



GLOBAL OFFERING

Stock code: 1913

Joint Global Coordinators,
Joint Bookrunners and Joint Lead Managers
(in alphabetical order)



Joint Sponsors



Joint Lead Managers



PRADA S.p.A.

Via A. Fogazzaro n. 28. Milan
Registry of Companies Milan, Italy: No. 10115350158
(Incorporated under the laws of Italy as a joint-stock company)

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

PRADA S.p.A.

Via A. Fogazzaro n. 28. Milan
Registry of Companies Milan, Italy: No. 10115350158
(Incorporated under the laws of Italy as a joint-stock company)

GLOBAL OFFERING

Number of Offer Shares in the Global Offering:
423,276,000 Shares (comprising 58,824,000 New Shares and 364,452,000 Sale Shares, and subject to the Over-allotment Option)

Number of International Placing Shares:
380,948,400 Shares (comprising 16,496,400 New Shares and 364,452,000 Sale Shares, and subject to adjustment and the Over-allotment Option)

Number of Hong Kong Offer Shares:
42,327,600 New Shares (subject to adjustment)

Maximum Offer Price:
HK\$48.00 per Hong Kong Offer Share, plus 1% brokerage, SFC transaction levy of 0.003%, and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)

Nominal value: €0.10 per Share

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Hong Kong Companies Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Shares have not been and will not be registered under the US Securities Act and may not be offered and sold within the United States or to, or for the account or benefit of US persons, except that Offer Shares may be offered or sold to Qualified Institutional Buyers (QIBs) in reliance on an exemption from registration under the US Securities Act provided by, and in accordance with the restrictions of, Rule 144A or outside the United States, in accordance with Rule 903 or Rule 904 of Regulation S. This prospectus has not been and will not be cleared or approved by CONSOB (the Italian public authority responsible for regulating the domestic securities market). Accordingly, no offer to the public will be made in the Republic of Italy with respect to the Offer Shares.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners (on behalf of the Underwriters), us and Prada Holding B.V. on the Price Determination Date. The Price Determination Date is expected to be on or about Friday, June 17, 2011 and, in any event, not later than Monday, June 20, 2011. The Offer Price will be no more than HK\$48.00 and is currently expected to be no less than HK\$36.50 unless otherwise announced. If, for any reason, the Offer Price is not agreed upon by Monday, June 20, 2011 between the Joint Bookrunners (on behalf of the Underwriters), us and Prada Holding B.V., the Global Offering will not proceed and will lapse.

The Joint Bookrunners (on behalf of the Underwriters) may, where considered appropriate, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range below that which is stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.pradagroup.com not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. For further information, see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Bookrunners (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus.

June 13, 2011

EXPECTED TIMETABLE⁽¹⁾

Latest time to complete electronic applications under **White Form eIPO** service through the designated website www.eipo.com.hk⁽²⁾ 11:30 a.m., Thursday, June 16, 2011

Application lists of the Hong Kong Public Offering open⁽³⁾ 11:45 a.m., Thursday, June 16, 2011

Latest time to lodge **WHITE** and **YELLOW** Application Forms 12:00 noon, Thursday, June 16, 2011

Latest time to give **electronic application instructions** to HKSCC 12:00 noon, Thursday, June 16, 2011

Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) 12:00 noon, Thursday, June 16, 2011

Application lists of the Hong Kong Public Offering close 12:00 noon, Thursday, June 16, 2011

Expected Price Determination Date Friday, June 17, 2011

Announcement of:

- the Offer Price;
- an indication of the level of interest in the International Placing;
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocation of the Hong Kong Offer Shares

to be published on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.pradagroup.com on or before⁽⁴⁾ . . . Thursday, June 23, 2011

Results of allocations in the Hong Kong Public Offering (including successful applicants' identification document numbers, where appropriate) to be available through various channels (see paragraph headed "Publication of Results" in the section headed "How to Apply for Hong Kong Offer Shares") from Thursday, June 23, 2011

Results of allocations for the Hong Kong Public Offering will be available at www.iporeresults.com.hk with a "search by ID" function Thursday, June 23, 2011

EXPECTED TIMETABLE⁽¹⁾

Dispatch of Share certificates/White Form
e-Refund payment instructions/refund
checks (if applicable) on or before⁽⁴⁾Thursday, June 23, 2011

Dealings in Shares on the Hong Kong Stock
Exchange expected to commence on.Friday, June 24, 2011

Notes:

- (1) All times refer to Hong Kong local time, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, June 16, 2011, the application lists will not open on that day. See the section headed “How to Apply for Hong Kong Offer Shares — 7. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.
- (4) **Share certificates are expected to be issued on Thursday, June 23, 2011 but will only become valid provided that (i) the Global Offering has become unconditional in all respects; (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms; and (iii) our Company has received the net proceeds of the Global Offering from the Joint Global Coordinators in order for the Offer Shares to be paid up in accordance with Italian law, which is scheduled to be at about 8:00 a.m. on Friday, June 24, 2011. Investors who trade Shares on the basis of publicly available allocation details before the receipt of Share certificates and before they become valid do so entirely at their own risk.**

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by PRADA S.p.A. solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares, and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions, and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Selling Shareholders, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Underwriters, any of our or their affiliates or any of our or their respective directors, officers, employees or agents or any other person or party involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you, and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole prospectus before you decide whether to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide whether to invest in the Offer Shares.

OVERVIEW

We are one of the world’s most prestigious fashion and luxury goods groups. We design, manufacture, promote and sell high-end leather goods, ready-to-wear and footwear through the Prada, Miu Miu, Church’s and Car Shoe brands. Our Prada and Miu Miu brands provide our customers with a wide array of high-quality luxury goods, including leather goods, ready-to-wear and footwear and, through licensing agreements, eyewear and fragrances. Our Church’s and Car Shoe brands target the niche luxury footwear market, offering footwear made of high-quality leather with handmade craftsmanship. We believe our dedication to offering innovative products of the highest quality, combining innovation in design and materials with our unique understanding of luxury and style, has enabled us to be a market leader in fashion and style.

Each of our brands is associated with creativity, quality and exclusivity, while at the same time enjoying its own identity created and maintained by separate design product development and communications teams. We manage each brand with a focus on protecting and enhancing its integrity and prestige, and we carefully manage our communications strategies for each brand to avoid brand dilution. We use brand-specific and in some cases unconventional communication tools, ranging from fashion shows to sponsorships of arts, cultural and sports events, landmark Prada Epicenters and various campaigns, to reinforce each brand’s identity and to highlight its distinctive elements and values.

We maintain our production know-how and industrialization capabilities internally for each of our product categories through our 11 directly-managed production facilities, of which ten are located in Italy and one, specifically for the manufacture of Church’s footwear, is located in the United Kingdom. Currently, we produce the vast majority of our prototypes, most of our samples and a portion of our finished products in our factories, and we outsource the remainder of our production to external manufacturers with most of whom we have stable and long-term relationships. We rigorously monitor our entire

SUMMARY

production cycle with our quality control team and inspectors to ensure our in-house and outsourced production maintains the same high quality standards that we and our customers require. We believe that our production model enables us to retain control over our production know-how, production costs and maintain a flexible capacity throughout the entire manufacturing process, while assuring high product quality.

We distribute our products through retail and wholesale channels. As at January 31, 2011, our retail channel consisted of 319 stores that we operate directly (Directly-Operated Stores (“DOS”)), including our Prada Epicenters in New York, Los Angeles and Tokyo, and 18 outlets. We plan to open approximately 80 additional DOS net of store closings in the financial year ending January 31, 2012, of which approximately 25 DOS net of store closings will be opened in Asia Pacific. All of our DOS are strategically located in prime locations that are specifically selected to align with the image of our brands. Our wholesale channel consists of sales to prestigious luxury multi-brand and department stores as well as franchise stores. As at January 31, 2009, 2010 and 2011, we had approximately 1,800, 1,400 and 1,400 wholesale clients, respectively, and we had 32, 35 and 33 franchise stores, respectively, during the same period. We constantly monitor our wholesale relationships to protect our brand integrity. Our two-pronged distribution strategy allows us to maintain a global reach, with distribution points in over 70 countries as at January 31, 2011.

The following table sets forth our DOS breakdown by brand and geographic area for the periods indicated.

Area	As at January 31, 2009					As at January 31, 2010					As at January 31, 2011				
	Prada	Miu Miu	Church's	Car Shoe	Total	Prada	Miu Miu	Church's	Car Shoe	Total	Prada	Miu Miu	Church's	Car Shoe	Total
Italy	19	4	6	2	31	18	4	6	3	31	19	8	7	3	37
Rest of Europe	31	10	22	—	63	36	13	24	—	73	46	18	24	—	88
North America	14	3	3	—	20	15	5	1	—	21	26	7	1	—	34
Japan	42	10	—	—	52	41	12	—	—	53	43	13	—	—	56
Asia Pacific	60	9	3	—	72	67	17	3	—	87	73	25	4	2	104
Total	166	36	34	2	238	177	51	34	3	265	207	71	36	5	319

During the Track Record Period, our net revenues grew from € 1,643.6 million for the financial year ended January 31, 2009 to € 2,046.7 million for the financial year ended January 31, 2011 (representing a CAGR of 11.6%), while EBITDA in the same period grew from € 282.6 million to € 535.9 million (representing a CAGR of 37.7%), resulting in an improvement in our EBITDA margin from 17.2% for the financial year ended January 31, 2009 to 26.2% for the financial year ended January 31, 2011.

SUMMARY

The following table sets forth our net sales by distribution channel and as a percentage of our net sales, for the periods indicated.

	Year Ended January 31,						
	2009		2010		2011		CAGR
	(€ in millions, except percentages)						
Retail	871.3	54.3%	991.5	64.8%	1,427.4	70.8%	28.0%
Wholesale	732.9	45.7%	539.1	35.2%	589.7	29.2%	(10.3)%
Total	1,604.2	100.0%	1,530.6	100.0%	2,017.1	100.0%	12.1%

The following table sets forth our net sales by geographic area and as a percentage of our total revenues, for the periods indicated.

	Year Ended January 31,						
	2009		2010		2011		CAGR
	(€ in millions, except percentages)						
Italy	385.2	24.0%	330.0	21.6%	393.3	19.5%	1.0%
Rest of Europe	436.3	27.2%	373.0	24.4%	450.5	22.3%	1.6%
North America	290.0	18.1%	227.8	14.9%	294.9	14.6%	0.8%
Asia Pacific	282.7	17.6%	396.1	25.9%	645.7	32.0%	51.1%
Japan	186.8	11.6%	189.4	12.4%	220.9	11.0%	8.7%
Other countries	23.1	1.5%	14.2	0.8%	11.8	0.6%	(28.5)%
Total	1,604.1	100.0%	1,530.6	100.0%	2,017.1	100.0%	12.1%

The following table sets forth our net revenues by product line and as a percentage of our net sales attributable to each product, for the periods indicated.

	Year Ended January 31,						
	2009		2010		2011		CAGR
	(€ in millions, except percentages)						
Leather goods	634.1	39.5%	711.6	46.5%	1,013.6	50.3%	26.4%
Ready-to-wear	470.8	29.4%	396.4	25.9%	483.6	24.0%	1.3%
Footwear	488.4	30.4%	410.5	26.8%	503.1	24.9%	1.5%
Other ⁽¹⁾	10.8	0.7%	12.0	0.8%	16.8	0.8%	24.4%
Total	1,604.1	100.0%	1,530.6	100.0%	2,017.1	100.0%	12.1%

(1) Other includes sales mainly for eyewear and fragrances.

SUMMARY

The table below sets forth the net revenues and EBITDA percentage by brand for the periods indicated.

	Year Ended January 31,					
	2009		2010		2011	
(€ in millions, except percentages)						
	Net Revenues	EBITDA %	Net Revenues	EBITDA %	Net Revenues	EBITDA %
Prada	1,302.4	19.2%	1,238.1	20.2%	1,614.8	28.1%
Miu Miu	241.9	12.5%	254.0	16.5%	354.5	21.8%
Church's	50.0	2.7%	43.8	2.4%	53.1	12.7%
Car Shoe	34.3	6.7%	18.5	(10.4)%	17.9	(11.1)%
Other ¹	15.1	(10.8)%	6.9	(10.0)%	6.3	2.4%
Total	1,643.6	17.2%	1,561.2	18.6%	2,046.7	26.2%

¹ Primarily consisting of production for third parties.

During the Track Record Period, the Group was involved in two tax disputes in each of France, Korea and Italy, and one tax dispute in each of Japan and Germany, which we consider to be material or potentially material. In aggregate, we were involved in a total of 18 tax disputes over the Track Record Period. Please see the risk factor headed "We are subject to tax risks related to our multinational operations" in the Risk Factors section of and Note 23 of the Accountants' Report in Appendix I to this prospectus for more information.

COMPETITIVE STRENGTHS

- A leading luxury group, underpinned by a century-long heritage
- A relentless focus on innovation and quality
- Strong brand portfolio with iconic brands
- Stable and visionary management team
- Well-balanced and focused product portfolio
- Direct control over our entire value chain
- Well-diversified global presence with strong focus on Asian markets, particularly Greater China
- Strong network of DOS in prime locations
- Recent track record of delivering growth and profitability, even in difficult market conditions

SUMMARY

OUR STRATEGIES

- Continue to expand our network of DOS
- Strengthen our global coverage
- Capture the high growth potential of Miu Miu
- Continue to improve margins and profitability

RISK FACTORS

There are certain risks involved in our operations. These risks can be categorized into (i) risks related to our business; (ii) risks related to the international luxury industry and (iii) risks related to the Global Offering. A detailed discussion of the risk factors are set forth in the section headed “Risk Factors” in this prospectus. The following is a list of the risk factors.

Risks Related to Our Business

- We are dependent on brand recognition, integrity and image
- Our success depends on our ability to anticipate trends and respond to changing consumer preferences
- We face intense competition
- Our business success has been driven by certain key personnel
- We are dependent on the strength of our trademarks and other intellectual property rights
- Our success depends on our ability to manage the expansion of our network of directly-operated stores
- We may be unable to control our wholesale distribution channel satisfactorily
- Operations at our manufacturing, warehouse or distribution facilities are subject to disruption
- We are subject to risks associated with third-party production
- We are exposed to interest rate risks
- We are exposed to a significant risk from exchange rate fluctuations
- We are exposed to foreign exchange hedging risk
- We are subject to tax risks related to our multinational operations

SUMMARY

- We have had net current liabilities at times during the Track Record Period
- We are restricted from operating any Prada mono-brand stores in Milan
- We may be exposed to claims or disputes in our ordinary course of business, and media speculation concerning these claims and disputes

Risks Related to the International Luxury Industry

- A downturn in the economy or consumer confidence may affect sales of our products
- Our business is dependent on tourist traffic and demand
- The sale of counterfeit products may affect our reputation and profitability
- We are subject to risks associated with international markets
- The March 2011 earthquake and tsunami in Japan may adversely affect our business in Japan, which may negatively affect our operating results
- Our operating results are subject to seasonal fluctuations

Risks Related to the Global Offering

- The interests of Prada Holding B.V., our controlling shareholder, or its shareholders, may differ from the interests of other shareholders
- The price for our Shares may differ significantly from the initial offer price, and the liquidity of any trading market that may develop could be limited
- Payment of dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors
- US shareholders may not be able to exercise preemptive rights, and as a result may experience substantial dilution upon future issuances of shares
- There is doubt as to the enforceability of civil liability provisions of US federal or state securities laws
- Shareholders are subject to exchange rate risk
- Italian legal, regulatory and corporate governance requirements may differ from requirements in other jurisdictions

SUMMARY

- Holders of physical shares in our Company may be required to take further actions or incur further costs if our Shares are required to be dematerialized under Italian law
- Due to a gap of up to four business days between pricing and trading of the Offer Shares, the initial trading price of the Offer Shares could be lower than the Offer Price
- We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering

ITALIAN LAW AND TAXATION

As we are an Italian company, our Shareholders will have the rights, obligations and protections ordinarily afforded to shareholders under Italian law (which may differ from those afforded to shareholders of Hong Kong companies), as well as duties under the Italian taxation regime. Hong Kong resident Shareholders should note that there is currently no double tax treaty in force between Italy and Hong Kong.

Hong Kong resident Shareholders will be liable to capital gains tax on gains earned on a sale of our Shares and will be subject to a withholding tax on dividends. There will be no exemption and no refund available to Hong Kong resident Shareholders (both individuals and corporates) in respect of capital gains tax and withholding tax.

Capital gains

In the case of Hong Kong resident Shareholders (including those subscribing for or purchasing our Shares in this Global Offering) (i) capital gains realized through the sale of a non-substantial participation in our Company on each and every transaction will be subject to 12.5% capital gains tax and (ii) a proportion of capital gains realized through the sale of a substantial participation in our Company will be subject to capital gains tax at progressive rates. In either case, the taxpayer (i.e. the beneficial owner of our Shares) will be required to file a tax return and pay capital gains tax to the Italian Revenue Agency. In this context and in the case of our Company, a participation is currently considered to be 'non-substantial' when it entitles the holder to not more than 20% of the voting rights in our Company.

Shareholders not resident in Hong Kong (including those subscribing for or purchasing our Shares in this Global Offering) may also be subject to capital gains tax in Italy on any gains earned on the sale of our Shares.

SUMMARY

Our Company intends to produce a booklet (in English and Chinese) for Shareholders, which will be available on the Company's website, explaining the steps that need to be taken in order to file a tax return before the deadline set out below. This booklet will be available as soon as practicable after Listing.

In summary, in order to comply with the obligations imposed under Italian law, a non-Italian resident shareholder (with no permanent establishment in Italy) who is liable to capital gains tax must:

- Apply for an Italian Tax Identification Code
- File the proper tax return in printed paper form, electronic form or through an Italian authorized intermediary

Submitting the tax return

- **For non-Italian resident individuals:** submit the tax return before the deadline of (i) June 30 (if the tax return is submitted through an Italian post office in Italy) or (ii) September 30 (if the tax return is posted from abroad, submitted electronically or filed via an Italian authorized intermediary), of the tax period following the one in which the capital gain is realized. For individuals, the tax period coincides with the calendar year (i.e. January 1 to December 31)
- **For non-Italian resident companies:** submit the tax return before the last day of the ninth month following the end of the relevant company's fiscal year in which the gain is realized

Deadline for payment

- **For non-Italian resident individuals:** the deadline for payment is June 16 of the tax period following the one in which the capital gain is realized
- **For non-Italian resident companies:** the deadline for payment is the 16th day of the 6th month following the end of the relevant company's fiscal year in which the capital gain is realized

Prospective investors should note, therefore, that **payment is due before the deadline for filing the tax return.**

Method of payment

- Payment may be made online, via internet banking for taxpayers who have a bank account in Italy or by wire transfer to an Italian correspondent bank. Payment by cheque is not permitted
- Payment must be made in Euro

SUMMARY

- Penalties apply in relation to unpaid capital gains tax or the failure to submit a tax return in Italy

Even if our Shareholders trade Shares through an intermediary, it is the beneficial owner himself/herself/itself who needs to submit the tax return and pay capital gains tax.

However, a full exemption from capital gains tax in Italy for the sale of a non-substantial participation applies to Shareholders resident in countries which allow the exchange of information with Italy. There is currently no such arrangement in place between Hong Kong and Italy.

In summary, therefore, all Shareholders resident in Hong Kong will be subject to capital gains tax.

More details in relation to the capital gains tax liability and procedures for payment of capital gains tax are set out in the section headed “F. Summary of Main Italian Tax Aspects Relevant to Shareholders of the Company — 2. Capital Gains” in Appendix IV of this prospectus.

Withholding tax

Dividends we pay to non-Italian resident shareholders (who do not carry on business in Italy through a permanent establishment situated therein) generally are subject to a 27% final withholding tax (which will be withheld by our Company upon payment of a dividend). Where no income tax treaty is applicable (and there is currently no such tax treaty in force between Hong Kong and Italy), non-Italian resident shareholders, including Hong Kong resident shareholders, may claim a refund (a “credit refund”) equal to the lower of 4/9ths of the tax withheld and the amount of tax actually paid in their home jurisdiction on the dividend. However, **if the dividend is not subject to final taxation in Hong Kong (for example), the relevant Hong Kong resident shareholder will not be entitled to receive any credit refund.**

A credit refund request, if any, must be filed with the Italian tax authorities either by the shareholder or by the withholding agent, not later than 48 months after the date the tax on the dividend is finally paid by the shareholder. In order to be entitled to the credit refund, the non-resident shareholder must provide evidence of the final taxation in its home jurisdiction, by way of a certificate issued by the relevant tax authority in that jurisdiction.

A summary of certain provisions of Italian law and taxation applicable to an Italian company whose shares are listed on the Hong Kong Stock Exchange is set out in paragraphs B and F of Appendix IV of this prospectus. Prospective investors should consult their own advisors as to the effect of any laws, including Italian tax laws, to which they may be subject.

SUMMARY

SUMMARY OF HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth summary consolidated financial information of our Group. We have derived the consolidated financial information for the three years ended January 31, 2009, 2010 and 2011 from the Accountants' Report in Appendix I to this prospectus. The summary consolidated financial information should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements set forth in the Accountants' Report in Appendix I to this prospectus, including the related notes.

Consolidated Statements of Financial Position

Assets	As at January 31,		
	2009	2010	2011
	(€ in millions)		
Current assets			
Cash and cash equivalents	86.9	98.6	96.6
Trade receivables, net	250.5	224.2	274.2
Inventories	251.2	231.5	280.4
Derivative financial instruments	3.4	0.2	7.4
Amounts due from parent company, associates and related parties	22.3	56.4	36.3
Other current assets	130.5	74.7	70.2
Assets held for sale	1.4	1.4	4.9
Total current assets	746.2	687.0	770.0
Non-current assets			
Property, plant and equipment	379.2	418.0	536.7
Intangible assets	901.1	893.3	869.1
Investments in associates	1.7	1.7	1.7
Investment in a jointly-controlled entity	8.2	7.8	—
Other Investments	0.0	0.0	0.0
Deferred tax assets	106.2	111.4	141.4
Derivative financial instruments	—	—	2.1
Other non-current assets	33.4	28.4	44.9
Total non-current assets	1,429.8	1,460.5	1,596.0
Total assets	2,176.1	2,147.5	2,366.0

SUMMARY

Liabilities and Shareholders' equity	As at January 31,		
	2009	2010	2011
	(€ in millions)		
Current liabilities			
Bank overdrafts and short-term loans	366.5	459.3	194.2
Amounts due to parent company, associates and related parties	3.2	5.6	1.1
Other shareholders' loans	0.5	0.5	0.6
Trade payables	230.5	196.4	233.9
Current tax liabilities	33.9	62.2	107.6
Derivative financial liabilities	21.3	9.3	5.3
Obligations under finance leases	3.4	5.5	5.0
Other current liabilities	93.4	90.7	111.5
Total current liabilities	752.8	829.6	659.2
Non-current liabilities			
Long-term debt	264.0	111.4	303.4
Obligations under finance leases	7.7	7.7	2.5
Post-employment benefits	36.1	36.8	34.8
Provision for contingencies and commitments	14.1	13.1	52.7
Deferred tax liabilities	64.5	59.4	52.7
Other non-current liabilities	22.4	32.6	50.2
Derivative financial instruments	2.1	0.2	0.3
Total non-current liabilities	411.0	261.3	496.7
Total liabilities	1,163.8	1,090.8	1,155.9
Equity and reserves			
Share capital	250.0	250.0	250.0
Reserves	753.1	797.9	954.4
Equity attributable to owners of the Company	1,003.1	1,047.9	1,204.4
Non-controlling interests	9.2	8.8	5.8
Total liabilities and equity	2,176.1	2,147.5	2,366.0
Net current liabilities	(6.5)	(142.6)	110.9
Total assets less current liabilities	1,423.3	1,317.9	1,706.8

SUMMARY

Consolidated Income Statements

Continuing operations	Year Ended January 31,		
	2009	2010	2011
	(€ in millions)		
Net revenues	1,643.6	1,561.2	2,046.7
Cost of goods sold	(690.5)	(586.6)	(658.8)
Gross profit	953.1	974.7	1,387.9
Interest income	10.1	2.5	1.3
Other gains and losses	(2.1)	(7.9)	(4.7)
Product and development expenses	(88.2)	(96.8)	(97.2)
Advertising and promotion expenses	(99.5)	(75.8)	(85.1)
Selling expenses	(428.1)	(484.6)	(642.5)
General and administration expenses	(146.3)	(130.4)	(144.7)
Finance cost	(46.2)	(26.0)	(22.6)
Share of profit (loss) of jointly-controlled entity	1.0	(0.4)	(4.2)
Profit before tax	153.8	155.2	388.2
Income tax expense	(52.6)	(52.5)	(134.7)
Profit for the year from continuing operations	101.2	102.6	253.6
Discontinued operations			
Loss for the year from discontinued operations	(0.6)	(2.3)	—
Profit for the year	100.6	100.3	253.6
Profit (loss) for the year attributable to:			
Owners of the Company			
- Profit for the year from continuing operations	99.4	102.5	250.8
- Loss from the year from discontinued operations	(0.6)	(2.3)	—
Profit for the year attributable to owners of the Company	98.8	100.2	250.8
Non-controlling interests			
- Profit for the year from continuing operations	1.8	0.2	2.7
- Loss for the year from discontinued operations	—	—	—
Profit for the year attributable to non-controlling interests	1.8	0.2	2.7
Total	100.6	100.3	253.6
Earnings per share (expressed in Euro per share)			
From continuing and discontinued operations - Basic	0.0395	0.0401	0.1003
From continuing operations - Basic	0.0398	0.0410	0.1003

SUMMARY

Consolidated Statement of Cash Flows

	Year Ended January 31,		
	2009	2010	2011
	(€ in millions)		
Profit before tax from continuing operations	153.8	155.2	388.2
Loss before tax from discontinued operations	(0.6)	(2.3)	—
Total profit before tax	153.2	152.8	388.2
Adjustments for:			
Depreciation and amortization from discontinued operations	0.2	0.5	—
Depreciation and amortization from continuing operations	79.9	93.8	111.5
Impairment of/written off non-current assets	11.8	9.4	6.1
Finance income and expenses	28.9	29.6	19.3
Share of (profit) loss of a jointly controlled entity	(1.1)	0.4	4.2
Other non-monetary changes	(0.5)	4.8	26.8
Operating cash flows before movements in working capital	272.4	291.3	556.1
Other non current assets and liabilities	(4.2)	3.8	(10.0)
Trade receivables	8.6	24.4	(46.1)
Inventories	41.8	15.0	(46.4)
Trade payables	(8.9)	(33.5)	36.9
Other current assets and liabilities	(10.3)	39.4	(10.0)
	299.4	340.5	480.7
Interests paid, net	(35.4)	(21.2)	(22.8)
Income taxes paid, net	(98.1)	(39.4)	(90.2)
Cash flows generated from operations	165.9	279.9	367.7
Investing activities			
Purchase of assets	(144.3)	(132.8)	(187.6)
Acquisition of investments	(7.8)	(9.3)	(4.0)
Cash flow used in investing activities	(152.1)	(142.1)	(191.6)

SUMMARY

	Year Ended January 31,		
	2009	2010	2011
	(€ in millions)		
Financing activities			
Dividends paid to shareholders	—	(47.8)	(58.9)
Dividends paid to non-controlling interests	(1.3)	(0.3)	(0.5)
Repayment of loans to other shareholders	—	—	(0.1)
Repayment of short-term portion of long-term borrowings - third parties	(117.5)	(114.6)	(179.7)
Proceeds from long-term borrowings - third parties	37.3	23.0	307.3
Change in short-term borrowings - third parties	94.7	38.5	(201.8)
Change in short-term borrowings - parent company and related parties	(29.6)	(24.0)	(35.6)
Cash flow used in financing activities	(16.4)	(125.1)	(169.3)
Change in cash and cash equivalents, net of bank overdraft	(2.6)	12.7	6.8
Opening cash and cash equivalents, net of bank overdraft	55.1	59.9	69.2
Exchange differences	7.3	(3.3)	3.5
Closing cash and cash equivalents, net of bank overdrafts	59.9	69.2	79.5
Cash and cash equivalents	86.9	98.6	96.6
Bank overdraft	(27.0)	(29.4)	(17.1)
Closing cash and cash equivalents, net of bank overdrafts	59.9	69.2	79.5

SUMMARY

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$2,438.9 million (assuming an Offer Price of HK\$42.25 per Share, being the mid-point of the estimated Offer Price range), after deducting the underwriting fees and commissions and estimated expenses.

In line with our strategies, we intend to use the net proceeds we will receive from the Global Offering for the following purposes:

- approximately 75% of the net proceeds, or approximately HK\$1,829.2 million, will be used for the expansion of our DOS network and the floor space expansion, renovation or relocation of our existing DOS over the course of the next 12 to 18 months;*
- approximately 15% of the net proceeds, or approximately HK\$365.8 million, will be used for the repayment of bank loans, including among others, the US\$22 million Post Development Corp. and Sovereign Bank mortgage loan agreement and certain short-term revolving credit facilities; and
- the remaining amount will be used to provide funding for working capital and other general corporate purposes.

In the event that the Offer Price is set at HK\$36.50 per Share (being the low end of the estimated Offer Price range of HK\$36.50 to HK\$48.00 per Share as stated in this prospectus), the net proceeds we will receive will be reduced by approximately HK\$334.2 million. In the event that the Offer Price is set at HK\$48.00 per Share (being the high end of the estimated Offer Price range of HK\$36.50 to HK\$48.00 per Share as stated in this prospectus), the net proceeds we will receive will be increased by approximately HK\$334.2 million.

To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis. To the extent that proceeds are not used immediately for the purposes stated, they will be invested in short-term demand deposits with licensed banks and money market instruments.

We estimate that our Selling Shareholders will receive net proceeds of approximately HK\$15,111.7 million (assuming an Offer Price of HK\$42.25 per Share, being the mid-point of the estimated Offer Price range) after deducting

* As at April 30, 2011, we had incurred approximately HK\$350 million and committed approximately HK\$241 million in expenditure related to our DOS expansion budget. These figures were converted from Euro at the exchange rate of € 1.00 = HK\$11.54 as at April 29, 2011.

SUMMARY

the underwriting fees and commissions and estimated expenses payable by the Selling Shareholders in relation to the Global Offering and assuming the Over-allotment Option is not exercised. We will not receive any of the net proceeds of the Global Offering from the sale of Shares by the Selling Shareholders.

PROFIT FORECAST

We estimate that, on the bases set out in “Appendix III — Profit Forecast” in this prospectus, the forecast of the consolidated profit attributable to the owners of our Company for the six months ending July 31, 2011 is unlikely to be less than approximately € 150.7 million (HK\$1,710.4 million).¹

INTERIM REPORT

In accordance with Rule 11.18 of the Listing Rules, our Company’s interim report for the six months ending July 31, 2011 will be audited if our Shares are listed on the Hong Kong Stock Exchange.

OFFERING STATISTICS ⁽¹⁾

	Based on an Offer Price of HK\$36.50	Based on an Offer Price of HK\$48.00
Market capitalization of our Shares ⁽²⁾	HK\$93,397.1 million	HK\$122,823.6 million
Unaudited pro forma adjusted net tangible assets value per Share ⁽³⁾	€ 0.20 (HK\$2.31)	€ 0.23 (HK\$2.57)

Notes:

- (1) All statistics in this table assume that the Over-allotment Option is not exercised.
- (2) The calculation of market capitalization is based on 2,558,824,000 Shares expected to be in issue immediately following completion of the Global Offering.
- (3) The unaudited pro forma adjusted net tangible assets value per Share is calculated after making the adjustments referred to in the section headed “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus, on the basis that 2,558,824,000 Shares were in issue assuming that the Global Offering and the one-for-ten share split as detailed in Appendix V to this prospectus had been completed on January 31, 2011. The unaudited pro forma adjusted net tangible assets value per Share is converted into Hong Kong dollars at the rate of € 1.00 to HK\$11.35. No adjustment has been made to the unaudited pro forma adjusted net tangible assets of our Group to reflect any trading result or other transaction of our Group entered into subsequent to January 31, 2011. In particular, the unaudited pro forma adjusted net tangible assets of the Group has not taken into account the payment of dividend of € 35 million which was approved by the shareholders’ meeting on March 28, 2011.

1. This figure was converted from Euro at the exchange rate of € 1.00 = HK\$11.35 as at June 3, 2011.

SUMMARY

DIVIDENDS AND DIVIDEND POLICY

During the financial year ended January 31, 2009, we did not pay any dividend.

During the financial year ended January 31, 2010, we distributed a dividend of €0.191 per share*, representing a total dividend of €47.8 million. The dividend was paid on September 30, 2009.

During the financial year ended January 31, 2011, at our shareholders' meeting on April 28, 2010 our shareholders approved a distribution of €0.32 per share*, representing a total dividend of €80.0 million. This dividend was paid on July 27, 2010 for an amount of €27.9 million and on the same date an amount of €52.1 million was offset against a receivable owed to us by Prada Holding B.V., our controlling shareholder. In addition, the shareholders' meeting on January 27, 2011 approved a distribution of €0.124 per share*, representing a total dividend of €31.0 million which was entirely paid on the same date.

Furthermore, at our shareholders' meeting on March 28, 2011 our shareholders approved a distribution of €0.14 per share*, representing a total dividend of €35.0 million to be paid by June 30, 2011. This dividend was paid on April 29, 2011 for an amount of €2.5 million and on the same date an amount of €32.5 million was offset against a receivable owed to us by Prada Holding B.V., our controlling shareholder.

We may distribute dividends subject to the approval of our shareholders in the ordinary shareholders' meeting. The amount of any future dividend payments we may make will depend upon our strategy, future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors, including applicable provisions of Italian law and our By-laws. In addition, our controlling shareholder will be able to influence our dividend policy.

According to Italian law, we may pay dividends out of our actual annual net profits in the balance sheet that has been approved by our shareholders in the ordinary shareholders' meeting, after setting aside a portion not lower than 5% of the annual net profits to a non-distributable reserve until this reserve is equal to 20% of the share capital of our Company. As at January 31, 2009, 2010 and 2011, our legal reserve amounted to approximately €6.9 million, €6.9 million and €9.9 million, respectively, and they are accounted for as retained earnings in our Group's financial statements. As at January 31, 2011, our Company had distributable reserves of €361.9 million, not including our Company's profit for the year ended January 31, 2011, which is distributable only after approval by our shareholders in the ordinary shareholders' meeting in accordance with Italian law.

* The one-for-ten share split approved by our shareholders' meeting on May 26, 2011 as detailed in Appendix V to this prospectus has not been taken into account.

SUMMARY

Cash dividends on our Shares, if any, will be paid in Euro, except that we will make arrangements to effect payment in Hong Kong dollars of any cash dividends payable to shareholders resident in Hong Kong.

Please see the sections headed “F. Summary of Main Italian Tax Aspects Relevant to Shareholders of the Company — 1. Dividends Payments” in Appendix IV to this prospectus for information on the tax treatments on dividends paid by our Company to our shareholders.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following words and expressions have the following meanings:

“Application Form(s)”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s) or, where the context so requires, any of them
“Asia Pacific”	unless the context indicates otherwise, references in this prospectus to “Asia Pacific” include all countries or territories in Asia, Oceania and the State of Hawaii of the United States, but exclude Japan
“associate”	has the meaning given to such term in the Listing Rules, unless the context requires otherwise
“Board”	our board of Directors
“BRIC” or “BRIC countries”	Brazil, Russia, India and China, taken together
“Business Day”	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks are generally open for normal banking business
“By-laws”	the by-laws of the Company effective on the Listing Date and as amended thereafter from time to time
“CAGR”	compound annual growth rate, which represents the year-over-year growth rate of a value over a specified period of time, taking into account the effects of compounding. $CAGR = (End\ Value / Beginning\ Value)^{(1/Number\ of\ Years)} - 1$
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant

DEFINITIONS

“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	the People’s Republic of China; for the purpose of this prospectus and for geographical reference only and except where the context requires otherwise, references in this prospectus to “China” and the “PRC” exclude Taiwan, the Macau Special Administrative Region and Hong Kong
“Company”, “our Company”, “our”, “we” and “us”	PRADA S.p.A. (a joint-stock company governed by the laws of Italy and having a registered office in Milan, Italy, Via A. Fogazzaro n. 28) and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to any time prior to its incorporation, the business in which its predecessors or the predecessors of its present subsidiaries were engaged in and which it subsequently assumed
“connected person”	has the meaning given to such term in the Listing Rules, unless the context requires otherwise
“connected transaction”	has the meaning given to such term in the Listing Rules, unless the context requires otherwise

DEFINITIONS

“controlling shareholder”	has the meaning given to such term in the Listing Rules, unless the context requires otherwise. The controlling shareholders of our Company are Prada Holding B.V., Gipafin S.à r.l., Bellatrix S.à r.l., Ludo S.A., Ms. Miuccia Prada and Mr. Patrizio Bertelli
“Director(s)”	director(s) of our Company
“EU”	the European Union
“EU IFRS”	the International Financial Reporting Standards as endorsed by the EU
“EURIBOR”	the Euro interbank offered rate, which is the rate at which a prime bank is willing to lend Euro-denominated funds in Euro to another prime bank
“Euro” or “€” or “EUR”	the lawful currency of the member states of the European Union
“financial year”	means the 12-month period beginning February 1 of each year and ending January 31 of the next year. For example, financial year 2010 means the period beginning February 1, 2010 and ending January 31, 2011
“FY”	financial year
“Global Offering”	the Hong Kong Public Offering and the International Placing
“Greater China”	the People’s Republic of China, and for the purpose of this prospectus, where the context relates to the business or financial information of our Group, references in this prospectus to “Greater China” includes Hong Kong and the Macau Special Administrative Region, but do not include Taiwan
“GREEN application form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited

DEFINITIONS

“Group”	our Company and its subsidiaries from time to time
“High-net-worth individuals” or “HNWIs”	individuals having investable assets of US\$1 million or more, excluding primary residence, collectibles, consumables and durables
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HK\$” or “Hong Kong dollars” or “HK dollars” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended from time to time)
“Hong Kong Offer Shares”	the 42,327,600 New Shares initially being offered by our Company for subscription pursuant to the Hong Kong Public Offering, subject to adjustment to include the part of the International Placing Shares being reallocated from the International Placing to the Hong Kong Public Offering as described in the section headed “Structure of the Global Offering” in this prospectus
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription or purchase (in case of a reallocation of the International Placing Shares from the International Placing to the Hong Kong Public Offering as described in the section headed “Structure of the Global Offering” in this prospectus) by the public in Hong Kong

DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Underwriters”	the several underwriters of the Hong Kong Public Offering listed in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated June 10, 2011, relating to the Hong Kong Public Offering entered into among us, Prada Holding B.V. and the Hong Kong Underwriters
“IAS/IFRS”	International Accounting Standards/ International Financial Reporting Standards
“IATA”	International Air Transportation Association, an international trade body that represents and serves the airline industry, including via a system that simplifies settling of accounts between airlines and freight forwarders
“IFRS”	International Financial Reporting Standards
“International Placing”	the conditional placing by the International Underwriters of the International Placing Shares, as described in the section headed “Structure of the Global Offering” in this prospectus
“International Placing Agreement”	the international placing agreement relating to the International Placing to be entered into among us, the Selling Shareholders and the International Underwriters on or around June 17, 2011

DEFINITIONS

“International Placing Shares”	the 16,496,400 New Shares initially being offered by our Company for subscription and 364,452,000 Sale Shares initially offered by the Selling Shareholders for sale at the Offer Price under the International Placing, subject to the Over-allotment Option and adjustment as described in the section headed “Structure of the Global Offering” in this prospectus
“International Underwriters”	the several underwriters of the International Placing, who are expected to enter into the International Placing Agreement to underwrite the International Placing
“Intesa Sanpaolo”	Intesa Sanpaolo S.p.A., including any of its predecessor entities
“Italian Civil Code”	the Italian Civil Code (as approved by Royal Decree no. 262 of 16 March 1942), as amended from time to time
“Italy”	Republic of Italy
“Japanese Yen” or “JPY”	Japanese Yen, the lawful currency of Japan
“Joint Bookrunners”	(in alphabetical order) Banca IMI S.p.A. ⁽¹⁾ , CLSA Limited ⁽²⁾ , Goldman Sachs (Asia) L.L.C. and UniCredit Bank AG, Milan Branch
“Joint Global Coordinators”	(in alphabetical order) Banca IMI S.p.A. ⁽¹⁾ , CLSA Limited ⁽²⁾ , Goldman Sachs (Asia) L.L.C. and UniCredit Bank AG, Milan Branch
“Joint Lead Managers”	(in alphabetical order) Banca IMI S.p.A. ⁽¹⁾ , CLSA Limited ⁽²⁾ , Goldman Sachs (Asia) L.L.C., ICBC International Securities Limited, Mizuho Securities Asia Limited and UniCredit Bank AG, Milan Branch

(1) a subsidiary of Intesa Sanpaolo S.p.A.

(2) a subsidiary of Crédit Agricole Corporate and Investment Bank

DEFINITIONS

“Joint Sponsors”	(in alphabetical order) CLSA Equity Capital Markets Limited ⁽¹⁾ and Goldman Sachs (Asia) L.L.C.
“Latest Practicable Date”	June 1, 2011, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	the listing of our Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Date”	the date, expected to be Friday, June 24, 2011, on which dealings in our Shares first commence on the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Luxottica”	Luxottica Group S.p.A.
“Ms. Miuccia Prada” or “Ms. Prada”	Ms. Miuccia Prada Bianchi
“New Shares”	Shares offered for subscription by the Company pursuant to the Global Offering
“Offer Price”	the final Hong Kong dollar price per Offer Share (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at which the Offer Shares are to be subscribed or purchased pursuant to the Hong Kong Public Offering
“Offer Shares”	the Hong Kong Offer Shares and the International Placing Shares including, where relevant, any additional Shares sold pursuant to the exercise of the Over-allotment Option

(1) a subsidiary of Crédit Agricole Corporate and Investment Bank

DEFINITIONS

“Over-allotment Option”	the option expected to be granted by Prada Holding B.V. to the International Underwriters exercisable by the Joint Global Coordinators under the International Placing Agreement pursuant to which Prada Holding B.V. may be required by the International Underwriters to sell up to 63,489,000 additional Sale Shares, representing in aggregate approximately 15% of the initial number of Offer Shares offered under the Global Offering, at the Offer Price, to, among other things, cover over-allocations in the International Placing, if any
“Prada Family”	Ms. Miuccia Prada Bianchi, her sister Ms. Marina Prada Bianchi and her brother Mr. Alberto Prada Bianchi
“Prada Foundation”	Stichting Fondazione PRADA, an entity organized under Dutch Laws
“Price Determination Date”	the date, expected to be on or around Friday, June 17, 2011, but no later than Monday, June 20, 2011, on which the Offer Price is fixed for the purposes of the Global Offering
“Puig”	Puig Beauty & Fashion Group S.L.
“Qualified Institutional Buyers” or “QIBs”	qualified institutional buyers within the meaning of Rule 144A
“Regulation S”	Regulation S under the US Securities Act
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Rule 144A”	Rule 144A under the US Securities Act
“Sale Shares”	Shares offered for sale by the Selling Shareholders pursuant to the International Placing including, where relevant, any additional Shares sold pursuant to the exercise of the Over-allotment Option

DEFINITIONS

“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“Selling Shareholders”	Prada Holding B.V. and Intesa Sanpaolo
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Share(s)”	ordinary share(s) with nominal value of €0.10 each in the share capital of our Company
“Stock Borrowing Agreement”	the stock borrowing agreement which may be entered into between Goldman Sachs International and Prada Holding B.V.
“subsidiary”	has the meaning given to such term in the Listing Rules, unless the context requires otherwise
“substantial shareholder”	has the meaning given to such term in the Listing Rules, unless the context requires otherwise
“TIBOR”	the Tokyo interbank offered rate, which is the rate at which a prime bank is willing to lend funds in Japanese Yen or Euroyen to another prime bank
“Track Record Period”	the three-year period from February 1, 2008 to January 31, 2011
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Placing Agreement
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States”, “US” or “U.S.A.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

DEFINITIONS

“US Securities Act”	the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$”, “USD” or “US dollars”	United States dollars, the lawful currency of the United States
“VAT”	value-added tax
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited

GLOSSARY

This glossary contains explanations of certain terms used in this prospectus in connection with our Group and our business. These terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

“collection merchandisers”	our employees who are responsible for (i) understanding trends and opportunities, (ii) proposing the right mix of collection products for each individual sales channel and geographical area, and (iii) determining sales prices for each product by geography in local currencies. They are divided by brands and product lines
“constant exchange rates”	the foreign exchange rate used for comparing results in two consecutive years applying the exchange rate of the earlier year to the results of the subsequent year
“corner shop”	open sales area for our wholesale channel usually located in a department store, characterized by some elements (signage and fixtures) that identify one of our brands
“design teams”	working teams of our Group, divided by brand and product line, responsible for the design of all our Group’s collections
“doors”	separate selling locations, including corner shops, of a wholesale client
“DOS”	Directly-Operated Store(s), i.e. mono-brand points of sale directly operated by our Group in the retail channel, including the Epicenters, and the outlets

GLOSSARY

“Epicenter” or “Epicenter Store”	the three large Prada flagship stores located in New York, Tokyo and Los Angeles designed in collaboration with well-known architects Rem Koolhaas (for New York and Los Angeles) and Herzog & de Meuron (for Tokyo). In addition to the complete array of our retail services and products, the stores are used as a communication tool integrating audio-video technology, cross-cultural events and fashion events
“ERP”	enterprise resource planning: a software application used to manage the supply chain (production planning, purchasing, inventories, interaction with suppliers, order tracking and invoicing)
“external manufacturer”	an entity not part of our Group that performs one or more of the production steps or supplies certain finished products
“fast fashion”	term used to describe the less expensive clothing and accessory products of companies that move recent fashion trends (often based on designs presented in fashion shows) into stores through an accelerated design, production and distribution cycle to respond to changing trends
“flash collection”	collections of products that are regularly introduced to supplement main collections to refresh and replenish the merchandise offerings at DOS to ensure that our DOS have a constant supply of fresh products to stimulate consumer interest in our product offerings

GLOSSARY

“like-for-like”	a comparison of the results at constant exchange rates of all of our DOS in operation for more than one year using the actual comparable days of operation for each DOS for the prior year (meaning only the days in which such DOS were open in both years); also see section headed “Financial Information — Results of Operations — Net Sales by Distribution Network — Like-for-Like Basis Comparison of Net Sales from DOS” in this prospectus for further details on like-for-like comparisons
“master order”	worldwide selection of the products that our Group intends to offer in our DOS during the following season; this order anticipates the placing of individual orders by country
“monthly packages”	planned temporary collections periodically introduced mainly into our DOS network to coincide with special events, local holidays or other opportunities
“outlets”	stores directly operated by our Group that sell, at a discount, certain seasonal fashion products that have remained unsold in retail stores after markdowns during the previous season, factory seconds, product samples and products that we specifically produce for our outlets, integrating styles, colors and sizes to ensure complete sets are available
“product development teams”	working teams of our Group, divided by brands and product lines, in charge of (i) translating drawings and sketches into prototypes, (ii) producing samples and (iii) bringing products to the manufacturing phase
“production divisions”	the organizational units of our Group for each product category in charge of product development, purchasing and manufacturing

GLOSSARY

“prototype”	first interpretation of a designer’s drawing, possibly subject to changes suggested by the design teams before being manufactured commercially
“ready-to-wear”	clothing made for mass production and intended to be worn without significant alteration, in standardized sizes
“retail channel”	the sales distribution channel of our Group which consists of a network of DOS, including our Epicenter Stores and our outlets
“retail merchandisers”	our employees under the commercial department of our Group and divided by geographical areas, brands and product lines, who are in charge of (i) sales analysis, understanding of trends and competitive positioning, (ii) the product selection, and (iii) buying for the retail channel
“samples”	the products developed from the prototypes that are presented in showrooms after a collection has been finalized
“sell-in price”	the price invoiced to independent wholesale clients (excluding VAT), which is the same price invoiced to our subsidiaries operating DOS (on a country-by-country basis)
“sell-out price”	the price including VAT, when relevant, for a product sold to an individual end consumer
“showrooms”	customized locations dedicated to presenting new collections of the Group’s products to our wholesale clients, the press and our retail merchandisers

GLOSSARY

“store committee”	committee responsible for approving new store locations and business plans. The committee is made up of our Group Chief Operating Officer, Chief Financial Officer, Group Controller, Engineering Director, Human Resources Director and on invitation, members of our communication and public relations department
“visual merchandising team”	working teams of our Group responsible for setting up product displays and window displays in our DOS and selected wholesale doors and identifying the visuals that are best suited to convey an image consistent with the relevant brand and the collections
“wholesale channel”	the sales distribution channel of our Group which consists of (i) upscale multi-brand stores, (ii) reputable luxury department stores and (iii) franchise stores

RISK FACTORS

An investment in our shares involves various risks. Before investing in our Company, you should carefully consider all of the information set forth in this prospectus, and in particular, the specific risks set out below. Any of the risks and uncertainties described below could have a material adverse effect on our business, financial condition and results of operations or the trading price of the Shares, and could cause you to lose your investment. Additional risks that we currently believe are immaterial or which are currently unknown to us may arise or become material in the future and may have a material adverse effect on our Group. These risks should also be considered in connection with the reservations in the section headed “Forward-looking Statements” in this prospectus.

RISKS RELATED TO OUR BUSINESS

We are dependent on brand recognition, integrity and image

We design, manufacture, promote and sell our products for the fashion and luxury goods market through our four brands: Prada, Miu Miu, Church’s and Car Shoe. Our financial performance is influenced by the success of our brands, which, in turn, depends on factors such as product design, the distinct character and the quality of our products, the image of our stores, our communication activities including advertising, public relations and marketing and our general corporate profile.

The integrity and reputation of our brands are two of our most valuable assets. An important part of our growth strategy has been the expansion of our Directly-Operated Stores (“DOS”) network, growing from 211 DOS as at January 31, 2008 to 319 DOS as at January 31, 2011. If we fail to manage our growth in a way that protects the exclusivity of our brands, we risk becoming over-exposed and the value of our brands may be diluted. In addition, we license our brands to third parties for eyewear and fragrances and occasionally for a limited period of time for other products. If our licensees or the manufacturers of these products do not maintain the same standards of quality and exclusivity as we do, there is a risk that our reputation and the integrity of our brands may be damaged. If we are unable to maintain a high level of brand integrity, we may suffer brand dilution and our business and results of operations could be adversely affected.

Our success depends on our ability to anticipate trends and respond to changing consumer preferences

Our continued success depends in part on our ability to originate and define product and fashion trends, as well as to anticipate and respond to changing consumer preferences and fashion trends in a timely manner. Our products must appeal to a customer base whose preferences cannot be predicted with certainty and are subject to increasingly rapid change. In particular, the

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emergence and success of fast fashion brands has accelerated the pace of fashion development. Although we attempt to stay abreast of emerging lifestyle and consumer trends affecting our products, any failure to identify and respond to such trends could have significant adverse effects on our business, financial condition and results of operations.

We attempt to lead the fashion market by stimulating the consumer markets and inspiring trends through the creative efforts of our design and product development teams. Our success depends on achieving a favorable and timely market response to our trend setting efforts. No assurance can be given that our future collections will generate the same successful levels of market response as our past collections have, or achieve sales levels sufficient to generate profits. The failure to inspire trends and stimulate consumers could adversely affect our brand image as a fashion leader as well as our results of operations.

We face intense competition

We face intense competition in all product categories and markets in which we operate. We compete with other international luxury goods groups which own and operate well-known brands of high- quality goods and may have greater financial resources and negotiation power with suppliers, wholesale accounts and landlords than we do. We believe that we compete primarily on the basis of our brand image, innovative design, use of materials, product assortment and reputation for quality. If we are unable to compete successfully, our business and results of operations could be adversely affected. Please see section headed "Industry — Competition" in this prospectus for more information.

Our business success has been driven by certain key personnel

Our performance depends significantly on the efforts and abilities of our key senior personnel, including our President, Ms. Miuccia Prada, and our Chief Executive Officer ("CEO"), Mr. Patrizio Bertelli. These individuals have substantial experience and expertise in the fashion and luxury goods business and have made significant contributions to the continuing growth and success of our business. Ms. Miuccia Prada and Mr. Patrizio Bertelli have been the inspirational leaders of our business both in terms of design and marketing, as well as production and industrial strategy. We also believe that some of the industry's most talented designers and business leaders have joined our team for the opportunity to work with our senior management team. Should either Ms. Miuccia Prada or Mr. Patrizio Bertelli reduce or cease her or his involvement with us, this could have an adverse effect on our business and results of operations.

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We are dependent on the strength of our trademarks and other intellectual property rights

We believe that our trademarks and other intellectual property rights are fundamental to our success and position. Therefore, our business is highly dependent on our ability to protect and promote our trademarks and other intellectual property rights. Accordingly, we devote substantial efforts to the establishment and protection of our trademarks and other intellectual property rights such as registered designs and patents on a worldwide basis. We believe that our trademarks and other intellectual property rights are adequately supported by applications for registrations, existing registrations and other legal protections in our principal markets. However, we cannot exclude the possibility that our intellectual property rights may be challenged by others, or that we may be unable to register our trademarks or otherwise adequately protect them in some jurisdictions. If a third party were to register our trademarks, or similar trademarks, in a country where we have not successfully registered such trademarks, it could create a barrier to our commencing trade under those marks in that country.

Our success depends on our ability to manage the expansion of our network of directly-operated stores

We have pursued a rapid growth strategy in recent years, expanding our DOS network from 211 DOS as at January 31, 2008 to 319 DOS as at January 31, 2011, and expect to continue this expansion in the coming years by adding approximately 80 DOS net of store closings in the financial year 2011 and growing at a similar pace through the financial years ending January 31, 2014. As we grow, we face challenges both in finding suitable locations and staff for our new DOS, as well as managing the on-going operations of the expanded DOS network.

The success of a new DOS depends in part on our ability to lease prime locations and hire and train appropriate staff. When choosing where to open a new DOS, we carefully evaluate market conditions and consumer trends in the area to try to ensure the success of the DOS. We lease the vast majority of our DOS in close proximity to and in competition with our key competitors. Both of these factors can lead to competition for suitable space and higher rents. In addition, particularly when we enter a new market we must find appropriate DOS managers and sales staff to ensure that we portray an image appropriate and consistent with our brands and provide customer service in-line with the quality of our products. We spend significant amounts of time and effort training new staff prior to a DOS opening, although we cannot assure you that our investment in the human capital will pay off. If we are unable to rent prime locations, or are required to pay commercially unreasonable rents then we may

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be unable to open new DOS as expected or the DOS may not reach our profitability targets. Similarly, if we are unable to adequately train or retain sales staff and DOS managers, the new DOS may perform below our expectations.

As we grow, managing the ongoing operations of the expanded DOS network is important to the success of our results of operations. Our expanded DOS network poses various ongoing and growing challenges related to the management of larger operations. As our sales network grows, so will the demand for our products. In order to meet the increasing demand, we will be required to expand our outsourcing of manufacturing to third parties and the associated logistics operations system to enable us to service the expanding DOS network. We believe that we have long and stable relationships with our existing third-party manufacturers and raw materials suppliers. However, as we grow, our existing partners may not be able to satisfy our increasing supply requests, and we may need to find additional suppliers or outsourcing manufacturers. Transferring product know-how to new manufacturers takes considerable effort of our teams and several months. Even after we transfer this knowledge, there is no assurance that the manufacturer will be able to continuously produce goods at the specification, quantity and quality levels that we demand. As we grow, we may exceed the capacity of an existing supplier and be forced to find other partners, possibly at less attractive prices.

If we are unable to successfully operate new DOS, or are unable to recoup the initial costs associated with opening a new DOS, then our financial condition may be adversely affected. If we are unable to manage the ongoing operations of our expanded network then our results of operations may be adversely affected.

We may be unable to control our wholesale distribution channel satisfactorily

We rely on our ability to control our wholesale distribution channel to ensure that our products are sold in environments and in a manner consistent with our brand image. During the financial year ended January 31, 2011, we generated approximately 29% of our revenues from products sold through our wholesale distribution channel. We require our wholesale clients to sell our products in agreed locations and to follow our policies on pricing and merchandising displays and sales personnel in order to maintain consistency with the brand image we deliver in our DOS and the policies of our DOS. Actions by significant wholesale clients that vary from our policies or the forms of our terms and conditions, such as presenting our products in a manner inconsistent with our preferred positioning or offering our products at unacceptable discounts, could damage our brand image. For example, during the economic crisis from 2008 to 2009, several of our wholesale clients in the US implemented significant price markdowns on our products to increase their sales and clear their inventory.

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Some wholesalers may also sell our products to distributors over whom we had no direct control, resulting in parallel imports of our goods at prices lower than the price points we set for specific countries. If we are unable to control our wholesale distribution channel, our brand image may suffer, and our business, financial condition and results of operations could be adversely affected.

Operations at our manufacturing, warehouse or distribution facilities are subject to disruption

We operate manufacturing, warehouse and distribution facilities in Italy and the United Kingdom, as well as other countries. These facilities are subject to operational risks, including mechanical and IT system failure, work stoppage, increase in transportation costs, natural disasters, fire and disruption to supplies of raw materials. Any interruption of activity in our production, warehouse or distribution facilities due to these or other events could result in the disruption to the operation of our activities, customers' cancellation of orders or refusal to accept deliveries or a reduction in sales, any of which could have an adverse effect on our business, financial condition and results of operations. See "— We are subject to risks associated with third-party production" below.

We are subject to risks associated with third-party production

While we develop, control and produce in-house the majority of our prototypes and our samples, we outsource to external manufacturers with appropriate expertise and capacity the production of most of our accessories and products. External manufacturers produced the vast majority of our finished products for the financial year ended January 31, 2011. We have established a rigorous inspection and quality control process for all outsourced production and contractually require all third-party manufacturers to comply with intellectual property protections and confidentiality restrictions in addition to all applicable labor, social security and health and safety laws and regulations. However, the inability of third-party manufacturers to ship orders in a timely and appropriate manner or to comply with their contractual obligations could have a negative impact on our operations and business. Likewise, if we expand beyond the production capacity of our current suppliers, we may not be able to find new suppliers with an appropriate level of expertise and capacity in a timely manner. If any of these risks were to develop, it could have an adverse effect on our business, financial condition and results of operations.

We are exposed to interest rate risks

The cost of our financial debt depends on interest rate fluctuations (in particular from Euro, Japanese Yen and US dollar interest rates) because the vast majority of our financial debt is denominated in these currencies. In order to manage the interest rate risk, we generally enter into hedging contracts (interest rate swaps and interest rate collars) to cover the risk on our medium

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and long term borrowings. The contracts have the effect of converting floating rates to fixed interest rates. Although we seek to manage our exposure to interest rate risk in order to minimize any negative effects from interest rates fluctuations, there can be no assurance that we will be able to do so successfully, and our financial condition and results could nevertheless be adversely affected by adverse fluctuations of the interest rates. As at January 31, 2011, our outstanding hedging contracts represented approximately 68% of our total financial debt.

We are exposed to a significant risk from exchange rate fluctuations

We incur a large portion of our cost of goods sold in Euro while we receive the majority of our revenues in currencies other than Euro. We set the sales prices for our products at periodic fixed intervals, and occasionally when reorders are made. If there is a significant weakening of the exchange rate between the local currency in which the revenue is generated prior to the sale and subsequent to our fixing of prices, then our expected margins may be reduced. In addition, foreign exchange movements might also negatively affect the relative purchasing power of foreign tourists and result in a decline in travel volumes or their willingness to purchase luxury goods while traveling, which could also have an adverse effect on our results of operations. Although we seek to manage our foreign currency risks in order to minimize any negative effects caused by exchange rate fluctuations, there can be no assurance that we will be able to do so successfully, and our business, financial condition and results of operations could nevertheless be adversely affected by fluctuations in exchange rates, particularly if any such exchange rate movements persist. Please see “— Risks Related to the International Luxury Industry — A downturn in the economy or consumer confidence may affect sales of our products”.

During the financial year ended January 31, 2011, approximately 35% of our total net sales were denominated in Euro, approximately 40% in US dollars or in currencies pegged to the US dollar, and approximately 10% in Japanese Yen. On the other hand, for our total costs (cost of goods sold and operating expenses), approximately 62% were denominated in Euro, about 20% were denominated in US dollars or in currencies pegged to the US Dollars and about 9% in Japanese Yen. In addition, as at January 31, 2011, approximately 13% of our cash and cash equivalents were denominated in Euro, approximately 57% in US dollars or in currencies pegged to the US dollar and about 13% in Japanese Yen and approximately 78% of our financial debt was denominated in Euro, approximately 6% in US dollars or in currencies pegged to the US dollar and about 15% in Japanese Yen.

Our total exchange losses (net of gains) were € 2.1 million, € 8.0 million and € 4.7 million in the year ended January 31, 2009, 2010, 2011, respectively. See Note 30 of the Accountants' Report in Appendix I to this prospectus.

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We are exposed to foreign exchange hedging risk

We are a company with international operations, and are therefore exposed to exchange rate risk which can affect revenues, costs, margins and profits. In order to hedge the exchange rate risk, we enter into derivative hedging contracts to ensure the value in Euro (or in our other operating currencies) of identified expected cash flows. Such expected future cash flows mainly consist of the collection of trade receivables and the payment of trade payables. As at January 31, 2009, 2010, and 2011 the total net amounts of the nominal value of our hedging contracts regarding future trade cash flows were €328.1 million, €148.5 million, and €394.1 million, respectively. See Note 8 of the Accountants' Report in Appendix I to this prospectus.

As a matter of policy we do not use derivative hedging contracts for speculative purposes, nevertheless we cannot ensure that all our derivatives contracts will maintain during their entire life effectiveness as instrument of hedging. Failure to manage foreign exchange hedging contracts effectively could have a material adverse effect on our business, financial condition and results of operations. In the financial year ended January 31, 2009 we entered gain from hedge ineffectiveness on cash flow hedges for foreign exchange risk of €2.4 million, in the financial year ended January 31, 2010 we entered loss of €4.3 million and in the financial year ended January 31, 2011 we recorded loss of €4.2 million.

We are subject to tax risks related to our multinational operations

We operate in many different jurisdictions throughout the world, both through other companies in which we have a direct or indirect shareholding, and through permanent establishments of such companies.

Over recent years, tax laws and practice applicable in various countries have become increasingly complex and sophisticated, particularly with respect to cross-border tax transactions. Tax authorities are increasingly scrutinizing the allocation of income between associated enterprises belonging to multinational groups (and thus between the different jurisdictions in which such groups operate).

The combination of the above factors means for our Group companies an increased likelihood of tax audits, possibly leading to challenges and consequential litigation in respect, *inter alia*, to: (a) tax residence; (b) permanent establishment; and (c) transfer pricing. In any such case, depending on the specific circumstances, tax audits could result in tax liabilities and fines and penalties of significant amount, far in excess of amounts we provide for in our financial statements for tax liabilities. We are subject to periodic routine audits by various tax authorities in the various countries in which we operate. The current status of the routine audits during the course of the Track Record Period is that (x) either no further audit activities have been undertaken or

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express positive comments were received from the tax authorities in Canada, United States, Thailand, Taiwan and Korea; (y) we are in the process of providing the information requested by the tax authorities for audits in Hong Kong, China and Belgium; and (z) audit activities are currently being undertaken by the tax authorities in Germany and Japan. In addition to these routine audits, during the Track Record Period, our Group was involved in two tax disputes in each of France, Korea and Italy, and one tax dispute in each of Japan and Germany, which we consider to be material or potentially material. In aggregate, we were involved in a total of 18 tax disputes over the Track Record Period. For each of the three years ended January 31, 2009, 2010 and 2011, we paid €5.8 million, €3.9 million and €2.4 million in tax penalties, respectively. As of each of the three years ended January 31, 2009, 2010 and 2011, we made provisions for tax disputes for the amount of €6.9 million, €7.3 million and €40.1 million, respectively. These disputes have arisen because of differences in the interpretation of how intercompany pricing for goods and services are calculated, or in some instances because differences of opinion as to whether a business combination is subject to VAT rather than to stamp duty.

Although we maintain a regime of transfer pricing which we believe complies with applicable laws and practices, we may be penalized by tax authorities if they adjust our related-party prices. Likewise, we are currently subject to tax audits and requests for information by the tax authorities in a number of countries where we operate, mainly with regard to transfer pricing issues (please see “Appendix I — Notes to the Financial Information — Note 23 (Provisions)”, and “Business — Taxation Controls” in this prospectus). We cannot predict with any certainty whether these tax audits or requests for information will result in tax assessments or tax litigation.

We have had net current liabilities at times during the Track Record Period

Our net current liabilities increased to €142.6 million as at January 31, 2010 from €6.5 million as at January 31, 2009, primarily due to the reclassification of a syndicated term loan of €129 million repayable in July 2010 as short-term debt for the financial year ended January 31, 2010 from long term debt for the financial year ended January 31, 2009. In July 2010, we refinanced the €129 million term loan and a revolving loan of €80 million with a new term loan and revolving credit facility of €360 million. As a result of the refinancing, our long-term debt increased from €111.4 million as at January 31, 2010 to €303.4 million as at January 31, 2011, and our bank overdrafts and short-term loans decreased from €459.3 million as at January 31 2010 to €194.2 million as at January 31, 2011. As a result, we had net current assets of €110.9 million as at January 31, 2011. Please see the section headed “Financial Information — Liquidity and Capital Resources — Credit Facilities — July 12, 2010 Term Loan and Revolving Facility — €360 Million” in this prospectus for further details.

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We cannot assure you that we will not experience periods of net current liabilities in the future. A net current liabilities position would expose us to liquidity risks if we were unable to refinance certain loans when they come due. There can be no assurance that we will always be able to obtain the necessary funding to refinance our short-term borrowings upon maturity and finance our capital commitments. If we were unable to refinance such borrowings when due, and we were not otherwise able to repay such amounts at maturity, we may be in default of such loans, which may result in cross-defaults. In such circumstances, our business operations, liquidity, financial position and prospects could be materially and adversely affected.

We are restricted from operating any Prada mono-brand stores in Milan

We have entered into a Franchise Agreement in relation to five Prada stores based in Milan with the five companies that operate the five stores and their controlling entity, which is a company controlled by the Prada Family. Under the Franchise Agreement, which has an initial 15-year term expiring on January 31, 2024, we are restricted from operating Prada mono-brand stores in Milan. This arrangement may limit our revenue generated from sales of Prada brand products in Milan. The restriction only applies to the stores operated by our Group under the Prada brand and not any other brands owned by our Group. For further details, please refer to the paragraph headed “Franchise Agreement — Prada Milan Stores” under the section headed “Relationship with Our Controlling Shareholders and Connected Transactions” of this prospectus.

We may be exposed to claims or disputes in our ordinary course of business, and media speculation concerning these claims and disputes

We are involved in certain claims, disputes and legal proceedings from time to time in the usual and ordinary course of business. Some of these claims may involve disputes between us and our past employees concerning alleged matters arising from their employment. Due to the high profile of our brand reputation, in the past and recently, we have attracted attention from the media concerning certain of these claims and disputes. We believe it is not uncommon for multinational corporations of our profile to attract media speculation and attention concerning their business operations. We believe that all of our operations comply with applicable laws and regulations in all material respects and are of the view that any current disputes and claims otherwise are unfounded. We also believe that such media reports often involve editorial commentary, which oftentimes does not correctly represent the matters that have been reported on. Adverse media speculation and commentary may, in serious cases, unjustifiably harm our brand image and reputation, and if necessary we have in the past been, and in the future may be, required to take legal action to protect our brand image and reputation, which results in legal expenses we otherwise may not have incurred.

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RISKS RELATED TO THE INTERNATIONAL LUXURY INDUSTRY

A downturn in the economy or consumer confidence may affect sales of our products

Many factors affect the level of consumer spending in the luxury goods industry, including the state of the economy as a whole, stock market performance, interest rates, currency exchange rates, recession, inflation, deflation, political uncertainty, the availability of consumer credit, taxation, unemployment and other matters that influence consumer confidence. In general, sales of fashion and luxury products tend to decline during recessionary periods when the level of disposable income tends to be lower or when consumer confidence is low.

Our like-for-like performance for the retail channel was negatively affected by the global economic downturn during the second half of the financial year ended January 31, 2009 and the first half of the financial year ended January 31, 2010. As a result, our like-for-like performance declined by 1% in the financial year ended January 31, 2009 and grew by 2% in the year ended January 31, 2010. On an overall basis, net sales from our retail channel grew by approximately 5% and 14% for the full financial years ended January 31, 2009 and January 31, 2010, respectively, largely due to the expansion of our retail network. On the other hand, because our wholesale clients typically place their product orders 4 to 6 months prior to taking delivery, there tends to be a delayed reaction to market events. As a result, our wholesale business was mainly affected by the economic downturn during the financial year ended January 31, 2010 with a decline of approximately 26%.

We distribute our products internationally and will be affected by downturns in general economic conditions or uncertainties regarding future economic prospects that may impact the countries where we sell a significant portion of our products. A significant decline in the global economy or in consumers' confidence could have a material adverse effect on our business.

Our business is dependent on tourist traffic and demand

A substantial amount of our sales is generated by customers who purchase our products while traveling abroad. Consequently, adverse economic conditions (like the global financial crisis in 2008 and 2009), global political developments (such as the war in Iraq in the Spring of 2003), other social and geo-political sources of unrest, instability, disorders, riots, civil wars or military conflicts (such as the potentially severe situations currently underway in North Africa and the Middle East), natural disasters such as fire, floods, blizzards and earthquakes or other events (such as the events in the United States on September 11, 2001 or

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travel advisories issued by the World Health Organization in connection with Severe Acute Respiratory Syndrome—SARS in 2003) that result in a shift in travel patterns or a decline in travel volumes in the past have had, and in the future could have, an adverse effect on our business and results of operations.

In addition, a prolonged economic downturn will result in a decline in the disposable income and willingness of tourists to purchase luxury goods while traveling, which would likely have an adverse effect on our results of operations.

The sale of counterfeit products may affect our reputation and profitability

The luxury goods market is subject to numerous instances of product counterfeiting. As the brands of our Group enjoy worldwide consumer recognition, premium positioning and superior pricing power, we encounter counterfeiting of our products, such as unauthorized imitation or replication of our designs, trademarks or labeling by third parties from time to time. Although we are and have been actively taking actions on a global scale to combat against counterfeiting of our products, there can be no assurance that such actions will be successful in prevention of counterfeiting. A significant presence of counterfeit products in the market could have a negative impact on the value and image of our brands, result in a loss of consumer confidence in our brands, and as a consequence, adversely affect our business and results of operations.

We are subject to risks associated with international markets

As a company that markets and sells its products in many countries, our business is subject to various risks beyond our control, such as changes in laws and policies affecting trade and investment (including trademark protection) and the instability of foreign economies and governments. The uncertainty of the legal environment in some regions could limit our ability to enforce our rights and grow our business. We expect that sales to fast growing economies will continue to be an increasing portion of total sales, as developing nations and regions around the world increase their demand for our products. Our operations in countries with less developed legal systems present several risks, including legal uncertainty, civil disturbances, economic and governmental instability, and the imposition of exchange controls. We have taken applicable laws and regulations into account in seeking to structure our business on a global basis, including to achieve operational efficiencies. Changes in the laws or regulations of the jurisdictions in which we operate, including with respect to taxation, could have an adverse effect on our results of operations.

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The March 2011 earthquake and tsunami in Japan may adversely affect our business in Japan, which may negatively affect our operating results

In March 2011, an earthquake measuring 9.0 on the Richter scale hit Tohoku in northern Honshu, Japan, which also triggered a tsunami along the Pacific coast of Japan, and to a lesser extent North America and South America, causing thousands of casualties and severe damage to roads, buildings and infrastructure. Moreover, certain nuclear reactors in the Fukushima nuclear power plant in northeastern Japan were damaged, resulting in multiple explosions and radiation emission.

As at January 31, 2011, we had 56 DOS and one main regional warehouse in Japan. Our Japanese assets accounted for 7.4% of our total net assets, and our sales in Japan accounted for approximately 11% of our total net sales for the financial year ended January 31, 2011. During the two-week period following the earthquake and the tsunami, our operations in Japan were temporarily disrupted with some DOS closing temporarily or operating under limited hours. Otherwise, the earthquake had no effect on our assets and no material effect on our results of operations, and our business has returned to normal. However, we cannot assure you that we will not suffer from the long-term impact of the earthquake and the tsunami. The catastrophic loss of lives, businesses and infrastructure may have an indirect impact on us by affecting our employees, customers, and the overall economy in Japan, and may reduce the demand for our products from both local customers and tourists. In addition, further earthquakes, aftershocks or other disasters in Japan or affecting any regions in which we have a significant DOS network may cause a decline in our sales. Any of the above events or developments may have a material adverse effect on our business, results of operations and financial condition.

Our operating results are subject to seasonal fluctuations

As is typical in the fashion industry, we have experienced, and expect to continue to experience, seasonal fluctuations in sales and operating results, particularly in our wholesale distribution sales. Our sales to wholesale clients tend to peak between June and July tracking the delivery timing for our fall/winter collection and between December and January tracking the delivery timing for our spring/summer collection, whereas our DOS sales tends to peak mainly in December in line with general consumer spending patterns. In each of the three financial years ended January 31, 2009, 2010 and 2011, the fourth quarter (i.e. November 1 through January 31) recorded the highest sales contribution to the whole year and represented 30.7%, 32.7% and 32.4% of our total net sales (excluding royalties income) for the relevant financial year, respectively. As a result of these seasonal fluctuations, comparisons of sales and operating results between different periods within a single financial year are not necessarily meaningful, nor can these comparisons be relied upon as

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indicators of our future performance. Since our purchases of materials and contracting of production are made in advance of the corresponding sales, our working capital and cash flows are also subject to seasonal fluctuations. If sales for a particular season do not meet our expectations, our financial condition may be adversely affected.

RISKS RELATED TO THE GLOBAL OFFERING

The interests of Prada Holding B.V., our controlling shareholder, or its shareholders, may differ from the interests of other shareholders

Upon completion of the Global Offering, and assuming the Over-allotment Option is exercised in full, Prada Holding B.V., which is indirectly held by Mr. Patrizio Bertelli and the Prada Family as to 35% and 65%, respectively, will continue to own approximately 80.0% of our outstanding shares and an equivalent portion of voting rights. As a result, Prada Holding B.V. will have a controlling influence in matters submitted to a vote of our shareholders, including matters such as approval of the annual financial statements, declarations of annual dividends, the election and removal of the members of our Board of Statutory Auditors and the Board, capital increases and amendments to our By-laws. The interests of our controlling shareholder or its shareholders may in certain cases differ from those of our minority shareholders. In addition, the sale of substantial amounts of the Shares in the public market (following the expiration of a 12-month lock-up period) by Prada Holding B.V. or the perception that such sale could occur could adversely affect the prevailing market price of the Shares or our ability to raise capital through a public offering of equity securities.

The price for our Shares may differ significantly from the initial offer price, and the liquidity of any trading market that may develop could be limited

Prior to the Global Offering there has been no trading market for the Shares and there can be no assurance that an active market will emerge or can be sustained after the Global Offering. Accordingly, there can be no assurance as to the liquidity of any market for the Shares. The initial offer price of the Shares will be determined by negotiations among us, Prada Holding B.V. and the Underwriters and may bear no relationship to the price at which the Shares will trade upon completion of the Global Offering. The market price of the Shares after the Global Offering could be subject to fluctuations in response to factors such as actual or anticipated variations in our operating results, announcements of innovations or introductions of new products or services by either us or other market participants, changes in estimates or recommendations by financial analysts, currency exchange rates, regulatory developments, general market conditions and other factors. In addition, international financial markets have from time to time experienced price and

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volume fluctuations, which have been unrelated to the operating performance or prospects of individual companies. Consequently, the trading market for, and the liquidity of, the Shares may be materially adversely affected by general declines in the market or by declines in the market for similar securities.

Payment of dividends will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors

The amount of any future dividend payments that we may make, if any, will depend upon a number of factors, which may include our strategy, future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors, including applicable provisions of Italian law requiring us to maintain certain statutory reserves. There can be no assurance that we will have sufficient distributable reserves or decide to pay dividends in the future.

US shareholders may not be able to exercise preemptive rights, and as a result may experience substantial dilution upon future issuances of shares

US holders of the Shares may not be able to exercise any preemptive or preferential rights in respect of the Shares held by them unless a registration statement under the US Securities Act is effective with respect to such rights or an exemption from the registration requirements thereunder is available. We currently have no intention of filing such a registration statement. As a result, in the future we may sell the Shares or other securities to persons other than our existing shareholders at a lower price than the Shares being sold in the Global Offering, and as a result US shareholders may experience substantial dilution of their interest in our Company.

There is doubt as to the enforceability of civil liability provisions of US federal or state securities laws

We are organized under the laws of Italy. All of our Directors and executive officers and certain of the experts named herein are neither citizens nor residents of the United States. All or a substantial portion of our assets and the assets of such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us or such persons, or to bring action against us or such persons in US courts, or to enforce US courts judgments against us or such persons or to seek the enforcement against them of civil liability provisions of the federal or state securities laws of the United States.

RISK FACTORS

Shareholders are subject to exchange rate risk

The Shares being sold in the Global Offering are priced in Hong Kong dollars and, assuming that a trading market for our Shares develops on the Hong Kong Stock Exchange, will be quoted and traded in Hong Kong dollars. Since we report our consolidated accounts in Euro and our stock price will be quoted in Hong Kong dollars, shareholders will be exposed to exchange rate risk between the Euro and the Hong Kong dollar and, because the Hong Kong dollar is pegged to the US dollar, the US dollar. In addition, any dividends we may pay will be declared in Euro and we will make arrangements to effect payment of the dividends in Hong Kong dollars for shareholders resident in Hong Kong. Accordingly, shareholders are subject to risks arising from adverse movements in the value of the US dollar and the Hong Kong dollar against the Euro, which may reduce the value of the Shares, as well as that of any dividends we pay, in Hong Kong dollars.

Italian legal, regulatory and corporate governance requirements may differ from requirements in other jurisdictions

Our Company is incorporated in Italy and our Shares will be listed on the Hong Kong Stock Exchange. We are subject to corporate governance and disclosure requirements under Italian and Hong Kong laws and regulations, which may be considerably different from the standards applicable in other jurisdictions. The corporate governance and disclosure measures we adopt pursuant to relevant laws and regulations of Italy and Hong Kong may not be deemed sufficient by authorities in other jurisdictions. In addition, there may be less publicly available information about Hong Kong listed companies than is regularly made available by public companies in other jurisdictions. As a result, our prospective investors may have access to less information about our business, financial condition and results of operations on an ongoing basis than investors may have in connection with companies that are subject to disclosure requirements of other countries.

As an Italian company, shareholders in our Company will have the rights, obligations and protections ordinarily afforded to shareholders under Italian law (which may differ from those afforded to shareholders of Hong Kong companies), as well as duties under the Italian taxation regime. A summary of certain provisions of Italian law and taxation applicable to an Italian company whose shares are listed on the Hong Kong Stock Exchange is set out in Paragraph B of Appendix IV of this prospectus. Prospective investors should be aware, *inter alia*, that there are Italian withholding tax and capital gains tax implications that may arise for shareholders in our Company.

RISK FACTORS

Holders of physical shares in our Company may be required to take further actions or incur further costs if our Shares are required to be dematerialized under Italian law

Under Italian law, financial instruments of an Italian company which are, or are to be, traded on Italian regulated markets must be fully dematerialized. In addition, the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”), the Italian stock exchange regulator, has been granted the power to extend, under secondary legislation and in agreement with the Bank of Italy, this requirement to other financial instruments, taking into consideration their level of distribution among the public.

Based on an interpretation of the relevant Italian regulations by our Italian legal advisors, we have concluded that the obligation to dematerialize will not apply to us as a result of our Shares being listed on the Hong Kong Stock Exchange. However, we may be required to dematerialize our Shares to comply with Italian requirements if the Italian regulators adopt a different interpretation of the relevant Italian regulations.

Upon dematerialization, our Company will cease to issue share certificates and any existing share certificates issued in respect of our Shares will also cease to have effect as instruments of title. If our Company is required to dematerialize our Shares, shareholders who hold Shares in physical form would be required to undertake further action and to incur extra costs.

If we are required to dematerialize our Shares, we will publish an announcement on the Hong Kong Stock Exchange’s website in accordance with the Listing Rules and on the Company’s website and will dispatch a circular to inform shareholders about the actions required to be taken by them and the last date by which such actions must be taken.

For details on how the dematerialization of our Shares will be implemented and the further actions to be undertaken by physical holders if our Company is required to dematerialize our Shares, please refer to the section headed “Potential Requirement to Dematerialize our Shares” of this prospectus.

Due to a gap of up to four business days between pricing and trading of the Offer Shares, the initial trading price of the Offer Shares could be lower than the Offer Price

The Offer Price will be determined on the Price Determination Date. However, our Shares will not commence trading on the Hong Kong Stock Exchange until the day they are delivered, which is expected to be four business days after the Price Determination Date. As a result, you may not be able to sell or otherwise

RISK FACTORS

deal in our Shares during such period, and thus will be subject to the risk that the market price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments occurring during such period.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering

Prior to the publication of this prospectus, there has been press and media coverage regarding us and/or the Global Offering, such as regarding our profit forecast and our Shareholders' exposure to capital gains tax in Italy. Such press and media coverage may include references to certain events or information that does not appear in this prospectus, including certain financial information, financial projections, and valuations. We have not authorized any disclosure of any such information in the press or other media and we make no representation as to the appropriateness, accuracy, completeness or reliability of any such information. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in the prospectus only and not rely on any other information, reports or publications.

FORWARD-LOOKING STATEMENTS

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS ARE SUBJECT TO RISKS AND UNCERTAINTIES.

This prospectus contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would” and similar expressions, as they relate to our Company, our Group or our management, are intended to identify forward-looking statements. Our Directors confirm that these forward-looking statements are made after due and careful consideration. Such statements reflect the current views of our Company’s management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us and our Group which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals;
- our ability to continue to expand our network of DOS;
- our ability to continue to innovate and maintain our premium positioning in the fashion industry;
- our capability to expand our outsourcing of manufacturing to third parties and to maintain the associated logistics operations;
- general economic conditions;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our ability to control costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;

FORWARD-LOOKING STATEMENTS

- capital market developments;
- the actions and developments of our competitors;
- certain statements in the section headed “Financial Information” in this prospectus with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates; and
- other statements in this prospectus that are not historical fact.

Subject to the requirements of the Listing Rules, we do not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

In this prospectus, statements of or references to our intentions or that of any of our Directors are made as of the date of this prospectus. Any such intentions may change in light of future developments.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Hong Kong Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Company. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applications under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Underwriters, any of their respective directors, agents, employees, affiliates or advisors or any other party involved in the Global Offering. Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus, and the procedures for applying for the Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and in the relevant Application Forms.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of the Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute an offer or the invitation of an offer in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares which may be sold pursuant to the exercise of the Over-allotment Option).

No part of our Shares is listed on or dealt in any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and dealing in our Shares (or exercising rights attached to them). None of us, the Joint Global Coordinators, the Joint Sponsors, the Joint Lead Managers, the Underwriters, any of their respective directors or affiliates and any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained in Italy, and our Company's Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

No stamp duty is payable by applicants in the Global Offering. Any Offer Shares sold by Prada Holding B.V. as part of the clawback to the Hong Kong Public Offering in the event of over-subscription will be subject to stamp duty at the rate of 0.2% of the Offer Price, which will be paid by Prada Holding B.V. Dealings in our Shares registered on our Hong Kong share register will be subject to Hong Kong stamp duty. Please see the section headed “F. Other Information — 1. Estate Duty, Tax and Other Indemnities” in Appendix V to this prospectus.

PROCEDURE FOR APPLICATION FOR THE HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set forth under the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section headed “Structure of the Global Offering” in this prospectus.

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set out in the section headed “Underwriting” in this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, our Shares on the Hong Kong Stock Exchange and compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Hong Kong Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, June 24, 2011, it is expected that dealings in our Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Friday, June 24, 2011. Our Shares will be traded in board lots of 100 Shares each, and the stock code of our Shares will be 1913.

CONSEQUENCES OF HOLDING AN INTEREST IN SHARES

Holders and beneficial owners of our Shares should be aware that they may be subject to certain legal requirements under Italian Law, Hong Kong law and the Listing Rules, including, for example, reporting obligations upon reaching certain specified ownership thresholds. You should consult your own legal advisor as to the Hong Kong legal consequences of investing in the Shares.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. If there is any inconsistency between the names of any of the entities mentioned in this prospectus which are not in the English language and their English translations, the names in their respective original languages shall prevail.

ROUNDING

In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred, or hundred thousand, respectively. Amounts presented as percentages have, in certain cases, been rounded to the nearest tenth of a percent. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding. Accordingly, the total of each column of figures as presented may not be equal to the sum of the individual items.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
PRADA BIANCHI, Miuccia	Corso di Porta Romana, 93, 20122, Milan, Italy	Italian
BERTELLI, Patrizio	Via Poggio Mendico, 11, 52100, Arezzo, Italy	Italian
MAZZI, Carlo	Via Giuseppe Garibaldi, 101, 52100, Arezzo, Italy	Italian
GALLI, Donatello	Via Elba, 10, 20144, Milan, Italy	Italian
Non-Executive Directors		
SALOMONI, Marco	Via Bergognone, 31, 20144, Milan, Italy	Italian
MICCICHÈ, Gaetano	Corso Venezia, 50 20121 Milan, Italy	Italian
Independent Non-Executive Directors		
MATTEI, Gian Franco Oliviero	Via Francesco Siacci 1, 00197 Rome, Italy	Italian
FORESTIERI, Giancarlo	Via Carlo Goldoni, 34, 20129, Milan, Italy	Italian
LIU, Sing Cheong	House 7 Severn Hill, 4 Severn Road, The Peak, Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

**Joint Global Coordinators
(in alphabetical order)**

Banca IMI S.p.A.
Largo Mattioli 3
20121 Milan
Italy

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

UniCredit Bank AG, Milan Branch
Via Tommaso Grossi 10
20121 Milan
Italy

**Joint Bookrunners
(in alphabetical order)**

Banca IMI S.p.A.
Largo Mattioli 3
20121 Milan
Italy

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

UniCredit Bank AG, Milan Branch
Via Tommaso Grossi 10
20121 Milan
Italy

**Joint Lead Managers
(in alphabetical order)**

Banca IMI S.p.A.
Largo Mattioli 3
20121 Milan
Italy

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

CLSA Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

ICBC International Securities Limited
Levels 17 & 18
Three Pacific Place
1 Queen's Road East
Hong Kong

Mizuho Securities Asia Limited
12th Floor Chater House
8 Connaught Road Central
Hong Kong

UniCredit Bank AG, Milan Branch
Via Tommaso Grossi 10
20121 Milan
Italy

Joint Sponsors (in alphabetical order)

CLSA Equity Capital Markets Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Legal Advisors to Our Company

As to Hong Kong Law:
Slaughter and May
47th Floor, Jardine House
One Connaught Place
Central, Hong Kong

As to United States Law:
Davis Polk & Wardwell
The Hong Kong Club Building
3A Chater Road
Central, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

	<p><i>As to Italian Law:</i> Bonelli Erede Pappalardo — Studio Legale Via Barozzi, 1 20122 Milan, Italy</p>
	<p><i>As to PRC Law:</i> Jun He Law Offices China Resources Building, 20/F 8 Jianguomenbei Avenue Beijing, 100005, PRC</p>
Legal Advisors to the Underwriters	<p><i>As to Hong Kong and United States Laws:</i> Clifford Chance 28th Floor, Jardine House One Connaught Place Central, Hong Kong</p> <p><i>As to Italian Law:</i> Clifford Chance Studio Legale Associato Piazzetta M. Bossi, 3 20121 Milan, Italy</p> <p><i>As to PRC Law:</i> Fangda Partners 21/F, China World Tower No. 1, Jian Guo Men Wai Avenue Beijing 100004, PRC</p>
Reporting Accountant	<p>Deloitte & Touche S.p.A. Via Tortona, 25 20144 Milano Italy</p> <p>Deloitte Touche Tohmatsu 35/F One Pacific Place 88 Queensway Hong Kong</p>

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Receiving Bankers

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central, Hong Kong

Bank of China (Hong Kong) Limited
1 Garden Road, Hong Kong

Industrial and Commercial Bank of China
(Asia) Limited
33/F., ICBC Tower
3 Garden Road
Central, Hong Kong

CORPORATE INFORMATION

Registered office	Via A. Fogazzaro, 28 20135 Milan, Italy
Headquarter office	Via A. Fogazzaro, 28 20135 Milan, Italy
Place of business in Hong Kong registered under Part XI of the Hong Kong Companies Ordinance	36/F, Gloucester Tower The Landmark, 11 Pedder Street Central, Hong Kong
Company's Website	www.pradagroup.com (The contents of this website do not form part of this prospectus)
Joint Company Secretaries	Patrizia Albano Via A. Fogazzaro, 28 20135 Milan, Italy Ying-Kwai Yuen (<i>Fellow member, HKICS</i>) Flat A, 20th Floor Block 4, Sceneway Garden 8 Sceneway Road Kowloon, Hong Kong
Authorized Representatives	Donatello Galli Via Elba, 10 20144, Milan Italy Ying-Kwai Yuen Flat A, 20th Floor Block 4, Sceneway Garden 8 Sceneway Road Kowloon, Hong Kong
Alternate Authorized Representative to Donatello Galli	Sing Cheong Liu House 7 Severn Hill 4 Severn Road The Peak Hong Kong
Audit Committee	Gian Franco Oliviero Mattei Sing Cheong Liu Giancarlo Forestieri
Remuneration Committee	Gian Franco Oliviero Mattei Giancarlo Forestieri Marco Salomoni

CORPORATE INFORMATION

Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Compliance Advisor	Anglo Chinese Corporate Finance, Limited 40th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong
Principal Bankers	Mizuho Corporate Bank, Ltd. Milan Branch Largo Augusto, 7 20122, Milan Italy Intesa Sanpaolo S.p.A. Piazza San Carlo 156 10121, Torino Italy Crédit Agricole Corporate & Investment Bank Via Brera 1 20121, Milan Italy UniCredit Bank AG, Milan Branch Via Tommaso Grossi 10 20121, Milan Italy

INDUSTRY OVERVIEW

This section contains certain information which is derived in part from various official government publications, industry sources including industry publications, and from surveys or studies conducted by independent third-party sources such as the Altagamma Foundation and Bain & Company. We believe that the sources of such information are appropriate sources for such information, and we have taken reasonable care in compiling, extracting and reproducing such information. We have no reason to believe that such information is false or misleading, or that any material fact has been omitted that would render such information false or misleading. Such information has not been independently verified by us, our affiliates or advisors, the Underwriters, their affiliates or advisors, or any party involved in the Global Offering, and no representation is given as to its accuracy. None of the information in this Industry Overview section is based on or otherwise derived from reports or sources commissioned by us, our affiliates or advisors, the Underwriters, their affiliates or advisors, or any party involved in the Global Offering. Unless otherwise indicated, all historical and forecast statistical information in this Industry Overview section, including trends, sales, market shares and growth levels, is from the Altagamma Worldwide Markets Monitor¹, a report published together by the Altagamma Foundation and Bain & Company. In addition, unless otherwise indicated, all sales data set forth in this Industry Overview section refer to retail sales and growth rates calculated in constant 2010 terms.

OVERVIEW

We are a leading global luxury group. We design, manufacture, promote and sell high-end leather goods, footwear and ready-to-wear. For the purpose of this section, our product categories generally correspond as follows to the industry categories used in the Altagamma Worldwide Markets Monitor reports, together referred to as “Altagamma”:

- **Leather Goods, Shoes and Accessories:** including shoes, leather good products (including handbags and wallets, and other leather products) under all four of our brands and eyewear for Prada and Miu Miu brands;

¹ Altagamma Worldwide Markets Monitor is a publication prepared by the Altagamma Foundation, together with Bain & Company, that periodically analyzes the global consumption of high-end products. The reports referenced in this Industry Overview section are the “Altagamma Worldwide Markets Monitor Spring 2011 Update” and the “Altagamma 2010 Worldwide Markets Monitor” (October 2010), and certain historical information refer to earlier Altagamma Worldwide Markets Monitor reports published since 2005 unless otherwise noted. The Altagamma Foundation was founded in 1992, and in 1999 set up the Altagamma Worldwide Markets Monitor, an annual research report, whose conclusions are based on an analysis of the financial statements of 200 global high-end brands and of approximately 500 companies that manage the businesses of those brands. The Altagamma Worldwide Markets Monitor is presented during the Altagamma Observatory in October of each year. A semi-annual update of the Altagamma Worldwide Markets Monitor is also presented in April or May of each year. Bain & Company, which was founded in 1973, is a global business consulting firm with 44 offices in 29 countries. Bain & Company has worked with over 4,400 major multinational, private equity and other corporations across every economic sector. Bain & Company Italy is Bain & Company’s Italian partner, opened in Milan in 1989 and has developed the worldwide industry database in cooperation with the Altagamma Foundation.

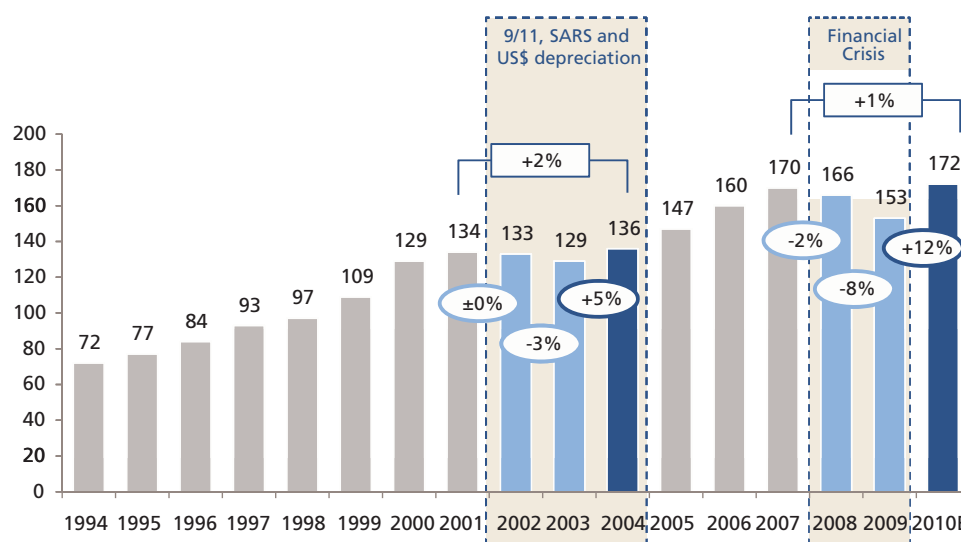
INDUSTRY OVERVIEW

- **Apparel:** including ready-to-wear for both women and men under the Prada brand, womenswear under the Miu Miu brand and menswear under the Church's brand; and
- **Perfume and Cosmetics:** Prada branded fragrance is the only product that the Group has in this product category.

Recent History and Today

According to Altagamma, the total sales in the global luxury goods industry were €172 billion in 2010.² The industry has grown rapidly over the past decade, and has also proven itself to be resilient to a number of economic crises, including the after effects of the September 11, 2001 terrorist attacks on the United States, the SARS outbreak in 2003, and the global financial crisis of 2008 and 2009. During 2002, 2003, and 2004, despite the September 11, 2001 terrorist attacks, the SARS outbreak and the depreciation of the US dollar, the global luxury goods market grew by approximately 2%. Similarly, notwithstanding the fact that the world's major economies were severely affected by the global financial crisis, between 2007 and 2010 the market grew by approximately 1%. The following graph sets forth the actual sales of the global luxury goods industry from 1994 to 2010.

Global Luxury Goods Market: Value (€ billion) and Growth (%) for 1994 to 2010E



Source: Altagamma Worldwide Markets Monitor

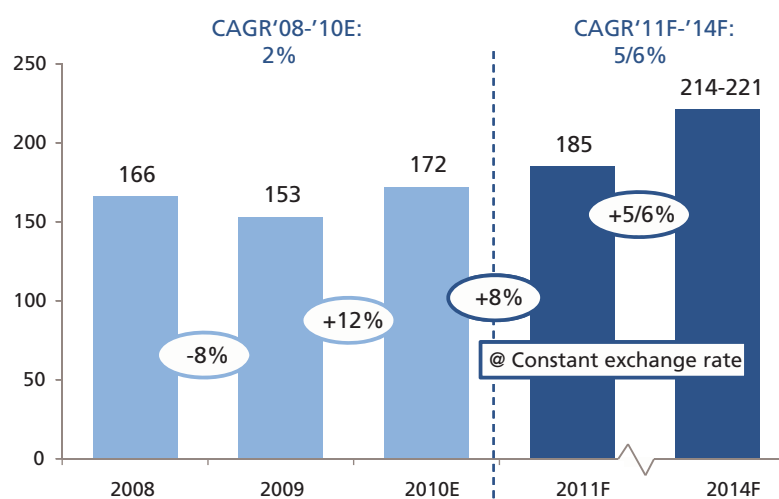
² The value of the market has been estimated by Altagamma on the basis of adding together the retail value of all the brands included in the segment (230 brands in total). Each individual brand's retail value is determined by adding its retail sales, Altagamma's estimates of the retail value of its wholesale sales and the retail value of its royalties from licenses. An individual company's market share is based on the individual brand's retail value as a percentage of the total market value.

INDUSTRY OVERVIEW

In 2010, the global luxury goods market showed signs of a quick recovery, which was driven by rapid growth in fast-growing luxury markets, which were less impacted by the global financial crisis, resulting in the overall growth of the global luxury market by 12% to € 172 billion in 2010, exceeding pre-crisis sales in 2007 of € 170 billion.

Outlook

Global Luxury Goods Market Forecast: Value (€ billion) and Growth (%) for 2011F to 2014F



Source: *Atagamma Worldwide Markets Monitor*

Atagamma forecasts the global luxury goods market to grow to over € 214 billion by the end of 2014, representing a CAGR of 5% to 6% between 2011 and 2014. We believe the growth will be driven by:

The macroeconomic recovery following the global financial crisis of 2008 and 2009

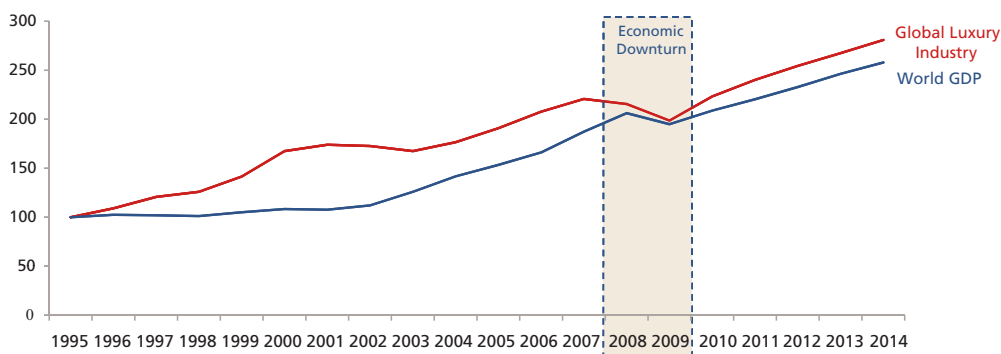
Although the global luxury goods industry is correlated to GDP changes, as shown by the impact of the economic downturn, the luxury goods industry generally performed better than the general economy. The luxury goods market is expected to continue to benefit from the strong rebound in consumer confidence as a result of the macroeconomic recovery following the global financial crisis of 2008 and 2009. The International Monetary Fund forecasts global GDP growth to be at least 4% per annum over the next three years.

In particular, within the global luxury goods industry, power brands have proven themselves to be more resilient than other brands during both the global financial crisis of 2008 and 2009 and in the recovery. Power brands are

INDUSTRY OVERVIEW

luxury brands that have (i) a global presence; (ii) an extensive retail network; and (iii) a high relevance in the leather goods, shoes and accessories product category. According to Altagamma, power brands, including us, have average annual sales of € 1.8 billion at retail value.

Global GDP to Global Luxury Goods Industry



Source: Altagamma Worldwide Markets Monitor, International Monetary Fund (GDP in US\$)

Strong demand from the emerging middle class in fast-growing countries

Growth in consumption in fast-growing markets is driving the global growth in demand for luxury goods. Even during the global financial crisis, the average disposable income of consumers in fast-growing markets continued to grow. Many of the consumers within these fast-growing markets are new consumers of luxury goods, and are willing to pay not only for luxury goods, but also for a luxury experience. Luxury brands seek to attract these new customers by educating them about their brands' heritage and culture.

A global trend towards urbanization

With approximately half of the world's population already living in urban areas, the United Nations Department of Economics and Social Affairs estimates that the urban population in more developed regions is expected to grow by 9% between 2010 and 2025, compared to the urban population in less developed regions, which is expected to grow by 38% during the same period. The growth of urban populations is expected to result in an increase in the demand for luxury goods.

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Growing population of high-net-worth individuals (“HNWIs”)

The luxury goods market is expected to benefit from an increase in HNWIs, with the number of HNWIs in 2010 having returned to pre-global financial crisis levels. Although the majority of HNWIs still live in developed countries, the number of HNWIs in fast-growing markets, such as the BRIC countries and the Middle East, has grown rapidly in recent years, with China having grown the fastest among these fast growing markets. An increase in the number of HNWIs is expected to boost the overall demand for luxury goods.

Growing relevance of tourist spending on luxury goods

As a result of rising income in many areas of the world, especially in Asia, tourism and international travel have increased. The World Tourism Organization estimated that annual international tourist arrivals were up by around 7%, or 58 million, in 2010 to 935 million, following a 4% decline in 2009. Among the top single outbound tourism markets in terms of expenditure abroad, fast-growing markets continued to drive growth. For instance, in 2010, expenditure of tourists from China grew by 17%, Russia by 26%, Saudi Arabia by 28% and Brazil by 52%. In general, tourists tend to spend a significant amount of their tourist expenditure on shopping, specifically on luxury goods. This is due, in part, to the following factors: (i) luxury goods may be less expensive abroad than at home for a large portion of tourists, mainly those from Asia, Japan and the Americas, due to possible import duties and consumption taxes and/or VAT in their home countries; and (ii) flagship stores of major luxury brands are often tourist attractions that draw tourists and drive consumption.

Demographic trend

Certain demographic groups tend to be comprised of a high proportion of actual and potential luxury consumers with growing purchasing power. These key demographic groups tend to have a higher disposable income and higher spending capacity, especially for luxury goods, either for personal use or through gifting. These key segments include (i) those over the age of 50; (ii) working women (generally between the age of 30 and 49); and (iii) DINKS (“double income no kids”).

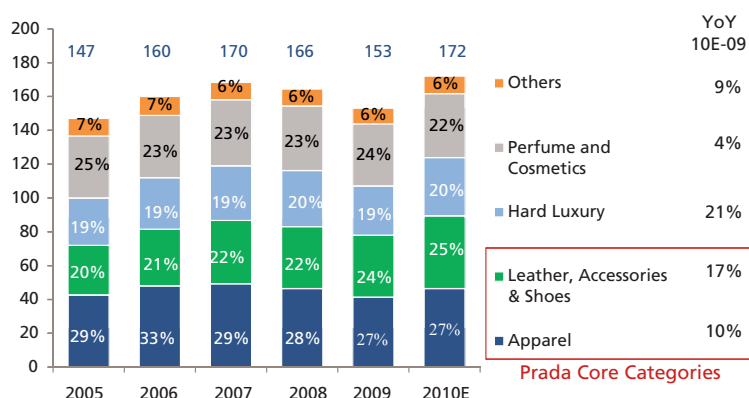
Product Categories — Recent History and Today

According to Altagamma, the global luxury goods industry can be broken down into product categories as shown below. While all categories demonstrated similar growth patterns between 2005 and 2010, leather goods and shoes have

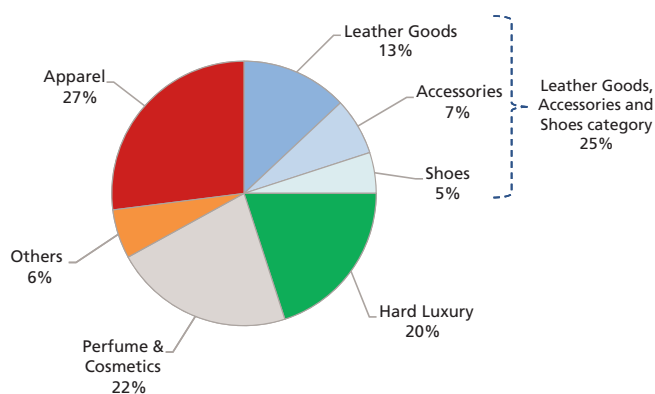
INDUSTRY OVERVIEW

proven to be the most resilient as the only products to experience positive growth during the global financial crisis, while leather goods, with growth of 20%, recorded the fastest overall year-on-year growth within the soft luxury goods market in 2010.

Global Luxury Goods Market Categories: Value (€ billion) and Split (%) for 2005 to 2010E



Global Luxury Goods Market Categories: Split (%) for 2010



Source: Altagamma Worldwide Markets Monitor

Apparel

This category includes women's and men's ready-to-wear and childrenswear. It represented 27% of the total luxury goods market in 2010 and was worth an estimated € 46 billion. Apparel showed a strong positive rebound, with growth of 10% in 2010. The outperformance of menswear in terms of revenue growth, which was driven by the introduction of complementary lines, was mainly due to casualization.

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Leather goods, shoes and accessories

In 2010, this category represented 25% of the total luxury goods market and was worth an estimated € 43 billion. This category grew by a CAGR of 8% between 2005 and 2010, making it the fastest growing luxury goods category over this period.

Leather goods represented 13% of the total luxury goods market in 2010 and was worth an estimated € 23 billion. Leather goods was the fastest growing sub-category between 2009 and 2010 with 20% growth, while also being the only sub-category with a positive growth of 2% between 2008 and 2009. The outperformance was driven by, among other things, the re-launch and updating of iconic handbags by a number of brands, which have become increasingly important as a form of social identification and differentiation for women and reflect the general trend towards accessorization. Many small niche brands have also experienced growth, and men are showing a similar spending pattern as women in this category.

Shoes represented 5% of the total luxury goods market in 2010 and was worth an estimated € 9 billion. The shoes sub-category grew at a 6% CAGR from 2008 to 2010, which was driven by an overall increase in demand for women's shoes, as well as for men's casual shoes, a trend referred to by Altgamma as "sneakerization."

Accessories, which includes all non-leather goods such as eyewear, represented about 7% of the total luxury goods market in 2010. The accessories sub-category was less impacted than other product categories during the global financial crisis. The recovery in 2010 was mainly driven by new brands entering the segment and enlarging their presence in this segment to meet growing interest from consumers for these products.

Perfume and cosmetics

This category, which includes fragrances and cosmetics (both skincare and make-up), represented 22% of the total luxury goods market in 2010 and was worth an estimated € 38 billion. The perfumes and cosmetics category grew at a 0.5% CAGR from 2005 to 2010.

Hard luxury

Hard luxury, which includes jewelry and watches, represented 20% of the total luxury goods market in 2010. Hard luxury was worth an estimated € 34 billion in 2010 and grew by a CAGR of 5% between 2005 and 2010. Because of its high dependence on the wholesale channel and sales to men, this category is typically more cyclical than other categories. This product category has benefited from the growth in the number of HNWIs, in particular in fast-growing markets.

INDUSTRY OVERVIEW

Others

This category includes, among other products, home accessories, and represented 6% of the total luxury goods market in 2010 and was worth an estimated € 10 billion.

Product Categories — Growth

Altgamma forecasts that the global luxury goods industry will grow by a CAGR of 5% to 6% from 2011 to 2014, with the leather goods, shoes and apparel categories playing a key role in the market growth. Overall, the growth of soft luxury goods is expected to exceed the growth of hard luxury goods. Growth in each product category will principally be a result of the following drivers:

Leather goods, shoes and accessories

The growth of this category, which will be the strongest among all categories, will be driven by a high degree of product recognition by increasingly sophisticated consumers.

Apparel

The apparel category will grow in line with the overall luxury goods market due to the renewed interest in formal wear.

Perfume and cosmetics

This category is expected to grow at a similar rate to pre-crisis levels, mainly driven by sales of fragrances.

Hard luxury

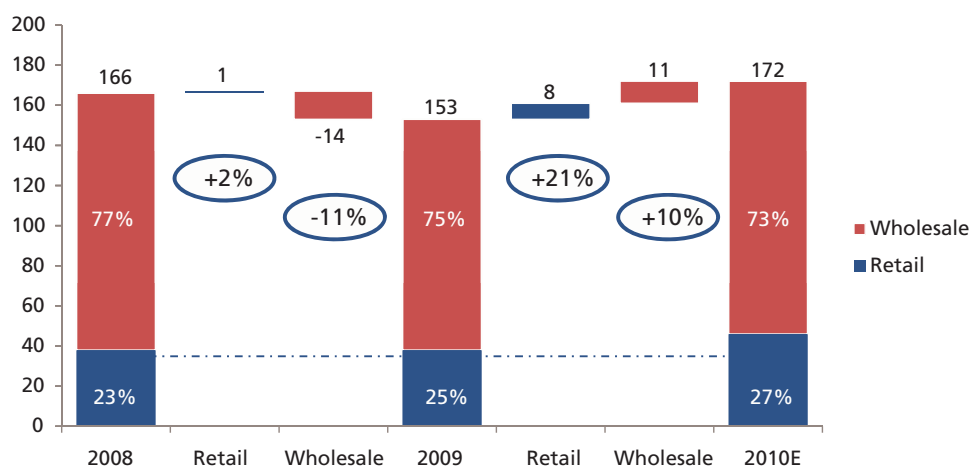
Growth in the hard luxury category is driven by sales in fast-growing markets, as watches are among the first luxury items purchased by consumers in these markets.

Distribution Channels

Historically, luxury goods have been sold mainly in stand-alone stores, boutiques and department stores, as well as in duty-free stores in hotels and airports. In recent years, consumers have also been able to buy luxury goods through the internet. The chart below sets forth certain information relating to the distribution channel of the global luxury market.

INDUSTRY OVERVIEW

Global Luxury Goods Market Distribution Channel (Retail vs. Wholesale): Value (€ billion) and Split (%) for 2008 to 2010E



Source: *Atagamma Worldwide Markets Monitor*

Retail Channel

A strong DOS network is important for the success of a luxury brand as it allows brand owners to exert greater control over the “luxury” retail experience of consumers. For this reason, luxury brands have increased the percentage of their sales through DOS, with growth in the retail channel of 21% in 2010 as compared to 2009. Today the retail channel accounts for sales amounting to 27% of the total global luxury goods market. However, this split is affected by the fact that hard luxury companies, particularly watch brands, tend to rely on the wholesale channel for most of their distribution. Within the retail channel, retail sales of outlet stores accounted for about 5% of the global luxury goods market in 2010. Outlets are increasingly valued as an entertainment experience, attracting both wealthier new consumers and tourists. On-line sales of luxury goods represented about 2% of the total global luxury goods market in 2010.

Wholesale Channel

The wholesale channel typically includes department stores and independent high-end multi-brand stores, and accounted for approximately 73% of the total global luxury market in 2010. This channel suffered significantly during the global financial crisis, as a result of heavy discounting in connection with inventory de-stocking, especially in department stores of mature markets (such as the US and Europe). This has led several brands to try to reduce their dependence on the wholesale channel. In 2010, luxury goods industry sales through the wholesale channel rebounded, with a growth of 10% compared to 2009.

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Travel Retail Stores or Duty-Free Stores

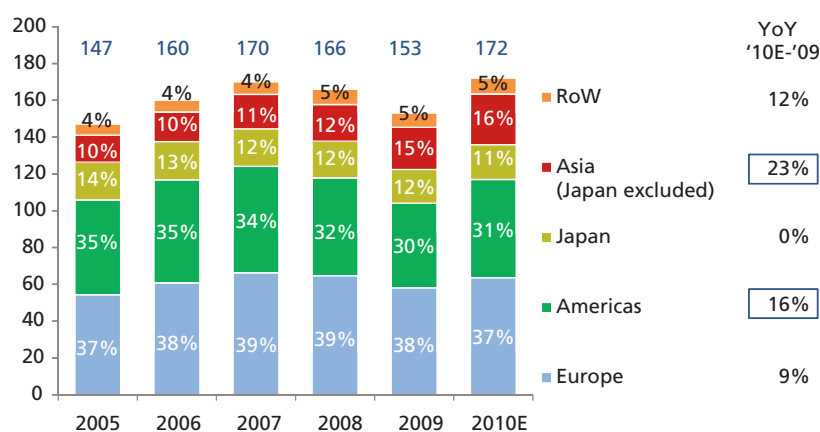
Travel retail stores, or duty-free stores, are mostly located at airport terminals and in hotels. The majority of luxury goods companies' travel retail stores are wholesale, although some companies do directly manage their own duty-free stores. Luxury goods sold at travel retail stores accounted for around €16 billion, or 9%, of the global luxury goods market in 2010. Within the travel retail channel, luxury goods sales accounted for more than 50% of the overall travel retail channel in 2010. Luxury travel retail was more resilient during recent global financial crisis due to the growth in tourist travel from Asia, and in particular from China. Europe remains the largest travel retail market, followed by Asia, and both have benefited from the increase in Asian tourists in recent times.

GEOGRAPHICAL REGIONS

Geographical Regions — Recent History and Today

The following chart sets forth the global luxury goods industry sales split into the major geographic regions from 2005 to 2010.

Global Luxury Goods Market By Geographic Region: Value (€ billion) and Split (%) for 2005 to 2010E

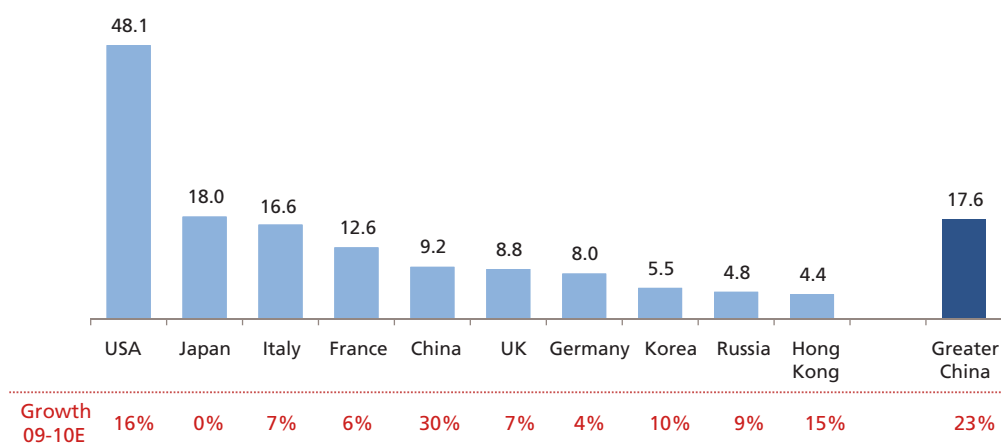


Source: Altagamma Worldwide Markets Monitor

INDUSTRY OVERVIEW

The following chart sets forth the ten largest countries in terms of global luxury goods industry sales in 2010E.

Ten Largest Countries for Luxury Goods: Value (€ billion) for 2010E



Note: Greater China includes China, Hong Kong, Macau and Taiwan

Source: Altagamma Worldwide Markets Monitor

Europe

Europe represented 37% of the global luxury goods industry, with € 64 billion in sales in 2010. Between 2005 and 2010, luxury sales in Europe grew by a CAGR of 3%. Although luxury sales in Europe declined by 9% in 2009 over 2008, sales grew by 9% in 2010 over 2009. The rebound of luxury sales in Western European economies, combined with a growing demand for luxury goods in Eastern Europe, fuelled the growth in 2010. The increased luxury spend in 2010 was also driven by the weak Euro relative to the US dollar, Chinese renminbi and Japanese yen, which encouraged tourist flows especially from Asia.

Americas

The Americas represented 31% of the global luxury goods industry, with € 53 billion in sales in 2010. Between 2005 and 2010, luxury sales in the Americas grew by a CAGR of 1%. In 2010, driven by the strong performance from US department stores, luxury sales in the Americas returned to 2008 levels of € 53 billion, following a decline of 14% between 2009 and 2008. The US is the largest country for luxury goods, comprising about 90% of sales in the Americas region. In Latin America, Brazil is the largest country with sales of € 1.8 billion in 2010.

Japan

Japan represented 11% of the luxury goods industry with € 19 billion in sales in 2010. Japan is the second largest country in terms of luxury goods

INDUSTRY OVERVIEW

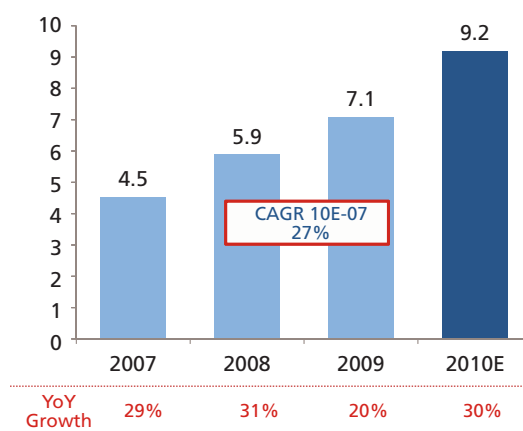
consumption, after the US. Due to Japan's economic conditions and the global financial crisis, Japan's luxury goods market has seen a sales decline from € 20 billion in 2007 to € 19 billion in 2010, resulting in a decrease in Japan's share of the global luxury goods market.

Asia Pacific

Asia Pacific is the fastest growing geographical segment, with a CAGR of 13% between 2005 and 2010. The region represented 16% of the global luxury goods industry in 2010, with € 28 billion in sales. The main driver of growth in the Asia Pacific region has been, and continues to be, the overall increase in demand for luxury goods in China, which grew by 30% in 2010. Even during the global financial crisis, the luxury goods market in China continued to grow by 31% in 2008 and by 20% in 2009.

Within Asia Pacific, China is the most important country for the luxury goods industry in terms of sales. Domestic sales of luxury goods in China have grown by a CAGR of 27% since 2007, and sales reached €9 billion in 2010, representing 33% of the total Asia Pacific and 5% of the total global luxury goods sales. According to the National Bureau of Statistics in China, China's GDP grew at a CAGR of 16% between 2004 and 2009. This rapid growth in GDP is partly driven by a continuing move to urbanization, resulting in the per capita urban consumer spending growth reaching a CAGR of 11% in the five-year period between 2004 and 2009. This has resulted in enhanced buying power and consumption expenditure of consumers in China, which is expected to further fuel the expansion of the Chinese luxury goods market. According to Altgamma, the luxury goods market in China is heavily concentrated with the top five players accounting for 50% of total sales.

Chinese Luxury Goods Market Trend: Value (€ billion) for 2007 to 2010E



Source: Altgamma Worldwide Markets Monitor

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Rest of the World

The rest of the world represented 5% of the luxury goods industry, with € 9 billion in sales in 2010. The rest of the world mainly comprises the Middle East and Northern Africa markets. The Middle East contributed to over 40% of the total luxury sales in the rest of the world region, with € 4.1 billion in sales in 2010.

