

TOD'S

TOD'S Group

D'S

2007 IAS/IFRS Half Year Report

Group

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## Company Data

### Registered office

TOD'S S.p.a.

Via Filippo Della Valle, 1

63019 Sant'Elpidio a Mare (Ascoli Piceno) - Italy

Tel. +39 0734 8661

### Legal data Parent company

Share capital resolved Euro 64.000.000

Share capital subscribed and paid euro 60.869.640 (\*)

Fiscal Code and registration number on Company Register of Court of Ascoli Piceno: 01113570442

Registered with the Chamber of Commerce of Ascoli Piceno under n. 114030 R.E.A.

### Offices e Show rooms

Dusseldorf – Kaistrasse, 2

Hong Kong – Three Pacific Place, 1 Queen's Road East

London – Old Bond Street, 16

Milano - Corso Venezia, 30

Milano - Via Savona, 56

Milano - Via Serbelloni 1-4

Milano - Via della Spiga, 22

Milano - Viale Montenero 63

New York - 450, West 15<sup>th</sup> Street

Paris – Rue Royale, 20

Tokyo – Omotesando Building, 5-1-5 Jingumae

### Production facilities

Comunanza (AP) - Via Merloni, 7

Comunanza (AP) - Via S.Maria, 2-4-6

Sant'Elpidio a Mare (AP) - Via Filippo Della Valle, 1

Bagno a Ripoli, Loc. Vallina (FI) - Via del Roseto, 60

Bagno a Ripoli, Loc. Vallina (FI) - Via del Roseto, 50

Tolentino (MC) - Via Sacharov 41/43

(\*) "Share capital" does not indicate the value of the shares issued after June 22<sup>nd</sup>, 2007 upon exercise of 8,000 stock options by stock option plan beneficiaries (see Note 8).

## Corporate Governance bodies

|  |  |  |
|--|--|--|
| <b>Board of directors <sup>(1)</sup></b>                           | Diego Della Valle<br>Andrea Della Valle<br>Luigi Abete<br>Maurizio Boscarato<br>Luigi Cambri<br>Luca Cordero di Montezemolo<br>Emanuele Della Valle<br>Fabrizio Della Valle<br>Emilio Macellari<br>Pierfrancesco Saviotti<br>Stefano Sincini | Chairman<br>Vice- Chairman   |
| <b>Executive Committee</b>   | Diego Della Valle<br>Andrea Della Valle<br>Fabrizio Della Valle<br>Emilio Macellari<br>Stefano Sincini   | Chairman   |
| <b>Compensation Committee</b>                                      | Luigi Abete<br>Luigi Cambri<br>Pierfrancesco Saviotti  | Chairman   |
| <b>Internal Control and Corporate Governance Committee</b>         | Maurizio Boscarato<br>Luigi Cambri<br>Pierfrancesco Saviotti   | Chairman   |
| <b>Board of statutory <sup>(2)</sup> Auditors</b>                  | Enrico Colombo<br>Gian Mario Perugini<br>Fabrizio Redaelli<br>Massimo Foschi<br>Gilfredo Gaetani   | Chairman<br>Acting stat. auditor<br>Acting stat. auditor<br>Substitute auditor<br>Substitute auditor |
| <b>Independent Auditors <sup>(3)</sup></b>                         | Deloitte & Touche S.p.a.   |  |
| <b>Manager charged with preparing a company's financial report</b> | Rodolfo Ubaldi   |  |

<sup>(1)</sup> Term of the office: 2006-2008 (resolution of the Shareholders' meeting as of April 28<sup>th</sup>, 2006)

<sup>(2)</sup> Term of the office: 2007-2009 (resolution of the Shareholders' meeting as of April 27<sup>th</sup>, 2007)

<sup>(3)</sup> Term of the office: 2006-2011 (resolution of the Shareholders' meeting as of April 28<sup>th</sup>, 2006)

## TOD'S Group

### **TOD'S S.p.a.**

*Parent Company, owner of the Tod's, Hogan and Fay brands and licensee of the Roger Vivier and Derek Lam brands (\*)*.

### **Del.Com. S.r.l.**

Subholding for operation of national subsidiaries.

### **TOD'S International B.V.**

Subholding for operation of international subsidiaries and DOS in The Netherlands.

### **An.Del. Usa Inc.**

Subholding for operation of subsidiaries in the United States.

### **Del.Pav S.r.l.**

Company that operates DOS in Italy.

### **Deva Mode S.r.l.**

Company that operates DOS in Italy.

### **Filangieri 29 S.r.l.**

Company that operates DOS in Italy.

### **Re.Se.Del. S.r.l.**

Company for services.

### **Spiga 22 S.r.l.**

Company that operates DOS in Italy.

### **Via Roma 40 S.r.l.**

Company that operates DOS in Italy.

### **Gen.del. SA**

Company that operates DOS in Switzerland.

### **TOD'S Belgique S.p.r.l.**

Company that operates DOS in Belgium.

### **TOD'S Deutschland GmbH**

Company that distributes and promotes products in Germany and manages DOS in Germany.

### **TOD'S Espana SL**

Company that operates DOS in Spain.

### **TOD'S France Sas**

Company that distributes and promotes products in France and manages DOS in France.

### **TOD'S Korea Inc.**

Company that promotes products in Korea

### **TOD'S Luxembourg S.A.**

Company that operates DOS in Luxembourg.

### **TOD'S Hong Kong Ltd**

Company that distributes and promotes products in Far East and South Pacific and manages DOS in Hong Kong.

### **TOD'S Japan KK**

Company that operates DOS in Japan.

### **TOD'S Saint Barth Sas**

Company that operates DOS in Saint Barth.

### **TOD'S Singapore Pte Ltd**

Company that operates DOS in Singapore.

### **TOD'S UK Ltd**

Company that operates DOS in Great Britain.

### **Webcover Ltd**

Company that operates DOS in Great Britain.

### **Cal.Del. Usa Inc.**

Company that operates DOS in California (USA).

### **Colo. Del. Usa Inc.**

Company that operates DOS in Colorado (USA).

### **Deva Inc.**

Company that distributes and promotes products in North America, and manages of DOS in New Jersey (USA).

### **Flor. Del. Usa Inc.**

Company that operates DOS in Florida (USA).

### **Hono. Del. Inc.**

Company that operates DOS in Hawaii (USA).

### **Il. Del. Usa Inc.**

Company that operates DOS in in Illinois (USA).

### **Neva. Del. Inc.**

Company that operates DOS in Nevada (USA).

### **Or. Del. Usa Inc.**

Company that operates DOS in California (USA).

### **Sandel SA**

Production Company.

### **Un.Del. Kft**

Production Company





(\*) Shoes, leather goods, and accessory line

## Group organizational chart

### Parent company TOD'S S.p.a.

|  |  |   |   |  |
|--|--|---|---|--|
| 100%   | 100%   | 1%  | 10%   | 1,63%  |
| TOD'S Deutschland Gmbh<br>Dusseldorf - Germany<br>S.C. - Euro 153,387.56   | TOD'S France Sas<br>Paris - France<br>S.C. - Euro 780,000          | TOD'S Honk Kong Ltd<br>Hong Kong<br>S.C. - Usd 50,000             | Un.Del Kft<br>Tata - Hungary<br>S.C. - Huf 42,900,000                 | Polimoda S.r.l. <sup>(1)</sup><br>Firenze - Italy<br>S.C. - Euro 588,000 |
| 100%   | 100%   | 100%  | 100%  | 100%   |
| An.Del. USA Inc.<br>New York U.S.A.<br>S.C. - Usd 3,700.000                | Cal.Del. USA Inc.<br>Beverly Hills, Ca U.S.A.<br>S.C. - Usd 10,000 | Colo.Del. USA Inc.<br>Denver, Co U.S.A.<br>S.C. - Usd 10,000      | Deva Inc.<br>Wilmington, DE U.S.A.<br>S.C. - Usd 500,000              | Flor.Del. USA Inc.<br>Tallahassee, Fl U.S.A.<br>S.C. - Usd 10,000        |
|  | 100%   | 100%  | 100%  | 100%   |
|  | Hono.Del. Inc.<br>Honolulu, Hi U.S.A.<br>S.C. - Usd 10,000,        | Il.Del. USA Inc.<br>Springfield, Il U.S.A.<br>S.C. - Usd 10,000   | Neva.Del. Inc.<br>Carson City, Nv U.S.A.<br>S.C. - Usd 10,000         | Or.Del. USA Inc.<br>Sacramento, Ca U.S.A.<br>S.C. - Usd 10,000           |
| 100%   | 100%   | 100%  | 100%  | 100%   |
| TOD'S International BV<br>Amsterdam - Netherlamds<br>S.C. - Euro 2.600.200 | Gen.Del SA<br>Ginevra - Switzerland<br>S.C. - Chf 200,000          | Sandel SA<br>San Marino<br>S.C. - Euro 258,000                    | TOD'S Belgique S.p.r.l.<br>Bruxelles - Belgium<br>S.C. - Euro 300,000 | TOD'S Espana SL<br>Madrid - Spain<br>S.C. - Euro 468,539.77              |
|  | 99%  | 100%  | 100%  | 100%   |
|  | TOD'S Hong Kong Ltd<br>Hong Kong<br>S.C. - Usd 50,000              | TOD'S Japan KK<br>Tokio - Japan<br>S.C. - Jpy 100,000,000         | TOD'S Korea Inc<br>Seoul - Korea<br>S.C. Won 100,000,000              | TOD'S Saint Barth Sas<br>Saint Barthélemy<br>S.C. - Euro 500,000         |
|  | 100%   | 90%   | 100%  | 50%  |
|  | TOD'S Singapore Ltd.<br>Singapore<br>S.C. - Sgd 300,000            | Un.Del Kft<br>Tata - Hungary<br>S.C. - Huf 42,900,000             | TOD'S UK Ltd<br>London - England<br>S.C. - Gbp 350,000                | Webcover Ltd<br>London - England<br>S.C. - Gbp 1,000                     |
|  | 50%  |   |   |  |
|  | TOD'S Luxembourg S.A.<br>Lussembourg<br>S.C. Euro 31,000.00        |   |   |  |
| 100%   | 100%   | 100%  | 100%  | 100%   |
| Del.Com S.r.l.<br>S.Elpidio a Mare - Italia<br>S.C. - Euro 31,200          | Deva Mode S.r.l.<br>S.Elpidio a Mare - Italy<br>S.C. - Euro 50,000 | Spiga 22 S.r.l.<br>S.Elpidio a Mare - Italy<br>S.C. - Euro 50,000 | Via Roma 40 S.r.l.<br>S.Elpidio a Mare - Italy<br>S.C. - Euro 50,000  | Re.Se.Del. S.r.l.<br>S.Elpidio a Mare - Italy<br>S.C. - Euro 25,000      |
|  | 50%  | 50%   |   |  |
|  | Del.Pav. S.r.l.<br>S.Elpidio a Mare - Italy<br>S.C. - Euro 50,000  | Filangieri 29 S.r.l.<br>Napoli - Italy<br>S.C. - Euro 100,000     |   |  |
| 100%   | 100%   | 100%  | 100%  | 100%   |
| Dos Shangay <sup>(1)</sup><br>China  | Dos Shangay <sup>(1)</sup><br>China                                | Dos Pechino <sup>(1)</sup><br>China                               | Dos Hangzhou <sup>(1)</sup><br>China                                  | Dos Chengdu <sup>(1)</sup><br>China                                      |

### Legenda

|   |                                   |
|---|-----------------------------------|
|  | Direct control relationship       |
|  | First level control relationship  |
|  | Second level control relationship |
|  | Special Purpose Entities          |

<sup>(1)</sup> Company not included in scope of consolidation

Distribution network as of June 30<sup>th</sup>, 2007

**DOS in Italy**

**Bari**  
Via Sparano, 45  
**Bergamo**  
Via XX Settembre, 87  
**Bologna**  
Galleria Cavour, 2/l  
**Bologna**  
Galleria Cavour, 2/r  
**Bolzano**  
Via della Mostra, 1  
**Brescia**  
Via Palestro, 11  
**Cagliari**  
Piazza Costituzione, 12  
**Capri**  
Piazza Umberto I, 8  
**Firenze**  
Via Tornabuoni, 97/r  
**Firenze**  
Via Tornabuoni, 103/r  
**Forte dei Marmi**  
Piazza Garibaldi, 5  
**Genova**  
Via Roma, 40/42/44  
**Leccio Reggello(1)**  
The Mall  
Via Europa, 2  
**Milano**  
Via della Spiga, 22  
**Milano**  
Via della Spiga, 15  
**Milano**  
Corso Vercelli, 8  
**Milano**  
Via Montenapoleone, 23  
**Milano**  
Galleria Vittorio  
Emanuele II  
**Napoli**  
Via Filangieri 28/33  
**Napoli**  
Via Filangieri 28/33  
**Padova**  
Piazza Garibaldi,4  
**Palermo**  
Via della Libertà, 10/a  
**Parma**  
Strada della Repubblica 26  
**Porto Cervo**  
Passeggiata  
**Porto Cervo**  
Passeggiata

**Roma**  
Via Fontanella Borghese,  
56/57  
**Roma**  
Via Borgognona, 45/46  
**S. Elpidio a Mare (1)**  
Via Filippo Della Valle  
**Treviso**  
Via XX Settembre, 1  
**Udine**  
Piazza Matteotti, 10  
**Varese**  
Corso Matteotti, 33  
**Venezia**  
Calle XXII Marzo, 2251  
**Vicenza**  
Corso Palladio, 59  
**Verona**  
Via Mazzini, 38

**DOS in Europe**

**Amburgo**  
Neuer Wall, 41  
**Amsterdam**  
PC Hoofstraat, 74  
**Berlino**  
Kurfuerstendamm 52  
**Bicester (1)**  
Pingle Drive, 50  
**Bruxelles**  
Blvd. de Waterloo, 46  
**Duesseldorf**  
Königsallee, 12  
**Duesseldorf**  
Königsallee, 30  
**Francoforte**  
Goethestrasse, 31/33  
**Ginevra**  
Rue du Rhone, 108/110  
**Kampen**  
Stroenwai  
**Londra**  
Sloane Street, 35  
**Londra**  
Sloane Street, 10  
**Londra**  
Old Bond Street, 2-5  
**Londra**  
Sloane Street, 118  
**Lussemburgo**  
4, Avenue de la Porte  
Neuve L  
**Madrid**  
Calle Ortega y Gasset, 17

