BRUNELLO CUCINELLI

HALF-YEAR FINANCIAL REPORT AT 30TH JUNE 2014

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS)

CONTENTS

CORPORATE DETAILS

Registered office of the Holding Company

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

Legal information of the Holding Company

Approved share capital € 13,600.000
Subscribed and fully paid-up share capital € 13,600,000
Perugia Companies Register, no. 01886120540

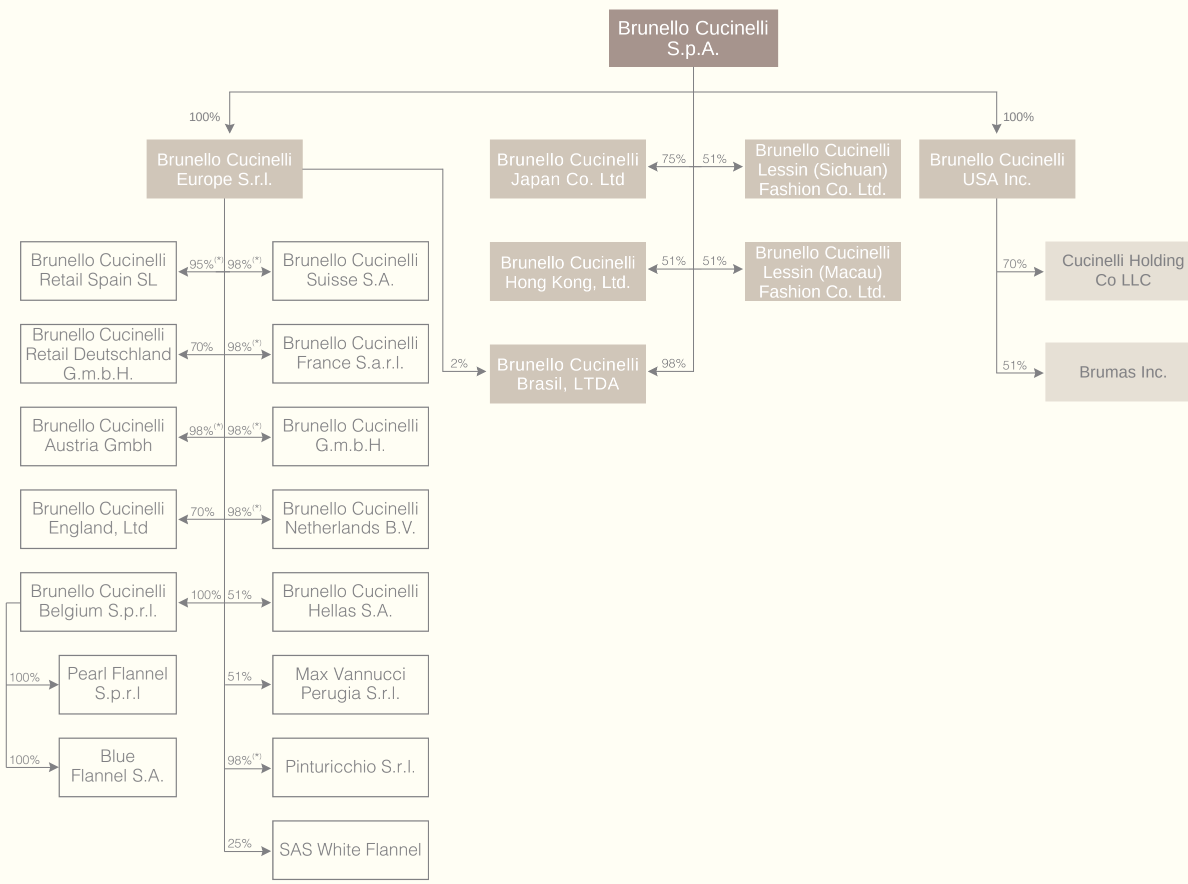
Official website: http://investor.brunellocucinelli.com/ita/

CORPORATE GOVERNANCE BODIES AT 30TH JUNE 2014

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

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

GROUP STRUCTURE AT 30TH JUNE 2014



(*) The remaining percentage is held by Brunello Cucinelli S.p.A..

COMPOSITION OF THE GROUP AT 30TH JUNE 2014

Denominazione	Sede
Brunello Cucinelli S.p.A.	Corciano. frazione Solomeo (PG) – Italia
Brunello Cucinelli USA. Inc.	New York – USA
Cucinelli Holding Co. LLC	New York – USA
Brunello Cucinelli Europe S.r.l.	Corciano. frazione Solomeo (PG) – Italia
Brumas Inc.	New York – USA
Brunello Cucinelli Suisse SA	Lugano – Svizzera
Brunello Cucinelli Retail Spain SL	Madrid – Spagna
Brunello Cucinelli GmbH	Monaco di Baviera – Germania
Brunello Cucinelli France Sarl	Parigi – Francia
Brunello Cucinelli Belgium Sprl	Bruxelles – Belgio
Blue Flannel SA	Bruxelles – Belgio
Max Vannucci S.r.l.	Perugia – Italia
Brunello Cucinelli Japan Co. Ltd.	Tokyo – Giappone
Brunello Cucinelli Retail Deutschland GmbH	Monaco di Baviera – Germania
Brunello Cucinelli Netherlands B.V.	Amsterdam – Olanda
Brunello Cucinelli Lessin (Sichuan) Fashion Co. Ltd.	Chengdu – Cina
Brunello Cucinelli Hellas S.A.	Atene – Grecia
Brunello Cucinelli Austria GmbH	Vienna – Austria
Brunello Cucinelli England Ltd.	Londra – Regno Unito
Brunello Cucinelli Hong Kong Ltd.	Hong Kong
Brunello Cucinelli Lessin (Macau) Fashion Co. Ltd.	Macao
Pinturicchio S.r.l.	Carrara – Italia
Brunello Cucinelli Brasil LTDA	San Paolo – Brasile
SAS White Flannel	Cannes – Francia
Pearl Flannel Sprl	Bruxelles – Belgio

DISTRIBUTION NETWORK

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

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

– the **retail** distribution channel, namely the direct distribution channel, for which the Group uses the services of Directly Operated Stores or DOS;
– the **wholesale monobrand** channel, consisting of monobrand stores with commercial distribution agreements. The Group uses intermediaries represented by monobrand stores for sales to end users, with the result that in this case these are the Group's customers;
– the **wholesale multibrand** channel, which consists of independent multibrand stores and dedicated spaces in department stores (shop in 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.

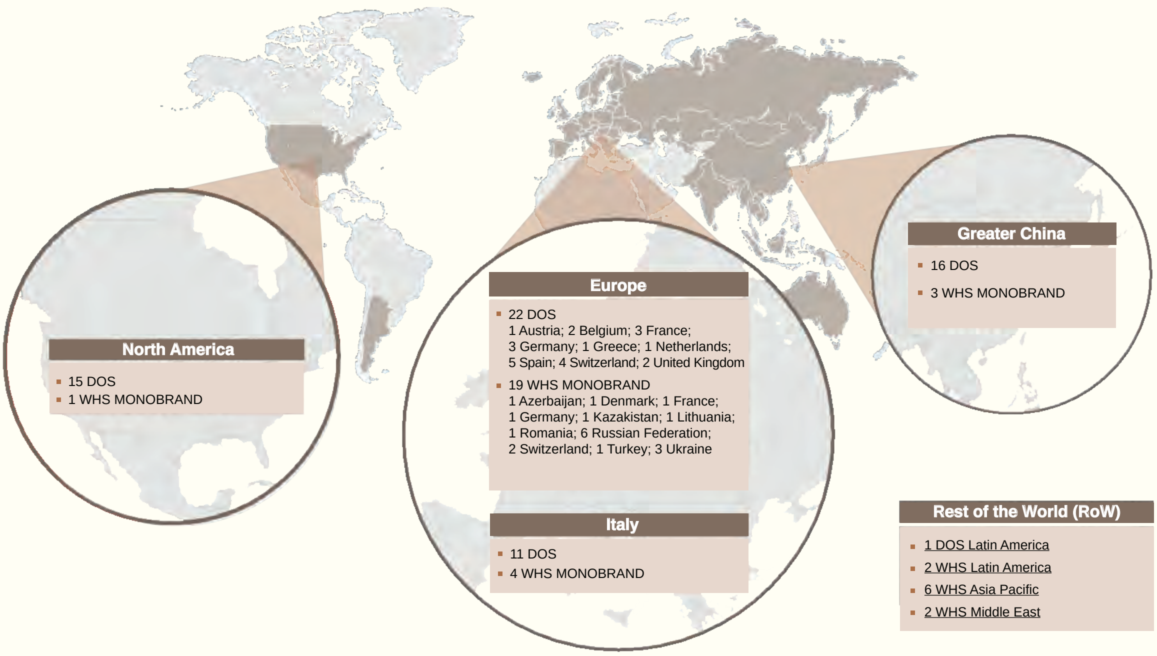
A summary is provided below of the Brunello Cucinelli Group's monobrand sales network at 30th June 2014, with comparative figures at 31st December 2013 and 30th June 2013:

Distribution channel	**30th June 2014**	**31st December 2013**	**30th June 2013**
RETAIL	65	61	54
WHOLESALE MONOBRAND	37	37	38

The following table provides an analysis of the location of points of sale by geographical area at 30th June 2014:

	Italy	**Europe**	**North America**	**Greater China**	**Rest of the World**	**Total**
DOS	11	22	15	16	1	65
WHOLESALE MONOBRAND	4	19	1	3	10	37
TOTAL	**15**	**41**	**16**	**19**	**11**	**102**

The figure below sets out the DOS and wholesale monobrand points of sale at 30th June 2014 together with their geographical location:



CONSOLIDATED INTERIM REPORT ON OPERATIONS AT 30TH JUNE 2014

COMPANY INFORMATION

OUR COMPANY

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

PRODUCT

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

VISUAL MERCHANDISING

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

The organization is responsible for:

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

COMMUNICATION

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

DISTRIBUTION

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

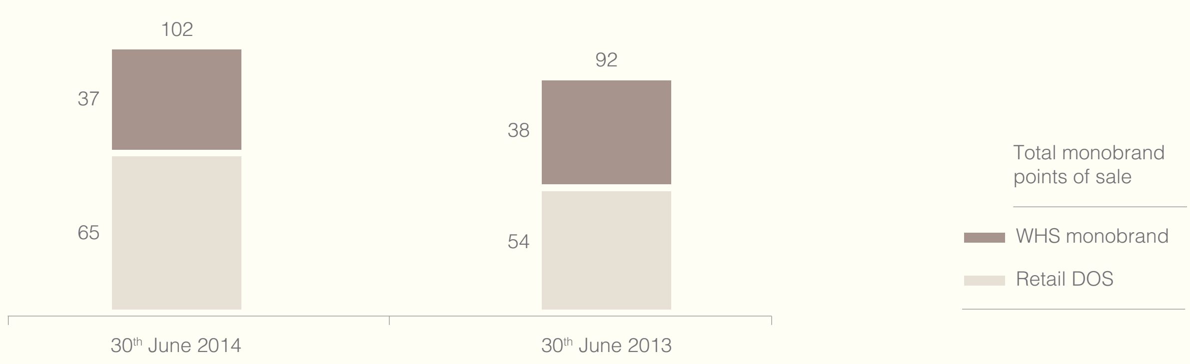
- The retail channel includes monobrand stores, hereinafter called DOS (Directly Operated Stores), including e-commerce;
- The wholesale monobrand channel refers to monobrand boutiques which for strategic reasons are managed by means of well-established business relations with local partners;
- The wholesale multibrand channel includes 700 select multibrand customers for a total of around 1000 stores. The multibrand network includes the world's most prestigious department stores with progressively larger spaces devoted to the Company's products.

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

Expansion
The geographical reach has expanded with a presence which following consolidations, new openings and projects is also beginning to take on good visibility in emerging markets such as Latin America (Mexico, Brazil, Peru) and South Eastern Asia (Singapore, Vietnam), without altering the Company's selective market penetration policy.

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

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



PRODUCTION

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

TECHNOLOGICAL INNOVATION

In 2014 the Company initiated a key investment plan, whose main framework is expected to be completed by 2016, consisting of technical and digital projects considered to be of high strategic importance.
On the information systems front it is planned to enhance the ERP system for administrative and financial management at a Group level. The project to unify the retail systems to manage the Group's DOS got under way a few months ago, and in 2015 this will be accompanied by the construction of a central CRM system. Potentially these projects could also be extended to the wholesale monobrand stores.

On the digital front, the Company continues with the development of its e-commerce system, consistent with the identity and strategy of exclusive distribution, integrating a number of omnichannel services in order to be able to offer customers a more complete purchasing experience comprising physical and online distribution

THE SOLOMEO SCHOOL

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

INTRODUCTION

This Half-year Financial Report at 30th June 2014 has been prepared pursuant to Legislative Decree no. 58/1998 as amended and the Issuers' Regulations published by Consob.
The Half-year Report has been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union and in accordance with IAS 34 *Interim Financial Reporting*, applying the same accounting principles as those used to prepared the consolidated financial statements at 31st December 2013.

SUMMARY DATA AT 30TH JUNE 2014

The following tables provide: (i) a summarized consolidated income statement for the six months ended 30th June 2014 with comparative figures for the six months ended 30th June 2013, (i) a consolidated balance sheet reclassified by sources and applications at 30th June 2014 with comparative figures at 31st December 2013 and 30th June 2013 and (iii) figures for capital expenditure and operating cash flows for the first six months of 2014 with comparative figures for the first six months of 2013.

Summarized consolidated income statement

(In thousands of Euro)	Half-year ended 30th June				Change	
	2014	% of revenues	2013	% of revenues	2014 vs. 2013	2014 vs. 2013 %
Revenues	177,030	100.0%	158,828	100.0%	18,202	+11.5%
EBITDA (1)	30,618	17.3%	27,129	17.1%	3,489	+12.9%
Operating income	24,296	13.7%	21,804	13.7%	2,492	+11.4%
Net income for the period	15,625	8.8%	13,263	8.4%	2,362	+17.8%

(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.

Consolidated balance sheet reclassified by sources and applications:

(In thousands of Euro)	At			Change	
	30th June 2014	**31st December 2013**	**30th June 2013**	**2014 vs. 2013**	**2014 vs. 2013%**
Net working capital	96,726	71,074	76,480	20,246	+26.5%
Fixed assets	104,028	89,158	82,752	21,276	+25.7%
Other non-current assets/(liabilities)	1,182	1,083	1,949	(767)	-39.4%
Net invested capital	**201,936**	**161,315**	**161,181**	**40,755**	**+25.3%**
Net debt (2)	46,108	16,101	32,176	13,932	+43.3%
Shareholders’ equity	155,828	145,214	129,005	26,823	+20.8%
Sources of funding	**201,936**	**161,315**	**161,181**	**40,755**	**+25.3%**

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

Other summary data:

(In thousands of Euro)	At		Change	
	30th June 2014	**30th June 2013**	**2014 vs. 2013**	**2014 vs. 2013 %**
Capex (3)	22,433	27,022	(4,589)	-17.0%
Cash flow from operating activities	(7,639)	(5,393)	(2,246)	+41.6%

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

THE GROUP'S RESULTS FOR THE FIRST HALF OF 2014

The Group earned revenues of € 177,030 thousand in the first six months of 2014, representing an increase of 11.5% over the first half of 2013. This result was positively affected by the sale to the parent company Fedone S.r.l. of a property that is not situated close to the Company's manufacturing and logistical facilities, leading to a capital gain of € 755 thousand recognized as other income. As discussed in the section "Significant events during the period", this operation was carried out because the building does not form part of the extension and restructuring project involving the whole of the Solomeo site. The result for the first half of 2013 was positively affected by a capital gain of € 830 thousand realized on the sale of the trademarks "Solomei", Solomei" and the "coat of arms".
Net revenues for the six months ended 30th June 2014 rose to € 175,811 thousand, an increase of 11.6% (12.9% at constant exchange rates) over the six months ended 30th June 2013.
The sales trend and the increase in net revenues reaffirm the solidity of the Group's path and growth project; a confirmation of the sustainability of the business model, the Group's strategy and the positioning of the brand in the absolute luxury sector with wholly Italian production.
These dynamics are drivers of results in all the geographical areas, with purchases being made in our boutiques and in the most important luxury department stores by domestic customers and tourists alike, independent of their nationality, bonded by the search for an exclusive ready-to-wear product at the top end of the Made in Italy sector.

