BRUNELLO CUCINELLI

HALF-YEAR FINANCIAL REPORT AT 30TH JUNE 2013

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

CONTENTS

COMPANY DATA

Registered office of the Holding Company

Brunello Cucinelli S.p.A.
via Dell'Industria, 5, frazione Solomeo
Corciano - Perugia

Legal data of the Holding Company

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

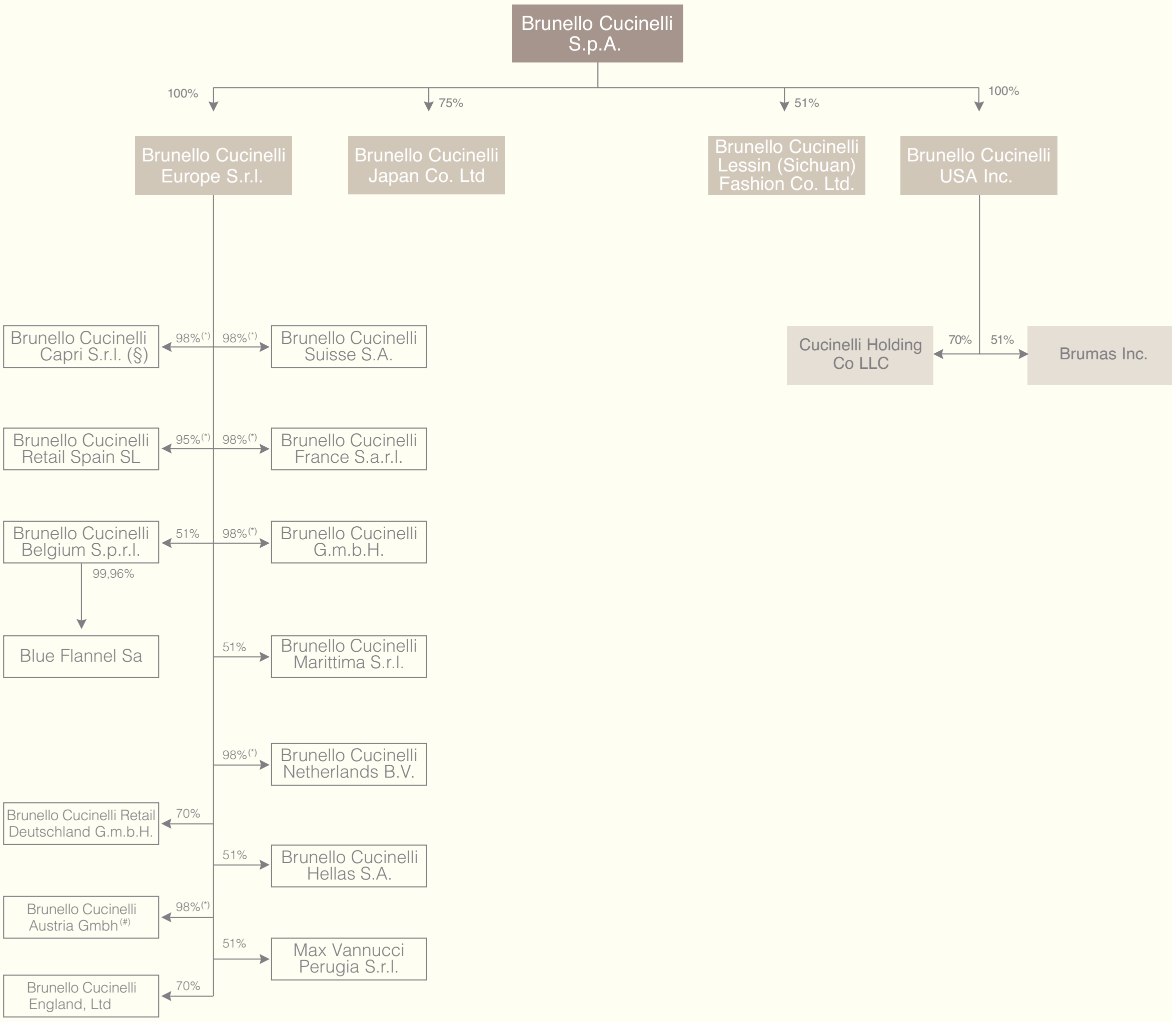
Official website: http://investor.brunellocucinelli.com

CORPORATE GOVERNANCE BODIES AT 30TH JUNE 2013

Board of Directors	Brunello Cucinelli (1)	Chairman and M.D.
	Riccardo Stefanelli (1)	Director with powers
	Moreno Ciarapica (1)	Director with powers
	Giovanna Manfredi (1)	Director
	Giuseppe Labianca (5)	Director
	Candice Koo (2)	Director
	Andrea Pontremoli (2)	Director
	Matteo Marzotto (2)	Director
	Cassian Folsom (Padre Cassiano) (2)	Director
Lead Indipendent Director	Andrea Pontremoli (3)	
Control and Risks Committee	Andrea Pontremoli (3)	Chairman
	Matteo Marzotto (3)	
	Candice Koo (3)	
Remuneration Committee	Matteo Marzotto (3)	Chairman
	Andrea Pontremoli (3)	
	Candice Koo (3)	
Board of Statutory Auditors	Gerardo Longobardi (1)	Chairman
	Lorenzo Ravizza (1)	Standing auditor
	Guglielmo Castaldo (1)	Standing auditor
	Alessandro Galli (1)	Substitute auditor
	Eros Faina (4)	Substitute auditor
External Auditors	**Reconta Ernst &Young S.p.A.**	
Manager in charge of the corporate accounting documents	Moreno Ciarapica	

(1): Holds office since 16th June 2011
(2): Holds office since 16th March 2012
(3): Appointed by a resolution of the Board of Directors of 26th March 2012, with effect from the start of trading in the Company's shares on the MTA
(4): Appointed on 22nd December 2011
(5): Holds office since 14th December 2012

GROUP STRUCTURE AT 30TH JUNE 2013



(*) The remaining interest is held by Brunello Cucinelli S.p.A.
(§) At the date of this half-year report this interest is directly wholly owned by Brunello Cucinelli S.p.A.
(#) At 30th June 2013 and at the date of this half-year report the company had been formed. The store will become operative at a later date.

COMPOSITION OF THE GROUP AT 30TH JUNE 2013

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 Capri S.r.l.	Corciano, frazione Solomeo (PG) – Italy
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 Marittima S.r.l.	Forlì – Italy
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

(#) The company had been formed at 30th June 2013. The store will be opened 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 "DOS" or *Directly Operated Stores*;
- the *wholesale monobrand* channel, consisting of franchised monobrand retail 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 shops). 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.

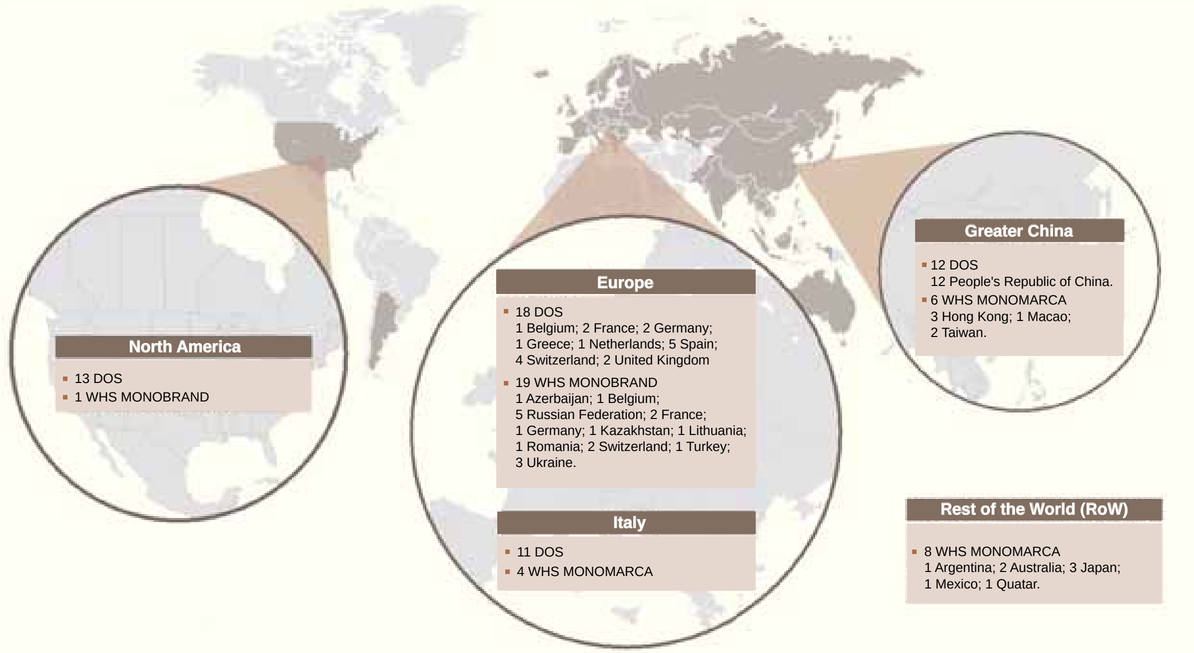
A summary is provided below of the Brunello Cucinelli Group's monobrand sales network at 30th June 2013, with comparative figures at 31st December 2012 and 30th June 2012:

Distribution channel	**30.06.2013**	**31.12.2012**	**30.06.2012**
RETAIL	54	46	30
WHOLESALE MONOBRAND	38	35	40

The following table provides an analysis of the location of points of sale by geographical area at 30th June 2013:

	Italy	**Europe**	**North America**	**Greate China**	**Rest of the World (RoW)**	**Total**
DOS	11	18	13	12	–	**54**
WHOLESALE MONOBRAND	4	19	1	6	8	**38**
TOTAL	**15**	**37**	**14**	**18**	**8**	**92**

The figure below sets out the DOS and wholesale monobrand points of sale at 30th June 2013 together with their geographical location:



CONSOLIDATED INTERIM REPORT ON OPERATIONS AT 30TH JUNE 2013

CORPORATE INFORMATION

GROUP'S ACTIVITIES

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.

Brunello Cucinelli is an Italian maison operating in the absolute luxury goods sector, specialized in cashmere, and has gradually become one of the most exclusive brands in the international luxury *casual chic* sector.
It is particularly well-known for its cashmere products and it is one of the main players in the design, manufacturing and distribution of apparel and accessories. Its strength lies in its ability to combine its exclusive "Made in Italy" features with the top-notch quality and high craftsmanship of its production, its creativity, its innovation capacity and its wish to remain contemporary.
The Group's product range focuses on one single brand: Brunello Cucinelli.

The Brunello Cucinelli Group's activities are implemented on the basis of a business model combining business efficiency, the Company's social mission and the ethical and humanistic values so strongly promoted by its founder. The blending of these elements has distinguished the Company's development, enhancing the brand's highly distinctive and individual character.
The Group operates under a business model where product strategies and communication activities are closely connected, ensuing their consistency with the brand image and the Brunello Cucinelli style.

ORGANIZATION OF PRODUCTION

Brunello Cucinelli products are a rigorous expression of the "Made in Italy" tradition and the production process is located exclusively in Italy. This may be broken down into various stages that are carried out under the Company's quality control. In line with sector practice, production is carried out by using qualified laboratories outside the Group known as *façonisti* (based mainly in Umbria). These are craftsmen and medium-sized businesses that are highly specialized by single product and single production stage and work mostly by using "hand-made" techniques. Production is carried out through job contracts based on orders received after the launch of each collection.

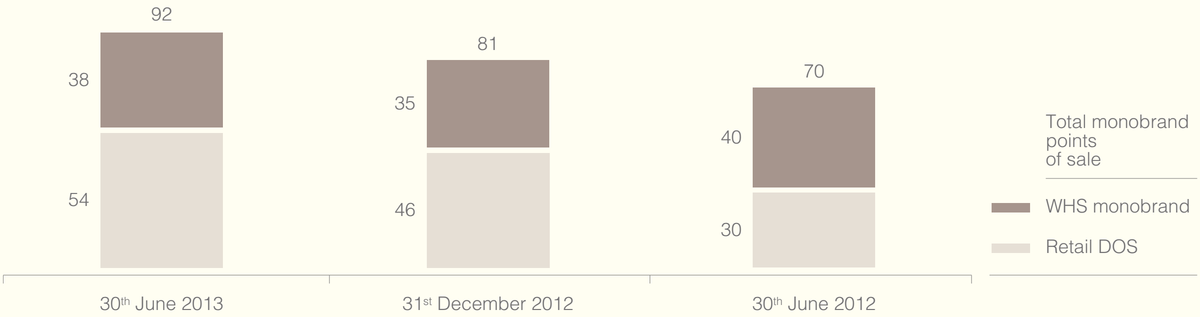
DISTRIBUTION

Products are sold by means of a consolidated international presence in over 50 countries through the retail, wholesale monobrand and wholesale multibrand channels.

The retail channel consists of monobrand stores, hereafter DOS or Directly Operated Stores.

The wholesale monobrand distribution channel consists of monobrand stores managed on the basis of sales agreements.
The Brunello Cucinelli monobrand stores are located in the most prestigious streets of the world's leading cities and in a number of the most exclusive resorts.

The wholesale multibrand channel consists of 750 select multibrand customers for a total of approximately 1000 doors, including dedicated areas in department stores.



PRODUCTS

The Brunello Cucinelli name is recognized internationally as one of the leading examples of "*absolute*" luxury in which "Made in Italy" craftsmanship is blended with the ability to innovate and perceive new trends while maintaining a clear-cut identity of taste and style. The range of products, presented under the sole brand Brunello Cucinelli, consists of a *total casual-chic luxury look comprending apparel and accessories. The care and attention invested in producing the product are expressed through the use of top quality materials, fine tailoring and expert craftsmanship carried out exclusively in Italy.*

COMMUNICATION

The Group's communication strategy is consistent with the principles characterizing its business philosophy, where the efficiency of the manufacturing organization is combined with the fundamental supreme values of ethics and the dignity of man. Discretion and the evocative and symbolic dimension have always been a distinguishing feature of the Brunello Cucinelli brand, having the aim of transmitting the value of the local territory and of top level craftsmanship and the unique and exclusive tradition of the products in perfect balance with the business's soul and philosophy, thus creating the icon of a genuine lifestyle.
Media attention does not only concentrate on the creativity and fashion content of Brunello Cucinelli products, it also celebrates the Group's particular business philosophy and the care given to the social world, the arts and beauty, thereby ensuring editorial returns on investment that exceed the average for the sector.

INTRODUCTION

This half-year financial report at 30th June 2013 has been prepared pursuant to Legislative Decree no. 58/1998 as amended and the Issuers' Regulations issued by Consob.

This half-year financial report has been prepared in accordance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union, and has been prepared in accordance with IAS 34 *Interim Financial Reporting* using the same accounting principles as those adopted for preparing the consolidated financial statements at 31st December 2012, except for the restatement of the figures for the income statement and statement of cash flows for the first half of 2012 and the balance sheet at 31st December 2012 presented for comparative purposes as a consequence of applying the amendment to IAS 19 *Employee Benefits* retrospectively from 1st January 2013, as required by IAS 1.

SUMMARIZED FIGURES AT 30TH JUNE 2013

The tables below set out the following: (i) a summarized consolidated income statement for the half-year ended 30th June 2013 with comparative figures for the corresponding half-year ended 30th June 2012, (i) a balance sheet reclassified by sources and applications at 30th June 2013 with comparative figures at 31st December 2012 and (iii) figures for capital expenditure and operating cash flows for the first half of 2013 with comparative figures for the first half of 2012.

Summarized consolidated income statement

(In thousands of Euro)	Half-year ended 30th June				Change over corresponding period	
	2013	% of revenues	2012 (restated*)	% of revenues	2013 vs. 2012	2013 vs. 2012 %
Revenues from sales and services	158,828	100.0%	136,719	100.0%	22,109	+16.2%
EBITDA (1)	27,129	17.1%	22,659 (2)	16.6%	4,470	+19.7%
Operating income	21,804	13.7%	19,696 (2)	14.4%	2,108	+10.7%
Net profit for the period	13,263	8.4%	11,994 (2)	8.8%	1,269	+10.6%

(*) The figures for the first half of 2012 have been restated as a result of the issue of the amendment to IAS 19. This led to an increase of € 75 thousand in net profit for that period as previously reported. There have been no changes to the other figures in the table.

(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) EBITDA, operating income and net profit for the period represent the results for the half-year to 30th June 2012 excluding the effect of non-recurring expenses of € 6,241 thousand incurred as part of the listing process.

Balance sheet reclassified by sources and applications:

(In thousands of Euro)	Situation at		Change over corresponding period	
	30.06.2013	31.12.2012 (restated*)	2013 vs. 2012	2013 vs. 2012 %
Net working capital	76,480	57,264	19,216	+33.6%
Fixed assets	82,752	61,641	21,111	+34.2%
Other non-current assets/(liabilities)	1,949	1,563	386	+24.7%
Net invested capital	**161,181**	**120,468**	**40,713**	**+33.8%**
Net debt (3)	32,176	851	31,325	> +100.0%
Equity	129,005	119,617	9,388	+7.8%
Sources of funds	**161,181**	**120,468**	**40,713**	**+33.8%**

(*) The figures at 31st December 2012 have been restated as a result of the issue of the amendment to IAS 19. This led to an increase of € 146 thousand in net profit for the period and a decrease of the same amount in an equity reserve compared to the figures previously reported at that date. There have been no changes to the other figures in the table.

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

Other summarized figures:

(In thousands of Euro)	Half-year ended		Change over corresponding period	
	30.06.2013	30.06.2012 (restated*)	2013 vs. 2012	2013 vs. 2012 %
Capex (4)	27,022	8,797	18,225	> +100.0%
Cash flows from operating activities	(5,393)	(13,554)	8,161	-60.2%

(*) The figures for the first half-year of 2012 have been restated as a result of the issue of the amendment to IAS 19. There have been no changes to the figures in the table compared to those originally reported.