**Monaco**  
Maximilianstrasse, 21  
**Parigi**  
Rue du Faubourg  
St.Honoré, 52  
**Parigi**  
Rue du Faubourg  
St.Honoré, 17/21  
**Parigi**  
Rue de Grenelle  
**Parigi**  
Au Bon Marché "1"  
Rue de Sèvres, 24  
**Parigi**  
Au Bon Marché "2"  
Rue de Sèvres, 24  
**Parigi**  
Franck & Fils  
Av. Paul Doumer, 91  
**Parigi**  
Le Printemps  
Blvd. Haussmann, 64  
**Parigi**  
Le Printemps "3"  
Blvd. Haussmann, 64  
**Parigi**  
Gall. La Fayette "1"  
Blvd. Haussmann, 40  
**Parigi**  
Gall. La Fayette "2"  
Blvd. Haussmann, 40  
**Saint Tropez**  
Rue Sibilly, 6  
**Saint Tropez**  
Place de la Garonne, 6  
**Saint Moritz**  
Badrutt's Palace  
**Zurigo**  
Bahnhofstrasse, 32

**DOS in Usa**

**Cabazon (1)**  
4840 Seminole Drive,  
Suite 502  
**Chicago**  
980 North Michigan Av.  
**Costa Mesa**  
3333 Bristol Street, Suite  
2401 - S.Coast Plaza  
**Honolulu**  
2120 Kalakaua Avenue  
**Las Vegas**  
The Forum Shops, Suite 2  
3500 Las Vegas Blvd.  
South

**Las Vegas (1)**  
32100 Las Vegas Blvd.  
South, Suite 216 - Primm  
**Los Angeles**  
333 North Rodeo Drive  
**Miami**  
Bal Harbour Shops  
9700 Collins Avenue  
Bal Harbour  
**New York**  
650 Madison Avenue  
**New York**  
134 Spring Street  
**New York**  
750 Madison Avenue  
**Orlando (1)**  
8200 Vineland Av, Suite  
1149  
**Woodbury (1)**  
308 Red Apple  
Central Valley

**DOS in Far East**

**Chiba**  
Sogo Dept.Store  
1000 Shinmachi Chuo-ku,  
Chiba City  
**Fukuoka**  
Mitsukoshi  
2-1-1 Tenjin-Chuo-Ku  
**Gotemba (1)**  
2410 Premium Outlet  
1312 Fukasawa, Gotemba,  
Shizuoka Pre.  
**Hiroshima**  
Tenmaya  
5-22 Ebisu-Cho-Naka-Ku  
**Hong Kong**  
Pacific Place Admiralty 1  
**Hong Kong**  
Pacific Place Admiralty 2  
**Hong Kong**  
The Landmark Central 1  
**Hong Kong**  
The Landmark Central 2  
**Hong Kong**  
Lee Garden Two  
**Hong Kong**  
Harbour City – Canton  
Road

*To be continued.....*



**Hong Kong**

Harbour City, G309  
Ground Floor, Gateway  
Arcade

**Kanazawa**

Maiatoria Kanazawa  
Korinbo 1F, 2-4-  
3, Korinbo, Ishikawa

**Kyoto**

Takashimaya  
2F, 52 Nishiiruchincho  
Kawaramachi, Shijodoori, Shi  
mogyo-ku

**Kobe**

Daimaru  
40 Akashi-Machi, Chuo-Ku

**Kobe**

Daimaru  
40, Akashi-Cho, Chuo-ku,  
Hyogo-Ken

**Nagoya**

Matsuzakaya  
16-1 Sakae 3-Chome,  
Naka-Ku

**Nagoya**

Matsuzakaya  
3-16-1 Sakae, Naka-Ku

**Nagoya**

368, Urayasu, Nagashima-  
cho, Kuwana-shi, Mie-ken

**Osaka**

Daimaru  
1-7-1 Shinsaibashi Suji,  
Chuo-Ku

**Osaka**

Hankyu  
8-7 Kakudacho, Kita-Ku

**Osaka**

Hankyu  
8-7 Kakudacho, Kita-Ku

**Sapporo**

Marui Imai  
2-11 Minami Ichi-Jo,  
Chuo-Ku

**Singapore**

Paragon Unit 01-43/44  
290 Orchard Road

**Singapore**

Takashimaya  
391 Orchard Road

**Singapore**

Shop 1/07 Paragon 290-  
300 Orchard Road Tokyo

**Tokyo**

5-1-5 jingumae  
Shibuya-Ku

**Tokyo**

Shibuya Seibu  
21-1 Udagawa-Cho,  
Shibuya-Ku

**Tokyo**

Ginza Matsuzakaya  
6-10-1 Ginza, Chuo-Ku

**Tokyo**

Isetan  
3-14-1 Shinjuku, Shinjuku-  
Ku (1)

**Tokyo**

Isetan  
3-14-1 Shinjuku, Shinjuku-  
Ku (2)

**Tokyo**

Isetan  
3-14-1 Shinjuku, Shinjuku-  
Ku (3)

**Tokyo**

Isetan  
3-14-1 Shinjuku, Shinjuku-  
Ku (4)

**Tokyo**

Tamagawa Takashimaya  
3-17-1 Tamagawa  
Setagaya-Ku

**Tokyo**

Takashimaya  
2-4-1 Nihonbashi Chuo-  
Ku

**Tokyo**

Shibuya Seibu  
B-Building 2F, 21-1  
Udagawa-cho, Shibuya-Ku

**Tokyo**

Maronouchi  
3-1-1 Kokusai Building, 1F  
Maronouchi Chiyoda Ward

**Yokohama Sogo**

Takashimaya  
Takashima 2-18-1, Nishi-  
Ku

**DOS nel Rest of  
World**

**Saint Barthélemy**

Rue de la Republique  
Cours Vendome Gustavia

**Franchised stores in  
Italy**

**Capri**

Via Camerelle, 51/a

**Capri**

Via Camerelle, 53

**Caserta**

Via Mazzini, 40

**Genova**

Via XXV Aprile, 47/49

**Lecce**

Via S. Trinchese, 46

**Monza**

Via Italia, 39

**Napoli**

Via Calabritto, 3

**Pavia**

Via Strada Nuova, 72

**Santa Margherita di Pula**

Fortè Village Resort

**Franchised stores in  
Europe**

**Atene**

Voukourestiou, 13

**Istanbul**

Abdi Ipekci 14/1

Nisantasi

**Londra**

Heatrow Airport

**Mosca**

Tretjakovsky Proezd, 1

**Mosca**

Tsum Department

Petrovska, 2

**Mosca**

Barvikha Luxury Village

Rublevo Uspenskoye

Shosse d.114 str. 2

**Franchised stores in  
Far East**

**Bangkok**

The Emporium Shopping  
Complex

622 Sukhumvit Road

Klongton, Klongtoey

**Bangkok**

Siam Paragon Shopping

Center

991 Rama rd. Pathumwan

**Bangkok**

Airport, 8 King Power

Complex Rangnam rd,

Kewang Thanon-Phayathai

Ratchathewi

**Beijing**

China World Shopping

Mall

1 Jian Guo Men Wai

Avenue

**Chengdu**

Chengdu City, Shop #

1005, 1/F, No.31

Zongfu Road, Jinjiang

District, Sichuan

**Cheju**

Hotel Lotte Duty Free

2812-4 Saekdal-Dong

**Guam**

1296 Pales San Vitores  
Road, Tumon

**Hangzhou**

Hangzhou Tower

Shopping Centre

No. 1 Wulin Square

Hangzhou Zhejiang

**Jakarta**

Plaza Indonesia 1st floor

n.8

MH Thamrin

**Jakarta**

Plaza Senayan

Jl. Asia Afika n.8 Senayan

**Kuala Lumpur**

G07A, Ground Floor,

Suria KLCC

Kuala Lumpur City Centre

**Manila**

Ground Floor, Greenbelt

4

Ayala Center, Makati City

**Okinawa**

4-1 Omoromachi

Naha-City

**Pusan**

Hotel Lotte Duty Free

503-15 Pujeon-Dong,

Pusankin-KU

**Pusan**

Hyundai Pusan 1/Floor

62-5 Beomil-Dong Dong-

Gu

**Pusan**

Paradise Global DF

1128-78, Joong-Dong,

Haeundae-Gu

**Seoul**

Hotel Lotte Duty Free

Sogong-Dong, Chung-Ku

**Seoul**

Lotte World Duty Free

40-1, Jamsil-Dong

Songpa-Gu

**Seoul**

429 Apkujung-Dong

Kangnam-Gu

**Seoul**

Hyundai Department

Store

159-7 Samsung-Dong

**Seoul**

Walker Hill DFS

21 Gwangjang-Dong

Gwangjin-gu

**Seoul**

The Shilla DFS

1F, 202 Jangchung-dong 2-

ga, Jung-gu

*To be continued.....*

**Seoul**

Galleria Department  
Store Luxury Hall West  
494, Apkujung-Dong  
Kangnam-Gu

**Seoul**

Hyunday Department  
Store "1"  
Mok-Dong – Yangchun-Gu

**Seoul**

Hyunday Department  
Store "2"  
Mok-Dong – Yangchun-Gu

**Seoul**

Hyunday Coex  
Sam Sung Dong, Kang-Gu

**Shanghai**

1266 Nan Jing Xi Lu  
**Shanghai**  
Orient Shopping Centre  
1st Floor, No. 8 Caoxi  
Road (North)

**Shanghai**

SHOP 210A  
Plaza 66, 1266 NanjingXi  
Road

**Shenyang**

Unit 19, level 1, n. 2  
New World Department  
Store

Nan Jing Street

**Shenyang**

Seibu Department Store,  
Shop 1008, No 219,  
QingNian Avenue

**Shenzhen**

Seibu Futien, Shennan  
Road Central  
1009 1<sup>st</sup> floor, CI Area

**Singapore**

Unit 026-091, Lunge  
North, 2nd Floor,  
Terminal 2, Changi  
Airport

**Taipei**

Mitsukoshi Tienmu  
IF Building B 200, Zhong  
Cheng Road, Sec 2

**Taipei**

Regent Galleries  
Chung Shan North Road

**Taipei**

Taipei Airport  
n.289, Shin-hu 2nd Road,  
Nei-hu District,

**Taipei**

IF, No. 300, Section 3,  
Zhongxiao East Road

**Taipei**

IF,no. 300, Sec.3,  
Zhongh Xiao East Road

**Taipei**

Breeze Center  
BI NO 39, Sec 1, Fushing  
South Road

**Taipei**

Mitsukoshi Tienmu  
IF Building B 200, Zhong  
Cheng Road, Sec 2

**Taipei**

A4 Hsing Yi Mitsukoshi I/F  
19 SungKao Road

**Taipei**

Shin Kong Mitsukoshi  
IF no. 111, chung Kang  
Road Sec. 2, Taichung

**Taipei**

CKS International  
Airport, Terminal 2, No  
9, Hang-Jhan S. Rd,  
Dayuan

**Taipei**

Uni-President Hankyu  
No. 789, Jhonghua 5th  
Road,

Cianjhen District,  
Kaohsiung City 806

**Xian**

Zhongda International  
Mansion  
AG05 Grand floor, 30

**Franchised stores in  
Middle East**

**Beirut**

Foch Street Marfà, 142

**Beirut**

24, Avenue du Parc

**Dubai**

Bur Juman Centre

**Dubai**

Mall of the Emirates "1"  
1st Floor

**Dubai**

Mall of the Emirates "2"  
1st Floor

**Dubai**

Marina Mall  
Ras Al Akhdar

**Kuwait City**

Salhiya Commercial  
Complex

**Jeddah**

Al Khayyat Commercial  
Center

Tahlia St., Al Andalus  
District

(1) Outlet

**DOS, 2007 new openings**

**Italy**

**Parma**

Strada della Repubblica 26

**Usa**

**New York**

750 Madison Avenue

**Far East**

**Hong Kong**

Harbour City, G309  
Ground Floor, Gateway  
Arcade

**Kanazawa**

Maiaoria Kanazawa  
Korinbo IF, 2-4-  
3,Korinbo, Ishikawa

**Kyoto**

Takashimaya  
2F,52 Nishiiruchincho  
Kawaramachi,Shijodoori,Shi  
mogyo-ku

**Tokyo**

Shibuya Seibu  
B-Building 2F, 21-1  
Udagawa-cho, Shibuya-Ku

**Tokyo**

Maronouchi  
3-1-1 Kokusai Building, IF  
Maronouchi Chiyoda Ward

**Franchised stores, 2007 new openings**

**Far East**

**Shenyang**

Seibu Department Store,  
Shop 1008, No 219,  
QingNian Avenue

**Singapore**

Unit 026-091, Lunge  
North, 2nd Floor,  
Terminal 2, Changi  
Airport

**Taipei**

CKS International  
Airport, Terminal 2, No  
9, Hang-Jhan S. Rd,  
Dayuan

**Taipei**

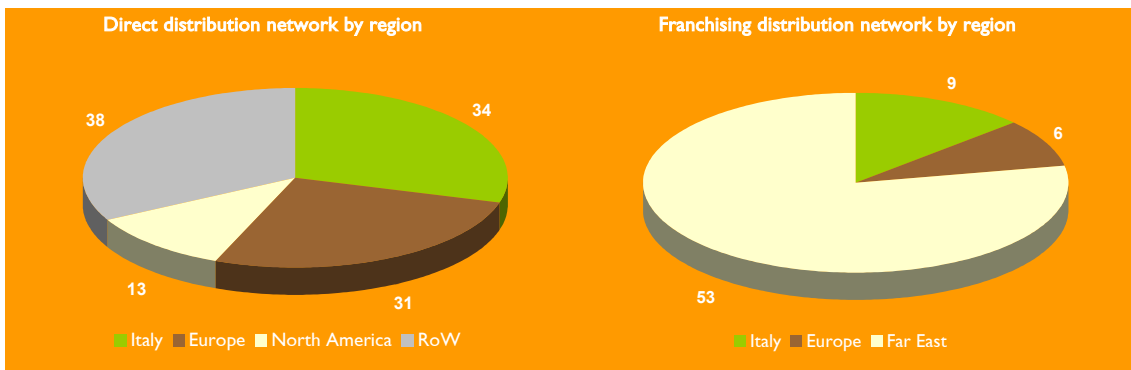
Uni-President Hankyu  
No. 789, Jhonghua 5th  
Road,  
Cianjhen District,  
Kaohsiung City 806

**Middle East**

**Beirut**

24, Avenue du Parc

**Distribution network by region**



## Key consolidated financial figures

| Profit & loss key figures (in Euro mn) |                | HI 2007 | HI 2006 | HI 2005 | HI 2004 |
|--|----------------|---------|---------|---------|---------|
| FY. 06                                 |                |         |         |         |         |
| 573.0                                  | Sales revenues | 316.4   | 273.3   | 236.9   | 194.5   |
| 137.5                                  | EBITDA         | 70.4    | 62.7    | 47.0    | 35.0    |
| 113.7                                  | EBIT           | 58.2    | 50.8    | 35.5    | 24.0    |
| 113.2                                  | Pre-tax profit | 59.1    | 50.4    | 35.8    | 24.5    |