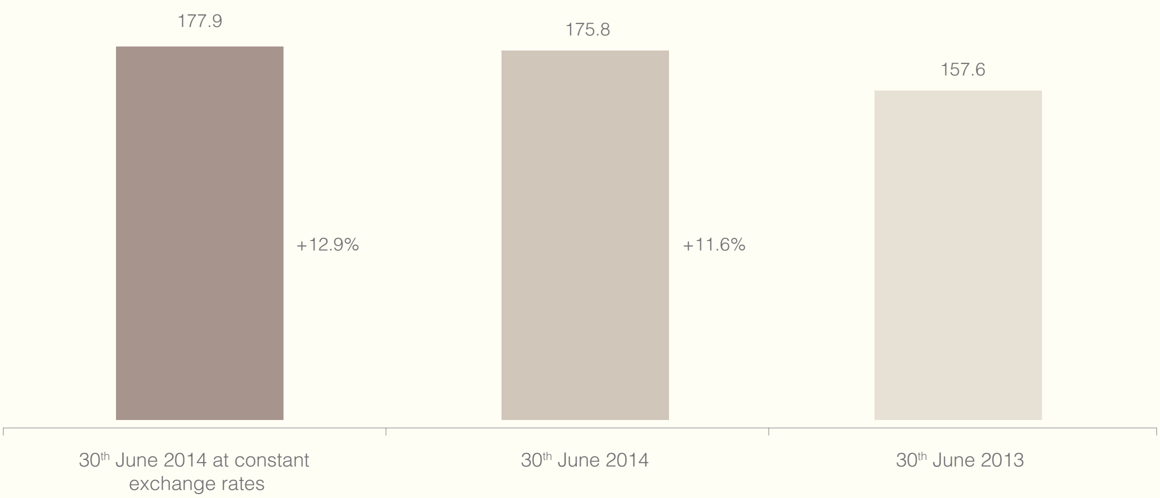
The Group earned EBITDA of € 30,618 thousand in the first half of 2014, representing 17.3% of revenues and a rise of 12.9% over the corresponding figure for the first half year of 2013.

Net income for the half year amounted to € 15,625 thousand, representing 8.8% of revenues and an increase of 17.8% over the corresponding figure for the first half of 2013.

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

ANALYSIS OF NET REVENUES

The Group's consolidated turnover for the first half year amounted to € 175,811 thousand, a rise of 11.6% over the same period in 2013. There was solid double-digit growth in revenues in the period. At constant exchange rates, meaning the same average rates as those used for the first six months of 2013, revenues would have been € 177,933 thousand.



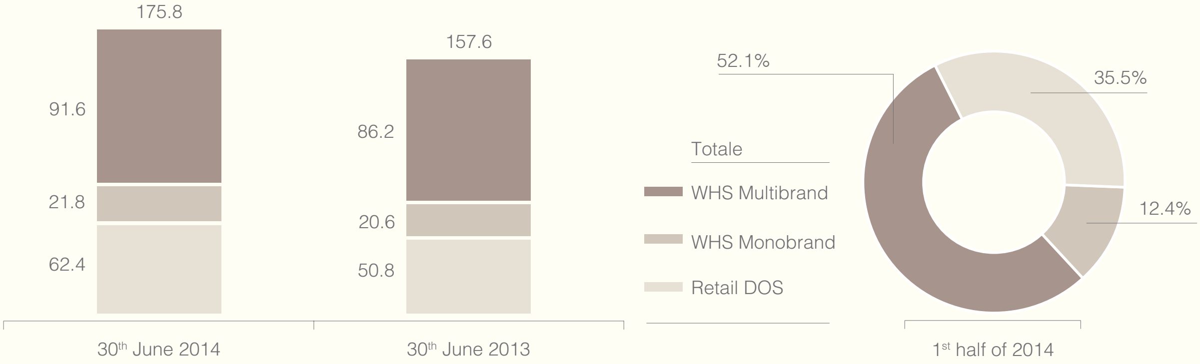
The overall increase in net revenues amounted to € 20,359 thousand at current exchange rates (+12.9%), mainly due to organic growth in the retail channel arising from the development of existing points of sale, the opening of new direct points of sale (DOS) in all geographical areas and the growth of the wholesale multibrand channel when compared to the corresponding period of the previous year.

REVENUES BY DISTRIBUTION CHANNEL

Considerable growth rates were achieved in all distribution channels in the first half of 2014, due amongst other things to the results achieved by existing boutiques and locations, new and selected openings and a presence in the most prestigious spaces of luxury department stores

The following table provides details of the net revenues earned by the Group in the six months ended 30th June 2014 and 2013, analyzed by distribution channel.

(In thousands of Euro)	**Half-year ended 30th June**				**Change**	
	2014	**%**	**2013**	**%**	**2014 vs. 2013**	**2014 vs. 2013 %**
Retail	62,350	35.5%	50,747	32.2%	11,603	+22.9%
Wholesale Monobrand	21,833	12.4%	20,600	13.1%	1,233	+6.0%
Wholesale Multibrand	91,628	52.1%	86,227	54.7%	5,401	+6.3%
Total	**175,811**	**100.0%**	**157,574**	**100.0%**	**18,237**	**+11.6%**



RETAIL

The retail channel earned net revenues of € 62,350 thousand, representing an increase of € 11,603 thousand or 22.9% over the corresponding period of the previous year.
A like-for-like store sale comparison, calculated as the rise in revenues at constant exchange rates posted by the DOS existing at 1st January 2013, shows an increase of 5.6% in the first 34 weeks of the year (from 1st January to 24th August 2014).
The retail channel represented 35.5% of the Group's total net revenues for the six months ended 30th June 2014, compared to 32.2% for the six months ended 30th June 2013.
The number of direct points of sale, fifty four at 30th June 2013, rose to sixty five at 30th June 2014. The increase of eleven consists of five openings and six conversions of points of sale previously operated as wholesale monobrand. The number of direct points of sale rose by four in the six months ended 30th June 2014 over 31st December 2013, with the opening of two new points of sale and two wholesale monobrand points of sale becoming DOS.

WHOLESALE MONOBRAND

Net revenues earned by the wholesale monobrand channel amounted to € 21,833 thousand (a rise of € 1,233 thousand over the six months ended 30th June 2013), representing an increase of 6.0%.
Net revenues earned by sales made through the wholesale monobrand channel represented 12.4% of the total, a slight fall over the figure of 13.1% for the corresponding period of the previous year.
There were thirty eight points of sale at 30th June 2013, which fell to thirty seven at 30th June 2014. The number of wholesale monobrand stores remained unchanged at 30th June 2014 compared to the situation at 31st December 2013, due to the combined effect of the transfer to DOS of two points of sale in Cannes and Knokke and the opening of two points of sale.

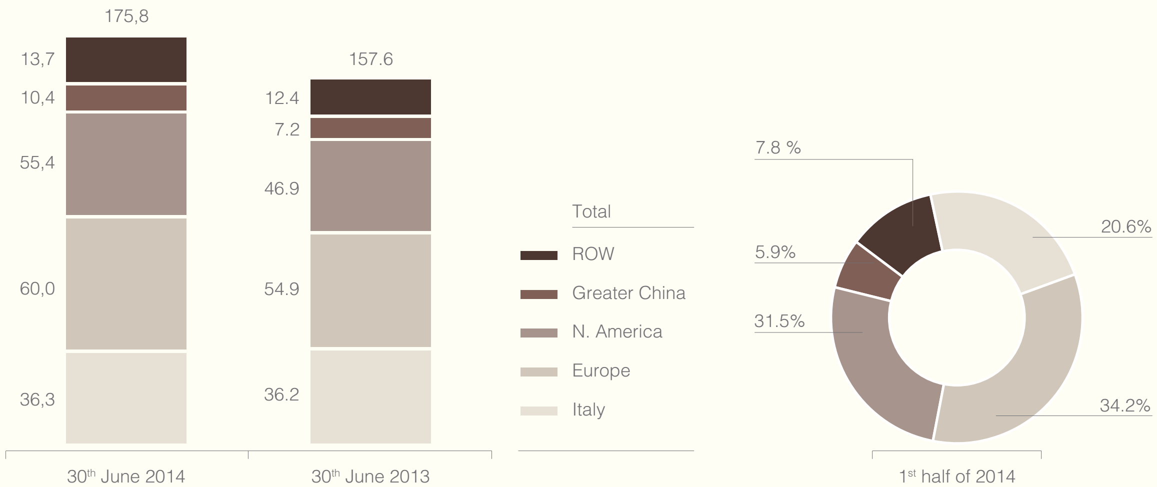
WHOLESALE MULTIBRAND

The wholesale multibrand channel earned revenues of € 91,628 thousand in the first half of 2014 (+ € 5,401 thousand over the six months ended 30th June 2013, representing an increase of 6.3%).
The proportion of revenues represented by this channel fell from 54.7% in the first half of 2013 to 52.1% in the first half of 2014.
The results were driven by an increase in orders made by the most important luxury department stores thanks to positive sell-out results and increased spaces dedicated to the brand in the desire to satisfy the rising demand for exclusive clothing products that are modern in taste and offer the utmost in quality.

REVENUES BY GEOGRAPHICAL AREA

The results achieved in the first half of 2014 indicate significant growth in all of the international markets, which continued their growth and development trend with a significant increase of 15.0%, while slight growth of 0.2% was seen in the Italian market.
The following table provides details of revenues for the six months ended 30th June 2014 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**	
	2014	**%**	**2013**	**%**	**2014 vs. 2013**	**2014 vs. 2013 %**
Italy	36,260	20.6%	36,174	23.0%	86	+0.2%
Europe	60,048	34.2%	54,843	34.8%	5,205	+9.5%
North America	55,416	31.5%	46,892	29.7%	8,524	+18.2%
Greater China	10,367	5.9%	7,226	4.6%	3,141	+43.5%
Rest of the World (RoW)	13,720	7.8%	12,439	7.9%	1,281	+10.3%
Total	**175,811**	**100.0%**	**157,574**	**100.0%**	**18,237**	**+11.6%**



The following is an analysis of the increase in net revenues by geographical area

Italy

Net revenues for "Italy" represented 20.6% of total revenues (23.0% in the same period of the previous year), with a slight decrease of € 86 thousand in absolute terms, or 0.2%, over the period ended 30th June 2013 (€ 36,260 thousand in 2014 and € 36,174 thousand in 2013).

There was an improvement in the trend of sales in the Italian market in the first half of 2014, sustained by the results of the monobrand boutiques and orders in the multibrand channel.

The large flow of foreign tourists remained at an interesting level, driving up sales in all the distribution channels of the leading Italian cities and resorts with positive sell-out results.

The significant presence of the brand on the Italian market acts as a reference point and showcase for the consumer of global luxury, keeping what is a strategic importance at an international level for its prestige, allure and modern taste.

Europe

Net revenues for "Europe" represented 34.2% of total revenues (34.8% in the same period of the previous year), rising by € 5,205 thousand in absolute terms, or 9.5%, from € 54,843 thousand to € 60,048 thousand. Top-end tourist flow remained dynamic and sustained while the results of the sell-out in the multibrand channel were very positive.

North America

Net revenues for "North America" represented 31.5% of total revenues (29.7% in the same period of the previous year), rising by € 8,524 thousand, or 18.2%, from € 46,892 thousand to € 55,416 thousand.

Turnover posted double-digit growth in all the distribution channels in the first half of the year. This performance benefited from the increasingly exclusive presence of the brand in the large Luxury Department Stores and from the new prestigious spaces that are dedicated to it, driven by the decision taken by these stores to make their offer increasingly sophisticated and addressed to the top-end customer. The results of the direct monobrand channel were positive, with growth achieved with an unchanged perimeter and two openings in the past 12 months, taking the monobrand boutique network to 16 stores.

Greater China

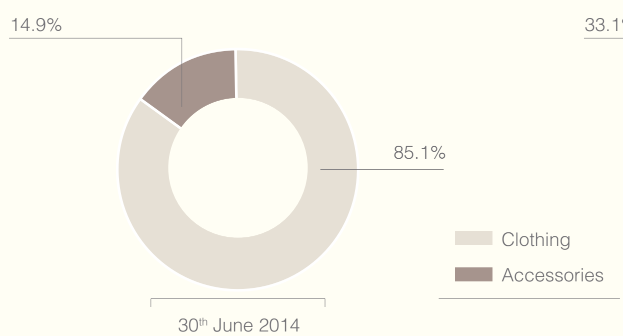
Net revenues for “Greater China” represented 5.9% of total revenues (4.6% in the same period of the previous year), rising by € 3,141 thousand (+43.5%) from € 7,226 thousand to € 10,367 thousand.
The especially positive performance of sales is driven by the project started in 2013 to convert boutiques from the wholesale monobrand network to the direct network (four conversions have been carried out in the past 12 months of which three relating to boutiques in Hong Kong) and by the consolidation of sales in the existing network.
The flow of top-end sophisticated Chinese tourists continued to be sustained in all of the world’s resorts and capitals, attracted by the exclusivity of a ready-to-wear offer having the most that quality can provide and by the prestige of buying in the most exclusive destinations.

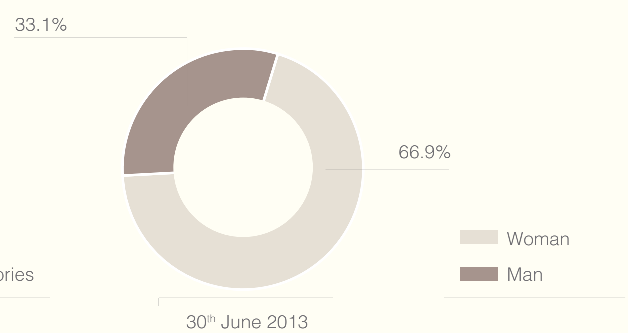
Rest of the World

Net revenues for the “Rest of the World” in the first half of 2014 increased by 10.3% over the previous year, rising from € 12,439 thousand to € 13,720 thousand.
There have been two recent openings in South Korea (Seoul, in the wholesale monobrand channel) and Brazil (San Paolo, in the retail channel). The new boutique in San Paolo is not only an important reference point for the domestic customer and a starting presence for future growth in the Brazilian market, it is above all a prestigious showcase for purchases of ready-to-wear made by the Brazilian tourist in the most important international fashion capitals and resorts.