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

THE GROUP'S RESULTS FOR THE FIRST HALF OF 2013

Revenues from sales and services amounted to €158,828 thousand in the first six months of 2013, an increase of 16.2% over the first half of the previous year. This trend was also favorably affected by the sale of the "SOLOMEI" and "SOLOMEO" trademarks and the "coat of arms" to the holding company Fedone S.r.l. (in turn controlled by Cav. Lav . Brunello Cucinelli) which led to a capital gain of € 830 thousand, recognized as other income. In comparison, the income statement for the first half of 2012 was positively affected by the gain of € 1,014 thousand arising from the assignment of the lease agreement for the store in Via Spiga 15, Milan.

Net revenues for the six months ended 30th June 2013 increased by 16.5% to close at € 157,574 thousand compared to € 135,203 thousand for the six months ended 30th June 2012.

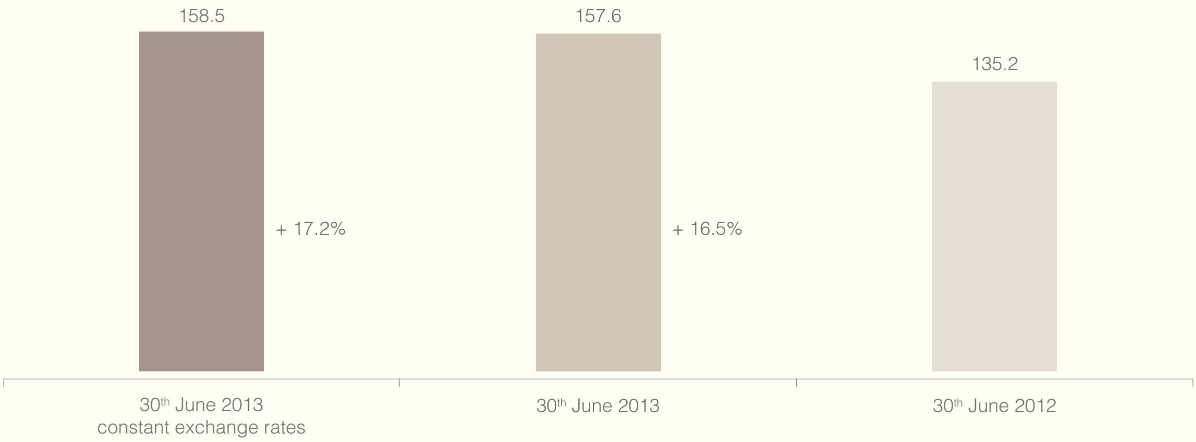
EBITDA for the first half of 2013 amounted to € 27,129 thousand, or 17.1% of revenues from sales and services, representing an increase of 19.7% over the normalized figure for the corresponding half-year in 2012. If the costs for the IPO incurred in the first half of 2012 are included, this increase reaches 65.2%.

Net profit for the half-year amounted to € 13,263 thousand for the first half of 2012, 8.4% of revenues from sales and services, being an increase of 10.7% over the normalized figure for the first half of 2012. Including the effects of the non-recurring costs incurred in the first half of 2012, this figure rises to 72.0%. Depreciation and amortization amounted to € 5,325 thousand in the first half of 2013 compared to € 2,963 thousand in the first half of 2012, representing 3.3% of revenues from sales compared to 2.2% in the first half of 2012.

While the Group's activities are not subject to significant seasonal or cyclical variations in respect of overall annual sales, during the various quarters they are affected by a lack of uniformity in revenue and cost flows deriving mainly from industrial activities. For this reason an analysis of the interim results and economic, balance sheet and financial ratios cannot be considered fully representative, and it would therefore be mistaken to consider the ratios for the period as a proportional share of those for the whole year.

ANALYSIS OF NET REVENUES

The Group's consolidated turnover for the first half-year totaled € 157,574 thousand, a rise of 16.5% over the same period in 2012. The first half of the year posted solid double-digit revenue growth. At constant exchange rates, that is using the average rates used for the first six months of 2012, revenues would have amounted to € 158,486 thousand.



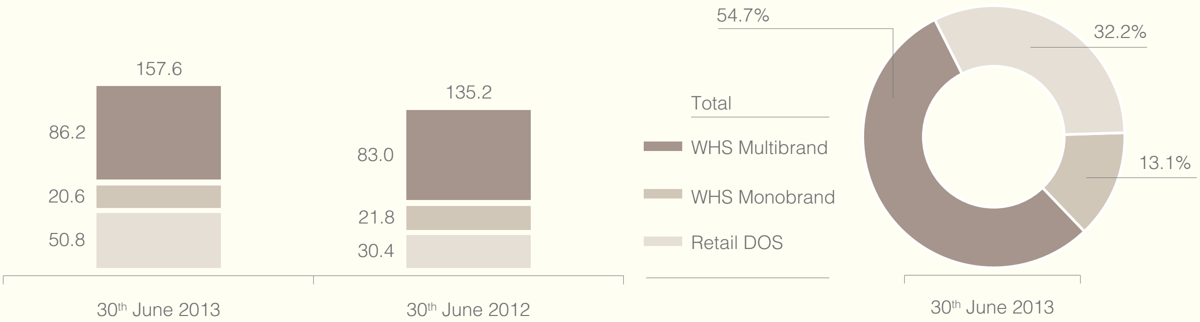
The total increase in net revenues of € 22,371 thousand at current exchange rates (+16.5%) is due mainly to the organic growth of the retail channel arising from the development of existing points of sale and the opening of new direct points of sale (DOS) in all geographical areas.

ANALYSIS BY DISTRIBUTION CHANNEL

There were high rates of overall growth in the first half of 2013 and in a particularly significant manner in the retail channel. The following table sets out the net revenues earned by the Group in the first half of 2013 and the first half of 2012, analyzed by distribution channel.

(In thousands of Euro)	Half-year ended 30th June				Change over corresponding period	
	2013	%	2012 (restated*)	%	2013 vs. 2012	2013 vs. 2012 %
Retail	50,747	32.2%	30,394	22.5%	20,353	+67.0%
Wholesale monobrand	20,600	13.1%	21,809	16.1%	(1,209)	-5.5%
Wholesale multibrand	86,227	54.7%	83,000	61.4%	3,227	+3.9%
Total	**157,574**	**100.0%**	**135,203**	**100.0%**	**22,371**	**+16.5%**

(*) The figures for the first half-year of 2012 have been restated as a result of the issue of the amendment to IAS 19. There have been no changes to the figures in the table compared to those originally reported.



RETAIL

Net revenues of € 50,747 thousand were earned by the retail channel, an increase of € 20,353 thousand or 67.0% over the corresponding period of the previous year.
Like-for-like (comparable store sales), calculated as the growth in revenues at constant exchange rates achieved in the DOS existing at 1st January 2012, was 10.6% in the first 33 weeks of the year (1st January to 18th August 2013).
For the half-year to 30th June 2013 the retail channel represent 32.2% of the Group’s total net revenues, an increase over the 22.5% achieved for the half-year to 30th June 2012.

Direct points of sale, thirty in number at 30th June 2012, rose to fifty four at 30th June 2013. Compared with 30th June 2012 there was an increase of twenty four in the number of points of sale with fifteen opening and nine conversions of sales points previously managed as wholesale monobrand. During the first six months of 2013 the number of direct points of sale increased by eight over 31st December 2012, with the opening of six new points of sale and the passage of two points of sale from wholesale monobrand to DOS.

WHOLESALE MONOBRAND

Net revenues of € 20,600 thousand were earned by the wholesale monobrand channel, (a fall of € 1,209 thousand over the half-year ended 30th June 2012), corresponding to an decrease of 5.5%.
Net revenues earned through the wholesale monobrand channel amounted to 13.1% of total net revenues, a decrease over the 16.1% achieved in the corresponding period of the previous year.
The number of franchised points of sale, which amounted to forty at 30th June 2012, fell to thirty eight at 30th June 2013. During the first six months of 2013 the number of wholesale monobrand stores increased by three over 31st December 2012 due to the combined effect of the passage to DOS of the two points of sale in London and the opening of five new points of sale.

WHOLESALE MULTIBRAND

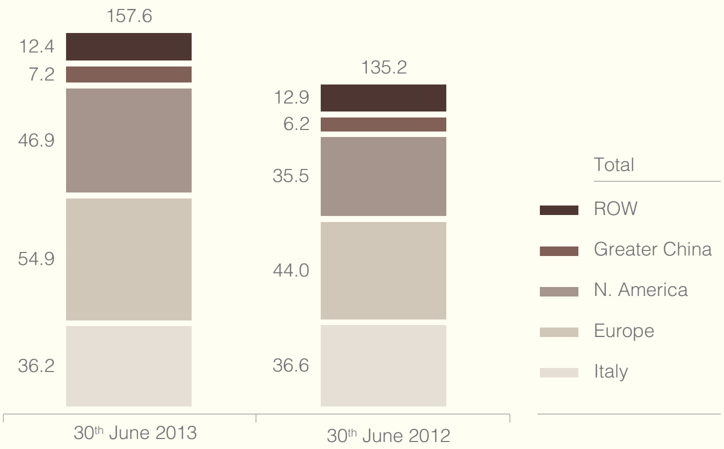
Net revenues of € 86,227 thousand were earned by the wholesale monobrand channel, an increase of € 3,227 thousand over the half-year ended 30th June 2012, corresponding to an increase of 3.9% over the corresponding period in 2012. As a consequence the channel passed from 61.4% of the total for the half-year to 30th June 2012 to 54.7% for the half-year ended 30th June 2013.

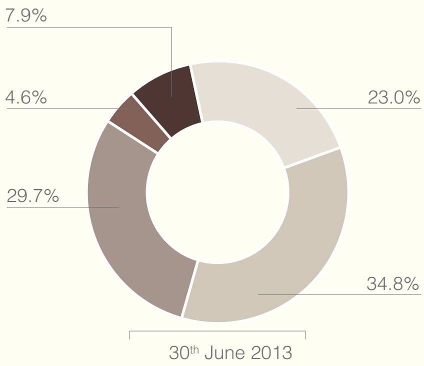
ANALYSIS BY GEOGRAPHICAL AREA

During the first half of 2013 the Brunello Cucinelli Group continued its development and hence growth on the international markets against a slight fall in the domestic market limited to 1.2%. The following table sets out revenues for the half-year ended 30th June 2013 analyzed by geographical area, with comparative figures for the corresponding period of the previous year.

(In thousands of Euro)	Half-year ended 30th June				Change over corresponding period	
	2013	**%**	**2012 (restated*)**	**%**	**2013 vs. 2012**	**2013 vs. 2012 %**
Italy	36,174	23.0%	36,605	27.1%	(431)	-1.2%
Europe	54,843	34.8%	44,033	32.5%	10,810	+24.5%
North America	46,892	29.7%	35,445	26.2%	11,447	+32.3%
Greater China	7,226	4.6%	6,184	4.6%	1,042	+16.8%
Rest of the World (RoW)	12,439	7.9%	12,936	9.6%	(497)	-3.8%
Total	**157,574**	**100.0%**	**135,203**	**100.0%**	**22,371**	**+16.5%**

(*) The figures for the first half of 2012 have been restated as a result of the issue of the amendment to IAS 19. There have been no changes to the figures in the table compared to those originally reported.





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

Italy

Net revenues for "Italy" represent 23.0% of total revenues (27.1% in the corresponding period of the previous year), holding up significantly and decreasing in absolute terms by € 431 thousand or 1.2% over those for the half-year ended 30th June 2012 (€ 36,174 thousand in 2013; € 37,605 thousand in 2012).

Europe

Net revenues for "Europe" represent 34.8% of total revenues (32.5% in the corresponding period of the previous year), a rise of 24.5%, passing from € 44,033 thousand to € 54,843 thousand with an increase in absolute terms of € 10,810 thousand.

North America

Net revenues for "North America" represent 29.7% of total revenues (26.2% in the corresponding period of the previous year), passing from € 35,445 thousand to € 46,892 thousand with a rise of € 11,447 thousand or 32.3%. Revenues expressed directly in foreign currency and translated into euro in the preparation of these interim financial statements amounted to US$ 56,879 thousand (the average exchange rate for the first half of 2013 was 1.313372).

Greater China

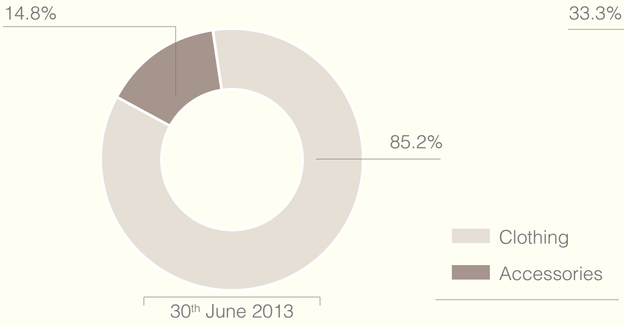
Net revenues for "Greater China" represent 4.6% of total revenues (also 4.6% in the corresponding period of the previous year), increasing by € 1,042 thousand (+16.8%), from € 6,184 thousand to € 7,226 thousand.

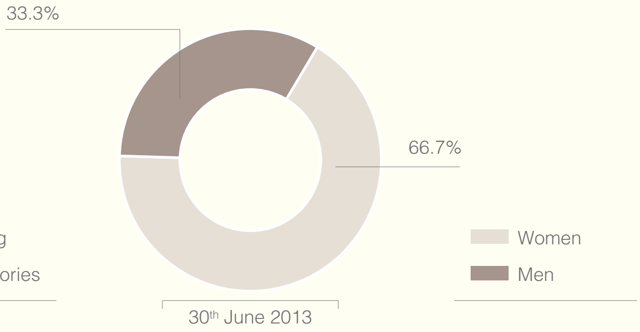
Rest of the World

Net revenues for the "Rest of the World" fell by 3.8% in the first half of 2013 over the corresponding period of the previous year, passing from € 12,936 thousand to € 12,439 thousand; the figure for the first half of 2013 was affected by the timing of certain deliveries taking place over the period end, with the revenues being recognized in July.

ANALYSIS BY PRODUCT LINE AND TYPE OF END CUSTOMER

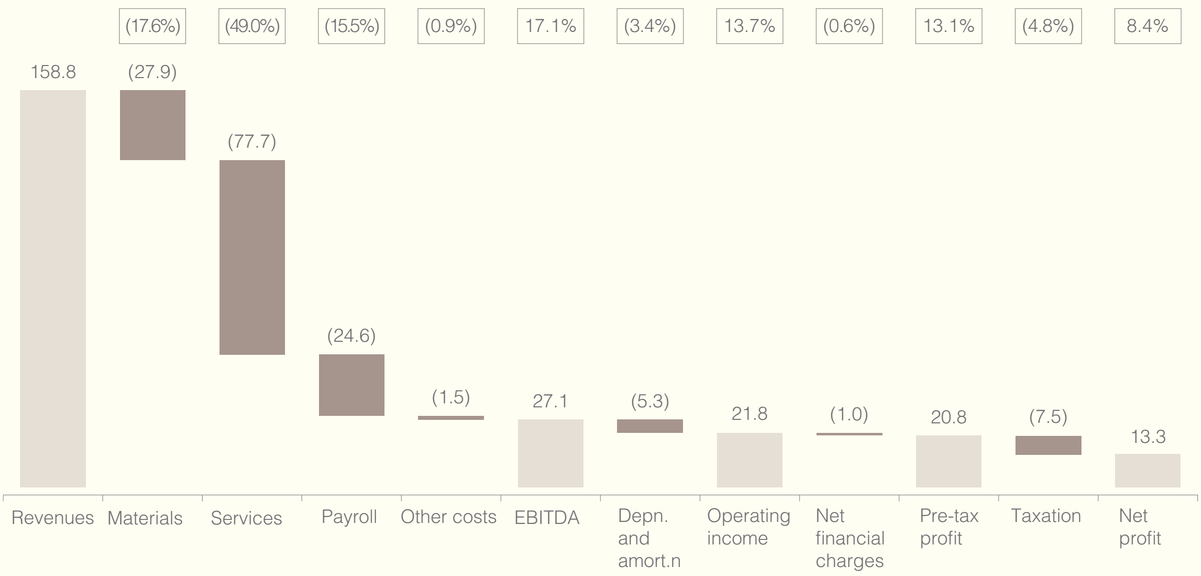
The following figure provides a presentation in graphical form of the composition of revenues of the Brunello Cucinelli Group for the half-year ended 30th June 2013, analyzed by product line and type of end customer:





ANALYSIS OF THE INCOME STATEMENT

Set out below is a graphical representation of economic data for the six months ended 30th June 2013 representing the Group's performance for the first half-year:



ANALYSIS OF OPERATING RESULTS

The following table provides a summary of the operational profitability indices, EBITDA and operating income:

(In thousands of Euro)	**Half-year ended 30th June**				**Change over corresponding period**	
	2013	**% of revenues**	**2012 (restated*)**	**% of revenues**	**2013 vs. 2012**	**2013 vs. 2012 %**
Operating income	**21,804**	**13.7%**	**13,455**	**9.8%**	**8,349**	**+62.1%**
+ Depreciation and amortization	5,325	3.4%	2,963	2.2%	2,362	+79.7%
EBITDA (1)	**27,129**	**17.1%**	**16,418**	**12.0%**	**10,711**	**+65.2%**
+ Non-recurring expenses	–	0.0%	6,241	4.6%	(6,241)	-100.0%
Normalized EBITDA (2)	**27,129**	**17.1%**	**22,659**	**16.6%**	**4,470**	**+19.7%**

(*) The figures for the first half of 2012 have been restated as a result of the issue of the amendment to IAS 19. There have been no changes to the figures in the table compared to those originally reported.

(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.