Other Fast-Growing Markets — Recent History and Today

According to Altagamma, in addition to China, the Middle East, Russia, Brazil and India are key to the growth of the global luxury goods industry. Consumers of these fast-growing markets continue to evolve and become more sophisticated. The following table sets forth a summary of the key fast-growing markets.

Summary of the Other Fast-Growing Markets

	Middle East	Russia	Brazil	India
Estimated 2010 revenues of relevant luxury goods market	€ 4.1 billion	€ 4.8 billion	€ 1.8 billion	€ 0.8 billion
Proportion of estimated 2010 revenues of global luxury goods market	2%	3%	1%	0.5%
Growth (%) in 2008-2009	-4%	-5%	+20%	+1%
Growth (%) in 2009-2010E	+5% to 8%	+7% to 10%	+15% to 20%	+4% to 5%
Relevant region (for regional comparison)	Rest of the World	Europe	Americas	Asia Pacific
% of respective geographic region	46%	8%	3%	3%
Key cities in the market	Dubai, Abu Dhabi, Kuwait City, Doha	Moscow, St. Petersburg	São Paulo	Mumbai, Delhi

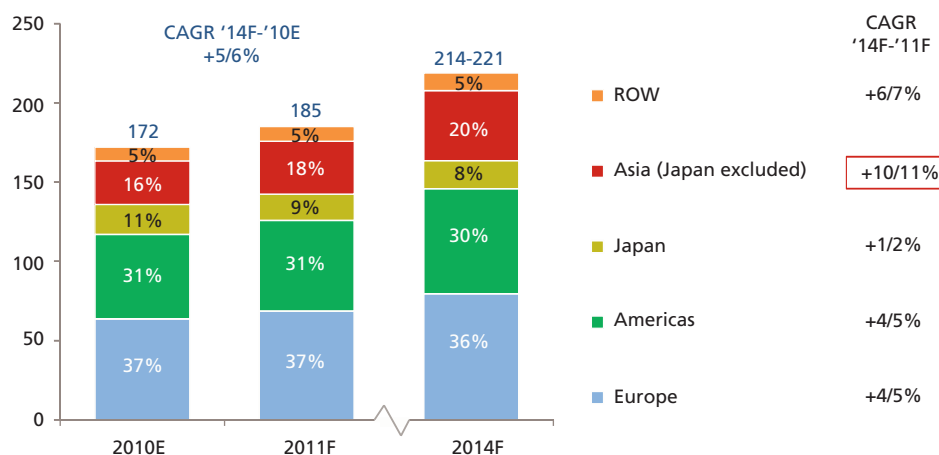
Source: Altagamma Worldwide Markets Monitor

Geographical Regions — Outlook

The following chart shows the global luxury goods industry sales split into the major geographic regions for 2010 and forecast growth for each of these regions in 2011 and 2014.

INDUSTRY OVERVIEW

Global Luxury Goods Market by Geographic Region: Value (€ billion) and Split (%) for 2010E to 2014F



Source: Altagamma Worldwide Markets Monitor

Europe

Europe's luxury goods market is forecast to grow by a CAGR of 4% to 5% between 2011 and 2014. The main driver will be increased luxury goods spending by Eastern Europeans, allowing Europe to consolidate its growth as a mature market.

Americas

The luxury goods market in the Americas is forecast to grow by a CAGR of 4% to 5% between 2011 and 2014. This growth is expected to be fuelled by a return of consumer confidence, encouraged by better than expected macroeconomic results in 2010, combined with the US generally being under-penetrated with respect to luxury goods relative to other markets, such as Japan and Europe. Brazil is currently the largest luxury goods market in Latin America, and currently makes up 3% of the Americas luxury goods market. Growth of luxury goods sales in the Americas is expected to be driven by perimeter growth outside of large, metropolitan cities, into smaller 2nd and 3rd tier cities.

Japan

The forecast for luxury sales in Japan is forecast to grow by a CAGR of 1% to 2% between 2011 and 2014. The drivers taken into account include Japan's ageing population in combination with a change in attitude among young consumers towards luxury goods, as well as a recovery from the earthquake of March 2011.

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Asia Pacific

Asia Pacific will continue to be the fastest growing geographical region, with Altagamma forecasting a CAGR of 10% to 11% between 2011 and 2014. The main driver of growth in the Asia Pacific has been, and will continue to be, the overall growth in the customer base, most prominently through increased sales to mainland Chinese consumers of luxury goods.

Altagamma forecasts that China will be the fastest growing market in Asia Pacific (with an increase in sales of 15% to 20% between 2011 and 2014) and will become the third largest luxury goods market globally in the next five years. China's growth will be fueled by strong economic growth (with the International Monetary Fund expecting GDP to grow at a CAGR of 9.5% between 2010 and 2015), growth in the urban population and increased spending by HNWI's. In anticipation of these growth factors, China has become the strategic focus of many global luxury goods companies. Luxury brands are aggressively opening new stores in China, expanding into tier 2 cities and improving their service level. They aim to build brand loyalty with existing customers, as well as to capture new customers from the emerging middle class of Chinese consumers looking to buy luxury goods as a means to improve their quality of life.

Rest of the World

The rest of the world is forecast to grow at a CAGR of 6% to 7% between 2011 and 2014, mainly driven by the growing demand for luxury goods.

Other Fast Growing Markets — Outlook

According to Altagamma, between 2011 and 2014, China is forecast to have the highest CAGR growth among the fast-growing markets with a projected CAGR of 15% to 20%. Between 2010 and 2013, Brazil has a projected CAGR of 10% to 15%, the Middle East with a projected CAGR of 10% to 12%, and Russia and India both with a projected CAGR of 5% to 10%. The steady growth of income in these fast growing markets is expected to play a significant role in the growth of the global luxury goods industry.

COMPETITION

Competitive Landscape

The luxury goods market is highly fragmented and is characterized by the presence of a few large global players, including the power brands, and a large number of smaller players. These types of players compete in different segments both in terms of product category and geographic location.

Barriers to entry in the luxury goods market are high and are mainly related to the time and capital investment required to build and develop a luxury brand

INDUSTRY OVERVIEW

into the status of a power brand. A luxury brand's history, heritage, craftsmanship, quality and icons combined with creativity, innovation, brand recognition and distribution network are all key elements of success. In order to preserve brand integrity, it is critical to balance potential expansion opportunities with efforts to maintain the uniqueness, prestige, and identity of the brand.

Lack of an established distribution network presents another barrier to entry for potential players as there is intense competition for prime locations for directly operated stores, as well as access to wholesale distribution outlets. Established luxury brands are able to secure prime locations which allow them to maintain their exclusivity and preserve their prestige and identity. Particularly in China, the power brands are significantly better positioned than smaller players in their ability to obtain the best locations. Both brand positioning and continuous and timely refurbishment of a brand's retail network are strategically important means to convey the desired brand image to consumers.

Competitive Positioning

The Company operates within the luxury goods market alongside some of the most prestigious global brands, which the Directors believe include mainly Armani, Chanel, Christian Dior, Hermes, Louis Vuitton, Gucci, Bottega Veneta and YSL. The Company's brands are among the most highly recognized global luxury brands, particularly the Prada and Miu Miu brands, which have strong appeal and worldwide recognition. Each of the Group's brands has its own distinct identity, which stems from its history and heritage, innovation, craftsmanship and quality, and globally recognized icon status.

OUR HISTORY AND CORPORATE STRUCTURE

HISTORY

We were established as a limited liability company (*società a responsabilità limitata*) in Italy on July 11, 1990, in the presence of Notary Public G. Pozzi, rep. no. 32175, collection no. 3693. On November 25, 2003, following a merger by incorporation with other companies within our Group, we were transformed into a joint-stock company (*società per azioni*) and took our current name of PRADA S.p.A. As provided in our By-laws, the duration of our Company is until January 31, 2100. Our Company's limited duration is common for Italian joint-stock companies and it can be extended by shareholder approval in an extraordinary shareholders' meeting. Our Registered Office is at Via A. Fogazzaro, 28 20135, Milan, Italy.

Our origins date back to 1913 when Mr. Mario Prada, the grandfather of Ms. Miuccia Prada, our President, opened a store in Galleria Vittorio Emanuele II in the center of the historical, commercial, tourism, business and financial district of Milan. The store sold leather bags, trunks, beauty cases, luxury accessories and precious objects such as silverware and Bohemian crystal. The store in Galleria Vittorio Emanuele II, which is still leased and managed by the Prada Family under a franchise agreement with us, became an important shopping destination for the European aristocracy and upper classes. In 1919, Prada was awarded the patent of "Fornitore Ufficiale della Real Casa Italiana" (Official Supplier of the Italian Royal family) and the Savoy coat of arms and Savoy figure-of-eight knots became an integral part of the Prada brand.

The expansion of our Group's business began in the late 1970s when Ms. Miuccia Prada, who had just started to manage our Group, and Mr. Patrizio Bertelli, who at that time had a business that operated in the high-end leather goods industry, started their collaboration. Mr. Patrizio Bertelli's company, I Pellettieri d'Italia S.p.A. (later called Prada Industrial S.p.A., which merged into our Company in 2003), obtained a license from Ms. Miuccia Prada for the production and distribution of a leather goods collection under the Prada brand. This license became exclusive in January 1984. In 1983, the Prada Family opened its second store in Milan in Via della Spiga. Combining some traditional elements and an up-to-date architectural design, the store's interior was predominately pale green — the color that later became a distinctive trait of Prada stores worldwide. From 1986, new stores were opened in New York and Madrid, followed by London, Paris and Tokyo. Concurrent with Prada's international expansion, Prada's product range was extended beyond traditional leather goods (bags, luggage, accessories), first to include shoes, and then to include ready-to-wear for both women and men. The first Prada womenswear fashion show was held in Milan in 1988.

OUR HISTORY AND CORPORATE STRUCTURE

In 1993, Ms. Miuccia Prada's creative inspiration led to the establishment of a new brand — Miu Miu — designed for women who are particularly fashion-forward and interested in trendy and sophisticated fashion and lifestyle. The brand was first licensed to our Group by Ms. Prada but was acquired by our Group in 2003. Miu Miu now offers women's ready-to-wear, leather goods and shoes, and is an increasingly important component of our Group's sales.

In summary, the key events in the development of the Prada and Miu Miu brands from 1980 are as follows:

Year	Event
1980	Design and launch of the "triangle" Prada logo
1982	Launch of the first Prada women's shoes collection
1983	Opening of the second Prada store in Milan, Via della Spiga
1984	Launch of the Prada black nylon backpack
1986	Opening of the first Prada stores abroad in Europe (Madrid) and the US (New York)
1988	Launch of the first Prada women's ready-to-wear collection and first women's fashion show in Milan
1993	Launch of the first Miu Miu women's collection (ready-to-wear, leather goods and shoes)
1993	Launch of the first Prada men's collection (ready-to-wear and shoes)
1997	Launch of the Prada leisure-time line, identifiable by its "red stripe"
2000	Launch of the first Prada eyewear collection
2000	First Sponsorship of the Luna Rossa Challenge
2001	Opening of the first Epicenter Store in Soho, New York
2003	Opening of the second Epicenter Store in Aoyama, Tokyo
2003	Agreement with Luxottica for the production and distribution of eyewear for Prada and Miu Miu
2004	Launch of the first Prada fragrance
2004	Opening of the third Epicenter Store in Beverly Hills, Los Angeles
2006	Launch of the first Prada men's fragrance
2006	First Miu Miu fashion show in Paris
2007	Launch of the LG Prada mobile phone
2009	Launch of the exclusive new "made to measure" and "made to order" services
2010	Prada-dressed hostesses and stewards in the Italian pavillion at the Shanghai World Expo; Launch of the "Prada Made in ..." Project
2011	First Prada fashion show in Beijing

OUR HISTORY AND CORPORATE STRUCTURE

REORGANIZATION AND RECENT DEVELOPMENTS

In the past seven years, our strategy has been to focus on the brands that we believe have the greatest potential for growth, namely Prada and Miu Miu, and to consolidate our distribution network. More recently, this strategy has included a corporate reorganization program that was designed to concentrate all of our operations in the Company and in subsidiaries that it controls directly. Accordingly, between 2006 and 2007, all of the Italian industrial activities were merged into our Company, with the exception of Artisans Shoes srl in which the operating partners have kept a minority stake.

To further these objectives, we have completed certain acquisitions, disposals and reorganization steps since 2003, which are summarized below:

Date	Event
2003 to 2006	Incorporation into our Company, in several steps between 2003 to 2006, of companies belonging to the former Genny group ⁽¹⁾ . The purpose of this step was to enhance Prada's know-how and manufacturing capabilities in the women's ready-to-wear sector.
July 2004 to June 2010	Acquisition of Car Shoe S.A. from the Moretti family ⁽²⁾ .
2006 to 2007	Incorporation of all the Italian industrial activities held by our Company, with the exception of those companies where the operating partners held a minority stake. This process involved the merger into our Company of 11 companies, which manufactured leather goods, ready-to-wear and footwear, for better organizational efficiency.
May 2007	Acquisition of 100% of Church's from Prada Holding B.V. ⁽³⁾
July 2007	Disposal of Azzedine Alaïa S.a.S. ⁽⁴⁾
December 2008	Acquisition of Post Development Corp (real estate company that owns the New York Headquarters of Prada) from the controlling company ⁽⁵⁾ .

Notes:

- (1) Genny group was a well-known Italian womenswear company, which owned the Genny and Byblos brands. The Genny group of companies was acquired in two phases between 2001 and 2002 from the founding Girombelli family. The Byblos brand was sold to a third party soon after the acquisition. The Genny brand was not marketed after 2004 and was then sold on March 16, 2011 to Swinger International Group for € 1.8 million cash consideration.
- (2) In 2001, our controlling entity at that time acquired an equity interest of 51% in the Car Shoe brand from Fang S.A. ("**Fang**") (a company controlled by the Moretti family). This equity interest was then transferred to our Company in 2004. In 2008, our controlling stake was increased to 55%, and in June 2010 we completed the acquisition of the remaining 45%, or 9,450 shares, from Fang for € 4 million. After negotiations, it was agreed in 2008 that the acquisition of the remaining 49% stake would take place in two phases for a total consideration of € 9 million, which the Directors considered to be at fair market value in light of the expected operating results of Car Shoe S.A. at the time. As part of the agreement, Fang is provided with a non-transferable call option (the "**Call Option**") to purchase 4,725 shares of Car Shoe, representing 22.5% of the share capital, at a purchase price of € 2.5 million (based on the revised performance of Car Shoe S.A. and taking into account that the Call Option would, if exercised, translate into a minority stake with no further rights in the Company). The Call Option can be exercised, entirely and exclusively, for its total amount on May 30, 2012 by Fang giving a written notice no later than 15 calendar days before the option exercise date. If the Call Option is exercised, the transfer of the 4,725 shares of Car

OUR HISTORY AND CORPORATE STRUCTURE

Shoe shall be carried out no later than June 14, 2012 through a share purchase agreement to be executed in Luxembourg and with payment of the purchase price at signing. The parties expressly agreed that any share capital increase in Car Shoe that would modify the corresponding ownership percentage of the 4,725 shares shall be made at fair market value and, consequently, neither the number of shares under the option nor the relevant price will be modified. If the Call Option is exercised in full, Fang will, based on the existing issued share capital, acquire 22.5% of the equity interest in Car Shoe S.A.

- (3) In 1999 our controlling entity at the time acquired 100% of Church's from the founding Church family. A 55% stake in Church's was sold to Tower S.à r.l., which was part of the Equinox private equity group, in 2003. This 55% stake was bought back from Tower S.à r.l. in 2006 by our controlling entity at the time and then 100% of Church's was transferred to our Company in 2007.
- (4) Azzedine Alaïa S.a.S. was first acquired in 1999 by our controlling entity at the time and was transferred to our Company in 2004.
- (5) On December 17, 2008, our Company acquired from Prada Holding B.V. 100% of a group of companies which includes two Luxembourg holding companies and some subsidiaries incorporated in the United States (including Post Development Corp). A series of transactions was subsequently carried out to simplify the control chain over the acquired assets, resulting in the liquidation of the Luxembourg companies and the merger of the US companies into Post Development Corp. The consideration of € 14.5 million represented the fair value of a building, determined by an independent valuer, net of financial liabilities paid to Prada Holding B.V. The building, which is located in Manhattan, New York, is the headquarters of Prada USA Corp and hosts the offices, the showroom and the regional warehouse of our US subsidiary.

The acquisition and subsequent disposal between 1999 and 2006 of the Fendi, Jil Sander and Helmut Lang brands (and their respective businesses) did not involve our Group. These transactions directly or indirectly involved our controlling entities at the time.

Acquisition of minority stake by Intesa Sanpaolo

On November 30, 2006, Gipafin S.à r.l. ("**Gipafin**"), a company which at the time indirectly held a controlling interest in our Company, I.T.M.D Investments B.V., Prada Holding N.V., Prada Luxembourg S.à r.l.¹ and our Company, on one hand, and Banca Intesa S.p.A (now Intesa Sanpaolo)², on the other, entered into a

1 Subsequent to the execution of the Deed of Investment, Prada Luxembourg S.à r.l. was wound up and Prada Holding N.V. merged into I.T.M.D Investments B.V., which was subsequently renamed Prada Holding B.V. Under the Deed of Investment, Prada Holding B.V. assumed all of the rights and obligations of Prada Luxembourg S.à r.l., Prada Holding N.V. and I.T.M.D Investments B.V.

2 Intesa Sanpaolo S.p.A - an Italian company with its registered office in Piazza San Carlo, 156 Torino (Italy) and a share capital, as at May 31, 2011, equal to € 6,646,547,922.56 - is the controlling company of a leading banking group in Italy resulting from the merger between Banca Intesa and Sanpaolo IMI. It has a leading presence in the Italian market and a strong international presence, in particular in Central-Eastern Europe and Middle Eastern and North African countries.

OUR HISTORY AND CORPORATE STRUCTURE

deed of investment (the “**Deed of Investment**”) under which Intesa Sanpaolo subscribed for 1,368,421 shares in our Company (equivalent to 5% of our Company’s then existing share capital) at a consideration of € 100 million calculated on the basis of arm’s length negotiations between the parties.

The Deed of Investment also provided for the possible listing of our Shares in the future. The parties to the Deed of Investment undertook to structure any future listing of our Shares as a global offering through an offer for sale and subscription of our Shares, such that Intesa Sanpaolo would have the opportunity, but not any obligation, to sell its Shares in a global offering in priority to the other shareholders of our Company.

Under the terms of the Deed of Investment, if the internal rate of return obtained by Intesa Sanpaolo through the sale of its entire shareholding in our Company in a global offering were to be less than 18%, Gipafin and Prada Holding B.V. would indemnify Intesa Sanpaolo for such difference through either (at their discretion) (a) the payment to Intesa Sanpaolo of an equivalent amount in cash; or (b) the transfer to Intesa Sanpaolo of up to an additional 5% of Shares by Gipafin and Prada Holding B.V., at a price equal to the offer price in such listing (as set out in the “earn-in clause” of the Deed of Investment). Intesa Sanpaolo will not receive any indemnification under this clause, following the sale of its shares in our Company in the Global Offering, as calculated on the basis of the minimum value of the indicative range for the Offer Price. Therefore, based on the current Offer Price range, Intesa Sanpaolo will not receive any Shares from either Gipafin or Prada Holding B.V. following the Global Offering and in connection with this indemnity.

On July 24, 2007, we resolved to increase our share capital through the issue of 1,614,737 new Shares, which were reserved for subscription by the existing shareholders. Prada Holding B.V. subscribed for its portion of capital, while Intesa Sanpaolo waived its pre-emption right. As a result, Intesa Sanpaolo’s shareholding in our Company was diluted to 4.73% of our issued share capital.

On December 28, 2007, Prada Holding B.V. transferred to Intesa Sanpaolo 946,925 shares (0.38% of our share capital) as consideration for the price adjustment agreed as part of the underwriting arrangement under the Deed of Investment. As a result of this transfer of shares, Intesa Sanpaolo’s interest in our Company increased to 5.11% of our Company’s share capital. Intesa Sanpaolo holds 127,834,850 Shares (after adjustment for the one-for-10 share split) of the Company, for which it has paid a total consideration of € 100 million to the Company as investment cost. Intesa Sanpaolo intends to sell 102,246,610 Shares in the Global Offering. Immediately after completion of the Global Offering, Intesa Sanpaolo will continue to hold 25,588,240 Shares which will represent 1.0% of our enlarged share capital (the “**Intesa Retained Shares**”). Intesa Sanpaolo will undertake to the International Underwriters not to dispose of the Intesa Retained Shares within the first six months after the

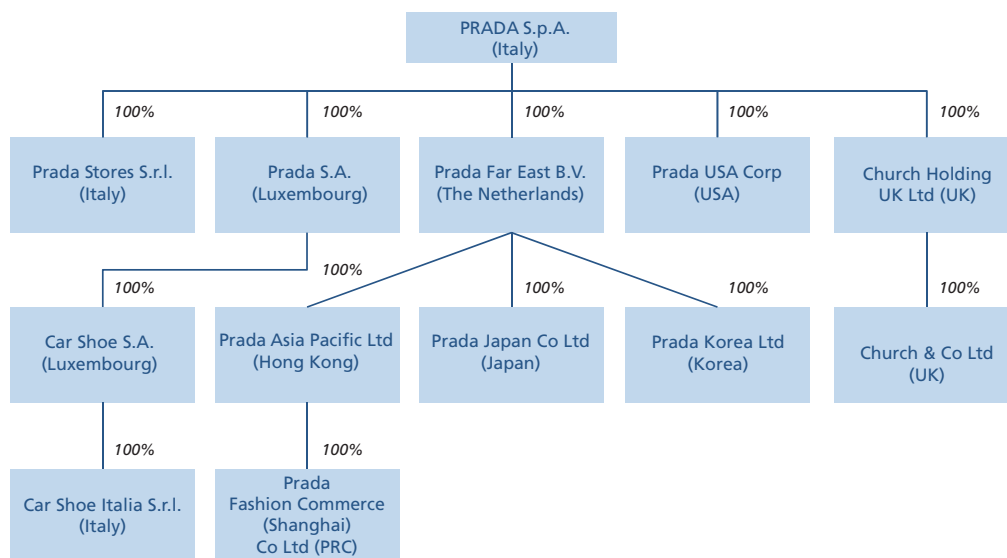
OUR HISTORY AND CORPORATE STRUCTURE

Listing Date. The Intesa Retained Shares will be considered part of the public float on the basis that Intesa Sanpaolo is not a connected person of our Company, does not fall within either of the categories specified under Rule 8.24(1) and (2) of the Listing Rules and because Intesa Sanpaolo is part of a large listed banking group in Italy.

In connection with the execution of the Deed of Investment, Prada Holding B.V. and Intesa Sanpaolo entered into a shareholders' agreement on December 1, 2006 (as amended on December 21, 2009) under which Intesa Sanpaolo was granted certain rights and obligations (including the right to appoint a director, certain veto rights and the obligation to give Prada Holding B.V. the right of first refusal for any proposed transfers of Shares by Intesa Sanpaolo), all of which will cease to have effect upon the Listing.

CORPORATE STRUCTURE

We are the holding company of the companies in our Group. The following diagram is a simplified corporate structure of our Group containing our material subsidiaries:



OUR HISTORY AND CORPORATE STRUCTURE

PRADA FOUNDATION

Our subsidiary, Prada S.A., has entered into a series of sponsorship agreements over the past few years with Prada Foundation, a non-profit organization established under Dutch law, which was founded by our President, Ms. Miuccia Prada, and our Chief Executive Officer, Mr. Patrizio Bertelli (the “**Foundation Sponsorship Arrangements**”). Ms. Miuccia Prada and Mr. Patrizio Bertelli are currently directors of the Prada Foundation along with three other persons, none of whom is a connected person of our Company.

The aim of the Prada Foundation is to promote contemporary art through supporting contemporary artists, organizing exhibitions and collecting art. We believe that we benefit indirectly from the Foundation Sponsorship Agreements through improved public awareness of contemporary art and by having our Group associated with contemporary art through that increased awareness. We set aside a budget for the activities undertaken by the Prada Foundation each year in its business plan. Prada S.A. then injects the agreed contribution to the Prada Foundation as funding for its activities. The term of each Foundation Sponsorship Arrangement is one year and there is no obligation on Prada S.A. or our Company to renew the Foundation Sponsorship Arrangement after it has expired. There is no maximum or minimum limit on the amount of contribution that we make pursuant to the Foundation Sponsorship Arrangements from year to year. The aggregate contribution we made through Prada S.A., to the Prada Foundation for each of the three years ended January 31, 2009, 2010 and 2011 was € 2,452,000, € 2,450,000 and € 1,850,000, respectively. The amount of contribution expected from Prada S.A. to Prada Foundation for the year ending January 31, 2012 is € 2,700,000.

Due to restrictions that apply to a non-profit organization established under Dutch law, Prada Foundation is prevented from carrying out certain activities in relation to the promotion of contemporary art (the “**Activities**”). These Activities are instead carried out by Progetto PRADA Arte S.r.l., a company related to the Prada Family, on behalf of the Prada Foundation. In addition to the Foundation Sponsorship Arrangements and in support of the Prada Foundation, we contribute to the funding that is necessary for the Activities carried out by Progetto PRADA Arte S.r.l. For further details, please refer to the section headed “Relationship with Our Controlling Shareholders and Connected Transactions — Exempt Continuing Connected Transactions — Other transactions — Sponsorship Arrangements with Progetto PRADA Arte S.r.l.” of this prospectus.

On the basis that the Prada Foundation is a non-profit organization, our President and Chief Executive Officer do not benefit in their personal capacities from the Prada Foundation and Ms. Miuccia Prada and Mr. Patrizio Bertelli do not control a majority of rights on the board of the Prada Foundation, the

OUR HISTORY AND CORPORATE STRUCTURE

Foundation Sponsorship Arrangements are not continuing connected transactions under Rule 14A.14 of the Listing Rules. Accordingly, we do not have to comply with Chapter 14A of the Listing Rules in respect of the Foundation Sponsorship Arrangements.

Pursuant to the above arrangements, we also provide certain administrative services to the Prada Foundation and Progetto PRADA Arte S.r.l. and have entered into three sub-leases with the Prada Foundation.

Sub-leases with Prada Foundation

We have entered into three sub-leases with the Prada Foundation to provide the space necessary for the Prada Foundation's non-profit making activities in our Group's premises in order to optimize the sharing of common services.

On December 23, 2003, we, as a sub-lessor, entered into a sub-lease agreement with the Prada Foundation, as a sub-lessee, in relation to a portion of a property located at Via Fogazzaro no. 36, Milan, Italy for use in exhibitions (the "**Exhibition Sub-lease**").

The Exhibition Sub-lease was for a term of six years effective from January 1, 2004. After the first six-year term, it was automatically renewed for a further six years in accordance with the terms of the agreement. The amounts paid by the Prada Foundation to us for the three years ended January 31, 2009, 2010 and 2011 were € 12,000, € 11,000 and € 11,000, respectively.

On July 15, 2010, we, as a sub-lessor, entered into a sub-lease agreement with the Prada Foundation, as a sub-lessee, in relation to a portion of a property located at Via Spartaco no. 8, Milan, Italy for office use (the "**Prada Foundation Office Sub-lease**").

The Prada Foundation Office Sub-lease is for a term of six years effective from July 15, 2010. After the first six-year term, it will be automatically renewed for a further six years, unless terminated by either party by 12 months' advance written notice. The amounts paid by the Prada Foundation to us for the three years ended January 31, 2009, 2010 and 2011 were nil, nil and € 8,000 respectively.

On June 1, 2009, our Company, as a sub-lessor, entered into a sub-lease agreement with the Prada Foundation, as a sub-lessee, in relation to a portion of a property located at Largo Isarco no. 2, Milan, Italy for office, warehouse and exhibition use (the "**Prada Foundation Office Warehouse and Exhibition Sub-lease**").

The Prada Foundation Office Warehouse and Exhibition Sub-lease is for a term of two years and three months effective from June 1, 2009 and ending on

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August 26, 2011. After such term, it will not be automatically renewed. The amounts paid by Prada Foundation to our Company for the three years ended January 31, 2009, 2010 and 2011 were nil, € 176,000 and € 252,000, respectively.

Administrative services to Prada Foundation and Progetto PRADA Arte S.r.l.

We provide legal assistance, tax advice and human resources assistance to the Prada Foundation, as well as services to Prada Foundation and Progetto PRADA Arte S.r.l. which are related to the setting up, coordination, supervision and inspection of activities carried out by contractors engaged in the construction, refurbishment and maintenance of real estate assets of the Prada Foundation and Progetto PRADA Arte S.r.l. in Italy.

The aggregate amount payable to us by Prada Foundation and Progetto PRADA Arte S.r.l. in respect of the above administrative services for each of the three years ended January 31, 2009, 2010 and 2011 was nil, € 177,000 and € 57,000, respectively.

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OVERVIEW

We are one of the world's most prestigious fashion and luxury goods groups. We design, manufacture, promote and sell high-end leather goods, ready-to-wear and footwear through the Prada, Miu Miu, Church's and Car Shoe brands. Our Prada and Miu Miu brands provide our customers with a wide array of high-quality luxury goods, including leather goods, ready-to-wear and footwear and, through licensing agreements, eyewear and fragrances. Our Church's and Car Shoe brands target the niche luxury footwear market, offering footwear made of high-quality leather with handmade craftsmanship. We believe our dedication to offering innovative products of the highest quality, combining innovation in design and materials with our unique understanding of luxury and style, has enabled us to be a market leader in fashion and style.

Each of our brands is associated with creativity, quality and exclusivity, while at the same time enjoying its own identity created and maintained by separate design product development and communications teams. We manage each brand with a focus on protecting and enhancing its integrity and prestige, and we carefully manage our communications strategies for each brand to avoid brand dilution. We use brand-specific and in some cases unconventional communication tools, ranging from fashion shows to sponsorship of arts, cultural and sports events, landmark Prada Epicenters and various campaigns, to reinforce each brand's identity and to highlight its distinctive elements and values.

We maintain our production know-how and industrialization capabilities internally for each of our product categories through our 11 in-house production facilities, of which ten are located in Italy and one, specifically for the manufacture of Church's footwear, is located in the United Kingdom. Currently, we produce the vast majority of our prototypes, most of our samples and a portion of our finished products in our factories, and we outsource the remainder of our production to external manufacturers with most of whom we have stable and long-term relationships. We rigorously monitor our entire production cycle with our quality control team and inspectors to ensure our in-house and outsourced production maintains the same high quality standards that we and our customers require. We believe that our production model enables us to retain control over our production know-how, production costs and maintain a flexible capacity throughout the entire manufacturing process, while assuring high product quality.

We distribute our products through retail and wholesale channels. As at January 31, 2011, our retail channel consisted of 319 stores that we operate directly (Directly-Operated Stores ("DOS")), including our Prada Epicenters in New York, Los Angeles and Tokyo, and 18 outlets. We plan to open approximately 80 additional DOS net of store closings in the financial year

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ending January 31, 2012, of which approximately 25 DOS net of store closings will be opened in Asia Pacific. All of our DOS are strategically located in prime locations that are specifically selected to align with the image of our brands. Our wholesale channel consists of sales to prestigious luxury multi-brand and department stores as well as franchise stores. As at January 31, 2009, 2010 and 2011, we had approximately 1,800, 1,400 and 1,400 wholesale clients, respectively, and we had 32, 35 and 33 franchise stores, respectively, during the same period. We constantly monitor our wholesale relationships to protect our brand integrity. Our two-pronged distribution strategy allows us to maintain a global reach, with distribution points in over 70 countries as at January 31, 2011.

During the Track Record Period, our net revenues grew from € 1,643.6 million for the financial year ended January 31, 2009 to € 2,046.7 million for the financial year ended January 31, 2011 (representing a CAGR of 11.6%), while EBITDA in the same period grew from € 282.6 million to € 535.9 million (representing a CAGR of 37.7%), resulting in an improvement in our EBITDA margin from 17.2% for the financial year ended January 31, 2009 to 26.2% for the financial year ended January 31, 2011.

COMPETITIVE STRENGTHS

A leading luxury group, underpinned by a century-long heritage

Our history dates back to 1913 when Mario Prada opened the first Prada shop in Milan, Italy. Our reputation for craftsmanship and quality has been cultivated throughout our history. We believe that our heritage represents a key competitive advantage against the backdrop of a growing number of new entrants in the luxury goods market, as we see that luxury consumers are increasingly focused on brands that provide high quality, iconic status and authenticity, all factors that we believe can only be credibly developed over time. Among dozens of luxury brands, we believe we stand out alongside only a handful of other fashion houses as truly iconic.

We have proven our ability to capitalize on our century-long heritage to become one of the largest and most successful players in the luxury goods market with more than € 2.0 billion in net sales in the financial year ended January 31, 2011. We believe we have well-developed scale and capabilities to continue to compete and further enhance our positioning in the global luxury market.

BUSINESS

A relentless focus on innovation and quality

Throughout our history, an untiring curiosity about the world, society and culture has been at the core of our creativity as we strive to offer innovative and sophisticated products to our customers. Our primary focus on innovation permeates our corporate culture and our entire value chain, from design to industrialization, manufacturing, distribution and communication, which we believe gives us premium positioning and superior pricing power.

Our creative leadership is centered around a strong creative team headed by Ms. Miuccia Prada's design philosophy, which seeks to combine intellectual curiosity, ground-breaking ideas, and cultural and social trends, with an acute sense for detail, tailoring and fashion. Our design team combines our strong brand heritage with cutting-edge designs that correspond with the modern lifestyle of our consumers. For example, we believe our creations of Prada nylon bags and backpacks and subsequently of "Saffiano" leather bags, clutches and wallets were innovations in the luxury handbag and accessories markets in terms of materials, design and functionality. Through experimentation and innovation, each season we seek to anticipate and set trends for the broader luxury and fashion world.

Innovation is also imperative to our communications strategies. We employ a wide array of unconventional, brand-specific communication tools to convey the values and cultural standing embodied in each brand. Examples of our innovative communications projects include the opening of the three landmark Prada Epicenter Stores in New York, Tokyo and Los Angeles between 2001 and 2004 designed to stimulate interaction between fashion, culture and architecture, the sponsorship of the Luna Rossa Challenge team in the prestigious international sport competition America's Cup sailing races in 2000, 2003 and 2007, the architectural collaboration on the Prada Transformer building in Seoul, Korea in 2009, as well as our arts and cultural events that demonstrate our creative caliber, such as the short animated films "Fallen Shadow" and "Trembled Blossoms", the "Waist Down" exhibition in Tokyo, Los Angeles and New York, and the Miu Miu short films entitled the "Women's Tales". In 2010, we launched the "Prada made in ..." campaign to highlight our collaboration with local artisans from around the world to produce modern and innovative designs utilizing traditional local craftsmanship, materials and manufacturing techniques. These powerful initiatives have been widely covered by fashion and general media, demonstrating our ability to stay at the forefront of groundbreaking communications in our industry.

BUSINESS

Strong brand portfolio with iconic brands

We own and globally operate two iconic luxury brands, Prada and Miu Miu, which provide our customers with high-quality leather goods, ready-to-wear and footwear to meet their fashion needs.

Created in 1913, we believe Prada has since become one of the most prestigious and iconic fashion brands that represent the best of Italian culture and tradition, sophisticated style and uncompromising quality combined with innovative designs. Throughout its long history, Prada has been consistently creating and offering iconic products such as the Prada nylon backpacks and the classic Prada “Saffiano” leather handbags. While remaining loyal to its tradition, we believe the Prada brand’s distinctive originality is built on its unique approach to style, craftsmanship and its constant innovation in materials and designs to interpret and redefine trends. Prada has been consistently recognized as a prominent luxury brand acknowledged for its high quality, attention to detail and stylistic innovations, as demonstrated by the global awareness and commercial success of the brand, as well as by the numerous accolades from leading fashion critics and press.

Miu Miu was created in 1993 as a brand with an autonomous identity from Prada, and has since evolved into one of the leading high fashion brands in the world. Miu Miu is characterized by its avant-garde, sensual and provocative style, which seeks to evoke a luxurious sense of freedom and intimacy with attention to detail and high quality. Since 2005 we have strengthened the brand development of Miu Miu as an independent core brand, by drastically redesigning its store concept, moving its fashion shows from Milan to Paris in 2006 and its commercial headquarters into an historic building in Milan separate from Prada’s offices, and expanding its DOS network at a faster rate than our other brands, especially in Asia. We believe we have successfully re-positioned Miu Miu as an independent brand prominent in its own right, which is evidenced by Miu Miu having achieved the highest revenue growth among our brands during the Track Record Period.

In our brand portfolio, our Church’s and Car Shoe brands target the niche luxury footwear market offering footwear made of high-quality leather with handmade craftsmanship. Church’s is one of the most well known brands for luxury leather shoes, characterized by its classical style and sophisticated English elegance based on the combination of quality craftsmanship and fine leather. Car Shoe has been a pioneer of luxury driving shoes with rubber studded soles since 1964, and we believe it remains today a status symbol for exclusive lifestyle and luxury driving. Each of these brands allows us to reach targeted complementary luxury audiences, while preserving the Group philosophy and brand integrity.

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Stable and visionary management team

We believe we have highly-skilled, stable and experienced management and creative teams headed by Ms. Miuccia Prada and Mr. Patrizio Bertelli, the controlling shareholders of our Company and the driving force behind our stylistic and commercial success. Over the course of the past 30 years, Ms. Miuccia Prada and Mr. Patrizio Bertelli have constituted a stable and committed leadership duo, who laid out the road map for the successful development of our Group.

Ms. Prada has been widely recognized as one of the most influential people in the fashion industry worldwide. In 1993, she won the Council of Fashion Designers of America International Award. In 2005, Time Magazine listed her as one of the 100 most powerful and talented people in the world. In 2005, the Wall Street Journal Magazine named her as one of the 30 most powerful women in Europe. In May 2010, Ms. Prada was awarded the 2010 McKim Medal Laureate in recognition of her exceptional achievements in fashion and business, as well as for her contributions to the visual arts as co-founder of Prada Foundation, a non-profit foundation that supports contemporary art.

Since joining forces and establishing our Group with Ms. Miuccia Prada, Mr. Patrizio Bertelli has been leading our business with his passion and acute commercial vision that shaped our industrial and commercial infrastructure from the perspectives of growth, expansion and financial performance. Mr. Bertelli, with roots in manufacturing, supervises all phases of our production to ensure that we maintain the highest standards of quality and efficiency across our brands. He also supervises and approves our new DOS openings, steering the rapid expansion of our global DOS network while ensuring that each DOS is consistent with the image of its respective brand.

Ms. Miuccia Prada and Mr. Patrizio Bertelli have attracted and trained a new generation of senior management to support the continuity of our creative caliber and commercial success. As a result, today we have a comprehensive structure of capable and experienced managers, working in an international and diverse environment permeated by entrepreneurship drive, flexibility and passion.

Well-balanced and focused product portfolio

We have a well-balanced product portfolio, which we believe sets us apart from many of our competitors. For the financial year ended January 31, 2011, leather goods, footwear and ready-to-wear accounted for approximately 50%, 25% and 24% of our total net sales (excluding royalties), respectively.

Our focus on these three core product categories across each brand allows us to create collections of products which form a consistent and complete style for each season that reinforces the overall brand image, making us, as we believe,

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a market leader in fashion and style. While our structured product portfolio can command higher levels of editorial coverage every season, it also enables us to offer our customers a more interesting and satisfying shopping experience at our DOS with a wider range of products for their desired style to increase cross-selling opportunities.

Direct control over our entire value chain

Fundamental to the continued success of our brands and their consistently high level of quality and innovation is our ability to operate an integrated value chain. With our design competence and industrial capability, our strategically integrated business cycle allows us to translate our innovative fashion concepts into viable commercial production while retaining control over our technical know-how, quality standards and production cost as well as maintaining a flexible capacity. This is exemplified by our ability to create, throughout the year, flash collections and monthly packages for our stores in approximately four to six weeks from design to in-store distribution, effectively and efficiently carrying out our retail strategy to offer new products that allow us to refresh store product displays.

As at January 31, 2011, we had approximately 1,800 employees in our in-house production divisions and approximately 750 people in the product development department, allowing us to produce the vast majority of our prototypes and samples and a portion of our finished products in our factories. The remaining production is outsourced to external manufacturers under our strict quality monitoring. The close coordination among design, product development and manufacturing teams enables us to maintain strict control over (1) the technical know-how and all detailed specifications for our production; (2) the quality standard over the entire production process; (3) our internal production and outsourcing cost; (4) our production schedule and (5) the adherence of our products to original designs.

Well-diversified global presence with strong focus on Asian markets, particularly Greater China

We are present through our retail and wholesale channels in over 70 countries worldwide. For the financial year ended January 31, 2011, our total net sales (excluding royalties) were approximately € 2,017 million, with 42% in Europe, 32% in Asia Pacific, 15% in North America and 11% in Japan, compared with respectively 51%, 18%, 18% and 12% for the financial year ended January 31, 2009.

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Our growth over the Track Record Period has largely been driven by growth in the Asian markets, and particularly Greater China. Our net sales in Asia Pacific have grown at a CAGR of approximately 51% during the Track Record Period, that was mainly driven by the performance of Greater China, where net sales grew at a CAGR of approximately 52% and reached 19% of our total net sales in the financial year ended January 31, 2011. Even though we have experienced significant growth in Greater China, we continue to have a well-diversified global presence and customer base that allows us to benefit from emerging trends around the globe while not being over-reliant on the dynamics of a single market.

Strong network of DOS in prime locations

We believe we have demonstrated our ability to successfully execute a significant DOS roll-out during the Track Record Period, expanding from 211 DOS as at February 1, 2008 (the beginning of the Track Record Period) to 319 as at January 31, 2011, as we are increasingly focused on the distribution and sale of our products globally through our DOS network. For the financial year ended January 31, 2011, net sales from DOS reached approximately 71% of our total net sales as opposed to 54% for the financial year ended January 31, 2009.

An extensive DOS network gives us greater control over our interaction with our customers, facilitating communication of the concepts, styles and values embodied in each brand's collections and to respond to customers expectations in a more effective and timely manner. We have been successful at securing prime locations for our DOS in prominent shopping streets and malls around the world, which align with the prestige of our brands, and we believe that our premium positioning and our retail execution capabilities allow us to continue to secure the most attractive prime locations, particularly as we expand in fast growing and new markets.

We believe that our extensive DOS network has been a decisive factor in achieving the strong operating results during the recent financial crisis. Our continued DOS expansion and geographical diversification in the fast growing markets has enabled us to create significant growth opportunities for our Group and offset the unfavorable impact from markets most affected by the 2008 global economic crisis. In addition, the expected progressive increase in the share of direct distribution, thanks to our continuous investments in our DOS network, will, in our view, provide further opportunities to increase our profitability. See "— Our Strategies — Strengthen Our Global Coverage" in this section of the prospectus.

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Recent track record of delivering growth and profitability, even in difficult market conditions

We believe our strong financial performance over the recent years, notwithstanding one of the most severe financial downturns in generations, demonstrates the resilience of our financial performance and the strength of our business model. Our net revenues grew from €1,643.6 million in the financial year ended January 31, 2009 to €2,046.7 million in the financial year ended January 31, 2011 (representing a CAGR of 11.6%), and EBITDA grew from €282.6 million to €535.9 million in the same period (representing a CAGR of 37.7%).

An important factor of our strong financial performance in recent years has been the increase in the contribution of revenues from retail, our presence in fast growing markets (such as China, Hong Kong and Macau) and our production efficiency and cost management. The above measures have enabled us to significantly increase our profitability, from an EBITDA margin of 17.2% in the financial year ended January 31, 2009 to 26.2% in the financial year ended January 31, 2011, and have positioned us to further improve our profitability.

OUR STRATEGIES

Continue to expand our network of DOS

Since 2007, we have pursued a strategy of growing revenues and improving margins by increasing the focus on our retail distribution network. Our retail focused strategy involves the expansion of our DOS network as well as a selective reduction of our wholesale network. Since we first began to implement this strategy, we had expanded our retail distribution network from 211 DOS as at January 31, 2008 to 319 as at January 31, 2011, and our EBITDA margin has increased from 17.2% to 26.2% over the Track Record Period.

We intend to leverage our premium positioning and our retail execution capabilities to secure more prime locations for our new DOS, particularly as we expand in fast growing and new markets. We plan to further expand our DOS network by adding approximately 80 DOS net of store closings by January 31, 2012 and grow at a similar pace through the financial years ending January 31, 2014. We expect to finance this expansion with the proceeds from the Global Offering and our cash flows from operations.

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Strengthen our global coverage

We aim to expand our sales in high growth and rapidly developing markets, while expanding our existing presence in certain developed markets where we are under-represented. Our growth over the past five years has largely been driven by growth in the high growth and rapidly developing Asian markets, and particularly in China. We believe that there is still substantial potential for growth in Asia Pacific, where we plan to add approximately 70 DOS in the three financial years ending January 31, 2014. In China, we grew from 8 DOS as at January 31, 2007 to 18 DOS as at January 31, 2011, and we expect to add more than 30 DOS in China by January 31, 2014. We believe further growth is possible due to continuing growth of the Chinese economy, which enables us to further our penetration into more Chinese cities.

We also plan to expand our DOS network into rapidly growing markets and other important markets where we do not currently have a direct presence. The markets in the Middle East, particularly the United Arab Emirates, Kuwait, Qatar and Saudi Arabia, are important markets with large affluent populations. Similarly, the markets of South America, in particular Brazil, and Eastern Europe, including Russia, have experienced economic growth over the past few years, but are markets in which we are either not present or limited to wholesale distribution only. As the population in these markets continue to become more affluent, we expect there to be high demand for our products and intend to grow significantly in these new markets.

Complementing our growth strategies for fast-growing and new markets, we also plan to expand our presence in developed markets where we feel we are currently under-represented, such as the United States, and in central and northern European countries, such as Belgium, the Netherlands and Scandinavia, where we are only present through independent distribution. As we shift our focus to expanding our retail distribution, these markets present significant opportunities for us to expand our coverage.

Capture the high growth potential of Miu Miu

During the Track Record Period, Miu Miu recorded the highest growth among our four brands, largely due to our successful repositioning of the Miu Miu brand. We intend to leverage this high growth momentum to expand Miu Miu's market share and to capture further growth opportunities.

For the financial year ended January 31, 2011, 35% of Miu Miu's net sales originated from Asia Pacific, which was higher than the percentage of Prada's net sales from Asia Pacific. We believe this reflects the acceptance of the fashion-forward products of Miu Miu by Asian consumers, and we plan to continue the aggressive expansion of Miu Miu's DOS network in this region,

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particularly Greater China. We plan to increase the number of Miu Miu's DOS in Asia Pacific from 25 as at January 31, 2011 to approximately 55 DOS by January 31, 2014. We plan to significantly increase our investments in communications and marketing for Miu Miu in order to strengthen its brand identity, particularly in the above key markets. In addition to the two fashion shows in Paris, we plan to host a special Miu Miu fashion show in Shanghai in 2011 to enhance its growing brand recognition in Asia.

Continue to improve margins and profitability

We aim to continue to improve profitability by raising unit margins and gaining cost efficiencies also through alternative products and materials sourcing (i.e. global sourcing) and with economies of scale. Our goal is to improve gross margins as we increase sales through DOS sales by capturing the difference between the sell-out price and the sell-in price on each product we sell through this channel, while increasing opportunities for cross-selling. On the cost side, we are seeking to reduce costs through efficient purchasing of alternatively sourced products that allow us to find higher quality materials at lower prices through global sourcing. Finally, as we expand our retail sales base we plan to improve margins through economies of scale, by having higher revenues while maintaining the same level of fixed central costs.

OUR BRANDS AND PRODUCTS

We are recognized as one of the world's most prestigious fashion and luxury groups. We design, manufacture, promote and sell leather goods, ready-to-wear, footwear, and we license eyewear, fragrances, and occasionally for a limited period other products under our distinctly positioned brands of Prada and Miu Miu. We also offer luxury footwear made of high-quality leather with handmade craftsmanship under our Church's and Car Shoe brands. Together with our design and production know-how and competencies, these four brands represent our most valued assets and, in order to preserve the integrity and prestige of each brand, we maintain rigorous quality and production standards in our business. Our goal is to ensure that we produce innovative and sophisticated products which maintain the prestige and integrity of our brands and that we do not dilute our brands through over-exploitation.

The strength and relevance of our brand portfolio are important elements in our business. Each brand has its own identity, which is the result of its history, its individual design team and our efforts to maintain well-structured commercial and communication policies specifically tailored for each brand.

BUSINESS

Brand development and an enduring dedication to providing products of uncompromising quality, creativity and exclusivity are vital to us as we strive to lead and interpret style trends, through which we aim to aid our customers' self-expression and communication with the world through fashion.

The following table sets forth the product offerings for each of our brands.

	Prada	Miu Miu*	Church's	Car Shoe
Leather goods	✓	✓	✓	✓
Ready-to-wear	✓	✓	✓	
Footwear	✓	✓	✓	✓
Eyewear	✓	✓		
Fragrances	✓			

* Miu Miu offers products for women only.

The following table sets forth the net sales by amount and as a percentage of net sales for each of our brands for the periods indicated.

	Year Ended January 31,						
	2009		2010		2011		CAGR
	(€ in millions, except percentages)						
Prada	1,265.6	78.9%	1,209.5	79.0%	1,586.8	78.7%	12.0%
Miu Miu	239.5	14.9%	252.3	16.5%	353.0	17.5%	21.4%
Church's	49.9	3.1%	43.6	2.8%	53.0	2.6%	3.1%
Car Shoe	34.3	2.1%	18.5	1.2%	17.9	0.9%	(27.7)%
Other ¹	14.8	1.0%	6.7	0.5%	6.2	0.3%	(35.2)%
Total	1,604.1	100.0%	1,530.6	100.0%	2,017.1	100.0%	12.1%

¹ Primarily consisting of production for third parties.

Please see Note 28 under "Notes to the Financial Information" in Appendix I to this prospectus for more information on the operating results of our brands.

PRADA

Overview

The Prada brand was created in 1913 by Mr. Mario Prada and has since become one of the most prestigious and widely-recognized brands in the fashion and luxury goods industries. The brand's iconic trademarks, which are readily recognized around the world, incorporate the Savoy coat of arms and Savoy figure-of-eight knot, reflecting its heritage as an official supplier to the former Royal family of Italy. Introduced in the 1980s, Prada's famous black nylon bag with the signature triangle logo has been an enduring classic, with both the nylon bag and the logo becoming icons in the brand's history. We believe the Prada brand represents the best of Italian culture and tradition, sophisticated style and uncompromising quality, and as one of the most innovative fashion

BUSINESS

brands we are capable of re-defining “the norm” and setting new trends. Prada also captured the attention of literary and cinematic audiences when the novel “The Devil Wears Prada” was first published in 2003, and then was made into a movie in 2006.

We believe the Prada brand’s distinctive originality is built on its unique approach to style, craftsmanship and constant innovation in materials and designs, as we unceasingly exert creativity in the development of fashionable designs, sophisticated fabrics and innovative production techniques. At the heart of the evolution of fashion, we believe Prada has been a sophisticated interpreter of its times and a forerunner of style and trends. The Prada brand targets an international customer base that is modern, sophisticated, attuned to stylistic innovations, and expects craftsmanship of the highest quality. By combining an attention to detail and quality with cutting-edge styling, we aim to make each of our Prada designs one-of-a-kind.

As at January 31, 2011, Prada had a sales network of 207 DOS and more than 700 wholesale clients (representing approximately 1,000 doors) worldwide, among which there were 19 DOS in Italy, 46 DOS in the rest of Europe, 26 DOS in North America, 43 DOS in Japan and 73 DOS in Asia Pacific.

Products

The Prada brand line of products includes leather goods, ready-to-wear and footwear products for both women and men. In the last decade we have also expanded the brand to include eyewear and fragrances for both women and men, through licensing arrangements. Prada’s main collections are introduced on a seasonal basis in our show rooms, and twice a year for women and twice a year for men through fashion shows in Milan. In addition, flash collections and monthly packages are regularly presented mainly to our retail merchandising teams throughout the year. See “— Design and Creation — Flash Collections and Monthly Packages” in this section of the prospectus.

The following table sets forth Prada’s net sales by product line by amount and as a percentage of Prada’s net sales for the periods indicated.

	Year Ended January 31,					
	2009		2010		2011	
	(€ in millions, except percentages)					
Net sales by product line						
Leather goods	498.6	39.4%	553.7	45.8%	786.0	49.6%
Ready-to-wear	410.0	32.4%	347.7	28.7%	419.5	26.4%
Footwear	346.8	27.4%	297.1	24.6%	366.4	23.1%
Other	10.2	0.8%	11.0	0.9%	15.0	0.9%
Total	1,265.6	100.0%	1,209.5	100.0%	1,586.8	100.0%

BUSINESS

Leather Goods

The Prada brand originated with leather goods, and now mainly includes handbags, travel bags and accessories, such as leather gloves, wallets, key rings, belts and other leather accessories. Classic Prada handbags feature stylistic designs, fine leather and the iconic triangular Prada logo, and are characterized by attention to detail stemming from its artisan heritage. Two of Prada's best known products are the black nylon items made from a waterproof nylon fabric, which now comes in different colors, shapes and sizes, and the "Saffiano" leather handbags and accessories.

Ready-to-wear

We produce and sell Prada-branded ready-to-wear for both women and men. We launched our first womenswear collection in 1988 and our first menswear collection in 1993. Each Prada ready-to-wear collection harmonizes with the footwear and accessory lines to create a well-defined and consistent brand image. Prada's ready-to-wear lines are acknowledged for their high-quality materials and innovative designs which embody the brand's heritage and prestige with clean lines and luxurious fabrics. Prada brand's ready-to-wear collection includes clothing for most social occasions, from leisure-time apparel to made-to-order formal wear, all of which are fully integrated into the collection consistent with the brand's image.

Footwear

Prada footwear is available for both women and men, and helps define the overall Prada brand image. Prada brand women's footwear was first introduced in 1982 and men's footwear was introduced in 1993 along with its first men's ready-to-wear collection. Colors, shapes, materials and heel designs are the distinctive elements in Prada's shoes, characterized by the combination of artisan workmanship and sophisticated design.

Licensed products

Prada eyewear collections were launched in 2000 to extend our product offering for fashion-conscious customers. Since 2003, Prada eyewear has been produced under a licensing agreement with Luxottica, a major global eyewear producer, in relation to the production and distribution of prescription eyeglass frames and sunglasses. We exercise control over the design of the eyewear collections and all marketing campaigns. Prada eyewear products are sold not only in our DOS but also Luxottica's retail and wholesale channels.

BUSINESS

We introduced the first line of Prada fragrances in 2004, produced under a licensing agreement with Fragrance and Skincare S.L., a wholly owned subsidiary of Puig, a major cosmetics company in Spain. As at January 31, 2011, five Prada fragrances were distributed on the market, with two for men and three for women. We maintain an active role in the entire product development and are directly involved in the choice of fragrance, product packaging and all marketing campaigns. The development, production and display of the fragrance products must meet our quality standards. Prada fragrances are sold in our DOS as well as Puig points-of-sale.

MIU MIU

Overview

Named after Ms. Miuccia Prada, our President and stylist, Miu Miu was created in 1993 as a brand with an autonomous identity from Prada and has since evolved into one of the leading high fashion brands in the world. Miu Miu is characterized by its avant-garde, sensual and provocative style, which seeks to evoke a luxurious sense of freedom and intimacy with attention to detail and high quality. Miu Miu targets women driven by a modern spirit of exploration and experimentation in their fashion choices.

Our Group has made major efforts since 2005 to enhance Miu Miu brand's independent identity. For example, Miu Miu's store concept was dramatically autonomous with a stronger contrast between classic materials and futuristic elements to reinforce a consistent spirit of Miu Miu's modern luxury and sensual style. We moved Miu Miu's commercial headquarters into an historic building in Milan separate from Prada's offices, and also moved Miu Miu's fashion shows from Milan to Paris, which we believe align better with Miu Miu's brand. The men's collection was eliminated from the brand to focus on developing Miu Miu's unique image, and we began to expand Miu Miu's DOS network at a faster rate than our other brands. We believe we have successfully re-positioned Miu Miu as a prominent brand as we envisaged.

As at January 31, 2011, Miu Miu had a global sales network of 71 DOS and 300 wholesale clients (representing almost 500 doors), including 8 DOS in Italy, 18 DOS in the rest of Europe, 7 DOS in North America, 13 DOS in Japan and 25 DOS in Asia Pacific.

BUSINESS

Products

The Miu Miu brand line of products includes women's leather goods, ready-to-wear and footwear. We have also expanded the brand to include eyewear for women. Miu Miu's main collections are introduced on a seasonal basis in our show rooms and twice a year at fashion shows in Paris. In addition, flash collections and monthly packages are regularly presented to our retail merchandising teams throughout the year.

The following table sets forth Miu Miu's net sales by product line by amount and as a percentage of Miu Miu's net sales for the periods indicated.

	Year Ended January 31,					
	2009		2010		2011	
	(€ in millions, except percentages)					
Net sales by product line						
Leather goods	128.7	53.7%	154.6	61.3%	224.3	63.5%
Ready-to-wear	54.0	22.6%	46.5	18.4%	63.3	17.9%
Footwear	56.1	23.4%	50.2	19.9%	63.7	18.0%
Other	0.6	0.3%	1.0	0.4%	1.8	0.5%
Total	239.5	100.0%	252.3	100.0%	353.0	100.0%

Leather Goods

The Miu Miu leather goods, including handbags and accessories such as wallets, belts and gloves, constitute the majority of the brand's sales and are characterized by an original style of fashion-forwardness and luxury.

Ready-to-wear

Miu Miu's ready-to-wear collections for women were first introduced in 1993 and remain at the core of the brand's identity and development. Although Miu Miu shares Prada's attention-to-detail and careful selection of materials, we believe that the brand's individuality stands out with its fashion-forward approach and avant-garde style for women's clothing using playful patterns, colors and prints, designed with a free-spirited and modern customer in mind.

Footwear

Miu Miu women's footwear is designed with character elements that complement its ready-to-wear collections to create a multi-colored, playful and provocative image and is produced consistently with our dedication to quality workmanship.

BUSINESS

Licensed products

Miu Miu has launched eyewear collections since 2000 to complement the brand's design series. Since 2003, Miu Miu eyewear has been produced under a licensing agreement with Luxottica, a major global eyewear producer, in relation to the production and distribution of prescription eyeglass frames and sunglasses. We retain control over the design of the eyewear collections and all marketing campaigns for Miu Miu's eyewear. Miu Miu eyewear products are not only sold in our DOS and wholesale networks, but also Luxottica's retail and wholesale channels.



Overview

The Church's brand was founded in 1873 in Northampton, England by Thomas Church and his three sons, based on family experience in the production of handmade men's shoes since 1675. In the beginning of the 20th century, Church's began exporting outside of Europe to the United States, Canada and South America, and received the prestigious Queen's Award for Exports from Queen Elizabeth II in 1965. Church's remains a recognized leader in the men's handmade luxury footwear industry. Church's luxury footwear is characterized by its classical style and sophisticated English elegance based on the combination of fine leather and high-quality craftsmanship. Church's collections are designed to appeal to a clientele who appreciate high-quality shoes with modern style and elegance.

We acquired 100% control of Church's in May 2007 from Prada Holding B.V. As at January 31, 2011, Church's had a global sales network of 36 DOS and approximately 600 wholesale clients (representing more than 700 doors), with 7 DOS in Italy, 24 DOS in the rest of Europe, 1 DOS in North America and 4 DOS in Asia Pacific.

BUSINESS

Products

Church's is most famous for its classic men's leather shoes, which are mainly handmade at its Northampton factory. A pair of shoes typically requires over 250 manual operations and takes approximately eight weeks to produce. In addition to its classic collection, Church's offers a range of styles that appeal to customers who desire classic styling with a modern twist. Church's also sells women's shoes, which are mainly manufactured at one of our manufacturing facilities in Italy where Prada-branded shoes are also produced. In addition to shoes, Church's offer leather goods for both men and women, such as briefcases, wallets and document holders; and a small line of ready-to-wear for men, such as raincoats, shirts, neckties and socks, which are outsourced and/or licensed to third-party producers in the United Kingdom. As a complement to its off-the-rack footwear offerings, Church's also offers "made-to-order" shoes and a shoe repair service. Church's introduces its product collections in showrooms twice a year rather than at fashion shows, reflecting the more limited product line and the heritage nature of the footwear collection.

The following table sets forth Church's net sales by product line by amount and as a percentage of Church's net sales for the periods indicated.

	Year Ended January 31,					
	2009		2010		2011	
	(€ in millions, except percentages)					
Net sales by product line						
Leather goods	1.1	2.2%	1.2	2.8%	1.4	2.7%
Read-to-wear	0.5	0.9%	0.4	1.0%	0.6	1.0%
Footwear	48.3	96.9%	42.0	96.2%	51.0	96.3%
Total	49.9	100.0%	43.6	100.0%	53.0	100.0%

T H E O R I G I N A L



Overview

Car Shoe was founded in 1963 by Gianni Mostile, whose passion for racing cars led him to design handmade moccasins made from very soft leather and soles set on tiny rubber studs to enhance adherence to car pedals and were particularly suitable for driving sports cars. The Car Shoe driving shoe design was awarded a registered patent from the Italian Ministry of Trade and Industry in 1964 which has since expired.

BUSINESS

The brand has since become an Italian classic for driving shoes, known for its technical-design originality with high-quality leather and handmade craftsmanship. We believe Car Shoe is a symbol for exclusive lifestyle and luxury driving. Particularly suited for leisure time and informal occasions, Car Shoe products are targeted at a sporty and elegant clientele.

We completed the acquisition of 100% of Car Shoe in June 2010. As at January 31, 2011, Car Shoe had a global sales network of 5 DOS and approximately 280 wholesale clients (representing more than 300 doors), with three DOS in Italy, one DOS in Hong Kong and one DOS in Singapore.

Products

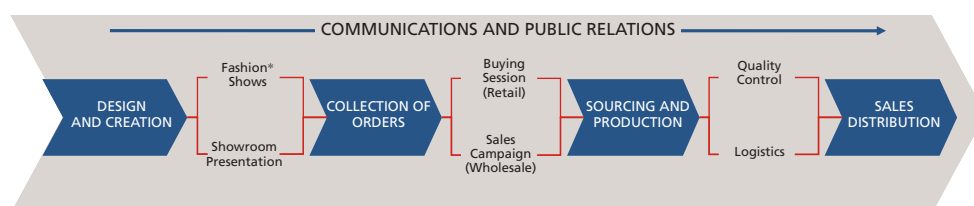
Car Shoe offers luxury driving shoes with rubber studded soles. In recent years, Car Shoe has developed new footwear models which are available for men and women in a wide range of colors and leather materials in both classic and modern design variations. We have extended the Car Shoe product range to other leather goods, such as bags and accessories. These items retain the brand's distinctive elements of fine leather and finishing. Car Shoe introduces its product collections in showrooms twice a year.

The following table sets forth Car Shoe's net sales by product line by amount and as a percentage of Car Shoe's net sales for the periods indicated.

	Year Ended January 31,					
	2009		2010		2011	
	(€ in millions, except percentages)					
Net sales by product line						
Leather goods	4.8	14.1%	2.0	10.9%	1.8	9.8%
Ready-to-wear	—	—	—	—	—	—
Footwear	29.5	85.9%	16.5	89.1%	16.2	90.2%
Total	34.3	100.0%	18.5	100.0%	18.0	100.0%

OVERVIEW OF OUR BUSINESS MODEL

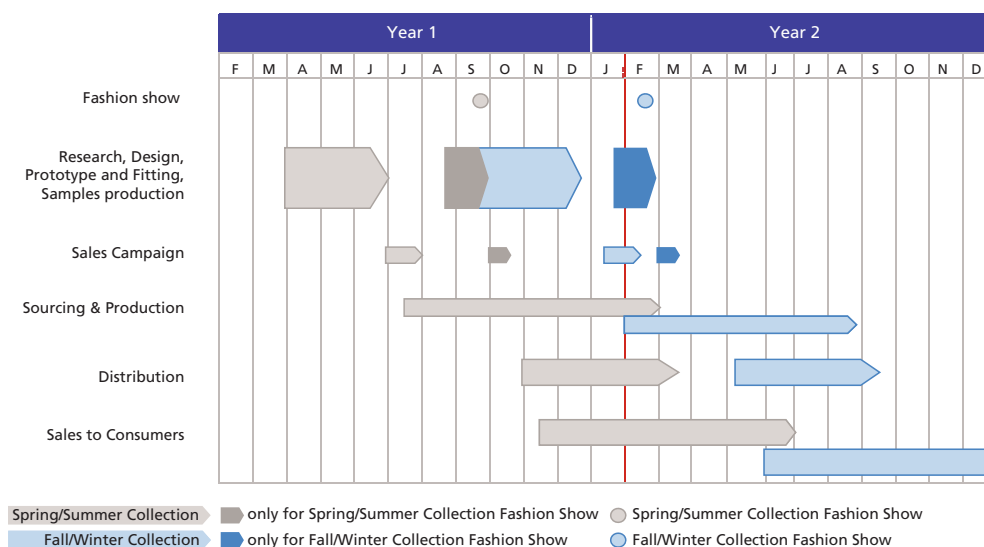
In managing our business, we adopt a strategically controlled and integrated business model as illustrated in the following diagram:



* Only Prada and Miu Miu have fashion shows.

BUSINESS

The following diagram illustrates the timeline of each major process of Prada's women collection as an example.



Our brands are the most valued assets of our Group, with each brand having its own well-shaped identity. In order to protect and enhance the integrity and prestige for each brand, we manage and operate each brand through a business model that encompasses a closely-integrated cycle of design and creation, collection of orders, sourcing and production, and sales distribution, supported by our on-going communications and public relations strategies.

Design and Creation

The first stage of our business cycle is the design and creation of a new collection, during which each brand's design team develops a new collection that elaborates the brand's identity with the latest style in collaboration with other relevant departments. During this phase we develop and produce the vast majority of our prototypes and the majority of our samples at our in-house facilities, through which we establish the detailed specifications for each product that allow us to maintain control over the quality of our outsourced production as well as costs.

Collection of Orders

The new collection is presented in each brand's respective showrooms where merchandisers from our retail channel and wholesale clients place orders for our products and, for Prada and Miu Miu, at fashion shows.

BUSINESS

Sourcing and Production

We then commence sourcing and production for our collections through our manufacturing organization, currently with a portion of our finished products produced in our 11 in-house factories, and the remaining production outsourced to carefully selected external manufacturers.

Sales and Distribution

Our products are distributed through a sales network of DOS which are located in prime locations, as well as a wholesale channel comprising prestigious luxury multi-brand stores, department stores and franchise stores.

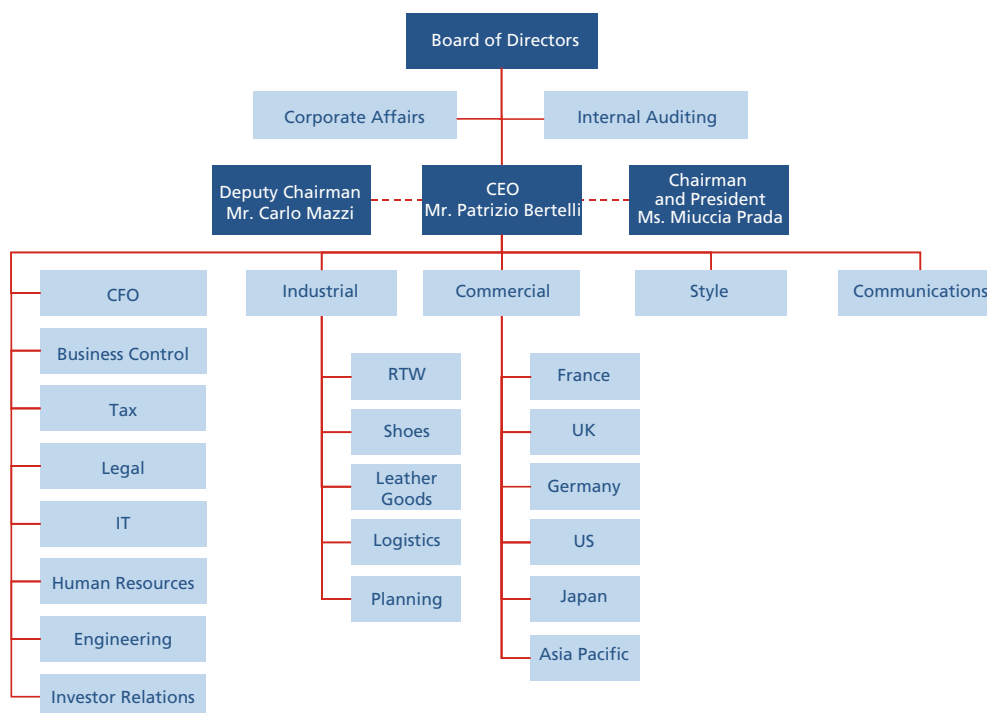
Communications and Public Relations

Effective communication and public relations strategies are imperative to our brand development strategy to reinforce the unique image of each brand throughout the business cycle. We employ a wide array of innovative and brand-specific communication tools, including well-executed fashion shows, creative advertising campaigns, events and sponsorships that enhance each brand's appealing and stylistic image.

With our design competence and industrial capability, we believe that our strategically integrated business cycle allows us to translate our innovative fashion concepts into viable commercial production while retaining control over our technical know-how, quality standards and production cost as well as maintaining a flexible capacity in the entire value chain.

BUSINESS

The following diagram shows the management structure of our Group and identifies the major departments and business divisions.



DESIGN AND CREATION

Overview

We believe we are known for our leadership in design and our uncompromising focus on quality. Our untiring curiosity about the world, society and culture has been at the core of our creativity, consistently reflected in all of our brands. We engage in a continuous process of re-invention and innovation as we seek to allow our collections to evolve in line with modern trends while preserving the individual heritage and identity of each brand.

The design and creation of our collections are essential to our business as they establish the core characteristics and identity for our products. For our Prada and Miu Miu brands, we typically begin the development of main collections approximately three months prior to releasing it in showrooms and approximately six weeks before the fashion shows. The collections are presented twice annually, the fall/winter collections between January and March, and the spring/summer collections between June and October. Church's and Car Shoe collections, which do not have fashion shows, undergo similar design and creation processes prior to their release in their showrooms twice a year.

BUSINESS

We believe that the originality of an idea can translate into business success only if the design and the creative work are closely coordinated with the production, distribution and communication processes. By controlling the initial prototype and sample production at our in-house facilities, we are able to set the technical specifications that ensure we maintain our strict quality standards while also gaining an essential control over costs and timing of production outsourcing. This technical know-how then translates into cost-effective industrial production while maintaining strict quality standards.

The design and creation process involves several phases including briefing and timing, sales analysis, definition of concept and guidelines, research, design, prototyping and fitting, samples approval, collection production and pricing. These phases, although conceptually distinct, are closely interconnected and sometimes overlap.

The development of our collections, which is similar for all our brands, involves design teams of approximately 60 people, headed by Ms. Miuccia Prada and includes designers (such as Mr. Fabio Zambonardi, the design director for both Prada and Miu Miu) and graphic artists. Design teams are supported by our product development department of approximately 750 people responsible for transforming our designs into prototypes. This coordinated process across departments provides us with a clear understanding of costs and production constraints before our products are launched on the market, and enables us to commercialize our stylistic concepts on an industrial scale economically and within production timelines required by the market.

For each of the three financial years ended January 31, 2009, 2010 and 2011, our design and product and development expenses were approximately € 88.2 million, €96.8 million and €97.2 million, respectively, representing approximately 5.4%, 6.2% and 4.7% of our net sales, respectively.

Briefing and Timing

During this first stage we plan the collection design activities and outline our timing guidelines. This involves assigning responsibilities for each phase and coordinating the timeline of deliverable milestones for each stage among departments. This stage involves input from design teams, collection merchandisers and the collection co-coordination departments.

Sales Analysis

During this stage our design team and collection merchandisers, consisting of 53 people for Prada, 13 for Miu Miu, 1 for Church's, and 1 for Car Shoe as at January 31, 2011, carefully analyze previous collections with special emphasis on understanding the materials used, market trends and customer purchasing trends. This data is then used to interpret and anticipate the market and customer trends.

BUSINESS

Definition of Concept

Our design teams, which include our stylist Ms. Miuccia Prada and consist of 44 designers and graphic artists for Prada, 11 for Miu Miu, 1 for Church's, and 1 for Car Shoe, as at January 31, 2011, set more detailed guidelines to be followed by the departments and teams involved in the process of collection development.

Research

Our design teams translate the analysis and interpretation of market and customer trends derived from the sales analysis into new ideas for each product line through a research and experimentation process. During this stage, the team for each brand first evaluates the sales analysis and the evolution of fashion history from a design-sensitive perspective. We then match our design concepts and ideas with our technical and industrial know-how by means of research and experimentation with new materials and color schemes. This allows us to assess the feasibility of developing our design ideas into full-scale production of a collection, as well as to evaluate the availability and procurement costs of raw materials, semi-finished products and accessories.

Design

Based on the previous steps, the design teams prepare drawings and sketches of the products in the proposed collection for the production of prototypes, and develop the technical specifications for the materials and accessories to match the design of the collection. This process generates a complete collection of various products that are aimed to harmonize with each other to create a well-defined style that is consistent with the relevant brand image.

Prototyping and Fitting

Once the design teams have developed their collection designs, they submit a technical form containing the drawings and technical specifications of the prototypes to the production development teams. As at January 31, 2011, the production development teams had approximately 750 employees of which there were 447 employees dedicated to Prada, 127 to Miu Miu, 25 to Church's and Car Shoe, with others working across brands. Our pattern-making group first develops a pattern for each prototype by reproducing the shapes of the finished product on paper, from which a prototype can be created at our prototyping workshop. Our individual design teams, together with our product development teams, then match the relevant prototypes against their original designs and make necessary technical adjustments to ensure that the prototypes adhere to our original design concepts and can be replicated on an industrial scale efficiently and with cost effectiveness. Each prototype is fitted

BUSINESS

on models and assessed for its style and technical qualities. A sales price is proposed for each prototype in major currencies. Currently, we internally produce the vast majority of the Prada and Miu Miu prototypes, and almost all of the prototypes for Church's and Car Shoe.

We believe that our capability to coordinate the design and production functions in our own facilities allows us to develop initial prototypes that faithfully reproduce our original designs, retain the control of our technical know-how, and derive detailed technical specifications for efficient and cost-effective industrial production in-house as well as through third-party manufacturers. We also set the technical specifications and define the production steps for our external manufacturers to maintain quality and consistency and improve production efficiency.

Samples Approval and Collection Production

The final collection is determined based on the finalized and approved samples together with sales prices and the calculated production costs. We then complete the manufacturing process for samples to be displayed in the showrooms for sales campaigns and buying sessions.

Pricing

Once samples have been approved, our collection merchandisers and our commercial department work together to determine a price for each product by country in local currency. When setting prices we also take into account specific market analysis and consult our merchandising teams in our main markets to ensure that sales prices are consistent with competitor pricing, relative foreign exchange and VAT differences among countries and local consumers' spending power.

Flash Collections and Monthly Packages

In addition to the process described above which relates to our main collections and show collections, we also design and produce "flash collections", whereby we regularly supplement our main collections with variations through a leaner process aimed to refresh and replenish the merchandise offerings at our DOS with a constant flow of new products, creating new sales opportunities for us, and enabling us to respond quickly to changes in fashion trends. It generally takes approximately four to six weeks from design to the placement of the flash collection in our DOS.

We also produce "monthly packages", which are regularly planned special collections that are produced for specific events and are mainly available in our DOS network for a limited period of about a month. For example, we introduce monthly packages prior to special days such as Christmas and St. Valentine's day.

BUSINESS

FASHION SHOWS

Overview

Fashion shows represent one of our key communication opportunities, and the effective presentation of our Prada and Miu Miu collections at the fashion shows is an important part of our brand development strategy. We devote a considerable amount of attention to the organization and execution of each fashion show. We believe that fashion shows offer the best opportunity for us to deliver a powerful presentation of the styles and designs embodied in our collections. Our fashion shows typically capture the attention of international fashion editors and the general media.

In general, we organize six fashion shows every year during various fashion weeks. Four Prada fashion shows are held in Milan, two of which are held in January and February for the fall/winter collections for men and women, respectively, and two are held in June and September for the spring/summer collections for men and women, respectively. Another two fashion shows are held in Paris for Miu Miu, one for its fall/winter collection held between February and March and another for its spring/summer collection held between September and October. In addition to these regular fashion shows, we may also hold special fashion show events during the year as part of our publicity and communications strategy. See “— Communications and Public Relations — Marketing Events and Projects” in this section of the prospectus for more information.

Catwalk Implementation

We seek to organize Prada and Miu Miu fashion shows with an innovative approach to conveying the design concepts of each collection. The design team whose collection is being presented first selects a theme for the fashion show which reinforces the collection’s spirit. The relevant production team, marketing and communication managers, and engineering and information technology managers are all actively involved in the preparation of the fashion show to ensure that the set-up, layout, lighting, music and all other scenic components of the show work together to focus the audience’s attention on the products displayed on the catwalk and to communicate a coherent design theme for the viewers. Since our fashion shows are intended to present an overall concept of design and style, our models on the catwalk do not just wear apparel, but also present shoes, bags, eyewear and other accessories that belong to the individual brand’s collection.

BUSINESS

Event Coordination

Invitees to our fashion shows include buyers from all over the world, journalists from leading international publications as well as celebrities. Our communications team may also organize some events in combination with the fashion show in order to strengthen our relationship with our customers and the fashion press.

COMMUNICATIONS AND PUBLIC RELATIONS

We believe that effective communication is imperative to building and maintaining a unique brand image. From opening Epicenter Stores to stimulate the interaction of art, culture and architecture, to cross-cultural collaborations and the sponsorship of sporting events, we believe these events enable us to create and maintain an appealing and stylistic image that attracts an international and sophisticated customer base.

Our communications and public relations department is organized at the group level with separate teams covering each of the brands. We believe that this organization model allows us to gain strategic efficiencies across brands while maintaining individual brand identities and communication plans. We had a total of 106 people worldwide working in the communications and public relations department across brands as at January 31, 2011. Our communications and public relations department based in Milan coordinates our global marketing functions, ranging from external communications, media planning, advertising campaigns, relationship management of VIPs and celebrities, organization of events and commercial activities, as well as website management. Each of these communications activities is tailored to the specific brands, with careful attention being paid to the appropriateness of the event in keeping the brand image. We approach celebrities on a brand-by-brand basis to wear our ready-to-wear or to use our products on various occasions, ranging from the Academy Awards to their vacation activities, to ensure that the celebrity accurately conveys the image of the particular brand.

For each of the three financial years ended January 31, 2009, 2010 and 2011, our advertising and promotion expenses were approximately €99.5 million, €75.8 million and €85.1 million, representing approximately 6.1%, 4.9% and 4.2% of our net revenues, respectively.

BUSINESS

Advertising Campaigns

In general, we run up to 11 advertising campaigns per year mostly tailored for the new collections of our brands as follows:

Brands	Number of Campaigns	Collection
Prada	2	Women's spring/summer collection and fall/winter collection
	2	Men's spring/summer collection and fall/winter collection
	1	Optional single pre-collection campaign entitled "Cruise"
Miu Miu	2	Spring/summer collection and fall/winter collection
Church's	2	Spring/summer collection and fall/winter collection
Car Shoe	2	Spring/summer collection and fall/winter collection

These advertising campaigns, which we organize and manage internally on an individual basis for each brand, are vitally important to each brand's image. Our communication managers carefully evaluate the campaign content in collaboration with style executives, collection merchandisers and retail functions which handle the individual brands. The purpose of this evaluation is to verify that the products advertised and the messages conveyed are consistent with the characteristic traits of each brand to preserve its distinct identity. These campaigns primarily include advertisements in the press, such as newspapers, national and international fashion magazines, and billboards, occasionally involve "still-life shooting" dedicated to the launch of specific new products, and may also coincide with entry into new markets.

Marketing Events and Projects

In addition to our regular fashion shows, we also organize shows and events to help raise the brands' profiles and increase awareness of the most recent collections in local markets worldwide. For example, following the success of the Prada 2011 spring/summer collection fashion show in Beijing, China at the Central Academy of Fine Arts Museum in January 2011, we plan to host special event fashion shows for Prada in Tokyo and Miu Miu in Shanghai during 2011. Besides presenting new products, these events are designed to raise the profile of the brand and enhance its image, as well as to promote a direct involvement of our customers and journalists through exclusive parties or dinners.

We believe arts and cultural events are also crucial to the promotion of the image of our brands and the caliber of our creativity. These events are frequently held at our multi-purpose stores, such as our Epicenter Stores, where we host movie showings, exhibitions and debates. In 2004, we launched the "Waist Down" skirt exhibition at the Tokyo Epicenter Store, which subsequently expanded to New York and Los Angeles. In 2008, we presented a short animated film for Prada entitled "Trembled Blossoms", which represented dreamlike situations inspired by Prada's spring/summer 2008 collection. In 2009, Prada Transformer, a futuristic building designed in

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collaboration with renowned architect Rem Koolhaas, was built in Seoul, Korea to hold events for art, cinema, fashion and culture. The opening event lasted for four months and generated extensive and positive editorial coverage not only in Korea, but throughout Asia and around the world.

We have sought also to maintain our image through selective sponsorship of sporting events. We sponsored the participation of the Luna Rossa Challenge team in the America's Cup sailing races in 2000, 2003 and 2007. This led to the development of a sport clothing and accessories line associating the Prada brand with one of the world's most prestigious international sporting competitions.

Editorial Management

Our brands, such as Prada and Miu Miu, are featured prominently on the front covers of fashion magazines and other media worldwide. We believe that the covers and editorial coverage in fashion magazines contribute to the visibility of our brands. During the financial year ended January 31, 2011, our brands had over 360 dedicated front covers of which 260 were for Prada, 100 for Miu Miu, four for Church's and three for Car Shoe. In addition, our brands appeared in more than 14,000 pages of editorials in key markets, which presents significant value in terms of free advertising and profile raising. For example, during the financial year ended January 31, 2011, Prada appeared in more than 10,000 pages, equivalent to approximately € 160 million of advertising costs, and Miu Miu appeared in more than 4,000 pages, the equivalent of approximately € 60 million in advertising costs. Church's appeared in more than 360 editorials, the equivalent of approximately € 7 million in advertising costs, and Car Shoe appeared in more than 160 editorials, the equivalent of approximately € 2.7 million.

We manage each brand's editorial coverage separately, and the contents are carefully reviewed and followed by the communication managers and our design teams responsible for each brand. Our fashion press office works closely with fashion editors and frequently updates them with news and information about our activities with the aim of generating favorable press coverage.

Internet

We have created a website for each of our brands (www.prada.com, www.miumiu.com, www.church-footwear.com and www.carshoe.com), to increase their profile on the internet, to provide easy access to information on such brands and products, and to enhance their identity and image through cross-channel marketing. Prada's and Miu Miu's websites contain videos of their fashion shows, pictures of their latest and past collections, movies and pictures of the advertising campaigns as well as information of their marketing projects

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and stores. These two websites are typically decorated with pictures from the advertising campaigns to reinforce the luxurious and stylistic image of Prada or Miu Miu. Church's and Car Shoe's websites contain information on their history, products and stores.

COLLECTION OF ORDERS

We present new collections separately for each brand and product category in our showrooms, after which order collection commences for a duration of approximately four weeks. We collect orders after the release of each new Prada or Miu Miu main collection in a fashion show. Church's and Car Shoe brands do not have fashion shows, and their new collections are also displayed at showrooms during the order collection period. We have different order collection mechanisms for our retail and wholesale distribution channels as described below.

Retail

Orders for our retail channels are taken through a centralized order system. Representatives of the design team present the new collection to the retail merchandisers from the headquarters as well as the regional distribution subsidiaries at the showrooms before the "buying session". Our retail merchandisers select the products to be offered in our global DOS network during the following months and work with the commercial department to compile a worldwide master order.

Based on the finalized worldwide master order, retail merchandisers from each country will then select an assortment of products to propose the country order, taking into account the budget agreed with the commercial department as well as the recommendations on product mix. As soon as the country order is validated it is immediately passed to our production divisions.

Wholesale

Buyers from our wholesale clients visit our showrooms during the sales campaign and place purchase orders. Collection merchandisers from our commercial department and sales department make recommendations on product mix, purchase quantities and display set-up based on each wholesale client's budget, with an objective to maintain the prestigious status and image of our brands. Our wholesale clients purchase goods from us at a sell-in price pre-determined by our commercial department, which is the same as the sell-in price we invoice to our subsidiaries (on a country-by-country basis). Our wholesale clients' purchases are governed by the terms and conditions set out in our standard form purchase orders.

Our commercial department monitors orders gathered from wholesale clients for each collection on a daily basis. These orders, together with those coming from our retail merchandisers, are automatically interfaced with the ERP

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system, allowing our industrial department to start sourcing raw materials and accessories to start planning production to fulfill orders and meet efficiency targets. The results of the collected wholesale orders provide us with an insight into purchasing patterns and allow us to anticipate consumer demand for the upcoming season.

SALES DISTRIBUTION

We strive to reinforce the value and image of each brand through our own DOS and selected high-end independent distributors, with the goal of providing customers with a unique shopping experience. We sell our products in over 70 countries through our global sales network of 319 DOS and approximately 1,400 wholesale clients (representing approximately 1,800 doors) as at January 31, 2011. For the three financial years ended January 31, 2009, 2010 and 2011, our DOS network generated approximately 54%, 65% and 71%, respectively, of our total net sales (excluding royalties), and our wholesale channel generated approximately 46%, 35% and 29%, respectively, of our total net sales.

The following table sets forth the amount of our net sales for the two distribution channels and the percentage of total net sales represented by the channel for the periods indicated.

	Year Ended January 31,						
	2009		2010		2011		CAGR
	(€ in millions, except percentages)						
Retail	871.3	54.3%	991.5	64.8%	1,427.4	70.8%	28.0%
Wholesale	732.9	45.7%	539.1	35.2%	589.7	29.2%	(10.3)%
Total net sales	1,604.1	100.0%	1,530.6	100.0%	2,017.1	100.0%	12.1%

As at January 31, 2011, our five largest wholesale clients (excluding the Prada Family) included two renowned luxury department store groups in the US; two Korean companies operating retail distribution business through their hotel and duty-free networks; and an Italian group which operates multi-brand boutiques in Northern Italy. We have established commercial relationships with these wholesale clients for between 14 and 32 years.

Sales to our five largest wholesale clients (excluding the Prada Family) accounted for 9.0%, 6.7% and 7.1% of our total sales for the three years ended January 31, 2009, 2010 and 2011, respectively, or 10.0%, 7.7% and 7.6% if the Prada Family is considered as one of our five largest wholesale clients. Sales to our largest wholesale client accounted for 3.0%, 2.2% and 2.1% of our total sales for the three years ended January 31, 2009, 2010 and 2011, respectively. As at the Latest Practicable Date, other than the Prada Family, as discussed in the section headed "Relationship with our Controlling Shareholders and Connected Transactions — Continuing Connected Transactions Subject to the Reporting and Announcement Requirements of the Listing Rules — Non-exempt Continuing Connected Transactions with Companies Controlled by

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Prada Family — Franchise Agreement — Prada Milan Stores” in this prospectus, none of the Directors or any of their respective associates or any person who, to the best of the Directors’ knowledge, owns 5% or more of our issued share capital or any of our subsidiaries, or any of their respective associates, had any interest in any of our five largest wholesale clients.

Retail

DOS

We believe that having a broad network of DOS is crucial to our strategy for developing a close relationship with our clientele and facilitating communication of the concepts, styles and values embodied in each brand’s collections. As at January 31, 2011, our DOS network consisted of 37 DOS in Italy, 88 DOS in the rest of Europe, 34 DOS in North America, 56 DOS in Japan and 104 DOS in Asia Pacific, which collectively generated 71% of our net sales in the financial year ended January 31, 2011. In each of the three financial years ended January 31, 2009, 2010 and 2011, we opened 34, 35 and 59 new DOS and closed 7, 8 and 5 DOS, respectively. The following tables show the locations of our DOS by brand as at the dates indicated.

As at January 31, 2009					
	Prada	Miu Miu	Church’s	Car Shoe	Total
Italy	19	4	6	2	31
Rest of Europe	31	10	22	—	63
North America	14	3	3	—	20
Japan	42	10	—	—	52
Asia Pacific	60	9	3	—	72
Total	166	36	34	2	238

As at January 31, 2010					
	Prada	Miu Miu	Church’s	Car Shoe	Total
Italy	18	4	6	3	31
Rest of Europe	36	13	24	—	73
North America	15	5	1	—	21
Japan	41	12	—	—	53
Asia Pacific	67	17	3	—	87
Total	177	51	34	3	265

As at January 31, 2011					
	Prada	Miu Miu	Church’s	Car Shoe	Total
Italy	19	8	7	3	37
Rest of Europe	46	18	24	—	88
North America	26	7	1	—	34
Japan	43	13	—	—	56
Asia Pacific	73	25	4	2	104
Total	207	71	36	5	319

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In addition, as part of our DOS expansion strategy, on December 22, 2010 we entered into a joint-venture agreement with Al Tayer Insignia LLC, a leading luxury retailer in the Middle East based in the United Arab Emirates. The joint-venture company, in which we have a 60% controlling interest, will be headquartered in Dubai and allow us to invest in companies to open new DOS in Dubai and certain other areas within the Middle East.

Our DOS, including 301 mono-brand boutiques and 18 outlets as at January 31, 2011, are strategically located at prestigious, highly visible venues that we select specifically to reinforce the image of heritage, class and exclusivity carried by our brands. Store locations are chosen based on their position on the most important luxury shopping streets around the world and by their position inside high-end shopping centers, also taking into consideration the size and shape of the space as well as the brand mix of neighboring retailers. Based on these factors, we present an annual list of proposed locations for initial approval to the board of directors of Prada S.A., owner of the brands. Our Group's dedicated store committee is responsible for approving all new store locations and business plans. Whenever a new DOS is proposed, the regional or country manager will present the location statistics, business plans and expected financial projections, for discussion, revision and approval by the store committee. Once the store committee has approved the project, it is sent to our Deputy Chairman and CEO for final approval.

Each DOS (excluding outlets) sells one brand only to strengthen brand identity. Generally, a DOS can sell all lines of products of a brand or focus on certain categories of products depending on the size and location of the individual store. Our outlet stores offer products from previous seasons' collections, factory seconds, samples as well as products that we specifically produce for the outlet stores, integrating styles, colors and sizes in order to provide a complete assortment of products. Each of our DOS is designed, built and operated in accordance with precise internal guidelines that reflect our innovative distribution and communication concepts and to mirror the distinctive positioning of each brand. We continuously improve and refurbish our DOS on average every five to seven years. The interior design and settings, such as furnishing and fitting of the DOS, are carefully designed by our engineering department in consultation with architects with whom we have had a long-standing relationship, while store windows and other visual displays are the fruits of close collaboration between our retail merchandisers and our visual merchandising team seeking consistency of brand identity, product presentation, collection style and the corresponding advertising campaign.

We believe the best representation for our innovative distribution strategy is our pioneering development of the Epicenter Concept Store Program in the early 2000s, aimed at re-inventing the shopping experience and experimenting on innovative interactions with customers. The three Prada Epicenter Stores are large stores designed in collaboration with internationally renowned

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architects: the New York Epicenter Store designed by Rem Koolhaas, which opened in 2001, the Tokyo Epicenter Store designed by Herzog & de Meuron, which opened in 2003, and the Los Angeles Epicenter Store designed by Rem Koolhaas, which opened in 2004. These Epicenters are “creative laboratories” where fashion meets art and culture, as luxury products, technology and design blend with exclusive services and sensory and audio-visual experiences.

All DOS are managed by carefully selected and trained staff whom we expect to provide first-class service to our customers. We monitor the performance of each DOS through daily, bi-weekly, weekly and monthly sales reports, monthly expense reports and quarterly profit and loss reports for each individual DOS. In addition, our IT system enables us to monitor in real-time store sales and stock supplies. We may close a DOS for various reasons, including the protection of our brand image (e.g. after other luxury brands in the vicinity also close their stores), the re-branding of a store from one brand to another, non-satisfactory performance, the relocation of a store when the closure and the re-opening happen in different financial years, the temporary close of a department store due to its refurbishment, the permanent closure of a department store and store consolidation. During the Track Record Period we closed 20 DOS (7, 8 and 5 in the financial years ended January 31, 2009, 2010 and 2011, respectively).

E-Commerce

Our commercial team and communication and public relations team collaborated to launch Prada's, Miu Miu's, Church's and Car Shoe's e-commerce initiatives through each of their respective websites. While still in its initial phase, we believe our e-commerce retail channel will develop significant business for us in the future. In the financial year ended January 31, 2011, our e-commerce retail channel generated approximately € 1.9 million.

The Prada e-commerce site www.prada.com currently features a limited number of products, mainly leather goods and accessories, and operates in Italy/Europe, the US and Japan, with plans to launch in China soon. Church's e-commerce website features a wide array of products both for men and women, including accessories, and operates in Europe. Car Shoe's e-commerce website currently features the best sellers for both men and women. Miu Miu's e-commerce site was launched recently in April 2011.

Wholesale

Our wholesale channel comprises sales to reputable luxury department stores and upscale multi-brand stores with extensive experience in selling fashion and luxury goods, and also franchise stores operated by our franchisees. As at January 31, 2011, we had approximately, 1,400 wholesale clients (representing more than 1,800 doors), among which there were approximately 640 clients in Italy, approximately 600 clients in the rest of Europe, approximately 55 clients

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in North America, 20 in Japan and almost 30 clients in the rest of Asia Pacific. We have maintained long-term relationships of more than five years with our top ten customers by value for the financial year ended January 31, 2011, which constituted more than 30% of our total net sales attributable to the wholesale channel for the same year.

Among our wholesale clients, as at January 31, 2011, there were 33 mono-brand franchise stores operated through 9 franchisees in locations where, for various reasons, we have decided to operate indirectly. For example, the five Prada stores in Milan are operated by the Prada Family as franchise stores due to an historical agreement among our shareholders at the establishment of Prada Holding B.V. to exclude the Milan stores from the contributed assets. Likewise, in Switzerland, we have kept an historical franchise relationship with a major Swiss luxury brand distributor that has been in place well before our DOS expansion. In Korea and Taiwan, as required by local laws we operate in the duty-free markets through our franchisees, which are reputable local duty-free operators specialized in distribution of luxury goods. In the Philippines and Indonesia, we do not operate DOS but have operated through franchise arrangements with local well-known partners in order to limit our exposure to the risks associated with business operations in markets with evolving legal and business structures. In Russia, we chose to enter the market initially through franchise arrangements with a prominent Russian luxury distributor to allow us to gain an understanding of the market prior to committing our full efforts and resources at developing a DOS network. Except for the Prada Family, all our franchisees are independent third parties. Due to the specific circumstances where we enter into franchise arrangements as discussed above, we do not generally experience cannibalization of our DOS sales by our franchise stores. As at January 31, 2011, we had 2 franchisees operating 10 franchise stores in Korea, 2 franchisees operating 2 franchise stores in Taiwan, 1 franchisee operating 7 franchise stores in Russia, 2 franchisees operating 3 franchise stores in Indonesia and the Philippines, and 1 franchisee operating 6 franchise stores in Switzerland.

We usually enter into franchise agreements with our franchisees for a term of one to five years. Some of our franchisees pay us royalties for the right to use the trademarks of our brands based on an agreed percentage of the franchisees' purchases from us, and our franchisees purchase our products at a sell-in price. Revenues from our franchise stores for the financial years ended January 31, 2009, 2010 and 2011 constituted 4.7%, 5.0% and 5.0% of our total net sales, respectively. Royalties from our franchisees in the three financial years ended January 31, 2009, 2010 and 2011 were € 2.3 million, € 1.6 million, and € 1.7 million, respectively. We exercise strict control over the store operations of our franchisees to enforce their contractual obligations to maintain the stores' quality standards, product assortment and display, and provide personnel training to them through regular visits of our internal personnel. We monitor our franchise store performance through regular sales

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reports (ranging from daily to monthly) submitted by our franchisees. Our franchisees are responsible for ensuring that they comply with local laws and regulations and we do not have any legal liabilities resulting from the operations of the franchise stores.

With respect to our multibrand wholesale clients, our commercial department selects our wholesale clients based on strict criteria to assess the client's location, target customers, market knowledge and experience, consistency with the positioning and image of our brands, service quality to customers and display arrangement of our products. We dedicate specialized resources to manage the relationship with our wholesale clients. Our wholesale team often visits our wholesale clients to monitor the display of our products to ensure that each brand's image is properly presented. We also provide training to the staff of our key wholesale clients at the time of each season's sales campaigns, fashion shows, and for the more important clients, dedicated visits to ensure that the products are presented to the customers and displayed consistently with the image of each brand and the theme of each collection. We do not make any financial commitments to them, but collaborate with them in the design of spaces and display of products. We do not set contractual minimum purchase thresholds or performance targets for our wholesale clients, but do discuss our expectations with them, which form one of the criteria for assessing the continuance of our commercial relationships with them. We suggest retail prices at which to sell our products, but wholesale clients are free to determine the retail prices. However, we take into account their pricing practice when we assess their suitability for distributing our products. If a wholesale client continually deviates from our policies in terms of brand mix, product display and pricing practice, including our mark-down policies, we may consider terminating the relationship to protect our brand image. Our wholesale clients are responsible for ensuring that they comply with local laws and regulations.

We do not have fixed term arrangements with our wholesale clients who place purchase orders for our products during the seasonal sales campaigns, which are subject to our acceptance in whole or in part by order confirmations. Purchases by our wholesale clients are governed by the terms and conditions set out in the purchase orders. Under our standard terms and conditions, our wholesale clients are committed to sell our products at authorized points of sale directly to consumers only. Delay in delivery will not entitle our clients to cancel the confirmed order or to recover damages from us. We may cancel, discontinue or replace particular products or lines of products in response to production requirements and market demands. Our wholesale clients are usually expected to settle invoices within 30 to 90 days. If a product fails to conform to the description of the order, or is defective, we may at our discretion repair or replace the products or return the purchase price to the clients. Our wholesale clients, other than the Milan franchise stores and the Korean duty-free stores, do not have the right to return any unsold products at the end of the season. Pursuant to the terms and conditions of the purchase

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orders, we have the right to terminate our commercial relationship with a wholesale client under various conditions, such as payment default by or insolvency of the client, sales of our products by the client through unauthorized channels, and opening of our DOS in the same city as the client's store location upon six month's prior notice. During the Track Record Period, the Group has reduced by approximately 20% its number of wholesale clients as a result of the worldwide economic downturn experienced in 2008 and 2009, as well as by voluntary decision to terminate certain clients for reasons including the sub-standard image of our brands conveyed by some wholesale clients, parallel exporting of our products and our retail focused strategy of expanding our DOS network which resulted in selective reduction of our wholesale network.

We monitor the sales and inventory level of our wholesale clients through the periodic report from our US clients and our discussions with other wholesale clients during sales campaigns and client visits. We also receive signboard royalties from some of our franchise clients for use of our brands in their signage.

PRODUCTION STAGES

We pay close attention to our industrial process management which allows our Group to offer high-quality and exclusive products to our customers. Our industrial management team coordinates and supervises the entire production process from sourcing of raw materials to internal and external productions to deliver quality of craftsmanship in our products to our customers.

Materials Sourcing

We attribute significant importance to our procurements process as we believe it is crucial to achieving excellence in product quality efficiency and delivery on time.

We strictly select our suppliers and procure materials mainly from those with whom we have a well-established relationship. The purchase department works together with our production teams to plan procurement of raw materials and accessories in accordance with estimated quantities coming from the sales campaigns and buying sessions for the coming season. We also carefully choose raw materials and accessories, which are sometimes exclusively made for us based on our very detailed specifications. To ensure quality standards we use dedicated inspectors to check the ongoing off-site production process. The quality control of the incoming goods delivered by our suppliers is performed in our warehouses by our own employees.

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We have stable and long-term relationships with many of our key suppliers, who have a track record of reliable quality. Given the amount of business we direct to many of our suppliers and the long-term relationships we have, we believe our suppliers give priority to our procurement needs. We usually purchase raw materials and accessories under negotiated terms and conditions for each production season that remain valid for six months, without entering into framework contracts, long-term contracts or other agreements that would require us to buy minimum quantities for the season or similar arrangements. Our purchases of raw materials and accessories are subject to an average payment term of 90 days. During the Track Record Period, we have not experienced any shortages or delays in delivery of raw materials required for our production that had a material adverse effect on our operations or performance.

Raw materials

Our purchase managers closely monitor incoming orders of our products to determine our raw material requirements. We purchase our primary raw materials before the presentation of our new collection in the showrooms, and adjust the ordered quantities after collection of orders to match actual production needs. We purchase special raw materials that we use for our most innovative lines after the buying sessions and sales campaigns end, to minimize inventory risks.

The primary raw materials we use include leather, fabrics and yarns. We purchase tanned leather that is made of calf, sheep, goat and deer skins. We also purchase crocodile, lizard, ostrich and python skins, in compliance with international regulations on the importation and use of the skins of protected animal species.

We use a wide variety of both natural and synthetic fabrics. Considerable effort is devoted to the research of and experimentation with new materials to keep individual brand identities fresh. We sometimes work with suppliers to develop highly exclusive materials for our innovative products, or to create patterns and styles for our exclusive use.

We believe that the large quantity of fabrics and leathers used in the production of our products allows us to develop relationships with quality fabric makers and tanneries around the world, who will give priority to our procurement needs. During the financial year ended January 31, 2011, we purchased materials from over 450 raw material suppliers.

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Accessories

Our products are made with great attention to detail. We use accessories such as customized metal fittings, buttons, zippers and semi-precious stones in our products. Our design department establishes the specifications of these accessories and we engage external manufacturers to create prototypes and moulds for our production.

Metal accessories are designed by a specific department that establishes all features such as size, purpose and color in the design phase. Prototypes are made by external artisans. These materials are typically used in large quantities, therefore bespoke moulds are made for their production in accordance with our specifications.

Industrial Manufacturing

As at January 31, 2011, our products were made in our ten in-house production facilities in Italy and one in the United Kingdom, and also through a network of approximately 480 external manufacturers, approximately 390 of which were located in Italy, whom we select for their craftsmanship skills and reliability. In the financial year ended January 31, 2011, approximately 20% of our finished products were produced in our in-house production facilities (which include products where at least one important phase of the production process was performed internally), while the remaining 80% of our finished products were produced by our external manufacturers. Our production divisions, in collaboration with our industrial management team, are responsible for both internal and external production as well as materials procurement. We exercise strict control over the whole production process to maximize flexibility of our production capacity and efficiency and to achieve high quality of our products.

In-house manufacturing

We have three distinct in-house production divisions for leather goods, footwear and ready-to-wear products, which enable us to develop the vast majority of our prototypes and the majority of our collection samples that are presented in the showrooms during the order collection period, as well as to produce a portion of our final products. We consider a product to be produced internally when at least one important phase in its production process that is critical to meeting our high technical and quality standards is made at one of our in-house production facilities and/or a significant portion of production hours are spent at our in-house production facilities.

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We have 11 in-house production sites, of which ten are located in Italy, and one in the United Kingdom. The following table sets forth information relating to each of our in-house production facilities as at January 31, 2011.

Location	Products	Brands	Headcount
Arezzo, Italy	Leather goods — belts	Prada, Miu Miu	34
Civitanova Marche, Macerata, Italy	Men's shoes	Prada	40
Dolo, Venice, Italy	Women's shoes	Miu Miu	54
Fucecchio, Florence, Italy	Leather ready-to-wear	Prada, Miu Miu	21
Levane, Arezzo, Italy	Women's shoes	Prada	309
Montegranaro, Fermo, Italy	Men's shoes	Prada	106
Montone, Perugia, Italy	Ready-to-wear	Prada	87
Northampton, United Kingdom	Men's shoes	Church's	330
Piancastagnaio, Siena, Italy	Leather goods — bags	Prada, Miu Miu	47
Scandicci, Florence, Italy	Leather goods — bags	Prada, Miu Miu	35
Torgiano, Perugia, Italy	Knitwear	Prada	26

Our in-house production capability is of strategic importance to us. On the one hand, we can retain and upgrade our technical know-how through our own production, while on the other hand, it provides us with more control over quality, production costs and timing, particularly in relation to production outsourced to external manufacturers. Our production staff based at our production sites also support and supervise our external manufacturers and enhance the flexibility of our overall production capacity.

Outsourcing

We outsource most of the manufacturing of our semi-finished and finished products to external manufacturers thus granting flexibility to our production process.

As at January 31, 2011, we had established long-term and stable relationships with most of our external manufacturers, mostly located in industrial districts in Italy, as well as with manufacturers located outside of Italy such as China, Vietnam, Turkey and Romania, to produce finished products for us. Our external manufacturers are carefully chosen based on the quality of their work and their well-established relationship with our team. Given the scale of our outsourcing and the good relationship we have, we believe our external manufacturers give priority to our production needs. For the three financial years ended January 31, 2009, 2010, and 2011, the amounts we paid to external manufacturers for outsourcing arrangements were € 244.6 million, € 203.1 million and € 255.4 million, respectively.

As at January 31, 2011 our five largest external manufacturers included: a Hong Kong listed quality footwear manufacturer which also designs, develops and manufactures footwear for several other high-end fashion brands; a Turkish developer and producer of shoes, bags and other leather accessories with a tannery and metal accessories factory; an Istanbul Stock Exchange listed leather

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producer; a Taiwanese footwear manufacturer for sports brands; and an Italian manufacturer of high-quality men's suits and jackets. We have developed business relationships with these external manufacturers for between four and eight years.

Given the flexibility required by our production needs, with the requirements changing from one season to another in terms of styles, fabrics and quantities, we have not entered into framework contracts or long-term commitments with any of our external manufacturers, and we place orders with them based on negotiated terms and conditions. In general, we are subject to an average payment term of 30 to 90 days, and the outsourcing contracts can be terminated by us immediately under certain circumstances and by either party generally with six months' notice, which is common practice in the industry (because under Italian law, contracts with no fixed term may be terminated by either party with a reasonable termination period, which is normally considered to be six months.) These contracts specify quality specifications, cost, delivery requirements and penalties for delayed delivery. Our outsourcing contracts are drafted with our piracy prevention objectives in mind. The raw materials we provide to our external manufacturers are contractually limited to the quantity required to meet the orders for our products. External manufacturers are also specifically committed to comply with the intellectual property requirements and confidentiality restrictions in relation to the designs and specifications we supply for production. Moreover, we require all external manufacturers to sign a code of conduct and commit to abide by all laws and applicable regulations. Any breach of the code of conduct by an external manufacturer may result in the termination of its outsourcing contract.

Our inspectors are responsible for ensuring that our external manufacturers' finished products meet our stringent quality standards. Inspectors are designated to check the external manufacturers' production procedures and their conformity to our designs and specifications on a regular basis. They also help our external manufacturers to resolve any technical production problems. We believe as a result of this close cooperation and these quality control measures, we have not had any material quality problems during the Track Record Period.

Relationship with Suppliers

For the three financial years ended January 31, 2009, 2010 and 2011, purchases from our five largest raw material suppliers accounted for 14.5%, 16.3% and 17.8%, respectively, of our total purchases of raw materials by value, while purchases from our largest supplier accounted for 3.5%, 5.0% and 4.9%, respectively, of our total purchases of raw materials by value.

For the three financial years ended January 31, 2009, 2010 and 2011, purchases from our five largest external manufacturers accounted for 11.7%, 13.1% and

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16.3%, respectively, of our total purchases of outsourced products by value, while purchases from our largest external manufacturers accounted for 2.7%, 2.9% and 5.5%, respectively, of our total purchases of outsourced products by value.

As of the Latest Practicable Date, none of the Directors or any of their respective associates or any person who, to the best of the Directors' knowledge, owns 5% or more of our issued share capital or any of our subsidiaries, or any of their respective associates, had any interest in any of our five largest raw material suppliers or our five largest external manufacturers.

Quality Control

We rigorously monitor the entire production cycle, whether inside or outside of our Group, in order to ensure that our products achieve our high quality standards. We employ dedicated internal and external specialists for quality control of the raw materials received from our suppliers and our finished products. As at January 31, 2011, our quality control team included approximately 170 employees, of which approximately 100 inspectors regularly visit each of our raw materials suppliers and their production sites, as well as those of our external manufacturers and our own production units to assess the production processes and the quality of the materials used for our products. Our quality control team consists of highly skilled professionals with extensive technical and product knowledge. We hire a portion of our inspectors from our internal pool of candidates who have at least 10 years of experience in our manufacturing departments with experience in product industrialization, sample production, or defective goods analysis. We also hire inspectors from external candidates who have at least 20 years of experience in quality control at other well-known luxury goods makers with a reputation for high quality and integrity. In order to effectively manage the quality of our products, we regularly inspect various production stages for products manufactured in-house and by external manufacturers before the final inspection of the finished products. With a close supervision of the overall production process, we can minimize the percentage of defective products.

We conduct sample quality checks on (i) the weight, material and color of individual supplies of fabrics and yarns; (ii) the look, thickness, texture and color of individual batches of leather and (iii) the functionality, color, weight and size of accessories. We return any batch of materials that fails our quality checks. As a result of these quality control measures, we have not had any material quality problems during the Track Record Period.

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Logistics and Inventory Management

Transportation

Our logistics department is responsible for organizing and managing the transportation of incoming raw materials and the outgoing flows of our finished products, preparing the relevant documents required for shipment, as well as the management of our warehouses.

Our wholly-owned subsidiary IPI Logistica S.r.l. is an IATA agent and a registered shipping agent in Italy, with relevant licenses and permits to arrange shipments of goods. Through IPI Logistica S.r.l. we are able to centrally manage the shipment of both raw materials and finished products, and to directly monitor and track each shipment, delivery and phase in the transportation process. As a registered shipping agent, IPI Logistica S.r.l. can efficiently handle the loading and unloading documentation, ensuring that the delivery of our goods is more efficient. Furthermore, since IPI Logistica S.r.l. is an IATA agent, it can negotiate transportation fares with airlines and other carriers directly without incurring intermediary expenses, allowing us to control costs.

We engage third-party transportation specialists to transport our goods by road, air or sea, based on factors such as distance to destination and urgency of the shipment. We enter into agreements with major transportation companies annually that provide guidelines for the commercial relationship and arrangement during the particular year. The terms of these agreements with these companies vary in accordance with circumstances relevant to particular deliveries. The terms provide for a non-exclusive arrangement that is not conditioned on minimum usage rates and are subject to usual terms and conditions regarding the standard terms of payment for the particular transportation company.

Warehousing and Inventory Management

We store our raw materials in warehouses located close to our production sites and our production department is responsible for the management of such inventory. Our logistics department manages the inventory of all of our finished products, whether internally or externally produced, at our central warehouses in Italy. As at January 31, 2011, we had four central warehouses in Italy (of which two are outsourced) and one in the United Kingdom with regional warehouses in the US, Japan and Asia with a total gross floor area of more than 40,000 square meters.

For our customers in Europe, we ship the finished products from our central warehouses in Italy directly to the DOS and the wholesale clients. We ship our finished goods to two main regional warehouses located in Tokyo (outsourced)

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and Hong Kong, and minor regional warehouse in New York (outsourced), Seoul and Taipei. In addition to our central warehouses and our regional warehouses, we have a network of much smaller local warehouses mainly dedicated to stock goods in transit to nearby shops.

Our electronic sales and warehouse information system enables us to monitor sales and replenishment needs at DOS and facilitate our inventory management. We generally maintain two months' raw materials inventory on a rolling basis at our warehousing facilities, and we stock up two to four months volume of finished goods for our DOS network.

INFORMATION MANAGEMENT

We maintain a comprehensive information management system in order to better control our business operations and to improve efficiency in our collection design, production, supply chain management, inventory control and sales. Our information management system is based on STEALTH, a specialized enterprise resource planning (ERP) software application for fashion industry which is dedicated to supply chain management and invoicing. STEALTH is interfaced with some SAP modules dedicated to logistics, retail, finance, purchasing of services, planning and controlling, human resources, etc.

Our information management system allows us to manage financial data as well as management information to steer our business in terms of design, production, logistics and retail processes. The SAP logistic/retail module captures and compiles sales and inventory information in "real time", facilitating the use of a semi-automatic replenishment tool for our DOS network.

INTELLECTUAL PROPERTY

Intellectual Property Protection

Intellectual property rights are important to our business. Throughout the various countries where we operate, as at May 30, 2011, we had approximately 5,100 registered trademarks and approximately 200 applications for trademark registrations. We also own approximately 200 internet domain names. We register trademarks for our four brands usually under both composite and word mark categories. The trademarks Prada, Miu Miu, Luna Rossa are mostly registered in international classes which protect leather goods, apparel, shoes, eyewear, cosmetics and retail sale services. The Church's and Car Shoe trademarks are registered in international classes which protect leather goods, apparel and shoes, as well as retail sale services. In order to protect our innovative designs and production techniques, we have registered more than 50 designs and applied for registration for 2 patents, and are in the process of

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applying for other designs. Please refer to “Appendix V — Statutory and General Information — C. Further Information about Our Group’s Business — 2. Material Intellectual Property Rights of our Group” of this prospectus for more information on our intellectual property rights.

We place strong emphasis on the protection of our intellectual property rights and are vigilant in our monitoring of the market for possible trademarks and products infringements. We identify third-party applications for registration of trademarks that could be confused with our trademarks, and file opposition actions against the applications for, or the registration of, such trademarks in accordance with the laws and regulations of the relevant jurisdiction. We also cooperate with competent authorities in various jurisdictions to combat counterfeiting of our products.

We are committed, on a global scale, in cooperating with authorities responsible for implementing the laws to protect our intellectual property rights. In addition, we are member of several anti-counterfeiting organizations and we actively collaborate with several service providers around the world in order to fight against the threat of product forgery, including on the internet.

Our Company has not been subject to any material infringement of our intellectual property rights during the Track Record Period.

Licensing Agreements

We have certain license agreements in force with selected manufacturers for the use of our brands in the production of certain products. In 2003, we entered into a worldwide exclusive license agreement with Luxottica, a major global eyeglasses producer, for the production and worldwide distribution of our eyewear products under Prada’s and Miu Miu’s trademarks for a term of ten years up to December 31, 2013. Pursuant to the license agreement, Luxottica has an option exercisable prior to December 31, 2012 to renew the license agreement for an additional term of five years up to December 31, 2018. Under the terms of the agreement, Luxottica undertakes all responsibilities associated with the manufacture of the eyewear products, including any third-party claims for damages, and agrees to maintain standards of quality that we set. We exercise control over the design of the eyewear collections and all marketing campaigns. The agreement also requires that the parties negotiate in good faith the pricing of single products. Either party may terminate this agreement prior to the agreed term in the event of a material breach that is not cured within 30 days of notice or the bankruptcy, liquidation or other winding-up procedure involving the other party. Following termination, Luxottica will cease to have any rights to use Prada’s and Miu Miu’s trademarks and must pay all outstanding amounts due to Prada for the then current year. The agreement provides that Luxottica shall pay Prada the royalties due on a quarterly basis, calculated based on an agreed percentage of the net sales generated by

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Luxottica retail and wholesale channels subject to minimum guaranteed sales. For the financial years ended January 31, 2009, 2010 and 2011, the licensing fee from Luxottica amounted to € 27.7 million, € 23.2 million and € 24.0 million, respectively.

In 2003, we granted a worldwide exclusive license to Fragrance and Skincare S.L., a joint venture established with Puig, a major cosmetics company in Spain, for the production and worldwide distribution of fragrances and cosmetics under the Prada trademark for a term of 15 years. On February 23, 2011, we signed a mutual termination of the joint venture with Puig, and Fragrance and Skincare S.L. became a wholly owned subsidiary of Puig. We received approximately € 3.5 million from Puig for the disposal of our interest in the joint venture to Puig, which was determined as a result of arm's length negotiations between the Company and Puig and was based on normal and commercial terms. The license agreement with Fragrance and Skincare S.L. was amended for a term of ten years starting from January 1, 2011 and will be subject to automatic renewal of a further ten years pursuant to certain commercial targets. The parties agreed upon an express termination clause that may be activated by either party in the event of material breaches. The agreement also provides us with the right to terminate the agreement should one of our competitors gain control of Fragrance and Skincare S.L., and provides Fragrance and Skincare S.L. with the right to terminate the agreement should we produce, or transfer to a third party the rights to produce perfumes and cosmetics under the Prada trademark. Under the terms of the agreement, the development, production and display of the fragrance products must meet our quality standards, and the parties are to cooperate on the choice of fragrance, product packaging and all marketing campaigns. The agreement provides that the payment of royalties shall be made no later than the 10th day of the month following receipt of Fragrance and Skincare S.L.'s quarterly reports of net sales, calculated based on an agreed percentage of the net sales to independent distributors and retailers. For the financial years ended January 31, 2009, 2010 and 2011, the licensing fee from Fragrance and Skincare S.L. amounted to € 5.1 million, € 3.8 million and € 3.6 million, respectively.

ENVIRONMENTAL PROTECTION

Respect for the environment and a commitment to raise awareness of environmental protection issues are part of our core values specified in the Code of Ethics that applies equally to our Group and any entity that cooperates with us. Our business is subject to environmental regulation of general application. The industries in which we operate are not regulated by industry-specific environmental regulations. Our annual cost of compliance with environmental regulation has been less than € 200,000 during the Track Record Period and we do not expect such compliance cost for the financial year ended January 31, 2012 to be material.

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REGULATION

As a manufacturer and seller of consumer products, our business and operations are subject to laws and regulations on general consumer protection and product safety. Compliance with the applicable laws and regulations is monitored by governmental and regulations authorities and the principal objective of these regulations is to ensure that the products placed on the market are safe and duly labeled and imported. Other than in respect of the import and export of some of our leather goods which may be subject to regulations on trade in wildlife and endangered species (as described below), the industries in which we operate are not subject to industry-specific laws and regulations.

CITES

The Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora, more commonly known as CITES, aims to regulate the trade of specimens of endangered animals and plants by monitoring their exportation, re-exportation, importation, transit, transshipment or possession in member countries (which include Italy, the United States, Japan, China and Korea). CITES requires that certain products be accompanied by export or re-export permits upon importation or exportation.

INSURANCE

We maintain a range of insurance coverage in relation to our business that is customary for our industry, including, without limitation, property damage and business interruption insurance, product liability insurance and carriage of goods insurance. We believe that our insurance coverage for the Track Record Period was adequate for our operations, and we have not made or been the subject of any material insurance claims. We are of the view that we have sufficient insurance to cover the potential liabilities arising from litigations arising from our ordinary course of business in material respects.

TAXATION CONTROLS

We have a dedicated tax department consisting of 7 employees with an average of 15 years of experience in tax accounting, which is headed up by Mr. Paolo Besio who has more than 23 years of related tax experience. Our tax department is responsible for tax affairs of our group, general tax compliance activities and the establishment of our transfer pricing policies and guidelines. Our tax department is engaged in regular discussions with our CFO and finance department, which manages the daily finance operations, and with industrial

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and commercial departments to monitor and understand our business transactions which could have a tax impact. Our tax department also monitors our global group tax compliance through regular meetings and discussions with local CFOs and general managers of the subsidiaries, with external advisors to monitor tax compliance of the different subsidiaries. We also receive quarterly reports from each of our subsidiaries covering various tax issues such as local law compliance, calculations of tax liabilities, tax filings and payments, requests of information, audits and litigations. We regularly consult with local tax advisors in each of the jurisdictions in which we are subject to taxation. We do extensive research on tax laws and regulations, and consult with local tax advisors both when we initially enter into a new tax jurisdiction, to help establish our system of internal controls regarding tax compliance, as well as in connection with the filing of our annual tax returns.