REVENUES BY PRODUCT LINE AND TYPE OF END CUSTOMER

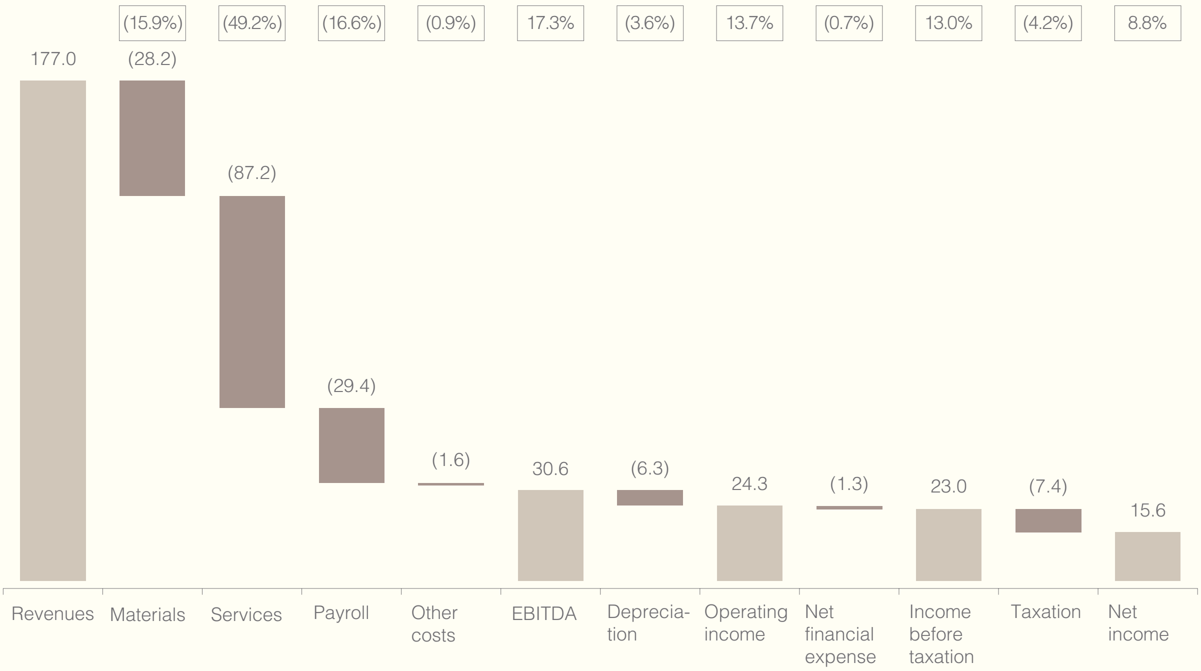
The following is a graphical representation of the Brunello Cucinelli Group’s revenues for the six months ended 30th June 2014, analyzed by product line and type of end customer:





ANALYSIS OF THE INCOME STATEMENT

Set out below is a graphical representation of economic data for the six months ended 30th June 2014 representing the Group's performance for the first half-year:



OPERATING RESULTS

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

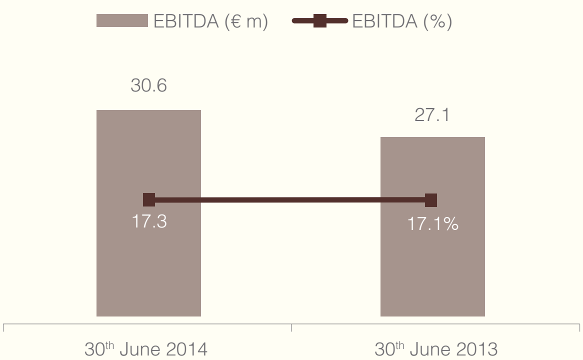
(In thousands of Euro)	Half-year ended 30th June				Change	
	2014	% of revenues	2013	% of revenues	2014 vs. 2013	2014 vs. 2013 %
Operating income	**24,296**	**13.7%**	**21,804**	**13.7%**	**2,492**	**+11.4%**
+ Depreciation and amortization	6,322	3.6%	5,325	3.4%	997	+18.7%
EBITDA (1)	**30,618**	**17.3%**	**27,129**	**17.1%**	**3,489**	**+12.9%**

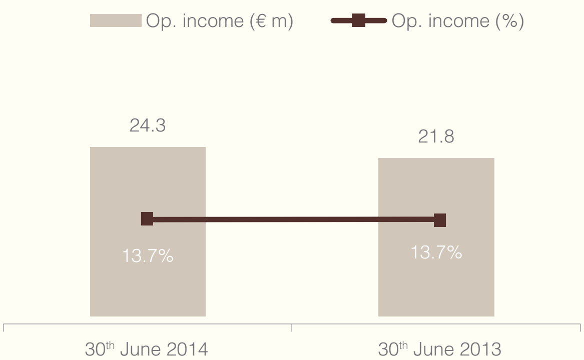
(1) EBITDA is calculated as operating income before depreciation and amortization. EBITDA defined in this way is a measure used by Company management to monitor and assess operating performance. EBITDA is not an IFRS accounting measure and accordingly should not be considered as an alternative for assessing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

EBITDA rose from € 27,129 thousand in the first six months of 2013, or 17.1% of revenues, to € 30,618 thousand in the first six months of 2014, or 17.3% of revenues.

Operating income increased from € 21,804 thousand in the first half of 2013, or 13.7% of revenues, to € 24,296 thousand in the first half of 2014, again 13.7% of revenues. Depreciation and amortization had a considerable effect, representing 3.6% of revenues in the first half of 2014 and 3.4% in the first half of 2013, due to the capital expenditure made by the Group.

The following table sets out in graphical form trends in the Group's EBITDA and operating income for the six months ended 30th June 2014 and 30th June 2013:





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

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

(In thousands of Euro)	**Half-year ended 30th June**				**Change**	
	2014	**% of revenues**	**2013**	**% of revenues**	**2014 vs. 2013**	**2014 vs. 2013 %**
Costs for raw materials and consumables	40,029	22.6%	36,708	23.1%	3,321	+9.0%
Change in inventories	(11,813)	-6.7%	(8,821)	-5.6%	(2,992)	+33.9%
Outsourced manufacturing costs	42,526	24.0%	38,573	24.3%	3,953	+10.2%
Total	**70,742**	**40.0%**	**66,460**	**41.8%**	**4,282**	**+6.4%**

By considering changes in these two cost items together it can be seen that the total as a percentage of revenues has decreased compared with the corresponding previous interim period (40.0% in 2014 against 41.8% in 2013). This decrease is essentially explained by the higher proportion of net revenues earned by the retail distribution channel as a percentage of total net revenues for the period (35.5% in the first half of 2014 against 32.2% in the first half of 2013).

Other significant items making up operating costs are as follows:

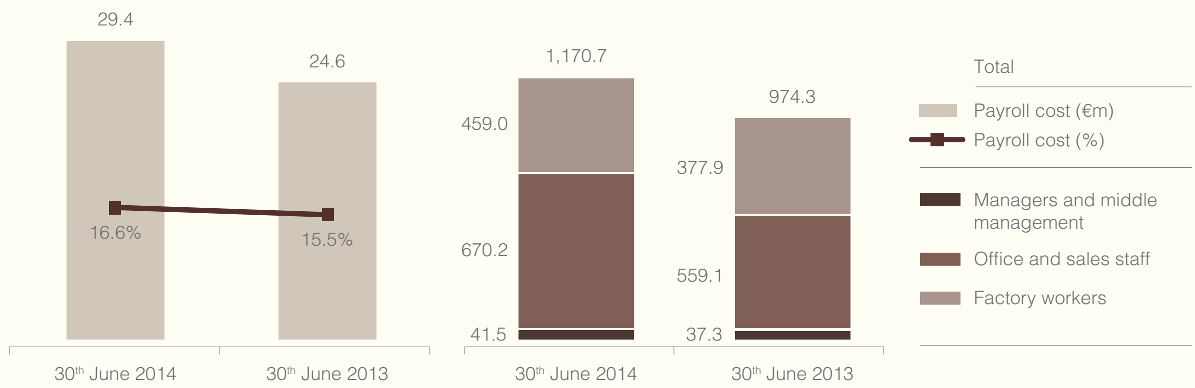
– commissions and accessory costs, being the commissions payable to the network of agents, which fell by 0.5% as a percentage of revenues compared with the first half of 2013 (3.3% in 2014, 3.8% in 2013) due to the decreased share of the wholesale channel;
– advertizing and other marketing costs, which rose by € 961 thousand in absolute terms (+11.9%) but remained constant as a percentage of revenues (5.1% in both 2014 and 2013) . These costs relate to the promotional activities carried out by the Group to disseminate its image and philosophy throughout the world (more specifically these are costs incurred for the production of catalogues, advertizing campaigns and fairs and exhibitions organized in Italy and abroad);
– transport and duties, which remained constant as a percentage of revenues (4.5% in both 2014 and 2013);
– rental expense, which rose as a percentage from 5.8% in 2013 to 7.1% in 2014, due to the 11 new direct sales points (5 new openings and 6 conversions from wholesale monobrand);
– credit card charges, which rose by 20.0% over the first half of 2013, a figure which is essentially in line with the growth in the retail channel.

The following table provides a summary of these items for the first half of 2014 and 2013 together with their percentage as a proportion of revenues.

(In thousands of Euro)	**Half-year ended 30th June**				**Change**	
	2014	**%**	**2013**	**%**	**2014 vs. 2013**	**2014 vs. 2013 %**
Commissions and accessory costs	5,770	3.3%	6,059	3.8%	(289)	-4.8%
Advertizing and other marketing costs	9,046	5.1%	8,085	5.1%	961	+11.9%
Transport and duties	7,908	4.5%	7,222	4.5%	686	+9.5%
Rental expense	12,629	7.1%	9,164	5.8%	3,465	+37.8%
Credit card charges	1,196	0.7%	997	0.6%	199	+20.0%

Changes in payroll costs are closely connected with the increase in the workforce, which to a large extent is the consequence of the extension of the direct monobrand store network as stated above. The increase in the number of factory workers is on the other hand principally due to the acquisition of the d'Avenza business, for which further details may be found in the section "Significant events during the period".

Costs for wages and salaries totaled € 29,397 thousand against € 24,577 thousand in the corresponding period in the previous year, for a rise in absolute terms of € 4,820 thousand. Payroll costs represented 16.6% of revenues in the six months ended 30th June 2014 compared with 15.5% in the six months ended 30th June 2013.



Depreciation and amortization (€ 6,322 thousand for the half-year ended 30th June 2014 and € 5,325 thousand for the corresponding period of the previous year) amounted to 3.6% of revenues in the first half of 2014 and 3.4% in the first half of 2013; the increase in absolute terms of € 997 thousand is mainly due to investments in key money paid to take over agreements for the monobrand stores and investments in directly operated stores.

NET FINANCIAL EXPENSE, TAXES AND NET PROFIT

Net financial expense amounted to € 1,288 thousand for the half-year ended 30th June 2014, of which financial expense of € 3,036 thousand and financial income of € 1,748 thousand.
Net financial expense remained essentially constant as a percentage of sales revenues over the first half of 2013, closing at 0.73% in 2014 compared to 0.60% in 2013.

While reference should be made to the notes to the financial statements for further details of the items included in financial operations, the following table sets out the result of these transactions, separating out the effect of exchange differences and the fair value measurement of derivative contracts from the total change:

(In thousands of Euro)	Half-year ended 30th June				Change	
	2014	% su ricavi	2013	% su ricavi	2014 vs. 2013	2014 vs. 2013 %
Loan interest	438	0.2%	173	0.1%	265	>+100.0%
Other net (income)/expense	515	0.3%	357	0.2%	158	+44.3%
Financial (income)/expense	**953**	**0.5%**	**530**	**0.3%**	**423**	**+79.8%**
Foreign exchange (gains)/losses	207	0.1%	182	0.1%	25	+13.7%
Financial (income)/expense arising from adjusting derivatives on loans to fair value	128	0.1%	247	0.2%	(119)	-48.2%
Total net financial expense	**1,288**	**0.7%**	**959**	**0.6%**	**329**	**+34.3%**

Income taxes for the period amounted to € 7,383 thousand and represented 32.1% of pre-tax consolidated profit. The Group paid taxes of € 7,793 thousand in the half-year ended 30th June 2014 compared with € 9,143 thousand in the corresponding period of the previous year.

In the light of the above, net income for the period closed at € 15,625 thousand, or 8.8% of revenues, which compared with the figure for the first half of 2013 represents an increase of € 2,362 thousand or 17.8%.

The following table provides an analysis of net income for the period between the portion attributable to the owners of the parent and the portion attributable to non-controlling interests:

(In thousands of Euro)	30th June 2014	30th June 2013
Net income attributable to owners of the parent	16,618	14,047
Net income attributable to non-controlling interests	(993)	(784)
Net income for the period	**15,625**	**13,263**

The net income attributable to non-controlling interests, a negative balance of € 993 thousand, mainly relates to the result of the Chinese subsidiary Brunello Cucinelli Lessin (Sichuan) Fashion Co. Ltd. which began operations in October 2012 and accordingly is at the start-up stage. In this respect it should be noted that in the first half of 2014 the shareholders of the subsidiary approved the conversion to equity of the loans disbursed in December 2013, each for their own share, increasing share capital from 50 million Renminbi to the current 100 million Renminbi.

ANALYSIS OF ASSET AND FINANCIAL BALANCES

Set out in the following are comments on the main items included in the balance sheet reclassified by sources and applications at 30th June 2014 together with comparative figures at 31st December 2013 and 30th June 2013.

NET WORKING CAPITAL

The net working capital of the Brunello Cucinelli Group at 30th June 2014, 31st December 2013 and 30th June 2013 may be analyzed as follows:

(In thousands of Euro)	**30th June 2014**	**31st December 2013**	**30th June 2013**
Trade receivables	60,112	43,361	60,144
Inventories	107,278	94,464	90,144
Trade payables	(62,501)	(62,607)	(60,841)
Other current assets/(liabilities), net	(8,163)	(4,144)	(12,967)
Net working capital	**96,726**	**71,074**	**76,480**

Given the “seasonality” referred to above, the following comments present the situation at 30th June 2014 compared with that at 30th June 2013 for a better understanding of the main changes in net working capital.

Net working capital at 30th June 2014 rose by € 20,246 thousand over the balance at 30th June 2013. Net working capital (trade receivables, inventories and trade payables) increased as a percentage of turnover for the past 12 months from 29.6% at 30th June 2013 to 30.8% at 30th June 2014, a contained increase (+1.2%) due to the positive and healthy way in which trade receivables and payables were managed, absorbing the natural increase in inventories. Moreover the increase in inventories is mainly due to the five new openings and the six conversions from wholesale monobrand to DOS which have taken place over the past twelve months, the development of the business over the period in question and the effect of the new business model for the Japanese market which will be converted from a wholesale channel to a retail channel from 1st September 2014, as discussed in the section “Significant events during the period”.

In further detail, raw materials rose by € 3,145 thousand from € 21,386 thousand at 30th June 2013 to € 24,531 thousand at 30th June 2014, while finished and semi-finished goods increased from € 68,758 thousand at 30th June 2013 to € 82,747 thousand at 30th June 2014, a rise of € 13 ,989 thousand due mainly to the growth of the monobrand store network.

(In thousands of Euro)	**30th June 2014**	**31st December 2013**	**30th June 2013**
Raw materials	24,531	22,752	21,386
Finished and semi-finished goods	82,747	71,712	68,758
Inventories	**107,278**	**94,464**	**90,144**

FIXED ASSETS

Fixed assets at 30th June 2014, 31st December 2013 and 30th June 2013 may be analyzed as follows:

(In thousands of Euro)	**30th June 2014**	**31st December 2013**	**30th June 2013**
Intangible assets	30,233	26,552	27,715
Property, plant and equipment	69,823	59,180	51,142
Financial fixed assets	3,972	3,426	3,895
Fixed assets	**104,028**	**89,158**	**82,752**

Fixed assets at 30th June 2014 totaled € 104,028 thousand compared to € 89,158 thousand at 31st December 2013, an increase of € 14,870 thousand or 16.7%.

More specifically, intangible assets increased by € 3,681 thousand, property, plant and equipment by € 10,643 thousand and non-current financial assets by € 546 thousand, the latter mainly relating to the guarantee deposits paid on signing the lease agreements for the monobrand stores opened in 2014.