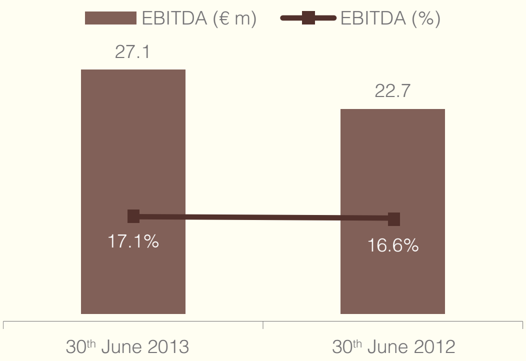
(2) Normalized EBITDA represents the results for the half-year ended 30th June 2013 excluding the effect of non-recurring expenses incurred as part of the listing process.

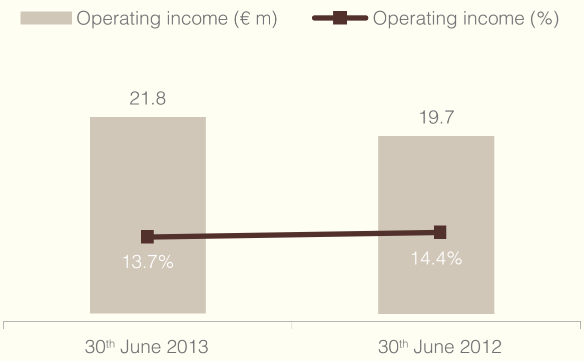
As required by Consob Resolution no. 15519 of 27th July 2006, when significant, income statement items arising from non-recurring events or transactions are discussed separately in management's comments and in the financial disclosures.

EBITDA rose from € 16,418 thousand, or 12.0% of revenues, for the first half of 2012 to € 27,129 thousand, or 17.1% of revenues for the first half of 2013. As the table shows, the first half of 2012 was affected by the non-recurring expenses arising from the listing on the Borsa Valori S.p.A. Electronic Stock Exchange which was completed on 27th April 2012. An increase of € 4,470 thousand, corresponding to 19.7%, emerges if the figure for the first half of 2013 is compared to the normalized figure for the first half of 2012.

Operating income, which was also affected by the above movements, rose from € 13,455 thousand, or 9.8% of revenues, for the first half of 2012, to € 21,804 thousand, or 13.7% of revenues, for the first half of 2013. Excluding the effect of the non-recurring expenses, operating income for the half-year ended 30th June 2013 rose by € 2,108 thousand or 10.7% over that for the first half of 2012. A significant effect arose from the charge for depreciation and amortization, resulting from the investments made, which amounted to 3.4% of revenues in the first six months of 2013 and 2.2% in the first six months of 2012.

Set out below in graphic form is the performance of the Group's EBITDA and operating income for the half-year ended 30th June 2013 and the half-year ended 30th June 2012 (amounts have been normalized to make the comparison consistent):





The key factors that enabled the Group to achieve growth in EBITDA were as follows:

(i) a greater proportion as a percentage of net revenues coming from sales made through the retail channel (due to the increased number of DOS in 2013 and the higher margins achieved by the retail channel as compared with the wholesale channel);

(ii) a capital gain of € 830 thousand arising from the sale of the "SOLOMEI" and "SOLOMEO" trademarks and the "coat of arms" to the holding company Fedone S.r.l. (in turn controlled by Cav. Lav . Brunello Cucinelli), recognized as other income. In comparison, the income statement for the first half of 2012 was positively affected by the gain of € 1,014 thousand arising from the assignment of the lease agreement for the store in Via Spiga 15, Milan;

(iii) lower total operating costs, excluding depreciation and amortization, as a percentage of revenues; these rose by € 13,760 thousand in the first half of 2013, representing 86.3% compared with 90.2% in the first half of 2012.

To provide a more precise understanding of production costs, we out below a combined analysis of consumption costs and costs for outsourced manufacturing costs for the first half of 2013 and 2012, also indicating their amounts as a percentage of revenues.

(In thousands of Euro)	**Half-year to 30th June**				**Change over corresponding period**	
	2013	**% of revenues**	**2012 (restated*)**	**% of revenues**	**2013 vs. 2012**	**2013 vs. 2012 %**
Costs for raw materials and consumables	36,708	23.1%	32,636	23.9%	4,072	+12.5%
Change in inventories	(8,821)	-5.6%	(11,849)	-8.7%	3,028	-25.6%
Outsourced work	38,573	24.3%	41,261	30.2%	(2,688)	-6.5%
Total	**66,460**	**41.8%**	**62,048**	**45.4%**	**4,412**	**+7.1%**

(*) The figures for the first half of 2012 have been restated as a result of the issue of the amendment to IAS 19. There have been no changes to the figures in the table compared to those originally reported.

Taking the evolution of these cost items together it can be seen that as a total they have fallen as a percentage of revenues when compared to the previous year (41.8% in 2013 compared to 45.4% in 2012). This decrease in percentage terms is mainly due mainly to the increase in net revenues for the period (32.2% in the first half of 2013 against 22.5% in the first half of 2012).

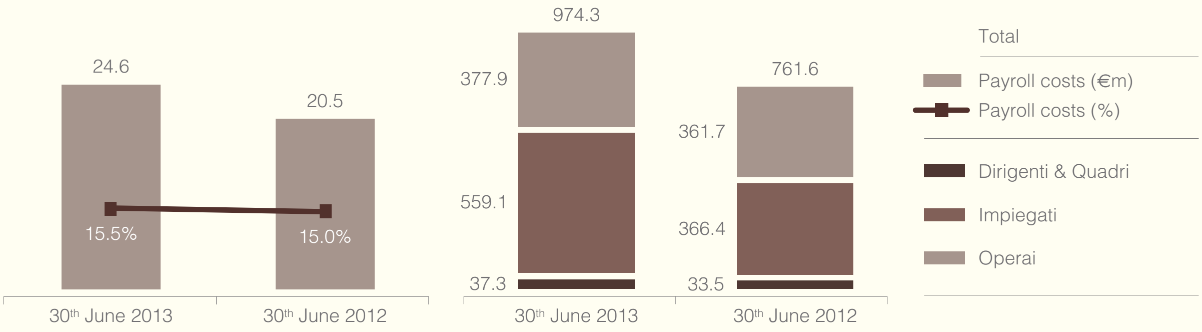
The other main items making up operating costs are commissions, being the fees payable to the agents' network, advertising and other marketing expenses incurred for the promotional activities carried out by the Group to disseminate its image and philosophy throughout the world (in the specific case these are costs relating principally to the production of catalogues, advertising campaigns, events and trade fairs organized in Italy and abroad) and costs for transport and duties, for rental and leasing and for credit card commissions.

The following is a summary of costs incurred for such items in the first half of 2013 and the first half of 2012, with an indication of their value as a percentage of revenues:

(In thousands of Euro)	**Half-year to 30th June**				**Change over corresponding period**	
	2013	**% of revenues**	**2012 (restated*)**	**% of revenues**	**2013 vs, 2012**	**2013 vs, 2012 %**
Commissions and accessory charges	6,059	3.8%	6,042	4.4%	17	0.3%
Advertising and other commercial expenses	8,085	5.1%	6,477	4.7%	1,608	24.8%
Transport and duties	7,222	4.5%	5,512	4.0%	1,710	31.0%
Lease expense	9,164	5.8%	5,509	4.0%	3,655	66.3%
Credit card charges	997	0.6%	672	0.5%	325	48.4%

(*) The figures for the first half of 2012 have been restated as a result of the issue of the amendment to IAS 19. There have been no changes to the figures in the table compared to those originally reported.

Changes in payroll costs are closely linked to the increase in the workforce which to a large extent is the consequence of the extension of the direct monobrand store network, which as stated above saw a total of eleven openings between 1st January and 30th June 2013, with nine new points of sale and two conversions from wholesale monobrand to DOS: compared to 30th June 2012 there have been fifteen new sales points and nine conversions from wholesale monobrand to DOS, making a total of twenty four new directly operated points of sale.
Costs for wages and salaries totaled € 24,577 thousand against € 20,526 thousand in the corresponding period in the previous year, for a rise in absolute terms of € 4,051 thousand. At 30th June 2013 payroll costs represented 15.5% of revenues, compared with 15.0% at 30th June 2012.



Depreciation and amortization (€ 5,325 thousand for the half-year ended 30th June 2013 and € 2,963 thousand for the corresponding period of the previous year) amounted to 3.4% of revenues in the first half of 2013 and 2.2% in the first half of 2012; the increase in absolute terms of € 2,362 thousand is mainly due to investments in the key money paid to take over agreements for the monobrand stores and investments in directly operated stores.

ANALYSIS OF FINANCIAL CHARGES, TAXATION AND NET PROFIT

Net financial charges amounted to € 959 thousand for the half-year ended 30th June 2013, of which financial charges of € 3,441 thousand and financial income of € 2,482 thousand.
Net financial income and charges remained essentially constant as a percentage of net revenues from sales and services over the first half of 2012, closing at 0.60% in 2013 compared to 0.56% in 2012.

While reference should be made to the notes to the financial statements for a listing and further details of the items in financial income and charges, the following table sets out the result of the Group's financial management, separating out the effect of exchange differences and the fair value measurement of derivative contracts from the overall change:

(In thousands of Euro)	Half-year ended 30th June				Change over corresponding period	
	2013	% of revenues	2012 (restated*)	% of revenues	2013 vs 2012	2013 vs 2012 %
Loan interest expense	173	0.1%	366	0.3%	(193)	-52.7%
Other income/(expense), net	357	0.2%	561	0.4%	(204)	-36.4%
Financial (income)/charges	**530**	**0.3%**	**927**	**0.7%**	**(397)**	**-42.8%**
Exchange gains/(losses)	182	0.1%	(206)	-0.1%	388	<-100.0%
Financial income/(charges) from adjusting derivatives on loans to fair value	247	0.2%	40	0.0%	207	>+100.0%
Total financial charges, net	**959**	**0.6%**	**761**	**0.6%**	**198**	**+26.0%**

(*) The figures for the first half of 2012 have been restated as a result of the issue of the amendment to IAS 19. This led to an decrease of € 103 thousand in financial charges for that period as previously reported.

Income taxes for the period amounted to € 7,582 thousand and represent 36.4% of pre-tax consolidated profit. The Group paid taxes of € 9,143 thousand in the half-year ended 30th June 2013 compared with € 10,361 thousand in the corresponding period of the previous year.

In the light of the above, net profit for the period closed at € 13,263 thousand, or 8.4% of revenues, which compared with the figure for the first half of 2012 (normalized for the non-recurring costs relating to the listing and for the retrospective application of the amendment to IAS 19) represents an increase of € 1,269 thousand or 10.6%.
The following table provides an analysis of net profit for the period between the portion attributable to the Group and the portion attributable to minority interests:

(In thousands of Euro)	30.06.2013	30.06.2012 (restated*)	30.06.2012 (normalized)
Net profit attributable to the Group	14,047	7,938	12,219
Net profit/(loss) attributable to minority interests	(784)	(225)	(225)
Net profit	**13,263**	**7,713**	**11,994**

(*) The figures for the first half of 2012 have been restated as a result of the issue of the amendment to IAS 19. This led to an increase of € 75 thousand in net profit for that period as previously reported, fully relating to the net profit attributable to Group while there were no changes in the net profit/(loss) attributable to minority interests.

ANALYSIS OF THE BALANCE SHEET

Comments are provided below on the main items of the balance sheet reclassified by sources and applications at 30th June 2013, with comparative figures presented for 31st December 2012 and 30th June 2012.

NET WORKING CAPITAL

The following tables provides an analysis of the net working capital of the Brunello Cucinelli Group at 30th June 2013, 31st December 2012 and 30th June 2012:

(In thousands of Euro)	**30.06.2013**	**31.12.2012** (restated*)	**30.06.2012** (restated*)
Trade receivables	60,144	47,826	61,327
Inventories	90,144	80,089	77,019
Trade payables	(60,841)	(62,718)	(56,020)
Other current assets/(liabilities), net	(12,967)	(7,933)	(15,982)
Net working capital	**76,480**	**57,264**	**66,344**

(*) The figures for the first half of 2012 have been restated as a result of the issue of the amendment to IAS 19. There have been no changes to the figures in the table compared to those originally reported.

Given the "seasonality" referred to earlier, the following comments present the situation at 30th June 2013 compared with that at 30th June 2012 for a better understanding of the main changes in net working capital.
In this sense the main change relates to the item "Inventories", which rose by € 13,125 thousand over the corresponding balance at 30th June 2012, as shown by the following table:

(In thousands of Euro)	**30.06.2013**	**31.12.2012** (restated*)	**30.06.2012** (restated*)
Raw materials	21,386	19,256	18,320
Finished goods and semi-finished goods	68,758	60,833	58,699
Inventories	**90,144**	**80,089**	**77,019**

(*) The figures for the first half of 2012 have been restated as a result of the issue of the amendment to IAS 19. There have been no changes to the figures in the table compared to those originally reported.

Raw materials rose by € 3,066 thousand, from € 18,320 thousand at 30th June 2012 to € 21,386 thousand at 30th June 2013, while finished goods and semi-finished goods rose from € 58,699 thousand at 30th June 2012 to € 68,758 thousand at 30th June 2013, an increase of € 10,059 thousand, due mainly to the growth in the number of monobrand stores.

FIXED ASSETS

The following table provides the composition of fixed assets and other non-current assets at 30th June 2013, 31st December 2012 and 30th June 2012:

(In thousands of Euro)	**30.06.2013**	**31.12.2012** (restated*)	**30.06.2012** (restated*)
Intangible assets	27,715	16,548	13,094
Property, plant and equipment	51,142	41,931	32,230
Financial fixed assets	3,895	3,162	2,749
Fixed assets	**82,752**	**61,641**	**48,073**

(*) The figures for the first half of 2012 have been restated as a result of the issue of the amendment to IAS 19. There have been no changes to the figures in the table compared to those originally reported.

Fixed assets at 30th June 2013 totaled € 82,752 thousand, compared to € 61,641 thousand at 31st December 2012, an increase of € 21,111 thousand or 34.2%.

More specifically, intangible assets increased by € 11,167 thousand, property, plant and equipment by € 9,211 thousand and non-current financial assets by € 733 thousand, mainly relating to the guarantee deposits paid on signing the lease agreements for the monobrand stores opened in 2013.

CAPITAL EXPENDITURE

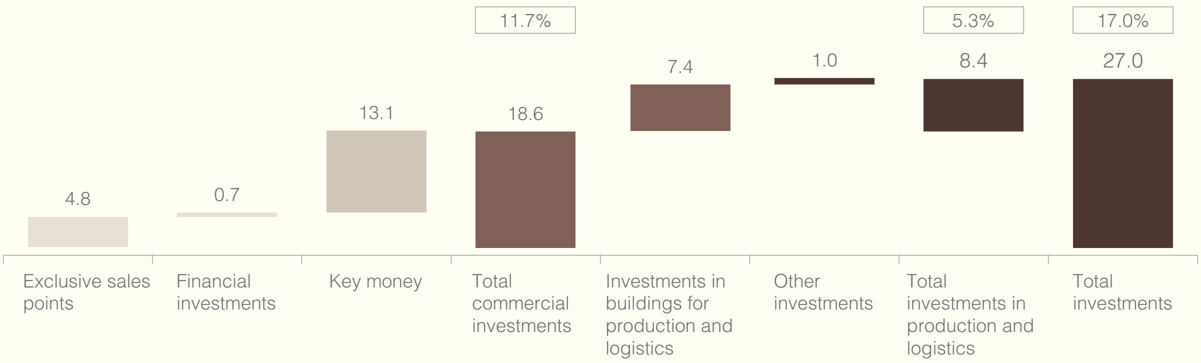
The Group made capital expenditure of € 27,022 thousand in fixed assets in the half-year ended 30th June 2013, of which € 13,510 thousand in intangible assets, € 12,805 thousand in property, plant and equipment and € 707 thousand in non-current financial assets (guarantee deposits).
The following table provides details of the capital expenditure made by the Group, analyzed by type and category for the half-year ended 30th June 2013 and the half-year ended 30th June 2012.

(In thousands of Euro)	**30th June**	
	2013	**2012** (restated*)
Capital expenditure on intangible assets	13,510	2,234
Capital expenditure on property, plant and equipment	12,805	5,720
Capital expenditure on financial fixed assets	707	843
Total capital expenditure	**27,022**	**8,797**

(*) The figures for the first half of 2012 have been restated as a result of the issue of the amendment to IAS 19. There have been no changes to the figures in the table compared to those originally reported.

The most significant investments were made for the opening and setting up of points of sale, mainly regarding the opening of new stores directly operated by the Group in North America, Europe and Italy. Capital expenditure also related to the extension and structuring of buildings used for production and logistics at the Group's headquarters.

Below is a graphical representation of the capital expenditure made by the Group in the first half of 2013, analyzed by investment type:



NET DEBT

The following is a detail of net debt at 30th June 2013, 31st December 2012 and 30th June 2012.

(In thousands of Euro)	**30.06.2013**	**31.12.2012** (restated*)	**30.06.2012** (restated*)
Current bank payables	53,245	28,423	32,808
Current liabilities – Derivative financial instruments	221	257	636
Other current financial payables	13	15	23
Current debt (1)	**53,479**	**28,695**	**33,467**
Medium-long term loans – non-current portion	9,805	11,559	14,228
Non-current financial payables	1,993	642	–
Non-current debt (1)	**11,798**	**12,201**	**14,228**
Total gross debt	**65,277**	**40,896**	**47,695**
– Current financial assets	–	–	–
– Current assets – Derivative financial instruments	–	–	–
– Cash and cash equivalents	(33,101)	(40,045)	(33,531)
Net debt (1)	**32,176**	**851**	**14,164**

(*) The figures for the first half of 2012 have been restated as a result of the issue of the amendment to IAS 19. There have been no changes to the figures in the table compared to those originally reported.

(1) Current and non-current debt are not identified as an accounting measure by IFRS. The method we have used to calculate these may not be consistent with that used by other groups and accordingly the figure we have obtained may not be comparable with that calculated by those groups.

