BRUNELLO CUCINELLI

CONSOLIDATED INTERIM REPORT AT 31ST MARCH 2014

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

CONTENTS

COMPANY INFORMATION

Registered office of the Holding Company

Brunello Cucinelli S.p.A.
Via dell'Industria, 5
Solomeo di Corciano – Perugia – Italy

Legal information of the Holding Company

Approved share capital € 13,600,000
Subscribed and fully paid-up share capital € 13,600,000
Perugia Companies Register, no. 01886120540

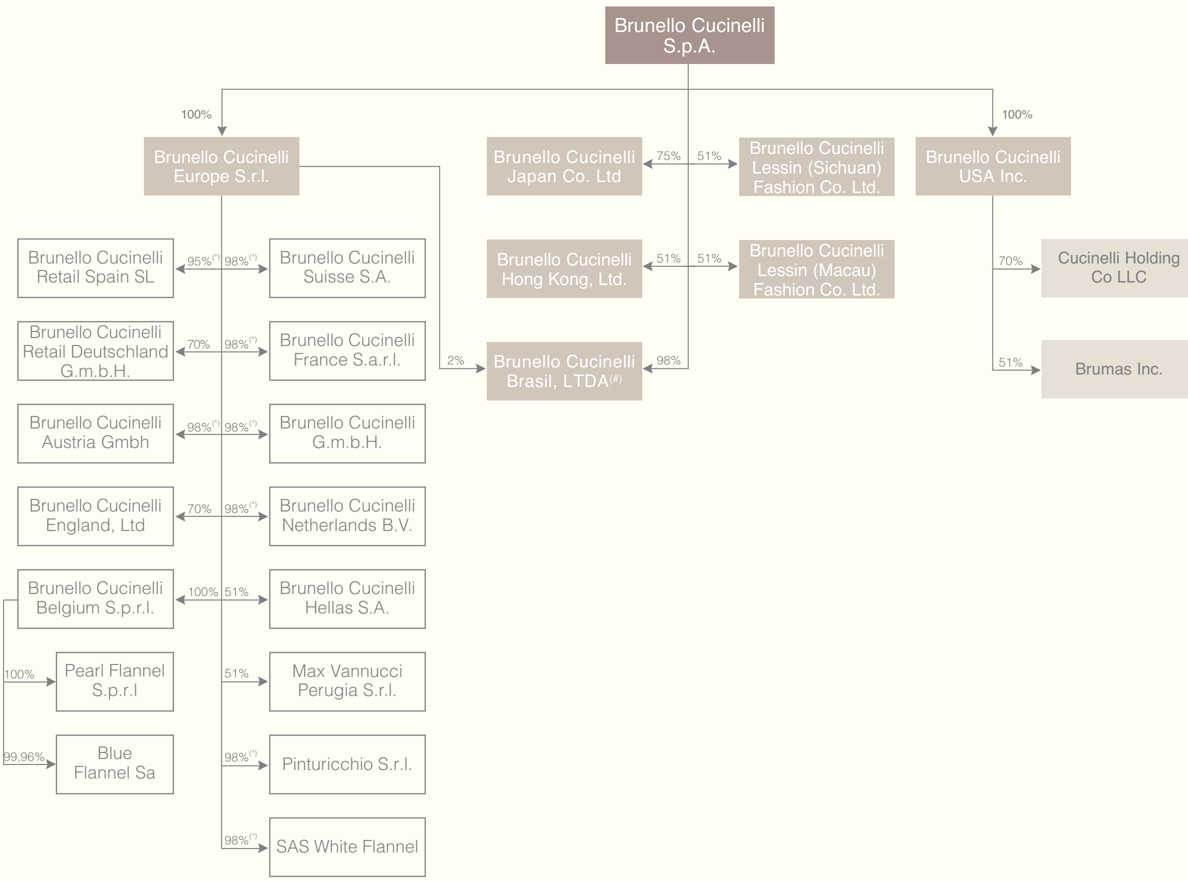
Official website: http://investor.brunellocucinelli.com/eng/

CORPORATE GOVERNANCE BODIES

Board of Directors	Brunello Cucinelli (1)	Chairman and CEO
	Moreno Ciarapica (1)	Executive director
	Giovanna Manfredi (1)	Director
	Riccardo Stefanelli (1)	Executive director
	Camilla Cucinelli (1)	Director
	Candice Koo (1)	Independent director
	Andrea Pontremoli (1)	Independent director
	Matteo Marzotto (1)	Independent director
	Giuseppe Labianca (1)	Director
Lead Independent Director	Andrea Pontremoli	
Control and Risks Committee	Andrea Pontremoli	Chairman
	Matteo Marzotto	
	Candice Koo	
Remuneration Committee	Matteo Marzotto	Chairman
	Andrea Pontremoli	
	Candice Koo	
Board of Statutory Auditors	Gerardo Longobardi (1)	Chairman
	Alessandra Stabilini (1)	Standing auditor
	Lorenzo Lucio Livio Ravizza (1)	Standing auditor
	Guglielmo Castaldo (1)	Substitute auditor
	Francesca Morbidelli (1)	Substitute auditor
	External Auditors	Reconta Ernst &Young S .p .A
Manager in charge of the corporate accounting documents	Moreno Ciarapica	

(1): Appointed by shareholders at the ordinary general meeting of 23rd April 2014; will remain in office until the date of the shareholders' meeting called to approve the financial statements for the year ending 31st December 2016

GROUP STRUCTURE AT 31ST MARCH 2014



(#) The company had been formed at the date of this report while the store will become operative at a later date.

COMPOSITION OF THE GROUP

Name	Registered office
Brunello Cucinelli S.p.A.	Corciano, frazione Solomeo (PG) - Italy
Brunello Cucinelli USA, Inc .	New York – USA
Cucinelli Holding Co, LLC	New York – USA
Brunello Cucinelli Europe S.r.l.	Corciano, frazione Solomeo (PG) - Italy
Brumas Inc .	New York – USA
Brunello Cucinelli Suisse SA	Lugano – Switzerland
Brunello Cucinelli Retail Spain SL	Madrid – Spain
Brunello Cucinelli GmbH	Munich - Germany
Brunello Cucinelli France Sarl	Paris - France
Brunello Cucinelli Belgium Sprl	Brussels – Belgium
Blue Flannel SA	Brussels – Belgium
Max Vannucci S.r.l.	Perugia – Italy
Brunello Cucinelli Japan Co. Ltd	Tokyo – Japan
Brunello Cucinelli Retail Deutschland GmbH	Munich - Germany
Brunello Cucinelli Netherlands B.V.	Amsterdam – Holland
Brunello Cucinelli Lessin (Sichuan) Fashion Co. Ltd	Chengdu – China
Brunello Cucinelli Hellas S.A.	Athens - Greece
Brunello Cucinelli Austria GmbH	Vienna – Austria
Brunello Cucinelli England Ltd.	London – United Kingdom
Brunello Cucinelli Hong Kong Ltd.	Hong Kong
Brunello Cucinelli Lessin (Macau) Fashion Co., Ltd	Macao
Pinturicchio S.r.l.	Carrara - Italy
Brunello Cucinelli Brasil LTDA(#)	San Paolo - Brazil
SAS White Flannel	Cannes - France
Pearl Flannel Sprl	Brussels - Belgium

#: The company had been formed at the date of this report while the store will become operative at a later date.

DISTRIBUTION NETWORK

The Group offers its products on the market through a number of different distribution channels.

From the standpoint of the end customer, the Group is present on the market through:

the retail distribution channel, namely the direct distribution channel, for which the Group uses the services of Directly Operated Stores or DOS;

the wholesale monobrand channel, consisting of monobrand stores with commercial distribution agreements. The Group uses intermediaries represented by monobrand stores for sales to end users, with the result that in this case these are the Group's customers;

the wholesale multibrand channel, which consists of independent multibrand stores and dedicated spaces in department stores (shop in shop). In this channel the Group uses intermediaries represented by independent multibrand stores for sales to end users, i.e. department stores, with the result that in this case these are the Group's customers.

The Group uses a network of agents and distributors for sales to a number of monobrand and multibrand wholesale customers.

For all distribution channels the Group ensures that the brand image and the Brunello Cucinelli style are transmitted in the areas and stores dedicated to the sale of its products.

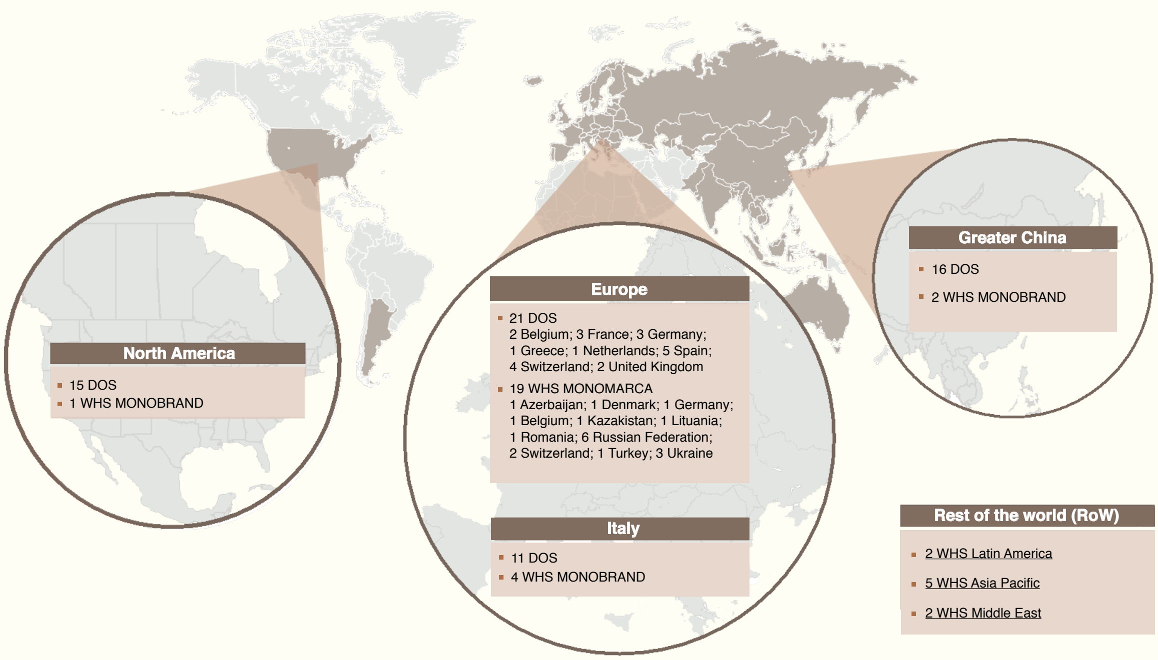
A summary is provided below of the Brunello Cucinelli Group's monobrand sales network at 31st March 2014, with comparative figures at 31st December 2013 and 31st March 2013:

Distribution channel	31st March 2014	31st December 2013	31st March 2013
RETAIL	58	46	32
WHOLESALE MONOBRAND	38	35	42

The following table provides an analysis of the location of points of sale by geographical area at 31st March 2014:

	Italy	Europe	North America	Greater China	Rest of the world (Row)	Total
DOS	11	21	15	16	-	63
WHOLESALE MONOMARCA	4	19	1	2	9	35
TOTALE	**15**	**40**	**16**	**18**	**9**	**98**

The figure below sets out the DOS and wholesale monobrand points of sale at 31st March 2014 together with their geographical location:



CONSOLIDATED INTERIM REPORT AT 31ST MARCH 2014

COMPANY INFORMATION

OUR COMPANY

Brunello Cucinelli S.p.A. is a company registered as a legal entity under the laws of the Republic of Italy and has its registered office at Via dell'Industria 5, Corciano – Frazione Solomeo (PG), Italy.
The Group's product range focuses on a single brand: Brunello Cucinelli, internationally recognized as one of the finest examples of absolute luxury, combining exclusive "Made in Italy" features with the ability to innovate and identify new trends.
The brand's distinctive elements are quality, craftsmanship, creativity, exclusivity, and beauty, plus a remarkable ability to "hear" the market and its new trends. The result is a line of casual chic prèt-à-porter products that satisfy the tastes of young and less-young customers while retaining value over time. Merging old and new, business goals and human needs: the secret of a company whose innovative capacity is looked upon with interest from all sides as well as being a case study in modern economy illustrated at prestigious universities.

PRODUCT

Identity and innovation*. are the principles that guide the Company in the creation of its collections.* Brunello Cucinelli's 2014 spring-summer and 2014-2015 fall-winter collections are the expression of natural luxury, in keeping with the values of the brand, though always open to contemporaneity and the quest for new techniques.
Craftsmanship is enhanced by technological innovation, in a mix of modern techniques and traditional luxury. Technology comes into play and gives a new pace to more traditional artisanal techniques: "aristocratic" fabrics and precious materials are treated with high-tech actions to give life to new collection themes.
Constantly searching for an aesthetic balance between naturalness and distinction, Brunello Cucinelli's new collections are intended for a self-aware and sophisticated target with a more urban and metropolitan offering that includes also soft colors and precious fibers and materials, striking a balance between luxury and minimalism.
A tailor-made approach and artisanal touches mix with the "active" world, turning into "soft luxury" for daytime and something more important for the night.
The two lines, men and women, move in lockstep by expanding the formal offering, with an important selection of men's clothes and a broad range of evening dresses in the women's collection to be worn also at important society events.

VISUAL MERCHANDISING

In keeping with changes in taste and the trends of the new collections, visual merchandising synthesizes the brand's philosophy and traditions and the product's contemporariness.
The new displays and presentations, in line with the more minimalist and sophisticated spirit of recent collections, reflect the values of the brand in a contemporary light.
A young and constantly growing team – which is structured by geographical area to ensure a consistent yet customized expression, suited to local cultures and to the values of consumers worldwide – interacts not only with the DOS but with the multibrand universe as well.

The organization is responsible for:
– development of store design and display system coordinated with the brand's image;
– coordinated management of merchandising and assortments consistent with the reference market;
– harmonization of communication and of visual elements in each store.

COMMUNICATION

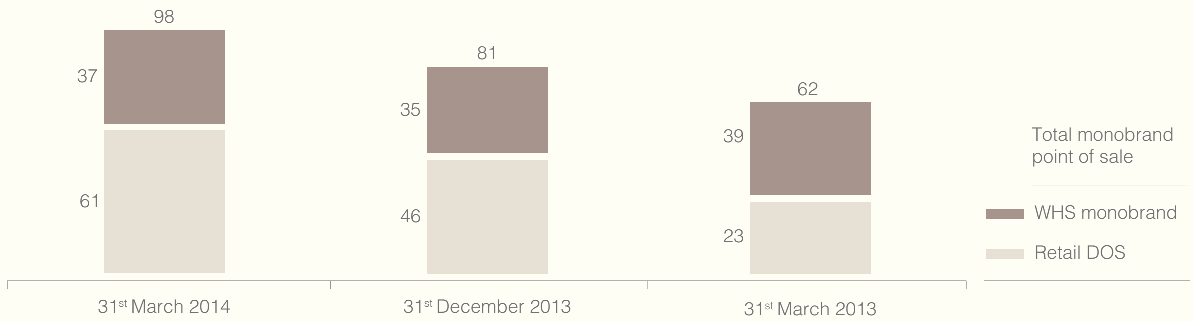
One of the "youngest" companies to operate at the very high-end of the luxury market, Solomeo's humanist company has made its philosophy and its particular organizational form an emblem and is recognized by scholars and journalists as one of the most advanced companies, on the leading edge of "humanist capitalism".
The great universal values of ethics, dignity and morality combine with quality, craftsmanship and a quest for contemporariness of the product.
In this universe full of meanings, the purpose was never to design complex marketing strategies or draw up comprehensive promotion plans but rather to "tell a story" and "convey" with simplicity the legacy of the past and plans for the future.
A long-standing philosophical and cultural identity guides the choices of every single communication action, always true to the brand's identity, in a constant balance between tradition and innovation.

DISTRIBUTION

The brand is now present in over 60 countries thanks to a solid wholesale multibrand network and to expanding distribution by means of a retail and wholesale monobrand channel.

- The retail channel includes monobrand stores, hereinafter called DOS (Directly Operated Stores), including e-commerce;
- The wholesale monobrand channel refers to monobrand boutiques which for strategic reasons are managed by means of well-established business relations with local partners;
- The wholesale multibrand channel includes 700 select multibrand customers. The multibrand network includes the world's most prestigious department stores with progressively larger spaces devoted to the Company's products.

In keeping with the gracious and sustainable growth policy for the brand, distribution plans are mindful of the rarity and exclusiveness principles that are typical of the luxury sector. To this end, the Company has a policy of selected openings in the most exclusive luxury addresses in the main cities of the world and in resort locations, pursuing a strategy of low-key market expansion and firming up and enlarging existing monobrand and multibrand retail locations.



Expansion
The geographical reach has expanded to include today also Latin America (Mexico, Brazil) and the Middle East (Saudi Arabia and Qatar), without altering the Company's selective market penetration policy.

Firming up
The Company's is firming up in strategic areas through the creation of joint ventures that guarantee local expertise and ideas suited to local cultures and traditions, quality and consistency of service.

Enlargements
The brand is expanding its footprint in its markets through a policy of enlarging and refurbishing existing retailers, both monobrand and multibrand, to make room for and give visibility to new themes, including the project of the "formal" line for men.

PRODUCTION

One of the defining characteristics of Brunello Cucinelli products is the high level of craftsmanship inherent in the process, made possible thanks to the constant in-house programs of intellectual and manual training conducted by the Company.
Today the Company has direct and specific know-how not only in the production of cashmere knitwear, but also in outerwear, trousers and dresses, shirts, t-shirts, leather goods and accessories to support a coordinated total look.
Our products are truly Made in Italy, created by over 300 independent artisanal small businesses, highly qualified and extremely loyal, most of which are located in Umbria and have worked for the brand for years, combining their skills with those of our in-house workers. For our Company, the **loyalty** of these outside laboratories (called faconisti), whose value – both financial and moral – we fully acknowledge and whose operations are efficiently scheduled thanks to a constant flow of information, is a guarantee for the future.
Today, following the acquisition of a business from d'Avenza Fashion S.p.A., the Group has further expanded its manufacturing capabilities by acquiring expert workers specialized in off-the-peg and bespoke men's suits.

THE SOLOMEO SCHOOL

Talking about ancient crafts today does not just mean trying to revive a craftsmanship tradition that risks being lost forever but also achieving a concrete and contemporary synthesis of the secular ingenuity and work of the people and culture that has made the "Made in Italy" and Italian lifestyle famous all over the world.
This is a virtuous process that intends to regenerate and rejuvenate itself also through the creation of the Crafts School: a theoretical and practical teaching activity which will enrich the **constant in-house training process**, where over 60 apprentices sit every day at their workbench next to the most qualified workers in Solomeo.
The Solomeo School is intended to be a place where "pupils" and "teachers" meet, providing methods and tools to bring back to life ancient techniques, laying bridges between the past and the present to shape the cultural identity on which the community, local and otherwise, can make concrete plans for the future.

SUMMARY DATA AT 31ST MARCH 2014

The following tables provide: (i) a condensed consolidated income statement for the three months ended 31 March 2014 with comparative figures for the three months ended 31st March 2013, (i) a consolidated balance sheet reclassified by sources and applications at 31st March 2014 with comparative figures at 31st December 2013 and (iii) figures for capital expenditure and operating cash flows for the first three months of 2014 with comparative figures for the first three months of 2013.

Condensed consolidated income statement

(In thousands of Euro)	Quarter ended 31st March				Change	
	2014	% of revenues	2013	% of revenues	2014 vs. 2013	2014 vs. 2013 %
Revenues	100.798	100,0%	89.881	100,0%	10.917	+12,1%
EBITDA (1)	18.255	18,1%	16.086	17,9%	2.169	+13,5%
Operating income	15.181	15,1%	13.567	15,1%	1.614	+11,9%
Net income for the period	9.571	9,5%	8.805	9,8%	766	+8,7%
Normalized revenues (2)	100.043	100,0%	89.051	100,0%	10.992	+12,3%
Normalized EBITDA (2)	17.500	17,5%	15.256	17,1%	2.244	+14,7%
Normalized operating income (2)	14.426	14,4%	12.737	14,3%	1.689	+13,3%
Normalized net income for the period (2)	9.053	9,0%	8.236	9,2%	817	+9,9%

(1) We define EBITDA as operating income before depreciation and amortization. EBITDA defined in this way is a measure used by our management to monitor and assess our operating performance. EBITDA is not an accounting measure in the context of IFRS and accordingly should not be considered as an alternative for assessing trends in the Group's operating income. Since the composition of EBITDA is not regulated by the accounting principles adopted, the means of calculating this figure used by us might not be consistent with that used by others and might therefore not be comparable.

(2) Revenues, normalized EBITDA, normalized operating income and normalized net income for the period represent the results for the three months ended 31st March excluding the effect of a gain of € 755 thousand realized on the sale of a property in 2014 and a gain of € 830 thousand realized on the sale of trade marks in 2013.