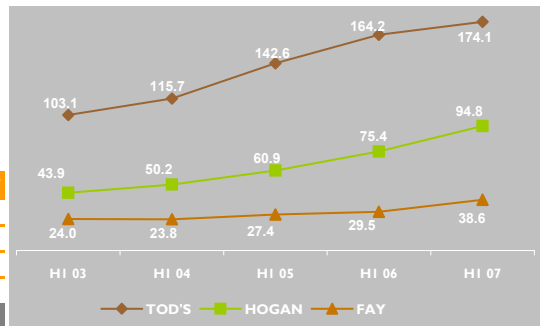
### Consolidated sales by distr. channel (in Euro mn)

|              | HI 03        | HI 04        | HI 05        | HI 06        | HI 07        |
|--------------|--------------|--------------|--------------|--------------|--------------|
| DOS          | 81.3         | 103.7        | 121.6        | 133.9        | 149.9        |
| WS           | 92.1         | 90.8         | 115.3        | 139.4        | 166.5        |
| <b>Total</b> | <b>173.4</b> | <b>194.5</b> | <b>236.9</b> | <b>273.3</b> | <b>316.4</b> |



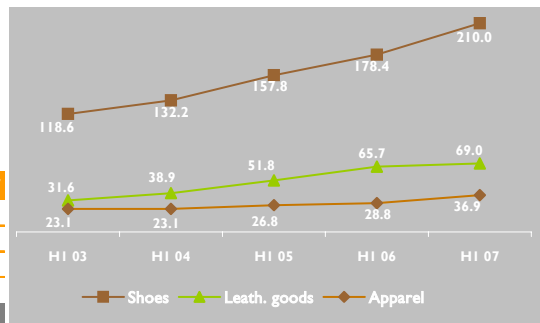
### Consolidated sales by brand (in Euro mn)

|              | HI 03        | HI 04        | HI 05        | HI 06        | HI 07        |
|--------------|--------------|--------------|--------------|--------------|--------------|
| TOD'S        | 103.1        | 115.7        | 142.6        | 164.2        | 174.1        |
| HOGAN        | 43.9         | 50.2         | 60.9         | 75.4         | 94.8         |
| FAY          | 24.0         | 23.8         | 27.4         | 29.5         | 38.6         |
| Other        | 2.4          | 4.8          | 6.0          | 4.2          | 8.9          |
| <b>Total</b> | <b>173.4</b> | <b>194.5</b> | <b>236.9</b> | <b>273.3</b> | <b>316.4</b> |



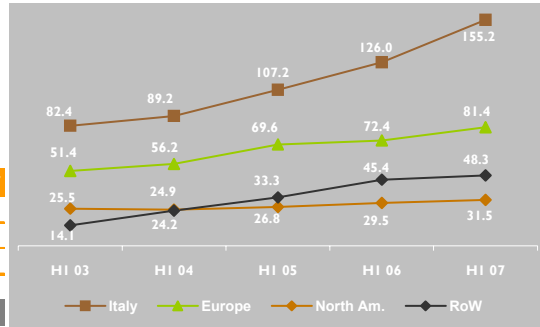
### Consolidated sales by product (in Euro mn)

|                      | HI 03        | HI 04        | HI 05        | HI 06        | HI 07        |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| Shoes                | 118.6        | 132.2        | 157.8        | 178.4        | 210.0        |
| Leather goods & acc. | 31.6         | 38.9         | 51.8         | 65.7         | 69.0         |
| Abbigl.to            | 23.1         | 23.1         | 26.8         | 28.8         | 36.9         |
| Other                | 0.1          | 0.3          | 0.5          | 0.4          | 0.5          |
| <b>Total</b>         | <b>173.4</b> | <b>194.5</b> | <b>236.9</b> | <b>273.3</b> | <b>316.4</b> |

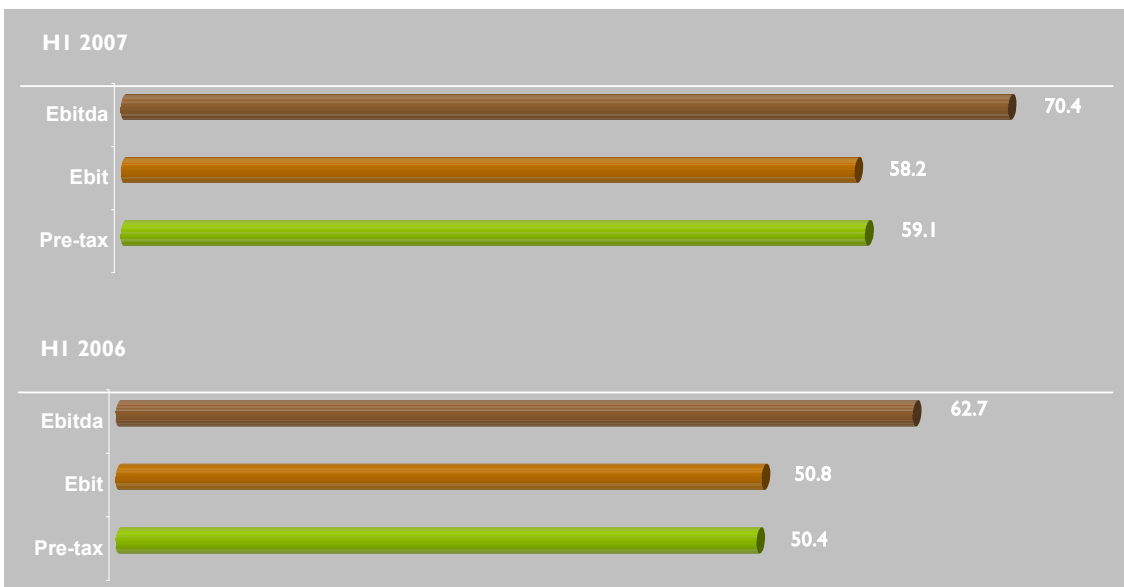


Consolidated sales by region (in Euro mn)

|              | HI 03        | HI 04        | HI 05        | HI 06        | HI 07        |
|--------------|--------------|--------------|--------------|--------------|--------------|
| Italy        | 82.4         | 89.2         | 107.2        | 126.0        | 155.2        |
| Europe       | 51.4         | 56.2         | 69.6         | 72.4         | 81.4         |
| North Am.    | 25.5         | 24.9         | 26.8         | 29.5         | 31.5         |
| RoW          | 14.1         | 24.2         | 33.3         | 45.4         | 48.3         |
| <b>Total</b> | <b>173.4</b> | <b>194.5</b> | <b>236.9</b> | <b>273.3</b> | <b>316.4</b> |

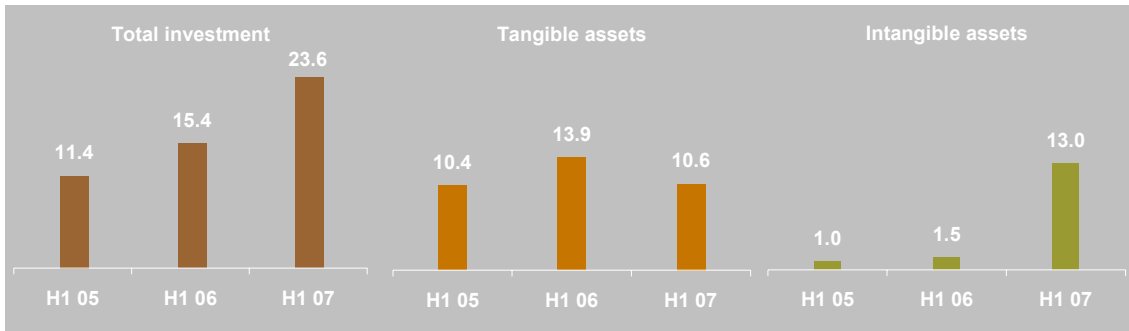


Operating results (in Euro mn)

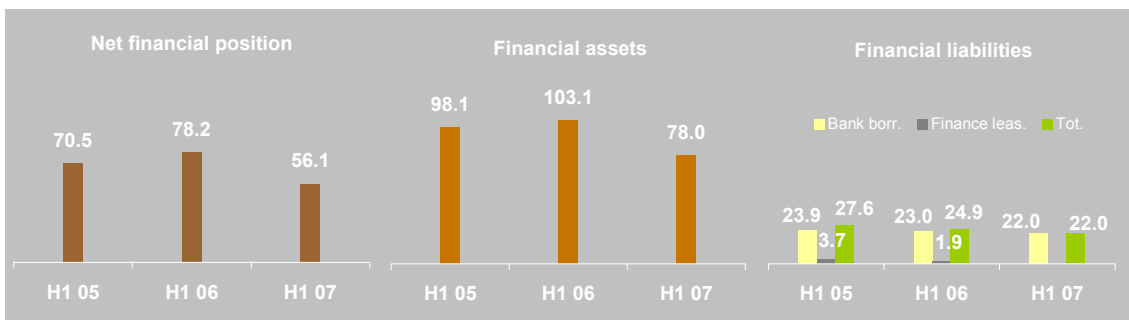


| Key Balance Sheet figures (in Euro mn)             | 06.30.07 | 12.31.06 | 06.30.06 |
|--|----------|----------|----------|
| Net working capital                                | 253.0    | 262.0    | 217.8    |
| Net fixed capital (tangible and intangible assets) | 292.7    | 282.8    | 281.6    |
| Consolidated Shareholder's equity                  | 522.3    | 522.9    | 480.5    |
| Net financial position                             | 56.1     | 90.6     | 78.2     |
| Cash flow from operation                           | 24.9     | 46.9     | 24.6     |
| Capital expenditures                               | 23.6     | 30.5     | 15.4     |

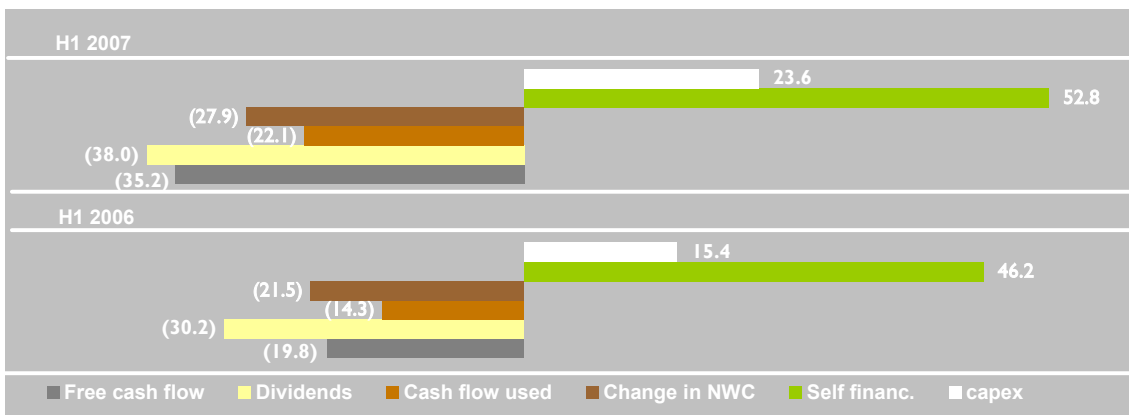
Gross investments in fixed assets (in Euro mn)



Net financial position (in Euro mn)



Cash flow statement (in Euro mn)



| Principal Stock Market Indicators (in Euro) |               |
|---|---------------|
| Official price at 01.02.2007                | 61.83         |
| Official price at 06.29.2007                | 66.05         |
| Minimum price in 2007                       | 61.50         |
| Maximum price in 2007                       | 69.11         |
| Market capitalization at 01.02.2007         | 1,882,279,561 |
| Market capitalization at 06.29.2007         | 2,010,748,261 |
| Dividend per share 2006                     | 1.25          |
| Dividend per share 2005                     | 1.00          |
| Average number of outstanding shares (*)    | 30,406,117    |

(\*) Includes the shares issued following the exercise of option not yet recognise in the account "Share capital".

### Stock performance in 2007



| Earning per share (in Euro) | HI 2007 | HI 2006 | HI 2005 |
|-----------------------------|---------|---------|---------|
| Basic earning per share     | 1.14    | 0.97    | 0.68    |
| Diluted earning per share   | 1.09    | 0.92    | 0.64    |

| The Group employees | 06.30.07 | 12.31.06 | 06.30.06 |
|---------------------|----------|----------|----------|
| Year to date        | 2,473    | 2,280    | 2,236    |

TOD'S

TOD'S Group

D'S

Report on operation

Group



## Introduction

The Report of the Board of Directors is based on the summary interim consolidated financial statements of the TOD'S Group at June 30<sup>th</sup>, 2007, prepared in accordance with IAS/IFRS (*International Accounting Standards – IAS – and International Financial Reporting Standards – IFRS*) issued by the IASB approved by the European Union at the same date. The Report must be read together with the Financial Statements and Notes to the Financial Statements.

The Quarterly Report at June 30<sup>th</sup>, 2007 was approved by the Board of Directors of TOD'S S.p.a. on September 12<sup>th</sup>, 2007, when its publication was authorised. It was audited by the independent auditor Deloitte & Touche S.p.a.

## Alternative indicators of performance

In order to strip the effects of changes in exchange rates from the average values of the first half of 2006 from the results for the first half of 2007, the typical economic indicators (Revenues, EBITDA, EBIT) have been recalculated by applying the average exchange rates for the first half of 2006, thereby rendering them fully comparable with those of the previous period.

However, it should be pointed out that these principles for measuring corporate performance represent a method of interpreting results that is not envisaged in IAS/IFRS, while they must not be considered substitutes for the results calculated according to those principles.

Furthermore, the analysis of the interim financial results is not fully significant, since they reflect the seasonal differences caused by monthly variations in the flow of revenues and costs stemming from industrial activity. It would thus be wrong to consider the principal indicators for the first half as proportionate to the entire financial year.

## Group brands



The TOD'S brand marks luxury quality shoes and leather goods. From the very beginning, it has been characterized by models that became cult items of contemporary style. It represents the perfect combination of tradition, high quality, and modernity on the luxury accessory market.

Every product is handmade by highly skilled craftsmen. After numerous stages of production and inspections, it becomes an exclusive, recognizable, ultra-modern, and functional object. Some products, such as the *Driving Shoe* or the *D-Bag*, beloved by celebrities and famous people worldwide, have become legendary, heralding a new style of elegance for men and women.

**HOGAN**

Originally reserved for shoes (women's, men's, and more recently, children's), this brand has recently been extended to leather goods as well. The HOGAN brand is characterized by the high quality, design, and functionality of its products.

All products are the result of high design standards and created with a true obsession for perfection and detail. HOGAN products are the highest expression of new luxury as a lifestyle. HOGAN was conceived for consumers who place a premium on product excellence, distinctive design (that is always innovative), and great utility. The products are created using innovative design techniques combined with manual workmanship of top quality materials. Certain models still merit the "best sold" appellation, such as the *Traditional* or *Interactive*.

*Fay*

This brand marks a quality apparel line that stands out not only for the know-how represented by the label but also the technical treatment of fabrics, obsession for detail, and extreme functionality of the items, which are distinguished by their excellent combination of style and quality. FAY products are characterized by the fact that they can be worn anywhere: from the stadium to the office, from the city to the countryside. The line, which includes a men's, women's, and children's collection every season, is focused on "basic" models for men that have firmly established themselves on the market and are continuously updated, and on new items that simultaneously embody innovation and recognisability.