As stated above, a better understanding of trends in the Group's financial position can be obtained from comments on the changes between the balances at 30th June 2013 and those at 30th June 2012. In this sense the change in net debt is strictly connected with the investments made in the half year and the normal performance of operations which, in a situation where business volumes are rising, is characterized in the first few months of the year by the use of funds to finance the temporary increase in working capital. In addition, "Non-current financial payables" include the liability of € 1,521 thousand connected with the possibility that the minority shareholders of Brunello Cucinelli (England) Ltd. may exercise their put option (reference should be made to the section "Business combinations" in the notes to the condensed consolidate half-year financial statements for further detail).

SHAREHOLDERS' EQUITY

Shareholders' equity at 30th June 2013, 31st December 2012 and 30th June 2012 may be analyzed as follows:

(In thousands of Euro)	**30.06.2013**	**31.12.2012** (restated*)	**30.06.2012** (restated*)
Share capital	13,600	13,600	13,600
Reserves	98,224	81,593	79,208
Net profit attributable to the Group	14,047	22,630	7,938
Shareholders' equity attributable to the Group	**125,871**	**117,823**	**100,746**
Shareholders' equity attributable to minority interests	3,134	1,794	1,553
Shareholders' equity	**129,005**	**119,617**	**102,299**

(*) The figures for the first half of 2012 have been restated as a result of the issue of the amendment to IAS 19. The effect of this on the figures originally reported is as follows:
- 31st December 2012: an increase of € 146 thousand in net profit for the period and a decrease of the same amount in the equity reserve.
- 30the June 2012: an increase of € 75 thousand in net profit for the period and a decrease of the same amount in the equity reserve.

Share capital at 30th June 2013 consisted of 68,000,000 ordinary shares, all fully paid-up, and amounted to € 13,600 thousand.
The shareholding structure of Brunello Cucinelli S.p.A. as stated in the shareholders' register and in notifications received was as follows at 30th June 2013:

Shareholder	**Number of shares**	**% of ordinary capital**
Fedone S.r.l.	41,858,000	61.56%
FMR LLC	3,933,758	5.79%
Ermenegildo zegna Holditalia S.p.A.	2,040,000	3.00%
Fundita S.r.l.	1,710,000	2.52%
Capital Research and Management Company	1,394,000	2.05%
Other shareholders	17,064,242	25.08%
Total	**68,000,000**	**100.0%**

For a full description of changes in shareholders' equity reference should be made to the consolidated statement of changes in shareholders' equity and the details provided in note 10 to the financial statements.

RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND NET PROFIT FOR THE PERIOD AS STATED IN THE PARENT COMPANY'S FINANCIAL STATEMENTS AND THE CORRESPONDING FIGURES IN THE CONSOLIDATED FINANCIAL STATEMENTS

The following table provides a reconciliation between shareholders' equity and net profit as stated in the parent company's financial statements and the corresponding figures in the consolidated financial statements as at and for the half-year ended 30th June 2013:

In thousands of Euro	**30th June 2013**	
	Shareholders' equity	**Net profit/(loss)**
Financial statements of the parent company	**129,624**	**18,416**
Difference between shareholders' equity of consolidated investments and their carrying amount	4,011	(890)
Elimination of intragroup transactions	(12,568)	(5,457)
Elimination of dividends	–	–
Tax effect of consolidation adjustments	5,130	2,200
Other movements	(326)	(222)
Total attributable to the Group	**125,871**	**14,047**
Shareholders' equity and profit/loss of minority interests	3,134	(784)
Total consolidated financial statements	**129,005**	**13,263**

ECONOMIC AND FINANCIAL RATIOS

The main economic and financial ratios of the Brunello Cucinelli Group for the periods under consideration are set out below.

PROFITABILITY RATIOS

The following table shows trends in the main profitability ratios for the periods ended 30th June 2013 and 30th June 2012, with an indication of the normalized figures given the non-recurring expenses referred to on several occasions above.

	30.06.2013	**30.06.2012** **(restated*)**
ROE(*) – *Net profit for the period / Average equity for the period*	10.67%	11.26%
ROI – *Operating income / Average net invested capital for the period*	15.48%	13.29%
ROS – *Operating income / Revenues from sales and services*	13.73%	9.84%

(*) At 30th June 2012 the denominator was calculated by taking the average of pre- and post-listing equity.

CAPITAL SOLIDITY RATIOS

The aim of a solidity analysis is to determine the ability of the Brunello Cucinelli Group to maintain a constant balance in the medium-long term between outgoing cash flows, caused by repaying sources, and incoming cash flows, arriving from the monetary recovery of applications, to avoid impairing the economic balance of operations.

	30.06.2013	**30.06.2012** **(restated*)**
Net equity / Total assets	45.09%	44.04%
Total current assets / Total current liabilities	140.75%	160.01%

ROTATION RATIOS

	30.06.2013	30.06.2012 (restated*)
Receivables turnover ratio – Revenues from sales and services / Average trade receivables	2.9 times	2.5 times
Average days sales outstanding – (Average trade receivables / Revenues from sales and services) * 180	61.2	72.5
Payables turnover ratio – (Costs for raw materials and consumables + Costs for services) / Average trade payables	1.7 times	1.8 times
Average days payable outstanding (Average trade payables / (Costs for raw materials and consumables net of changes in inventories + Costs for services))*180	114.9	116.3
Days sales in inventories – Inventories – advances / Revenues from sales and services	96.5	93.3

INFORMATION ON CORPORATE GOVERNANCE

On 12th March 2013 the Board of Directors approved the Report on corporate governance and ownership structures relating to 2012, pursuant to article 123-bis of the Consolidated Finance Act. This report may be consulted in the "Governance" section of the Company's website www.brunellocucinelli.it.

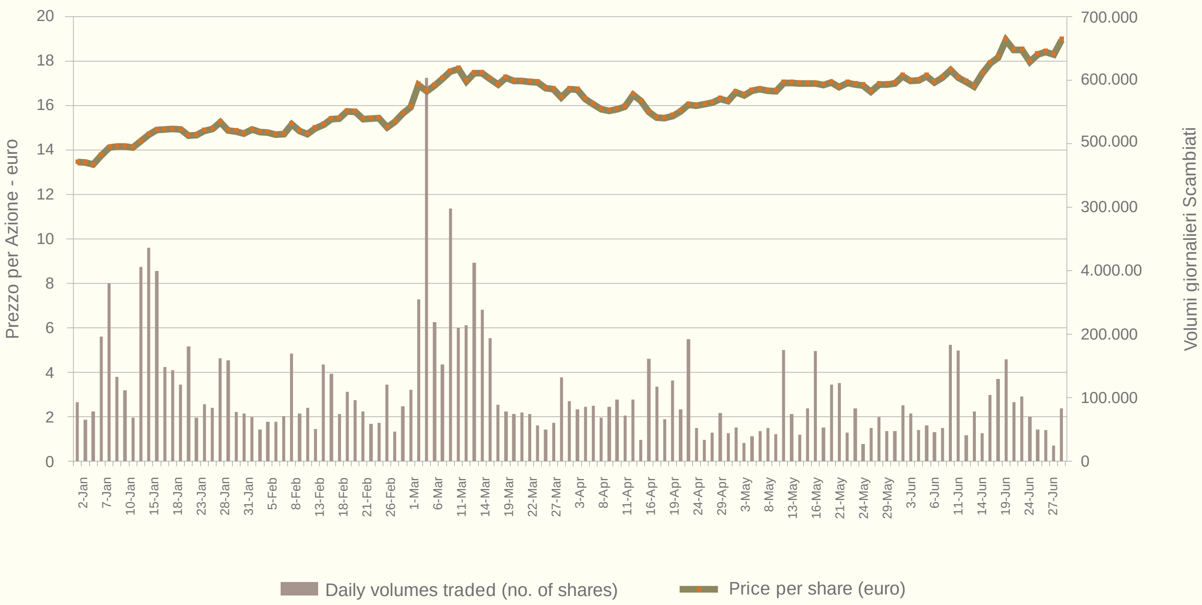
PERFORMANCE OF THE COMPANY'S SHARE LISTED ON THE BORSA ITALIANA S.P.A. ELECTRONIC STOCK EXCHANGE

The official closing price of the Brunello Cucinelli share was € 18.99 on 28th June 2013, the final day applicable for quotations for the half year (+145.0% compared to the IPO offering price of €7.75, +42.1% compared to the share's price of € 13.36 at the end of 2012). The Company's market capitalization at 30th June 2013 was € 1,291 million.

Details of the share's performance between 1st January and 30th June 2013 are as follows:

	Euro	Date
IPO price	7.75	–
Minimum price (1)	13.32	04-Jan-13
Maximum price (1)	19.00	19-Jun-13
Official price	18.99	28-Jun-12
Capitalization	1,291,320,000	30-Jun-13
Number of outstanding shares	22,278,000	30-Jun-13
Free float	252,225,600	30-Jun-13

(1) The minimum and maximum prices recorded during the day's trading and therefore not the same as the official reference prices on the same day



SIGNIFICANT EVENTS DURING THE PERIOD

Merger between Cucinelli Holding Co. Ltd. and its subsidiaries

The merger between Cucinelli Holding Co. Ltd. and its wholly owned subsidiaries which work through the Group's monobrand stores in the United States became effective on 1st January 2013. As all the merged companies were 100% owned by the merging company, this operation had no effect on the Group's consolidated financial statements.

Brunello Cucinelli (England) Ltd.

In January 2013, Brunello Cucinelli Europe S.r.l. (wholly owned by Brunello Cucinelli S.p.A.) acquired 70% of the share capital of Mer&Cashmere (England) Ltd., previously a commercial partner of the Brunello Cucinelli Group through the management of the monobrand stores in London, at a price of £3,500,000, fully paid at the date of the agreement. This transaction was completely self-funded. Mer&Cashmere (England) Ltd. was renamed Brunello Cucinelli (England) Ltd. and runs two monobrand stores in London at 3-5 Burlington Gardens and 159 Sloane Street. Details of this operation may be found in the section "Business combinations" in the notes to the condensed consolidated financial statements.

Sale of the"SOLOMEI" and "SOLOMEO" trade marks and the relative coat of arms

On 13th February 2013, the Company sold the "SOLOMEI" and "SOLOMEO" trademarks and the "coat of arms" to Fedone S.r.l. (which controls the Company and in turn is controlled by Cav. Lav . Brunello Cucinelli) . These trademarks are closely related to the castle of the medieval village of Solemeo owned by Parmenide S.r.l., which is wholly owned by Fedone S.r.l., and in substance regard the village's heraldic arms. In certain cases (for example on headed notepaper, labels, etc.) these arms are linked to a genuine identification of the "Brunello Cucinelli" product and business.

The "Brunello Cucinelli" name is used to market the Group's products and remains the Company's property.

The sale was made at a price of € 830 thousand, which Fedone S.r.l. undertook to pay to the Company within 60 days of the agreement date. Being a transaction between related parties of lesser relevance, the sale was reviewed by the Control and Risks Committee which, assisted by an appraisal drawn up by an independent advisor, issued a favorable opinion with the unanimous vote of its three members, as required by and in accordance with the related party procedures adopted by the Company on 9th May 2012. The transaction was then approved by the Board of Directors.

At the same time as the sale took place, Fedone S.r.l. granted an exclusive license to the Company for the use of the trademarks (limited to products in categories 3, 9, 18, 24, 25 and to services in category 35, briefly, in relation to the products sold by the Company) at an annual fee of € 64,000. The license agreement has a term of 10 years and the Company alone is entitled to withdraw by giving 3 months notice, without incurring a penalty.

RELATED PARTY TRANSACTIONS

Reference should be made to the notes to these condensed consolidated half-year financial statements for a detailed presentation of related party transactions for the first half of 2013.

FINANCIAL RISK MANAGEMENT

Detailed information on financial risk management is provided in the notes in the section “Other information”, to which reference should be made.

SIGNIFICANT EVENTS AFTER 30TH JUNE 2013

Brunello Cucinelli Lessin (Macau) Fashion Co., Ltd.
The share capital of the newly-formed Brunello Cucinelli Lessin (Macau) Fashion Co., Ltd., which has its registered office in Macao, was paid into the company in August 2013. The company is held as to 51% by Brunello Cucinelli S.p.A., with the remaining 49% held by the minority shareholder Lessin Group Macau Co., Ltd.. The company took over the boutique previously operated as a wholesale monobrand as of 1st August 2013.

Brunello Cucinelli Hong Kong Ltd.
Brunello Cucinelli Hong Kong Ltd., of which 51% is held by Brunello Cucinelli S.p.A., the controlling shareholder, and 49% by The Swank Shop Ltd., the current exclusive distributor of the Brunello Cucinelli brand in Hong Kong, was formed on 21st August 2013. It is planned for the newly-formed company to acquire the three Hong Kong monobrand stores currently operated by The Swank Shop Ltd. in the fourth quarter of 2013.

Plan to merge the subsidiaries Brunello Cucinelli Marittima S.r.l. and Brunello Cucinelli Capri S.r.l. into the Company
On 28th August 2013 the Board of Directors of Brunello Cucinelli S.p.A. also approved the plan to merge Brunello Cucinelli Capri S.r.l. and Brunello Cucinelli Marittima S.r.l., Group companies operating in the local retail sector (in Campania and Emilia-Romagna respectively), into the Company. On 23rd August 2013 the Company acquired the entire quota capital of the two companies, which it moreover already held either directly or indirectly except for 49% of Brunello Cucinelli Marittima S.r.l, which it purchased at a price of € 82,000.

The merger is driven by the need to simplify the Group’s corporate structure in Italy with the optimization of the management of resources. Once the merger has been completed (it is planned to take place by the end of the year) the monobrand boutiques of the two merged companies (in Naples, Capri, Bologna and Milano Marittima) will be operated by the merging company.

The merger is an “under common control transaction” and the only accounting effect it will produce on the consolidated financial statements is the fact that there will no longer be any attribution to minority interests of a portion of the equity of Brunello Cucinelli Marittima S.r.l. because this has been acquired by the Company as stated above.

The merger will be laid before the Company's Board of Directors for approval as required by article 2505 of the Italian civil code and article 15.2 of the Company's bylaws.

The merger will take effect on the date on which the last registration of the merger deed is made with the company registrar, or will be alternatively be effective from any later date that may be established in the merger deed; for accounting and fiscal purposes the transactions of the merged companies will be recognized in the financial statements of the merging company from the first day of the financial year in progress on the date on which the last registration pursuant to article 2504 of the Italian civil code is made.

The merger will benefit from the fact that transactions with subsidiaries are exempt from the procedure for related party transactions adopted by the Company. In addition, the requirement to publish an information document is excluded as the merger is taking place between a listed issuer and a wholly owned subsidiary.

The Company will make the merger plan and the additional documentation required by article 70, paragraphs 1 and 7a) of the Issuers' Regulations adopted by Consob in Resolution no. 11971 of 14th May 1999 available to the public under the terms and by the means required by applicable laws and regulations. For further information reference should be made to the half-year financial report and the "Documents" section of the Company's website www.brunellocucinelli.it.

BUSINESS OUTLOOK

The first half year came to a very satisfactory close: the results achieved are of a special nature and we can expect a very important 2013 as a whole, with sustainable double-digit growth in terms of turnover and earnings. The key investments made by the Group in the first half of 2013 represent the vast majority of its annual growth plan, and taking this together with the cyclicity of the financial dynamics which characterizes the Group's activities make it reasonable to assume that there will be an improvement in the net financial position at year end, in line with the trend seen during the course of last year.
The market considers the men's and women's 2014 Spring/Summer collections to be very interesting and innovative, all of which enables us to envisage a highly positive 2014.