Consolidated balance sheet reclassified by sources and applications:

(In thousands of Euro)	At		Change	
	31st March 2014	31st December 2013	2014 vs. 2013	2014 vs. 2013 %
Net working capital	89.398	71.074	18.324	+25,8%
Non-current assets	97.688	89.158	8.530	+9,6%
Other non-current assets/(liabilities)	(942)	1.083	(2.025)	<-100%
Net invested capital	**186.144**	**161.315**	**24.829**	**+15,4%**
Net debt (3)	28.325	16.101	12.224	+75,9%
Shareholders' equity	157.819	145.214	12.605	+8,7%
Sources of funding	**186.144**	**161.315**	**24.829**	**+15,4%**

(3) Net debt is calculated as the sum of cash and cash equivalents, current financial assets, non-current financial liabilities, the fair value of hedging instruments and other non-current financial assets.

Other summary data:

(In thousands of Euro)	31st March 2014	31st December 2013	31st March 2013
Capex (4)	11.656	39.467	16.342
Cash flows from operating activities	(7.170)	23.554	(4.827)

(4) Capex refers to net investments in intangible, tangible and financial fixed assets.

THE GROUP'S RESULTS FOR THE QUARTER ENDED 31ST MARCH 2014

The results achieved by the Group in the first quarter of 2014 confirm the project for a solid, gracious, sustainable and ethically correct growth, consistent with the fundamental principles of its business model and strategy.

The Group's positioning within the absolute luxury sector, both acknowledged and consolidated, has always been characterized by the exclusivity of its distribution, the excellence of its quality, the craftsmanship involved in its products and its constant creativity, factors that distinguish the uniqueness of the brand and its approach towards the market.

Changes in the absolute luxury sector confirm in a clear and unmistakable manner the extent to which consumers belonging to the highest levels, usually identified as people with an evolved and sophisticated taste, are keeping their purchasing habits unaltered, with the effects of changes of a macroeconomic or political nature being of the utmost marginality.

The Group consistently pursues a long-term strategy based on sustainability, gracious growth and healthy profitability, with especial emphasis being placed on the craftsman's highly specialized and knowing hands which produce products of excellence.

It is worthy of appreciation that many industries which look to and plan for the long-term future are taking on these factors in an increasingly strong and convinced manner, factors requiring respect for the person and the human being who is placed at the heart of the business and is the driving force behind its sustainability.

The Group earned revenues of € 100,798 thousand in the first three months of 2014, representing an increase of 12.1% over the corresponding quarter of 2013. This result was positively affected by the sale to the parent company Fedone S.r.l. (controlled in turn by Cav. Lav. Brunello Cucinelli) of a property that is not situated close to the Company's manufacturing and logistical facilities, leading to a capital gain of € 755 thousand recognized as other income. As discussed in the section "Significant events during the period", this operation was carried out because the building does not form part of the extension and restructuring project involving the whole of the Solomeo site. The result for the first quarter of 2013 was positively affected by a capital gain of € 830 thousand realized on the sale of the trademarks "Solomei", Solomei" and the "coat of arms".

Net revenues for the three months ended 31st March 2014 rose by 12.2% to € 99,643 thousand compared to € 88,835 thousand for the quarter ended 31st March 2013.

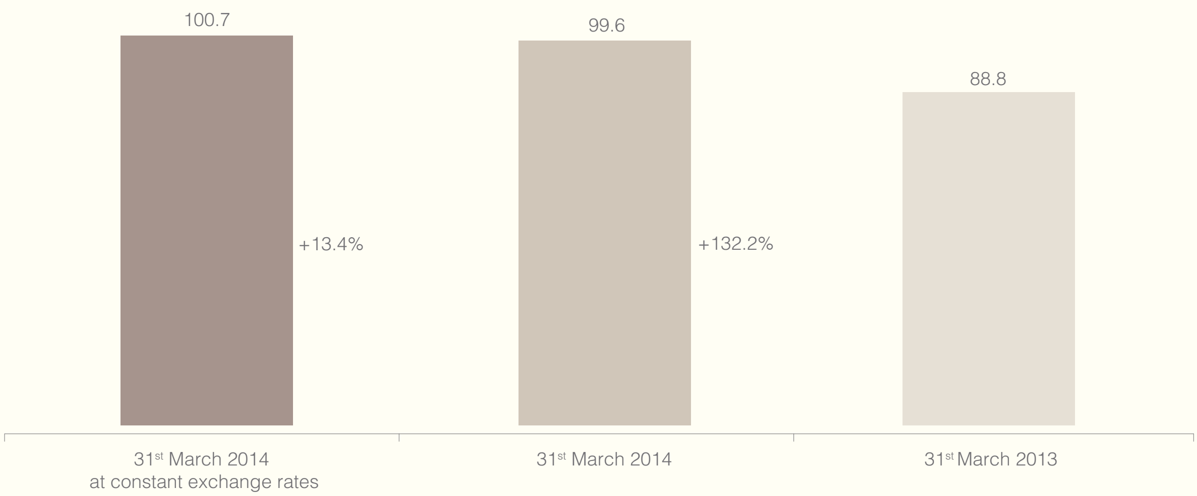
EBITDA reached € 18,255 thousand for the first quarter of 2014, representing 18.1% of revenues. Excluding the effect of the above-mentioned related party transactions, EBITDA would have amounted to € 17,500 thousand or 17.5% of revenues, representing an increase of 14.7% over the normalized figure for the corresponding interim period of the previous year of € 15,256 thousand, or 17.1% of revenues.

Net income for the quarter ended 31st March 2014 rose from € 8,805 thousand, or 9.8% of revenues, to € 9,571 thousand, or 9.5% of revenues.

While not showing sharp seasonal or cyclical variations in total annual sales, the Group's business is affected in the course of the various quarters of the year by revenues and costs that are not perfectly homogeneous as a result of industrial operations. Consequently, any analysis of interim results and financial and profitability indicators cannot be considered as fully representative, and it is therefore not advisable to consider the period indicators as a proportional share of the full year.

ANALYSIS OF NET REVENUES

The Group's consolidated turnover for the first quarter amounted to € 99,643 thousand, a rise of 12.2% over the same period in 2013. There was solid double-digit growth in revenues in the first quarter. At constant exchange rates, meaning the same average rates as those used for the first three months of 2013, revenues would have been € 100,683 thousand, representing a rise of 13.4%.

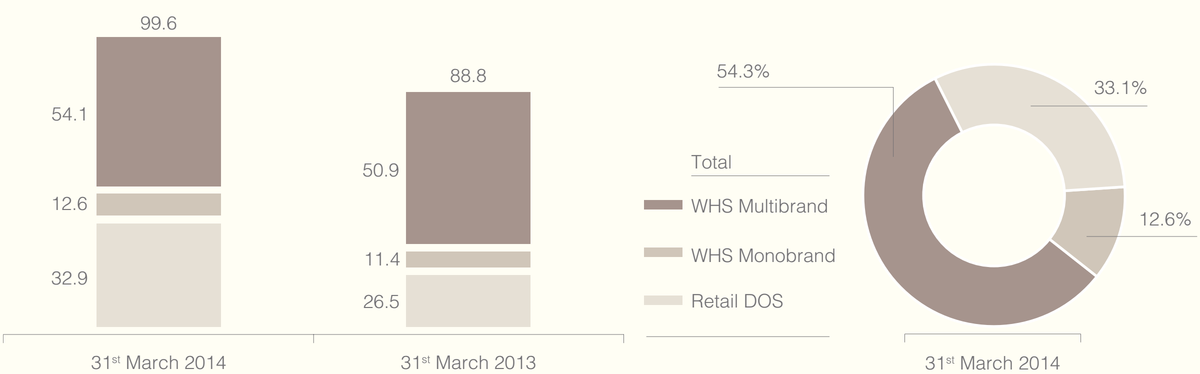


The overall increase in net revenues amounted to € 10,808 thousand at current exchange rates (+12.2%), mainly due to organic growth in the retail channel arising from the development of existing points of sale, the opening of new direct points of sale (DOS)in all geographical areas and the growth of the wholesale multibrand channel when compared to the corresponding quarter of the previous year.

REVENUES BY DISTRIBUTION CHANNEL

Considerable growth rates were achieved in all channels, to a significant extent in the retail channel but with rises in the monobrand and multibrand channels also being very positive.
The following table provides details of the net revenues earned by the Group in the quarters ended 31st March 2014 and 2013, analyzed by distribution channel.

(In thousands of Euro)	Quarter ended 31st March				Change	
	2014	%	2013	%	2014 vs. 2013	2014 vs. 2013 %
Retail	32.930	33,1%	26.532	29,9%	6.398	+24,1%
Wholesale monobrand	12.570	12,6%	11.382	12,8%	1.188	+10,4%
Wholesale multibrand	54.143	54,3%	50.921	57,3%	3.222	+6,3%
Total	**99.643**	**100,0%**	**88.835**	**100,0%**	**10.808**	**+12,2%**



RETAIL

The retail channel earned net revenues of € 32,930 thousand, representing an increase of € 6,398 thousand or 24.1% over the corresponding period of the previous year.
A like-for-like store sale comparison, calculated as the rise in revenues at constant exchange rates posted in the DOS existing at 1st January 2013, shows an increase of 5.5% in the first 18 weeks of the year (from 1st January to 4th May 2014).
The retail channel represented 33.1% of the Group's total net revenues for the quarter ended 31st March 2014, a rise of 29.9% over the quarter ended 31st March 2013.
The number of direct points of sale, fifty one at 31st March 2013, rose to sixty three at 31st March 2014. The increase of twelve in the number of points of sale consists of six openings and six conversions of points of sale previously operated as wholesale monobrand. The number of direct points of sale rose by two in the quarter ended 31st March 2014 over the number at 31st December 2013, with two wholesale monobrand points of sale becoming DOS.

WHOLESALE MONOBRAND

The net revenues earned by the wholesale monobrand channel amounted to € 12,570 thousand (+€ 1,188 thousand over the quarter ended 31st March 2013), representing an increase of 10.4%.
Net revenues earned by sales made through the wholesale monobrand channel represented 12.6% of total net revenues, a slight fall over the 12.8% for the corresponding period of the previous year.
There were thirty four points of sale at 31st March 2013, which rose to thirty five at 31st March 2014. The net decrease of one point of sale arises from the net effect of seven new openings and six conversions to DOS of points of sale previously operated as wholesale monobrand. The number of wholesale monobrand stores decreased by two compared to the situation at 31st December 2013, due to the transfer to DOS of two points of sale in Cannes and Knokke .