CAPITAL EXPENDITURE

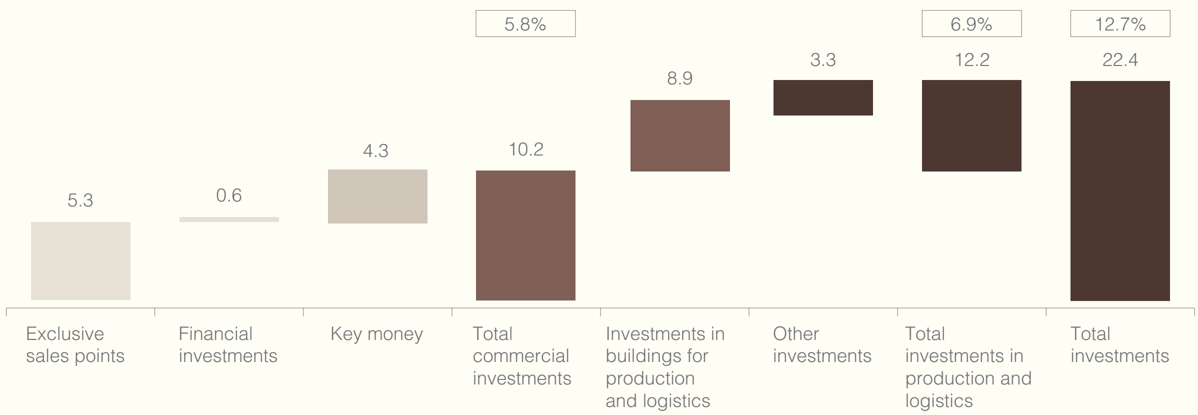
The Group made capital expenditure of € 22,433 thousand in fixed assets in the half-year ended 30th June 2014, of which € 6,004 thousand in intangible assets, € 15,846 thousand in property, plant and equipment and € 583 thousand in financial fixed assets (guarantee deposits).

The following table sets out by type and category the gross and net capital expenditure made by the Group in the six months ended 30th June 2014 and 2013.

(In thousands of Euro)	**30th June 2014**		**30th June 2013**	
	Gross	**Net**	**Gross**	**Net**
Capex in intangible assets	6,004	6,004	13,510	13,233
Capex in property, plant and equipment	15,846	14,558	12,805	12,501
Capex in financial fixed assets	583	530	707	707
Total capex	**22,433**	**21,092**	**27,022**	**26,441**

The most significant investments were made for the opening and structuring of points of sale, to a large extent regarding the entry into the consolidation scope of SAS White Flannel and Pearl Flannel Sprl (as discussed in further detail in the section “Significant events during the period”) and the opening of new stores directly operated by the Group in Europe, the United States and Brazil. 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 2014, analyzed by investment type:



NET DEBT

The following table provides details of net debt at 30th June 2014, 31st December 2013 and 30th June 2013.

(In thousands of Euro)	**30th June 2014**	**31st December 2013**	**30th June 2013**
Current bank debt	54,726	29,639	53,245
Derivative instruments – current liabilities	275	195	221
Other current financial liabilities	146	2,955	13
Current debt (1)	**55,147**	**32,789**	**53,479**
Long-term loans – non-current portion	30,767	18,281	9,805
Non-current financial liabilities	3,858	3,707	1,993
Non-current debt (1)	**34,625**	**21,988**	**11,798**
Total gross debt	**89,772**	**54,777**	**65,277**
- Current financial assets	(38)	-	-
- Derivative instruments – current assets	-	-	-
- Cash and cash equivalents	(43,626)	(38,676)	(33,101)
Net debt (1)	**46,108**	**16,101**	**32,176**

(1) Current and non-current debt are not IFRS accounting measures. The way in which the Group calculates this figure may not be consistent with that used by others and may therefore not be comparable.

At 30th June 2014, the net debt of the Brunello Cucinelli Group had increased by € 30,007 thousand over the balance at 31st December 2013 and by € 13,932 thousand over the balance at 30th June 2013.

New loans with a nominal value of € 30 million were taken out during the second quarter of 2014 in order to achieve a better balance in the Group's long-term exposure and also as a result of the repayments of approximately € 13.3 million made during the half year

The net debt balance is also the result of the investments made during the half year as well as trends in ordinary operations which, in a context where the volume of activity is increasing, was characterized during the first few months of the year by the use of funds to finance the temporary rise in net working capital; this business cyclicity will according lead to a considerable reduction in the Group's net debt in the second half of the year, as moreover occurred in previous years.

In addition:

- "Non-current financial liabilities" include the liability arising from the possibility that the minority shareholders in Brunello Cucinelli England Ltd. may exercise their put option, and the liability arising from the loan obtained from the minority shareholder of the subsidiary Brunello Cucinelli Hong Kong Ltd., to the extent of the portion attributable;
- the decrease in the balance for "Other current financial liabilities" over that at 31st December 2013 is due to the conversion to equity of the loan obtained in the past year from the minority shareholder in the subsidiary Brunello Cucinelli Lessin (Sichuan) Fashion Co. Ltd., to the extent of the portion attributable.

SHAREHOLDERS' EQUITY

The following tables provides details of shareholders' equity at 30th June 2014, 31st December 2013 and 30th June 2013:

(In thousands of Euro)	**30th June 2014**	**31st December 2013**	**30th June 2013**
Share capital	13,600	13,600	13,600
Reserves	120,176	97,978	98,224
Net income for the period attributable to owners of the parent	16,618	30,476	14,047
Shareholders' equity attributable to owners of the parent	**150,394**	**142,054**	**125,871**
Net income for the period attributable to non-controlling interests	5,434	3,160	3,134
Shareholders' equity attributable to non-controlling interests	**155,828**	**145,214**	**129,005**

The Company's share capital amounted to € 13.600 thousand, fully paid-up, at 30th June 2014 and consisted of 68,000,000 ordinary shares .

On the basis of entries in the shareholders' register and notifications received the shareholders of Brunello Cucinelli S.p.A. at 30th June 2014 were as follows:

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%**

A full description of changes in shareholders' equity may be found in the specific schedule in the financial statements and in note 11.

RECONCILIATION BETWEEN NET EQUITY AND NET INCOME OF THE PARENT AND CONSOLIDATED NET EQUITY AND NET INCOME

The following is a reconciliation between the net equity and net income of the parent and consolidated net equity and net income as of and for the six months ended 30th June 2014:

(In thousands of Euro)	30th June 2014	
	Net equity	Net income
Financial statements of the parent	**154,421**	**20,648**
Difference between the net equity of consolidated investments and the carrying amount of these investments	4,820	33
Elimination of intragroup transactions	(15,559)	(5,578)
Elimination of dividends	-	(1,013)
Tax effect of consolidation adjustments	6,712	2,528
Other	-	-
Total attributable to the owners of the parent	**150,394**	**16,618**
Net equity and net income attributable to non-controlling interests	5,434	(993)
Consolidated financial statements	**155,828**	**15,625**

ECONOMIC AND FINANCIAL RATIOS

The main economic and financial ratios for the Brunello Cucinelli Group for the periods under consideration are as follows.

PROFITABILITY RATIOS

The following table sets out changes in the main profitability ratios for the six months ended 30th June 2014 and 2013

	30th June 2014	30th June 2013
ROE – Net income for the period / Average equity in the period	10.38%	10.67%
ROI – Operating income / Average net invested capital in the period	13.38%	15.48%
ROS – Operating income / Revenues	13.72%	13.73%

BALANCE SHEET SOLIDITY RATIOS

A solidity analysis is designed to assess the Brunello Cucinelli Group's ability to maintain a constant balance in the medium to long period between outgoing cash flows, caused by the repayment of sources, and incoming cash flows, arising from the monetary recovery of applications, to avoid disturbing the economic balance of operations.

	30th June 2014	30th June 2013
Ratio – *Net equity / Total assets*	45.39%	45.09%
Ratio – *Total current assets / Total current liabilities*	160.39%	140.75%

ROTATION INDICES

	30th June 2014	30th June 2013
Receivables turnover – *Revenues / Average trade receivables*	3.4 times	2.9 times
Average collection days for trade receivables – *(Average trade receivables / Revenues) * 180*	52.6	61.2
Payables turnover – *(Costs for raw materials and consumables + Costs for services) /Average trade payables*	1.8 times	1.7 times
Average payment days for trade payables *(Average trade payables / (Costs for raw materials and consumables net of changes in inventory + Costs for services)) * 180*	108.7	114.9
Average days in inventory – *Inventories - advances / Revenues*	102.6	96.5

INFORMATION ON CORPORATE GOVERNANCE

Pursuant to article 123-bis of the consolidated finance law (TUF) the Company is required to prepare an annual report on corporate governance and ownership structures containing a general description of the governance system adopted by the Brunello Cucinelli Group and its ownership structure, including the main governance practices applied and the characteristics of its risk management and internal control system in relation to its financial reporting process.

Such Report, approved by the Board of Directors at its meeting of 10th March 2014, may be consulted in the Governance section of the Company's website **www.brunellocucinelli.com**

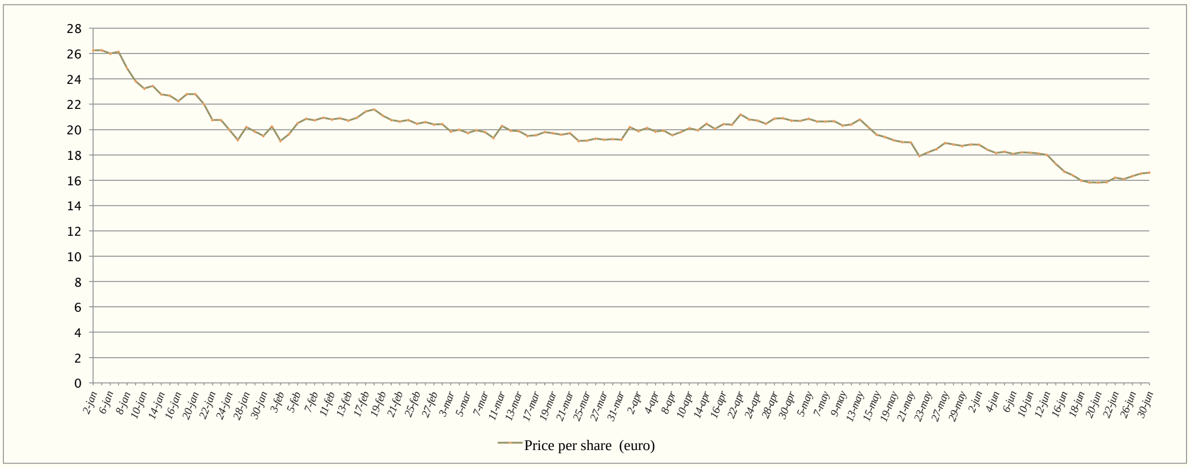
PERFORMANCE OF THE COMPANY'S SHARE ON THE BORSA ITALIANA S.P.A. MTA (ELECTRONIC STOCK EXCHANGE)

On 30th June 2014, the final trading day for the half year, the official closing price of the Brunello Cucinelli share was € 16.60 (up 114.2% compared to the price of € 7.75 per share set for the IPO and down 35.7% compared to the closing price of € 25.83 at the end of 2013). Market capitalization at 30th June 2014 was € 1,129 thousand.

The following table provides details of the company's share price and its performance between 1st January 2014 and 30th June 2014:

	Euro	Date
IPO price	7.75	-
Minimum price (1)	15.75	19-jun-14
Maximum price (1)	26.50	3-jan-14
Official price	16.60	30-jun-14
Capitalization	1,128,800,000	30-jun-14
Number of outstanding shares	21,078,000	30-jun-14
Free float	349,894,800	30-jun-14

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



SIGNIFICANT EVENTS DURING THE PERIOD

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

On 15th January 2014 the Brunello Cucinelli Group acquired, though its wholly-owned subsidiary Pinturicchio S.r.l., the manufacturing operations of d'Avenza Fashion S.p.A., a business which specializes in the production of off-the-peg and bespoke men's suits, with the aim of extending its offer to customers with a top-quality tailoring service. The "d'Avenza" brand is not part of the purchase operation.

A price of € 84 thousand was paid for this business. On the same date the Company entered a preliminary agreement with Spring Immobiliare S.r.l. (a company belonging to the same group as d'Avenza Fashion S.p.A.), subject to certain conditions precedent, for the purchase of a real estate complex in the district of Avenza in the municipality of Carrara where the business in question is situated. At the same time, while waiting to sign the final agreement, Spring Immobiliare S.r.l. leased these assets to Pinturicchio S.r.l.. At the date of this Half-year Report not all the conditions precedent have been satisfied. In this respect the parties have agreed to sign the final deed of sale in January 2005 providing that all the conditions precedent have been satisfied. Details of this transaction are provided in note 4 to the consolidated financial statements "Business combinations".

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

In January 2014 Brunello Cucinelli Europe S.r.l. acquired from an independent third party 49% of Brunello Cucinelli Belgium Sprl, a company organized under the laws of Belgium, which manages the monobrand store in Brussels and in which the Group already held an interest of 51%. In this way the Brunello Cucinelli Group became the company's sole shareholder.

Purchase of quotas in Pearl Flannel Sprl (store in Knokke – Belgium)

In January 2014, at the same time as the operation discussed in the previous paragraph, Brunello Cucinelli Belgium Sprl acquired from the above-mentioned independent third party 100% of Pearl Flannel Sprl, a company organized under the laws of Belgium which manages a monobrand store in the seaside resort of Knokke (Belgium) at a price of € 493 thousand. Details of this transaction are provided in note 4 to the consolidated financial statements "Business combinations".

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

In February 2014 Brunello Cucinelli Europe S.r.l. acquired from the same independent third party 25% of SAS White Flannel, a company organized under the laws of France which has been operating the monobrand store in Cannes for a considerable period of time. By way of agreements between the shareholders and amendments to the bylaws, Brunello Cucinelli Europe S.r.l. has acquired de facto control of the company. Therefore as of 1st February 2014 the boutique in Cannes was converted from a wholesale monobrand store to a DOS. The Group paid € 700,000 for the investment. Details of this transaction are provided in note 4 to the consolidated financial statements "Business combinations".

Opening of a boutique in Sao Paolo, Brazil

In February 2014 the Group paid 1,500,000.00 BRL as share capital into Brunello Cucinelli Brasil– Comercio de Artigos de Vestuario e Acessorios de Luxo LTDA, and since June 2014 this Brazilian subsidiary has been operating a monobrand store in the well-known shopping mall of Cidade Jardim in San Paulo.

Purchase of real estate

On 28th March 2014 the Company entered a preliminary agreement with Fedone S.r.l. (which controls the Company and which at that date – meaning before the transfer of 100% of Fedone S.r.l. to Esperia Trust Company S.r.l. - was controlled by Cav. Lav. Brunello Cucinelli) for the sale to Fedone S.r.l. of a building which is suitable for industrial activities and has all the relevant connections but is not close to the Company's manufacturing and logistical facilities. As this property does not have significant importance for the Company as part of the project for extending and restructuring the Solomeo site, it decided to sell it at a price of € 1,790 thousand, transferring the significant risks and the rewards connected with the ownership of the assets as of the date of the preliminary agreement. The final agreement was signed on 12th June 2014, with the full price paid at that date.

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

Agreement for the distribution of products bearing the Brunello Cucinelli brand name in Japan

Following an agreement between its shareholders Brunello Cucinelli S.p.A. and Itochu Corporation, Brunello Cucinelli Japan Co. Ltd. ("BC Japan") exercised its right to acquire from Woollen Co. Ltd. (the Group's sub-distributor in Japan) the business organized by that company for distributing Brunello Cucinelli branded goods in Japan. The call option was included in the original agreements entered by BC Japan with Woollen Co. Ltd .. BC Japan will continue to be controlled by Brunello Cucinelli S.p.A. with a 75% interest, while the remaining 25% is held by Itochu Corporation.

BC Japan and Woollen Co. Ltd. intend to complete the transfer of the business with effect from 1st September 2014; at that stage the Brunello Cucinelli Group (through BC Japan) will take over the management of the two monobrand stores in Tokyo and the monobrand store in Kobe from Woollen Co. Ltd., together with the direct management of the points of sale in 13 department stores located in some of the most important Japanese cities.

RELATED PARTY TRANSACTIONS

A detailed description of the related party transactions carried out in the first half of 2014 may be found in the notes to the condensed consolidated half-year financial statements.