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

FINANCIAL STATEMENTS AT 30TH JUNE 2013

CONSOLIDATED BALANCE SHEET AT 30TH JUNE 2013

(In thousands of Euro)	NOTE	30.06.2013	of which with related parties	31.12.2012 (restated*)	of which with related parties	30.06.2012 (restated*)	of which with related parties
NON-CURRENT ASSETS							
Intangible assets	1	27,715		16,548		13,094	
Property, plant and equipment	2	51,142	6,908	41,931	6,094	32,230	5,386
Other non-current financial assets	3	3,895	41	3,162	41	2,749	41
Deferred tax assets	20	9,557		7,489		7,151	
TOTAL NON-CURRENT ASSETS		**92,309**		**69,130**		**55,224**	
CURRENT ASSETS							
Inventories	4	90,144		80,089		77,019	
Trade receivables	5	60,144	24	47,826	8	61,327	25
Tax receivables	6	1,342		987		895	
Other receivables and other current assets	7	8,212		10,384		4,260	
Cash and cash equivalents	8	33,101		40,045		33,531	
Current assets – derivative financial instruments	9	838		1,610		33	
TOTAL CURRENT ASSETS		**193,781**		**180,941**		**177,065**	
TOTAL ASSETS		**286,090**		**250,071**		**232,289**	

(*) The comparative figures in the consolidated balance sheet have been restated as discussed in note 3.2

(In thousands of Euro)	NOTE	30.06.2013	of which with related parties	31.12.2012 (restated*)	of which with related parties	30.06.2012 (restated*)	of which with related parties
SHAREHOLDERS' EQUITY							
GROUP SHAREHOLDERS' EQUITY							
Share capital	10	13,600		13,600		13,600	
Share premium reserve	10	57,915		57,915		57,039	
Other reserves	10	40,309		23,678		22,169	
Group net profit (loss)		14,047		22,630		7,938	
TOTAL GROUP SHAREHOLDERS' EQUITY		**125,871**		**117,823**		**100,746**	
MINORITY INTERESTS							
Capital and reserves attributable to minority interests	10	3,918		2,035		1,778	
Net profit (loss) attributable to minority interests		(784)		(241)		(225)	
TOTAL MINORITY INTERESTS		**3,134**		**1,794**		**1,553**	
TOTAL SHAREHOLDERS' EQUITY		**129,005**		**119,617**		**102,299**	
NON-CURRENT LIABILITIES							
Liabilities for employee benefits	11	2,977		2,954		2,850	
Provisions for risks and charges	12	944		950		794	
Non-current bank debt	13	9,805		11,559		14,203	
Non-current financial payables	14	1,717		219		25	
Other non-current liabilities	15	1,371		1,216		979	
Deferred tax liabilities	20	2,316		806		482	
Non-current liabilities – derivative financial liabilities	9	276		423		–	
TOTAL NON-CURRENT LIABILITIES		**19,406**		**18,127**		**19,333**	
CURRENT LIABILITIES							
Trade payables	16	60,841	518	62,718	286	56,020	760
Current bank debt	17	53,245		28,423		32,808	
Current financial payables		13		15		23	
Tax payables	18	3,765		2,761		4,409	
Current liabilities – derivative financial liabilities	9	280		271		2,467	
Other current liabilities	19	19,535		18,139		14,930	
TOTAL CURRENT LIABILITIES		**137,679**		**112,327**		**110,657**	
TOTAL LIABILITIES		**157,085**		**130,454**		**129,990**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**286,090**		**250,071**		**232,289**	

(*) The comparative figures in the consolidated balance sheet have been restated as discussed in note 3.2

CONSOLIDATED INCOME STATEMENT AT 30TH JUNE 2013

(In thousands of Euro)	NOTE	Half-year ended 30th June 2013	of which with related parties	2012 (restated*)	of which with related parties
Net revenues	21	157,574	14	135,203	
Other operating income	21	1,254	864	1,516	9
Revenues from sales and services		**158,828**		**136,719**	
Costs for raw materials and consumables	22	(27,887)	(31)	(20,787)	(4)
Costs for services	23	(77,749)	(779)	(77,822)	(833)
of which non-recurring costs	*23*	–		*(6,241)*	
Payroll costs	24	(24,577)	(94)	(20,526)	(77)
Other operating costs	25	(873)		(887)	(14)
Internal costs for increases in fixed assets	26	289		92	
Depreciation and amortization	27	(5,325)		(2,963)	
Value adjustments to assets and other allocations	28	(902)		(371)	
Total operating costs		**(137,024)**		**(123,264)**	
Operating income		**21,804**		**13,455**	
Financial charges	29	(3,441)		(1,973)	
Financial income	30	2,482		1,212	
Pre-tax profit		**20,845**		**12,694**	
Income taxes	20	(7,582)		(4,981)	
Net profit for the period		**13,263**		**7,713**	
Net profit attributable to the Group		14,047		7,938	
Net profit/(loss) attributable to minority interests		(784)		(225)	
Basic earnings per share	31	0.20657		0.12634	
Diluted earnings per share	31	0.20657		0.12634	

(*) The comparative figures in the consolidated income statement have been restated as discussed in note 3.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 30TH JUNE 2013

(In thousands of Euro)	**Half-year ended 30th June**	
	2013	**2012** (restated*)
Net profit for the period (A)	**13,263**	**7,713**
Effects having possible future impact on the income statement	**(563)**	**519**
Profits/(losses) on cash flow hedges	(941)	468
Tax effect	259	(128)
Total profits/(losses) on cash flow hedges	(682)	340
Translation differences on foreign financial statements	119	179
Effects which will not have a future impact on the income statement	**31**	**(75)**
Profits/(losses) on the remeasurement of defined benefit plans	42	(103)
Tax effect	(11)	28
Total other profits/(losses) net of the tax effect (B)	**(532)**	**444**
Total comprehensive income net of tax (A) + (B)	**12,731**	**8,157**
Attributable to:		
The Group	13,478	8,352
Minority interests	(747)	(195)

(*) The comparative figures in the consolidated statement of comprehensive income have been restated as discussed in note 3.2

CONSOLIDATED STATEMENT OF CASH FLOWS AT 30TH JUNE 2013

(In thousands of Euro)	Half-year ended 30th June	
	2013	**2012** (restated*)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	13,263	7,713
Adjustments to reconcile net profit with cash used in operating activities:		
Depreciation, amortization and write-downs	5,602	2,963
Allocation to employees' termination indemnity	73	73
Allocation to provisions for liabilities and charges/provision for inventory obsolescence/provision for bad debts	660	481
Change in other non-current liabilities	148	105
Losses/(gains) on disposal of non-current assets	(830)	(1,116)
Payment of employee benefits	(8)	(21)
Payments from provisions for risks and charges	–	–
Net change in deferred tax assets and liabilities	(1,735)	(3,762)
Change in fair value of financial instruments	(307)	(11)
Changes in operating assets and liabilities:		
Trade receivables	(12,894)	(12,809)
Inventories	(8,775)	(11,849)
Trade payables	(3,794)	(775)
Other current assets and liabilities	3,204	5,454
NET CASH (USED IN) OPERATING ACTIVITIES (A)	**(5,393)**	**(13,554)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Capex on property, plant and equipment	(12,061)	(5,720)
Capex on intangible assets	(5,978)	(2,234)
Capex on financial assets	(707)	(843)
Purchase of Brunello Cucinelli (England) Ltd.	(3,197)	–
Disposal of property, plant and equipment and key money	1,134	183
NET CASH (USED IN) INVESTING ACTIVITIES (B)	**(20,809)**	**(8,614)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Medium-long term loans received	1,600	25
Repayment of medium-long term loans	(3,648)	(3,472)
Net change in short term loans	23,101	(5,708)
Net change in long term loans	1,498	–
Capital increase, capital payments by shareholders and other changes in shareholders' equity	2,424	58,639
Dividends paid	(5,755)	(2,529)
NET CASH FROM FINANCING ACTIVITIES (C)	**19,220**	**46,955**
TOTAL CASH FLOWS (D=A+B+C)	**(6,982)**	**24,787**
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS (E)	**38**	**61**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (F)	**40,045**	**8,683**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**33,101**	**33,531**
Additional information:		
Interest paid	797	1,178
Income tax paid	9,143	10,361

(*) The comparative figures in the consolidated statement of comprehensive income have been restated as discussed in note 3 .2

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY AS AT 30TH JUNE 2013

(In thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Additional paid-in capital	Translation reserve	Other reserves	Net profit for the period	Total Group shareholders' equity	Total minority interest	Total shareholders' equity
31st December 2012	**13,600**	**1,210**	**57,915**	**–**	**151**	**22,463**	**22,484**	**117,823**	**1,794**	**119,617**
31st December 2012 (restated)	**13,600**	**1,210**	**57,915**	**–**	**151**	**22,317**	**22,630**	**117,823**	**1,794**	**119,617**
Net profit/(loss) for the period							14,047	14,047	(784)	13,263
Other profits/(losses)					82	(651)		(569)	37	(532)
Total comprehensive income/ (loss)	**–**	**–**	**–**	**–**	**82**	**(651)**	**14,047**	**13,478**	**(747)**	**12,731**
Allocation of net profit for the period		1,151				21,479	(22,630)	–		–
Dividends paid						(5,440)		(5,440)	(315)	(5,755)
Change in consolidation scope (Brunello Cucinelli Hellas)								–	12	12
Change in consolidation scope (Brunello Cucinelli Lessin Co., Ltd.)						22		22	2,390	2,412
Other changes						(12)		(12)		(12)
30th June 2013	**13,600**	**2,361**	**57,915**	**–**	**233**	**37,715**	**14,047**	**125,871**	**3,134**	**129,005**

(In thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Additional paid-in capital	Translation reserve	Other reserves	Net profit for the period	Total Group shareholders' equity	Total minority interest	Total shareholders' equity
31st December 2011	**12,000**	**255**	**–**	**–**	**333**	**3,438**	**20,268**	**36,294**	**1,690**	**37,984**
31st December 2011 (restated)	**12,000**	**255**	**–**	**–**	**333**	**3,191**	**20,515**	**36,294**	**1,690**	**37,984**
Net profit/(loss) for the period							7,938	7,938	(225)	7,713
Other profits/(losses)					149	265		414	30	444
Total comprehensive income/ (loss)	**–**	**–**	**–**	**–**	**149**	**265**	**7,938**	**8,352**	**(195)**	**8,157**
Allocation of net profit for the period		955				19,560	(20,515)	–		–
Increase in share capital	1,600		57,039					58,639		58,639
Dividends paid						(2,500)		(2,500)	(29)	(2,529)
Change in consolidation scope (Brunello Cucinelli Deutschland GmbH)								–	60	60
Change in consolidation scope (Brunello Cucinelli Japan Co., Ltd.)								–	25	25
Other changes						(39)		(39)	2	(37)
30th June 2012 (restated)	**13,600**	**1,210**	**57,039**	**–**	**482**	**20,477**	**7,938**	**100,746**	**1,553**	**102,299**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30TH JUNE 2013

1. BASIS OF PREPARATION

1.1 CONTENTS AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated half-year financial statements have been prepared in accordance with article 154-ter of Legislative Decree no. 58 of 24th February 1998 (the Consolidated Finance Act or TUF) as amended and were approved by the Company's board of directors on 28th August 2013.

The condensed consolidated half-year financial statements at 30th June 2013 consist of the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity.

The balance sheet at 31st December 2012 and the income statement for the six months ended 30th June 2012 are provided as comparative figures.
As a result of applying the amendment to IAS 19 Employee Benefits on a retrospective basis from 1st January 2013, the figures for the income statement and statement of cash flows for the six months ended 30th June 2012 and the balance sheet at 31st December 2012 provided as comparatives have been restated as required by IAS 1. More specifically, the amendment to IAS 19 requires a different classification of actuarial gains and losses, which the Group previously recognized in profit or loss whereas now they are classified as "Other items of comprehensive income" and in an equity reserve. Reference should be made to note 3.2 for details of the effects on the figures restated for comparative purposes.

The currency used is the euro and all amounts are rounded to thousands of euro unless otherwise stated.

The consolidated balance sheet is presented with an increasing liquidity financial classification where:

- non-current assets comprise asset balances with a realization cycle of over twelve months and consist of intangible assets, property, plant and equipment and financial assets;
- current assets comprise asset balances with a realization cycle of up to twelve months;
- non-current liabilities comprise payables to be settled after more than twelve months, including financial payables, provisions for risks and charges and the Italian employees' termination indemnity (TFR);
- current financial liabilities comprise payables to be settled within twelve months, including the short-term portion of medium-long term loans, provisions for risks and charges and the Italian employees' termination indemnity (TFR).

Expenses in the consolidated income statement are presented using a classification based on their nature.
The consolidated cash flow statement has been prepared using the indirect method and is presented in accordance with IAS 7, classifying cash flows between those arising from operating, investing and financing activities.

1.2 STATEMENT OF COMPLIANCE WITH IFRS

The condensed consolidated half-year financial statements at 30th June 2013 have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed consolidated half-year financial statements do not include all the information required for annual statements and as a result should be read in conjunction with the Group's annual financial statements for the year ended 31st December 2012.

2. CONSOLIDATION SCOPE

The condensed consolidated half-year financial statements consist of the financial position, results and cash flows of the parent company Brunello Cucinelli S.p.A. and its Italian and non-Italian subsidiaries, identified as a whole as the Brunello Cucinelli Group, as at and for the six months ended 30th June 2013.

The consolidated financial statements have been prepared from the accounting situations of the Company and its subsidiaries, adjusted as necessary to comply with IFRS.

Subsidiaries are consolidated on a line-by-line basis from their acquisition date, meaning the date on which the Group obtains control, and cease to be consolidated at the date control is transferred outside the Group.

Control is assumed to exist if the Company holds more than half the voting rights or if the Company holds half or less of the votes that may be cast at a shareholders' meeting and has:

- the control of more than half of the voting rights by virtue of an agreement with other investors;
- the power to determine the financial and operating policies of the company by virtue of a clause in the bylaws or a contract;
- the power to appoint or remove the majority of the members of the board of directors or the equivalent governing body;
- the power to exercise the majority of the voting rights at meetings of the board of directors or the equivalent governing body.

All intragroup balances and transactions, including any unrealized profits and losses arising from transactions with companies of the Brunello Cucinelli Group, are eliminated.

The acquisitions of subsidiaries are accounted for using the purchase method which involves allocating the cost of the business combination to the fair value of the assets, liabilities and contingent liabilities acquired at the acquisition date and including the results of the acquired company from the acquisition date to the balance sheet date.

The profits and equity of minority interests represent the portion of profit or loss or equity relating to net assets not held by the Group and are shown as a distinct item in the consolidated income statement, the consolidated statement of comprehensive income and the consolidated balance sheet, separate from the Group's profits and equity.

In the half-year to 30th June 2013 the Brunello Cucinelli Group did not hold any investments in associates (associates in which the Group holds at least 20% of the voting rights or exerts significant influence, but not control or joint control, over financial and operational policies) or joint ventures (defined as a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, as per IAS 31).

The following table summarizes information for subsidiaries at 30 June 2013, providing the company's name, its registered office and the percentage of share capital directly or indirectly held by the Brunello Cucinelli Group.

Company name	Registered office	Currency	Capital in currency units	Percentage holding	
				Direct	Indirect
Brunello Cucinelli USA, Inc .	Brewster (NY) – USA	US dollar	1,500	100%	
Brunello Cucinelli Europe S.r.l.	Corciano (PG) – Italy	Euro	100,000	100%	
Brunello Cucinelli Marittima S.r.l.	Forlì (FC) – Italy	Euro	20,000		51.00%
Brunello Cucinelli Belgium S.p.r.l.	Brussels – Belgium	Euro	20,000		51.00%
Brunello Cucinelli Blue Flannel SA	Brussels – Belgium	Euro	61,973		50.98%
Brunello Cucinelli France S.a.r.l.	Paris – France	Euro	200,000	2.00%	98.00%
Brunello Cucinelli GmbH	Munich – Germany	Euro	200,000	2.00%	98.00%
Brumas Inc .	Brewster (NY) – USA	US dollar	5,000		51.00%
Cucinelli Holding Co. LLC	Brewster (NY) – USA	US dollar	1,182,967		70.00%
Brunello Cucinelli Retail Spain S.L.	Madrid – Spain	Euro	200,000	5.00%	95.00%
Brunello Cucinelli Capri S.r.l.	Corciano (PG) – Italy	Euro	100,000	2.00%	98.00%
Brunello Cucinelli Suisse SA	Lugano – Switzerland	Swiss franc	200,000	2.00%	98.00%
Max Vannucci S.r.l.	Perugia – Italy	Euro	118,000		51.00%
Brunello Cucinelli Japan Co. Ltd.	Tokyo – Japan	Japanese yen	10,000,000		75.00%
Brunello Cucinelli Retail Deutschland GmbH	Munich – Germany	Euro	200,000		70.00%
Brunello Cucinelli Netherlands B.V.	Amsterdam – Holland	Euro	200,000	2.00%	98.00%
Brunello Cucinelli Lessin (Sichuan) Fashion Co. Ltd.	Chengdu – China	RMB	50,000,000	51.00%	
Brunello Cucinelli Hellas S.A.	Athens – Greece	Euro	24,000		51.00%
Brunello Cucinelli Austria GmbH	Vienna – Austria	Euro	35,000	2.00%	98.00%
Brunello Cucinelli England Ltd.	London – United Kingdom	Pounds sterling	700		70.00%

There was only one change in the consolidation scope in the first half of 2013, which arose from the acquisition by the subsidiary Brunello Cucinelli Europe S.r.l. (wholly owned by Brunello Cucinelli S.p.A.) of 70% of the share capital of the company Mer&Cashmere (England) Ltd., previously a commercial partner of the Bruno Cucinelli Group through the management of the monobrand stores in London and renamed Brunello Cucinelli (England) Ltd.. Details of this operation may be found in the note on business combinations.

3. ACCOUNTING STANDARDS

3.1 INTRODUCTION

The accounting principles and policies used by the Group in the preparation of the condensed consolidated half-year financial statements at 30th June 2013 are consistent with those used to prepared the annual financial statements at 31st December 2012 and reflect the adoption of any new or revised standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), applied from 1st January 2013 as discussed below.
There have been no changes in the process for determining the estimates and assumptions used to prepare the annual financial statements.

3.2 CHANGES IN ACCOUNTING STANDARDS, NEW ACCOUNTING STANDARDS, CHANGES IN ESTIMATE AND RECLASSIFICATIONS

On 12th May 2011 the IASB issued IFRS 13 Fair Value Measurement, which clarifies how fair value must be measured for financial statements and applies to all IFRS standards that require or permit fair value measurements or disclosures based on fair value. The Group adopted this new standard prospectively on 1st January 2013. Adoption of the standard did not have any accounting effects.

On 16th June 2011 the IASB issued an amendment to IAS 1, Presentation of Items of Other Comprehensive Income, which makes changes to the way items are classified in other comprehensive income. Any items which may be reclassified to profit or loss in the future (for example translation differences arising from foreign financial statements and net profits on cash flow hedges) must now be presented separately from the items which will never be reclassified in this way (such as actuarial gains and losses on defined benefit plans).
The Group adopted this amendment on 1st January 2013. Adoption of the amendment had limited effects on the disclosures concerning other comprehensive income provided in the condensed consolidated half-year financial statements.

On 16th June 2011 the IASB issued an amendment to IAS 19 Employee Benefits. The main changes to the standard as it was regard the elimination of the "corridor method" for recognizing actuarial gains and losses (which was not used by the Group), the presentation of the changes in assets and liabilities arising from defined benefit plans in profit or loss, including their recomputation, and the requirement to provide further disclosures on the features of defined benefit plans and the risks to the company which arise from these plans.

In accordance with the transition requirements stated in paragraph 173 of IAS 19, the Group has applied the amendment to the standard retrospectively from 1st January 2013, adjusting opening balances at 1st January 2012 and closing balances at 31st December 2012 and the results for 2012 as if the amendment had always been applied.