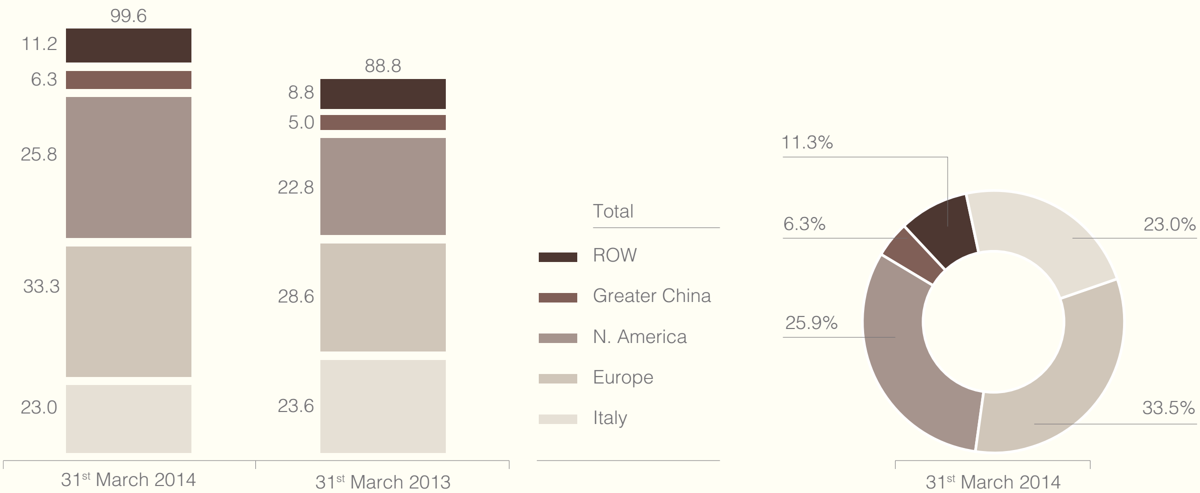
WHOLESALE MONOBRAND

The wholesale multibrand channel earned revenues of € 54,143 thousand in the first quarter of 2014 (+ € 3,222 thousand over the quarter ended 31st March 2013, representing an increase of 6.3%). The proportion of revenues represented by this channel fell from 57.3% in the first quarter of 2013 to 54.3% in the first quarter of 2014.
The results achieved by the multibrand channel confirm the absolute appeal of the most prestigious luxury department stores and the importance of the multibrand boutiques, in leading cities and resorts, to be found in both consolidated and emerging markets.

REVENUES BY GEOGRAPHICAL AREA

Faced with a slight fall in the domestic market, limited to 2.7%, in the first three months of 2014, the Brunello Cucinelli Group continued with its development and hence growth on the international markets. The following table provides details of revenues for the quarter ended 31st March 2014 analyzed by geographical area, with comparative figures for the corresponding period of the previous year,

(In thousands of Euro)	Quarter ended 31st March				Change	
	2014	%	2013	%	2014 vs. 2013	2014 vs. 2013 %
Italy	22.973	23,0%	23.616	26,6%	(643)	-2,7%
Europe	33.357	33,5%	28.640	32,2%	4.717	+16,5%
North America	25.776	25,9%	22.774	25,6%	3.002	+13,2%
Greater China	6.280	6,3%	4.988	5,6%	1.292	+25,9%
Rest of the World (RoW)	11.257	11,3%	8.817	9,9%	2.440	+27,7%
Total	**99.643**	**100,0%**	**88.835**	**100,0%**	**10.808**	**+12,2%**



An analysis of the increase in net revenues by geographical area follows.

Italy

Net revenues for "Italy" represented 23.0% of total revenues (26.6% in the same period of the previous year), with a slight decrease of € 643 thousand in absolute terms, or 2.7%, over the period ended 31st March 2013 (€ 22,973 thousand in 2014; € 23,616 thousand in 2013).
Sales to foreign tourists drove up the performance of the retail and wholesale monobrand networks, with positive results being achieved in the wholesale multibrand channel in leading Italian cities and exclusive resorts. The brand's exclusive presence and top quality in the Italian market has been confirmed as fundamental for its allure, prestige and modern taste, a reference point for sophisticated customers who consider Italy the main showcase for absolute luxury brands.

Europe

Net revenues for "Europe" represented 33.5% of total revenues (32.2% in the same period of the previous year), rising by € 4,717 thousand in absolute terms, or 16.5%, from € 28,640 thousand to € 33,357 thousand, generated by the implementation of the program for opening selected monobrand boutiques, an increase in sales in comparable areas and the sell-out results.
Results improved in all areas, in Western European countries, in Russia and in Eastern European countries, thanks to the Group's presence in the most prestigious locations which saw tourist flows and the relative sales maintaining a positive growth trend.

North America

Net revenues for "North America" represented 25.9% of total revenues (25.6% in the same period of the previous year), rising by € 3,002 thousand, or 13.2%, from € 22,774 thousand to € 25,776 thousand.

The recognition of the prestige of the absolute luxury product and its relative sustainability in the long term has driven the leading luxury department stores to grant increased space to top-end brands in the most prestigious areas, distinguished by a constant evolution and creativity of taste. These factors underlie the results achieved in the multibrand channel by our proposed collection, which has seen double-digit growth and important sell-outs.

Greater China

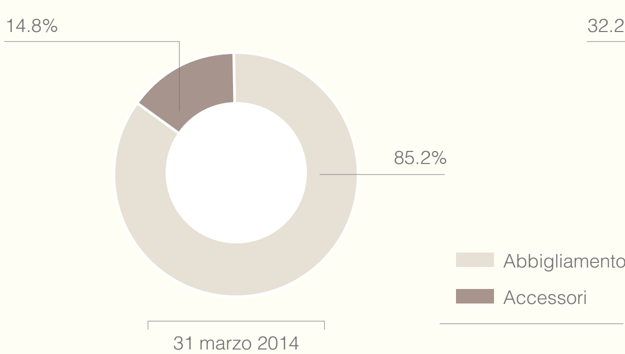
Net revenues for "Greater China" represented 6.3% of total revenues (5.6% in the same period of the previous year), rising by € 1,292 thousand (+25.9%) from € 4,988 thousand to € 6,280 thousand. This increase is to a large extent due to the conversion of the wholesale monobrand points of sale to DOS.

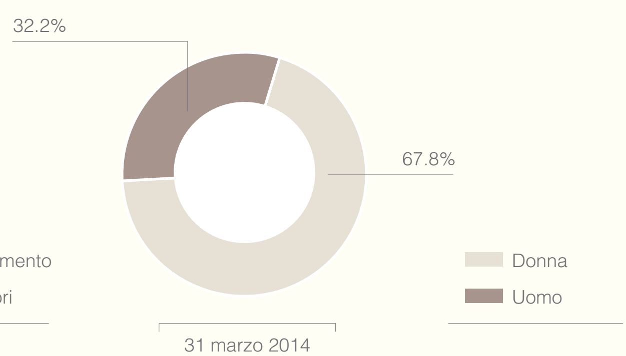
Rest of the World

Net revenues for the "Rest of the World" increased by 27.7% in the first three months of 2014 over the previous year, rising from € 8,817 thousand to € 11,257 thousand.

REVENUES BY PRODUCT LINE AND TYPE OF END CUSTOMER

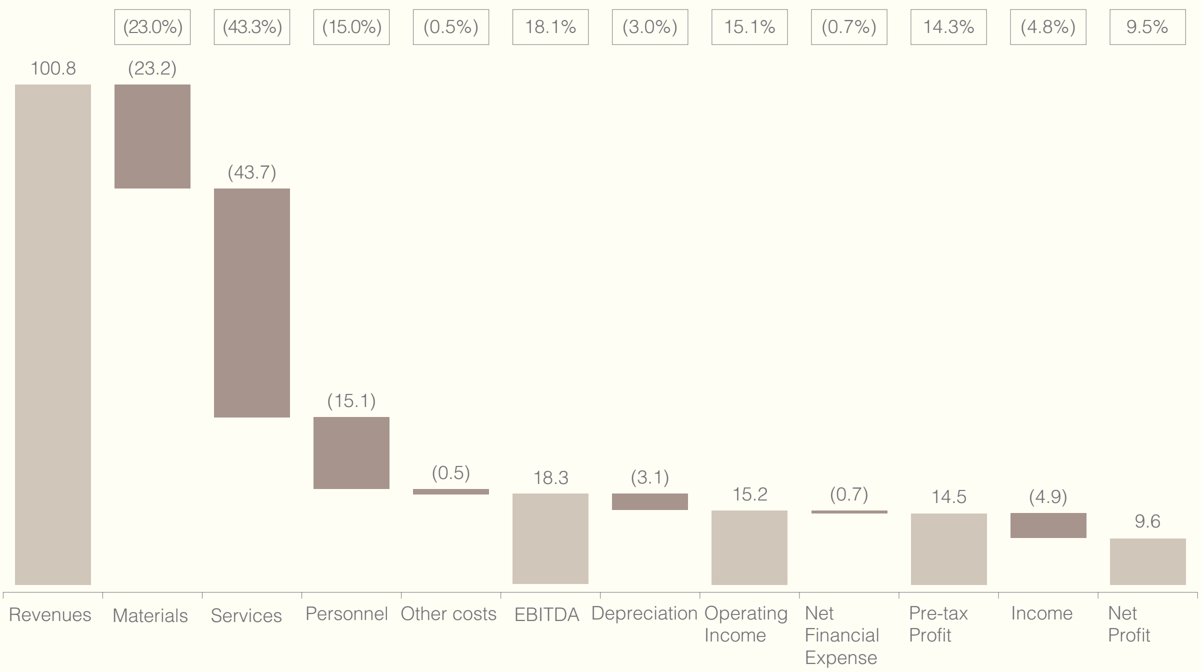
The following is a graphical representation of the Brunello Cucinelli Group's revenues for the three months ended 31st March 2014, analyzed by product line and type of end customer:





ANALYSIS OF THE INCOME STATEMENT

The following is a reworked presentation in graphic form of the results for the three months ended 31st March 2014, showing the performance of the operating profit indicator EBITDA and operating income:



OPERATING RESULTS

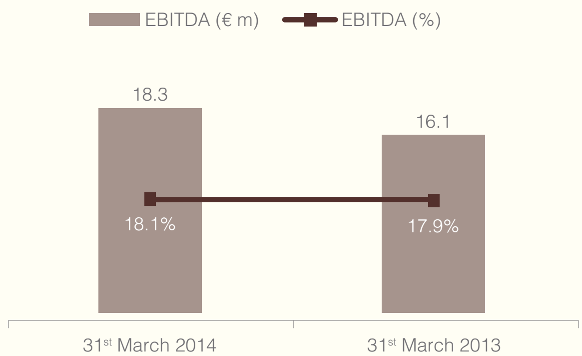
The following table provides a summary of operating profitability (EBITDA) and operating income:

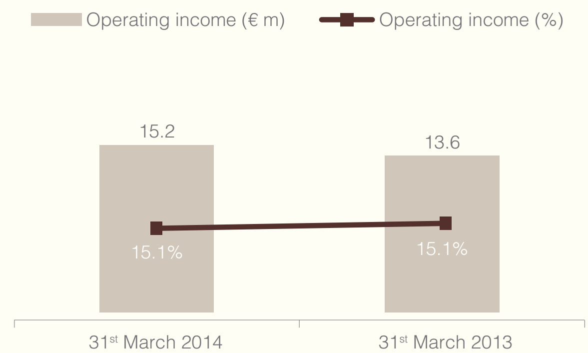
(In thousands of Euro)	Quarter ended 31st March				Change	
	2014	**%**	**2013**	**%**	**2014 vs. 2013**	**2014 vs. 2013 %**
Operating income	**15.181**	**15,1%**	**13.567**	**15,1%**	**1.614**	**+11,9%**
+ depreciation and amortization	3.074	3,0%	2.519	2,8%	555	+22,0%
EBITDA (1)	**18.255**	**18,1%**	**16.086**	**17,9%**	**2.169**	**+13,5%**

(1) EBITDA is calculated as operating income before depreciation and amortization. EBITDA defined in this way is a measure used by Company management to monitor and assess operating performance. EBITDA is not an IFRS accounting measure and accordingly should not be considered as an alternative for assessing trends in the Group's operating income. Since the composition of EBITDA is not regulated by the Group's accounting principles, the way in which the Group calculates this figure may not be consistent with that used by others and may therefore not be comparable.

EBITDA rose from € 16,086 thousand for the first three months of 2013, or 17.9% of revenues, to € 18,255 thousand for the first three months of 2014, or 18.1% of revenues.
Operating income increased from € 13,567 thousand for the first three months of 2013, or 15.1% of revenues, to € 15,181 thousand for the first three months of 2014, or 15.1% of revenues. Depreciation and amortization had a considerable effect, representing 3.0% of revenues in the first three months of 2014 and 2.8% in the first three months of 2013, due to the capital expenditure made by the Group.

The following table sets out the performance of the Group's EBITDA and operating income for the three months ended 31st March 2014 and 31st March 2013 in graphical form:





As shown above, EBITDA rose in both absolute and percentage terms. The key factor that enabled an improvement to be achieved in 2014 was the increase in revenues earned through the retail channel (characterized by higher margins than the wholesale channel) as a proportion of total net revenues.

For a better understanding of manufacturing costs, the following table provides a combined analysis of costs for raw materials and consumables and outsourced manufacturing costs for the first quarter of 2014 and 2013, showing the items as a percentage of revenues.

(In thousands of Euro)	Quarter ended 31st March				Change	
	2014	%	2013	%	2014 vs. 2013	2014 vs. 2013 %
Costs for raw materials and consumables	19.630	19,5%	17.830	19,8%	1.800	+10,1%
Change in inventories	3.601	3,6%	4.826	5,4%	(1.225)	-25,4%
Outsourced manufacturing costs	20.826	20,6%	17.767	19,8%	3.059	+17,2%
Total	**44.057**	**43,7%**	**40.423**	**45,0%**	**3.634**	**+9,0%**

By considering these two cost items together it can be seen that the total as a percentage of revenues has decreased compared with the corresponding previous interim period (45.0% in 2013 against 43.7% in 2014). This decrease is essentially explained by the higher proportion of net revenues earned by the retail distribution channel as a percentage of total net revenues for the period (33.1% in the first three months of 2014 against 29.9% in the first three months of 2013).

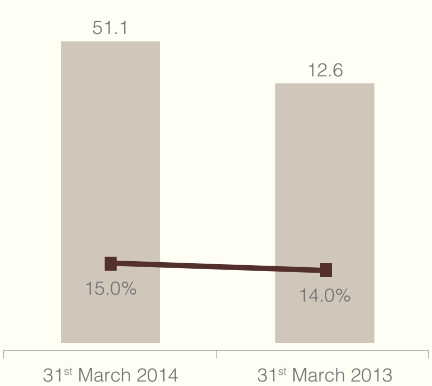
The other main items making up operating costs are commissions, being the fees paid to the network of agents, advertising costs and other commercial costs incurred for promotional activities carried out by the Group with a view to communicating its image and business philosophy throughout the world (more specifically, these latter costs relate to the production of catalogues, advertising campaigns and events and trade fairs organized in Italy and abroad), transport costs and duties, rental and leasing costs and commission charges paid for the use of credit cards.

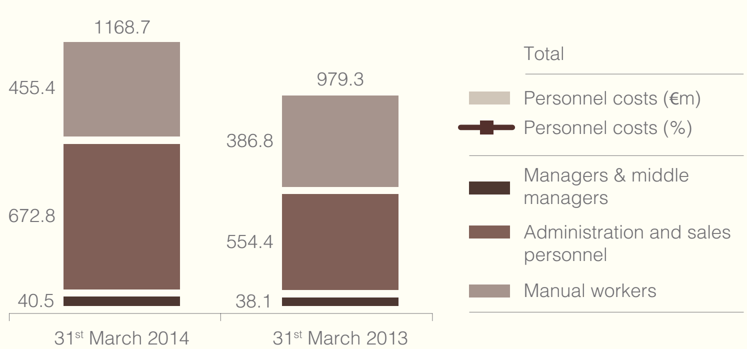
Set out below is a summary of these items for the first three months of 2014 and 2013, showing each as a percentage of revenues.

(In thousands of Euro)	Quarter ended 31st March				Change	
	2014	**%**	**2013**	**%**	**2014 vs. 2013**	**2014 vs. 2013 %**
Commissions and accessory costs	2.946	2,9%	3.233	3,6%	(287)	-8,9%
Advertising and other commercial costs	5.735	5,7%	5.035	5,6%	700	+13,9%
Transport and duties	3.401	3,4%	3.254	3,6%	147	+4,5%
Rental expense	6.193	6,1%	4.523	5,0%	1.670	+36,9%
Credit card commissions	622	0,6%	526	0,6%	96	+18,3%

The changes in payroll costs mainly arise from the increase in the workforce, due to a large extent to the extension of the direct monobrand store network which as discussed above saw a total of twelve openings, with six new points of sale and six transfers from wholesale monobrand to DOS. The increase in the number of manual workers is mostly due to the acquisition of the d'Avenza business for which details may be found in the section "Significant events during the period".

Payroll costs totaled € 15,083 thousand compared with € 12,570 thousand in the first three months of 2013, representing a rise of € 2,513 thousand in absolute terms. Payroll costs represented 15.0% of revenues in the three months ended 31st March 2014 (14.0% in the three months ended 31st March 2013).





ANALYSIS OF NET WORKING CAPITAL, CAPITAL EXPENDITURE AND FINANCING ACTIVITIES

The following table sets out the balance sheet at 31st March 2014 reclassified into sources and applications, with comparative figures at 31st December 2013 and 31st March 2013:

(In thousands of Euro)	31st March 2014	31st December 2013	31st March 2013
Trade receivables	59.793	43.361	58.298
Inventories	91.527	94.464	76.773
Trade payables	(56.569)	(62.607)	(54.264)
Other net current assets/(liabilities)	(5.353)	(4.144)	(10.588)
Net working capital	**89.398**	**71.074**	**70.219**
Intangible assets	30.269	26.552	25.996
Property, plant and equipment	63.427	59.180	46.482
Financial fixed assets	3.992	3.426	3.299
Fixed assets	**97.688**	**89.158**	**75.777**
Other net non-current assets/(liabilities)	(942)	1.083	(1.205)
Net invested capital	**186.144**	**161.315**	**144.791**
Cash and cash equivalents	(42.512)	(38.676)	(38.545)
Current bank payables	48.522	29.639	39.335
Non-current bank payables	18.173	18.281	11.537
Other financial instruments, net	4.142	6.857	2.518
Net debt	**28.325**	**16.101**	**14.845**
Share capital	13.600	13.600	13.600
Reserves	127.824	97.978	103.255
Group result	9.732	30.476	8.776
Equity attributable to the owners of the parent	***151.156***	***142.054***	***125.631***
Equity attributable to non-controlling interests	6.663	3.160	4.315
Shareholders' equity	**157.819**	**145.214**	**129.946**
Sources of funding	**186.144**	**161.315**	**144.791**

NET WORKING CAPITAL

Net working capital at 31st March 2014 rose by € 19,179 thousand over the corresponding figure at 31st March 2013, representing an increase from 27.8% of turnover in the quarter ended 31st March 2013 to 28.4% in the quarter ended 31st March 2014, a very limited rise thanks to the positive and healthy management of trade receivables and payables which absorbed the increase in stock. The increase in inventories was mainly due to the six new openings and the six conversions from wholesale monobrand to DOS which have taken place during the past twelve months and to the growth of the business during the period.

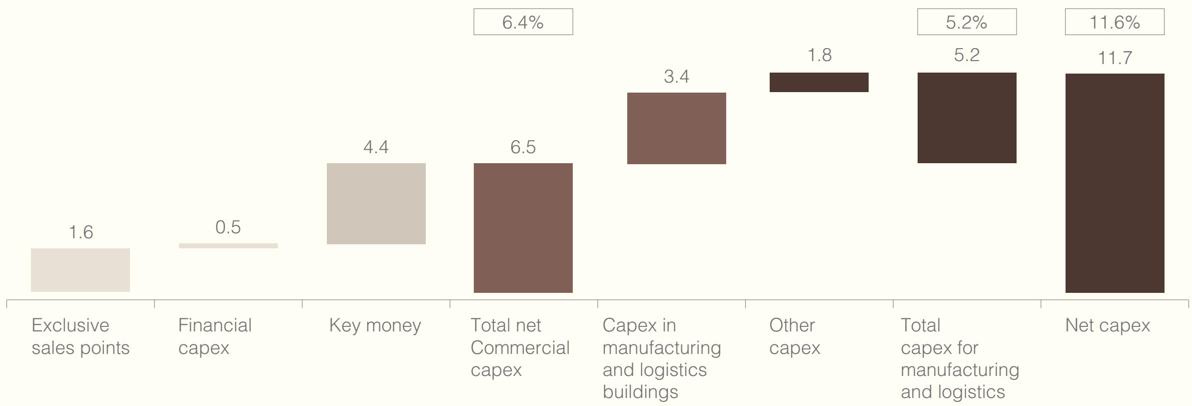
CAPEX

The Group made net investments in fixed assets amounting to € 11,656 thousand in the quarter ended 31st March 2014, of which € 4,822 thousand in intangible assets, € 6,248 thousand in property, plant and equipment and € 586 thousand in financial fixed assets (guarantee deposits).
The following table sets out the gross and net capital expenditure made by the Group in the quarters ended 31st March 2014 and 2013, analyzed by type and category.