FINANCIAL RISK MANAGEMENT

Details of financial risk management are provided in the section “Other information” of the notes, to which reference should be made.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No significant events which affected the Group’s activities have occurred after the balance sheet date of this Half-year Report.

BUSINESS OUTLOOK

It is with great positivity and peace of mind that we are pleased to announce the very special performance achieved by our company, with results that enjoy growth once again and that we believe will also be confirmed in the second half of the year. We are witnessing an increasing demand at a global level for products manufactured in Italy, which should be “recognizable and exclusive” and have a high content of “quality and manual work”. And the fact that nowadays almost four fifths of our revenues derive from the appreciation of our collections abroad is evidence of this.

This proves the validity of our choice to manufacture in our country, which is unique in terms of creativity and production capacity, and this is the reason why we continue to invest in our territory and in our people.

At this moment in time we feel confident in expecting 2014 to close with double-digit growth in terms of both profits and revenues.

We have concluded the men’s 2015 Spring-Summer sales campaign and the women’s campaign is also at a very advanced stage; the data and, more in general, the mood in the absolute luxury segment prompt us to envisage next year as another year enjoying excellent results of double-digit healthy growth.

We can perceive very important positive signs for our splendid Italy arriving from international players: we feel that there is great confidence in our creative and productive capacity. Our country has gone back to showing great potential; if we are able to convert this uniqueness into growth opportunities worldwide, we businesses first, then the future can only have in store for us the serenity of a new economic development, imagining that Italy now needs each and every one of us.

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

FINANCIAL STATEMENTS AT 30TH JUNE 2014

CONSOLIDATED BALANCE SHEET AT 30TH JUNE 2014

(In thousands of Euro)	NOTE	30th June 2014	*related parties*	31st December 2013	*related parties*	30th June 2013	*related parties*
NON-CURRENT ASSETS							
Intangible assets	1	30,233		26,552		27,715	
Property, plant and equipment	2	69,823	9,992	59,180	8,252	51,142	6,908
Other non-current financial assets	3	3,972	41	3,426	41	3,895	41
Deferred tax assets	22	12,890		10,082		9,557	
TOTAL NON-CURRENT ASSETS		**116,918**		**99,240**		**92,309**	
CURRENT ASSETS							
Inventories	4	107,278		94,464		90,144	
Trade receivables	5	60,112	6	43,361	99	60,144	24
Tax receivables	6	2,496		1,094		1,342	
Other receivables and current assets	7	12,652		14,186		8,212	
Other current financial assets	8	38		-		-	
Cash and cash equivalents	9	43,626		38,676		33,101	
Derivative instruments – current assets	10	200		1,658		838	
TOTAL CURRENT ASSETS		**226,402**		**193,439**		**193,781**	
TOTAL ASSETS		**343,320**		**292,679**		**286,090**	

(In thousands of Euro)	NOTE	30th June 2014	*related parties*	31st December 2013	*related parties*	30th June 2013	*related parties*
SHAREHOLDERS' EQUITY							
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT							
Share capital	11	13,600		13,600		13,600	
Share premium reserve	11	57,915		57,915		57,915	
Other reserves	11	62,261		40,063		40,309	
Net income for the period attributable to owners of the parent		16,618		30,476		14,047	
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**150,394**		**142.054**		**125.871**	
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS							
Capital and reserves attributable to non-controlling interests	11	6,427		4,061		3,918	
Net income for the period attributable to non-controlling interests		(993)		(901)		(784)	
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**5,434**		**3,160**		**3,134**	
TOTAL SHAREHOLDERS' EQUITY		**155,828**		**145,214**		**129,005**	
NON-CURRENT LIABILITIES							
Employees' termination indemnities	12	3,286		2,854		2,977	
Provisions for risks and charges	13	813		831		944	
Non-current bank debt	14	30,767		18,281		9,805	
Non-current financial liabilities	15	3,529		3,477		1,717	
Other non-current liabilities	16	3,823		2,006		1,371	
Deferred tax liabilities	22	3,786		3,308		2,316	
Derivative instruments – non-current liabilities	10	329		230		276	
TOTAL NON-CURRENT LIABILITIES		**46,333**		**30,987**		**19,406**	
CURRENT LIABILITIES							
Trade payables	17	62,501	1,365	62,607	753	60,841	518
Current bank debt	18	54,726		29,639		53,245	
Current financial liabilities	19	146		2,955		13	
Tax payables	20	5,214		1,562		3,765	
Derivative instruments – current liabilities	10	484		311		280	
Other current liabilities	21	18,088		19,404		19,535	
TOTAL CURRENT LIABILITIES		**141,159**		**116,478**		**137,679**	
TOTAL LIABILITIES		**187,492**		**147,465**		**157,085**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**343,320**		**292,679**		**286,090**	

CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 30TH JUNE 2014

(In thousands of Euro)		Half-year ended 30th June			
	NOTE	2014	*related parties*	2013	*related parties*
Net revenues	23	175,811	6	157,574	14
Other operating income	23	1,219	772	1,254	864
Revenues		**177,030**		**158,828**	
Costs for raw materials and consumables	24	(28,216)	(33)	(27,887)	(31)
Costs for services	25	(87,151)	(879)	(77,749)	(779)
Payroll costs	26	(29,397)	(123)	(24,577)	(94)
Other operating costs	27	(1,272)	(6)	(873)	
Own work capitalized	28	457		289	
Depreciation and amortization	29	(6,322)		(5,325)	
Impairment of assets and other accruals	30	(833)		(902)	
Total operating costs		**(152,734)**		**(137,024)**	
Operating income		**24,296**		**21,804**	
Financial expense	31	(3,036)		(3,441)	
Financial income	32	1,748		2,482	
Income before taxation		**23,008**		**20,845**	
Income taxes	22	(7,383)		(7,582)	
Net income for the period		**15,625**		**13,263**	
Net income for the period attributable to owners of the parent		16,618		14,047	
Net income for the period attributable to non-controlling interests		(993)		(784)	
Basic earnings per share *(Euro)*	33	0.24438		0.20657	
Diluted earnings per share *(Euro)*	33	0.24438		0.20657	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30TH JUNE 2014

(In thousands of Euro)	Half-year ended 30th June	
	2014	2013
Net income for the period (A)	**15,625**	**13,263**
Other components of comprehensive income:		
Items that may be classified subsequently to profit or loss	**(451)**	**(563)**
Gains/(losses) on cash flow hedges	(917)	(941)
Tax effect	252	259
Total gains/(losses) on cash flow hedges	**(665)**	**(682)**
Exchange differences on translating foreign operations	214	119
Items that will not be reclassified to profit or loss	**(69)**	**31**
Gains/(losses) on the remeasurement of defined benefit plans	(95)	42
Tax effect	26	(11)
Total other gains/(losses) net of tax (B)	**(520)**	**(532)**
Total comprehensive income net of tax (A) + (B)	**15,105**	**12,731**
Attributable to:		
Owners of the parent	16,091	13,478
Non-controlling interests	(986)	(747)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30TH JUNE 2014

(In thousands of Euro)	Half-year ended 30th June	
	2014	**2013**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	15,625	13,263
Adjustments to reconcile net income for the period to cash flows from (used in) operating activities		
Depreciation and amortization	6,322	5,602
Provisions for employees' termination indemnities	115	73
Provisions for risks and charges / inventory obsolescence / doubtful accounts	675	660
Change in other non-current liabilities	1,767	148
(Gains)/losses on the disposal of fixed assets	(722)	(830)
Payment of termination indemnities	(101)	(8)
Payment of provisions for risks and charges	(130)	-
Net change in deferred tax assets and liabilities	(2,595)	(1,735)
Change in fair value of financial instruments	813	(307)
Change in operating assets and liabilities:		
Trade receivables	(17,313)	(12,894)
Inventories	(11,668)	(8,775)
Trade payables	(1,960)	(3,794)
Other current assets and liabilities	1,533	3,204
NET CASH (USED IN) OPERATING ACTIVITIES (A)	**(7,639)**	**(5,393)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(14,913)	(12,061)
Additions to intangible assets	(2,804)	(5,978)
Additions to financial assets	(531)	(707)
Acquisition of Brunello Cucinelli (England) Ltd.	-	(3,197)
Acquisition of SAS White Flannel net of cash acquired	(549)	-
Acquisition of Pearl Flannel S .p .r .l . net of cash acquired	(443)	-
Acquisition of the business from d'Avenza Fashion S .p .A. net of cash acquired	(84)	-
Disposal of property, plant and equipment and key money	2,063	1,134
NET CASH (USED IN) INVESTING ACTIVITIES (B)	**(17,261)**	**(20,809)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Disbursement of long-term loans	39,888	1,600
Repayment of long term loans	(13,308)	(3,648)
Net change in short-term financial liabilities	7,817	23,101
Net change in long-term financial liabilities	-	1.498
Dividends paid	(7,955)	(5,755)
Change in shareholders' equity	3,335	2,424
NET CASH FROM FINANCING ACTIVITIES (C)	**29,777**	**19,220**
TOTAL CASH FLOW (D=A+B+C)	**4,877**	**(6,982)**
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS (E)	**73**	**38**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (F)	**38,676**	**40,045**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (G=D+E+F)	**43,626**	**33,101**
Additional information:		
Interest paid	892	797
Income tax paid	7,793	9,143

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE HALF-YEAR ENDED 30TH JUNE 2014

(In thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Additional paid-in capital	Translation reserve	Other reserves	Net income for the period	Total Group equity	Total non-controlling interest equity	Total shareholders' equity
31st December 2013	**13,600**	**2,361**	**57,915**	**-**	**(240)**	**37,942**	**30,476**	**142,054**	**3,160**	**145,214**
Net income for the period							16.618	16,618	(993)	15,625
Other gains / (losses)					207	(734)		(527)	(7)	(520)
Total comprehensive income	**-**	**-**	**-**	**-**	**207**	**(734)**	**16.618**	**16,091**	**(986)**	**15,105**
Allocation of net income		359				30,117	(30.476)	-	-	-
Dividends paid						(7,480)		(7,480)	(475)	(7,955)
Payments made by non-controlling interests (Brunello Cucinelli Lessin (Sichuan) Fashion Co . Ltd and Brunello Cucinelli Japan Co.Ltd.)								-	3,336	3,336
Operation under common control (Brunello Cucinelli Belgium Sprl)						(233)		(233)	232	(1)
Change in consolidation scope (SAS White Flannel)								-	167	167
Other movements						(38)		(38)	-	(38)
30th June 2014	**13,600**	**2,720**	**57,915**	**-**	**(33)**	**59,574**	**16,618**	**150,394**	**5,434**	**155,828**

(In thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Additional paid-in capital	Translation reserve	Other reserves	Net income for the period	Total Group equity	Total non-controlling interest equity	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 income for the period							14,047	14,047	(784)	13,263
Other gains / (losses)					82	(651)		(569)	37	(532)
Total comprehensive income	**-**	**-**	**-**	**-**	**82**	**(651)**	**14,047**	**13,478**	**(747)**	**12,731**
Allocation of net income		1,151				21,479	(22,630)	-	-	-
Dividends paid						(5,440)		(5,440)	(315)	(5,755)
Change in consolidation scope (Brunello Cucinelli Hellas SA)								-	12	12
Change in consolidation scope (Brunello Cucinelli Lessin Co. Ltd.)						22		22	2,390	2,412
Other movements						(12)		(12)	-	(12)
30th June 2013	**13,600**	**2,361**	**57,915**	**-**	**233**	**37,715**	**14,047**	**125,871**	**3,134**	**129,005**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30TH JUNE 2014

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 27th August 2014.

The condensed consolidated half-year financial statements at 30th June 2014 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 consolidated balance sheet at 31st December 2013 and the consolidated income statement for the six months ended 30th June 2013 are provided as comparative figures.

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 liabilities to be settled after more than twelve months, including financial liabilities, provisions for risks and charges and the Italian employees' termination indemnity (TFR);
- current financial liabilities comprise liabilities to be settled within twelve months, including the short-term portion of 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 2014 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed consolidated half-year financial statements do not include all the disclosures required for annual statements and as a result should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31st December 2013.

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 2014.

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

Control is obtained if the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. More specifically, the Group controls an investee if and only if the Group has:
- power over the investee (meaning existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from involvement with the investee; and
- the ability to use power over the investee to affect the amount of its returns.

If the Group holds less than the majority of the voting rights (or similar rights) it considers all the facts and circumstances relevant for establishing whether it controls the investee, including:
- contractual agreements with other holders of voting rights;
- rights deriving from contractual agreements;
- the Group's voting rights and potential voting rights.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. The consolidation of an investee begins on the date the Group obtains control and ceases when the Group loses control of an investee. The assets, liabilities, income and expenses of the investee acquired during a period are included in the consolidated of comprehensive income from the date on which the Group obtains control to the date on which the Group no longer exercises control over the investee.

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

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 non-controlling 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.

At 30th June 2014 the Brunello Cucinelli Group did not hold any investments in associates (associated companies 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 within the meaning of IFRS 11).

The following table summarizes information for subsidiaries at 30th June 2014, 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) – Italia	Euro	100,000	100%	
Brunello Cucinelli Belgium S.p.r.l.	Brussels – Belgium	Euro	20,000		100.00%
Brunello Cucinelli Blue Flannel SA	Brussels – Belgium	Euro	61,973		100.00%
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 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	100,000,000	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%
Brunello Cucinelli Hong Kong Ltd.	Hong Kong	Hong Kong dollar	2,000,000	51.00%	
Brunello Cucinelli Lessin (Macau) Fashion Co.. Ltd.	Macao	MOP	5,000,000	51.00%	
Pinturicchio S.r.l	Carrara – Italy	Euro	100,000	2.00%	98.00%
SAS White Flannel	Cannes – France	Euro	50,000		25.00%
Pearl Flannel Sprl	Brussels – Belgium	Euro	6,200		100.00%
Brunello Cucinelli Brasil LTDA	San Paolo – Brazil	BRL	1,500,000	98.00%	2.00%

The consolidation scope was extended during the first half of 2014 following the acquisition of the subsidiaries Pearl Flannel S.p.r.l. and SAS White Flannel and the formation of Brunello Cucinelli Brasil, LTDA. The new investees have all been consolidated on a line-by-line basis.

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 2014 are consistent with those used to prepared the annual consolidated financial statements at 31st December 2013 and reflect the adoption of any new or revised standards issued by the International Accounting Standards Board (IASB) or interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), applied from 1st January 2014 as discussed below.

There have been no changes in the process for determining the estimates and assumptions used to prepare the annual financial statements.

The Group has not early adopted any new standards, interpretations or revisions that have been issued but are not yet effective.

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

IFRS 10 *Consolidated Financial Statements* was issued by the IASB on 12th May 2011 (and subsequently amended on 28th June 2012) and supersedes the interpretation SIC 12 Consolidation – Special Purpose Entities and parts of IAS 27 *Consolidated and Separate Financial Statements* which has been renamed IAS 27 *Separate Financial Statements*. IFRS 10 prescribes the accounting treatment for investments in the separate financial statements, differing from previously existing standards by identifying a single control model applicable to all entities, including vehicles. In addition it provides guidance for establishing the existence of control where this is difficult to determine. The IASB requires the standard to be applied retrospectively from 1st January 2013. The competent bodies of the European Union have completed their adoption process for the standard and postponed the date for application to 1st January 2014, allowing however early adoption from 1st January 2013

IFRS 11 *Joint Arrangements* was issued by the IASB on 12th May, 2011 (and subsequently amended on 28th June 2012) and replaces IAS 31 *Interests in Joint Ventures* and SIC 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. The new standard provides the criteria for identifying joint arrangements based on the rights and obligations deriving from agreements rather than the legal form of such and establishes the equity method as the only means of accounting for investments in joint ventures in consolidated financial statements. Following the issue of the standards, IAS 28 *Investments in Associates* has been amended to include joint ventures within its scope of application from the effective date of the standard. The IASB requires the standard to be applied retrospectively from 1st January 2013. The competent bodies of the European Union have completed their adoption process for the standard and postponed the date for application to 1st January 2014, allowing however early adoption from 1st January 2013.