### Group results for the period January-June 2007

The results of the TOD'S Group in the first half of fiscal 2007 substantially confirm expectations of further growth in revenues and results. The first half of 2007 shows high growth rates for all earnings indicators, which assume even greater significance given the comparison with such challenging figures as those reported a year earlier and in light of the continuing appreciation of the euro. This last macroeconomic factor characterized international financial markets during

the period in question and negatively impacted both the sales prices denominated in currencies outside the eurozone and profit margins.

Revenues during the period totaled 316.4 million euros, up 15.7% from the corresponding period in 2006, while the increase would have been 2.1% higher if average exchange rates had remained the same (the negative impact of exchange rates on revenues was approximately 5.6 million euros).

Earnings indicators also rose at a double-digit rate. EBITDA reached 70.4 million euros, for an increase of 7.7 million euros from the first six months of 2006, and represented 22.3% of revenues, while EBIT totaled 58.2 million euros, or 18.4% of revenues.

When stripped of the effects stemming from depreciation of the euro in the first half of 2006, the two earnings indicators would climb to 72.8 (+16.1%) and 60.4 (+19%) million euros, respectively.

| <i>(In Euro 000's)</i> |                                       |          |          |        |       |
|------------------------|---------------------------------------|----------|----------|--------|-------|
| Year 06                | <i>Principal economic indicators</i>  | HI 2007  | HI 2006  | Change | %     |
| 573,013                | Sales revenues                        | 316,364  | 273,324  | 43,040 | 15.7  |
| 137,474                | EBITDA                                | 70,411   | 62,708   | 7,703  | 12.3  |
| (23,735)               | Depr., amort., write-downs            | (12,183) | (11,941) | (242)  | 2.0   |
| 113,739                | EBIT                                  | 58,228   | 50,767   | 7,461  | 14.7  |
| 113,176                | Pre-tax profit                        | 59,067   | 50,422   | 8,645  | 17.1  |
| 66,816                 | Consolidated net income               | 35,280   | 29,592   | 5,688  | 19.2  |
|                        | Foreign exchange impact on revenues   | 5,580    |          |        |       |
|                        | <i>Adjusted</i> Sales revenues        | 321,944  | 273,324  | 48,620 | 17.8% |
|                        | For. exch. impact on operating cost   | (3,200)  |          |        |       |
|                        | <i>Adjusted</i> EBITDA                | 72,791   | 62,708   | 10,083 | 16.1% |
|                        | For. exch. impact on deprec. & amort. | (220)    |          |        |       |
|                        | <i>Adjusted</i> EBIT                  | 60,388   | 50,767   | 9,621  | 19.0% |
|                        | EBITDA %                              | 22.3     | 22.9     |        |       |
|                        | EBIT %                                | 18.4     | 18.6     |        |       |
|                        | <i>Adjusted</i> EBITDA %              | 22.6     |          |        |       |
|                        | <i>Adjusted</i> EBIT %                | 18.8     |          |        |       |

| <i>(in Euro 000's)</i> |   |          |          |          |
|------------------------|---|----------|----------|----------|
| 06.30.06               | <i>Principal Balance Sheet indicators</i> | 06.30.07 | 12.31.06 | Change   |
| 128,297                | Net working capital (*)                   | 183,095  | 164,206  | 18,889   |
| 281,635                | Non-current assets                        | 292,675  | 282,805  | 9,870    |
| (7,603)                | Other current assets/liabilities          | (10,545) | (15,712) | 5,167    |
|                        | Net assets held for sale                  | 1,030    | 1,050    | (20)     |
| 402,329                | Invested capital                          | 466,255  | 432,349  | 33,906   |
| 78,163                 | Net financial position                    | 56,071   | 90,573   | (34,502) |
| 480,492                | Shareholder's equity                      | 522,326  | 522,922  | (596)    |
| 15,445                 | Capital expenditures                      | 23,571   | 30,504   |          |
| 24,642                 | Cash flow from operations                 | 24,871   | 46,940   |          |
| (19,834)               | Free cash flow                            | (35,255) | (8,128)  |          |

(\*) Trade receivables + inventories – trade payables

**Sales revenues.** As previously mentioned, consolidated Group revenues totaled 316.4 million euros in the first half of 2007, up 15.7% from the corresponding period of 2006. This figure was more significant when calculated on a comparable exchange rate basis, using the same average exchange rates for the first half of 2006: in this case, revenues would total 321.9 million euros, up 17.8%.

| FY 2006           | %     | <i>(in Euro 000's)</i>  | HI 2007 | %     | HI 2006 | %     | Change | %     |
|-------------------|-------|-------------------------|---------|-------|---------|-------|--------|-------|
| <b>By channel</b> |       |                         |         |       |         |       |        |       |
| 283,212           | 49.4  | DOS                     | 149,860 | 47.4  | 133,871 | 49.0  | 15,989 | 11.9  |
| 289,801           | 50.6  | Wholesale               | 166,503 | 52.6  | 139,453 | 51.0  | 27,050 | 19.4  |
| 573,013           | 100.0 | Total                   | 316,363 | 100.0 | 273,324 | 100.0 | 43,039 | 15.7  |
| <b>By brand</b>   |       |                         |         |       |         |       |        |       |
| 326,385           | 57.0  | TOD'S                   | 174,061 | 55.0  | 164,202 | 60.1  | 9,859  | 6.0   |
| 155,487           | 27.1  | HOGAN                   | 94,822  | 30.0  | 75,410  | 27.6  | 19,412 | 25.7  |
| 82,388            | 14.4  | FAY                     | 38,587  | 12.2  | 29,541  | 10.8  | 9,046  | 30.6  |
| 6,505             | 1.1   | ROGER VIVIER            | 7,143   | 2.3   | 2,737   | 1.0   | 4,406  | 161.0 |
| 2,248             | 0.4   | Other                   | 1,750   | 0.5   | 1,434   | 0.5   | 316    | 22.0  |
| 573,013           | 100.0 | Total                   | 316,363 | 100.0 | 273,324 | 100.0 | 43,039 | 15.7  |
| <b>By product</b> |       |                         |         |       |         |       |        |       |
| 357,465           | 62.4  | Shoes                   | 209,988 | 66.4  | 178,397 | 65.3  | 31,591 | 17.7  |
| 133,526           | 23.3  | Leather goods & access. | 69,031  | 21.8  | 65,704  | 24.0  | 3,327  | 5.1   |
| 80,958            | 14.1  | Apparel                 | 36,853  | 11.6  | 28,772  | 10.5  | 8,081  | 28.1  |
| 1,064             | 0.2   | Other                   | 491     | 0.2   | 451     | 0.2   | 40     | 8.9   |
| 573,013           | 100.0 | Total                   | 316,363 | 100.0 | 273,324 | 100.0 | 43,039 | 15.7  |

| FY 2006        | %     | (In Euro 000's)   | HI 2007 | %     | HI 2006 | %     | Change | %    |
|----------------|-------|-------------------|---------|-------|---------|-------|--------|------|
| <b>By area</b> |       |                   |         |       |         |       |        |      |
| 279,553        | 48.8  | Italy             | 155,221 | 49.1  | 126,052 | 46.1  | 29,169 | 23.1 |
| 145,378        | 25.3  | Europe            | 81,396  | 25.7  | 72,400  | 26.5  | 8,996  | 12.4 |
| 59,986         | 10.5  | North America     | 31,502  | 10.0  | 29,461  | 10.8  | 2,041  | 6.9  |
| 88,096         | 15.4  | Rest of the world | 48,244  | 15.2  | 45,411  | 16.6  | 2,833  | 6.2  |
| 573,013        | 100.0 | Total             | 316,363 | 100.0 | 273,324 | 100.0 | 43,039 | 15.7 |

Both sales channels reported double-digit growth. In consequence of the contribution made by organic growth and new store openings during the period (there were 116 DOS at June 30<sup>th</sup>, 2007, compared with 106 at June 30<sup>th</sup>, 2006), the DOS network reported revenues of 149.9 million euros, which represent 47.4% of Group revenues at June 30<sup>th</sup>, 2007. Compared with the figure for the first six months of 2006, growth totaled 15.2% on a comparable exchange basis, or 11.9% after the impact in currency fluctuations.

The *Same Store Sales Growth (SSSG)* figure, calculated as the global average of revenue growth rates reported at the DOS existing at January 1<sup>st</sup>, 2006, was 10.8% in the first half of 2007, reflecting an improvement from the figure for the first few months of the year, with further acceleration in July and August.

Growth on the independent customer channel was excellent, with revenues totaling 166.5 million euros in the first half of 2007, up 19.4% from the corresponding period of the previous year. A major contribution was made by development of the franchised store network on Asian markets. At June 30<sup>th</sup>, 2007, the franchising network had 68 stores, compared with 55 at the same date of the previous year.

The breakdown of sales by brand shows accelerating growth for all Group brands as compared with the first three months of the year.

TOD'S brand revenues totaled 174.1 million euros, up 6% from the first half of 2006. This brand, the most "international" of all the Group's brands, was heavily impacted by currency fluctuations: gross of this impact, revenues would have grown by 9%, for revenues of 178.9 million euros.

The results reported by the Hogan brand were particularly brilliant: the revenues reported for the period in question totaled 94.8 million euros, up 25.7% from the revenues for the corresponding period a year earlier, when they totaled 75.4 million euros. At June 30<sup>th</sup>, 2007 the revenues generated by this brand represented 30.0% of aggregate Group revenues.

The results reported by the FAY brand were just as positive, with its revenues totaling 38.6 million euros at June 30<sup>th</sup>, 2007 (+30.6% from the first half of 2006, benefiting in part from the different scheduling of deliveries from the previous year). The ROGER VIVIER brand reported brilliant results, with its revenues rising 161% in the first half of the year, further confirming the enormous potential of this prestigious and exclusive brand of shoes and luxury accessories, for which the Group holds an exclusive production and distribution license.

In absolute terms, the brand reported 7.1 million euros in revenues, representing 2.3% of revenues at June 30<sup>th</sup>, 2007.

When broken down according to class of merchandise, shoe revenues continue to post growth rates that are far higher than those for the sector, testifying to the continuous growth in market share for Group brands. The increase from the corresponding period of 2006 was 17.7%, or 19.3% on a comparable exchange rate basis. In the first half of 2007, Group revenues in this merchandise class totaled 210.0 million euros, representing 66.4% of Group sales.

Leather good and accessory sales grew at a more moderate rate, rising 5.1% from the same period a year earlier, or +9.2% on a comparable exchange rate basis. The strong appreciation of the euro during the first and second quarters of 2007 significantly impacted sales performance in this class of products, particularly on the United States and Japanese markets.

Apparel revenues totaled 36.9 million euros in the first half of 2007, with an increase of 28.1%, which reflected the performance of Fay brand revenues.

When stripped of the effect of exchange rate fluctuations, revenues on all markets during the first half grew at double-digit rates compared with the figure for the first six months of 2006.

All Group brands reported excellent results on the domestic market, where revenues totaled 155.2 million euros in the first half of 2007, up 23.1%. The increase in revenues elsewhere in Europe was just as significant, at 12.4%. In this region, sales reached 81.4 million euros, and represented 25.7% of aggregate Group revenues at June 30<sup>th</sup>, 2007.

Consistently with management expectations, the United States market reported a significant acceleration in revenues during the second quarter of the year. Sales during the first half rose by 14.4% on a comparable exchange rate basis, or 6.9% net of the euro-dollar exchange rate impact. This market represents 10% of consolidated revenues at June 30<sup>th</sup>, 2007, with revenues of 31.5 million euros, confirming its great potential.

Finally, revenues totaled 48.3 million euros on Asian markets, representing 15.2% of consolidated revenues. On a comparable exchange rate basis, the increase during the first half of the year was 13.4%, or 6.2% net of the exchange rate effect.

**Operating results.** As mentioned upon presentation of the results, the Group reconfirmed its capacity to develop operating margins and production of income in the first half of 2007. It did so notwithstanding the negative impact on revenues and profit margins caused by the unfavorable changes in the euro/non-eurozone exchange rates and the challenging basis of comparison represented by performance during the first half of 2006, when EBITDA and EBIT grew by more than 33% and 43% respectively.

EBITDA during the first half of 2007 topped 70 million euros (70.4 million euros to be exact), up 7.7 million euros (+12.3%) from the same figure for the corresponding period of the previous year. At 30 June, EBITDA represented 22.3% of consolidated revenues. In the first half of 2006, this figure totaled 62.7 million euros, or 22.9% of revenues.

When stripped of the effects stemming from fluctuations in exchange rates, EBITDA totaled 72.8 million euros, rising 10.1 million euros from 2006. In this case, it would represent 22.6% of consolidated revenues.

The structure of Group costs remained substantially unchanged from the first half of 2006, with no significant changes either in the costs of production or commercial, administrative, marketing, and promotion costs.

The activities of the DOS network, both in terms of expansion (new store openings) and consolidation (a series of contract extensions for particularly important and strategic locations) caused significant growth in rental costs. In fact, these rose by 2.9 million euros in the first half of 2007 from the first half of 2006, or by +18.0%.

The relative weight of labor costs continued to decline significantly, dropping from 14.9% in June 2006 to 14.2%, although their absolute value rose by 4.2 million, considering both the growth in employment and normal wage and salary trends.

The Group had 2,473 employees at June 30<sup>th</sup>, or 237 and 108 persons more than at June 30<sup>th</sup> and December 31<sup>st</sup>, 2006, respectively.

Amortization and depreciation showed the same downward trend as a proportion of revenues, consistently with the trend reported for all of 2006.

Amortization and depreciation of fixed assets totaled 12.2 million euros at June 30<sup>th</sup>, 2007, or 3.9% of Group revenues, resulting in an additional recovery of 0.4% in profitability (amortization and depreciation had represented 4.3% of consolidated revenues in the first half of 2006).

EBIT during the period totaled 58.2 million euros, or 18.4% of revenues, showing growth of 7.5 million euros (+14.7%) from the 50.8 million euros reported in the same period of 2006.

When stripped of the effects tied to the change in exchange rates, EBIT totals 60.4 million euros, or 18.8% of revenues, up 9.6 million euros from the same period of 2006 (+19.0%).

The balance of financial income and expenses for the first half of 2007 was a positive 0.9 million euros, which was principally the result of a substantial balance in foreign exchange transactions and a healthy rate of return on the huge amount of average cash balances disposed of by the Group.

Pre-tax profit was 59.1 million euros, up 8.6 million euros from the corresponding figure for the first half of 2006 (+17.1%). In percentage terms, pre-tax profit as a percentage of revenues was virtually the same as in 2006 (18.7% compared with 18.4%).

Taxes for the first half, including the effects of deferred tax liabilities, totaled 23.8 million euros, for a tax rate of 40.3%, better than in the same period the previous year, when the tax rate was 41.3%. This figure becomes even more significant if the denominator is stripped of the effect resulting from accounting of stock options: in this case, the tax rate would drop to 39.3% in the first half of 2007.