(In thousands of Euro)	31st March 2014		31st March 2013	
	net	**gross**	**net**	**gross**
Capex in intangible assets	4.822	4.822	10.436	10.436
Capex in property, plant and equipment	6.248	7.527	5.881	5.945
Capex in financial fixed assets	586	615	25	25
Total capex	**11.656**	**12.964**	**16.342**	**16.406**

The most significant investments concerned the setting up and opening of points of sale, arising to a large extent from the addition to the scope of consolidation of Pearl Flannel Sprl (as discussed in further detail in the section “Significant events during the period”) and the opening of new stores directly operated by the Group in Europe, North America and Greater China. Investments also regarded the extension and structuring of buildings used at the Group’s headquarters for manufacturing and logistics activities; in this respect, it should be noted that in April 2014 the Group started using part of the additional space which will be completed and used as the year progresses.

The following is a graphical presentation of the capital expenditure made by the Group during the three months ended 31 March 2014, analyzed by function:



Depreciation and amortization (€ 3,074 thousand in the three months ended 31st March 2014 and € 2,519 thousand in the corresponding previous period) represented 3.0% of revenues in the first three months of 2014 and 2.8% in the first three months of 2013; the increase of € 555 thousand in absolute terms is due primarily to investments in key money to take over the contracts relating to monobrand stores and to capex made in the directly operated stores.

FINANCING ACTIVITIES

The following table provides details of net debt at 31st March 2014, 31st December 2013 and 31st March 2013.

NET DEBT:

(In thousands of Euro)	**31st March 2014**	**31st December 2013**	**31st March 2013**
a . Cash	(134)	(101)	(181)
b . Cash equivalents	(42,378)	(38,575)	(38,364)
c. Cash and cash equivalents (a)+(b)	**(42,512)**	**(38,676)**	**(38,545)**
d. Current financial receivables	-	-	-
e . Current bank payables	48,522	29,639	39,335
f. Other current financial liabilities	400	3,150	510
g. Current payables (e)+(f)	**48,922**	**32,789**	**39,845**
h. Net current debt (g) + (d) + (c)	**6,410**	**(5,887)**	**1,300**
i . Non-current bank payables	18,173	18,281	11,537
j . Other non-current financial liabilities	3,742	3,707	2,008
k. Non-current debt (i)+(j)	**21,915**	**21,988**	**13,545**
l. Net debt (h) + (k)	**28,325**	**16,101**	**14,845**

The Group's debt at 31st March 2014 was higher than the corresponding balance at 31st December 2013. This increase is strictly connected with the capital expenditure incurred during the quarter and normal trends in operations which, with activity volumes rising, are characterized in the first half of the year by the use of funds for financing the temporary increase in net working capital.
In addition:

– "Other non-current financial liabilities" represent the liabilities arising from the possibility that the minority shareholders in Brunello Cucinelli England Ltd. may exercise their put option and the liabilities arising from the loan obtained, for the share attributable to it, from the minority shareholder of the subsidiary Bruno Cucinelli Hong Kong Ltd.;
– the decrease in the balance for "Other current financial liabilities" over that at 31st December 2013 is due to the conversion to a capital reserve of the loan obtained in the past year, for the share attributable to it, from the minority shareholder in the subsidiary Brunello Cucinelli Lessin (Sichuan) Fashion Co. Ltd..

The following table sets out the results from financing activities, separating out the effect of foreign exchange differences and the fair value of derivative contracts from changes in financial income and expense:

(In thousands of Euro)	Quarter ended 31st March		Change	
	2014	2013	2014 vs. 2013	2014 vs. 2013 %
Loan interest	184	83	101	>+100,0%
Other net (income)/expense	221	136	85	+62,5%
Financial (income)/expense	**405**	**219**	**186**	**+84,9%**
Foreign exchange (gains)/losses	230	147	83	+56,5%
Financial (income)/expense arising from adjusting derivatives on loans to fair value	90	114	(24)	-21,1%
Total net financial expense	**725**	**480**	**245**	**+51,0%**

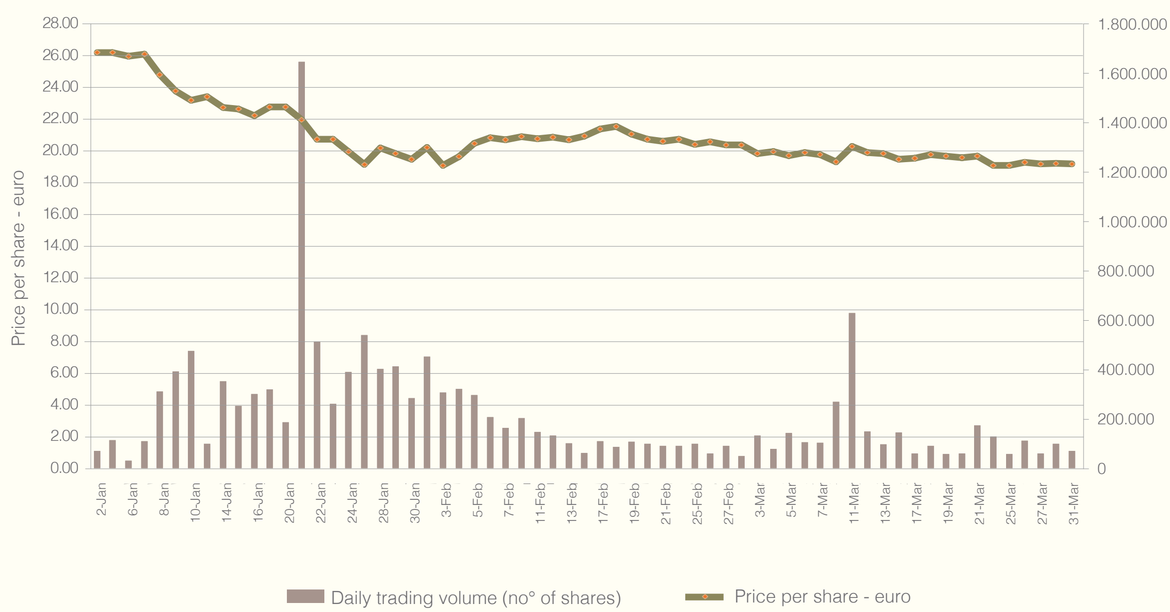
PERFORMANCE OF THE COMPANY’S SHARE ON THE BORSA ITALIANA S.P.A. MTA (ELECTRONIC STOCK EXCHANGE)

On 31st March 2014, the final trading day for the quarter, the official closing price of the Brunello Cucinelli share was € 19.21 (up 147.9% compared to the € 7.75 per share set for the IPO and down 25.6% compared to the closing price of € 25.83 at the end of 2013). Market capitalization at 31st March 2014 was € 1,306 million.

The following table provides details of the company’s share price and its performance between 1st January 2014 and 31st March 2014:

	Euro	Date
IPO price	7,75	-
Minimum price (1)	18,90	27-Jan-14
Maximum price (1)	26,50	3-Jan-14
Official price	19,21	31-Mar-14
Capitalization	1.306.280.000	31-Mar-14
Number of outstanding shares	21.078.000	31-Mar-14
Free float	404.908.380	31-Mar-14

(1): Minimum and maximum prices recorded during daily trading which therefore do not coincide with the official reference prices for the day.



SIGNIFICANT EVENTS DURING THE PERIOD

Acquisition of a business from d'Avenza Fashion S.p.A.

On 15th January 2014 the Brunello Cucinelli Group acquired, though its wholly-owned subsidiary Pinturicchio S.r.l., the manufacturing operations of d'Avenza Fashion S.p.A., which specializes in the production of off-the-peg and bespoke men's suits, with the aim of extending its offer to customers with a top-quality tailoring service. A price of € 84 thousand was paid for this business, and a summary of the fair value of the assets and liabilities acquired at the acquisition date and the cash used for the acquisition are as follows:

	Fair Value on acquisition
Property, plant and equipment	454
TOTAL NON-CURRENT ASSETS	**454**
TOTAL ASSETS	**454**
Liabilities for employee benefits	323
TOTAL NON-CURRENT LIABILITIES	**323**
Other current liabilities	47
TOTAL CURRENT LIABILITIES	**47**
TOTAL LIABILITIES	**370**
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	**84**
GOODWILL ARISING FROM THE ACQUISITION	**-**
Purchase price:	**84**
Consideration paid	84
Debt	-
Analysis of cash flows from the acquisition:	
Net cash acquired with the business (included in cash flows from investing activities)	-
Consideration paid	(84)
NET CASH FLOW FROM THE ACQUISITION	**(84)**

On the same date Bruno Cucinelli S.p.A. entered a preliminary agreement with Spring Immobiliare S.r.l. (a company belonging to the same group as d'Avenza Fashion S.p.A.), subject to certain conditions precedent, for the purchase of a real estate complex in the district of Avenza in the municipality of Carrara where the business in question is situated. On signing the preliminary agreement Spring Immobiliare S.r.l. leased these assets to Pinturicchio S.r.l. while waiting to sign the final agreement. A series of administrative formalities had still to be completed at the date of this consolidated interim report to satisfy the conditions precedent.

Purchase of 49% of Brunello Cucinelli Belgium Sprl (Brussels)

In January 2014 Brunello Cucinelli Europe S.r.l. acquired from an independent third party 49% of Brunello Cucinelli Belgium Sprl, a company organized under the laws of Belgium that manages the monobrand store in Brussels. In this way, the Brunello Cucinelli Group became the company's sole shareholder.