Our tax department regularly monitors changes to the tax laws and regulations applicable to us and participates in tax conferences. Mr. Besio is also a member of various tax committees and organizations which allow him to keep abreast of the latest tax developments. We also receive regular updates from local tax advisors relating to changes in the tax laws and regulations as well as updates relating to interpretation guidelines.

As part of our internal controls we also maintain a regime of transfer pricing established with the help of our tax advisors to comply with applicable laws and practices in each jurisdiction in which we operate. We attempt to comply with tax laws, especially those related to intercompany transfer pricing on cross-border transactions, by following our internal control procedures. Our transfer pricing policy is based on the transfer pricing methods set forth by the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administration, which represents the current common views of the tax administrations of the OECD member countries (including the United States, Korea, Japan and all EU countries, among others) on how transfer prices between related parties should be assessed and measured and are the internationally recognized best practice on transfer pricing arrangements. We also consult with local tax advisors on the compliance of the selected transfer pricing methods with the transfer pricing rules applicable in various jurisdictions, including both OECD member countries and other countries where our subsidiaries operate.

In addition, as part of our efforts to control risks related to tax assessments or audits and to manage proactively our tax affairs, we have initiated various Advance Pricing Agreement (APA) procedures with the relevant local tax authorities, on unilateral, bilateral and multilateral bases, aimed at determining in advance the appropriate criteria for the proper determination of transfer prices with respect to our key inter-company transactions. In this regard, the APA procedure relating to one of the most significant transactions was successfully concluded in 2008 by entering into a binding agreement with the Italian tax authorities for the three-year period ended January 31, 2011. On May 27, 2011, the agreement was successfully extended for an additional period ending on January 31, 2014.

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We, like other businesses with international operations, are subject to periodic routine audits by tax authorities in the various countries in which we operate. The current status of the routine audits we have had during the course of the Track Record Period is that (a) either no further audit activities have been undertaken or express positive comments were received from the tax authorities in Canada, United States of America, Thailand, Taiwan and Korea; (b) we are in the process of providing the additional information requested by the tax authorities for audits in Hong Kong, China and Belgium; and (c) audit activities are currently being undertaken by the tax authorities in Germany and Japan.

In addition to these routine audits, during the Track Record Period, the Group was involved in two tax disputes in each of France, Korea and Italy, and one tax dispute in each of Japan and Germany, which we consider to be material or potentially material. In aggregate, we were involved in a total of 18 tax disputes over the Track Record Period. For each of the three years ended January 31, 2009, 2010 and 2011, we paid € 5.8 million, € 3.9 million and € 2.4 million in tax penalties, respectively. As of each of the three years ended January 31, 2009, 2010 and 2011, we made provisions for tax disputes for the amount of € 6.9 million, € 7.3 million and € 40.1 million, respectively. These disputes have arisen because of differences in the interpretation of how intercompany pricing for goods and services are calculated, or in some instances because differences of opinion as to whether a business combination is subject to VAT rather than to stamp duty. Other than the disputes for which a final adverse ruling has been made against us, we believe that we have complied with all the relevant rules and regulations in relation to taxation and transfer pricing and has made all the required tax filings and paid all outstanding tax liabilities in all material respects. See Note 23 of the Accountants' Report in Appendix I to this prospectus.

REGULATORY COMPLIANCE AND LEGAL PROCEEDINGS

After due and careful inquiry, we are of the opinion that all members of our Group have obtained and currently maintain all necessary permits or licenses which are material to our operations, and have complied in all material respects with all applicable rules, regulations and laws of the jurisdictions in which we operate during the Track Record Period.

We may be involved in certain legal proceedings during the course of our business operations. During the Track Record Period and as of the Latest Practicable Date, to the best of our knowledge, we were not subject to any litigation, arbitration or legal proceeding that may have a material adverse effect on our business or results of operations other than the tax disputes detailed in Note 23 under "Notes to the Financial Information" in Appendix I to this prospectus.

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PROPERTY

As at the Latest Practicable Date, our Group owned 28 properties in Italy, the United Kingdom, Belgium, Korea, US and France. Our Group's owned properties are primarily used for industrial purposes, with a small number being used for office, warehouse, retail and residential purposes. The gross area of the individual owned properties ranges from approximately 1,300m² to 20,000m² for industrial properties, approximately 270m² to 12,000m² for office properties and approximately 700m² to 2,300m² for warehouse properties and our Group owns two retail properties of 40m² and 838m² respectively. Four of our Group's industrial properties are deemed to be owned properties from an accounting perspective, although they are held under a finance lease.

As at the Latest Practicable Date, our Group has entered into agreements to acquire, by several dates through to the end of February 2012, five more industrial and ancillary properties in Italy with gross areas ranging from approximately 2,585m² to 41,000m² for a total consideration of approximately € 43.6 million.

As at the Latest Practicable Date, our Group leased 385 properties in 30 jurisdictions across Europe, Asia Pacific, Japan and North America. Our Group's leased properties are primarily used as sales outlets, and their gross areas range from approximately 15m² to 2,860m² for leased stores, approximately 7,200m² to 20,000m² for leased industrial properties and approximately 25m² to 6,000m² for leased office properties. The terms of our leases range from a minimum of 10 months to no time limitation.

The aggregate rental expenses for the three financial years ended January 31, 2009, 2010 and 2011 were € 188.7 million, € 219.0 million and € 295.1 million, respectively. The following table sets forth the average monthly rent paid in respect of our Group's leased properties by geographical region and type of property for the periods indicated.

Retail Properties

Geographical Region	Year Ended January 31, 2009		Year Ended January 31, 2010		Year Ended January 31, 2011	
	FY Rental Cost	Monthly Average	FY Rental Cost	Monthly Average	FY Rental Cost	Monthly Average
	(€ in thousands)					
Europe	42,142	3,512	50,931	4,244	66,180	5,515
North America	33,405	2,784	37,195	3,100	41,991	3,499
China	5,642	470	10,062	839	19,007	1,584
Hong Kong	18,248	1,521	22,937	1,911	31,853	2,654
Macau	2,125	177	4,299	358	7,045	587
Japan	46,658	3,888	50,680	4,223	64,624	5,385
Rest of Asia	16,156	1,346	22,915	1,910	40,105	3,342

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Office Properties

Geographical Region	Year Ended January 31, 2009		Year Ended January 31, 2010		Year Ended January 31, 2011	
	FY Rental Cost	Monthly Average	FY Rental Cost	Monthly Average	FY Rental Cost	Monthly Average
(€ in thousands)						
Europe	9,378	782	10,129	844	10,488	874
North America	2,343	195	1,005	84	566	47
China	377	31	413	34	551	46
Hong Kong	1,394	116	1,765	147	1,889	157
Macau	N/A	N/A	N/A	N/A	N/A	N/A
Japan	1,042	87	1,218	102	1,399	117
Rest of Asia	602	50	656	55	822	68

Industrial properties

Geographical Region	Year Ended January 31, 2009		Year Ended January 31, 2010		Year Ended January 31, 2011	
	FY Rental Cost	Monthly Average	FY Rental Cost	Monthly Average	FY Rental Cost	Monthly Average
(€ in thousands)						
Europe	3,240	270	2,338	195	1,683	140
North America	N/A	N/A	N/A	N/A	N/A	N/A
China	N/A	N/A	N/A	N/A	N/A	N/A
Hong Kong	N/A	N/A	N/A	N/A	N/A	N/A
Macau	N/A	N/A	N/A	N/A	N/A	N/A
Japan	N/A	N/A	N/A	N/A	N/A	N/A
Rest of Asia	N/A	N/A	N/A	N/A	N/A	N/A

As at January 31, 2011, the percentage of our Group's property interests (including "Land and buildings", "Furniture and fittings" and "Construction in progress", but excluding "Plant and production machinery", "Leasehold improvements" and "Other equipments") ("**Property Interests**") represented approximately 11.70% of our Group's total assets.

The Directors confirm that no single Property Interest owned by the Group has a carrying amount of 15% or above of the Group's total assets, and none of the Group's Property Interests is individually material to the Group in terms of revenue contribution or rental expense.

Please see the section headed "Waivers from the Listing Rules and Confirmations from the Hong Kong Stock Exchange" in this prospectus in relation to a waiver we obtained from strict compliance with the Listing Rules and the certificate of exemption from the requirements of the Hong Kong Companies Ordinance regarding the requirement to obtain a property valuation report.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDER

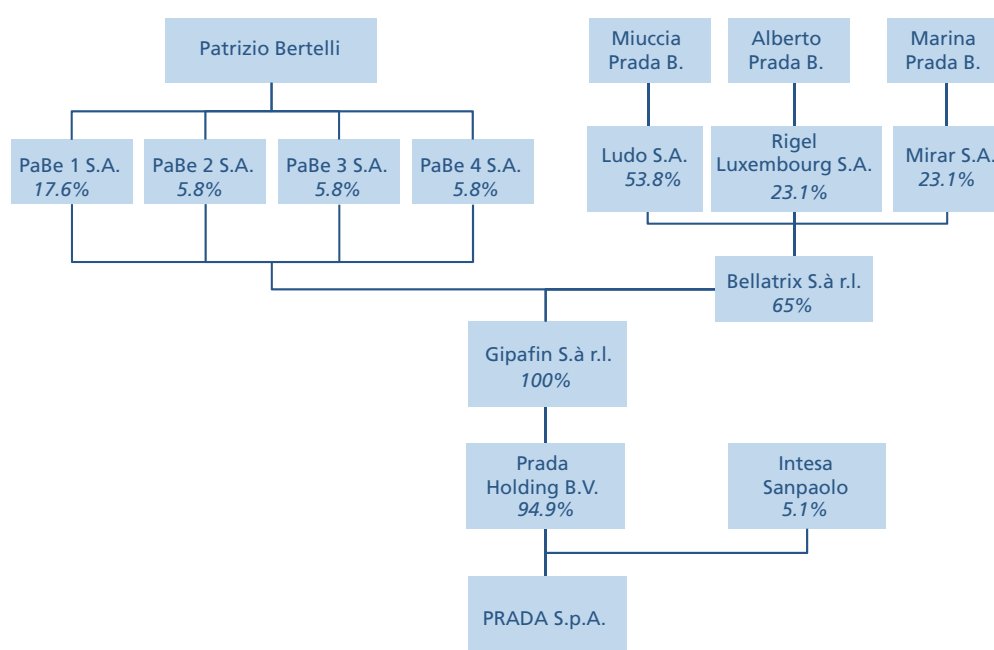
Shareholding Relationship

As at the Latest Practicable Date, Prada Holding B.V. and Intesa Sanpaolo owned 94.9% and 5.1% respectively of the issued share capital of our Company. Our Company is therefore a subsidiary of Prada Holding B.V. and, upon completion of the Global Offering, the Company will remain a subsidiary of Prada Holding B.V. and will be owned by Prada Holding B.V. as to approximately 82.5% (assuming that the Over-allotment Option will not be exercised at all) or as to approximately 80.0% (assuming that the Over-allotment Option will be exercised in full).

As at the Latest Practicable Date, the entire issued share capital of Prada Holding B.V. is held by Gipafin S.à r.l. (“**Gipafin**”). Our Chief Executive Officer, Mr. Patrizio Bertelli, owns, indirectly through PaBe1 S.A., PaBe2 S.A., PaBe3 S.A. and PaBe4 S.A., 35.0% of the capital of Gipafin, and our President, Ms. Miuccia Prada, owns, indirectly through Ludo S.A., 53.8% of the capital of Bellatrix S.à r.l. (“**Bellatrix**”), which in turn owns 65.0% of the capital of Gipafin. The remainder of the capital of Bellatrix is held indirectly by Mr. Alberto Prada Bianchi and Ms. Marina Prada Bianchi (the brother and sister of Ms. Miuccia Prada respectively) as to 23.1% each.

The shareholding relationship between our Company, Prada Holding B.V. and Intesa Sanpaolo as at the Latest Practicable Date and immediately after the completion of the Global Offering are summarized below:

As of the Latest Practicable Date

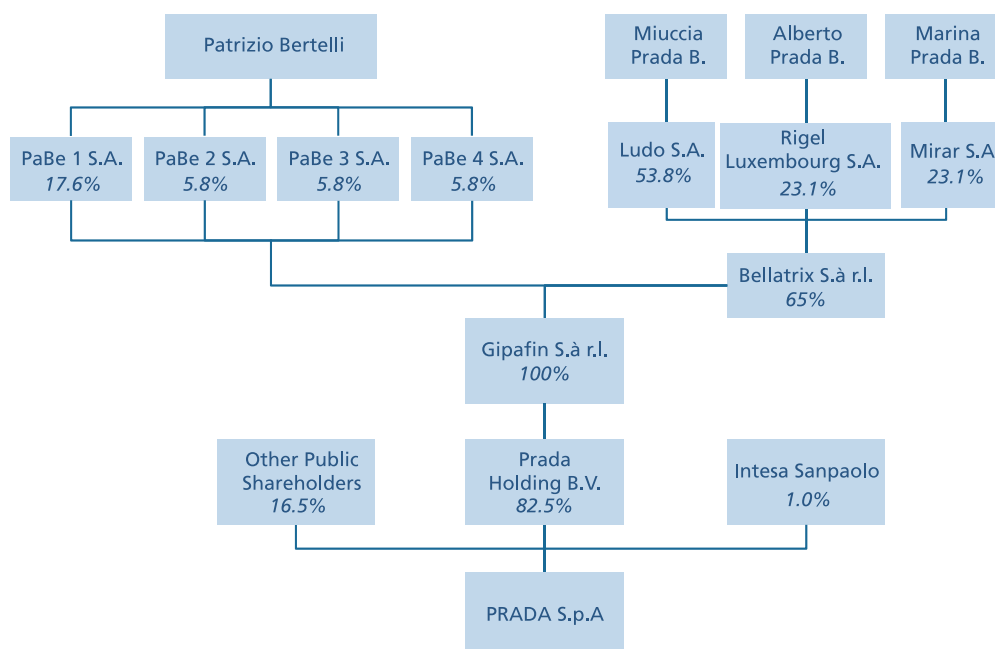


RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Shareholding in PRADA S.p.A.

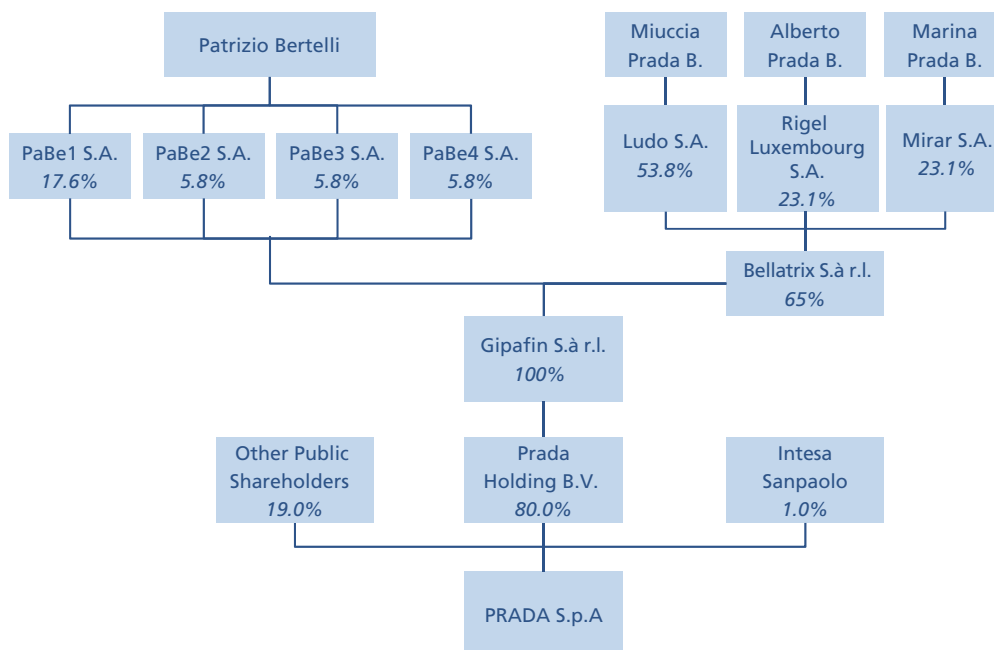
Patrizio Bertelli (indirect)	33.2%
Miuccia Prada Bianchi (indirect)	33.2%
Alberto Prada Bianchi (indirect)	14.2%
Marina Prada Bianchi (indirect)	14.2%
Total	94.9%

Immediately after the completion of the Global Offering (assuming that the Over-allotment Option will not be exercised at all)



RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Immediately after the completion of the Global Offering (assuming that the Over-Allotment Option will be exercised in full)



INDEPENDENCE FROM THE CONTROLLING SHAREHOLDER

Our Board is satisfied, on the basis of the following, that our Group is capable of carrying on its business independently of Prada Holding B.V. (including any associates of Prada Holding B.V.) after the Listing.

NON-COMPETITION AND CLEAR DELINEATION OF BUSINESSES

Management Independence

Our Board consists of nine Directors, of whom four are executive Directors, two are non-executive Directors and three are independent non-executive Directors. One of the non-executive Directors, namely Mr. Marco Salomoni, is also a manager (*gérant*) of Gipafin S.à r.l. and a director of Prada Holding B.V. However, as stated in the paragraph headed “Operational independence” of this section, Prada Holding B.V. is an investment holding company whose principal asset is its shareholding in our Company. Other than its shareholding in the Company, Prada Holding B.V.’s only other material asset is its 100% shareholding in Prada Arte B.V., which owns a contemporary art collection and does not currently carry on any other business.

Our daily management and operations are carried out by a senior management team. None of the senior management team as described in the section entitled “Directors, Senior Management and Employees” of this prospectus holds any positions in Prada Holding B.V. or Prada Arte B.V. Under the Italian Civil Code,

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

any Director having an interest in a transaction presented to the Board for consideration and approval which conflicts with that of our Company must disclose such interest to the Board and the Board of Statutory Auditors. The By-laws have strengthened this requirement by specifying that a Director has a duty to abstain from voting in these circumstances. Finally, following the Listing, our Board will be required to comply with the Listing Rules, including provisions thereunder relating to corporate governance, which require (among other things) that a Director shall not vote on any Board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest, nor shall he be counted in the quorum for the meeting. Please see the section headed "Conflicts of Interest" in paragraph B6 of Appendix IV to this prospectus for further details.

Mr. Marco Salomoni is also a non-executive director of GIVI Holding S.p.A. GIVI Holding S.p.A. is the holding company of Gianni Versace S.p.A. and has an interest in Verimm S.p.A., a real estate company.

Gianni Versace S.p.A. engages in the design, manufacture, distribution and retail of fashion and lifestyle products and its business may compete with that of our Group. However, there is no other relationship between our Company and the Gianni Versace group.

Mr. Marco Salomoni was appointed on April 21, 2011 as an independent non-executive director of Aeffe S.p.A., a company listed on the Italian Stock Exchange that operates in the fashion goods sector and is active in the design, production and distribution of products including ready to wear, footwear and leather goods. Based on its most recent annual report, the total sales for Aeffe S.p.A. for the financial year ended December 31, 2010 were approximately € 219 million. Like all Directors, Mr. Marco Salomoni will abstain from voting on any conflicting matter at a board meeting of our Company.

Apart from Mr. Marco Salomoni, none of Prada Holding B.V., the ultimate shareholders of Prada Holding B.V. and their associates, and the Directors is engaged in any business that competes with our Group under Rule 8.10 of the Listing Rules.

Operational Independence

Prada Holding B.V. is an investment holding company and does not actively carry on any business activities. None of Prada Holding B.V., Mr. Patrizio Bertelli and Ms. Miuccia Prada has any interest in any of our suppliers of raw materials and other supplies required for our operations. We independently manage and have independent access to our customers. None of Prada Holding B.V., Mr. Patrizio Bertelli and Ms. Miuccia Prada has any interest in any of our corporate

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

customers, save for Ms. Miuccia Prada's indirect interest under the Franchise Agreement in relation to certain Prada shops in Milan as disclosed in the paragraph headed "Franchise Agreement — Prada Milan Stores" of this section.

Financial Independence

Our Group is able to operate financially independently of Prada Holding B.V.

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING AND ANNOUNCEMENT REQUIREMENTS OF THE LISTING RULES

Non-exempt continuing connected transactions with companies controlled by Prada Family

The following transactions will be continuing connected transactions of our Company subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

Franchise Agreement — Prada Milan Stores

As disclosed in the section headed "Our History and Corporate Structure" of this prospectus, our Company originated as a family business in 1913 in Milan and has continued since the Prada Family and Mr. Patrizio Bertelli began their cooperation. Therefore the Prada stores in Milan have historically been operated by companies that are connected to the Prada Family.

Our Company's subsidiary, Prada S.A., currently owns the rights to the Prada trademark and, as a licensor, licenses the use of the Prada trademark to our Company as a licensee.

Against such historical background, on January 28, 2009 our Company entered into a franchise agreement in relation to five Prada stores based in Milan (the "**Franchise Agreement**"). This agreement was entered into with the five companies that operate the five stores and their controlling entity (collectively, the "**Franchisees**"), which is a company controlled by the Prada Family. Under the Franchise Agreement, the Franchisees were granted a sub-license to use the Prada trademark in the five stores. Under the terms of the Franchise Agreement:

- (a) the Franchisees:
 - (i) have the exclusive right to operate the five Prada stores based in Milan;
 - (ii) undertake not to sell, or participate in any other activity directed to the sale of, leather goods, ready-to-wear and footwear in the luxury sector except for Prada products;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

- (iii) undertake to purchase from our Company every year a minimum amount of products at a price equal to the sell-in price which is the same as the sell-in price payable to our Company by other independent third parties located in Italy (the “**Minimum Annual Budget**”). The selection of the products is made in accordance with our Company’s instructions and must be consistent with the image of our Company and the brand;
 - (iv) undertake to operate the shops in a manner consistent with the reputation of the Prada brand;
 - (v) undertake to sell the products bought from our Company only in the shops authorized by our Company;
 - (vi) undertake to fit out the shops and the windows in accordance with the guidelines provided by our Company;
 - (vii) undertake not to open or operate any other store in Milan without our Company’s consent;
 - (viii) undertake not to carry out promotional activities without our Company’s consent;
 - (ix) may sell certain Prada products to our DOS.
- (b) our Company:
- (i) is restricted from operating any Prada mono-brand stores in Milan. This restriction on our Company only applies to the stores operated by our Company under the Prada brand and not to any other brands owned by our Group;
 - (ii) undertakes to supply the Franchisees with at least the Minimum Annual Budget;
 - (iii) undertakes to support the Franchisees in the selection and training of the personnel who will work in the shops;
 - (iv) undertakes to accept returns of inventory on non-continuable products^(*) from the five Milan stores at a discount of 20% on the sell-in price.

(*) Non-continuable products are products which will not be included in our Company’s product list in the following season, which can either be (i) discounted during a markdown and transferred to the outlets after markdown; or (ii) not discounted during a markdown and left in the stores for sale, although they will not be available for re-order after the stock runs out.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

The Franchise Agreement will expire on January 31, 2024 and will be automatically extended for a further 15-year term provided that (i) the Franchisees have met the Minimum Annual Budget for the initial 15-year term; or (ii) the cumulative amount of the purchases made by the Franchisees for the entire initial 15-year term is at least equal to the sum of the Minimum Annual Budget for each of the 15 years.

Our Company can terminate the Franchise Agreement if (i) there is a change in control of any of the Franchisees, or (ii) if the Franchisees meet less than 80% of the Minimum Annual Budget for three consecutive years.

Our Company is entitled to terminate the Franchise Agreement in the case of a material breach by any of the Franchisees, and the Franchisees are entitled to terminate in the case of a material breach by our Company.

Pursuant to the Franchise Agreement, the Franchisees pay our Company (i) royalties in exchange for the right to use the Prada trademark in respect of the five Milan stores and (ii) consideration in respect of products purchased at a sell-in price (which is the same as the sell-in price payable by other independent third parties located in Italy) for sale in the five Milan stores. Conversely, our Company pays the Franchisees (i) where in the ordinary course of business our Company purchases from time to time a limited number of products from the Franchisees at the sell-in price to transfer them to other locations outside Milan, where there may be a shortage of those products; and (ii) for the return of inventory on non-continuable products.

The table below sets out the amounts paid by the Franchisees to our Company — and by our Company to the Franchisees — in relation to the Prada shops in Milan and the proposed annual caps on amounts that will be paid by both parties under the Franchise Agreement for the periods indicated.^(•)

Transaction	Historical Figures			Estimated Amount		
	Year Ended January 31,		Year Ending January 31,			
	2009	2010	2011	2012	2013	2014
	(€ in millions)					
Revenues from sales of goods	32.9	31.5	34.5	44.6	52.3	58.1
Revenues from services ^(*)	2.6	2.5	2.8	3.3	3.8	4.3
Royalties received	0.9	0.8	0.9	1.2	1.4	1.6
Purchase of goods by our Company ⁽⁺⁾	(2.1)	(3.3)	(2.4)	(3.1)	(3.6)	(4.0)
Net transaction amount	34.3	31.5	35.8	46.0	54.0	60.0

(•) The annual caps for the three years ending January 31, 2014 were calculated based on the sales budget agreed between our Company and the Franchisees, which takes into consideration primarily the expected product mix and projected margins from the revenues from sale of goods to the Franchisees, and also an estimate of the revenue for services and costs of purchase of goods by our Company from the Franchisees in case there is a shortage of products at our shops outside of Milan, based on historical figures.

The proposed annual cap for the year ending January 31, 2012 takes into consideration a revised forecast based on the volume of current trading and sales pattern, which has been consistently higher than the original budget for the year ended January 31, 2011.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

The increase in annual caps for the years ending January 31, 2013 and 2014 reflects the Group's expectation for the growth in the retail luxury goods market in Milan.

The annual caps on the revenue from sales of goods for the years ending January 31, 2012, 2013 and 2014 have been arrived at based on internal projections. If, due to a growth in sales, the caps may be exceeded, the Company will apply to the Hong Kong Stock Exchange for a revision of the caps.

The annual caps for the revenue from services, royalties received from the Franchisees, and purchase of goods by our Company from the Franchisees for the three years ending January 31, 2014 were calculated on the original budget of our Company.

- (*) Includes € 1.7 million, € 1.8 million and € 1.8 million for the financial years ended January 31, 2009, 2010 and 2011, respectively relating to the rent of business assets under a lease of a business as a going concern (*Ramo d'Azienda*, which refers to a business unit under Italian law having a separate organization of assets that can carry out an entrepreneurial activity autonomously and can be an object of transfer) by Prada Stores S.r.l., as lessor, to one of the Franchisees, as lessee, in respect of the Prada shop in Corso Venezia 3 Milano which it operates, for a term of 10 years ending on September 12, 2016 (the "**Corso Venezia Lease Agreement**").
- (+) Includes (i) goods that our Group buys at the sell-in price from the Franchisees to sell in our shops outside of Milan and (ii) the return of inventory at a discount of 20% on the sell-in price.

Non-exempt continuing connected transactions with Directors (collectively, the "Directors Agreements")

Consulting Agreement with Ms. Miuccia Prada

Ms. Miuccia Prada, the President of our Company, has entered into a consultancy agreement with effect from February 1, 2007 for a term of five years ending on January 31, 2012 with our Company as a strategic consultant for (i) identifying and elaborating creative design concepts and styles; (ii) coordinating and supervising collections development and all of the dedicated structures and functions; (iii) defining concepts for fashion shows and supervising their execution; and (iv) setting guidelines for brands communication and advertising campaigns and supervising related activities. Ms. Miuccia Prada is, pursuant to the terms of the agreement, prohibited, for the duration of the agreement, from providing any services to any party, other than our Company, which are similar to those she provides under her agreement with our Company. Furthermore, she is restricted from competing with our Group in the fields of production, commercialization and distribution of luxury goods, including clothes, shoes, leather goods and accessories within the following geographical areas of Italy: Lombardia, Piemonte, Veneto, Emilia-Romagna, Marche, Toscana and Lazio, as well as France, Germany, Great Britain, Switzerland and New York state. The non-compete obligation is binding on Ms. Miuccia Prada for the duration of her agreement with our Company and for 24 months after the end of the agreement. The agreement will be renewed for a further three-year term upon terms and conditions to be renegotiated between the parties. The annual amount of remuneration paid to

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Ms. Miuccia Prada for each of the three years ended January 31, 2009, 2010 and 2011 was € 8,700,000. The maximum amount of remuneration payable to Ms. Miuccia Prada for each of the three years ending January 31, 2012, 2013 and 2014 will not exceed € 9,000,000, € 10,000,000 and € 10,000,000 respectively.

The proposed annual caps for the remuneration payable to Ms. Miuccia Prada for each of the three years ending January 31, 2012, 2013 and 2014 have been determined in relation to the aggregate remuneration paid to Ms. Miuccia Prada in the past three years, to which a potential increase of 10% to 11% of her most recent remuneration has been added to provide flexibility for the possible adjustment in Ms. Miuccia Prada's annual remuneration pursuant to negotiations between Ms. Miuccia Prada and the Company.

Consulting Agreement with Mr. Patrizio Bertelli

Mr. Patrizio Bertelli, the Chief Executive Officer of our Company, has entered into a consultancy agreement on February 1, 2007 with our Company as a strategic consultant for a term of five years ending on January 31, 2012 to provide assistance to our Company with, among other things, for (i) defining the collections development and industrialization processes; (ii) developing the leather goods and shoes collection concept and supervising the related structures; and (iii) selecting locations for new DOS and refurbishment of existing stores, conceiving store concepts and defining the guidelines and coordination of related project development activities. Mr. Patrizio Bertelli is, pursuant to the terms of the agreement, restricted from competing with our Group by carrying out activities or providing any similar services to any party other than our Company and from entering into any agreement with any other third parties which are likely to compete with our Group throughout the duration of his agreement with our Company. The amount of remuneration paid to Mr. Patrizio Bertelli for each of the three years ended January 31, 2009, 2010 and 2011 was € 5,000,000, € 11,000,000 and € 9,000,000 respectively. The agreement will be renewed for a further three-year term upon terms and conditions to be renegotiated between the parties. The maximum amount of remuneration payable to Mr. Patrizio Bertelli for each of the three years ending January 31, 2012, 2013 and 2014 will not exceed € 9,000,000, € 10,000,000 and € 10,000,000 respectively.

The proposed annual caps for the remuneration payable to Mr. Patrizio Bertelli for each of the three years ending January 31, 2012, 2013 and 2014 have been determined by reference to the aggregate remuneration paid to Mr. Patrizio Bertelli in the past three years, to which a potential increase of 10% to 11% of his most recent remuneration has been added to provide flexibility for the possible adjustment in Mr. Patrizio Bertelli's annual remuneration pursuant to any negotiations between the Company and Mr. Patrizio Bertelli at the time the consulting agreement is renewed, taking into account the rise in living costs at the time.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Waiver from the Hong Kong Stock Exchange

In respect of the Franchise Agreement with the Franchisees in relation to the Prada shops in Milan and the Directors Agreements, since the highest applicable ratio as set out in Rule 14.07 of the Listing Rules, is in each case on an annual basis expected to be more than 0.1% but less than 5%, such transactions are exempt from the independent shareholders' approval requirement but are subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules.

Accordingly we have requested the Hong Kong Stock Exchange, and the Hong Kong Stock Exchange has agreed to grant, a waiver from strict compliance with the announcement requirements otherwise applicable to continuing connected transactions under the Listing Rules in respect of the above non-exempt continuing connected transactions. In respect of the above non-exempt continuing connected transactions and the renewal of the above non-exempt continuing connected transactions, we will comply with the applicable provisions under Rules 14A.35(2), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Rules. In respect of the renewal of the Directors Agreement described above, we will also comply with the applicable provisions under Rule 14A.35(1).

In addition, each of the duration of the Franchise Agreement and the Corso Venezia Lease Agreement from the date of Listing until its expiration is of a term exceeding three years. Given the historical importance of the five Prada stores based in Milan to which the Franchise Agreement relates, one of which is located at Corso Venezia 3, Milan, Italy, to which the Corso Venezia Lease Agreement relates, these stores are essential to the global presence and brand image of our Company and cannot be substituted by other franchise stores of our Company. Given these special circumstances, our Company is of the view that it is normal business practice for agreements such as the Franchise Agreement and the related Corso Venezia Lease Agreement to be of relatively long duration and that a duration of 15 years with an automatic extension of 15 years (in the case of the Franchise Agreement) and a duration of ten years (in the case of the Corso Venezia Lease Agreement) are within normal business practice. Considering the heritage of the Prada brand and its historical linkage with the Prada Family and based on the information provided by our Company as to the arrangements under the Franchise Agreement and the reasons and historical circumstances for putting in place such arrangements, the Joint Sponsors are not aware of any matter which indicates that the longer terms provided for under the Franchise Agreement and the related Corso Venezia Lease Agreement are unreasonable. Further, the Joint Sponsors note that our Company has also entered into franchising agreements with various other independent franchisees which are of a duration longer than three years. Based on the information and reasoning above and in light of the particular special circumstances of our Company, the Joint Sponsors are of the view that it is

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normal business practice for the Franchise Agreement including the Corso Venezia Lease Agreement contemplated thereunder as aggregated with the Franchise Agreement and considered as a whole to be of a duration of longer than three years.

The duration of each of the Directors Agreements from the date of Listing until their original expiration date (i.e. January 31, 2012) is approximately seven months. However, from the original expiration date, each of the Directors Agreements will be renewed for a further three-year term. Given that the involvement of Ms. Miuccia Prada and Mr. Patrizio Bertelli with our Company have been a key to our Group's success, it is essential for the Directors Agreements to be of a duration longer than three years in order to secure the management continuity and success of our Company. The Directors Agreements were also entered in 2007 before our Company was contemplating a listing on the Hong Kong Stock Exchange and the corresponding need to comply with the Listing Rules, including Rule 14A.35(1). Given these special circumstances, and taking into account: (i) the strategic role of and contributions made by Ms. Prada and Mr. Bertelli in respect of our Group's business and operations in the past and on a continuing basis; (ii) the importance of Ms. Prada and Mr. Bertelli's management and leadership as the President and Chief Executive Officer that have contributed to building our Group's financial performance and track record; and (iii) that it would be in the best interest of our Company and its shareholders to put in place measures to ensure a certain degree of management continuity and stability of engagement of key managers such as Ms. Prada and Mr. Bertelli, the Joint Sponsors are not aware of any matter which indicates that the longer term under each of the Directors Agreements is unreasonable. Based on the information and reasoning noted above and in light of the particular special circumstances of our Company, the Joint Sponsors are of the view that it is normal business practice for the Directors Agreements to be of a duration of longer than three years.

Confirmation of the Directors and the Joint Sponsors

The Directors are of the view that the continuing connected transactions referred to above have been or will be entered into in the ordinary and usual course of business of our Company and are on normal commercial terms, fair and reasonable and in the interests of the shareholders of our Company as a whole and that the proposed annual caps for the transactions are fair and reasonable and in the interests of the shareholders of our Company as a whole.

Based on the documents, information and historical figures provided by our Company and the Joint Sponsors' participation in due diligence and discussions with our Company, the Joint Sponsors confirm that they are of the view that the continuing connected transactions referred to above are in the ordinary and usual course of business of our Company and are on normal commercial

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terms, fair and reasonable and in the interests of the shareholders of our Company as a whole and that the proposed annual caps for the transactions are fair and reasonable and in the interests of the shareholders of our Company as a whole.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

After the Listing, the following transactions will constitute continuing connected transactions of our Company which are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

De minimis Continuing Connected Transactions

Our Company has entered into the following transactions with connected persons:

- (i) a consultancy agreement with Mr. Marco Salomoni, a non-executive Director of our Company, under which Mr. Salomoni provides our Company with consultancy services on local and international fiscal matters and the remuneration paid to Mr. Marco Salomoni for each of the three years ended January 31, 2009, 2010 and 2011 was € 800,000;
- (ii) a consultancy agreement with Ms. Patrizia Albano, the wife of Mr. Carlo Mazzi, the Deputy Chairman of our Company, under which Ms. Patrizia Albano is engaged as the Group Head of Corporate Affairs of our Company to manage the corporate, legal and compliance matters for our Group. The remuneration paid to Ms. Patrizia Albano for each of the three years ended January 31, 2009, 2010 and 2011 was € 245,000, € 268,000 and € 262,000 respectively;
- (iii) a consultancy agreement with Mrs. Marina Prada Bianchi, the sister of our President, Ms. Miuccia Prada Bianchi, under which Mrs. Marina Prada Bianchi provides strategic consulting services to our Company through public relations activities with clients and suppliers. The remuneration paid to Mrs. Marina Prada Bianchi for the three years ended January 31, 2009, 2010 and 2011 was € 300,000, € 300,000 and € 308,000 respectively;
- (iv) a consultancy agreement with Mr. Alberto Prada Bianchi, the brother of our President, Ms. Miuccia Prada, under which Mr. Alberto Prada Bianchi provides strategic consulting services to our Company through scouting appropriate DOS locations and monitoring our Group's distribution strategies. The remuneration paid to Mr. Alberto Prada Bianchi for the three years ended January 31, 2009, 2010 and 2011 was € 300,000, € 300,000 and € 308,000 respectively.

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Consulting Agreement with Secva s.r.l.

On January 1, 2011, our Company entered into a consultancy agreement for a maximum term of three years ending on December 31, 2013 with Secva s.r.l. in which Mr. Carlo Mazzi, Deputy Chairman of our Company, is the President and substantial shareholder. Under the agreement, Secva s.r.l. provides us with strategic advisory services on corporate finance and general governance of the Group's operations and on the analysis and development of our Group corporate structure. On the basis of the current agreement, the amount of remuneration payable by us to Secva s.r.l. for each of the three years ending January 31, 2012, 2013 and 2014 will not exceed € 1,000,000 per year. Secva s.r.l.'s principal business activity is provision of strategic advisory services to corporates.

Based on the net sales, total assets and projected market capitalization of our Group, in respect of each of the consultancy agreements above, each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules as they fall within the de minimis threshold under Rule 14A.33(3) of the Listing Rules.

Lease Agreement with HMP S.r.l.

On September 18, 2006, our Company entered into a lease agreement with HMP S.r.l., a company connected to Ms. Miuccia Prada. In accordance with such agreement, HMP S.r.l. leased to our Company the building located in Milan, Via Melzi d'Eril no. 30, to be used for commercial and office purposes. The annual rent is equal to € 450,000, subject to an annual adjustment upon the request of HMP S.r.l up to a maximum amount equal to the 75% of the variation of the Italian consumer price index for families of workers and employees. The lease agreement has a duration of six years effective as of September 18, 2006. After the first six-year term, it will be automatically renewed for a further six years. Our Company has the right to terminate the lease agreement upon six months' prior notice.

The amount paid by our Company to HMP S.r.l for the three years ended January 31, 2009, 2010 and 2011 were € 461,000, € 469,000 and € 471,000 respectively. HMP S.r.l's principal business activity is to hold the building located at Via Melzi d'Eril no. 30, Milan, Italy. Our Company has entered into the lease with HMP S.r.l as the leased property is the historical headquarters of our Company in Milan which is now used as Miu Miu's commercial offices.

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Based on the performance, total assets and projected market capitalization of our Group, in respect of the lease agreement with HMP S.r.l., each of the applicable percentage ratios on an annual basis falls below 0.1%. Therefore, such transaction will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33(3) of the Listing Rules.

Sub-leases with Progetto PRADA Arte S.r.l.

Our Company has entered into two sub-leases with Progetto PRADA Arte S.r.l. in our Group's premises in order to optimize the sharing of common services.

On July 15, 2010, our Company, as a sub-lessor, entered into a sub-lease agreement with Progetto PRADA Arte S.r.l., a company controlled by the Prada Family, as a sub-lessee, in relation to a portion of a property for office use located at Via Spartaco no. 8, Milan, Italy (the "**Office Sub-lease**"). The Office Sub-lease is for a term of six years ending July 14, 2016. After the first six-year term, it will be automatically renewed for a further six years, unless terminated by either party by 12 months' advance written notice. The amounts paid by Progetto PRADA Arte S.r.l. to our Company under the Office Sub-lease during year ended January 31, 2011 was € 8,000.

On April 11, 2008, our Company, as a sub-lessor, entered into a sub-lease agreement with Progetto PRADA Arte S.r.l., in relation to a portion of a property for office and warehouse use located at Largo Isarco no. 2, Milan, Italy. (the "**Office Warehouse and Exhibition Sub-lease**"). The Office Warehouse and Exhibition Sub-lease was for a term of 3 years and 5 months ending on August 26, 2011. After such term, it will not be automatically renewed. On May 18, 2009 and on July 15, 2010 the agreement was modified in order to reduce the portion of the property rented and the relevant rent. The amounts paid by Progetto PRADA Arte S.r.l. to our Company under the Office Warehouse and Exhibition Sub-lease for the three years ended January 31, 2009, 2010 and 2011 were € 436,000, € 342,000 and € 244,000, respectively.

Based on the performance, total assets and projected market capitalization of our Group, in respect of the Office Sub-lease and the Office Warehouse and Exhibition Sub-lease, each of the percentage ratios on an annual basis falls below 0.1%. Therefore, such transactions will be exempt from the reporting, announcement and independent shareholders' approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as it falls within the de minimis threshold under Rule 14A.33(3) of the Listing Rules.

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Other administrative services

Our Company provides services to certain connected persons, including providing:

- (i) administrative services to dormant companies held by Prada Holding B.V., which were part of the former Helmut Lang group that has been disposed of by our controlling entities at the time. The principal business activity of these dormant companies was to operate the fashion brand “Helmut Lang” created by the Austrian fashion designer, Helmut Lang. However, since the Helmut Lang brand has been disposed of, these former Helmut Lang group companies are now dormant. Our Company provides such services because only the Helmut Lang brand has been disposed of and not the Helmut Lang group companies, which are still held by Prada Holding B.V. such that certain administrative services for the maintenance of such companies are still necessary; and
- (ii) services related to the setting up, coordination, supervision and inspection of activities carried out by contractors engaged in the construction, refurbishment and maintenance of the real estate assets of Progetto PRADA Arte S.r.l., a company connected with the Prada Family, that are located in Italy as disclosed in the section headed “Our History and Corporate Structure — Prada Foundation” of this prospectus. The principal business activity of Progetto Prada Arte S.r.l. is to publish books and catalogues related to contemporary art and to manage cultural and art events.

In addition, Prada S.A., a subsidiary of our Company, also provides administrative and accounting services to Prada Holding B.V. and to Prada Arte B.V., which is owned by Prada Holding B.V. The principal business activity of Prada Arte B.V. is the ownership of a contemporary art collection.

Based on the performance, total assets and projected market capitalization of our Group, in respect of all of the services provided by our Company or Prada S.A. to the connected persons mentioned above, each of the applicable percentage ratios on an annual basis falls below 0.1%. In addition, provision of such services constitutes sharing of administrative services as defined under Rule 14A.31(8) of the Listing Rules. Therefore, such services will be exempt from the reporting, announcement and independent shareholders’ approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules, as they fall within the de minimis threshold under Rule 14A.33(3) and the exemption for the sharing of administrative services under Rule 14A.33(2) of the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Other transactions

Sponsorship Agreement with Luna Rossa

One of the ways in which our Group has sought to maintain its image and develop brand awareness is through selective sponsorship of sporting events. On March 22, 2011, Prada S.A., a subsidiary of our Company, entered into a sponsorship agreement with Luna Rossa Challenge 2007 (“**Luna Rossa**”), a company indirectly owned by Mr. Bertelli and the Prada Family, for the sponsorship of the Luna Rossa team by Prada S.A. in several international sailing races which take place in different parts of the world during the year (the “**Luna Rossa Agreement**”). Since Mr. Bertelli and the members of the Prada Family are connected persons of the Company and Luna Rossa is indirectly owned by Mr. Bertelli and the Prada Family, Luna Rossa is also a connected person of our Company.

The Luna Rossa Agreement regulates, *inter alia*, (i) the right of Prada to benefit from the title of “Sponsor” of the Luna Rossa team; (ii) the granting to Prada S.A. of the right to promote Prada’s name and trademark jointly with Luna Rossa’s name; and (iii) the right of Prada to exhibit Prada’s trademarks (a) on the clothing of the crew, (b) on the backdrops used in press conferences and related events, and (c) on any communication support.

Under the Luna Rossa Agreement, Luna Rossa has undertaken not to grant the same rights to any of Prada’s competitors. If the agreement expires, terminates or is withdrawn, Prada S.A. shall remove its trademarks from the yacht, clothing and promotional materials.

The Luna Rossa Agreement had a one-year term from February 1, 2011 to January 31, 2012. There is no automatic right of extension, although Prada S.A. has the right to be preferred in the negotiations with Luna Rossa for entering into a new sponsorship agreement on terms and conditions to be negotiated in good faith by the parties. If agreed, a new sponsorship agreement would then be entered into. Based on the above, it is submitted that the Luna Rossa Agreement should be regarded as a one-off connected transaction entered into by our Company prior to the Listing rather than a continuing connected transaction under Rule 14A.14 of the Listing Rules.

Prada has undertaken to pay, in consideration of the benefits granted to the brand visibility under the Luna Rossa Agreement, the total amount of € 3,400,000 for the year ending January 31, 2012.

On the basis that the Luna Rossa Agreement should be regarded as a one-off connected transaction entered into by the Company prior to Listing rather than a continuing connected transaction, the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules will not be applicable to the Luna Rossa Agreement.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS AND CONNECTED TRANSACTIONS

Sponsorship Arrangements with Progetto PRADA Arte S.r.l.

As stated in the section headed “Our History and Corporate Structure — PRADA Foundation” in this prospectus, Prada Foundation carries out various activities to promote contemporary art. One of the ways in which it does so is through publications related to contemporary art. Due to the nature of Prada Foundation as a non-profit organization established under Dutch law, Prada Foundation is restricted from carrying out certain business-related activities. As such, these activities have been undertaken by Progetto PRADA Arte S.r.l., a company related to the Prada Family, on behalf of the Prada Foundation. As part of our Company’s support towards the Prada Foundation, our Company makes a contribution to Progetto PRADA Arte S.r.l. We set aside a budget for the activities undertaken by Progetto PRADA Arte S.r.l. each year in our business plan. Prada S.A. then injects the agreed contribution to Progetto PRADA Arte S.r.l. as funding for its activities related to Prada Foundation (the “**Progetto Sponsorship Arrangements**”). Progetto PRADA Arte S.r.l. does not carry out any activities apart from those in support of the Prada Foundation. No dividends have ever been paid by Progetto PRADA Arte S.r.l. and none of the directors or shareholders of Progetto PRADA Arte S.r.l. derives any benefit from the Progetto Sponsorship Arrangements.

The term of each Progetto Sponsorship Arrangement is one year and there is no obligation on Prada S.A. or our Company to renew the Progetto Sponsorship Arrangement after it has expired. There is no maximum or minimum amount of contribution that we make pursuant to the Progetto Sponsorship Arrangements from year to year. The aggregate contribution we made through Prada S.A. to Progetto PRADA Arte S.r.l. for each of the three years ended January 31, 2009, 2010 and 2011 was € 1,250,000, € 2,450,000 and € 450,000, respectively. The amount of contribution expected from Prada S.A. to Progetto PRADA Arte S.r.l. for the year ending January 31, 2012 is € 2,300,000.

Based on the above, each of the Progetto Sponsorship Arrangement should be regarded as a one-off connected transaction entered into by our Company prior to the Listing rather than a continuing connected transaction.

On the basis that each Progetto Sponsorship Arrangement is regarded as a one-off transaction and that the Prada Family does not benefit from the Progetto Sponsorship Arrangement, the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules are not applicable to the Progetto Sponsorship Arrangements.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

Our Board consists of nine Directors, of whom four are executive Directors, two are non-executive Directors and three are independent non-executive Directors. Our Directors are appointed for a term of three years. The table below shows certain information concerning the Directors:

Name	Age	Position
PRADA BIANCHI, Miuccia	63	President
BERTELLI, Patrizio	65	Chief Executive Officer
MAZZI, Carlo	64	Deputy Chairman
GALLI, Donatello	49	Chief Financial Officer / Executive Director
SALOMONI, Marco	56	Non-Executive Director
MICCICHÈ, Gaetano	60	Non-Executive Director
MATTEI, Gian Franco Oliviero	65	Independent Non-Executive Director
FORESTIERI, Giancarlo	64	Independent Non-Executive Director
LIU, Sing Cheong	55	Independent Non-Executive Director

President

PRADA BIANCHI, Miuccia, aged 63, is our President and was appointed to the Board on November 20, 2003. Ms. Prada received an Honorary Doctorate from the Royal College of Art (London) in 2000. Ms. Prada is a co-founder of our Group along with Mr. Bertelli. Ms. Prada is also the wife of Mr. Patrizio Bertelli, our Chief Executive Officer. Ms. Prada is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Executive Directors

BERTELLI, Patrizio, aged 65, is our Chief Executive Officer. He was appointed to the Board on November 20, 2003. Mr. Bertelli received an honorary degree in Business Economics from the University of Florence in October, 2000. Mr. Bertelli is a co-founder of our Group along with Ms. Prada. Mr. Bertelli is also the husband of Ms. Prada, our President. Mr. Bertelli is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

MAZZI, Carlo, aged 64, was appointed as our Deputy Chairman on November 9, 2004. Mr. Mazzi obtained a degree "cum laude" (with praise) in Mechanical Engineering from the Bologna University of Italy in 1971 and obtained a Master's degree in Business Administration from Bocconi University of Milan in 1976. Mr. Mazzi worked as a Manager of the Large Corporate department of IMI and San Paolo IMI Bank from 1994 to 2000. He was a board member of IBI International Business Advisors Investment N.V. — Amsterdam; Vice Chairman and Executive Committee Member of IBI Bank AG — Zurich; Board Member of IBI Corporate Finance B.V. — Amsterdam; Managing Director of IBI S.p.A. — Milan (financial intermediation ex art. 106 TUB) from 2000 to 2004. He is currently a board member of SECVA S.r.l. — Arezzo (a service company) and

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ASTRIM S.p.A. — Rome (a service company). He was previously a board member of ABN AMRO S.p.A. — Milan (focused on merchant banking), SAGO S.p.A. — Florence (an IT research company responsible for the management of health facilities), IMILEASE S.p.A. — Rome (a leasing company), Banca di Intermediazione Mobiliare IMI S.p.A. — Milan (now Banca IMI S.p.A.) (focused on investment banking), Tecnofarmaci S.p.A. — Pomezia (a research company in the pharmaceuticals industry), SIM S.p.A. — Rome (focused on project management) and Paros International Insurance Brokers S.r.l. — Milan (in the insurance brokerage sector). Mr. Mazzi is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

GALLI, Donatello, aged 49, is our Group's Administration and Finance Director and was appointed to our Board on January 21, 2005. Mr. Galli received a degree "cum laude" (with praise) in Economics and Banking from the University of Siena in Italy in July, 1986. He started his career as business controller at Faricerca S.p.A. (now the Angelini Group) (pharmaceutical laboratories and Lines consumer products business), from 1987 to 1990. Mr. Galli was a financial analyst at Istituto Mobiliare Italiano S.p.A. from 1990 to 1999 and then Head of the Large Corporate Division central assessment office of San Paolo IMI S.p.A. until 2000. He was also the Administration and Finance Director of IBI S.p.A. (now Alerion Clean Power S.p.A., a renewable energy company) from 2000 to 2004 and later joined Enertad S.p.A. (now ERG Renewable S.p.A., a renewable energies company) — both are listed companies on the Italian Stock Exchange. Mr. Galli is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Non-Executive Directors

SALOMONI, Marco, aged 56, is our non-executive Director and joined our Group in January 1997 and was appointed a Director on May 15, 1997. Mr. Salomoni obtained a degree in economics at the Bocconi University (Milan) in 1980. He has served on the board of directors of Gianni Versace S.p.A. from June 2005 to May 2011 and of GIVI Holding S.p.A. (holding company of the Gianni Versace S.p.A.) from April 2008 until present. Mr. Salomoni is currently a director of Aeffe S.p.A., a company listed on the Italian Stock Exchange. Mr. Salomoni also served on the board of directors of Il Sole 24 Ore S.p.A., the listed operator of an Italian business newspaper, from October 2007 to December 2009. Mr. Salomoni became a *dottore commercialista* (certified public accountant) in 1984 and was admitted as a member of Albo dei Dottori Commercialisti di Milano (Register of chartered accountants in Milan) in 1984. He became a Public Chartered Accountant (member of the Registro dei Revisori Contabili) at the Italian Ministry of Justice in 1992. Mr. Salomoni is currently a member of the Remuneration Committee. Save as disclosed herein, Mr. Salomoni is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

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MICCICHÈ, Gaetano, aged 60, is our non-executive Director, and was appointed on May 9, 2011. Mr. Miccichè obtained a degree in Law from Università degli Studi di Palermo (Italy) in 1984 and a master's degree in Business Administration from SDA Bocconi University (Italy) in 1985. Mr. Miccichè began his career in Cassa Centrale di Risparmio delle Provincie Siciliane in 1971 and became Head of Corporate Clients. In 1989 he joined Rodriquez S.p.A., the luxury yachting group, as Chief Financial Officer. Mr. Miccichè also worked as General Manager of Gerolimich-Unione Manifatture (holding company with business in various industries), as General Manager of Santa Valeria S.p.A. (chemical company) and as Managing Director and General Manager of Olcese S.p.A. (yarn and thread mill company), all of which were listed on the Italian Stock Exchange. Since June 2002, he has been with the Intesa Sanpaolo Group (formerly Banca Intesa) and currently serves as the General Manager and Head of Corporate and Investment Banking Division and Chief Executive Officer of Banca IMI. Mr. Miccichè is also a board member of Telecom Italia S.p.A., a major Italian telecom group whose shares are listed on the Italian Stock Exchange, a board member of ABI Associazione Bancaria Italiana, Alitalia — CAI S.p.A. and a member of the Supervisory Board of Fondazione Ricerca e Imprenditorialità (Foundation of Research and Entrepreneurship). Save as disclosed herein, Mr. Miccichè is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

Independent Non-Executive Directors

MATTEI, Gian Franco Oliviero, aged 65, was appointed as an independent non-executive director on May 28, 2009. Mr. Mattei obtained a Degree in Economics from the University La Sapienza of Rome in 1970 and became a Public Chartered Accountant (member of the Registro dei Revisori Contabili) with the Italian Ministry of Justice in 1995. He has worked as Managing Director (Investment Banking) in Credit Suisse, Managing Director (Global Banking & Markets) in The Royal Bank of Scotland, Head of Investment Banking at Sanpaolo IMI and Chairman of Banca IMI and was previously Head of the Finance Department at the Istituto Mobiliare Italiano IMI. Mr. Mattei has also been a Board Member of Borsa Italiana. Mr. Mattei is currently the chairman of the Audit Committee and the Remuneration Committee. He is currently Chairman of Accretion Corporate Consulting S.p.A., Chairman of Officine CST - Consulting Services & Technology - S.p.A., and Chairman and CEO of Quorum Sgr S.p.A. Mr. Mattei is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

FORESTIERI, Giancarlo, aged 64, was appointed to our Board on May 31, 2007. Mr. Forestieri obtained a degree in Economics and Banking from the University of Siena in 1970 and obtained a Specialization in Corporate Finance from the Scuola Mattei — ENI in 1971. From 1988 to the present, Mr. Forestieri has been a Full Professor of Financial Markets and Institutions at the Bocconi University in Milan. Mr. Forestieri's professional experience includes serving as a member of the boards of directors of INA and Assitalia (from 1993 to 1994), Mediofactoring (from 1997 to 1999), Cassa di Risparmio di Parma e Piacenza (from 1996 to 1999 and then from 2003 to 2007 as the chairman of the board), Banca Intesa (from 1999 to 2006) and as a member of the its executive

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committee (from 2000 to 2006), Alleanza Assicurazioni (from 2001 to 2007), Centrosim (from 1998 to 2003 where he was the chairman of the board) and Crédit Agricole Vita (from 2007 to present as the chairman of the board). Mr. Forestieri is a member of the Italian Scientific Societies in the Fields of Finance and Management. Mr. Forestieri is a member of the Audit Committee and the Remuneration Committee. Mr. Forestieri is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

LIU, Sing Cheong, JP, aged 55, was appointed our independent non-executive director on May 9, 2011. He has been the Chairman of My Top Home (China) Holdings Limited (a Guangzhou-based property agency and consultancy) since 2005, the Vice Chairman of Guangzhou Pearl River — Hang Cheong Real Estate Consultants Limited (from 1993 to 2008), Chairman of Evergreen Real Estate Consultants Limited since 2001 and an independent non-executive director of Swire Properties Limited since 2010, all of which are private companies. He is a director of Hong Kong Science and Technology Parks Corporation since 2009. He is also a Member of the Council of The Hong Kong University of Science and Technology, Development Committee of the West Kowloon Cultural District Authority, and the Security and Guarding Services Industry Authority. Mr. Liu has been a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region since 1 January 2011. Mr. Liu graduated from The Hong Kong Polytechnic in 1979 with an Advanced Higher Diploma in Surveying and from The Hong Kong University of Science and Technology in 1994 with a Master of Business Administration degree. He has been a fellow of the Royal Institution of Chartered Surveyors since 1994 and the Hong Kong Institute of Surveyors since 1993. Mr. Liu is currently a member of the Audit Committee. Mr. Liu is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth certain information concerning our senior management personnel:

Name	Age	Position
Brice Baudoin	45	Chief Executive Officer Asia Pacific
Stefano Cantino	45	Group Communication and External Relations Director
Maurizio Ciabatti	45	Group Engineering Director
Alessandra Cozzani	48	Group Investor Relations Director
Stephen Etheridge	52	Chief Executive Officer at Church & Co
Giuliano Giannessi	48	Group Corporate Finance Director
François Kress	44	Chief Executive Officer of Prada USA
Lorenzo Panerai	43	Leather Goods Industrial Division Director
Gabriella Schnitzler	53	Chief Executive Officer of Prada Germany
Davide Sesia	43	President of Prada Japan
Sebastian Suhl	43	Group Chief Operating Officer — Commercial Area
Cinzia Tito	55	Group Human Resources Director
Armando Tolomelli	45	Group Controlling Director
Fabio Zambonardi	48	Design Director

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BAUDOIN, Brice, aged 45, joined our Group in July 2009 as Chief Executive Officer Asia Pacific. Mr. Baudoin obtained a Master Diploma in International Negotiation from the University of Aix Marseille in 1991. He started his career at L’Oreal where he worked for five years covering different positions, and eventually that of General Sales Manager of Duty Free Division of Retail Scental Ltd. In 1999 he moved to the LVMH Group and covered several managerial positions in Asia for Christian Dior Parfums (1999 to 2001), Managing Director Fragrances & Cosmetics for Thailand and Taiwan (2001 to 2003). From 2004 to 2006, Mr. Baudoin was Regional Director of Christian Dior Parfums Asia Pacific, and in November 2006 he became General Manager, South East Asia For LVMH Fashion (Singapore) PTE Ltd., based in Singapore. Mr. Baudoin is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

CANTINO, Stefano, aged 45, has been our Group’s Communication and External Relations Director since June 2009. He is primarily responsible for our Group’s communication strategy and global marketing functions. Mr. Cantino obtained a degree in Political Science from the University of Turin in 1993. Mr. Cantino joined our Group in 1996 and held several managerial roles in the commercial and marketing areas with Prada, Church’s and Car Shoe, including Alaïa Operations Director, Car Shoe Commercial Director and Church’s Brand and Retail Director. He was Prada’s Marketing Director from 2005 to 2009 until he was appointed to his current position. Mr. Cantino is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

CIABATTI, Maurizio, aged 45, has been our Group’s Engineering Director since 2006. He is primarily responsible for real estate development, equipment and maintenance of retail stores, corporate offices and production sites. Mr. Ciabatti joined our Group in 1989 and has covered different managerial roles in the maintenance and real estate area and, starting from 2005, in Corporate Engineering. Mr. Ciabatti is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

COZZANI, Alessandra, aged 48, has been our Group Investor Relations Director since July 2010. She is responsible for managing financial communication and for relationships with investment community. Ms. Cozzani joined our Group in 2000 and has covered different managerial roles within the Finance department. In 2003, she was appointed as Group Financial Reports Director. Ms. Cozzani obtained a degree “cum laude” (with praise) in Business Administration from the University of Genoa in 1988. She started her career as an auditor at Coopers & Librand (1989 to 1995). Prior to joining our Group, she worked in Castelletti International Transports, the Italian subsidiary of an

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international logistic company (now Schenker Group) for five years, most of the time as Finance and Control Director. Ms. Cozzani is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

ETHERIDGE, Stephen, aged 52, has been the Chief Executive Officer of Church & Co since 2001. He is responsible for the industrial operations of the Church Group. Prior to this he has covered the role of Chief Executive at Cheaney & Son Footwear (1995 to 2001), a company which belonged to the Church Group. He started his career in the Sales Department at John White Footwear Limited UK and increased his responsibility up to the role of Managing Director (1986 to 1990). From 1990 to 1994 he was Managing Director of SE Marketing for Epic Fashion Footwear Limited, a company specialized in production and distribution of men's footwear. Mr. Etheridge is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

GIANNESSI, Giuliano, aged 48, has been our Group's Corporate Finance Director since March 1999. He is primarily responsible for finance and bank relationships, cash management and interest and exchange rates hedging activities. Mr. Giannessi obtained a degree "cum laude" (with praise) in Business Administration from the University of Pisa in 1987 and obtained the chartered accountant qualification in 1988. He started his career in Banca Commerciale Italiana. Prior to joining our Group he worked at the Piaggio Group as Treasurer (1991 to 1993) and Financial Planning Manager (1994 to 1995) and later in Salov Group as Treasurer and Credit Manager (1995 to 1999). Mr. Giannessi is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

KRESS, François, aged 44, joined the Group in January 2010 as President and CEO Prada USA. Mr. Kress is responsible for overseeing the Group operations in United States and Canada. Mr. Kress obtained a degree in Civil Engineering, Finance and International Business from Corps des Ponts et Chaussées in 1993 and graduated in Engineering at the École Polytechnique in 1989. Prior to joining our Group, he was Managing Director of Bulgari Corporation of America. Prior to that, he spent eight years working for the LVMH Group covering different managerial roles including as General Manager of Louis Vuitton/Loewe Thailand & Vietnam (1998 to 2000), CEO of LVMH Fashion Group Australia & New Zealand (2000 to 2002) and he was then appointed President of Fendi North America (2002 to 2004). Mr. Kress is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

PANERAI, Lorenzo, aged 43, has been our Group's Leather Goods Industrial Division Director since July 2008. He is primarily responsible for the manufacturing of our Group's leather goods collection. Mr. Panerai joined our Group in 2001 and undertook managerial roles in the planning and production

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of leather goods for the Prada and Miu Miu brands. Mr. Panerai obtained a degree in Electronic Engineering from the University of Florence in 1996. In 1996 he joined the Marketing and Commercial Division of Fiat Group Automobiles S.p.A., where he also worked in the Purchasing Department. His last role at Fiat was Plant Operational Manager of the body assembly unit. Mr. Panerai is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

SCHNITZLER, Gabriella, aged 53, has been Chief Executive Officer of Prada Germany since July 2008. She is responsible for overseeing the commercial operations of the Group in Germany, and northern and eastern Europe. Prior to joining our Group, she worked for almost ten years for the LVMH Group covering different managerial roles, such as Managing Director Guerlain Germany (1998 to 2001), Managing Director Louis Vuitton Germany (2001 to 2005) and then Managing Director Louis Vuitton Germany & Austria (2005 to 2008). She started her career in the Marketing department of Estee Lauder and, after a short experience as Brand Director Phas (L'Oreal Group), moved to the La Prairie Group as General Manager Germany (1992 to 1995) and Managing Director Germany & Austria (1995 to 1997). Ms. Schnitzler is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

SESIA, Davide, aged 43, has been the President of Prada Japan since February 2004. He is responsible for overseeing the Group operations in Japan, Guam and Saipan. Mr. Sesia obtained a degree in Business Administration from the University Cattolica del Sacro Cuore of Milan in 1991. He joined our Group in 2000 as Representative Director and Chief Financial Officer of Prada Japan. Prior to that, he was Chief Financial Officer and Director of Benetton Japan and Managing Director of Benetton Korea Ltd (1997 — 2000). He started his career in Japan working for several companies from 1992. Mr. Sesia is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

SUHL, Sebastian, aged 43, has been our Group Chief Operating Officer - Commercial Area since September 2009. He is primarily responsible for overseeing and leading the retail and wholesale operations of our Group. Mr. Suhl obtained a Bachelor of Arts degree in Political and Economic Sciences from Colorado College (USA) in 1989. He began his professional career as a consultant, first in Deloitte & Touche Barcelona's auditing department (1992-1996) and subsequently in Solving EFESO (management consulting) in Paris. Between 1998 and 2000 he helped to implement - as a founding partner and managing director - the start up and development of Thimister, a couture house. In 2000 he became business development director for Courrèges Design

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in Paris. He joined our Group in 2001 as General Manager of Prada France, and in April 2005 he was appointed Chief Executive Officer of Prada Asia Pacific. Mr. Suhl is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

TITO, Cinzia, aged 55, has been our Group's Human Resources Director since joining our Group in December 2005. She is primarily responsible for overseeing and leading human resources activities of the Group. Prior to joining our Group, Ms. Tito worked in Procter & Gamble and Colgate Palmolive. At Colgate Palmolive in Italy, Ms. Tito was in charge of Compensations & Benefits, and Training and Development from 1980 to 1996. She then worked as Global Compensation Manager European Division based in New York from 1996 to 1998. In 1998 she was appointed Associate Director Human Resources and was in charge of the start up of the new European Headquarters in Paris, with responsibility for the organizational development and compensation & benefit in Europe. In 2000, she was promoted to Human Resources Director for Greater China overseeing over 5,000 employees; she held this position until 2005. Ms. Tito is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

TOLOMELLI, Armando, aged 45, has been our Group Controlling Director since joining our Group in July 2005. Mr. Tolomelli is primarily responsible for the planning and management control of revenues, production and logistics, margins and operating expenses. Mr. Tolomelli obtained a degree in Business Administration from the University of Parma in 1989. Prior to joining our Group, he spent fourteen years working for the Barilla Group, covering various roles including Financing Office Manager, Divisional Business Controller, Business Controller for South Eastern Europe, Group Controller of Wasa in Stockholm, Sweden (1999 to 2001), Finance Manager International Business Development of the Bakery Division (2001 to 2001) and Corporate Controlling Director of Kamps in Düsseldorf, Germany (2002 to 2005). Mr. Tolomelli is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

ZAMBERNARDI, Fabio, aged 48, has been our Design Director for the Miu Miu and Prada brands since November 2002. He is responsible for the collection concept development, overseeing all the strategic activities related to the coherence between image and product development of the collection, as well as supporting the strategic brands image communication. He has been collaborating with the Group since 1981. He was promoted Shoe Design Director in 1997 and Design Fashion Coordinator in 1999. Mr. Zambernardi is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

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COMPANY SECRETARY

ALBANO, Patrizia, aged 57, is our joint company secretary. Ms. Patrizia Albano has been the Group Head of Corporate Affairs of our Company since September 2008 and is responsible for monitoring general legal compliance. Ms. Albano obtained a degree in Law from the University La Sapienza of Rome in 1979 and was admitted to the Bar Association (Ordine degli Avvocati di Roma) in 2006. She started her career as an in-house legal advisor at the Istituto Mobiliare Italiano S.p.A. from 1981 to 1999 and then worked as Head of the Large Corporate Division central legal office of San Paolo IMI S.p.A. until 2000. She has also worked as General Counsel of IBI (now Alerion Clean Power S.p.A.), and as Company Secretary of Risanamento Napoli S.p.A. and Fincasa S.p.A., both of which are listed companies on the Italian Stock Exchange. In 2002, Ms. Albano became the Company Secretary of a private company active in services provision, property and facility management and renewable energy. She then worked at an Italian law firm, Studio Legale Carbonetti, from 2003 to 2007, and also founded her own private practice law firm, Albano Baldassari, in 2007 before joining our Company in 2008. Ms. Albano is the wife of Mr. Carlo Mazzi, the Deputy Chairman of our Company. Ms. Albano is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

YUEN, Ying-kwai, aged 45, is the joint company secretary of the Company. She is responsible for corporate secretarial duties. Ms. Yuen joined our Group and was appointed joint company secretary in May 2011. Ms. Yuen has over 20 years of working experience in the corporate secretariat and compliance areas of sizeable organizations and professional firms. Prior to joining our Group, she worked with Li & Fung group for 15 years. She first joined in 1995 as company secretary of Li & Fung (1937) Limited until 1999 when she was transferred to Li & Fung Distribution (Management) Limited and appointed as group company secretary in 2000. Ms. Yuen was the company secretary of Integrated Distribution Services Group Limited (member of Li & Fung Group) between 2004 and 2011. Ms. Yuen received an Honours Diploma in Company Secretaryship and Administration from Lingnan College (now known as Lingnan University) in 1988. Ms. Yuen holds a Master degree in Business Administration (Executive) from City University of Hong Kong, awarded in 2003. Ms. Yuen has been a fellow of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators, UK since 2001. Ms. Yuen is not and has not been a director of any other listed companies in Hong Kong or overseas in the past three years.

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BOARD COMMITTEES

Audit Committee

We have established a board audit committee in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal controls. The audit committee currently consists of three independent non-executive Directors. The members currently are Mr. Gian Franco Oliviero Mattei, Mr. Giancarlo Forestieri and Mr. Sing Cheong Liu. It is chaired by an independent non-executive Director, Mr. Gian Franco Oliviero Mattei.

The responsibilities of the audit committee include, among others:

- (a) to make recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;
- (c) to discuss with the external auditor before the audit commences the nature and scope of the audit and reporting obligations;
- (d) to develop and implement policy on the engagement of an external auditor to supply non-audit services and to report to the Board, identifying any matters in respect of which the committee considers that action or improvement is needed and making recommendations as to the steps to be taken;
- (e) to monitor integrity of the interim and annual financial statements and interim and annual reports and accounts and to review significant financial reporting judgments contained in them before submission to the Board;
- (f) in regard to (e) above, to consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and give due consideration to any matters that have been raised by the Finance Director, Company Secretary or auditors;
- (g) to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary);
- (h) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response, and to ensure that the Board provides a timely response to the issues raised;

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- (i) to review our Company's statement on internal control systems (where one is included in the annual report) prior to endorsement by the Board;
- (j) to review and discuss with management our Company's financial controls, internal control and risk management systems;
- (k) to monitor and review the effectiveness of the internal audit function, consider the major findings of internal investigations and management's response, and ensure coordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within our Company and is free from management or other restrictions;
- (l) to report to the Board on the matters raised in the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules;
- (m) to review arrangements by which employees of our Company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action; and
- (n) to consider other topics, as defined by the Board.

We believe that the composition and functioning of our audit committee comply with the applicable requirements of the Hong Kong Stock Exchange. We intend to comply with future requirements to the extent they become applicable.

Remuneration Committee

We have established a board remuneration committee in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to make recommendations to the Board on our Company's policy and structure for all remuneration of directors and senior management, the establishment of a formal and transparent procedure for developing policy on such remuneration and the appointment of Directors and management of Board succession. The remuneration committee comprises one non-executive director, Mr. Marco Salomoni and two independent non-executive Directors, Mr. Gian Franco Oliviero Mattei and Mr. Giancarlo Forestieri, and is chaired by an independent non-executive Director, Mr. Gian Franco Oliviero Mattei.

The responsibilities of the remuneration committee include, among others:

- (a) to determine the remuneration packages of individual executive Directors and senior management;

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- (b) to determine the terms and conditions on which the employment of any executive Director or senior management shall be terminated to ensure that any compensation payment is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for our Company;
- (c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (d) to make recommendation to the Board on the remuneration of non-executive Directors; and
- (e) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

We do not propose to change our remuneration policy after listing.

For the financial year ending January 31, 2012, we expect the aggregate amount of emoluments that will be paid to the Directors to be approximately € 27,016,000.

Board of Statutory Auditors

Under Italian law, a joint-stock company is required to have a board of statutory auditors with the authority of supervising compliance with the law and the by-laws, compliance with the principles of proper management and, in particular, on the adequacy of the organizational, administrative and accounting structure adopted by the company and on its functioning (for more information on board of statutory auditors, please see the sections headed “B. Italian Companies Law — 7. Board of Statutory Auditors” in Appendix IV to this prospectus).

The board of statutory auditors of the company currently consists of Mr. Antonino Parisi, Mr. Riccardo Perotta and Mr. Gianandrea Toffoloni. Mr. Antonino Parisi is the chairman of the board of statutory auditors. None of them has any relationship with our Group or its connected persons.

Mr Antonino Parisi was appointed to the Board of Statutory Auditors in May, 2009. Mr. Parisi has been a Chartered Accountant since 1995 and was appointed as an Authorized Auditor (Revisore Ufficiale dei Conti) by decree of the Ministry of Justice in 1986. During his professional life Mr Parisi has focused on management and tax consultancy, mainly in Italy, and conducted various restructuring projects on listed and unlisted companies. From 1998 through 2000 he was a Board Member, and from 2001 through March 2005 the Vice-President, of Banco di Sicilia, an Italian bank now part of the Unicredit

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Group, which is one of the leading Italian banking groups. Mr Parisi had been previously a director of three companies listed on the Italian Stock Exchange, namely Aicon S.p.A., Pramac S.p.A. and Everel Group S.p.A. He currently serves a number of Italian companies.

Mr. Riccardo Perotta was appointed to the Board of Statutory Auditors in May, 2009. He graduated in Economics and Commerce at the Università Bocconi, Milan in 1973. Mr. Perotta is an Associate Professor in Financial Accounting at the Università Bocconi where he also conducts a course on 'Mergers & Acquisitions and Business Combinations' at the same university for students in the first year of the Graduate School. Mr. Perotta has also been a business consultant in Milan, where he carries out activities mainly concerned with management, civil law and tax consultancy in various industries. He is the author of many books and articles regarding business combinations, international accounting principles and corporate governance. He became a Chartered Accountant in 1975 and was appointed as an Authorized Auditor (Revisore Ufficiale dei Conti) by decree of the Ministry of Justice in 1995. He is currently the Chairman and a member of the board of statutory auditors of FIAT S.p.A. and Mediolanum S.p.A., respectively, which are listed on the Italian Stock Exchange. He was a member of the board of statutory auditors of four other companies listed on the Italian Stock Exchange in the past, namely, ENI S.p.A., Gewiss S.p.A., Mediaset S.p.A., and Snam Rete Gas S.p.A.

Mr. Gianandrea Toffoloni was appointed to the Board of Statutory Auditors in May, 2009. He holds a degree in Economics at University Cattolica del Sacro Cuore of Milan in 1971 and is a Chartered Accountant since 1972 and was appointed Authorized Auditor (Revisore Ufficiale dei Conti) by decree of the Ministry of Justice in 1974. He was Chairman of the Board of Auditors of the Order of Chartered Accountants of Milan from 1984 to 1986. He was a board member of the Order of Chartered Accountants of Milan from 1986 to 1989 and from 1992 to November 1998, and covered various roles and positions in professional bodies. He has served in a number of listed and non-listed companies as well as for non-profit organizations.

Supervisory Body

Italian Legislative Decree 231 of June 8, 2001 (the "**Decree 231**") introduced the regulatory framework governing the "*administrative liability of legal entities, companies and associations, including bodies devoid of legal personality*". Decree 231 states that companies can be held responsible, and consequently subject to fines, for any offences committed or any attempts to commit offences in the interests or to the advantage of the company itself by the company's directors or employees. Companies can, therefore, adopt organizational, management and control models designed to prevent these offences.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

In compliance with Decree 231, we have established a supervisory body whose primary duty is to ensure the functioning, effectiveness and enforcement of Prada's Model of Organization, adopted by Prada pursuant to such Decree. The supervisory body consists of three members appointed by the Board among qualified and experienced individuals, including non-executive Directors, qualified auditors, executives or external individuals. The supervisory body currently consists of Mr. David Terracina, Mr. Franco Bertoli and Mr. Marco Salomoni. Mr. David Terracina is the chairman of the supervisory body.

DIRECTORS' AND SENIOR MANAGEMENT'S COMPENSATION

The aggregate amounts of emoluments (including fees, salaries, contributions to pensions schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid to the Directors for each of the three years ended January 31, 2011 were approximately € 19,316,000, € 25,025,000 and € 22,418,000, respectively.

The aggregate amounts of the emoluments (including fees, salaries, contributions to pensions schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid to our Company's five highest paid individuals for each of the three years ended January 31, 2011 were approximately € 19,951,000, € 26,812,000 and € 27,016,000, respectively.

We have paid a total amount of € 418,000 for compensation for loss of office to one of the Directors in the past three financial years.

Except as disclosed above, no other payments have been made or are payable, in respect of the years ended January 31, 2009, 2010 and 2011, by any of the members of our Group to any of the Directors.

Under the arrangements currently in force, we estimate the aggregate compensation, excluding discretionary bonus, of the Directors payable for the year ending January 31, 2012 to be approximately € 27,016,000.

Mr. Donatello Galli has waived his fees as a Director, in the amount of € 40,000, in respect of the period from May 28, 2009 to January 31, 2011.

Mr. Marco Salomoni has waived € 40,000 in respect of his fees as a Director and € 10,000 in respect of his fees as a member of the Internal Control Committee for the period from May 28, 2009 to January 31, 2011.

Mr. Carlo Mazzi has waived € 40,000 in respect of his fees as a Director and € 20,000 in respect of his fees as the President of the Remuneration Committee for the period from May 28, 2009 to January 31, 2011.

Our Directors anticipate that they will periodically review the compensation levels of key executives of our Group. Based on our Group's performance and the executives' respective contributions to our Group, our Directors may, with

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

the approval of our Company's remuneration committee, grant salary increases or pay bonuses to executives. These increases or bonuses could result in the incurrence of compensation expense at levels that are significantly higher than those incurred by our Group in prior periods. All Directors receive reimbursements from us for expenses which are necessarily and reasonably incurred for providing services to us or executing matters in relation to the operations of our Company.

EMPLOYEES

As at January 31, 2011, we had a total of 7,855 full-time employees. The table below sets forth the number of employees in each of the stated categories as at January 31, 2011:

	Headcount	% of total
Manufacturing	1,815	23%
Design and product development	810	10%
Marketing and communications	102	1%
Sales and distribution	4,381	56%
General and administration	747	10%
Total	7,855	100%

There has been an increase of approximately 700 employees in the sales and distribution departments of the Group as a result of 59 stores that we opened in the last financial year.

Some of our employees are members of trade unions. Our policy is to respect an employee's membership in a trade union and we have maintained positive relationships with relevant trade unions through regular communication and dialogue. We have not experienced any material industrial stoppages or labor disputes during the Track Record Period.

RETIREMENT BENEFIT SCHEMES

Our Group operates both defined benefit and defined contribution plans, details of which can be found in Note 22 to the Accountants' Report in Appendix I to this prospectus.

OTHER EMPLOYEE BENEFITS

We also provide other benefits to our staff or particular categories of staff, including incentive schemes, medical benefits, group life insurance, corporate housing (or housing allowance), discretionary bonus, home leave allowance, children's education allowance and use of corporate vehicles.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Our Group's compensation policy is aimed at diversifying, rewarding and protecting the employees of our Group, who are considered to be the key to the success of the business of our Group. Our Group has a compensation system which differentiates employees into specific professional families and targeted compensation tools are associated with each professional family.

The overall market competitiveness and complexity of the position of an employee is taken into account during the revision of an employee's basic salary. Our Group has an incentive system that links compensation with the annual performance of the Company, taking into account our Group's objectives in net sales, as well as objectives of each department in our Group.

Our Group has adopted cash long term incentive plans for a small group of employees for retention purposes, under which the benefit of an employee under the incentive plan would vest subject to the employee's presence in our Company at the end of a three to five year period. Other incentive schemes specific to sales staff is also in place, and technicians of the Group may receive a collection bonus that is provided to them after the development of a seasonal collection.

We incurred staff costs of approximately € 326.8 million, € 332.8 million and € 377.8 million for each of the three years ended January 31, 2009, 2010 and 2011, respectively, representing 19.9%, 21.3% and 18.5% of our turnover for these periods, respectively.

STAFF TRAINING AND DEVELOPMENT

We provide continuing education and training programs for our employees by utilizing our internal resources. We offer our staff comprehensive training, including training on product knowledge, sales techniques, communication skills, etiquette, leadership and management skills.

We invest in continuing education and training programs for our employees to enhance their performance and improve their skills and knowledge. In particular, we provide specialized training to our frontline sales staff, covering topics such as customer service techniques, communication skills and product knowledge, to enable them to provide first-class service to our customers. We also ensure sufficient training is provided to our production staff, which is critical to the preservation of our high level of craftsmanship and technical knowhow.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

COMPLIANCE ADVISOR

We have appointed Anglo Chinese Corporate Finance, Limited as our compliance advisor upon Listing in compliance with Rule 3A.19 of the Listing Rules. We have entered into a compliance advisor's agreement with the compliance advisor, the material terms of which are as follows:

- 1) we appointed the compliance advisor pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the date of listing of our Shares on the Hong Kong Stock Exchange and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date, or until the agreement is terminated, whichever is earlier;
- 2) the compliance advisor shall provide us with services, including guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws, rules, codes and guidelines, and to act as one of our principal channels of communication with the Hong Kong Stock Exchange; and
- 3) we may terminate the appointment of the compliance advisor only if the compliance advisor's work is of an unacceptable standard or if there is a material dispute (which cannot be resolved within 30 days) over fees payable by us to the compliance advisor. The compliance advisor will have the right to resign or terminate its appointment by serving 14 days' advance written notice to us if we commit a material breach of the agreement.

SUBSTANTIAL AND SELLING SHAREHOLDERS

As far as the Directors are aware, the following persons have or will have an interest or a short position in Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of Interest and Capacity	Immediately prior to the Global Offering		Immediately after the Global Offering (assuming no exercise of the Over-allotment Option)		Immediately after the Global Offering (assuming the exercise in full of the Over-allotment Option)	
		Number of Shares	Approximate Percentage of Interest	Number of Shares	Approximate Percentage of Interest	Number of Shares	Approximate Percentage of Interest
Prada Holding B.V. ¹	Legal and beneficial owner	2,372,165,150(L)	94.9%	2,109,959,760(L)	82.5%	2,046,470,760(L)	80.0%
Intesa Sanpaolo ²	Legal and beneficial owner	127,834,850(L)	5.1%	25,588,240(L)	1.0%	25,588,240(L)	1.0%
Gipafin S.à r.l.	Beneficial owner	2,372,165,150(L)	94.9%	2,109,959,760(L)	82.5%	2,046,470,760(L)	80.0%
Bellatrix S.à r.l.	Beneficial owner	2,372,165,150(L)	94.9%	2,109,959,760(L)	82.5%	2,046,470,760(L)	80.0%
Ludo S.A.	Beneficial owner	2,372,165,150(L)	94.9%	2,109,959,760(L)	82.5%	2,046,470,760(L)	80.0%
Miuccia Prada ³	Beneficial owner	2,372,165,150(L)	94.9%	2,109,959,760(L)	82.5%	2,046,470,760(L)	80.0%
Patrizio Bertelli ⁴	Beneficial owner	2,372,165,150(L)	94.9%	2,109,959,760(L)	82.5%	2,046,470,760(L)	80.0%

Notes:

- 70% of the Shares held by Prada Holding B.V. are subject to two pledges in favor of certain banks to secure two loans granted to Prada Holding B.V., namely, (i) a loan agreement entered into between Prada Holding B.V., Intesa Sanpaolo S.p.A., Banco Popolare Società Cooperativa, Centrobanca-Banca di Credito Finanziario e Mobiliare S.p.A. and UniCredit Corporate Banking S.p.A. on July 26, 2005, and subsequently amended on November 30, 2006 and December 21, 2009; and (ii) a loan agreement entered into between Prada Holding B.V., Intesa Sanpaolo S.p.A., UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.) and Calyon S.A. Milan Branch on November 30, 2006, and subsequently amended on December 21, 2009 (together, the "Loan Agreements"). As at the Latest Practicable Date, the aggregate principal amount outstanding under the Loan Agreements was € 600 million. The Loan Agreements have to be repaid in full upon the listing of our Company's Shares on the Hong Kong Stock Exchange. None of the Offer Shares are subject to the pledges. None of the security interests over any of the Shares owned by Prada Holding B.V. will be held to secure any obligations of our Company or any of our subsidiaries.
- Intesa Sanpaolo is the holding company of Banca IMI S.p.A., one of the Joint Global Coordinators.
- The entire issued share capital of Prada Holding B.V. is held by Gipafin S.à r.l. ("Gipafin"). Ms. Miuccia Prada owns, indirectly through Ludo S.A., 53.8% of the capital of Bellatrix S.à r.l., which in turn owns 65% of the capital of Gipafin. Ms. Prada is therefore deemed under the SFO to be interested in all the shares registered in the name of Prada Holding B.V. Mr. Bertelli, being Ms. Prada's husband, is also deemed under the SFO to be interested in the shares in Prada Holding B.V. in which Ms. Prada is interested. Ms. Prada is also a director of Ludo S.A.

SUBSTANTIAL AND SELLING SHAREHOLDERS

4. Patrizio Bertelli owns, indirectly through companies owned by him (PaBe1 S.A., PaBe2 S.A., PaBe3 S.A. and PaBe4 S.A.), 35% of the capital of Gipafin. Mr. Bertelli is therefore deemed under the SFO to be interested in all the shares registered in the name of Prada Holding B.V. Ms. Prada, being Mr. Bertelli's wife, is also deemed under the SFO to be interested in the shares in Prada Holding B.V. in which Mr. Bertelli is interested.

The following table indicates the subsidiaries of our Company in which there was a shareholder with an interest in 10% or more of the voting share capital as at January 31, 2011.

Subsidiary	Name of the Substantial Shareholder/background	Substantial Shareholder's Percentage Interest in the Subsidiary
Artisans Shoes S.r.l	Graziano Mazza ⁽¹⁾	33.3%
PAC S.r.l (in liquidation) ⁽²⁾	Fratelli Prada S.r.l	16%
	Spiga 1 S.r.l	16%
	Venezia 3 S.r.l	12%
	Prada Italia S.p.A	49%
	Patrizio Bertelli	100%
TRIS Hawaii LLC	Miuccia Prada	100%
	DFS Group L.P. ⁽³⁾	45%
TRIS Guam Partnership	DFS Guam L.P. ⁽³⁾	45%
TRIS New Zealand Ltd	DFS New Zealand Ltd	45%
TRIS Singapore Pte Ltd	DFS Venture Singapore (Pte) Ltd ⁽⁴⁾	45%
TRIS Saipan Partnership	DFS Saipan Ltd ⁽⁴⁾	45%
TRIS Hong Kong Ltd	DFS Hong Kong Ltd ⁽⁴⁾	45%
Travel Retail Shops Okinawa KK	DFS Okinawa KK ⁽⁴⁾	45%
Travel Retail Shops Pty Ltd	DFS Australia Pty Ltd ⁽⁴⁾	45%
Fragrance and Skincare S.L.	Puig S.L. ⁽⁵⁾	50%

- (1) Mr Graziano Mazza was part of the founders' family of Artisans Shoes. He supervises production and operation and is a director of Artisans Shoes S.r.l. He has no other relationship with our Group.
- (2) All of the minority shareholders of PAC S.r.l are connected persons of our Company but the company is now dormant.
- (3) DFS Group L.P. and DFS Guam L.P. belong to a part of the LVMH Group which operates as a leading luxury retailer catering to the travelling public through a variety of shop formats, mainly in duty-free premises and airports.
- (4) Subsidiaries of LVMH Group.
- (5) Puig S.L. is currently the licensee for the manufacturing and distribution of Prada fragrances. Puig is an international fragrance and cosmetics group founded in Spain in 1914 and entirely controlled by the Puig family. On February 23, 2011, our Company sold to Puig S.L. our 50% interest in Fragrance and Skincare S.L. Therefore, Fragrance and Skincare S.L. is no longer our Company's jointly controlled entity.

Pursuant to a joint venture agreement entered into between our Company and Al Tayer Insignia LLC on December 22, 2010, a joint venture company, Prada Middle East FZCO, was established in Dubai in May 2011 for the development of a retail network for the Prada and Miu Miu brands across the Middle East countries, namely in Bahrain, the Kingdom of Saudi Arabia, Kuwait, Oman and

SUBSTANTIAL AND SELLING SHAREHOLDERS

the United Arab Emirates. Our Company will have a 60% controlling interest in the joint venture company. Al Tayer Insignia LLC, which is part of the Al Tayer Group, is a United Arab Emirates based leading luxury goods retailer in the Middle East. It has no other relationship with our Group.

Save as disclosed herein, the Directors are not aware of any person who, immediately following the completion of the Global Offering, will have an interest or a short position in Shares or underlying Shares which would be required to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group and are therefore regarded as substantial shareholders under the Listing Rules.

SHARE CAPITAL

The following is a description of our authorized and issued share capital in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Global Offering:

	Number of Shares	Par value	Value (€)
Authorized share capital	2,558,824,000	€ 0.1	255,882,400
Shares in issue as at the date of this prospectus	2,500,000,000		250,000,000
Shares to be issued pursuant to the Global Offering	58,824,000		5,882,400
Total	2,558,824,000		255,882,400

Assumptions

The above table assumes that the Global Offering becomes unconditional.

It does not take into account any Shares which may be repurchased by us pursuant to the general mandates given to the Directors to repurchase Shares as referred below.

Ranking

The Offer Shares are ordinary shares in our share capital and will rank equally in all respects with all the Shares in issue or to be issued as set out in the above table, and will qualify for all dividends, income and other distributions declared, made or paid and any other rights and benefits attaching or accruing to the Shares following the completion of the Global Offering.

General Mandate to Issue Shares

The Directors have not sought or obtained a general mandate to allot, issue and deal with Shares under Rule 13.36(2)(b) of the Listing Rules.

General Mandate to Repurchase Shares

The Directors have been granted a general mandate to exercise the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue or to be issued immediately following the completion of the Global Offering (the “**Repurchase Mandate**”).

This general mandate only relates to repurchases made on the Hong Kong Stock Exchange (and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose), and which are made in accordance with all applicable laws and requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Statutory and General Information — A. Further Information About our Company — 6. Repurchase by our Company of its Own Shares” in Appendix V to this prospectus.

SHARE CAPITAL

This mandate will expire at the earliest of:

- (i) the conclusion of our next annual general meeting; or
- (ii) the expiration of the period within which we are required by law or By-laws to hold its next annual general meeting; or
- (iii) when varied, revoked or renewed by a resolution of the shareholders in a general meeting.

For further details of this repurchase mandate, see the section headed "Statutory and General Information — Further Information About our Company — Written Resolutions of the Shareholders Passed on May 9, 2011 and May 26, 2011" in Appendix V to this prospectus.

On May 26, 2011, our Shareholders approved the sub-division of each share of our Company into 10 Shares. All Shares resulting from the share split rank *pari passu* with each other. After the share split, our Company had 2,500,000,000 Shares in issue compared to 250,000,000 shares before the share split.

FINANCIAL INFORMATION

The following discussion and analysis of our financial condition and results of operations is based on the financial information set forth in the Accountants' Report. Accordingly, you should read this section in conjunction with our consolidated financial statements and related notes for the financial years ended January 31, 2009, 2010 and 2011, all of which are included in the Accountants' Report. The Accountants' Report has been prepared in accordance with International Financial Reporting Standards which may differ in material respects from generally accepted accounting principles in other jurisdictions. In addition to historical information, the following discussion and other parts of this prospectus contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis we made in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our future financial condition may differ materially from those discussed in these forward-looking statements as a result of various factors, including, but not limited to, those described under "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are one of the world's most prestigious fashion and luxury goods groups. We design, manufacture, promote and sell high-end leather goods, ready-to-wear and footwear through the Prada, Miu Miu, Church's and Car Shoe brands. Our Prada and Miu Miu brands provide our customers with a wide array of high-quality luxury goods, including leather goods, ready-to-wear and footwear and, through licensing agreements, eyewear and fragrances. Our Church's and Car Shoe brands target the niche luxury footwear market, offering footwear made of high-quality leather with handmade craftsmanship. We believe our dedication to offering innovative products of the highest quality, combining innovation in design and materials with our unique understanding of luxury and style, has enabled us to be a market leader in fashion and style.

Each of our brands is associated with creativity, quality and exclusivity, while at the same time enjoying its own identity created and maintained by separate design product development and communications teams. We manage each brand with a focus on protecting and enhancing its integrity and prestige, and we carefully manage our communications strategies for each brand to avoid brand dilution. We use brand-specific and in some cases unconventional communication tools, ranging from fashion shows to sponsorship of arts, cultural and sports events, landmark Prada Epicenters and various campaigns, to reinforce each brand's identity and to highlight its distinctive elements and values.

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We maintain our production know-how and industrialization capabilities internally for each of our product categories through our 11 in-house production facilities, of which ten are located in Italy and one, specifically for the manufacture of Church's footwear, is located in the United Kingdom. Currently, we produce the vast majority of our prototypes, most of our samples and a portion of our finished products in our factories, and we outsource the remainder of our production to external manufacturers with most of whom we have stable and long-term relationships. We rigorously monitor our entire production cycle with our quality control team and inspectors to ensure our in-house and outsourced production maintains the same high quality standards that we and our customers require. We believe that our production model enables us to retain control over our production know-how, production costs and maintain a flexible capacity throughout the entire manufacturing process, while assuring high product quality.

We distribute our products through retail and wholesale channels. As at January 31, 2011, our retail channel consisted of 319 stores that we operate directly (Directly-Operated Stores ("DOS")), including our Prada Epicenters in New York, Los Angeles and Tokyo, and 18 outlets. We plan to open approximately 80 additional DOS net of store closings in the financial year ending January 31, 2012, of which approximately 25 DOS net of store closings will be opened in Asia Pacific. All of our DOS are strategically located in prime locations that are specifically selected to align with the image of our brands. Our wholesale channel consists of sales to prestigious luxury multi-brand and department stores as well as franchise stores. As at January 31, 2009, 2010 and 2011, we had approximately 1,800, 1,400 and 1,400 wholesale clients, respectively, and we had 32, 35 and 33 franchise stores, respectively, during the same period. We constantly monitor our wholesale relationships to protect our brand integrity. Our two-pronged distribution strategy allows us to maintain a global reach, with distribution points in over 70 countries as at January 31, 2011.

During the Track Record Period, our net revenues grew from € 1,643.6 million for the financial year ended January 31, 2009 to € 2,046.7 million for the financial year ended January 31, 2011 (representing a CAGR of 11.6%), while EBITDA in the same period grew from € 282.6 million to € 535.9 million (representing a CAGR of 37.7%), resulting in an improvement in our EBITDA margin from 17.2% for the financial year ended January 31, 2009 to 26.2% for the financial year ended January 31, 2011.

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PRINCIPAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Expansion of DOS Network

Our profitability is affected by the total number of our DOS, as sales from our DOS generate a higher gross margin, which captures the difference between the sell-in price and sell-out price as compared to our wholesale distribution channel. However, the expansion of our DOS network will also increase our fixed cost (mainly rent and personnel). Given the fixed cost structure for most of our DOS, if our sales from any one or more DOS decline, these expenses may not be offset by revenues in which case we would suffer losses that we would not have incurred for sales through the wholesale channel. Our ability to continue to secure prime retail locations at commercially acceptable cost and qualified DOS sales staff is important to our DOS expansion strategy and our ability to achieve our target profitability. We expanded from 211 DOS as at February 1, 2008 to 319 DOS as at January 31, 2011, and we expect to add approximately 80 DOS net of store closings in the financial year ending January 31, 2012. We expect to finance this expansion with the proceeds from the Global Offering and our cash flows from operations.

Macroeconomic Effects on Consumer Buying Patterns

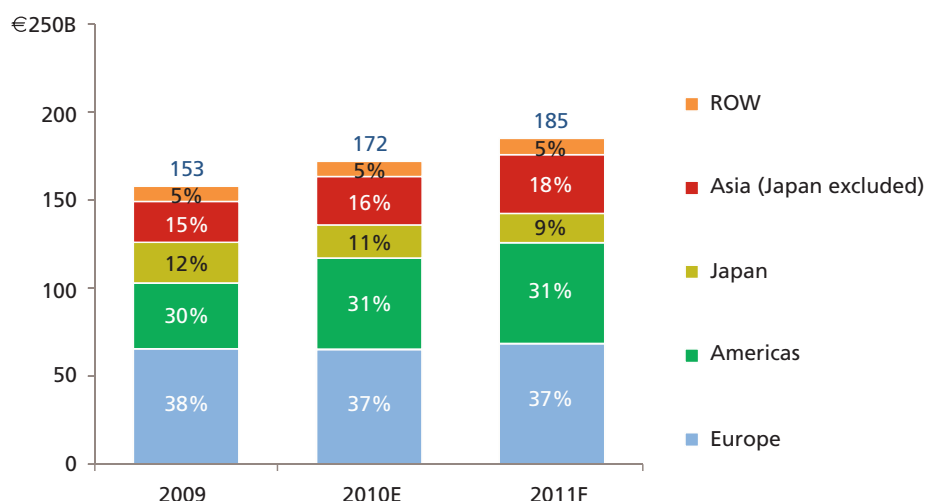
Sales of our products depend upon various factors affecting consumer spending patterns. Tourist travel, the number of high-net-worth individuals and growing middle classes in fast-growing economies are all factors that generally relate to the prevailing macroeconomic conditions, and which significantly affect our business. For example, we generate a large part of our sales from consumers traveling outside of their home market. Tourism and spending by tourists are in turn related to various factors such as exchange rates, general economic conditions, unemployment and consumer confidence. Similarly, a large portion of our recent growth has come from, and we expect will continue to come from, sales in fast-growing markets such as China. We believe that these markets continue to enjoy robust economic growth, which correlates to increased consumer spending and demand for luxury goods, including our products. The growth of the number of high-net-worth individuals in fast-growing and other markets is also an important driver of our sales. Accordingly, economic growth and consumer confidence are important for our current strategy of expanding our global network.

Competition

The luxury goods market is intensely competitive and many of our competitors pursue similar strategies as we do. Moreover, to a certain extent, we judge the suitability of a particular DOS location in part by the existence of stores of our key competitors. As a result, we may seek to position our DOS in close proximity to our competitors and may directly compete for both prime locations as well as customers. Given the intense competition and interconnectedness, our sales

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and operating performance depend on, among other factors, the overall growth of the fashion and luxury goods industry. The fashion and luxury good industry increased on average by 3% annually since 2000 from € 129 billion to € 172 billion in 2010. The following graph sets forth the percentage change of sales of the luxury goods industry by region for the calendar years indicated¹.



Source: Altagamma Worldwide Markets Monitor

1. Please see the section headed "Industry Overview" for details.

Within this environment, our ability to enhance brand awareness and differentiate our products from those of our competitors are important factors in maximizing our results of operations.

Like-for-like Store Sales

Our profitability is affected in part by the success of our DOS operating on a like-for-like basis. We compare our DOS on a like-for-like basis by a comparison of the results at constant exchange rates of all of our DOS in operation for more than one year using the actual comparable days of operation for each DOS for the prior year (meaning only the days in which such DOS was open in both years). Although much of our revenue growth in recent years has come through the expansion of our DOS network, the strong performance of our DOS on a like-for-like basis has also been an important driver for our revenue growth. On a like-for-like basis, our net sales from our DOS increased by approximately 22% in the financial year ended January 31, 2011 compared to the financial year ended January 31, 2010. Numerous factors influence like-for-like sales, including fashion trends, competition, economic conditions, pricing, the timing of the release of new merchandise and promotional events, changes in our product mix, and weather conditions. Our ability to translate our innovative fashion concepts into viable commercial production throughout the year through flash collections and monthly packages for our DOS has allowed us to increase customer traffic and improve sales from repeat customers, thereby

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increasing our revenues on a like-for-like basis. The success of our retail strategy to offer new products that allow us to refresh store product displays in the future is likely to impact our like-for-like sales results, and will continue to affect our results of operations in the future.

Mark-down Policy

During the financial year ended January 31, 2011, we adjusted our mark-down policy by reducing the number of products subject to mark-down and the percentage of mark-down of our products during sales. We implemented this policy as part of a strategy to protect our brand image and integrity, which also allowed us to increase our EBITDA margin by achieving higher average gross margins on the products we sold. Further adjustments to our mark-down policy may affect our sales and profitability.

Cost Control Measures

Our results of operations are impacted in part by our ability to control our costs. During the second half of the 2008 financial year, in response to the global financial crisis we began implementing certain cost-control measures. Our cost control measures were designed to reduce certain fixed costs and our costs of goods sold. The measures related to fixed costs included a reassessment of operation expenses, which allowed us to achieve savings through rent reductions and deposit refunds as well as a reduction of our general administrative expenses. Cost control measures related to our costs of goods sold included the rationalization of our production platform and decreasing the costs of raw materials and transformation costs. For example, we consolidated the operations of two production facilities, and were able to reduce costs by sourcing our production and raw materials globally in areas where the high-quality raw materials are locally produced and where local producers have specialized talents. These measures have effectively reduced our fixed costs and costs of goods sold on a cost-to-revenue basis. Therefore, our ability to maintain our current cost structure will affect our results of operations and profitability.

Currency Fluctuations

Since we operate globally, our financial results are subject to both translation and transaction effects resulting from fluctuations in currency exchange rates.

Currency Fluctuation Effects on Transactions

We are exposed to transaction risks with respect to our subsidiaries that generate revenue in currencies other than Euro. We generate revenue in foreign currencies including, but not limited to, in US dollars, Japanese Yen and Hong Kong dollars. Most of our cost of goods sold are denominated in Euro. Therefore, to mitigate currency fluctuation effects, we hedge net cash flows from operations by entering into hedging contracts (forward sales and option

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purchases) with third parties. Hedging decisions are coordinated centrally by our corporate finance department considering the historical cash flows and the annual cash flow budget. Hedging contracts are entered into for the entire year to which the budget relates. During the financial year ended January 31, 2011, approximately 35% of our total net sales were denominated in Euro, approximately 40% in US dollars or in currencies pegged to the US dollars, and approximately 10% in Japanese Yen. As our operations and production are primarily in Italy, a major portion of the costs of our production and purchases are denominated in Euro, our reporting currency. Approximately 62% of our total costs (cost of goods sold and operating expenses) incurred in the financial year ended January 31, 2011 were denominated in Euro, about 20% were denominated in US dollars or in currencies pegged to the US dollars, and about 9% in Japanese Yen. Please see “— Result of Operations” in this section of the prospectus for further details.

In addition, as at January 31, 2011, approximately 13% of our cash and cash equivalents were denominated in Euro, approximately 57% in US dollars or in currencies pegged to US dollars and about 13% in Japanese Yen and approximately 78% our financial debt was denominated in Euro, approximately 6% in US dollars or in currencies pegged to US dollars and about 15% in Japanese Yen.

Currency Fluctuation Effects on Translation

Fluctuations in the exchange rates between the Euro and other currencies, primarily the US dollar, Japanese Yen and Hong Kong dollar, affect the translation into Euro of the financial results of our consolidated entities whose functional currency is not the Euro and therefore affect our consolidated financial results. These fluctuations also affect the value of any distributions that our foreign subsidiaries located outside the Euro-zone make to us. Exchange rate fluctuations also affect our consolidated balance sheet. Changes in the value of our non-Euro-denominated consolidated assets and liabilities, resulting from exchange rate fluctuations will result in changes in the “foreign currency translation reserve” component of equity in the consolidated statements of financial position.

The following table sets forth Euro exchange rates for the major non-Euro currencies which we used to prepare our consolidated balance sheet, together with the average daily rates we used to prepare our income statement for the periods indicated.

Units of foreign currency	As at and for the year ended January 31,					
	2009		2010		2011	
	Exchange Rate	Average	Exchange Rate	Average	Exchange Rate	Average
	(EUR)					
US dollar	1.282	1.458	1.397	1.402	1.369	1.319
Japanese Yen	114.98	149.067	126.15	131.140	112.490	114.872
Hong Kong dollar	9.940	11.349	10.847	10.870	10.676	10.252

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CRITICAL ACCOUNTING POLICIES

The management's discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with EU IFRS. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. We base our estimates on historical experience and on various financial conditions and results of operations and, if required, on the exercise of significant judgment and the use of estimates on the part of management in its application. Although we believe that our judgments and estimates are appropriate, actual results may differ from those estimates.

We believe the following to be our critical accounting policies, because they are both important to the presentation of our financial condition and results of operations, and they require critical management judgment and estimates about matters that are uncertain. If actual results or events differ materially from those we contemplated in making these estimates, our reported financial condition and results of operations for future periods could be materially affected.

Revenue Recognition

We recognize revenue in accordance with International Accounting Standard, or IAS, No. 18, Revenue. Revenues from sales of products are recognized in the profit or loss when all of the following conditions are satisfied:

- risks and rewards of ownership are transferred to the buyer;
- the value of revenues can be reliably determined;
- the Group's control over the goods sold has ceased;
- economic benefits associated with the transaction will probably be enjoyed by the Group; and
- the costs pertaining to the transaction can be reliably determined.

We recognize revenues from the sale of goods when the significant risks and rewards connected with the goods are transferred to wholesale clients, which generally occurs on the date we ship products and title has passed to them. Sales of goods to retail customers in our DOS are recognized upon transfer of merchandise in exchange for payment. In certain exceptional circumstances we have accepted returns from wholesale clients related to goods delivered in prior periods, and we accept returns from some franchisees. Allowance for sales returns is provided in the same period the related sales are recorded on the basis of historical rates of return.

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We recognize royalties income based on sales made by the licensees and the terms of the contract.

Inventories

Our inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and selling costs. Cost comprises direct production costs and overheads that we incurred in bringing the inventories to their current location and condition. We employ an integrated information system to control our inventory levels that begins with the daily monitoring of sales for each DOS location and continues with the real-time tracking of store and warehouse stock, the transit of products and store reorders. Slow moving stock (if any) is identified through this system and disposed of during the mark-down season or via our outlet stores following the mark-down period. Our management carries out an inventory review and an aging analysis on a product-by-product basis at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production or trading. The evaluation considers a number of factors including historical and forecasted consumption of our raw materials, marketability of our inventories, anticipated change in market selling price, risk of obsolescence of our inventories due to changes in developments to our product offerings, and other factors. During the Track Record Period, the majority of our inventories of finished goods are less than one year of age.

We made provisions to adjust directly the value of the inventory for slow-moving and obsolete inventories. The following table sets forth the allowance for inventories of raw materials as at the dates indicated.

Type of Inventory	As at January 31,		
	2009	2010	2011
		(€ in millions)	
Raw materials	38.6	38.5	31.6
Finished goods	23.2	27.3	32.2
Total	61.8	65.8	63.8

As at March 31, 2011, approximately € 53.4 million worth of inventories of finished goods out of the approximately € 263.3 million worth of inventories of finished goods as at January 31, 2011 has been utilized.

We write off 100% of the value of raw materials on our financial statements which, as identified by color and material, had no incoming nor outgoing movement in the last two financial years, and we write off 90% of the value of raw materials which were slow-moving (requiring more than five years to be fully utilized) in the last two financial years. For our finished goods, we write

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off value of our finished products aged more than 1 year by applying a progressive percentage of devaluation ranging from 10% to 70% according to the age of the finished products, while value of defective finished products which cannot be sold would be 100% written off.

Allowance for Doubtful Debts

We make ongoing estimates relating to the collectability of accounts receivables and maintain an allowance for estimated losses due to the inability of our customers to make required payments. In determining whether there is objective evidence of impairment loss, we take into consideration the estimated future cash inflows from our outstanding trade as determined by our experience with our customers. Outstanding trade and other receivables balances are assessed individually, and objective evidence could include significant financial difficulty of the customers, age of the balance, number of days of sales outstanding, a measure of the average number of days that we take to collect revenues after a sale has been made, the customer's past payment history and current credit-worthiness, and current economic trends. The allowance for doubtful accounts was € 9.4 million, € 11.3 million and € 10.5 million, as at January 31, 2009, 2010, and 2011, respectively.

Intangible Assets and Property, Plant and Equipment

We initially record intangible assets with finite useful lives and property, plant and equipment at their acquisition cost, and we depreciate/amortize them on a straight-line basis over their estimated useful lives. Assets lives are reviewed at the end of each reporting period and the effects of changes in estimated life, if any, are recognized prospectively. Intangible assets with finite useful lives and property, plant and equipment are reviewed for impairment at each balance sheet date each year, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with IAS 36, Impairment of Assets. Impairment is based on a broad measure of factors, including discontinuance of services, significant negative industry or economic trends, significant underperformance relative to expected historical or projected future operating results and other changes in circumstances that may indicate impairment. All of these assessments require the application of our judgment to the facts and circumstances existing at the time. Recoverable value can be calculated by a number of different approaches, including discounted cash flow, comparables, and market valuations or quoted market prices. The process and steps required to assess the possible impairments of assets, including the identification of possible impairment indicators, assessing discounted cash flows, selecting the appropriate discount rate, the calculation of the weighted average cost of capital and the discounts or premiums inherent in market prices requires a substantial amount of management discretion and judgment.

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Income Taxes and Deferred Taxes

We are required to estimate income tax expense for each jurisdiction in which we operate. This process involves an estimation of actual current tax exposure and the assessment of the temporary differences between accounting and tax base. These differences result in deferred tax assets and liabilities, which are reported in our consolidated balance sheet.

We recognize deferred tax for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the statement of financial position liability method. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences can be utilized. In cases where actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in the profit or loss for the period in which they arise. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. Significant management judgment based upon the possible sources of taxable income, and the evidence available for each possible source of taxable income on a jurisdiction-by-jurisdiction basis, is required in determining income tax expense and deferred tax assets and liabilities.

Provision for Liabilities

Provisions are recognized when we have a present obligation (legal or constructive) as a result of a past event, and where it is probable that an outflow of resources that have economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount provided is our best estimate of the expenditure required to settle the obligation or to transfer it to a third party at the balance sheet date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Judgment is necessary in assessing the likelihood that a pending claim or a potential liability will in fact occur and to quantify the possible range of the final settlement. If the occurrence of a contingency or potential liability is probable, an amount for contingent liabilities that represents our estimate at that date is accrued.

Financial Instruments

Certain of our Group's financial instruments such as derivative financial instruments and other investments are measured at fair value. Market prices

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are used to determine the fair value of financial instruments listed on active markets. In the absence of an active market, fair value is determined using estimation methods and valuation models that take into account all of the risk factors associated with the instruments and which are based on data available on the market (e.g. prices of listed instruments with similar characteristics, discounted cash flows, option pricing models and values observed in recent comparable transactions). If the fair value of equity securities obtained by these valuation techniques cannot be reliably measured, the financial instruments are measured at cost.

Goodwill Impairment

We do not amortize goodwill but test goodwill for impairment on an annual basis, or more frequently if circumstances, such as material deterioration in performance or a significant number of store closures, indicate the possibility that goodwill has been impaired. The method used to identify the recoverable value ("value in use") is based on the discounted expected free cash-flow generated by the assets directly attributable to the business to which the goodwill has been allocated. The value in use is calculated as the sum of the present value of future free cash-flows expected from the business plan projections covering a five-year period prepared for each cash generating unit and the present value of the operating activities of the sector at the end of the business plan period (terminal value) based on growth rate ranging from 0% to 1.5%. Business plans for impairment test purposes do not include all the potentialities that are expected to be generated from the implementation of the Group strategies since the IAS 36 principle does not allow us to consider the benefits deriving from future investments until these investments are carried out. In particular, retail network expansion is not included in the business plan if the store opening is not yet concluded or deliberated. The discount rate applied is calculated using the weighted average cost of capital approach. For the test performed, the weighted average cost of capital used for discounting purposes is in the range between 6.2% to 9.9%, 5.7% to 8.8% and 5.6% to 9.6% as at January 31, 2009, 2010 and 2011, respectively, net of tax. The weighted average cost of capital range depends on the followings key drivers: financial parameters relating to interest rates and risk measures relevant for each region and the different comparables in each marketplace. According to prevalent financial practice, the determination of the weighted average cost of capital requires the estimation of some parameters, including a series of interest rates, risk measures and other financial data, that have been principally made on the basis of information extracted from reputed data sources such as Bloomberg.

Our impairment loss calculations contain uncertainties because they require management to make assumptions and to apply judgment to estimate the fair value of our reporting units, including estimating future cash flows, and if necessary, the fair value of a reporting unit's assets and liabilities. Further, our

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ability to realize the future cash flows used in our fair value calculations is affected by factors such as changes in economic conditions, changes in our operating performance, and changes in our business strategies. As we periodically reassess our fair value calculations, including estimated future cash flows, changes in our estimates and assumptions may cause us to realize material impairment charges in the future.

EXPLANATION OF EBIT AND EBITDA

We use EBIT and EBITDA as financial measures to measure operating performance. EBIT and EBITDA are not uniformly or legally defined and are not recognized under IFRS or any other generally accepted accounting principles. Other companies in the fashion industry may calculate EBIT or EBITDA differently, and consequently our presentation of these figures is not readily comparable to other companies' figures and must be read in conjunction with the related additional explanations.

We calculate EBITDA by taking our consolidated net income from continuing operations, then adding back tax expense, interest and other financial income (expense), as well as any depreciation or amortization expenses and impairment.

We calculate EBIT by taking our consolidated net income, then adding back the tax expense, interest expense and other financial income (expense).

DESCRIPTION OF SELECTED INCOME STATEMENT LINE ITEMS

Net Revenues

Net revenues represent the gross revenues we generate for the products we sell, less discounts and returns net of value added taxes. We derive our revenue from three principal sources: sales at DOS, sales through our wholesale channel, and royalties. Royalties are paid by licensees on sales of eyewear, fragrances and other goods and under franchise agreements for the use of our trademarks logo.

Cost of Goods Sold

Cost of goods sold consists principally of (i) costs for raw materials purchased and manufacturing expenses, (ii) logistics, duties, freight and insurance, and (iii) change in inventory.

Operating Expenses

Operating expenses consist of (i) product and development expenses, (ii) advertising and promotion expenses, (iii) selling expenses, and (iv) general and administrative expenses.

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Product and Development Expenses

Product and development expenses include both the design and the product development phases, such as product industrialization, production and purchase of prototypes and samples, as well as labor and consultant costs attributable to this functional areas.

Advertising and Promotion Expenses

Advertising and promotion expenses include the expenditure incurred to develop advertising campaigns, media buying, fashion shows and other events, sponsorship fees, labor and consultant costs and rental and depreciation expenses attributable to this functional area.

Selling Expenses

Selling expenses include labor costs for sales staff, rental expenses, depreciation expenses and all other expenses incurred in the management of DOS, as well as the overhead costs of commercial and retail functions within the headquarters of the Group.

General and Administrative Expenses

General and administrative expenses include all staff and related expenses associated with the support to the operations of the Group, including finance, engineering, information, technology, legal and human resources.

SEGMENT INFORMATION

IFRS 8 requires that detailed information be provided for each “operating segment” that makes up the business. An operating segment is intended as a business division whose operating results are regularly reviewed by Chief Executive Officer, the chief operating decision makers, so that they can make decisions about the resources to be allocated to the segment and assess its performance.

Under our organizational structure, responsibilities are assigned cross-functionally among brands, products, channels and geographic areas. Likewise, complementary production processes are shared among the various brands and many relationships exist across different business segments. Due to this interrelated structure, we are not able to identify and report our results along separate operating segments in accordance with IFRS 8. For this reason we only identify and report results for a single operating segment.

Nevertheless, in order to provide a better understanding of the effects of the business activities undertaken and the economic context in which our Group operates, information about the operating results of the various brands is provided in addition to that regarding net sales by brand, geographical area, product and channel.

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RESULTS OF OPERATIONS

Comparison of the Financial Years Ended January 31, 2011, 2010 and 2009

The following table summarizes our income statement data for the periods indicated.

	Year Ended January 31,		
	2009	2010	2011
	(€ in millions, except percentages)		
Net revenues ¹	1,643.6	1,561.2	2,046.7
Net sales	1,604.2	1,530.6	2,017.1
Royalties	39.5	30.7	29.6
Cost of good sold	(690.5)	(586.6)	(658.8)
Raw materials purchases and manufacturing expenses	555.9	483.6	589.2
Logistics costs, duties, freight and insurance	89.3	90.3	115.3
Change in inventory	45.3	12.7	(45.8)
Gross profit	953.1	974.7	1,387.9
Gross margin	58.0%	62.4%	67.8%
Operating expenses	(762.1)	(787.6)	(969.5)
Product and development	88.2	96.8	97.2
Advertising and promotion	99.5	75.8	85.1
Selling	428.1	484.6	642.5
General and administration	146.3	130.4	144.7
EBIT	191.0	187.0	418.4
Interest and other financial income/expenses, Net	(37.1)	(31.9)	(30.2)
Net interest income (expenses), to related parties	1.7	0.3	0.5
Net interest income (expenses), to third parties	(27.2)	(17.0)	(17.8)
Realized exchange gains (losses), net	(0.2)	(3.3)	(5.4)
Unrealized exchange gains (losses), net	(1.9)	(4.7)	0.7
Other financial income (expenses), net	(9.6)	(7.3)	(8.2)
Income before taxes	153.8	155.2	388.2
Income Taxes	52.6	52.5	134.7
Current taxation	61.1	70.6	166.8
Deferred taxation	(8.5)	(18.1)	(32.1)
Net income (from operations to be continued)	101.2	102.7	253.6

- 1 The Cheaney business unit (previously owned by Church Holding UK plc group) was disposed of in 2009. Therefore, pursuant to IFRS 5, it was classified as a "discontinued operation" in the income statement for the financial year ended January 31, 2010 and the previous year financial figures have been adjusted accordingly.

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	Year Ended January 31,		
	2009	2010	2011
	(€ in millions, except percentages)		
Net income % of revenues (from operations to be continued)	6.2%	6.6%	12.4%
Income attributable to minority interests	1.8	0.2	2.7
Net income attributable to the Group (from operations to be continued)	99.4	102.5	250.8
Net income attributable to the Group % of revenues (from operations to be continued)	6.0%	6.6%	12.3%
Net income attributable to the Group, total	98.8	100.2	250.8
Depreciation, amortization and impairment	91.7	103.2	117.5
EBITDA (from operations to be continued)	282.6	290.2	535.9
EBITDA % of revenues	17.2%	18.6%	26.2%

Net Revenues

Comparison of net revenues for the financial years ended January 31, 2011 and January 31, 2010

Net revenues increased by 31.1% (24.2% at constant exchange rates) to € 2,046.7 million in the financial year ended January 31, 2011 from € 1,561.2 million in the financial year ended January 31, 2010. The increase was mainly due to the overall growth of the luxury goods industry, especially in Asia Pacific, greater tourist flows and stronger consumer desire for prestigious and exclusive goods, which led to a 21.9% increase in DOS sales on a like-for-like basis. Our overall strategy to expand our DOS network also contributed to the increase in net revenues. Our retail channel net sales increased 44% (34.6% at constant exchange rates). The revenue growth reflects the full year contribution of the 35 DOS added in the financial year ended January 31, 2010, as well as the partial contribution from the opening of 59 new DOS in the financial year ended January 31, 2011. Our wholesale channel sales also rebounded with a 9.4% growth (6.5% at constant exchange rates) as wholesale clients restocked their inventories to meet growing demand.