A summary of the adjustments made to the figures as at and for the year ended 31st December 2012 and as at and for the six months ended 30th June 2012 arising from the application of revised IAS 19 is as follows:

INCOME STATEMENT	31.12.2012 (restated)	31.12.2012	Change
Operating income	**35,744**	**35,744**	**–**
Net financial charges	(1,783)	(1,984)	201
Pre-tax profit	**33,961**	**33,760**	**201**
Taxation	(11,572)	(11,517)	(55)
Net profit for the period	**22,389**	**22,243**	**146**

SHAREHOLDERS' EQUITY	31.12.2012 (restated)	31.12.2012	Change
Share capital	13,600	13,600	–
Share premium reserve	57,915	57,915	–
Other reserves	23,678	23, 824	(146)
Group net profit/(loss)	22, 630	22, 484	146
Group shareholders' equity	**117,823**	**117,823**	**–**
Capital and reserves attributable to minority interests	2,035	2,035	–
Net profit/ (loss) attributable to minority interests	(241)	(241)	–
Shareholders' equity	**119,617**	**119,617**	**–**

INCOME STATEMENT	30.06.2012 (restated)	30.06.2012	Change
Operating income	**13,455**	**13,455**	**–**
Net financial charges	(761)	(864)	103
Pre-tax profit	**12,694**	**12,591**	**103**
Taxation	(4,981)	(4,953)	(28)
Net profit for the period	**7,713**	**7,638**	**75**

SHAREHOLDERS' EQUITY	30.06.2012 (restated)	30.06.2012	Change
Share capital	13,600	13,600	–
Share premium reserve	57,039	57,039	–
Other reserves	22,169	22,244	(75)
Group net profit/(loss)	7,938	7,863	75
Group shareholders' equity	**100,746**	**100,746**	**–**
Capital and reserves attributable to minority interests	1,778	1,778	–
Net profit (loss) attributable to minority interests	(225)	(225)	–
Shareholders' equity	**102,299**	**102,299**	**–**

On 16th December 2011 the IASB issued a series of amendments to IFRS 7 Financial Instruments: Disclosures. These require information to be provided about the effect or potential effect of the rights of set-off associated with a company's financial assets and liabilities on a company's financial position. The Group adopted these amendments on 1st January 2013. Adopting these amendments did not have any effect on the disclosures included in these condensed consolidated half-year financial statements.

On 17th May 2012 the IASB issued a set of amendments to IFRSs ("Annual Improvements to IFRSs – 2009-2011 Cycle") which had no effect on the condensed consolidated half-year financial statements at 30th June 2013.

At the date of these condensed consolidated half-year financial statements the following new accounting standards had been issued which will be effective from 1st January 2014:

- IFRS 10 Consolidated Financial Statements: this standard defines control as the basis for consolidation in all types of company. It superseded IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities).
- IFRS 11 Joint Arrangements: this standard establishes principles for financial reporting by parties to a joint arrangement. The standard supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers.
- IFRS 12 Disclosure of Interest in Other Entities: this standard combines, improves and supersedes disclosure requirements for subsidiaries that are consolidated, joint arrangements, associates and unconsolidated structured entities.

Finally, at the date of this half-year financial report the competent bodies of the European Union had not yet completed the approval process required for the adoption of certain accounting standards and amendments which accordingly have not been applied in these condensed consolidated half-year financial statements.

3.3 DISCRETIONAL ASSESSMENTS AND VALUATIONS AND SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the condensed consolidated half-year financial statements requires the holding company's directors to make discretional measurements, estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. The actual results could differ from these estimates. The main processes used in making such 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 utilized. 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 profits.

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 assumptions to be made about discount rates, 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 estimated realizable value.

3.4 TRANSLATION OF FINANCIAL STATEMENTS IN A CURRENCY OTHER THAN THE EURO AND ITEMS IN FOREIGN CURRENCY

The condensed consolidated half-year financial statements are presented in euro, the functional and presentation currency adopted by the Company. Each Group entity establishes its own functional currency, which it uses to measure the items included in the individual financial statements. Transactions in foreign currency are initially recognized at the exchange rate (referred to the functional currency) at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rate ruling at the balance sheet date.
All exchange differences are recognized in profit or loss.
Non-monetary items, measured at historic cost in foreign currency, are translated at the exchange rates at the date of the initial recognition of the transaction.
The financial statements of foreign companies being consolidated are translated into euro using the current exchange rate method by which balance sheet items are translated using the exchange rate at the balance sheet date and income statement items are translated using the average exchange rate for the year or period.
The exchange differences arising from the translation are recognized directly in equity and presented in a separate reserve. On the sale of a foreign company, the cumulative exchange differences in equity are recognized in profit or loss.

The following table sets out the exchange rates used for calculating the amounts in euro that are expressed in foreign currency in the financial statements of subsidiaries (currency amount per euro):

	Half year ended		Closing exchange rates		
	30.06.2013	30.06.2012	30.06.2013	31.12.2012	30.06.2012
US dollar	1.313372	1.296469	1.308	1.3194	1.2590
Swiss franc	1.229949	1.204827	1.2338	1.2072	1.2030
Japanese yen	125.45912	103.310236	129.39	113.61	100.1300
Renmimbi (Yuan)	8.12852	(*)	8.028	8.2207	(*)
British pound	0.850831	(*)	0.8572	(*)	(*)

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

3.5 THE SEASONAL OR CYCLICAL NATURE OF INTERIM OPERATIONS

While not subject to sharp seasonal or cyclical variations during the year in total annual sales, the Brunello Cucinelli Group's business is affected, during the various months of the year, by revenues and costs deriving from industrial operations that are not perfectly homogeneous. In addition, the market in which the Group operates is characterized by seasonal changes typical of retail sales.
Consequently, the analysis of the half-year results and financial and profitability indicators cannot be considered as fully representative, and therefore it is not advisable to consider the period indicators for the half-year as a proportional share of the full year.

4 BUSINESS COMBINATIONS

In January 2013 Brunello Cucinelli Europe S.r.l. (wholly owned by Brunello Cucinelli S.p.A.) acquired 70% of the share capital of Mer&Cashmere (England) Ltd., previously a commercial partner of the Brunella Cucinelli Group through the management of the monobrand stores in London, at a price of £3,500,000 (corresponding to € 4,166 thousand at the exchange rate at the payment date), fully paid at the date of the agreement. This transaction was completely self-funded. Mer&Cashmere (England) Ltd. was renamed Brunello Cucinelli (England) Ltd. and runs two monobrand stores in London at 3-5 Burlington Gardens, and 159 Sloane Street.
Thirty per cent of the capital of Brunello Cucinelli (England) Ltd. is still held by Mr. Charles Rambaud, who is also the company's managing director. The company's bylaws provide each shareholder with a pre-emption right if shares are sold.
At the same time as the transaction for the purchase of 70% of the capital took place, the parties (Brunello Cucinelli Europe S.r.l. and Charles Rambaud) signed a put and call option agreement on the interest held by Charles Rambaud. Among other things the agreement provides for the exercising of put and call options on the fifth or tenth anniversary of the date of the agreement.
In accordance with IFRS 3 and given the existence of a put option assigned to the minority interests, the business combination has been accounted for as follows, in summary:

- a financial liability for the possibility that the put option will be exercised by the minority shareholders has been recognized;
- the equity and the result for the period of the subsidiary have been fully allocated as attributable to the Group.

All the assets acquired and liabilities assumed were valued for recognition at fair value. Although the valuation performed for the interim financial statements at 30th June 2013 was carried out in a detailed manner, as required by the accounting standard, these amounts may be finalized further and made subject to possible adjustment during the 12 months following the operation. Key money of € 7,034 million has been recognized in addition to the assets acquired and liabilities assumed, determined as shown in the following table:

	Thousands of Euro
Purchase price of 70% of the total shareholding	4,166
Fair value of the 30% put option	1,521
Total carrying amount of the investment (A)	**5,687**
Shareholders' equity at the acquisition date (B)	**86**
Excess to be allocated (A – B)	**5,601**
Allocation of the excess:	
Key money	7,034
Deferred tax liabilities	(1,433)

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

	Fair value recognized on acquisition
Other intangible assets	497
Property, plant and equipment	744
Other non-current financial assets	132
TOTAL NON-CURRENT ASSETS	**1,373**
Inventories	1,112
Other receivables and other current assets	665
Cash and cash equivalents	969
TOTAL CURRENT ASSETS	**2,746**
TOTAL ASSETS	**4,119**
Non-current bank debt	382
Deferred tax liabilities	–
TOTAL NON-CURRENT LIABILITIES	**382**
Trade payables	1,748
Current bank debt	48
Tax payables	444
Other current liabilities	1,411
TOTAL CURRENT LIABILITIES	**3,651**
TOTAL LIABILITIES	**4,033**
Net equity attributable to minority interests	**–**
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	**86**
GOODWILL ARISING ON THE ACQUISITION	**5,601**
CONSIDERATION PAID FOR THE ACQUISTION	**5,687**
Consideration paid	4,166
Debt for the valuation of the put option on the minority interest	1,521
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	969
Consideration paid	(4,166)
NET CASH FLOWS FROM THE ACQUISITION	**(3,197)**

5. COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET

NOTE 1. Intangible assets

The composition of intangible assets at 30th June 2013 with comparative figures at 31st December 2012 is as follows:

(In thousands of Euro)	**30.06.2013**	**31.12.2012**	**Change**
Concessions, licenses, trade marks and similar rights	1,132	975	157
Key money	26,331	15,261	11,070
Other intangible assets	120	145	(25)
Assets under formation and advances	132	167	(35)
Total intangible assets	**27,715**	**16,548**	**11,167**

Details of cost, accumulated amortization and the net book value of intangible assets at 30th June 2013 with comparative figures at 31st December 2012 are as follows:

(In thousands of Euro)	**30.06.2013**			**31.12.2012**		
	Cost	**Accum. amort.**	**Net book value**	**Cost**	**Accum. amort.**	**Net book value**
Concessions, licenses, trade marks and similar rights	3,039	(1,907)	**1,132**	2,634	(1,659)	**975**
Key money	33,361	(7,030)	**26,331**	20,286	(5,025)	**15,261**
Other intangible assets	394	(274)	**120**	394	(249)	**145**
Assets under formation and advances	132	–	**132**	167	–	**167**
Total intangible assets	**36,926**	**(9,211)**	**27,715**	**23,481**	**(6,933)**	**16,548**

This item consists mainly of the key money paid to take over contracts relating to commercial properties situated in prestigious locations (€ 26,331 thousand at 30th June 2013 and € 15,261 thousand at 31st December 2012).

Changes in the net book value of intangible assets for the half-year to 30th June 2013 were as follows:

(In thousands of Euro)	**Concessions, licenses, trademarks and similar rights**	**Key money**	**Other intangible assets**	**Assets under formation and advances**	**Total intangible assets**
1st January 2013	**975**	**15,261**	**145**	**167**	**16,548**
Purchases	405	5,448	–	125	5,978
Net decreases	–	(277)	–	–	(277)
Translation differences	–	(97)	–	–	(97)
Change in consolidation scope	–	7,532	–	–	7,532
Reclassifications	–	160	–	(160)	–
Amortization charge	(248)	(1,696)	(25)	–	(1,969)
30th June 2013	**1,132**	**26,331**	**120**	**132**	**27,715**

Increases for the period consist mainly of key money paid by the Brunello Cucinelli Group (€ 5,448 thousand). At 30 June 2012 there were also advances of € 951 thousand again relating to key money. Net decreases of € 277 thousand relate to the write-off of the remaining balance of the assets arising from the business combination carried out in 2008 as the result of the acquisition of the investment in the Belgian subsidiary Blue Flannel S.A., the owner of the sales point in Brussels; in the first half of 2013 the location was repositioned to a place in a more prestigious street in the Belgian capital with more display space by opening a new sales point managed through the subsidiary Brunello Cucinelli Belgium S.p.r.l..

There was no indication during the first half of 2013 that any intangible assets were impaired.

NOTE 2. Property, plant and equipment

The composition of property, plant and equipment at 30th June 2013 with comparative figures at 31st December 2012 is as follows:

(In thousands of Euro)	**30.06.2013**	**31.12.2012**	**Change**
Land	2,321	2,237	84
Buildings	11,257	11,032	225
Leasehold improvements	16,787	15,904	883
Plant and machinery	2,368	2,326	42
Industrial and commercial equipment	520	572	(52)
Historical collection	1,490	1,378	112
Other assets	3,866	3,454	412
Assets under construction and advances	12,533	5,028	7,505
Total property, plant and equipment	**51,142**	**41,931**	**9,211**

Details of cost, accumulated depreciation and the net book value of property, plant and equipment at 30th June 2013 with comparative figures at 31st December 2012 are as follows:

(In thousands of Euro)	30.06.2013			31.12.2012		
	Cost	**Accum. depn.**	**Net book value**	**Cost**	**Accum. depn.**	**Net book value**
Land	2,321	–	**2,321**	2,237	–	**2,237**
Buildings	13,279	(2,022)	**11,257**	12,933	(1,901)	**11,032**
Leasehold improvements	25,561	(8,774)	**16,787**	22,788	(6,884)	**15,904**
Plant and machinery	6,742	(4,374)	**2,368**	6,433	(4,107)	**2,326**
Industrial and commercial equipment	1,286	(766)	**520**	1,072	(500)	**572**
Historical collection	1,490	–	**1,490**	1,378	–	**1,378**
Other assets	7,896	(4,030)	**3,866**	7,382	(3,928)	**3,454**
Assets under construction and advances	12,533	–	**12,533**	5,028	–	**5,028**
Total property, plant and equipment	**71,108**	**(19,966)**	**51,142**	**59,251**	**(17,320)**	**41,931**

Changes in the net book value of property, plant and equipment for the half-year to 30th June 2013 were as follows:

(In thousands of Euro)	**Land**	**Buildings**	**Leasehold**	**Plant and improvements machinery**	**Industrial and commercial equipment**	**Historical collection**	**Other assets**	**Assets under construction and advances**	**Total property, plant and equipment**
1st January 2013	**2,237**	**11,032**	**15,904**	**2,326**	**572**	**1,378**	**3,454**	**5,028**	**41,931**
Purchases	84	421	2,817	340	224	112	452	7,611	12,061
Net decreases	–	–	(231)	(23)	(19)	–	(31)	–	(304)
Translation differences	–	–	81	2	6	–	(27)	4	66
Change in consolidation scope	–	–	220	–	–	–	524	–	744
Reclassifications	–	–	77	22	–	–	11	(110)	–
Depreciation charge	–	(196)	(2,081)	(299)	(263)	–	(517)	–	(3,356)
30th June 2013	**2,321**	**11,257**	**16,787**	**2,368**	**520**	**1,490**	**3,866**	**12,533**	**51,142**

In the first half of 2013 the Brunello Cucinelli Group made capital expenditure of € 12,061 thousand on property, plant and equipment, consisting mainly of the following:

- capital expenditure of € 3,825 thousand due mainly to the opening of directly operated stores and franchised stores (above all concentrated in Europe and the USA) and improvements made to these;
- capital expenditure of € 635 thousand on other assets, mainly relating to the purchase of computers and office machines and motor vehicles;
- capital expenditure of € 7,601 thousand mostly regarding the building of a new production facility in Solomeo.

There was no indication during the period that property, plant and equipment was impaired.

NOTE 3. Other non-current financial assets

The composition of other non-current financial assets at 30th June 2013 with comparative figures at 31st December 2012 is as follows:

(In thousands of Euro)	**30.06.2013**	**31.12.2012**	**Change**
Guarantee deposits	3,895	3,162	733
Total other non-current financial assets	**3,895**	**3,162**	**733**

Other non-current financial assets consist of guarantee deposits which relate mainly to amounts paid by the Brunello Cucinelli Group on signing lease agreements for monobrand stores. The increase for the period (€ 733 thousand) is due to the opening of new stores.

NOTE 4. Inventories

The composition of inventories at 30th June 2013 with comparative figures at 31st December 2012 is as follows:

(In thousands of Euro)	**30.06.2013**	**31.12.2012**	**Change**
Raw materials and consumables	21,386	19,256	2,130
Work in progress and semi-finished goods	6,264	5,047	1,217
Finished goods and merchandise	62,494	55,786	6,708
Advances to suppliers	–	–	–
Total inventories	**90,144**	**80,089**	**10,055**

The increase in inventories, which mainly regards finished goods, is essentially due to the increase in the number of shops compared with 31st December 2012. Detailed comments on changes in working capital may be found in the report on operations.

NOTE 5. Trade receivables

At 30th June 2013 trade receivables amounted to € 60,144 thousand compared with € 47,826 thousand at 31st December 2012. Detailed comments on changes in working capital may be found in the report on operations. Trade receivables represent the amount due for the supply of goods and services and are all collectible in the short term; their book value is accordingly equivalent to their fair value at the date of the preparation of these financial statements.
The amount by which receivables in the financial statements have been written down is a reasonable estimate of the impairment arising from the specific non-collectibility risk identified in these receivables.

The following table sets out changes in the provision for bad debts for the half-year ended 30th June 2013 compared with the year ended 31st December 2012:

(In thousands of euro)	**30.06.2013**	**31.12.2012**
Provision for bad debts – 1st January	**1,312**	**936**
Allocations	630	1,092
Utilizations	(326)	(716)
Provision for bad debts	**1,616**	**1,312**

The allocations to and utilizations of the provision for the period are included as value adjustments to assets and other allocations in the income statement.

NOTE 6. Tax receivables

Tax receivables amounted to € 1,342 thousand at 30th June 2013 and relate mainly to instalments of taxes paid during the period by the subsidiaries BC USA Inc. and Brunello Cucinelli France S.a.r.l. and a receivable of € 706 thousand recognized at 31st December 2012 by the parent company following the filing of an application for the refund of IRES corporate tax and IRPEF personal income tax and the related surcharges paid as the result of the failure to deduct IRAP regional production tax relating to the costs incurred for employees and similar personnel as permitted by the provision of the Tax Revenue Office of 17th December 2012 by application of Decree Law no. 201 of 2011 (the Monti decree).