Net consolidated income thus totaled 35.3 million euros, for an increase of 5.7 million euros from 2006 (+19.2%). At June 30<sup>th</sup>, the result represented 11.2% of consolidated revenues, while it was 10.8% in the same period of the previous year.

**Changes in the rules governing employee severance indemnities.** The operating result for the first half benefit from 0.7 million euros following adjustment of the liability for employee severance indemnities owed by the Group's Italian companies with more than 50 employees.

The new regulations envisage that the employee severance indemnities accruing from January 1<sup>st</sup>, 2007 is allocated to supplemental retirement plans or, alternatively, to the Treasury Reserve set up at the Istituto Nazionale di Previdenza Sociale (i.e. the Italian social security administration).



This entailed actuarial recalculation of the liability recognized on the financial statements at December 31<sup>st</sup>, 2006, as it was necessary to exclude the portion resulting from future wage increases that had been included in the previous calculation.

Furthermore, since all obligations towards employees ceased starting on January 1<sup>st</sup>, 2007, all amounts of the employee severance indemnities are now subject to the accounting standards governing defined contribution plans. Thus, actuarial calculation and actualization processes are no longer required.

**Investments in fixed assets.** The first half of 2007 was characterized by a major acceleration in investment activity. The investment of resources in fixed assets during the period totaled 23.6 million euros, as opposed to 15.4 and 30.5 million euros invested in the first half and all of fiscal 2006, respectively.

The amount dedicated to financing expansion of the DOS network was particularly significant (13 million euros), both for setting up new boutiques that were added in the first half and remodeling existing ones, and for acquisition of new, important commercial spaces in Rome and Milan.

**Changes in cash flow.** The net cash balances of the Group at June 30<sup>th</sup>, 2007 totaled 56.1 million euros: at the beginning of the year, they totaled 90.6 million euros, while they totaled 78.2 million euros at June 30<sup>th</sup> of the previous year.

| 06.30.06 | Net financial position (in Euro 000's)      | 06.30.07 | 12.31.06 | Change   |
|----------|---|----------|----------|----------|
|          | <i>Current financial assets</i>             |          |          |          |
| 103,097  | Cash and cash equivalents                   | 78,029   | 111,335  | (33,306) |
| 103,097  | Cash  | 78,029   | 111,335  | (33,306) |
|          | <i>Current financial liabilities</i>        |          |          |          |
| (7,715)  | Current account overdraft                   | (8,776)  | (6,943)  | (1,833)  |
| (2,888)  | Current share of medium-long term financing | (2,199)  | (2,103)  | (96)     |
| (1,911)  | Financial leasing                           |          |          |          |
| (12,514) | Current financial liabilities               | (10,975) | (9,046)  | (1,929)  |
| 90,583   | Current net financial position              | 67,054   | 102,289  | (35,235) |
|          | <i>Non-Current financial liabilities</i>    |          |          |          |
| (10)     | Financial leasing                           |          |          |          |
| (12,410) | Financing                                   | (10,983) | (11,716) | 733      |
| (12,420) | Non-current financial liabilities           | (10,983) | (11,716) | 733      |
| 78,163   | Net financial position                      | 56,071   | 90,573   | (34,502) |

Cash flows during the first half were largely influenced by the distribution of over 38 million euros in dividends (approximately 8 million euros more than what had been distributed in 2006)

and, as described hereinabove, by a significant investment of resources in capital expenditures (23.6 million euros).

| <b>Fund flow statement (in Euro 000's)</b>                   | <b>jan-jun. 07</b> | <b>jan-jun. 06</b> |
|--|--------------------|--------------------|
| <b>Profit (loss) for the period of the Group</b>             | <b>34,789</b>      | <b>29,348</b>      |
| Non-cash items   | 18,020             | 16,856             |
| <b>Cash flow</b>   | <b>52,809</b>      | <b>46,204</b>      |
| Changes in operating net work capital                        | (27,938)           | (21,562)           |
| <b>Cash flow from operation</b>                              | <b>24,871</b>      | <b>24,642</b>      |
| Cash Flow generated (used) in investment activity            | (22,588)           | (14,106)           |
| Cash Flow generated (used) in financing activity             | (37,538)           | (30,370)           |
| <b>Cash flow generated (used)</b>                            | <b>(35,255)</b>    | <b>(19,834)</b>    |
| Cash flow from assets held for sale                          | 20                 |                    |
| <b>Cash Flow generated (used) continuing operation</b>       | <b>(35,235)</b>    | <b>(19,834)</b>    |
| <b>Net financial position at the beginning of the period</b> | <b>102,289</b>     | <b>110,417</b>     |
| <b>Net financial position at the end of the period</b>       | <b>67,054</b>      | <b>90,583</b>      |
| <b>Change in current net financial position</b>              | <b>(35,235)</b>    | <b>(19,834)</b>    |

#### Reconciliation of the result for the period and net equity of the Group with the analogous values of the Parent Company

| <i>(in Euro 000's)</i><br><b>Principal economic indicators</b>                          | <b>06.30.07</b>   |                     | <b>06.30.06</b>   |                     |
|---|-------------------|---------------------|-------------------|---------------------|
|   | <b>Net profit</b> | <b>Share equity</b> | <b>Net profit</b> | <b>Share equity</b> |
| <b>Parent company</b>   | <b>23,151</b>     | <b>514,098</b>      | <b>25,492</b>     | <b>489,076</b>      |
| Difference between book value of consolidated companies and net equity method valuation |                   | 18,161              |                   | 5,136               |
| <b>Net income of subsidiaries</b>   | <b>9,494</b>      |                     | <b>6,076</b>      |                     |
| Goodwill from business combination  |                   |                     |                   |                     |
| Parent company  |                   | (13,243)            |                   | (13,243)            |
| <b>Goodwill from business combination Group</b>   |                   | <b>9,689</b>        |                   | <b>9,689</b>        |
| <b>Goodwill generated from consolidation</b>  |                   | <b>2,182</b>        |                   | <b>2,182</b>        |
| <b>Other</b>  | <b>2,144</b>      | <b>(11,898)</b>     | <b>(2,220)</b>    | <b>(15,655)</b>     |
| Minority interests  | 491               | 3,336               | 244               | 3,307               |
| <b>Consolidated financial statement</b>   | <b>35,280</b>     | <b>522,326</b>      | <b>29,592</b>     | <b>480,492</b>      |

#### Significant events occurring after the end of the period

In August, the Group completed its takeover of the Korean distribution chain. Upon expiration of the TOD'S franchising agreement with its local partner, Hyundai Department Store Co., TOD'S Korea took over management of the TOD'S and HOGAN retail outlets on the local

market (and thus excluding duty free shops). The Group currently has seven directly operated boutiques, five bearing the TOD'S brand and two bearing the HOGAN brand, which are all located in Seoul with just one exception (Pusan).

The total investment made to carry out the transaction was approximately 2.7 million euros, allocated principally for the acquisition of fixed assets (pertaining to the stores) and current assets (inventories).

Elsewhere in Asia, the Group incorporated TOD'S Macau Limitada, to which it assigned management of the network of retail outlets in Macao, which was launched at the end of August with the opening of the first HOGAN brand DOS.

#### **Business outlook**

The positive results reported by the Group in the first half of 2007, and particularly the excellent sales figures reported by all DOS worldwide, as well as the wholesale channel, which reflected an acceleration from the first months of the year, confirm the wisdom of the company's medium and long-term strategic plan.

Partly in consideration of the initial, excellent sales results for the Fall-Winter season, we can confidently confirm that Group revenues and profits for fiscal 2007 will show further growth.

Milan, September 12<sup>th</sup>, 2007

The Chairman of the Board of Directors  
Diego Della Valle

TOD'S

TOD'S Group

D'S

Financial Statements

Group

## Profit & Loss Account (January - June)

| <i>(In Euros 000's)</i>                                  |      |                  |                  |                  |
|--|------|------------------|------------------|------------------|
|  | Note | HI 2007          | HI 2006          | FY 2006          |
| <i>Revenues</i>  |      |                  |                  |                  |
| Sales revenues   |      | 316,364          | 273,324          | 573,013          |
| Other revenues and income                                |      | 6,196            | 4,431            | 9,216            |
| <b>Total revenues and income</b>                         |      | <b>322,560</b>   | <b>277,755</b>   | <b>582,229</b>   |
| <i>Operating costs</i>                                   |      |                  |                  |                  |
| Change in inventories (work in progr. & finished goods)  |      | 22,689           | 25,357           | 35,751           |
| Costs of raw materials, supplies and materials for cons. |      | (96,086)         | (86,585)         | (170,867)        |
| Costs of services  |      | (104,341)        | (89,630)         | (180,274)        |
| Costs of use of third party assets                       |      | (18,918)         | (16,032)         | (32,898)         |
| Cost of labour   |      | (44,885)         | (40,644)         | (80,409)         |
| Other operating charges                                  |      | (10,608)         | (7,513)          | (16,058)         |
| <b>Total operating costs</b>                             |      | <b>(252,149)</b> | <b>(215,047)</b> | <b>(444,755)</b> |
| <b>EBITDA</b>  |      | <b>70,411</b>    | <b>62,708</b>    | <b>137,474</b>   |
| <i>Amortisation, depreciation and write-downs</i>        |      |                  |                  |                  |
| Amortisation of intangible assets                        |      | (2,558)          | (2,292)          | (4,740)          |
| Depreciation of tangible assets                          |      | (9,625)          | (9,326)          | (18,639)         |
| Other adjustments  |      |                  | (23)             |                  |
| <b>Total Amortisation, depreciation and write-downs</b>  |      |                  | <b>(12,183)</b>  | <b>(11,641)</b>  |
| Provisions   |      |                  | (300)            | (356)            |
| <b>EBIT</b>  |      | <b>58,228</b>    | <b>50,767</b>    | <b>113,739</b>   |
| <i>Financial income and charges</i>                      |      |                  |                  |                  |
| Financial income   |      | 4,616            | 4,106            | 9,701            |
| Financial charges  |      | (3,777)          | (4,451)          | (10,264)         |
| <b>Total financial income (charges)</b>                  |      | <b>839</b>       | <b>(345)</b>     | <b>(563)</b>     |
| <i>Income (losses) from equity investments</i>           |      |                  |                  |                  |
| <b>Pre-tax profit</b>                                    |      | <b>59,067</b>    | <b>50,422</b>    | <b>113,176</b>   |
| Income taxes   |      | (23,787)         | (20,830)         | (46,360)         |
| <b>Consolidated net income</b>                           |      | <b>35,280</b>    | <b>29,592</b>    | <b>66,816</b>    |
| Minority interests                                       |      | (491)            | (244)            | (704)            |
| <b>Net income of the Group</b>                           |      | <b>34,789</b>    | <b>29,348</b>    | <b>66,112</b>    |
| EPS (Euro)   | 6    | 1.14             | 0.97             | 2.18             |
| EPS diluted (Euro)                                       | 6    | 1.09             | 0.92             | 2.08             |

Note: the transactions with related parties are reported in detail at Note 12.

Profit & Loss Account (April - June) (\*)

| <i>(In Euros 000's)</i>                                  | Q2 2007          | Q2 2006         |
|--|------------------|-----------------|
| <i>Revenues</i>  |                  |                 |
| Sales revenues   | 138,626          | 111,893         |
| Other revenues and income                                | 4,072            | 2,703           |
| <b>Total revenues and income</b>                         | <b>142,698</b>   | <b>114,596</b>  |
| <i>Operating costs</i>                                   |                  |                 |
| Change in inventories (work in progr. & finished goods)  | 21,934           | 21,870          |
| Costs of raw materials, supplies and materials for cons. | (48,065)         | (39,207)        |
| Costs of services  | (47,867)         | (41,333)        |
| Costs of use of third party assets                       | (9,483)          | (8,043)         |
| Cost of labour   | (22,778)         | (19,407)        |
| Other operating charges                                  | (6,488)          | (3,931)         |
| <b>Total operating costs</b>                             | <b>(112,747)</b> | <b>(90,051)</b> |
| <b>EBITDA</b>  | <b>29,951</b>    | <b>24,545</b>   |
| <i>Amortisation, depreciation and write-downs</i>        |                  |                 |
| Amortisation of intangible assets                        | (1,317)          | (1,161)         |
| Depreciation of tangible assets                          | (4,867)          | (4,690)         |
| Other adjustments  | (23)             | (23)            |
| <b>Total Amortisation, depreciation and write-downs</b>  | <b>(6,184)</b>   | <b>(5,874)</b>  |
| Provisions   | (250)            | (250)           |
| <b>EBIT</b>  | <b>23,767</b>    | <b>18,421</b>   |
| <i>Financial income and charges</i>                      |                  |                 |
| Financial income   | 2,165            | 3,325           |
| Financial charges  | (1,641)          | (3,603)         |
| <b>Total financial income (charges)</b>                  | <b>524</b>       | <b>(278)</b>    |
| <i>Income (losses) from equity investments</i>           |                  |                 |
| <b>Pre-tax profit</b>                                    | <b>24,291</b>    | <b>18,143</b>   |
| Income taxes   | (9,565)          | (7,661)         |
| <b>Consolidated net income</b>                           | <b>14,726</b>    | <b>10,482</b>   |
| Minority interests                                       | (681)            | (521)           |
| <b>Net income of the Group</b>                           | <b>14,045</b>    | <b>9,961</b>    |

(\*) Not audited.