Comparison of net revenues for the financial years ended January 31, 2010 and January 31, 2009

Net revenues decreased by 5.0% (6.8% at constant exchange rates) to € 1,561.2 million in the financial year ended January 31, 2010 from € 1,643.6 million in the financial year ended January 31, 2009. The decrease was mainly due to the decrease in revenue from wholesale channel, partially offset by an increase in revenue from the retail channel. Our wholesale channel recorded a decrease of revenue of 26.4% compared to the previous year (26.6% at constant exchange rates) mainly due to the reduced orders of independent customers in the markets most affected by economic crisis, and in particular the US market. In contrast, our retail channel recorded a sales increase of 13.8% (10.6% at constant exchange rates), due in part to the full year contribution of the 34 DOS added in the financial year ended January 31, 2009 and the partial

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contribution of 35 new DOS added in the financial year ended January 31, 2010. After adjusting for the revenue growth due to the opening of new stores, sales on a like-for-like basis from our DOS network grew by 1.6% despite the challenging economic environment.

Net Sales by Distribution Network

We have two distribution channels: retail and wholesale. As at January 31, 2011, retail consisted of 319 DOS (including our 18 outlets), while wholesale includes approximately 1,400 independent clients (including luxury multi-brand stores, department stores and franchise stores). The following table sets forth our net sales by distribution channel and as a percentage of our net sales, for the periods indicated.

	Year Ended January 31,						
	2009		2010		2011		CAGR
	(€ in millions, except percentages)						
Retail	871.3	54.3%	991.5	64.8%	1,427.4	70.8%	28.0%
Wholesale	732.9	45.7%	539.1	35.2%	589.7	29.2%	(10.3)%
Total	1,604.2	100.0%	1,530.6	100.0%	2,017.1	100.0%	12.1%

Comparison of net sales by distribution network for the financial years ended January 31, 2011 and January 31, 2010

Net sales from the retail channel increased by 44% (34.6% at constant exchange rates) to €1,427.4 million in the financial year ended January 31, 2011 from €991.5 million in the financial year ended January 31, 2010 due to the recovery of consumer confidence, the related improvement in major economies, and the significant expansion of our DOS network. Net sales for the wholesale channel increased by 9.4% (6.5% at constant exchange rates) mainly as a result of the economic recovery in the US and the strong performance of the franchise business in Korea. The percentage of sales we generated from our retail channel increased to 70.8% in the financial year ended January 31, 2011 from 64.8% in the financial year ended January 31, 2010, in line with our strategy to increase our retail sales as a percentage of sales.

Comparison of net sales by distribution network for the financial years ended January 31, 2010 and January 31, 2009

Net sales from our retail channel increased by 13.8% (10.6% at constant exchange rates) to €991.5 million in the financial year ended January 31, 2010 from €871.3 million in the financial year ended January 31, 2009, due to the opening of new DOS in fast growing economies, such as China. Net sales for the wholesale channel decreased by 26.4% (26.6% at constant exchange rates) resulting from the contraction of orders in markets most affected by the economic crisis, in particular the US and to a lesser extent Europe. The

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percentage of sales from the retail channel increased to 64.8% in the financial year ended January 31, 2010 from 54.3% in the financial year ended January 31, 2009, in line with our strategy to increase retail sales as a percentage of net sales.

Like-for-like basis comparison of net sales from DOS

The following table sets forth the percentage change in our net sales from DOS on a like-for-like basis with constant exchange rates for the periods indicated.

	Year Ended January 31,	
	2010	2011
Prada	1.9%	24.5%
Miu Miu	2.7%	11.6%
Church's	(9.1)%	16.8%
Car Shoe	(25.7)%	(15.0)%
Total	1.6%	21.9%

Like-for-like comparisons allow us to compare the results of our DOS in operation from one year to the previous year. We compare the results for all of our DOS in operation for more than one year. The result of each DOS is calculated by using the actual comparable days of operation for the same DOS for the prior year (meaning only days in which the DOS was open in both years contribute to these results). We compare results using constant exchange rates to eliminate exchange rate fluctuations by applying the current year foreign exchange rates to the results for both the current year and the previous year.

On a like-for-like basis, our net sales from DOS increased by 21.9% for the financial year ended January 31, 2011 compared to the financial year ended January 31, 2010. This result was due to the strong performance for the full year for the financial year ended January 31, 2011, compared to the prior year, which had moderate results during the first half of the financial year ended January 31, 2010 as a result of the prevailing global financial crisis.

On a like-for-like basis, our net sales from DOS increased by 1.6% for the financial year ended January 31, 2010 compared to the financial year ended January 31, 2009. This result was due to strong performance during the second half of the financial year ended January 31, 2010, compared to the prior year, in which we experienced a strong first half followed by weak results for the second half of the year as the global financial crisis spread.

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Net Sales by Brand

We sell our products under the Prada, Miu Miu, Church's and Car Shoe brands. Each brand operates independently, and we promote and sell through brand-specific sale channels. The following table sets forth the net sales by brand and the percentage contribution of each brand to our total net sales for the periods indicated.

	Year Ended January 31,						
	2009		2010		2011		CAGR
	(€ in millions, except percentages)						
Prada	1,265.6	78.9%	1,209.5	79.0%	1,586.8	78.7%	12.0%
Miu Miu	239.5	14.9%	252.3	16.5%	353.0	17.5%	21.4%
Church's	49.9	3.1%	43.6	2.8%	53.0	2.6%	3.1%
Car Shoe	34.3	2.1%	18.5	1.2%	17.9	0.9%	(27.7)%
Other ¹	14.8	0.9%	6.7	0.5%	6.2	0.3%	(35.2)%
Total	1,604.1	100.0%	1,530.6	100.0%	2,017.1	100.0%	12.1%

1 Other consists of outlet sales of dead stock from discontinued or sold brands, and revenue from production for third parties.

Comparison of net sales by brand for the financial years ended January 31, 2011 and January 31, 2010

Net sales of Prada increased by 31.2% (24.2% at constant exchange rates) to € 1,586.8 million in the financial year ended January 31, 2011 from € 1,209.5 million in the financial year ended January 31, 2010. This increase is mainly attributable to the 43.7% increase of the retail channel (34.4% at constant exchange rates) resulting from a 24.5% like-for-like growth, the full contribution of the 11 DOS net openings in the financial year ended January 31, 2010 and the 30 DOS net openings in the financial year ended January 31, 2011. Net sales of Miu Miu increased by 39.9% (31.5% at constant exchange rates) to € 353.0 million in the financial year ended January 31, 2011 from € 252.3 million in the financial year ended January 31, 2010. This increase is mainly attributable to the 49.1% increase of the retail channel (38.6% at constant exchange rates) coming from a 11.6% like-for-like growth, the full contribution of the 15 DOS net openings in financial year ended January 31, 2010 and the 20 DOS net openings in the financial year ended January 31, 2011. During the same period, Church's grew by 21.6% (18.3% at constant exchange rates) to € 53.0 million. This performance was due to the overall increase in consumer demand for luxury goods in line with the economic recovery as well as the contribution from new DOS sales. During the same period Car Shoe declined by 2.8% (a 3.7% decline at constant exchange rates) as a result of declines in our sales through the wholesale channel and because of Car Shoe's limited presence in fast-growing markets.

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Comparison of net sales by brand for the financial years ended January 31, 2010 and January 31, 2009

Net sales of Prada decreased by 4.4% (6.3% at constant exchange rates) to € 1,209.5 million in the financial year ended January 31, 2010 from € 1,265.6 million in the financial year ended January 31, 2009. This result is attributable to the 24.1% decrease of the wholesale channel offset by the 11.5% increase of the retail channel (8.4% at constant exchange rates). The positive trend for retail came from a 1.9% like-for-like growth, the full contribution of the 12 DOS net openings in the financial year ended January 31, 2009 and the 11 net DOS openings in the financial year ended January 31, 2010.

Net sales of Miu Miu increased by 5.4% (2.0% at constant exchange rates) to € 252.3 million in the financial year ended January 31, 2010 from € 239.5 million in the financial year ended January 31, 2009. This result is attributable to the 33.4% increase of the retail channel (a 27.7% increase at constant exchange rates) which was partially offset by the 29.6% decrease of the wholesale channel. The positive trend for retail sales came from a 2.7% like-for-like growth, the full contribution of the 9 DOS net openings in the financial year ended January 31, 2009 and the 15 DOS net openings in the financial year ended January 31, 2010. Japan, in particular, showed significant growth of 6.2% at constant exchange rates.

During the year ended January 31, 2010, sales for Church's and Car Shoe decreased by 12.5% and 46.2%, respectively, as a result of the general negative trend of the wholesale channel and their inability to benefit from the geographical distribution of the other brands, as these brands had a smaller presence in the markets with higher growth rates such as Asia.

Net Sales by Geographic Areas

We are a multinational group that operates worldwide. The following table sets forth our net sales by geographic area for the periods indicated.

	Year Ended January 31,						
	2009		2010		2011	CAGR	
	(€ in millions, except percentages)						
Italy	385.2	24.0%	330.0	21.6%	393.3	19.5%	1.0%
Rest of Europe	436.3	27.2%	373.0	24.4%	450.5	22.3%	1.6%
North America	290.0	18.1%	227.8	14.9%	294.9	14.6%	0.8%
Asia Pacific	282.7	17.6%	396.1	25.9%	645.7	32.0%	51.1%
Japan	186.8	11.6%	189.4	12.4%	220.9	11.0%	8.7%
Other countries	23.1	1.5%	14.2	0.8%	11.8	0.6%	(28.5)%
Total	1,604.1	100.0%	1,530.6	100.0%	2,017.1	100.0%	12.1%

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Comparison of net sales by geographic area for the financial years ended January 31, 2011 and January 31, 2010

Italy

Net sales in Italy increased by 19.2% to €393.3 million in the financial year ended January 31, 2011 from €330.0 million in the year ended January 31, 2010. The increase in sales can be attributed in large part to the economic recovery and a rebound in consumer spending as well as increased sales from tourism resulting from a decline in the value of the Euro compared to the US dollar and Japanese Yen. Net sales from the retail channel increased by 39.6% due to 27.3% growth on a like-for-like basis and the 6 DOS net openings in the financial year ended January 31, 2011. Net sales from the wholesale channel also increased, growing by 6.0% during the financial year ended January 31, 2011 compared to the previous financial year.

Rest of Europe

In Europe, net sales increased by 20.8% (19.3% at constant exchange rates) to €450.5 million in the financial year ended in January 31, 2011 from €373.0 million in the financial year ended January 31, 2010. Sales from the retail channel grew by 41.9% (39.1% at constant exchange rates) reflecting a 19.9% like-for-like growth for the year ended January 31, 2011, the full contribution of the 10 DOS net openings in the financial year ended January 31, 2010 and the 15 DOS net openings in the financial year ended January 31, 2011. The wholesale channel experienced a slight decrease of 1% in net sales.

North America

This market benefited from the turnaround that began in late 2009 after the financial crisis of the previous two years that had severely eroded consumer spending power. Net sales increased by 29.5% (21.1% at constant exchange rates) in the financial year ended January 31, 2011 to €294.9 million from €227.8 million in the financial year ended January 31, 2010 as consumer confidence began to return. The wholesale channel showed a strong recovery during the financial year ended January 31, 2011. Orders from department stores picked up as the economy recovered resulting in an increase of 21.3% (13.0% at constant exchange rates) in net sales for the wholesale channel in the financial year ended January 31, 2011. Our retail channel in North America also recorded significantly better results with a 36.7% growth in net sales (28.3% at constant exchange rates) due to 15.3% growth on a like-for-like basis, and the contribution of the 13 DOS net openings in the financial year ended January 31, 2011.

Asia Pacific

The Asia Pacific region continued a trend of positive growth that we have experienced for several years, with growth of net sales of 63.0% (48.7% at

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constant exchange rates) to € 645.7 million in the financial year ended January 31, 2011 from € 396.1 million in the financial year ended January 31, 2010. The growth in sales was mainly driven by the performance of Greater China. The overall growth came from both existing DOS sales, which increased by 34.8% on a like-for-like basis (approximately 50% growth on a like-for-like basis for Greater China) and as a result of the full year contribution of the 15 DOS net openings in the region in the financial year ended January 31, 2010 and the 17 DOS net openings in the region during the financial year ended January 31, 2011. Our wholesale channel experienced strong performance with growth of 64.8% in the financial year ended January 31, 2011 due to the high growth in our sales in the franchise stores in Korea.

Japan

Net sales in Japan increased by 16.6% (2.5% at constant exchange rates) to € 220.9 million in the financial year ended January 31, 2011 from € 189.4 million the financial year ended January 31, 2010, and like-for-like sales decreased by 1.9% due in part to the strengthening of the Yen against the Euro and the stagnation of the Japanese economy.

Other Countries

In "other countries", such as Saudi Arabia, Lebanon and Israel, we operate only through independent clients. The decrease in net sales to € 11.8 million in the financial year ending January 31, 2011 from € 14.2 million in the financial year ended January 31, 2010 occurred mainly as a result of the discontinuation of the franchising agreement in Kuwait.

Comparison of net sales by geographic area for the financial years ended January 31, 2010 and January 31, 2009

Italy

Net sales in Italy decreased by 14.3% to € 330.0 million in the financial year ended January 31, 2010 from € 385.2 million in the year ended January 31, 2009 due to the effects of the economic downturn, which had a negative effect on domestic consumption and tourist traffic in Italy during the year. The retail channel in Italy experienced a decrease in sales of 5.3% (1.3% on a like-for-like basis) while sales through our wholesale channel decreased by 19.3%.

Rest of Europe

Net sales in Europe decreased by 14.5% (12.8% at constant exchange rates) to € 373.0 million in the financial year ended January 31, 2010 from € 436.3 million for the financial year ended January 31, 2009. In Rest of Europe, net sales from the wholesale channel decreased by 31.9% in the financial year ended January 31, 2010 compared to the financial year ended January 31, 2009, as a result of the general economic conditions affecting mainly independent

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wholesale clients, while the retail channel experienced a significant growth of 13.9% (18.0% at constant exchange rates), although sales were steady on a like-for-like basis. Our results for the financial year ended January 31, 2010 were also positively affected by 10 DOS net openings including debut openings in countries like the Czech Republic and Turkey, the full year sales contribution from 14 DOS net openings in the prior financial year and by the UK market which, for the second year in a row, showed a significant growth on a like-for-like basis.

North America

Net sales in North America decreased by 21.5% (24.2% at constant exchange rates) to €227.8 million for the financial year ended January 31, 2010 from €290.0 million in the financial year ended January 31, 2009. This was mainly due to the global financial crisis which had further eroded the spending power of consumers and consumer confidence. The wholesale channel declined significantly in the financial year ended January 31, 2010 compared to the financial year ended January 31, 2009. The drop in orders from department stores led to a decrease of 35.4% in net sales from the wholesale channel, approximately the same at constant exchange rates for the year ended January 31, 2010, mainly as the result of decreased consumer spending. Our retail channel showed slightly better results with only a 2.9% decline (a 6.5% decline at constant exchange rates and a 10.2% decrease on a like-for-like bases) in sales compared to the financial year ended January 31, 2009.

Asia Pacific

Asia Pacific continued a positive growth trend with 40.1% growth (37.8% at constant exchange rates) of net sales to €396.1 million in the financial year ended January 31, 2010 from €282.7 million in the financial year ended January 31, 2009, mainly driven by strong sales in Greater China and South Korea. The increase can be attributed to the 18.1% revenue growth on a like-for-like basis and the full year contribution of the 8 DOS net openings during the financial year ended January 31, 2009 and the 15 DOS net openings during the financial year ended January 31, 2010 in the region.

Japan

The Japanese market remained stagnant in the financial year ended January 31, 2010, with sales amounting to €189.4 million, representing an increase of 1.4% (a 10.4% decrease at constant exchange rates) over the financial year ended January 31, 2009. Our performance was partially mitigated by strong sales of Miu Miu's products, which grew 6.2% at constant exchange rates and 2.7% on a like-for-like basis.

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Other Countries

In “Other countries” we operate only through independent customers or franchising contracts. The decrease in net sales in the financial year ended January 31, 2010 was mainly attributable to the discontinuation of a wholesale distributor relationship in the United Arab Emirates.

Net Sales by Product Lines

The following table sets forth the net revenues of the Group by product line, and the percentage of net sales attributable to each product for the periods indicated.

	Year Ended January 31,						
	2009		2010		2011		CAGR
	(€ in millions, except percentages)						
Leather goods	634.1	39.5%	711.6	46.5%	1,013.6	50.3%	26.4%
Ready-to-wear	470.8	29.4%	396.4	25.9%	483.6	24.0%	1.3%
Footwear	488.4	30.4%	410.5	26.8%	503.1	24.9%	1.5%
Other ⁽¹⁾	10.8	0.7%	12.0	0.8%	16.8	0.8%	24.4%
Total	1,604.1	100.0%	1,530.6	100.0%	2,017.1	100.0%	12.1%

(1) Other includes sales for mainly eyewear and fragrances.

Comparison of net sales by product line for the financial years ended January 31, 2011 and January 31, 2010

Net sales of leather goods increased by 42.4% to €1,013.6 million in the financial year ended January 31, 2011 from €711.6 million in the financial year ended January 31, 2010 as sales continued to grow more rapidly than for other product lines. Growth in leather goods sales was driven by the strong growth of our retail channel in Asia Pacific, where leather goods are the most significant part of our product sales mix. Net sales of ready-to-wear increased by 22.0% to €483.6 million in the financial year ended January 31, 2011 from €396.4 million in the financial year ended January 31, 2010. The increase was mainly due to a strong recovery in the economy as well as the significant expansion of our retail channel. Net sales of footwear increased by 22.6% to €503.1 million in the financial year ended January 31, 2011 from €410.5 million in the prior financial year mainly profiting from the performance of Prada and Miu Miu.

Comparison of net sales by product line for the financial years ended January 31, 2010 and January 31, 2009

Despite an overall decline in our net sales, sales of leather goods increased by 12.2% to €711.6 million in the financial year ended January 31, 2010 compared to the prior financial year because our losses in the wholesale channel were less relevant to our sales of leather goods. Net sales of ready-to-wear decreased by 15.8% to €396.4 million in the financial year ended January 31, 2010 from

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€ 470.8 million in the financial year ended January 31, 2009, mainly as a result of weak sales in the wholesale channel. Net sales of footwear decreased by 15.9% to € 410.5 million in the financial year ended January 31, 2010 from € 488.4 million in the prior financial year also due to weakness in sales through our wholesale channel.

Royalties

Royalties are paid by licensees on sales of eyewear, fragrances, mobile phones and under franchise agreements for use of trademarks. The following table sets forth our royalty income for the licensed products for the periods indicated.

	Year Ended January 31,		
	2009	2010	2011
	(€ in millions)		
Eyewear	27.7	23.2	24.0
Fragrances	5.1	3.8	3.6
Mobile phones	4.1	1.7	—
Franchise agreements	2.3	1.6	1.7
Other ⁽¹⁾	0.3	0.4	0.2
Total	39.5	30.7	29.6

(1) Other consists of income from neckties and socks for Church's.

Comparison of royalties for the financial years ended January 31, 2011 and January 31, 2010

Revenue from royalties decreased by 3.5% to € 29.6 million in the financial year ended January 31, 2011 compared to the € 30.7 million in the financial year ended January 31, 2010. These results reflected a slight increase in sales for eyewear and a slight decrease in sales for fragrances and the expiration of the mobile phones licensing agreement of the prior year.

Comparison of royalties for the financial years ended January 31, 2010 and January 31, 2009

Revenue from royalties decreased by 22.3% to € 30.7 million in the financial year ended January 31, 2010, compared to € 39.5 million in the financial year ended January 31, 2009. The decline in revenues was mainly due to a decline in the sales of eyewear and fragrances resulting from poor market conditions and the expiration of our mobile phone licensing arrangement in December, 2009. We also saw a decline in royalties generated from signage licensing fees because of lower franchise sales.

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Cost of Goods Sold

Comparison of cost of goods sold for the financial years ended January 31, 2011 and January 31, 2010

Cost of goods sold was € 658.8 million in the financial year ended January 31, 2011 compared to € 586.6 million in the financial year ended January 31, 2010, with cost of goods sold as a percentage of net revenues dropping to 32.2% in the financial year ended January 31, 2011 from 37.6% in the financial year ended January 31, 2010. This decrease was due to the greater contribution made by the retail channel which increased by 44% in the year ended January 31, 2011, an increase in unit margins and a more favorable ratio of full price sales to sales at promotional prices. Depreciation and amortization of industrial assets were € 8.0 million in the financial year ended January 31, 2011 and € 7.4 million in the financial year ended January 31, 2010.

Comparison of cost of goods sold for the financial years ended January 31, 2010 and January 31, 2009

Cost of goods sold was € 586.6 million in the financial year ended January 31, 2010 compared to € 690.5 million in the financial year ended January 31, 2009, with cost of goods sold as a percentage of revenues dropping to 37.6% from 42.0% of net revenues with a reduction of 15% compared to the 5% decrease of net revenues. The decrease in cost of goods sold between the financial year ended January 31, 2010 and the prior year was due to different sales channel and market mixes, in particular the 13.8% growth of the retail channel compared to 26.4% decline of the wholesale channel which in turn led to lower volumes, as well as a continuous process of rationalization of the production platform relating to a decrease in the costs of raw material and transformation costs.

Gross margin

Comparison of gross margin for the financial years ended January 31, 2011 and January 31, 2010

Gross profit amounted to € 1,387.9 million in the financial year ended January 31, 2011 compared to € 974.7 million in the year ended January 31, 2010 with the gross margin of 67.8% of net revenues, compared to 62.4% in the previous year, mainly as a result of the drivers highlighted in the discussion of cost of goods sold above.

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Comparison of gross margin for the financial years ended January 31, 2010 and January 31, 2009

Our gross margin improved during the period, despite a decline in total revenues for the foregoing reasons. Gross profit amounted to € 974.7 million in the financial year ended January 31, 2010 compared to € 953.1 million in the prior financial year with the gross margin at 62.4% of net revenues, compared to 58.0% in the prior financial year, mainly boosted by an increase in the percentage of sales coming from our retail channel compared to that of our wholesale channel.

Operating expenses

Comparison of financial years ended January 31, 2011 and January 31, 2010

Operating expenses in the financial year ended January 31, 2011 increased by 23.1% (17.0% at constant exchange rate), to € 969.5 million from € 787.6 million in the financial year ended January 31, 2010; as a percentage of net revenue they decreased to 47.4% from 50.4%. Operating expenses are divided into four categories: product and development expenses, advertising and promotion expenses, selling expenses and general and administration expenses. The increase for these expenses is mainly due to the expansion of the DOS network, while the 3% decline as a percentage of net revenues comes from gains related to economies of scale. As a result of the expansion of our DOS network, depreciation, amortization and impairment adjustments for both tangible and intangible fixed assets rose to € 109.5 million in the financial year ended January 31, 2011 from € 95.8 million in the prior financial year; personnel expenses, excluding industrial employees, rose to € 303.5 million from € 258.7 million in the prior financial year; fixed rents rose to € 148.8 million in the financial year ended January 31, 2011 from € 118.0 million in the prior financial year; and variable rents rose to € 140.5 million from € 94.0 million in the prior financial year.

Product and development expenses

Product and development expenses, primarily consisting of labor costs and to a lesser extent the materials used for the production of prototypes and samples, in the financial year ended January 31, 2011 were almost constant at € 97.2 million, compared to € 96.8 million for the financial year ended January 31, 2010. Product and development expenses as a percentage of net revenues declined from 6.2% in the financial year ended January 31, 2010 to 4.7% in the financial year ended January 31, 2011 mainly due to efficiencies gained from economies of scale.

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Advertising and promotion expenses

Advertising and promotion expenses in the financial year ended January 31, 2011 increased by 12.3% (9.0% at constant exchange rates) to €85.1 million from €75.8 million in the financial year ended January 31, 2010. Compared to the previous year, these expenses increased significantly which is mainly due to incremental spending for media press.

Selling expenses

Selling expenses increased by 32.6% (24.0% at constant exchange rates) to €642.5 million in the financial year ended January 31, 2011, compared to €484.6 million in the financial year ended January 31, 2010. The increase is the result of our expansion of the DOS network both in terms of the 59 stores opened during the financial year ended January 31, 2011 and the carry over effect from the stores opened in the previous year. Selling expenses as a percentage of net revenues remained stable at about 31%. Within selling expenses, labor costs increased at a relatively lower rate as more expansion took place in lower wage countries while rental expenses increased at higher rate due to the variable rent increases.

General and administration

General and administration expenses increased by 11.0% (8.1% at constant exchange rates) to €144.7 million in the financial year ended January 31, 2011 from €130.4 million in the financial year ended January 31, 2010. Within general and administration expenses, we experienced increases in labor costs, consultancy costs, recruiting expenses associated with the economic recovery and increase in DOS openings, and miscellaneous one time expenses and other costs. Despite the increase in absolute amount, mainly due to an increase in expenses related to the business expansion, general and administration expenses as a percentage of net revenues decreased from 8.4% to 7.1% due to efficiency of scale.

Comparison of operating expenses for the financial years ended January 31, 2010 and January 31, 2009

Operating expenses in the financial year ended January 31, 2010 increased by 3.3% to €787.6 million, from €762.1 million in the year ended January 31, 2009 primarily due to the impact of exchange rates, although operating expenses as a percentage of net revenues rose to 50.4% from 46.4%, offsetting the improvement in gross margin. Operating expenses remained substantially stable despite the 35 DOS openings during the year and the carry over expenses from the 34 stores opened during the financial year ended January 31, 2009, largely as a result of the cost control program we started in the second half of 2008 to compensate for the negative effects from the worldwide economic downturn. Depreciation, amortization and impairment adjustments for both

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tangible and intangible fixed assets rose to €95.8 million in the financial year ended January 31, 2010 from €84.6 million in the prior financial year; personnel expenses, excluding industrial employees, rose to €258.7 million from €250.5 million in the prior financial year; fixed rents rose to €118.0 million in the financial year ended January 31, 2010 from €109.3 million in the prior financial year; and variable rents rose to €94.0 million from €70.7 million in the prior financial year.

Product and development expenses

Product and development expenses were €96.8 million in the financial year ended January 31, 2010 compared to €88.2 million in the prior financial year. The increase in these expenses was due to higher tax relief on research activities in the financial year ended January 31, 2009 compared to year ended January 31, 2010, as well as an increase in labor costs.

Advertising and promotion expenses

Advertising and promotion expenses recorded a significant decrease totaling €75.8 million in the financial year ended January 31, 2010 compared to €99.5 million in the financial year ended January 31, 2009, due to a decrease in media spending as a result of the economic crisis, which allowed us to renegotiate advertising rates at significant discounts and a strategic choice to favor non-conventional forms of communication such as the Prada Transformer project in Seoul, Korea and the publication of the "Prada book".

Selling expenses

Selling expenses increased by 13.2% (9.7% at constant exchange rates), to €484.6 million in the financial year ended January 31, 2010 compared to €428.1 million in the financial year ended January 31, 2009. The increase, mainly from rents, depreciation and labor costs, came as a result of the 35 DOS openings during the year and the full year expenses associated with the 34 DOS opened during the financial year ended January 31, 2009 and was partially offset by the cost reduction measures that were implemented.

General and administration

General and administration expenses decreased by 10.9% (11.9% at constant exchange rates) to €130.4 million in the financial year ended January 31, 2010, from the €146.3 million in the financial year ended January 31, 2009. This decrease in general and administration expenses is due in large part to a review of business processes aimed at cost containment that we started in the second half of 2008 to compensate for the negative effects of the financial crisis on our profitability that resulted in a general reduction of costs across the board and a reduction in labor costs and consultant expenses.

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Net Income

The table below sets forth certain income statement information for the periods indicated.

	Year Ended January 31,		
	2009	2010	2011
	(€ in millions)		
EBITDA from operations to be continued	282.6	290.2	535.9
Depreciation, amortization and impairment	(91.7)	(103.2)	(117.5)
EBIT	191.0	187.0	418.4
Financial charges	(37.1)	(31.9)	(30.2)
Taxes	(52.6)	(52.5)	(134.7)
Minority interests	(1.8)	(0.2)	(2.7)
Discontinued operations	(0.6)	(2.3)	—
Net income	98.8	100.2	250.8

Comparison of net income for the financial years ended January 31, 2011 and January 31, 2010

Our net income increased by 150.4% to € 250.8 million in the financial year ended January 31, 2011 from € 100.2 million in the year ended January 31, 2010. This result is mainly due to the improvement of our EBITDA from continuing operations that rose to € 535.9 million for the financial year ended January 31, 2011 from € 290.2 million in the prior financial year; and as a percentage of net revenues EBITDA increased to 26.2% from 18.6% due to the reasons discussed above. Depreciation, amortization and impairment charges, as shown in the table above, increased primarily as a result of our continued retail network expansion. EBIT, which amounted to € 418.4 million in the financial year ended January 31, 2011, showed a strong increase compared to the € 187.0 million in the year ended January 31, 2010, due to the economic recovery and a rebound in consumer confidence. Financial charges, which amounted to € 30.2 million in the financial year ended January 31, 2011, showed a slight decrease due to exchange gains and losses differences in the two years.

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Comparison of net income for the financial years ended January 31, 2010 and January 31, 2009

Our net income in the financial year ended January 31, 2010 was slightly higher at € 100.2 million compared to € 98.8 million in the prior financial year. The increase was mainly due to an increase in EBITDA and lower financial charges, which were partially offset by the higher depreciation and amortization charges. Financial charges declined to € 31.9 million from € 37.1 million largely as the result of our lower outstanding finances and refinancing at lower interest rates. Depreciation, amortization and impairment grew to € 103.2 million compared to € 91.7 million in the prior financial year. EBIT declined to € 187.0 million for the financial year ended January 31, 2010 from € 191.0 million in the financial year ended January 31, 2009, primarily as a result of the challenging economic environment and weakness in the wholesale channel.

EBITDA

The table below sets forth the EBITDA percentage and net revenues by brand for the periods indicated.

Year Ended January 31,						
2009		2010		2011		
(€ in millions, except percentages)						
	Net Revenues	EBITDA %	Net Revenues	EBITDA %	Net Revenues	EBITDA %
Prada	1,302.4	19.2%	1,238.1	20.2%	1,614.8	28.1%
Miu Miu	241.9	12.5%	254.0	16.5%	354.5	21.8%
Church's	50.0	2.7%	43.8	2.4%	53.1	12.7%
Car Shoe	34.3	6.7%	18.5	(10.4)%	17.9	(11.1)%
Other	15.1	(10.8)%	6.9	(10.0)%	6.3	2.4%
Total	1,643.6	17.2%	1,561.2	18.6%	2,046.7	26.2%

Comparison of EBITDA for the financial years ended January 31, 2011 and January 31, 2010

Our EBITDA from continuing operations rose to € 535.9 million for the financial year ended January 31, 2011 from € 290.2 million in the prior financial year. As a percentage of net revenues the EBITDA margin increased to 26.2% from 18.6%.

EBITDA as a percentage of revenues for Prada in the year ended January 31, 2011 increased to 28.1% of net revenues from 20.2% for the year ended January 31, 2010. This result is mainly due to an increase in gross margin coming from a more favorable channel mix as the percentage of sales from DOS grew from 64.4% to 70.6%, a more favorable geographical mix as sales increased more on a relative basis in countries where gross margins tend to be higher, increased unit margins and the above mentioned change in the markdown policy, together with economies of scale for selling and general expenses.

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EBITDA as a percentage of revenues for Miu Miu increased for the year ended January 31, 2011 to 21.8% of net revenues from 16.5% for the year ended January 31, 2010. This result is mainly due to the increased gross margin, coming from a more favorable distribution channel mix as the percentage of sales from DOS grew from 70.3% to 74.9%, a more favorable geographical mix as sales increased more on a relative basis in countries where gross margins tend to be higher, increased unit margins and the change in the markdown policy.

EBITDA as a percentage of revenues for Church's increased as a percentage of net revenues to 12.7% from 2.4% for the year ended January 31, 2010 primarily due to significant gross margin growth due to the renovation of the Northampton factory in the second half of 2008, which increased the capacity of the facility and allowed us to gain efficiency as sales volumes rebounded after the economic downturn which resulted in lower unit production costs. In addition, we had significant gains as a result of economies of scale as selling expenses and general expenses declined as a percentage of net sales.

EBITDA for Car Shoe as a percentage of revenues continued to decline to -11.1% of net revenues for the year ended January 31, 2011 from -10.4% for the year ended January 31, 2010 as slow sales did not generate enough revenues to offset fixed costs.

Comparison of EBITDA for the financial years ended January 31, 2010 and January 31, 2009

EBITDA from continuing operations in the financial year ended January 31, 2010 rose to € 290.2 million from € 282.6 million in the year ended January 31, 2009, representing an increase as a percentage of revenues from 17.2% to 18.6%.

EBITDA for Prada as a percentage of revenues increased in the year ended January 31, 2010 to 20.2% of net revenues from 19.2% in the year ended January 31, 2009. This result was mainly due to increased gross margin, coming from a more favorable channel mix as the percentage of sales from DOS grew dramatically from 55.2% to 64.4%, a more favorable geographical mix as sales increased more on a relative basis in countries where gross margins tend to be higher, partially offset by the higher percentage of general and selling expenses of net revenues.

EBITDA for Miu Miu as a percentage of revenues increased in the year ended January 31, 2010 to 16.5% of net revenues from 12.5% in the year ended January 31, 2009. This result was mainly due to increased gross margin, coming from a more favorable channel mix as the percentage of sales from DOS grew

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from 55.5% to 70.3%, a more favorable geographical mix as sales increased more on a relative basis in countries where gross margins tend to be higher, slightly offset by the higher percentage of general and selling expenses of net revenues.

EBITDA for Church's declined slightly as a percentage of revenues to 2.4% of net revenues in the year ended January 31, 2010 from 2.7% in the year ended January 31, 2009 primarily due to declining sales volumes, particularly in the wholesale channel caused by the economic downturn.

EBITDA for Car Shoe was similarly affected by the economic downturn and as a percentage of revenues declined to -10.4% of net revenues in the year ended January 31, 2011 from 6.7% in the year ended January 31, 2009.

LIQUIDITY AND CAPITAL RESOURCES

Our liquidity requirements arise primarily from the need to make capital investments, meet our debt service requirements and to fund our working capital.

Our principal sources of funds are cash flows from operations, as well as term loan facilities and revolving loan facilities described below. As at January 31, 2011, we had € 96.6 million cash and cash equivalents.

Our liquidity position is monitored centrally at PRADA S.p.A. The main instruments for monitoring liquidity are the daily bank reports for each company and the monthly consolidated liquidity report, which is based on a one-month actual and three-month rolling cash forecast for each operating unit, which includes each unit's expected future cash flows and funding needs. According to our guidelines, each Group company manages the collection of receivables payments to be made in the ordinary course of business. Our corporate finance department is responsible for optimizing management of financial resources and reports to our Chief Financial Officer. Specific considerations in determining our appropriate cash position include our forecast for working capital, capital expenditure needs and our liquidity ratios. We also aim to maintain a certain level of excess cash to meet unexpected circumstances.

In the opinion of our Directors, based on past performance and current expectations, our liquidity position, expected cash flow from operations, the expected proceeds from the Global Offering and available credit lines are sufficient to support currently planned business operations, commitments and other contractual obligations for the next twelve months from the date of this prospectus, and we have sufficient working capital for our present requirements and our requirements for the next twelve months from the date of this prospectus. Our Directors confirm that we did not experience any liquidity shortage during the three years ended January 31, 2011.

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As at January 31, 2011 we had cash and cash equivalents of €96.6 million. Further, we had unused and available credit lines totaling €440.6 million (€254.3 million at January 31, 2010 and €302.5 million at January 31, 2009). The large increase comes from a reduction of outstanding balances on existing facilities, as well as refinancing of certain outstanding bank loans.

As at April 30, 2011 we had cash and cash equivalents of €114.6 million, and had unused and available credit lines totaling €441.7 million.

Cash Flow

The following table summarizes our cash flow activities for the periods indicated.

	Year Ended January 31,		
	2009	2010	2011
	(€ in millions)		
Cash flows generated from operations, net	165.9	279.9	367.7
Cash flow generated (used) by investing activities	(152.1)	(142.1)	(191.6)
Cash flow generated (used) by financing activity	(16.4)	(125.1)	(169.3)
Change in cash and cash equivalents, net of bank overdraft	(2.6)	12.7	6.8
Exchange differences	7.3	(3.3)	3.5
Closing cash and cash equivalents, net of bank overdraft	59.9	69.2	79.5

Consolidated Cash Flow from Operating Activities

Our cash flow from operating activities in the financial year ended January 31, 2011 was €367.7 million, 31.4% higher than in the prior financial year. The increase was mainly due to the increase in profits before taxes to €388.2 million in the financial year ended January 31, 2011 from €155.2 million in the financial year ended January 31, 2010, which was partly offset by higher taxes paid in the amount of €90.2 million in the financial year ended January 31, 2011 compared to €39.4 million for financial year ended January 31, 2010, and higher outflows in the working capital and the other non-current assets and liabilities.

Our cash flow from operating activities in the financial year ended January 31, 2010 was €279.9 million, 68.7% higher than the €165.9 million of net cash flow in the financial year ended January 31, 2009. The increase was due to the lower payments of taxes of €39.4 million for the financial year ended January 31, 2010 compared to the €98.1 million paid in the financial year ended January 31, 2009, the lower amount of interest paid in the amount of €21.2 million in the financial year ended January 31, 2010 compared to the €35.4 million paid for the financial year ended January 31, 2009, and the positive effects on the net working capital.

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Cash Flow Used in Investing Activities

Our cash flow used in investing activities amounted to € 191.6 million in the financial year ended January 31, 2011, compared with € 142.1 million for the financial year ended January 31, 2010. Our cash flow for the purchase of assets, comprised of purchases of property, plant and equipment, such as prepaid land lease payments and fixtures used at our stores, increased to € 187.6 million from € 132.8 million in the previous financial year.

Our cash flow used in investing activities amounted to € 142.1 million in the financial year ended January 31, 2010, compared with € 152.1 million in the financial year ended January 31, 2009. Our cash flow for the purchase of assets, comprised of purchases of property, plant and equipment, such as prepaid land lease payments and fixtures used at our stores, decreased to € 132.8 million from € 144.3 million in the previous financial year.

Cash Flow Used in Financing Activities

Our cash flow used in financing activities amounted to € 169.3 million in the financial year ended January 31, 2011 compared with € 125.1 million of cash flow used in financing activities for the financial year ended January 31, 2010. The change was mainly due to the higher repayments in the short-term portion of long-term borrowings to € 179.7 million from € 114.6 million, to a decrease in short-term borrowings to € 201.8 million compared with an increase of € 38.5 million partially offset by the increase in proceeds from long-term borrowings to € 307.3 million in the financial year ended January 31, 2011 from € 23.0 million in the financial year ended 31 January 2009. In addition we paid dividends to the shareholders € 58.8 million in the financial year ended January 31, 2011 compared to € 47.8 million paid in the previous year.

Our cash flow used in financing activities amounted to € 125.1 million in the financial year ended January 31, 2010 compared with € 16.4 million of cash flow used in financing activities for the financial year ended January 31, 2009. The change was mainly due to the payment of dividends to shareholders in the amount of € 47.8 million in the financial year ended January 31, 2010 from nil in the financial year ended January 31, 2009, and to a lower use of short-term borrowings to € 38.5 million from € 94.7 million.

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Capital Expenditures

The following table sets forth our capital expenditures by nature for the periods indicated.

	Year Ended January 31,		
	2009	2010	2011
	(€ in millions)		
Land and buildings*	17.6	2.2	10.5
Plant and production machinery	6.8	5.9	7.6
Leasehold improvements	61.9	65.7	83.2
Furniture and fittings*	22.8	19.2	26.4
Other tangible assets (construction in progress included)	31.3	27.1	70.4
Intangible assets	18.8	12.3	8.8
Goodwill	0.0	2.1	0.0
Total	159.2	134.5	206.9

* The amounts exclude additions of fixed assets arising from acquisitions of subsidiaries during the Track Record Period as detailed in the Accountants' Report set forth in Appendix I to this prospectus.

The following table sets forth our capital expenditures by destination for the periods indicated.

	Year Ended January 31,					
	2009		2010		2011	
	(€ in millions, except percentages)					
Retail	112.0	70.4%	109.6	81.5%	153.7	74.3%
Industrial & logistics	37.4	23.5%	15.7	11.7%	28.4	13.7%
Corporate	9.8	6.1%	9.2	6.8%	24.8	12.0%
Total	159.2	100%	134.5	100%	206.9	100%

During the Track Record Period the most significant portion of our capital expenditures were attributable to the expansion of our retail network. Investments related to our DOS equaled € 375.3 million, or approximately 75% of the total € 500.6 million of capital expenditures made during the Track Record Period.

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Comparison of capital expenditures for the financial years ended January 31, 2011 and January 31, 2010

Retail capital expenditures increased to € 153.7 million in the financial year ended January 31, 2011 from € 109.6 million in the financial year ended January 31, 2010. These expenditures, which consist primarily of investments related to the opening of new DOS as well as the expansion and renovation of existing stores, increased primarily due to an increase to 59 DOS openings in the financial year ended January 31, 2011 from 35 DOS openings in the financial year ending January 31, 2010. The increase in leasehold improvement related expenditures to € 83.2 million from € 65.7 million in the prior financial year, in furniture and fittings expenditures to € 26.4 million from € 19.2 million in the prior financial year and in other tangible assets (construction in progress included) to € 70.4 million from € 27.1 million in the prior financial year were the categories of expenditures most effected by our retail expansion efforts. The capital expenditure for land and buildings increased to € 10.5 million in the financial year January 31, 2011 from € 2.2 million in the financial year ended January 31, 2010 due to the purchase and refurbishment costs of a footwear production facility in Tuscany, Italy. The increase in plant and production machinery expenditures to € 7.6 million from € 5.9 million in the prior financial year was primarily related to the purchase of footwear molds and other equipment for production.

Comparison of capital expenditures for the financial years ended January 31, 2010 and January 31, 2009

Retail capital expenditures decreased slightly to € 109.6 million in the financial year ended January 31, 2010 from € 112.0 million in the financial year ended January 31, 2009. These expenditures consisted primarily of investments related to the opening of 35 new DOS during the financial year ended January 31, 2010, and were largely in line with the retail expenditures related to the opening of 34 new DOS during the financial year ended January 31, 2009. Leasehold improvement related expenditures increased to € 65.7 million from € 61.9 million in the prior financial year, while expenditures on furniture and fittings dropped to € 19.2 million from € 22.8 million* in the prior financial year and expenditures on other tangible assets (construction in progress included) dropped to € 27.1 million from € 31.3 million in the prior financial year. Capital expenditure for land and buildings decreased significantly to € 2.2 million in the financial year January 31, 2010 from € 17.6 million* in the financial year ended January 31, 2009 during which the Group purchased

* The amounts exclude additions of fixed assets arising from acquisitions of subsidiaries during the Track Record Period as detailed in the Accountants' Report set forth in Appendix I to this prospectus.

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property in Tuscany, Italy for office and design laboratories. Capital expenditures for plant and production machinery declined to € 5.9 million from € 6.8 million in the prior financial year as costs related to the purchase of footwear molds and other production equipment declined.

Financial Liabilities and Contractual Obligations

The following table sets forth the contractual obligations, commercial commitments and principal payments which we were obligated to make as at January 31, 2011 for the periods indicated. The timing of these payments is based on our best estimate of the contractual maturities of the obligations. The timing of the payments may differ significantly from the actual maturity of these obligations.

	As at January 31, 2011			Total
	Up to 1 Year	Up to 5 Years	Over 5 Years	
	(€ in millions) (unaudited)			
Liabilities to banks	195.8	305.5	0.0	501.3
Financial leases	5.0	2.5	0.0	7.5
Other interest bearing debt	0.8	0.0	0.0	0.8
Operating lease	198.5	660.4	535.8	1,394.7
Capital expenditure contractual obligation	30.2	12.3	0.0	42.5
Total contractual obligations	430.3	980.7	535.8	1,946.8

The table above does not include provisions, prepayments received on orders, trade amounts payable and certain other current liabilities, such as liabilities for personnel and social security payments and tax liabilities associated with the normal course of our business activity, and accruals. Provisions to pension funds for post employment benefits as at January 31, 2011 amounted to € 29.9 million. Annual cash contributions to pension funds for post employment benefits amounted to approximately € 5.8 million in the financial year ended January 31, 2011. We expect to fund our capital expenditures and contractual obligations through our cash flows from operations.

Off-balance Sheets Items

We currently have no material off-balance sheet obligations.

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Net Working Capital and Net Current Assets

We define net working capital as trade receivables, inventories and other current assets less trade payables and other current liabilities. The following table sets forth our net working capital and net current assets for the periods indicated.

	As at January 31,			As at April 30,
	2009	2010	2011	2011
	(€ in millions)			(€ in millions) (unaudited)
Current assets				
Cash and cash equivalents	86.9	98.6	96.6	114.6
Trade receivable, net	250.5	224.2	274.2	211.0
Inventories	251.2	231.5	280.4	338.7
Derivative financial instruments	3.4	0.2	7.4	22.0
Amounts due from parent company, a jointly controlled entity and related parties *	22.3	56.4	36.3	4.2
Other current assets	130.5	74.7	70.2	99.2
Assets held for sales	1.4	1.4	4.9	—
Total current assets	746.2	687.0	770.0	789.7
Current liabilities				
Bank overdrafts and short-terms loans	366.5	459.3	194.2	186.9
Amounts due to parent company, a jointly controlled entity and related parties *	3.2	5.6	1.1	0.7
Other shareholder's loan	0.5	0.5	0.6	0.6
Trade payables	230.5	196.4	233.9	260.9
Current tax liabilities	33.9	62.2	107.6	105.6
Derivative financial instruments	21.3	9.3	5.3	3.1
Obligations under finance leases	3.4	5.5	5.0	4.0
Other current liabilities	93.4	90.7	111.5	100.9
Total current liabilities	752.8	829.6	659.2	662.7
Net current (liabilities) assets	(6.5)	(142.6)	110.9	127.0
Net working capital	308.3	243.3	279.4	287.1

* During the Track Record Period, our Group has entered into transactions with related parties. Please see Note 9 and Note 17 under "Notes to the Financial Information" in Appendix I to this prospectus for more information. The Directors are of the view that all of the related party transactions were conducted on arm's length bases, on normal commercial terms and in the ordinary course of business of the Group.

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Comparison of net working capital as at January 31, 2011 and January 31, 2010

Our net working capital increased by 14.8% to € 279.4 million as at January 31, 2011 from € 243.3 million as at January 31, 2010. The change was due to an increase in trade receivables and inventories, partially offset by an increase in trade payables and an increase in the negative balance of other current assets/liabilities. The changes in inventories, trade receivables and trade payables are consistent with the higher volumes of production necessary to supply our expanded DOS network and with the growth of our business in general. The increase in trade receivables is also due to the one-off effect of the expiration, during the period, of the trade receivables securitization program (approximately € 38 million) which was terminated on January 19, 2010. The higher negative balance of other current assets/liabilities is mainly due to an increase in payables for capital expenditure and payables for short-term benefits for employees (both included in "other current liabilities"). Payables for capital expenditure increased from € 28.2 million as at January 31, 2010 to € 41.1 million as at January 31, 2011. Payables for benefits to employees, which mainly include accruals for wages, salaries and bonuses, increased from € 26.5 million as at January 31, 2010 to € 32.8 million as at January 31, 2011 mainly due to the increased average number of employees.

Comparison of net current (liabilities) assets as at January 31, 2011 and January 31, 2010

Our net current (liabilities) assets increased to € 110.9 million as at January 31, 2011 from (€ 142.6 million) as at January 31 2010. This was largely a result of the refinancing of the € 129 million term loan and a revolving loan of € 80 million with a new term loan and revolving credit facility of € 360 million, which increased our long-term debt from € 111.4 million as at January 31, 2010 to € 303.4 million as at January 31, 2011, and decreased our bank overdrafts and short-term loans from € 459.3 million as at January 31 2010 to € 194.2 million as at January 31, 2011.

Comparison of net working capital as at January 31, 2010 and January 31, 2009

Our net working capital decreased by 21.1% from € 308.3 million as at January 31, 2009 to € 243.3 million as at January 31, 2010. This decrease was mainly due to a reduction in trade receivables and inventories, which was partially offset by a decrease in trade payables and other current payables. The decrease in trade receivables and trade payables is due to the decrease in sales volumes from the wholesale channel. The reduction in inventories was the result of a strong focus on finished product inventories management started already in 2008. The decrease of the balance of other current assets/liabilities, which was

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positive for € 37.1 million as at January 31, 2009 and negative for € 16.0 million as at January 31, 2010, was mainly due to the decrease in receivables for VAT and other taxes, which was € 18.6 million as at January 31, 2010 compared with € 66.9 million as at January 31, 2009.

Comparison of net current (liabilities) assets as at January 31, 2010 and January 31, 2009

Our net current liabilities increased to € 142.6 million as at January 31, 2010 from € 6.5 million as at January 31, 2009, primarily due to the reclassification of a syndicated term loan of € 129 million repayable in July 2010 as short-term debt for the financial year ended January 31, 2010 from long term debt for the financial year ended January 31, 2009.

Trade Receivables, Average Inventory and Trade Payable Turnover Days

The following table sets forth our turnover days of trade receivables, average inventory turnover days and turnover days of trade payables for the periods indicated.

	Year Ended January 31,		
	2009	2010	2011
Turnover days of trade receivables ⁽¹⁾	54	55	44
Average inventory turnover days ⁽²⁾	139	148	140
Turnover days of trade payables ⁽³⁾	84	84	67

- (1) Turnover days of trade receivables equal to average trade receivables (trade receivables balance at beginning of the year plus trade receivables balance at the end of the year divided by two) divided by total net revenues and multiplied by 360.
- (2) Average inventory turnover days equal to average inventory (inventory at beginning of the year plus inventory at the end of the year divided by two) divided by cost of goods sold and multiplied by 360.
- (3) Turnover days of trade payables equal to average trade payables (trade payables balance at beginning of the year plus trade payables balance at the end of the year divided by two) divided by total purchases and multiplied by 360. We use total purchases rather than cost of goods sold as our cost of goods sold does not take into account certain relevant distribution and general administrative expenses that are included in our trade payables, whereas our total purchases include all payments to suppliers.

During the Track Record Period, turnover of trade receivables decreased by 10 days, from 54 days in the financial year ended January 31, 2009 to 44 days in the financial year ended January 31, 2011. This reduction was mainly due to the increase of the proportion of retail sales in our total revenues. In the same period, average inventory turnover days remained substantially stable despite the growth of sales. Turnover days of trade payables decreased by 17 days, from 84 days in the financial year ended January 31, 2009 to 67 days in the financial

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year ended January 31, 2011 mainly because of the increased weight of rents, which had shorter terms of payments, in our total operating expenses as we expanded our DOS network.

Net Financial Position

On January 31, 2011, we had a net financial position of € 375.4 million, as compared to € 434.1 million on January 31, 2010 and € 537.3 million on January 31, 2009. As at April 30, 2011, our net financial position was € 375.0 million. Net financial position is a non-GAAP measure widely used by Italian financial institutions and securities analysts to assess a company's liquidity and the adequacy of its financial structure. The following table sets forth our indebtedness and net financial position for the periods indicated.

	As at January 31,			As at April 30,
	2009	2010	2011	2011
	(€ in millions)			(€ in millions) (unaudited)
Long-term debt	264.0	111.4	303.4	297.4
Obligations under finance leases	7.7	7.7	2.5	2.1
Total long-term financial debt	271.7	119.1	305.9	299.5
Bank overdrafts and short-term loans	366.5	459.3	194.2	186.9
Financial payables to parent company, a jointly controlled entity and related parties	2.8	2.8	0.3	0.2
Other shareholders' loans	0.5	0.5	0.6	0.6
Obligations under finance leases	3.4	5.5	5.0	4.0
Total short-term financial debt	373.2	468.1	200.1	191.7
Provision for contingencies and commitments	14.1	13.1	52.7	50.5
Total indebtedness	659.0	600.3	558.7	541.7
Total financial debt	644.9	587.2	506.0	491.2
Financial receivables from parent company, a jointly controlled entity and related parties	(20.7)	(54.5)	(34.0)	(1.7)
Cash and cash equivalents	(86.9)	(98.6)	(96.6)	(114.6)
Net financial position	537.4	434.2	375.4	375.0

Our total net financial position as at January 31, 2011 was € 375.4 million, down from € 434.2 million over the previous year. The cash flow generated from the current operations (€ 367.7 million) fully financed investments for the period (€ 191.6 million) and, after having distributed dividends to shareholders of our Company (€ 111.0 million), allowed for a substantial reduction in our net indebtedness. We expect that we will be able to repay the short-term loans as at April 30, 2011 using our cash flows from current operations and without utilizing any of our available credit lines.

The Directors have confirmed that there has not been any material change in our indebtedness or contingent liabilities since April 30, 2011.

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The following table sets forth our gearing ratio for the periods indicated.

	As at January 31,		
	2009	2010	2011
	(€ in millions)		
Net financial position	537.4	434.2	375.4
Owner's equity	1,003.1	1,047.9	1,204.4
Gearing ratio	0.54	0.41	0.31

We define the gearing ratio as the ratio of net financial position to owner's equity. During the Track Record Period, the gearing ratio progressively improved from 0.54 as at January 31, 2009 to 0.31 as at January 31, 2011. This improvement was due to the strong results in term of cash flow generated by current operations and net profits, which then reduced our financial indebtedness and increased owner's equity.

The year-end average interest rates for the bank overdrafts, short-term debt and long-term debt (including interest rate swaps) are as follows.

	Year Ended January 31,		
	2009	2010	2011
Bank overdraft/short-term/current portion of long-term bank debt	3.18%	2.05%	2.44%
Long-term bank debt	3.94%	4.36%	2.93%

Contingent Liabilities and Guarantees

We have contingent liabilities with respect to our credit facilities and other matters arising in the ordinary course of our business. We may issue a guarantee when a credit facility is extended to one of our subsidiaries. See "— Credit Facilities" below for further information.

We are subject to litigation claims and tax disputes arising in the ordinary course of our business. See Note 23 of the Accountants' Report in Appendix I to this prospectus. It is not anticipated that any material liabilities will arise from our contingent liabilities.

Other than as disclosed above and apart from intra-group liabilities and normal trade payables, as at April 30, 2011, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance, acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

Credit Facilities

The vast majority of our credit facilities are extended directly to our Company, and when a credit line is extended to one of our subsidiaries, we often issue a guarantee or a letter of comfort.

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Generally we use medium-to-long-term committed credit facilities to meet our financial needs consisting of fixed investments as well as short-term committed and uncommitted credit lines to cover the variable elements of our financial needs, and in particular our working capital requirements. Our medium-to-long-term credit facilities are typically subject to certain restrictive covenants and conditions (see the descriptions below for the key covenants of the specific facilities). Throughout the Track Record Period and as of the Latest Practicable Date, we have been in compliance with the covenants and conditions of all our credit facilities and there has been no delay in the repayment of any bank and other borrowings.

As at April 30, 2011, our total credit facilities amounted to €932.8 million, among which €441.7 million were unutilized and available credit facilities. As at April 30, 2011, our primary credit facilities are as follows:

July 12, 2010 Term Loan and Revolving Facility — €360 Million

On July 12, 2010, we entered into a loan agreement with a group of seven banks (Banca Monte dei Paschi di Siena, Crédit Agricole Corporate and Investment Bank, HSBC, Intesa Sanpaolo, Mizuho, Natixis, UniCredit S.p.A. (formerly known as UniCredit Corporate Banking S.p.A.)). This agreement comprises of (i) a term loan for €260 million, repayable from July 2011 in four equal semi-annual installments in the amount of €40 million plus a final repayment of €100 million, and (ii) a revolving loan of €100 million. The loan maturity date is July 27, 2013. We used the funds from the term loan to refinance existing indebtedness, in particular the Euro-denominated outstanding portion, equaling €209 million, of the syndicated loan obtained in 2005 (described below under “Other Bank Agreements”). We use the funds from the revolving loan to finance working capital and other general corporate needs.

The term and revolving loans bear an EURIBOR interest rate plus a margin. The loans are subject to certain restrictive covenants which are based on the consolidated financial statements of our Group. These covenants include (i) a minimum amount for consolidated net worth, which shall not be less than €650 million; (ii) a maximum level of the ratio of total net bank borrowings to EBITDA, which shall not exceed 2.5 at the year end (3 for the half-year period); and (iii) a minimum level for the ratio of EBITDA to net financial interests, which shall be higher than 4.

May 29, 2007 Term Facility — €30 Million (UniCredit)

On May 29, 2007, we signed a long-term €30 million credit facility with UniCredit S.p.A. (formerly Banca di Roma S.p.A.). This facility is repayable in four installments. The first installment of €6 million was paid in November 2010 and two additional €6 million payments are due in May 2011 and November 2011. A final payment of €12 million is due in May 2012. Pursuant

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to the agreement we may exercise, within 60 days before the expiry date a “term out” option to extend the loan term by two years. Should we exercise this option, the remaining € 12 million amount of the facility may be repaid in five equal six-month installments. Should we exercise this option, we would be subject to a fee of 0.10% on the total outstanding amount of the loan.

The loan bears a three or six-month EURIBOR interest rate plus a margin. The loan is subject to certain restrictive covenants based on the consolidated financial statements of our Group. These covenants include (i) a maximum level for the ratio of total consolidated net borrowings to EBITDA of 3.5 and (ii) a minimum level for the ratio of EBITDA to net financial charges that shall not be lower than 4.0.

May 29, 2007 Term Facility — € 30 Million (Intesa Sanpaolo)

On May 29, 2007, we signed a € 30 million long-term loan agreement with Intesa Sanpaolo. The loan is repayable in eight equal semi-annual installments starting in December 2010 (the first installment has been paid). The final maturity is in June 2014. The purpose of the loan is to partially refinance a previous loan of British Pounds 52.4 million.

The loan bears a three or six-month EURIBOR interest rate plus a margin. The loan is subject to certain restrictive covenants based on the consolidated financial statements of our Group. These covenants require (i) a minimum amount of consolidated net worth that shall not be less than € 320 million; (ii) a maximum level for the ratio of total consolidated net borrowings to EBITDA of 3.5 (3.75 for the half-year period); and (iii) a minimum level for the ratio of EBITDA to net financial charges that shall not be lower than 4.0.

July 31, 2008 Mortgage Loan Agreement — up to € 20 Million

On July 31, 2008, Cassa di Risparmio di Parma e Piacenza SpA granted us a seven year mortgage loan for a maximum amount of € 20 million, disbursable based on the progress of works on a property located in Tuscany, Italy. On January 18, 2010 the amortization schedule was amended although the final maturity remains the original, June 30, 2015. Pursuant to this amendment there are seven semi-annual equal installments of € 2.86 million (if the loan is used up to its maximum amount) starting in December 2012. This mortgage loan bears a six month EURIBOR interest rate plus 95 basis points.

April 3, 2009 Mortgage Loan Agreement — US\$22 Million

On April 3, 2009, our subsidiary Post Development Corp. and Sovereign Bank signed a five-year mortgage loan agreement. According to the terms of the loan, a total amount of US\$3.3 million is to be paid in 59 monthly installments, beginning in June 2009 and ending in April 2014, with the remaining US\$18.7

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million to be paid in a bullet repayment in May 2014. The loan is secured by a mortgage on Prada USA Corporation's head office in New York and guaranteed by Prada USA Corp. The mortgage loan bears a one-month LIBOR interest rate plus 300 basis points.

The loan is subject to certain restrictive covenants that are based on the financial statements of Prada USA Corp. and Post Development Corp. These covenants include a debt service coverage ratio requirement on Post Development Corp. of not less than 1:1, and a debt service coverage ratio requirement on Prada USA Corp. of not less than 1.25:1.00.

September 28, 2010 Term Loan Facility — RMB 170 Million

On September 28, 2010, Prada Fashion Commerce (Shanghai) Company Limited and Mizuho Corporate Bank (China) Ltd. signed a committed term loan facility for RMB 170.0 million. The maturity date of the loan is September 28, 2013. The purpose of this facility is to finance fixed assets. The facility has two tranches: Tranche A is available for utilization for nine months after September 28, 2010, and Tranche B is available from January 15, 2011 until September 15, 2011. The Tranche A amount of RMB 120.0 million is repayable in four equal semi-annual installments starting in March 2012 and ending in September 2013. The Tranche B amount of RMB 50.0 million is repayable in four quarterly installments starting in December 2012 and ending in September 2013. The applicable interest rate is equal to 100% of the base interest rate published by People's Bank of China.

To secure this facility we have released a corporate guaranty in favor of the lender.

September 28, 2010 Syndicated Credit Facility — JPY 6 Billion

On September 28, 2010, Prada Japan Co., Ltd signed a syndicated loan agreement with Mizuho Bank Ltd and Bank of Tokyo-Mitsubishi UFJ. This agreement is comprised of a term loan for JPY 4 billion, repayable starting in January 2012 in three equal semi-annual installments in the amount of JPY 400 million plus a final repayment of JPY 2.8 billion in July 2013, and a committed revolving credit line for JPY 2 billion expiring in July 2011.

The term loan bears a six-month TIBOR interest rate plus a margin of 1.10%, whereas the committed credit line, if utilized, bears a TIBOR interest rate 1 week or 1, 2, 3, 4, 5 or 6 month (according to the interest period chosen) plus a margin of 0.825%.

The syndicate loan is subject to certain restrictive covenants which are based on the financial statements of Prada Japan Co. Ltd. In particular, its ordinary income shall not be negative for two consecutive years and its net assets shall be more than 80% of the amount of net assets as at January 31, 2010.

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To secure this facility we have released a corporate guaranty in favor of the lenders.

Qualitative Disclosure about Market Risk

We are exposed to various market risks, in particular interest rate and currency risks. Our primary strategy in managing these risks is to establish equilibrium between our assets and liabilities, and to reduce the negative impact that sharp and unexpected market movements could have on our financial position. The following is a description of the principal market risks that we face:

Interest Rate Risk

We usually borrow at floating rates and therefore are exposed to interest rate risk. Our net profit is affected by changes in interest rates due to the effect such changes have on interest income and interest expense from short-term deposits and other interest-bearing financial assets and liabilities. Generally we undertake medium and long-term financial debt to support our general corporate activities, including capital expenditures. Current financial needs, based on working capital, which are by nature variable in terms of amount and duration, are met by using short-term loans and short-term credit lines. Our interest rate exposure is concentrated mainly in PRADA S.p.A., and to a lesser degree in Prada Japan Co., Ltd. and in Post Development Corp. Our subsidiaries are not allowed to conduct autonomous financing activities with external financial institutions except as required and/or authorized by the corporate finance department.

We manage interest rate risk by entering into short-term and medium-term interest rate swap agreements and collars as cash flow hedges on future interest payments, with the economic effect of converting borrowings from floating rates to fixed rates or to a negotiated range of rates. Current portions of long-term loans and debenture are represented by fixed interest rate loans at 96% in the financial year ended January 31, 2011 (84% in 2010) and floating interest rate loans at 4% in the financial year ended 2010 (16% in the financial year ended 2009). For detailed information on interest rates on long-term loans and hedging contracts, see Note 16 and Note 8 under "Notes to the Financial Information" in Appendix I to this prospectus. For a sensitivity analysis relating to the interest rate risk, see Note 12 under "Notes to the Financial Information" in Appendix I to this prospectus.

Our guidelines for the management of interest rate risk require us to hedge at least 50% of our total outstanding medium and long-term loans by switching from floating to fixed rates. Short-term financial debt is not usually hedged. The hedge percentage of the long-term loans can be lower than 50% of the exposure if particular market conditions in terms of interest rate level and

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hedge cost exist, subject to the approval of our Chief Financial Officer (“CFO”). As at January 31, 2011 long-term loans were represented by fixed interest rate loans at 80% (81% as at January 31, 2010) and floating interest loans at 20% (19% as at January 31, 2010).

The corporate finance department coordinates and executes, directly or through the subsidiaries’ administration department, hedging transactions in order to minimize risks connected to interest rate fluctuations based on specific guidelines. The corporate finance department monitors the exposure to interest rate risks and prepares a monthly report for our CFO and Deputy Chairman, pointing out the outstanding interest rate hedging contracts and their fair value.

All of our interest rate derivative contracts are with large financial institutions rated as strong investment grade by a major rating agency. Our management believes the risk of default under these hedging contracts is remote, and in any event would not be material to the consolidated financial results. Our hedging policy prohibits speculative transactions.

As at January 31, 2011 the notional amounts of interest rate derivatives contracts are as follows:

Contract	Currency	Notional amount	Interest rate	Maturity date
IRS	Euro/000	260,000	1.511%	26/07/2013
IRS	Euro/000	26,250	1.5450%	02/06/2014
IRS	Euro/000	24,000	1.7450%	29/05/2012
IRS	Euro/000	5,400	2.21%	01/07/2015
IRS	Euro/000	8,750	3.5%	01/08/2012
IRS	USD/000	20,988	5.7%	01/05/2014

Foreign Exchange Risk Management

We are an international group, and therefore we are exposed to exchange rate risk which can affect revenues, costs, margins and profits.

We are exposed to the exchange rate transaction risk, mainly with respect to the distribution and sale of our products. Furthermore we are exposed to the exchange rate translation risk because we prepare consolidated financial statements in Euro, but many of our foreign subsidiaries report in currencies other than Euro. For that reason if exchange rate movements cause changes in the Euro value of items that have been incurred or recorded by these subsidiaries, we may record changes in the translation reserve in the consolidated equity as well as changes in the translation of the results of such non-Euro subsidiaries.

During the financial year ended January 31, 2011, approximately 35% of our total net sales were denominated in Euro, approximately 40% in US dollars or in currencies pegged to the US dollars, and approximately 10% in Japanese

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Yen. As our operations and production are primarily in Italy, a major portion of the costs of our production and purchases are denominated in Euro, our reporting currency. Approximately 62% of our total costs (cost of goods sold and operating expenses) incurred in the financial year ended January 31, 2011 were denominated in Euro, about 20% were denominated in US dollars or in currencies pegged to the US dollars, and about 9% in Japanese Yen. In addition, as at January 31, 2011, approximately 13% of our cash and cash equivalents were denominated in Euro, approximately 57% in US dollars or in currencies pegged to US dollars and about 13% in Japanese Yen and approximately 78% our financial debt was denominated in Euro, approximately 6% in US dollars or in currencies pegged to US dollars and about 15% in Japanese Yen. For a sensitivity analysis on our exposure to the foreign exchange risk, see the section headed "Exchange rate risk" under Note 8 of the Accountants' Report in Appendix I to this prospectus.

In order to hedge the transactions exchange risk, we enter into derivatives contracts to ensure the value in Euro (or in other currencies of the various Group companies) of identified expected cash flows. Such expected future cash flows mainly consist of the collection of trade receivables and the payment of trade payables. As joint-company loans, the exposure in foreign currency of the notional amount, lent or borrowed, is generally hedged through forward contracts.

Our corporate finance department is responsible for managing our hedging activities and follows strict procedures for the management of exchange rate risk. This department monitors exposure to this risk in reference to cash flow budgets and historical cash flows, and enters into hedging transactions in order to minimize the effect of foreign exchange movements on our cash flows. On a monthly basis, this office reviews current and forecasted exposures, and prepares a report to the Group CFO and the Deputy Chairman outlining the amount of the exposures, the amount of the derivatives contracts, the exchange rates hedged, the profit and loss on the expired hedging contracts and the fair value of the outstanding hedging contracts.

As a matter of policy, we only enter into contracts with counterparties that are major financial institutions. Our management believes that the risk of default under these hedging contracts is remote, and in any event would not be material to the consolidated financial results. We do not use derivative financial instruments for speculative purposes.

According to our existing guidelines for the management of exchange rate risk, at the end of each financial year we must hedge at least 80% of the net cash flows expected for the following financial year. With prior authorization of the

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corporate finance director and of our Group CFO, we may reduce the minimum hedging percentage to 50%. The maximum maturity of our hedging contracts is 18 months, but with prior authorization from the corporate finance director and our Group CFO we can extend it to a maximum period of 24 months.

As at January 31, 2011 the notional amounts countervailing in Euro of derivatives contracts designated as cash hedges were as follows:

Currency	Options	Forward Sale Contracts	Forward Purchase Contracts	Total as at January 31, 2011
(€ in thousands)				
US dollar	93,872	18,989	(29,214)	83,647
GB Pound	38,241	—	—	38,241
Japanese Yen	76,518	6,978	(19,557)	63,939
Hong Kong dollar	116,226	14,612	—	130,838
Swiss Franc	19,490	—	—	19,490
Singapore dollar	15,761	285	(6,159)	9,887
Other	18,380	29,640	—	48,020
Total	378,488	70,504	(54,930)	394,062

Counterparty Risk

Credit risk arises from the potential failure of a counterparty to meet its contractual obligations. We are exposed to counterparty risk primarily in connection with commercial transactions as well as with financing transactions. Our Group manages the credit risks by monitoring the reliability and solvency of customers. We believe we do not have a significant concentration of credit risk because we maintain adequate allowances for potential credit losses and as at January 31, 2010 and we did not have any material concentration of business with any particular customer.

Commodities Price Risk

We are not exposed to significant commodities price risk because raw materials costs represent a low percentage of our cost of goods sold and have an insignificant impact on our sales margins.

DIVIDENDS AND DIVIDEND POLICY

Dividends Paid by PRADA S.p.A.

During the financial year ended January 31, 2009, we did not pay any dividend.

During the financial year ended January 31, 2010, we distributed a dividend of €0.191 per share*, representing a total dividend of €47.8 million. The dividend was paid on September 30, 2009.

* The one-for-ten share split approved by our shareholders' meeting on May 26, 2011 as detailed in Appendix V to this prospectus has not been taken into account.

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During the financial year ended January 31, 2011, at our shareholders' meeting on April 28, 2010 our shareholders approved a distribution of € 0.32 per share*, representing a total dividend of € 80.0 million. This dividend was paid on July 27, 2010 for an amount of € 27.9 million and on the same date an amount of € 52.1 million was offset against a receivable owed to us by Prada Holding B.V., our controlling shareholder. In addition, the shareholders' meeting on January 27, 2011 approved a distribution of € 0.124 per share*, representing a total dividend of € 31.0 million which was entirely paid on the same date. Furthermore, at our shareholders' meeting on March 28, 2011 our shareholders approved a distribution of € 0.14 per share*, representing a total dividend of € 35.0 million to be paid by June 30, 2011. This dividend was paid on April 29, 2011 for an amount of € 2.5 million and on the same date an amount of € 32.5 million was offset against a receivable owed to us by Prada Holding B.V., our controlling shareholder.

Dividends Policy

We may distribute dividends subject to the approval of our shareholders in the ordinary shareholders' meeting. The amount of any future dividend payments we may make will depend upon our strategy, future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors, including applicable provisions of Italian law and our By-laws. In addition, our controlling shareholder will be able to influence our dividend policy.

According to Italian law, we may pay dividends out of our actual annual net profits in the balance sheet that has been approved by our shareholders in the ordinary shareholders' meeting, after setting aside a portion not lower than 5% of the annual net profits to a non-distributable reserve until this reserve is equal to 20% of the share capital of our Company. As at January 31, 2009, 2010 and 2011, our legal reserve amounted to approximately € 6.9 million, € 6.9 million and € 9.9 million, respectively, and they are accounted for as retained earnings in our Group's financial statements. As at January 31, 2011, our Company had distributable reserves of € 361.9 million, not including our Company's profit for the year ended January 31, 2011 which is distributable only after approval by our shareholders in the ordinary shareholders' meeting in accordance with Italian law.

Cash dividends on our Shares, if any, will be paid in Euro, except that we will make arrangements to effect payment in Hong Kong dollars of any cash dividends payable to shareholders resident in Hong Kong.

Please see the sections headed "F. Summary of Main Italian Tax Aspects Relevant to Shareholders of the Company — 1. Dividends Payments" in Appendix IV to this prospectus for information on the tax treatments on dividends paid by our Company to our shareholders.

* The one-for-ten share split approved by our shareholders' meeting on May 26, 2011 as detailed in Appendix V to this prospectus has not been taken into account.

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PROFIT FORECAST

We estimate that, on the bases set out in “Appendix III — Profit Forecast” in this prospectus, the forecast of the consolidated profit attributable to the owners of our Company for the six months ending July 31, 2011 is unlikely to be less than € 150.7 million (HK\$1,710.4 million).¹ The profit forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by us and are based on the assumptions set out in Appendix III to this prospectus.

INTERIM REPORT

In accordance with Rule 11.18 of the Listing Rules, our Company’s interim report for the six months ending July 31, 2011 will be audited if our Shares are listed on the Hong Kong Stock Exchange.

UNAUDITED PRO FORMA FORECAST BASIC EARNINGS PER SHARE

On the assumption that the Global Offering and the one-for-ten share split as detailed in Appendix V to this prospectus had been completed on February 1, 2011 and a total of 2,558,824,000 Shares were in issue (being the number of Shares expected to be in issue immediately after completion of the Global Offering), our unaudited pro forma forecast basic earnings per Share for the six months ending July 31, 2011 is unlikely to be less than € 0.0589 (approximately HK\$0.6684).¹

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of the adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our net tangible assets as if it had taken place on January 31, 2011.

1. This figure was converted from Euro at the exchange rate of € 1.00 = HK\$11.35 as at June 3, 2011.

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The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the net tangible assets of our Group as at January 31, 2011 or any future date following the Global Offering. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountants' report in Appendix I of this prospectus.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at January 31, 2011	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets of the Group attributable to owners of the Company	Unaudited pro forma adjusted net tangible assets value per Share	
	(Note 1) € '000	(Note 2) € '000	€ '000	(Note 3) €	(Note 5) HK\$
Based on an Offer Price of HK\$36.50 per Offer Share	335,231	185,445	520,676	0.20	2.31
Based on an Offer Price of HK\$48.00 per Offer Share	335,231	244,326	579,557	0.23	2.57

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at January 31, 2011 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as at January 31, 2011, of € 1,204.4 million less the intangible assets of the Group as at January 31, 2011 of approximately € 869.1 million.
- (2) The estimated net proceeds from the Global Offering are based on an indicative Offer Prices of HK\$36.50 (equivalent to € 3.22) and HK\$48.00 (equivalent to € 4.23) per Offer Share, respectively (after deducting the underwriting fees and other related expenses). For the purpose of the estimated net proceeds from the Global Offering, the amount stated in Hong Kong dollars has been converted into Euro at the rate of € 1.00 to HK\$11.35. No representation is made that the Euro amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in note 2 in the preceding paragraph and on the basis that 2,558,824,000 Shares were in issue assuming that the Global Offering and the one-for-ten share split as detailed in Appendix V to this prospectus had been completed on January 31, 2011.
- (4) No adjustment has been made to the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading result or other transaction of the Group entered into subsequent to January 31, 2011. In particular, the unaudited pro forma adjusted net tangible assets of the Group has not taken into account the payment of dividend of € 35 million which was approved by the shareholders' meeting on March 28, 2011.

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- (5) For the purpose of this unaudited pro forma adjusted net tangible assets, the balance stated in Euro are converted into Hong Kong dollars at the rate of €1.00 to HK\$11.35. No representation is made that the Euro amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that they have performed sufficient due diligence to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial position or prospects since January 31, 2011 (being the date to which our Company's latest consolidated audited financial results were prepared) and there is no event since January 31, 2011 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under the Listing Rules 13.13 to 13.19.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Business — Our Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$2,438.9 million (assuming an Offer Price of HK\$42.25 per Share, being the mid-point of the estimated Offer Price range), after deducting the underwriting fees and commissions and estimated expenses.

In line with our strategies we intend to use the net proceeds we will receive from the Global Offering for the following purposes:

- approximately 75% of the net proceeds, or approximately HK\$1,829.2 million, will be used for the expansion of our DOS network and the floor space expansion, renovation or relocation of our existing DOS over the course of the next 12 to 18 months;*
- approximately 15% of the net proceeds, or approximately HK\$365.8 million, will be used for the repayment of bank loans, including among others, the US\$22 million Post Development Corp. and Sovereign Bank mortgage loan agreement and certain short-term revolving credit facilities; and
- the remaining amount will be used to provide funding for working capital and other general corporate purposes.

In the event that the Offer Price is set at HK\$36.50 per Share (being the low end of the estimated Offer Price range of HK\$36.50 to HK\$48.00 per Share as stated in this prospectus), the net proceeds we will receive will be reduced by approximately HK\$334.2 million. In the event that the Offer Price is set at HK\$48.00 per Share (being the high end of the estimated Offer Price range of HK\$36.50 to HK\$48.00 per Share as stated in this prospectus), the net proceeds we will receive will be increased by approximately HK\$334.2 million.

* As at April 30, 2011, we had incurred approximately HK\$350 million and committed approximately HK\$241 million in expenditure related to our DOS expansion budget. These figures were converted from Euro at the exchange rate of € 1.00 = HK\$11.54 as at April 29, 2011.

FUTURE PLANS AND USE OF PROCEEDS

To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis. To the extent that proceeds are not used immediately for the purposes stated, they will be invested in short-term demand deposits with licensed banks and money market instruments.

We estimate that our Selling Shareholders will receive net proceeds of approximately HK\$15,111.7 million (assuming an Offer Price of HK\$42.25 per Share, being the mid-point of the estimated Offer Price range) after deducting the underwriting fees and commissions and estimated expenses payable by the Selling Shareholders in relation to the Global Offering and assuming the Over-allotment Option is not exercised. We will not receive any of the net proceeds of the Global Offering from the sale of Shares by the Selling Shareholders.

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WAIVER AND EXEMPTION IN RELATION TO THE PROPERTY VALUATION REPORT

Our Company has applied to the Hong Kong Stock Exchange and the Securities and Futures Commission for, and the Hong Kong Stock Exchange and the Securities and Futures Commission have granted, respectively, a waiver from compliance with Rule 5.01 and paragraph 3(a) of Practice Note 16 of the Listing Rules and an exemption from compliance with paragraph 34 of the Third Schedule of the Companies Ordinance in respect of the requirement to prepare and issue a property valuation report on the grounds that:

- (i) our Company's core business is not in property investment or development;
- (ii) to require our Company to comply with the above requirements would involve the preparation of a property valuation report in respect of more than 300 properties in 29 jurisdictions, which would be unduly burdensome and irrelevant to investors; and
- (iii) the information contained in this prospectus relating to properties will enable shareholders and the public to make a properly informed assessment of our Company's securities.

The Hong Kong Stock Exchange and the Securities and Futures Commission have, respectively, granted a waiver from strict compliance with Rule 5.01 and paragraph 3(a) of Practice Note 16 of the Listing Rules and an exemption from strict compliance with paragraph 34 of the Third Schedule of the Companies Ordinance on the condition that this prospectus contains the following disclosures:

- (i) an overview of our Group's Property Interests (as defined in the paragraph entitled "Property" in the section headed "Business" of this prospectus) which will disclose geographical location, number of properties, size, use and whether the properties are owned or leased;
- (ii) a statement:
 - (A) that no single Property Interest has a carrying amount of 15% or above of our Group's total assets;
 - (B) that none of our Group's Property Interests is individually material to our Group in terms of revenue contribution and rental expense; and
 - (C) of the percentage of our Group's Property Interests to its total assets as at 31 January 2011; and

WAIVERS FROM THE LISTING RULES, EXEMPTIONS FROM THE COMPANIES ORDINANCE AND CONFIRMATIONS FROM THE HONG KONG STOCK EXCHANGE

- (iii) in relation to the Group's leased properties:
 - (A) the range in the term of the leases;
 - (B) the range in gross area of the leased properties; and
 - (C) a breakdown of the average monthly rental expense in respect of the following regions on an aggregate basis: China, Hong Kong, Macau, Europe, North America, Japan and Rest of Asia.

For information on our Group's Property Interests, please refer to the paragraph entitled "Property" in the section headed "Business" of this prospectus.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong, which means that normally at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Currently, none of our executive directors resides in Hong Kong. Our headquarters and manufacturing facilities are located outside of Hong Kong, and our products are sold in 70 countries worldwide. Accordingly, we do not and, for the foreseeable future, will not have a significant management presence in Hong Kong.

However, we have appointed Mr. Donatello Galli, an executive Director, and Ms. Ying-Kwai Yuen, our joint company secretary, as the authorized representatives of our Company. Ms. Yuen ordinarily resides in Hong Kong and will be readily contactable in Hong Kong by phone, facsimile and/or email to deal promptly with enquiries from the Hong Kong Stock Exchange. Our Company intends to maintain regular communications with the Hong Kong Stock Exchange through such arrangements.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules subject to the following conditions:

- (a) our authorized representatives will act as the principal channel of communication with the Hong Kong Stock Exchange;
- (b) our authorized representatives should have the means for contacting all Directors promptly at all times as and when the Hong Kong Stock Exchange wishes to contact the Directors on any matters;
- (c) each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period;

WAIVERS FROM THE LISTING RULES, EXEMPTIONS FROM THE COMPANIES ORDINANCE AND CONFIRMATIONS FROM THE HONG KONG STOCK EXCHANGE

- (d) our compliance advisor will act as an additional channel of communication with the Hong Kong Stock Exchange; and
- (e) each Director will provide his or her own respective mobile phone numbers, office phone numbers, e-mail addresses and fax numbers to the Hong Kong Stock Exchange.

WAIVER IN RELATION TO THE JOINT COMPANY SECRETARY

Pursuant to Rule 8.17 of the Listing Rules, the secretary of our Company must be a person who is ordinarily resident in Hong Kong and who has the requisite knowledge and experience to discharge the functions of the company secretary and who is either (a) an Ordinary Member of The Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance (Cap. 159 of the Laws of Hong Kong) or a professional accountant, or (b) an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging those functions.

We have appointed Ms. Patrizia Albano and Ms. Ying-Kwai Yuen as joint company secretaries. Ms. Albano is ordinarily resident in Italy, while Ms. Yuen is ordinarily resident in Hong Kong.

Ms. Ying-Kwai Yuen is a fellow member of The Hong Kong Institute of Chartered Secretaries and therefore meets the qualification requirements under Rule 8.17 of the Listing Rules.

We believe that Ms. Albano, by virtue of her knowledge and past experience in handling corporate administrative matters, should be capable of discharging her functions as a company secretary. Further, we believe that it would be in the best interests of our Company and our corporate governance, given that we are incorporated in Italy, to have as our company secretary a person such as Ms. Albano who possesses the relevant qualifications and experience in Italian legal and corporate administrative matters. Accordingly, since Ms. Albano does not possess the formal qualifications required of a company secretary under Rule 8.17 of the Listing Rules, we have sought and obtained from the Hong Kong Stock Exchange a waiver from strict compliance with the requirements under Rule 8.17 such that Ms. Albano may be appointed as our company secretary. The waiver was granted for a three years on the condition that Ms. Yuen, as company secretary, will work closely with, and provide assistance to, Ms. Albano in the discharge of her duties as a company secretary. At the end of the three-year period, an evaluation of the qualifications and experience of Ms. Albano and in turn the need for ongoing assistance would be made to determine if the requirements under Rule 8.17 as would normally apply would then be satisfied.

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WAIVER IN RESPECT OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have applied for, and the Hong Kong Stock Exchange has granted, waivers in respect of certain non-exempt continuing connected transactions. Please see the section headed “Relationship with Our Controlling Shareholders and Connected Transactions” for further details.

WAIVER IN RESPECT OF THE PUBLIC FLOAT REQUIREMENT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the issuer’s total issued share capital must at all times be held by the public. Our Company has applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange has confirmed that it will exercise, its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of 17.5% for our Company. The above discretion is subject to the condition that our Company complies with the disclosure requirements under Rule 8.08(1)(d) of the Listing Rules and that we and the Joint Sponsors be able to demonstrate satisfactory compliance with Rules 8.08(2) and 8.08(3) of the Listing Rules at the time of the Listing. Our Company will make appropriate disclosure of the lower prescribed percentage of public float and confirm sufficiency of the public float in its successive annual reports after the Listing. In addition, our Company will, with a view to ensuring compliance with our obligations under the Listing Rules in relation to the minimum number of Shares which must be in public hands, (i) monitor our register of members, relevant disclosures made under Part XV of the SFO and other relevant sources of information available to us and (ii) (if at any time we become aware that the number of Shares which are in public hands is less than such minimum number) take such steps as are legally available to us to restore the number of Shares in public hands to the minimum required by the Listing Rules.

WAIVER IN RELATION TO CLAWBACK MECHANISM

Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached. An application has been made for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Listing Rules such that, in the event of over-applications, the Joint Bookrunners shall apply a clawback mechanism following the closing of the application lists on the following bases:

- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the

WAIVERS FROM THE LISTING RULES, EXEMPTIONS FROM THE COMPANIES ORDINANCE AND CONFIRMATIONS FROM THE HONG KONG STOCK EXCHANGE

Hong Kong Public Offering from the International Placing, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 63,491,400, representing approximately 15% of the Offer Shares initially available under the Global Offering;

- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Placing will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 84,655,200, representing 20% of the Offer Shares initially available under the Global Offering; and
- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Placing will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 105,819,000, representing 25% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Placing will be correspondingly reduced in such manner as the Joint Bookrunners deem appropriate. In addition, the Joint Bookrunners may allocate Offer Shares from the International Placing to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed for, the Joint Bookrunners have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing in such proportions as the Joint Bookrunners deem appropriate. For further details of the structure of the Global Offering, please refer to the section headed "Structure of the Global Offering" in this prospectus.

WAIVER IN RELATION TO CERTIFICATES UNDER SEAL

According to paragraph 2(1) of Appendix 3 to the Listing Rules, all certificates for capital shall be under seal, which shall only be affixed with the authority of the directors. The Company does not have a seal. Under Italian law, the share certificates of the Company will be issued under either the hand of or machine imprinted signature of one Director, that Director being granted the authority by the Board. The Company has applied to the Hong Kong Stock Exchange for,

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and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 2(1) of Appendix 3 of the Listing Rules on the grounds that: (i) under Italian law, a company is not required to have a seal; (ii) the requirements under paragraph 2(1) of Appendix 3 of the Listing Rules are not applicable to Italian incorporated joint-stock companies; and (iii) non-compliance with the requirements under paragraph 2(1) of Appendix 3 of the Listing Rules would not result in undue risks or prejudice to the interests of shareholders and investors.

WAIVER IN RELATION TO THE POWER OF THE COMPANY TO FORFEIT UNCLAIMED DIVIDENDS

According to paragraph 3(2) of Appendix 3 to the Listing Rule, where power is taken to forfeit unclaimed dividends, that power shall not be exercised until six years or more after the date of declaration of the dividend. Under article 29.4 of the By-laws, dividends not collected within five years of the day on which they become payable will be prescribed in favor of our Company and allocated to reserves. Under Italian law, a longer period is not allowed. The restriction cannot be waived or otherwise avoided by an Italian joint-stock company. Our Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 3(2) of Appendix 3 of the Listing Rules on the grounds that: (i) the existing provision of the By-laws has a substantially similar effect as the relevant requirement under paragraph 3(2) of Appendix 3 of the Listing Rules; and (2) the interests of its shareholders will not be materially prejudiced and that the difference in Italian law and the Listing Rules should not be considered a material deficiency in the shareholder protection standards of Italian incorporated joint-stock company in general.

CONFIRMATION FROM THE HONG KONG STOCK EXCHANGE IN RESPECT OF DELOITTE & TOUCHE S.p.A. AND FINANCIAL REPORTING MATTERS

Listing Rule 19.20 provides that the annual accounts of our Company must be audited by a practising accountant of good standing who is independent of our Company and who must be either (1) qualified under the Professional Accountants Ordinance for appointment as an auditor of a company; or (2) a firm of accountants acceptable to the Exchange which has an international name and reputation and is a member of a recognized body of accountants.

For statutory purposes, our Group may prepare its consolidated financial statements in accordance with the EU IFRS or the Generally Accepted Accounting Principles of Italy, and our Group has chosen to prepare its consolidated financial statements in accordance with EU IFRS. EU IFRS may

WAIVERS FROM THE LISTING RULES, EXEMPTIONS FROM THE COMPANIES ORDINANCE AND CONFIRMATIONS FROM THE HONG KONG STOCK EXCHANGE

differ from IFRS issued by the International Accounting Standards Board (“IASB”) if, at any reporting time, new or amended IFRS and interpretations issued by the IASB have not yet been endorsed by the EU. As at January 31 of 2009, 2010 and 2011, there were no unendorsed accounting standards mandatory for the accounting periods beginning on February 1 of 2008, 2009 and 2010, respectively, affecting our Group’s consolidated financial statements. As a consequence there was no difference between EU IFRS and IFRS issued by the IASB in terms of their application to our Group.

Our Company’s subsequent annual reports will include a disclosure that the financial reports in effect comply with the requirements of IFRS or if, in the future, there are material differences between IFRS and EU IFRS, our Company will provide a reconciliation of its financial statements with IFRS.

Our Company’s consolidated financial statements have been audited by Deloitte & Touche S.p.A. (“**Deloitte Italy**”) since 2003. On April 28, 2010, our Company appointed Deloitte Italy to act as its statutory auditors for a three-year term. Under Italian law, a company’s auditors are appointed for a term of three years and a shorter period is not allowed. The appointment of the auditors may, however, be terminated before the expiration of the three-year term with cause by our Company’s shareholders in general meeting after consultation with the board of statutory auditors.

Our Company has sought, and the Hong Kong Stock Exchange has given, a confirmation that Deloitte Italy is a firm of accountants acceptable to the Hong Kong Stock Exchange in accordance with the requirements of Rule 19.20(2) on the grounds that:

- (i) Deloitte Italy is an affiliated entity of Deloitte Italy S.p.A., the Italian member firm of Deloitte Touche Tohmatsu Limited;
- (ii) Deloitte Italy is regulated by Commissione Nazionale per le Società e la Borsa (“**CONSOB**”), the Italian Commission for Listed Companies and the Stock Exchange and the public authority responsible for the oversight and regulation of the Italian securities market. CONSOB is the competent authority for ensuring, amongst other things, the compliance with regulations by auditors subject to its jurisdiction. It is also a member of the International Organization of Securities Commissions (“**IOSCO**”) and has signed the Multilateral Memorandum of Understanding Concerning Consultation and the Exchange of Information with other IOSCO members (including the Securities and Futures Commission);
- (iii) Deloitte Italy is a member of L’Associazione Italiana Revisori Contabili (“**ASSIREVI**”), the Italian association of audit firms;

**WAIVERS FROM THE LISTING RULES, EXEMPTIONS FROM
THE COMPANIES ORDINANCE AND CONFIRMATIONS FROM
THE HONG KONG STOCK EXCHANGE**

- (iv) Deloitte Italy considers that the Italian Auditing Standards are comparable, in all material respects, to the International Standards on Auditing issued by the International Auditing and Assurance Standards Board; and
- (v) Deloitte Italy is independent from our Company in accordance with the statements on independence issued by the International Federation of Accountants.

UNDERWRITING

HONG KONG UNDERWRITERS

Banca IMI S.p.A.
CLSA Limited
Goldman Sachs (Asia) L.L.C.
UniCredit Bank AG, Hong Kong Branch

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on June 10, 2011. As described in the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein, and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus and the Application Forms.

The Hong Kong Underwriting Agreement is conditional, among other things, upon and subject to the International Placing Agreement having been signed and becoming unconditional.

Grounds for Termination

The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by written notice to our Company to terminate the Hong Kong Underwriting Agreement jointly with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

- (A) there shall develop, occur, exist or come into force:
- (1) any new law or regulation or any change or prospective change in existing laws or regulations or any change or prospective change in the interpretation or application thereof by any Governmental Authority in or affecting any of Italy, Hong Kong, the United States, the PRC, Japan or the United Kingdom (each, a “**Relevant Jurisdiction**”); or

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- (2) any change or any event or series of events likely to result in any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions; or
- (3) any moratorium, suspension or restriction in or on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the Tokyo Stock Exchange, the Italian Stock Exchange, the Shanghai Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or
- (4) any general moratorium on commercial banking activities in the Relevant Jurisdictions, declared by the relevant authorities, or any material disruption in commercial banking or foreign exchange trading or securities settlement or clearance services in those jurisdictions; or
- (5) a change or development involving a prospective change in taxation or exchange control or foreign investment regulations adversely affecting any of the Relevant Jurisdictions; or
- (6) the president or CEO of our Company (being Ms. Miuccia Prada and Mr. Patrizio Bertelli) vacating her or his office; or
- (7) a prohibition on our Company or the Selling Shareholders for whatever reason from allotting, selling or transferring (as the case may be) the Offer Shares pursuant to the terms of the Global Offering; or
- (8) an order or petition for the winding up of our Company or any material subsidiary or any composition or arrangement being made by our Company or any material subsidiary with its creditors or a scheme of arrangement entered into by our Company or any material subsidiary or any resolution for the winding-up of our Company or any material subsidiary or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of our Company or any material subsidiary or anything analogous thereto occurring in respect of our Company or any material subsidiary; or
- (9) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency, large scale outbreak of

UNDERWRITING

diseases or epidemics or pandemics, economic sanctions, strikes, lock-outs, fire, volcanic eruption, explosion, flooding, earthquake, civil disturbance, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting the Relevant Jurisdictions,

which, individually or in the aggregate, in the opinion of the Joint Global Coordinators has or will have or is likely to have a material adverse effect on the (1) business, results of operations, financial or trading position or prospects of our Group as a whole; or (2) has or will have or is likely to have a material adverse effect on the success of the Global Offering; or (3) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed; or

- (B) there has come to the notice of the Joint Global Coordinators:
- (1) that any statement contained in the Hong Kong Public Offering documents, the formal notice and any announcements, advertisements or communications issued by our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was as at their respective dates or has become or been discovered to be untrue, incorrect, inaccurate or misleading in any material respect; or
 - (2) that any matter has arisen or has been discovered which, had it arisen or been discovered immediately before the date of this prospectus (or any supplement or amendment thereto) and not been disclosed in this prospectus (or, as the case may be, any supplement or amendment thereto), would constitute a material omission from this prospectus; or
 - (3) that there is an adverse change or is likely to be an adverse change in the business, results of operations, financial or trading position or prospects, of our Group as a whole, the effect of which is, in the opinion of the Joint Global Coordinators, so material and adverse as to make it inadvisable or inexpedient or impracticable to proceed with the Global Offering; or
 - (4) any of the representations, warranties or undertakings given by our Company or Prada Holding B.V. in the Hong Kong Underwriting Agreement or the International Placing Agreement is (or will be when repeated) untrue, inaccurate or misleading in any material respect; or
 - (5) a material breach of any of the obligations imposed upon our Company or Prada Holding B.V. under the Hong Kong Underwriting Agreement or the International Placing Agreement; or

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- (6) any event, act or omission which gives or is likely to give rise to any material liability of our Company or Prada Holding B.V. pursuant to the indemnities given by it under the Hong Kong Underwriting Agreement; or

(C) our Company withdraws this prospectus or the Global Offering.

Lock-up

Pursuant to Rule 10.07 of the Listing Rules, Prada Holding B.V. has undertaken to the Hong Kong Stock Exchange that it will not, without the prior written consent of the Hong Kong Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

- (a) in the period of six months commencing on the Listing Date (the “**First Six-month Period**”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which it is shown by this prospectus to be the beneficial owner (as defined in Rule 10.07(2) of the Listing Rules) (the “**Relevant Shares**”); or
- (b) during the period of six months commencing on the date on which the First Six-month Period expires (the “**Second Six-month Period**”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Parent Shares to such an extent that immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, he, she or it would cease to be a controlling shareholder (as defined in the Listing Rules) of us.

Further, pursuant to Rule 10.07 of the Listing Rules, Prada Holding B.V. has undertaken to the Hong Kong Stock Exchange that, during the First Six-month Period and the Second Six-month Period, it will:

- (a) if it pledges or charges any of our securities beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of securities so pledged or charged; and
- (b) if it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities will be disposed of, immediately inform us of such indications.

Under the Hong Kong Underwriting Agreement, Prada Holding B.V. undertakes to each of the Joint Global Coordinators, the Hong Kong Underwriters and the Joint Sponsors that except for the sale and lending of Offer Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option and

UNDERWRITING

Stock Borrowing Agreement), at any time during the period of 12 months after the Listing Date, Prada Holding B.V. will not without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) offer, sell, lend, assign, contract to sell, lend or assign, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, create an encumbrance over, or repurchase either directly or indirectly, conditionally or unconditionally, any of the share capital or any other securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive such share capital or any securities or any interest therein) whether now owned or hereinafter acquired, owned directly or indirectly by Prada Holding B.V. (including holding as a custodian) or with respect to which Prada Holding B.V. has beneficial ownership; or
- (b) enter into any swap, derivative, repurchase, lending, pledge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of such share capital or securities or interest therein; or
- (c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) or (b) above; or
- (d) offer to or agree to enter into, or publicly disclose that our Company will or may enter into, any transaction described in paragraphs (a) or (b) above,

in each case, whether any of the transactions specified hereinabove is to be settled by delivery of Shares or such other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the period of 12 months after the Listing Date).

International Placing

In connection with the International Placing, it is expected that we and the Selling Shareholders will enter into the International Placing Agreement with the Joint Bookrunners and the International Underwriters. Under the International Placing Agreement, the International Underwriters would, subject to certain conditions set out therein, severally agree to purchase the International Placing Shares being offered pursuant to the International Placing or procure purchasers for such International Placing Shares.

Prada Holding B.V. will grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf

UNDERWRITING

of the International Underwriters on or before July 15, 2011, being the last business day closest to the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to require Prada Holding B.V. to sell up to 63,489,000 additional Shares, representing, in aggregate, approximately 15% of the Initial Offer Shares, at the Offer Price, to cover over-allocations in the International Placing, if any.

Commission and Expenses

Under the terms and conditions of the Underwriting Agreements, the Underwriters will receive an overall gross commission up to 1.20% of the aggregate gross proceeds from the issue or sale of the Offer Shares, out of which they will pay any sub-underwriting commissions. The commission will be payable by us and the Selling Shareholders in proportion to the number of Offer Shares offered by us and each of the Selling Shareholders in the Global Offering, respectively (assuming the Over-allotment Option is not exercised). Any commission on the sale of additional Offer Shares pursuant to the exercise of the Over-allotment Option will be payable by Prada Holding B.V. In addition, the Company and the Selling Shareholders may pay, at their sole and absolute discretion, an incentive fee of up to 0.70% of the aggregate gross proceeds from the issue or sale of the Offer Shares under the Global Offering in proportion to the number of Offer Shares offered by us and each of the Selling Shareholders, respectively.

Assuming the Over-allotment Option is not exercised at all and based on an Offer Price of HK\$42.25, being the mid-point of our offer price range of HK\$36.50 to HK\$48.00 per Share, the fees and commissions in connection with the Hong Kong Public Offering and the International Placing, together with the Hong Kong Stock Exchange listing fees, SFC transaction levy, the Hong Kong Stock Exchange trading fee, legal and other professional fees, printing, and other expenses relating to the Global Offering, are estimated to amount to approximately HK\$332.8 million in aggregate of which an estimate of approximately HK\$46.4 million will be payable by us. Such fees and expenses (other than underwriting commissions, which will be payable by us and the Selling Shareholders as described above, and the SFC transaction levy and the Hong Kong Stock Exchange trading fee, which will be paid on a per Share basis) are payable by us in the same proportion that the number of New Shares bears to the total number of Offer Shares, and by Prada Holding B.V., in the same proportion that the aggregate number of Sale Shares bears to the total number of Offer Shares (assuming the Over-allotment Option is not exercised).

We and the Selling Shareholders have agreed to indemnify the Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Underwriting Agreements and any breach by us of the Underwriting Agreements.

UNDERWRITING

Underwriters' Interests in our Company

Save as disclosed in the sections headed "Our History and Corporate Structure" and "Substantial and Selling Shareholders" of this prospectus, none of the Underwriters is interested legally or beneficially in any shares of any of our members or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members in the Global Offering.

INDEPENDENCE OF THE JOINT SPONSORS

Goldman Sachs (Asia) L.L.C. satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

CLSA Equity Capital Markets Limited and its affiliates, as significant global financial market participants, have current business relationships with our Company and our controlling shareholders including, amongst others, providing certain loan facilities to our Company and its controlling shareholders, which may be considered to affect CLSA Equity Capital Markets Limited's independence for the purposes of Rule 3A.07 of the Listing Rules. Accordingly, CLSA Equity Capital Markets Limited does not consider itself to be independent according to Rule 3A.07 of the Listing Rules.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (i) the Hong Kong Public Offering of 42,327,600 New Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the paragraph headed “The Hong Kong Public Offering”; and
- (ii) the International Placing of an aggregate of 380,948,400 Shares (comprising 16,496,400 New Shares and 364,452,000 Sale Shares, and subject to adjustment and the Over-allotment Option as mentioned below) in the United States to only QIBs in reliance on Rule 144A, outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S and in other jurisdictions pursuant to relevant exemptions from applicable securities laws.

Investors may apply for Shares under the Hong Kong Public Offering or apply for or indicate an interest for Shares under the International Placing, but may not do both.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

We are initially offering 42,327,600 New Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Shares initially available under the Global Offering. Subject to the reallocation of Shares between (i) the International Placing and (ii) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 1.7% of our Company’s enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong, as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed “Conditions of the Hong Kong Public Offering”.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Offer Shares in pool A will consist of 21,163,800 Offer Shares and will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) or less. The Offer Shares in pool B will consist of 21,163,800 Offer Shares and will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable). Prospective investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than the total number of Offer Shares initially allocated to each pool of Offer Shares will be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Placing is subject to adjustment. Pursuant to the grant of the retail clawback waiver by the Hong Kong Stock Exchange (for details please refer to the section headed “Waivers from the Listing Rules, Exemptions from the Companies Ordinance and Confirmations from the Hong Kong Stock Exchange — Waivers in relation to Clawback Mechanism” of this prospectus), if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer

STRUCTURE OF THE GLOBAL OFFERING

Shares will be reallocated to the Hong Kong Public Offering from the International Placing. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 63,491,400 Offer Shares (in the case of (i)), 84,655,200 Offer Shares (in the case of (ii)) and 105,819,000 Offer Shares (in the case of (iii)), representing approximately 15%, 20% and 25% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B, and the number of Offer Shares allocated to the International Placing will be correspondingly reduced in such manner as the Joint Bookrunners deem appropriate. In addition, the Joint Bookrunners may reallocate Offer Shares from the International Placing to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Bookrunners.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or he has been or will be placed or allocated Offer Shares under the International Placing.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$48.00 per Offer Share in addition to the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing and Allocation" below, is less than the maximum price of HK\$48.00 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

THE INTERNATIONAL PLACING

Number of Offer Shares Offered

The International Placing will consist of an initial offering of 380,948,400 Shares, comprising 16,496,400 New Shares and 364,452,000 Sale Shares, and representing approximately 90% of the total number of Offer Shares initially available under the Global Offering.

Allocation

The International Placing will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the “book-building” process described in the paragraph headed “Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, the total size of the relevant prospective investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant prospective investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of our Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

The Joint Bookrunners (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that Prada Holding B.V. will grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

STRUCTURE OF THE GLOBAL OFFERING

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Global Coordinators at any time from the Listing Date to July 15, 2011, being the last business day closest to the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require Prada Holding B.V. to sell up to 63,489,000 additional Shares, representing, in aggregate, approximately 15% of the initial Offer Shares, at the same price per Share under the International Placing, to, among other things, cover over-allocations in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional International Placing Shares will represent approximately 2.5% of our enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

STOCK BORROWING ARRANGEMENT

For the purpose of settlement of over-allocations in the International Placing, Goldman Sachs International may choose to borrow up to 63,489,000 Shares from Prada Holding B.V. pursuant to the stock borrowing arrangement (being the maximum number of Shares which may be sold pursuant to the Over-allotment Option) or acquire Shares from other sources, including exercising the Over-allotment Option.

If such stock borrowing arrangement with Prada Holding B.V. is entered into, it will only be effected by Goldman Sachs International for the purpose of settlement of over-allocation in the International Placing and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are complied with:

- (a) the Stock Borrowing Agreement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in the International Placing;
- (b) the maximum number of our Shares to be borrowed from Prada Holding B.V. by Goldman Sachs International is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;
- (c) the same number of Shares so borrowed will be returned to Prada Holding B.V. or its nominees, as the case may be, within three business days after the last day on which the Over-allotment Option may be exercised or, if earlier, the date on which the Over-allotment Option is exercised in full;
- (d) the borrowing of Shares pursuant to the Stock Borrowing Agreement will be effected in compliance with all applicable Listing Rules, laws and other regulatory requirements; and

STRUCTURE OF THE GLOBAL OFFERING

- (e) no payments will be made to Prada Holding B.V. by Goldman Sachs International in relation to such Stock Borrowing Agreement.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, Goldman Sachs (Asia) L.L.C., its affiliates or any person acting for it, as stabilizing manager, on behalf of the Underwriters, may effect transactions with a view to stabilizing or supporting the market price of our Shares for a limited period after the Listing Date at a level higher than that which might otherwise prevail. However, there is no obligation on Goldman Sachs (Asia) L.L.C., its affiliates or any persons acting for them, to conduct any such stabilizing action. Such stabilization action, if commenced, may be discontinued at any time, and is required to be brought to an end after a limited period. Should stabilizing transactions be effected in connection with the Global Offering, this will be at the absolute discretion of Goldman Sachs (Asia) L.L.C., its affiliates or any person acting for it.

Stabilization activities will only be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization. Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases; and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

STRUCTURE OF THE GLOBAL OFFERING

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- Goldman Sachs (Asia) L.L.C., its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in our Shares;
- there is no certainty regarding the extent to which and the time or period for which Goldman Sachs (Asia) L.L.C., its affiliates or any person acting for it will maintain such a long position;
- liquidation of any such long position by Goldman Sachs (Asia) L.L.C., its affiliates or any person acting for it may have an adverse impact on the market price of our Shares;
- no stabilizing action can be taken to support the price of our Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on Friday, July 15, 2011, being the last business day closest to the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date no further stabilizing action may be taken and demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, our Shares.

OVER-ALLOCATION

Following any over-allocation of Shares in connection with the Global Offering resulting in a short position, Goldman Sachs (Asia) L.L.C., its affiliates or any person acting for it may cover such short position by (among other methods) using Shares purchased by Goldman Sachs (Asia) L.L.C., its affiliates or any person acting for it in the secondary market, by exercising the Over-allotment Option in full or in part during the period when stabilization activities are permitted, or through the stock borrowing arrangements mentioned above or by a combination of these means. Any such purchases or exercise will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The covered short position will not exceed the number of Shares which may be sold upon exercise of the Over-allotment Option, being 63,489,000 Sale Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest to acquire Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Friday, June 17, 2011 and in any event on or before Monday, June 20, 2011, by agreement between the Joint Bookrunners, on behalf of the Underwriters, our Company and Prada Holding B.V., and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price per Offer Share under the Hong Kong Public Offering will be based on the Hong Kong dollar price per Offer Share under the International Placing, as determined by the Joint Bookrunners, on behalf of the Underwriters, our Company and Prada Holdings B.V. In addition, 1% brokerage, 0.003% SFC transaction levy and 0.005% Hong Kong Stock Exchange trading fee will be payable by the investors thereon.

The Offer Price will not be more than HK\$48.00 per Offer Share, and is expected to be not less than HK\$36.50 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

The Joint Bookrunners, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer, cause there to be published in the *South China Morning Post* (in English) and the *Hong Kong Economic Times* (in Chinese) and on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.pradagroup.com notices of the reduction. Upon issue of

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such a notice, the revised offer price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Bookrunners, on behalf of the Underwriters, and our Company, will be fixed within such revised offer price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. Applicants under the Hong Kong Public Offering should note that in no circumstances can applications be withdrawn once submitted, even if the number of Offer Shares and/or the offer price range is so reduced. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon with our Company, Prada Holding B.V. and the Joint Bookrunners (on behalf of the Underwriters), will under no circumstances be set outside the offer price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Bookrunners may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Placing, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Placing may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Bookrunners.

The net proceeds from the Global Offering accruing to us (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering) are estimated to be approximately HK\$2,438.9 million, assuming an Offer Price of HK\$42.25 per Offer Share, being the approximate mid-point of the proposed offer price range of HK\$36.50 to HK\$48.00.

The net proceeds of the Global Offering accruing to the Selling Shareholders (after deduction of underwriting commissions and estimated expenses payable by the Selling Shareholders in relation to the Global Offering) are estimated to be approximately HK\$15,111.7 million, assuming an Offer Price of HK\$42.25 per Offer Share, being the approximate mid-point of the proposed offer price range of HK\$36.50 to HK\$48.00 (or if the Over-allotment Option is exercised in full, approximately HK\$17,774.6 million, assuming an Offer Price of HK\$42.25 per Offer Share, being the approximate mid-point of the proposed offer price range of HK\$36.50 to HK\$48.00).

STRUCTURE OF THE GLOBAL OFFERING

The final Offer Price, the level of indications of interest in the Global Offering, and the basis of allocation of Offer Shares available under the Hong Kong Public Offering are expected to be announced on Thursday, June 23, 2011 on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.pradagroup.com.

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company, Prada Holding B.V. and the Joint Bookrunners, on behalf of the Underwriters, agreeing on the Offer Price.

We expect to enter into the International Placing Agreement relating to the International Placing on the Price Determination Date.

These underwriting arrangements, and the Hong Kong Underwriting Agreement and the International Placing Agreement, are summarized in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on, among other things, the following:

- (i) the Listing Committee of the Hong Kong Stock Exchange granting approval for the listing of, and permission to deal in, our Shares in issue (including the Shares that may be allocated pursuant to the exercise of the Over-allotment Option) and our Shares being offered pursuant to the Global Offering (subject only to allocation);
- (ii) the Offer Price having been duly agreed between our Company, Prada Holding B.V. and the Joint Bookrunners (on behalf of the Hong Kong Underwriters);
- (iii) the execution and delivery of the International Placing Agreement on the Price Determination Date; and
- (iv) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Placing Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

STRUCTURE OF THE GLOBAL OFFERING

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Placing Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Friday, June 24, 2011.

If, for any reason, the Offer Price is not agreed between our Company, Prada Holding B.V. and the Joint Bookrunners (on behalf of the Underwriters) on or before Monday, June 20, 2011, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in the South China Morning Post (in English), the Hong Kong Economic Times (in Chinese) and on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.pradagroup.com on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares — 10. Despatch/Collection of Share Certificates and Refund Monies". In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)(as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Friday, June 24, 2011 provided that (i) the Global Offering has become unconditional in all respects; (ii) the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised; and (iii) our Company has received the net proceeds of the Global Offering from the Joint Global Coordinators in order for the Offer Shares to be paid up in accordance with Italian law.

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APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Hong Kong Stock Exchange for listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling our Shares to be admitted into the Central Clearing and Settlement System, or CCASS, established and operated by the Hong Kong Securities Clearing Company, or HKSCC. If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, our Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, June 24, 2011, it is expected that dealings in our Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Friday, June 24, 2011.

HOW TO APPLY FOR HONG KONG OFFER SHARES

CHANNELS OF APPLYING FOR THE HONG KONG OFFER SHARES

There are three channels to make an application for Hong Kong Offer Shares. You may either (i) use a **WHITE** or **YELLOW** Application Form; (ii) apply online through the designated website of the **White Form eIPO** Service Provider at www.eipo.com.hk, referred to herein as the “**White Form eIPO**” service; or (iii) **electronically instruct** HKSCC to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** Application Form or applying online through **WHITE FORM eIPO** service or by giving **electronic application instructions** to HKSCC.

WHO CAN APPLY FOR HONG KONG OFFER SHARES

You can apply for the Hong Kong Offer Shares available for subscription by the public on a **WHITE** or **YELLOW** Application Form if you or any person(s) for whose benefit you are applying are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States and Italy;
- are not a United States Person (as defined in Regulation S); and
- are not a legal or natural person of Italy or the PRC.

If you wish to apply for Hong Kong Offer Shares online through the **White Form eIPO** service (www.eipo.com.hk), in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **White Form eIPO** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO**.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the application form must be signed by a duly authorized officer, who must state his or her representative capacity.

If an application is made by a person duly authorized under a valid power of attorney, the Joint Bookrunners (or their agents or nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We, the Joint Bookrunners or the **White Form eIPO** Service Provider (where applicable) or our or their respective agents and nominees have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Hong Kong Offer Shares are not available to existing legal and beneficial owners of Shares, the directors or chief executive officer of our Company or of any of our subsidiaries or their respective associates as defined in the Listing Rules or any other connected persons as defined in the Listing Rules of our Company or persons who will become our connected persons immediately upon completion of the Global Offering.

You may either apply for Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest for International Placing Shares under the International Placing, but may not do both.

1. APPLYING BY USING A WHITE OR YELLOW APPLICATION FORM

Which Application Form to Use

Use a **WHITE** Application Form if you want the Hong Kong Offer Shares issued in your own name.

Instead of using a **WHITE** Application Form, you may apply for the Hong Kong Offer Shares by means of **White Form eIPO** by submitting applications online through the designated website at www.eipo.com.hk. Use **White Form eIPO** if you want the Shares issued in your own name.

Use a **YELLOW** Application Form if you want the Hong Kong Offer Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Instead of using a **YELLOW** Application Form, you may electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf. Any Hong Kong Offer Shares allocated to you will be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. to 4:30 p.m. from Monday, June 13, 2011 to Wednesday, June 15, 2011 and from 9:00 a.m. to 12:00 noon on Thursday, June 16, 2011 from:

- (1) any of the following addresses of the following Hong Kong Underwriters:

CLSA Limited 18/F, One Pacific Place, 88 Queensway, Hong Kong

Goldman Sachs (Asia) L.L.C. 68th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong

- (2) any of the following branches of The Hongkong and Shanghai Banking Corporation Limited:

	Branch Name	Address
HK Island	Hong Kong Office	Level 3, 1 Queen's Road Central
	Chai Wan Branch	Shop No. 1-11, Block B, G/F, Walton Estate, Chai Wan
	Des Voeux Road Central Branch	China Insurance Group Building, 141 Des Voeux Road Central
	Hay Wah Building Branch	G/F, Hay Wah Building, 71-85 Hennessy Road, Wan Chai
Kowloon	Kwun Tong Branch	No. 1, Yue Man Square, Kwun Tong
	Mong Kok Branch	Basement & U/G, 673 Nathan Road, Mong Kok
New Territories	Yuen Long Branch	G/F, HSBC Building Yuen Long, 150-160 Castle Peak Rd, Yuen Long

HOW TO APPLY FOR HONG KONG OFFER SHARES

(3) any of the following branches of Bank of China (Hong Kong) Limited:

	Branch Name	Address
HK Island	Bank of China Tower Branch	3/F, 1 Garden Road
	Aberdeen Branch	25 Wu Pak Street, Aberdeen
Kowloon	Yau Ma Tei Branch	471 Nathan Road, Yau Ma Tei
	Hoi Yuen Road Branch	55 Hoi Yuen Road, Kwun Tong
	Mong Kok (President Commercial Centre) Branch	608 Nathan Road, Mong Kok
New Territories	Lucky Plaza Branch	Lucky Plaza, Wang Pok Street, Shatin
	Tuen Mun Town Plaza Branch	Shop 2, Tuen Mun Town Plaza Phase II

(4) any of the following branches of Industrial and Commercial Bank of China (Asia) Limited:

	Branch Name	Address
HK Island	Queen's Road Central Branch	122-126 Queen's Road Central, Central
	North Point Branch	G/F, 436-438 King's Road, North Point
Kowloon	Tsimshatsui East Branch	Shop B, G/F., Railway Plaza, 39 Chatham Road South, Tsimshatsui
	Wong Tai Sin Branch	Shop 128, Level One, Wong Tai Sin Plaza, 103 Ching Tak Street, Wong Tai Sin
New Territories	Tseung Kwan O Branch	Shop Nos. 2011-2012, Level 2, Metro City, Plaza II, 8 Yan King Road, Tseung Kwan O
	Tsuen Wan Castle Peak Road Branch	G/F, 423-427 Castle Peak Road, Tsuen Wan
	Tai Po Branch	Shop F, G/F, Mee Fat Building, No 34-38 Tai Wing Lane, Tai Po

You can collect a **YELLOW** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Monday, June 13, 2011 until 12:00 noon on Thursday, June 16, 2011 from the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.

Your stockbroker may also have the **WHITE** or **YELLOW** Application Forms and copies of this prospectus available.

How to Complete the White or Yellow Application Form

Obtain an Application Form as described in the section headed "Where to Collect the Application Forms" above.

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying cheque or banker's cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated

HOW TO APPLY FOR HONG KONG OFFER SHARES

in the Application Form. Each Application Form must be accompanied by payment, in the form of either one cheque or one banker's cashier order. An application is liable to be rejected if the cheque or banker's cashier order does not meet the requirements set out on the Application Form.

Lodge the Application Form in one of the collection boxes by the time and at one of the locations as described in the paragraph headed "6. Members of the public — Time for Applying for Hong Kong Offer Shares" under this section below.

