding company**

Ferragamo Finanziaria S.p.A.

Other current liabilities 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.. Other assets refer to the income tax (IRES) refund claim submitted in 2012 regarding the deduction of 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. Costs refer to rents for land to be used as a parking area at the Osmannoro-Sesto Fiorentino facility.

**Related companies**

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:

Palazzo Feroni Finanziaria S.p.A.

Revenues and the relevant receivables refer to IT and administrative services. Payables and costs refer mainly to rents for the premises of the headquarters in Florence and for some stores of the Italian chain. Other assets refer to guarantee deposits.

Lungarno Alberghi S.r.l.

Revenues (and the related accounts receivable balances) refer to product sales; payables and costs refer largely to rents for the premises used as stores in the Italian chain.

**Companies connected to members of the Board of Directors**

These transactions mainly refer to trade transactions that affected revenues, operating costs, trade receivables and payables, and other assets and liabilities. 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.

LongJin Zonghe Kaifa (Chengdu) LTD

Costs refer to rents for premises for a Greater China store whereas other assets refer to the related guarantee deposit.

Dalian Times Square Commercial Co. Ltd

Costs refer to rents for premises for a Ferragamo Moda Shanghai Limited store and other assets refer to the related guarantee deposit.

Shanghai Wheelock square Development Co. Ltd.

Costs refer to rents for premises for offices of Ferragamo Fashion Trading Shanghai Co. Limited and Ferragamo Moda Shanghai Limited. Other assets refer to guarantee deposits.

Shanghai Longxing Property Development Co. Ltd.

Costs refer to rents for premises for a Ferragamo Moda Shanghai Limited store and other assets refer to the related guarantee deposit.

### Other related parties connected to members of the Board of Directors

#### Wanda Miletta Ferragamo

Costs 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 and trade payables 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	Managing Director
Ernesto Greco	General Manager of Administration, Finance, Control and Information Systems
Massimo Barzaghi	Deputy General Manager of Market Coordination and Supply Chain Manager
Sofia Ciucchi	Deputy General Manager of the Product Department and Human Resources Manager

Costs (and the relevant 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, also refer to the amount due as Managing Director, including the variable pay.

Total costs amounted to 1,792 thousand Euro and refer to wages for employees and fees for directors (1,606 thousand Euro) and Stock Grant Plan costs (186 thousand Euro).

### Fees paid to Directors and Statutory Auditors

In the first half of 2015 the fees paid to Directors, including the variable bonuses due to the Chairman and the Managing Director, and those paid to the Board of Statutory Auditors of Salvatore Ferragamo S.p.A. (also in relation to activities undertaken for the Group subsidiaries) totaled 1,624 thousand Euro (1,537 thousand Euro in the first half of 2014) and 80 thousand Euro (80 thousand Euro in the first half of 2014), respectively.

### 37. Dividends

In order to implement the resolution of the Shareholders' Meeting of 24 April 2015, the Parent company Salvatore Ferragamo S.p.A. paid Shareholders a single dividend of 0.42 Euro per share, relating to the profit for 2014, for a total amount of 70,732,200 Euro, with coupon detachment on 18 May 2015 and payment of the dividend as from 20 May 2015.

Other Group companies with third-party minority shareholders did not pay any dividends during the first half of 2015.

### 38. Commitments and risks

The breakdown of the risks and commitments is as follows:

(In thousands of Euro)	30 June 2015	31 December 2014
Sureties provided by third parties in the interests of Group companies	8,474	8,142
Guarantees provided by third parties in the interests of Group companies	2,044	2,687
Guarantees provided by Group companies in the interests of third parties	87,959	91,050
<b>Total</b>	<b>98,477</b>	<b>101,879</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 (equal to 5,362 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.

### **39. Significant events occurred after 30 June 2015**

In reference to the project of the Parent company Salvatore Ferragamo S.p.A. to expand the facility at Osmannoro and relocate there the logistics center which is currently located in Prato and outsourced to third parties, taking advantage of the building potential allowed by the Town Planning Regulation of the Municipality of Sesto Fiorentino, in the area next to the current facility at Osmannoro, on 15 July 2015 the Board of Directors approved:

- the transfer of ownership from Ferragamo Finanziaria S.p.A. of building plots and building rights;
- the purchase of all the stakes held in Ma.Ga Immobiliare S.r.l., thus ensuring availability of additional building plots owned by the aforementioned company which are needed to implement the above project.

The above transactions were registered on 27 July 2015 through deeds of the Notary Mr F. Steidl, and entailed an outlay of 7,099,613 Euro (plus 22% VAT) for the purchase of the land and building rights from Ferragamo Finanziaria S.p.A. and 2,027,760 Euro to purchase all the stakes in Ma.Ga Immobiliare S.r.l..

It was also agreed between Ferragamo Finanziaria S.p.A. and Salvatore Ferragamo S.p.A. that, should it prove impossible to obtain building permits for the area, Ferragamo Finanziaria S.p.A. will arrange to buy back the land it sold and the stakes in Ma.Ga Immobiliare S.r.l. at the same price incurred for these purchases.

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

During the first half of 2015, the Salvatore 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.

Florence, 27 August 2015

On behalf of the Board of Directors  
The Chairman  
Ferruccio Ferragamo

**Statement pursuant to paragraph 154 bis of Legislative Decree no. 58/98  
(Consolidated Law on Finance)**

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 2015.

2. The adequacy of the administrative and accounting procedures for the preparation of the condensed half-year financial statements as at 30 June 2015 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 2015:

- a. have been 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. correspond 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.

27 August 2015

Managing Director  
Michele Norsa

Manager responsible for corporate financial reporting  
Ernesto Greco

## Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

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

### Introduction

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 cash flows and the statement of changes in equity and the related explanatory notes of Salvatore Ferragamo S.p.A. and its subsidiaries (the "Salvatore Ferragamo Group") as of 30 June 2015. The Directors of Salvatore Ferragamo S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

### Conclusion

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, 2015 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Florence, August 27, 2015.

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*