NOTE 7. Other receivables and other current assets

Other receivables and other current assets amounting to € 8,212 thousand at 30th June 2013 and € 10,384 thousand at 31st December 2012 consist mainly of the following: (i) VAT receivables due from the Italian tax authorities and receivables due from non-Italian tax authorities, (ii) prepayments and accrued income, mainly relating to down-payments made for the production of catalogues for the autumn/winter collection which will be delivered in the following half-year and operating lease instalments, (iii) receivables for credit card receipts collcted before the balance sheet date but not yet credited to bank accounts and (iv) advances to suppliers mainly paid to the façonisti, outsourcing firms working on the products of the Brunello Cucinelli Group.

NOTE 8. Cash and cash equivalents

The composition of cash and cash equivalents at 30th June 2013 with comparative figures at 31st December 2012 is as follows:

(In thousands of euro)	**30.06.2013**	**31.12.2012**	**Change**
Bank and postal deposits	32,340	39,960	(7,620)
Cash and other valuables in cash	165	79	86
Cheques	596	6	590
Total cash and cash equivalents	**33,101**	**40,045**	**(6,944)**

The above amounts can be readily converted into cash and are subject to an insignificant risk of change in value. Details of the sources and applications that gave rise to the change in cash and cash equivalents for the half-year ended 30th June 2013 compared with those for the half-year ended 30th June 2012 may be found in the statement of cash flows.

NOTE 9. Derivative financial instruments

The Brunello Cucinelli Group has entered into certain derivative financial instrument contracts to hedge the interest rate risk on its bank debt and the currency risk on sales made in currencies other than the euro.

The Company enters these contracts solely for hedging purposes, as the Group's financial management policy does not permit trading in financial instruments for speculative purposes. Derivative financial instruments meeting the requirements of international accounting standards are accounted for using hedge accounting. Changes in the fair value of derivative financial instruments not qualifying for hedge accounting under international accounting standards are recognized in profit or loss in the relevant reporting period.

Financial instruments measured at fair value consist solely of derivative financial instruments (the same situation existed in 2012).

The following situation is reported for financial instruments held at 30th June 2013:

- all financial instruments at fair value form part of Level 2 (the same situation existed in 2012);
- there were no transfers from Level 1 to Level 2 or vice versa in 2013;
- there were no transfers from Level 3 to other levels or vice versa in 2013.

Details of the composition of current derivative financial instrument assets and current derivative financial instrument liabilities at 30th June 2013 are set out below, with comparative figures at 31st December 2012.

(In thousands of euro)	**30.06.2013**	**31.12.2012**	**Change**
Current assets for derivative instruments hedging currency risk	838	1,610	(772)
Current assets for derivative instruments hedging interest rate risk:			
– Current assets for derivative instruments hedging interest rate risk accounted for using hedge accounting	–	–	–
– Current assets for derivative instruments hedging interest rate risk not accounted for using hedge accounting	–	–	–
Total current assets – Derivative financial instruments	**838**	**1,610**	**(772)**
Current liabilities for derivative instruments hedging currency risk	(58)	(14)	(44)
Current liabilities for derivative instruments hedging interest rate risk:			
– Current liabilities for derivative instruments hedging interest rate risk accounted for using hedge accounting	(204)	(234)	30
– Current liabilities for derivative instruments hedging interest rate risk not accounted for using hedge accounting	(18)	(23)	5
Total current liabilities – Derivative financial instruments	**(280)**	**(271)**	**(9)**
Non-current liabilities for derivative instruments hedging currency risk	–	–	–
Non-current liabilities for derivative instruments hedging interest rate risk:			
– Non-current liabilities for derivative instruments hedging interest rate risk accounted for using hedge accounting	(272)	(412)	140
– Non-current liabilities for derivative instruments hedging interest rate risk not accounted for using hedge accounting	(4)	(11)	7
Total non-current liabilities – Derivative financial instruments	**(276)**	**(423)**	**147**

The contractual features and the relative fair value of derivative financial instruments hedging interest rate risk at 30th June 2013 and 31st December 2012 are as follows:

Derivative instruments on interest rate risk accounted for using hedge accounting

Counterparty	Type	Expiry date	Notional capital	Fair value 30.06.2013 Current portion	Fair value 30.06.2013 Non-current portion	Fair value 31.12.2012 Current portion	Fair value 31.12.2012 Non-current portion
MPS	IRS	31/12/2013	1,125	(7)	–	(15)	–
MPS	IRS	31/12/2015	962	(18)	(19)	(21)	(30)
BNL	IRS	31/12/2018	3,272	(69)	(124)	(75)	(180)
Intesa SanPaolo	Fix Payer Swap	31/12/2018	3,272	(69)	(124)	(75)	(180)
Cassa di Risparmio Lucca e Livorno	IRS	31/07/2014	2,500	(17)	(1)	(19)	(7)
UBI Banca	IRS	11/05/2015	1,000	(5)	(1)	(8)	(3)
Cassa di Risparmio Parma e Piacenza	IRS	19/08/2015	2,000	(12)	(3)	(14)	(9)
Deutsche Bank	IRS	31/12/2014	1,000	(5)	(1)	(7)	(3)
Deutsche Bank	IRS	31/03/2016	1,600	(2)	1	–	–
Current assets – derivative financial instruments				–		–	
Non-current assets – derivative financial instruments					–		–
Current liabilities – derivative financial instruments				**(204)**		**(234)**	
Non-current liabilities – derivative financial instruments					**(272)**		**(412)**

Derivative instruments on interest rate risk not accounted for using hedge accounting

Counterparty	Type	Expiry date	Notional capital	Fair value 30.06.2013 Current portion	Fair value 30.06.2013 Non-current portion	Fair value 31.12.2012 Current portion	Fair value 31.12.2012 Non-current portion
BNL	IRS	31/12/2014	3,825	(9)	(2)	(11)	(6)
Intesa SanPaolo	Acq. Cap	31/12/2014	3,825	(9)	(2)	(12)	(5)
Current assets – derivative financial instruments				–		–	
Non-current assets – derivative financial instruments					–		–
Current liabilities – derivative financial instruments				(18)		**(23)**	
Non-current liabilities – derivative financial instruments					(4)		**(11)**

The contractual features and the relative fair value of derivative financial instruments hedging currency risk at 30th June 2013 and 31st December 2012 are as follows:

(In thousands of euro)	Negative fair value		Positive fair value	
	30.06.2013	31.12.2012	30.06.2013	31.12.2012
US dollar	(35)		574	1,610
Swiss franc	(23)	(14)		
British pound			42	
Japanese yen			222	
Total	**(58)**	**(14)**	**838**	**1,610**

NOTE 10. Capital and reserves

Share capital at 30th June 2013 consisted of 68,000,000 fully paid ordinary shares amounting to €13,600 thousand.

Equity at 30th June 2013 amounted to € 129,005 thousand, an increase of € 9,388 thousand over 31st December 2012.
The changes in equity during the half-year regard the total results for the period and the distribution of dividends of € 5,440 thousand, approved by the general meeting of the shareholders of the parent Brunello Cucinelli S.p.A. on 28th April 2013.
Dividends totaling € 2,500 thousand were resolved in the corresponding previous period and distributed in various tranches.

Details of changes in shareholders' equity for the half-year ended 30th June 2013 and 30th June 2012 may be found in the consolidated statement of changes in shareholders' equity.

Other reserves at 30th June 2013 and comparative figures at 31st December 2012 are as follows:

(In thousands of euro)	30.06.2013	31.12.2012	Change
Legal reserve	2,360	1,210	1,150
Extraordinary reserve	32,188	15,770	16,418
Revaluation reserve	4,813	4,813	–
Cash flow hedge reserve	(11)	671	(682)
IFRS first-time application reserve	(799)	(799)	–
Actuarial gains/losses	(362)	(392)	30
Translation reserve	233	151	82
Consolidated retained earnings	1,887	2,254	(367)
Other reserves	**40,309**	**23,678**	**16,631**

"Actuarial gains/losses" arising from an actuarial calculation of the employees' termination liability are now recognized in other reserves following the introduction of the revised version of IAS 19, and these amounted to € 362 million at 30th June 2013, as described in note 3.2 to which reference should be made for further details.

NOTE 11. Liabilities for employee benefits

This item consists solely of the termination indemnity due to employees of the Group's Italian companies as provided by article 2120 of the Italian civil code (the Trattamento di Fine Rapporto or TFR). This liability is discounted to present value by the means described in IAS 19, revised as of 1st January 2013.

The following table sets out the movements in liabilities for employee benefits for the half-year ended 30th June 2013 and the comparative figures for the half-year ended 31st December 2012:

(In thousands of euro)	**30.06.2013**	**31.12.2012**
Present value of the obligation at the beginning of the period	**2,954**	**2,695**
Interest expense	73	137
Benefits paid	(8)	(88)
Change in consolidation scope	–	–
Recognized actuarial losses/(gains)	(42)	210
Present value of the obligation at the end of the period	**2,977**	**2,954**

The main assumptions used in the calculation of the present value of the Italian employees' termination indemnity were as follows:

Financial assumptions

	30.06.2013	**31.12.2012**
Annual discount rate	2.83%	2.43%
Inflation rate	2.00%	2.50%
Expected staff turnover rate	8.80%	8.80%
Advances rate	1.00%	1.00%

The discount rates are set as variable over time by using an interest rate curve constructed by combining trends in the actual yield rates of Eurobonds with an AAA rating and those of interest rate swaps for the periods in which the former are not quoted.

Demographic assumptions

	30.06.2013	**31.12.2012**
Mortality	TABLE RG48	
Retirement age	65	

Turnover rate and advances on the employees' termination indemnity

	30.06.2013	**31.12.2012**
Advances rate %	1%	1%
Turnover rate %	8.80%	8.80%

Workforce

The following table sets out the average number of employees by category, expressed in terms of full time equivalent:

	30.06.2013	31.12.2012
Managers and middle management	37.3	36.7
Office staff	559.1	392.0
Manual workers	377.9	375.4
Total workforce	**974.3**	**804.1**

NOTE 12. Provisions for risks and charges

Provisions for risks and charges relate mainly to the agents' supplementary termination indemnity provision, calculated in accordance with Italian legislation (article 1751-bis of the Italian civil code) and discounted to present value as required by IAS 37.
The following table sets out the movements in provisions for risks and charges for the half-year ended 30th June 2013 compared with those for the half-year ended 31st December 2012:

(In thousands of euro)	30.06.2013	31.12.2012
Agents' supplementary termination indemnity provision – 1st January	**950**	**881**
Allocations	137	76
Utilizations	–	–
Recognized actuarial loss/(gain)	(143)	(7)
Agents' supplementary termination indemnity provision – period end	**944**	**950**
Other provisions for risks and charges	–	12
Allocations	–	–
Utilizations	–	(12)
Total provisions for risks and charges	**944**	**950**

The main assumptions used in the actuarial calculation of the agents' supplementary termination indemnity provision were as follows:

	30.06.2013	31.12.2012
Turnover rate – voluntary	6.00%	6.00%
Turnover rate – employer initiated	3.00%	4.00%
Discount rate	2.83%	2.10%

NOTE 13. Non-current bank debt

Non-current bank debt consists of medium-long term loans. Interest on these loans is charged at variable rates and accordingly their book value approximates fair value at the balance sheet date.
The following tables provides details of the Brunello Cucinelli Group's outstanding loans at 30th June 2013, showing the portion due within 12 months, within 5 years and after 5 years:

Description	Maturity date	Outstanding at 30.06.2013	Portion due within 12 months	Portion due within 5 years	Portion due after 5 years
Syndicate of banks (agent bank – Banca IMI)	Tranche A: 31-Dec-2018 Tranche B: 31-Dec-2014	10,500	3,770	5,575	1,155
Cassa di Risparmio di Lucca. Pisa e Livorno	31-Jul-15	1,163	511	652	–
Cariparma	19-Aug-15	930	409	521	–
Deutsche Bank	30-Sep-13	125	125	–	–
Banca Toscana	31-Dec-15	673	250	423	–
Deutsche Bank	31-Dec-14	375	250	125	–
Banca Popolare di Ancona (Gruppo UBI)	11-May-15	396	205	191	–
Banca Popolare di Ancona (Gruppo UBI)	7-Aug-13	19	19	–	–
Banca Popolare di Ancona (Gruppo UBI)	7-Aug-13	58	58	–	–
Deutsche Bank	31-Mar-16	1,467	533	934	–
HSBC	31-Jan-14	26	26	–	–
HSBC	1-Oct-17	299	70	229	–
Total non-current bank debt		**16,031**	**6,226**	**8,650**	**1,155**

The following table shows the contractual limits of parameters set out in the loan covenants. These are calculated on an annual basis, for the syndicated bank loan by referring to the consolidated financial statements of Brunello Cucinelli S.p.A..

Loan	Reference date	Parameter	Limit
Syndicate of banks (agent bank – Banca IMI)	Annually (at 31st December)	Net financial position / Gross operating profit	<4.50
Syndicate of banks (agent bank – Banca IMI)	Annually (at 31st December)	Net financial position / Shareholders' equity	<3.00

NET DEBT

The following tables provides details of the composition of the net debt of the Brunello Cucinelli Group at 30th June 2013 and the comparative situation at 31st December 2012:

(In thousands of euro)	**30.06.2013**	**31.12.2012**
A. Cash	(165)	(79)
B. Cash equivalents	(32,936)	(39,966)
C. Cash and cash equivalents (A)+(B)	**(33,101)**	**(40,045)**
D. Current financial receivables	–	–
E. Current bank debt	53,245	28,423
F. Other current financial payables	234	272
G. Current payables (E)+(F)	**53,479**	**28,695**
H. Current net debt (G) + (D) + (C)	**20,378**	**(11,350)**
I. Non-current bank debt	9,805	11,559
J. Other non-current financial payables	1,993	642
K. Non-current net debt (I)+(J)	**11,798**	**12,201**
L. Net debt (H) + (K)	**32,176**	**851**

NOTE 14. Non-current financial payables

Of non-current financial payables at 30th June 2013, € 1,521 thousand refers to the measurement of the put option for the purchase of the minority portion of Brunello Cucinelli (England) Ltd. discussed in the section "Business combinations" and € 196 thousand relates to the loan taken out by the subsidiary Brunello Cucinelli Belgium S.p.r.l. with a minority shareholder.

NOTE 15. Other non-current liabilities

Other non-current financial liabilities at 30th June 2013 amount to € 1,371 thousand compared with € 1,216 thousand at 31st December 2012. The balance refers to amounts due after 12 months relating to the normalization of the rental payments for the monobrand stores located in the United States and Italy, recognized in accordance with IAS 17.

NOTE 16. Trade payables

The composition of trade payables at 30th June 2013 with comparative figures at 31st December 2012 is as follows:

(In thousands of euro)	**30.06.2013**	**31.12.2012**	**Change**
Trade payables to third party suppliers	60,841	62,718	(1,877)
Total trade payables	**60,841**	**62,718**	**(1,877)**

Trade payables represent amounts to be paid for the supply of goods and services.

NOTE 17. Current bank debt

The composition of current bank debt at 30th June 2013 with comparative figures at 31st December 2012 is as follows:

(In thousands of euro)	**30.06.2013**	**31.12.2012**	**Change**
Current portion of medium-long term loans	6,199	6,065	134
Bank advances on bills and invoices	45,112	20,485	24,627
Bank overdrafts and cash repayable on demand	1,934	1,873	61
Total current bank debt	**53,245**	**28,423**	**24,822**

Bank advances refer to advances on unaccepted trade bills and invoices required to finance operating activities.

The current portion of medium-long term loans refers to the portion of bank loans falling due within 12 months.

NOTE 18. Tax payables

Tax payables at 30th June 2013 amounted to € 3,765 thousand, an increase over the balance of € 2,761 thousand at 31st December 2012. This item consists mainly of IRES and IRAP taxes and the liability for current taxes taken to the consolidation by subsidiaries.

NOTE 19. Other current liabilities

The composition of other current liabilities at 30th June 2013 with comparative figures at 31st December 2012 is as follows:

(In thousands of euro)	**30.06.2013**	**31.12.2012**	**Change**
Due to agents	5,013	6,004	(991)
Due to others	7,820	6,074	1,746
Due to employees	4,024	2,566	1,458
Social security payables	1,679	1,970	(291)
Accrued expenses and deferred income	999	1,525	(526)
Total other current liabilities	**19,535**	**18,139**	**1,396**

Other current liabilities consist mainly of the following: (i) amounts due by the Group to its agents for accrued commissions which had not yet been paid at the balance sheet date, (ii) advances that the Company receives from certain customers, mainly in the Far East and Russia, prior to the despatch of goods, (iii) amounts due to employees for June wages and salaries, paid during the first few days of July, (iv) the accrual for holidays matured but not yet taken and (v) social security payables for contributions due on wages and salaries.

NOTE 20. Taxation

DEFERRED TAX ASSETS AND LIABILITIES

The composition of deferred tax assets and liabilities at 30th June 2013 with comparative figures at 31st December 2012 is as follows:

(In thousands of euro)	**30.06.2013**	**31.12.2012**	**Change**
Deferred tax assets	9,557	7,489	2,068
Deferred tax liabilities	(2,316)	(806)	(1,510)

The increase in deferred tax assets is mainly due to the tax effect of the costs incurred for the listing process, which are being deducted over five years in accordance with current tax legislation, while the increase in deferred tax liabilities is due to accounting for the tax effect of allocating the excess emerging on the acquisition of Brunello Cucinelli (England) Ltd..