IFRS 12 *Disclosure of Interests in Other Entities* was issued by the IASB on 12th May 2011 (and subsequently amended on 28th June 2012) and is a new and complete standard establishing the additional disclosure requirements that entities must provide about all types of interests, including those in a subsidiary, a joint arrangement, an associate, a special-purpose entity or an unconsolidated vehicle. The IASB requires the standard to be applied retrospectively from 1st January 2013. The competent bodies of the European Union have completed their adoption process for the standard and postponed the date for application to 1st January 2014, allowing however early adoption from 1st January 2013. The effects of adopting the new standard are limited to the disclosures relating to investments in other entities to be provided in the notes to the annual consolidated financial statements.

The following paragraphs provide the nature and effect of each new standard and/or amendment that has become effective for the first time in 2014. The new standards and amendments had no effect on the Group's condensed consolidated half-year financial statements.

Investment entities – Amendments to IFRS 10, IFRS 12 and IAS 27
These amendments regard the exclusion from the consolidation scope of entities that fall under the definition of investment entities within the meaning of IFRS 10 *Consolidated Financial Statements*, requiring investment entities to measure subsidiaries at fair value through profit or loss. The amendments had no effect on the Group's financial statements.

Offsetting financial assets and liabilities – Amendments to IAS 32
These amendments clarify the meaning of "currently has a legally enforceable right to set off" and the offsetting criterion in the case of settlement systems (such as centralized clearing houses) that apply non-simultaneous gross settlement mechanisms. The amendments had no effect on the Group's financial statements.

Novation of derivatives and continuation of hedge accounting – Amendments to IAS 39
These amendments allow hedge accounting to be continued if the novation of a hedging derivative respects certain criteria. The amendments had no effect as the Group did not replace its derivatives during the current period or previous periods.

Additional disclosures on the recoverable amount of non-financial assets – Amendments to IAS 36
These amendments remove the involuntary consequences introduced by IFRS on the disclosures required by IAS 36. In addition, they require disclosures about the recoverable amount of assets or CGUs for which an impairment loss has been recognized or reversed during the year.

IFRIC 21 *Levies*
IFRIC 21 is effective for years beginning on or after 1st January 2014 and is applicable retrospectively. The interpretation applies to all levies imposed by governments which do not fall within the scope of other standards (such as IAS 12 *Income Taxes*) and to fines or other penalties that are imposed for breaches of the legislation.
The interpretation clarifies that an entity should not recognize a liability before the obliging event occurs which triggers the payment. The interpretation also clarifies that the liability only accrues progressively if the obliging event occurs over a period of time prescribed by law. For payments which fall due only on exceeding a minimum threshold, the liability is only recognized on reaching that threshold. The interpretation requires an entity to apply the same recognition principles in its interim 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 liabilities for the employees' termination indemnity (TFR) and the agents' supplementary indemnity
The liabilities for the employees' termination indemnity (TFR) and the agents' supplementary indemnity 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.

The useful lives of tangible and intangible fixed assets and impairment testing
Determining the useful lives of tangible fixed assets and intangible assets with finite useful lives for the purpose of charging depreciation and amortization and the forecast data used for impairment testing requires the directors to make a discretional assessment which is reviewed at each balance sheet date to ascertain whether the amounts recognized are representative of the best estimate of the costs that may be incurred by the Group. If significant variations are identified the amounts are revised.
Details of impairment testing are provided in the section "Impairment of assets" in these notes.

Derivative financial instruments
The measurement of derivative financial instruments recognized as assets and liabilities requires the use of estimates and assumptions. The means of calculating fair value and the management of the risks inherent in derivatives contracts for hedging currency risk and interest rate risk are described in the section "Derivative financial instruments" of these notes. The estimates and assumptions considered are constantly reviewed and the effects of any variations are immediately recognized in the financial statements.
Directors make estimates and assumptions with the support of the company functions and, where appropriate, independent specialists, and these are regularly reviewed.

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 (referring 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. Exchange differences arising from 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):

	Average exchange rates		Closing exchange rates		
	30th June 2014	30th June 2013	30th June 2014	31st December 2013	30th June 2013
US dollar (USD)	1,370346	1,313372	1,3658	1,3791	1,3080
Swiss franc (CHF)	1,221451	1,229949	1,2156	1,2276	1,2338
Japanese yen (JPY)	140,4028	125,45912	138,44	144,72	129,39
Renminbi-Yuan (CNY)	8,449966	8,12852	8,4722	8,3491	8,0280
British pound (GBP)	0,821344	0,850831	0,8015	0,8337	0,8572
Hong Kong dollar (HKD)	10,629172	(*)	10,5858	10,6933	(*)
Real (BRL)	3,149871	(*)	3,0002	(*)	(*)

(*) 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

Acquisition of a business from d'Avenza Fashion S.p.A.
On 15th January 2014 the Brunello Cucinelli Group completed the purchase, though its wholly-owned subsidiary Pinturicchio S.r.l., of the manufacturing operations of d'Avenza Fashion S.p.A., which specializes in the production of off-the-peg and bespoke men's suits, with the aim of extending its offer to customers with a top-quality tailoring service.

A price of € 84 thousand was paid for this business and a summary of the fair value of the assets and liabilities acquired at the acquisition date and the cash used for the acquisition are as follows:

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

On the same date the Company entered a preliminary agreement with Spring Immobiliare S.r.l. (a company belonging to the same group as d'Avenza Fashion S.p.A.), subject to certain conditions precedent, for the purchase of a real estate complex in the district of Avenza in the municipality of Carrara where the business in question is situated. At the same time, while waiting to sign the final agreement, Spring Immobiliare S.r.l. leased these assets to Pinturicchio S.r.l.. At the date of this Half-year Report a number of administrative procedures still have to be completed to satisfy the conditions precedent. In this respect the parties have agreed to sign the final deed of sale in January 2005 providing that these conditions have been satisfied.

Purchase of quotas in Pearl Flannel Sprl (store in Knokke – Belgium)

In January 2014, the subsidiary Brunello Cucinelli Belgium Sprl acquired from an independent third party 100% of Pearl Flannel Sprl, the company organized under the laws of Belgium which manages a monobrand store in the seaside resort of Knokke (Belgium), at a price of € 493 thousand. While the valuation of this operation was computed in a detailed manner at 30th June 2014, IFRS 3 allow the provisional amounts arising to be adjusted within a period of 12 months from the acquisition date. All the assets acquired and liabilities assumed have been assigned a fair value for initial recognition and an amount of € 677 thousand has been added to the fair value of the assets acquired and liabilities assumed as key money, determined as follows:

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

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

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

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

In February 2014 Brunello Cucinelli Europe S.r.l. acquired from the same independent third party 25% of SAS White Flannel, the company organized under the laws of France which has been operating the monobrand store in Cannes for a considerable period of time. By way of agreements between the shareholders and amendments to the bylaws, Brunello Cucinelli Europe S.r.l. has acquired de facto control of the company. Therefore as of 1st February 2014 the boutique in Cannes was converted from a wholesale monobrand store to a DOS. The Group paid € 700,000 for the investment.
While the valuation of this operation was computed in a detailed manner at 30th June 2014, IFRS 3 allow the provisional amounts arising to be adjusted within a period of 12 months from the acquisition date. All the assets acquired and liabilities assumed have been assigned a fair value for initial recognition and an amount of € 966 thousand has been added to the fair value of the assets acquired and liabilities assumed as key money, determined as follows:

	Thousands of euro
Purchase price of 25% of the investment	700
Total carrying amount of the investment (A)	**700**
Net assets (25%) at the acquisition date (B)	**56**
Excess to be allocated (A-B)	**644**
Allocation of the excess:	
Key money	966
Deferred tax liabilities	(322)

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

	Fair value on acquisition
Other intangible assets	1,500
Property, plant and equipment	327
Other non-current financial assets	90
TOTAL NON-CURRENT ASSETS	**1,917**
Inventories	601
Other receivables and current assets	57
Cash and cash equivalents	151
TOTAL CURRENT ASSETS	**809**
TOTAL ASSETS	**2,726**
Non-current bank debt	424
TOTAL NON-CURRENT LIABILITIES	**424**
Trade payables	1,084
Current bank debt	15
Other current liabilities	980
TOTAL CURRENT LIABILITIES	**2,079**
TOTAL LIABILITIES	**2,503**
Net assets attributable to non-controlling interests (75% of the fair value of the net assets)	**167**
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	**56**
GOODWILL ARISING FROM THE ACQUISITION	**644**
PURCHASE PRICE	**700**
Consideration paid	700
Debt	
Analysis of cash flows from the acquisition:	-
Net cash acquired with the subsidiary (included in cash flows from investing activities)	151
Consideration paid	(700)
NET CASH FLOW FROM THE ACQUISITION	**(549)**

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

NOTA 1. Intangible assets

The composition of intangible assets at 30th June 2014 with comparative figures at 31st December 2013 is as follows:

(In thousands of Euro)	30th June 2014	31st December 2013	Change
Concessions, licenses, trade marks and similar rights	1,529	1,106	423
Key money	27,723	25,071	2,652
Other intangible assets	224	175	49
Assets under formation and advances	757	200	557
Total intangible assets	**30,233**	**26,552**	**3,681**

Details of cost, accumulated amortization and the net book value of intangible assets at 30th June 2014 with comparative figures at 31st December 2013 are as follows:

(In thousands of Euro)	30th June 2014			31st December 2013		
	Cost	Accum. amort	Net book value	Cost	Accum. amort	Net book value
Concessions, licenses, trade marks and similar rights	4,213	(2,684)	1,529	3,416	(2,310)	1,106
Key money	38,404	(10,681)	27,723	33,751	(8,680)	25,071
Other intangible assets	595	(371)	224	495	(320)	175
Assets under formation and advances	757	-	757	200	-	200
Total intangible assets	**43,969**	**(13,736)**	**30,233**	**37,862**	**(11,310)**	**26,552**

This item amounting to € 30,233 thousand at 30th June 2014 consists mainly of the key money paid to obtain the availability under lease arrangements of commercial properties situated in prestigious locations either by taking over existing contracts or by obtaining the withdrawal of the lessees in order to enter new agreements with the lessors.

Changes in the net book value of intangible assets for the half-year to 30th June 2014 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 2014	1,106	25,071	175	200	**26,552**
Purchases	797	1,150	100	757	**2,804**
Net decreases	-	-	-	-	-
Translation differences	-	50	-	-	**50**
Change in consolidation scope	-	3,200	-	-	**3,200**
Reclassifications	-	200	-	(200)	-
Amortization charge	(374)	(1,948)	(51)	-	**(2,373)**
30th June 2014	**1,529**	**27,723**	**224**	**757**	**30,233**

Increases for the period consist mainly of key money paid by the Brunello Cucinelli Group (€ 1,150 thousand) or those arising from the acquisitions discussed in note 4 (€ 3,200 thousand). The items “Concessions, licenses, trademarks and similar rights” and “Assets under formation and advances” include increases totaling €971 thousand relating to investments made in the information technology sector.

There was no indication during the first half of 2014 that any intangible assets were impaired.

NOTA 2. Property, plant and equipment

The composition of property, plant and equipment at 30th June 2014 with comparative figures at 31st December 2013 is as follows:

(In thousands of Euro)	**30th June 2014**	**31st December 2013**	**Change**
Land	2,026	2,321	(295)
Buildings	11,548	11,108	440
Leasehold improvements	20,047	18,870	1,177
Plant and machinery	2,890	2,546	344
Industrial and commercial equipment	780	624	156
Historical collection	1,698	1,556	142
Other assets	5,650	4,126	1,524
Assets under construction and advances	25,184	18,029	7,155
Total property, plant and equipment	**69,823**	**59,180**	**10,643**

Details of cost, accumulated depreciation and the net book value of property, plant and equipment at 30th June 2014 with comparative figures at 31st December 2013 are as follows:

(In thousands of Euro)	30th June 2014			31st December 2013		
	Cost	Accum. depn.	Net book value	Cost	Accum. depn.	Net book value
Land	2,026	-	2,026	2,321	-	2,321
Buildings	13,848	(2,300)	11,548	13,333	(2,225)	11,108
Leasehold improvements	33,517	(13,470)	20,047	29,558	(10,688)	18,870
Plant and machinery	7,918	(5,028)	2,890	7,228	(4,682)	2,546
Industrial and commercial equipment	1,888	(1,108)	780	1,601	(977)	624
Historical collection	1,698	-	1,698	1,556	-	1,556
Other assets	11,130	(5,480)	5,650	9,079	(4,953)	4,126
Assets under construction and advances	25,184	-	25,184	18,029	-	18,029
Total property, plant and equipment	**97,209**	**(27,386)**	**69,823**	**82,705**	**(23,525)**	**59,180**

Changes in the net book value of property, plant and equipment for the half-year to 30th June 2014 were as follows:

(In thousands of Euro)	Land	Buildings	Leasehold improvements	Plant and machinery	Industrial and commercial equipment	Historical collection	Other assets	Assets under construction and advances	Total property, plant and equipment
1st January 2014	**2,321**	**11,108**	**18,870**	**2,546**	**624**	**1,556**	**4,126**	**18,029**	**59,180**
Purchases	-	1,381	3,348	242	341	142	1,913	7,546	**14,913**
Net decreases	(295)	(740)	(165)	-	(23)	-	(65)	-	**(1,288)**
Translation differences	-	-	69	4	-	-	28	3	**104**
Change in consolidation scope	-	-	353	454	-	-	126	-	**933**
Impairment	-	-	(70)	-	-	-	-	-	**(70)**
Reclassifications	-	-	199	9	-	-	186	(394)	-
Depreciation charge	-	(201)	(2,557)	(365)	(162)	-	(664)	-	**(3,949)**
30th June 2014	**2,026**	**11,548**	**20,047**	**2,890**	**780**	**1,698**	**5,50**	**25,184**	**69,823**

In the first half of 2014 the Brunello Cucinelli Group made investments of € 15,846 thousand in property, plant and equipment, consisting mainly of the following:

– investments of € 3,933 thousand arising mainly from the opening of directly operated stores and wholesale monobrand stores (above all concentrated in Europe, the USA and Greater China) and improvements made to these;
– investments of € 2,151 thousand to adapt manufacturing facilities;
– investments of € 7,546 thousand in assets under construction, of which € 6,715 thousand relating to expenditure incurred at 30th June 2014 for the building of a new production and logistics facility situated in Solomeo;
– investments of € 2,216 thousand in other assets, mainly relating to the purchase of furniture and fittings for the new buildings at the Solomeo headquarters, computers and office machines and motor vehicles.

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

NOTA 3. Other non-current financial assets

The composition of other non-current financial assets at 30th June 2014 with comparative figures at 31st December 2013 is as follows:

(In thousands of Euro)	**30th June 2014**	**31st December 2013**	**Change**
Guarantee deposits	3,972	3,426	546
Total other non-current financial assets	**3,972**	**3,426**	**546**

The following table sets out changes in the first six months of 2014:

(In thousands of Euro)	**1st January 2014**	**Purchases**	**Net decreases**	**Translation differences**	**Change in consolidation scope**	**Reclassifications**	**30th June 2014**
Guarantee deposits	3,426	493	(53)	16	90	-	3,972
Total other non-current financial assets	**3,426**	**493**	**(53)**	**16**	**90**	**-**	**3,972**

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 is due to the opening of new stores (€ 493 thousand) and to business combinations carried out during the period (€ 90 thousand).

NOTA 4. Inventories

The composition of inventories at 30th June 2014 with comparative figures at 31st December 2013 is as follows:

(In thousands of Euro)	30th June 2014	31st December 2013	Change
Raw materials and consumables	24,531	22,752	1,779
Work in progress and semi-finished goods	7,521	7,036	485
Finished goods and merchandise	75,226	64,676	10,550
Advances to suppliers	**107,278**	**94,464**	**12,814**

The increase in inventories, which mainly regards finished goods, is essentially due to the increase in the number of stores since 31st December 2013. Detailed comments on changes in working capital may be found in the report on operations.

