



PRESS RELEASE
MARIELLA BURANI FASHION GROUP
Cavriago (RE) - August 29, 2009

THE BOARD OF DIRECTORS OF MARIELLA BURANI FASHION GROUP SPA APPROVED THE FINANCIAL RESULTS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2009 – EXECUTIVE RESPONSIBILITIES BEEN CONFERED TO THE BOARD DIRECTOR, MR GABRIELE FONTANESI

The Board of Directors of Mariella Burani Fashion Group Spa approved the consolidated financial statements for the six month period ended June 30, 2009, which reflect:

REVENUES of € 246.1 million from € 325.4 million in 1H 2008.

EBITDA – Negative EBITDA of € 10.1 million vs. € 40.1 million in 1H 2008.

EBIT – Negative EBIT of € 141.2 million (Negative EBIT of € 17.3 million net of impairment charges and write-downs of assets for € 123.9 million) vs. EBIT of € 30.5 million in 1H 2008.

NET LOSS – Group Net Loss of € 142.1 million vs. Group net income of € 4 million in 1H 2008.

NET FINANCIAL POSITION IAS / IFRS – Debt of € 478.4 million on June 30, 2009, vs €401.5 million on December 31, 2008. The increased Net Debt reflects the reclassification of financial assets for €30 million since December 31, 2008.

The financial report of MBFG S.p.A., at June 30, 2009, which includes significant asset write downs and accruals, reflects a relevant loss pursuant to Article 2447 of the Civil Code. Accordingly, the Board of Directors will proceed in due haste with the convocation of another Board meeting in order to elaborate a proposal to replenish the loss as a means of replenishing and reconstituting the company's capital. The major shareholder has expressed willingness to subscribe this capital increase, together with the assistance from long term strategic and/or financial partners. This proposal will be presented to shareholders as soon as possible, taking into consideration the technical time required for the regulatory formalities.

The Board of Directors, in accordance with the decision taken on July 14, 2009, has conferred Mr. Gabriele Fontanesi the role and responsibilities of Chief Executive Officer. Mr. Fontanesi, with his extensive experience in multi-national companies as both CFO and member of the Board, will proceed with the rapid implementation of the guidelines approved by the Board of Directors, subject also to his review and amendment.

FINANCIAL HIGHLIGHTS – 1H 2009

Consolidated revenues of € 246.1 million vs. € 325.4 million generated during the same period last year (-24.4%) impacted by:

- revenues from the Fashion Jewellery Division have not been included. These revenues amounted to € 24.9 million in the 1H 2008;
- The decline in revenues from the Leather Goods division is limited to 6.1% (after the consolidation of Mandarina Duck that generated € 19.6 million of revenues in 1H 2009);
- The decline in revenues from Digital Fashion Division was limited in 15,2%;
- The decline in revenues from the Apparel Division of 38,2% is reduced to approximately 20% when taking into consideration the deconsolidation of Compagnia della Seta (that



generated € 7.3 million in revenues in 1H 2008) and the fact that prior year revenue figures included extraordinary capital gains.

The sales mix reflects:

- 90.4 % of revenues generated from the Leather Goods and Apparel divisions,
- 58.6 % of revenues generated from Export markets, including 31.8 % from emerging markets and only 4% of revenues from the US and Japan,
- 79 % of revenues generated from own brands,
- 53.3 % of revenues generated from Direct distribution channels, including 29.9 % from the Group's retail network (DOS and franchisees).

Consolidated EBITDA – Negative EBITDA of € 10.1 million reflecting the impact of revenue declines across the divisions, a slight decline in gross margins, impact of personnel costs, the restructuring and re-launch of Group brands including *Mariella Burani*, *Renè Lezard*, and *Mandarina Duck*.

Consolidated Ebit – Negative EBIT of € 141.2 million (Negative EBIT of € 17.3 million net of impairment charges and asset write-downs for € 123.9 million) vs. EBIT of € 30.5 million in 1H 2008.

The asset write-downs and impairment charges are primarily composed of financial assets and financial receivables of € 28.7 million; intangible assets (goodwill) of € 44.3 million; and intangible assets (brands) of € 28.3 million. In addition, accruals have been made during the period to account for potential liabilities of € 7.6 million as well as further write-downs of other receivables and raw materials and finished goods inventories.

Group Net Loss of € 142.1 million vs. Group net income of € 4 million in 1H 2008.

Net Financial Position IAS / IFRS – Debt of € 478.4 million on June 30, 2009, vs €401.5 million on December 31, 2008. The increased Net Debt reflects the reclassification of financial assets for €30 million since December 31, 2008.

As announced on May 27, 2009, MBFG has requested its primary lending banks a Standstill of debt repayments until October 31, 2009. The Standstill request is part of a wider Group restructuring program which includes:

- the convocation of an extraordinary shareholder's meeting to grant the Board the authority to increase the company's share capital for up to € 100 million, to be partially subscribed by the Group's major shareholder (as announced on August 6, 2009),
- the nomination of Gabriele Fontanesi and Ettore Burani as Directors to the Board subsequent to the resignation of Giovanni Burani and Andrea Burani as Directors,
- the nomination of Gabriele Fontanesi as Chief Executive Officer, with related responsibilities and authority, effective as of September 2009, subsequent to the resignation of Giovanni Burani (as announced on July 15, 2009),
- The opportune divestment of non-core, duplicate, and/or non profitable businesses, brands, and real estate.



STRATEGIC AND OPERATING HIGHLIGHTS – 1H 2009

In addition to the above restructuring program, MBFG continued to focus on its Apparel and Leather Goods businesses, increasing operating efficiencies and rationalization within the Group. Highlights include:

- new license agreements signed for the production and international distribution of *Giambattista Valli* and *Etienne Aigner* women's Ready-to-Wear collections, *Freddy* children's Ready-to-Wear collections, and *Ken Scott*, *Evisu* and *Rafe* handbag and accessory collections,
- continued development of the Group's own brands with continued investment in communication and the further extension of the retail network with 394 boutiques at June 30, 2009 (136 DOS and 258 Franchisees), including inaugurations in the first half-year of 34 boutiques,
 - ✓ 10 DOS, of which 2 Renè Lezard (Schwarzach, Wustermark), 2 Baldinini (Venice, Mantova), 2 Mandarin Duck (Milan, Gloucester), 2 Sebastian (Milan, Forte dei Marmi), 2 Coccinelle (Milan, Naples);
 - ✓ 24 Franchises, of which 2 Mariella Burani (Lebanon, UAE), 2 Renè Lezard (Belgium, Georgia), 9 Coccinelle (5 in Italy, 2 in Poland, 1 in China, 1 in Korea), 5 Baldinini (3 in Russia, 1 in Ukraine and 1 in Estonia), 3 Biasia (1 in Czech Republic, 1 in Poland , and 1 in Saudi Arabia), 2 Braccialini (Russia, Saudi Arabia), and 1 Gherardini (Saudi Arabia).
- the further integration of recently acquired companies and the rationalization of business units such as APBags and the Apparel division,
- The partial divestment of the Fashion Jewellery division with the sale of its 50% equity interest in Rosato Srl for an Enterprise Value of € 7.1 million and the sale of its 51% equity interest in Calgaro Srl for an Enterprise Value of € 4.1 million.

Walter Burani, President of the Board of Directors, states:

" The first half results clearly reflect the impact of both, the negative economic environment and restructuring program currently in place. Nevertheless, the accessible luxury goods market continues to offer opportunities that we are developing to sustain the Group's medium and long term revenue growth. In addition, management has placed renewed focus on increasing operating efficiencies, reducing costs, and further rationalizing the Group structure as a means of creating shareholder value. We are confident in the positive outcome of the current restructuring process and remain strongly committed to the Group".

"The Financial Reporting Officer, Giuseppe Gullo, certifies – pursuant to art. 154-bis, paragraph 2 of the Uniform Finance Act (Legislative Decree 58/1988) – that the information contained in this press release corresponds to the accounting documents, ledgers and entries".



Mariella Burani Fashion Group (MBFG) designs, produces and distributes world wide a diversified and complementary range of Luxury apparel, footwear, leather accessory and jewellery collections under its own brands and under license for prestigious international designers. MBFG founded in 1960 by Walter Burani, Chairman and CEO of the Group listed in the STAR segment of the Italian stock exchange since July, 2000, is today an internationally recognised public company with an established position in the accessible luxury goods market. The Group's dynamic revenue growth is attributable to internal development including product diversification, brand expansion, and new geographic market penetration. The Group has also made strategic acquisitions to capitalise on the know-how and experience developed by niche players in the Italian apparel, knitwear, textile and leather goods sectors.

MBFG manages to provide top quality luxury goods at accessible prices by capitalising on the strength and flexibility provided by Italy's industrial districts, world renown for their excellence in the development of luxury products. The Group's aim is to become one of the leading players in the accessible luxury market worldwide by further developing its product offering, its brand portfolio, and its global distribution network.

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CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30th 2009

Consolidated balance sheet - Assets

in €/000

ASSETS	06/30/09	12/31/08	06/30/08
Non current assets			
Property, plant and equipment	64.278	66.389	58.741
Intangible assets	279.294	381.641	337.193
Investment property	1.664	1.664	1.664
Capital investments	34.173	42.812	59.069
Long term financial assets available for sale	26.834	39.373	54
Deferred tax assets	14.439	26.144	22.300
Long term financial derivatives			179
Other long term financial receivables	37.832	53.094	4.263
Long term trade and other receivables	6.512	9.749	12.603
Total	465.027	620.865	496.066
Non current assets to be divested			
Assets to be divested	44.585		
Current assets			
Inventories	130.725	152.326	178.711
Short term trade and other receivables	213.673	184.016	185.983
Current tax assets	19.913	23.077	20.024
Other short term financial receivables	28.725	59.997	121.384
Short term financial assets available for sale	12.026	7.870	40.306
Short term derivatives		57	
Negotiable securities valued at fair value	296	6.169	3.626
Cash and cash equivalents	32.223	45.917	33.586
Total	437.582	479.429	583.620
Total assets	947.193	1.100.296	1.079.686



Consolidated balance sheet - Liabilities

in €/000

SHAREHOLDERS' EQUITY AND LIABILITIES	06/30/09	12/31/08	06/30/08
Share capital and reserves			
Capital issued	15.056	15.101	15.431
Share premium reserve	58.854	70.358	70.358
Other reserves	2.601	73.647	83.845
Net income of the period	(142.142)	(77.763)	3.958
Total	(65.631)	81.343	173.592
Minority interests	163.492	202.210	135.519
Total shareholders' equity	97.861	283.553	309.111
Non current liabilities			
Long term loans and borrowing	61.066	131.244	184.375
Long term financial derivatives	1.559	1.697	
Deferred tax liabilities	70.812	86.060	77.015
Post employment benefits	11.161	12.379	11.366
Long term provisions	5.242	3.294	2.554
Other long term liabilities	1.121	2.762	129
Total	150.960	237.436	275.439
Non current liabilities to be divested	44.579		
Current liabilities			
Short term trade and other payables	165.281	178.226	167.673
Current tax liabilities	9.475	6.979	22.613
Short term financing	459.144	378.106	303.279
Short term derivatives	25		
Short term provisions	19.867	15.995	1.571
Total	653.791	579.307	495.136
Total liabilities	947.193	1.100.296	1.079.686



Consolidated profit and loss account

in €/000

PROFIT AND LOSS ACCOUNT	06/30/09	12/31/08	06/30/08
Net Revenues	246.054	700.058	325.373
Change in inventory of finished product and works in progress	2.367	21.039	21.008
Raw materials and consumables	109.158	293.865	150.042
Cost of labor	45.169	94.077	45.181
Other operating costs	104.207	245.308	111.041
Depreciation, amortization and write-downs	131.120	114.802	9.571
Financial income	2.494	8.148	3.337
Financial charges	15.397	41.849	20.616
Profit (loss) from foreign exchange transactions	1.070	(659)	(348)
Profit (loss) from assets to be divested	(3.468)	(2.504)	
Pre-tax profit	(156.534)	(63.821)	12.919
Deferred tax liabilities/assets	(1.141)	(12.895)	(2.765)
Income taxes	3.790	14.275	7.591
Profit and loss from assets to be divested	(14.575)		(142)
After tax profit	(173.758)	(65.200)	7.951
Minority interests	(31.617)	12.563	3.993
Net profit for the year	(142.142)	(77.763)	3.958



CONSOLIDATED STATEMENT OF CASH FLOWS AT JUNE 30, 2009

in €/000

	06/30/2009	06/30/2008
1 - Opening balance at the beginning of the period	(37.011)	1.176
2 - Total cash flows generated (absorbed) by operations		
Pre-tax profit (loss)	(156.534)	12.777
Pre-tax profit (loss) from assets to be divested	(14.366)	0
Amortization and depreciation	7.633	7.078
Net gains (losses) from disposal of property, plant and equipment	74	0
Net gains (losses) from disposal of intangible assets	166	(7.099)
Net gains (losses) from disposal of financial assets	(2.816)	(14.855)
Write downs	125.243	0
Net change in risk reserves and provisions for employee benefits	9.741	(1.254)
Loss /income from investments valued at equity	3.468	2.018
Net financial charges	9.408	4.729
TOTAL	(17.983)	3.394
Net change in working capital	(36.723)	(22.557)
Interest paid	(8.564)	12.898
TOTAL	(45.287)	(9.659)
3 - Total cash flows generated (absorbed) by investing activities		
Interest received	0	0
Dividends received	0	(7)
Net change in:		
- intangible assets	4.927	(239)
- property, plant and equipment	(4.042)	(3.578)
- financial assets	19.345	15.758
TOTAL	20.230	11.934
4 - Total cash flows generated (absorbed) by financing activities		
Increase in capital and reserves	0	0
Proceeds from capital increase	0	0
Finance lease payments (principal)	(371)	(402)
Receipt/(repayment) of loans	(3.566)	30.070
Dividends paid and own shares	(50)	(14.203)
Change in scope of consolidation	0	(35.393)
TOTAL	(3.986)	(19.928)
5 - Net cash flows generated in the period	(47.026)	(14.259)
6 - Closing balance at the end of the period	(84.037)	(13.083)