Purchase of quotas in Pearl Flannel Sprl (store in Knokke - Belgium)
In January 2014, at the same time as the operation discussed in the previous paragraph, Brunello Cucinelli Belgium Sprl acquired from the above-mentioned independent third party 100% of Pearl Flannel Sprl, the company organized under the laws of Belgium that manages a monobrand store in the seaside town of Knokke (Belgium) at a price of € 493 thousand.
While the valuation of this operation for this consolidated interim report was computed in a detailed manner, accounting standards allow the provisional amounts arising to be adjusted within a period of 12 months from the acquisition date. All the assets acquired and liabilities assumed have been assigned a fair value for initial recognition and an amount of € 677 thousand has been added to the fair value of the assets acquired and liabilities assumed as key money, determined as shown in the following table:

	Thousands of euro
Purchase price of 100% of the investment	493
Total carrying amount of the investment (a)	**493**
Net assets at the acquisition date (b)	**46**
Excess to be allocated (a - b)	**447**
Allocation of the excess:	
Key money	677
Deferred tax liabilities	(230)

The fair value of the assets and liabilities acquired at the acquisition date and the cash used for the acquisition are as follows:

	Fair value on acquisition
Other intangible assets	56
Property, plant and equipment	152
TOTAL NON-CURRENT ASSETS	**208**
Inventories	302
Trade receivables	9
Other receivables and other current assets	38
Cash and cash equivalents	50
TOTAL CURRENT ASSETS	**399**
TOTAL ASSETS	**607**
Non-current bank payables	54
TOTAL NON-CURRENT LIABILITIES	**54**
Trade payables	433
Current bank payables	14
Tax payables	13
Other current liabilities	47
TOTAL CURRENT LIABILITIES	**507**
TOTAL LIABILITIES	**561**
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**-**
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	**46**
GOODWILL ARISING ON THE ACQUISITION	**447**
Purchase price:	
Consideration paid	493
Debt	-
Analysis of cash flows from the acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	50
Consideration paid	(493)
NET CASH FLOW FROM THE ACQUISITION	**(443)**

Purchase of quotas in SAS White Flannel (store in Cannes)

In February 2014 Brunello Cucinelli Europe S.r.l. acquired from the same independent third party 25% of SAS White Flannel, the company organized under the laws of France that has been operating the monobrand store in Cannes for a considerable period of time. By way of agreements between the shareholders and amendments to the bylaws Brunello Cucinelli Europe S.r.l. has acquired de facto control of the company. Therefore as of 1st February 2014 the boutique in Cannes has been converted from a wholesale monobrand store to a DOS. The Group paid € 700,000 for the investment.

While the valuation of this operation for this consolidated interim report was computed in a detailed manner, accounting standards allow the provisional amounts arising to be adjusted within a period of 12 months from the acquisition date. All the assets acquired and liabilities assumed have been assigned a fair value for initial recognition and an amount of € 966 thousand has been added to the fair value of the assets acquired and liabilities assumed as key money, calculated as shown in the following table:

	Thousands of euro
Purchase price for 25% of the company's capital	700
Total carrying amount of the investment (a)	**700**
Net assets (25%) at the acquisition date (b)	**56**
Excess to be allocated (a - b)	**644**
Allocation of the excess:	
Key Money	966
Deferred tax liabilities	(322)

The fair value of the assets and liabilities acquired at the acquisition date and the cash used for the acquisition are as follows:

	Fair value on acquisition
Other intangible assets	1.500
Property, plant and equipment	327
Other non-current financial assets	90
TOTAL NON-CURRENT ASSETS	**1.917**
Inventories	601
Other receivables and other current assets	57
Cash and cash equivalents	151
TOTAL CURRENT ASSETS	**809**
TOTAL ASSETS	**2.726**
Non-current bank payables	424
TOTAL NON-CURRENT LIABILITIES	**424**
Trade payables	1.084
Current bank payables	15
Other current liabilities	980
TOTAL CURRENT LIABILITIES	**2.079**
TOTAL LIABILITIES	**2.503**
Shareholders' equity attributable to non-controlling interests (75% of the fair value of the net assets)	**167**
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	**56**
GOODWILL ARISING ON THE ACQUISITION	**644**
PURCHASE PRICE:	**700**
Consideration paid	700
Debt	-
Analysis of cash flows from the acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	151
Consideration paid	(700)
NET CASH FLOW FROM THE ACQUISITION	**(549)**

Upcoming opening of a boutique in Sao Paulo, Brazil

In February 2014 the Group paid in 1,500,000.00 BRL to establish the share capital of Brunello Cucinelli Brasil– Comercio de Artigos de Vestuario e Acessorios de Luxo LTDA.

The Brazilian subsidiary will operate a monobrand store in the well-known shopping mall of Cidade Jardim in San Paulo, Brazil. The complex process to obtain an import license in Brazil is still under way and the opening of the retail location is expected to take place in June 2014.

Purchase of real estate

On 28th March 2014 the Company entered a preliminary agreement with Fedone S.r.l. (which controls the company and is controlled in turn by Cav. Lav. Brunello Cucinelli) for the purchase of real estate which is suitable for industrial activities and has all the relevant connections but is not close to the Company's manufacturing and logistical facilities. As this property does not have significant importance for the Company as part of the project for extending and restructuring the Solomeo site, the decision was taken to sell it at a price of € 1,790 thousand, with the significant risks and the rewards connected with the ownership of the assets being transferred as of the date of the preliminary agreement. The final agreement must be signed by 30th June 2014 with the full price to be paid at that date.

As this is a related party transaction of minor importance the sale was reviewed by the Control and Risks Committee, as required and in accordance with the related party procedures adopted by the Company on 9 May 2012, and the Committee's three members expressed a unanimous favorable opinion, also on the basis of a technical appraisal carried out on the signing of the preliminary agreement. The operation was therefore approved by the Board of Directors.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Opening of a boutique in Vienna, Austria
On 17th April 2014 a new point of sale was opened in Bognergasse, Vienna. The store is run by Brunello Cucinelli GmbH, a previously established company.

Purchase by Brunello Cucinelli Japan Co. Ltd. of the business of Woollen Co. Ltd.
As provided by agreements entered before the listing of the Company and announced by way of the listing prospectus, following an agreement reached between the shareholders Brunello Cucinelli S.p.A. (75%) and Itochu Corporation (25%), Brunello Cucinelli Japan Co. Ltd. ("BC Japan") exercised its right to acquire from Woollen Co. Ltd. (the Group's current distributor in Japan) the business set up by that company for distributing Brunello Cucinelli branded goods in Japan.
BC Japan and Woollen Co. Ltd. intend to finalize the transfer of the business by 31st August 2014 and are currently discussing the detailed aspects of the operation. Through BC Japan, the Brunello Cucinelli Group will take over the management of the monobrand stores in Japan from Woollen Co. Ltd. from the effective date of the purchase of the business and will directly manage the sale of its products in department stores.
As part of the transfer of the business the Company and Itochu Corporation are discussing the introduction of a new business plan for BC Japan to address developments between 2014 and 2017.

BUSINESS OUTLOOK

The first few months of this year have been especially positive, with further growth in terms of both revenues and earnings, confirming and improving on that something special we have harvested in previous years.

Attention to the product and careful distribution; these are the guidelines of our business and the bases for our everyday work which is finding considerable appreciation among an international clientele that is increasingly captivated by that craftsmanship, quality, creativity and exclusivity that the Made in Italy sector knows how to propose. An increasing number of people from different cultures aspire to the absolute luxury sector, especially when it knows how to combine taste, elegance, grace and contemporaneity.

As we are almost half way through the year and having obtained extremely positive feedback on the men's and women's autumn-winter collections, with orders already booked for the 2014 autumn-winter collection, we would like to serenely reiterate our optimism for this present year.

BASIS OF PREPARATION OF THE CONSOLIDATED INTERIM REPORT

The Group's interim report for the three months ended 31st March 2014 has been prepared in accordance with article 154-ter, paragraph 5 of the Consolidated Finance Law (TUF) introduced by Legislative Decree no. 195/2007 in implementation of Directive 2004/109/EC.
The Board of Directors of Brunello Cucinelli S.p.A approved this consolidated interim report on 12th May 2014 and on the same date authorized its distribution to the public.

SCOPE OF CONSOLIDATION

The scope of consolidation for the three months ended 31st March 2014 was extended following the purchase of the subsidiaries Pearl Flannel Sprl and SAS White Flannel, as discussed in the section "Significant events during the period". The new investments are consolidated on a line-by-line basis.

ACCOUNTING STANDARDS

The Group's financial position, results and cash flows for the quarter ended 31st March 2014 are prepared in accordance with the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and the related interpretations issued by the IASB and adopted by the European Union that are applicable at the balance sheet date. The accounting standards used to prepare these quarterly financial statements are consistent with those used to prepare the consolidated annual report at 31 December 2013.

DISCRETIONAL MEASUREMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

While not showing sharp seasonal or cyclical variations in total annual sales, the Group's business is affected in the course of the various quarters of the year by revenues and costs that are not perfectly homogeneous as a result of industrial operations. Consequently, any analysis of interim results and financial and profitability indicators cannot be considered as fully representative, and therefore it is not advisable to consider the period indicators as a proportional share of the full year.

The preparation of the quarterly report also requires the parent company's directors to make discretional measurements, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities and contingent liabilities at the reporting date. The actual results could differ from these estimates. The primary discretional estimates and measurements relate to the recognition and measurement of the following items.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases and unused tax losses to the extent that it is probable that sufficient taxable profit will be available against which these losses can be offset. A discretional assessment is required by the directors to determine the amount of deferred tax assets that can be recognized, which is based on an estimate of the likely timing and amount of future taxable profit.

The employees' termination indemnity (TFR) liability and the agents' supplementary indemnity provision

The employees' termination indemnity (TFR) and the agents' supplementary indemnity provision for the Group's Italian companies are measured using actuarial valuations. These valuations require a number of assumptions to be made about discount rates, future salary increases (only for the TFR), staff turnover and mortality rates. Because of the long-term nature of these plans, these estimates are subject to a significant degree of uncertainty.

Provision for bad debts

The provision for bad debts represents management's best estimate, on the basis of information available at the time of preparing the financial statements, of the amount required to adjust receivables to their realizable value.

Depreciation and amortization periods for tangible and intangible fixed assets

Determining the depreciation and amortization of property, plant and equipment and intangible assets with a finite useful life requires discretional estimates to be made by directors. Such estimates are reviewed at every balance sheet date to ensure that the carrying amounts reflect the best estimates of the costs to be incurred by the Group and, in the case of significant differences, the amounts are revised and updated.

Derivative instruments

The measurement of derivatives as assets and liabilities requires the use of estimates and assumptions. These estimates and assumptions are constantly reviewed and the effects of any changes are immediately recognized in the financial statements.

Estimates and assumptions are made by directors with the support of the company functions and, where appropriate, independent professionals.

The exchange rates used for determining the equivalent in euro of the financial statements of subsidiaries denominated in a foreign currency are shown in the following table (currency per 1 euro):

	Average exchange rate		End of period exchange rate		
	31st March 2014	31st March 2013	31st March 2014	31st December 2013	31st March 2013
U.S. dollar	1,369631	1,320629	1,3788	1,3791	1,2805
Swiss franc	1,223696	1,228398	1,2194	1,2276	1,2195
Japanese yen	140,797777	121,795	142,42	144,72	120,87
Renmimbi (yuan)	8,35762	8,22093	8,5754	8,3491	7,96
British pound	0,827872	0,851107	0,8282	0,8337	0,8456
Hong Kong dollar	10,628701	(*)	10,6973	10,6933	(*)
Real	3,23995	(*)	3,1276	(*)	(*)

(*) Exchange rate not used in the stated period.