You should note that by completing and submitting the **WHITE** and **YELLOW** Application Form, among other things:

- (i) you agree with our Company and each of our shareholders, to observe and comply with the Italian Civil Code, the Hong Kong Companies Ordinance and the By-laws;
- (ii) you agree with our Company and each of our shareholders that the Shares in our Company are freely transferable by the holders thereof;
- (iii) you authorize our Company to enter into a contract on your behalf with each of our Directors and officers of our Company whereby such Directors and officers undertake to observe and comply with their obligations to shareholders as stipulated in the By-laws;
- (iv) you confirm that you have received or have had access to a copy of this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations save as set out in any supplement to this prospectus;
- (v) you agree that none of our Company, the Selling Shareholders (where applicable), the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and other parties involved in the Global Offering or any of their respective directors, officers, employees, partners, agents or advisors is or will be liable for any information and representations not contained in this prospectus (and any supplement thereto);
- (vi) you undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for or received or been placed, allotted or allocated (including conditionally and/or provisionally), and will not apply for or take up, or indicate any interest for, any International Placing Shares, nor otherwise participated in the International Placing;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vii) you agree to disclose to our Company, and/or our Hong Kong Share Registrar, the receiving bankers, the Selling Shareholders (where applicable), the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and their respective advisors and agents any personal data and any information about you which they require or the person(s) for whose benefit you have made the application;
- (viii) you instruct and authorize our Company, the Selling Shareholders (where applicable), and any of the Joint Global Coordinators as agent for our Company (or their respective agents or nominees) to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all other things necessary to effect registration of any Hong Kong Offer Shares allocated to you in your name(s) or the name of HKSCC Nominees, as the case may be, as required by the By-laws and otherwise to give effect to the arrangements described in this prospectus and the Application Form;
- (ix) you agree that the processing of your application may be done by any of our Company's receiving bankers and is not restricted to the bank at which your application was lodged;
- (x) (if the application is made for your own benefit) you warrant that this is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service;
- (xi) (if you are an agent for another person) you warrant that reasonable enquiries have been made of that other person that this is the only application which has been or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service and that you are duly authorized to sign the Application Form or apply through the **White Form eIPO** service or give **electronic application instructions** as that other person's agent;
- (xii) you undertake to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Hong Kong Offer Shares to be allocated to you, and as required by the By-laws;
- (xiii) you confirm that you are aware of the restrictions on the Global Offering disclosed in this prospectus;
- (xiv) you authorize our Company to place your name(s) on the application or the name of the HKSCC Nominees, as the case may be, on the Hong Kong share register of our Company as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company, the Selling Shareholders

HOW TO APPLY FOR HONG KONG OFFER SHARES

(where applicable) or our respective agents (subject to the terms and conditions set forth in this prospectus) to send any share certificate(s) and/or any refund cheque(s) to you (or in case of joint applicants, the first-named applicant) by ordinary post at your own risk to the address stated on the Application Form, except that if you have applied for 1,000,000 or more Hong Kong Offer Shares and have indicated in the relevant Application Form that you will collect the share certificate(s) and/or refund cheque(s) in person, you may do so in the manner as described in the section headed "10. Despatch/Collection of Share Certificates and Refund Monies" below;

- (xv) you represent and warrant that you understand that (1) the Shares have not been and will not be registered under the US Securities Act and you and any person for whose account or benefit you are applying are non-US Persons outside the United States (as defined in Regulation S) when completing and submitting the Application Form or are a person described in paragraph (h)(3) of Rule 902 of Regulation S and will be acquiring the Hong Kong Offer Shares in an offshore transaction (as defined in Regulation S) and (2) no prospectus relating to the Offer Shares has been cleared or approved by CONSOB. Accordingly, no offer to the public can be made in Italy with respect to the Offer Shares. You further represent and warrant that you and any person for whose account or benefit you are applying are/is not legal or natural persons of Italy and are/is outside Italy when completing and submitting the Application Form;
- (xvi) you agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation and you may not revoke it other than as provided in this prospectus;
- (xvii) you warrant the truth and accuracy of the information contained in your application;
- (xviii) you agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xix) you confirm that you have read the terms and conditions and application procedures set out in this prospectus and the Application Form and agree to be bound by them;
- (xx) (if the application is made by an agent on your behalf) you warrant that you have validly and irrevocably conferred on the agent all necessary power and authority to make the application;
- (xxi) you undertake and agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you, under the application;

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- (xxii) if the laws of any place outside Hong Kong are applicable to your application, you agree and warrant that you have complied with all such laws and none of our Company, the Selling Shareholders (where applicable), the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and other parties involved in the Global Offering nor any of their respective directors, employees, partners, agents, officers or advisors will infringe any laws outside Hong Kong as a result of the acceptance of your offer to subscribe or purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus; and
- (xxiii) you understand that these declarations and representations will be relied on by our Company, the Selling Shareholders (where applicable), and the Joint Global Coordinators in deciding whether or not to allocate any Hong Kong Offer Shares in response to the application and you may be prosecuted for making a false declaration.

The above agreements, warranties, instructions and authorizations (as the case may be) to the Selling Shareholders are only applicable when the number of Offer Shares validly applied for under the Hong Kong Public Offering reaches certain prescribed levels so that there is a reallocation of Offer Shares from the International Placing to the Hong Kong Public Offering. Please see the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" of this prospectus for details of when such reallocation will be triggered.

Additional Terms and Conditions for YELLOW Application Forms

If you apply for the Hong Kong Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to above, you agree that:

- (i) any Hong Kong Offer Shares allocated to you shall be registered in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant, in accordance with your election on the Application Form;
- (ii) each of HKSCC and HKSCC Nominees reserves the right (1) not to accept any or part of such allocated Hong Kong Offer Shares issued in the name of HKSCC Nominees or not to accept such allocated Hong Kong Offer Shares for deposit into CCASS; (2) to cause such allocated Hong Kong Offer Shares to be withdrawn from CCASS and transferred into your name at your own risk and costs; and (3) to cause such allocated Hong Kong Offer Shares to be issued in your name (or, if you are a joint applicant, to the

HOW TO APPLY FOR HONG KONG OFFER SHARES

first-named applicant) and in such a case, to post the share certificates for such allocated Hong Kong Offer Shares at your own risk to the address on your Application Form by ordinary post or to make available the same for your collection;

- (iii) each of HKSCC and HKSCC Nominees may adjust the number of allocated Hong Kong Offer Shares issued in the name of HKSCC Nominees;
- (iv) neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the Application Form; and
- (v) neither HKSCC nor HKSCC Nominees shall be liable to you in any way.

In order for the **YELLOW** Application Forms to be valid, you, as an applicant(s), must complete the Application Form as indicated below and sign on the first page of the Application Form. Only written signatures will be accepted.

(i) If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):

- (a) the designated CCASS Participant must endorse the Application Form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(ii) If the application is made by an individual CCASS Investor Participant:

- (a) the Application Form must contain the CCASS Investor Participant's name and Hong Kong identity card number; and
- (b) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(iii) If the application is made by a joint individual CCASS Investor Participant:

- (a) the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong identity card numbers of all joint CCASS Investor Participants; and
- (b) the participant I.D. must be inserted in the appropriate box in the Application Form.

(iv) If the application is made by a corporate CCASS Investor Participant:

- (a) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong business registration number; and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (b) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of participant I.D. or other similar matters may render the application invalid.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominees" account numbers or other identification codes for each beneficial owner or, in the case of joint beneficial owners, for each such joint beneficial owner. Failure to provide the account number(s) or other identification code(s) for the beneficial owner(s) will result in the application being deemed to be submitted for the benefit of the nominee(s) in question.

2. HOW TO APPLY THROUGH WHITE FORM eIPO

General

If you are an individual and meet the criteria set out in the paragraph above entitled "Who can apply for the Hong Kong Offer Shares" under this section, you may apply through **White Form eIPO** by submitting an application through the designated website at www.eipo.com.hk. If you apply through **White Form eIPO**, the Shares will be issued in your own name.

Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at www.eipo.com.hk. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **White Form eIPO** Service Provider and may not be submitted to our Company.

If you give **electronic application instructions** through the designated website at www.eipo.com.hk, you will have authorized the designated **White Form eIPO** Service Provider to apply on the terms and conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.

In addition to the terms and conditions set out in this prospectus, the designated **White Form eIPO** Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at www.eipo.com.hk. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

By submitting an application to the designated **White Form eIPO** Service Provider through the **White Form eIPO** service, you are deemed to have authorized the designated **White Form eIPO** Service Provider to transfer the details of your application to our Company, the Joint Bookrunners and our Hong Kong Share Registrar.

HOW TO APPLY FOR HONG KONG OFFER SHARES

You may submit an application through the **White Form eIPO** service in respect of a minimum of 100 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 100 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at www.eipo.com.hk. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

You may submit your application to the designated **White Form eIPO** Service Provider through the designated website www.eipo.com.hk from 9:00 a.m. on Monday, June 13, 2011 until 11:30 a.m. on Thursday, June 16, 2011 or such later time as described under the paragraph headed "7. Effects of Bad Weather on the Opening of the Application Lists" under the section below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, June 16, 2011, being the last application day, or, if the application lists are not open on that day, then by the time and date stated in the subparagraph headed "Effects of bad weather on the opening of the application lists" below.

You will not be permitted to submit your application to the designated **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m. on the last day for submitting applications, you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

You should make payment for your application made by **White Form eIPO** service in accordance with the methods and instructions set out in the designated website at www.eipo.com.hk. **If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Thursday, June 16, 2011, or such later time as described under the paragraph headed "Effects of Bad Weather on the Opening of the Application Lists" below, the designated White Form eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at www.eipo.com.hk.**

Once you have completed payment in respect of any **electronic application instruction** given by you or for your benefit to the designated **White Form eIPO** Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular application reference number will not constitute an actual application.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are suspected of submitting more than one application through the **White Form eIPO** service or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

Warning: The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the designated **White Form eIPO** Service Provider to public investors. Our Company, the Selling Shareholders (where applicable), our Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and the **White Form eIPO** Service Provider take no responsibility for such applications, and provide no assurance that applications through the **White Form eIPO** service will be submitted to our Company or that you will be allocated any Hong Kong Offer Shares.

Environmental Protection

The obvious advantage of **White Form eIPO** is that it saves the use of papers. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 per each “PRADA S.p.A.” **White Form eIPO** application submitted via www.eipo.com.hk to support the funding of “Source of DongJiang — Hong Kong Forest” project initiated by Friends of the Earth (HK).

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your application through the **White Form eIPO** service (www.eipo.com.hk), you are advised not to wait until the last day for lodging applications in the Hong Kong Public Offering to submit your **electronic application instructions**. In the event that you have problems connecting to the designated website for the **White Form eIPO** service (www.eipo.com.hk), you should submit a **WHITE** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** or **YELLOW** Application Form nor give **electronic application instructions** to HKSCC via CCASS. Please see the paragraph headed “How Many Applications You May Make” under this section below.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Conditions of the White Form eIPO service

In using the **White Form eIPO** service to apply for the Hong Kong Offer Shares, the applicant shall be deemed to have accepted the following conditions:

That the applicant:

- (i) applies for the desired number of Hong Kong Offer Shares on the terms and conditions and in accordance with the procedures set out in this prospectus and the **White Form eIPO** designated website at www.eipo.com.hk, and subject to the By-laws;
- (ii) undertakes and agrees to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to the applicant on such application;
- (iii) warrants that this is the only application made and the only application intended by the applicant to be made whether on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or the **White Form eIPO** Service Provider under the **White Form eIPO** service (www.eipo.com.hk), to benefit the applicant or the person for whose benefit the applicant is applying;
- (iv) undertakes and confirms that the applicant or the person(s) for whose benefit the applicant is applying have not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, and have not received or been placed, allotted or allocated (including conditionally and/or provisionally) any International Placing Shares under the International Placing, nor otherwise participated in the International Placing;
- (v) understands that this declaration and representation will be relied upon by our Company, the Selling Shareholders (where applicable) and the Joint Bookrunners in deciding whether or not to make any allotment or allocation of Hong Kong Offer Shares in response to such application and you may be prosecuted for making a false declaration;
- (vi) authorizes our Company to place the applicant's name on the Hong Kong share register of our Company as the holder of any Hong Kong Offer Shares allocated to the applicant, and our Company, the Selling Shareholders (where applicable) or our respective agents (subject to the terms and conditions set forth in this prospectus) to send any share certificate(s) by ordinary post at the applicant's own risk to the address given on the **White Form eIPO** application except where the applicant has applied for 1,000,000 or more Hong Kong Offer Shares and that the applicant will collect any share certificate(s) in person in accordance with the procedures prescribed in the **White Form eIPO** designated website at www.eipo.com.hk and this prospectus;

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- (vii) requests that any refund cheque(s) be made payable to the applicant who had used multiple bank accounts to pay the application monies, and (subject to the terms and conditions set forth in this prospectus) to send any refund cheque(s) by ordinary post and at the applicant's own risk to the address given on the **White Form eIPO** application;
- (viii) requests that any e-Refund payment instructions be despatched to the application payment account where the applicant had paid the application monies from a single bank account;
- (ix) has read the terms and conditions and application procedures set forth on the **White Form eIPO** designated website at www.eipo.com.hk and this prospectus and agrees to be bound by them;
- (x) represents, warrants and undertakes that the applicant, and any person for whose benefit the applicant is applying (1) is a non-US person outside the United States (as defined in Regulation S) when applying through the **White Form eIPO** service or is a person described in paragraph (h)(3) of Rule 902 of Regulation S and (2) is not a legal or natural person of Italy and, when applying through the **White Form eIPO** service, is outside of Italy, and (3) the allotment or allocation of or application for the Hong Kong Offer Shares to or by whom or for whose benefit this application is made would not require our Company, the Selling Shareholders (where applicable), the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and other parties involved in the Global Offering nor any of their respective directors, employees, partners, agents, officers or advisors to comply with any requirements under any law or regulation (whether or not having the force of law) of any territory outside Hong Kong; and
- (xi) agrees that such application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

The above agreements, warranties, instructions and authorizations (as the case may be) to the Selling Shareholders are only applicable when the number of Offer Shares validly applied for under the Hong Kong Public Offering reaches certain prescribed levels so that there is a reallocation of Offer Shares from the International Placing to the Hong Kong Public Offering. Please see the section entitled "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" of the Prospectus for details of when such reallocation will be triggered.

Supplemental Information

If any supplement to this prospectus is issued, applicant(s) who have already submitted **electronic application instructions** through the **White Form eIPO** service may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but

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have not withdrawn their applications in accordance with the procedure to be notified, all applications through the **White Form eIPO** service that have been submitted remain valid and may be accepted. Subject to the above and below, an application once made through the **White Form eIPO** service is irrevocable, and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

Effect of completing and submitting an application through the White Form eIPO service

By completing and submitting an application through the **White Form eIPO** service, you for yourself or as agent or nominee and on behalf of any person for whom you act as agent or nominee shall be deemed to:

- (i) instruct and authorize our Company, the Selling Shareholders (where applicable) and any of the Joint Global Coordinators as agent for our Company (or their respective agents or nominees) to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name as required by the By-laws and otherwise to give effect to the arrangements described in this prospectus and the **White Form eIPO** designated website at www.eipo.com.hk;
- (ii) undertake to sign all documents and to do all things necessary to enable you to be registered as the holder of the Hong Kong Offer Shares to be allocated to you, and as required by the By-laws;
- (iii) confirm that you are aware of the restrictions on the Global Offering disclosed in this prospectus;
- (iv) confirm that you have received and/or read a copy of this prospectus and have only relied on the information and representations in this prospectus in making your application and will not rely on any other information or representations save as set out in any supplement to this prospectus;
- (v) agree that none of our Company, the Selling Shareholders (where applicable), the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Manager, the Underwriters and any parties involved in the Global Offering or any of their respective directors, officers, employees, partners, agent or advisors is or will be liable for any information or representations save as contained in this prospectus and any supplement thereto;
- (vi) agree (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation and you may not revoke it other than as provided in this prospectus;

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- (vii) (if the application is made for your own benefit) warrant that this is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service;
- (viii) (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which has been or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service, and that you are duly authorized to submit the application as that other person's agent;
- (ix) (if the application is made by an agent on your behalf) warrant that you have validly and irrevocably conferred on the agent all necessary power and authority to make the application;
- (x) undertake and confirm that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made this application have not applied for or taken up, or indicated an interest for or received or been placed, allotted or allocated (including conditionally and/or provisionally), and will not apply for, take up or indicate an interest for, any International Placing Shares nor otherwise participate in the International Placing;
- (xi) agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree to disclose to our Company, the Hong Kong Share Registrar, the Selling Shareholders (where applicable), the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the receiving bankers and our or their respective advisors and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application;
- (xiii) agree with our Company and each shareholder of our Company to observe and comply with the Italian Civil Code, the Hong Kong Companies Ordinance and the By-laws;
- (xiv) agree with our Company and each shareholder of our Company that the Shares in our Company are freely transferable by the holders thereof;
- (xv) authorize our Company to enter into a contract on your behalf with each of our Directors and our officers whereby each such Director and officer undertakes to observe and comply with his or her obligations to shareholders as stipulated in the By-laws;

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- (xvi) represent, warrant and undertake that you are not, and none of the other person(s) for whose benefit you are applying, is a US person (as defined in Regulation S) or a legal or natural person of Italy;
- (xvii) represent and warrant that you understand that our Shares have not been and will not be registered under the US Securities Act and you and any person for whose amount or benefit you are applying are (1) outside the United States (as defined in Regulation S) when completing and submitting the application or are a person described in paragraph (h)(3) of Rule 902 of Regulation S and will be acquiring the Hong Kong Offer Shares in an offshore transaction (as defined in Regulation S) and (2) outside of Italy when completing and submitting the application;
- (xviii) confirm that you have read the terms and conditions and application procedures set forth in this prospectus and the **White Form eIPO** designated website at www.eipo.com.hk and agree to be bound by them;
- (xix) warrant the truth and accuracy of the information contained in your application;
- (xx) undertake and agree to accept our Shares applied for, or any lesser number allocated to you under your application;
- (xxi) if the laws of any place outside Hong Kong are applicable to your application, agree and warrant that you have complied with all such laws and none of our Company, the Selling Shareholders (where applicable), the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, and the other parties involved in the Global Offering nor any of their respective directors, employees, partners, agents, officers or advisors will infringe any laws outside Hong Kong as a result of the acceptance of your offer to subscribe or purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus and the **White Form eIPO** designated website at www.eipo.com.hk; and
- (xxii) understand that these declarations and representations will be relied on by our Company, the Selling Shareholders (where applicable), and the Joint Global Coordinator in deciding whether or not to allocate any Hong Kong Offer Shares in response to the application and you may be prosecuted for making a false declaration.

Our Company, the Selling Shareholders (where applicable) the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any other parties involved in the Global Offering and their respective directors, officers, employees, partners, agents, advisors are entitled to rely on any warranty, representation or declaration made by you in such application.

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The above agreements, warranties, instructions and authorizations (as the case may be) to the Selling Shareholders are only applicable when the number of Offer Shares validly applied for under the Hong Kong Public Offering reaches certain prescribed levels so that there is a reallocation of Offer Shares from the International Placing to the Hong Kong Public Offering. Please see the section headed “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” of this prospectus for details of when such reallocation will be triggered.

Additional information

For the purposes of allocating Hong Kong Offer Shares, each applicant giving **electronic application instructions** through **White Form eIPO** service to the **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **White Form eIPO** Service Provider, the designated **White Form eIPO** Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated **White Form eIPO** Service Provider on the designated website at www.eipo.com.hk.

Otherwise, any monies payable to you due to a refund for any of the reasons set out below in the section headed “Refund of Application Monies” will be refunded to you in accordance with the requirements set out in that section.

3. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979-7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

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HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
2/F Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Copies of the prospectus are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

By giving **electronic application instructions** to HKSCC, you are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company, the Selling Shareholders (where applicable), the Joint Bookrunners and the Hong Kong Share Registrar.

Giving electronic application instructions to HKSCC to Apply for Hong Kong Offer Shares

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares, the persons (and, if they are joint applicants, each of them joint and severally) are taken to agree that:

- (i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees does the following things on behalf of each such person:
 - agrees that the Hong Kong Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;
 - undertakes and agrees to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;

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- agrees with our Company for itself and for the benefit of each shareholder of our Company to observe and comply with the Italian Civil Code, the Hong Kong Companies Ordinance and the By-laws;
- agrees with our Company for itself and for the benefit of each shareholder of our Company that the Shares in our Company are freely transferable by the holders thereof;
- authorizes our Company to enter into a contract on that person's behalf with each of our Directors and our officers whereby each such Director and officer undertakes to observe and comply with his or her obligations to shareholders as stipulated in the By-laws;
- undertakes to sign all documents and to do all things necessary to enable HKSCC Nominees to be registered as the holder of the Hong Kong Offer Shares to be allocated to that person, and as required by the By-laws;
- undertakes and confirms that that person has not indicated an interest for, applied for or taken up or indicated an interest for, and has not received or been placed or allocated (including conditionally or provisionally) any International Placing Shares nor otherwise participated in the International Placing;
- (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit and that that person has not made (either directly or through an agent) another application for his or her own benefit on a **WHITE** or **YELLOW** Application Form or by giving another electronic application instructions to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service;
- (if that person is an agent for another person) declares that that person has only given one set of **electronic application instructions** for the benefit of that other person, warrants that reasonable enquiries have been made of that other person that he or she has not or will not make (whether directly or through an agent) another application for his or her benefit on a **WHITE** or **YELLOW** Application Form or by giving another electronic instruction to HKSCC or to the **White Form eIPO** Service Provider via the **White Form eIPO** service and that that person is duly authorized to give those instructions as that other person's agent;

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- understands that the above declaration will be relied upon by our Company, our Directors, the Selling Shareholders (where applicable) and the Joint Bookrunners in deciding whether or not to make any allotment or allocation of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;
- instructs and authorizes our Company, the Selling Shareholders (where applicable) and any of the Joint Global Coordinators as agent for our Company (or their respective agents or nominee) to execute transfer forms, contract notes or other documents on that person's behalf and to do all things necessary to place the name of HKSCC Nominees on our register of members as the holder of the Hong Kong Offer Shares allocated in respect of that person's **electronic application instructions** and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between us and HKSCC;
- confirms that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;
- confirms that that person has received or have had access to a copy of this prospectus and has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf save as set out in any supplement to this prospectus;
- agrees that none of our Company, the Selling Shareholders (where applicable), the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering are liable for any information or representations save as contained in this prospectus and any supplement thereto;
- agrees to disclose that person's personal data to our Company, the Hong Kong Share Registrar, the Selling Shareholders (where applicable), the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Receiving Bankers and our or their respective agents and any information which they may require about that person;

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- agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded because of an innocent misrepresentation and you may not revoke it other than as provided in this prospectus;
- agrees that any application made by HKSCC Nominees on behalf of that person pursuant to **electronic application instructions** given by that person is irrevocable before Wednesday, July 13, 2011, such agreement to take effect as a collateral contract with us and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person before Wednesday, July 13, 2011, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before Wednesday, July 13, 2011 if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;
- agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by our Company;
- agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;
- agrees with our Company, for ourselves and for the benefit of each of our Shareholders (and so that we will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Italian Civil Code, the Hong Kong Companies Ordinance and the By-laws; and
- agrees that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

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The above agreements, warranties, instructions and authorizations (as the case may be) to the Selling Shareholders are only applicable when the number of Offer Shares validly applied for under the Hong Kong Public Offering reaches certain prescribed levels so that there is a reallocation of Offer Shares from the International Placing to the Hong Kong Public Offering. Please see the section entitled “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” of the Prospectus for details of when such reallocation will be triggered.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company, the Selling Shareholders (where applicable) or any other person in respect of the things mentioned below:

- agreed that HKSCC Nominees is only acting as a nominee for that person and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum offer price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the offer price per Share initially paid on application, refund of the application monies, in each case including the related brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit.

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Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Minimum Subscription Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 100 Hong Kong Offer Shares. Such instructions in respect of more than 100 Hong Kong Offer Shares must be in one of the numbers set out in the table in the **WHITE** and **YELLOW** Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instruction is given will be treated as an applicant.

Section 40 of the Hong Kong Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies Ordinance (as applied by section 342E of the Hong Kong Companies Ordinance).

Personal Data

The section of the Application Form entitled "Personal Data" applies to any personal data held by us and the Hong Kong Share Registrar about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, the Selling Shareholders (where applicable), the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet

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System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, June 16, 2011 or such later time as described under the paragraph headed "7. Effect of Bad Weather on the Opening of the Application Lists" under this section below.

4. HOW MANY APPLICATIONS YOU MAY MAKE

You may make more than one application for the Hong Kong Offer Shares if, and only if:

You are a **nominee**, in which case you may give **electronic application instructions** to HKSCC (if you are a CCASS Participant) and lodge more than one **WHITE** or **YELLOW** Application Form in your own name if each application is made on behalf of different beneficial owners.

In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit to the designated **White Form eIPO** Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service by giving **electronic application instructions** through the designated website at www.eipo.com.hk and completing payment in respect of such **electronic application instructions**, or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

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If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

It will be a term and condition of all applications that by completing and delivering an Application Form or submitting an **electronic application instruction** you:

- (if the application is made for your own benefit) warrant that this is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk); or
- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which has been or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk) and that you are duly authorized to sign the Application Form or give **electronic application instructions** as that other person's agent.

Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk); or
- apply both (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk); or

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- apply (whether individually or jointly) on one **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Investor Participant or applying through a CCASS Clearing or Custodian Participant) or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk) for more than 21,163,800 Hong Kong Offer Shares, being 50% of the Hong Kong Offer Shares initially being offered for public subscription under the Hong Kong Public Offering, as more particularly described in the section headed “Structure of the Global Offering — The Hong Kong Public Offering”; or
- have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) the International Placing Shares.

All of your applications will also be rejected as multiple applications if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk) is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

Unlisted company means a company with no equity securities listed on the Hong Kong Stock Exchange.

Statutory control means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

5. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum offer price is HK\$48.00 per Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%. This means that for one board lot of 100 Shares you will pay HK\$4,848.38. The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for numbers of Shares up to

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21,163,800 Shares. Your application must be for a minimum of 100 Shares. Applications must be in one of the numbers set forth in the tables in the Application Forms. No application for any other number of Shares will be considered and any such application is liable to be rejected.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for Shares by a cheque or a banker's cashier order in accordance with the terms set out in the Application Forms (if you apply by an Application Form).

If your application is successful, brokerage is paid to participants of the Hong Kong Stock Exchange, and the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy, collected by the Hong Kong Stock Exchange on behalf of the SFC).

6. MEMBERS OF THE PUBLIC — TIME FOR APPLYING FOR HONG KONG OFFER SHARES

Completed **WHITE** or **YELLOW** Application Forms, together with a cheque or banker's cashier order attached and marked payable to "HSBC Nominees (Hong Kong) Limited — PRADA Public Offer" for the payment, must be lodged by 12:00 noon on Thursday, June 16, 2011, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed "7. Effect of Bad Weather on the Opening of the Application Lists" under this section below.

Your completed Application Form, together with a cheque or banker's cashier order attached and marked payable to "HSBC Nominees (Hong Kong) Limited — PRADA Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of The Hongkong and Shanghai Banking Corporation Limited, Bank of China (Hong Kong) Limited and Industrial and Commercial Bank of China (Asia) Limited listed under the section headed "1. Applying by Using a **WHITE** or **YELLOW** Application Form — Where to Collect the Application Forms" above at the following times:

Monday, June 13, 2011 — 9:00 a.m. to 4:30 p.m.

Tuesday, June 14, 2011 — 9:00 a.m. to 4:30 p.m.

Wednesday, June 15, 2011 — 9:00 a.m. to 4:30 p.m.

Thursday, June 16, 2011 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, June 16, 2011. No proceedings will be taken on applications for the Shares and no allotment or allocation of any such Shares will be made until the closing of the application lists. No allotment or allocation of any of the Shares will be made until after Thursday, June 16, 2011.

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White Form eIPO

You may submit your application to the designated **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk from 9:00 a.m. on Monday, June 13, 2011 until 11:30 a.m. on Thursday, June 16, 2011 or such later time as described under the paragraph headed "7. Effect of Bad Weather on the Opening of the Applications Lists" under this section below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, June 16, 2011, the last application day, or, if the application lists are not open on that day, then by the time and date stated in "7. Effect of Bad Weather on the Opening of the Applications Lists" under this section below.

You will not be permitted to submit your application to the designated **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for lodging applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for lodging applications, when the application lists close. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Thursday, June 16, 2011, or such later time as described under the paragraph headed "7. Effect of Bad Weather on the Opening of the Application Lists" under this section, the designated **White Form eIPO** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at www.eipo.com.hk.

Time for Inputting Electronic application instructions

Those who are not CCASS Investor Participants can instruct their brokers or custodians who are CCASS Clearing/Custodian Participants to give **electronic application instructions** to HKSCC via CCASS terminals to apply for Hong Kong Offer Shares.

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Monday, June 13, 2011 — 9:00 a.m. to 8:30 p.m.⁽¹⁾
Tuesday, June 14, 2011 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, June 15, 2011 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday, June 16, 2011 — 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

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CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, June 13, 2011 until 12:00 noon on Thursday, June 16, 2011 (24 hours daily, except the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, June 16, 2011, being the last application day, or if the application lists are not open on that day, by the time and date stated in the sub-paragraph headed "7. Effect of Bad Weather on the Opening of the Application Lists" below.

7. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, June 16, 2011. Instead, the last application day will be postponed, and the application lists will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

Business Day means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

If the application lists do not open and close on Thursday, June 16, 2011 or if there is a tropical cyclone warning signal number 8 or above or a "black rainstorm" warning signal in force in Hong Kong on the other dates mentioned in the section "Expected Timetable" in this prospectus, such dates mentioned in the section "Expected Timetable" in this prospectus may be affected. An announcement will be made in such event.

8. PUBLICATION OF RESULTS

We expect to announce the Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, June 23, 2011 on our Company's website at www.pradagroup.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

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The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- results of allocations for the Hong Kong Public Offering can be found in the announcement to be posted on our Company's website at www.pradagroup.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk by no later than 9:00 a.m. on Thursday, June 23 2011.
- results of allocations for the Hong Kong Public Offering will be available from our designated results of allocations website at www.iporeresults.com.hk on a 24-hour basis from 8:00 a.m. on Thursday, June 23, 2011 to 12:00 midnight on Wednesday, June 29, 2011. Search by ID function will be available on our designated results of allocations website at www.iporeresults.com.hk, or via a hyperlink from our website at www.pradagroup.com to our designated results of allocations website at www.iporeresults.com.hk. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;
- results of allocations will be available from our designated allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Thursday, June 23, 2011 to Sunday, June 26, 2011;
- special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Thursday, June 23, 2011 to Saturday, June 25, 2011 at all the receiving bank branches and sub-branches at the addresses set out in the paragraph headed "1. Applying by Using a **WHITE** or **YELLOW** Application Form — Where to Collect the Application Forms" under this section above.

Our Company or the Selling Shareholders (where applicable) may accept your offer to subscribe or purchase (if your application is received, valid, processed and not rejected) by announcing the basis of allocation and/or making available the results of allocations publicly. If the Company or the Selling Shareholders (where applicable) accept(s) your offer to purchase (in whole or in part), there will be a binding contract under which you will be required to subscribe or purchase the Hong Kong Offer Shares in respect of which your offer has been accepted if the conditions of the Global Offering are satisfied or the Global Offering is not otherwise terminated. You will not be entitled to

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exercise any remedy of rescission for misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

9. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allocated the Hong Kong Offer Shares are set out in the notes attached to the relevant Application Forms (whether you are making your application by an Application Form or through the **White Form eIPO** service (www.eipo.com.hk) or **electronically instructing** HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which the Hong Kong Offer Shares will not be allocated to you:

- **If your application is revoked:**

By completing and submitting an Application Form or giving an electronic application instruction to HKSCC or the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk), you agree that your application or the application made by HKSCC Nominees on your behalf or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk) cannot be revoked on or before Wednesday, July 13, 2011. This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form or give your **electronic application instruction** to HKSCC or the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk) and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before Wednesday, July 13, 2011, except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees or the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk) on your behalf may only be revoked before Wednesday, July 13, 2011 if a person responsible for this prospectus under section 40 of the Hong Kong Companies Ordinance (as applied by section 342E of the Hong Kong Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can

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withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk) has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

- **Full discretion of our Company or our agents to reject or accept your application:**

Our Company, the Joint Bookrunners or our or their respective agents and nominees or the designated **White Form eIPO** Service Provider (where applicable), have full discretion to reject or accept any application, or to accept only part of any application.

No reason have to be given for any rejection or acceptance.

- **If the allocation of Hong Kong Offer Shares is void:**

The allocation of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** to HKSCC or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Hong Kong Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee of the Hong Kong Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

- **You will not receive any allocation if:**

- you make multiple applications or suspected multiple applications as described in the paragraph headed "4. How Many Applications You May Make" in this section above;

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- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and/or International Placing Shares. By filling in any of the **WHITE** or **YELLOW** Application Forms or applying by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider through **White Form eIPO** service (www.eipo.com.hk), you agree not to apply for Hong Kong Offer Shares as well as International Placing Shares. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received International Placing Shares, and to identify and reject indications of interest in the International Placing from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering;
- your application is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form) or on the **White Form eIPO** website (www.eipo.com.hk);
- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored upon its first presentation;
- the Hong Kong Underwriting Agreement and the International Placing Agreement do not become unconditional;
- the Hong Kong Underwriting Agreement and the International Placing Agreement are terminated in accordance with their respective terms;
- our Company, the Joint Global Coordinators and/or any Joint Bookrunner believes that by accepting your application, it would violate the applicable securities or other laws, rules or regulations; or
- your application is for more than 21,163,800 Hong Kong Offer Shares, representing 50% of the Hong Kong Offer Shares initially offered for public subscription under the Hong Kong Public Offering.

10. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the offer price of HK\$48.00 per Offer Share (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee thereon) initially paid on application, or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" or if any application is revoked or any allotment

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or allocation pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

Refund of your application monies (if any) will be made on Thursday, June 23, 2011 in accordance with the various arrangements described in this section below.

You will receive one share certificate for all the Hong Kong Offer Shares issued to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of our Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the application:

- (a) for applications on **WHITE** Application Form or by giving **electronic application instructions** through the **White Form eIPO** service:
 - (i) share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or
 - (ii) share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful (for wholly successful and partially successful applications on **YELLOW** Application Forms: share certificates for the Shares successfully applied for will be deposited into CCASS as described below); and/or
- (b) for applications on **WHITE** or **YELLOW** Application Forms, refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the maximum offer price per Share initially paid on application in the event that the Offer Price is less than the offer price per Share initially paid on application, in each case including the related brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part

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of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of, or may invalidate, your refund cheque.

- (c) for applications by giving **electronic application instructions** to HKSCC and if your application is wholly or partially successful, share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account on Thursday, June 23, 2011 or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees. Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per Share initially paid on application, in each case including the related brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, June 23, 2011. No interest will be paid thereon.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the offer price per Share initially paid on application (if any) under the Application Forms; and share certificates for wholly and partially successful applicants under **WHITE** Application Forms or by giving **electronic application instructions** through the **White Form eIPO** service are expected to be posted on or around Thursday, June 23, 2011. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on Friday, June 24, 2011 provided that (i) the Global Offering has become unconditional in all respects, (ii) and the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised; and (iii) our Company has received the net proceeds of the Global Offering from the Joint Global Coordinators in order for the Offer Shares to be paid up in accordance with Italian law. Investors who trade Shares prior to the receipt of share certificates or prior to the share certificates becoming valid certificates do so entirely at their own risk.

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(a) if you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have indicated your intention in your **WHITE** Application Form to collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and share certificate(s) (where applicable) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, June 23, 2011 or such other date as notified by us in the newspapers as the date of collection/despatch of refund cheques/e-Refund payment instructions/share certificates. If you are an individual who opts for personal collection, you may not authorize any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by sending an authorized representative bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited. If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus, or if your application is revoked or any allotment or allocation pursuant thereto has become void, your share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) in respect of the application monies or the appropriate parties thereof, together with the related brokerage fee, Hong Kong Stock Exchange trading fee, and SFC transaction levy, if any, (without interest) will be sent to the address on your Application Form on Thursday, June 23, 2011, by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above. If you have applied for

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1,000,000 Hong Kong Offer Shares or more and have not indicated on your Application Form that you will collect your refund cheque (if any) in person, or if you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque (if any) will be sent to the address on your Application Form on the date of despatch, which is expected to be on Thursday, June 23, 2011, by ordinary post and at your own risk.

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on Thursday, June 23, 2011, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering on Thursday, June 23, 2011 in the manner described in "8. Publication of Results" in this section above. You should check such results published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, June 23, 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

(c) If you are applying through White Form eIPO

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated **White Form eIPO** Service Provider through the designated website www.eipo.com.hk and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th

HOW TO APPLY FOR HONG KONG OFFER SHARES

Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, June 23, 2011, or such other date as notified by our Company in the newspapers as the date of despatch/collection of share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider through the designated website at www.eipo.com.hk on Thursday, June 23, 2011 by ordinary post and at your own risk.

If you apply through the **White Form eIPO** service and paid the application monies from a single bank account, refund monies (if any) will be despatched to the application payment account in the form of e-Refund payment instructions. If you apply through **White Form eIPO** service and paid the application monies from multiple bank accounts, refund monies (if any) will be despatched to the address as specified on your **White Form eIPO** application in the form of refund cheque(s), by ordinary post at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated **White Form eIPO** Service Provider set out above in the paragraph headed "2. How to Apply Through **White Form eIPO** — Additional Information" in this section.

(d) If you apply by giving electronic application instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of application monies

No temporary document of title will be issued. No receipt will be issued for application monies received.

If your application is wholly or partially successful, your Shares will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give

HOW TO APPLY FOR HONG KONG OFFER SHARES

electronic application instructions on your behalf or your CCASS Investor Participant stock account on Thursday, June 23, 2011, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

We expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allocation of the Hong Kong Public Offering in accordance with the details set out in the paragraph headed "8. Publication of Results" of this section above on Thursday, June 23, 2011. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, June 23, 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees.

If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.

If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, June 23, 2011. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per Share initially paid on application, in each case including the related brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, June 23, 2011. No interest will be paid thereon.

HOW TO APPLY FOR HONG KONG OFFER SHARES

11. REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reason, your application monies, including brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005% will be refunded to you. No interest will be paid thereon. All interest accrued on such monies prior to the date of despatch of refund cheques will be retained for our benefit.

If your application is accepted only in part, the appropriate portion of your application monies, including the related brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%, will be refunded to you without interest.

If the Offer Price as finally determined is less than HK\$48.00 per Offer Share, appropriate refund payments, including the related brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005% attributable to the surplus application monies, will be made to successful applicants, without interest. Details of the procedure for refund are set out above in the paragraph headed "10. Despatch/Collection of Share Certificates and Refund Monies".

All such interest accrued prior to the date of despatch of refund will be retained for our benefit.

In a contingency situation involving a substantial over-subscription, at the discretion of the Company, the Selling Shareholders (where applicable) and the Joint Global Coordinators, cheques for applications for certain small denominations of Hong Kong Offer Shares on Application Forms (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Thursday, June 23, 2011 in accordance with the various arrangements as described in this section.

12. COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares are expected to commence on Friday, June 24, 2011. The Shares will be traded in board lots of 100 Shares each. The stock code of the Shares is 1913.

13. SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

HOW TO APPLY FOR HONG KONG OFFER SHARES

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

POTENTIAL REQUIREMENT TO DEMATERIALIZE OUR SHARES

Dematerialization

Dematerialization means that title to shares is no longer evidenced by way of share certificates, i.e. represented in certificated (also known as “materialized” or “physical”) form. Under Italian law, where the shares of a company are dematerialized, title to the shares is evidenced by recording the shareholder’s name in the account held by the authorized Intermediary (defined below) with whom the shares are deposited and the legitimate attendance to shareholders’ meetings and the exercise of voting rights are confirmed by a statement to the issuer from the intermediary on behalf of the shareholder.

Relevant Italian law and regulations

Under the Italian Legislative Decree no. 58 of February 24, 1998 (as subsequently amended, the “TUF”), financial instruments of an Italian company which are, or are to be, traded on Italian regulated markets must be fully dematerialized. Since our Shares will not be traded on Italian regulated markets, we are not required under Italian primary regulation to dematerialize our Shares.

However, under the TUF, the Commissione Nazionale per le Società e la Borsa (“CONSOB”), the Italian public authority responsible for regulating the Italian securities market, has been granted the power to extend, under secondary legislation and in agreement with the Bank of Italy, this requirement to other financial instruments, taking into consideration the extent of their circulation among the public.

On the basis of this power, on December 24, 2010, CONSOB and the Bank of Italy have issued a regulation modifying the former provisions relating to the functioning of the centralized system (“*Disciplina dei servizi di gestione accentrata, di liquidazione, dei sistemi di garanzia e delle relative società di gestione*”) (the “**Regulation on Dematerialization**”). Article 15 of the Regulation on Dematerialization provides that financial instruments of an issuer having shares widely spread among the public are also required to be held in a dematerialized form.

Under Regulation n.11971/99 adopted by CONSOB (the “**Issuers Regulation**”), Italian issuers having more than 200 shareholders (other than the controlling shareholder(s)) owning in the aggregate more than 5% of their share capital¹ are deemed to be issuers of shares widely spread among the public if the shares issued by them:

- (a) have been the subject of a public offering or have been tendered as consideration in an exchange tender offer; or

¹ There is a second requirement relating to the size of the issuer in terms of total assets, revenues and number of employees which is not relevant in our case since our Company clearly passes the relevant thresholds (namely, it has total assets exceeding €4.4 million, revenues exceeding €8.8 million and a number of employees exceeding 50).

POTENTIAL REQUIREMENT TO DEMATERIALIZE OUR SHARES

- (b) have been the subject of a placement, in whatever form, even if addressed only to qualified investors; or
- (c) are traded on multilateral trading systems with the agreement of the issuer or the controlling shareholder; or
- (d) are issued by banks and purchased and sold or subscribed to in the head or branch offices of the issuer.

However, the issuer would have, under the relevant Italian regulations, until the start of the next financial year after the one in which the conditions for the duty to dematerialize, if any, are satisfied in order to implement a dematerialized structure for its shares.

Our Company has been advised that, based on our Italian legal advisors' analysis of the applicable Italian laws as at the date of this prospectus, the requirement for the dematerialization of shares set forth above should not apply to our Company. The rationale for the duty to dematerialize is to simplify the transfer of financial instruments held by the public and, in particular, to protect those who invest in the financial markets by ensuring that the trading of financial instruments taking place therein is performed in a safe, efficient and timely manner.

In the case of our Company, we are of the view that the need for shareholder protection in this respect is satisfied by the application of the Listing Rules and the clearing and trading rules of the Hong Kong Stock Exchange and HKSCC which, among other things, are designed to ensure an open market for the efficient trading of securities in a regulated environment. Based on our Italian legal advisors' analysis of the applicable Italian laws as at the date of this prospectus, we are of the view that the obligation to dematerialize should therefore not apply where our Shares are listed on the Hong Kong Stock Exchange, and this conclusion is supported by certain Italian authors who have affirmed that the duty to dematerialize should not arise where the financial instruments are traded on a foreign regulated market.

We further believe that, even if, for any reason, the relevant Italian authorities do not accept the above reasoning, there are further arguments that enable us to maintain that a duty to dematerialize will not arise with respect to our Shares.

POTENTIAL REQUIREMENT TO DEMATERIALIZE OUR SHARES

More specifically:

- (i) the secondary legislation must be construed consistently with the primary one. Since the primary regulation, as indicated above, refers only to financial instruments traded, or to be traded, on Italian regulated markets, we consider it appropriate to interpret the secondary regulation with the same geographic scope. It follows that the requisites contemplated in points (a) to (d) above (the “**Requisites**”) as alternative and exclusive requisites to be met for an issuer to be regarded as having shares widely spread among the public, should be construed as events taking place within the Italian financial markets. We believe that the listing of our Shares, being intended solely on the Hong Kong Stock Exchange, does not give rise to the occurrence of any such events within the Italian financial markets, so that, even if, as a consequence thereof, we were to have more than 200 shareholders, we should not be deemed to be an issuer having shares widely spread among the Italian public for the purposes of the Issuers Regulation;
- (ii) in addition, each of the Requisites consists of a wilful action of the issuer or its controlling shareholder(s) directed to place, or facilitate the trading of, the issuer’s shares in the Italian financial markets. We believe that an issuer should not be deemed to have shares widely spread among the public as a result of events outside of its control or the control of its controlling shareholder(s). Given that, as indicated in sub-paragraph (i) above, the listing of our Shares on the Hong Kong Stock Exchange does not give rise to any of the Requisites, it follows that our Company should not be deemed to have shares widely spread among the Italian public by virtue, or as a result, of such listing.

Based on this interpretation of the relevant Italian regulations in force as at the date of this prospectus, our Company has concluded that the obligation to dematerialize will not apply to us as a result of our Shares being listed on the Hong Kong Stock Exchange.

Our Company is, therefore, proceeding with the Global Offering on the basis that our Shares are to be issued to shareholders in materialized form, i.e. in accordance with the procedures that are normally adopted for initial public offerings in Hong Kong.

However, despite our belief that the duty to dematerialize should not apply to our Company, there remains a possibility which cannot be ruled out that a different interpretation of the relevant Italian regulations might be adopted by Italian regulators (namely CONSOB and the Bank of Italy), as a result of which we may be required to dematerialize our Shares in order to comply with Italian requirements. Should this be the case, (i) our Company would not (in any event) be required to complete the dematerialization of our Shares until the start of the next financial year, i.e. February 1, 2012; and (ii) the actions to be taken by our Company and our shareholders are set out below.

POTENTIAL REQUIREMENT TO DEMATERIALIZE OUR SHARES

How dematerialization would be implemented

In the case of our Company, dematerialization would mean that we will cease to issue share certificates and any existing share certificates issued in respect of our Shares will also cease to have effect as evidence of a shareholder's entitlement to exercise certain rights pertaining to the shares (as explained in sub-paragraphs (ii) to (v) of the paragraph headed "Consequences of dematerialization for shareholders" of this section).

Dematerialization would involve, based on the existing Italian model for the deposit and registration of shares and Italian law and regulations in force as at the date of this prospectus (and in the absence of specific arrangements between Monte Titoli S.p.A. ("**Monte Titoli**"), the Italian central securities depository, and CCASS), our Shares being dematerialized and registered with Monte Titoli (or another central clearing depository authorized by CONSOB and the Bank of Italy).

Under the Italian system, shareholders hold dematerialized shares of an issuer by establishing an account with an intermediary qualified at Monte Titoli ("**Intermediary**") (typically being commercial banks or stockbrokers). The ownership of Shares registered with Monte Titoli is represented by an electronic entry (in the name of the shareholder) in the accounts of an Intermediary.

In a dematerialized structure, we envisage that: (i) the legal ownership of our Shares which are traded on the Hong Kong Stock Exchange would be represented with Monte Titoli by an electronic entry in the name of HKSCC Nominees; and (ii) investors whose Shares are held in CCASS and registered in the name of HKSCC Nominees would continue to hold beneficial title to the Shares and remain unaffected by dematerialization. However, shareholders who hold Shares physically outside of CCASS would be required, if our Shares are to be dematerialized, to take action as described in the paragraph headed "Consequences of dematerialization for shareholders" below.

In the event that our Company is required to dematerialize our Shares, our Company will publish an announcement on the Hong Kong Stock Exchange's website in accordance with the Listing Rules and on the Company's website and will dispatch a circular to inform shareholders of the action required to be taken by them in connection with the dematerialization of our Shares and the latest date by which such action must be taken (the "**Record Date**").

POTENTIAL REQUIREMENT TO DEMATERIALIZE OUR SHARES

Consequences of dematerialization for shareholders

As a consequence of the dematerialization of our Shares, based on the existing model for the holding and registration of securities in the Hong Kong market and the Italian regulations currently in force:

(i) a shareholder holding Shares in his own name (e.g. a shareholder who has applied for Shares using a **WHITE** Application Form or by means of **White Form eIPO** and who has not subsequently transferred his Shares or deposited them into CCASS via an account established with a CCASS Participant) would be required to, at his own expense and by the Record Date, either:

(a) if he intends to have his shares capable of being traded on the Hong Kong Stock Exchange:

(1) deliver the share certificate(s) held by him to his broker or custodian to deposit into the CCASS Participant account maintained by such broker or custodian; or

(2) open a stock account with a broker or custodian who maintains a CCASS Participant account and deliver the share certificate(s) held by him in accordance with sub-paragraph (1) above; or

(3) fill in and sign a form of agreement with the Hong Kong Share Registrar appointing the Hong Kong Share Registrar as his nominee and instructing the Hong Kong Share Registrar to deposit the share certificate(s) held by him into the CCASS Participant account maintained by an agent of the Hong Kong Share Registrar; and

in each case, transfer his legal ownership of the Shares to HKSCC Nominees for the latter to hold as his nominee in CCASS through the CCASS Participant account maintained by his broker or custodian or his nominee; or

(b) if he intends to retain legal ownership of the Shares in his own name or has created a pledge (or wishes to create a pledge) over the Shares owned by him which is valid under Italian law, at his own expense, establish an account with an Intermediary and to have his shareholding recorded through such Intermediary. If a shareholder adopts this approach, his Shares shall not be capable of being traded on the Hong Kong Stock Exchange unless he transfers such Shares to HKSCC Nominees and deposits them in CCASS in accordance with point (a) above.

POTENTIAL REQUIREMENT TO DEMATERIALIZE OUR SHARES

If a shareholder does not undertake the actions set out in sub-paragraph (i) above by the Record Date:

- (ii) he will cease to be able to exercise his shareholder rights in respect of the Shares held by him, including the right to attend, vote and speak at shareholder meetings;
- (iii) our Company will continue to send cheques payable to him to his last known address for any dividends declared and paid by our Company;
- (iv) corporate communications will continue to be sent to his last known address; and
- (v) he will not be able to transfer his Shares.**

in each case, until he takes the actions set out in sub-paragraph (i) above.

Shareholders should note that under Italian law, dividends not collected within five years of the day on which they become payable will be proscribed in favour of the Company and allocated to reserves.

Shareholders who do not take action by the Record Date

Shareholders holding Shares in physical form may, at any time after the Record Date, dematerialize their Shares in accordance with the procedures set out in sub-paragraph (i) above. Upon completion of the dematerialization process for the Shares owned by them (by taking the action set out in sub-paragraph (i) above), the relevant shareholders will be able to exercise their rights with effect from the dematerialization.

The legal title to Shares held by shareholders who have not undertaken the actions set out in sub-paragraph (i) above will continue to be reflected in the Company's register of shareholders in the name of those shareholders. However, shareholders should be aware of the consequences of a failure to dematerialize the Shares held by them by taking the action set out in sub-paragraph (i) above, which are set out in sub-paragraphs (ii) to (v) above.

Investors whose Shares are held in CCASS and registered in the name of HKSCC Nominees are not required to take any action in respect of the dematerialization of our Shares should our Company be required to do so, and the consequences set out in sub-paragraphs (iv) to (v) shall not apply to such investors.

Difference between holding Shares physically and in CCASS

Under the current scrip system operating in Hong Kong (which applies to and will be adopted by our Company for so long as our Company is not required to dematerialize our Shares), investors in Hong Kong can hold their interest in shares in one of two ways — in physical form outside CCASS or in electronic form within CCASS. Investors who hold shares in physical form outside CCASS,

POTENTIAL REQUIREMENT TO DEMATERIALIZE OUR SHARES

and in their own names, hold them as registered or legal owners and their names appear on the register of shareholders. Investors who hold shares in electronic form inside CCASS hold only a beneficial interest in the shares and legal title remains with HKSCC Nominees. The register of shareholders therefore shows HKSCC Nominees (and not the investor) as the shareholder.

Holders of physical shares outside CCASS are served by the issuer's share registrar, who provides corporate communications directly to, and processes corporate actions directly with, these investors. As shareholders, these investors receive information regarding shareholders' meetings from the share registrar directly and are able to attend the meeting and vote in person or by proxy.

For investors who hold their shares inside CCASS, HKSCC Nominees, as registered shareholder of the shares, would receive information on corporate action events. Investors who wish to exercise corporate actions rights attaching to the shares (for example, to attend and vote at meetings) must provide instructions to HKSCC Nominees and exercise corporate action rights via their CCASS Participants. Alternatively in the case of shareholders' meetings, such investors would have the right to be appointed as a corporate representative or proxy of HKSCC Nominees in order to attend the meetings and vote in person.

Important information for applicants for our Shares

Investors whose Shares were, prior to our Company being required to dematerialize our Shares, already registered in the name of HKSCC Nominees and deposited into CCASS (e.g. investors who have applied for Shares using a **YELLOW** Application Form or by giving electronic application instructions to HKSCC via CCASS and who have not subsequently transferred such Shares or withdrawn them from CCASS to be held in certificated form) will not be required to take any action in connection with the dematerialization of our Shares. The Shares owned by them will continue to be deposited in CCASS and registered in the name of HKSCC Nominees.

Investors who intend to apply for Shares using a WHITE Application Form or by means of White Form eIPO should note that, in the event that our Company is required to dematerialize our Shares, holders of physical Shares will be required to, at their own expense, take the action set out under sub-paragraph (i) of the paragraph headed "Consequences of dematerialization for shareholders" in order to continue to exercise their shareholder rights. The fees chargeable by the service providers referred to in sub-paragraphs (i)(a) and (b) of the paragraph headed "Consequences of dematerialization for shareholders" will therefore be borne entirely by the relevant shareholder.

POTENTIAL REQUIREMENT TO DEMATERIALIZE OUR SHARES

Investors should note that the information provided in this section is based on our expectation of what will be required to implement a dematerialized system for the holding of our Shares assuming, among other things, that the current systems for the deposit, custody, clearing and settlement in operation in Hong Kong and Italy and the relevant rules and regulations in force as of the date of this prospectus remain unchanged. As there are currently no definitive plans on how to address all issues arising out of the potential requirement to dematerialize our Shares, and as the steps described in sub-paragraph (i) of the paragraph headed “Consequences of dematerialization for shareholders” above may be subject to change, if our Company is required to dematerialize our Shares, we will consult, work and cooperate with HKSCC, the Hong Kong Stock Exchange and the SFC to agree on a viable model for the dematerialization of our Shares which is in compliance with applicable laws and regulations. In order for our Shares to continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS, our Shares will need to continue to meet the eligibility criteria in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. We will also, at the appropriate time, publish an announcement on the Hong Kong Stock Exchange’s website in accordance with the Listing Rules and on our website and will dispatch a circular to inform shareholders of the action required to be taken by them in connection with the dematerialization of our Shares and the latest date by which such action must be taken.



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June 13, 2011

The Directors

PRADA S.p.A.
CLSA Equity Capital Markets Limited
Goldman Sachs (Asia) L.L.C.

Dear Sirs,

We set out below our report on the financial information (the "**Financial Information**") regarding PRADA S.p.A. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") for each of the three years ended January 31, 2011 (the "**Relevant Periods**") for inclusion in the prospectus of the Company, dated June 13, 2011 in connection with the initial public offering ("**IPO**") of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company was incorporated in Italy on July 11, 1990 as a joint-stock company with limited liability. The Company is an investment holding company and engaged in manufacturing and distribution business.

As at the date of this report, the Company has direct and indirect interests in subsidiaries, an associate and a jointly-controlled entity as set out in Note 40 of Section A below. All of these companies are private companies.

The statutory financial statements of the Company were audited by Deloitte & Touche S.p.A. The statutory financial statements of majority of subsidiaries of the Company were audited by independent auditors as set out in Note 41 of Section A below.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group and the financial statements of the Company for the Relevant Periods in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**"), which have been endorsed by the European Union ("**EU**") (the "**Underlying Financial Statements**"). EU-endorsed IFRSs may differ from IFRSs issued by the IASB if, at any reporting time, new or amended IFRSs and Interpretations issued by the IASB have not yet been endorsed by the EU. As at January 31, 2009, 2010 and 2011, there were no unendorsed accounting standards effective for the accounting periods beginning on February 1, 2008, 2009 and 2010, respectively, affecting the Financial Information. As a

consequence there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Group and the Company. Accordingly, the Financial Information for the Relevant Periods is prepared in accordance with IFRSs issued by the IASB. Deloitte & Touche S.p.A., Italy has undertaken an independent audit of the Underlying Financial Statements in accordance with the Auditing Standards issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob, the Italian Commission for listed Companies and the Italian Stock Exchange. We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the Hong Kong Institute of Certified Public Accountants.

The Financial Information of the Group and the Company for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments were deemed necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are also responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Information, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group and of the Company as at January 31, 2009, 2010 and 2011, and of the consolidated results and consolidated cash flows of the Group for the Relevant Periods.

A. FINANCIAL INFORMATION**Consolidated Statements of Financial Position**

Assets	Notes	At January 31,		
		2009	2010	2011
		Euro'000	Euro'000	Euro'000
Current assets				
Cash and cash equivalents	5	86,871	98,564	96,572
Trade receivables, net	6	250,512	224,198	274,175
Inventories	7	251,197	231,476	280,409
Derivative financial instruments	8	3,440	180	7,379
Amounts due from parent company, a jointly controlled entity and related parties	9	22,322	56,421	36,317
Other current assets	10	130,462	74,708	70,225
Assets held for sale	11	1,413	1,413	4,948
Total current assets		746,217	686,960	770,025
Non-current assets				
Property, plant and equipment	12	379,191	417,965	536,717
Intangible assets	13	901,116	893,319	869,119
Investment in an associate	14	1,738	1,738	1,738
Investment in a jointly controlled entity	14	8,160	7,757	—
Other investments	14	14	14	14
Deferred tax assets	33	106,185	111,373	141,378
Derivative financial instruments	8	—	—	2,140
Other non-current assets	15	33,433	28,355	44,884
Total non-current assets		1,429,837	1,460,521	1,595,990
Total assets		2,176,054	2,147,481	2,366,015

Liabilities and Shareholders' equity	Notes	At January 31,		
		2009	2010	2011
		Euro'000	Euro'000	Euro'000
Current liabilities				
Bank overdrafts and short-term loans	16	366,538	459,283	194,240
Amounts due to parent company, a jointly controlled entity and related parties	17	3,226	5,620	1,107
Other shareholders' loans	18	521	545	581
Trade payables	19	230,507	196,396	233,866
Current tax liabilities	33	33,904	62,189	107,592
Derivative financial instruments	8	21,266	9,278	5,279
Obligations under finance leases	20	3,414	5,513	5,019
Other current liabilities	21	93,389	90,726	111,482
Total current liabilities		752,765	829,550	659,166
Non-current liabilities				
Long-term debt	16	264,032	111,439	303,408
Obligations under finance leases	20	7,663	7,668	2,509
Post-employment benefits	22	36,103	36,831	34,833
Provision for contingencies and commitments	23	14,120	13,139	52,725
Deferred tax liabilities	33	64,525	59,404	52,711
Other non-current liabilities	24	22,429	32,633	50,207
Derivative financial instruments	8	2,118	158	318
Total non-current liabilities		410,990	261,272	496,711
Total liabilities		1,163,755	1,090,822	1,155,877
Equity and reserves				
Share capital	25	250,000	250,000	250,000
Reserves		753,107	797,903	954,350
Equity attributable to owners of the Company		1,003,107	1,047,903	1,204,350
Non-controlling interests		9,192	8,756	5,788
Total liabilities and equity		2,176,054	2,147,481	2,366,015
Net current (liabilities) assets		(6,548)	(142,590)	110,859
Total assets less current liabilities		1,423,289	1,317,931	1,706,849

Statements of Financial Position of the Company

Assets	Notes	At January 31,		
		2009	2010	2011
		Euro'000	Euro'000	Euro'000
Current assets				
Cash and cash equivalents	5	14,449	15,824	3,686
Trade receivables, net	6	425,535	463,314	478,899
Inventories	7	129,498	115,086	130,145
Derivative financial instruments	8	3,440	180	7,368
Amounts due from parent company, subsidiaries, and related parties	9	156,673	189,146	186,423
Other current assets	10	39,476	26,442	34,088
Assets held for sale	11	1,413	1,413	4,948
Total current assets		770,484	811,405	845,557
Non-current assets				
Property, plant and equipment	12	122,748	143,197	166,352
Intangible assets	13	88,475	90,501	91,634
Investment in an associate	14	1,738	1,738	1,738
Investment in a jointly controlled entity	14	7,050	7,050	—
Investments in subsidiaries	14	833,012	822,615	823,479
Other investments	14	14	14	14
Deferred tax assets	33	31,240	29,470	30,320
Derivative financial instruments	8	—	—	2,140
Other non-current assets	15	3,764	2,900	1,227
Total non-current assets		1,088,041	1,097,485	1,116,904
Total assets		1,858,525	1,908,890	1,962,461

Liabilities and Shareholders' equity	Notes	At January 31,		
		2009 Euro'000	2010 Euro'000	2011 Euro'000
Current liabilities				
Bank overdrafts and short-term loans	16	286,147	375,100	149,956
Amounts due to parent company, subsidiaries, a jointly controlled entity and related parties	17	178,217	289,311	297,339
Trade payables	19	293,614	260,460	309,929
Current tax liabilities	33	5,980	18,366	42,889
Derivative financial instruments	8	20,946	8,941	4,883
Obligations under financial leases	20	2,953	2,305	2,819
Other current liabilities	21	42,703	44,855	47,477
Total current liabilities		830,560	999,338	855,292
Non-current liabilities				
Long-term debt	16	219,254	78,069	233,694
Obligations under financial leases	20	5,129	5,353	2,089
Post-employment benefits	22	23,044	23,511	20,400
Provisions for contingencies and commitments	23	1,081	1,081	28,906
Deferred tax liabilities	33	9,573	11,041	12,261
Other non-current liabilities	24	—	175	737
Derivative financial instruments	8	2,118	146	30
Total non-current liabilities		260,199	119,376	298,117
Total liabilities		1,090,759	1,118,714	1,153,409
Equity and reserves				
Share capital	25	250,000	250,000	250,000
Reserves	26	517,766	540,176	559,052
Equity attributable to owners of the Company		767,766	790,176	809,052
Total liabilities and equity		1,858,525	1,908,890	1,962,461
Net current liabilities		(60,076)	(187,933)	(9,735)
Total assets less current liabilities		1,027,965	909,552	1,107,169

Consolidated Income Statements

Continuing operations	Notes	Year ended January 31,		
		2009	2010	2011
		Euro'000	Euro'000	Euro'000
Net revenues	27	1,643,629	1,561,238	2,046,651
Cost of goods sold	29	(690,533)	(586,582)	(658,763)
Gross margin		953,096	974,656	1,387,888
Interest income		10,123	2,452	1,306
Other gains and losses	30	(2,076)	(7,948)	(4,660)
Product and development expenses	31	(88,206)	(96,794)	(97,164)
Advertising and promotion expenses		(99,542)	(75,823)	(85,119)
Selling expenses		(428,056)	(484,624)	(642,507)
General and administration expenses		(146,338)	(130,383)	(144,711)
Finance cost	32	(46,198)	(25,983)	(22,583)
Share of profit (loss) of a jointly controlled entity	14	1,015	(403)	(4,221)
Profit before tax		153,818	155,150	388,229
Income tax expense	33	(52,631)	(52,503)	(134,678)
Profit for the year from continuing operations	34	101,187	102,647	253,551
Discontinued operations				
Loss for the year from discontinued operations	4	(602)	(2,307)	—
Profit for the year		100,585	100,340	253,551
Profit for the year attributable to:				
Owners of the Company				
- Profit for the year from continuing operations		99,408	102,470	250,819
- Loss for the year from discontinued operations		(602)	(2,307)	—
Profit for the year attributable to owners of the Company		98,806	100,163	250,819
Non-controlling interests				
- Profit for the year from continuing operations		1,779	177	2,732
Profit for the year attributable to non-controlling interests		1,779	177	2,732
Total		100,585	100,340	253,551
Earnings per share (expressed in Euro per share)	36			
From continuing and discontinued operations				
- Basic		0.0395	0.0401	0.1003
From continuing operations				
- Basic		0.0398	0.0410	0.1003

Consolidated Statements of Comprehensive Income

	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Profit for the year	100,585	100,340	253,551
Other comprehensive income (expense)			
Fair value (losses) gains on cash flow hedges	(18,757)	11,197	6,354
Actuarial gains (losses) on defined benefit pension plans	274	(815)	3,495
Exchange differences on translating foreign operations	20,799	(18,269)	5,609
Other comprehensive income (expense) for the year (net of tax)	2,316	(7,887)	15,458
Total comprehensive income for the year	102,901	92,453	269,009
Total comprehensive income attributable to:			
Owners of the Company	100,423	92,546	266,313
Non-controlling interests	2,478	(93)	2,696
	102,901	92,453	269,009

Tax effect relating to other comprehensive income:

	Year ended January 31, 2009			Year ended January 31, 2010			Year ended January 31, 2011		
	Before-tax amount	Tax (expense) benefit	Net-of-tax amount	Before-tax amount	Tax (expense) benefit	Net-of-tax amount	Before-tax amount	Tax (expense) benefit	Net-of-tax amount
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Exchange differences on translating foreign operations	20,799	—	20,799	(18,269)	—	(18,269)	5,609	—	5,609
Fair value (losses) gains on cash flow hedges	(25,701)	6,944	(18,757)	15,628	(4,431)	11,197	8,813	(2,459)	6,354
Actuarial gains (losses) on defined benefit pension plans	403	(129)	274	(1,110)	295	(815)	4,553	(1,058)	3,495
	(4,499)	6,815	2,316	(3,751)	(4,136)	(7,887)	18,975	(3,517)	15,458

Consolidated Statements of Changes in Equity

	Share capital	Share premium	Foreign currency translation reserve	Cash flow hedging reserve	Actuarial reserve	Capital reserve	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Balance as at February 1, 2008	250,000	209,298	(47,772)	4,541	(3,888)	—	496,231	908,410	4,121	912,531
Profit for the year	—	—	—	—	—	—	98,806	98,806	1,779	100,585
Other comprehensive income for the year	—	—	20,100	(18,757)	274	—	—	1,617	699	2,316
Total comprehensive income for the year	—	—	20,100	(18,757)	274	—	98,806	100,423	2,478	102,901
Acquisitions of additional interest in subsidiaries	—	—	—	—	—	(5,726)	—	(5,726)	3,855	(1,871)
Dividend paid	—	—	—	—	—	—	—	—	(1,262)	(1,262)
Balance as at January 31, 2009	250,000	209,298	(27,672)	(14,216)	(3,614)	(5,726)	595,037	1,003,107	9,192	1,012,299
Profit for the year	—	—	—	—	—	—	100,163	100,163	177	100,340
Other comprehensive income for the year	—	—	(17,999)	11,197	(815)	—	—	(7,617)	(270)	(7,887)
Total comprehensive income for the year	—	—	(17,999)	11,197	(815)	—	100,163	92,546	(93)	92,453
Dividends	—	—	—	—	—	—	(47,750)	(47,750)	(343)	(48,093)
Balance as at January 31, 2010	250,000	209,298	(45,671)	(3,019)	(4,429)	(5,726)	647,450	1,047,903	8,756	1,056,659
Profit for the year	—	—	—	—	—	—	250,819	250,819	2,732	253,551
Other comprehensive income for the year	—	—	5,659	6,354	3,481	—	—	15,494	(36)	15,458
Total comprehensive income for the year	—	—	5,659	6,354	3,481	—	250,819	266,313	2,696	269,009
Dividends	—	—	—	—	—	—	(111,000)	(111,000)	(530)	(111,530)
Acquisition of additional interest in a subsidiary	—	—	—	—	—	1,134	—	1,134	(5,134)	(4,000)
Balance as at January 31, 2011	250,000	209,298	(40,012)	3,335	(948)	(4,592)	787,269	1,204,350	5,788	1,210,138

Note: According to the Italian law, the Company has to set aside a portion of annual net profits to a non-distributable reserve and there are other limitation on distribution of profits. Details are set out in note 26.

Certain subsidiaries were also required to set aside a portion of annual net profit to the legal reserve. In addition, certain portion of their profit is required to cover deficit in certain reserves in accordance with relevant laws and such amount is not available for distribution.

Consolidated Statements of Cash Flows

	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Profit before tax from continuing operations	153,818	155,150	388,229
Loss before tax from discontinued operations	(602)	(2,307)	—
Total profit before tax	153,216	152,843	388,229
Adjustments for:			
Depreciation and amortization from discontinued operations	170	497	—
Depreciation and amortization from continuing operations	79,910	93,804	111,454
Impairment of / written off non-current assets	11,777	9,383	6,089
Finance income and expenses	28,905	29,617	19,307
Share of (profit) loss of a jointly controlled entity	(1,105)	403	4,221
Other non-monetary changes	(463)	4,757	26,838
Operating cash flows before movements in working capital	272,410	291,304	556,138
Other non-current assets and liabilities	(4,239)	3,846	(9,950)
Trade receivables	8,578	24,445	(46,052)
Inventories	41,795	15,048	(46,377)
Trade payables	(8,900)	(33,519)	36,909
Other current assets and liabilities	(10,285)	39,417	(9,976)
	299,359	340,541	480,692
Interests paid, net	(35,392)	(21,208)	(22,811)
Income taxes paid, net	(98,056)	(39,447)	(90,167)
Cash flows generated from operations	165,911	279,886	367,714
Investing activities			
Purchase of assets	(144,307)	(132,791)	(187,606)
Acquisition of investments	(7,788)	(9,310)	(4,000)
Cash flow used in investing activities	(152,095)	(142,101)	(191,606)

	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Financing activities			
Dividends paid to shareholders	—	(47,750)	(58,852)
Dividends paid to non-controlling interests	(1,262)	(343)	(530)
Repayment of loans to other shareholders	—	—	(74)
Repayment of short-term portion of long-term borrowings - third parties	(117,532)	(114,624)	(179,702)
Proceeds from long-term borrowings - third parties	37,267	23,007	307,293
Change in short-term borrowings - third parties	94,731	38,547	(201,806)
Change in short-term borrowings - parent company and related parties	(29,630)	(23,960)	(35,591)
Cash flow used in financing activities	(16,426)	(125,123)	(169,262)
Change in cash and cash equivalents, net of bank overdraft	(2,610)	12,662	6,846
Opening cash and cash equivalents, net of bank overdraft	55,144	59,862	69,195
Exchange differences	7,328	(3,329)	3,457
Closing cash and cash equivalents, net of bank overdrafts	59,862	69,195	79,498
Cash and cash equivalents	86,871	98,564	96,572
Bank overdrafts	(27,009)	(29,369)	(17,074)
Closing cash and cash equivalents, net of bank overdrafts	59,862	69,195	79,498

NOTES TO THE FINANCIAL INFORMATION**1. GENERAL INFORMATION**

PRADA S.p.A. (the “**Company**”) and its subsidiaries (collectively referred as the “**Group**”) are a world leader in the design, production and distribution of luxury handbags, leather goods, footwear, apparel, accessories, eyewear and fragrances.

Through its directly-operated-stores (“**DOS**”) network and a selected number of wholesalers, the Group operates in all major international markets.

The Company is a joint-stock company, incorporated and domiciled in Italy, with registered office in via Fogazzaro 28, Milan, Italy. Its parent is PRADA Holding B.V., a company domiciled in the Netherlands. The ultimate shareholders of PRADA Holding B.V. are Mr. Patrizio Bertelli and the Prada family.

The Financial Information is presented in Euro, which is the same as the functional currency of the Company.

The Financial Information has been prepared on a going concern basis.

2. APPLICATION OF THE NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The IASB and the International Financial Reporting Interpretations Committee (“**IFRIC**”) of the IASB issued a number of new International Accounting Standards (“**IASs**”), IFRSs, amendments and interpretations (hereinafter collectively referred to as “**new IFRSs**”) which are effective for the Group’s financial period beginning on February 1, 2010. For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Group has adopted all these new IFRSs and other existing IFRSs consistently throughout the Relevant Periods.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective during the Relevant Periods.

IFRS 1 (Amendments)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters ¹
IFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ²
Amendments to IFRS 7	Disclosures - Transfers of Financial Assets ²
IFRS 9	Financial Instruments ³

IFRS 10	Consolidated Financial Statements ³
IFRS 11	Joint Arrangements ³
IFRS 12	Disclosure of Interests in Other Entities ³
IFRS 13	Fair Value Measurement ³
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ⁴
IAS 24 (revised in 2009)	Related Party Disclosures ⁵
IAS 27 (Revised 2011)	Separate Financial Statements ³
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures ³
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement ⁵
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments ¹

Improvements to IFRSs issued in 2010 (except for the amendments to IFRS 3(2008), IFRS 7 and IAS 1)⁶

¹ Effective for annual periods beginning on or after July 1, 2010.

² Effective for annual periods beginning on or after July 1, 2011.

³ Effective for annual periods beginning on or after January 1, 2013.

⁴ Effective for annual periods beginning on or after January 1, 2012.

⁵ Effective for annual periods beginning on or after January 1, 2011.

⁶ Effective for annual periods beginning on or after July 1, 2010 and January 1, 2011, as appropriate.

IFRS 9 *Financial Instruments* issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is recognized in profit or loss.

IFRS 9 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The directors of the Company (the "**Directors**") anticipate that IFRS 9 that will be adopted in the Financial Information for the annual period beginning February 1, 2013 and that the application of the new standard may have impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The Directors anticipate that the application of the other new and revised standards, amendments or interpretation will have no material impact on the Financial Information.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with IFRSs issued by the IASB. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the Relevant Periods are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to February 1, 2008, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the

subsidiary are measured at fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the

sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another Standard.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as at the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognized in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognized as at that date.

Financial assets

The Group's financial assets are classified into loans and receivables, financial asset at fair value through profit or loss ("FVTPL") and available-for-sale investments (other investments). All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognized in profit or loss.

Financial assets at fair value through profit or loss

Financial assets at FVTPL represent those derivatives designated and effective as a hedging instrument.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, amounts due from parent company, subsidiaries, a jointly controlled entity and related

parties, cash and cash equivalents and other current assets) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale investments do not have a quoted market price in an active market and whose fair value cannot be reliably measured. They are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Inventories

Raw materials, work in progress and finished products are recorded at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost comprises direct production costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Acquisition or production cost is determined on a weighted average basis. Provisions, to directly adjust the value of the inventory, are made for slow moving and obsolete inventories as well as if the estimated selling prices are lower than cost.

Assets held for sale

A non-current asset is classified as held for sale if its carrying amount is mainly recovered through sale instead of through its continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Assets held for sale are measured at the lower of their previous carrying amounts and their fair value less any disposal costs.

Property, plant and equipment

Property, plant and equipment are recorded at acquisition cost or manufacturing cost, including any charges directly attributable, and are shown net of accumulated depreciation calculated on the basis of the useful lives of

the assets and any impairment losses. Interest costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Maintenance expenses are charged in full to profit or loss of the year they are incurred and only capitalised if they increase the value or useful life of the related asset.

All costs incurred during the period between the renovation starting date and the opening date are capitalised as "Leasehold improvements", as they are deemed necessary to bring the related assets to their working condition. The relevant construction or renovation period ranges from six to eighteen months depending on the type of store/work.

Depreciation methods, estimated useful lives and residual values are reviewed annually, with the effect of any changes in estimate accounted for on a prospective basis.

The depreciation rates per annum are listed below:

Fixed asset category	Depreciation rate
Buildings	3% - 4%
Plant and production machinery	10% - 20%
Leasehold improvements	Shorter of lease term or 10%
Furniture and fittings	10% - 20%
Other equipments	6% - 33%

Freehold land and construction in progress is not depreciated.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

When assets are disposed of, their cost and accumulated depreciation are eliminated from the financial statements. Any gains or losses arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized in profit or loss.

Annually and whenever there is an indication of impairment, an impairment test is applied to calculate the recoverable amount of the asset. This calculation is determined by comparing the carrying value of the asset with the recoverable value i.e. the higher of fair value less selling costs and value in use.

Fair value is determined based on the best information available to reflect the amount that the Group could obtain, at the date of the period end, by disposing of the asset.

The value in use is an estimate of the present value of future cash flows expected to derive from the asset for the purpose of impairment assessment.

Impairment losses are immediately recognized in profit or loss.

At each reporting date, the Group assess whether there is any indication that an impairment loss recognized in prior periods may no longer apply or may have decreased. If any such indication exists, the Group will estimate the recoverable amount of that asset. The recoverable value of the asset shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Reversal of an impairment loss for an asset will be recorded in profit or loss.

Intangible assets

Intangible assets with finite useful lives are carried at costs less accumulated amortization and any accumulated impairment loss.

Intangible assets include trademarks, store lease acquisition costs, software, development costs, goodwill and software under installation.

Trademarks are recorded at cost or at the value attributed upon acquisition and include the cost of trademark registration in the various countries in which the Group operates.

The estimated useful life of trademark is estimated no longer than 40 years. Every trademark is tested for impairment if indicators of impairment emerge.

Store lease acquisition costs represent expenditures made to enter into or take over retail store lease agreements. These costs are capitalised and amortised over the shorter period of the lease term or 10 years.

Software refers to Information Technology ("IT") projects and includes all internal and external costs incurred to put the asset in use. IT projects include costs for the acquisition of licenses as well as costs incurred for their development and installation. Software is capitalised on condition that it is identifiable, reliably measurable and if it is probable that the asset will generate future economic benefits.

Development costs include expenses incurred to strengthen the brand image through the implementation of highly technological retail projects such as the "In-Store Technology" or through project aimed to develop the store "concept". The relevant useful life is estimated by the Directors, and it is between three and ten years.

Intangible assets (other than goodwill and software under installation) with a determinable useful life are amortised on a straight-line basis at the following rates:

Intangible assets categories	Amortization rate
Trademarks	2.5% - 10%
Store lease acquisition costs	Shorter of lease term or 10%
Software	10% - 33%
Development cost	10% - 33%

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill, as an asset that produces future economic benefits but not individually identified and separately measured, is initially recognized at cost.

Goodwill is not amortised, but tested for impairment at the end of each period. If specific events or altered circumstances indicate the possibility that goodwill has been impaired, the impairment test is performed more frequently. If goodwill is initially recorded during the current year, the impairment test is performed before the end of the year.

For impairment test purposes, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash generating units that are expected to benefit from the synergies of the combination. Cash Generating Units are determined based on the organizational structure and represent homogeneous groups of assets that generate independent cash inflows from continuing use of the relevant assets. The Group's Cash Generating Units include trademarks, sales channels and geographical areas.

The cash generating units to which goodwill has been allocated shall be tested for impairment annually and, whenever there is an indication of impairment, by comparing their carrying amounts to their recoverable amounts.

Recoverable amount is the higher of the fair value less selling costs and value in use, as calculated based on an estimate of the future cash flows expected to derive from the cash generating unit tested for impairment. Cash flow projections are based on budget and forecast and on long-term business plans (generally five years) approved by the management of the relevant business units.

Whenever the recoverable amount of the cash generating unit is lower than its carrying value, an impairment loss is recognized directly in profit or loss.

An impairment loss recorded for goodwill is never reversed in the subsequent periods.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statements of financial position at cost less identified impairment loss.

Investment in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a jointly controlled entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investment in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's Financial Information only to the extent of interests in the associate that are not related to the Group.

Investment in a jointly controlled entity

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entity is incorporated in the Financial Information using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in jointly controlled entities are initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the jointly controlled entity. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a jointly controlled entity recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognized in the Group's Financial Information only to the extent of interests in the jointly controlled entity that are not related to the Group.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and an associate, and a jointly controlled entity, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible

temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that has been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case the deferred tax is also recognized in other comprehensive income or directly in equity respectively.

Derivative financial instruments

Derivative financial instruments that hedge interest rate risk and exchange rate risk exposure are recorded based on hedge accounting rules.

This accounting treatment is used for derivative financial instruments designated as cash flow hedges. A cash flow hedge is a hedge of the exposure to changes in future cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and which could affect profit or loss. In this case, the qualified portion of the gain or loss on the hedging instrument is recognized in other comprehensive income.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated income statements as the recognized hedged item.

Any gain or loss on a hedging instrument (or portion thereof) which is no longer effective as cash flow hedge is immediately recognized in the profit or loss. If a hedging instrument or a hedging relationship has expired but the hedged transaction has not yet occurred, any accumulated gains or losses, recognized in shareholders' equity until then, is recorded in the income statement when the transaction takes place.

If the hedged transaction is no longer expected to take place, any related cumulative gain or loss outstanding in equity will be recognized in the profit or loss.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Obligations under finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Short-term portions of obligations related to discounted future lease payments are recorded among current liabilities under "Obligations under finance leases", while medium and long-term portions are recorded among non-current liabilities under "Obligations under finance leases".

Post-employment benefits

Post-employment benefits mainly consist of defined contribution retirement benefit plans and Italian Staff Leaving Indemnities (hereinafter TFR) which are classed as defined-benefit plans.

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans, the present value is estimated by applying actuarial methods, of the expected future payments required to settle the obligation resulting from employee service in the current and past periods. The actuarial valuation is carried out by an independent actuary using the Projected Unit Credit Method. This method considers each period of service provided by the employee as an additional unit right and measures the actuarial liability on the basis of the only matured seniority at the evaluation date. This actuarial liability is then re-measured taking into account the relationship between the service years provided by the employee at the evaluation date and the maturity cumulated at the expected date of settlement of the benefit. Moreover this method includes within its assumptions future salary increases whenever due to an employee (such as inflation rates, careers and new agreements) until the estimated termination date of the employment relationship.

The retirement benefit obligation recognized in the statements of financial position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

The cost of defined benefit plan, accruing during the year and recorded in the consolidated income statements, is equal to the discounted average amount of employee entitlements for the current period service, plus the interest cost on the present value of the Group's obligation at the beginning of the year. The interest cost is calculated adopting the previous year discount rate of future outflows used to estimate the liability at the reporting date.

Actuarial gains and losses are recognized directly in the other comprehensive income, net of deferred tax.

Other long-term employee benefits are recorded among non-current liabilities and their value corresponds to the present value of the defined benefit obligation at the reporting date, adjusted according to the relevant agreement's period. The valuation of other long-term benefits is carried out using the Projected Unit Credit Method.

Provisions

Provisions for risks and charges cover costs of specific nature, of certain or probable existence, whose amount or due date was uncertain at end of each reporting period. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions are only accrued when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made based on available information.

Where the Group expects reimbursement of a charge that has been provided for (e.g. under an insurance policy) the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain and the amount can be measured reliably.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities, other than derivatives, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL represent those derivatives designated and effective as a hedging instrument.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Revenue recognition

Revenues from sales of products are recognized in the profit or loss when all of the following conditions are satisfied:

- risks and rewards of ownership are transferred to the buyer;
- the value of revenues can be reliably determined;
- the Group's control over the goods sold has ceased;
- economic benefits associated with the transaction will probably be enjoyed by the Group; and
- the costs pertaining to the transaction can be reliably determined.

Revenue from sale of goods is recognized when the goods are delivered and title has passed.

Royalties are accounted for based on sales made by the licensees and the terms of the contract.

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Operating leases

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

When calculating the lease term, renewal periods are also considered if provided for by the agreement and the amount due is known or can be estimated.

Store opening costs

Costs incurred during the pre-opening period of new or refurbished retail stores are charged to profit or loss when incurred, except for those capitalised as leasehold improvements (please refer to accounting policy of property, plant and equipment). Upon closure of a store, the carrying value of leasehold improvements, net of the expected recoverable amount, is charged to the profit or loss.

Finance charges

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added

to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the respective functional currency recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

For the purposes of presenting the Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Euro) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal of a subsidiary that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in equity (foreign currency translation reserve).

Income taxes

The provision for income taxes is determined based on a realistic estimate of the tax charge of each consolidated entity, in accordance with the tax rates and tax laws in force or substantially approved in each country at the end of each reporting period. Taxable profit differs from profit as reported in the consolidated income statements because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current taxes are recorded in the consolidated income statements as expenses.

Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the relevant year.

Use of estimates

The process of preparing the financial statements underlying the Financial Information in compliance with IFRS requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses and when valuing contingent assets and liabilities.

Such assumptions relate primarily to unsettled transactions and events as at the end of each reporting period. Accordingly, upon settlement, the actual results may differ from the estimated amounts. Estimates and assumptions are periodically reviewed and the effects of any differences are immediately charged to the profit or loss.

Estimates are used for impairment tests, in determining provisions, allowance for doubtful accounts, allowance for obsolete and slow moving inventories, derivatives, post-employment benefits and in calculating taxes.

Income taxes

At January 31, 2009, 2010 and 2011, the Group had unused tax losses of Euro 83.6 million, Euro 82.0 million and Euro 106.5 million, respectively, available for offset against future profits. A deferred tax asset has been recognized in respect of Euro 12.4 million, Euro 7.7 million and Euro 9.3 million of such losses at January 31, 2009, 2010 and 2011, respectively. No deferred tax asset has been recognized in respect of the remaining Euro 71.2 million, Euro 74.3 million and Euro 97.2 million due to the unpredictability of future profit streams at January 31, 2009, 2010 and 2011, respectively. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

Estimated impairment of trade receivable

The policy for impairment of trade receivables of the Group and the Company is based on the evaluation of collectability and aged analysis of accounts and on management's judgement. A consideration amount of judgement is required in assessing the ultimate realization of these receivables including the current creditworthiness and the past collection history of each agency. If the financial conditions of agencies of the Group and the Company were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required. As at January 31, 2009, 2010 and 2011, the carrying amounts of trade receivables of the Group are Euro 251 million, Euro 224 million and Euro 274 million, respectively, net of provision for bad and doubtful debts Euro 9.4 million, Euro 11.3 million and Euro 10.5 million,

respectively. As at January 31, 2009, 2010 and 2011, the carrying amounts of trade receivables of the Company are Euro 426 million, Euro 463 million and Euro 479 million, respectively, net of provision for bad and doubtful debts Euro 3.9 million, Euro 4.5 million and Euro 4.3 million, respectively.

Fair value of derivatives and other financial instruments

As described in note 8, the directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Details of the assumptions used are disclosed in note 8. The Directors believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

Allowance for obsolete and slow moving inventories

The management of the Group and the Company review an aged analysis of inventories at the end of each reporting period, and makes allowances for obsolete and slow-moving inventory items identified that are no longer suitable for selling to customers. The management estimates the net realisable value based on the latest invoice price and current market conditions. Any adverse changes in the economic environment may impact the demand for the Group's and the Company's products and the net realisable value of the inventory. Where the expectation of the net realisable value is different from the original estimates, such difference will impact the carrying value of inventories.

Provision for litigations and tax disputes

The estimates for provision for litigation are based upon available information and advice of counsel and are regularly reviewed on this basis by management.

In addition, the Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such a determination is made.

Details are set out in note 23.

Post-employment benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the expected long-term rate of return on the relevant plan assets and the discount rate.

The expected return on plan assets assumption is determined on a uniform basis, taking into consideration long-term historical returns and asset allocation and future estimates of long-term investment returns.

The Group and the Company determine the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group and the Company consider the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximately the terms of the related pension liability.

Any changes in these assumptions will impact the carrying amount of the pension obligation.

4. SIGNIFICANT ACQUISITIONS AND DISINVESTMENTS

Car Shoe S.A.

Car Shoe S.A. is a company with registered office in Luxemburg and is the sole shareholder of Car Shoe Italia srl, which distribute Car Shoe products worldwide and sale through 2 monobrand retail stores in Italy.

Further to the agreements signed by the Company and Fang S.A., a non-controlling shareholder of Car Shoe S.A. in February 2008, PB Luxembourg S.A., a company with registered office in Luxemburg and entirely controlled by the Company, acquired a 4% stake in Car Shoe S.A. on April 9, 2008. After this acquisition PB Luxembourg increased its shareholding in Car Shoe S.A. from 51% to 55%. This operation was preceded by Car Shoe S.A. recapitalization - which took place on March 31, 2008 — by both shareholders which waived receivables: Fang S.A., the non-controlling shareholder, for an amount of Euro 4.3 million and PB Luxembourg S.A., subsidiary of the Group, for an amount of Euro 4.5 million.

The consideration for acquisition of this 4% stake in Car Shoe S.A. was Euro 5 million and the difference between the acquisition price and the carrying value of investment acquired was recognized in equity during the year ended January 31, 2009.

In June 2010, the Group further acquired the remaining 45% of the stock capital of Car Shoe S.A., the Luxembourg company that heads the Car Shoe Group, for Euro 4 million. As this involved the acquisition of a further interest in a company already controlled, the difference between the acquisition price and the portion of shareholders' equity acquired amounted to Euro 1.1 million was recognized directly in the Group's shareholders' equity during the year ended January 31, 2011 in accordance with IFRS 3 and IAS 27.

Santacroce srl

On December 2, 2008, the Company acquired the remaining stake in Santacroce srl for an amount of Euro 1.1 million, thus increasing its shareholding from 94% to 100%. The difference between the price paid and the carrying value of the interest acquired was recognized in equity during the year ended January 31, 2009.

Post Development Corp

On December 17, 2008 the Company acquired from its parent company, PRADA Holding B.V., 100% of a group of companies composed of two Luxembourg holding companies (Immobiliare 1 sàrl and Immobiliare 3 sàrl) and six United States ("US") companies, consisting in one sub-holding company (PRADA North America llc) and five subsidiaries (Oak Street Development llc, Piano Development llc, Melrose Development llc, Madison Development llc and Post Development Corp).

During the weeks following the acquisition, a series of extraordinary transactions were carried out aimed at simplifying the control chain over the acquired assets: the Luxembourg companies were liquidated on December 19, 2008 and all the US companies were merged into Post Development Corp in January 2009. The result of this reorganization is the direct ownership of Post Development Corp by the Company as at January 31, 2009.

The consideration of Euro 14.5 million, represented the fair value of a building, determined by an independent valuer, net of financial liabilities paid to PRADA Holding B.V.

The building, located in Manhattan, New York, is the headquarter of PRADA USA Corp and hosts the offices, the showroom and the regional warehouse of the US subsidiary.

Eurobracco srl ("Eurobracco")

During the year ended January 31, 2009, the Company reached a framework agreement with third parties which led to the acquisition by the Group of 100% equity interest of Eurobracco on October 9, 2008 which holds an industrial facility located in Tuscany, Italy. The acquisition was completed on May 5, 2009.

Consideration transferred

	Euro'000
Cash	1,600
Other payable	2,504
	4,104

Assets acquired and liabilities recognized at the date of acquisition are as follows:

	Euro'000
Land and building	7,349
Deferred tax liabilities	(1,849)
Obligations under financial leases	(1,369)
Net working capital	(27)
	4,104

Net cash outflow on acquisition of Eurobracco

	Euro'000
Cash consideration paid	1,600
Less: cash and cash equivalent balances acquired	(34)
	1,566

Luna Rossa Trademark sàrl ("Luna Rossa")

On March 10, 2009, the subsidiary PRADA S.A. acquired the remaining 49% stake in Luna Rossa, a joint-venture with Telecom Italia S.p.A. incorporated in 2005 for the management of the homonymous trademark during the 2007 America's Cup. The acquired interest basically consists of the Luna Rossa trademark and the consideration paid in cash, equal to Euro 9.3 million, represented the fair value of the acquired asset. In December 2009, Luna Rossa has been liquidated and its assets and liabilities have been transferred to PRADA S.A..

Cheaney business disposal

In August 2009, the Group disposed of a footwear manufacturing unit - part of the Church Holding UK plc group - operating in Great Britain. In compliance with IFRS 5 the relevant costs and revenues were shown on a separate line of the consolidated income statements during the years ended January 31, 2009 and 2010.

Costs and revenues from discontinued operations during the year ended January 31, 2009 and 2010, are detailed below.

	Year ended January 31,	
	2009	2010
	Euro'000	Euro'000
Net revenues	4,594	1,712
Cost of goods sold	(4,516)	(1,940)
Operating expenses	(673)	(161)
Impairment losses	—	(1,917)
	(595)	(2,306)
Interest and other financial expenses, net	(7)	(1)
Net loss from discontinued operations	(602)	(2,307)

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as below:

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Cash on hand	9,859	17,273	17,794	999	2,762	833
Bank balances	77,012	81,291	78,778	13,450	13,062	2,853
Total	86,871	98,564	96,572	14,449	15,824	3,686

Bank balances of the Group carry interest at market rates which range from 0% to 4.62%, 0% to 3.18% and 0% to 1.30% as at January 31, 2009, 2010, 2011, respectively.

Bank balances of the Company carry interest at market rates which range from 0% to 2.98%, 0% to 1.55% and 0% to 0.897% as at January 31, 2009, 2010, 2011, respectively.

6. TRADE RECEIVABLES, NET

Trade receivables are detailed as follows:

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Trade receivables:						
- third parties	239,645	216,305	266,376	137,444	125,352	169,434
- PRADA Holding B.V.	—	—	—	142	380	505
- subsidiaries	—	—	—	274,016	325,555	296,152
- a jointly controlled entity (note a)	1,981	1,430	1,924	329	130	72
- other related parties (note b)	18,310	17,771	16,412	17,488	16,374	17,002
	259,936	235,506	284,712	429,419	467,791	483,165
Provision for bad and doubtful debts - third parties	(9,424)	(11,308)	(10,537)	(3,884)	(4,477)	(4,266)
Total	250,512	224,198	274,175	425,535	463,314	478,899

In 2005, the Group signed an agreement with Crédit Agricole Corporate and Investment Bank - Crédit Agricole Group for the securitization of the trade receivables. The contract provides that Company can sell, without recourse, the receivables relating to invoices issued to Italian and European customers. On January 19, 2010, the parties signed a supplementary agreement to early terminate the securitization program.

Note a: Trade receivables from a jointly controlled entity refer to royalties receivable from Fragrance & Skincare S.L. and are related to the distribution of Prada fragrances (note 38).

Note b: Trade receivables from other related parties refer to the sale of finished products and to royalties under franchise agreements with retail companies owned by the major shareholders of PRADA Holding B.V. (note 38).

The credit period on sales of goods is ranged from 30 days to 90 days during the Relevant Periods. Allowances for doubtful debts are recognized based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

The following is an aged analysis of trade receivables (before allowance for doubtful debts) presented based on the overdue days at the end of each reporting period.

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Current	205,198	185,983	249,353	353,427	346,951	341,276
Overdue:						
1 - 30 days	20,807	18,491	7,438	24,306	12,138	77,407
31 - 60 days	9,235	3,949	7,438	15,985	17,575	21,435
61 - 90 days	3,757	3,351	4,176	6,610	8,824	10,212
91 - 120 days	2,604	2,021	342	3,068	5,563	1,904
Over 120 days	18,335	21,711	15,965	26,023	76,740	30,931
	259,936	235,506	284,712	429,419	467,791	483,165

Before accepting any new customer with open credit term, the Group and the Company assess the potential customer's credit quality and defines credit limits.

In determining the recoverability of a trade receivable, the Group and the Company consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of each reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and mostly unrelated.

Trade receivables disclosed below include amounts (see below for aged analysis) that are past due at the end of each reporting period for which the Group and the Company have not recognized an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group and the Company do not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group and the Company to the counterparty.

Age of receivables that are past due but not impaired

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Overdue:						
1 - 30 days	20,794	18,451	7,358	24,294	12,133	77,361
31 - 60 days	9,093	3,674	7,390	15,985	17,570	21,387
61 - 90 days	3,605	3,082	4,083	6,610	8,819	10,184
91 - 120 days	2,526	1,615	239	3,036	5,554	1,801
Over 120 days	9,800	11,823	6,180	22,649	72,651	27,208
	45,818	38,645	25,250	72,574	116,727	137,941

Movements in the allowance for bad and doubtful debts:

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Opening balance	7,984	9,424	11,308	3,704	3,884	4,477
Exchange differences	1,586	(1,013)	204	—	—	—
Impairment losses recognized	1,605	3,670	1,345	865	1,200	918
Amounts written off during the year as uncollectible	(771)	(766)	(2,069)	(685)	(685)	(1,129)
Amounts recovered during the year	(980)	(7)	(251)	—	78	—
Closing balance	9,424	11,308	10,537	3,884	4,477	4,266

7. INVENTORIES

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Raw materials	86,795	70,069	63,672	82,436	67,872	60,058
Work in progress	11,734	12,565	17,186	7,835	9,405	13,795
Finished products	214,485	214,620	263,341	99,126	103,308	119,850
Allowance for obsolete and slow moving inventories	(61,817)	(65,778)	(63,790)	(59,899)	(65,499)	(63,558)
Total	251,197	231,476	280,409	129,498	115,086	130,145

Work in progress includes materials in production by the Company, a subsidiary and by third party sub-contractors.

8. FINANCIAL INSTRUMENTS

Derivative financial instruments

Assets and liabilities - current portion

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Financial assets for derivative instruments	3,440	180	7,379	3,440	180	7,368
Financial liabilities for derivative instruments	(21,266)	(9,278)	(5,279)	(20,946)	(8,941)	(4,883)
Net carrying amount	(17,826)	(9,098)	2,100	(17,506)	(8,761)	2,485

Assets and liabilities - non-current portion

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Financial assets for derivative instruments	—	—	2,140	—	—	2,140
Financial liabilities for derivative instruments	(2,118)	(158)	(318)	(2,118)	(146)	(30)
Net carrying amount	(2,118)	(158)	1,822	(2,118)	(146)	2,110

The derivative financial assets and liabilities (current and non-current) is detailed as follows:

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Forward contracts	881	5	607	881	5	595
Options	2,559	175	6,561	2,559	175	6,561
Swaps	—	—	2,351	—	—	2,352
Positive fair value	3,440	180	9,519	3,440	180	9,508
Forward contracts	(935)	(1,271)	(469)	(615)	(1,270)	(458)
Options	(18,645)	(4,211)	(4,217)	(18,645)	(4,213)	(4,216)
Swaps	(3,804)	(3,954)	(911)	(3,804)	(3,604)	(239)
Negative fair value	(23,384)	(9,436)	(5,597)	(23,064)	(9,087)	(4,913)
Net carrying amount	(19,944)	(9,256)	3,922	(19,624)	(8,907)	4,595

Fair value of financial instruments are classified according to three levels of hierarchy:

- Level I, quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level II, inputs, other than quoted prices included within Level I, that are observable for the assets or liabilities, either directly (prices) or indirectly (derived from prices);
- Level III, fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data.

Derivative instruments recorded at the end of each reporting period are all classified, based on characteristics and determination of fair value, as Level 2.

The Group and the Company entered into the financial derivative contracts in the course of its risk management activities so as to hedge financial risks connected with exchange rate and interest rate fluctuations.

Financial risk management

The Group's international activities expose it to various financial risks including the risk of exchange rate and interest rate fluctuation. The Group's overall risk management policy takes into account of the volatility of financial markets and seeks to minimise uncertainty regarding cash flow and the resulting potential adverse effects on results of the Group.

The Group enters into hedging contracts to manage risks arising from exposure to the exchange rate and interest rate risks.

Financial instruments are accounted for based on hedge accounting rules. At the inception of the hedge contract, the Group formally documents the hedging relationship assuming that hedging is effective during different accounting periods it is designated for. In general, the fluctuation of the exchange rates of Euro against other currencies and market interest rates would result fair value changes on cash flow hedges.

Exchange rate risk

The Group's international sales activities and its worldwide structure expose it to an exchange rate risk due to fluctuations in the exchange rate of the Euro against the US dollar, British Pound, Japanese Yen, Hong Kong dollar and Swiss Franc, to a lesser extent, against other currencies. The corporate finance department is responsible for arranging foreign currency hedges by entering into derivative contracts (forward sale and purchase, options) with third parties.

These hedging contracts are classified as cash flow hedges. The fair value of the hedging contracts qualified as cash flow hedges is recorded under shareholders' equity net of the tax effect.

Interest rate risk

Debt taken on by the Group exposes it to the interest rate risk. The group treasury department hedges this risk by arranging interest rate swap and collar agreements.

These hedging contracts are classified as cash flow hedges. The fair value of the hedging contracts qualified as cash flow hedges is recorded under shareholders' equity net of the tax effect.

Foreign exchange rate transactions

The Group's and the Company's international activities expose its cash flow to exchange rate volatility. In order to hedge this risk, the Group and the Company enter into options and forward sale and purchase agreements so as to guarantee the countervalue in Euro (or in other currencies of the various Group companies) of identified cash flows.

Expected future cash flows mainly consist of collection of trade receivables and payment of trade payables.

The most important currencies in terms of hedged amounts are: US dollar, British Pound, Hong Kong dollar, Japanese Yen and Swiss Franc.

The notional amounts of the derivative contracts, designated as cash hedges as at the end of each reporting period are stated below.

Hedging contracts regarding projected future trade cash flows:

THE GROUP

As at January 31, 2009	Options ⁽¹⁾	Forward contracts ⁽¹⁾	Swaps ⁽¹⁾	Total
	Euro'000	Euro'000	Euro'000	Euro'000
Currencies				
US dollar	101,256	31,367	—	132,623
British Pound	14,702	2,228	(284)	16,646
Japanese Yen	58,575	870	—	59,445
Hong Kong dollar	50,886	22,737	—	73,623
Swiss Franc	8,654	7,767	—	16,421
Others	10,218	19,136	—	29,354
Total	244,291	84,105	(284)	328,112

THE COMPANY

As at January 31, 2009	Options ⁽¹⁾	Forward contracts ⁽¹⁾	Swaps ⁽¹⁾	Total
	Euro'000	Euro'000	Euro'000	Euro'000
Currencies				
US dollar	101,256	31,367	—	132,623
British Pound	14,702	2,228	(284)	16,646
Japanese Yen	58,575	870	—	59,445
Hong Kong dollar	50,886	22,737	—	73,623
Swiss Franc	8,654	7,767	—	16,421
Others	10,218	17,336	—	27,554
Total	244,291	82,305	(284)	326,312

All the existing contracts are expiring within January 31, 2010.

(1) A positive number represents net sales and a negative number represents net purchases.

THE GROUP

As at January 31, 2010	Options ⁽¹⁾	Forward contracts ⁽¹⁾	Swaps ⁽¹⁾	Total
	Euro'000	Euro'000	Euro'000	Euro'000
Currencies				
US dollar	49,595	1,432	—	51,027
British Pound	19,364	288	—	19,652
Japanese Yen	15,949	1,189	—	17,138
Hong Kong dollar	37,660	922	—	38,582
Swiss Franc	6,875	1,136	—	8,011
Others	8,110	5,937	—	14,047
Total	137,553	10,904	—	148,457

THE COMPANY

As at January 31, 2010	Options ⁽¹⁾	Forward contracts ⁽¹⁾	Swaps ⁽¹⁾	Total
	Euro'000	Euro'000	Euro'000	Euro'000
Currencies				
US dollar	90,409	1,432	—	91,841
British Pound	29,906	289	—	30,195
Japanese Yen	46,413	1,189	—	47,602
Hong Kong dollar	71,328	922	—	72,250
Swiss Franc	13,139	2,499	—	15,638
Others	12,448	26,678	—	39,126
Total	263,643	33,009	—	296,652

All the existing contracts are expiring within January 31, 2011.

(1) A positive number represents net sales and a negative number represents net purchases.

THE GROUP

As at January 31, 2011	Options ⁽¹⁾	Forward contracts ⁽¹⁾	Swaps ⁽¹⁾	Total
	Euro'000	Euro'000	Euro'000	Euro'000
Currencies				
US dollar	93,872	(10,225)	—	83,647
British Pound	38,241	—	—	38,241
Japanese Yen	76,518	(12,579)	—	63,939
Hong Kong dollar	116,226	14,612	—	130,838
Swiss Franc	19,490	—	—	19,490
Singapore dollar	15,761	(5,874)	—	9,887
Others	18,380	29,640	—	48,020
Total	378,488	15,574	—	394,062

THE COMPANY

As at January 31, 2011	Options ⁽¹⁾	Forward contracts ⁽¹⁾	Swaps ⁽¹⁾	Total
	Euro'000	Euro'000	Euro'000	Euro'000
Currencies				
US dollar	93,872	18,989	—	112,861
British Pound	38,241	—	—	38,241
Japanese Yen	76,518	6,978	—	83,496
Hong Kong dollar	116,226	14,612	—	130,838
Swiss Franc	19,490	—	—	19,490
Others	34,141	29,926	—	64,067
Total	378,488	70,505	—	448,993

All the existing contracts are expiring within January 31, 2012.

(1) A positive number represents net sales and a negative number represents net purchases.

Hedging contracts regarding projected future financial cash flows:

THE GROUP AND THE COMPANY

As at January 31, 2009	Options ⁽¹⁾	Forward contracts ⁽¹⁾	Swaps ⁽¹⁾	Total
	Euro'000	Euro'000	Euro'000	Euro'000
Japanese Yen	—	(22,484)	—	(22,484)

All contracts in place as at January 31, 2009 expired within 12 months.

THE GROUP

As at January 31, 2011	Options ⁽¹⁾	Forward contracts ⁽¹⁾	Swaps ⁽¹⁾	Total
	Euro'000	Euro'000	Euro'000	Euro'000
Currencies				
British Pound	—	4,646	—	4,646
Japanese Yen	—	28,891	—	28,891
Hong Kong dollar	—	31,659	—	31,659
Total	—	65,196	—	65,196

All contracts in place as at January 31, 2011 expired within 12 months.

(1) A positive number represents net sales and a negative number represents net purchases.

All contracts in force at the reporting date were entered into with leading financial institutions and the Group does not expect any default by these institutions.

Interest rate transactions

In recent years, the Group entered into Interest Rate Swaps contracts ("IRS") in order to hedge the risk of interest rate fluctuations regarding some loans payable.

The key features of the IRS agreements in place at the end of each reporting period are summarized as follows:

THE GROUP AND THE COMPANY

As at January 31, 2009								
Contract	Currency	Notional amount	Interest rate	Maturity date	Fair value	Bank institution of hedged financial debt	Amount	Due date
IRS	Euro/000	107,500	2.62% - 4.00%	27/07/2010	(533)	Syndicated loan	129,000	07/2010
IRS	Euro/000	107,500	2.62%	27/07/2010	(582)	Syndicated loan	129,000	07/2010
IRS	Euro/000	30,000	4.7475%	01/12/2010	(1,204)	Intesa-Sanpaolo	30,000	06/2014
IRS	Euro/000	30,000	4.7490%	29/11/2010	(1,205)	UniCredit S.p.A.	30,000	05/2012
IRS	Euro/000	10,000	3.5%	01/08/2012	(280)	Carilucca, Pisa e Livorno	10,000	08/2012
					(3,804)			

THE GROUP

As at January 31, 2010								
Contract	Currency	Notional amount	Interest rate	Maturity date	Fair value	Bank institution of hedged financial debt	Amount	Due date
IRS	Euro/000	64,500	2.62% - 4.00%	27/07/2010	(534)	Syndicated loan	129,000	07/2010
IRS	Euro/000	64,500	2.62%	27/07/2010	(534)	Syndicated loan	129,000	07/2010
IRS	Euro/000	30,000	4.7475%	01/12/2010	(1,059)	Intesa-Sanpaolo	30,000	06/2014
IRS	Euro/000	30,000	4.7490%	29/11/2010	(1,058)	UniCredit S.p.A.	30,000	05/2012
IRS	Euro/000	10,000	3.5%	01/08/2012	(419)	Carilucca, Pisa e Livorno	10,000	08/2012
IRS	USD/000	22,000	5.7%	01/05/2014	(350)	Sovereign Bank	22,000	05/2014
					(3,954)			

THE COMPANY

As at January 31, 2010								
Contract	Currency	Notional amount	Interest rate	Maturity date	Fair value	Bank institution of hedged financial debt	Amount	Due date
IRS	Euro/000	64,500	2.62% - 4.00%	27/07/2010	(534)	Syndicated loan	129,000	07/2010
IRS	Euro/000	64,500	2.62%	27/07/2010	(534)	Syndicated loan	129,000	07/2010
IRS	Euro/000	30,000	4.7475%	01/12/2010	(1,059)	Intesa-Sanpaolo	30,000	06/2014
IRS	Euro/000	30,000	4.7490%	29/11/2010	(1,058)	UniCredit S.p.A.	30,000	05/2012
IRS	Euro/000	10,000	3.5%	01/08/2012	(419)	Carilucca, Pisa e Livorno	10,000	08/2012
					(3,604)			

THE GROUP

As at January 31, 2011								
Contract	Currency	Notional amount	Interest rate	Maturity date	Fair value	Bank institution of hedged financial debt	Amount	Due date
IRS	Euro/000	260,000	1.511%	26/07/2013	2,027	Pool loan	260,000	07/2013
IRS	Euro/000	26,250	1.545%	02/06/2014	249	Intesa-Sanpaolo	26,250	06/2014
IRS	Euro/000	24,000	1.745%	29/05/2012	(33)	Goldman Sachs	24,000	05/2012
IRS	Euro/000	5,400	2.21%	01/07/2015	6	MPS	5,400	07/2015
IRS	Euro/000	8,750	3.5%	01/08/2012	(136)	Carilucca, Pisa e Livorno	8,750	08/2012
IRS	USD/000	20,988	5.7%	01/05/2014	(673)	Sovereign Bank	20,988	05/2014
					1,440			

THE COMPANY

As at January 31, 2011								
Contract	Currency	Notional amount	Interest rate	Maturity date	Fair value	Bank institution of hedged financial debt	Amount	Due date
IRS	Euro/000	260,000	1.511%	26/07/2013	2,027	Pool laon	260,000	07/2013
IRS	Euro/000	26,250	1.545%	02/06/2014	249	Intesa-Sanpaolo	26,250	06/2014
IRS	Euro/000	24,000	1.745%	29/05/2012	(33)	Goldman Sachs	24,000	05/2012
IRS	Euro/000	5,400	2.21%	01/07/2015	6	MPS	5,400	07/2015
IRS	Euro/000	8,750	3.5%	01/08/2012	(136)	Carilucca, Pisa e Livorno	8,750	08/2012
					(2,113)			

The IRS converts the variable interest rates applying to a series of loans into fixed interest rates.

The IRS have been arranged with leading financial institutions and the Group does not expect them to default.

Under applicable regulations, all of the derivatives in force at the reporting date meet the requirements to be classified as cash flow hedges.

Information on financial risks**Capital management**

The Group's and the Company's strategy in terms of capital management is intended to safeguard the Group's and the Company's ability to continue guaranteeing the return to shareholders, protecting the interests of stakeholders and respecting financial covenants as well as maintaining an adequate capital structure.

The capital structure of the Group and the Company consists of net debt (borrowings as detailed in note 16, net of cash and cash equivalents) and equity of the Group and the Company (comprising share capital, reserves and non-controlling interests.)

Financial assets**THE GROUP**

As at January 31, 2009	Loans and receivables	Derivative financial instruments	Total	Notes
	Euro'000	Euro'000	Euro'000	
Cash and cash equivalents	86,871	—	86,871	5
Trade receivables, net	250,512	—	250,512	6
Derivative financial instruments	—	3,440	3,440	8
Amounts due from parent company, a jointly controlled entity and related parties	20,696	—	20,696	9
	358,079	3,440	361,519	

As at January 31, 2010	Loans and receivables	Derivative financial instruments	Total	Notes
	Euro'000	Euro'000	Euro'000	
Cash and cash equivalents	98,564	—	98,564	5
Trade receivables, net	224,198	—	224,198	6
Derivative financial instruments	—	180	180	8
Amounts due from parent company, a jointly controlled entity and related parties	54,537	—	54,537	9
	377,299	180	377,479	

As at January 31, 2011	Loans and receivables	Derivative financial instruments	Total	Notes
	Euro'000	Euro'000	Euro'000	
Cash and cash equivalents	96,572	—	96,572	5
Trade receivables, net	274,175	—	274,175	6
Derivative financial instruments	—	9,519	9,519	8
Amounts due from parent company, a jointly controlled entity and related parties	34,044	—	34,044	9
	404,791	9,519	414,310	

THE COMPANY

As at January 31, 2009	Loans and receivables	Derivative financial instruments	Total	Notes
	Euro'000	Euro'000	Euro'000	
Cash and cash equivalents	14,449	—	14,449	5
Trade receivables, net	425,535	—	425,535	6
Derivative financial instruments	—	3,440	3,440	8
Amounts due from parent company, subsidiaries, a jointly controlled entity and related parties	148,177	—	148,177	9
	588,161	3,440	591,601	

As at January 31, 2010	Loans and receivables	Derivative financial instruments	Total	Notes
	Euro'000	Euro'000	Euro'000	
Cash and cash equivalents	15,824	—	15,824	5
Trade receivables, net	463,314	—	463,314	6
Derivative financial instruments	—	180	180	8
Amounts due from parent company, subsidiaries, a jointly controlled entity and related parties	184,936	—	184,936	9
	664,074	180	664,254	

As at January 31, 2011	Loans and receivables	Derivative financial instruments	Total	Notes
	Euro'000	Euro'000	Euro'000	
Cash and cash equivalents	3,686	—	3,686	5
Trade receivables, net	478,899	—	478,899	6
Derivative financial instruments	—	9,508	9,508	8
Amounts due from parent company, a jointly controlled entity and related parties	184,234	—	184,234	9
	666,819	9,508	676,327	

Financial liabilities**THE GROUP**

As at January 31, 2009	Amortised cost	Derivative financial instruments	Total	Notes
	Euro'000	Euro'000	Euro'000	
Bank overdrafts and borrowings	630,570	—	630,570	16
Amounts due to parent company, a jointly controlled entity and related parties	2,751	—	2,751	17
Other shareholders' loan	521	—	521	18
Trade payables	230,507	—	230,507	19
Derivative financial instruments	—	23,384	23,384	8
	864,349	23,384	887,733	

As at January 31, 2010	Amortised cost	Derivative financial instruments	Total	Notes
	Euro'000	Euro'000	Euro'000	
Bank overdrafts and borrowings	570,722	—	570,722	16
Amounts due to parent company, a jointly controlled entity and related parties	2,806	—	2,806	17
Other shareholders' loan	545	—	545	18
Trade payables	196,396	—	196,396	19
Derivative financial instruments	—	9,436	9,436	8
	770,469	9,436	779,905	

As at January 31, 2011	Amortised cost	Derivative financial instruments	Total	Notes
	Euro'000	Euro'000	Euro'000	
Bank overdrafts and borrowings	497,648	—	497,648	16
Amounts due to parent company, a jointly controlled entity and related parties	281	—	281	17
Other shareholders' loan	581	—	581	18
Trade payables	233,866	—	233,866	19
Derivative financial instruments	—	5,597	5,597	8
	732,376	5,597	737,973	

THE COMPANY

As at January 31, 2009	Amortised cost	Derivative financial instruments	Total	Notes
	Euro'000	Euro'000	Euro'000	
Bank overdrafts and borrowings	505,401	—	505,401	16
Amount due to parent company, subsidiaries, a jointly controlled entity and related parties	167,191	—	167,191	17
Trade payables	293,614	—	293,614	19
Derivative financial instruments	—	23,064	23,064	8
	966,206	23,064	989,270	

As at January 31, 2010	Amortised cost	Derivative financial instruments	Total	Notes
	Euro'000	Euro'000	Euro'000	
Bank overdrafts and borrowings	453,169	—	453,169	16
Amount due to parent company, subsidiaries, a jointly controlled entity and related parties	283,698	—	283,698	17
Trade payables	260,460	—	260,460	19
Derivative financial instruments	—	9,087	9,087	8
	997,327	9,087	1,006,414	

As at January 31, 2011	Amortised cost	Derivative financial instruments	Total	Notes
	Euro'000	Euro'000	Euro'000	
Bank overdrafts and borrowings	383,650	—	383,650	16
Amount due to parent company, subsidiaries, a jointly controlled entity and related parties	288,775	—	288,775	17
Trade payables	309,929	—	309,929	19
Derivative financial instruments	—	4,913	4,913	8
	982,354	4,913	987,267	

Credit risk

Credit risk is defined as the risk that a counterparty in a transaction, not fulfilling its obligations, causes a financial loss to another entity. The maximum risk to which an entity is potentially exposed is represented by all financial assets recorded in the financial statements.

The Group's directors essentially believe that the Group's credit risk mainly regards trade receivables generated from the wholesale channel.

The Group manages the credit risk and mitigates the related negative effects through its commercial and financial strategy. Credit risk management is performed by controlling and monitoring the reliability and solvency of customers and it is under the responsibility of the Group Commercial Department.

At the same time, the fact that the total receivables balance is not highly concentrated on individual customers and the fact that net sales are evenly spread geographically throughout the world, reduce the risk of financial losses.

Liquidity risk

The liquidity risk is intended as the difficulty the Group may have in fulfilling its obligations with regard to financial liabilities. The Directors are responsible for managing the liquidity risk, while the Group Treasury Department, reporting to the Chief Financial Officer, is responsible for optimising management of financial resources.

The Group's current liabilities exceed its current assets by approximately Euro 6.5 million and Euro 142.6 million as at January 31, 2009 and 2010, respectively. The Company's current liabilities exceed its current assets by approximately Euro 60.1 million, Euro 187.9 million and Euro 9.7 million as at January 31, 2009, 2010 and 2011, respectively.

The Group had unused and available credit lines totaling Euro 302.5 million, Euro 254.3 million and Euro 440.6 million as at January 31, 2009, 2010 and 2011, respectively.

The Company also held unused and available credit lines for Euro 237.1 million, Euro 179.6 million and Euro 368.7 million as at January 31, 2009, 2010 and 2011, respectively.

The Directors believe that the funds and lines of credit currently available, in addition to those that will be generated by operating and financing activities, will allow the Group to meet its needs deriving from investing activities, working capital management and repayment of loans as they fall due, without using all available funds that can thus be allocated to the payment of dividends. Accordingly, the Financial Information has been prepared on a going concern basis.

Financial liabilities associated with trade payables of the Group of Euro 230.5 million, Euro 196.4 million and Euro 233.9 million as at January 31, 2009, 2010 and 2011, respectively, fall due within 12 months.

Financial liabilities associated with trade payables of the Company of Euro 293.6 million, Euro 260.5 million and Euro 309.9 million as at January 31, 2009, 2010 and 2011, respectively, fall due within 12 months.

The following table details the maturity of derivative and non-derivative financial liabilities showing earliest date on which the Group and the Company could be called upon to make payment.