NOTA 5. Trade receivables

At 30th June 2014 trade receivables amounted to € 60,112 thousand compared with € 43,361 thousand at 31st December 2013. Detailed comments on changes in working capital may be found in the report on operations.

Trade receivables represent amounts due for the supply of goods and services and are all collectible in the short term.

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.

(In thousands of Euro)	30th June 2014	31st December 2013
Provision for bad debts – 1st January	**1,358**	**1,312**
Allocations	650	1,324
Utilizations	(157)	(1,278)
Provision for bad debts	**1,851**	**1,358**

The allocations to and utilizations of the provision for the period are included under the line item “Impairment of assets and other accruals” in the income statement.

NOTA 6. Tax receivables

Tax receivables at 30th June 2014 with comparative figures at 31st December 2013 are as follows:

(In thousands of Euro)	**30th June 2014**	**31st December 2013**	**Change**
IRES corporate income tax	28	22	6
IRAP regional production tax	18	1	17
Other tax receivables	2,450	1,071	1,379
Total tax receivables	**2,496**	**1,094**	**1,402**

Tax receivables amounted to € 2,496 thousand at 30th June 2014 and relate mainly to installments of taxes paid during the period by the subsidiaries BC USA Inc., Brunello Cucinelli France S.a.r.l. and SAS White Flannel, together with a receivable of € 706 thousand recognized at 31st December 2013 by the parent company following the filing of an application for the refund of IRES corporate income 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).

NOTA 7. Other receivables and current assets

Other receivables and current assets at 30th June 2014 with comparative figures at 31st December 2013 are as follows:

(In thousands of Euro)	**30th June 2014**	**31st December 2013**	**Change**
VAT	2,341	6,154	(3,813)
Other receivables	5,526	3,908	1,618
Prepayments and accrued income	2,786	2,527	259
Advances to suppliers	1,183	352	831
Due from non-Italian tax authorities	118	661	(543)
Due from agents	698	584	114
Total other receivables and current assets	**12,652**	**14,186**	**(1,534)**

Other receivables and current assets amounting to € 12,652 thousand at 30th June 2014 and € 14,186 thousand at 31st December 2013 consist mainly of the following: (i) VAT 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 installments, (iii) receivables for credit card receipts collected before the balance sheet date but not yet credited to bank accounts and (iv) advances to suppliers, mainly *façonisti*, namely outsourcing firms working on the products of the Brunello Cucinelli Group.

NOTA 8. Other current financial assets

Other current financial assets amounting to € 38 thousand at 30th June 2014 relate to accrued income on bank current accounts.

NOTA 9. Cash and cash equivalents

The composition of cash and cash equivalents at 30th June 2014 with comparative figures at 31st December 2013 is as follows:

(In thousands of Euro)	**30th June 2014**	**31st December 2013**	**Change**
Bank and postal deposits	43,451	38,557	4,894
Cash and other valuables in cash	154	100	54
Checks	21	19	2
Total cash and cash equivalents	**43,626**	**38,676**	**4,950**

The above amounts can be readily converted into cash and are subject to an insignificant risk of change in value. The Brunello Cucinelli Group believes that the credit risk relating to cash and cash equivalents is limited because this item refers mainly to deposits in various domestic and foreign banks.

Details of the sources and applications that gave rise to the change in cash and cash equivalents for the half-year ended 30th June 2014 compared with those for the half-year ended 30th June 2013 can be found in the statement of cash flows.

NOTA 10. Derivative financial instruments

The Brunello Cucinelli Group enters 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 takes these contracts out 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 2013).

The following is noted for financial instruments held at 30th June 2014:

- all financial instruments at fair value form part of Level 2 (the same situation existed in 2013);
- there were no transfers from Level 1 to Level 2 or vice versa in 2014;
- there were no transfers from Level 3 to other levels or vice versa in 2014.

Details of the composition of current derivative financial instrument assets and current derivative financial instrument liabilities at 30th June 2014 are set out below, with comparative figures at 31st December 2013.

(In thousands of Euro)	30th June 2014	31st December 2013	Change
Current assets for derivative instruments hedging currency risk	200	1,658	(1,458)
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 derivative instruments – current assets	**200**	**1,658**	**(1,458)**
Current liabilities for derivative instruments hedging currency risk	(208)	(116)	(92)
Current liabilities for derivative instruments hedging interest rate risk			
Current liabilities for derivative instruments hedging interest rate risk accounted for using hedge accounting	(272)	(184)	(88)
Current liabilities for derivative instruments hedging interest rate risk not accounted for using hedge accounting	(4)	(11)	7
Total derivative instruments – current liabilities	**(484)**	**(311)**	**(173)**
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	(329)	(230)	(99)
Non-current liabilities for derivative instruments hedging interest rate risk not accounted for using hedge accounting	-	-	-
Total derivative instruments – non-current liabilities	**(329)**	**(230)**	**(99)**

The contractual features and the relative fair value of derivative financial instruments hedging interest rate risk at 30th June 2014 and 31st December 2013 are as follows:

Derivative instruments hedging interest rate risk accounted for using hedge accounting

Counterparty	Type	Expiry date	Notional capital	Fair Value 30th June 2014		Fair Value 31st December 2013	
				Current portion	Non-current portion	Current portion	Non-current portion
MPS	IRS	31/12/2015	962	(17)	(7)	(17)	(13)
BNL	IRS	31/12/2018	3,272	(61)	(120)	(64)	(108)
Intesa SanPaolo	Fix Payer Swap	31/12/2018	3,272	(61)	(120)	(64)	(108)
Cassa di Risparmio Lucca e Livorno	IRS	31/07/2014	2,500	(3)	-	(9)	-
UBI Banca	IRS	11/05/2015	1,000	(2)	-	(3)	-
Cassa di Risparmio Parma e Piacenza	IRS	19/08/2015	2,000	(6)	-	(9)	(2)
Deutsche Bank	IRS	31/12/2014	1,000	(1)	-	(3)	-
Deutsche Bank	IRS	31/03/2016	1,600	(2)	(1)	(3)	-
Banco Popolare	IRS	15/06/2018	2,000	(14)	(15)	(12)	1
BNL	IRS	28/05/2019	20,000	(55)	(16)	-	-
Unicredit	IRS	30/06/2019	10,000	(50)	(50)	-	-
Derivative instruments – current liabilities				**(272)**		**(184)**	
Derivative instruments – non-current liabilities					**(329)**		**(230)**

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

Counterparty	Type	Expiry date	Notional capital	Fair Value 30th June 2014		Fair Value 31st December 2013	
				Current portion	Non-current portion	Current portion	Non-current portion
BNL	IRS	31/12/2014	3,825	(2)	-	(5)	-
Intesa SanPaolo	Acq. Cap	31/12/2014	3,825	(2)	-	(6)	-
Derivative instruments – current liabilities				**(4)**		**(11)**	
Derivative instruments – non-current liabilities					-		-

The contractual features and the relative fair value of derivative financial instruments hedging currency risk at 30th June 2014 and 31st December 2013 are as follows:

(In thousands of Euro)	**Negative fair value**		**Positive fair value**	
	30th June 2014	**31st December 2013**	**30th June 2014**	**31st December 2013**
US dollar	-	-	176	1.459
Swiss franc	(46)	(38)	-	-
British pound	(143)	(76)	-	-
Japanese yen	(18)	(2)	18	145
Hong Kong dollar	(1)	-	6	52
Renminbi	-	-	-	2
Total	**(208)**	**(116)**	**200**	**1.658**

As required by IFRS 13 a calculation was made of the credit value adjustment and debit value adjustment for the outstanding derivative financial instruments but the result obtained was not material in terms of recognizing the effects in the financial statements.

NOTA 11. Capital and reserves

Share capital at 30th June 2014 consisted of 68,000,000 fully paid ordinary shares amounting to €13,600 thousand.

Shareholders' equity at 30th June 2014 amounted to € 155,828 thousand, an increase of € 10,614 thousand over 31st December 2013.

Changes in equity during the half-year arise from the total results for the period and the distribution of a dividend of € 7,840 thousand approved by the general meeting of the shareholders of the parent Brunello Cucinelli S.p.A. on 23rd April 2014. A dividend of € 5,440 thousand was declared in the corresponding period of 2013.

Details of changes in shareholders' equity for the half-years ended 30th June 2014 and 30th June 2013 can be found in the consolidated statement of changes in shareholders' equity.

Other reserves at 30th June 2014 with comparative figures at 31st December 2013 are as follows:

(In thousands of Euro)	**30th June 2014**	**31st December 2013**	**Change**
Legal reserve	2,720	2,361	359
Extraordinary reserve	54,984	32,188	22,796
Revaluation reserve	4,813	4,813	-
Cash flow hedge reserve	(485)	180	(665)
IFRS first-time application reserve	(804)	(804)	-
Reserve for actuarial gains/losses	(389)	(320)	(69)
Translation reserve	(34)	(241)	207
Consolidated retained earnings	1.456	1,886	(430)
Other reserves	**62,261**	**40,063**	**22,198**

NOTA 12. Liabilities for employee benefits

This item consists exclusively 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 2014 with comparative figures for the half-year ended 31st December 2013:

(In thousands of Euro)	**30th June 2014**	**31st December 2013**
Present value of the obligation at the beginning of the period	**2,854**	**2,954**
Revaluation as per article 2120 of the Italian civil code	45	117
Benefits paid	(101)	(100)
Change in consolidation scope	323	-
Financial (income) / expense	70	(18)
Actuarial (gains) / losses	95	(99)
Present value of the obligation at the end of the period	**3,286**	**2,854**

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

Financial assumptions

	30th June 2014	**31st December 2013**
Annual discount rate	2.39%	3.25%
Inflation rate	2.00%	2.00%
Expected staff turnover rate	8.80%	8.80%
Advances rate	1.00%	1.00%

Demographic assumptions

	30th June 2014	31st December 2013
Mortality	TAVOLA RG48	
Retirement age	65 anni	

Frequenze turnover e anticipazione TFR

	30th June 2014	31st December 2013
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:

	30th June 2014	31st December 2013
Managers and middle management	41,5	37,2
Office staff	670,2	589,9
Factory workers	459,0	379,5
Total workforce	**1,170,7**	**1,006,6**

NOTA 13. 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 2014 with comparative figures as of 31st December 2013:

(In thousands of Euro)	30th June 2014	31st December 2013
Agents' supplementary termination indemnity provision – 1st January	**831**	**950**
Allocations	163	568
Utilizations	(130)	(302)
Recognized actuarial (gain) / loss	(51)	(385)
Agents' supplementary termination indemnity provision – period end	**813**	**831**
Other provisions for risks and charges	-	-
Total provisions for risks and charges	**813**	**831**

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

	30th June 2014	31st December 2013
Turnover rate – voluntary	6.00%	6.00%
Turnover rate – employer initiated	3.00%	3.00%
Discount rate	2.25%	3.07%

NOTA 14. Non-current bank debt

Non-current bank debt consists of variable interest long term loans.

The following table provides details of the Brunello Cucinelli Group's outstanding loans at 30th June 2014, showing the portion due within 12 months, within 5 years and after 5 years:

Description	Maturity date	Balance at 30th June 2014	Portion due within 12 months	Portion due within 5 years	Portion due after 5 years
Banking syndicate (agent bank – Banca IMI)	*tranche A:* 31-dec-2018 *tranche B:* 31-dec-2014	6,726	2,520	4,206	-
Cassa di Risparmio di Lucca, Pisa e Livorno	31-Jul-15	652	520	132	-
Banco Popolare	15-Jun-18	2,000	500	1,500	-
Cariparma	19-Aug-15	521	416	105	-
Banca Toscana	31-Dec-15	423	275	148	-
Deutsche Bank	31-Dec-14	125	125	-	-
Banca Popolare di Ancona (UBI group)	11-May-15	191	191	-	-
Deutsche Bank	31-Mar-16	933	533	400	-
Banca Intesa	18-May-15	5,500	5,500	-	-
BNL	28-May-19	19,888	4,000	15,888	-
Unicredit	30-Jun-19	9,944	2,000	7,944	-
HSBC	01-Oct-17	246	75	171	-
Banca Intesa	31-May-15	2,929	2,929	-	-
CiC Lyonnaise de Banque	15-Apr-17	373	127	246	-
Credit Invest	31-May-17	41	14	27	-
Banca Intesa	11-Apr-15	1,459	1,459	-	-
Total long-term bank debt		**51,951**	**21,184**	**30,767**	**-**

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

Loan	Reference date	Parameter	Limit
Banking syndicate (agent bank – Banca IMI)	Annual (31st December)	Net financial position / Gross operating income	<4.50
Banking syndicate (agent bank – Banca IMI)	Annual (31st December)	Net financial position / Net equity	<3.00
UNICREDIT	Annual (31st December)	Net financial position / Shareholders' funds	<1.00
UNICREDIT	Annual (31st December)	Net financial position / EBITDA	<1.50
BNL	Annual (31st December)	Net financial position / EBITDA	<1.00
BNL	Annual (31st December)	Net financial position / Net equity	<0.75

NET DEBT

The following table provides details of the composition of the net debt of the Brunello Cucinelli Group at 30th June 2014 and the comparative situation at 31st December 2013:

(In thousands of Euro)	30th June 2014	31st December 2013
A. Cash	(154)	(101)
B. Cash equivalents	(43,472)	(38,575)
C. Cash and cash equivalents (A) + (B)	**(43,626)**	**(38,676)**
D. Current financial receivables	**(38)**	-
E. Current bank debti	54,726	29,639
F. Other current financial payables	421	3,150
G. Current payables (E) + (F)	**55,147**	**32,789**
H. Current net debt (G) + (D) + (C)	**11,483**	**(5,887)**
I. Non-current bank debt	30,767	18.281
J. Other non-current financial payables	3,858	3,707
K. Non-current net debt (I) + (J)	**34,625**	**21,988**
L. Net debt (H) + (K)	**46,108**	**16,101**

NOTA 15. Non-current financial liabilities

Non-current financial payables amount to € 3,529 thousand at 30th June 2014. Of this total, € 1,581 thousand refers to the measurement of the put option for the purchase of the non-controlling portion of Brunello Cucinelli (England) Ltd. and € 1,948 thousand to the loan taken out by the subsidiary Brunello Cucinelli Hong Kong with the non-controlling shareholder.

NOTA 16. Other non-current liabilities

Other non-current financial liabilities at 30th June 2014 amount to € 3,823 thousand compared with € 2,006 thousand at 31st December 2013. The balance refers to amounts due after 12 months arising from the normalization of the rental payments for certain monobrand stores and showrooms in accordance with IAS 17.

NOTA 17. Trade payables

The composition of trade payables at 30th June 2014 with comparative figures at 31st December 2013 is as follows:

(In thousands of Euro)	**30th June 2014**	**31st December 2013**	**Change**
Trade payables to third party suppliers	62,501	62,607	(106)
Total trade payables	**62,501**	**62,607**	**(106)**

Trade payables represent amounts due for the supply of goods and services.

NOTA 18. Current bank debt

The composition of current bank debt at 30th June 2014 with comparative figures at 31st December 2013 is as follows:

(In thousands of Euro)	**30th June 2014**	**31st December 2013**	**Change**
Current portion of long-term loans	21,184	6,779	14,405
Bank advances on bills and invoices	31,805	21,077	10,728
Bank overdrafts and cash repayable on demand	1,737	1,783	(46)
Total current bank debt	**54,726**	**29,639**	**25,087**

Bank advances refer to cash advanced on unaccepted trade bills and invoices needed to finance operating activities.

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

NOTA 19. Current financial liabilities

Current financial liabilities at 30th June 2014 amount to € 146 thousand and mainly relate to accrued expenses on outstanding loans.