RELATED PARTY TRANSACTIONS

Except for the matters discussed in the section “Significant events during the period”, no other related party transactions were performed during the three months ended 31st March 2014 which had unusual features or involved significant amounts, other than those carried out on a continuing basis.

Cav. Lav. Brunello Cucinelli
Chairman of the Board
of Directors and CEO

FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31ST MARCH 2014

CONSOLIDATED BALANCE SHEET AT 31ST MARCH 2014

(In thousands of Euro)	31st March 2014	related parties	31st December 2013	related parties	31st March 2013	related parties
NON-CURRENT ASSETS						
Intangible assets	30.269		26.552		25.996	
Property, plant and equipment	63.427	8.912	59.180	8.252	46.482	6.471
Other non-current financial assets	3.992	41	3.426	41	3.299	41
Deferred tax assets	9.316		10.082		6.606	
TOTAL NON-CURRENT ASSETS	**107.004**		**99.240**		**82.383**	
CURRENT ASSETS						
Inventories	91.527		94.464		76.773	
Trade receivables	59.793	13	43.361	99	58.298	22
Tax receivables	2.158		1.094		1.246	
Other receivables and other current assets	13.352	1.790	14.186		10.121	
Cash and cash equivalents	42.512		38.676		38.545	
Derivative instruments - current assets	789		1.658		524	
TOTAL CURRENT ASSETS	**210.131**		**193.439**		**185.507**	
TOTAL ASSETS	**317.135**		**292.679**		**267.890**	

(In thousands of Euro)	31st March 2014	related parties	31st December 2013	related parties	31st March 2013	related parties
SHAREHOLDERS' EQUITY						
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS						
Share capital	13.600		13.600		13.600	
Share premium reserve	57.915		57.915		57.915	
Other reserves	69.909		40.063		45.340	
Net income for the period attributable to owners of the parent	9.732		30.476		8.776	
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	**151.156**		**142.054**		**125.631**	
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS						
Capital and reserves attributable to non-controlling interests	6.824		4.061		4.286	
Net income for the period attributable to non-controlling interests	(161)		(901)		29	
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**6.663**		**3.160**		**4.315**	
TOTAL SHAREHOLDERS' EQUITY	**157.819**		**145.214**		**129.946**	
NON-CURRENT LIABILITIES						
Employees' termination indemnities	3.180		2.854		2.980	
Provisions for risks and charges	831		831		950	
Non-current bank payables	18.173		18.281		11.537	
Non-current financial liabilities	3.493		3.477		1.716	
Other non-current liabilities	2.162		2.006		1.283	
Deferred tax liabilities	4.085		3.308		2.598	
Deferred instruments - non-current liabilities	249		230		292	
TOTAL NON-CURRENT LIABILITIES	**32.173**		**30.987**		**21.356**	
CURRENT LIABILITIES						
Trade payables	56.569	1.119	62.607	753	54.264	1.012
Current bank payables	48.522		29.639		39.335	
Current financial liabilities	178		2.955		149	
Tax payables	5.351		1.562		6.295	
Derivative instruments - current liabilities	317		311		1.189	
Other current liabilities	16.206		19.404		15.356	
TOTAL CURRENT LIABILITIES	**127.143**		**116.478**		**116.588**	
TOTAL LIABILITIES	**159.316**		**147.465**		**137.944**	
TOTAL EQUITY AND LIABILITIES	**317.135**		**292.679**		**267.890**	

CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31ST MARCH 2014

(In thousands of Euro)	Quarter ended 31st March			
	2014	related parties	2013	related parties
Net revenues	99.643	3	88.835	13
Other operating income	1.155	762	1.046	836
Revenues	**100.798**		**89.881**	
Costs for raw materials and consumables	(23.231)	(26)	(22.655)	(25)
Costs for services	(43.676)	(429)	(38.215)	(398)
Payroll costs	(15.083)	(61)	(12.570)	(47)
Other operating costs	(557)	(2)	(271)	
Own work capitalized	254		190	
Depreciation and amortization	(3.074)		(2.519)	
Impairment of assets and other accruals	(250)		(274)	
Total operating costs	**(85.617)**		**(76.314)**	
Operating income	**15.181**		**13.567**	
Financial expense	(1.794)		(1.908)	
Financial income	1.069		1.428	
Income before taxation	**14.456**		**13.087**	
Income taxes	(4.885)		(4.282)	
Net income for the period	**9.571**		**8.805**	
Net income for the period attributable to owners of the parent	9.732		8.776	
Net income for the period attributable to non-controlling interests	(161)		29	
Basic earnings per share	0,14312		0,12906	
Diluted earnings per share	0,14312		0,12906	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31ST MARCH 2014

(In thousands of Euro)	Quarter ended 31st March	
	2014	2013
Net income for the period (a)	**9.571**	**8.805**
Other components of comprehensive income:		
Items that may be classified subsequently to profit or loss:	**(470)**	**(904)**
Cash flow hedges	(479)	(1.735)
Tax effect	132	477
Changes in the cash flow hedge reserve	**(347)**	**(1.258)**
Exchange differences on translating foreign operations	(123)	354
Items that will not be reclassified to profit or loss:	**-**	**-**
Remeasurement of defined benefit plans (IAS 19)	-	-
Tax effect	-	-
Total other gains/(losses) net of tax (b)	**(470)**	**(904)**
Total comprehensive income net of tax (a) + (b)	**9.101**	**7.901**
Attributable to:		
Owners of the parent	9.333	7.782
Non-controlling interests	(232)	119

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31ST MARCH 2014

(In thousands of Euro)	Quarter ended 31st March	
	2014	**2013**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	9.571	8.805
Adjustments to reconcile net income for the period to cash flows from (used in) operating activities:		
Depreciation, amortization and impairment	3.074	2.519
Provisions for employees' termination indemnities	23	31
Provisions for risks and charges / inventory obsolescence / doubtful accounts	250	230
Change in other non-current liabilities	156	34
(Gain)/ loss on the disposal of fixed assets	(726)	(830)
Payment of termination indemnities	(21)	(5)
Payment of provisions for risks and charges	-	-
Net change in deferred tax assets and liabilities	1.124	993
Change in the fair value of financial instruments	416	138
Change in operating assets and liabilities:		
Trade receivables	(16.660)	(10.531)
Inventories	3.746	4.872
Trade payables	(7.518)	(10.772)
Other current assets and liabilities	(605)	(311)
NET CASH (USED IN) OPERATING ACTIVITIES (A)	**(7.170)**	**(4.827)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(6.594)	(5.200)
Additions to intangible assets	(1.622)	(2.160)
Additions to financial assets	(525)	(25)
Acquisition of Brunello Cucinelli England Ltd. net of cash acquired	-	(4.718)
Acquisition of SAS White Flannel net of cash acquired	(549)	-
Acquisition of Pearl Flannel Sp r l net of cash acquired	(443)	-
Acquisition of business from d'Avenza Fashion S.p.A. net of cash acquired	(84)	-
property, plant and equipment and key money	2.034	894
NET CASH (USED IN) INVESTING ACTIVITIES (B)	**(7.783)**	**(11.209)**
CASH FLOWS FROM FINANCING ACTIVIES		
Disbursement of medium-long term loans	10.000	-
Repayment of medium-long term loans	(528)	(939)
Net change in short-term financial liabilities	6.002	11.474
Net change in long-term financial liabilities	-	1.497
Dividends paid	-	-
Change in shareholders' equity	3.335	2.402
NET CASH FROM FINANCING ACTIVITIES (C)	**18.809**	**14.434**
TOTAL CASH FLOW (D=A+B+C)	**3.856**	**(1.602)**
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS (E)	**(20)**	**102**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (F)	**38.676**	**40.045**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**42.512**	**38.545**
Additional information:		
Interest paid	310	318
Income tax paid	1.141	450

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE QUARTER ENDED 31ST MARCH 2014

(In thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Additional paid-in capital	Translation reserve	Other reserves	Net income for the period	Total Group shareholders' equity	Total non-controlling interest	Total shareholders' equity
31st December 2013	**13.600**	**2.361**	**57.915**	**-**	**(240)**	**37.942**	**30.476**	**142.054**	**3.160**	**145.214**
Net income for the period							9.732	9.732	(161)	9.571
Other gains/(losses)					(52)	(347)		(399)	(71)	(470)
Total comprehensive income	**-**	**-**	**-**	**-**	**(52)**	**(347)**	**9.732**	**9.333**	**(232)**	**9.101**
Allocation of net income		359				30.117	(30.476)	-	-	-
Dividends paid								-	-	-
Payments made by non-controlling interests (Brunello Cucinelli Lessin (Sichuan) Fashion Co. Ltd. and Brunello Cucinelli japan Co. Ltd)								-	3.336	3.336
Operation under common control (Brunello Cucinelli Belgium)						(233)		(233)	232	(1)
Change in scope of consolidation (SAS White Flannel)								-	167	167
Other movements						2		2	-	2
31st March 2014	**13.600**	**2.720**	**57.915**	**-**	**(292)**	**67.481**	**9.732**	**151.156**	**6.663**	**157.819**

(In thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Additional paid-in capital	Translation reserve	Other reserves	Net income for the period	Total Group shareholders' equity	Total non-controlling interest	Total shareholders' equity
31st December 2012	**13.600**	**1.210**	**57.915**	**-**	**151**	**22.463**	**22.484**	**117.823**	**1.794**	**119.617**
Net income for the period							8.776	8.776	29	8.805
Other gains/(losses)					265	(1.258)		(993)	90	(903)
Total comprehensive income	**-**	**-**	**-**	**-**	**265**	**(1.258)**	**8.776**	**7.783**	**119**	**7.902**
Allocation of net income		1.151				21.333	(22.484)	-	-	-
Dividends paid								-	-	-
Increase in share capital								-	-	-
Payments made by non-controlling interests (Brunello Cucinelli Lessin (Sichuan) Fashion Co. Ltd. and Brunello Cucinelli japan Co. Ltd)						22		22	2.402	2.424
Other movements						3		3	-	3
31st March 2013	**13.600**	**2.361**	**57.915**	**-**	**416**	**42.563**	**8.776**	**125.631**	**4.315**	**129.946**

CERTIFICATION PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2 OF THE CONSOLIDATED FINANCE LAW (TUF)

Pursuant to article 154-bis, paragraph 2 of the Consolidated Finance Law (TUF) the manager in charge of the corporate accounting documents hereby declares that the accounting information contained in this document corresponds to the documentary evidence and to the accounting books and records.

Moreno Ciarapica
Manager in charge of the corporate
accounting documents