Derivative financial liabilities

THE GROUP

At January 31, 2009	Contractual cash flow	Up to 6 months	6 to 12 months	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Forward contracts designated as cash flow hedging							
Cash outflow	(2,819)	(1,342)	(1,477)	—	—	—	—
Cash inflow	1,918	906	1,012	—	—	—	—
Other cash flow hedging contracts							
Cash outflow	(19,343)	(11,602)	(7,741)	—	—	—	—
Cash inflow	2,374	971	1,403	—	—	—	—
Interest rate swaps cash flow hedge	(3,855)	(550)	(993)	(2,243)	(69)	—	—
Net value	(21,725)	(11,617)	(7,796)	(2,243)	(69)	—	—

At January 31, 2010	Contractual cash flow	Up to 6 months	6 to 12 months	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Forward contracts designated as cash flow hedging							
Cash outflow	(3,641)	(1,055)	(2,586)	—	—	—	—
Cash inflow	2,375	329	2,046	—	—	—	—
Other cash flow hedging contracts							
Cash outflow	(1,570)	(1,184)	(386)	—	—	—	—
Cash inflow	865	865	—	—	—	—	—
Interest rate swaps cash flow hedge	(4,097)	(2,590)	(1,324)	(425)	(25)	185	82
Net value	(6,068)	(3,635)	(2,250)	(425)	(25)	185	82

At January 31, 2011	Contractual cash flow	Up to 6 months	6 to 12 months	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Forward contracts designated as cash flow hedging							
Cash outflow	(11,986)	(11,477)	(509)	—	—	—	—
Cash inflow	11,432	11,092	340	—	—	—	—
Other cash flow hedging contracts							
Cash outflow	(21,771)	(20,196)	(1,575)	—	—	—	—
Cash inflow	18,768	17,345	1,423	—	—	—	—
Interest rate swaps cash flow hedge	(1,106)	(305)	(249)	(404)	(145)	(3)	—
Net value	(4,663)	(3,541)	(570)	(404)	(145)	(3)	—

THE COMPANY

At January 31, 2009	Contractual cash flow	Up to 6 months	6 to 12 months	From 1 to 2 years	From 2 to 3 years
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Forward contracts designated as cash flow hedging					
Cash outflow	(1,203)	(938)	(265)	—	—
Cash inflow	589	589	—	—	—
Other cash flow hedging contracts					
Cash outflow	(19,343)	(11,602)	(7,741)	—	—
Cash inflow	2,374	971	1,403	—	—
Interest rate swaps as cash flow hedging	(3,855)	(550)	(993)	(2,243)	(69)
Net value	(21,438)	(11,530)	(7,596)	(2,243)	(69)

At January 31, 2010	Contractual cash flow	Up to 6 months	6 to 12 months	From 1 to 2 years	From 2 to 3 years
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Forward contracts designated as cash flow hedging					
Cash outflow	(3,641)	(1,055)	(2,586)	—	—
Cash inflow	2,375	329	2,046	—	—
Other cash flow hedging contracts					
Cash outflow	(1,570)	(1,184)	(386)	—	—
Cash inflow	865	865	—	—	—
Interest rate swaps as cash flow hedging	(3,626)	(2,334)	(1,143)	(127)	(22)
Net value	(5,597)	(3,379)	(2,069)	(127)	(22)

At January 31, 2011	Contractual cash flow	Up to 6 months	6 to 12 months	From 1 to 2 years	From 2 to 3 years
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Forward contracts designated as cash flow hedging					
Cash outflow	(840)	(331)	(509)	—	—
Cash inflow	409	69	340	—	—
Other cash flow hedging contracts					
Cash outflow	(21,771)	(20,196)	(1,575)	—	—
Cash inflow	18,768	17,345	1,423	—	—
Interest rate swaps as cash flow hedging	(169)	(101)	(57)	(11)	—
Net value	(3,603)	(3,214)	(378)	(11)	—

Non-derivative financial liabilities

THE GROUP

At January 31, 2009	Carrying amount	Contractual cash flow	On demand	6 months or less	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Beyond 5 years
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Obligations under finance leases	11,077	11,947	—	2,010	1,725	2,708	3,362	968	601	573
Financial liabilities										
- Bank overdraft and borrowings	630,570	655,058	29,704	246,009	105,710	178,151	36,793	27,446	19,707	11,538
- Other shareholders' loan	521	521	521	—	—	—	—	—	—	—
- Amounts due to parent company, a jointly controlled entity and related parties	2,751	2,751	2,751	—	—	—	—	—	—	—
Total	644,919	670,277	32,976	248,019	107,435	180,859	40,155	28,414	20,308	12,111

At January 31, 2010	Carrying amount	Contractual cash flow	On demand	6 months or less	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Beyond 5 years
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Obligations under finance lease	13,181	13,979	—	2,961	3,004	5,443	1,437	610	524	—
Financial liabilities										
- Bank overdraft and borrowings	570,722	593,720	29,357	406,931	36,111	36,719	40,918	18,200	22,881	2,603
- Other shareholders' loan	545	545	545	—	—	—	—	—	—	—
- Amounts due to parent company, a jointly controlled entity and related parties	2,806	2,806	2,806	—	—	—	—	—	—	—
Total	587,254	611,050	32,708	409,892	39,115	42,162	42,355	18,810	23,405	2,603

At January 31, 2011	Carrying amount	Contractual cash flow	On demand	6 months or less	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Beyond 5 years
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Obligations under finance leases	7,528	7,878	—	2,317	2,925	1,487	616	529	4	—
Financial liabilities										
- Bank overdraft and borrowings	497,648	530,676	17,186	115,211	76,537	137,738	156,789	24,196	3,019	—
- Other shareholders' loan	581	581	581	—	—	—	—	—	—	—
- Amounts due to parent company, a jointly controlled entity and related parties	281	281	281	—	—	—	—	—	—	—
Total	506,038	539,416	18,048	117,528	79,462	139,225	157,405	24,725	3,023	—

THE COMPANY

At January 31, 2009	Carrying amount	Contractual cash flow	On demand	6 months or less	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Beyond 5 years
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Obligations under financial leases	8,082	8,493	—	1,714	1,421	2,140	2,794	424	—	—
Financial liabilities										
- Bank overdraft and borrowings	505,401	524,371	14,177	232,457	50,014	149,244	29,871	20,667	16,403	11,538
- Amounts due to parent company, subsidiaries, a jointly controlled entity and related parties	167,191	167,191	167,191	—	—	—	—	—	—	—
Total	680,674	700,055	181,368	234,171	51,435	151,384	32,665	21,091	16,403	11,538

At January 31, 2010	Carrying amount	Contractual cash flow	On demand	6 months or less	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Beyond 5 years
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Obligations under financial leases	7,658	8,136	—	1,116	1,405	3,411	1,071	610	523	—
Financial liabilities										
- Bank overdraft and borrowings	453,169	469,466	23,362	344,758	17,387	28,802	30,041	13,382	9,131	2,603
- Amounts due to parent company, subsidiaries, a jointly controlled entity and related parties	283,698	283,698	283,698	—	—	—	—	—	—	—
Total	744,525	761,300	307,060	345,874	18,792	32,213	31,112	13,992	9,654	2,603

At January 31, 2011	Carrying amount	Contractual cash flow	On demand	6 months or less	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Beyond 5 years
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Obligations under financial leases	4,908	5,168	—	958	2,005	1,071	610	523	—	—
Financial liabilities										
- Bank overdraft and borrowings	383,650	408,195	15,349	87,430	57,830	117,724	116,743	10,100	3,019	—
- Amounts due to parent company, subsidiaries, a jointly controlled entity and related parties	288,775	288,775	288,775	—	—	—	—	—	—	—
Total	677,333	702,138	304,124	88,388	59,835	118,795	117,353	10,623	3,019	—

Some non-derivative financial liabilities provide financial parameters to be met by certain Group's companies. These covenants are described in note 16 to the Financial Information.

Exchange rate risk

The exchange rate risk to which the Group is exposed depends on foreign currency fluctuations, mainly against the Euro.

The exchange rate risk translates into the risk that Group's distributor cash flows may fluctuate as a result of changes in exchange rates. The most important currencies for the Group are the British Pound, Hong Kong dollar, Japanese Yen and US dollar.

The following table represents the sensitivity of the Group's and the Company's net result and net equity to a range of fluctuations of the main foreign currencies against Euro, based on the net balance of assets and liabilities as at the end of each reporting period. A positive number below indicates an increase in profit or equity.

Year ended January 31, 2009	THE GROUP				THE COMPANY			
	Euro -> + 5%		Euro -> - 5%		Euro -> + 5%		Euro -> - 5%	
	Effect on net income	Effect on net equity	Effect on net income	Effect on net equity	Effect on net income	Effect on net equity	Effect on net income	Effect on net equity
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
British Pound	(1,154)	(733)	1,324	830	(494)	(74)	595	101
Hong Kong dollar	141	3,268	18	(3,692)	3,154	6,280	(3,312)	(7,022)
Japanese Yen	(631)	1,252	628	(1,644)	(611)	1,272	697	(1,575)
US dollar	(2,976)	2,822	2,978	(3,220)	(2,004)	3,794	1,904	(4,294)
Other currencies	(1,501)	183	1,754	(246)	(374)	1,225	417	(1,488)
Total	(6,121)	6,792	6,702	(7,972)	(329)	12,497	301	(14,278)

Year ended January 31, 2010	THE GROUP				THE COMPANY			
	Euro -> + 5%		Euro -> - 5%		Euro -> + 5%		Euro -> - 5%	
	Effect on net income	Effect on net equity	Effect on net income	Effect on net equity	Effect on net income	Effect on net equity	Effect on net income	Effect on net equity
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
British Pound	(1,212)	(302)	975	179	(552)	359	245	(551)
Hong Kong dollar	2,894	3,694	(1,208)	(4,547)	4,400	5,200	(2,873)	(6,212)
Japanese Yen	1,565	2,341	(488)	(2,763)	1,264	2,039	(154)	(2,430)
US dollar	2,342	3,553	(615)	(4,322)	122	1,333	1,838	(1,868)
Other currencies	(924)	28	1,171	(272)	597	1,549	(510)	(1,953)
Total	4,665	9,314	(165)	(11,725)	5,831	10,480	(1,454)	(13,014)

Year ended January 31, 2011	THE GROUP				THE COMPANY			
	Euro -> + 5%		Euro -> - 5%		Euro -> + 5%		Euro -> - 5%	
	Effect on net income	Effect on net equity	Effect on net income	Effect on net equity	Effect on net income	Effect on net equity	Effect on net income	Effect on net equity
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
British Pound	(479)	(323)	472	453	(251)	(95)	219	200
Hong Kong dollar	4,595	8,664	(7,651)	(8,992)	5,362	9,431	(8,499)	(9,839)
Japanese Yen	1,087	2,881	(1,699)	(3,298)	543	2,337	(1,098)	(2,697)
US dollar	1,000	3,565	(2,199)	(3,539)	(36)	2,529	(1,054)	(2,394)
Other currencies	(2,196)	99	2,181	(257)	(3,015)	(3,692)	(265)	(2,704)
Total	4,007	14,886	(8,896)	(15,633)	2,603	10,510	(10,697)	(17,434)

The impact on net equity is the sum of the effect on the statement of comprehensive income of a hypothetical strengthening/weakening of the Euro against other currencies.

The effects on the above-mentioned items are recorded before the tax effect. Management believes that this sensitivity analysis is purely indicative, as it is based on the period end exposure, that might not reflect effects actually generated during the Relevant Periods.

Interest rate risk

The Group is exposed to interest rate fluctuations mainly with regard to the amount of interest charges on the debt carried by the Group.

Management of this risk falls within the scope of the risk management activities the Group carries out through the centralised Treasury Department.

The following table shows the sensitivity, of the Group and the Company's net income and net equity, to a shift in the interest rate curve to which the Group companies' and the Company's financial position was exposed as at the end of each reporting period.

THE GROUP

Year ended January 31, 2009	Shift Interest rate curve	Effect on	Effect on	Shift interest rate curve	Effect on	Effect on
		net income	net equity		net income	net equity
		Euro'000	Euro'000		Euro'000	Euro'000
Euro	+ 0.50%	(2,484)	(1,194)	- 0.50%	2,490	1,153
Japanese Yen	+ 0.25%	(199)	(199)	- 0.25%	199	199
US dollar	+ 0.50%	71	71	- 0.50%	(71)	(71)
Other currencies	from + 0.25% to + 1%	239	239	from - 0.25% to - 1%	(239)	(239)
Total		(2,373)	(1,083)		2,379	1,042

THE COMPANY

Year ended January 31, 2009	Shift Interest rate curve	Effect on	Effect on	Shift interest rate curve	Effect on	Effect on
		net income	net equity		net income	net equity
		Euro'000	Euro'000		Euro'000	Euro'000
Euro	+ 0.50%	(2,275)	(985)	- 0.50%	2,281	944
Japanese Yen	+ 0.25%	(55)	(55)	- 0.25%	55	55
US dollar	+ 0.50%	(13)	(13)	- 0.50%	13	13
Other currencies	from + 0.25% to + 1%	(354)	(354)	from - 0.25% to - 1%	1,240	1,240
Total		(2,697)	(1,407)		3,589	2,252

THE GROUP

Year ended January 31, 2010	Shift Interest rate curve	Effect on	Effect on	Shift interest rate curve	Effect on	Effect on
		net income	net equity		net income	net equity
		Euro'000	Euro'000		Euro'000	Euro'000
Euro	+ 0.50%	(1,154)	(860)	- 0.50%	2,045	1,886
Japanese Yen	+ 0.50%	(272)	(272)	- 0.50%	272	272
US dollar	+ 0.50%	68	500	- 0.50%	(408)	(571)
Other currencies	from + 0.50% to + 1%	74	74	from - 0.50% to - 1%	(74)	(74)
Total		(1,284)	(558)		1,835	1,513

THE COMPANY

Year ended January 31, 2010	Shift Interest rate curve	Effect on	Effect on	Shift interest rate curve	Effect on	Effect on
		net income	net equity		net income	net equity
		Euro'000	Euro'000		Euro'000	Euro'000
Euro	+ 0.50%	(1,282)	(988)	- 0.50%	2,173	2,014
Japanese Yen	+ 0.25%	(166)	(166)	- 0.25%	166	166
US dollar	+ 0.50%	(39)	(39)	- 0.50%	39	39
Other currencies	from + 0.25% to + 1%	(345)	(345)	from - 0.25% to - 1%	345	345
Total		(1,832)	(1,538)		2,723	2,564

THE GROUP

Year ended January 31, 2011	Shift Interest rate curve	Effect on	Effect on	Shift interest rate curve	Effect on	Effect on
		net income	net equity		net income	net equity
		Euro'000	Euro'000		Euro'000	Euro'000
Euro	+ 0.50%	(1,597)	52	- 0.50%	1,708	(87)
Japanese Yen	+ 0.50%	(335)	(335)	- 0.50%	335	335
US dollar	+ 0.50%	(3)	228	- 0.50%	3	(209)
Other currencies	+ 0.50%	125	125	- 0.50%	(125)	(125)
Total		(1,810)	70		1,921	(86)

THE COMPANY

Year ended January 31, 2011	Shift Interest rate curve	Effect on	Effect on	Shift interest rate curve	Effect on	Effect on
		net income	net equity		net income	net equity
		Euro'000	Euro'000		Euro'000	Euro'000
Euro	+0.50%	(1,785)	(136)	-0.50%	1,896	101
Japanese Yen	+0.50%	(377)	(377)	-0.50%	377	377
US dollar	+0.50%	(55)	(55)	-0.50%	55	55
Other currencies	+0.50%	23	23	-0.50%	(23)	(23)
Total		(2,194)	(545)		(2,305)	510

The total impact on net equity should be considered as the sum of the effect of an hypothetical shift in the interest rate curve on the income statement and on the cash flow hedge reserve.

The effects on the above-mentioned items are recorded before the tax effect. The sensitivity analysis was based on the period end net financial position, so it might not reflect the actual exposure to the interest rate risk during the year. Therefore, this analysis should be considered as indicative only.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the

instruments for non-optional derivatives, and option pricing models adopted by international financial providers for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted forward interest rates.

- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

9. AMOUNTS DUE FROM PARENT COMPANY, SUBSIDIARIES, A JOINTLY CONTROLLED ENTITY AND RELATED PARTIES

Amounts due from parent company, subsidiaries, a jointly controlled entity and related parties are detailed in note 38.

The principal amount of financial receivables of approximately Euro 20.6 million, Euro 54.5 million and Euro 32.6 million due from PRADA Holding B.V. as at year ended January 31, 2009, 2010 and 2011, respectively, is repayable upon request within 15 days of notice while interest accrues at a rate equal to Euribor/Libor plus a 100 basis points spread.

The principal amount of financial receivables of approximately Euro 70,000, Euro 75,000 and Euro 77,000 due from other companies controlled by PRADA Holding B.V. as at year ended January 31, 2009, 2010 and 2011, respectively, is repayable upon request within 15 days of notice while interest accrues at a rate equal to Euribor plus 100 basis points.

Except as disclosed above, all remaining receivables are interest free.

All balances are unsecured.

10. OTHER CURRENT ASSETS

Other current assets are detailed as follows:

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Value-added tax and other tax receivables	15,799	8,459	19,918	11,144	2,735	10,913
Income tax receivable	51,097	10,153	9,124	4,732	927	1,441
Other current assets	20,144	20,142	7,783	3,292	4,004	2,660
Prepayments and accrued income	35,108	30,514	31,842	20,308	18,776	18,966
Deposits	8,314	5,440	1,558	—	—	108
Total	130,462	74,708	70,225	39,476	26,442	34,088

Other current assets

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Advertising contributions under license agreements	13,072	10,505	1,952	—	—	—
Advances to suppliers	2,547	1,151	566	1,832	441	566
Rental incentives	2,729	4,487	2,222	—	—	—
Advances to employees	510	527	647	408	440	528
Others	1,286	3,472	2,396	1,052	3,123	1,566
Total	20,144	20,142	7,783	3,292	4,004	2,660

“Advertising contributions under license agreements” refer to receivables from licensees which manufacture and distribute Prada and Miu Miu eyewear and telephones on contribution of advertising costs incurred by the Group during the Relevant Periods.

Prepayments and accrued income

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Rental charges	10,599	9,962	11,357	2,267	2,102	1,992
Insurance	592	822	873	363	229	371
Design costs	13,872	11,903	10,620	13,353	11,903	10,620
Fashion shows and advertising campaigns	1,323	1,732	2,133	1,290	1,360	2,049
Sponsorship	1,233	595	236	—	—	—
Consulting	2,508	3,032	2,762	2,507	3,032	2,739
Others	4,981	2,468	3,861	528	150	1,195
Total	35,108	30,514	31,842	20,308	18,776	18,966

Design costs mainly refer to design fee incurred for collections which will launch in the following year.

Sponsorship mainly refers to sponsorships to related parties which are detailed in note 38.

Deposits

Deposits mainly include guarantee deposits paid under store leases agreements.

11. ASSETS HELD FOR SALE

THE GROUP & THE COMPANY			
At January 31,			
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Genny trademark (note a)	1,413	1,413	1,413
Fragrance & Skincare (note b)	—	—	3,535
	1,413	1,413	4,948

Note a: This item mainly includes trademark no longer considered strategic by the Group and whose value will be recovered mainly through disposal and not through continued use. During the year ended January 31, 2009, the asset was impaired by Euro 2.8 million so as the book value approximates its fair value. No further impairment was made in the year ended January 31, 2010 and 2011.

On March 16, 2011, the Company entered into a sale agreement with a third party, Swinger International Group, at a consideration of Euro 1.8 million.

Note b: On January 27, 2011, the directors resolved to dispose of the interest in Fragrance & Skincare S.L. to its joint venture partner, Puig S.L. which are detailed in note 14.

12. PROPERTY, PLANT AND EQUIPMENT

	THE GROUP			THE COMPANY		
	At January 31,					
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Carrying amounts of:						
Freehold land and buildings	110,407	106,457	145,602	48,750	61,079	100,783
Plant and production machinery	13,776	13,520	15,042	11,541	12,080	13,810
Leasehold improvements	134,396	160,748	220,112	9,074	11,239	16,523
Furniture and fittings	47,729	56,204	72,109	5,413	8,143	11,471
Other equipments	22,498	19,420	24,695	15,038	12,291	10,111
Construction in progress	50,385	61,616	59,157	32,932	38,365	13,654
	379,191	417,965	536,717	122,748	143,197	166,352

THE GROUP

Movements in the historical cost of property, plant and equipment during the Relevant Periods are as follows:

	Freehold land and buildings	Plant and production machinery	Leasehold improvements	Furniture and fittings	Other equipments	Construction in progress	Total cost
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Balance as at February 1, 2008	62,918	80,619	251,551	99,186	71,334	26,654	592,262
Exchange differences	1,884	(1,541)	34,729	5,673	940	1,657	43,342
Additions	58,631	6,761	61,942	23,615	4,187	27,095	182,231
Disposals	—	(624)	(180)	(621)	(1,236)	—	(2,661)
Other movements	6,385	—	(1,134)	838	(91)	(4,926)	1,072
Written off	—	(111)	(8,951)	(2,787)	(913)	(95)	(12,857)
Balance as at January 31, 2009	129,818	85,104	337,957	125,904	74,221	50,385	803,389
Exchange differences	(2,259)	259	(16,548)	(2,230)	(424)	(466)	(21,668)
Additions	2,201	5,874	65,686	19,254	3,549	23,585	120,149
Disposals	(448)	(1,042)	(1,024)	(589)	(4,625)	—	(7,728)
Other movements	(518)	268	7,780	3,098	638	(11,876)	(610)
Written off	—	(344)	(11,327)	(1,374)	(511)	(12)	(13,568)
Balance as at January 31, 2010	128,794	90,119	382,524	144,063	72,848	61,616	879,964
Exchange differences	1,257	46	12,788	4,086	579	2,195	20,951
Additions	10,479	7,609	83,165	26,437	11,930	58,446	198,066
Disposals	—	(1,057)	(110)	(416)	(434)	(309)	(2,326)
Other movements	31,995	346	23,766	3,857	(54)	(60,710)	(800)
Written off	—	(15)	(14,925)	(1,515)	(376)	(2,081)	(18,912)
Balance as at January 31, 2011	172,525	97,048	487,208	176,512	84,493	59,157	1,076,943

THE GROUP

Movements in the accumulated depreciation and amortization of property, plant and equipment during the Relevant Periods are as follows:

	Freehold land and buildings	Plant and production machinery	Leasehold improvements	Furniture and fittings	Other equipments	Total accumulated depreciation
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Balance as at February 1, 2008	9,767	67,520	163,451	67,203	45,311	353,252
Exchange differences	394	(1,280)	20,059	3,065	622	22,860
Depreciation	2,719	5,808	27,897	9,937	7,540	53,901
Disposals	—	(609)	(27)	(379)	(1,172)	(2,187)
Other movements	6,531	—	(1,539)	681	21	5,694
Written off	—	(111)	(6,280)	(2,332)	(599)	(9,322)
Balance as at January 31, 2009	19,411	71,328	203,561	78,175	51,723	424,198
Exchange differences	(174)	223	(9,954)	(1,286)	(294)	(11,485)
Depreciation	3,290	6,099	37,186	12,787	6,891	66,253
Disposals	(109)	(987)	(310)	(512)	(4,517)	(6,435)
Other movements	(81)	(21)	(727)	(163)	109	(883)
Written off	—	(43)	(7,980)	(1,142)	(484)	(9,649)
Balance as at January 31, 2010	22,337	76,599	221,776	87,859	53,428	461,999
Exchange differences	134	39	6,975	2,206	435	9,789
Depreciation	4,295	6,319	49,923	15,861	6,646	83,044
Disposals	—	(929)	(25)	(247)	(378)	(1,579)
Other movements	157	(7)	(349)	(32)	38	(193)
Written off	—	(15)	(11,204)	(1,244)	(371)	(12,834)
Balance as at January 31, 2011	26,923	82,006	267,096	104,403	59,798	540,226

THE COMPANY

Movements in the historical cost of property, plant and equipment during the Relevant Periods are as follows:

	Freehold land and buildings	Plant and production machinery	Leasehold improvements	Furniture and fittings	Other equipments	Construction in progress	Total cost
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Balance as at February 1, 2008	43,631	68,254	25,419	23,478	45,725	20,917	227,424
Additions	13,636	5,949	1,810	1,167	4,371	12,015	38,948
Disposals	—	(609)	(2)	(47)	(523)	—	(1,181)
Other movements	871	—	(871)	—	—	—	—
Written off	—	(111)	—	(11)	(516)	—	(638)
Balance as at January 31, 2009	58,138	73,483	26,356	24,587	49,057	32,932	264,553
Additions	2,142	5,671	2,324	3,736	2,149	6,981	23,003
Disposals	—	(134)	—	(104)	(4,188)	(7)	(4,433)
Other movements	12,912	888	894	459	211	(1,541)	13,823
Written off	—	(43)	(16)	(8)	(399)	—	(466)
Balance as at January 31, 2010	73,192	79,865	29,558	28,670	46,830	38,365	296,480
Additions	10,347	7,434	7,545	4,850	2,238	7,041	39,455
Disposals	—	(1,057)	—	(4)	(128)	—	(1,189)
Other movements	31,978	339	(683)	58	54	(31,752)	(6)
Written off	—	(15)	(274)	—	(238)	—	(527)
Balance as at January 31, 2011	115,517	86,566	36,146	33,574	48,756	13,654	334,213

THE COMPANY

Movements in the accumulated depreciation and amortization of property, plant and equipment during the current and previous year are as follows:

	Freehold land and buildings	Plant and production machinery	Leasehold improvements	Furniture and fittings	Other equipments	Total accumulated depreciation
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Balance as at February 1, 2008	8,196	57,431	16,323	17,929	29,622	129,501
Depreciation	1,038	5,226	1,113	1,300	5,392	14,069
Disposals	—	(604)	—	(44)	(479)	(1,127)
Other movements	154	—	(154)	—	—	—
Written off	—	(111)	—	(11)	(516)	(638)
Balance as at January 31, 2009	9,388	61,942	17,282	19,174	34,019	141,805
Depreciation	1,554	5,627	1,037	1,279	4,919	14,416
Disposals	—	(125)	—	(92)	(4,178)	(4,395)
Other movements	1,171	384	16	174	178	1,923
Written off	—	(43)	(16)	(8)	(399)	(466)
Balance as at January 31, 2010	12,113	67,785	18,319	20,527	34,539	153,283
Depreciation	2,464	5,918	1,735	1,625	4,418	16,160
Disposals	—	(929)	—	—	(126)	(1,055)
Other movements	157	(3)	(157)	(49)	52	—
Written off	—	(15)	(274)	—	(238)	(527)
Balance as at January 31, 2011	14,734	72,756	19,623	22,103	38,645	167,861

The written off recorded as at January 31, 2009, 2010 and 2011 relates to assets that are no longer being used.

The net book value of property, plant and equipment of the Group amounted to Euro 38.1 million, Euro 35.7 million and Euro 31.5 million as at January 31, 2009, 2010 and 2011 in respect of assets held under finance leases.

The net book value of property, plant and equipment of the Company amounted to Euro 31.4 million, Euro 22.4 million and Euro 20.7 million as at January 31, 2009, 2010 and 2011 in respect of assets held under finance leases.

13. INTANGIBLE ASSETS

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Carrying amounts of:						
Trademark	327,700	328,154	312,460	1	6	5
Goodwill	507,295	503,889	503,946	78,354	82,122	82,122
Store lease acquisitions	41,832	42,452	36,087	—	—	—
Software	9,135	5,764	6,385	8,523	5,324	5,996
Development costs	14,482	12,244	7,869	1,352	2,762	2,421
Software under installation	672	816	2,372	245	287	1,090
	901,116	893,319	869,119	88,475	90,501	91,634

THE GROUP

Movements in the historical cost of intangible assets during the Relevant Periods are as follows:

	Trademarks	Goodwill	Store lease acquisitions	Software	Development costs	Software under installation	Total gross value
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Balance as at February 1, 2008	394,293	535,201	82,825	53,580	39,093	1,058	1,106,050
Exchange differences	(10,772)	(5,205)	(266)	137	36	4	(16,066)
Additions	177	—	13,767	2,394	1,975	493	18,806
Other movements	—	—	1,255	643	25	(883)	1,040
Written off	—	—	—	(337)	(3)	—	(340)
Balance as at January 31, 2009	383,698	529,996	97,581	56,417	41,126	672	1,109,490
Exchange differences	1,937	936	(16)	(175)	(16)	(4)	2,662
Acquisition through business combinations	9,311	—	—	—	—	—	9,311
Additions	168	2,060	7,517	1,226	2,871	525	14,367
Disposals	—	—	—	(153)	—	—	(153)
Other movements	—	—	428	(236)	52	(325)	(81)
Written off	—	—	—	(65)	—	(52)	(117)
Balance as at January 31, 2010	395,114	532,992	105,510	57,014	44,033	816	1,135,479
Exchange differences	(5,208)	176	340	185	1	19	(4,487)
Additions	184	—	1,529	3,339	1,599	2,143	8,794
Disposals	—	—	—	(2)	—	(3)	(5)
Other movements	1	—	381	216	21	(603)	16
Written off	—	—	—	(24)	(189)	—	(213)
Balance as at January 31, 2011	390,091	533,168	107,760	60,728	45,465	2,372	1,139,584

THE GROUP

Movements in the accumulated amortization and impairment of intangible assets during the Relevant Periods are as follows:

	Trademarks	Goodwill	Store lease acquisition cost	Software	Development costs	Total accumulated amortization
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Balance as at February 1, 2008	47,961	19,564	49,491	42,106	21,992	181,114
Exchange differences	(2,328)	(2,307)	288	124	1	(4,222)
Amortization	10,365	—	5,769	5,367	4,678	26,179
Other movements	—	—	201	—	(27)	174
Impairment	—	5,444	—	—	—	5,444
Written off	—	—	—	(315)	—	(315)
Balance as at January 31, 2009	55,998	22,701	55,749	47,282	26,644	208,374
Exchange differences	475	567	(247)	(159)	(2)	634
Amortization	10,487	—	7,446	4,539	5,156	27,628
Disposals	—	—	—	(143)	—	(143)
Other movements	—	—	110	(213)	(9)	(112)
Impairment	—	5,835	—	—	—	5,835
Written off	—	—	—	(56)	—	(56)
Balance as at January 31, 2010	66,960	29,103	63,058	51,250	31,789	242,160
Exchange differences	(439)	119	157	162	1	—
Amortization	11,110	—	8,358	2,955	5,987	28,410
Other movements	—	—	100	—	(2)	98
Written off	—	—	—	(24)	(179)	(203)
Balance as at January 31, 2011	77,631	29,222	71,673	54,343	37,596	270,465

THE COMPANY

Movements in the historical cost of intangible assets during the Relevant Periods are as follows:

	Trademarks	Development cost	Goodwill	Software	Software under installation	Total cost
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Balance as at February 1, 2008	2,093	850	81,657	42,280	806	127,686
Additions	—	1,975	—	2,021	132	4,128
Other movements	—	51	—	642	(693)	—
Balance as at January 31, 2009	2,093	2,876	81,657	44,943	245	131,814
Additions	1	2,540	2,060	1,109	286	5,996
Other movements	7	(28)	1,708	79	(244)	1,522
Balance as at January 31, 2010	2,101	5,388	85,425	46,131	287	139,332
Additions	—	1,446	—	3,256	991	5,693
Other movements	—	(12)	—	188	(188)	(12)
Balance as at January 31, 2011	2,101	6,822	85,425	49,575	1,090	145,013

The movements in the accumulated amortization of intangible assets during the Relevant Periods are as follows:

	Trademarks	Development cost	Goodwill	Software	Total accumulated amortization
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Balance as at February 1, 2008	2,092	833	3,303	31,270	37,498
Amortization	—	691	—	5,150	5,841
Balance as at January 31, 2009	2,092	1,524	3,303	36,420	43,339
Amortization	1	1,111	—	4,373	5,485
Other movements	2	(9)	—	44	37
Impairment	—	—	—	(30)	(30)
Balance as at January 31, 2010	2,095	2,626	3,303	40,807	48,831
Amortization	1	1,777	—	2,772	4,550
Other movements	—	(2)	—	—	(2)
Balance as at January 31, 2011	2,096	4,401	3,303	43,579	53,379

Trademark

The net book value of trademarks is provided below:

	THE GROUP		
	At January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Prada	4,963	4,800	4,637
Miu Miu	193,262	187,687	182,112
Church's	121,706	119,188	110,546
Luna Rossa	—	9,074	8,093
Car Shoe	6,560	6,363	6,177
Other	1,209	1,042	895
Total	327,700	328,154	312,460

Group's trademarks have not been impaired during the Relevant Periods. "Other" includes trademark registration expenses.

"Store lease acquisition costs" (Key Money) include intangible assets recorded with reference to costs incurred by the Group to enter into, take over or extend lease agreements for retail premises in the most prestigious retail areas.

Goodwill

The carrying amount of goodwill was allocated to cash generating units ("CGU") as follows:

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Italian wholesale	78,355	78,355	78,355	78,354	78,354	78,354
Asia Pacific and Japan retail	311,936	311,936	311,936	—	—	—
Italian retail	25,850	25,850	25,850	—	—	—
Germany and Austria retail	5,064	5,064	5,064	—	—	—
The United Kingdom retail	9,300	9,300	9,300	—	—	—
Spain retail	1,400	1,400	1,400	—	—	—
France and Montecarlo retail	11,700	11,700	11,700	—	—	—
North America retail and wholesale	48,000	48,000	48,000	—	—	—
Industrial goodwill	1,433	3,492	3,492	—	3,768	3,768
Church's	14,257	8,792	8,849	—	—	—
Total	507,295	503,889	503,946	78,354	82,122	82,122

Goodwill is not amortised. Instead, it is tested for impairment at least once a year.

The method used to identify the recoverable value ("value in use") is based on the discounted expected free cash-flow (hereinafter DCF) generated by the assets directly attributable to the business to which the goodwill has been allocated.

The value in use is calculated as the sum of the present value of future free cash-flows expected from the business plan projections covering a 5 year period prepared for each CGU and the present value of the operating activities of the sector at the end of the business plan period (terminal value) based on growth rate ranging from 0% to 1.5%.

Business plans cover a period of five years and the discount rate applied is calculated using the weighted average cost of capital approach ("W.A.C.C."). For the test performed, the W.A.C.C. used for discounting purposes is in the range between 6.17% to 9.93%, 5.66% to 8.84% and 5.55% to 9.6% as at January 31, 2009, 2010 and 2011, respectively.

As at January 31, 2009, the test highlighted on impairment loss which recorded in the consolidated income statement. An impairment of Euro 5 million reduced "Industrial Goodwill", while an impairment of Euro 0.4 million reduced the goodwill attributable to the "Church's" CGU due to uncertain global economic outlook, the Group has revised its cash flow forecasts for the CGU.

Following to the test performed as at January 31, 2010 an impairment loss, attributable to the "Church's" CGU, was recorded in the consolidated income statement for an amount of Euro 5.8 million due to uncertain global economic outlook, the Group has revised its cash flow forecasts for the CGU.

No impairment loss was identified as at January 31, 2011 as the recoverable value is greater than the carrying value of goodwill of each CGUs.

14. INVESTMENTS

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Investments in subsidiaries	—	—	—	833,012	822,615	823,479
Investment in an associate	1,738	1,738	1,738	1,738	1,738	1,738
Investment in a jointly controlled entity	8,160	7,757	—	7,050	7,050	—
Other investments	14	14	14	14	14	14
Total	9,912	9,509	1,752	841,814	831,417	825,231

Details of the associate at the end of each reporting periods are disclosed in note 40.

Investment in a jointly controlled entity

Fragrance & Skincare S.L. is a jointly controlled entity, with the Spanish manufacturer Puig Beauty & Fashion, for distributing of fragrances.

The Company acquired 50% of shares of Fragrance & Skincare S.L. in 2007 from its parent company — PRADA Holding B.V.. The value of the investment includes a goodwill amounting to Euro 4.4 million annually tested for impairment.

On January 27, 2011, the directors resolved to dispose of the interest in Fragrance & Skincare S.L. to its joint venture partner, Puig S.L.. The assets attributable to the investment in a jointly controlled entity have been classified as asset held for sale in the consolidated statement of financial position (note 11) as at January 31, 2011 and a sales agreement was entered with Puig S.L. on February 23, 2011. The consideration for the disposal of Fragrance & Skincare S.L. was approximately Euro 3.5 million. The relationship with the Spanish fragrance producer will continue under the licensing agreement with Fragrance & Skincare S.L. that has been extended to 2020.

Summarized financial information in respect of the Group's jointly controlled entity is set out below.

	THE GROUP	
	At January 31,	
	2009	2010
	Euro'000	Euro'000
Total assets	35,960	34,608
Total liabilities	28,593	28,047
Net assets	7,367	6,561
Group's share of net assets of a jointly controlled entity	3,684	3,281

	THE GROUP		
	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Total profit for the year	2,030	(806)	(8,442)
Other comprehensive income	—	—	—
Group's share of profit (loss) of entity	1,015	(403)	(4,221)
Group's share of other comprehensive income	—	—	—

15. OTHER NON-CURRENT ASSETS

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Guarantee deposits	31,056	24,347	37,945	—	—	—
Deferred rent	—	1,650	1,981	—	—	—
Others	2,377	2,358	4,958	3,764	2,900	1,227
Total	33,433	28,355	44,884	3,764	2,900	1,227

Guarantee deposits are analysed by type as follows:

THE GROUP

	At January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Type:			
Stores	27,938	22,194	34,639
Offices	1,904	1,055	1,268
Warehouses	184	125	152
Other	1,030	973	1,886
Total	31,056	24,347	37,945

16. BORROWINGS

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Bank overdrafts	27,009	29,369	17,074	14,105	23,365	15,173
Bank loans	606,199	543,033	484,878	493,621	430,673	371,117
	633,208	572,402	501,952	507,726	454,038	386,290
Deferred cost on loans	(2,638)	(1,680)	(4,304)	(2,325)	(869)	(2,640)
Total	630,570	570,722	497,648	505,401	453,169	383,650
Secured	17,123	34,271	36,487	17,123	19,843	21,643
Unsecured	613,447	536,451	461,161	488,278	433,326	362,007
	630,570	570,722	497,648	505,401	453,169	383,650

Carrying amount repayable:						
	2009	2010	2011	2009	2010	2011
Within one year	368,274	460,281	196,463	287,603	375,794	151,346
More than one year, but not exceeding two years	174,045	32,324	127,177	145,712	25,700	109,091
More than two years, but not exceeding five years	79,602	77,220	178,312	63,124	49,967	125,853
More than five years	11,287	2,577	—	11,287	2,577	—
Deferred cost on loans	(2,638)	(1,680)	(4,304)	(2,325)	(869)	(2,640)
	630,570	570,722	497,648	505,401	453,169	383,650
Less: Amounts due within one year shown under current liabilities	(366,538)	(459,283)	(194,240)	(286,147)	(375,100)	(149,956)
Amounts shown under non-current liabilities	264,032	111,439	303,408	219,254	78,069	233,694

The ranges of effective interest rates are as follows:

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
Effective interest rate:	0.93%	0.74%	1.17%	2.43%	0.74%	1.14%
	to	to	to	to	to	to
	6.65%	9.67%	10.30%	6.11%	5.0%	4.4%

The carrying amounts of the Group's and the Company's bank loans are denominated in the following currencies:

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Euro	493,656	430,805	370,643	493,621	430,673	371,117
Japanese Yen	108,081	74,597	77,038	—	—	—
Renminbi	—	13,635	13,167	—	—	—
US dollar	—	15,489	15,329	—	—	—
Other currencies	4,462	8,507	8,701	—	—	—
	606,199	543,033	484,878	493,621	430,673	371,117

Non-current borrowings are analysed as follows:

Lending bank	Notes	Borrower	Expiry date	2009	2010	2011
				Euro'000	Euro'000	Euro'000
Syndicated loan	a	The Company	07/2010	129,000	—	—
Banca di Roma		The Company	07/2010	4,000	—	—
Banca Monte dei Paschi di Siena	b	The Company	07/2015	6,000	5,400	4,200
Intesa Sanpaolo*	c	The Company	06/2014	30,000	26,250	18,750
UniCredit S.p.A.	d	The Company	05/2012	30,000	24,000	12,000
C.R. Lucca. Pisa. Livorno	e	The Company	08/2012	10,000	8,750	3,750
Cariparma	f	The Company	06/2015	11,123	13,843	16,243
Pool loan	g	The Company	07/2013	—	—	180,000
Syndicated loan	a	PRADA Japan Co., Ltd.	07/2010	24,669	—	—
Mizuho Bank	h	PRADA Japan Co., Ltd.	07/2013	17,394	13,231	8,872
HSBC	i	Church & Co. Plc.	07/2013	2,784	2,472	1,660
Sovereign Bank	j	Post Development Corp.	05/2014	—	15,028	14,844
Bank of China	k	PRADA Fashion Commerce (Shanghai) Co. Ltd.	09/2012	—	3,147	3,322
Mizuho Bank	l	PRADA Fashion Commerce (Shanghai) Co. Ltd.	09/2013	—	—	9,845
Mizuho Bank and Bank of Tokyo	m	PRADA Japan Co., Ltd.	07/2013	—	—	32,003
				264,970	112,121	305,489
Deferred cost on loans				(938)	(682)	(2,081)
Total				264,032	111,439	303,408

* Intesa Sanpaolo is a shareholder of the Company.

Notes:

- a. In 2005, the Group obtained a long-term loan organized and provided by Intesa Sanpaolo S.p.A., Calyon S.A., HSBC Bank plc and UniCredit S.p.A. The loan agreement was signed on July 27, 2005 for a total amount of Euro 590 million and 14,500 million Japanese Yen allocated to the Company and its subsidiary PRADA Japan Co., Ltd, respectively.

The amount allocated to the Company includes a five-year loan of Euro 430 million (including Euro 301 million repayable in seven installments due from January 2007 to January 2010 and the remainder through a bullet repayment in July 2010), a revolving credit line of Euro 80 million and a back-up facility of Euro 80 million for working capital requirements (final maturity July 2010). The Company voluntarily cancelled some Euro 40 million of this back-up line of credit in December 2005 while the remaining Euro 40 million was cancelled in February 2006.

The credit facility allocated to PRADA Japan Co., Ltd includes a five-year loan of 10,500 million Japanese Yen (including 7,668 million Yen repayable in seven installments due from January 2007 to January 2010 and the remaining through a bullet repayment in July 2010) and a revolving line of credit of 4,000 million Japanese Yen with final maturity July 2010.

These long-term facilities are subject to certain financial covenants and conditions, which are based on the consolidated financial statements of the Group. These financial covenants and conditions refer to a minimum amount of consolidated net worth that shall not be less than Euro 320 million, a maximum level of the ratio of total net borrowings to EBITDA that shall not exceed 3.5 at the year end (3.75 at the half of the year) and a minimum level of the ratio of EBITDA to financial charges that shall not be lower than 4. As at January 31, 2009 the Group fully respected these covenants.

The loan agreement provides that the proceeds from any debenture loan or from other medium-term bank loans expiring before July 2010, as well as from capital increases due to the possible listing of PRADA spa are used to repay the loan capital ahead of schedule.

- b. On July 31, 2008 Banca Monte dei Paschi di Siena granted the Company a seven-year mortgage loan of Euro 6 million repayable in 10 installments due from January 2011 to July 2015. The loan agreement is guaranteed by a mortgage on a property in Tuscany acquired during year ended January 31, 2009. The net book value of such property was Euro 13.0 million, Euro 12.7 million and Euro 12.5 million as at January 31, 2009, 2010 and 2011, respectively.

Interest rate is equal to six-month Euribor plus 110 basis points.

- c. On May 29, 2007, Intesa Sanpaolo spa granted the Company a seven year loan of Euro 30 million repayable in 8 equal installments due from December 2010 to June 2014.

The loan facility is subject to certain financial covenants and conditions, which are based on the consolidated financial statements of the Group. These financial covenants and conditions refer to a minimum amount of consolidated net worth that shall not be less than Euro 320 million, a maximum level of the ratio of total net borrowings to EBITDA that shall not exceed 3.5 at the year end and a minimum level of the ratio of EBITDA to financial charges that shall not be lower than 4. At the reporting date, all of the covenants were respected.

- d. On May 29, 2007, UniCredit S.p.A. granted the Company five-year loan of Euro 30 million repayable in four installments (three installments of Euro 6 million due from November 2010 to November 2011 and the remaining Euro 12 million as a bullet repayment in May 2012). Pursuant to the agreement, the Company may exercise — within 60 days of the expiry date - a term out option thus extending the loan term by two years. In this case, the remaining amount of Euro 12 million may be repaid in five equal installments.

The loan facility is subject to certain financial covenants and conditions, which are based on the consolidated financial statements of the Group. These financial covenants and

conditions refer to a maximum level of the ratio of total net borrowings to EBITDA that shall not exceed 3.5 at the year end and a minimum level of the ratio of EBITDA to financial charges that shall not be lower than 4. At the reporting date, all of the covenants were respected.

- e. On July 20, 2007, Cassa di Risparmio di Lucca Pisa Livorno S.p.A. granted the Company a five-year loan of Euro 10 million repayable in eight equal installments due from November 2010 to August 2012.
- f. On July 31, 2008, Cassa di Risparmio di Parma e Piacenza S.p.A. granted the Company a seven-year mortgage loan of Euro 20 million disbursable based on the progress of works on a property located in Tuscany. As at January 31, 2010 the amount received was Euro 13.8 million, (Euro 11.1 million as at January 31, 2009). The loan is guaranteed by a mortgage on the property. On January 18, 2010 the amortization schedule was amended while the final maturity remained as the original (June 30, 2015). Following this amendment the reimbursement is established in 7 semi-annual installments starting from December 2012. The net book value of such property was Euro 27.3 million, Euro 31.2 million and Euro 34.1 million as at January 31, 2009, 2010 and 2011, respectively.
- g. The Company signed a loan agreement with a pool of seven banks for a total amount of Euro 360 million. The agreement includes a term loan of Euro 260 million repayable from July 2011 and a revolving line of credit of Euro 100 million. The lending banks are: Banca Monte dei Paschi di Siena, Crédit Agricole, HSBC, Intesa Sanpaolo, Mizuho, Natixis and UniCredit S.p.A. The loan expires on July 27, 2013.

The term loan is subject to interest at the Euribor 6 month rate plus a spread of 150 basis points while the revolving line of credit is subject to the Euribor rate for the period plus a spread of 115 basis points. Both spreads are variable in relation to the ratio between consolidated net bank borrowing and EBITDA.

This loan is subject to compliance with certain covenants based on the consolidated financial statements of the Group. Specifically, the ratio of total net bank borrowing and EBITDA cannot exceed 2.5 at year end (3 at the six-monthly reporting date), the ratio of EBITDA to total net interest charges must be greater than 4 and, finally, shareholders' equity must not be lower than Euro 650 million.

- h. On July 11, 2008 Mizuho Bank granted PRADA Japan Co., Ltd. a five-year loan of Yen 2 billion repayable in 6 six-month installments due from January 2011 to July 2013. The financing is at a fixed interest rate of 2.09%.
- i. On May 12, 2008 Church & Co., Ltd. signed a five-year loan agreement with HSBC Bank plc for a total amount of GBP 2.5 million, repayable in 3 tranches within 9 months after the execution of the agreement; the financing is repayable in 6 installments due from January 2011. It is guaranteed by PRADA spa and the interest rate is equal to the UK base rate plus 70 basis points.
- j. On April 3, 2009, Sovereign Bank granted Post Development Corp. a five-year mortgage loan of USD 22 million, of which USD 3.3 million are repayable in 59 monthly instalments, due from June 2009 to April 2014 and the remainder through a bullet repayment in May 2014. The loan is guaranteed by a mortgage on the property in New York, head-office of PRADA USA Corp. This loan is subject to certain financial covenants that are based on the financial statements of Prada USA Corp. and Post Development Corp. and they have been fully respected as at reporting date. The net book value of such property was Euro 35.3 million, Euro 30.6 million and Euro 30.0 million as at January 31, 2009, 2010 and 2011, respectively.

- k. On September 20, 2009 PRADA Fashion Commerce (Shanghai) Co., Ltd. was granted a three year loan from Bank of China for a total of Renminbi 30 million. The reimbursement is bullet at maturity.
- l. On September 28, 2010, Prada Fashion Commerce (Shanghai) Co., Ltd. obtained a three-year loan totaling Renminbi 170 million from Mizuho Bank. The loan includes Tranche A of Renminbi 120 million which is repayable in six-monthly installments between March 2012 and September 2013 and Tranche B of Renminbi 50 million, repayable in quarterly installments between December 2012 and September 2013. The applicable rate of interest is 100% of the rate published by the People's Bank of China.
- m. On September 28, 2010, Prada Japan Co., Ltd. signed a loan agreement for a total amount of Japanese Yen 6 billion with a pool of banks including Mizuho Bank and Bank of Tokyo. This includes a term loan of Yen 4 billion, repayable in six-monthly installments from January 2012, and a revolving line of credit of Yen 2 billion that expires in July 2011. The term loan is subject to interest at the TIBOR six month rate plus a spread of 110 basis points while the revolving line of credit is subject to interest at the TIBOR period rate plus a spread of 82.5 basis points. This loan is also subject to certain covenants based on the statutory financial statements of Prada Japan Co., Ltd. from January 31, 2011. At the reporting date, all of the covenants were respected.

The Company and the Group have historically complied all the above financial covenants at the end of each reporting period.

17. AMOUNTS DUE TO PARENT COMPANY, SUBSIDIARIES, A JOINTLY CONTROLLED ENTITY AND RELATED PARTIES

Amounts due to parent companies, subsidiaries, a jointly controlled entity and related parties may be detailed in note 38.

For financial payables of Euro 2.5 million, Euro 2.6 million and Euro 0.07 million due to PRADA Holding B.V. as at January 31, 2009, 2010 and 2011, respectively, bear interests at a rate equal to Euribor/Libor plus a 1% spread and the principal amount is repayable upon request within 15 days of notice.

For financial payables of approximately Euro 0.25 million, Euro 0.24 million and Euro 0.24 million due to other companies controlled by PRADA Holding B.V. as at January 31, 2009, 2010 and 2011, respectively, bear interests at a rate equal to Euribor and the principal amount is repayable upon request within 15 days of notice.

Except as disclosed above, the remaining payables are interest free.

All balances are unsecured.

18. OTHER SHAREHOLDERS' LOANS

	THE GROUP		
	At January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Other shareholders' loans	521	545	581

Balances represent financial payables to non-controlling shareholders of subsidiaries.

19. TRADE PAYABLES

Trade payables can be summarized as follows:

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Trade payables						
- third parties	229,156	195,577	232,143	180,883	154,434	175,723
- related parties	1,258	819	1,701	1,291	1,175	1,504
- a jointly controlled entity	93	—	22	93	—	22
- subsidiaries	—	—	—	111,347	104,851	132,680
Total	230,507	196,396	233,866	293,614	260,460	309,929

Trade payables towards related parties refer to purchases of finished goods from retail companies owned by PRADA Holding B.V.'s main shareholders as detailed in note 38.

The following is an aged analysis of trade payable presented based on the due date at the end of each reporting period.

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Current	204,552	174,968	210,742	281,641	249,865	297,934
Overdue:						
1 - 60 days	13,737	13,088	13,536	5,627	5,201	5,468
61 - 90 days	2,520	1,359	2,557	861	916	1,630
> 90 days	9,698	6,981	7,031	5,485	4,478	4,897
Total trade payables	230,507	196,396	233,866	293,614	260,460	309,929

The credit period of purchase of goods and services are ranged from 30 days to 90 days during the Relevant Periods. The Group and the Company have financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. OBLIGATIONS UNDER FINANCE LEASES**THE GROUP**

The Group leased certain of its property, plant and equipment under finance leases. Majority of the lease expired within 5 years. The Group has options to purchase the property, plant and equipment for a nominal amount at the end of the lease terms. The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.02% to 5.89%, 1.68% to 5.85% and 2.01% to 5.85% as at January 31, 2009, 2010 and 2011, respectively.

	Minimum lease payments			Present value of minimum lease payments		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Amounts payable under finance leases						
Not later than one year	3,735	5,965	2,317	3,414	5,513	5,019
Later than one year and not later than five years	7,639	8,014	5,557	7,160	7,668	2,509
Later than five years	573	—	4	503	—	—
	11,947	13,979	7,878	11,077	13,181	7,528
Less: future finance charges	(870)	(798)	(350)	N/A	N/A	N/A
	11,077	13,181	7,528	11,077	13,181	7,528

	At January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Included in the Financial Information as:			
- current	3,414	5,513	5,019
- non-current	7,663	7,668	2,509
	11,077	13,181	7,528

THE COMPANY

The Company leased certain of its buildings under finance leases. The lease terms are expired within 5 years. The Company has options to purchase the buildings for a nominal amount at the end of the lease terms. The Company's obligations under finance leases are secured by the lessors' title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 3.02% to 5.89%, 1.68% to 3.00% and 2.01% to 3.00% as at January 31, 2009, 2010 and 2011, respectively.

	Minimum lease payments			Present value of minimum lease payments		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Amounts payable under finance leases						
Not later than one year	3,135	2,521	2,963	2,953	2,305	2,819
Later than one year and not later than five years	5,358	5,615	2,204	5,129	5,353	2,089
	8,493	8,136	5,167	8,082	7,658	4,908
Less: future finance charges	(411)	(478)	(259)	N/A	N/A	N/A
	8,082	7,658	4,908	8,082	7,658	4,908

	At January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Included in the Financial Information as:			
- current	2,953	2,305	2,819
- non-current	5,129	5,353	2,089
	8,082	7,658	4,908

21. OTHER CURRENT LIABILITIES

Other current liabilities can be detailed as follows:

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Payables for capital expenditure	32,368	28,247	41,134	12,495	9,699	9,529
Accrued expenses and deferred income	21,181	23,659	23,423	10	13	53
Others	39,840	38,820	46,925	30,198	35,143	37,895
Total	93,389	90,726	111,482	42,703	44,855	47,477

Accrued expenses and deferred income

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Deferred income	2,467	1,837	1,208	10	13	53
Advertising	373	1,319	76	—	—	—
Rental	6,539	10,388	9,845	—	—	—
Consultancies	937	855	1,774	—	—	—
Maintenance, utilities and insurance	4,332	3,261	1,258	—	—	—
Commissions	1,072	687	888	—	—	—
Personnel costs	1,849	1,227	1,499	—	—	—
Others	3,612	4,085	6,875	—	—	—
Total	21,181	23,659	23,423	10	13	53

Others

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Short-term benefits employees and collaborators	27,099	26,524	32,768	18,768	18,582	20,993
Customer payments	1,881	834	—	—	—	—
Advances from customers	1,239	2,723	2,473	1,327	1,799	411
Customs duties	1,533	1,516	2,099	—	—	—
Provision for customers returns	2,721	4,651	4,491	8,198	13,158	16,124
Others	5,367	2,572	5,094	1,905	1,604	367
Total	39,840	38,820	46,925	30,198	35,143	37,895

22. POST-EMPLOYMENT BENEFITS

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Post-employment benefits	35,595	35,786	33,451	22,651	22,662	19,429
Other long-term benefits	508	1,045	1,382	393	849	971
Total	36,103	36,831	34,833	23,044	23,511	20,400

Post-employment benefits*Defined benefit plans*

The Italian post-employment benefits are "Trattamento di fine rapporto" (hereinafter "TFR" i.e. staff leaving indemnity), which is a unfunded pension, and the balance - which reflects fair value - was determined projecting the benefit, accruing under Italian law at the end of each reporting period, to the future date when the employment relationship will be terminated and discounting it at the reporting date using the actuarial "Projected Unit Credit Method".

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at February 25, 2011 by Federica Zappari, Attuario, a national registered actuary of Ordine Nazionale Degli Attuari, in Italy. The address of Federica Zappari is 00154 Roma, Via Giovanni da Empoli, 33, Italia.

The following table shows movements in caption post-employment benefit liabilities during the Relevant Periods:

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Opening balance	34,507	35,595	35,786	24,462	22,651	22,662
Current service cost	2,842	2,751	2,732	—	—	8
Curtailment	(742)	—	—	(741)	—	—
Interest cost	3,754	1,283	579	1,008	664	273
Actuarial (gains) losses	(401)	1,109	(4,455)	530	692	(491)
Benefits paid	(5,564)	(4,690)	(5,817)	(2,608)	(1,920)	(3,024)
Pension plan surplus	—	—	3,595	—	—	—
Exchange differences	1,754	(513)	1,031	—	—	—
Other movements	(555)	251	—	—	575	1
Closing balance	35,595	35,786	33,451	22,651	22,662	19,429

Amount recognized in profit or loss in respect of the defined benefit plans are as follows:

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Current service cost	2,842	2,751	2,732	—	—	8
Interest cost	3,754	1,283	579	1,008	664	273
Others	(742)	—	—	(741)	—	—
	5,854	4,034	3,311	267	664	281

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
Discount rate(s)	7.0%	6.0%	6.1%	2.9% to 4.7%	1.2% to 4.8%	2.0% to 5.0%
Expected return on plan assets (Note)	1% to 7.5%	1% to 7.4%	1% to 7.5%	n/a	n/a	n/a
Expected rate(s) of salary increase	0% to 3.3%	0% to 3.3%	1.5% to 2.0%	0% to 3.3%	0% to 3.3%	1.5% to 2.0%

Note: Applicable for the funded pension in United Kingdom for certain subsidiaries of the Group.

The charge is included in the employee benefits expense in the consolidated income statements.

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The directors' assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset in the next twelve months.

The Group recognized actuarial gains (losses) amounted to Euro 274,000, Euro (815,000) and Euro 3,495,000 for the years ended January 31, 2009, 2010 and 2011, respectively, in other comprehensive income. The cumulative amount of actuarial gains recognized directly in other comprehensive income amounted to Euro 3.6 million, Euro 4.4 million and Euro 0.9 million as at January 31, 2009, 2010 and 2011, respectively.

The post-employment benefits for Italian companies liability was determined based on an independent appraisal which considered demographic, economic and financial evidence and assumptions.

The technical basis for the computation was based on an historical analysis of the data. For the demographic assumptions, variables such as mortality, early retirement and resignation, dismissal, expiry of employment contract, advance payment on leaving indemnities and supplementary pension schemes were considered. Economic and financial assumptions were made based on variables such as inflation and discount rates.

Post-employment benefits of non-Italian companies are stated net of the surplus on pension plans relating to the Group companies operating in the United Kingdom, which is a funded pension, which provide pensions services to employees.

The fair value, as determined by an independent actuary using the "Projected Unit Cost Method", of the funds is as follows:

THE GROUP			
At January 31,			
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Fair value of fund assets	31,960	39,709	44,493
Fair value of fund liabilities	(32,468)	(40,756)	(40,898)
Fund net fair value	(508)	(1,047)	3,595

At the end of each reporting date, the main fund assets, along with the relevant expected rates of return, were as follows:

THE GROUP

	Assets			Rate of return		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000			
Equities	11,131	11,954	20,293	7.5%	7.4%	7.5%
Alternatives	3,900	4,846	4,944	7.5%	7.4%	7.5%
Bonds	12,794	17,930	17,986	5.6%	5.1%	4.9% - 5.5%
Other	4,135	4,979	1,270	1%	1%	1%
Total	31,960	39,709	44,493			

Defined contribution plans

In certain countries, the Group contributes to pension with defined contributions.

Other long-term benefits

The Group signs agreements with some key employees in order to retain them until a certain future date against payment of allowances (the so-called Stability Agreements).

These stability agreements can be considered "Other long-term employee benefits" in compliance with IAS19. They were subjected to actuarial appraisal.

23. PROVISIONS

Movements on provisions are summarized as follows:

THE GROUP

	Provision for litigation	Provision for tax disputes	Other provisions	Total
	Euro'000	Euro'000	Euro'000	Euro'000
Balance as at February 1, 2008	1,229	3,403	5,092	9,724
Exchange differences	32	13	518	563
Reclassification	9	16	(25)	—
Additions	1,453	4,871	3,933	10,257
Reversals	(791)	(476)	(4,019)	(5,286)
Utilization	(129)	(961)	(48)	(1,138)
Balance as at January 31, 2009	1,803	6,866	5,451	14,120
Exchange differences	(23)	23	(272)	(272)
Additions	165	4,709	881	5,755
Reversals	(300)	(104)	(460)	(864)
Utilization	(176)	(4,241)	(1,183)	(5,600)
Balance as at January 31, 2010	1,469	7,253	4,417	13,139
Exchange differences	—	73	(39)	34
Additions	211	33,334	7,874	41,419
Reversals	(74)	—	(310)	(384)
Utilization	(760)	(569)	(154)	(1,483)
Balance as at January 31, 2011	846	40,091	11,788	52,725

THE COMPANY

	Provision for litigation Euro'000	Provision for tax disputes Euro'000	Total Euro'000
Balance as at February 1, 2008	882	—	882
Reversals	(770)	—	(770)
Utilization	(82)	—	(82)
Additions	1,051	—	1,051
Balance as at January 31, 2009 and 2010	1,081	—	1,081
Utilization	(700)	—	(700)
Additions	132	28,393	28,525
Balance as at January 31, 2011	513	28,393	28,906

The provisions represent the Directors' best estimate of the maximum contingent liabilities. In the Directors' opinion, and based on the information available to them, as supported by the opinions of independent experts, at the end of each reporting period. The total amount provided for risks and charges was reasonable considering the contingent liabilities that might arise.

Provision for litigation

The provision for litigation mainly regards disputes with suppliers and employees of the Group. The amounts utilised during the Relevant Periods regarded the settlement of a dispute with a supplier.

Provision for tax disputes*Pending tax disputes*

On December 30, 2005, Genny S.p.A. received two notices of tax assessment for VAT purposes for the 2002 fiscal year. The assessments regarded the sales of the Byblos and Genny businesses (the latter transaction involved two Group companies) and amounted to about Euro 20 million. The Company appealed to the Provincial Tax Commission of Ancona and a hearing took place on January 16, 2007. On May 15, 2007, the Provincial Tax Commission issued its decision which was favorable to the Company. On June 7, 2008, the Revenue Agency of Ancona filed an appeal against these decisions and on September 18, 2008, the Company filed its own counter arguments. The above appeal hearings were held on December 21, 2010 and the Company was recently notified of a favorable outcome. This tax dispute is still pending, and the Company is now waiting for the next action of the Tax Authorities. However, according to these updated facts and information available, the Group's management has not changed its evaluation.

On August 4, 2006, IPI Italia spa, as purchaser of the Genny business, received a demand for VAT penalties totalling Euro 5.7 million for the year 2002. On November 14, 2006 the Company submitted defensive arguments against this

claim. On October 9, 2007 the Company received a request for penalties against which it filed an appeal with the Milan Tax Commission on December 14, 2007. On January 19, 2009, the appeal was rejected. On December 1, 2009 the dispute was discussed with the Regional Tax Commission that rejected the appeal. The Company then prepared a further appeal to the Supreme Court of Cassation, against this decision, and filed it on March 3, 2011. Full provision was made for the amount involved in the dispute during the prior year. However, it does not appear under provisions for taxation as it has already been paid in advance to the tax authorities, in accordance with the applicable tax regulations.

On November 30, 2005, PRADA Retail France SAS received a notice of assessment for an amount of approximately Euro 0.5 million, following an inspection by the French Tax Authorities. The assessment regarded inter-company transfer prices in 2003 and 2004. The dispute essentially concerned the adjustment of the tax losses carried forward by the French company. As no agreement was reached with the French Tax Authorities, on May 31, 2007, PRADA Retail France SAS filed an application to open a mutual agreement procedure in terms of the Franco-Swiss Treaty and the outcome is still pending. If the matter is decided against PRADA Retail France SAS, it will not generate any taxable income and will only affect tax loss carryforwards on which no deferred tax assets have been recognized in any case.

On December 9, 2009 PRADA Retail France SAS has received a notice of assessment for an amount of approximately Euro 1.8 million, following an inspection by the French Tax Authorities with regard to transfer pricing in 2005, 2006 and 2007. In the first few months of 2010, PRADA Retail France SAS commenced mutual agreement procedures in relation to this second assessment under both the Franco-Swiss and Franco-Italian bilateral tax conventions. In the meantime, on August 30, 2010, PRADA Retail France SAS received a notice from the French Tax Authorities stating that they have cancelled part of the initial adjustment to the extent of Euro 1.5 million. The outcome of the mutual agreement procedure is awaited in relation to the remaining part. In the meantime, PRADA Retail France SAS has paid Euro 0.4 million. Based on their understanding of the risks associated with this dispute and with the support of a leading French tax firm, the Directors have decided not to make any provision.

In 2008, PRADA Germany GMBH received a notice of assessment for an amount of approximately Euro 0.7 million, following an inspection by the German tax authorities. The assessment regarded inter-company transfer prices in 2001, 2002, 2003 and 2004. In July 2008, Prada Germany GMBH commenced the mutual agreement procedure provided for by the Treaty against double taxation between Germany and Switzerland. On September 10, 2008, the

German Tax Authorities announced the suspension of the ordinary contestation procedure and of the payment due. In the meantime, the German Tax Authorities have commenced an inspection in relation to transfer pricing in the 2005, 2006, 2007 and 2008 tax years; this inspection is still in progress.

Settled tax disputes

During the years 2003-2005, the Japanese Tax Authorities conducted an investigation on PRADA Japan Co., Ltd with regard to transfer prices. On December 27, 2005 the Japanese Tax Authorities issued a formal tax assessment notice for the years from 1999 to 2003. On February 24, 2006, PRADA Japan Co., Ltd. appealed against these assessments in compliance with Japanese laws. PRADA Japan Co., Ltd then requested the suspension of the ordinary dispute procedure to start the mutual agreement procedure in compliance with the Treaties against double taxation involving Japanese, Dutch and Luxembourg Competent Authorities. The mutual agreement procedure was formally started between the Japanese Competent Authorities on one side and the Dutch and Luxembourg Competent Authorities on the other side. Then the Dutch and Luxembourg authorities appointed the Swiss authorities to conduct negotiations with the Japanese authorities. They held several meetings and exchanged documents; at the end of first half of 2009 an agreement was finalised to reduce the assessment by around 50% of the original requested amount. According to this agreement also corresponding adjustments have been recognized during second half of 2009. The related provision amounted to Euro 4.2 million, and was accrued and settled during the year ended January 31, 2009 and then settled further to the agreement between the competent authorities. In the last two months of 2009, the Japanese Tax Authorities began an inspection of Prada Japan Co., Ltd in relation to transfer prices in the tax years 2004, 2005, 2006, 2007 and 2008 this inspection is still in progress.

In 2007, the Korean tax authorities commenced a tax inspection of PRADA Korea Ltd, mainly in relation to transfer pricing, in relation to the 2002, 2003, 2004, 2005 and 2006 tax periods. In 2008, the inspection resulted in notices of tax assessment that were challenged by PRADA Korea Ltd although, in the meantime, as required by local regulations, it paid the full amount of the assessment in order to avoid the possibility of heftier penalties. After its initial challenge was dismissed, in September 2008, PRADA Korea Ltd filed an appeal that was heard in August 2010. During this appeal, the tax tribunal stated that it would make its final decision on the issue of transfer pricing only after it had been informed of the outcome of a new inspection being carried out by the tax authorities in order to gain a better understanding of the methods used to value the company's intercompany transaction. This inspection has been completed and the Korean tax authorities have ruled in favor of the Company with a reimbursement of approximately Euro 0.7 million to the Company.

During the tax inspection at PRADA Korea Ltd, the Korean authorities determined the existence of a permanent establishment of PRADA Asia Pacific Ltd. in Korea. As a result, in 2008, PRADA Asia Pacific Ltd received a notice of tax assessment which it immediately challenged while paying the full amount of Euro 0.6 million demanded, in accordance with local regulations. After the initial challenge, a further appeal was filed (as already mentioned above) but was rejected in relation to this specific issue. PRADA Asia Pacific Ltd has made no further appeals.

In some countries, the Tax Authorities have requested information to assess the reasonableness of the transfer prices of products for the determination of income taxes and the imposition of customs duties on imports as part of on-going tax audit activities and have not yet led to any tax disputes.

Except where there is an express statement that no provision has been made, the Directors, supported by the opinion of their tax advisors, believe that the provisions totaling Euro 40.1 million carried at January 31, 2011 in respect of the tax disputes described above represents the best estimate of the obligations that the Group could be called upon to fulfill.

Other provisions

"Other provisions" amounted to Euro 5.5 million, Euro 4.4 million and Euro 11.8 million as at January 31, 2009, 2010 and 2011, respectively. They mainly included the provisions made in relation to lease agreements which may be defined as onerous contracts under IAS 37 "Provisions, contingent liabilities and contingent assets".

24. OTHER NON-CURRENT LIABILITIES

They mainly regard liabilities to be recognized on a straight-line basis in relation to costs of commercial leases.

25. SHARE CAPITAL

As at January 31, 2009, 2010 and 2011 the Company has 250,000,000 ordinary shares with a nominal value of Euro 1 each. This made for total subscribed and fully paid share capital of Euro 250 million.

At the end of each reporting period, 94.89% of the share capital is owned by PRADA Holding B.V. and 5.11% by Intesa Sanpaolo S.p.A..

26. RESERVES

	Share premium	Cash flow hedging reserve	Actuarial reserve	Retained earnings	Total
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Balance as at February 1, 2008	209,298	4,845	(923)	339,461	552,681
Loss for the year	—	—	—	(15,774)	(15,774)
Other comprehensive expense for the year	—	(18,756)	(385)	—	(19,141)
Total comprehensive expense for the year	—	(18,756)	(385)	(15,774)	(34,915)
Balance as at January 31, 2009	209,298	(13,911)	(1,308)	323,687	517,766
Profit for the year	—	—	—	59,594	59,594
Other comprehensive income (expense) for the year	—	11,139	(614)	41	10,566
Total comprehensive income (expense) for the year	—	11,139	(614)	59,635	70,160
Dividends	—	—	—	(47,750)	(47,750)
Balance as at January 31, 2010	209,298	(2,772)	(1,922)	335,572	540,176
Profit for the year	—	—	—	122,776	122,776
Other comprehensive income for the year	—	6,609	491	—	7,100
Total comprehensive income for the year	—	6,609	491	122,776	129,876
Dividends	—	—	—	(111,000)	(111,000)
Balance as at January 31, 2011	209,298	3,837	(1,431)	347,348	559,052

Notes:

- a. According to the Italian law, the Company has to set aside a portion not less than 5% of the annual net profits to a non-distributable reserve (legal reserve) until this reserve is equal to 20% of the share capital of the Company. The legal reserve amounted to Euro 6.9 million, Euro 6.9 million and Euro 9.9 million as at January 31, 2009, 2010 and 2011, respectively and it was recorded in retained earnings in the statements of financial position. In accordance with the relevant laws, the amount of Euro 43.1 million, Euro 43.1 million and Euro 40.1 million as at January 31, 2009, 2010 and 2011, respectively, which represented the difference between Euro 50 million (which is 20% of the share capital) and the amount already appropriated, shall be covered by its share premium and such amounts are non-distributable.
- b. Retained earnings of Euro 1.3 million, Euro 1.9 million and Euro 1.4 million was restricted to cover the actuarial loss reserve as at January 31, 2009, 2010 and 2011, respectively and it was non-distributable.
- c. Upon the adoption of the IFRS in 2006, there is an effect of transition of approximately Euro 20.5 million included in retained earnings and in accordance with art 7. Of Legislative Decree 38/2005, it was non-distributable.
- d. Cash flow hedging reserve is non-distributable.

27. NET REVENUES

Consolidated net revenues are mainly generated by sales of products and they are stated net of returns and discounts.

The following is an analysis of the Group's revenue during the Relevant Periods from continuing operations:

	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Net sales	1,604,148	1,530,577	2,017,064
Royalties	39,481	30,661	29,587
Total	1,643,629	1,561,238	2,046,651

Royalties are paid by licensees on sales of eyewear, fragrances, mobile phones and under franchise agreements. Details of royalty income are as follows:

	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Eyewear	27,655	23,240	24,046
Perfumes	5,087	3,778	3,603
Mobile phones	4,118	1,674	—
Franchise agreements	2,265	1,617	1,723
Other	356	352	215
Total	39,481	30,661	29,587

Total royalty income includes Euro 6 million, Euro 4.6 million and Euro 4.5 million for the year ended January 31, 2009, 2010 and 2011, respectively, of royalties earned from related parties.

A breakdown of net sales by brand, geographical area and products is provided in note 28 "Segment Information".

28. SEGMENT INFORMATION

IFRS 8 requires that detailed information be provided for each "operating segment" that makes up the business. An operating segment is intended as a business division whose operating results are regularly reviewed by Chief Executive Officer, the chief operating decision maker, so that they can make decisions about the resources to be allocated to the segment and assess its performance.

Owing to the Group's matrix organization structure, based on which responsibilities are assigned cross-functionally among brands, products, channels, geographic areas, together with the complementarity of production

processes of the various brands and the many relationships among the different business segments, the chief operating decision maker reviews the consolidated financial statements of the Group as a whole and for this reason a single operating segment has been identified.

Nevertheless, in order to provide a better understanding of the effects of the business activities undertaken and the economic context in which the Group operates, information about the operating results of the various brands is provided in addition to that regarding net sales by trademark, geographical area, product and channel.

Net sales analysis

	Year ended January 31,					
	2009		2010		2011	
	Euro'000	%	Euro'000	%	Euro'000	%
Net sales by geographic area						
Italy	385,198	24.0%	330,005	21.6%	393,285	19.5%
Europe	436,332	27.2%	372,992	24.4%	450,463	22.3%
North America	290,041	18.1%	227,783	14.9%	294,903	14.6%
Asia Pacific	282,670	17.6%	396,123	25.9%	645,680	32.0%
Japan	186,828	11.6%	189,447	12.4%	220,924	11.0%
Other countries	23,079	1.5%	14,227	0.8%	11,809	0.6%
Total	1,604,148	100.0%	1,530,577	100.0%	2,017,064	100%
Net sales by trademark						
Prada	1,265,637	78.9%	1,209,465	79.0%	1,586,840	78.7%
Miu Miu	239,480	14.9%	252,304	16.5%	353,038	17.5%
Church's	49,851	3.1%	43,604	2.8%	53,028	2.6%
Car shoe	34,340	2.1%	18,461	1.2%	17,935	0.9%
Other	14,840	1.0%	6,743	0.5%	6,223	0.3%
Total	1,604,148	100.0%	1,530,577	100.0%	2,017,064	100%
Net sales by product line						
Clothing	470,846	29.4%	396,399	25.9%	483,564	24.0%
Leather goods	634,107	39.5%	711,642	46.5%	1,013,626	50.3%
Footwear	488,368	30.4%	410,493	26.8%	503,120	24.9%
Other	10,827	0.7%	12,043	0.8%	16,754	0.8%
Total	1,604,148	100.0%	1,530,577	100.0%	2,017,064	100%
Net sales by distribution network						
DOS (outlets included)	871,266	54.3%	991,493	64.8%	1,427,356	70.8%
Independent clients, franchises and related parties	732,882	45.7%	539,084	35.2%	589,708	29.2%
Total	1,604,148	100.0%	1,530,577	100.0%	2,017,064	100%
Net sales	1,604,148	97.6%	1,530,577	98.0%	2,017,064	98.6%
Royalties	39,481	2.4%	30,661	2.0%	29,587	1.4%
Total revenues	1,643,629	100.0%	1,561,238	100.0%	2,046,651	100%

Prada brand - net sales analysis

	Year ended January 31,					
	2009		2010		2011	
	Euro'000	%	Euro'000	%	Euro'000	%
Net sales by geographic area						
Italy	286,787	22.7%	248,993	20.6%	302,025	19.0%
Europe	331,205	26.2%	284,285	23.5%	341,544	21.5%
North America	254,523	20.1%	203,267	16.8%	260,310	16.4%
Asia Pacific	234,206	18.5%	326,939	27.0%	517,024	32.6%
Japan	140,642	11.1%	135,176	11.2%	157,061	9.9%
Other countries	18,274	1.4%	10,805	0.9%	8,876	0.6%
Total	1,265,637	100.0%	1,209,465	100.0%	1,586,840	100%
Net sales by product line						
Clothing	410,038	32.4%	347,658	28.7%	419,464	26.4%
Leather goods	498,608	39.4%	553,665	45.8%	785,993	49.6%
Footwear	346,805	27.4%	297,139	24.6%	366,392	23.1%
Other	10,186	0.8%	11,003	0.9%	14,991	0.9%
Total	1,265,637	100.0%	1,209,465	100.0%	1,586,840	100%
Net sales by distribution network						
DOS (outlets included)	698,779	55.2%	779,181	64.4%	1,119,962	70.6%
Independent clients, franchises and related parties	566,858	44.8%	430,284	35.6%	466,878	29.4%
Total	1,265,637	100.0%	1,209,465	100.0%	1,586,840	100%
Net sales	1,265,637	97.2%	1,209,465	97.7%	1,586,840	98.3%
Royalties	36,746	2.8%	28,621	2.3%	27,914	1.7%
Total revenues	1,302,383	100.0%	1,238,086	100.0%	1,614,754	100%

Miu Miu brand - net sales analysis

	Year ended January 31,					
	2009		2010		2011	
	Euro'000	%	Euro'000	%	Euro'000	%
Net sales by geographic area						
Italy	55,662	23.2%	51,782	20.5%	61,337	17.4%
Europe	60,825	25.4%	55,772	22.1%	70,137	19.9%
North America	29,966	12.5%	22,092	8.8%	32,181	9.1%
Asia Pacific	45,140	18.8%	66,474	26.3%	123,731	35.0%
Japan	44,494	18.6%	53,692	21.3%	63,341	17.9%
Other countries	3,393	1.5%	2,492	1.0%	2,311	0.7%
Total	239,480	100.0%	252,304	100.0%	353,038	100%
Net sales by product line						
Clothing	54,049	22.6%	46,497	18.4%	63,258	17.9%
Leather goods	128,660	53.7%	154,570	61.3%	224,337	63.6%
Footwear	56,137	23.4%	50,198	19.9%	63,681	18.0%
Other	634	0.3%	1,039	0.4%	1,762	0.5%
Total	239,480	100.0%	252,304	100.0%	353,038	100%
Net sales by distribution network						
DOS (outlets included)	132,894	55.5%	177,278	70.3%	264,375	74.9%
Independent clients, franchises and related parties	106,586	44.5%	75,026	29.7%	88,663	25.1%
Total	239,480	100.0%	252,304	100.0%	353,038	100%
Net sales	239,480	99.0%	252,304	99.3%	353,038	99.6%
Royalties	2,378	1.0%	1,688	0.7%	1,458	0.4%
Total revenues	241,858	100.0%	253,992	100.0%	354,496	100%

Church's brand - net sales analysis

	Year ended January 31,					
	2009		2010		2011	
	Euro'000	%	Euro'000	%	Euro'000	%
Net sales by geographic area						
Italy	16,277	32.7%	13,176	30.2%	15,307	28.9%
Europe	28,145	56.5%	25,910	59.4%	31,435	59.3%
North America	2,666	5.3%	1,849	4.2%	1,966	3.7%
Asia Pacific	2,168	4.3%	2,137	4.9%	3,622	6.8%
Japan	390	0.8%	245	0.6%	511	0.9%
Other countries	205	0.4%	287	0.7%	187	0.4%
Total	49,851	100.0%	43,604	100.0%	53,028	100%
Net sales by product line						
Clothing	473	0.9%	422	1.0%	551	1.0%
Leather goods	1,114	2.2%	1,206	2.8%	1,432	2.7%
Footwear	48,264	96.9%	41,976	96.2%	51,045	96.3%
Other	—	—	—	—	—	—
Total	49,851	100.0%	43,604	100.0%	53,028	100%
Net sales by distribution network						
DOS (outlets included)	30,433	61.0%	28,153	64.6%	34,683	65.4%
Independent clients, franchises and related parties	19,418	39.0%	15,451	35.4%	18,345	34.6%
Total	49,851	100.0%	43,604	100.0%	53,028	100%
Net sales	49,851	99.8%	43,604	99.5%	53,028	99.8%
Royalties	111	0.2%	209	0.5%	101	0.2%
Total revenues	49,962	100.0%	43,813	100.0%	53,129	100%

Car Shoe brand - net sales analysis

	Year ended January 31,					
	2009		2010		2011	
	Euro'000	%	Euro'000	%	Euro'000	%
Net sales by geographic area						
Italy	21,032	61.2%	13,709	74.3%	12,509	69.7%
Europe	8,865	25.8%	3,536	19.2%	3,353	18.7%
North America	2,661	7.7%	385	2.1%	353	2.0%
Asia Pacific	464	1.4%	175	0.9%	1,275	7.1%
Japan	138	0.4%	23	0.1%	11	0.1%
Other countries	1,180	3.5%	633	3.4%	434	2.4%
Total	34,340	100.0%	18,461	100.0%	17,935	100%
Net sales by product line						
Clothing	—	—	—	—	—	—
Leather goods	4,833	14.1%	2,010	10.9%	1,760	9.8%
Footwear	29,507	85.9%	16,451	89.1%	16,175	90.2%
Other	—	—	—	—	—	—
Total	34,340	100.0%	18,461	100.0%	17,935	100%
Net sales by distribution network						
DOS (outlets included)	4,863	14.2%	4,550	24.6%	6,027	33.6%
Independent clients, franchise and related parties	29,477	85.8%	13,911	75.4%	11,908	66.4%
Total	34,340	100.0%	18,461	100.0%	17,935	100%
Net sales	34,340	100.0%	18,461	100.0%	17,935	100%
Royalties	—	—	—	—	—	—
Total revenues	34,340	100.0%	18,461	100.0%	17,935	100%

Analysis of revenues and EBITDA by brand

Year ended January 31, 2009	Group	Prada	Miu Miu	Church's	Car Shoe	Other
Net sales	1,604,148	1,265,637	239,480	49,851	34,340	14,840
Royalties	39,481	36,746	2,378	111	—	246
Net revenues	1,643,629	1,302,383	241,858	49,962	34,340	15,086
EBITDA	282,641	250,375	30,231	1,354	2,313	(1,632)
EBITDA %	17.2%	19.2%	12.5%	2.7%	6.7%	—

Year ended January 31, 2010	Group	Prada	Miu Miu	Church's	Car Shoe	Other
Net sales	1,530,577	1,209,465	252,304	43,604	18,461	6,743
Royalties	30,661	28,621	1,688	209	—	143
Net revenues	1,561,238	1,238,086	253,992	43,813	18,461	6,886
EBITDA	290,219	249,814	41,971	1,045	(1,921)	(690)
EBITDA %	18.6%	20.2%	16.5%	2.4%	—	—

Year ended January 31, 2011	Group	Prada	Miu Miu	Church's	Car Shoe	Other
Net sales	2,017,064	1,586,840	353,038	53,028	17,935	6,223
Royalties	29,587	27,914	1,458	101	—	114
Net revenues	2,046,651	1,614,754	354,496	53,129	17,935	6,337
EBITDA	535,930	453,565	77,443	6,764	(1,996)	154
EBITDA %	26.2%	28.1%	21.8%	12.7%	—	2.4%

Note: EBITDA represents profit before tax from continuing operations adding back finance cost, depreciation and amortization expense from continuing operations and loss on impairment/written off of property, plant and equipment and intangible assets.

Geographical information

The Group's operations are located in Italy (country of domicile of the Company), Europe, North America, Asia Pacific, Japan and other countries.

The information about its non-current assets by geographical location of the assets are detailed below:

	At January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Italy	318,229	331,893	350,685
Europe	736,072	755,397	764,184
North America	155,651	135,653	152,402
Japan	61,895	52,891	86,430
Asia Pacific	51,805	73,314	98,771
	1,323,652	1,349,148	1,452,472

Note: Non-current assets excluded those relating to financial instruments and deferred tax assets.

Information about major customers

During the Relevant Periods, there are no individual customers with sales of 10% or more of the Group's total revenue.

29. COST OF GOODS SOLD

	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Raw materials purchases and manufacturing expenses	555,891	483,627	589,232
Logistics costs, duties, freight and insurance	89,327	90,272	115,331
Cost inventories recognized as expenses	45,315	12,683	(45,800)
Total	690,533	586,582	658,763

30. OTHER GAINS AND LOSSES

	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Continuing operations:			
Net foreign exchange losses	(2,076)	(7,948)	(4,660)

31. PRODUCTS AND DEVELOPMENT EXPENSES

Product and development expenses include both the design phase - intended as research and experimentation of shapes, fabrics, leathers, production techniques and definition of the design concept - and the product development phase meant as product industrialization and production of prototypes. Pursuant to the Italian Law 296 of 27 December 2006, tax relief was granted in relation to industrial research and competitive development. Such grants are recognized in the income statements when received and when all the conditions have been met as specified in the grant. The Group recognized it as credit to its product and development expenses of approximately Euro 3.8 million, Euro 0.8 million and nil during the years ended January 31, 2009, 2010 and 2011.

32. FINANCE COST

	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Interest expense on bank overdraft and loans	35,628	19,428	18,699
Interest expenses on loans from related parties	268	50	41
Total interest expense	35,896	19,478	18,740
Less: Amount included in the cost of qualifying assets	(273)	(384)	(147)
	35,623	19,094	18,593
Other financial expenses	10,575	6,889	3,990
Total	46,198	25,983	22,583

33. TAXATION

	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Current taxation	61,121	70,558	166,810
Deferred taxation	(8,490)	(18,055)	(32,132)
Total	52,631	52,503	134,678

The following table shows the reconciliation between the effective tax rate of the Group and the theoretical tax rate of the Company:

	Year ended January 31,		
	2009	2010	2011
Italian tax rate	31.4%	31.4%	31.4%
Tax effect of expenses/income that is not deductible/taxable in determining taxable profit	15.6%	8.7%	9.5%
Tax effect of utilization of tax losses carried forward not previously recognized	-1.8%	-1.9%	-0.8%
Effect of different tax rates of subsidiaries operating in other jurisdictions	-11.0%	-4.4%	-5.4%
Group effective tax rate	34.2%	33.8%	34.7%

At January 31, 2009, 2010 and 2011, the Group had unused tax losses of Euro 83.6 million, Euro 82.0 million and Euro 106.5 million, respectively, available for offset against future profits. A deferred tax asset has been recognized in respect of Euro 12.4 million, Euro 7.7 million and Euro 9.3 million of such losses at January 31, 2009, 2010 and 2011, respectively. No deferred tax asset has been recognized in respect of the remaining Euro 71.2 million, Euro 74.3 million and Euro 97.2 million due to the unpredictability of future profit streams at January 31, 2009, 2010 and 2011, respectively. At January 31, 2011, included in unrecognized tax losses are losses of Euro 9.1 million that will expire within five years, and Euro 16.5 million that will expire after five years. Other losses may be carried forward indefinitely.

Movements in net deferred tax assets and deferred tax liabilities are shown in the following table:

	THE GROUP			THE COMPANY		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Opening balance	21,216	41,660	51,969	8,312	21,667	18,429
Exchange differences	7,491	(3,716)	8,346	—	—	—
Deferred tax from acquisition	(1,849)	—	—	—	(2,463)	—
Change in the consolidation area	(213)	—	—	—	—	—
Deferred tax on cash flow hedge reserve	6,944	(4,431)	(2,459)	6,960	(4,379)	(2,635)
Deferred tax on actuarial gains/losses reserve	(129)	295	(1,058)	146	119	—
Other movements	(290)	106	(263)	(506)	99	102
Deferred tax credit for the year	8,490	18,055	32,132	6,755	3,386	2,163
Closing balance	41,660	51,969	88,667	21,667	18,429	18,059

Deferred tax assets and liabilities are offset when there is a legally receivable right to offset a current tax asset against a current tax liability and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention of offset the balances on a net basis.

The following table shows deferred tax assets and liabilities classified by nature:

THE GROUP

	At January 31,					
	2009		2010		2011	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Inventory	36,337	—	44,536	—	62,284	—
Receivables and other assets	403	1,752	473	1,490	415	1,515
Depreciation	43,290	12,874	46,698	11,957	53,869	6,273
Deferred taxes from acquisitions	—	42,292	—	40,920	—	39,548
Provision for risks/accrued liabilities	7,800	267	6,255	267	10,790	267
Non-current assets	2,413	—	1,977	—	5,893	—
Unrealised exchange differences	—	3,062	—	847	—	1,134
Losses carried forward	2,764	—	3,796	—	3,129	—
Financial instruments	5,853	—	1,429	—	303	1,455
Post-employment benefits	3,483	1,183	3,533	883	4,533	1,943
Others	3,842	3,095	2,676	3,040	162	576
Total	106,185	64,525	111,373	59,404	141,378	52,711

THE COMPANY

	At January 31,					
	2009		2010		2011	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Inventory	18,655	—	20,414	—	19,805	—
Receivables and other assets	—	1,209	—	1,286	—	1,303
Depreciation/amortization	3,391	6,842	3,113	8,529	2,551	7,497
Provision for risks/accrued liabilities	2,914	—	4,487	—	7,609	—
Financial instruments	5,763	—	1,273	—	—	1,455
Post-employment benefits	—	1,016	—	788	—	788
Others	517	506	183	438	355	1,218
Total	31,240	9,573	29,470	11,041	30,320	12,261

34. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Depreciation and amortization	79,911	93,804	111,455
(Loss) gain from hedge ineffectiveness on cash flow hedges	(2,040)	(4,122)	5,164
Impairment/written off of property, plant and equipment and intangible assets	11,777	9,383	6,089
Write-down (reversal) of inventory	7,940	4,189	(2,127)
Auditors' remunerations	2,500	1,409	1,514

35. STAFF COST

Employee remuneration during the Relevant Periods were as follows:

	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Wages and salaries	245,110	249,171	284,870
Post-employment benefits (note 22)	11,956	13,146	13,868
Social security	57,122	57,996	63,192
Others	12,586	12,472	15,910
Total employee expenses	326,774	332,785	377,840

36. EARNINGS PER SHARE

The calculation of basic earnings per share for the Relevant Periods is based on the profit for the year attributable to owners of the Company for the Relevant Periods and the weighted average number of 2,500,000,000 ordinary shares for the Relevant Periods which have been retrospectively adjusted for the share split as detailed in Appendix V of the prospectus and assuming that the share split had been effective on February 1, 2008.

No dilute earnings per share is presented as there were no potential dilutive shares during the Relevant Periods.

37. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments of the directors are summarized as follows:

	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Directors' fees	3,190	2,506	2,271
Other emoluments			
- Salaries and other benefits	15,735	15,743	15,785
- Bonus and other incentives (note)	69	6,464	4,070
- Non-monetary benefits	117	121	91
- Contributions to retirement benefits scheme	205	190	201
Total	19,316	25,024	22,418

Note: The bonus and other incentive is determined based on performance of the Group for the Relevant Periods.

The emoluments of the directors on a named basis are as follows:

For the year ended January 31, 2009

	Director's fee	Salaries and other benefits	Bonus and other incentives (note d)	Non-monetary benefits	Contributions to retirement benefits scheme	Total
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Miuccia Prada Bianchi	1,000	8,700	—	—	15	9,715
Patrizio Bertelli	1,000	5,000	—	—	15	6,015
Carlo Mazzi	—	960	—	47	12	1,019
Donatello Galli	—	275	69	28	102	474
Brian Blake (note a)	1,000	—	—	42	29	1,071
Marco Salomoni	—	800	—	—	32	832
Marco Cerrina Feroni	40	—	—	—	—	40
Francesco Tatò (note b)	90	—	—	—	—	90
Giancarlo Forestieri	60	—	—	—	—	60
Total	3,190	15,735	69	117	205	19,316

For the year ended January 31, 2010

	Director's fee	Salaries and other benefits	Bonus and other incentives (note d)	Non-monetary benefits	Contributions to retirement benefits scheme	Total
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Miuccia Prada Bianchi	1,000	8,700	—	—	17	9,717
Patrizio Bertelli	1,000	5,000	6,000	—	17	12,017
Carlo Mazzi	—	962	—	45	10	1,017
Donatello Galli	—	281	46	27	98	452
Brian Blake (note a)	329	—	418	49	1	797
Marco Salomoni	—	800	—	—	32	832
Marco Cerrina Feroni	40	—	—	—	—	40
Francesco Tatò (note b)	30	—	—	—	3	33
Gian Franco Oliviero Mattei	47	—	—	—	5	52
Giancarlo Forestieri	60	—	—	—	7	67
Total	2,506	15,743	6,464	121	190	25,024

For the year ended January 31, 2011

	Director's fee	Salaries and other benefits	Bonus and other incentives (note d)	Non- monetary benefits	Contributions to retirement benefits scheme	Total
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Miuccia Prada Bianchi	1,000	8,700	—	—	17	9,717
Patrizio Bertelli	1,000	5,000	4,000	—	17	10,017
Carlo Mazzi	21	1,004	—	59	11	1,095
Donatello Galli	—	281	70	32	105	488
Marco Salomoni	—	800	—	—	32	832
Marco Cerrina Feroni	40	—	—	—	—	40
Gian Franco Oliviero Mattei	120	—	—	—	12	132
Giencarlo Forestieri	60	—	—	—	7	67
Davide Mereghetti (note c)	30	—	—	—	—	30
Total	2,271	15,785	4,070	91	201	22,418

Notes:

- (a) Brian Blake resigned as the director of the Company with effect from April 27, 2009.
- (b) Francesco Tatò retired as the director of the Company with effect from May 28, 2009.
- (c) Davide Mereghetti was appointed as the director on April 28, 2009.
- (d) The bonus and other incentive are determined based on performance of the Group for the Relevant Periods.

The five highest paid individuals of the Group for the Relevant Periods included three directors for the year ended January 31, 2009 and two directors for the years ended January 31, 2010 and 2011. The remunerations of the remaining two individuals for the year ended January 31, 2009 and the remaining three individuals for the years ended January 31, 2010 and 2011 are as follows:

	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Employees			
- Wages and salaries	3,127	4,536	5,220
- Bonus and other incentives	—	303	1,770
- Non-monetary benefits	—	122	124
- Post employment benefit	23	117	167
	3,150	5,078	7,281

Their emoluments were within the following bands:

	Year ended January 31		
	2009	2010	2011
	No. of employees	No. of employees	No. of employees
HK\$12,500,001 to HK\$13,000,000	—	1	1
HK\$13,000,001 to HK\$13,500,000	1	1	—
HK\$13,500,001 to HK\$14,000,000	—	—	1
HK\$22,500,001 to HK\$23,000,000	1	—	—
HK\$29,000,001 to HK\$29,500,000	—	1	—
HK\$48,000,001 to HK\$48,500,000	—	—	1
	2	3	3

During the Relevant Periods, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group.

The Company paid a total amount of Euro 418,000 for compensation for loss of office for one of the Directors during the Relevant Periods.

Mr. Donatello Galli has waived his fees as a Director, in the amount of Euro 40,000, in respect of the period from May 28, 2009 to January 31, 2011.

Mr. Marco Salomoni has waived Euro 40,000 in respect of his fees as a Director and Euro 10,000 in respect of his fees as a member of the Internal Control Committee for the period from May 28, 2009 to January 31, 2011.

Mr. Carlo Mazzi has waived Euro 40,000 in respect of his fees as a Director and Euro 20,000 in respect of his fees as the President of the Remuneration Committee for the period from May 28, 2009 to December 31, 2010.

38. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The Group enters into commercial and financial transactions with related parties during the Relevant Periods.

These transactions mainly refer to the sale of goods, the supply of services, the granting and borrowing of loans and sponsorship and franchising agreements.

The following tables show details of balances with related parties as at January 31, 2009, 2010 and 2011 of the Group and the Company, and transactions with related parties during the Relevant Periods of the Group.

THE GROUP

Balances with related parties as at January 31, 2009

	Trade receivables	Amounts due from parent company, a jointly controlled entity and related parties	Prepayments	Trade payables	Other current liabilities	Amounts due to parent company, a jointly controlled entity and related parties	Maximum amount due from PRADA Holding B.V. (note)
	Euro'000 (Note 6)	Euro'000 (Note 9)	Euro'000	Euro'000 (Note 19)	Euro'000	Euro'000 (Note 17)	Euro'000
PRADA Holding B.V.	—	21,009	—	—	—	2,502	34,417
Companies controlled by shareholders:							
Venezia 3 S.r.l.	2,675	—	—	214	—	283	
F.lli PRADA S.r.l.	5,700	—	—	332	—	—	
Montenapoleone 6 S.r.l.	2,733	—	—	104	—	6	
IPR S.r.l.	4,530	—	—	492	—	—	
Spiga 1 S.r.l.	2,395	—	—	61	—	—	
PRADA Italia S.p.A.	193	2	—	1	—	5	
Stellarea	—	28	—	—	—	—	
Luna Rossa Challenge 2007	84	—	—	36	—	7	
Stichting Fondazione PRADA	—	134	—	—	—	32	
Progetto PRADA Arte S.r.l.	—	687	—	—	—	128	
Gipafin S.à r.l.	—	20	—	—	—	1	
CID USA Corp.	—	73	—	—	—	—	
HMP S.r.l.	—	67	—	—	—	—	
Others	—	50	—	18	—	—	
	18,310	1,061	—	1,258	—	462	
Companies controlled by PRADA Holding B.V.:							
EXHL Design L.L.C.	—	135	—	—	—	2	
Prapar Corporation	—	—	—	—	—	252	
EXHL Retail USA L.L.C.	—	98	—	—	—	—	
EXHL Italia S.r.l.	—	17	—	—	—	—	
Others	—	—	—	—	—	—	
	—	250	—	—	—	254	
Jointly controlled entity:							
Fragrance and Skincare S.L.	1,981	—	—	93	—	5	
Members of the Board of Directors							
	—	—	—	—	190	—	
Other related parties							
	—	2	—	—	180	3	
Total	20,291	22,322	—	1,351	370	3,226	

THE GROUP

Balances with related parties as at January 31, 2010

	Trade receivables	Amounts due from parent company, a jointly controlled entity and related parties	Prepayments	Trade payables	Other current liabilities	Amounts due to parent company, a jointly controlled entity and related parties	Maximum amount due from PRADA Holding B.V. (note)
	Euro'000 (Note 6)	Euro'000 (Note 9)	Euro'000	Euro'000 (Note 19)	Euro'000	Euro'000 (Note 17)	Euro'000
PRADA Holding B.V.	—	55,085	—	—	—	4,369	58,395
Companies controlled by shareholders:							
Venezia 3 S.r.l.	3,407	—	—	64	—	296	
F.lli PRADA S.r.l.	5,128	—	—	211	—	—	
Montenapoleone 6 S.r.l.	3,252	—	—	102	—	2	
IPR S.r.l.	3,677	—	—	231	—	—	
Spiga 1 S.r.l.	2,014	—	—	53	—	—	
PRADA Italia S.p.A.	115	—	—	76	—	5	
Stellarea	—	28	—	—	—	—	
Luna Rossa Challenge 2007	178	—	300	82	—	8	
Stichting Fondazione PRADA/ Progetto PRADA Arte S.r.l.	—	887	155	—	—	689	
Gipafin S.à r.l.	—	20	—	—	—	1	
CID USA Corp.	—	74	—	—	—	—	
HMP S.r.l.	—	75	—	—	—	12	
Others	—	11	—	—	—	—	
	17,771	1,095	455	819	—	1,013	
Companies controlled by PRADA Holding B.V.:							
EXHL Design L.L.C.	—	125	—	—	—	—	
Prapar Corporation	—	—	—	—	—	238	
EXHL Retail USA L.L.C.	—	99	—	—	—	—	
EXHL Italia S.r.l.	—	7	—	—	—	—	
Others	—	10	—	—	—	—	
	—	241	—	—	—	238	
Jointly controlled entity:							
Fragrance and Skincare S.L.	1,430	—	—	—	—	—	
Members of the Board of Directors							
	—	—	—	—	2,040	—	
Other related parties							
	—	—	—	—	122	—	
Total	19,201	56,421	455	819	2,162	5,620	

THE GROUP

Balances with related parties as at January 31, 2011

	Trade receivables	Amounts due from parent company, a jointly controlled entity and related parties	Prepayments	Trade payables	Other current liabilities	Amounts due to parent company, a jointly controlled entity and related parties	Maximum amount due from PRADA Holding B.V. (note)
	Euro'000 (Note 6)	Euro'000 (Note 9)	Euro'000	Euro'000 (Note 19)	Euro'000	Euro'000 (Note 17)	Euro'000
PRADA Holding B.V.	—	33,325	—	—	—	70	52,873
Companies controlled by shareholders:							
Venezia 3 S.r.l.	2,182	—	—	272	—	299	
F.lli PRADA S.r.l.	5,474	—	—	452	—	6	
Montenapoleone 6 S.r.l.	2,263	—	—	257	—	2	
IPR S.r.l.	3,763	—	—	505	—	—	
Spiga 1 S.r.l.	2,148	—	—	127	—	—	
PRADA Italia S.p.A.	264	—	—	2	—	—	
Stellarea	—	28	—	—	—	—	
Luna Rossa Challenge 2007	318	—	—	86	—	5	
Stichting Fondazione PRADA/ Progetto PRADA Arte S.r.l.	—	1,128	—	—	—	472	
Gipafin S.à r.l.	—	20	—	—	—	1	
CID USA Corp.	—	75	—	—	—	—	
HMP S.r.l.	—	79	—	—	—	—	
Prada America's Cup S.r.l.	—	1,397	—	—	—	—	
Others	—	11	—	—	—	1	
	16,412	2,738	—	1,701	—	786	
Companies controlled by PRADA Holding B.V.:							
EXHL Design L.L.C	—	127	—	—	—	2	
Prapar Corporation	—	1	—	—	—	249	
EXHL Retail USA L.L.C	—	102	—	—	—	—	
EXHL Italia S.r.l.	—	6	—	—	—	—	
Others	—	13	—	—	—	—	
	—	249	—	—	—	251	
Jointly controlled entity:							
Fragrance and Skincare S.L.	1,924	5	—	22	171	—	
Members of the Board of Directors							
	—	—	—	—	—	—	
Other related parties							
	—	—	—	—	134	—	
Total	18,336	36,317	—	1,723	305	1,107	

Note: The maximum amount outstanding in respect of amounts due from PRADA Holding B.V. are disclosed pursuant to section 161B of the Hong Kong Companies Ordinance.

THE COMPANY

Balances with related parties

	Trade receivables (Note 6)			Trade payables (Note 19)		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
PRADA Holding B.V.	142	380	505	—	—	—
Subsidiaries:						
Artisans Shoes S.r.l.	2,099	825	1,626	15,844	11,666	17,496
Car Shoe Hong Kong Ltd	—	—	111	—	—	—
Boutique Genny Inc.	—	—	—	—	—	—
Car Shoe Italia S.r.l.	5,904	3,922	4,928	34	53	130
Car Shoe S.A.	67	95	105	—	—	—
Car Shoe Singapore Pte. Ltd.	—	—	37	—	—	—
Church & Co. (USA) Ltd	42	80	58	—	—	—
Church & Co. plc	6,039	7,682	9,019	20	95	165
Church English shoes S.A.	15	66	25	—	—	—
Church France S.A.	45	82	27	—	—	—
Church Holding UK plc	88	129	166	40	41	41
Church Hong Kong Retail Ltd	101	124	30	—	—	—
Church Japan Co., Ltd	1	1	1	—	—	—
Church Italia S.r.l.	588	1,323	891	27	19	42
Church's Singapore Pte. Ltd.	—	22	85	—	—	—
Church UK Retail Ltd	706	1,113	1,278	—	—	—
Church's English Shoes Switzerland S.A.	155	256	9	23	23	23
Church's Spain, S.L.	—	85	96	—	—	—
Eurobracco S.r.l.	—	—	—	1	—	—
IPI Logistica S.r.l.	306	279	438	4,509	4,992	7,515
PB Luxembourg S.A.	55	84	—	—	—	—
Post Development Corp.	61	61	66	—	—	—
PRADA (Thailand) Co., Ltd	355	121	97	—	—	—
PRADA Asia Pacific Ltd	39,661	45,078	47,289	2,114	3,630	2,771
PRADA Australia Pty. Ltd	491	533	965	1	—	17
PRADA Austria GmbH	821	1,119	197	20	42	55
PRADA Bosphorus Deri Mamuller Limited Sirketi	—	6,208	8,355	—	127	75
PRADA Canada Corp.	393	(1,332)	(511)	36	71	81
PRADA Czech Republic s.r.o.	546	1,489	2,000	—	48	310
PRADA China Ltd	2,042	71	—	92	—	—
PRADA Company S.A.	10	10	14	—	—	—
PRADA Far East B.V.	—	127	220	4	4	4
PRADA Fashion Commerce (Shanghai) Co. Ltd	1,536	3,387	5,494	366	152	2
PRADA Germany GmbH	6,178	10,808	9,415	1,029	1,010	2,529
PRADA Hawaii Corp.	4,504	10,693	8,844	342	464	903
PRADA Hellas Style Partner L.L.C.	2,778	4,685	4,967	14	172	91
PRADA Japan Co., Ltd	27,630	32,704	32,615	3,265	745	926
PRADA Korea Ltd	786	884	938	94	46	47
PRADA Montecarlo S.A.M.	852	659	460	90	20	83
PRADA Portugal, Unipessoal Ida	339	214	2,974	—	—	83
PRADA Retail France SAS	22,519	38,226	19,640	3,261	3,785	1,896
PRADA Retail Malaysia Sdn Bhd	201	155	97	—	—	—
PRADA Retail UK Ltd	23,922	23,410	21,130	2,148	2,094	1,433

APPENDIX I

ACCOUNTANTS' REPORT

	Trade receivables (Note 6)			Trade payables (Note 19)		
	At January 31,			At January 31,		
	2009	2010	2011	2009	2010	2011
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
PRADA RUS L.L.C.	—	—	611	—	—	—
PRADA S.A.	33,114	28,982	31,261	66,265	62,520	93,624
PRADA Singapore Pte, Ltd	399	803	865	—	—	2
PRADA Spain sa	2,995	7,382	2,284	29	39	26
PRADA Stores S.r.l.	24,699	24,739	23,499	55	1,086	534
PRADA Taiwan Ltd Taipei	747	890	509	—	1	(1)
PRADA Trading Shanghai Co. Ltd.	323	215	196	—	—	—
PRADA USA Corp.	55,144	59,998	46,816	7,845	11,790	1,597
Santacroce S.r.l.	697	—	—	2,887	—	—
Space Caffè S.r.l.	3	52	120	20	—	—
Space Hong Kong Ltd	132	789	1,040	—	—	—
Space S.A.	432	908	471	609	2	(1)
Space USA Corp.	518	3,717	3,084	—	—	—
Travel Retail Shops Pty Ltd	112	135	151	—	—	—
TRS Guam Partnership	221	58	45	—	—	—
TRS Hawaii L.L.C	1,511	759	379	158	77	124
TRS Hong Kong Ltd	71	51	—	—	—	—
TRS MACAU	208	42	44	—	—	—
TRS New Zealand Pty. Ltd	73	17	14	—	—	—
Travel Retail Shops Okinawa KK	605	411	498	105	37	57
TRS saipan Partnership	127	101	58	—	—	—
TRS Singapore Pte Ltd	49	28	11	—	—	—
	274,016	325,555	296,152	111,347	104,851	132,680
Jointly controlled entity:						
Fragrance & Skincare S.L.	329	130	72	93	—	22
Companies controlled by PRADA Holding B.V.:						
EXHL Italia S.r.l.	14	7	6	—	—	—
Other related parties:						
F.lli PRADA S.r.l.	5,440	4,810	5,322	262	75	367
Gipafin S.à r.l.	20	20	20	1	1	1
HMP S.r.l.	8	8	8	—	4	—
IPR S.r.l.	3,991	2,740	3,560	407	75	397
Luna Rossa Challenge 2007	84	178	318	36	82	86
Luna Rossa S.r.l.	—	—	—	17	—	—
Montenapoleone 6 S.r.l.	2,527	2,706	2,224	86	70	224
PRADA Italia S.p.A.	193	115	264	—	73	2
Progetto PRADA Arte S.r.l.	687	426	309	40	595	—
Spiga 1 S.r.l.	2,236	1,787	2,097	49	15	47
Stellarea	28	28	28	—	—	—
Stichting Fondazione PRADA	113	365	721	—	—	—
Venezia 3 S.r.l.	2,104	3,187	2,128	208	48	234
Others	43	(3)	(3)	185	137	146
	17,474	16,367	16,996	1,291	1,175	1,504
Total	291,975	342,439	313,731	112,731	106,026	134,206

	Other current liabilities		
	At January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Board of Directors	190	2,040	171

	At January 31,					
	2009		2010		2011	
	Amounts due from parent company, subsidiaries, a jointly controlled entity and related parties (Note 9)					
	Other receivables	Financial receivables	Other receivables	Financial receivables	Other receivables	Financial receivables
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
PRADA Holding B.V.	—	20,626	115	54,434	118	32,529

Subsidiaries:

Artisans Shoes S.r.l.	1,412	—	156	—	783	—
Car Shoe Italia S.r.l.	1	—	1	—	—	1
Church & Co. plc	—	—	—	—	—	2,228
Church France S.A.	—	516	—	525	—	495
Church Holding UK plc	—	1,415	—	1,490	—	1,522
Church Italia S.r.l.	2	—	1	2,230	2	37
Church's English Shoes Switzerland S.A.	—	729	—	742	—	737
Eurobracco S.r.l.	12	—	—	—	—	—
IPI Logistica S.r.l.	433	—	150	—	145	—
PB Luxembourg S.A.	—	5,319	—	5,503	—	—
PRADA (Thailand) Co., Ltd	—	745	—	716	—	786
PRADA America's Cup S.r.l.	—	—	—	—	—	1,397
PRADA Asia Pacific Ltd	—	—	1	—	—	—
PRADA Australia Pty. Ltd	—	878	—	647	—	758
PRADA Bosphorus Deri Mamuller Limited Sirketi	—	—	615	—	—	—
PRADA Canada Corp.	—	4	—	3	—	3
PRADA Czech Republic s.r.o.	20	—	21	1,660	—	1,803
PRADA Germany GmbH	—	—	—	1,622	451	10,653
PRADA Hawaii Corp.	—	77	—	70	—	72
PRADA Hellas Single Partner L.L.C.	150	2,557	—	12	—	—
PRADA Japan Co., Ltd	3,295	—	3,004	—	—	89
PRADA Korea Ltd	—	—	—	—	—	—
PRADA Montecarlo S.A.M.	—	1,808	—	1,630	—	1,116
PRADA Portugal, Unipessoal Ida	6	—	6	—	—	567
PRADA Retail France SAS	—	1,614	—	1,644	—	16,674
PRADA Retail Malaysia Sdn. Bhd	—	—	—	—	—	—
PRADA Retail UK Ltd	—	278	—	407	1	3,341
PRADA Rus L.L.C.	—	—	—	—	—	649
PRADA S.A.	109	53,424	5	17,156	42	11,607
PRADA Spain sa	3	1,838	1	1,651	—	8,759
PRADA Stores S.r.l.	2,812	54,441	1	92,518	510	88,141
PRADA Taiwan Ltd Taipei	—	—	—	—	1	—
PRADA USA Corp.	—	—	—	—	3	—
Santacroce S.r.l.	178	1,681	—	—	—	—
Space Caffè S.r.l.	—	—	—	79	—	38
Travel Retail Shops Pty Ltd.	—	167	—	197	—	220
TRS New Zealand Pty. Ltd	—	60	—	—	—	—
	8,433	127,551	3,962	130,502	1,938	151,693

	At January 31,					
	2009		2010		2011	
	Amounts due from parent company, subsidiaries, a jointly controlled entity and related parties (Note 9)					
	Other receivables	Financial receivables	Other receivables	Financial receivables	Other receivables	Financial receivables
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
Companies controlled by PRADA Holding B.V.:						
EXHL Italia S.r.l.	2	—	—	—	—	—
Other related parties:						
HMP S.r.l.	59	—	59	—	59	12
PRADA Italia S.p.A.	2	—	—	—	—	—
Progetto PRADA Arte S.r.l.	—	—	72	—	74	—
Stichting Fondazione PRADA	—	—	2	—	—	—
	61	—	133	—	133	12
Total	8,496	148,177	4,210	184,936	2,189	184,234

	At January 31,					
	2009		2010		2011	
	Amounts due to parent company, subsidiaries, a jointly controlled entity and related parties (Note 17)					
	Other payables	Financial payables	Other payables	Financial payables	Other payables	Financial payables
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
PRADA Holding B.V.	—	2,500	—	2,544	—	11
Subsidiaries:						
Artisans Shoes S.r.l.	145	5,462	146	4,011	721	15
Car Shoe Italia S.r.l.	—	905	—	2,171	—	428
IPI Logistica S.r.l.	12	1,543	—	994	—	687
Post Development Corp.	—	26,796	—	27,224	—	27,596
PRADA Asia Pacific Ltd	1,384	96	1,384	—	—	—
PRADA Austria GmbH	—	—	—	—	—	1,110
PRADA Canada Corp.	—	27	—	29	—	32
PRADA Far East B.V.	3	88,368	3	143,362	3	206,105
PRADA Hawaii Corp.	88	—	88	—	88	—
PRADA Japan Co., Ltd	1,420	22,532	1,294	34,034	—	1,514
PRADA Retail France SAS	—	22	—	1,322	—	558
PRADA Retail UK Ltd	14	36	13	—	948	—
PRADA S.A.	1,678	15,675	1,541	65,015	1,533	47,634
PRADA Spain sa	—	—	—	—	72	—
PRADA Stores S.r.l.	5,720	14	642	1	5,078	—
PRADA USA Corp.	396	3,192	342	2,968	—	3,066
Santacroce S.r.l.	68	1	—	—	—	—
Space Caffè S.r.l.	—	—	94	—	68	—
Space S.A.	—	22	—	23	1	19
	10,928	164,691	5,547	281,154	8,512	288,764
Jointly controlled entity						
Fragrance & Skincare S.L.	5	—	—	—	—	—
Other related parties:						
Luna Rossa Challenge 2007	5	—	5	—	5	—
Progetto PRADA Arte S.r.l.	88	—	41	—	23	—
Stichting Fondazione PRADA	—	—	20	—	24	—
	93	—	66	—	52	—
Total	11,026	167,191	5,613	283,698	8,564	288,775

Transactions of the Group with related parties during the year ended January 31, 2009

	Sales of goods	Purchase	Operating costs (revenues)	Royalties received	Royalties paid	Interest income	Financial cost
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
PRADA Holding B.V.	—	—	(222)	—	—	1,868	266
Companies controlled by shareholders:							
Venezia 3 S.r.l.	4,224	162	(1,761)	120	—	—	—
F.lli PRADA S.r.l.	10,724	701	(100)	296	—	—	—
Montenapoleone 6 S.r.l.	4,883	267	(97)	125	—	—	—
IPR S.r.l.	8,965	756	(135)	224	—	—	—
Spiga 1 S.r.l.	4,092	175	(218)	114	—	—	—
PRADA Italia S.p.A.	—	—	(288)	—	—	—	—
Luna Rossa Challenge 2007	—	(18)	(33)	—	2	—	—
HMP S.r.l.	—	—	463	—	—	12	—
Stichting Fondazione PRADA	—	—	2,439	—	—	—	—
Progetto PRADA Arte S.r.l.	—	—	821	—	—	—	—
Others	1	—	849	—	—	8	—
	32,889	2,043	1,940	879	2	20	—
Companies controlled by PRADA Holding B.V.:							
EXHL Design L.L.C.	—	—	—	—	—	—	—
Prapar Corporation	—	—	—	—	—	—	2
EXHL Retail USA L.L.C.	—	—	—	—	—	3	—
EXHL Italia S.r.l.	—	—	(6)	—	—	—	—
EXHL Japan Co. Ltd	—	—	(2)	—	—	—	—
Immobiliare 3	—	—	—	—	—	25	—
PRADA Arte B.V.	—	—	—	—	—	56	—
Others	—	—	—	—	—	7	—
	—	—	(8)	—	—	91	2
Jointly controlled entity:							
Fragrance and Skincare S.L.	—	17	(729)	5,087	—	—	—
Total	32,889	2,060	981	5,966	2	1,979	268

Transactions of the Group with related parties during the year ended January 31, 2010

	Sales of goods	Purchase	Operating costs (revenues)	Royalties received	Royalties paid	Interest income	Financial cost
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
PRADA Holding B.V.	—	—	(253)	—	—	383	44
Companies controlled by shareholders:							
Venezia 3 S.r.l.	5,116	553	(2,023)	132	—	—	—
F.lli PRADA S.r.l.	10,257	970	(112)	279	—	—	—
Montenapoleone 6 S.r.l.	4,705	405	44	123	—	—	—
IPR S.r.l.	7,535	1,104	(42)	184	—	—	—
Spiga 1 S.r.l.	3,856	274	(112)	104	—	—	—
PRADA Italia S.p.A.	—	—	(283)	—	—	—	—
Luna Rossa Challenge 2007	—	(10)	(35)	—	1	—	—
HMP Srl	—	—	477	—	—	—	4
Stichting Fondazione PRADA/ Progetto PRADA Arte S.r.l.	2	3	4,838	—	—	—	—
Maestrale Holding	—	—	3,500	—	—	—	—
Others	—	1	869	—	—	—	—
	31,471	3,300	7,121	822	1	—	4
Companies controlled by PRADA Holding B.V.:							
Prapar Corporation	—	—	—	—	—	—	3
EXHL Retail USA L.L.C.	—	—	—	—	—	1	—
EXHL Italia S.r.l.	—	—	(6)	—	—	—	—
EXHL Japan Co. Ltd	—	—	(3)	—	—	—	—
PRADA Arte B.V.	—	—	(5)	—	—	—	—
Others	—	—	—	—	—	—	—
	—	—	(14)	—	—	1	3
Jointly controlled entity:							
Fragrance and Skincare S.L.	—	—	(545)	3,778	—	—	—
Total	31,471	3,300	6,309	4,600	1	384	51

Transactions of the Group with related parties during the year ended January 31, 2011

	Sales of goods	Purchase	Operating costs (revenues)	Royalties received	Royalties paid	Interest income	Financial cost
	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000	Euro'000
PRADA Holding B.V.	—	—	(129)	—	—	469	38
Companies controlled by shareholders:							
Venezia 3 S.r.l.	4,454	419	(1,925)	118	—	—	—
F.lli PRADA S.r.l.	11,851	697	(218)	326	—	—	—
Montenapoleone 6 S.r.l.	5,164	313	(4)	142	—	—	—
IPR S.r.l.	8,283	692	(274)	222	—	—	—
Spiga 1 S.r.l.	4,781	244	(111)	132	—	—	—
PRADA Italia S.p.A.	—	—	(315)	—	—	—	—
Luna Rossa Challenge 2007	—	—	5,350	—	—	60	—
HMP S.r.l.	—	—	465	—	—	1	—
Stichting Fondazione PRADA/ Progetto PRADA Arte Srl	—	—	1,966	—	—	—	—
PRADA America's Cup S.r.l.	—	—	—	—	—	21	—
Maestrale Holding	—	—	—	—	—	—	—
Others	—	—	881	—	—	—	—
	34,533	2,365	5,815	940	—	82	—
Companies controlled by PRADA Holding B.V.:							
Prapar Corporation	—	—	—	—	—	—	3
EXHL Retail USA L.L.C.	—	—	—	—	—	1	—
EXHL Italia S.r.l.	—	—	(6)	—	—	—	—
EXHL Japan Co. Ltd	—	—	(3)	—	—	—	—
PRADA Arte B.V.	—	—	(5)	—	—	—	—
Others	—	—	—	—	—	—	—
	—	—	(14)	—	—	1	3
Jointly controlled entity:							
Fragrance and Skincare S.L.	—	22	(245)	3,603	—	—	—
Total	34,533	2,387	5,427	4,543	—	552	41

The key management composes of the Company's Board of directors and the remuneration of directors is determined by the remuneration committee having regard to the performance of individuals and market trends. Details of the directors' remuneration disclosed in note 37.

In the opinion of directors, related parties financial transactions and balances with PRADA Holding B.V. and EXHL group companies are expected to discontinue and settle upon the listing of the Company's shares on the Stock Exchange. The Company has discontinued the transactions with Prada America's Cup S.r.l. and will collect the receivable due by them of

approximately Euro 1.4 million as at January 31, 2011 after the said company collects the value added tax credit claim from the Italian tax authorities. All other transactions and balances are of trade nature and will continue after the listing of the Company's shares on the Stock Exchange.

39. COMMITMENTS

Operating leases

The future aggregate minimum annual lease payments under all non-cancellable operating leases which fall due as follows:

	At January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Within one year	156,969	175,938	198,481
Between two and five years inclusive	529,228	572,981	660,454
After five years	596,452	494,964	535,779
Total	1,282,649	1,243,883	1,394,714

The following table shows the amounts recognized as an expense during the Relevant Periods:

	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Minimum fixed lease amounts	117,961	124,979	154,582
Variable lease amounts	70,732	93,992	140,472
Total	188,693	218,971	295,054

Some Group companies are required to pay lease charges based on a fixed percentage of net sales.