The balance on this item is lower than that at 31st December 2013 due to the conversion to equity of the debt taken out in the previous year by the subsidiary Brunello Cucinelli Lessin (Sichuan) Fashion Co. Ltd. with a non-controlling shareholder

NOTA 20. Tax payables

Tax payables at 30th June 2014 amounted to € 5,214 thousand, an increase over the balance of € 1,562 thousand at 31st December 2013 and that of € 3,765 thousand at 30th June 2013. This item consists mainly of the parent company's liabilities for IRES and IRAP tax and the liability for current taxes taken to the consolidation by subsidiaries (mainly Brunello Cucinelli USA Inc, Brunello Cucinelli Suisse S.A. and Brunello Cucinelli England Ltd .).

NOTA 21. Other current liabilities

The composition of other current liabilities at 30th June 2014 with comparative figures at 31st December 2013 is as follows:

(In thousands of Euro)	**30th June 2014**	**31st December 2013**	**Change**
Due to agents	3,391	5,249	(1,858)
Due to others	6,237	7,577	(1,340)
Due to employees	5,193	2,743	2,450
Social security payables	2,009	2,554	(545)
Accrued expenses and deferred income	1,258	1,281	(23)
Total other current liabilities	**18,088**	**19,404**	**(1,316)**

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 dispatch of goods, (iii) amounts due to employees for June wages and salaries, paid during the first few days of July, (iv) the accrual for vacation leave matured but not yet taken and (v) social security payables for contributions due on wages and salaries.

NOTA 22. Taxation

DEFERRED TAX ASSETS AND LIABILITIES

The composition of deferred tax assets and liabilities at 30th June 2014 with comparative figures at 31st December 2013 is as follows:

(In thousands of Euro)	**30th June 2014**	**31st December 2013**	**Change**
Deferred tax assets	12,890	10,082	2,808
Deferred tax liabilities	(3,786)	(3,308)	(478)

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 represents the tax effect of allocating the excess emerging on the acquisition of SAS White Flannel and Pearl Flannel Sprl.

INCOME TAXES

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

(In thousands of Euro)	**30th June 2014**	**31st December 2013**	**Change**
Current taxes	9,981	8,962	1,019
Net deferred tax expense / (income)	(2,598)	(1,733)	(865)
Prior year taxes	-	353	(353)
Income taxes recognized in the consolidated income statement	**7,383**	**7,582**	**(199)**
Income tax recognized in comprehensive income	(278)	(249)	(29)
Total income taxes	**7,105**	**7,333**	**(228)**

In accordance with paragraph 16A(c) of IAS 34 the Group has presented the more 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

NOTA 23. Revenues

The composition of revenues for the half-year ended 30th June 2014 with comparative figures for the half-year ended 30th June 2013 is as follows:

(In thousands of Euro)	30th June 2014	31st December 2013	Change
Ricavi netti	175,811	157,574	18,237
Altri ricavi operativi	1,219	1,254	(35)
Totale Ricavi delle vendite e delle prestazioni	**177,030**	**158,828**	**18,202**

Net revenues are earned from the sale of clothing and accessories of the Brunello Cucinelli Group.

Other operating income mainly relates to the sale to the parent Fedone S.r.l. (in turn controlled by Cav. Lav. Brunello Cucinelli) of a building not close to the Company's manufacturing and logistical facilities which led to a capital gain of € 755 thousand. As discussed in the section "Significant events during the period" of the report on operations this transaction was carried out as the property does not form part of the project for extending and restructuring the entire Solomeo site.

A capital gain of € 830 thousand was also recognized in the first half of 2013, on that occasion arising from the sale of the "Solomei" and "Solomeo" trademarks and the "coat of arms".

Revenues may be analyzed by geographical area as follows:

(In thousands of Euro)	Half-year ended 30th June				Change	
	2014	%	2013	%	2014 vs. 2013	2014 vs. 2013 %
Italy	36,260	20.6%	36,174	23.0%	86	+0.2%
Europe(1)	60,048	34.2%	54,843	34.8%	5,205	+9.5%
North America(2)	55,416	31.5%	46,892	29.7%	8,524	+18.2%
Greater China(3)	10,367	5.9%	7,226	4.6%	3,141	+43.5%
Rest of the World (RoW)(4)	13,720	7.8%	12,439	7.9%	1,281	+10.3%
Total	**175,811**	**100.0%**	**157,574**	**100.0%**	**18,237**	**+11.6%**

(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. With respect to 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	
	2014	%	2013	%	2014 vs. 2013	2014 vs. 2013 %
Retail	62,350	35.5%	50,747	32.2%	11,603	+22.9%
Wholesale monobrand	21,833	12.4%	20,600	13.1%	1,233	+6.0%
Wholesale multibrand	91,628	52.1%	86,227	54.7%	5,401	+6.3%
Total	**175,811**	**100.0%**	**157,574**	**100.0%**	**18,237**	**+11.6%**

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

NOTA 24. Costs for raw materials and consumables

The composition of costs for raw materials and consumables for the half-year ended 30th June 2014 with comparative figures for the half-year ended 30th June 2013 is as follows:

(In thousands of Euro)	30th June 2014	30th June 2013	Change
Costs for raw materials and consumables	40,029	36,708	3,321
Change in inventories	(11,813)	(8,821)	(2,992)
Total costs for raw materials and consumables	**28,216**	**27,887**	**329**

NOTA 25. Costs for services

The composition of costs for services for the half-year ended 30th June 2014 with comparative figures for the half-year ended 30th June 2013 is as follows:

(In thousands of Euro)	30th June 2014	30th June 2013	Change
Outsourced work	42,526	38,573	3,953
Commissions and accessory charges	5,770	6,059	(289)
Advertising and other commercial expenses	9,046	8,085	961
Transport and duties	7,908	7,222	686
Lease expense	12,629	9,164	3,465
Credit card charges	1,196	997	199
Other general expenses	1,520	2,033	(513)
Miscellaneous consultancy	2,545	2,038	507
Directors' and statutory auditors' fees	893	862	31
Maintenance services	1,300	1,090	210
Insurance	667	592	75
Energy, telephone, gas, water, postal costs	1,151	1,034	117
Total costs for services	**87,151**	**77,749**	**9,402**

NOTA 26. Payroll costs

The composition of payroll costs for the half-year ended 30th June 2014 with comparative figures for the half-year ended 30th June 2013 is as follows:

(In thousands of Euro)	30th June 2014	30th June 2013	Change
Wages and salaries	22,696	18,368	4,328
Social charges	5,507	4,599	908
Employees' termination indemnity	984	851	133
Other payroll costs	210	759	(549)
Total payroll costs	**29,397**	**24,577**	**4,820**

NOTA 27. Other operating costs

The composition of other operating costs for the half-year ended 30th June 2014 with comparative figures for the half-year ended 30th June 2013 is as follows:

(In thousands of Euro)	30th June 2014	30th June 2013	Change
Taxes and duties	607	410	197
Membership subscriptions	106	82	24
Ordinary capital losses	35	20	15
Miscellaneous operating costs	524	361	163
Total other operating costs	**1,272**	**873**	**399**

NOTA 28. Own work capitalized

Internal costs for increases in fixed assets, amounting to € 457 thousand, relate mainly to production costs incurred to develop the historical collection.

NOTA 29. Depreciation and amortization

The composition of depreciation and amortization for the half-year ended 30th June 2014 with comparative figures for the half-year ended 30th June 2013 is as follows:

(In thousands of Euro)	30th June 2014	30th June 2013	Change
Amortization of intangible assets	2,373	1,969	404
Depreciation of property, plant and equipment	3,949	3,356	593
Total depreciation and amortization	**6,322**	**5,325**	**997**

The increase in the charge is in line with the investments made by the Group.

NOTA 30. Impairment of assets and other accruals

The impairment of assets and other accruals (€ 833 thousand in the first half of 2014 and € 902 thousand in the first half of 2013) relates to accruals to the provision for bad debts and the agents' supplementary termination indemnity provision and write-downs of the residual net book value of leasehold improvements on stores for which modernization and restyling work has been performed.

NOTA 31. Financial expense

The composition of financial charges for the half-year ended 30th June 2014 with comparative figures for the half-year ended 30th June 2013 is as follows:

(In thousands of Euro)	**30th June 2014**	**30th June 2013**	**Change**
Mortgage loan interest	438	173	265
Interest expense on advances and discounting invoices	411	449	(38)
Bank interest	61	34	27
Realized exchange losses	1,088	1,591	(503)
Unrealized exchange losses	555	705	(150)
Financial expense on derivative financial instruments	143	263	(120)
Miscellaneous financial charges	340	226	114
Total financial charges	**3,036**	**3,441**	**(405)**

NOTA 32. Financial income

The composition of financial income for the half-year ended 30th June 2014 with comparative figures for the half-year ended 30th June 2013 is as follows:

(In thousands of Euro)	**30th June 2014**	**30th June 2013**	**Change**
Bank interest	275	352	(77)
Realized exchange gains	1,141	1,649	(508)
Unrealized exchange gains	295	465	(170)
Financial income on derivative financial instruments	15	16	(1)
Miscellaneous income	22	-	22
Total financial income	**1,748**	**2,482**	**(734)**

NOTA 33. 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 that period.

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 net income and information on the shares used to calculate basic and diluted earnings per share:

	30th June 2014	30th June 2013
Net income attributable to owners of the parent *(In thousands of Euro)*	16,618	14,047
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	68,000,000
Weighted average number of ordinary shares used to calculate diluted earnings per share	68,000,000	68,000,000
Basic earnings per share *(in Euro)*	0,24438	0,20657
Diluted earnings per share *(in Euro)*	0,24438	0,20657

NOTA 34. Guarantees pledged to third parties

As discussed in the section "Significant events during the period" of the report on operations and in the note on business combinations, Brunello Cucinelli S.p.A. has entered a preliminary agreement with Spring Immobiliare S.r.l. (a company belonging to the group of which d'Avenza Fashion S .p.A. is a member) for the purchase of the real estate complex located in the Avenza district of the municipality of Carrara.

The Company has issued a bank guarantee of € 2,526 thousand in favor of Spring Immobiliare S.r.l. to guarantee the timely and accurate payment of the residual price, which (on the satisfaction of the conditions precedent) must be paid by 15th January 2015 on the signing of the final agreement.

NOTA 35. Commitments and risks

The item commitments and risks consists of assets owned by the Brunello Cucinelli Group which are held for use by third parties. The composition of this item at 30th June 2014 with comparative figures at 30th June 2013 is as follows:

(In thousands of Euro)	30th June 2014	30th June 2013	Change
Assets at third parties	32	36	(4)
Total commitments and risks	**32**	**36**	**(4)**

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 2014 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.				33	78		2	5,714			586
Cucinelli Giovannino								3,971			721
AS.VI.P.I.M. Gruppo Cucinelli					315						
ASD Castel Rigone	1										
Fedone S.r.l.	2	756			40					1	20
Parmenide S.r.l.	3				235				41	2	
Bartolomeo S.r.l.		8			198			307			36
Brunello Cucinelli Foundation		4			4					1	
Società Agricola Semplice Solomeo		4			9		4			2	2
Brunello Cucinelli family						123					
Total related parties	**6**	**772**	**-**	**33**	**879**	**123**	**6**	**9,992**	**41**	**6**	**1,365**
Total consolidated financial statements	**175,811**	**1,219**	**1,748**	**28,216**	**87,151**	**29,397**	**1,272**	**69,823**	**3,972**	**60,112**	**62,501**
As a proportion	0.00%	63.33%	0.00%	0.12%	1.01%	0.42%	0.47%	14.31%	1.03%	0.01%	2.18%

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 decorating 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 routine repair of plumbing and air conditioning 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 all 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;

- A.S.D. Castel Rigone Amateur Sports Association: transactions relate solely to net revenues and refer to the provision of team shirts for the Castel Rigone sports association;
- Fedone S.r.l.: other operating income relates mainly to the sale of the property discussed in note 23;
- 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 to 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 Brunello Cucinelli.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

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 BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS

The compensation accruing through 30th June 2014 and paid for any reason and in any 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 € 464 thousand.
The compensation accruing through 30th June 2014 in favor of the members of the Board of Statutory Auditors of Brunello Cucinelli S.p.A. amounted to € 88 thousand.

FINANCIAL RISK MANAGEMENT

Financial risks are managed on the basis of guidelines established by the Board of Directors. The objective is to ensure that the liabilities structure is always in balance with the composition of assets in order to maintain solvency.
The Brunello Cucinelli Group is exposed to varying degrees to risks of a financial nature arising from 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 for changes in interest rates is to hedge the exposure of the non-current portion of debt. Derivative instruments such as interest rate swaps (in some cases with a cap) are used to manage this risk.

CURRENCY RISK

The 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 in 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 exchange rate or a predetermined range of exchange 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. More specifically, 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 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 meet their obligations.
The 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 Group generally prefers to do business with customers with whom it has established a consolidated relationship over time. It is the Group's policy to carry out checks 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 established customers. In addition, balances are constantly monitored during the year in order to ensure timely action 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.

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

CERTIFICATION 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 24th February, 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 2014.

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 2014.

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 suitable for providing 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 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.

27th August 2014

Cav. Lav. Brunello Cucinelli	**Moreno Ciarapica**
Chairman of the Board of Directors and Managing Director	Manager in charge of preparing the corporate accounting documents

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

EY
Building a better working world

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Relazione della società di revisione
sulla revisione contabile limitata del bilancio consolidato semestrale abbreviato

Agli Azionisti della
Brunello Cucinelli S.p.A.

1. Abbiamo effettuato la revisione contabile limitata del bilancio consolidato semestrale abbreviato, costituito dalla situazione patrimoniale-finanziaria, dal conto economico, dal conto economico complessivo, dal prospetto dei movimenti del patrimonio netto, dal rendiconto finanziario e dalle relative note esplicative della Brunello Cucinelli S.p.A. e controllate (Gruppo Brunello Cucinelli) al 30 giugno 2014. La responsabilità della redazione del bilancio consolidato semestrale abbreviato in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea, compete agli Amministratori della Brunello Cucinelli S.p.A.. E' nostra la responsabilità della redazione della presente relazione in base alla revisione contabile limitata svolta.

2. Il nostro lavoro è stato svolto secondo i criteri per la revisione contabile limitata raccomandati dalla Consob con Delibera n. 10867 del 31 luglio 1997. La revisione contabile limitata è consistita principalmente nella raccolta di informazioni sulle poste del bilancio consolidato semestrale abbreviato e sull'omogeneità dei criteri di valutazione, tramite colloqui con la direzione della società, e nello svolgimento di analisi di bilancio sui dati contenuti nel predetto bilancio consolidato. La revisione contabile limitata ha escluso procedure di revisione quali sondaggi di conformità e verifiche o procedure di validità delle attività e delle passività ed ha comportato un'estensione di lavoro significativamente inferiore a quella di una revisione contabile completa svolta secondo gli statuiti principi di revisione. Di conseguenza, diversamente da quanto effettuato sul bilancio consolidato di fine esercizio, non esprimiamo un giudizio professionale di revisione sul bilancio consolidato semestrale abbreviato.

   Per quanto riguarda i dati relativi al bilancio consolidato dell'esercizio precedente ed al bilancio consolidato semestrale abbreviato dell'anno precedente presentati ai fini comparativi si fa riferimento alle nostre relazioni rispettivamente emesse in data 31 marzo 2014 e in data 28 agosto 2013.

3. Sulla base di quanto svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che il bilancio consolidato semestrale abbreviato del Gruppo Brunello Cucinelli al 30 giugno 2014 non sia stato redatto, in tutti gli aspetti significativi, in conformità al principio contabile internazionale applicabile per l'informativa finanziaria infrannuale (IAS 34) adottato dall'Unione Europea.

Perugia, 27 agosto 2014

Reconta Ernst & Young S.p.A.

Dante Valobra
(Socio)