## Balance Sheet

| <i>(in Euro 000's)</i>               |      |                |                |                |
|--------------------------------------|------|----------------|----------------|----------------|
|                                      | Note | 06.30.07       | 12.31.06       | 06.30.06       |
| <b>Non-current assets</b>            |      |                |                |                |
| Intangible fixed assets              |      |                |                |                |
| Assets with indefinite useful life   |      | 148,577        | 148,114        | 148,077        |
| Key money                            |      | 35,262         | 26,968         | 28,835         |
| Others                               |      | 6,630          | 4,981          | 3,530          |
| <b>Total intangible fixed assets</b> |      | <b>190,469</b> | <b>180,063</b> | <b>180,442</b> |
| Property, plant and equipment        |      |                |                |                |
| Building and lands                   |      | 41,830         | 41,704         | 41,657         |
| Plant and machinery                  |      | 7,558          | 8,034          | 8,719          |
| Equipment                            |      | 10,798         | 9,775          | 9,339          |
| Leasehold improvements               |      | 28,237         | 29,219         | 28,425         |
| Others                               |      | 13,783         | 14,010         | 13,053         |
| <b>Total tangible fixed assets</b>   |      | <b>102,206</b> | <b>102,742</b> | <b>101,193</b> |
| Other assets                         |      |                |                |                |
| Real estate investments              |      | 58             | 60             | 61             |
| Equity investments                   |      | 20             | 20             | 20             |
| Deferred tax assets                  |      | 15,959         | 17,245         | 18,813         |
| Others                               |      | 4,723          | 4,158          | 3,946          |
| <b>Total other assets</b>            |      | <b>20,760</b>  | <b>21,483</b>  | <b>22,840</b>  |
| <b>Total non-current assets</b>      |      | <b>313,435</b> | <b>304,288</b> | <b>304,475</b> |
| <b>Current assets</b>                |      |                |                |                |
| Inventories                          |      | 209,767        | 183,656        | 172,543        |
| Trade receivables                    |      | 92,809         | 85,328         | 64,477         |
| Tax receivables                      |      | 6,813          | 5,815          | 9,994          |
| Derivative financial instruments     |      | 330            | 1,219          | 2,244          |
| Others                               |      | 20,529         | 18,260         | 11,560         |
| Cash and cash equivalents            |      | 78,029         | 111,335        | 103,097        |
| <b>Total current assets</b>          |      | <b>408,277</b> | <b>405,613</b> | <b>363,915</b> |
| Assets held for sale                 |      | 1,053          | 1,081          |                |
| <b>Total assets</b>                  |      | <b>722,765</b> | <b>710,982</b> | <b>668,390</b> |

| <i>(in Euro 000's)</i>                            |      |                |                |                |
|---|------|----------------|----------------|----------------|
|   | Note | 06.30.07       | 12.31.06       | 06.30.06       |
| <b>Shareholder's equity</b>                       |      |                |                |                |
| Group interests                                   |      |                |                |                |
| Share capital                                     | 8    | 60,870         | 60,804         | 60,500         |
| Capital reserves                                  | 9    | 213,420        | 210,638        | 204,694        |
| Hedging and translation reserves                  | 10   | (1,784)        | (1,406)        | (1,123)        |
| Retaining earnings                                | 11   | 211,695        | 183,705        | 183,766        |
| Net income for the period                         |      | 34,789         | 66,112         | 29,348         |
| <b>Group interest in shareholder's equity</b>     |      | <b>518,990</b> | <b>519,853</b> | <b>477,185</b> |
| Minority interests                                |      |                |                |                |
| Share capital and reserves                        |      | 2,845          | 2,365          | 3,063          |
| Income for period                                 |      | 491            | 704            | 244            |
| <b>Minority interest in shareholder's equity</b>  |      | <b>3,336</b>   | <b>3,069</b>   | <b>3,307</b>   |
| <b>Total Shareholder's equity</b>                 |      | <b>522,326</b> | <b>522,922</b> | <b>480,492</b> |
| <b>Non-current liabilities</b>                    |      |                |                |                |
| Provision for risks                               |      | 351            | 403            | 453            |
| Deferred tax liabilities                          |      | 23,011         | 20,516         | 17,686         |
| Retirement benefit obligation                     |      | 10,759         | 11,789         | 11,270         |
| Bank borrowings                                   |      | 10,983         | 11,716         | 12,420         |
| <b>Total non-current liabilities</b>              |      | <b>45,104</b>  | <b>44,424</b>  | <b>41,829</b>  |
| <b>Current liabilities</b>                        |      |                |                |                |
| Trade payables                                    |      | 119,481        | 104,778        | 108,723        |
| Tax payables                                      |      | 5,908          | 14,265         | 10,057         |
| Derivative financial instruments                  |      | 488            | 518            | 929            |
| Others  |      | 18,460         | 14,998         | 13,846         |
| Banks   |      | 10,975         | 9,046          | 12,514         |
| <b>Total current liabilities</b>                  |      | <b>155,312</b> | <b>143,605</b> | <b>146,069</b> |
| Liabilities held for sale                         |      | 23             | 31             |                |
| <b>Total shareholder's equity and liabilities</b> |      | <b>722,765</b> | <b>710,982</b> | <b>668,390</b> |



## Fund flow statement

| <i>(in Euro 000's)</i>   | Period<br>jan.-jun. 07 | Period<br>jan.-jun. 06 |
|--|------------------------|------------------------|
| <b>Profit (loss) for the period of the Group</b>               | <b>34,789</b>          | <b>29,348</b>          |
| <i>Adjustments to the items without effect on liquidity:</i>   |                        |                        |
| Amortisation, depreciation, revaluation and write-downs        | 13,074                 | 13,527                 |
| Change in employee severance indemnity reserve                 | (203)                  | 569                    |
| Change in deferred tax/liabilities                             | 3,781                  | 788                    |
| Others   | 1,368                  | 1,972                  |
| <b>Cash flow (a)</b>   | <b>52,809</b>          | <b>46,204</b>          |
| <i>Changes in current assets and liabilities:</i>              |                        |                        |
| Inventories  | (27,030)               | (29,599)               |
| Trade receivables  | (7,481)                | (3,172)                |
| Tax receivables  | (998)                  | (5,780)                |
| Other current assets   | (1,380)                | (56)                   |
| Trade payables   | 14,703                 | 17,088                 |
| Tax payables   | (8,357)                | (415)                  |
| Other current liabilities                                      | 2,605                  | 372                    |
| <b>Change in operating working capital (b)</b>                 | <b>(27,938)</b>        | <b>(21,562)</b>        |
| <b>Cash flow from operations (c)=(a)+(b)</b>                   | <b>24,871</b>          | <b>24,642</b>          |
| Net investments in intangible and tangible assets              | (22,665)               | (14,631)               |
| <i>(Increase) reduction of equity investments</i>              |                        |                        |
| Other changes in fixed assets                                  | 640                    | 1,086                  |
| Reduction (increase) of other non current assets               | (563)                  | (561)                  |
| <b>Cash flow generated (used) in investment activities (d)</b> | <b>(22,588)</b>        | <b>(14,106)</b>        |
| Dividends paid   | (38,002)               | (30,250)               |
| Changes in long term loans                                     | (733)                  | (1,031)                |
| Other changes in shareholder's equity                          | 930                    | 628                    |
| Changes in minority interests                                  | 267                    | 283                    |
| <b>Cash flow generated (used) in financing (e)</b>             | <b>(37,538)</b>        | <b>(30,370)</b>        |
| <b>Cash flow from continuing operations (f)=(c)+(d)+(e)</b>    | <b>(35,255)</b>        | <b>(19,834)</b>        |
| Cash flow from assets held for sale                            | 20                     | -                      |
| <b>Cash Flow generated (used)</b>                              | <b>(35,235)</b>        | <b>(19,834)</b>        |
| <br>   |                        |                        |
| Net financial position at the beginning of the period          | 102,289                | 110,417                |
| Net financial position at the end of the period                | 67,054                 | 90,583                 |
| <b>Change in current net financial position</b>                | <b>(35,235)</b>        | <b>(19,834)</b>        |

### Consolidated statement of change in equity

| January - June 2007<br>(in Euro 000's)              |               |                  |                                  |                   |                       |                    |                |
|---|---------------|------------------|----------------------------------|-------------------|-----------------------|--------------------|----------------|
|   | Share capital | Capital reserves | Hedging and translation reserves | Retained earnings | Total Group interests | Minority interests | Total          |
| Balance as of 01.01.07                              | 60,804        | 210,638          | (1,406)                          | 249,817           | 519,853               | 3,069              | 522,922        |
| Increase in fair value of derivatives               |               |                  | 859                              |                   | 859                   |                    | 859            |
| Transfers of hedging derivatives to P&L Account     |               |                  | (741)                            |                   | (741)                 |                    | (741)          |
| Translation differences                             |               |                  | (496)                            |                   | (496)                 | (4)                | (500)          |
| Other movements                                     |               |                  |                                  | (120)             | (120)                 |                    | (120)          |
| Net income for the period                           |               |                  |                                  | 34,789            | 34,789                | 491                | 35,280         |
| <b>Total Profit (loss) recognized in the period</b> | <b>60,804</b> | <b>210,638</b>   | <b>(1,784)</b>                   | <b>284,486</b>    | <b>554,144</b>        | <b>3,556</b>       | <b>557,700</b> |
| Share based payments                                |               | 1,420            |                                  |                   | 1,420                 |                    | 1,420          |
| Options exercised                                   | 66            | 1,362            |                                  |                   | 1,428                 |                    | 1,428          |
| Contribution  |               |                  |                                  |                   |                       |                    |                |
| Dividends   |               |                  |                                  | (38,002)          | (38,002)              | (220)              | (38,222)       |
| Balance as of 06.30.07                              | 60,870        | 213,420          | (1,784)                          | 246,484           | 518,990               | 3,336              | 522,326        |

| January - June 2006<br>(in Euro 000's)              |               |                  |                                  |                   |                       |                    |                |
|---|---------------|------------------|----------------------------------|-------------------|-----------------------|--------------------|----------------|
|   | Share capital | Capital reserves | Hedging and translation reserves | Retained earnings | Total Group interests | Minority interests | Total          |
| Balance as of 01.01.06                              | 60,500        | 202,021          | (1,014)                          | 213,970           | 475,477               | 3,024              | 478,501        |
| Increase in fair value of derivatives               |               |                  | 581                              |                   | 581                   |                    | 581            |
| Transfers of hedging derivatives to P&L Account     |               |                  | 868                              |                   | 868                   |                    | 868            |
| Translation differences                             |               |                  | (1,558)                          |                   | (1,558)               |                    | (1,558)        |
| Other movements                                     |               |                  |                                  | 46                | 46                    | 39                 | 85             |
| Net income for the period                           |               |                  |                                  | 29,348            | 29,348                | 244                | 29,592         |
| <b>Total Profit (loss) recognized in the period</b> | <b>60,500</b> | <b>202,021</b>   | <b>(1,991)</b>                   | <b>243,364</b>    | <b>503,894</b>        | <b>3,307</b>       | <b>507,201</b> |
| Share based payments                                |               | 1,982            |                                  |                   | 1,982                 |                    | 1,982          |
| Contribution  |               | 691              |                                  |                   | 691                   |                    | 691            |
| Dividends   |               |                  |                                  | (30,250)          | (30,250)              |                    | (30,250)       |
| Balance as of 06.30.06                              | 60,500        | 204,694          | (1,123)                          | 213,114           | 477,185               | 3,307              | 480,492        |

TOD'S

TOD'S Group

D'S

Supplementary notes

Group

## I. General

The consolidated Half year Report of the TOD'S Group at June 30<sup>th</sup>, 2007 was drafted pursuant to Article 82 of CONSOB Regulation no. 11971 of May 14<sup>th</sup>, 1999, as amended, and complies with *International Accounting Standards 34 (IAS 34) – Interim Financial Reporting* – adopted in accordance with the procedure set forth in Article 6 of EC Regulation no. 1606/2002.

It includes the financial statements of TOD'S S.p.a. and its Italian and foreign subsidiaries, together identified as the TOD'S Group, drafted with the reference date of March June 30<sup>th</sup>, 2007 (January 1<sup>st</sup> – June 30<sup>th</sup>).

The financial statements (profit and loss account, balance sheet, funds flow statement, and statement of change in equity) were drafted in the long form and are the same as those used for the consolidated financial statements at December 31<sup>st</sup>, 2006.

As envisaged in IAS 34, the notes to the financial statements were drafted in summary form and refer only to the components of the profit and loss account, balance sheet, and funds flow statement, whose composition or change in amount or nature was significant. Thus, they illustrate additional information for accurate comprehension of the Group's financial position at June 30<sup>th</sup>, 2007.

## 2. Accounting policies

The Quarterly Report at June 30<sup>th</sup>, 2007 was prepared by applying IAS/IFRS, issued by IASB and approved by the European Union at the reporting date. IAS/IFRS refers to the *International Accounting Standards (IAS)*, *International Financial Reporting Standards (IFRS)*, and all interpretative documents issued by the IFRIC (previously called the Standing Interpretations Committee).

The same accounting standards used to prepare the consolidated financial statements at December 31<sup>st</sup>, 2006 were used to prepare this Quarterly Report. The following came into effect on January 1<sup>st</sup>, 2007:

- i. **IFRS 7 “Financial Instruments: Disclosures.”** This standard has impacted financial statement disclosures, while it has not had any appreciable impact on measurement of the accounts.
- ii. **IFRIC 10, Interim Financial Reporting and Impairment.** This interpretation provides indications on certain aspects of reporting and reversing impairment losses on the balance sheet

involving goodwill and certain financial assets. Application of this principle did not impact the Group financial statements.

iii. IFRIC 7, IFRIC 8, and IFRIC 9. These interpretations of existing standards, whose application became mandatory at January 1<sup>st</sup>, 2007, did not apply to the Group financial statements.

Preparation of the interim financial statements entails making estimates and assumptions based on the management's best valuation. If these estimates and assumptions should change in future from the actual circumstances, they will obviously be modified for the period in which those circumstances changed.

Specifically in regard to determination of eventual impairment losses affecting fixed assets, complete tests are performed only when the annual report is prepared, when all information as might be necessary is available, unless there are indications that require immediate valuation of eventual impairment losses or the occurrence of events that required repetition of the procedure.

The rates applied for translation of the financial statements of subsidiaries using a functional currency other than the currency used for consolidation, are illustrated in the following table and compared with those used in the previous period:

|                   | Base   | Jan.-Jun. 2007                      |                    | Jan.-Jun. 2006                      |                    |
|-------------------|--------|-------------------------------------|--------------------|-------------------------------------|--------------------|
|                   |        | Exch. rate at June 30 <sup>th</sup> | Average exch. rate | Exch. rate at June 30 <sup>th</sup> | Average exch. rate |
| US dollar         | 1      | 0.740                               | 0.752              | 0.787                               | 0.814              |
| UK pound sterling | 1      | 1.484                               | 1.482              | 1.445                               | 1.455              |
| Swiss franc       | 1      | 0.604                               | 0.612              | 0.638                               | 0.641              |
| Hong Kong dollar  | 100    | 9.472                               | 9.632              | 10.127                              | 10.494             |
| Japanese yen      | 100    | 0.600                               | 0.627              | 0.686                               | 0.704              |
| Hungarian forint  | 1000   | 4.063                               | 3.996              | 3.529                               | 3.842              |
| Korean WON        | 10,000 | 8.015                               | 8.056              | -                                   | -                  |
| Singapor dollar   | 1      | 0.484                               | 0.492              | 0.497                               | 0.506              |

### 3. Seasonal or cyclical nature of interim transactions

The TOD'S Group engages in a business that, while not manifesting significant seasonal or cyclical changes in overall annual sales, is impacted by monthly differences in the flows of revenues and costs generated by its industrial activity over the course of the year.

#### 4. Scope of consolidation

Compared with the June 30<sup>th</sup>, 2006 Report, the scope of consolidation includes the subsidiary TOD'S Korea Inc., which was incorporated in July 2006. There was no change instead as compared with the 2006 Statutory Financial Statements.

##### Parent company

**TOD'S S.p.a.**  
S.Elpidio a Mare - Italy  
Share Capital (S.C.) – Euro 60.869.640

##### Direct Subsidiaries

**TOD'S Deutsch. Gmbh**  
Dusseldorf - Germany  
S.C. - Euro 15,387.56  
% held: 100%

**TOD'S France Sas**  
Paris - France  
S.C. - Euro 780,000  
% held: 100%

**An.Del. USA Inc.**  
New York - U.S.A  
S.C. - Usd 3,700,000  
% held: 100%

**TOD'S Internat. BV**  
Amsterdam – Netherlands  
S.C. - Euro 2,600,200  
% held: 100%

**Del.Com S.r.l.**  
S.Elpidio a Mare - Italy  
S.C. - Euro 31,200  
% held: 100%

##### Indirect subsidiaries

**Cal.Del. USA Inc.**  
Beverly Hills, Ca - U.S.A.  
S.C. - Usd 10,000  
% held: 100%

**Colo.Del. USA Inc.**  
Denver, Co - U.S.A.  
S.C. - Usd 10,000  
% held: 100%

**Deva Inc.**  
Wilmington, DE – U.S.A.  
S.C. - Usd 500,000  
% held: 100%

**Flor.Del. USA Inc.**  
Tallahassee, Fl - U.S.A.  
S.C. - Usd 10,000  
% held: 100%

**Hono.Del. Inc.**  
Honolulu, Hi - U.S.A.  
S.C. - 10,000  
% held: 100%

**Il.Del. USA Inc.**  
Springfield, Il - U.S.A.  
S.C. - Usd 10,000  
% held: 100%

**Neva.Del. Inc.**  
Carson City, Nv - U.S.A.  
S.C. - Usd 10,000  
% held: 100%

**Or.Del. USA Inc.**  
Sacramento, Ca - U.S.A.  
S.C. - Usd 10,000  
% held: 100%

**Gen.Del SA**  
Ginevra - Switzerland  
S.C. - Chf 200,000  
% held: 100%

**Sandel SA**  
San Marino  
S.C. - Euro 258,000  
% held: 100%

**TOD'S Belgique S.p.r.l.**  
Bruxelles - Belgium  
S.C. - Euro 300,000  
% held: 100%

**TOD'S Espana SL**  
Madrid – Spain  
S.C. - Euro 468,539.77  
% held: 100%

**TOD'S Hong Kong Ltd**  
Hong Kong  
S.C. - Usd 50,000  
% held: 100%

**TOD'S Japan KK**  
Tokio - Japan  
S.C. - Jpy 10,000,000  
% held: 100%

**TOD'S Saint Barth Sas**  
Saint Barthélemy  
S.C. - Euro 500,000  
% held: 100%

**TOD'S Singapore Pte Ltd**  
Singapore  
S.C. - Sgd 300,000  
% held: 100%

**Un.Del Kft**  
Tata - Hungary  
S.C. - Huf 42,900,000  
% held: 100%

**TOD'S UK Ltd**  
London – Gret Britain  
S.C. - Gbp 350,000.00  
% held: 100%

**Webcover Ltd**  
London - Gret Britain  
S.C. - Gbp 1,000.00  
% held: 50%

**TOD'S Luxembourg SA**  
Luxembourg  
S.C. - Euro 31.000,00  
% held: 50%

**TOD'S Korea Inc. (1)**  
Seoul - Korea  
S.C. - Won 100,000,000  
% held: 100%

**Deva Mode S.r.l.**  
S.Elpidio a Mare – Italy  
S.C. - Euro 50,000  
% held: 100%

**Spiga 22 S.r.l.**  
S.Elpidio a Mare - Italy  
S.C. - Euro 50,000  
% held: 100%

**Via Roma 40 S.r.l.**  
S.Elpidio a Mare - Italia  
S.C. - Euro 50,000 Italy  
% held: 100%

**Filangieri 29 S.r.l.**  
Napoli - Italy  
S.C. - Euro 100,000  
% held: 50%

**Del.Pav. S.r.l.**  
S.Elpidio a Mare- Italy  
S.C. - Euro 50,000  
% held: 50%

**Re.Se.Del. S.r.l.**  
S.Elpidio a Mare- Italy  
S.C. - Euro 25,000  
% held: 100%

It is assumed that the Group controls those companies in which it does not own more than 50% of the capital, and thus disposes of the same percentage of voting power at the Shareholders' Meeting, where the Group has the power to exercise direct or indirect control of those companies' financial and operating policies in view of realizing benefits from their activities.

The special purpose entities have been temporarily excluded from the scope of consolidation due to their insignificant dimensions and irrelevance to operations.

## 5. Segment reporting

In order to provide information of the balance sheet, profit and loss account, and financial position by sector, the Group has chosen a regional breakdown as the primary reporting format for illustrating sector figures. This representation stems from the consideration that the risks and benefits of the Group, at the current stage in the development process, are significantly influenced by the regions where it operates. The regions identified for presentation are as follows:

- Italy
- Europe
- North America
- Rest of World

In the secondary reporting format, for sectors of activity, the information is illustrated according to distribution channel, identified as follows:

- wholesale distribution
- direct distribution through DOS

### Primary reporting format – results by geographical segments (HI 2007)

| <i>(in Euro mn)</i>         | Italy  | Europe | North America | RoW    | Not Localized | Total   |
|-----------------------------|--------|--------|---------------|--------|---------------|---------|
| Sales revenues              | 155.2  | 81.4   | 31.6          | 48.2   |               | 316.4   |
| <i>Inter- segment sales</i> |        |        |               |        |               |         |
| Operating costs             | (89.2) | (51.6) | (28.9)        | (31.6) | (56.9)        | (258.2) |
| (EBIT)                      | 66.0   | 29.8   | 2.7           | 16.6   | (56.9)        | 58.2    |
| Financial income (charges)  |        |        |               |        |               | 0.9     |
| Pre-tax profit              |        |        |               |        |               | 59.1    |
| Income taxes                |        |        |               |        |               | (23.8)  |
| Consolidated net profit     |        |        |               |        |               | 35.3    |

Primary reporting format – results by geographical segments (HI 2006)

| <i>(in Euro mn)</i>         | Italy  | Europe | North America | RoW    | Not Localized | Total   |
|-----------------------------|--------|--------|---------------|--------|---------------|---------|
| Sales revenues              | 126.4  | 72.4   | 29.5          | 45.0   |               | 273.3   |
| <i>Inter- segment sales</i> |        |        |               |        |               |         |
| Operating costs             | (70.0) | (45.8) | (26.3)        | (29.7) | (50.7)        | (222.5) |
| (EBIT)                      | 56.4   | 26.6   | 3.2           | 15.3   | (50.7)        | 50.8    |
| Financial income (charges)  |        |        |               |        |               | (0.4)   |
| Pre-tax profit              |        |        |               |        |               | 50.4    |
| Income taxes                |        |        |               |        |               | (20.8)  |
| Consolidated net profit     |        |        |               |        |               | 29.6    |

Secondary reporting format – Sales revenues by distribution channels

| <i>(in Euro 000's)</i> | HI 2007 | %    | HI 2006 | %    | Change | %    |
|------------------------|---------|------|---------|------|--------|------|
| DOS                    | 149,860 | 47.4 | 133,871 | 49.0 | 15,989 | 11.9 |
| Wholesale              | 166,503 | 52.6 | 139,453 | 51.0 | 27,050 | 19.4 |
| Total                  | 316,363 | 100  | 273,324 | 100  | 43,039 | 15.7 |

## 6. Earnings per share

The calculation of base and diluted earnings per share is based on the followings:

| <i>(in Euro 000's)</i>                                       | HI 2007 | HI 2006 |
|--|---------|---------|
| <b>From operating activities and discontinued activities</b> |         |         |
| Earnings for determination of base earnings per share        | 34,789  | 29,348  |
| Dilution effects   | -       | -       |
| Earnings for determination of diluted earnings per share     | 34,789  | 29,348  |

| <i>(in Euro 000's)</i>                                  | HI 2007 | HI 2006 |
|---|---------|---------|
| <b>From operating activities</b>                        |         |         |
| Net income of the Group                                 | 34,789  | 29,348  |
| Profit (loss) from discontinued activities              | -       | -       |
| Earning for determination of base earnings per share    | 34,789  | 29,348  |
| Dilution effects  | -       | -       |
| Earning for determination of diluted earnings per share | 34,789  | 29,348  |

|   | HI 2007    | HI 2006    |
|---|------------|------------|
| <b>Number of shares</b>   |            |            |
| Weighted average number of shares to determine basic earning per shares (*) | 30,406,117 | 30,251,172 |
| Weighted average number of Share options                                    | 1,373,803  | 1,571,228  |
| Weighted average number of shares to determine diluted earning per shares   | 31,779,920 | 31,822,400 |

(\*) Includes the shares issued following the exercise of options not yet recognized under Share capital.



In both periods, first quarter 2007 and 2006, there were no dilutions of net consolidated earnings, partly as a result of activities that were discontinued during the periods in question. The options assigned in execution of the stock options plan represent the only potential ordinary shares that could have a diluting effect.

## 7. Dividends

The Shareholders' Meeting of the controlling company TOD'S S.p.a. that was held on April 27<sup>th</sup>, 2007 approved distribution of 38,002,350 euros in dividends, at the rate of 1.25 euros for each one of the 30,401,880 shares comprising the capital upon payment of the coupon. The proposed dividend was paid to all shareholders entered in the Register of Shareholders at the coupon payment date (May 21<sup>st</sup>, 2007).

## 8. Share Capital

Following partial exercise of the second *tranche* of the options (32,940) by the recipients of the Stock Options Plan resolved by the Board of Directors meeting held on May 11<sup>th</sup>, 2005, the share capital subscribed and paid in at June 30<sup>th</sup>, 2007 was 60,869,640 euros, comprised by 30,434,820 ordinary shares with a par value of 2 euros each. It represents the par value of the shares issued by the parent company TOD'S S.p.a.

The resolved capital totaled 64,000,000 euros, including 3,500,000 euros (for 1,750,000 ordinary shares) as the original maximum amount of the capital allocated by the Shareholders' Meeting to service the stock options plans.

|                        | Subscribed  |            | Resolved    |            |
|------------------------|-------------|------------|-------------|------------|
|                        | N of shares | Euro       | N of shares | Euro       |
| Balance as of 01.01.07 | 30,401,880  | 60,803,760 | 32,000,000  | 66,000,000 |
| Options exercised      | 32,940      | 65,880     |             |            |
| Balance as of 06.30.07 | 30,434,820  | 60,869,640 | 32,000,000  | 64,000,000 |

Share capital does not indicate the value of the shares issued after June 22<sup>nd</sup>, 2007 following exercise of the aforementioned options (8,000) by recipients of the Stock Options Plan. This reflects the fact that the certification that the capital increase had been executed was dated after June 30<sup>th</sup>, 2007.

## 9. Capital reserves

The following table illustrates the changes in capital reserves during the period:

| (in Euro 000's)                                | Contributions<br>for capital<br>increase | Additional<br>paid in Cap.<br>reserve | Stock<br>options<br>reserve | Total   |
|--|--|---------------------------------------|-----------------------------|---------|
| Balance as of 01.01.07                         |  | 205,627                               | 5,011                       | 210,638 |
| Share based payments                           |  |                                       | 1,420                       | 1,420   |
| Shares subscribed under the stock options plan | 16                                       | 1,721                                 | (375)                       | 1,362   |
| Balance as of 06.30.07                         | 16                                       | 207,348                               | 6,056                       | 213,420 |

The increase in additional paid-in capital includes not only the amount of the additional paid-in capital paid following exercise of the options but also the fair value of those exercised options, which was previously allocated to the Stock Options Reserve. That reserve was consequently decreased by the same amount.

Regarding the options exercised at June 30<sup>th</sup>, 2007, the reserve for advances on capital contributions and the additional paid-in capital respectively represent the par value and associated share premium of the 8,000 issued shares not yet included in the share capital (see the previous note) on the June 30<sup>th</sup>, 2007 report.

## 10. Hedging and translation reserves

The following table illustrates the changes in these reserves during the first six months of the current and previous year.

| (in Euro 000's)                                | Translation<br>reserve | Hedging<br>reserve | Total   |
|--|------------------------|--------------------|---------|
| Balance as of 01.01.07                         | (1,905)                | 499                | (1,406) |
| Increase on fair value of hedging derivatives  |                        | 859                | 859     |
| Translation differences                        | (496)                  |                    | (496)   |
| Transfer of hedging derivatives to P&L Account |                        | (741)              | (741)   |
| Balance as of 06.30.07                         | (2,401)                | 617                | (1,784) |

## 11. Earnings reserves

These reserves include the equity reserves of the parent company TOD'S S.p.a., the difference between the shareholders' equity of the subsidiaries, and the carrying values of the equity investments, as well as the effects of consolidation adjustments on shareholders' equity.

| (in Euro 000's)           | Retained earnings | Consolidated net income | Total    |
|---------------------------|-------------------|-------------------------|----------|
| Balance as of 01.01.07    | 183,705           | 66,112                  | 249,817  |
| Allocation of 2006 profit | 28,110            | (28,110)                | -        |
| Dividends                 |                   | (38,002)                | (38,002) |
| Net income for the period |                   | 34,789                  | 34,789   |
| Other changes             | (120)             |                         | (120)    |
| Balance as of 06.30.07    | 211,695           | 34,789                  | 246,484  |

## 12. Transactions with related parties

TOD'S Group participated in a number of transactions with parties that have an interest in the Group itself (mainly directors). These transactions, which were all exclusively in the Group's interest, were carried out by applying contractual conditions that would theoretically be applied in an arm's length transaction, in compliance with the governance rules aimed at assuring regularity, transparency, and substantial fairness.

The principal object of transactions with related parties was the sale of products, lease of spaces for retail outlets, show rooms, and offices, the user license for the Roger Vivier brand, provision of advertising services, and purchase of buildable land adjacent to the Group headquarters.

The following table illustrates the details of these transactions: the transactions amongst Group companies included in the scope of consolidation were eliminated from the consolidated financial statements, and thus they are not shown in these notes.

### Commercial transactions with unconsolidated subsidiaries

| Revenues and costs<br>(in Euro 000's) | HI 2007 |          |                  | HI 2006 |          |                  |
|---------------------------------------|---------|----------|------------------|---------|----------|------------------|
|                                       | Costs   | Revenues | Capital expenses | Costs   | Revenues | Capital expenses |
| <b>Selling of products</b>            |         |          |                  |         |          |                  |
| <i>Special Purpose Entities</i>       |         | 1,649    |                  |         | 1,280    |                  |
| <b>Total</b>                          |         | 1,649    |                  |         | 1,280    |                  |

| <i>Receivables and payables</i><br><i>(in Euro 000's)</i> | 06.30.07     |          | 06.30.06     |          |
|---|--------------|----------|--------------|----------|
|   | Receivables  | Payables | Receivables  | Payables |
| <i>Special Purpose Entities</i>                           | 3,928        |          | 2,365        |          |
| <b>Total</b>  | <b>3,928</b> |          | <b>2,365</b> |          |

#### Commercial transactions with other related parties – Revenues and Costs

| <i>(in Euro 000's)</i>                                | HI 2007      |              |                   | HI 2006      |              |                   |
|---|--------------|--------------|-------------------|--------------|--------------|-------------------|
|   | Costs        | Revenues     | Capital. expenses | Costs        | Revenues     | Capital. expenses |
| <b>Selling of products</b>                            |              |              |                   |              |              |                   |
| Roger Vivier Paris S.a.s                              | 20           | 1,101        |                   |              | 597          |                   |
| <b>Ordinary leases</b>                                |              |              |                   |              |              |                   |
| Immobiliare De.Im. S.r.l.                             | 1,428        | 41           |                   | 1,010        | 42           |                   |
| Difran S.a.s.   | 93           |              |                   | 91           |              |                   |
| Holpaf BV   | 1,421        |              |                   | 1,490        |              |                   |
| <b>User license contract for the "R.Vivier" brand</b> |              |              |                   |              |              |                   |
| Gousson - Consultadoria & Mark. Lda                   | 776          | 1,905        |                   | 349          | 1,991        |                   |
| <b>Advertising services</b>                           |              |              |                   |              |              |                   |
| Forma Pura S.r.l.                                     | 1,091        |              |                   | 947          |              |                   |
| <b>Total</b>  | <b>4,829</b> | <b>3,047</b> |                   | <b>3,887</b> | <b>2,630</b> |                   |

#### Commercial transactions with other related parties – Receivables and Payables

| <i>(in Euro 000's)</i>              | 06.30.07     |              | 06.30.06     |              |
|-------------------------------------|--------------|--------------|--------------|--------------|
|                                     | Receivables  | Payables     | Receivables  | Payables     |
| Roger Vivier Paris S.a.s            | 1,236        | 315          | 216          |              |
| Immobiliare De.Im. S.r.l.           |              | 458          |              | 65           |
| Difran S.a.s.                       |              | 56           |              | 63           |
| Holpaf BV                           |              | 6            |              | 6            |
| Gousson - Consultadoria & Mark. Lda | 1,986        | 776          | 1,991        | 349          |
| Forma Pura S.r.l.                   |              | 643          |              | 606          |
| <b>Total</b>                        | <b>3,222</b> | <b>2,254</b> | <b>2,207</b> | <b>1,089</b> |

TOD'S

TOD'S Group

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Group

Financial Statements of Parent Company - TOD'S S.p.a.

## Profit & Loss Account

| <i>(in Euro 000's)</i>                                    |                  |                  |
|---|------------------|------------------|
|   | HI 2007          | HI 2006          |
| <b>Revenues</b>   |                  |                  |
| Sales revenues  | 247,668          | 219,718          |
| Other revenues and income                                 | 4,818            | 3,189            |
| <b>Total revenues and income</b>                          | <b>252,486</b>   | <b>222,908</b>   |
| <b>Operating costs</b>                                    |                  |                  |
| Change in inventories (work in progr. and finished goods) | 14,609           | 19,418           |
| Costs for raw materials, supplies and material for cons.  | (94,301)         | (84,169)         |
| Costs of services   | (92,605)         | (77,801)         |
| Costs for use of third party assets                       | (3,089)          | (2,152)          |
| Cost of labour  | (25,220)         | (22,909)         |
| Other operating charges                                   | (6,849)          | (5,803)          |
| <b>Total operating costs</b>                              | <b>(207,455)</b> | <b>(173,415)</b> |
| <b>EBITDA</b>   | <b>45,031</b>    | <b>49,493</b>    |
| <b>Amortisation, depreciation and write-downs</b>         |                  |                  |
| Amortisation intangible assets                            | (654)            | (90)             |
| Depreciation tangible assets                              | (4,600)          | (4,383)          |
| Other adjustment  | -                | -                |
| <b>Total amortisation, depreciation and write-downs</b>   | <b>(5,254)</b>   | <b>(4,473)</b>   |
| Provisions  |                  | (300)            |
| <b>EBIT</b>   | <b>39,777</b>    | <b>44,720</b>    |
| <b>Financial income and charges</b>                       |                  |                  |
| Financial income  | 3,628            | 1,980            |
| Financial charges   | (3,008)          | (2,793)          |
| <b>Total financial income (charges)</b>                   | <b>620</b>       | <b>(813)</b>     |
| Income (losses) from equity investments                   | -                | -                |
| <b>Pre-tax profit</b>                                     | <b>40,397</b>    | <b>43,907</b>    |
| Income taxes  | (17,246)         | (18,415)         |
| <b>Net income</b>   | <b>23,151</b>    | <b>25,492</b>    |
| EPS   | 0.76             | 0.84             |
| EPS diluted   | 0.73             | 0.80             |

*Note: Sales revenues includes transactions with Group entities for 79.9 and 95.9 million euros, respectively, in the first six months of 2007 and 2006.*

## Balance Sheet

| <i>(in Euro 000's)</i>             | 06.30.07       | 12.31.06       | 06.30.06       |
|------------------------------------|----------------|----------------|----------------|
| <b>Non current assets</b>          |                |                |                |
| Intangible fixed assets            |                |                |                |
| Assets with indefinite useful life | 150,092        | 149,629        | 149,423        |
| Others                             | 6,410          | 4,815          | 3,396          |
| <b>Total intangible assets</b>     | <b>156,502</b> | <b>154,444</b> | <b>152,819</b> |
| Property, plant and equipment      |                |                |                |
| Building and land                  | 41,113         | 40,976         | 40,108         |
| Leasehold improvements             | 1,195          | 1,207          | 1,027          |
| Plant and machinery                | 6,638          | 6,994          | 7,568          |
| Equipment                          | 9,915          | 8,899          | 8,526          |
| Others                             | 6,091          | 6,037          | 5,092          |
| <b>Total tangible assets</b>       | <b>64,952</b>  | <b>64,113</b>  | <b>62,321</b>  |
| <b>Other assets</b>                |                |                |                |
| Real estate investments            | 58             | 60             | 62             |
| Equity investments                 | 108,025        | 108,025        | 97,198         |
| Deferred tax assets                | 2,510          | 2,181          | 2,910          |
| Others                             | 2,470          | 5,215          | 436            |
| <b>Total other assets</b>          | <b>113,063</b> | <b>115,481</b> | <b>100,606</b> |
| <b>Total non current assets</b>    | <b>334,517</b> | <b>334,038</b> | <b>315,746</b> |
| <b>Current assets</b>              |                |                |                |
| Inventories                        | 153,568        | 134,921        | 125,010        |
| Trade receivables                  | 139,103        | 136,699        | 129,488        |
| Tax receivables                    | 9,715          | 10,704         | 12,397         |
| Derivative financial instruments   | 1,834          | 865            | 1,791          |
| Others                             | 22,208         | 16,936         | 5,449          |
| Cash and cash equivalents          | 30,243         | 61,517         | 66,756         |
| <b>Total current assets</b>        | <b>356,671</b> | <b>361,642</b> | <b>340,890</b> |
| <b>Total assets</b>                | <b>691,188</b> | <b>695,680</b> | <b>656,636</b> |

*Note: Trade receivables includes receivables from Group entities for 58.7, 62.3 and 60.6 million euros, respectively, at June 30<sup>th</sup>, 2007, December 31<sup>st</sup>, 2006, and June 30<sup>th</sup>, 2006.*

| <i>(in Euro 000's)</i>                            |                |                |                |
|---|----------------|----------------|----------------|
|   | 06.30.07       | 12.31.06       | 06.30.06       |
| <b>Shareholder's equity</b>                       |                |                |                |
| Share capital                                     | 60,870         | 60,804         | 60,500         |
| Capital reserves                                  | 213,197        | 210,459        | 204,694        |
| Treasury Stock                                    |                |                |                |
| Hedging reserve                                   | 569            | 489            | 432            |
| Retained earnings                                 | 216,311        | 197,339        | 197,958        |
| Retained earnings                                 |                |                |                |
| Net income for the period                         | 23,151         | 56,906         | 25,492         |
| <b>Total shareholder's equity</b>                 | <b>514,098</b> | <b>525,997</b> | <b>489,076</b> |
| <b>Non current liabilities</b>                    |                |                |                |
| Provisions  | 317            | 369            | 419            |
| Deferred tax liabilities                          | 21,442         | 19,254         | 16,727         |
| Retirement benefit obligation                     | 8,938          | 10,082         | 9,628          |
| Bank borrowing                                    | 10,498         | 11,185         | 11,857         |
| <b>Total non current liabilities</b>              | <b>41,195</b>  | <b>40,890</b>  | <b>38,631</b>  |
| <b>Current liabilities</b>                        |                |                |                |
| Trade payables                                    | 117,060        | 102,862        | 105,315        |
| Tax payables                                      | 3,495          | 12,850         | 8,223          |
| Derivative financial instruments                  | 103            | 209            | 186            |
| Others  | 13,766         | 11,421         | 11,262         |
| Banks   | 1,471          | 1,451          | 3,943          |
| <b>Total current liabilities</b>                  | <b>135,895</b> | <b>128,793</b> | <b>128,929</b> |
| <b>Total shareholder's equity and liabilities</b> | <b>691,188</b> | <b>695,680</b> | <b>656,636</b> |

*Note: Trade payables includes payables to Group entities for 4.4, 6.7 and 4.4 million euros, respectively, at June 30<sup>th</sup>, 2007, December 31<sup>st</sup>, 2006, and June 30<sup>th</sup>, 2006.*



## Funds flow statements

| <i>(in Euro 000's)</i>   | Period<br>Jan.-Jun. 07 | Period<br>Jan.-Jun. 06 |
|--|------------------------|------------------------|
| <b>Net income for the period</b>                               | <b>23,151</b>          | <b>25,492</b>          |
| <b>Adjustments to the items without effect on liquidity:</b>   |                        |                        |
| Amortisation, depreciation, revaluation and write-downs        | 6,173                  | 2,642                  |
| Change in retirement benefit obligation                        | (1,143)                | 420                    |
| Change in deferred tax   | 1,859                  | 1,647                  |
| Other changes  | 1,324                  | 1,886                  |
| <b>Cash flow (a)</b>   | <b>31,364</b>          | <b>32,087</b>          |
| <b>Changes in current assets and liabilities:</b>              |                        |                        |
| Inventories  | (19,566)               | (22,365)               |
| Trade receivables  | (2,404)                | (271)                  |
| Tax receivables  | 989                    | (7,749)                |
| Other current assets   | (6,241)                | 1,927                  |
| Trade payables   | 14,198                 | 15,543                 |
| Tax payables   | (9,355)                | 481                    |
| Other current liabilities                                      | 2,239                  | 1,657                  |
| <b>Change in operating working capital (b)</b>                 | <b>(20,140)</b>        | <b>(10,777)</b>        |
| <b>Cash flow from operations (c)=(a)+(b)</b>                   | <b>11,224</b>          | <b>21,310</b>          |
| Net investments in fixed assets                                | (8,151)                | (7,040)                |
| (Increase) decrease on equity investments                      |                        | (61)                   |
| Decrease (increase) other non current assets                   | 2,747                  | (693)                  |
| <b>Cash flow generated (used) in investment activities (d)</b> | <b>(5,404)</b>         | <b>(7,794)</b>         |
| Dividends  | (38,002)               | (30,250)               |
| Changes in bank borrowings                                     | (688)                  | (656)                  |
| Other changes in shareholder's equity                          | 1,576                  | 2,268                  |
| <b>Cash flow generated (used) in financing (e)</b>             | <b>(37,114)</b>        | <b>(28,638)</b>        |
| <b>Cash flow generated (used)(f)=(c)+(d)+(e)</b>               | <b>(31,294)</b>        | <b>(15,122)</b>        |
| Net financial position at the beginning of the period          | 60,066                 | 77,935                 |
| Net financial position at the end of the period                | 28,772                 | 62,813                 |
| <b>Change in current net financial position</b>                | <b>(31,294)</b>        | <b>(15,122)</b>        |

### Statement of changes in equity

*(in Euro 000's)*

| <b>(Period January-June 2007)</b>                   | <b>Share capital</b> | <b>Capital reserves</b> | <b>Hedging reserves</b> | <b>Retained earning</b> | <b>Total</b>   |
|---|----------------------|-------------------------|-------------------------|-------------------------|----------------|
| Balance as of 01.01.07                              | 60,804               | 210,459                 | 489                     | 254,245                 | 525,997        |
| Increase in fair value of derivatives               |                      |                         | 977                     |                         | 977            |
| Transfer of hedging reserve to P&L Account          |                      |                         | (897)                   |                         | (897)          |
| Translation differences                             |                      |                         |                         |                         |                |
| Other movements                                     |                      |                         |                         | 10                      | 10             |
| Net income for the period                           |                      |                         |                         | 23,151                  | 23,151         |
| <b>Total profit (loss) recognized in the period</b> | <b>60,804</b>        | <b>210,459</b>          | <b>569</b>              | <b>277,406</b>          | <b>549,238</b> |
| Share-based payments                                |                      | 1,376                   |                         |                         | 1,376          |
| Options exercised                                   | 66                   | 1,362                   |                         | 58                      | 1,486          |
| Dividends   |                      |                         |                         | (38,002)                | (38,002)       |
| <b>Balance as of 06.30.07</b>                       | <b>60,870</b>        | <b>213,197</b>          | <b>569</b>              | <b>239,462</b>          | <b>514,098</b> |

*(in Euro 000's)*

| <b>(Period January-June 2006)</b>                   | <b>Share capital</b> | <b>Capital reserves</b> | <b>Hedging reserves</b> | <b>Retained earning</b> | <b>Total</b>   |
|---|----------------------|-------------------------|-------------------------|-------------------------|----------------|
| Balance as of 01.01.06                              | 60,500               | 202,021                 | (1,083)                 | 228,208                 | 489,646        |
| Increase in fair value of derivatives               |                      |                         | 2,073                   |                         | 2,073          |
| Transfer of hedging reserve to P&L Account          |                      |                         | (558)                   |                         | (558)          |
| Translation differences                             |                      |                         |                         |                         |                |
| Other movements                                     |                      |                         |                         |                         |                |
| Net income for the period                           |                      |                         |                         | 25,492                  | 25,492         |
| <b>Total profit (loss) recognized in the period</b> | <b>60,500</b>        | <b>202,021</b>          | <b>990</b>              | <b>253,700</b>          | <b>517,211</b> |
| Share-based payments                                |                      | 1,982                   |                         |                         | 1,982          |
| Contributions                                       |                      | 691                     |                         |                         | 691            |
| Dividends   |                      |                         |                         | (30,250)                | (30,250)       |
| <b>Balance as of 06.30.06</b>                       | <b>60,500</b>        | <b>204,694</b>          | <b>432</b>              | <b>223,450</b>          | <b>489,076</b> |

**Declaration pursuant to Article 154bis(2) of the Consolidated Law on Financial Intermediation**

The manager charged with preparing the company's financial reports certifies, pursuant to Article 154bis(2) of the Consolidated Law on Financial Intermediation, that the accounting information presented in this document corresponds to the accounting documents, books, and ledger entries.

Manager charged with preparing the company's financial reports  
Rodolfo Ubaldi