40. LIST OF SUBSIDIARIES, AN ASSOCIATE AND A JOINTLY CONTROLLED ENTITY

The list of subsidiaries, an associate and a jointly controlled entity are as follows:

Name of Company	Local currency	Issued and fully paid share or registered capital (in thousands local currency)	Proportion of nominal value of issued share capital/ registered capital held by the Company				Date of this report	Place of incorporation/ establishment/ operation	Date of incorporation/ establishment/	Main business
			2009	2010	2011	%				
Subsidiaries										
Italy										
Artisans Shoes S.r.l. ⁽¹⁾⁽⁶⁾	EURO	1,000	66.73	66.73	66.73	66.73	Montegranaro, Italy	09/02/1977	Shoes production	
Space Caffè S.r.l. ⁽¹⁾ (ex PRADA Advertising S.r.l.)	EURO	20	100.00	100.00	100.00	100.00	Milan, Italy	06/12/1990	Services	
IPI Logistica S.r.l. ⁽¹⁾	EURO	600	100.00	100.00	100.00	100.00	Milan, Italy	26/01/1999	Services	
PRADA Stores S.r.l. ⁽¹⁾	EURO	520	100.00	100.00	100.00	100.00	Milan, Italy	11/04/2001	Retail/ Investment holding	
Car Shoe Italia S.r.l.	EURO	10	55.00	55.00	100.00	100.00	Milan, Italy	16/03/2001	Wholesale/ Retail	
Church Italia S.r.l.	EURO	51	100.00	100.00	100.00	100.00	Milan, Italy	31/01/1992	Wholesale/ Retail	
Europe										
PRADA Retail UK Ltd ⁽²⁾	GBP	5,000	100.00	100.00	100.00	100.00	London, UK	07/01/1997	Retail	
PRADA Germany GmbH	EURO	215	100.00	100.00	100.00	100.00	Munich, Germany	20/03/1995	Retail	
PRADA Austria GmbH	EURO	40	100.00	100.00	100.00	100.00	Vienna, Austria	14/03/1996	Retail	
PRADA Spain sa	EURO	240	100.00	100.00	100.00	100.00	Madrid, Spain	14/05/1986	Retail	
PRADA Retail France SAS	EURO	4,000	100.00	100.00	100.00	100.00	Paris, France	10/10/1984	Retail	
PRADA Hellas Single Partner Limited Liability Company ⁽¹⁾	EURO	6,000	100.00	100.00	100.00	100.00	Athens, Greece	19/12/2007	Retail	
PRADA Monte-Carlo S.A.M.	EURO	150	100.00	100.00	100.00	100.00	Monte-Carlo, Monaco	25/05/1999	Retail	
PRADA S.A. ⁽¹⁾	EURO	31	100.00	100.00	100.00	100.00	Luxembourg	29/07/1994	Services/ trademark owner	
PRADA Company S.A.	EURO	3,204	100.00	100.00	100.00	100.00	Luxembourg	12/04/1999	Services	
PB Luxembourg S.A. ⁽⁵⁾	EURO	31	100.00	100.00	n/a	n/a	Luxembourg	13/03/2001	Investment holding	
Car Shoe S.A.	EURO	2,100	55.00	55.00	100.00	100.00	Luxembourg	13/03/2001	Service/ Trademark owner	
PRADA Far East B.V. ⁽¹⁾	EURO	20	100.00	100.00	100.00	100.00	Amsterdam, The Netherlands	27/03/2000	Investment holding/ Services	
Space S.A.	CHF	200	100.00	100.00	100.00	100.00	Paradiso, Switzerland	17/07/2008	Retail	
Church Holding UK plc ⁽¹⁾	GBP	78,126	100.00	100.00	100.00	100.00	Northampton, UK	22/07/1999	Investment holding	
Church France S.A.	EURO	241	100.00	100.00	100.00	100.00	Paris, France	01/06/1955	Retail	
Church UK Retail Ltd	GBP	1,021	100.00	100.00	100.00	100.00	Northampton, UK	16/07/1987	Retail	
Church's English Shoes Switzerland S.A.	CHF	100	100.00	100.00	100.00	100.00	St. Moritz, Switzerland	29/12/2000	Retail	

APPENDIX I

ACCOUNTANTS' REPORT

Name of Company	Local currency	Issued and fully paid share or registered capital (in thousands local currency)	Proportion of nominal value of issued share capital/ registered capital held by the Company				Date of this report	Place of incorporation/ establishment/ operation	Date of incorporation/ establishment	Main business
			2009	2010	2011	%				
Church & Co. Ltd	GBP	2,811	100.00	100.00	100.00	100.00	Northampton, UK	16/01/1926	Investment holding/ Production/ Wholesale	
Church & Co. (Footwear) Ltd	GBP	44	100.00	100.00	100.00	100.00	Northampton, UK	06/03/1954	Trademark owner	
Church English Shoes S.A.	EURO	75	100.00	100.00	100.00	100.00	Brussels, Belgium	25/02/1963	Retail	
PRADA Czech Republic s.r.o. ⁽¹⁾	CZK	2,500	100.00	100.00	100.00	100.00	Prague, Czech Republic	25/06/2008	Retail	
PRADA Portugal. Unipessoal LDA ⁽¹⁾	EUR	5	100.00	100.00	100.00	100.00	Lisbon, Portugal	07/08/2008	Retail	
PRADA Rus L.L.C. ⁽¹⁾	RUR	278	100.00	100.00	99.90	99.90	Moscow, Russia	07/11/2008	Retail	
Church Spain, S.L.	EUR	3	100.00	100.00	100.00	100.00	Madrid, Spain	06/05/2009	Retail	
PRADA Bosphorus Deri Mamuller Ticaret Limited Sirketi	TRY	7,630	100.00	100.00	100.00	100.00	Istanbul, Turkey	26/02/2009	Retail	
JSC (2009) Ltd	GBP	90	100.00	100.00	100.00	100.00	Northampton, UK	21/09/1920	Dormant	
America										
PRADA USA Corp ⁽¹⁾	USD	152,211	100.00	100.00	100.00	100.00	New York, U.S.A	25/10/1993	Services/ Wholesale/ Retail	
PRADA Hawaii Corp	USD	14,400	100.00	100.00	100.00	100.00	Delaware, U.S.A.	01/04/1996	Retail	
Space USA Corp	USD	301	100.00	100.00	100.00	100.00	New York, U.S.A.	15/02/1994	Retail	
UPB Corp	USD	70	100.00	100.00	100.00	100.00	New York, U.S.A.	18/05/1989	Services	
TRS Hawaii L.L.C. ⁽⁷⁾	USD	400	55.00	55.00	55.00	55.00	Honolulu, U.S.A.	17/11/1999	Duty-free retail	
PRADA Canada Corp ⁽¹⁾	CAD	300	100.00	100.00	100.00	100.00	Toronto, Canada	01/05/1998	Wholesale/ Retail	
Boutique Genny Inc ⁽⁵⁾	USD	500	100.00	100.00	n/a	n/a	New York, U.S.A.	04/12/1997	Services	
Church & Co. (USA) Ltd	USD	85	100.00	100.00	100.00	100.00	New York, U.S.A.	08/09/1930	Retail	
Post Development Corp	USD	42,221	100.00	100.00	100.00	100.00	New York, U.S.A.	18/02/1997	Real estate	
PRADA Brasil Importação e Comércio de Artigos de Luxo Ltda.	BRL	250,000	n/a	n/a	n/a	100.00	Brazil	12/04/2011	Retail	
Other areas										
PRADA Middle East FZCO	Dhs	18,000,000	n/a	n/a	n/a	60.00	Dubai	25/05/2011	Retail	
Asia-Pacific and Japan										
PRADA Asia Pacific Ltd	HKD	3,000	100.00	100.00	100.00	100.00	Hong Kong	12/09/1997	Retail/ Wholesale	
PRADA Taiwan Ltd	TWD	3,800	100.00	100.00	100.00	100.00	Hong Kong	16/09/1993	Retail	
Space HK Retail Ltd	HKD	1,000	100.00	100.00	100.00	100.00	Hong Kong	25/02/1993	Retail	
PRADA Retail Malaysia Sdn Bhd	MYR	1,000	100.00	100.00	100.00	100.00	Malaysia	23/01/2002	Retail	
PRADA China Ltd	HKD	7,000	100.00	100.00	100.00	100.00	Hong Kong	03/11/1997	Retail	
TRS Hong Kong Ltd ⁽⁷⁾	HKD	500	55.00	55.00	55.00	55.00	Hong Kong	23/02/2001	Duty-free retail	
PRADA Singapore Pte Ltd	SGD	1,000	100.00	100.00	100.00	100.00	Singapore	31/10/1992	Retail	

APPENDIX I

ACCOUNTANTS' REPORT

Name of Company	Local currency	Issued and fully paid share or registered capital (in thousands local currency)	Proportion of nominal value of issued share capital/ registered capital held by the Company				Date of this report	Place of incorporation/ establishment/ operation	Date of incorporation/ establishment	Main business
			2009	2010	2011	%				
TRS Singapore Pte. Ltd ⁽⁷⁾	SGD	500	55.00	55.00	55.00	55.00	Singapore	08/08/2002	Duty-free retail	
PRADA Korea Ltd	KOW	8,125,000	100.00	100.00	100.00	100.00	Seoul, Korea	27/11/1995	Retail	
PRADA (Thailand) Co. Ltd	BTH	172,000	100.00	100.00	100.00	100.00	Bangkok, Thailand	19/06/1997	Retail	
PRADA Japan Co. Ltd	JPY	200,000	100.00	100.00	100.00	100.00	Tokyo, Japan	01/03/1991	Retail	
TRS Guam Partnership ⁽⁷⁾	USD	1,095	55.00	55.00	55.00	55.00	Guam	01/07/1999	Duty-free retail	
TRS Saipan Partnership ⁽⁷⁾	USD	1,405	55.00	55.00	55.00	55.00	Saipan	01/07/1999	Duty-free retail	
TRS New Zealand Ltd ⁽⁷⁾	NZD	100	55.00	55.00	55.00	55.00	Auckland, New Zealand	04/11/1999	Duty-free retail	
PRADA Australia Pty Ltd	AUD	3,500	100.00	100.00	100.00	100.00	Sydney, Australia	21/04/1997	Retail	
TRS Australia Ltd ⁽⁷⁾	AUD	600	55.00	55.00	55.00	55.00	Sydney, Australia	23/03/2000	Duty-free retail	
PRADA Trading (Shanghai) Co. Ltd ⁽³⁾	RMB	1,653	100.00	100.00	100.00	100.00	Shanghai, China	09/02/2004	Retail	
Travel Retail Shops Okinawa KK ⁽⁷⁾	JPY	10,000	55.00	55.00	55.00	55.00	Tokyo, Japan	21/01/2005	Duty-free retail	
PRADA Fashion Commerce (Shanghai) Co. Ltd ⁽³⁾	RMB	48,966	100.00	100.00	100.00	100.00	Shanghai, China	31/10/2005	Retail	
Church Japan Co., Ltd	JPY	3,050	100.00	100.00	100.00	100.00	Tokyo, Japan	17/04/1992	Retail	
Church Hong Kong Retail Ltd	HKD	1,000	100.00	100.00	100.00	100.00	Hong Kong	04/06/2004	Retail	
Church Singapore Pte., Ltd. ⁽²⁾	SGD	500	100.00	100.00	100.00	100.00	Singapore	18/08/2009	Retail	
Car Shoe Singapore Ltd ⁽⁴⁾	SGD	500	n/a	n/a	100.00	100.00	Singapore	01/02/2010	Retail	
Car Shoe Hong Kong Ltd ⁽⁴⁾	HKD	3,000	n/a	n/a	100.00	100.00	Hong Kong	26/02/2010	Retail	
Associate										
PAC S.r.l. ⁽⁸⁾	Euro	31	49.00	49.00	49.00	49.00	Milano, Italy	02/08/1991	Dormant	
Jointly controlled entity										
Fragrance of skincare S.L. ⁽⁹⁾	Euro	4,000	50.00	50.00	50.00	50.00	Barcelona, Spain	11/02/2003	Distribution	

Notes:

- (1) Directly controlled by the Company
- (2) Share capital lower than thousands of local currency
- (3) The companies were established in China in the form of wholly foreign-owned enterprises.
- (4) These companies were incorporated during year ended January 31, 2011.
- (5) These companies were liquidated during the year ended January 31, 2011 as part of the reorganization of the Group's structure. These companies do not have any outstanding claims and liabilities to the Group at the date of liquidation.
- (6) The minority shareholder of Artisans Shoes S.r.l. is Mr. Graziano Mazza who is an independent third party of the Group.
- (7) The minority interest of TRS group companies are beneficially owned by LVMH group, an independent third party of the Group.
- (8) The majority shareholders of PAC S.r.l. are beneficially owned by the Prada Family.
- (9) The joint venture partner of Fragrance of Skincare S.L. is Puig, S.L., an independent third party of the Group.

41. SUBSIDIARIES AUDITOR

The statutory financial statements of the following Company's subsidiaries for the Relevant Periods, or since their respective dates of establishment or incorporation, where there is a shorter period, were prepared in accordance with IFRSs or relevant accounting principles and financial regulations.

Subsidiaries	Country	Auditor's name
Artisan Shoes S.r.l.	Italy	Note
IPI Logistica S.r.l.	Italy	Note
Prada Stores S.r.l.	Italy	Note
Car Shoe Italia S.r.l.	Italy	Note
Church Italia S.r.l.	Italy	Note
Prada Retail UK Limited	United Kingdom	Deloitte LLP
PRADA Germany GmbH	Germany	Deloitte & Touche GmbH
Prada Retail France sas	France	Deloitte & Associés
Prada Monte Carlo SAM	Monaco	André GARINO and Bettina RAGAZZONI
PRADA S.A.	Luxembourg	Deloitte S.A.
Church Holding UK Ltd	United Kingdom	Deloitte LLP
Church UK Retail Limited	United Kingdom	Deloitte LLP
Church France S.A.	France	Deloitte & Associés
Church & Co. Limited	United Kingdom	Deloitte LLP
Prada Asia Pacific Limited	Hong Kong	Deloitte Touche Tohmatsu
Prada Taiwan Limited, Taiwan Branch	Taiwan	Deloitte & Touche
Space Hong Kong Limited	Hong Kong	Deloitte Touche Tohmatsu
Prada Retail Malaysia Sdn Bhd	Malaysia	Deloitte & Touche
Prada China Limited	Hong Kong	Deloitte Touche Tohmatsu
TRS Hong Kong Limited	Hong Kong	Deloitte Touche Tohmatsu
Prada Singapore Pte Limited	Singapore	Deloitte LLP
TRS Singapore Pte Limited	Singapore	Deloitte LLP
Prada Korea Ltd	Korea	Deloitte Anjin LLC
Prada (Thailand) Co., Ltd.	Thailand	Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.
Prada Japan Co., Ltd	Japan	Deloitte Touche Tohmatsu LLC
TRS New Zealand Ltd	Hong Kong	Deloitte Touche Tohmatsu
Prada Australia Pty Limited	Australia	Deloitte Touche Tohmatsu
Prada Trading Shanghai	Shanghai - China	Deloitte Touche Tohmatsu CPA Ltd
Prada Fashion Commerce (Shanghai) Co. Ltd	Shanghai - China	Deloitte Touche Tohmatsu CPA Ltd
Church Hong Kong Retail Ltd	Hong Kong	Deloitte Touche Tohmatsu

Note: These Italian subsidiaries do not have legal obligation to file statutory financial statements audited by external auditors. The statutory financial statements of these Italian subsidiaries were audited by their board of auditors, Collegio Sindacale, under the relevant Italian law.

Except for disclosed above, no statutory financial statements have been prepared for the three years ended January 31, 2011 for other subsidiaries as there were no such statutory requirement.

42. DIVIDENDS

Dividends recognized as distribution during the Relevant Periods are as follow:

	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Final	—	47,750	111,000

The dividend per share (have not adjusted for the share split as detailed in Appendix V of the prospectus) for the year ended January 31, 2009, 2010 and 2011 were Nil, Euro 0.191 and Euro 0.444, respectively.

Dividend of Euro 35 million (Euro 0.14 per share (have not adjusted for the share split as detailed in Appendix V of the prospectus) in respect of the year ended January 31, 2011 per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

Under Italian tax law, dividends paid to an Italian company are not subject to withholding tax while dividends paid by an Italian company to a European Union parent company that qualifies for the benefits of the Parent-Subsidiary Directive are free from withholding tax to the extent all the requirements set forth by article 27-bis of Presidential Decree 600/1973 are met. Since all the shareholders of the Company are qualify for exemption as stated above, no tax was withheld during the Relevant Periods.

43. CAPITAL COMMITMENTS

	Year ended January 31,		
	2009	2010	2011
	Euro'000	Euro'000	Euro'000
Capital expenditure in respect of the acquisition of property, plant and equipment/intangible assets contracted for but not provided in the Financial Information	2,060	—	42,500

44. OTHER COMMITMENTS

On November 16, 2010, the Company signed a preliminary contract with third parties whereby it undertook to purchase a number of real estate properties in Italy, already used by the Company in its business activities under rental agreements, at a total cost of Euro 49.5 million. As at the reporting date, one of the properties had already been acquired for Euro 7 million while the remaining will be purchased by June 2011 (Euro 30.2 million) and by February 2012 (Euro 12.3 million).

45. MAJOR NON-CASH TRANSACTIONS

Save as disclosed elsewhere in the Financial Information, during the Relevant Periods, the following non-cash transactions have taken place:

- (a) During the year ended January 31, 2010, amount due from Prada Holding B.V., parent company of the Company, of Euro 52.1 million was settled through dividend declared by the Company.

B. DIRECTORS' REMUNERATION

Save as disclosed herein, no remuneration has been paid or is payable to the Company's directors by the Company or any of its subsidiaries during the Relevant Periods. Under the arrangements presently in force, the aggregate remuneration excluding bonus payable, if any, of the Company's directors for the year ending January 31, 2012 is approximately to be Euro 27,016,000.

C. SUBSEQUENT EVENTS

Other than those disclosed elsewhere in the Financial Information, the following significant events took place subsequent to January 31, 2011:

- (a) With reference to the recent events in Japan, the Group has not pointed out any significant change to its retail network. The shops that on March 11, 2011, have been closed mainly as a consequence of the electric power rationing have been fully operating again since March 23, 2011.
- (b) On May 26, 2011, a resolution was passed by the shareholders of the Company to approve the subdivision of each issued and unissued share of Euro 1 each in the authorized share capital into 2,500,000,000 shares of Euro 0.1 each. Immediately after the share split, the Company had 2,500,000,000 ordinary shares in issue. All shares rank *pari passu* with each other in all respects.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company or any of its subsidiaries have been prepared in respect of any period subsequent to January 31, 2011.

Yours faithfully,

Deloitte & Touche S.p.A.
Milan, Italy

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this appendix does not form part of the accountants' report prepared by the reporting accountants of the Company, Deloitte & Touche S.p.A., Italy, Statutory Audit Firm, and Deloitte Touche Tohmatsu, Hong Kong, Certified Public Accountants, as set out in Appendix I "Accountants' Report" to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with "Financial Information" and Appendix I "Accountants' Report" to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets of the Company and its subsidiaries (collectively the "Group"), which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on January 31, 2011 assuming the Over-allotment Option is not exercised.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the net tangible assets of the Group as at January 31, 2011 or at any future dates following the Global Offering.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at January 31, 2011	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets of the Group attributable to owners of the Company	Unaudited pro forma adjusted net tangible assets value per Share	
	(Note 1)	(Note 2)		(Note 3)	(Note 5)
	€ '000	€ '000	€ '000	€	HK\$
Based on an Offer Price of HK\$36.50 per Offer Share	335,231	185,445	520,676	0.20	2.31
Based on an Offer Price of HK\$48.00 per Offer Share	335,231	244,326	579,557	0.23	2.57

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at January 31, 2011 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as at January 31, 2011, of € 1,204.4 million less the intangible assets of the Group as at January 31, 2011 of approximately € 869.1 million.
- (2) The estimated net proceeds from the Global Offering are based on an indicative Offer Prices of HK\$36.50 (equivalent to € 3.22) and HK\$48.00 (equivalent to € 4.23) per Offer Share, respectively (after deducting the underwriting fees and other related expenses). For the purpose of the estimated net proceeds from the Global Offering, the amount stated in Hong Kong dollars has been converted into Euro at the rate of € 1.00 to HK\$11.35. No representation is made that the Euro amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in note 2 in the preceding paragraph and on the basis that 2,558,824,000 Shares were in issue assuming that the Global Offering and share split had been completed on January 31, 2011.
- (4) No adjustment has been made to the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading result or other transaction of the Group entered into subsequent to January 31, 2011. In particular, the unaudited pro forma adjusted net tangible assets of the Group has not taken into account the payment of dividend of € 35 million which was approved by the shareholders' meeting on March 28, 2011.
- (5) For the purpose of this unaudited pro forma adjusted net tangible assets, the balance stated in Euro are converted into Hong Kong dollars at the rate of € 1.00 to HK\$11.35. No representation is made that the Euro amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast basic earnings per Share has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on February 1, 2011. The unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial results of the Group had the Global Offering been completed as at February 1, 2011 or for any future periods.

For the six months ending July 31, 2011	
Unaudited forecast consolidated profit attributable to owners of the Company ⁽¹⁾	Not less than € 150.7 million (equivalent to approximately HK\$1,710.4 million)
Unaudited pro forma forecast basic earnings per Share ⁽²⁾	Not less than € 0.0589 (equivalent to approximately HK\$0.6684)

Notes:

- (1) The unaudited forecast consolidated profit attributable to owners of the Company for the six months ending July 31, 2011 is extracted from the section headed "Financial Information — Profit Forecast" in this prospectus. The bases and assumptions on which the above profit forecast for the six months ending July 31, 2011 have been prepared are summarized in the section headed "Profit Forecast" in Appendix III to the prospectus.
- (2) The calculation of the unaudited pro forma forecast basic earnings per Share is based on the unaudited forecast consolidated profit attributable to owners of the Company for the six months ending July 31, 2011 and a total of 2,558,824,000 Shares in issue, assuming that the Global Offering and share split had been completed on February 1, 2011.
- (3) For the purpose of this unaudited pro forma forecast earnings per Share, the balance stated in Euro are converted into Hong Kong dollars at the rate of € 1.00 to HK\$11.35. No representation is made that the Euro amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

C. REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from Deloitte & Touche S.p.A., Italy, Statutory Audit Firm, and Deloitte Touche Tohmatsu, Hong Kong, Certified Public Accountants, for the purpose of incorporation in this prospectus.



ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF PRADA S.P.A.

We report on the unaudited pro forma financial information of PRADA S.p.A. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed placing and public offer might have affected the financial information presented, for inclusion in Appendix II to the prospectus dated June 13, 2011 (the "**Prospectus**"). The basis of preparation of the unaudited pro forma financial information is set out in sections A and B of Appendix II to the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it has been carried out in accordance with those standards.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

- the financial position of the Group as at January 31, 2011 or any future date; or
- the earnings per share of the Group for the six months ending July 31, 2011 or any future period.

Opinion

In our opinion:

- a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte & Touche S.p.A.
Milan, Italy

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

June 13, 2011

The forecast of the consolidated profit attributable to owners of the Company for the six months ending July 31, 2011 is set out in the section entitled "Financial Information" in this prospectus.

(A) BASES

The directors have prepared the forecast of the consolidated profit attributable to the owners of the Company for the six months ending July 31, 2011, based on the unaudited management accounts for two months ended March 31, 2011 and a forecast of the results for the remaining four months of the six months ending July 31, 2011. The profit forecast has been prepared on the basis of accounting policies consistent in all material respects with the accounting policies we have presently adopted as set out in Appendix I to this prospectus and on the assumptions prepared by the Directors.

General Assumptions

The directors have made the following principal assumptions in the preparation of the profit forecast:

- (i) There will be no material changes in the existing government policies or political, legal (including changes in legislation or regulations or rules), fiscal or economic conditions in the Italy and Hong Kong and in the industry in which the Group operates,
- (ii) There will be no material change in the bases or rates of taxation or duties in any of the countries in which the Group operates or in which the Group's companies are incorporated or registered,
- (iii) The Group's operations and financial performance will not be materially and adversely impacted by any of the risk factors set out in the section headed "Risk Factors" in this prospectus,
- (iv) There will be no material changes in inflation rate, interest rates and exchange rates from the current prevailing rates, and
- (v) There will be no government action, or any other unforeseen circumstances beyond the control of the Company which will have a material adverse effect on the operations and result of the Group.

(B) LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of the letter, prepared for inclusion in this prospectus, received from the reporting accountants, Deloitte & Touche S.p.A., Italy, Statutory Audit Firm, and Deloitte Touche Tohmatsu, Hong Kong, Certified Public Accountants, in connection with the profit forecast of the Group for the six months ending July 31, 2011.



June 13, 2011

The Directors
PRADA S.p.A.
CLSA Equity Capital Markets Limited
Goldman Sachs (Asia) L.L.C.

Dear Sirs,

We have reviewed the accounting policies adopted and calculations made in arriving at the forecast of the consolidated profit of PRADA S.p.A. (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the six months ending July 31, 2011 attributable to equity holders of the Company (the “**Forecast**”), for which the directors of the Company are solely responsible, as set out in the prospectus dated June 13, 2011 issued by the Company (the “**Prospectus**”). The Forecast is prepared based on the results shown in the unaudited management accounts of the Group for the two months ended March 31, 2011, and a forecast of the results for the remaining four months of the six months ending July 31, 2011.

In our opinion the Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the directors of the Company as set out in the section headed “**Bases**” of Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants’ report on the financial information of the Group for the three years ended January 31, 2011 as set out in Appendix I to the Prospectus .

Yours faithfully,

Deloitte & Touche S.p.A.
Milan, Italy

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

(C) LETTER FROM THE JOINT SPONSORS

The following is the text of a letter, prepared for inclusion in this prospectus, received from the Sponsors, CLSA Equity Capital Markets Limited and Goldman Sachs (Asia) L.L.C., in connection with the profit forecast of the Group for the six months ending July 31, 2011.



18/F, One Pacific Place
88 Queensway
Hong Kong

68th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

June 13, 2011

The Directors

PRADA S.p.A.

Dear Sirs,

We refer to the forecast of the consolidated profit attributable to equity holders of PRADA S.p.A. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the six months ending July 31, 2011 (the "**Profit Forecast**") as set out in the prospectus issued by the Company dated June 13, 2011 (the "**Prospectus**"). We understand the Profit Forecast, for which you as directors of the Company are solely responsible, has been prepared based on the unaudited management accounts of the Group for the two months ended March 31, 2011 and a forecast of the results for the remaining four months of the six months ending July 31, 2011.

We have discussed with you the bases and assumptions made by you as directors of the Company as set out in Appendix III to the Prospectus upon which the Profit Forecast has been made. We have also considered the letter dated June 13, 2011 issued jointly by Deloitte & Touche S.p.A., Italy and Deloitte Touche Tohmatsu, Hong Kong to yourselves and ourselves regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the information comprising the Profit Forecast and on the bases and assumptions of the accounting policies and calculations adopted by you and reviewed by Deloitte & Touche S.p.A., Italy and Deloitte Touche Tohmatsu, Hong Kong, we are of the opinion that the Profit Forecast, for which you as directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of
CLSA Equity Capital Markets Limited

Richard Lee
Managing Director

For and on behalf of
Goldman Sachs (Asia) L.L.C.

Richard Campbell-Breeden
Managing Director

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND ITALIAN COMPANIES LAW AND TAXATION

A. SUMMARY OF THE BY-LAWS OF OUR COMPANY

Set out below is a summary of certain provisions of the By-laws, which is intended to provide investors with an overview of its contents.

As the information contained below is in summary form, it does not contain all of the information that may be important to potential investors. A copy of the full English translation of the By-laws is available for inspection as mentioned in “Appendix VI — Documents Delivered to the Registrar and Available for Inspection”.

Our Company is a joint-stock company (*società per azioni*) existing under the laws of Italy and incorporated on July 11, 1990, as a limited liability company (*società a responsabilità limitata*) in the presence of Notary Public G. Pozzi, rep. no. 32175 collection no. 3693.

1. Shareholders’ meetings

A shareholders’ meeting can be either ordinary or extraordinary. According to the By-laws, the ordinary shareholders’ meeting of our Company will resolve on matters that are within its power as set out by applicable laws and regulations and the By-laws itself. In particular, the shareholders in an ordinary shareholders’ meeting have the power to resolve on the following matters:

- (a) approval of the financial statements and the distribution of profits;
- (b) election and removal of the directors, election of the statutory auditors and their chairman and, whenever required, of the external auditor;
- (c) compensation of directors and statutory auditors, as well as of the external auditor;
- (d) determination of the liability of directors and statutory auditors;
- (e) the purchase of its own shares for an amount not exceeding disposable profits and distributable reserves as resulting from the last annual balance sheet duly approved and, in any case, within the limit of 10% of the issued share capital at the time of the relevant shareholders’ meeting;
- (f) the approval of the regulations, for the conduct of shareholders’ meetings; and
- (g) any other matters reserved to it by applicable laws and regulations as well as any authorization required under the By-laws or by applicable laws and regulations for the performance of directors’ actions.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND ITALIAN COMPANIES LAW AND TAXATION

According to the By-laws, the shareholders in an extraordinary shareholders' meeting have the power to resolve on the following matters:

- (a) any amendment to the By-laws;
- (b) the appointment and replacement of liquidators and the determination of their powers; and
- (c) any other matters reserved to shareholders in an extraordinary shareholders' meeting by Italian law, or laws and regulations applicable to companies whose shares are listed on the Hong Kong Stock Exchange.

The fact of being a shareholder in itself constitutes the approval of each shareholder to be bound by the By-laws.

Location and frequency of the shareholders' meeting

The ordinary and extraordinary shareholders' meetings will normally be held in the municipality where the registered office of our Company is located, except as otherwise resolved by the board of directors, and provided always that such meetings will be held in Italy or in a country where our Company, directly or indirectly through its subsidiaries or affiliates, carries out its business activities.

The ordinary shareholders' meetings must be convened at least once a year for the approval of the financial statements, within 120 days after the end of the financial year, or within 180 days after the end of the financial year if our Company is required to draw up consolidated financial statements or is required by the particular circumstances related to the structure and purpose of our Company. Not more than 15 months shall elapse between the date of one such ordinary shareholders' general meeting and the next.

Call of the shareholders' meeting

An ordinary general shareholders' meeting will be called by the board of directors whenever it deems it appropriate and in the circumstances specified under applicable laws and regulations.

A shareholders' meeting can also be called when requested by shareholders representing at least 5% of our Company's share capital, provided the request mentions the item or items to be discussed at the meeting and unless the meeting has to resolve, pursuant to applicable Italian law, upon a proposal made by the directors or on the basis of a report or a project to be drafted by them⁴. In case of unjustified delay in calling the meeting, action will be taken by the board of statutory auditors. If the board of directors and the board of statutory auditors fail to proceed to call the shareholders' meeting and the

⁴ See Paragraph B5 of this Appendix IV below.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND ITALIAN COMPANIES LAW AND TAXATION

refusal to proceed is unjustified, the calling of the meeting may be ordered by a competent court which, after having heard the members of the board of directors and of the statutory auditors, will designate the person who will chair the meeting. In order to file a request before a competent court, a shareholder has to be registered on the shareholders' ledger.

The shareholders' meetings is convened by means of a notice of call specifying, in addition to the information required by laws and regulations, all information relating to any interest held by any of the directors on their behalf, or on behalf of third parties, specifying the effect that this resolution might have on them as shareholders of our Company and whether these effects differ from those that might affect all other shareholders.

The notice of call must be published on the website of our Company and in accordance with the procedures provided by applicable law. These procedures also include publication in at least one of the following Italian newspapers: "Il Sole 24 Ore", "Italia Oggi" and "MF Milano Finanza" and on the website of the Hong Kong Stock Exchange. The notice of call of the shareholders' meeting shall be given at least 30 days prior to the date of the relevant meeting. This notice period shall be (a) extended to 40 days before the date of the meeting for those meetings provided for the appointment of directors and statutory auditors, and (b) reduced to 21 days before the date of the meeting for those meetings provided under Sections 2446 (Reduction of capital pursuant to losses), 2447 (Reduction of capital below the legal minimum) and 2487 of the Italian Civil Code (Appointment and replacement of liquidators).

In the case of appointment of directors, the notice period under Italian law is 40 days before the relevant shareholders' meeting, so shareholders would be in a position to propose directorship candidates within the 25-day requirement.

Shareholders who, individually or jointly, own or control at least 2.5% of the share capital may request, within 10 days from the publication of the notice of call (and within five days in the circumstances indicated under letter (b) of the paragraph above), additions to the list of items on the agenda setting out the proposed additions. Requests must be submitted in writing. Additions to the agenda will be included in the document published for the notice of call. It will not be possible for shareholders to add to the agenda matters which, in accordance with law, should be resolved based on a proposal by the board of directors or on the basis of a project or report prepared by the directors, other than a report relating to items included in the agenda.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND ITALIAN COMPANIES LAW AND TAXATION

Rights to attend a shareholders' meeting and to vote

The right to attend and to vote at shareholders' meetings shall be determined in pursuance of the By-laws and when not expressly provided for, by applicable law in force from time to time.

Any person who is entitled to vote at the shareholders' meeting can be represented by a proxy or representative. If any person recorded as legal owner acts as registered trustee on behalf of his/her customers or on behalf of third parties, the person in question may appoint others on whose behalf he/she acts, or one or more third parties indicated by such customer, as their proxies or representatives.

Where any shareholder is required by applicable laws and regulations to abstain from voting on any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted. On the contrary, nothing shall prevent such shareholder from counting in the quorum at the relevant ordinary or extraordinary shareholders' meeting.

Chairman and secretary of the meeting

Shareholders' meetings shall be presided over by the chairman of the board of the directors or, in his/her absence, by the deputy chairman or by the chief executive officer, if one is appointed. In the absence of the persons mentioned above, the shareholders' meeting shall appoint, with the majority of the capital represented, the person who will act as chairman of the shareholders' meeting. The chairman of the shareholders' meeting shall be assisted by a secretary, appointed by the shareholders' meeting, who does not necessarily need to be a shareholder, and, if required, by two scrutineers. If required by applicable law or by the shareholders' meeting, a notary public will act as secretary of the meeting.

The chairman of the meeting will confirm the identity and right to attend, also by proxy, of those present; ascertain that the meeting is properly held and is entitled to consider the resolutions; supervise and direct the meeting; decide the order of items on the agenda that have to be discussed also by deciding the order of items on the agenda that have to be discussed; direct the discussions and decide the manner of voting; and ascertain and proclaim the results of the voting.

The conduct of shareholders' meetings is governed by a regulation approved by the ordinary shareholders' meeting.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND ITALIAN COMPANIES LAW AND TAXATION

Determination of the quorum and voting

The ordinary and the extraordinary shareholders' meeting is normally held in one call, unless the board of directors, for a specific meeting, resolves to provide the date for the second and, eventually, the third call, with disclosure in the notice of call.

The quorum at an ordinary and extraordinary shareholders' meeting is provided by law (see Paragraph B.10 of this Appendix IV).

Voting by secret ballot is not allowed. The chairman will determine which of the following procedures shall be adopted: (i) ballot or (ii) electronic voting. Voting by a show of hands is not permitted.

If provided for in the notice that called the meeting, those persons entitled to vote may attend the shareholders' meeting through telecommunication equipment, and exercise their right to vote by electronic means, in accordance with the Italian Civil Code regulatory provisions on this subject and the shareholders' meeting regulation.

2 Board of Directors

Powers of the board of directors

Our Company is managed by a board of directors which is invested with full powers for the ordinary and extraordinary management of our Company. In particular, our board of directors has the power to perform all acts it deems advisable for the implementation and achievement of the corporate purpose, except for those acts reserved by operation of law or by the By-laws to the shareholders' meeting.

Directors can acquire the status of partners with unlimited liability in competing companies or carry out competitive activities for their own account or for the account of third persons, or be appointed directors or general managers in competing companies.

The board of directors may delegate some of its powers to one or more of its members (see the section entitled "Delegated Bodies" below). However, by operation of law, these powers cannot relate to the following matters:

- the issue of convertible securities;
- drafting of the financial statements;
- capital increase and the issue of new shares;

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND ITALIAN COMPANIES LAW AND TAXATION

- reduction of the share capital; and
- drafting of merger or demerger plans.

In addition, the By-laws prevent the board of directors from delegating to one or more of its members any decision relating to the following matters:

- merger and proportional demerger (*scissioni proporzionali*) of companies in which our Company owns shares or holdings that represent at least 90% of the capital;
- establishment and winding-up of branch offices;
- indication of which directors shall be given the power to act as legal representative of our Company;
- reduction of the share capital in the event of exercise of withdrawal rights by one or more shareholders;
- amendment of the By-laws to reflect changes that need to be made under Italian laws; and
- transfer of our Company's registered office within Italy.

Composition of the board of directors

The board of directors consists of no fewer than nine and no more than eleven members. The shareholders' meeting will determine the number of directors within these limits. The directors are appointed by the shareholders' general meeting for a period of up to three financial years. This term lapses on the date of the shareholders' meeting called to approve the financial statements for their last year of office. The directors may be reappointed.

Each director must satisfy the requirements for his/her eligibility, proficiency and integrity in accordance with applicable laws. At least three directors (or the higher number required by applicable laws and regulations, if any) must satisfy the independence requirements set forth by the corporate governance code approved by the Corporate Governance committee of Borsa Italiana S.p.A. or the requirements set forth by the laws and regulations applicable to companies whose shares are listed on the Hong Kong Stock Exchange.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND ITALIAN COMPANIES LAW AND TAXATION

Appointment of the board of directors

Any person who, alone or together with others, represents at least 1% of the nominal share capital of our Company with the right to vote at shareholders' meetings may propose one or more candidates (up to eleven) by depositing the name of such candidates with our Company at its registered office at least 25 days prior to the date of the shareholders' meeting called to resolve upon their appointment on the first or sole call. The details of the candidates are to be published in accordance with the applicable laws and regulations in force from time to time.

In addition, the proposing person(s) are required, on penalty of inadmissibility, to file: (a) the list of the proposing person(s), specifying the number of shares of our Company held by each of them, accompanied by evidence attesting compliance with the minimum threshold as required under the paragraph above (i.e. 1% of the share capital of our Company); (b) the curriculum vitae of each candidate; and (c) confirmations from each candidate accepting his/her nomination and attesting, in his/her own responsibility, that there are no grounds for his/her ineligibility and incompatibility to act as a director and that he/she satisfies the aforementioned integrity and, if applicable, independence requirements.

If the number of candidates satisfying the independence requirements pursuant to the previous paragraphs is lower than the minimum number set out above, the board of directors shall submit to the shareholders' meeting a sufficient number of candidates that satisfy the abovementioned characteristics in order to reach the minimum number as set forth by the By-laws.

The directors shall be appointed as follows:

- (a) the shareholders' meeting first determines the number of directors; and
- (b) every single candidate presented pursuant to the paragraphs above is voted.

The candidates are to be divided into two lists: the first one will list candidates that comply with the independence requirements in numerical order according to the number of votes received by each of them ("**List A**"); the second one will list the other candidates in numerical order according to the number of votes received by each of them ("**List B**").

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND ITALIAN COMPANIES LAW AND TAXATION

The first three candidates (or the higher number required in order to satisfy the minimum number of independent directors) in List A and the first candidates listed in List B in the number necessary to reach the number of directors set forth by the shareholders' meeting will be appointed.

Directors for any reason not appointed pursuant to the aforementioned procedure will be appointed by the shareholders' meeting, with the majorities prescribed by the law, in such a way as to ensure that the composition of the board of directors complies with applicable laws and regulations and the By-laws.

The appointed directors must communicate to our Company if they have lost any of the abovementioned independence and integrity requirements, or if any situations of ineligibility or incompatibility have arisen.

The board of directors will periodically evaluate the independence and integrity of its members. If the integrity or independence requirements are not satisfied or are no longer applicable to a director, or if situations of ineligibility or incompatibility have arisen, the board of directors will declare the director's disqualification and resolve upon his/her substitution, or shall invite him/her to rectify the situation of incompatibility within the term set by the board of directors, on penalty of his/her disqualification.

The shareholders' meeting may, even during the board of directors' term of office, change the number of members of the board of directors, always within the limits set forth in the By-laws, and make the related appointments. The mandates of directors so elected will expire at the same time as those of the directors who are already serving.

If one or more directors no longer holds office, the other members may appoint a substitute director with the approval of the board of statutory auditors. The directors so appointed remain in office until the next shareholders' meeting. If a majority of directors cease to hold office, the whole board of directors will be considered to have resigned and the board must promptly call a shareholders' meeting to appoint a new board of directors.

Under Italian law, a director must be a minimum of 18 years old and there is no maximum age limit. In addition, a director does not need to hold a minimum number of shares in order to qualify as a director.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND ITALIAN COMPANIES LAW AND TAXATION

Chairman of the board of directors

The ordinary shareholders' meeting is entitled to appoint the chairman of the board of directors. If the shareholders' meeting has not appointed a chairman, the board of directors will elect one among its members.

The board of directors can also appoint a deputy chairman with the power to assist the chairman and to deputise for the chairman in his/her absence.

The chairman of the board of directors - or, where it is impossible for the chairman, whoever acts in his/her place - will call the meetings of the board of directors, establish the agenda, coordinate the meeting and ensure that all directors are fully acquainted with the items on the agenda.

Delegated bodies

Within the limits set forth above (see the section entitled "Powers of the board of directors") the board of directors may delegate part of its authorities to: (i) an executive committee that is to be formed by some but not all members of the board of directors, but which must include the chairman and any director with delegated power; and/or (ii) one or more of its members.

The board of directors shall nevertheless retain the power to supervise and perform directly any transactions falling within its delegated powers, as well as retain the power to revoke any delegated powers. The delegated bodies shall report to the board of directors and the board of statutory auditors at least once every six months.

The board of directors may appoint general managers and determine their powers.

If required by applicable laws, the board of directors shall appoint, with the favorable opinion of the board of statutory auditors, a manager responsible for the preparation of the financial reporting documents. Such manager must be chosen from among those persons who, for at least three years, have carried out: (a) audit, administration, control or senior management activities in large companies (i.e. companies with a share capital of at least Euro 2,000,000), or (b) professional activities or university teaching activities in the financial or accounting sectors.

The board of directors may also establish committees to consult and make proposals on specific subjects.

Meetings and resolutions

The board of directors meets in the place indicated in the meeting notice, in the municipality where the registered office of our Company is located or where

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND ITALIAN COMPANIES LAW AND TAXATION

our Company, directly or indirectly through its subsidiaries or affiliates, carries out its business activities. The board of directors will meet any time the chairman, the board of statutory auditors or at least one-third of the directors deem it necessary.

Board meetings are called on at least five days' notice, which must be sent to each director and to the statutory auditors by registered mail, fax or e-mail. In cases of urgency the period of notice may be reduced to 24 hours.

Board meetings will be validly held if the majority of the directors in office are present and can pass resolutions with the favorable vote of the majority of those present. Where a director abstains from voting or has declared he/she has a conflict, he/she will not be counted in determining the quorum required for approval of the relevant resolution.

Voting by proxy at board meetings is not allowed. A director must inform the other directors and the board of statutory auditors if he/she has any conflict of interest either on his/her own behalf or as a result of his/her connections with third persons in a specific transaction of our Company and, in that case, he/she shall abstain from voting.

A meeting of the board of directors will be validly held, even if not formally called, whenever all directors in office and all members of the board of statutory auditors are present.

Board meetings shall also be validly held if those present are located in different places, wherever situated, connected by audio/visual means, provided each of the participants in the meetings can be identified and if each can follow and participate in the discussion of the topics dealt with in real time. The meeting is considered validly held in the place indicated in the meeting notice.

The board meetings shall be chaired by the chairman or, if the latter is absent, by the deputy chairman (if any is appointed). If the latter is also absent, the board meetings are to be chaired by the oldest executive director or, if no executive director is present, by any director designated by the attending directors.

Power to represent our Company

The legal power to represent our Company is vested with the chairman of the board of directors. The legal power to represent our Company is also vested with those directors who have been duly authorized by the board of directors, within the limits of the delegated authorities.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND ITALIAN COMPANIES LAW AND TAXATION

Compensation

The directors are entitled to be reimbursed for the costs sustained by reason of their office and to receive remuneration established by the shareholders' meeting.

The remuneration of directors vested with specific offices shall be established by the board of directors, after having heard the opinion of the board of statutory auditors.

The shareholders' meeting may allocate an aggregate sum for the remuneration of all directors, including those entrusted with specific authorities.

3. Board of statutory auditors

Powers of the board of statutory auditors

The board of statutory auditors shall supervise compliance with applicable laws, regulations and the By-laws and with the correct management principles. Specifically, it shall ensure that the organization, administrative and accounting structure adopted by our Company is adequate and appropriate for our Company's purposes.

Composition of the board of statutory auditors

The ordinary shareholders' meeting is convened to elect a board of statutory auditors comprising three (3) statutory and two (2) alternate statutory auditors, appoint the chairman of the board of statutory auditors and determine the remuneration of the statutory auditors for their entire term of office.

Appointment of the board of statutory auditors

Any persons who, alone or together with others, represents at least 1% of the share capital of our Company, may propose one or more candidates, up to three (3) statutory and two (2) alternate auditors, depositing the name of such candidates with the registered office of our Company at least 25 days prior to the date of the shareholders' meeting called to resolve upon their appointment on first or single call. At least one candidate of the statutory auditors and one candidate of the alternate auditors must be a chartered accountant and have carried out audit activities for no less than three years. The names of the candidates are to be published in accordance with the applicable law in force from time to time.

In addition, the proposing person(s) are required to, on penalty of inadmissibility, file: (a) the list of the proposing person(s), specifying the number of shares of our Company held by each of them, accompanied by evidence attesting compliance with the minimum threshold as required by the

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND ITALIAN COMPANIES LAW AND TAXATION

paragraph above (i.e. 1% of the share capital of our Company); (b) the curriculum vitae of each candidate; (c) confirmations from each candidate accepting his/her nomination and attesting, in his/her own responsibility, that there are no grounds for his/her ineligibility and incompatibility to act as a statutory auditor and that he/she satisfies the aforementioned integrity and, if applicable, independence requirements; and (d) the list of the offices as a member of the board of directors or the board of statutory auditors held by the candidate auditor in other companies.

The candidates shall be divided into two lists: the first (“List C”) contains the names of those candidates for appointment as effective auditors and the second (“List D”) contains the names of those candidates for appointment as alternate auditors. Every single name submitted is to be voted on separately.

The three candidates drawn out from List C who receive the majority of votes expressed will be elected as effective auditors and the two candidates drawn out from List D that receive the majority of votes expressed will be elected as alternate auditors. The candidate drawn out from List C who receives the majority of votes expressed by the shareholders will be elected as chairman. If two or more candidates receive the same number of votes, the chairman will be appointed by the shareholders’ meeting in a separate vote.

Auditors for any reason not appointed pursuant to the aforementioned procedure will be appointed by the ordinary shareholders’ meeting with the majorities prescribed by Italian law (see Paragraph B.10 of this Appendix IV), in such a way as to ensure that the composition of the board of statutory auditors complies with the applicable legislation and the By-laws.

A meeting of the board of statutory auditors will be validly held if those present are located in different places, wherever situated, connected by audio/visual means, provided each of the participants in the meetings can be identified and if each can follow and participate in the discussions of the topics dealt with in real time. The meeting is considered validly held in the place indicated in the meeting notice.

4. Auditing firm

The accounting audit of our Company is to be carried out by a certified and registered public accountant or auditing firm. The appointment and replacement of the auditing firm, the duties, powers, responsibilities and the procedures to determine the remuneration of the auditing firm are set forth under the applicable law (see Paragraph B.8 of this Appendix IV).

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND ITALIAN COMPANIES LAW AND TAXATION

5. Share capital

The stock capital of our Company is two hundred and fifty million Euro (€250,000,000) fully paid-up, represented by 2,500,000,000 (two billion five hundred million) ordinary shares each with a nominal value of €0.10 (zero point one).

The shareholders' extraordinary meeting on May 26, 2011 resolved to increase the share capital of our Company, for the purpose of the Global Offering, in one or more tranches, for a maximum nominal value of €5,882,400 to be carried out by December 31, 2011 or, if earlier, by the settlement date of the Global Offering, at a price per share not lower than its par value, through the issuance of a maximum number of 58,824,000 ordinary shares each of a nominal value of €0.10 (zero point one), carrying the same rights as the existing issued ordinary shares of our Company.

The shares will be registered and every share will entitle the holder to one vote.

6. Duration

The duration of our Company is until January 31, 2100.

The duration of our Company may be extended one or more times by a resolution of the extraordinary shareholders' meeting.

7. Registered office and domicile

The registered office of our Company is in Milan, Italy. Our Company may open, change or close, establish or wind up branch offices, subsidiaries, representative offices, agencies and offices in general, in Italy and abroad.

For the purposes of their relations with our Company, the domicile of all shareholders, directors, statutory auditors and the external auditor will be the location of their address as it appears in our Company's books.

8. Bonds

Our Company may issue convertible and non-convertible bonds within the limits established under Italian law (see Paragraph B.14 of this Appendix IV).

9. Loans

Our Company may obtain interest-bearing or non-interest bearing loans from its shareholders, with or without a repayment obligation, in compliance with applicable laws and regulations.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND ITALIAN COMPANIES LAW AND TAXATION

Our Company must comply with Italian law provisions in relation to the prohibition on loans and other forms of financial assistance to directors (see Paragraph B.13 of this Appendix IV). In addition, we have adopted in the By-laws restrictions substantially similar to those set forth by the Hong Kong Companies Ordinance.

10. Withdrawal right

Each shareholder has the right to withdraw from our Company in the manner provided for by the Italian Civil Code (see Paragraph B.15 of this Appendix IV). The right to withdraw cannot be exercised by shareholders who do not vote in favor of a resolution that is passed regarding the extension of our Company's duration or the introduction or removal of any burden relating to the circulation of our shares.

11. Financial year, year-end accounts and profits

The financial year of our Company will close on January 31 of each year.

At the end of each financial year, the board of directors will prepare our Company's financial statements in compliance with the Italian law. A copy of our Company's financial statements, including the directors' report, balance sheet and profit and loss account shall be made available and sent by post to every shareholder in accordance with applicable laws and regulations at least twenty one days before the date of the relevant shareholders' meeting to approve those financial statements.

The year-end net profits, after the deduction of a sum representing not less than five percent (5%) to be set aside as a statutory reserve until the amount of the statutory reserve is equal to one-fifth of our Company's capital, will be allocated among the shareholders in proportion to their respective shareholdings, unless the shareholders' meeting decides to set aside additional provisions as reserves.

Dividends not collected within five years of the day on which they become payable will be proscribed in favor of our Company and allocated to reserves.

12. Notices

Notices required pursuant to Italian law

Any notice required pursuant to applicable Italian law is made in accordance with terms and conditions provided by such law.

Notices required pursuant to Hong Kong regulation

Notices required pursuant to Hong Kong regulations will be served as follows.

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Any notice or other document may, to the extent permitted by and in accordance with applicable law, be served on, or delivered to any shareholder by our Company either personally or by sending it by post in a prepaid letter addressed to a shareholder at his/her registered address as it appears in our shareholders' register, or in the Hong Kong branch register or by delivering it to, or by leaving it at, this registered address. In the case of any notice published by way of advertisement in one or more newspapers, the notice shall be served by sending it as an electronic communication to the shareholder at the address he/she may have provided our Company for written correspondence, by publishing it on a computer network (including a website) or by any other means authorized in writing by the shareholder. In the case of joint holders of a share, service or delivery of any notice or other document on or to one of the joint holders shall for all purposes be deemed a sufficient service on or delivery to all the joint holders.

Any notice or other document given or issued by or on behalf of our Company:

- a) if sent by post, shall be deemed to have been served or delivered on the day after the day when it was posted (in the case of a shareholder with a registered address in Hong Kong), and on the second day after the day when it was posted (in the case of a shareholder with a registered address outside Hong Kong) and in proving this service or delivery it will be sufficient to prove that the notice or document was properly addressed, stamped and put in the post;
- b) if not sent by post but left by our Company at the registered address of a shareholder, it will be deemed to have been served or delivered on the day it was left;
- c) if sent as an electronic communication, it will be deemed to have been served on the day following that on which it was sent and proof that the address provided by the shareholder in relation to our Company in writing for the purposes of electronic communications was used to send the electronic communication containing the notice or document will be conclusive evidence that the notice or document was served or delivered;
- d) if published on a computer network, it will be deemed to have been served on the day on which the notice of the publication is served on, or delivered to, the shareholder concerned or where no notice of such publication is required by law to be served on, or delivered to the shareholder concerned, the day on which the notice or document first appears on the computer network concerned; and
- e) if served, sent or delivered by any other means authorized in writing by the shareholder concerned, it will be deemed to have been served, received, or delivered when our Company has carried out the action it has been authorized to take for that purpose.

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Except as specified under paragraph above any notice shall be exclusive of the day on which it is served or deemed served and of the day for which it is given.

Any notice or other document delivered or sent to any shareholder shall, notwithstanding that the shareholder is not deceased or bankrupt, or that any other event has occurred, and whether our Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such a shareholder as sole or joint holder unless his name, at the time of the service or delivery of the notice or document, has been removed from the shareholders' register of our Company (or from the Hong Kong branch register) as the holder of the share and this service or delivery will be for all purposes be deemed as a sufficient service or delivery of such notice or document on all interested persons (whether jointly with, or as claiming through or under him) in the share.

13. Exercise of shareholders' rights

If the shares of our Company are listed on the Hong Kong Stock Exchange which provides for the distinction between legal ownership and beneficial ownership, the exercise of the rights pertaining to the shareholders will be permitted, with the prior authorization of the legal owner, to the beneficial owners to the fullest extent allowed by applicable Italian regulations.

The board of directors may fix any date as the record date for:

- (a) determining the shareholders entitled to receive any dividend, distribution, allotment or issue and such record date may be on, before or after any date on which such dividend, distribution, allotment or issue is declared, paid or made;
- (b) determining the shareholders entitled to receive notice of and to vote at any shareholders' meeting of the Company, provided that, in the case of voting, such record date is not more than two business days before the date of such shareholders' meeting.

If a clearing house recognized according to laws and regulations applicable pursuant to the listing of our shares on the Hong Kong Stock Exchange (or one or more nominee(s) of such clearing house) is a shareholder of our Company (or holder of the warrants issued), the clearing house (or its nominee(s)) may authorize one or more persons to act as its proxy(ies) or representative(s) at any ordinary or extraordinary meeting (or other meeting relating to financial instruments when issued) of our Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares (or financial instruments) in respect of which each such person is so authorized. A person so authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and shall be entitled to exercise at the relevant shareholders' meeting the same rights and

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powers on behalf of the delegating party (being the clearing house (or its nominee(s)) as if such person (or its nominee(s)) were an individual shareholder of our Company holding the number and class of shares (or financial instruments) specified in such authorization.

14. Certificates

Every person whose name is entered as a shareholder in the Hong Kong branch register shall be entitled, without payment, to receive within two months after allotment (or within such other period as the terms of issue shall provide) one certificate for all his shares of any one class or several certificates each for one or more of his shares of such class upon payment for every certificate after the first of such reasonable out of pocket expenses as the board of directors may from time to time decide. In the case of a share held jointly by several persons, delivery of a certificate to one of several joint holders shall be sufficient delivery to all. Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him at such fee which shall be an amount not exceeding the relevant maximum amount as the Stock Exchange of Hong Kong may from time to time determine provided that the Board may at any time determine a lower amount for such fee. A shareholder who has transferred part of the shares comprised in his holding shall be entitled to a certificate for the balance at the aforesaid fee payable by the transferor to the Company.

If the shares of our Company become subject to a compulsory dematerialization system, the share certificates shall be given to our Company or to any delegated person (such as our Company's share registrar), in order to comply with the necessary requirements (which will require, *inter alia*, the opening of a securities account at a bank or with an authorized intermediary having access to the Italian securities clearing house (i.e., Monte Titoli S.p.A.)). In such case, certain rights relating or attaching to the shares can be exercised only after the dematerialization of the relevant certificates.

Shares may not be issued in bearer form.

15. Cancellation of share certificates

If a share certificate is stolen, lost or destroyed, it may be replaced according to the procedure set forth by the Italian Civil Code according to which, *inter alia*, the shareholder shall:

- (i) serve a notice on our Company that the certificate is stolen, lost or destroyed;
- (ii) petition the president of the Court of the place where our Company has its registered office with the request for the replacement of the share certificates. Where the president of the Court accepts reasons for the

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replacement of the share certificate he will issue a decree by means of which the shareholder may obtain, provided that in the meantime no objection is filed by another claimant, the issuance of a share certificate replacing the one stolen, lost or destroyed.

If a share certificate is stolen, lost or destroyed, the relevant shareholder should contact the Hong Kong Share Registrar in the first instance.

16. Transfer of shares

As far as the transfer of the shares capable of being traded on the Hong Kong Stock Exchange is concerned, the procedures for transfers of shares traded thereon from time to time shall apply.

All transfers of shares registered on the Hong Kong branch register of shareholders shall be effected by transfer in writing in the usual or common form or in such other form as the board of directors may accept provided that it shall always be in such a form as prescribed by the Hong Kong Stock Exchange and complying with the procedure set forth under Paragraph 14 — Certificates above and may be under hand or, if the transferor or transferee is a clearing house (or its nominee(s)), under hand or by machine imprinted signature or by such other means of execution as the board of directors may approve from time to time within the limits set forth by applicable laws and regulations.

17 Jurisdiction and applicable laws

Any controversy that may arise in connection with, or relating to, the construction, application or performance of the By-laws shall be remitted to the courts of the place where our Company's legal seat is located.

Any reference to applicable laws and regulations contained in the By-laws is made to the relevant applicable Italian laws and regulations as well as to the relevant laws and regulations applicable pursuant to the listing of the Company's shares on the Hong Kong Stock Exchange.

Any matter not expressly covered by the By-laws shall be regulated by the provisions of the Italian Civil Code and of the special laws applicable thereto as well as by the laws and regulations applicable as a consequence of listing of our Company's shares on the Hong Kong Stock Exchange.

B. ITALIAN COMPANIES LAW

Set out below is a summary of certain provisions of the relevant Italian law applicable to an Italian company whose shares are listed on the Hong Kong Stock Exchange.

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1. Introduction

The relevant Italian corporate laws and regulations governing an Italian company whose shares are listed on the Hong Kong Stock Exchange are mainly included in the Italian civil code, as amended and updated from time to time (“Italian Civil Code”).

2. Incorporation

Our Company is a joint-stock company (*società per azioni*) governed by the Italian Civil Code. A joint-stock company is incorporated in the presence of an Italian notary. The notary is required to verify whether the conditions for the incorporation of a company have been complied with and whether the by-laws of the company comply with Italian law. The liability of the shareholders of our Company is limited. Under Italian law, a joint-stock company is normally established for a specified period. This period can be extended by a resolution of the shareholders at an extraordinary general meeting.

3. Share capital

The minimum amount of share capital provided for a joint-stock company is equal to € 120,000 (one hundred and twenty thousand).

The increase or reduction in the share capital of a company shall be resolved upon by an extraordinary general meeting of shareholders, acting in accordance with the conditions prescribed for the amendment of the by-laws. In addition, should the by-laws or a subsequent extraordinary meeting resolution grant to the board of directors such relevant power, a capital increase of a company can also be resolved upon by its board of directors in one or more times up to the amount specified in the relevant resolution of the extraordinary shareholders’ meeting and for the maximum period indicated by the same which cannot exceed five years from the date of registration of the company (or of the extraordinary meeting resolution granting this power).

Capital increases

As a general rule, new issues of ordinary shares are subject to the existing shareholders’ rights of pre-emption and each such shareholder is entitled to subscribe for shares on a pro rata basis. However, shareholders’ rights of pre-emption are excluded, if the capital increase is carried out as a result of a contribution in kind, and can be excluded or limited if (i) the by-laws of the company expressly provide for this possibility, but only for a number of newly issued shares not exceeding 10% of the issued and outstanding shares (in this case the issue price must be equal to the market price of the shares and such circumstance is confirmed by a specific opinion of the auditing firm) with respect to companies whose shares are listed on a regulated market only; or (ii) this is in the best interest of the company; or (iii) the newly issued shares are offered to employees of the company, of its controlling company or of its

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subsidiaries. In case under (ii) and (iii) above - but in this latter case only if the newly issued shares offered to employees represent more than 25% of the total amount of the newly issued shares - the extraordinary shareholders' meeting resolution has to be adopted with the approval of shareholders representing more than half of the issued share capital, even if the resolution is passed on a second or subsequent call.

The By-laws on the Listing Date do not exclude or limit the pre-emption rights of existing shareholders in the case of a capital increase.

Capital reductions

A reduction of share capital can be either voluntary or compulsory. It is compulsory when: (i) the losses incurred by our company exceed one-third of its share capital and are not reduced within this threshold by the end of the financial year following the one in which they are recorded, or (ii) the losses incurred by the company result in a reduction of the share capital below the minimum threshold set forth by the Italian Civil Code (i.e. € 120,000). In this case, either the extraordinary shareholders' meeting resolves upon a capital increase to an amount not lower than the minimum requirement or the company is liquidated.

The voluntary reduction can be carried out either by a repayment to shareholders or waiver of their obligation to pay up their shares if they are not already fully paid up within the limits set out by law.

The reduction of the share capital shall be approved by an extraordinary shareholders' meeting of the company. When the capital reduction is voluntary, the relevant resolution of the extraordinary shareholders' meeting can only be effective after 90 days from the date of its registration in the register of enterprises provided that during this period no objection has been made by any creditor of the company that was a creditor before the above registration. Notwithstanding any such objection, the relevant Court can still order that the reduction of capital should be carried into effect, if the risk of prejudice for creditors is deemed groundless or the company provides adequate security.

In the event that the company owns treasury shares, the voluntary capital reduction shall be carried out so that the treasury shares, if any, owned after the share capital reduction shall not exceed 20% of the share capital.

4. Dividends and distributions of profits

A company may proceed with a distribution of profits by means of a resolution adopted by the ordinary shareholders' meeting that approves the annual balance sheet. A portion not lower than 5% of the annual net profits must be set aside to a non-distributable reserve (*riserva legale*) until this reserve is equal to 20% of the share capital of the company.

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The distribution may only be out of actual profits as resulting from the balance sheet that has been duly approved by shareholders. In the case of capital losses, a company shall not proceed to distribute profits as long as the share capital has not been reinstated or reduced by a corresponding amount.

Distribution of profits made in breach of such provisions cannot be recovered from recipients if the shareholders collected them in good faith on the basis of a balance sheet duly approved showing correspondent net profits.

Dividends in shares

The allotment of additional shares in lieu of dividends would be a capital increase and would require a resolution of the extraordinary shareholders' meeting.

5. Shareholders' suits/Protection of minority shareholders' rights

The board of directors - or the board of statutory auditors, if the board of directors fails to do so - shall call a shareholders' meeting without delay upon request of shareholders representing at least 5% of the company's share capital - or the lower percentage set forth in the by-laws - provided that the items to be discussed shall be indicated in the request.

If the board of directors - and the board of statutory auditors, if applicable - fails to convene the meeting when requested, the relevant court - upon request by one or more shareholder(s) registered in the shareholders' ledger and after hearing the members of the board of directors and of the board of statutory auditors — shall call the meeting by a decree, if it considers the failure to convene the meeting is unjustified. In such event, the court will also designate the person who will chair the meeting ordered by the relevant court.

The calling of a shareholders' meeting upon request of the shareholders is not allowed on matters which, pursuant to Italian law, should be proposed by the directors or on the basis of a report or a project to be drafted by them.²

Shareholders representing at least 0.1% of the share capital and registered in the shareholders' ledger (or the lower percentage provided in the by-laws) may challenge before a competent court any resolutions approved by the shareholders' meeting without their favorable vote if the resolutions are not adopted in compliance with applicable law or the by-laws and may seek annulment of the same. They may also seek suspension of the resolution by an

² Under Italian law there are a number of shareholders' meeting resolutions (such as balance sheet approval, merger or demerger approval, capital increase reserved to third parties) that require specific preliminary activities of the board of directors (drafting a report/project or detailing the reason for the proposal). In such cases, a shareholders' meeting cannot be called upon request of the shareholders.

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injunction. The complaint must be filed within 90 days from the date on which the resolution is adopted or, as the case may be, registered in or filed with the register of enterprises (*c.d. registro delle imprese*) before the court of the place where the company has its registered office. Members of the board of directors and the board of statutory auditors have the same right to challenge a shareholders' resolution that is not adopted in compliance with applicable law or the by-laws.

Shareholders are entitled to claim damages suffered as a result of resolutions not compliant with applicable law or the company's by-laws.

If there are serious reasons to believe that directors, infringing any of their duties, have committed serious irregularities in the management of the company which may harm the company (or one or more of its subsidiaries), shareholders representing at least 5% of the share capital and registered in the shareholders' ledger (or the lower percentage provided in the by-laws) are entitled to report the facts to the competent Court, which can order an investigation into our company's management and take appropriate interim measures, including the dismissal of any or all of the directors and/or the statutory auditors and/or the appointment of a judicial commissioner.

6. Board of directors

Management powers and disposal of assets

The board of directors is vested with powers to manage the company and to perform all acts necessary to obtain the corporate purpose (such as administration and disposition of its assets).

The board of directors (i) assesses the adequacy of the organizational, administrative and accounting structure of the company; (ii) examines the strategic, industrial and financial plans of the company; and (iii) examines, on the basis of the information received of the corporate bodies, the general performance of the company.

Directors shall act in an informed manner; each director can require that any delegated body refers to the board of directors information relating to its management activity.

Directors are appointed by the ordinary shareholders' meeting and can be removed by an ordinary shareholders' meeting resolution at any time. In the case of removal without cause they are entitled to damages.

If during a financial year one or more directors cease from the office for any reason, the remaining directors resolve upon their substitution with the favorable opinion of the board of statutory auditors, provided that the majority of the directors are appointed by the ordinary shareholders' meeting. The incoming directors remain in office until the subsequent shareholders'

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meeting. If the majority of directors appointed by the ordinary shareholders' meeting cease from office for any reason, the remaining directors shall call an ordinary shareholders' meeting for their substitution. If all directors cease from office for any reason, the board of statutory auditors shall promptly call a shareholders' meeting for the appointment of new directors.

Resolutions adopted by the board of directors not in compliance with applicable laws and the by-laws may be challenged only by the board of statutory auditors and directors who did not attend the meeting or vote against the resolution within 90 days from the date of the relevant resolution. Shareholders may challenge a board resolution if it is detrimental to their rights. Rights acquired by bona fide third parties in compliance with board resolutions cannot be challenged.

Conflict of interests

A director must disclose to other directors and to the board of statutory auditors any interest that he/she has on his/her own or on behalf of third parties in a specific transaction of the company, specifying the nature, the terms, the origin and the relevance of the interest. If any director - by virtue of a power of attorney granted to him/her - has the power to decide on an individual basis with respect to a specific transaction in which he/she has a concurrent interest, he/she must abstain from carrying out the transaction and the decision regarding the transaction shall be voted on by the board of directors. In the case of an interest held by a director, the resolution of the board of directors must adequately justify the reasons for and the benefits to the company of the transaction.

In the event of non-compliance with the provisions above or if the resolution of the board is adopted with the determining vote of the interested director and its contents may prejudice the company, the resolution may be challenged by the directors or by the board of statutory auditors within 90 days from the date of its adoption. Any director who voted in favor of the resolution, if the information requirements have been complied with, cannot challenge the resolution.

The director is liable for any damages suffered by the company as a result of his/her actions or omissions. The director is also liable for the damages which may be suffered by the company from the use for his/her own benefit or that of third persons of data, information or business opportunities obtained in connection with his/her appointment.

The board of directors must adopt internal rules, following the guidelines set forth by CONSOB, aimed at ensuring transparency and fairness both from a substantive and a procedural standpoint in relation to related party transactions. The board of statutory auditors supervises compliance with such rules.

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Directors' liability towards the company

Directors shall fulfil the duties imposed upon them by applicable laws and by the by-laws with the standard of care required by nature of their office and their specific skills. Directors are jointly and severally liable to the company for damages caused by the failure to comply with their duties, except for functions vested solely in the executive committee or in one or more directors. In any case, directors are jointly and severally liable, if being aware of prejudicial acts, they do not do what they can in order to prevent their performance or to eliminate or reduce their harmful consequences. Liability for acts or omissions of directors does not extend to a director who, being without fault, has had his dissent entered without delay in the minutes of the board of directors and has immediately given written notice to the chairman of the board of statutory auditors.

Action for directors' liability brought by the company

An action for directors' liability is brought pursuant to a resolution of the ordinary shareholders' meeting. The resolution concerning directors' liability can be adopted when the shareholders' meeting examines the annual financial statements even if not included in the agenda when it relates to matters pertaining to the fiscal year to which the financial statements refer. The action may be brought upon resolution of the statutory auditors adopted with a two-thirds majority. The action may be commenced within five years from the termination of the director's appointment. The resolution to bring an action for liability entails the removal from office of the directors against whom the case is brought provided that it is adopted with the favorable vote of at least 20% of the share capital. In such a case the same shareholders' meeting provides for their replacement.

The company can waive the right to bring an action for liability and can settle it provided that such waiver and settlement are approved by an express resolution of the ordinary shareholders' meeting and unless 5% — or the lower percentage set out in the by-laws which, in such a case, cannot exceed 2.5% — or more of the share capital vote against.

Action for directors' liability brought by shareholders

The company action for liability may also be exercised by shareholders representing at least 2.5% of the company's share capital registered in the shareholders' ledger (or the lower percentage set out in the by-laws). The shareholders who intend to promote the action may appoint, by majority of the share capital owned, one or more common representatives for the exercise of the action and for the performance of the related acts. If the claim is accepted, the company reimburses the plaintiff's judicial expenditures and those incurred for the ascertainment of the facts which the judge does not charge to the

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losing party or which may not be possible to recover upon enforcement against them. Shareholders who have initiated the action may abandon it or settle it. Any compensation for waiver or settlement must be for the benefit of the company.

Individual action of the shareholders and of third parties

Individual shareholders or third parties who have been directly injured as a result of malice, fraud or negligence by the directors can sue the company for damages. Such action can be brought within five years from the act that damaged the shareholder or the third party.

Action for directors' liability brought by creditors

Directors are liable vis-à-vis creditors of the company if they do not fulfill their obligations in connection with the keeping of the integrity of the company assets. Creditors may exercise their action in the event that the company assets are not sufficient to satisfy their credits.

7. Board of statutory auditors

Duties and powers of the statutory auditors

The board of statutory auditors supervises compliance with the law and the by-laws, compliance with the principles of proper management and, in particular, on the adequacy of the organizational, administrative and accounting structure adopted by the company and on its functioning.

The board of statutory auditors, in the case of omissions or unjustified delay by the directors, must convene the shareholders' meeting and arrange for the relevant publications required by law.

The board of statutory auditors may at any time proceed, also individually, to inspections and controls and may request information from directors, also with reference to controlled companies, on the trend of corporate affairs or on specific matters. It may also exchange information with the correspondent bodies of the controlled companies on the administration and control system and on the general trend of the corporate bodies.

The board of statutory auditors may also, subject to a prior communication to the chairman of the board of directors, convene the meeting if, in the performance of its duties, it becomes aware of censurable serious facts and there is urgency to take action.

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Appointment, removal and replacement of statutory auditors

Statutory auditors are appointed for the first time in the by-laws and subsequently by the ordinary shareholders' meeting. They remain in office for a period of three years and the termination of their office becomes effective on the date on which a new board of statutory auditors is re-appointed.

The appointment of the statutory auditors may be revoked only for cause. The resolution for revocation must be approved by decree of the relevant Court after having heard the interested person.

In the case of the death or resignation of a statutory auditor or non-satisfaction of the relevant independence requirements by a statutory auditor, the alternate auditor who is the most senior in age takes his place. The alternate auditor remains in office until the next meeting which will have to elect the statutory and alternate auditors necessary for the integration of the board. The term of office of the newly-appointed auditors expires together with the term of those in office.

In case of substitution of the chairman of the board of statutory auditors, the chairmanship is assumed by the statutory auditor senior in age until the next meeting.

If it is not possible to fill the vacancies on the board of statutory auditors with alternate auditors, an ordinary shareholders' meeting shall be called in order to fill those vacancies.

Meetings and resolutions of the board of statutory auditors

The board of statutory auditors shall meet at least every 90 days. The meeting may take place, if allowed in the by-laws, also through telecommunications means.

The board of statutory auditors is validly convened with the presence of the majority of the statutory auditors and resolves by absolute majority of those present. A dissenting statutory auditor has the right to have the reasons for the dissent registered in the minute.

The statutory auditors shall attend the meetings of the board of directors and meetings of shareholders and of the executive committee.

Statutory auditors who, without justifiable reason, fail to attend meetings of shareholders or, twice in a row during a company fiscal year, meetings of the board of directors or of the executive committee, forfeit their office.

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Complaint of shareholders to the board of statutory auditors

Any shareholder can complain to the board of statutory auditors of facts deemed censurable and the board of statutory auditors shall take the complaint into account in its report to the shareholders' meeting.

If the complaint is submitted by shareholders representing one-fiftieth of the company's share capital, the board of statutory auditors shall investigate, without delay, the facts set forth in the complaint and submit its findings and possible recommendations to the shareholders' meeting.

Compensation

The annual compensation of statutory auditors, if not established in the by-laws, shall be specified by the shareholders' meeting at the time of their appointment for the entire duration of their office.

Liability of statutory auditors

The statutory auditors shall discharge their duties with the professionalism and diligence required by the nature of their office. They are liable for the truth of their statements, and shall keep secret the facts and documents of which they have knowledge by reason of their office.

They are jointly and severally liable with the directors for acts and omissions of the latter, when the damage for the company would not have occurred if they had exercised vigilance in compliance with the duties of their office.

The action for liability against the statutory auditors is regulated, to the extent compatible, by the provisions applicable to liability action against the directors (see Paragraph B.6 of this Appendix IV).

8. Accounting and auditing requirements

The annual financial statements of the company must be audited by a certified and registered public accountant or an auditing firm (the "**Auditor**"). The annual financial statements and the Auditor's report are submitted to, and approved by, the annual general shareholders' meeting of the company.

The Auditor is appointed every three years by the general shareholders' meeting of the company, on the basis of a proposal of the board of statutory auditors.

Removal of the Auditor before the term's expiration is resolved upon by the general shareholders' meeting of the company only for cause and after consultation with the board of statutory auditors. For the avoidance of doubt,

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a difference of opinion concerning the application of accounting principles or the procedure carried out does not represent a ground for removal for cause. The same shareholders' meeting called for the removal of the Auditor shall appoint a new Auditor.

In the case of resignation of the Auditor or mutual agreement to terminate its office, the Auditor shall carry out its activities until a new Auditor has been appointed and, in any case, for a maximum period of six months.

The remuneration of the Auditor is resolved upon by the general shareholders' meeting of the company.

9. Register of shareholders

A register of the shareholders shall be maintained at the registered office of the company. Shareholders may examine the register of shareholders free of charge and make copies at their own expenses. A shareholder's legal title to shares is evidenced by the registration of his/her name on the register of shareholders.

10. Shareholders' meeting resolutions

Shareholders' meetings are either ordinary or extraordinary and under Italian law there is no distinction between ordinary resolutions and special resolutions. Both ordinary and extraordinary shareholders' meetings are usually called by the board of directors, but Italian law - in particular circumstances - expressly provides that a shareholders' meeting may be called in a different manner.

The notice of call must contain at least the indication of the date, time and venue of the meeting, together with the list of items to be discussed.

Any persons entitled to vote can attend shareholders meetings.

The by-laws of companies whose shares are not dematerialized may (but are not required to) require the prior deposit of the shares at the registered office of the company or with the banks indicated in the notice of call of the relevant meeting, fixing the term within which the deposit has to take place and eventually contemplating that the shares may not be withdrawn prior to the meeting. Such term cannot be longer than two business days for companies whose shares are widely spread among the public.

Ordinary shareholders' meetings

An ordinary shareholders' meeting is called to resolve upon, *inter alia*: (i) approval of the balance sheet; (ii) appointment or removal of the directors, appointment of the statutory auditors, and appointment of the auditing firm; (iii) the amount of the compensation for directors and statutory auditors

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(unless such amounts are already set forth in the by-laws), as well as the compensation of the auditing firm; (iv) purchase and disposal of own shares, and (v) legal proceedings against directors or statutory auditors for violation of their fiduciary duties.

An ordinary shareholders' meeting must be convened at least once a year within 120 days from the end of the financial year; the by-laws can increase such term up to 180 days when the company is required to draw up consolidated financial statements or when required by the particular circumstances concerning the structure and purpose of the company.

The notice calling the ordinary shareholders meeting can specify a second call for the case in which the attendance on first call does not meet the minimum quorum requirement set forth by Italian law. In particular, in the first call, the ordinary shareholders' meeting (a) is duly held with the presence of shareholders representing at least one-half of the company's share capital, and (b) adopts resolutions with the favorable vote of the majority of the represented share capital or the higher quorum set out in the by-laws; in the second call, the ordinary meeting, regardless of the amount of share capital represented at the meeting, adopts resolutions with the favorable vote of the majority of the represented share capital. There is no minimum quorum requirement.

The by-laws may provide for higher quorums in the second call, except for approval of the financial statements and appointment and revocation of the corporate bodies.

If the notice calling the ordinary shareholders' meeting does not foresee a second call and shareholders present at the first call do not represent in the aggregate at least one-half of the company's share capital, the meeting must be called again.

The by-laws of companies having access to capital markets can exclude the possibility of calls subsequent to the first one. In this case, the shareholders' meeting is held in a single call and the quorum requirement is the same as that applicable to ordinary shareholders meeting held on second call. Accordingly, the shareholders' meeting adopts resolutions with the favorable vote of the majority of the represented share capital, regardless of the amount of share capital present at the meeting, that is, there is no minimum quorum requirement. On the other hand, in the first call, the ordinary shareholders' meeting is duly held with the presence of shareholders representing at least one-half of the company's share capital and the ordinary shareholders' meeting adopts resolutions with the favorable vote of the majority of the represented share capital.

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Extraordinary shareholders' meetings

An extraordinary shareholders' meeting is called to resolve upon, *inter alia*, (i) any amendment of the by-laws, (ii) appointment or removal of liquidators, (iii) capital increases and reductions, (iv) mergers and demergers, and (v) any other matter expressly provided by the law.

The notice calling the extraordinary shareholders' meeting can specify a second call (and a third one for companies having access to capital markets) for the case in which the attendance on prior call does not meet the minimum requirement set forth by Italian law. In particular, in the first call, the extraordinary shareholders' meeting (a) is duly held with the presence of shareholders representing at least one-half of the company's share capital or the higher quorum set out in the by-laws, and (b) adopts resolutions with the favorable vote of at least two-thirds of the represented share capital. If the shareholders present at the first call do not represent in the aggregate the portion of capital required, the extraordinary meeting must be called again. In the second call, the extraordinary meeting (a) is duly held with the presence of shareholders representing at least one-third of the company's share capital or the higher quorum set out in the by-laws, and (b) adopts resolutions with the favorable vote of at least two-thirds of the represented share capital. If the shareholders present at the second call do not represent in the aggregate the portion of capital required, the extraordinary meeting must be called again. In the third call, the extraordinary meeting (a) is duly held with the presence of shareholders representing at least one-fifth of the company's share capital or the higher quorum set out in the by-laws, and (b) adopts resolutions with the favorable vote of at least two-thirds of the represented share capital.

The by-laws of companies having access to capital markets can exclude the possibility of calls subsequent to the first one. In this case, the shareholders' meeting is held in a single call and the quorum required for passing valid resolutions are those applicable to extraordinary shareholders' meeting held on third call. Accordingly, the shareholders' meeting (a) is duly held with the presence of shareholders representing at least one-fifth of the company's share capital, and (b) adopts resolutions with the favorable vote of at least two-thirds of the represented share capital. On the other hand, in the first and second call, the extraordinary shareholders' meeting is duly held with the presence of shareholders representing at least, respectively, one-half and one-third of the company's share capital and the extraordinary shareholders' meeting, both in the first and in the second call, adopts resolutions with the favorable vote of at least two-thirds of the represented capital.

11. Proxies

Any person entitled to vote at the shareholders' meeting can attend the meeting by proxy. The proxy shall be conferred in writing and the related documents shall be kept by the company.

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For companies having access to capital markets a proxy may be granted only for a single meeting, but it is also valid for subsequent calls, unless the proxy is granted as a general power of attorney or is granted by a company, association, foundation or other collective entity or institution to one of its employees.

A proxy cannot be issued with a blank for the name of the attorney and may always be revoked irrespective of any agreement to the contrary. The attorney may be substituted only by another person expressly indicated in the proxy.

If the proxy is granted to a company, association, foundation or other collective entity or institution, such entities may delegate only one of their employees or consultants as the proxy. A corporation may execute a form of proxy under the hand of a duly authorized officer.

A proxy cannot be granted to members of the board of directors or to statutory auditors or to employees of our Company or any of its subsidiaries.

For companies having access to capital markets, the same person cannot represent at a meeting more than 200 shareholders if the company has a capital higher than € 25 million.

12. Power of the company to purchase its own shares

A company may purchase its own shares (and hold them in treasury), provided they are fully paid up for an amount not exceeding the distributable profits and distributable reserves resulting from the last annual balance sheet duly approved at the relevant shareholders' meeting. Save as expressly provided by the Italian Civil Code³, in companies having access to capital markets the par value of the treasury shares owned by the company (plus the par value of the shares of the company owned by its subsidiaries, if any) shall not exceed 20% of the issued share capital of the company. The purchase of own shares must be authorized by the ordinary shareholders' meeting which determines the terms and conditions at which the shares can be purchased, indicating in particular the maximum number of shares to be purchased, the period - not exceeding 18 months - for which the authorization is granted, the minimum price and the maximum price at which the shares can be purchased. Shares purchased and held by the company may only be resold pursuant to a shareholders' meeting resolution which determines the relevant terms and conditions. Shares that are not acquired in compliance with the principles set forth above must be sold within one year.

³ The Italian Civil Code provides some exceptions when a company purchases its own shares: (a) in connection with a resolution of the extraordinary shareholders meeting calling for a capital reduction for losses, (b) without any consideration, provided always the shares are fully paid-up, (c) in connection with a merger or demerger, or (d) in connection with an enforcement procedure.

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The shares purchased by the company are not entitled to dividends or, save as otherwise resolved upon by the ordinary shareholders' meeting, pre-emption rights in connection with capital increases. These shares do not carry a right to vote but are nevertheless computed in the share capital for purposes of calculating the quorum requirements at shareholder meetings.

A company is required to create a corresponding reserve in its balance sheet for an amount equal to the book value of its own shares held from time to time. Such reserve is not available for distribution, unless such shares are resold to third parties or cancelled.

13. Financial assistance by a company to purchase or underwrite its own shares

A company shall not directly or indirectly provide financial assistance for the purchase or underwriting of its own shares unless the following procedure is met:

- (i) a report is prepared by the board of directors highlighting, both from a legal and economic standpoint, the terms and conditions of the transaction, evidencing the purposes which justify the specific interest that the transaction carries for the company, the risks that could affect the liquidity and ability of the company to repay its debts, as well the acquisition price. The directors shall also certify that the transaction is carried out at market terms and conditions (having particular regard to the guarantees and the interest rate applied) and that the credit has been duly evaluated. The report has to be filed with the registered office of the company during the 30 days before the date fixed for the shareholders' meeting; and
- (ii) the transaction is approved by the extraordinary shareholders' meeting.

In case of financial assistance for the purchase of its own shares, together with the transaction, the extraordinary shareholders' meeting authorizes directors to sell such own shares. The purchase price shall be at least equal to the weighted average price of the shares during the six months before the issue of the shareholders' meeting notice.

In case of financial assistance for the purchase of its own shares by single directors of the company or its controlling entity or by the controlling entity, or to the third parties acting on behalf of such persons, the directors' report shall also certify that the financial assistance is in the best interests of the company.

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The aggregate amount of the proceeds used and the aggregate amount of the guarantees granted for the acquisition of its own shares shall not exceed the amount of the distributable profits and of the distributable reserves as resulting from the last balance sheet duly approved by the relevant shareholders' meeting. The aggregate amount of the proceeds used to pay and the aggregate amount of the guarantees granted shall be recorded as non-distributable reserve in the balance sheet.

A company cannot either directly or indirectly accept its own shares as security.

If the treasury shares acquired not in compliance with the principles set forth above are not sold within one year, they shall be promptly cancelled and the share capital shall be reduced accordingly by the shareholders' meeting; if the shareholders' meeting does not proceed, directors and statutory auditors shall apply to the court to proceed to share capital reduction by court order.

14. Bonds

A company may issue bearer or registered bonds for an aggregate amount not exceeding two times the aggregate of its share capital, legal reserves and distributable reserves contained in the latest financial statements duly approved by the shareholders. The board of statutory auditors will certify compliance with this limit.

The limit referred to above may be exceeded if the bonds issued in excess of such limit are reserved to professional investors which are under the supervisory control of regulatory authorities. If such bonds are subsequently distributed, the transferor remains liable for the solvency of the company towards any purchasers who are non-professional investors.

The issuance of bonds guaranteed by a first degree mortgage on real estate assets owned by the company is not subject to the limitation referred to above and does not fall within the relevant computation for the amount up to two-thirds of the value of the mortgaged assets.

Guarantees issued by the company for bonds of other Italian or foreign companies are included within the computation of the limit referred to above.

Unless provided otherwise by law or by the by-laws, the issuance of bonds is resolved upon by the board of directors; the minutes of the relevant meeting are drafted by a notary and are deposited and registered with the relevant companies' register.

15. Withdrawal right

The Italian Civil Code provides a withdrawal right to shareholders who did not vote in favor of the following resolutions adopted in the company's shareholders' meeting:

- (i) changes in the corporate purpose of the company when the change effects a significant alteration to the activities of the company;
- (ii) transformation of the company (e.g. from a joint-stock company into a limited liability company);
- (iii) transfer overseas of the company's legal address (i.e. its registered office);
- (iv) revocation of the proposed liquidation of the company;
- (v) removal of one or more of the grounds for withdrawal contemplated in the by-laws;
- (vi) changes to the criteria for determining the value of the shares in the event of a withdrawal;
- (vii) amendments to the by-laws concerning the voting or participation rights; and
- (viii) delisting the company's shares.

Unless the by-laws of the company provide otherwise, shareholders who did not vote in favor of the following resolutions may also be entitled to a withdrawal right:

- (i) extension of the duration of the company;
- (ii) introduction or removal of the restrictions on transfer of shares.

Our By-laws (see Paragraph A.10 of this Appendix IV) specifically exclude the right to withdraw in the circumstances set out in paragraph (i) and (ii) above.

Any agreement aimed at excluding or rendering more burdensome the exercise of the withdrawal right in the circumstances referred to in the paragraphs above is void as a matter of Italian law.

Terms and modalities of the exercise

The withdrawal right is exercised by withdrawing shareholders by sending a registered letter within 15 days after the date on which the relevant resolution is registered in the register of enterprises, providing details of the withdrawing shareholders and their address for communications relating to the proceeding and of the number and category of shares for which the withdrawal right is

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exercised. If the circumstance that gives rise to the withdrawal right is not a shareholders' meeting resolution, the withdrawal right must be exercised within 30 days after the date in which the withdrawing shareholder becomes aware of it.

The shares for which the withdrawal right has been exercised cannot be transferred.

The withdrawal right cannot be exercised - and if exercised becomes ineffective - if, within the following 90 days, the company revokes the resolution from which the withdrawal right arises or if shareholders approved the liquidation of the company.

Determination of the value of the withdrawn shares

The value of the withdrawn shares is determined by making exclusive reference to the arithmetic average of the closing prices registered on regulated markets during the six months preceding the publication or receipt of the notice calling the meeting, the resolutions of which justify the withdrawal right. The by-laws of the company may provide for different criteria for the determination of the value of the withdrawn shares.

Shareholders are entitled to be informed of the determination of the value of the withdrawn shares during the 15 days preceding the meeting, the resolutions of which justify the withdrawal right; each shareholder is entitled to review the valuation and to obtain a copy of it at his/her cost.

Procedure for the liquidation of the withdrawn shares

The directors of the company have to offer the withdrawn shares to the other shareholders who have a right to acquire a number of such shares proportional to their equity interest in the company. The offer of option is filed with the register of enterprises within 15 days of the final determination of the liquidation value. A term of not less than 30 days from the filing of the offer must be given for the exercise of the option right. Shareholders who exercise their option right, if they make a concurrent request, have a pre-emptive right for the purchase of the withdrawn shares for which no option has been exercised.

If the shareholders do not purchase the withdrawn shares so offered, in whole or in part, directors may place them with third parties through an offer on regulated markets. In the event that any withdrawn share is not placed within 180 days from the communication of the withdrawal right, such withdrawn shares are reimbursed by means of a purchase by the company utilizing the reserves available even in derogation to the limit set forth for the purchase of

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its own shares (see Paragraph B.12 of this Appendix IV). Alternatively, if the company does not have profits and available reserves, an extraordinary shareholders' meeting shall be promptly convened in order to resolve upon the reduction of share capital or the liquidation of the company.

16. Take-overs

The Italian law on take-over bids implementing the EU Directive 2004/25/CE only applies to takeover bids for the securities of Italian companies, where all or some of those securities are admitted to trading on a regulated market⁴ of an EU Member State. Our Company has not made, and currently has no plans to make, any application for the admission of any of our securities to trading on any regulated market of an EU Member State or any other stock exchange other than the Hong Kong Stock Exchange. Accordingly, neither EU Directive 2004/25/CE nor any other rules, regulations, laws or directives in the EU or Italy concerning takeover bids apply to our Company. However, the Hong Kong Code on Takeovers and Mergers will apply to take-over bids relating to our Company.

17. Liquidation

A company may be wound up upon the occurrence of any one of the following events: (i) expiration of the term set out in the by-laws; (ii) achievement of the corporate purpose or impossibility to achieve it, unless an extraordinary shareholders' meeting promptly resolves upon an appropriate amendment to the company by-laws; (iii) impossible running of the shareholders' meeting or constant inactivity of the shareholders' meeting (including consistent failure to hold the shareholders' meeting and the constant inability to pass resolutions); (iv) reduction of the share capital below the minimum amount prescribed by law, namely, € 120,000.00, unless the extraordinary shareholders' meeting promptly resolves upon the transformation of the company into another form of legal entity requiring a lower minimum capital; (v) impossibility to carry out the reimbursement of the shares, when such reimbursement is required in the context of the withdrawal procedure of one or more shareholders; (vi) a specific shareholders' meeting resolution to wind up the company; or (vii) any other situation provided by the by-laws or by law.

As soon as the board of directors becomes aware of the occurrence of a situation requiring the liquidation of the company, it shall call an extraordinary shareholders' meeting to resolve upon (i) the number of liquidators to be appointed and, if more than one liquidator is appointed, the rules that will govern the liquidation committee; (ii) the appointment of the liquidators

⁴ According to art. 1, w-ter, TUF "regulated market" shall mean a multilateral system which permits or facilitates the meeting, internally and according to non-discretionary regulations, of multiple third party purchase and sale interests with regard to financial instruments, admitted to trading in compliance with the rules of the market, in order to effect contracts, and which is operated by a management company, is authorized and operates regularly.

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specifying which among them have the power to represent the company; (iii) the procedures to be adopted to proceed with the winding up and all other relevant and subsequent resolutions. Such procedures can also specify the way in which the liquidators, after satisfaction of the claims of all other creditors, can divide the remaining assets among shareholders.

Until the appointment of the liquidators is recorded in the register of enterprises and the delivery to them of the corporate records, the company's directors remain liable for the day-by-day management and they shall be responsible for maintaining the company's assets maintenance.

Under Italian law, and subject to satisfaction of the claims of all other creditors, shareholders are entitled to a distribution of the remaining liquidated assets in proportion to the number of shares they own on the total number of the issued and outstanding shares.

A company is dissolved and cancelled from the register of enterprises upon approval of the final liquidation statement as prepared by the liquidators.

Once a company is dissolved, creditors who have not been satisfied during the liquidation procedure can claim reimbursement from (i) shareholders within the limit of the liquidation proceeds received by them, and (ii) the liquidators if the non-payment was due to their improper behavior.

18. Pledge

1. *Overview*

The pledge on shares of an Italian joint-stock company may be granted by the shareholder with a procedure depending whether:

- (i) the shares are represented by certificates issued by the company; or
- (ii) the shares have been dematerialized.

2. *Shares represented by certificates*

A pledge on shares represented by certificates may be created by carrying out one of the following procedures:

- (i) registration of the pledge both on the certificate and on the shareholders' register; or
- (ii) endorsement in favor of the beneficiary of the pledge ("*girata in garanzia*") on the certificate. In this case, the pledge becomes effective vis-a-vis the company only after registration on the shareholders' register.

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Once the pledge is created in compliance with the procedures set forth under points (i) and (ii) above, the certificates must be delivered to the pledgee or to a third party appointed as custodian of the certificates.

3. *Dematerialized shares*

In case of dematerialized shares, a pledge may be created as follows:

- (i) registration of the pledged shares in a special bank account held by the relevant financial intermediary;
- (ii) notification to the company of such registration by the financial intermediary; and
- (iii) registration of the pledge in the shareholders' register of the company.

4. *Economic and administrative rights attached to the shares*

Unless otherwise agreed by the parties in the contractual documentation relating to the pledge, voting rights are granted to the pledgee, while the other administrative rights (e.g. the right to challenge resolutions of the shareholders' meeting) are granted both to the pledgor and the pledgee.

As regards economic rights, the pledgee has title to the distribution of profits (unless otherwise agreed with the shareholder) and to the distribution upon winding up of the company.

Option rights in case of share capital increase accrue to the pledgor.

19. Taxation of the Company

Overview

According to Italian tax law, joint-stock companies resident for tax purposes in Italy are subject to corporate income tax (IRES) on their worldwide income.

A company is considered resident in Italy if its legal office, place of effective management or main business is in Italy for the greater part of the financial year.

The taxable period for corporate income tax purposes is the financial year of the company, as determined by law or the by-laws.

In principle, taxable business income is determined under the accrual principle, with certain exceptions (e.g. directors' fees). The taxable base is the worldwide income shown on the profit and loss account prepared for the relevant financial year according to company law rules and adjusted according to the tax law provisions concerning business income.

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For companies adopting the IAS/IFRS, the accounting treatment under IAS/IFRS is fully relevant for corporate income tax purposes, i.e. the criteria set forth by IAS/IFRS for the qualification, timing accrual and classification of items of income and cost are also applicable for corporate income tax purposes and prevail over any provisions contained in the Italian Income Tax Code.

Deduction of interest, depreciation and tax treatment of capital gains upon disposal of shares

Certain rules governing the deduction of interest and depreciation and the tax treatment of capital gains upon disposal of shares are as follows.

Interest expenses, other than capitalized interest expenses, are deductible up to an amount equal to interest income accrued in the same tax period. Any excess over that amount is deductible up to 30% of 'gross operating income' (similar to the EBITDA) derived through the core business of the company. The excess of 30% of 'gross operating income' can be carried forward, subject to special rules.

Fixed assets that are not financial fixed assets may be depreciated using the straight-line method. Depreciation may be taken in every financial year, regardless of whether the taxpayer incurred losses or made profits.

A 95% exemption (the 'Participation exemption' regime) applies to gains from the disposal of shares where the following conditions are met:

- a) the participation has been held continuously from the first day of the 12th month prior to that of the disposal;
- b) the participation was classified as a financial fixed asset in the first balance sheet closed after the acquisition;
- c) the subsidiary is resident in a 'white list' country; and
- d) the subsidiary carries on a commercial activity.

The last two conditions must have been met since the beginning of the third year preceding the year of disposal and, in the case of shares held in a holding company, they must be tested with reference to its subsidiaries.

Where the above conditions are not met, capital gains are fully taxable at the ordinary rate.

The holding of participations qualifying for the 'Participation exemption' triggers limitations in the deductibility of capital losses. A special tax regime applies to shares and similar financial instruments held by companies preparing their financial statements according to IAS/IFRS. Such regime differs, depending on whether the shares are accounted for as 'held for trading' under IAS/IFRS. For shares that are not accounted for as 'held for trading' under

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IAS/IFRS, the 95% exemption regime on dividend distributions remains applicable and the unrealized gains and losses resulting from the mark-to-market valuation of the shares in the profit and loss account of the company according to IAS/IFRS are not relevant for income tax purposes.

The taxable base (if positive) is subject to IRES (currently 27.5%).

Losses may be carried forward for five years. For losses derived in the first three years from the beginning of the business activity, no time limitation applies. Losses may not be carried back. There are special anti-abuse rules in this field.

In addition to IRES, companies are also subject to a regional tax on productive activities (IRAP). The taxable base for IRAP is the net value of the production derived in each Italian region. The standard rate is 3.9% (which may be increased or decreased by regional authorities, to a certain extent).

Special rules for groups

A domestic tax consolidation regime is available both for direct taxation and VAT.

Italy also enforces transfer pricing rules which provide that items of income derived from transactions with related, non-resident companies are to be valued on arm's length basis.

Official transfer pricing documentation requirements have been recently set out which are in line with the ones contained in the 'OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations', as well as in the 'Code of Conduct on Transfer Pricing Documentation for Associated Enterprises in the European Union'.

C. ENFORCEMENT OF JUDGMENTS AGAINST THE COMPANY, ITS DIRECTORS OR ITS MAJOR SHAREHOLDER

Under Italian law there is nothing which would prevent the enforcement of judgments passed by a courts in Hong Kong against persons or entities having Italian nationality or domiciled or resident in Italy. Any judgment obtained from a court of competent jurisdiction in Hong Kong in proceedings brought by a shareholder of our Company against our Company, our Directors or our major shareholder will be recognized and enforced in Italy, in accordance with and subject to the requirements set forth in article 64 of Italian Law No. 218 of 1995 relating to the recognition and enforcement of foreign judgments. Under this article, any such judgment will be recognized (without any special procedure being required) unless: (a) the court that gave it did not have jurisdiction over the case according to the principles of Italian law on jurisdiction; (b) the defendant was not served with the document that instituted the proceedings in accordance with the law governing the proceedings (i.e., Hong Kong law), or the fundamental rules of due process were violated; (c) the parties did not

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appear in the proceedings but the default of appearance was not duly declared in accordance with the law governing the proceedings; (d) the judgment is still subject to appeal; (e) the judgment is irreconcilable with a judgment given by an Italian court which has become *res judicata*; (f) at the time recognition is sought, other proceedings involving the same cause of action are pending between the same parties before an Italian court, if the Italian court was first seized; or (g) the effects of the judgment are contrary to the Italian public policy. The judgment is not subject to review as to its substance. If recognition is disputed or enforcement is necessary, the interested party may request the competent court in Italy to ascertain that the requirements for recognition are met, whereupon the judgment can be enforced in the same manner as a judgment given by an Italian court.

D. CERTAIN DISCLOSURE OF INTEREST AND OTHER SHAREHOLDING REQUIREMENTS UNDER ITALIAN LAW DO NOT APPLY TO OUR SHAREHOLDERS

The following requirements do not apply to our shareholders:

- **Disclosure of interest requirements.** Disclosure of interest requirements only apply to Italian issuers of securities which are listed and admitted to trading on a regulated market in an EU Member State within the meaning of Directive 2004/39/EC. Since our Company is not listed in Italy or in any other EU Member State, the EU or Italian rules, regulation, laws and directives imposing requirements on investors after listing only on the Hong Kong Stock Exchange would not apply to our Company. Under Italian companies law, there is no further requirement of disclosure of interest for the shareholders of a company, unless expressly provided by the by-laws. However, Italian companies law requires disclosure of agreements entered into among shareholders of a company, such as our Company, having access to capital markets. In particular, agreements relating to: (i) the exercise of voting rights in the company or its controlling entities, (ii) restrictions on the transfer of shares of the company or its controlling entities, (iii) the exercise, even jointly, of a dominant influence over the company or its controlling entities, have to be (a) communicated to the company to which they refer, (b) declared at the inception of each shareholders meeting. In the absence of this latter form of disclosure, the shareholders participating to the undisclosed shareholders agreement are prevented from exercising their voting rights.
- **Restrictions on ownership of interests in an Italian *società per azioni*.** There are no particular share ownership restrictions for a joint-stock company (*società per azioni*) under Italian corporate law. Shares in a joint-stock company (*società per azioni*) are freely transferrable, subject to the provisions of its by-laws or other contractual obligations entered into by shareholders.

E. AMENDMENTS TO THE BY-LAWS

Set out below is a summary of the material differences between shareholders protection regimes in Italy and Hong Kong. Our By-laws have been amended in respect of certain specific matters with a view to affording our Company's shareholders a level of protection in respect of those matters substantially comparable with the protection provided under Hong Kong law for shareholders of a Hong Kong incorporated company. The major amendments made for this purpose are summarized below:

Appointment of Directors required to be voted on individually

Under Hong Kong law, a public company is prohibited from appointing two or more directors by the passage of a single resolution at a general meeting unless the company has first passed a motion approving a multiple appointment. If such motion is passed without any vote being cast against it, the resolution may be put to the general meeting regarding the multiple appointments. Under Italian law, no distinction is made between the appointment of a single director or multiple directors. Our By-laws have been amended to provide that the appointment of the directors by shareholders' resolutions shall be voted on individually to reflect the position under Hong Kong law.

Declaration of interests by directors

Under Hong Kong law, when a company proposes to put a resolution to a general meeting of the company, the notice of the meeting must be accompanied by a statement that (among other things) discloses any material interest of any director in the matter which is the subject of the resolution. There is no requirement under Italian law to include a disclosure of any director's conflict of interest in such a notice. Our By-laws have been amended to include a requirement to disclose any director's conflict of interest in notices of general meetings.

Prohibition of loans to directors

Under Hong Kong law, there is a general prohibition against the making of loans to or the provision of guarantees or other security for the benefit of directors of public companies or persons related to them, unless falling within certain exemptions specified under Hong Kong law. Italian law does not expressly provide for any such limitations. Provisions have been included in our By-laws to impose prohibitions against such transactions with Directors similar to that under Hong Kong law.

F. SUMMARY OF MAIN ITALIAN TAX ASPECTS RELEVANT TO SHAREHOLDERS OF THE COMPANY

The following is a non-exhaustive summary of certain material Italian tax consequences for shareholders holding and disposing of our Shares. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase Shares or with regard to the taxation of our Company. **Prospective purchasers should consult their own tax advisors as to the applicable tax consequences, including Italian tax consequences, of the purchase, ownership and disposal of our Shares based on their particular circumstances.** No conclusions should be drawn with respect to issues not specifically addressed by this summary. The following description of Italian tax law is based upon Italian law and regulations in effect and as interpreted by the Italian tax authorities on the date of this prospectus and is subject to any amendments in law (or in interpretation) that may be introduced later, whether or not on a retroactive basis. It is not intended to be, nor should it be construed to be, legal or tax advice.

There is no double tax treaty in force between Italy and Hong Kong and, thus, Italy is not limited from applying its ordinary taxation on both dividends received and capital gains derived by residents in Hong Kong. In addition, there is no exchange of information agreement in force between the two jurisdictions.

As described below, the Italian tax regime applicable to dividends and capital gains may vary depending upon whether the Hong Kong Stock Exchange is a 'regulated stock market' in accordance with Italian tax law. The interpretations issued by the Italian Revenue Agency on the definition of 'regulated stock market' appear to exclude from its scope the Hong Kong Stock Exchange. If the Italian Revenue Agency publishes a clarification on this issue, our Company will make an announcement to inform investors of this development and the consequences thereof.

1. Dividend payments

General remark

Under Italian law, a withholding agent - such as our Company - must apply the correct withholding tax rate and it is subject to penalties if it fails to do so. Due to the inherent characteristics of the Hong Kong central clearing and settlement system ("CCASS"), our Company is not able to ascertain the identity, and consequently the tax residence, of the beneficial owners of our Shares who hold their investments in CCASS. Our Company is therefore not able to apply a rate of withholding tax on an individual basis to beneficial owners of our Shares who hold through CCASS. In addition, CCASS does not have the capacity to attribute to each CCASS Participant (and, accordingly, to each beneficial owner of our Shares) its respective share of distributed profits with the purpose

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of enabling the Company to apply the proper withholding tax (if any). As a consequence, our Company will, upon distribution, apply a withholding tax on the whole amount of the dividend payable to such beneficial owners at a rate equal to 27%, which is the ordinary rate for the dividend paid to non-Italian residents and the highest possible withholding tax rate under Italian law. Beneficial owners entitled to a reduced (or no) withholding tax may seek to recover the excess amount of tax paid through a refund procedure initiated with the Italian Revenue Agency. Shareholders should note that delays may be encountered in the process of obtaining a credit refund. Our Company is exploring whether it would be possible to put in place a procedure that could avoid or minimize such delays. Any such procedure would be announced at the time our Company declares any dividend payment.

Individual shareholders

Shareholders resident in Italy

Dividends paid by our Company to individual shareholders resident in Italy are subject to different tax treatment depending on the following circumstances:

- dividends paid on a non-substantial participation not held in a business capacity are subject to a final withholding tax at a rate of 12.5%; and
- 50.28% of dividends paid on a participation held in a business capacity or on a substantial participation not held in a business capacity are exempt from tax (60% in the case of dividends paid out of profits of 2007 or previous years). The remaining 49.72% of the dividends (40% in the case of dividends paid out of profits of 2007 or previous years) is taxable at progressive rates (which range from 23% - for income up to € 15,000 - to 43% - for income exceeding € 75,000).

A participation is considered to be 'substantial' when it entitles the holder to (i) more than 2% of the voting rights or more than 5% of the capital in companies listed on regulated stock markets (according to Italian law), or (ii) more than 20% of the voting rights or more than 25% of the capital in other companies, including companies listed on non-regulated stock markets (according to Italian law). On the assumption that the Hong Kong Stock Exchange is not a regulated stock market for this purpose, the thresholds of 20% and 25% would apply before a participation is considered to be 'substantial'. **Since we currently have only ordinary shares in issue, the relevant threshold for determining if a participation is 'substantial' or 'non-substantial' is whether the it is of more than 20% of voting rights in our Company.**

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Shareholders not resident in Italy

Dividends paid by our Company to non-Italian resident individual shareholders (who do not carry on business in Italy through a permanent establishment situated therein) are subject to a 27% final withholding tax as a general rule. Subject to the provisions of any applicable double taxation convention, the rate of the withholding tax may be reduced. Alternatively, non-Italian resident shareholders may claim a credit refund equal to the lower of 4/9ths of the Italian withholding tax and the tax actually paid abroad on the dividend. However, this credit refund cannot be enjoyed where a shareholder seeks relief from double taxation based on an applicable tax convention, i.e. the two forms of juridical double taxation relief are alternatives. **There is no double taxation convention in place between Italy and Hong Kong.** Thus, Hong Kong resident shareholders may claim a credit refund equal to the lower of 4/9ths of the tax withheld and the amount of tax actually paid in Hong Kong (if any) on the dividend. If the dividend is not subject to final taxation in Hong Kong, the relevant Hong Kong resident shareholder is not entitled to receive any credit refund.

A credit refund request, if any, must be filed with the Italian Revenue Agency by the shareholder not later than 48 months following the date on which the tax on the dividend is finally paid by the shareholder in its home jurisdiction. In order to be entitled to the credit refund, the non-Italian resident shareholder must provide evidence of the final taxation in its home jurisdiction, by way of a certificate issued by the relevant tax authority in that jurisdiction. Shareholders should note that delays may be encountered in the process of obtaining a credit refund.

Companies

Shareholders resident in Italy

In general, 95% of dividends paid by our Company to corporate shareholders resident in Italy should be exempted from tax (the same rules apply to companies adopting IAS/IFRS, except for dividends paid on shareholdings classified as 'held for trading' that are fully taxable). No withholding tax is levied upon distribution.

Shareholders not resident in Italy

Dividends paid by the Company to non-Italian resident corporate shareholders (who do not carry on business in Italy through a permanent establishment situated therein) are subject to a 27% final withholding tax as a general rule. Subject to the provisions of any applicable double taxation convention, the rate of the withholding tax may be reduced. Alternatively, non-Italian resident corporate shareholders may claim a credit refund equal to the lower of 4/9ths of the Italian withholding tax and the tax actually paid abroad on the dividend.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND ITALIAN COMPANIES LAW AND TAXATION

However, this credit refund cannot be enjoyed where a shareholder seeks relief from double taxation based on an applicable tax convention, i.e. the two forms of juridical double taxation relief are alternatives. **There is no double taxation convention in place between Italy and Hong Kong.** Thus, Hong Kong resident corporate shareholders may claim a credit refund equal to the lower of 4/9ths of the tax withheld and the amount of tax actually paid in Hong Kong (if any) on the dividend. If the dividend is not subject to final taxation in Hong Kong, the relevant Hong Kong resident corporate shareholder is not entitled to receive any credit refund.

A credit refund request, if any, must be filed with the Italian Revenue Agency by the shareholder, not later than 48 months following the date on which the tax on the dividend is finally paid by the shareholder in its home jurisdiction. Shareholders should note that delays may be encountered in the process of obtaining a credit refund. In order to be entitled to the credit refund, the non-Italian resident shareholder must provide evidence of the final taxation in its home jurisdiction, by way of a certificate issued by the relevant tax authority in that jurisdiction. Special rules apply, among other things, in the following circumstances (in which case the 4/9th credit refund would not be applicable):

- dividends to EU or EEA 'white listed' pension funds are subject to a withholding tax of 11%; and
- dividends paid to EU or EEA 'white listed' companies are subject to a 1.375% withholding tax (only for dividends paid out of profits of 2008 or subsequent years).

Furthermore, following the implementation of the 90/435/EEC European Union Parent-Subsidiary Directive (the "**Directive**") of July 23, 1990, as amended, a withholding exemption applies if the corporate shareholder meets the following requirements:

- it is resident for tax purposes in an EU Member State;
- it is a legal entity in one of the forms listed in the Annex to the Directive;
- it is subject to one of the taxes listed in the Annex to the Directive, without benefiting from an exemption, unless temporarily or territorially limited; and
- it holds at least 10% of the capital of the subsidiary for at least one uninterrupted year.

The parent-subsubsidiary regime is not available for dividends received by corporate shareholders controlled by persons who are not residents of an EU Member State, unless such corporate shareholders can prove that they do not hold the participation in the company exclusively or predominantly for the purpose of benefiting from the special regime for EU outbound dividends.

2. Capital gains

Individual shareholders

Shareholders resident in Italy

Capital gains realized by individual shareholders upon a disposal for consideration of our Shares are subject to the following tax treatment:

- capital gains realized through the sale of a non-substantial participation not held in a business capacity are fully (i.e. 100%) subject to a substitute tax of 12.5%;
- 50.28% of capital gains realized through the sale of a participation (qualifying for the 'Participation exemption' regime described below) held in a business capacity or of a substantial participation not held in a business capacity are exempt from tax. The remaining 49.72% of the capital gains are taxable at progressive rates (which range from 23% - for income up to € 15,000 - to 43% - for income exceeding € 75,000); and
- capital gains realized through the sale of a participation (not qualifying for the 'Participation exemption' regime described below) held in a business capacity are fully (i.e. 100%) taxable at progressive rates (which range from 23% - for income up to € 15,000 - to 43% - for income exceeding € 75,000).

A participation is considered to be 'substantial' when it entitles the holder to (i) more than 2% of the voting rights or more than 5% of the capital in companies listed on regulated stock markets (according to Italian law), or (ii) more than 20% of the voting rights or more than 25% of the capital in other companies, including companies listed on non-regulated stock markets (according to Italian law). On the assumption that the Hong Kong Stock Exchange is not a regulated stock market for this purpose, the thresholds of 20% and 25% would apply before a participation is considered to be 'substantial'. **Since we currently have only ordinary shares in issue, the relevant threshold for determining if a participation being sold is 'substantial' or 'non-substantial' is whether the sale is of more than 20% of voting rights in our Company.** For the purpose of this computation, all disposals of our Shares that occurred within a 12-month period should be aggregated.

Shareholders not resident in Italy

Capital gains realized by non-Italian resident individual shareholders (who do not carry on business in Italy through a permanent establishment situated therein) on sales of our Shares are subject to the following tax treatment:

- capital gains realized through the sale of a non-substantial participation in companies listed on non-regulated stock markets (according to Italian

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law, the Hong Kong Stock Exchange is a non-regulated stock market) are fully (i.e. 100%) subject to a 12.5% substitute tax. In this case, the taxpayer is required to file a tax return in Italy. A full exemption applies to shareholders resident in jurisdictions which allow the exchange of information with Italy (Hong Kong is not currently among these jurisdictions). **Individual Shareholders resident in Hong Kong will therefore be subject to capital gains tax;**

- 50.28% of capital gains realized through the sale of a substantial participation in all companies i.e. not listed, listed on a non-regulated stock market or listed on a regulated stock market (according to Italian law, the Hong Kong Stock Exchange is a non-regulated stock market) are exempt from tax. The remaining 49.72% of the capital gains are taxable at progressive rates which range from 23% - for income up to € 15,000 - to 43% - for income exceeding € 75,000). In this case, the taxpayer is required to file a tax return in Italy; and
- capital gains realized through the sale of a non-substantial participation in companies listed on regulated stock markets (according to Italian law, the Hong Kong Stock Exchange is a non-regulated stock market) are not regarded as Italian-sourced income (i.e. they are not subject to tax in Italy).

A participation is considered to be 'substantial' when it entitles the holder to (i) more than 2% of the voting rights or more than 5% of the capital in companies listed on regulated stock markets (according to Italian law), or (ii) more than 20% of the voting rights or more than 25% of the capital in other companies, including companies listed on non-regulated stock markets (according to Italian law). On the assumption that the Hong Kong Stock Exchange is not a regulated stock market for this purpose, the thresholds of 20% and 25% would apply before a participation is considered to be 'substantial'. **Since we currently have only ordinary shares in issue, the relevant threshold for determining if a participation being sold is 'substantial' or 'non-substantial' is whether the sale is of more than 20% of voting rights in our Company.** For the purpose of this computation, all disposals of our Shares that occurred within a 12-month period should be aggregated.

The amount of tax due in Italy may be reduced or eliminated pursuant to any applicable double taxation convention.

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Companies

Shareholders resident in Italy

According to the 'Participation exemption' regime, capital gains realized upon a disposal of the shares of an Italian joint stock company by a corporate shareholder resident in Italy are 95% exempted, provided that the following requirements are met:

- a) the participation has been held continuously from the first day of the 12th month prior to that of the disposal;
- b) the participation was classified as a fixed financial asset in the first balance sheet closed after the acquisition (in the case of companies adopting IAS/IFRS, shareholdings are deemed to be fixed financial assets if they are not held for trading);
- c) the subsidiary is resident in a 'white list' country; and
- d) the subsidiary carries on a commercial activity.

The last two conditions must have been met since the beginning of the third year preceding the year of the disposal and, in the case of shares held in a holding company, they should be tested with reference to its subsidiaries. Where one of these conditions above is not met, capital gains are fully taxable at the ordinary rate of 27.5%.

The same tax regime applies to capital gains realized by a non-Italian resident corporate shareholder upon a disposal of shares held through a permanent establishment in Italy (i.e. shares are effectively connected with the permanent establishment).

Shareholders not resident in Italy

Capital gains realized by non-Italian resident corporate shareholders (who do not carry on business in Italy through a permanent establishment situated therein) on sales of shares are subject to the following tax treatment:

- capital gains realized through the sale of a non-substantial participation in companies listed on non-regulated stock markets (according to Italian law, the Hong Kong Stock Exchange is a non-regulated stock market) are fully (i.e. 100%) subject to a 12.5% substitute tax. In this case, the taxpayer is required to file a tax return in Italy. A full exemption applies to corporate shareholders resident in jurisdictions which allow the exchange of information with Italy (Hong Kong is not currently among these jurisdictions). **Corporate Shareholders resident in Hong Kong will therefore be subject to capital gains tax;**

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- 50.28% of capital gains realized through the sale of a substantial participation in all companies i.e. not listed, listed on a non-regulated stock market or listed on a regulated stock market (according to Italian law, the Hong Kong Stock Exchange is a non-regulated stock market) are exempt from tax. The remaining 49.72% of the capital gains are taxable at the ordinary rate of 27.5%. In this case, the taxpayer is required to file a tax return in Italy; and
- capital gains realized through the sale of a non-substantial participation in companies listed on regulated stock markets (according to Italian law, the Hong Kong Stock Exchange is a non-regulated stock market) are not regarded as Italian-sourced income (i.e. they are not subject to tax in Italy).

A participation is considered to be 'substantial' when it entitles the holder to (i) more than 2% of the voting rights or more than 5% of the capital in companies listed on regulated stock markets (according to Italian law), or (ii) more than 20% of the voting rights or more than 25% of the capital in other companies, including companies listed on non-regulated stock markets (according to Italian law). On the assumption that the Hong Kong Stock Exchange is not a regulated stock market for this purpose, the thresholds of 20% and 25% would apply before a participation is considered to be 'substantial'. **Since we currently have only ordinary shares in issue, the relevant threshold for determining if a participation being sold is 'substantial' or 'non-substantial' is whether the sale is of more than 20% of voting rights in our Company.** For the purpose of this computation, all the disposals of our Shares that occurred within a 12-month period should be aggregated.

The amount of tax due in Italy may be reduced or eliminated pursuant to any applicable double taxation convention.

Procedure for payment of capital gains tax

Please note that the following is a non-exhaustive summary of the main tax requirements for non-Italian resident shareholders with regard to capital gains taxable in Italy that are realized through the sale of a non-substantial participation in our Company. The Italian Revenue Agency's website contains a special section in English for non-resident taxpayers (<http://www1.agenziaentrate.gov.it/inglese/>) which provides general information. We recommend that prospective shareholders who are liable to tax in Italy on capital gains realized through the sale of a non-substantial participation in our Company should consult an advisor who specializes in tax compliance issues for non-Italian resident taxpayers.

For Italian tax purposes, capital gains on shares issued by Italian-resident companies such as our Company, as a general rule, are deemed to be sourced in Italy. A capital gain is equal to the difference between: (a) the sale price, less

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the costs directly attributable to the sale; and (b) the tax basis (normally the purchase price, increased by the directly attributable costs of the purchase) of the participation. **Accordingly, shareholders must keep the relevant documentation such as the documentation relating to the amount paid for the purchase of our Shares.** If the taxpayer fails to do so, the Italian Revenue Agency could argue that the whole amount of proceeds deriving from the sale must be treated as capital gain.

In order to compute the capital gain, both the proceeds deriving from the sale (i.e. the sale price) and any cost borne by the taxpayer (including the purchase price of our Shares) must be converted into Euro: (a) at the exchange rate on the day on which the amount is received/paid by the taxpayer; or (b) in the absence, the exchange rate of the closest preceding day; or (c) in the absence, the average exchange rate for the month in which the amount is received/paid by the taxpayer. The daily exchange rates are those published in the Italian Official Gazette and they are also available on the website of Bank of Italy (*Banca d'Italia*) (<http://uif.bancaditalia.it/UICFEWebroot/>).

In order to comply with the obligations imposed under Italian law, a non-Italian resident shareholder (with no permanent establishment in Italy) must:

- (i) **Apply for an Italian Tax Identification Code (“Codice Fiscale”).** An Italian *Codice Fiscale* may be obtained through the local Italian Consulate (e.g. in Hong Kong).
- (ii) **File the proper tax return.** In this respect, please note that:
 - (a) there are specific tax return forms for both non-Italian resident individuals (the “*MODELLO UNICO PERSONE FISICHE*”) and non-Italian resident companies (the “*MODELLO UNICO ENTI NON COMMERCIALI ED EQUIPARATI*”). A new version of the tax return forms is issued every year by the Italian Revenue Agency;
 - (b) the tax return form can be downloaded from the Italian Revenue Agency website. Guidelines for filling in the tax return are also available on the same website. Both the tax return forms and the relevant guidelines are not currently available in English. However, our Company intends to produce a booklet (in English and Chinese) for Shareholders, which will be available on the Company’s website as soon as practicable after Listing. The booklet will contain a sample of the tax return form and explain the steps that need to be taken to file the proper tax return before the deadline set out in paragraph (iii) below;
 - (c) the tax return form can be completed:
 - I. by the taxpayer, by filling in a printed paper version of the tax return form by hand;

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- II. by the taxpayer, by filling in an electronic version of the tax return form using special software provided by the Italian Revenue Agency. In order to file a tax return electronically using this software, the taxpayer is first required to obtain a special PIN code from the Italian Revenue Agency (that is different to the *Codice Fiscale* mentioned above). Guidelines on how to obtain the PIN code are available on the Italian Revenue Agency website (in Italian only) and will be available in the booklet mentioned in paragraph (ii)(b) above; or
 - III. by an Italian authorized intermediary (e.g. a Chartered Tax Advisor), if consulted by the taxpayer.
- (iii) **Submit the tax return before the deadline.** In this respect, please note that:
- (a) with regard to non-Italian resident individuals:
 - I. **By post:** the taxpayer may submit the tax return through a Post Office in Italy (i.e. by handing in the form in person at an Italian Post Office) or, alternatively, by post from overseas. When posting from overseas, the completed tax return must be placed unfolded in an ordinary envelope. The envelope must be sent by registered post or by other equivalent means from abroad clearly showing the date of dispatch. The tax return must be filed by:
 - June 30 of the tax period following the one in which the capital gain is realized if the tax return is submitted through an Italian post office in Italy; or
 - September 30 of the tax period following the one in which the capital gain is realized if the tax return is posted from abroad; or
 - II. **Electronic submission:** the taxpayer may file the tax return electronically by using the special software provided by the Italian Revenue Agency. In this case, the tax return must be filed by September 30 of the tax period following the one in which the capital gain is realized; or
 - III. **Via an Italian authorized intermediary:** the tax return may be filed by an Italian authorized intermediary on behalf of the taxpayer. In this case, the tax return must be filed by September 30 of the tax period following the one in which the capital gain is realized.

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Please note that for individuals the tax period coincides with the calendar year (i.e. January 1 to December 31); and

- (b) with regard to non-Italian resident companies, the tax return must be filed by the last day of the ninth month following the end of the relevant company's fiscal year in which the capital gain is realized.

Please note that all of the above deadlines may be subject to amendment from time to time. Updated information will be available (in Italian) on the Italian Revenue Agency's website at www.agenziaentrate.gov.it and will be made available to Shareholders via an updated version of the booklet mentioned in paragraph (ii)(b) above.

(iv) **Pay the tax due within the deadline.** In this respect, please note that:

- (a) with regard to **non-Italian resident individuals**: ordinarily, the payment must be made by June 16 (or within the following 30 days with an additional levy equal to 0.4% of the tax due) of the tax year following the one in which the capital gain is realized; and
- (b) with regard to **non-Italian resident companies**: ordinarily, the payment must be made by the 16th day of the 6th month following the closing of the fiscal year in which the capital gain is realized. The payment may also be made within the following 30 days with an additional levy of 0.4% of the tax due.

Prospective investors should note, therefore, that payment is due before the deadline for filing the tax return. Please note that all of the above deadlines may be subject to amendment from time to time.

(v) **Methods of paying the tax.** Payment of capital gains tax can be made as follows:

- (a) through the internet (F24 Online, which is available to taxpayers who have already obtained a PIN Code and have a bank account with an Italian authorized bank or post office (*Poste Italiane Spa*));
- (b) through an Italian bank via internet banking (for taxpayers having a bank account in Italy with a bank that offers internet banking facilities enabling tax payments); or
- (c) by arrangement with an Italian correspondent bank via a specific wire transfer. This procedure should be pre-agreed with the local and Italian correspondent bank in order to avoid delays in payment.

Payment by cheque is not permitted. In addition, please note that capital gains tax must be paid in Euro.

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If a non-Italian resident taxpayer fails to submit the tax return, the following penalties will apply (in addition to any tax unpaid and interest accrued):

- (i) a penalty ranging from 120% to 240% of the amount of taxes due (with a minimum penalty of € 258); or
- (ii) a penalty ranging from € 258 to € 1,032 if taxes are not due (e.g. capital gains realized that are offset by capital losses realized in the same tax year).

In the case of tax assessment, the above penalties are reduced to one-third if the taxpayer pays the whole amount due within 60 days from the tax assessment notice.

Omitted, insufficient or late payment of taxes declared in the tax return is punishable by a penalty of 30% of the unpaid amount or the late payment amount. This penalty will be reduced to 10% (one-third) if the amount due is paid within 30 days from receipt of an automated irregularity notice or 20% (two-thirds) if the amount due is paid within 30 days from receipt of the result of a formal check of the tax return.

The taxpayer may indicate in the tax return an overseas address for tax notification purposes.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

We were established in Italy on 11 July, 1990, as a limited liability company, under the name of Giofin Services S.r.l., with notarial act by Notary Public G. Pozzi, rep. no. 32175 collection no. 3693. On 23 July, 1993, the company name was changed to GMD S.r.l. and later, on 25 November, 2003, we, following the merger by incorporation with other Group companies, transformed into a joint-stock company and took our current name of PRADA S.p.A. We are scheduled to operate until 31 January, 2100. Our registered office is in Milan, Italy, Via Fogazzaro no. 28.

We have a place of business in Hong Kong at 36/F, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong and have registered with the Registrar of Companies as a non-Hong Kong company under Part XI of the Hong Kong Companies Ordinance. Sergio Cattaneo has been appointed as our agent for the acceptance of service of process and notices on behalf of us in Hong Kong at our place of business. Our constitution comprises the By-laws. A summary of relevant parts of our By-laws and certain relevant aspects of Italian company law is set out in Appendix IV to this prospectus.

No equity or debt securities of ours are listed on any other stock exchange, nor is listing or permission to deal for such securities being sought.

2. Changes in the share capital of our Company

As at the Latest Practicable Date, our authorised share capital is € 255,882,400 and our issued and outstanding share capital is € 250,000,000 divided into fully paid-up ordinary shares of € 0.10 each.

On May 26, 2011, our Shareholders approved (i) the share split of each share into 10 Shares and (ii) the issuance of 58,824,000 new shares.

Other than as disclosed in this prospectus, there has been no alteration in our share capital within two years immediately preceding the date of this prospectus.

3. Changes in the share capital of our Company's principal subsidiaries

There have been no alterations in the share capital of our Company's principal subsidiaries within the two years immediately preceding the date of this prospectus, with the exception of Prada Fashion Commerce (Shanghai) Co. Ltd., whose change in the share capital is described below.

In 2009, the share capital of Prada Fashion Commerce (Shanghai) Co. Ltd. increased from USD630,000 to USD7,065,000. This increase, equal to USD6,435,000, was injected in three installments: on April 29, 2009; on May 7, 2009; on May 18, 2009.

Prada Fashion Commerce (Shanghai) Co. Ltd.

	Year ending January 31, 2010		
	Number of ordinary shares in thousands	Share capital USD thousands	Share premium USD thousands
No. of issued shares; share capital fully paid:			
At the beginning of the fiscal year 2009	—	630	—
Capital Increase in fiscal year 2009	—	6,435	—
At end of fiscal year 2009	—	7,065	—

	Year ending January 31, 2011		
	Number of ordinary shares	Share capital USD thousands	Share premium USD thousands
No issued shares; share capital fully paid:			
At the beginning of the fiscal year 2010	—	7,065	—
At end of fiscal year 2010	—	7,065	—

4. Particulars of principal subsidiaries

For a summary of the corporate information of our principal subsidiaries, please refer to Note 40 of the Accountants' Report in Appendix I to this prospectus.

5. Resolutions of the Shareholders of our Company passed on May 9, 2011 and May 26, 2011

Pursuant to the resolutions dated May 9, 2011 and May 26, 2011 passed by all the then shareholders of our Company, among other matters:

- (a) our Company approved and adopted its new By-laws with effect from May 26, 2011, the terms of which are summarized in Section A of Appendix IV to this prospectus;
- (b) conditional on:
 - (i) the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and the new Shares to be issued pursuant to the Global Offering as described in this prospectus (subject to such modifications as may be approved by the Board or any committee thereof);

- (ii) the Offer Price having been duly determined and the execution and delivery of the International Placing Agreement on or about the Price Determination Date; and
- (iii) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Placing Agreement becoming and remaining unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Global Co-ordinators, on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the respective agreements or otherwise, in each case on or before the date on which trading in the Shares commences on the Stock Exchange;
 - A. the Global Offering was approved and the Board was authorized to allot and issue such number of Shares in connection with the Global Offering; and
 - B. the listing of the Shares on the Hong Kong Stock Exchange was approved and the Board was authorized to implement the listing of the Shares on the Hong Kong Stock Exchange; and
- (c) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase, on the Hong Kong Stock Exchange or on any stock exchange on which Shares may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose, such aggregate nominal amount (or number, as the case may be) of shares as shall not exceed 10% of the aggregate nominal amount of our share capital in issue as at the date on which dealings in our Shares commence on the Hong Kong Stock Exchange, such mandate to expire at the conclusion of our next annual general meeting or the expiry of the period within which our next annual general meeting of our Company is required by the By-laws or law to be held, or when revoked or varied or renewed by ordinary resolution of our Shareholders in general meeting, whichever occurs first.

6. Repurchase by our Company of its Own Shares

This section sets out information required by the Hong Kong Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities. The relevant rules for the repurchase of our shares under Italian law are set out in paragraph B. 10 of Appendix IV to this prospectus.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Hong Kong Stock Exchange to repurchase their own securities on the Hong Kong Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' approval

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Hong Kong Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the By-laws and the Listing Rules and the applicable laws of Italy. A listed company may not repurchase its own securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by our Company may be made out of our Company's funds, which would otherwise be available for dividend or distribution, or out of the proceeds of a new issue of shares made for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be out of the funds, which would otherwise be available for dividend or distribution, or from sums standing to the credit of our Company's share premium account.

On the basis of the current financial position of us as disclosed in this prospectus and taking into account the current working capital position of us, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of us as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in these circumstances, have a material adverse effect on our working capital requirements or the gearing levels, which in the opinion of our Directors, are from time to time appropriate for us.

The exercise in full of the Repurchase Mandate, on the basis of 2,558,824,000 Shares in issue immediately after the Listing, would result in up to 255,882,400 Shares being repurchased by us during the period in which the Repurchase Mandate remains in force.

(iii) Trading restrictions

The total number of shares which a listed company may repurchase on the Hong Kong Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities, which were outstanding prior to such repurchase)

without the prior approval of the Hong Kong Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Hong Kong Stock Exchange if the purchase price is higher than the average closing market price for the five preceding trading days on which its shares were traded on the Hong Kong Stock Exchange by 5% or more. The Listing Rules also prohibit a listed company from repurchasing its securities resulting in shares that are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Hong Kong Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Hong Kong Stock Exchange such information with respect to the repurchase as the Hong Kong Stock Exchange may require.

(iv) *Status of repurchased Shares*

All repurchased securities (whether effected on the Hong Kong Stock Exchange or otherwise) will be cancelled pursuant to an approval to be obtained from the shareholders at an extraordinary shareholders' meeting and delisted upon purchase and the certificates for those Shares must be cancelled and destroyed as soon as reasonably practicable following settlement of any such purchase. The Company must apply for listing of any further issue of that type of shares in the normal way.

(v) *Suspension of repurchase*

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Hong Kong Stock Exchange other than in exceptional circumstances. In addition, the Hong Kong Stock Exchange may prohibit a repurchase of securities on the Hong Kong Stock Exchange if a listed company has breached the Listing Rules.

(vi) *Reporting requirements*

Certain information relating to repurchases of securities on the Hong Kong Stock Exchange or otherwise must be reported to the Hong Kong Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to

disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vii) *Connected persons*

A listed company is prohibited from knowingly repurchasing securities on the Hong Kong Stock Exchange from a “connected person”, that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

(viii) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the laws of Italy.

If, as a result of a securities repurchase, a Shareholder’s proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (“**Takeovers Code**”). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules or as otherwise required by the Hong Kong Stock Exchange pursuant to any waivers granted).

No connected person (as defined in the Listing Rules) of our Company has notified us that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

(b) **Reasons for Repurchases**

The Directors believe that it is in the best interest of our Company and the Shareholders for the Directors to have general authority from the shareholders

to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit our Company and our Shareholders.

B. CORPORATE ORGANIZATION

Please refer to the section headed “Our History and Corporate Structure” of this prospectus.

C. FURTHER INFORMATION ABOUT OUR GROUP’S BUSINESS

1. Summary of the Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (a) *the Hong Kong Underwriting Agreement*
- (b) *the Share Purchase Agreement in respect of the Acquisition of Interest in Car Shoe S.A.*

On June 30, 2010, a subsidiary of our Company, PBLuxembourg S.A. (“**PB Luxembourg**”), entered into a sale and purchase agreement with Fang S.A. (“**Fang**”) (the “**Car Shoe Agreement**”) for the transfer of 9,450 shares of Car Shoe S.A. (“**Car Shoe**”), a company incorporated under the laws of Luxembourg, from Fang to PB Luxembourg for a consideration of € 4,000,000.

- (c) *The Fragrance and Skincare Share Purchase and Joint Venture Termination Agreement*

On February 23, 2011, our Company and Puig, S.L. (“**Puig**”) entered into a share purchase and joint venture termination agreement (the “**Agreement**”), providing for, among other things, (i) the transfer of 2,000,000 shares of Fragrance and Skincare S.L. owned by our Company to Puig and (ii) the termination of the joint venture agreement dated May 12, 2003 entered into between our Group and Puig Group by virtue of which the parties agreed to collaborate in developing a business consisting of the creation, manufacturing and commercialization of cosmetics, skincare, fragrances and related products bearing Prada’s trademarks.

2. Material Intellectual Property Rights of our Group

Trademarks

As at May 30, 2011, our Group had approximately 5,100 trademark registrations and approximately 200 applications for registrations relating to the name and logos of members of the Group in countries throughout the world including in all the countries in which our Group currently operates. Of these trademarks, as at May 30, 2011, 36 have been registered in Hong Kong.

As at May 30, 2011, members of our Group have registered or have applied for the registration of the following trademarks which are material in relation to the business of our Group as a whole:

Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
PRADA	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Albania	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Algeria	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 35 41 42	Andorra	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28	Anguilla	Registered
	Composite	In Commerce	3 8 9 14 16 18 20 21 23 24 25 26 35	Antigua and Barbuda	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20* 21 23 24* 25 26 27 28 34 35 42*	Argentina	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Armenia	Registered
	Composite	In Commerce	3 8* 9 11* 14 16 18 20* 21* 23* 24* 25 26* 27* 28*	Aruba	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 9 14 16 18 20 21 24 25 34 35 41 42	Australia	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Austria	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Azerbaijan	Registered
	Composite	In Commerce	3 9 14 16 18	Bahamas Island	Registered
	Composite	In Commerce	8 11 20 21 23 24 26 27 28	Bahamas Island	Pending Application
	Composite	In Commerce	3 9 14 16 18 20 21 24 25 34 35 42	Bahrain	Registered
	Composite	In Commerce	3 8* 9 11 14 16 18 21 23* 26 27 28*	Bangladesh	Registered
	Composite	In Commerce	20 24 25	Bangladesh	Pending Application
	Composite	In Commerce	3* 8* 9* 11* 14* 16* 18* 20* 21* 23* 24* 25* 26* 27* 28* 35	Barbados	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Belarus	Registered
	Composite	In Commerce	3 9 14 18 20 25 34 43 44	Belize	Registered
	Composite	In Commerce	3 6 8 9 11 14 16 18 20 21 22 23 24 25 26 27 28 32 33 34 35 36 39 41 43 44	Benelux	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 35	Bermuda	Registered
	Composite	In Commerce	35	Bhutan	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3* 8* 9 11* 14 16 20 21 23* 24 26* 27* 28* 34 35 42	Bolivia	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Bosnia Herzegovina	Registered
	Composite	In Commerce	9 14 16 18 23 24 25 26 27 28 34 43	Brazil	Registered
	Composite	In Commerce	3 8 11 20 21 35	Brazil	Pending Application
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28	British Virgin Is.	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28	Brunei Darussalam	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Bulgaria	Registered
	Composite	In Commerce	6 26	Bulgaria	Pending Application
	Composite	In Commerce	3 9 18 25	Cambodia	Registered
	Composite	In Commerce	3 9 16 18 20 24 25 34 35	Canada	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 34 41 42	Chile	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 26 34 35 42	China	Registered
	Composite	In Commerce	6 26	China	Pending Application
	Composite	In Commerce	3 8* 9* 11* 14 16 18* 20 21 23* 24 25 26* 27* 28* 34 35* 42	Colombia	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Croatia	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 34 35 42	Cuba	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 35 36	Cyprus	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Czech Republic	Registered
	Composite	In Commerce	3 9* 14* 16* 18 20* 21* 24* 25 34* 35 43 44	Denmark	Registered
	Composite	In Commerce	25 26 28	Dominica	Registered
	Composite	In Commerce	3 8 9 11 14 16 17 18 20 21 23 24 25 28	Dominica	Pending Application
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28	Dominican Republic	Registered
	Composite	In Commerce	3 8* 9 11* 14 16 18 20 21 23* 24 25 26* 27* 28* 34 35 42	Ecuador	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Egypt	Registered
	Composite	In Commerce	3 8 9* 11 14 16* 18* 20 21 23 24 25* 26 27 28 35	El Salvador	Registered
	Composite	In Commerce	35	Estonia	Registered
	Composite	In Commerce	9	European Union	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 24 25 27	Fiji	Registered

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	8 21 23 26 28	Fiji	Pending Application
	Composite	In Commerce	3* 9* 14* 16* 18 20* 21* 24* 25 34 35 42*	Finland	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	France	Registered
	Composite	In Commerce	35	Georgia	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Germany	Registered
	Composite	In Commerce	3 9 11 16 18 20 21 23 24 25 26 27 28	Ghana	Registered
	Composite	In Commerce	8 14	Ghana	Pending Application
	Composite	In Commerce	3 9 14 18 20 25 34 42	Gibraltar	Registered
	Composite	In Commerce	3 9* 14* 16* 20* 21* 24* 35* 42*	Greece	Registered
	Composite	In Commerce	3 9 14 18 20 24 25 34 42	Grenada	Registered
	Composite	In Commerce	3* 8 9* 11 14* 16* 18* 20 21 23 24 25 26 27 28	Guatemala	Registered
	Composite	In Commerce	35	Guatemala	Pending Application
	Composite	In Commerce	3 8 9 11 14 16* 18* 20 21 23 24 25 26 27 28	Guyana	Registered
	Composite	In Commerce	3 8* 9 11* 14 16 18 20* 21* 23* 24* 25 26* 27* 28* 35	Haiti	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3* 8* 9 11* 14 16 18* 20* 21* 23* 24 25 26* 27* 28* 35	Honduras	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 24 25 34 35 43 44	Hong Kong	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Hungary	Registered
	Composite	In Commerce	3 8* 9* 11* 14* 16* 18 20* 21* 23* 24* 25 26* 27* 28* 35* 41* 42* 43 44 45	Iceland	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 28 35	India	Registered
	Composite	In Commerce	9 26 27 42	India	Pending Application
	Composite	In Commerce	3 8 9 11 14 16* 20 21 23 25 26 27 28 34 35 43 44	Indonesia	Registered
	Composite	In Commerce	9 18 24 25	Indonesia	Pending Application
	Composite	In Commerce	3* 9 14 16 18 20 21 24 25 29 30 34 42	Iran	Registered
	Composite	In Commerce	35 39	Iran	Pending Application
	Composite	In Commerce	3 9 14 16 18 25	Iraq	Registered
	Composite	In Commerce	3* 9 14 16 18 20 21 24 25 34 35 42	Ireland	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 34 35 42	Israel	Registered

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 5 6 9 14 16 18 20 21 23 24 25 26 34 35 42	Italy	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28	Jamaica	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 24 25 35 42	Japan	Registered
	Composite	In Commerce	3 9 14 16 18 25 35 42	Jordan	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Kazakhstan	Registered
	Composite	In Commerce	3* 9 14 16 18* 25* 35	Kenya	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Korea D.P.R.	Registered
	Composite	In Commerce	3 8 9 11 14 16 17 18 20 21 22* 23 24 25 26 27 28 30 34 35 41 42	Korea Rep. Of	Registered
	Composite	In Commerce	6 12	Korea Rep. Of	Pending Application
	Composite	In Commerce	3 9 18 25	Kosovo	Pending Application
	Composite	In Commerce	3 9 14 16 18 20 21 24 25 34 35* 42	Kuwait	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Kyrgyzstan	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Latvia	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 24 25 34 35 42	Lebanon	Registered
	Composite	In Commerce	35	Lesotho	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 34 35 41 42	Liberia	Registered
	Composite	In Commerce	3 9 18 25	Libya	Pending Application
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Liechtenstein	Registered
	Composite	In Commerce	35	Lithuania	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 24 25 34 35 42	Macao	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Macedonia	Registered
	Composite	In Commerce	3 8* 9 11* 14 16 18 20 21 23 24 26 27 28* 34 35* 43	Malaysia	Registered
	Composite	In Commerce	25	Malaysia	Pending Application
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28	Malta	Registered
	Composite	In Commerce	3 18 25	Mauritius	Registered
	Composite	In Commerce	3 9 14 16 25 35 42	Mexico	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Moldova	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Monaco	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Mongolia	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Montenegro	Registered

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28	Montserrat	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Morocco	Registered
	Composite	In Commerce	3* 8 9 11 14 16 18* 20 21 23 24 25* 26 27 28 35	Nepal	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 35	New Zealand	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 35	Nicaragua	Registered
	Composite	In Commerce	3 8 9 18 20 21 23 24* 25 26 27 28	Nigeria	Registered
	Composite	In Commerce	11 41 16	Nigeria	Pending Application
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 34 35 41 42	Norway	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 35 41 42	O.A.P.I.	Registered
	Composite	In Commerce	3 9 14 16 18 25 35	Oman	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 35	Pakistan	Registered
	Composite	In Commerce	3* 8* 9* 11* 14 16* 18 20* 21* 23* 24* 25* 26* 27* 28* 35*	Panama	Registered

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 34 42 43	Paraguay	Registered
	Composite	In Commerce	3* 8 9* 11 14* 16* 18* 20* 21* 23 24* 25* 26 27 28 34* 35* 41 43 44	Peru	Registered
	Composite	In Commerce	3 8 9 11 14 18 23 25 26 27 28 35 41	Philippines	Registered
	Composite	In Commerce	12	Philippines	Pending Application
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Poland	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Portugal	Registered
	Composite	In Commerce	9	Puerto Rico	Registered
	Composite	In Commerce	3 9 14 16 18 25 35	Qatar	Registered
	Composite	In Commerce	3 6 9 14 16 18 20 21 23 24 25 26 34 35 42	Romania	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Russian Federation	Registered
	Composite	In Commerce	3 9 14 18 25 35	Russian Federation	Pending Application
	Composite	In Commerce	3 9 14 18 20 25 34 42	Saint Helena	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 35	Santa Lucia	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	San Marino	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 8* 9 11* 14 16 18 20 21 23* 24 25 26* 27* 28* 34 35* 42 43 44 45	Saudi Arabia	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Serbia	Registered
	Composite	In Commerce	3 9 14 16 18 25 35	Seychelles	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Sierra Leone	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 24 25 34 35 42	Singapore	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Slovakia	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Slovenia	Registered
	Composite	In Commerce	3 8 9 11* 14 16 18 20* 21* 23* 24* 25 26* 27* 28* 35 42*	South Africa	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Spain	Registered
	Composite	In Commerce	6 26	Spain	Pending Application
	Composite	In Commerce	3 9 11 14 16 18 20 21* 23* 24* 25 26* 27* 28* 35*	Sri Lanka	Registered
	Composite	In Commerce	8	Sri Lanka	Pending Application

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28	St. Kitts and Nevis	Registered
	Composite	In Commerce	3 9 14 18 20 24 25 34 35 43 44	St. Vincent and Gren.	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Sudan	Registered
	Composite	In Commerce	8* 11* 20* 21* 23* 24* 26* 27* 28*	Suriname	Registered
	Composite	In Commerce	35	Swaziland	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 24 34 35 42	Sweden	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Switzerland	Registered
	Composite	In Commerce	3 9 14 16 18 25 35*	Syrian Arab Rep.	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 34 35 42	Taiwan R.O.C.	Registered
	Composite	In Commerce	6 26	Taiwan R.O.C.	Pending Application
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Tajikistan	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 35 41 42	Tanger	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 24 25 34 42* 43 44	Thailand	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 8* 9 11* 14 16 18 20* 21* 23* 24* 25 26* 27* 28* 35* 41* 42*	Trinidad and Tobago	Registered
	Composite	In Commerce	3 8 9 11 14 16 18 20 21 23 24 25 26 27 28 35 41 42	Tunisia	Registered
	Composite	In Commerce	6	Tunisia	Pending Application
	Composite	In Commerce	3 6 8 9 11* 14 16 18* 20 21 23* 24 25* 26* 27* 28* 35* 41 42	Turkey	Registered
	Composite	In Commerce	35	Turkmenistan	Registered
	Composite	In Commerce	3 6 9 14 16 18 20 21 24 25 26 28 34 35 41	U.S.A.	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Ukraine	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 24* 25 34* 35 42*	United Arab Emirates	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 24 25 34 35 42	United Kingdom	Registered
	Composite	In Commerce	3 8 11 14 16 18 20 21 23 24 25 26 27 28 34 41 42	Uruguay	Registered
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Uzbekistan	Registered
	Composite	In Commerce	3* 8 9* 11 14* 16* 20* 21* 23 27 34* 35 42*	Venezuela	Registered
	Composite	In Commerce	18 24 25 26 28	Venezuela	Pending Application

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 9 14 16 18 20 21 23 24 25 34 35 42	Vietnam	Registered
	Composite	In Commerce	6 12 26	Vietnam	Pending Application
	Composite	In Commerce	3 9 14 18 25	West Bank	Registered
	Composite	In Commerce	3 9 14 16 18 25 35*	Yemen	Registered
	Composite	In Commerce	3 9 14 16 18 25	Zambia	Registered
	Composite	In Commerce	3 9* 14* 16* 18 25 35	Zimbabwe	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Albania	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Algeria	Registered
	Composite	In Commerce	3	Argentina	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Armenia	Registered
	Composite	In Commerce	3 9 18 25	Australia	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Austria	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Azerbaijan	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Belarus	Registered
	Composite	In Commerce	3 6 9 14 16 18 24 25 26 34 43 44	Benelux	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Bosnia- Herzegovina	Registered
	Composite	In Commerce	3	Brazil	Pending Application
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Bulgaria	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	6	Bulgaria	Pending Application
	Composite	In Commerce	18 25	Canada	Registered
	Composite	In Commerce	6 26	China	Pending Application
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Croatia	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Cuba	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Czech Republic	Registered
	Composite	In Commerce	3 9 18 25	Denmark	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Egypt	Registered
	Composite	In Commerce	3 9 18 25	Estonia	Registered
	Composite	In Commerce	3 9 18 25	Finland	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	France	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Germany	Registered
	Composite	In Commerce	3 9 18 25	Greece	Registered
	Composite	In Commerce	9 18 25	Hong Kong	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Hungary	Registered
	Composite	In Commerce	3 9 14 25 35	Indonesia	Registered
	Composite	In Commerce	18 25	Indonesia	Pending Application
	Composite	In Commerce	3 18 25	Ireland	Registered
	Composite	In Commerce	3 6 9 14 16 18 24 25 26 34 42	Italy	Registered
	Composite	In Commerce	08 9 10 14 18 20 21 24 25 26	Japan	Registered
	Composite	In Commerce	16 34 42	Kazakhstan	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Korea D.P.R.	Registered

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 9 18 25	Korea Rep. Of	Registered
	Composite	In Commerce	6	Korea Rep. Of	Pending Application
	Composite	In Commerce	3 9 18 25	Kosovo	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Kyrgyzstan	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Latvia	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Liberia	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Liechtenstein	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Macedonia Ex Yug. Rep.	Registered
	Composite	In Commerce	18 25 35	Mexico	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Monaco	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Mongolia	Registered
	Composite	In Commerce	3 9 14 18 24 25	Montenegro	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Morocco	Registered
	Composite	In Commerce	3 9 18 25	Norway	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Poland	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Portugal	Registered
	Composite	In Commerce	3 6 9 14 16 18 24 25 26 34 42	Romania	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Russian Federation	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	San Marino	Registered


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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 9 14 18 24 25	Serbia	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Sierra Leone	Registered
	Composite	In Commerce	3 9 18 25	Singapore	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Slovakia	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Slovenia	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Spain	Registered
	Composite	In Commerce	6	Spain	Pending Application
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Sudan	Registered
	Composite	In Commerce	3 9 18 25	Sweden	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Switzerland	Registered
	Composite	In Commerce	6	Taiwan R.O.C.	Pending Application
	Composite	In Commerce	3 14 18 25	Thailand	Registered
	Composite	In Commerce	6	Tunisia	Pending Application
	Composite	In Commerce	3 9 18 25	Turkey	Registered
	Composite	In Commerce	6	Turkey	Pending Application
	Composite	In Commerce	3 18	U.S.A.	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Ukraine	Registered
	Composite	In Commerce	3 18 25	United Kingdom	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Uzbekistan	Registered
	Composite	In Commerce	3 9 14 16 18 24 25 34 42	Vietnam	Registered
	Composite	In Commerce	6	Vietnam	Pending Application

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 9 14 18 24 25 35 42	Albania	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Algeria	Registered
	Composite	In Commerce	3	Argentina	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Armenia	Registered
	Composite	In Commerce	3 9 18 25	Australia	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Austria	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Azerbaijan	Registered
	Composite	In Commerce	3 9 14 18 24 25	Belarus	Registered
	Composite	In Commerce	3 6 9 14 18 24 25 26 35 41 42 43 44	Benelux	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Bosnia- Herzegovina	Registered
	Composite	In Commerce	3	Brazil	Pending Application
	Composite	In Commerce	3 9 14 18 24 25 35 42	Bulgaria	Registered
	Composite	In Commerce	18 25	China	Registered
	Composite	In Commerce	6 26	China	Pending Application
	Composite	In Commerce	3 9 14 18 24 25 35 42	Croatia	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Cuba	Registered
	Composite	In Commerce	3 9 14 18 24 25	Czech Republic	Registered
	Composite	In Commerce	3 9 18 25 35 42	Denmark	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Egypt	Registered
	Composite	In Commerce	18 25 35 42	Estonia	Registered
Composite	In Commerce	6 26	European Union	Pending Application	
Composite	In Commerce	3 9 18 25 35 42	Finland	Registered	
Composite	In Commerce	3 9 14 18 24 25 35 42	France	Registered	
Composite	In Commerce	18 25 35 42	Georgia	Registered	

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 9 14 18 24 25 35 42	Germany	Registered
	Composite	In Commerce	3 9 18 25	Greece	Registered
	Composite	In Commerce	3 9 14 18 24 25	Hungary	Registered
	Composite	In Commerce	18 25 35 42	Iceland	Registered
	Composite	In Commerce	3 9 14 18 25 43	Indonesia	Pending Application
	Composite	In Commerce	3 9 14 18 24 25 35 42	Italy	Registered
	Composite	In Commerce	3 9 18 25	Japan	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Kazakhstan	Registered
	Composite	In Commerce	18 25 35 42	Kenya	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Korea D.P.R.	Registered
	Composite	In Commerce	3 9 18 25	Korea Rep. of	Registered
	Composite	In Commerce	6 26	Korea Rep. of	Pending Application
	Composite	In Commerce	3 9 14 18 24 25 35 42	Kyrgyzstan	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Latvia	Registered
	Composite	In Commerce	18 25 35 42	Lesotho	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Liberia	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Liechtenstein	Registered
	Composite	In Commerce	18 25 35 42	Lithuania	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Macedonia Ex Yug. Rep.	Registered
	Composite	In Commerce	18 25 35	Mexico	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Monaco	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Mongolia	Registered
	Composite	In Commerce	3 9 14 18 24 25	Montenegro	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Morocco	Registered
	Composite	In Commerce	18 25 35 42	Mozambique	Registered





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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	35	New Zealand	Registered
	Composite	In Commerce	3 9 18 25 35 42	Norway	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Poland	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Portugal	Registered
	Composite	In Commerce	3 9 14 18 24 25	Romania	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Russian Federation	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	San Marino	Registered
	Composite	In Commerce	3 9 14 18 24 25	Serbia	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Sierra Leone	Registered
	Composite	In Commerce	3 9 18 25	Singapore	Registered
	Composite	In Commerce	3 9 14 18 24 25	Slovakia	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Slovenia	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Spain	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Sudan	Registered
	Composite	In Commerce	18 25 35 42	Swaziland	Registered
	Composite	In Commerce	18 25 35 42	Sweden	Registered
	Composite	In Commerce	3 9 18 25	Sweden	Pending Application
	Composite	In Commerce	3 9 14 18 24 25	Switzerland	Registered
	Composite	In Commerce	3 9 14 18 24 25	Tajikistan	Registered
	Composite	In Commerce	6 26	Taiwan R.O.C.	Pending Application
	Composite	In Commerce	6 26	Tunisia	Pending Application
	Composite	In Commerce	3 9 18 25 35 42	Turkey	Registered
	Composite	In Commerce	6 26	Turkey	Pending Application
	Composite	In Commerce	18 25 35 42	Turkmenistan	Registered


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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	18 25 35 42 43 44 45	U.S.A.	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Ukraine	Registered
	Composite	In Commerce	18 25 35 42	United Kingdom	Registered
	Composite	In Commerce	3 9 14 18 24 25	Uzbekistan	Registered
	Composite	In Commerce	3 9 14 18 24 25 35 42	Vietnam	Registered
	Composite	In Commerce	6 26	Vietnam	Pending Application
	Composite	In Commerce	3 9 18 25 35	European Union	Pending Application
			3 9 14 16 18 25 35	Hong Kong	Pending Application
	Composite	In Commerce	3 14 18 24 25	Thailand	Registered
	Composite	In Commerce	18 25	Benelux	Registered
	Composite	In Commerce	18 25	China	Pending Application
	Composite	In Commerce	18 25	European Union	Pending Application
	Composite	In Commerce	18 25	Japan	Pending Application
	Composite	In Commerce	18 25	Korea Rep. of	Pending Application
	Composite	In Commerce	18 25	Russian Federation	Pending Application
	Composite	In Commerce	18 25	Turkey	Pending Application
	Composite	In Commerce	18 25	U.S.A.	Pending Application
	Composite	In Commerce	18 25	Vietnam	Pending Application
	Composite	In Commerce	18 25	European Union	Registered
	Composite	In Commerce	18 25	India	Pending Application
	Composite	In Commerce	18 25	Peru	Pending Application

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	18 25	Tunisia	Pending Application
	Composite	In Commerce	18 25	China	Pending Application
	Composite	In Commerce	18 25	Japan	Pending Application
	Composite	In Commerce	18 25	Moldova	Pending Application
	Composite	In Commerce	18 25	Russian Federation	Pending Application
	Composite	In Commerce	18 25	U.S.A.	Pending Application
	Composite	In Commerce	18 25	Vietnam	Pending Application
	Composite	In Commerce	3 9 12 14 16 18 25 28	Albania	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Algeria	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Andorra	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Antigua and Barbuda	Registered
	Composite	In Commerce	3 9 12* 14* 16* 18* 25* 28*	Argentina	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Armenia	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Aruba	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Australia	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Austria	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Azerbaijan	Registered
	Composite	In Commerce	9 28	B.E.S. Islands	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Bahamas-Islands	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Bahrain	Registered
	Composite	In Commerce	3 9 14* 16 18* 25 28	Bangladesh	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	12	Bangladesh	Pending Application
	Composite	In Commerce	3* 9* 14* 16* 18* 25* 28*	Barbados	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Belarus	Registered
	Composite	In Commerce	3 9 12 14 18 25 28	Belize	Registered
	Composite	In Commerce	1 2 3 6 9 12 14 16 18 22 24 25 28 29 30 34 35 36 38 39 41 42 43 44 45	Benelux	Registered
	Composite	In Commerce	3* 9 12 14* 16 18 25 28*	Bermuda	Registered
	Composite	In Commerce	9 28	Bhutan	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Bolivia	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Bosnia- Herzegovina	Registered
	Composite	In Commerce	9 12 14 16 18 25 28	Brazil	Registered
	Composite	In Commerce	3	Brazil	Pending Application
	Composite	In Commerce	3 9 12 14 16 18 25 28	Brunei Darussalam	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Bulgaria	Registered
	Composite	In Commerce	9 18 25	Canada	Registered
	Composite	In Commerce	3 9 12 14 16 25 28	Chile	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 26 28	China	Registered
	Composite	In Commerce	6 24	China	Pending Application
	Composite	In Commerce	3 9 12* 14 16 18* 25 28	Colombia	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Costa Rica	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Croatia	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 9 12 14 16 18 25 28	Cuba	Registered
	Composite	In Commerce	9 28	Curacao	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Cyprus	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Czech Republic	Registered
	Composite	In Commerce	3* 9 14* 16* 18* 25* 28	Denmark	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Dominican Rep.	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Ecuador	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Egypt	Registered
	Composite	In Commerce	3* 9* 12 14* 16* 18* 25 28*	El Salvador	Registered
	Composite	In Commerce	9 28	Estonia	Registered
	Composite	In Commerce	6 24	European Union	Pending Application
	Composite	In Commerce	3 9 12 14 16 18 25 28	Fiji	Registered
	Composite	In Commerce	3* 9 12* 14* 16* 18* 25* 28	Finland	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	France	Registered
	Composite	In Commerce	9 28	Georgia	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Germany	Registered
	Composite	In Commerce	3 9 12 14 16 25 28	Ghana	Registered
	Composite	In Commerce	18	Ghana	Pending Application
	Composite	In Commerce	3 9 12 14 18 25 28	Gibraltar	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Greece	Registered
	Composite	In Commerce	3 9 12 14 18 25 28	Grenada	Registered
	Composite	In Commerce	3 9 14 16 18 25* 28	Guatemala	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 9 12 14 16 18 25 28	Guyana (Ex Brit.)	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Haiti	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Honduras	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28 35	Hong Kong	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Hungary	Registered
	Composite	In Commerce	3* 9* 12* 14* 16* 18* 25* 28*	Iceland	Registered
	Composite	In Commerce	3 9 12 14 16* 18* 25 28	India	Registered
	Composite	In Commerce	3 9 12 14 16 25 28	Indonesia	Registered
	Composite	In Commerce	18 25	Indonesia	Pending Application
	Composite	In Commerce	3 9 12 14 16 18 25 28	Iran (Islamic Rep. of)	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Ireland	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Israel	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Italy	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Jamaica	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Japan	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Jordan	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Kazakhstan	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Kenya	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Korea D.P.R.	Registered
	Composite	In Commerce	3 6 8 9 12 13 14 16 18 19 21 22 25 28	Korea Rep. of	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	24	Korea Rep. of	Pending Application
	Composite	In Commerce	3 9 12 14 16 18 25 28	Kuwait	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Kyrgyzstan	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Latvia	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Lebanon	Registered
	Composite	In Commerce	9 28	Lesotho	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Liberia	Registered
	Composite	In Commerce	3 9 18 25	Libya	Pending Application
	Composite	In Commerce	3 9 12 14 16 18 25 28	Liechtenstein	Registered
	Composite	In Commerce	9 28	Lithuania	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Macao	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Macedonia Ex Yug. Rep.	Registered
	Composite	In Commerce	3 9 12 14 16 18 28	Malaysia	Registered
	Composite	In Commerce	25	Malaysia	Pending Application
	Composite	In Commerce	3 9 12 14 16 18 25 28	Malta	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28 35	Mexico	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Moldova Rep. of	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Monaco	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Mongolia	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Montenegro	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Morocco	Registered
	Composite	In Commerce	9 28	Mozambique	Registered
	Composite	In Commerce	9 28	Namibia	Registered

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3* 9* 12* 14* 16* 18* 25* 28*	Nepal	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	New Zealand	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Nicaragua	Registered
	Composite	In Commerce	3 9 12 14 16 18 25	Nigeria	Registered
	Composite	In Commerce	28	Nigeria	Pending Application
	Composite	In Commerce	3 9 12 14 16 18 25 28	Norway	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	OAPI	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Oman	Registered
	Composite	In Commerce	3 9 12 14 16 18 25	Pakistan	Registered
	Composite	In Commerce	28	Pakistan	Pending Application
	Composite	In Commerce	3 9 12 14 16 18 25 28	Panama	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Paraguay	Registered
	Composite	In Commerce	3* 9* 14* 16 18 25* 28*	Peru	Registered
	Composite	In Commerce	3 9 14 16 18 25 28	Philippines	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Poland	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Portugal	Registered
	Composite	In Commerce	9	Puerto Rico	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Romania	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Russian Federation	Registered
	Composite	In Commerce	9 14 18 25 35	Russian Federation	Pending Application
	Composite	In Commerce	3 9 12 14 18 25 28	Saint Helena	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 9 12 14 16 18 25 28	Saint Lucia	Registered
	Composite	In Commerce	9 28	Saint Martin	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	San Marino	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Saudi Arabia	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Serbia	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Seychelles	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Sierra Leone	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Singapore	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Slovakia	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Slovenia	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	South Africa	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Spain	Registered
	Composite	In Commerce	14 18* 28*	Sri Lanka	Registered
	Composite	In Commerce	3 9 12 16 25	Sri Lanka	Pending Application
	Composite	In Commerce	3 9 12 14 18 25 28	St. Vincent and Gren	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Sudan	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Suriname	Registered
	Composite	In Commerce	9 28	Swaziland	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Sweden	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Switzerland	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Syrian Arab Rep.	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 9 12 14 16 18 25 28	Taiwan R.O.C.	Registered
	Composite	In Commerce	6 24	Taiwan R.O.C.	Pending Application
	Composite	In Commerce	3 9 12 14 16 18 25 28	Tajikistan	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Thailand	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Trinidad and Tobago	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Tunisia	Registered
	Composite	In Commerce	6 24	Tunisia	Pending Application
	Composite	In Commerce	3 9 12 14 16 18 25 28	Turkey	Registered
	Composite	In Commerce	6 24	Turkey	Pending Application
	Composite	In Commerce	9 28	Turkmenistan	Registered
	Composite	In Commerce	9 18 25 28	U.S.A.	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Ukraine	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	United Arab Emirates	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28 35	United Kingdom	Registered
	Composite	In Commerce	3 12 14 16 18 25 28	Uruguay	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Uzbekistan	Registered
	Composite	In Commerce	3 9 12 14	Venezuela	Registered
	Composite	In Commerce	16 18 25 28	Venezuela	Pending Application
	Composite	In Commerce	3 9 12 14 16 18 25 28	Vietnam	Registered
	Composite	In Commerce	6 24	Vietnam	Pending Application
	Composite	In Commerce	3 9 12 14 16 18 25 28	Yemen	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Zambia	Registered
	Composite	In Commerce	3 9 12 14 16 18 25 28	Zimbabwe	Registered

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	Signage, packaging	16 34 42	Albania	Registered
	Composite	Signage, packaging	16 34 42	Algeria	Registered
	Composite	Signage, packaging	16 34 42	Armenia	Registered
	Composite	Signage, packaging	16 34 42	Austria	Registered
	Composite	Signage, packaging	16 34 42	Azerbaijan	Registered
	Composite	Signage, packaging	16 34 42	Belarus	Registered
	Composite	Signage, packaging	16 34 43 44	Benelux	Registered
	Composite	Signage, packaging	16 34 42	Bosnia Herzegovina	Registered
	Composite	Signage, packaging	16 34 42	Bulgaria	Registered
	Composite	Signage, packaging	16 34 42	China	Registered
	Composite	Signage, packaging	16 34 42	Croatia	Registered
	Composite	Signage, packaging	16 34 42	Cuba	Registered
	Composite	Signage, packaging	16 34 42	Czech Republic	Registered
	Composite	Signage, packaging	16 34 42	Egypt	Registered
	Composite	Signage, packaging	16 34 42	France	Registered
	Composite	Signage, packaging	16 34 42	Germany	Registered
	Composite	Signage, packaging	16 34 42	Hungary	Registered
	Composite	Signage, packaging	3 16 18 25 34 42	Italy	Registered
	Composite	Signage, packaging	16 34 42	Kazakhstan	Registered
	Composite	Signage, packaging	16 34 42	Korea D.P.R.	Registered
Composite	Signage, packaging	16 34 42	Kyrgyzstan	Registered	
Composite	Signage, packaging	16 34 42	Latvia	Registered	
Composite	Signage, packaging	16 34 42	Liberia	Registered	

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	Signage, packaging	16 34 42	Liechtenstein	Registered
	Composite	Signage, packaging	16 34 42	Macedonia	Registered
	Composite	Signage, packaging	16 34 42	Moldova	Registered
	Composite	Signage, packaging	16 34 42	Monaco	Registered
	Composite	Signage, packaging	16 34 42	Mongolia	Registered
	Composite	Signage, packaging	16 34 42	Montenegro	Registered
	Composite	Signage, packaging	16 34 42	Morocco	Registered
	Composite	Signage, packaging	16 34 42	Poland	Registered
	Composite	Signage, packaging	16 34 42	Portugal	Registered
	Composite	Signage, packaging	16 34 42	Romania	Registered
	Composite	Signage, packaging	16 34 42	Russian Federation	Registered
	Composite	Signage, packaging	16 34 42	San Marino	Registered
	Composite	Signage, packaging	16 34 42	Serbia	Registered
	Composite	Signage, packaging	16 34 42	Sierra Leone	Registered
	Composite	Signage, packaging	16 34 42	Slovakia	Registered
	Composite	Signage, packaging	16 34 42	Slovenia	Registered
	Composite	Signage, packaging	16 34 42	Spain	Registered
	Composite	Signage, packaging	16 34 42	Sudan	Registered
	Composite	Signage, packaging	16 34 42	Switzerland	Registered
	Composite	Signage, packaging	16 34 42	Tajikistan	Registered
	Composite	Signage, packaging	16 34 42	Ukraine	Registered
	Composite	Signage, packaging	25	United Kingdom	Registered

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STATUTORY AND GENERAL INFORMATION

Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	Signage, packaging	16 34 42	Uzbekistan	Registered
	Composite	Signage, packaging	16 34 42	Vietnam	Registered
PRADA	Word	Defensive	9 14 16 18 25 28	Albania	Registered
	Word	Defensive	9 14 16 18 25 28	Algeria	Registered
	Word	Defensive	9 28	Antigua and Barbuda	Registered
	Word	Defensive	9 14 16 18 25 28	Armenia	Registered
	Word	Defensive	9 28 35	Australia	Registered
	Word	Defensive	9 14 16 18 25 28	Austria	Registered
	Word	Defensive	9 14 16 18 25 28	Azerbaijan	Registered
	Word	Defensive	9 28	B.E.S. Islands	Registered
	Word	Defensive	9	Bahrain	Pending Application
	Word	Defensive	9 14 16 18 25 28	Belarus	Registered
	Word	Defensive	9 14 16 18 25 28	Benelux	Registered
	Word	Defensive	9 28	Bhutan	Registered
	Word	Defensive	18 25	Bolivia	Registered
	Word	Defensive	9 14 16 18 25 28	Bosnia Herzegovina	Registered
	Word	Defensive	9 14 18 21 22 23 24 25 35 40 42	Brazil	Registered
	Word	Defensive	3 20 24	Brazil	Pending Application
	Word	Defensive	9 14 16 18 25 28	Bulgaria	Registered
	Word	Defensive	9 14	Canada	Registered
	Word	Defensive	25	Chile	Registered
	Word	Defensive	9 28	China	Registered
	Word	Defensive	3 9 14 16 18 25	Costa Rica	Registered
	Word	Defensive	9 14 16 18 25 28	Croatia	Registered

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Word	Defensive	9 14 16 18 25 28	Cuba	Registered
	Word	Defensive	9 28	Curacao	Registered
	Word	Defensive	9 28	Cyprus	Registered
	Word	Defensive	9 14 16 18 25 28	Czech Republic	Registered
	Word	Defensive	9 28	Denmark	Registered
	Word	Defensive	9 14 16 18 25 28	Egypt	Registered
	Word	Defensive	9 28	Estonia	Registered
	Word	Defensive	9 16 21	European Union	Registered
	Word	Defensive	9 28	Finland	Registered
	Word	Defensive	9 14 16 18 25 28	France	Registered
	Word	Defensive	9 28	Georgia	Registered
	Word	Defensive	9 14 16 18 21 25 28	Germany	Registered
	Word	Defensive	9 18 25 28	Greece	Registered
	Word	Defensive	9	Hong Kong	Registered
	Word	Defensive	9 14 16 18 25 28	Hungary	Registered
	Word	Defensive	9 28	Iceland	Registered
	Word	Defensive	9	Indonesia	Registered
	Word	Defensive	9 28	Iran	Registered
	Word	Defensive	9 28	Ireland	Registered
	Word	Defensive	3 9 14 16 18 25 28	Italy	Registered
	Word	Defensive	6 8 9 10 14 18 21 24 25 26 28	Japan	Registered
	Word	Defensive	9 14 16 18 25 28	Kazakhstan	Registered
	Word	Defensive	9 28	Kenya	Registered
	Word	Defensive	9 14 16 18 25 28	Korea D.P.R.	Registered
	Word	Defensive	3 8 9 18 20 21 25 28 35 36 41 43	Korea Rep. Of	Registered
	Word	Defensive	9 14 16 18 25 28	Kyrgyzstan	Registered

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STATUTORY AND GENERAL INFORMATION

Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Word	Defensive	9 14 16 18 25 28	Latvia	Registered
	Word	Defensive	9 28	Lesotho	Registered
	Word	Defensive	9 14 16 18 25 28	Liberia	Registered
	Word	Defensive	9 14 16 18 25 28	Liechtenstein	Registered
	Word	Defensive	9 28	Lithuania	Registered
	Word	Defensive	9 14 16 18 25 28	Macedonia	Registered
	Word	Defensive	9	Malaysia	Registered
	Word	Defensive	3 9 14 16 25 28 35	Mexico	Registered
	Word	Defensive	9 14 16 18 25 28	Moldova	Registered
	Word	Defensive	9 14 16 18 25 28	Monaco	Registered
	Word	Defensive	9 14 16 18 25 28	Mongolia	Registered
	Word	Defensive	9 14 16 18 25 28	Montenegro	Registered
	Word	Defensive	9 14 16 18 25 28	Morocco	Registered
	Word	Defensive	9 28	Mozambique	Registered
	Word	Defensive	9 28	Namibia	Registered
	Word	Defensive	9 28	Norway	Registered
	Word	Defensive	18 25	Paraguay	Registered
	Word	Defensive	9 14 16 18 25 28	Poland	Registered
	Word	Defensive	9 14 16 18 25 28	Portugal	Registered
	Word	Defensive	9 14 16 18 25 28	Romania	Registered
	Word	Defensive	9 14 16 18 25 28	Russian Federation	Registered
	Word	Defensive	9 28	Saint Martin	Registered
	Word	Defensive	9 14 16 18 25 28	San Marino	Registered
	Word	Defensive	9 14 16 18 25 28	Serbia	Registered
	Word	Defensive	9 14 16 18 25 28	Sierra Leone	Registered

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STATUTORY AND GENERAL INFORMATION

Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Word	Defensive	9 28	Singapore	Registered
	Word	Defensive	9 14 16 18 25 28	Slovakia	Registered
	Word	Defensive	9 14 16 18 25 28	Slovenia	Registered
	Word	Defensive	9 14 16 18 28	Spain	Registered
	Word	Defensive	9 14 16 18 25 28	Sudan	Registered
	Word	Defensive	3* 9* 14* 16* 18* 25*	Suriname	Registered
	Word	Defensive	9 28	Swaziland	Registered
	Word	Defensive	9 28	Sweden	Registered
	Word	Defensive	9 14 16 18 25 28	Switzerland	Registered
	Word	Defensive	9 28	Syrian Arab Rep.	Registered
	Word	Defensive	9 14 16 18 25 28	Tajikistan	Registered
	Word	Defensive	9 28	Turkey	Registered
	Word	Defensive	9 28	Turkmenistan	Registered
	Word	Defensive	9 18 25 28	U.S.A.	Registered
	Word	Defensive	9 14 16 18 25 28	Ukraine	Registered
	Word	Defensive	3 9 14 18 28	United Kingdom	Registered
	Word	Defensive	9 14 16 18 25 28	Uzbekistan	Registered
	Word	Defensive	3 9	Venezuela	Registered
	Word	Defensive	9 14 16 18 25 28	Vietnam	Registered
	Word	Defensive	9 28	Zambia	Registered
	Composite	Defensive	3 9 14 18 24 25	Albania	Registered
	Composite	Defensive	3 9 14 18 24 25	Algeria	Registered
	Composite	Defensive	3 9 14 18 24 25	Armenia	Registered
	Composite	Defensive	3 9 18 25	Australia	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	Defensive	3 9 14 18 24 25	Austria	Registered
	Composite	Defensive	3 9 14 18 24 25	Azerbaijan	Registered
	Composite	Defensive	18* 25*	Bahrain	Registered
	Composite	Defensive	3 9 14 18 24 25	Belarus	Registered
	Composite	Defensive	3 9 14 18 24 25	Benelux	Registered
	Composite	Defensive	3 9 14 18 24 25	Bosnia- Herzegovina	Registered
	Composite	Defensive	3 9 14 18 24 25	Bulgaria	Registered
	Composite	Defensive	18 25	Canada	Registered
	Composite	Defensive	3 9 14 18 24 25	China	Registered
	Composite	Defensive	3 9 14 18 24 25	Croatia	Registered
	Composite	Defensive	3 9 14 18 24 25	Cuba	Registered
	Composite	Defensive	3 9 14 18 24 25	Czech Republic	Registered
	Composite	Defensive	3 9 18 25	Denmark	Registered
	Composite	Defensive	3 9 14 18 24 25	Egypt	Registered
	Composite	Defensive	3 9 18 25	Finland	Registered
	Composite	Defensive	3 9 14 18 24 25	France	Registered
	Composite	Defensive	3 9 14 18 24 25	Germany	Registered
	Composite	Defensive	3 9 18 25	Greece	Registered
	Composite	Defensive	3 9 14 18 24 25	Hungary	Registered
	Composite	Defensive	3 9 14 18 24 25	Italy	Registered
	Composite	Defensive	3 9 18 25	Japan	Registered
	Composite	Defensive	3 9 14 18 24 25	Kazakhstan	Registered
	Composite	Defensive	3 9 14 18 24 25	Korea D.P.R.	Registered
	Composite	Defensive	3 9 18 25	Korea Rep. of	Registered

* Registration renewal requested and waiting for certificate of renewal.


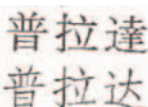
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STATUTORY AND GENERAL INFORMATION

Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	Defensive	3 9 14 18 24 25	Kyrgyzstan	Registered
	Composite	Defensive	3 9 14 18 24 25	Latvia	Registered
	Composite	Defensive	3 9 14 18 24 25	Liberia	Registered
	Composite	Defensive	3 9 14 18 24 25	Liechtenstein	Registered
	Composite	Defensive	3 9 14 18 24 25	Macedonia Ex Yug. Rep.	Registered
	Composite	Defensive	3 9 14 18 24 25	Moldova Rep. of	Registered
	Composite	Defensive	3 9 14 18 24 25	Monaco	Registered
	Composite	Defensive	3 9 14 18 24 25	Mongolia	Registered
	Composite	Defensive	3 9 14 18 24 25	Montenegro	Registered
	Composite	Defensive	3 9 14 18 24 25	Morocco	Registered
	Composite	Defensive	3 9 18 25	Norway	Registered
	Composite	Defensive	18 25	Philippines	Registered
	Composite	Defensive	3 9 14 18 24 25	Poland	Registered
	Composite	Defensive	3 9 14 18 24 25	Portugal	Registered
	Composite	Defensive	3 9 14 18 24 25	Romania	Registered
	Composite	Defensive	3 9 14 18 24 25 35	Russian Federation	Registered
	Composite	Defensive	3 9 14 18 24 25 35	Russian Federation	Pending Application
	Composite	Defensive	3 9 14 18 24 25	San Marino	Registered
	Composite	Defensive	18 25	Saudi Arabia	Registered
	Composite	Defensive	3 9 14 18 24 25	Serbia	Registered
	Composite	Defensive	3 9 14 18 24 25	Sierra Leone	Registered
	Composite	Defensive	3 9 18 25	Singapore	Registered
	Composite	Defensive	3 9 14 18 24 25	Slovakia	Registered

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	Defensive	3 9 14 18 24 25	Slovenia	Registered
	Composite	Defensive	3 9 14 18 24 25	Spain	Registered
	Composite	Defensive	3 9 14 18 24 25	Sudan	Registered
	Composite	Defensive	3 9 18 25	Sweden	Registered
	Composite	Defensive	3 9 14 18 24 25	Switzerland	Registered
	Composite	Defensive	3 25	Taiwan R.O.C.	Registered
	Composite	Defensive	3 9 14 18 24 25	Tajikistan	Registered
	Composite	Defensive	3 9 18 25	Turkey	Registered
	Composite	Defensive	18 25	U.S.A.	Registered
	Composite	Defensive	3 9 14 18 24 25	Ukraine	Registered
	Composite	Defensive	18 25	United Arab Emirates	Registered
	Composite	Defensive	3 9 18 25	United Kingdom	Registered
	Composite	Defensive	3 9 14 18 24 25	Uzbekistan	Registered
	Composite	Defensive	3 9 14 18 24 25	Vietnam	Registered
	Composite	Defensive	16 24	Benelux	Registered
	Composite	Defensive	16 24	China	Pending Application
	Composite	Defensive	16 24	European Union	Pending Application
	Composite	Defensive	16 24	Korea Rep. of	Pending Application
	Composite	Defensive	16 24	Taiwan	Pending Application
	Composite	Defensive	16 24	Tunisia	Pending Application
	Composite	Defensive	16 24	Turkey	Pending Application
	Composite	Defensive	16 24	Vietnam	Pending Application
	Word (Prada in Chinese Characters)	Defensive	3 9 18 25 35	Hong Kong	Registered

Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Word (Prada in Chinese Characters)	Defensive	3 9 25 35	China	Registered
	Word (Prada in Chinese Characters)	Defensive	18	China	Pending Application
	Word (Prada in Chinese Characters)	Defensive	3 9 18 25 35	Taiwan	Registered
	Word (Prada in Korean Characters)	Defensive	3 8 9 14 16 18 21 22 25 30 34 35 36 41 43	Korea Rep. of	Registered
	Word (Prada and Katakana Characters)	Defensive	3 9 14 18 25 34	Japan	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Albania	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Algeria	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Andorra	Registered
	Composite	Defensive	16	Argentina	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Aruba	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Azerbaijan	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Bahamas-Islands	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Bahrain	Registered
	Composite	Defensive	18 25 28	Bangladesh	Pending Application
	Composite	Defensive	01 02 3 05 9 12 14 16 18 22 24 25 28 29 30 32 33 34 35 36 38 39 41 42 43 44 45	Benelux	Registered
	Composite	Defensive	9 12 18 25	Bolivia	Registered
	Composite	Defensive	3 9 12 14 18 25 28	Brazil	Registered
	Composite	Defensive	16	Brazil	Pending Application

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	Defensive	3 9 12 14 16 18 25 28	Brunei Darussalam	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Bulgaria	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Croatia	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Cuba	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Denmark	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Ecuador	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	France	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Ghana	Registered
	Composite	Defensive	3 9 12 14 16 28	Guatemala	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Guyana (Ex Brit.)	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Honduras	Registered
	Composite	Defensive	3 9 12 14 16 25 28	Indonesia	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Iraq	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Italy	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Jamaica	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Korea D.P.R.	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Kuwait	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Lebanon	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Liberia	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Liechtenstein	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Macedonia Ex Yug. Rep	Registered
	Composite	Defensive	3 9 12 14 18 28	Moldova Rep. of	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Monaco	Registered



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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	Defensive	3 9 12 14 16 18 25 28	Mongolia	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Montenegro	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Morocco	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Nepal	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Nicaragua	Registered
	Composite	Defensive	3 9 12 25 28	Nigeria	Registered
	Composite	Defensive	14 16 18	Nigeria	Pending Application
	Composite	Defensive	3 9 12 14 16 18 25 28	OAPI	Registered
	Composite	Defensive	9 12 14 16 28	Oman	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Panama	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Peru	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Romania	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	San Marino	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Serbia	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Seychelles	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Sierra Leone	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Somalia	Pending Application
	Composite	Defensive	3 9 12 14 16 18 25 28	South Africa	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Sudan	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Syrian Arab Rep.	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Tunisia	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Turkey	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	U.S.A.	Registered

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	Defensive	3 9 12 14 16 18 25 28	Ukraine	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Uruguay	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Uzbekistan	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Venezuela	Registered
	Composite	Defensive	3 9 12 14 16 18 25 28	Yemen	Registered
	Composite	In Commerce	25	Australia	Registered
	Composite	In Commerce	25	Canada	Registered
	Composite	In Commerce	25	European Union	Registered
	Composite	In Commerce	25	Germany	Registered
	Composite	In Commerce	25	Hong Kong	Registered
	Composite	In Commerce	25	Indonesia	Registered
	Composite	In Commerce	25	Japan	Registered
	Composite	In Commerce	25	Malaysia	Pending Application
	Composite	In Commerce	25	New Zealand	Registered
	Composite	In Commerce	25	Philippines	Registered
	Composite	In Commerce	25	Singapore	Registered
	Composite	In Commerce	25	Taiwan	Registered
	Composite	In Commerce	25	Thailand	Registered
	Composite	In Commerce	25	U.S.A.	Registered
	Composite	In Commerce	25	Australia	Registered
	Composite	In Commerce	25	Austria	Registered
	Composite	In Commerce	25	Benelux	Registered
	Composite	In Commerce	25	Bulgaria	Registered
	Composite	In Commerce	25	France	Registered
	Composite	In Commerce	25	Germany	Registered
	Composite	In Commerce	25	Greece	
	Composite	In Commerce	25	Ireland	Registered
	Composite	In Commerce	25	Italy	Registered
	Composite	In Commerce	25	Japan	Registered
	Composite	In Commerce	25	Korea D.P.R.	Registered

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	25	Monaco	Registered
	Composite	In Commerce	25	Poland	Registered
	Composite	In Commerce	25	Portugal	Registered
	Composite	In Commerce	25	Russian Federation	Registered
	Composite	In Commerce	25	Singapore	Registered
	Composite	In Commerce	25	Spain	Registered
	Composite	In Commerce	25	Turkey	Registered
	Composite	In Commerce	25	Vietnam	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Albania	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Algeria	Registered
	Composite	In Commerce	18 25 35	Andorra	Registered
	Composite	In Commerce	3 9 11 14 16 18 20 25 42	Antigua and Barbuda	Pending Application
	Composite	In Commerce	9 14 16 18 25* 34 35 43 44	Argentina	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Armenia	Registered
	Composite	In Commerce	3 9 11 14 16 18 20 25	Aruba	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Australia	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Austria	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Azerbaijan	Registered
	Composite	In Commerce	3 9 11 14 16 18 20 25	Bahamas-Islands	Pending Application
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Bahrain	Registered
	Composite	In Commerce	9 11* 18*	Bangladesh	Registered
	Composite	In Commerce	3 14 16 20 25	Bangladesh	Pending Application
	Composite	In Commerce	3 9 11 14 16 18 20 25 35 42	Barbados	Pending Application

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 9 14 16 18 25 34 42	Belarus	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Belize	Registered
	Composite	In Commerce	3 6 9 14 16 18 24 25 26 34 35 41 43 44	Benelux	Registered
	Composite	In Commerce	3 9 11 14 16 18 20 25 35 42	Bermuda	Registered
	Composite	In Commerce	3 9 14 16 18 21 24 25 26 34 35 42	Bolivia	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Bosnia- Herzegovina	Registered
	Composite	In Commerce	3 9 14 16 18 22 25 26 34 35 42	Brazil	Registered
	Composite	In Commerce	3 9 11 14 16 18 20 25	Brunei- Darussalam	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Bulgaria	Registered
	Composite	In Commerce	16 18 25 35	Canada	Registered
	Composite	In Commerce	03 09 43	Canada	Pending Application
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Chile	Registered
	Composite	In Commerce	35	Chile	Pending Application
	Composite	In Commerce	9 16 18 25 34 35 42	China	Registered
	Composite	In Commerce	06 35	China	Pending Application
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Colombia	Registered
	Composite	In Commerce	3 9 14 16 18 25 35	Costa Rica	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Croatia	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Cuba	Registered
	Composite	In Commerce	9 14 16 18 25 35 36	Cyprus	Registered

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 9 14 16 18 25 34 42	Czech Republic	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35* 43 44 45	Denmark	Registered
	Composite	In Commerce	3 07 9 11 14 16 18 20 21 25	Dominican Rep	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Ecuador	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Egypt	Registered
	Composite	In Commerce	3 9 11 14 16 18 20 25 35 42	El Salvador	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Estonia	Registered
	Composite	In Commerce	3 9 28 35	European Union	Registered
	Composite	In Commerce	06 24 26	European Union	Pending Application
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Finland	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	France	Registered
	Composite	In Commerce	18 25	Georgia	Pending Application
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Germany	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Greece	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Grenada	Registered
	Composite	In Commerce	3 9* 11* 14* 16* 18* 20* 25* 35* 42*	Guatemala	Registered
	Composite	In Commerce	3 9 11 14 16 18 20 25	Guyana (Ex Brit.)	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3* 9* 11* 14* 16* 18* 20* 25* 35* 42*	Haiti	Registered
	Composite	In Commerce	3 9 11 14 16 18 20 25 35 42	Honduras	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 43 44	Hong Kong	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Hungary	Registered
	Composite	In Commerce	18 25	Iceland	Registered
	Composite	In Commerce	3 9 11 14 16 18 20 25	India	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 41 43 44	Indonesia	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Iran (Islamic Rep. of)	Registered
	Composite	In Commerce	3 9 14 16 18 25 34	Iraq	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35* 42	Ireland	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Israel	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Italy	Registered
	Composite	In Commerce	3 9 11 14 16 18 20 25	Jamaica	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Japan	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Kazakhstan	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Korea D.P.R.	Registered
	Composite	In Commerce	02 3 05 08 9 14 16 18 21 25 27 34 35 42	Korea Rep. of	Registered
	Composite	In Commerce	6	Korea Rep. of	Pending Application

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 9 18 25	Kosovo	Pending Application
	Composite	In Commerce	3* 9* 14* 16* 18* 25* 34* 35 42*	Kuwait	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Kyrgyzstan	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Latvia	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Lebanon	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Liberia	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Liechtenstein	Registered
	Composite	In Commerce	9 18 25	Macao	Pending Application
	Composite	In Commerce	3 9 14 16 18 25 34 42	Macedonia Ex Yug. Rep	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 43	Malaysia	Registered
	Composite	In Commerce	3 9 11 14 16 18 20 25	Malta	Registered
	Composite	In Commerce	3 9 14 18 25 42	Mexico	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Moldova Rep. of	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Monaco	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Mongolia	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Montenegro	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Morocco	Registered
	Composite	In Commerce	25	Mozambique	Registered
	Composite	In Commerce	3 9 14 16 18 25 35* 42	Nepal	Registered
	Composite	In Commerce	3 9 18 25 35	New Zealand	Registered

* Registration renewal requested and waiting for certificate of renewal.

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3* 9* 11* 14* 16* 18* 20* 25 35* 42	Nicaragua	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Norway	Registered
	Composite	In Commerce	3 9 11 14 16 18 20 25 35	Oman	Registered
	Composite	In Commerce	42	Oman	Pending Application
	Composite	In Commerce	3* 11* 14* 16* 20* 25* 35	Pakistan	Registered
	Composite	In Commerce	09 18	Pakistan	Pending Application
	Composite	In Commerce	3 9 11 14 16 18 20 25 35 42	Panama	Registered
	Composite	In Commerce	3* 9* 14 16* 18 25 34 42	Paraguay	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35* 41 43 44	Peru	Registered
	Composite	In Commerce	3 9 18 25	Philippines	Registered
	Composite	In Commerce	35	Philippines	Pending Application
	Composite	In Commerce	3 9 14 16 18 25 34 42	Poland	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Portugal	Registered
	Composite	In Commerce	3 9 14 18 25 35	Qatar	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Romania	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Russian Federation	Registered
	Composite	In Commerce	3 9 11 14 16 18 20 25 35 42	Saint Lucia	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	San Marino	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 9 14 16 18 25 34* 35* 42	Saudi Arabia	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Serbia	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Singapore	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Slovakia	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Slovenia	Registered
	Composite	In Commerce	18 25	South Africa	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Spain	Registered
	Composite	In Commerce	3 9 11 14 18 20 25 35 42	Sri Lanka	Registered
	Composite	In Commerce	16	Sri Lanka	Pending Application
	Composite	In Commerce	3 9 14 16 18 25 34 42	St. Vincent and Gren.	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Sudan	Registered
	Composite	In Commerce	3* 9* 11* 14* 16* 18* 20* 25*	Suriname	Registered
	Composite	In Commerce	3 14* 16* 18 25 34* 35* 41* 42	Sweden	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Switzerland	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Syrian Arab Rep.	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 42	Taiwan R.O.C.	Registered
	Composite	In Commerce	6	Taiwan R.O.C.	Pending Application
	Composite	In Commerce	3 9 14 16 18 25 34 42	Tajikistan	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	3 9 14 16 18 21 24 25 26 34 35 43 44	Thailand	Registered
	Composite	In Commerce	3* 9* 11* 14* 16* 18* 20* 25* 35* 42*	Trinidad & Tobago	Registered
	Composite	In Commerce	6 9 24 26	Tunisia	Pending Application
	Composite	In Commerce	3* 9* 14* 16* 18* 25* 34* 35* 41* 43* 44*	Turkey	Registered
	Composite	In Commerce	6 24 26	Turkey	Pending Application
	Composite	In Commerce	3 9 14 16 18 25 35	U.S.A.	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Ukraine	Registered
	Composite	In Commerce	3* 9* 14* 16* 18* 25* 34* 42*	United Arab Emirates	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 43 44	United Kingdom	Registered
	Composite	In Commerce	9 14 16 18 25 34 35 42 43 44	Uruguay	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Uzbekistan	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 35 42*	Venezuela	Registered
	Composite	In Commerce	3 9 14 16 18 25 34 42	Vietnam	Registered
	Composite	In Commerce	6	Vietnam	Pending Application
	Composite	In Commerce	3* 9* 11* 14* 16* 18* 20* 25* 35* 42*	Yemen	Registered

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
MIU MIU	Word	Defensive	3 9 14 16 21 24 26	Albania	Registered
	Word	Defensive	3 9 14 16 21 26*	Algeria	Registered
	Word	Defensive	3	Andorra	Registered
	Word	Defensive	9 14 16 21 24 26	Argentina	Registered
	Word	Defensive	3 9 14 16 21 24 26	Armenia	Registered
	Word	Defensive	9 14 16 21 24 26	Australia	Registered
	Word	Defensive	3 9 14 16 21 24 26	Austria	Registered
	Word	Defensive	3 9 14 16 21 24 26	Azerbaijan	Registered
	Word	Defensive	3 9 14 16 21 24 26	Belarus	Registered
	Word	Defensive	3 6 9 14 16 18 19 20 21 24 25 26	Benelux	Registered
	Word	Defensive	9 14 16 21 24 26	Bolivia	Registered
	Word	Defensive	3 9 14 16 21 24 26	Bosnia Herzegovina	Registered
	Word	Defensive	9 14 21 24 26	Brazil	Registered
	Word	Defensive	3 9 14 16 21 24 26	Bulgaria	Registered
	Word	Defensive	18 25	Canada	Registered
	Word	Defensive	21 24 26	Chile	Registered
	Word	Defensive	9 16 21 24 26	China	Registered
	Word	Defensive	9 14 16 21 24 26	Colombia	Registered
	Word	Defensive	3 9 14 16 21 24 26	Croatia	Registered
	Word	Defensive	3 9 14 16 21 24 26	Cuba	Registered
Word	Defensive	3	Cyprus	Registered	
Word	Defensive	3 9 14 16 21 24 26	Czech Republic	Registered	
Word	Defensive	3 18 25	Denmark	Registered	

* Registration renewal requested and waiting for certificate of renewal.

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Word	Defensive	9 14 16 21 24 26	Ecuador	Registered
	Word	Defensive	3 9 14 16 21 24 26	Egypt	Registered
	Word	Defensive	18 25	European Union	Registered
	Word	Defensive	3 18 25	Finland	Registered
	Word	Defensive	3 9 14 16 21 24 26	France	Registered
	Word	Defensive	3 9 14 16 21 24 26	Germany	Registered
	Word	Defensive	3* 18* 25*	Greece	Registered
	Word	Defensive	9 14 16 21 24 26 28 35	Hong Kong	Registered
	Word	Defensive	3 9 14 16 21 24 26	Hungary	Registered
	Word	Defensive	3	Iceland	Registered
	Word	Defensive	3*	Iran	Registered
	Word	Defensive	3	Iraq	Registered
	Word	Defensive	3 18 25	Ireland	Registered
	Word	Defensive	3 18 25	Israel	Registered
	Word	Defensive	3 9 14 16 21 24 26	Italy	Registered
	Word	Defensive	9 14 16 18 21 24 25 26	Japan	Registered
	Word	Defensive	3	Jordan	Registered
	Word	Defensive	3 9 14 16 21 24 26	Kazakhstan	Registered
	Word	Defensive	3 9 14 16 21 24 26	Korea D.P.R.	Registered
	Word	Defensive	2 5 8 9 14 16 17 19 20 21 24 26 27	Korea Rep. Of	Registered
	Word	Defensive	3*	Kuwait	Registered
	Word	Defensive	3 9 14 16 21 24 26	Kyrgyzstan	Registered
	Word	Defensive	3 9 14 16 21 24 26	Latvia	Registered
	Word	Defensive	3 9 14 16 21 24 26	Liberia	Registered
	Word	Defensive	3 9 14 16 21 24 26	Liechtenstein	Registered

* Registration renewal requested and waiting for certificate of renewal.




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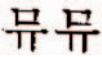
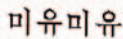
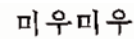

Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Word	Defensive	3	Macao	Registered
	Word	Defensive	3 9 14 16 21 24 26	Macedonia	Registered
	Word	Defensive	9 14 16 21 24 26	Malaysia	Registered
	Word	Defensive	3 9 14 16 21 24 26	Moldova	Registered
	Word	Defensive	3 9 14 16 21 24 26	Monaco	Registered
	Word	Defensive	3 9 14 16 21 24 26	Mongolia	Registered
	Word	Defensive	3 9 14 16 21 24 26	Montenegro	Registered
	Word	Defensive	3 9 14 16 21 24 26	Morocco	Registered
	Word	Defensive	3 18 25	Norway	Registered
	Word	Defensive	9 14 16 21 24 26	Paraguay	Registered
	Word	Defensive	9 14 16 21 24 26	Peru	Registered
	Word	Defensive	9 14 16 18 21	Philippines	Registered
	Word	Defensive	3 9 14 16 21 24 26	Poland	Registered
	Word	Defensive	3 9 14 16 21 24 26	Portugal	Registered
	Word	Defensive	3 9 14 16 21 24 26	Romania	Registered
	Word	Defensive	3 9 14 16 21 24 26	Russian Federation	Registered
	Word	Defensive	3 9 14 16 21 24 26	San Marino	Registered
	Word	Defensive	3	Saudi Arabia	Registered
	Word	Defensive	3 9 14 16 21 24 26	Serbia	Registered
	Word	Defensive	9 14 16 21 24 26	Singapore	Registered
	Word	Defensive	3 9 14 16 21 24 26	Slovakia	Registered
	Word	Defensive	3 9 14 16 21 24 26	Slovenia	Registered
	Word	Defensive	3	South Africa	Registered

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Word	Defensive	3 9 14 16 21 24 26	Spain	Registered
	Word	Defensive	3 9 14 16 21 24 26	Sudan	Registered
	Word	Defensive	3 18 25	Sweden	Registered
	Word	Defensive	3 9 14 16 21 24 26	Switzerland	Registered
	Word	Defensive	3	Syrian Arab Rep.	Registered
	Word	Defensive	3 9 14 16 21 24 26	Taiwan R.O.C.	Registered
	Word	Defensive	3 9 14 16 21 24 26	Tajikistan	Registered
	Word	Defensive	3	Tunisia	Registered
	Word	Defensive	3*	Turkey	Registered
	Word	Defensive	9 14 16 18* 21 24 25* 26	U.S.A.	Registered
	Word	Defensive	3 9 14 16 21 24 26	Ukraine	Registered
	Word	Defensive	3	United Arab Emirates	Registered
	Word	Defensive	3 18 25	United Kingdom	Registered
	Word	Defensive	9 14 16 21 24 26	Uruguay	Registered
	Word	Defensive	3 9 14 16 21 24 26	Uzbekistan	Registered
	Word	Defensive	9 14 16 21 24 26	Venezuela	Registered
	Word	Defensive	3 9 14 16 21 24 26	Vietnam	Registered
	Word (Miu Miu in Chinese Characters)	Defensive	3 9 18 25 35	Hong Kong	Registered
	Word (Miu Miu in Chinese Characters)	Defensive	3 9 18 25 35	China	Registered
	Word (Miu Miu in Chinese Characters)	Defensive	3 9 18 25 35	Taiwan	Registered

* Registration renewal requested and waiting for certificate of renewal.

Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Word (Miu Miu in Korean Characters)	Defensive	3 14 18 20 21 24 25 26	Korea Rep. of	Registered
	Word (Miu Miu in Korean Characters)	Defensive	3 14 21 24 25 26	Korea Rep. of	Registered
	Word (Miu Miu in Korean Characters)	Defensive	3	Korea Rep. of	Registered
	Composite	In Commerce	18 25 35	Australia	Registered
	Composite	In Commerce	18 25 35	Austria	Registered
	Composite	In Commerce	18 25 35	Bahrain	Registered
	Composite	In Commerce	18 25 35	Benelux	Registered
	Composite	In Commerce	18 25 35	Bulgaria	Registered
	Composite	In Commerce	18 25 35	Canada	Registered
	Composite	In Commerce	18 25	China	Registered
	Composite	In Commerce	18 25 35	Denmark	Registered
	Composite	In Commerce	18 25 35	Finland	Registered
	Composite	In Commerce	18 25 35	France	Registered
	Composite	In Commerce	18 25 35	Germany	Registered
	Composite	In Commerce	18 25 35	Greece	Registered
	Composite	In Commerce	18 25 35	Hong Kong	Registered
	Composite	In Commerce	18 25 35	Ireland	Registered
	Composite	In Commerce	18 25 35	Italy	Registered
	Composite	In Commerce	18 25 35	Japan	Registered
	Composite	In Commerce	18 25 35	Kosovo	Pending Application
	Composite	In Commerce	18 25 35	Monaco	Registered
	Composite	In Commerce	18 25 35	Montenegro	Registered
	Composite	In Commerce	18 25 35	Norway	Registered
	Composite	In Commerce	18 25 35	Portugal	Registered
	Composite	In Commerce	18 25 35	Qatar	Registered
	Composite	In Commerce	18 25 35	Russian Federation	Registered
	Composite	In Commerce	25 35	Saudi Arabia	Registered
	Composite	In Commerce	18 25 35	Serbia	Registered


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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	18 25 35	Slovenia	Registered
	Composite	In Commerce	18 25 35	Spain	Registered
	Composite	In Commerce	18 25 35	Sweden	Registered
	Composite	In Commerce	18 25 35	Switzerland	Registered
	Composite	In Commerce	18 25 35	Ukraine	Registered
	Composite	In Commerce	25 35	United Arab Emirates	Registered
	Composite	In Commerce	18	United Arab Emirates	Pending Application
	Composite	In Commerce	18 25 35	United Kingdom	Registered
	Composite	In Commerce	18 25 35	U.S.A.	Registered
	Composite	In Commerce	18 25 34 35	Australia	Registered
	Composite	In Commerce	18 25 35	Austria	Registered
	Composite	In Commerce	18 25 35	Bahrain	Registered
	Composite	In Commerce	18 25 35	Benelux	Registered
	Composite	In Commerce	25	Botswana	Registered
	Composite	In Commerce	18 25 35	Bulgaria	Registered
	Composite	In Commerce	18 25 35	Canada	Registered
	Composite	In Commerce	18 25 34 35	Chile	Registered
	Composite	In Commerce	18 25 35	China	Registered
	Composite	In Commerce	18 25 35	Denmark	Registered
	Composite	In Commerce	18 25 34 35	European Union	Registered
	Composite	In Commerce	18 25 35	Finland	Registered
	Composite	In Commerce	18 25 35	France	Registered
	Composite	In Commerce	18 25 35	Germany	Registered
	Composite	In Commerce	18 25 34 35	Ghana	Registered
	Composite	In Commerce	18 25 35	Greece	Registered
	Composite	In Commerce	18 25 35	Hong Kong	Registered
	Composite	In Commerce	18 25 35	Ireland	Registered
	Composite	In Commerce	18 25 35	Italy	Registered
	Composite	In Commerce	18 25 35	Japan	Registered
	Composite	In Commerce	18 25 35	Kosovo	Pending Application
	Composite	In Commerce	18 25 34 35	Lebanon	Registered
	Composite	In Commerce	18 25 35	Monaco	Registered

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	18 25 35	Montenegro	Registered
	Composite	In Commerce	18 25 35	Norway	Registered
	Composite	In Commerce	25	Philippines	Pending Application
	Composite	In Commerce	18 25 35	Portugal	Registered
	Composite	In Commerce	18 25 35	Qatar	Registered
	Composite	In Commerce	18 25 35	Russian Federation	Registered
	Composite	In Commerce	18 25 35	Serbia	Registered
	Composite	In Commerce	18 25 35	Slovenia	Registered
	Composite	In Commerce	18 25 34 35	South Africa	Pending Application
	Composite	In Commerce	18 25 34 35	South Korea	Registered
	Composite	In Commerce	18 25 35	Spain	Registered
	Composite	In Commerce	18 25 35	Sweden	Registered
	Composite	In Commerce	18 25 35	Switzerland	Registered
	Composite	In Commerce	18 25 34 35	Turkey	Registered
	Composite	In Commerce	18 25 35	Ukraine	Registered
	Composite	In Commerce	18 25 35	United Arab Emirates	Registered
	Composite	In Commerce	18 25 35	United Kingdom	Registered
	Composite	In Commerce	18 25 34 35	U.S.A.	Registered
	Composite	In Commerce	18 25 35	Andorra	Registered
	Composite	In Commerce	18 25 35	Australia	Registered
	Composite	In Commerce	18 25 35	Austria	Registered
	Composite	In Commerce	18 25 35	Benelux	Registered
	Composite	In Commerce	18 25 35	Brazil	Pending Application
	Composite	In Commerce	18 25	Canada	Registered
	Composite	In Commerce	25 35	China	Registered
	Composite	In Commerce	18	China	Pending Application
	Composite	In Commerce	18 25 35	Croatia	Registered
	Composite	In Commerce	18 25 35	Cyprus	Registered
	Composite	In Commerce	18 25 35	Denmark	Registered
	Composite	In Commerce	18 25 35	European Union	Registered

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Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	18 25 35	France	Registered
	Composite	In Commerce	18 25 35	Georgia	Registered
	Composite	In Commerce	18 25 35	Germany	Registered
	Composite	In Commerce	18 25 35	Greece	Registered
	Composite	In Commerce	18 25 35	Hong Kong	Registered
	Composite	In Commerce	18 25 35	India	Pending Application
	Composite	In Commerce	18 25 35	Israel	Pending Application
	Composite	In Commerce	18 25	Italy	Registered
	Composite	In Commerce	18 25 35	Japan	Registered
	Composite	In Commerce	18 25 35	Kazakhstan	Registered
	Composite	In Commerce	18 25 35	Latvia	Registered
	Composite	In Commerce	18 25 35	Lebanon	Registered
	Composite	In Commerce	18	Malaysia	Registered
	Composite	In Commerce	25 35	Malaysia	Pending Application
	Composite	In Commerce	18 25 35	Monaco	Registered
	Composite	In Commerce	18 25 35	Montenegro	Registered
	Composite	In Commerce	18 25 35	Norway	Registered
	Composite	In Commerce	9 14 18 25 26	Philippines	Pending Application
	Composite	In Commerce	18 25 35	Portugal	Pending Application
	Composite	In Commerce	18 25 35	Russian Federation	Registered
	Composite	In Commerce	18 25 35	Saudi Arabia	Registered
	Composite	In Commerce	18 25 35	Serbia	Registered
	Composite	In Commerce	25 35	Singapore	Registered
	Composite	In Commerce	18 25 35	South Africa	Registered
	Composite	In Commerce	25 35	South Korea	Registered
	Composite	In Commerce	18 25 35	Spain	Registered
	Composite	In Commerce	18 25 35	Switzerland	Registered
	Composite	In Commerce	25	Taiwan	Registered
	Composite	In Commerce	18 25 35	Turkey	Registered
	Composite	In Commerce	18 25 35	Ukraine	Registered

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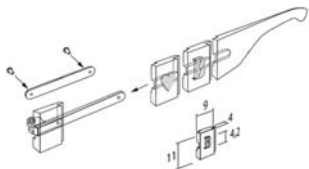
Trademark	Type ⁽¹⁾	Use ⁽²⁾	Registration Class	Place of Registration/ Application	Status
	Composite	In Commerce	18 25 35	United Kingdom	Registered
	Composite	In Commerce	18 25 35	U.S.A.	Registered
	Composite	In Commerce	18 25	Uzbekistan	Registered

(1) Type: composed of words, numbers and/or letters (word mark); or word and design (composite mark).

(2) Use: the purpose for which the trademark is registered.

Patents

As at May 30, 2011, our Group has applied for registration of the following patent in countries including Italy, U.S.A., United Kingdom, China and Japan:

Patent	Description
	Bar for spectacles, as well as spectacles comprising this bar, which can be customized in an easy manner with a perfect result thereby keeping at the same time a high sturdiness.

Domain Names

As at May 30, 2011, members of our Group have registered the following domain names:

Registered owner	Domain name	Expiry date
Prada S.A.	www.carshoe.com	2012-03-22
Prada S.A.	www.prada.com	2011-06-08
Prada S.A.	www.miumiu.com	2011-11-08
Prada S.A.	www.prada.at	2011-12-09
Prada S.A.	www.prada.cc	2011-08-10
Prada S.A.	www.lunarossa.ch	2012-03-31
Prada S.A.	www.miu-miu.cn	2012-03-29
Prada S.A.	www.wwwprada.com	2012-03-29
Prada S.A.	www.miumiu.cn	2012-03-29
Prada S.A.	www.miumiu.us	2012-03-30
Prada S.A.	www.pradashoponline.com	2012-04-15
Prada S.A.	www.pradaholding.com	2012-04-16
Prada S.A.	www.pradashoe.com	2012-04-17
Prada S.A.	www.mcafee-shoes.com	2012-04-19
Prada S.A.	www.prada.fr	2012-04-23
Prada S.A.	www.pradafxx.com	2012-05-08
Prada S.A.	www.pradaboji.com	2012-05-15

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Registered owner	Domain name	Expiry date
Prada S.A.	www.lg-prada.com	2012-05-17
Prada S.A.	www.prada-factory-outlet.com	2012-05-21
Prada S.A.	www.prada-outlet.com	2012-05-21
Prada S.A.	www.prada-americascup.com	2012-05-27
Prada S.A.	www.prada-sport.it	2012-05-28
Prada S.A.	www.prada.li	2011-05-31
Prada S.A.	www.prada.nl	2011-11-23
Prada S.A.	www.pradaholding.nl	2011-05-31
Prada S.A.	www.pradaskincare.com	2011-06-02
Prada S.A.	www.prada.org	2011-06-07
Prada S.A.	www.myprada.com	2011-06-09
Prada S.A.	www.miumiu.info	2011-06-10
Prada S.A.	www.miumiu.org	2011-06-10
Prada S.A.	www.lunarossateam.com	2011-06-16
Prada S.A.	www.teamlunarossa.com	2011-06-16
Prada S.A.	www.lunarossachallenge.asia	2011-06-17
Prada S.A.	www.lunarossa.tv	2011-06-21
Prada S.A.	www.ilovemiumiu.com	2011-06-21
Prada S.A.	www.lunarossa.fr	2011-06-23
Prada S.A.	www.miumiu.eu	2011-07-31
Prada S.A.	www.lunarossateam.it	2011-07-30
Prada S.A.	www.churchsfootwear.com	2011-06-30
Prada S.A.	www.prada-sport.com	2011-07-02
Prada S.A.	www.pradacongoclub.com	2011-07-07
Prada S.A.	www.pradabeauty.biz	2011-07-13
Prada S.A.	www.teamlunarossa.it	2011-07-30
Prada S.A.	www.pradaholding.it	2011-08-01
Prada S.A.	www.pradasport.it	2011-08-01
Prada S.A.	www.carshoe.jp	2011-08-02
Prada S.A.	www.pradatransformer.co.kr	2011-08-08
Prada S.A.	www.pradaboutique.net	2011-08-13
Prada S.A.	www.lunarossaonline.com	2011-08-14
Prada S.A.	www.lunarossa-online.com	2011-09-15
Prada S.A.	www.pradaboutique.la	2011-08-20
Prada S.A.	www.pradafrances.es	2011-08-21
Prada S.A.	www.pradaperfume.com.es	2011-08-31
Prada S.A.	www.pradaperfume.es	2011-08-21
Prada S.A.	www.pradaperfumes.com.es	2011-08-31
Prada S.A.	www.pradaperfumes.es	2011-08-21
Prada S.A.	www.infosaledata.com	2013-05-31
Prada S.A.	www.prada-industrial.com	2011-08-29
Prada S.A.	www.prada.eu	2011-08-30
Prada S.A.	www.pradasport.net	2011-08-30
Prada S.A.	www.pradafragrance.com.es	2011-08-31
Prada S.A.	www.pradafragrance.es	2011-08-21
Prada S.A.	www.pradafrances.com.es	2011-08-31
Prada S.A.	www.carshoe.tw	2011-09-01
Prada S.A.	www.pradacasa.com	2011-09-01
Prada S.A.	www.pradaboutique.com	2011-09-09
Prada S.A.	www.prada.info	2011-09-12
Prada S.A.	www.pradatheleadingskischools.com	2011-09-14
Prada S.A.	www.infosaledata.net	2013-05-31

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Registered owner	Domain name	Expiry date
Prada S.A.	www.boutiqueprada.net	2011-09-27
Prada S.A.	www.pradafragrance.com	2011-09-30
Prada S.A.	www.prada.ky	2011-10-01
Prada S.A.	www.prada.pl	2011-10-01
Prada S.A.	www.pradasports.com	2011-10-14
Prada S.A.	www.pradabeauty.it	2011-10-14
Prada S.A.	www.prada-lunarossa.com	2011-10-18
Prada S.A.	www.pradachallenge2003.com	2011-11-05
Prada S.A.	www.prada-handbags.com	2011-11-06
Prada S.A.	www.miumiu.com	2011-11-08
Prada S.A.	www.pradachallenge.com	2011-11-09
Prada S.A.	www.genny.biz	2011-11-18
Prada S.A.	www.miumiubiz.biz	2013-05-30
Prada S.A.	www.prada.biz	2011-11-18
Prada S.A.	www.lunarossachallenge.com	2011-11-18
Prada S.A.	www.prada-da.com	2011-11-20
Prada S.A.	www.prada.io	2011-11-25
Prada S.A.	www.miumiu.asia	2011-11-25
Prada S.A.	www.pradalunarossa.com	2011-11-28
Prada S.A.	www.prada.asia	2011-11-28
Prada S.A.	www.pradaitalia.com	2011-11-30
Prada S.A.	www.lunarossachallenge.it	2011-12-02
Prada S.A.	www.prada.at	2011-12-09
Prada S.A.	www.miumiueyewear.com	2011-12-12
Prada S.A.	www.infosaledata.biz	2013-05-30
Prada S.A.	www.prada.net.cn	2011-12-19
Prada S.A.	www.infosaledata.it	2011-12-19
Prada S.A.	www.pra-da.com	2011-12-19
Prada S.A.	www.infosaledata.info	2013-05-31
Prada S.A.	www.infosaledata.org	2013-05-31
Prada S.A.	www.prada.org.cn	2011-12-19
Prada S.A.	www.giadaprada.com	2011-12-21
Prada S.A.	www.pradagroup.com	2011-12-21
Prada S.A.	www.pradaboutique.it	2011-12-30
Prada S.A.	www.prada.gl	2012-01-01
Prada S.A.	www.miumiu.it	2012-01-11
Prada S.A.	www.pradaspa.com	2012-01-11
Prada S.A.	www.pradagroup.mobi	2012-01-11
Prada S.A.	www.pradaspa.mobi	2012-01-11
Prada S.A.	www.prada.it	2012-01-14
Prada S.A.	www.boutiqueprada.it	2012-01-15
Prada S.A.	www.churchsenglishshoes.com	2012-01-15
Prada S.A.	www.churchsenglishshoes.net	2012-01-15
Prada S.A.	www.prada.ph	2012-01-16
Prada S.A.	www.pradafragrance.it	2012-01-18
Prada S.A.	www.pradafragrances.it	2012-01-18
Prada S.A.	www.pradaperfume.it	2012-01-18
Prada S.A.	www.pradaperfumes.it	2012-01-18
Prada S.A.	www.miumiu.co.uk	2012-01-18
Prada S.A.	www.pradasunglasses.com	2012-01-19
Prada S.A.	www.prada.net	2012-01-24
Prada S.A.	www.prada.co.je	2012-01-31
Prada S.A.	www.prada.lu	2012-01-31

APPENDIX V

STATUTORY AND GENERAL INFORMATION

Registered owner	Domain name	Expiry date
Prada S.A.	www.prada-press.com	2012-02-07
Prada S.A.	www.prada.sg	2012-02-14
Prada S.A.	www.pradaparfum.com	2012-02-14
Prada S.A.	www.pradaparfums.com	2012-02-14
Prada S.A.	www.prada.in	2012-02-16
Prada S.A.	www.patriziobertelli.com	2012-02-19
Prada S.A.	www.prada-transformer.com	2012-02-27
Prada S.A.	www.miucciaprada.it	2012-03-01
Prada S.A.	www.patriziobertelli.it	2012-03-01
Prada S.A.	www.prada.ac	2012-03-04
Prada S.A.	www.prada.gs	2012-03-03
Prada S.A.	www.prada.mw	2012-04-02
Prada S.A.	www.miucciaprada.net	2012-03-08
Prada S.A.	www.lunarossachallenge.hk	2012-03-10
Prada S.A.	www.prada.uk.com	2012-03-14
Prada S.A.	www.pradalunarossa.it	2012-03-16
Prada S.A.	www.pradabeauty.com	2012-03-20
Prada S.A.	www.pradabeauty.net	2012-03-21
Prada S.A.	www.prada-bags.co.uk	2012-03-21
Prada S.A.	www.prada-direct.co.uk	2012-03-21
Prada S.A.	www.pradabeauty.org	2012-03-21
Prada S.A.	www.church-footwear.tel	2012-03-22
Prada S.A.	www.miumiu.tel	2012-03-22
Prada S.A.	www.prada.tel	2012-03-22
Prada S.A.	www.pradagroup.tel	2012-03-22
Prada S.A.	www.pradasport.com	2012-03-24
Prada S.A.	www.pradagroup.net	2012-03-28
Prada S.A.	www.miumiu.hk	2012-03-31
Prada S.A.	www.prada.hk	2012-03-31
Prada S.A.	www.prada-bags.com	2012-04-01
Prada S.A.	www.prada-direct.com	2012-04-01
Prada S.A.	www.pradachallenge.it	2012-04-02
Prada S.A.	www.ipigroup.com	2012-04-08
Prada S.A.	www.topmodel-prada.net	2012-04-09
Prada S.A.	www.pradabeauty.co.uk	2012-07-14
Prada S.A.	www.miu-miu.co.uk	2012-08-21
Prada S.A.	www.pradafragrance.co.uk	2012-08-27
Prada S.A.	www.pradafragrances.co.uk	2012-08-27
Prada S.A.	www.pradaperfume.co.uk	2012-08-27
Prada S.A.	www.pradaperfumes.co.uk	2012-08-27
Prada S.A.	www.lunarossa.mobi	2012-09-21
Prada S.A.	www.pradaboutique.org	2011-09-27
Prada S.A.	www.pradacandy.com	2012-12-02
Prada S.A.	www.prada.org.uk	2013-02-10
Prada S.A.	www.prada-baby.net	2018-04-13
Prada S.A.	www.prada-girls.com	2018-05-13
Prada S.A.	www.miumiu.com.mx	2011-10-29
Prada S.A.	www.prada-lunarossa.it	2011-09-26
Prada S.A.	www.pradaeyewear.com	2012-01-19
Prada S.A.	www.fondazionepradacacorner.com	2013-05-12
Prada S.A.	www.pradacacorner.com	2013-05-12
Prada S.A.	www.fondazionepradacacorner.org	2013-05-12
Prada S.A.	www.cacorner.org	2013-05-12

Registered owner	Domain name	Expiry date
Prada S.A.	www.pradacacorner.org	2013-05-12
PRADA S.p.A.	www.genny.com	2012-01-05
PRADA S.p.A.	www.pupil.it	2012-04-19
PRADA S.p.A.	www.ipiamiata.it	2012-04-15
PRADA S.p.A.	www.stcroce.it	2011-05-30
PRADA S.p.A.	www.stcroce.com	2011-06-05
PRADAS.p.A.	www.santacrocesrl.com	2011-06-07
PRADA S.p.A.	www.santacrocesrl.it	2011-08-22
PRADA S.p.A.	www.ipi-extra.com	2011-10-13
PRADA S.p.A.	www.prada-engineering.com	2011-10-24
PRADA S.p.A.	www.gennymoda.com	2012-02-05
PRADA S.p.A.	www.lamos.it	2012-04-11
Prada Korea Ltd.	www.alanmcafee.co.kr	2012-04-19
Prada Korea Ltd.	www.prada.co.kr	2011-10-15
Church and Co. (Footwear) Ltd.	www.alan-mcafee.com	2012-04-19
Church and Co. (Footwear) Ltd.	www.churchfootwear.com	2011-09-05
Church and Co. (Footwear) Ltd.	www.churchfootwear.net	2011-09-05
Church and Co. (Footwear) Ltd.	www.churchenglishshoes.com	2011-10-08
Church and Co. (Footwear) Ltd.	www.churchenglishshoes.net	2011-10-08
Church and Co. (Footwear) Ltd.	www.churchenglishshoes.it	2011-10-15
Church and Co. (Footwear) Ltd.	www.churchsenglishshoes.it	2012-02-15
Church and Co. (Footwear) Ltd.	www.church-footwear.com	2012-04-19
Church and Co. (Footwear) Ltd.	www.church-plc.com	2012-04-19
Church and Co. (Footwear) Ltd.	www.church-shoes.com	2012-04-19
Church and Co. (Footwear) Ltd.	www.churchs.eu	2012-04-30
Church and Co. (Footwear) Ltd.	www.churchfootwear.co.uk	2011-09-05
Church and Co. (Footwear) Ltd.	www.church-shoes.co.uk	2011-09-07
Church and Co. (Footwear) Ltd.	www.churchenglishshoes.co.uk	2011-10-08
Church and Co. (Footwear) Ltd.	www.churchshoes.co.uk	2012-10-29
Church and Co. (Footwear) Ltd.	www.churchsenglishshoes.co.uk	2012-01-15
Car Shoe S.A.	www.carshoe.it	2012-04-24
Car Shoe S.A.	www.carshoe.tel	2012-03-22

D. FURTHER INFORMATION ABOUT THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors' remuneration

The aggregate amounts of emoluments (including fees, salaries, contributions to pensions schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses and other incentives) paid to the Directors for each of the three years ended January 31, 2011 were approximately € 19,316,000, € 25,024,000 and € 22,418,000, respectively.

Under the arrangements currently in force, we estimate the aggregate compensation, excluding discretionary bonus, of the Directors payable for the year ending 31 January 2012 to be approximately € 27,016,000.

2. Substantial shareholders

Immediately following the completion of the Global Offering, without taking into account the Shares which may be sold pursuant to the exercise of the Over-allotment Option or Shares which may be taken up by any person under the Global Offering and which would affect disclosure in this section, the following persons will have an interest or a short position in Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

(i) Long positions in the Shares

Shareholder	Interest
Prada Holding B.V.	82.5%
Gipafin S.à r.l.	82.5%
Bellatrix S.à r.l.	82.5%
Ludo S.A.	82.5%
Miuccia Prada	82.5%
Patrizio Bertelli	82.5%

(ii) Short positions in the Shares: nil

(iii) Interests in other members of our Group

Subsidiary	Name of the Substantial Shareholder	Substantial Shareholder's percentage interest in the subsidiary
Artisans Shoes srl	Graziano Mazza	33.3%
PAC S.r.l. (in liquidation)	Fratelli Prada S.r.l	16%
	Spiga 1 S.r.l	16%
	Venezia 3 S.r.l	12%
	Prada Italia S.p.A	49%
	Patrizio Bertelli	100%
	Miuccia Prada	100%
TRS Hawaii LLC	DFS Group L.P.	45%
TRS Guam Partnership	DFS Guam L.P.	45%
TRS New Zealand Ltd	DFS New Zealand Ltd	45%
TRS Singapore Pte Ltd	DFS Venture Singapore (Pte) Ltd	45%
TRS Saipan Partnership	DFS Saipan Ltd	45%
TRS Hong Kong Ltd	DFS Hong Kong Ltd	45%
Travel Retail Shops Okinawa KK	DFS Okinawa KK	45%
Travel Retail Shops Pty Ltd	DFS Australia Pty Ltd	45%
Fragrance and Skincare S.L.	Puig S.L. ⁽¹⁾	50%

- (1) Puig S.L. is currently the licensee for the manufacturing and distribution of Prada fragrances. Puig is an international fragrance and cosmetics group founded in Spain in 1914 and entirely controlled by the Puig family. On February 23, 2011, our Company sold to Puig S.L. our 50% interest in Fragrance and Skincare S.L. Therefore, Fragrance and Skincare S.L. is no longer our Company's jointly controlled entity.

Pursuant to a joint venture agreement entered between to our Company and Al Tayer Insignia LLC on December 22, 2010, a joint venture company, Prada Middle East FZCO, was established in Dubai in May 2011 for the development of a retail network for the Prada and Miu Miu brands across the Middle East countries, namely in Bahrain, the Kingdom of Saudi Arabia, Kuwait, Oman and the United Arab Emirates. Our Company will have a 60% controlling interest in the joint venture company. Al Tayer Insignia LLC, which is part of the Al Tayer Group, is a United Arab Emirates based leading luxury goods retailer in the Middle East. It has no other relationship with our Group.

Save as disclosed above and in the section headed “Our History and Corporate Structure — Corporate Structure”, our Directors are not aware of any person who will, immediately following completion of the Global Offering, have interests or short positions in our Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying voting rights to vote in all circumstances at general meetings of another member of our Group.

3. Disclosure of interests of Directors

The interests and short positions of our Directors and chief executive in our Shares or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) once our Shares are listed, or which will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to us and the Hong Kong Stock Exchange, or which will be required pursuant to section 352 of the SFO to be entered into the register referred therein once our Shares are listed, are as follows:

Name of Director	Nature of interest	Relevant company (including associated corporations)	Number of shares in the relevant company	Approximate percentage of total issued shares in the relevant company immediately after completion of the Global Offering (assuming the Over-allocation Option is not exercised)	Approximate percentage of total issued shares in the relevant company immediately after completion of the Global Offering (assuming full exercise of the Over-allotment Option)
Ms. Miuccia Prada ⁽¹⁾	Deemed interest	Prada Holding B.V. ⁽²⁾	See Note 5	100%	100%
	Deemed interest	Our Company ⁽³⁾	See Note 3	82.5%	80.0%
	Deemed interest	PRADA Arte S.r.l.	See Note 6	100%	100%

Name of Director	Nature of interest	Relevant company (including associated corporations)	Number of shares in the relevant company	Approximate percentage of total issued shares in the relevant company immediately after completion of the Global Offering (assuming the Over-allocation Option is not exercised)	Approximate percentage of total issued shares in the relevant company immediately after completion of the Global Offering (assuming full exercise of the Over-allotment Option)
	Deemed interest	Prapar Corporation	See Note 6	100%	100%
	Deemed interest	EXHL Retail USA L.L.C.	See Note 6	100%	100%
	Deemed interest	EXHL Italia S.r.l.	See Note 6	100%	100%
	Deemed interest	EXHL Japan Co. Ltd	See Note 6	100%	100%
	Deemed interest	I.P.I. 21 UK Ltd	See Note 6	100%	100%
	Deemed interest	HFH Munich Fashion Holding Gmbh	See Note 6	100%	100%
	Deemed interest	EXHL Design L.L.C.	See Note 6	100%	100%
	Deemed interest	PAC S.r.l.	See Note 7	100%	100%
Mr. Patrizio Bertelli ⁽⁴⁾	Deemed interest	Prada Holding B.V. ⁽²⁾	See Note 5	100%	100%
	Deemed interest	Our Company	See Note 3	82.5%	80.0%
	Deemed interest	PRADA Arte S.r.l.	See Note 6	100%	100%
	Deemed interest	Prapar Corporation	See Note 6	100%	100%
	Deemed interest	EXHL Retail USA L.L.C.	See Note 6	100%	100%
	Deemed interest	EXHL Italia S.r.l.	See Note 6	100%	100%
	Deemed interest	EXHL Japan Co. Ltd	See Note 6	100%	100%
	Deemed interest	I.P.I. 21 UK Ltd	See Note 6	100%	100%
	Deemed interest	HFH Munich Fashion Holding Gmbh	See Note 6	100%	100%
	Deemed interest	EXHL Design L.L.C.	See Note 6	100%	100%
	Deemed interest	PAC S.r.l.	See Note 7	100%	100%

Notes:

- Ms. Miuccia Prada is the beneficial owner of 34.9999% of the capital of Gipafin S.à r.l. (through her shareholding in Ludo S.A., which holds 53.846% of the share capital in Bellatrix S.à r.l., the parent company of Gipafin S.à r.l.) which in turns own 65% of the capital in Prada Holding B.V.

2. Prada Holding B.V. is our holding company and therefore an “associated corporation” of our Company within the meaning of Part XV of the SFO.
3. Please see the section headed “Substantial and Selling Shareholders” for further details on Ms. Miuccia Prada and Mr. Patrizio Bertelli’s interest in our Shares.
4. Mr. Patrizio Bertelli is the beneficial owner of 35% of the share capital of Gipafin S.à r.l. through his 17.5%, 5.833%, 5.833% and 5.833% interest in the capital of PaBe1 S.A., PaBe2 S.A., PaBe3 S.A. and PaBe4 S.A. respectively. Gipafin S.à r.l. is the beneficial owner of the entire issued share capital of Prada Holding B.V.
5. Please see the section headed “Relationship with our Controlling Shareholder and Connected Transactions — Relationship with the Controlling Shareholder — Shareholding Relationship” for further details on Ms. Miuccia Prada and Mr. Patrizio Bertelli’s interest in Prada Holding B.V.
6. This company is 100% owned by Prada Holding B.V. and is therefore an associated corporation of our Company. Ms. Miuccia Prada and Mr. Patrizio Bertelli do not directly hold shares in this company and are deemed to be interested in such company through their interest in Prada Holding B.V. as disclosed in Notes 1, 4 and 5 above.
7. PAC S.r.l. does not have any shares in issue.

4. Agency Fees or Commissions Received

The Underwriters will receive a commission of up to 1.20% of the aggregate gross proceeds from the issue or sale of the Offer Shares, out of which they will pay any sub-underwriting commissions. The commission will be payable by us and the Selling Shareholders in proportion to the number of Offer Shares offered by us and each of the Selling Shareholders in the Global Offering, respectively (assuming the Over-allotment Option is not exercised). Any commission on the sale of additional Offer Shares pursuant to the exercise of the Over-allotment Option will be payable by Prada Holding B.V. Such commissions and expenses, together with the Hong Kong Stock Exchange listing fees, SFC transaction levy, the Hong Kong Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering are estimated to amount in aggregate to approximately HK\$303.4 million based on the minimum Offer Price of HK\$36.50, and approximately HK\$362.2 million based on the maximum Offer Price of HK\$48.00 (both assuming no exercise of the Over-allotment Option), of which an estimate of approximately HK\$42.3 million based on the minimum Offer Price of HK\$36.50, and approximately HK\$50.5 million based on the maximum Offer Price of HK\$48.00 will be payable by us. The above fees and expenses (other than underwriting commissions, which will be payable by us and the Selling Shareholders as described above, and the SFC transaction levy and the Hong Kong Stock Exchange trading fee, which will be paid on a per Share basis) are payable by our Company in the same proportion that the number of New Shares bears to the total number of Offer Shares and by Prada Holding B.V. in the same proportion that the aggregate number of Sale Shares bears to the

total number of Offer Shares (assuming the Over-allotment Option is not exercised). In addition, the Company and the Selling Shareholders may pay, at their sole and absolute discretion, an incentive fee of up to 0.70% of the aggregate gross proceeds from the issue or sale of the Offer Shares under the Global Offering.

5. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$500,000 and are payable by our Company.

6. Disclaimers

Save as disclosed in this prospectus and as at the Latest Practicable Date:

- (a) none of our Directors nor any of the parties listed in paragraph “F. OTHER INFORMATION — 9. Qualification of Experts” of this Appendix was interested, directly or indirectly, in the promotion of, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to us;
- (b) none of our Directors nor any of the parties listed in paragraph “F. OTHER INFORMATION — 9. Qualification of Experts” of this Appendix was materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our Company’s business;
- (c) save in connection with the Hong Kong Underwriting Agreement and the International Placing Agreement, none of the Underwriters: (i) was interested legally or beneficially in any Shares or any shares in any of our subsidiaries; or (ii) had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities;
- (d) none of our Directors or their associates or any shareholders of our Company who to the knowledge of the Directors owns more than 5% of our issued share capital had any interest in the top five business customers or the top five suppliers of our Company;
- (e) none of our Directors was a director or employee of a company which has an interest in the share capital of our Company, which, once the Offer Shares are listed on the Hong Kong Stock Exchange, would have to be disclosed pursuant to Division 2 and 3 of Part XV of the SFO;
- (f) none of the Directors or chief executive of our Company has any interests and short positions in the Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of

the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he has taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;

- (g) so far as is known to any of the Directors or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares of our Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (h) save in connection with Underwriting Agreements, none of the persons listed in the paragraph headed "Qualification of Experts" below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (i) save for the Underwriting Agreements, none of the persons listed in the paragraph headed "Qualification of Experts" below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (j) none of the Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and
- (k) none of the Controlling Shareholders and the Directors are interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

F. OTHER INFORMATION

1. Estate duty, tax and other indemnities

The Directors have been advised that no material liability for estate duty is likely to fall on us or any of our subsidiaries.

*Hong Kong***Capital gains and profit tax**

No tax is imposed in Hong Kong in respect of capital gains from the sale of the Shares. Trading gains from the sale of the Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business, will be chargeable to Hong Kong profits tax.

Currently, profits tax is imposed on corporations at the rate of 16.5% and on unincorporated businesses at a maximum rate of 15.0%. Gains from sale of the Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sale of the Shares effected on the Hong Kong Stock Exchange realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp duty

Hong Kong stamp duty will be payable by the purchaser on every purchase, and by the seller on every sale, of the Shares. The duty is charged at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred on each of the seller and purchaser. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the Shares.

In addition, a fixed duty of HK\$5 is charged on each instrument of transfer (if required). Where a sale or purchase of the Shares is effected by a person who is not a resident of Hong Kong and any stamp duty payable on the instrument of transfer is not paid, the relevant instrument of transfer (if any) will be chargeable with such duty, together with the duty otherwise chargeable thereon, and the transferee will be liable to pay such duty.

Estate duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose deaths occur on or after February 11, 2006.

*Italy***Registration tax and stamp duty**

Transfers of shares based on contracts executed in Italy before a public notary are subject to a lump-sum registration tax of € 168.00. This tax is also payable in “case of use” in Italy (e.g. where a contract executed abroad or with different formalities is presented to an Italian registration office or an Italian court).

Transfer of shares are exempt from stamp duty.

Inheritance and gift tax

The transfer of shares in Italian corporations for no consideration, between living persons or upon the death of a shareholder, gives rise to a tax liability in Italy for both resident and non-resident donees or heirs. The tax is determined by applying to the value of the shares the following rates:

- (a) 4%, if the transfer is to a spouse or direct descendent or ancestor of the donor shareholder. The tax applies only to the amount exceeding € 1,000,000 (e.g. in the case of a transfer of shares worth - for inheritance and gift tax purposes - € 1,200,000, only € 200,000 is subject to inheritance and gift tax, the first € 1,000,000 being free of tax);
- (b) 6%, if the transfer is to siblings of the donor shareholder. The tax only applies to the amount exceeding € 100,000;
- (c) 6%, if the transfer is to another relative of the donor shareholder, up to the fourth degree (e.g. father and son are relatives of the first degree; cousins are relatives of the fourth degree), or a person related by affinity in direct line, as well as a person related by affinity in a collateral line up to the third degree¹; and

¹ Please note that, pursuant to Italian civil law, for the purpose of the computation of degrees:

- in direct line, degrees are computed by reference to the number of generations there are, excluding the common ancestor (e.g. father and son are relatives of the first degree; brothers are relatives of the second degree).
- in collateral line, degrees are computed by generations, moving up from one of the relatives to the common ancestor and down from the latter to the other relative, always excluding the common ancestor (e.g. cousins are relatives of the fourth degree: donor — parent — grandparent — uncle — cousin).

Affinity is the connection between a married person and the relatives of the other spouse. A person is connected by affinity with one of the spouses in the same line and degree in which he is a relative to the other spouse (e.g. between the daughter-in-law and the father-in-law there is affinity in line of the first degree; between the wife and the cousin of the husband there is affinity in collateral line of fourth degree).

- (d) 8%, in all other cases. In this case the tax applies to the whole amount and there is no exempt threshold.

If a beneficiary is disabled, inheritance and gift tax is only applied to the amount exceeding € 1,500,000 (e.g. in the case of a transfer of shares worth - for inheritance and gift tax purposes - € 1,700,000, only € 200,000 is subject to inheritance and gift tax, the first € 1,500,000 being free of tax) at the same rates set out above (4%, 6% or 8%, depending on the case).

There is currently no double tax treaty or other arrangement in place between Hong Kong and Italy to enable Shareholders resident in Hong Kong to claim a credit refund.

Our Company intends to produce a booklet, which we would provide to Shareholders, explaining the steps that would need to be taken if a transfer of shares for no consideration were to trigger inheritance and gift tax and a tax return needed to be filed in Italy. The booklet will also include details of the relevant deadlines. The same booklet will also address capital gains issues (please see Section F “Summary of Main Italian Tax Aspects Relevant to Shareholders of the Company” in Appendix IV of this prospectus) which will be made available as soon as practicable after Listing.

Consultation with professional advisors

Prospective holders of Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of or dealing in Shares or exercising any rights attaching to them. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

2. Payment of Italian withholding tax on dividends and refund procedures

Please refer to “Appendix IV — Summary of the Constitution of our Company and Italian Companies Law and Taxation” for more details on the payment of Italian withholding tax on dividends and refund procedures.

3. Litigation

During the Track Record Period and as of the Latest Practicable Date, to the best of our knowledge, we were not subject to any litigation, arbitration or legal proceeding that may have a material adverse effect on our business or results of operations other than the tax disputes detailed in Note 23 under “Notes to the Financial Information” in Appendix I to this prospectus or as disclosed in this prospectus.

4. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue pursuant to the Global Offering and any Shares falling to be issued pursuant to the exercise of the Over-allotment Option. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

5. No Material Adverse Change

The Directors confirm that there has been no material adverse change in our Group’s financial or trading position or prospects since January 31, 2011 (being the date to which our Company’s latest audited financial statements were made up).

6. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies Ordinance insofar as applicable.

7. Compliance Advisor

Our Company has appointed Anglo Chinese Corporate Finance, Limited as its compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us on the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

- where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of the Shares or any other matters.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date.

8. Miscellaneous

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus,

- (a) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) neither our Company nor any of its subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
- (d) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;
- (e) no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company;
- (f) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (g) there were no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (h) our Company has no outstanding convertible debt securities; and

- (i) neither our Company nor any of its subsidiaries have any authorized debentures outstanding.

9. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice contained in this prospectus:

Name	Qualification
CLSA Equity Capital Markets Limited	Registered under the SFO to carry on Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Goldman Sachs Asia L.L.C.	Registered under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on future contracts), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified public accountants
Deloitte & Touche S.p.A.	Statutory Audit Firm
Bonelli Erede Pappalardo	Italian legal advisers

10. Consents of experts

Each of the Joint Sponsors, Deloitte Touche Tohmatsu, Deloitte & Touche S.p.A. and Bonelli Erede Pappalardo has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or valuation certificate and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of its subsidiaries.

11. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. Selling Shareholders

An aggregate of 364,452,000 Shares (assuming the Over-allotment Option is not exercised) are to be sold by Prada Holding B.V. and Intesa Sanpaolo pursuant to the International Placing. Particulars of the Selling Shareholders are as follows:

Name: Prada Holding B.V.
Address: Dam 3-7, 1012 JS Amsterdam, The Netherlands
Nature of business: Holding company of our Company

Name: Intesa Sanpaolo S.p.A
Address: Piazza San Carlo 156, Torino, Italy (registered office)
Largo Mattioli 3, Milan, Italy (executive offices)
Nature of business: Banking

As of the date of this prospectus, the Selling Shareholders hold an aggregate of 2,500,000,000 Shares, or 100% of our Company's share capital. Our directors Miuccia Prada and Patrizio Bertelli are, through their indirect holding in Prada Holding B.V., beneficially interested in the shares held by Prada Holding B.V. Upon completion of the Global Offering (assuming no exercise of the Over-allotment Option), the Selling Shareholders in the aggregate will continue to hold 2,135,548,000 Shares, or approximately 83.5% of our Company's share capital.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **WHITE, YELLOW** and **GREEN** Application Forms, (ii) the written consents referred to in the paragraph headed "Consents of experts" in this Appendix, (iii) copies of the material contracts referred to in the paragraph headed "Summary of the Material Contracts" in this Appendix and (iv) the statement of particulars of the Selling Shareholders.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Slaughter and May at 47th Floor, Jardine House, One Connaught Place, Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

- (1) the By-laws;
- (2) the Accountants' Report prepared by Deloitte Touche Tohmatsu and Deloitte & Touche S.p.A., the text of which is set out in Appendix I to this prospectus;
- (3) the report in relation to the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (4) the audited consolidated financial statements of our Group for each of the three years ended January 31, 2011;
- (5) the letters prepared by (i) CLSA Equity Capital Markets Limited and Goldman Sachs (Asia) L.L.C. and (ii) Deloitte Touche Tohmatsu and Deloitte & Touche S.p.A. relating to the profit forecast, the texts of which are set out in Appendix III to this prospectus;
- (6) the material contracts referred to in the paragraph headed "Summary of the Material Contracts" of Appendix V to this prospectus;
- (7) the written consents referred to in the paragraph headed "Consents of experts" of Appendix V to this prospectus;
- (8) the letter prepared by Bonelli Erede Pappalardo on the summary of certain aspects of Italian company law and regulations referred to in Appendix IV;
- (9) Italian Civil Code;
- (10) the statement of particulars of the Selling Shareholders.