INCOME TAXES

The composition of the income tax charge in the consolidated income statement is as follows:

(In thousands of euro)	**30.06.2013**	**30.06.2012**	**Change**
Current taxes	8,962	8,620	342
Net deferred tax expense/(income)	(1,733)	(3,646)	1,913
Prior year taxes	353	7	346
Income taxes recognized in the consolidated income statement	**7,582**	**4,981**	**2,601**
Income tax recognized in comprehensive income	(249)	100	(349)
Total income taxes	**7,333**	**5,081**	**2,252**

In accordance with IAS 34, paragraph 16A(c) the Group has presented the most significant income tax balances, considering this information to be useful for gaining an understanding of the total balance stated in the condensed consolidated half-year financial statements.

6 COMMENTS ON THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

NOTE 21. Revenues from sales and services

The composition of revenue from sales and services for the half-year ended 30th June 2013 with comparative figures for the half-year ended 30th June 2012 is as follows:

(In thousands of euro)	**30.06.2013**	**30.06.2012**	**Change**
Net revenues	157,574	135,203	22,371
Other operating income	1,254	1,516	(262)
Total revenue from sales and services	**158,828**	**136,719**	**22,109**

Net revenues are earned from the sale of clothing and accessories of the Brunello Cucinelli Group.
Other operating income relates mainly to the sale to the holding company Fedone S.r.l. of the "SOLOMEI" and "SOLOMEO" trademarks and the "coat of arms", closely related to the castle of the medieval village of Solemeo, owned by Parmenide S.r.l. a wholly owned subsidiary of Fedone S.r.l..
The sale was made at a price of € 830 thousand. At the same time as the sale took place, Fedone S.r.l. granted a n exclusive license to the Company for the use of the trademarks (limited to products in categories 3, 9, 18, 24, 25 and to services in category 35, briefly, in relation to the products sold by the Company) at an annual fee of € 64,000. The license agreement has a term of 10 years and the Company alone is entitled to withdraw by giving 3 months notice, without incurring a penalty.

Revenues may be analyzed by geographical area as follows:

(In thousands of euro)	**Half year ended 30th June**				**Change over previous period**	
	2013	**%**	**2012**	**%**	**2013 vs 2012**	**2013 vs 2012 %**
Italy	36,174	23.0%	36,605	27.1%	(431)	-1.2%
Europe	54,843	34.8%	44,033	32.5%	10,810	+24.5%
North America	46,892	29.7%	35,445	26.2%	11,447	+32.3%
Greater China	7,226	4.6%	6,184	4.6%	1,042	+16.8%
Rest of the World (RoW)	12,439	7.9%	12,936	9.6%	(497)	-3.8%
Total	**157,574**	**100.0%**	**135,203**	**100.0%**	**22,371**	**+16.5%**

(1) "Europe" refers to the member states of the European Union (excluding Italy), San Marino, Monaco, Switzerland, Liechtenstein, Norway, the Russian Federation, the Ukraine, Turkey, Uzbekistan, Kazakhstan, Georgia, Serbia and Montenegro, Azerbaijan, Andorra, Armenia, Belarus and Romania.

(2) "North America" refers to the United States of America and Canada. In this area, the Brunello Cucinelli Group does not own any directly operated stores (retail channel) in Canada.

(3) "Greater China" refers to the People's Republic of China, Hong Kong, Macao and Taiwan.

(4) "Rest of the World" refers to all the other countries where the Group carries out sales other than the above. The Brunello Cucinelli Group does not do business through directly operated stores in this area.

Revenues may be analyzed by distribution channel as follows:

(In thousands of euro)	Half-year ended 30th June				Change over previous period	
	2013	%	2012	%	2013 vs 2012	2013 vs 2012 %
Retail	50,747	32.2%	30,394	22.5%	20,353	+67.0%
Wholesale monobrand	20,600	13.1%	21,809	16.1%	(1,209)	-5.5%
Wholesale multibrand	86,227	54.7%	83,000	61.4%	3,227	+3.9%
Total	**157,574**	**100.0%**	**135,203**	**100.0%**	**22,371**	**+16.5%**

Reference should be made to the report on operations for comments on revenues.

NOTE 22. Costs for raw materials and consumables

The composition of costs for raw materials and consumables for the half-year ended 30th June 2013 with comparative figures for the half-year ended 30th June 2012 is as follows:

(In thousands of euro)	30.06.2013	30.06.2012	Change
Costs for raw materials and consumables	36,708	32,636	4,072
Change in inventories	(8,821)	(11,849)	3,028
Total costs for raw materials and consumables	**27,887**	**20,787**	**7,100**

NOTE 23. Costs for services

The composition of costs for services for the half-year ended 30th June 2013 with comparative figures for the half-year ended 30th June 2012 is as follows:

(In thousands of euro)	**30.06.2013**	**30.06.2012**	**Change**
Outsourced work	38,573	41,261	(2,688)
Commissions and accessory charges	6,059	6,042	17
Advertising and other commercial expenses	8,085	6,477	1,608
Transport and duties	7,222	5,512	1,710
Lease expense	9,164	5,509	3,655
Credit card charges	997	672	325
Other general expenses	2,033	1,222	811
Miscellaneous consultancy	2,038	1,947	91
Non-recurring expenses – listing costs	–	6,241	(6,241)
Directors’ and statutory auditors’ fees	862	696	166
Maintenance services	1,090	944	146
Insurance	592	482	110
Energy, telephone, gas, water, postal costs	1,034	817	217
Total costs for services	**77,749**	**77,822**	**(73)**

NOTE 24. Payroll costs

The composition of payroll costs for the half-year ended 30th June 2013 with comparative figures for the half-year ended 30th June 2012 is as follows:

(In thousands of euro)	**30.06.2013**	**30.06.2012**	**Change**
Wages and salaries	18,368	15,320	3,048
Social charges	4,599	3,916	683
Employees’ termination indemnity	851	786	65
Other payroll costs	759	504	255
Total payroll costs	**24,577**	**20,526**	**4,051**

NOTE 25. Other operating costs

The composition of other operating costs for the half-year ended 30th June 2013 with comparative figures for the half-year ended 30th June 2012 is as follows:

(In thousands of euro)	30.06.2013	30.06.2012	Change
Taxes and duties	410	135	275
Membership subscriptions	82	80	2
Ordinary capital losses	20	50	(30)
Bad debt losses	–	–	–
Miscellaneous operating costs	361	622	(261)
Total other operating costs	**873**	**887**	**(14)**

NOTE 26. Internal costs for increases in fixed assets

Internal costs for increases in fixed assets, amounting to € 289 thousand, relate mainly to production costs incurred to develop the historical collection.

NOTE 27. Depreciation and amortization

The composition of depreciation and amortization for the half-year ended 30th June 2013 with comparative figures for the half-year ended 30th June 2012 is as follows:

(In thousands of euro)	30.06.2013	30.06.2012	Change
Amortization of intangible assets	1,969	993	976
Depreciation of property, plant and equipment	3,356	1,970	1,386
Total depreciation and amortization	**5,325**	**2,963**	**2,362**

The increase in the charge is due to the key investments made by the Group.

NOTE 28. Value adjustments to assets and other allocations

Value adjustments to assets and other allocations (€ 902 thousand in the first half of 2013 compared with € 371 thousand in the first half of 2012) relate to allocations to the provision for bad debts and to the agents' supplementary termination indemnity provision. The half-year ended 30th June 2013 also includes the write-off of the residual balance of the assets deriving from the business combination carried out in 2008 as a result of the acquisition of the investment in the Belgian subsidiary Blue Flannel S.A., as discussed in note 1.

NOTE 29. Financial charges

The composition of financial charges for the half-year ended 30th June 2013 with comparative figures for the half-year ended 30th June 2012 is as follows:

(In thousands of euro)	**30.06.2013**	**30.06.2012**	**Change**
Mortgage loan interest	173	366	(193)
Interest expense on advances and discounting invoices	449	533	(84)
Bank interest expense	34	34	–
Realized exchange losses	1,591	574	1,017
Unrealized exchange losses	705	135	570
Interest expense on derivative financial instruments	263	170	93
Miscellaneous financial charges	226	161	65
Total financial charges	**3,441**	**1,973**	**1,468**

NOTE 30. Financial income

The composition of financial income for the half-year ended 30th June 2013 with comparative figures for the half-year ended 30th June 2012 is as follows:

(In thousands of euro)	**30.06.2013**	**30.06.2012**	**Change**
Bank interest income	352	158	194
Realized exchange gains	1,649	702	947
Unrealized exchange gains	465	213	252
Financial income on derivative financial instruments	16	130	(114)
Miscellaneous income	–	9	(9)
Total financial income	**2,482**	**1,212**	**1,270**

NOTE 31. Basic and diluted earnings per share

Basic earnings per share is calculated by dividing net profit for the half-year attributable to the ordinary shareholders of the Brunello Cucinelli Group by the weighted average number of outstanding ordinary shares for the half-year.

There is no difference between basic earnings per share and diluted earnings per share as there are no convertible bonds or other financial instruments with dilutive effects.

The following table sets out the net profit and information on the shares used to calculate basic and diluted earnings per share:

	30.06.2013	**30.06.2012**
Net profit attributable to shareholders of the parent (*thousands of euro*)	14,047	7,938
Number of ordinary shares at the end of the period	68,000,000	68,000,000
Weighted average number of ordinary shares used to calculate basic earnings per share	68,000,000	62,828,729
Weighted average number of ordinary shares used to calculate diluted earnings per share	68,000,000	62,828,729
Basic earnings per share (*euro*)	0.20657	0.12634
Diluted earnings per share (*euro*)	0.20657	0.12634

The figures for the period ended 30th June 2012 were affected by the non-recurring expenses arising from the listing process.

NOTE 32. Commitments and risks

The item commitments and risks consists of assets owned by the Brunello Cucinelli Group which are held at third parties. The composition of this item at 30th June 2013 with comparative figures at 30th June 2012 is as follows:

(In thousands of euro)	**30.06.2013**	**30.06.2012**	**Change**
Assets at third parties	36	46	(10)
Total commitments and risks	**36**	**46**	**(10)**

Assets at third parties consist mainly of machines and electronic equipment on free of charge loan to workshops and outside bodies which use these for the production and supply of items of clothing and the provision of services to the Group.

OTHER INFORMATION

RELATED PARTY TRANSACTIONS

The following table provides details of transactions and balances with related parties. The companies shown have been identified as related parties because they are directly or indirectly connected with the controlling shareholders of the Brunello Cucinelli Group.
Details of transactions and balances of the Brunello Cucinelli with related parties as at and for the six months ended 30th June 2013 were as follows:

(In thousands of euro)	Net revenues	Other operating income	Financial income	Costs for raw materials	Costs for services	Payroll costs	Other operating costs	Property, plant and equipment	Other non-current financial assets	Trade receivables	Trade payables
MO.AR.R. S.n.c.				31	53			4,875			333
Cucinelli Giovannino					3			1,941			121
AS.VI.P.I.M. Gruppo Cucinelli					315						
Fedone S.r.l.		852			24					1	19
Parmenide S.r.l .					248				41		
Bartolomeo S.r.l.	13	8			134			92		20	42
Brunello Cucinelli Foundation	1	2			2					2	
Società Agricola Semplice Solomeo		2								1	3
Brunello Cucinelli family						94					
Total related parties	**14**	**864**	**–**	**31**	**779**	**94**	**–**	**6,908**	**41**	**24**	**518**
Total consolidated financial statements	**157,574**	**1,254**	**2,482**	**27,887**	**77,749**	**24,577**	**873**	**51,142**	**3,895**	**60,144**	**60,841**
Percentage	*0.01%*	*68.90%*	*0.00%*	*0.11%*	*1.00%*	*0.38%*	*0.00%*	*13.51%*	*1.05%*	*0.04%*	*0.85%*

In further detail:

- MO.AR.R. S.n.c.: trading relations with MO.AR.R. S.n.c., in which Mr. Enzo Cucinelli, the brother of Cav. Lav. Brunello Cucinelli, holds 50% of the capital, regard: (i) purchases of furnishing materials used for fitting out exhibitions and trade fairs, and (ii) investments for fitting out new stores and offices;
- Cucinelli Giovannino: Mr. Giovannino Cucinelli is the brother of Cav. Lav. Brunello Cucinelli. Costs for services consist of costs incurred for the installation, maintenance and ordinary repair of hydraulic and climatization systems. Property, plant and equipment consists of capitalized costs incurred for the installation and extraordinary maintenance of this equipment;
- AS.VI.P.I.M. Gruppo Cucinelli: this association provides security services for the facilities located in Solomeo and used by the Group for carrying out its activities. Cav. Lav. Brunello Cucinelli and the Group are both members of this association;
- Fedone S.r.l.: other operating income relates mainly to the sale of the “SOLOMEI” and “SOLOMEO” trademarks and the “coat of arms” as discussed in note 21;
- Parmenide S.r.l.: this company, wholly owned by Fedone S.r.l., leases the Group the two properties situated in Corciano (PG);
- Bartolomeo S.r.l.: this company, established in 2011, whose quotaholders are Fedone S.r.l. and Cav. Lav. Brunello Cucinelli, provides gardening and ordinary maintenance services for the Group;
- Brunello Cucinelli Foundation: other operating income includes the lease rentals for the Theatre and the Accademia;
- Brunello Cucinelli family: payroll costs include the remuneration payable to family members of the individual businessman Brunello Cucinelli.

SIGNIFICANT EVENTS AFTER 30TH JUNE 2013

Reference should be made to the report on operations for comments on significant events occurring after the balance sheet date of these condensed consolidated half-year financial statements.

COMPENSATION OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS

The compensation accrued through 30th June 2013 paid under any name or form by Brunello Cucinelli S.p.A. and by the companies directly or indirectly controlled by that company to the members of the Board of Directors amounted to € 468,000.00 thousand.
The compensation accrued through 30th June 2013 in favor of the members of the Board of Statutory Auditors of Brunello Cucinelli S.p.A. amounted to € 95,915.58.

FINANCIAL RISK MANAGEMENT

Financial risks are managed on the basis of guidelines established by the Board of Directors. The overall objective is to ensure that the liabilities structure is always in balance with the composition of assets in order to maintain adequate equity solvency.

The Brunello Cucinelli Group is exposed to varying degrees to risks of a financial nature regarding its core business. More specifically, the Group is simultaneously exposed to market risk (interest rate risk and currency risk), liquidity risk and credit risk.

INTEREST RATE RISK

The Company's policy for managing the market risk arising from changes in interest rates is to hedge the exposure of the medium-long portion of debt. Derivative instruments of an interest rate swap nature (in some cases with a cap) are used to manage this risk.

CURRENCY RISK

The Brunello Cucinelli Group is exposed to changes in the exchange rates of the currencies in which sales are settled (mainly the US dollar) by affiliates and third party customers. This risk manifests itself in the possibility that the value of revenues in euro will fall as the result of adverse fluctuations of exchange rates, preventing the desired margin to be achieved.
To limit the exposure to currency risks arising from its selling activities, the Group enters derivative contracts (forward foreign currency sales contracts) designed to establish in advance the translation rate or a predetermined range of translation rates at future dates.
These forward hedging contracts are entered into when the sales list prices for a season are determined, on the basis of estimated turnover and taking as the date of the end of the hedge term the forecast date for the collection of payments for the relative sales invoices. In particular, the Group sets its sales prices in euro and calculates the corresponding prices in US dollars by using the contracted forward exchange rate.

LIQUIDITY RISK

The Brunello Cucinelli Group manages liquidity risk by keeping strict control of the items making up working capital and in particular receivables from customers and payables to suppliers. The Group concentrates on generating a good level of cash in order to use this for the outflows required for paying suppliers, therefore without impairing the short-term treasury balance and avoiding critical points and tensions in current liquidity.

CREDIT RISK

Credit risk is the Company's exposure to potential losses arising from the failure by counterparties to fulfill their obligations.
The Brunello Cucinelli Group's exposure to commercial credit risk relates solely to sales made through the wholesale multibrand channel and the wholesale monobrand channel, while the remaining turnover regards sales made through the retail channel where payment is made in cash or by credit or debit card.
The Brunello Cucinelli Group generally privileges trading with customers with whom it has established a consolidated relationship over time. It is the Group's policy to carry out control procedures on the relative credit class for customers requesting extended payment terms, using information obtainable from specialized agencies and observing and analyzing figures for the performance of customers that have not been recently acquired. In addition, receivables balances are constantly monitored during the year in order to ensure timely intervention and reduce the risk of losses.

BALANCES OR TRANSACTIONS ARISING FROM ABNORMAL AND/OR UNUSUAL OPERATIONS

Pursuant to Consob Communication no. DEM/6064293 of 28th July 2006 it is hereby stated that the Group has not carried out any abnormal and/or unusual operations as defined in that communication.

Cav. Lav. Brunello Cucinelli
The Chairman of the Board of Directors

CERTIFICATION OF THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF 14TH MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

1. The undersigned Cav. Lav. Brunello Cucinelli, as Chairman and Managing Director, and Moreno Ciarapica, as the manager in charge of preparing the corporate accounting documents of Brunello Cucinelli S.p.A., certify the following, taking into account the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of February 24, 1998:
   - the adequacy in relation to the characteristics of the business and
   - the effective application

   of the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements during the first half of 2013.

2. No significant matters arose from applying the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements at 30th June 2013.

3. We also certify that:

3.1 The condensed consolidated half-year financial statements:
   a) have been prepared in accordance with the international accounting standards approved by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19th July 2002;
   b) agree with the balances on the books of account and the accounting records;
   c) are able to give a true and fair view of the assets and liabilities, results and financial position of the issuer and of the set of companies included in the consolidation.

3.2 The interim report on operations includes a reliable analysis of the key events that took place during the first six months of the year and of their impact on the condensed consolidated half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months. The interim report on operations also includes a reliable analysis of the information on significant related party transactions.

28th August 2013

Cav. Lav. Brunello Cucinelli
Chairman of the Board of Directors and Managing Director

Moreno Ciarapica
Manager in charge of preparing the corporate accounting documents

REVIEW REPORT OF THE AUDITORS ON THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS