

TOD'S

TOD'S Group

D'S

2008 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 60,961,840

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

## Corporate Governance bodies

<b>Board of directors <sup>(1)</sup></b>	Diego Della Valle Andrea Della Valle Luigi Abete Maurizio Boscarato Luigi Cambri Luca Cordero di Montezemolo Emanuele Della Valle Fabrizio Della Valle Emilio Macellari Pierfrancesco Saviotti Stefano Sincini	Chairman Vice- Chairman
<b>Executive Committee</b>	Diego Della Valle Andrea Della Valle Fabrizio Della Valle Emilio Macellari Stefano Sincini	Chairman
<b>Compensation Committee</b>	Luigi Abete Luigi Cambri Pierfrancesco Saviotti	Chairman
<b>Internal Control and Corporate Governance Committee</b>	Maurizio Boscarato Luigi Cambri Pierfrancesco Saviotti	Chairman
<b>Board of statutory <sup>(2)</sup> Auditors</b>	Enrico Colombo Gian Mario Perugini Fabrizio Redaelli Massimo Foschi Gilfredo Gaetani	Chairman Acting stat. auditor Acting stat. auditor Substitute auditor 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 Hong Kong Ltd**

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

### **TOD'S Retail India Private Ltd**

Company that operates DOS in India

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

Company that operates DOS in Japan.

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

Company that promotes products in Korea

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

Company that operates DOS in Luxembourg.

### **TOD'S Macao Ltd**

Company that operates DOS in Macao.

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

Not operating company

### **TOD'S (Shanghai) Trading Co. Ltd**

Company that operates DOS in China

### **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 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 Illinois (USA).

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

Company that operates DOS in Nevada (USA).

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

Company that operates DOS in California (USA).

### **Tex. Del. Usa Inc.**

Company that operates DOS in Texas (USA)

### **Sandel SA**

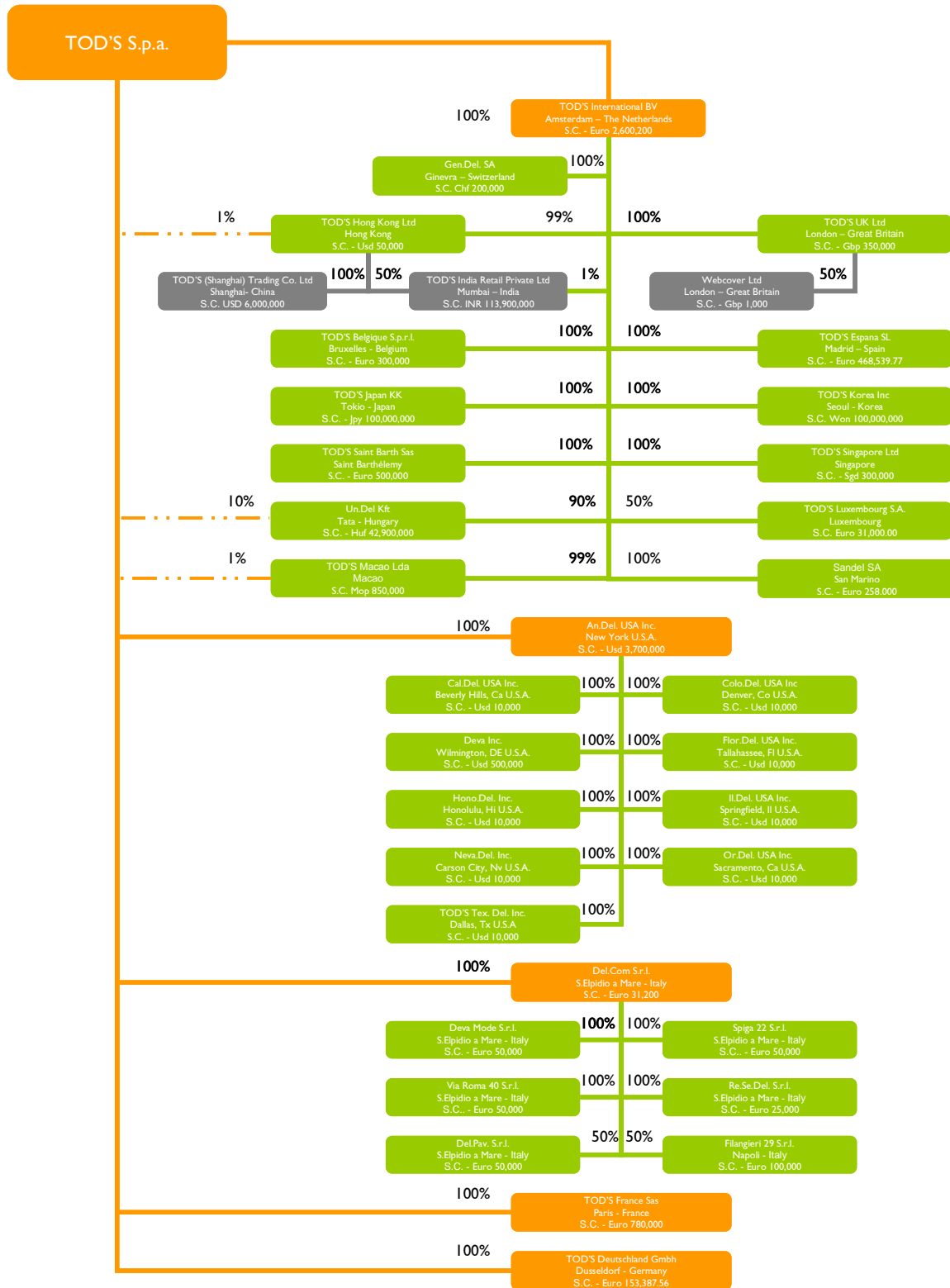
Not operating company

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

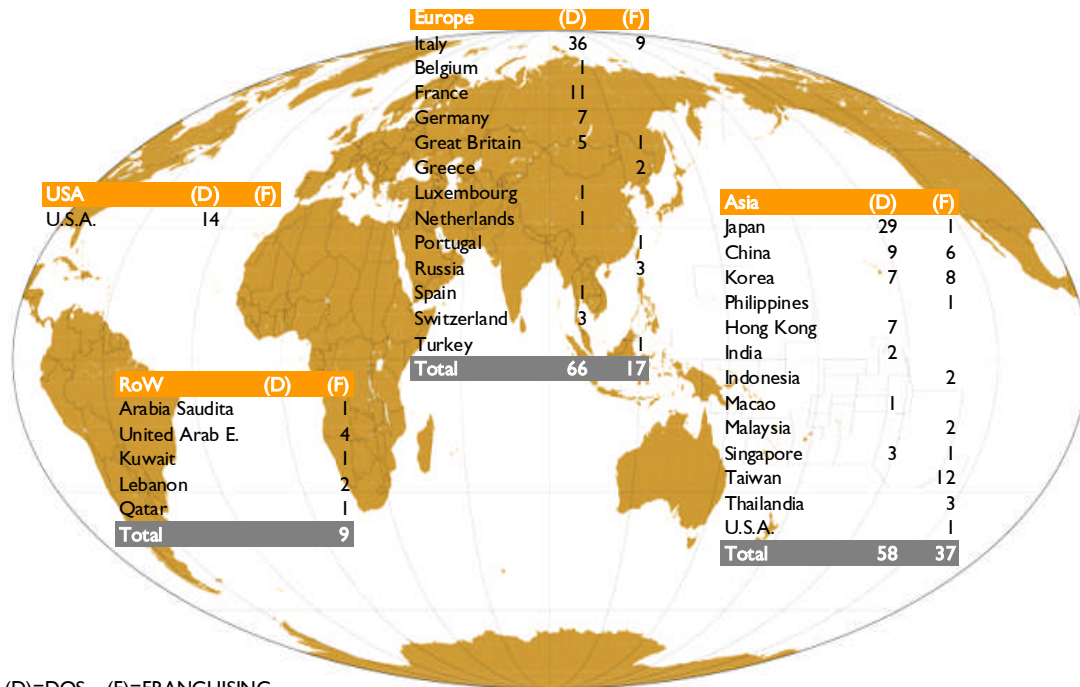
Production Company

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

Group organizational chart



Distribution network as of June 30<sup>th</sup>, 2008



DOS, 2008 new openings

<b>Italy</b>		
Milano (ROGER VIVIER)	(Italy)	
Roma	(Italy)	
<b>Usa</b>		
Dallas	(Texas, U.S.A.)	
<b>Far East</b>		
Kyoto	(Japan)	
Sendai	(Japan)	
Beijing (*)	(China)	
Chongqing	(China)	
Hangzhou (*)	(China)	
Kunming	(China)	
Qingdao	(China)	
Sanya	(China)	
Shanghai (*)	(China)	
Shanghai (*)	(China)	
Tianjin	(China)	
Bangalore	(India)	
Mumbai	(India)	

Franchised stores, 2008 new openings

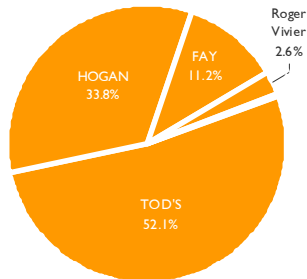
<b>Europe</b>		
Salonico	(Greece)	
<b>Far East</b>		
Kuala Lumpur	(Malaysia)	
Seoul	(Korea)	
<b>Middle East</b>		
Doha	(Qatar)	

(\*)Network conversion in franchising

For a complete list of retail outlets operated by the DOS and franchising network, reference should be made to the corporate web site: [www.todsgroup.com](http://www.todsgroup.com)

## Key consolidated financial figures

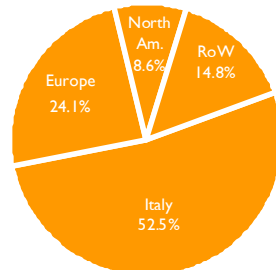
HI 08 Revenues - % by brand



P&L key figures (in euro mn)

	HI 2008	HI 2007	HI 2006	HI 2005
Revenues	347.0	316.4	273.3	236.9
EBITDA	77.6 22.4%	70.4 22.3%	62.7 22.9%	47.0 19.8%
EBIT	63.1 18.2%	58.2 18.4%	50.8 18.6%	35.5 15.0%
PRE-TAX	61.9 17.8%	59.1 18.7%	50.4 18.4%	35.8 15.1%
Utile netto	41.3 11.9%	35.3 11.2%	29.6 10.8%	20.5 8.7%

HI 08 Revenues - % by region

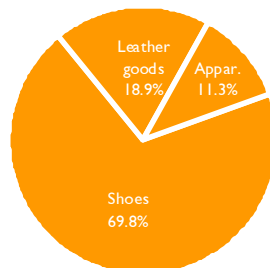


Key Balance Sheet figures (in euro mn)

	06.30.08	12.31.07	06.30.07
Net working capital <sup>(*)</sup>	223.0	208.4	183.1
Net fixed capital	305.9	299.2	292.7
Shareholder's equity	568.0	566.8	522.3
Net financial position	52.8	73.5	56.1
Capital expenditures	22.9	45.2	23.6

(\*) Trade receivables + inventories – trade payables

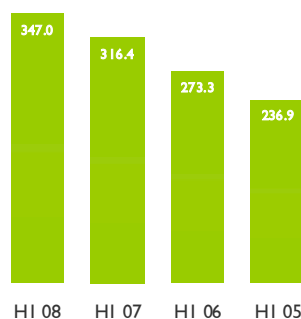
HI 08 Revenues - % by product



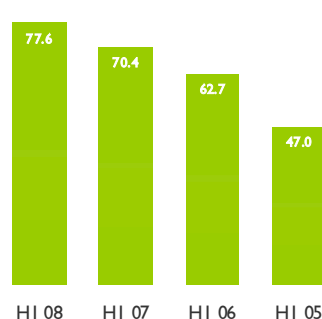
Financial key figures (in euro mn)

	06.30.08	12.31.07	06.30.07
Free cash flow	(21.5)	(18.5)	- 35.2
Cash flow from operation	57.4	110.1	52.8
Self-financing	44.1	60.5	24.9

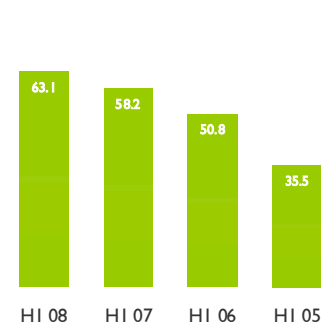
Revenues (in euro mn)



EBITDA (in euro mn)

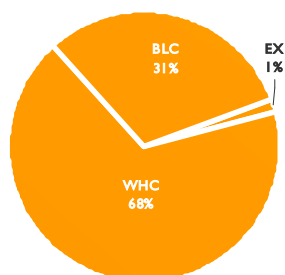


EBIT (in euro mn)





#### 2008 Group employees



#### The Group employees

	06.30.08	12.31.07	06.30.07	06.30.06
Year to date	2,743	2,472	2,473	2,236

EX = executives  
WHC = white collar employees  
BLC = blue collar employees

#### Principal Stock Market Indicators (in euro) – TOD'S S.p.A.

##### Shares' price

Official price at 01.02.2008	48.11
Official price at 06.30.2008	34.51
Minimum price in 2008	31.68
Maximum price in 2008	48.45

##### Market capitalization

At 01.02.2008	1,466,437,061
At 06.30.2008	1,051,896,549

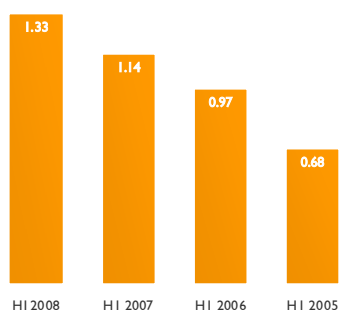
##### Dividend per share

Year 2007	1.25
Year 2006	1.25

##### Ordinary shares

Average number of outstanding shares	30,480,920
Average number of outstanding options	1,296,120
Total average number	31,777,040

#### Earning per share (euro)



#### Stock performance



TOD'S

TOD'S Group

D'S

Report on operation

Group

## Group activity

The TOD'S Group operates in the luxury sector under its proprietary brands (TOD'S, HOGAN, and FAY) and licensed brands (ROGER VIVIER e DEREK LAM). It actively creates, produces and distributes shoes, leather goods and accessories, and apparel. The company's mission is to offer top-quality products that satisfy the practical demands and desires of consumers worldwide.

**Development of production.** The Group's production structure is based on complete control of the production process, from creation of the collections to production and then distribution of the products. This approach is considered key to assuring the prestige of its brands.

Shoes and leather goods are produced in Group-owned plants, with partial outsourcing to specialized workshops. All of these outsourcers are located in areas with a strong tradition of shoe and leather good production. This preference reflects the fact that an extremely high standard of professional quality is required to make these items, with a significantly high level of added value contributed to the final product by manual work.

The Group relies exclusively on selected specialized outsourcers, which enables it to exploit their respective specializations in crafting the individual products sold as part of the apparel line.

**Distribution structure.** The prestige of the Group's brands and the high degree of specialization necessary to offer the respective products to customers entails distribution through a network of similarly specialized stores. Accordingly, the Group relies principally on three channels: DOS (directly operated stores), franchised retail outlets, and a series of selected, independent multibrand stores.

Group strategy is focused on development of the DOS and franchising networks, given that these channels offer greater control and more faithful transmission of the individual brands. It is also clear that, in particular market situations, distribution through independent multibrand stores is more efficient. This channel is of key importance to the Group.

## Group brands



The TOD'S brand is positioned on the luxury market and combines tradition, top quality and modernity. It offers consumers shoes, leather goods, accessories and apparel whose design is exclusive, functional and never ostentatious, interpreting timeless elegance.

TOD'S products embody the high quality of goods "Made in Italy" that are handcrafted for daily use while offering a sophisticated and elegant look. Certain products, such as the *Driving Shoe* or the *D-Bag*, beloved by celebrities and leaders around the world, have become icons representing a unique and recognisably elegant style for men and women.

# HOGAN

The HOGAN brand is positioned in the elegant luxury sportswear market, offering consumers contemporary style shoes, leather goods, accessories and apparel with an international vision.

HOGAN products, which are distinguished by their innovative character and high quality, have created a unique style, contributing to changes in the fashion habits of consumers who want a functional, comfortable, but also sporty and elegant product for everyday life.

HOGAN products are trend-setters in defining an elegant and sporty look. Some of its models are best sellers, such as its *Interactive* shoes.

# Fay

This brand offers consumers a line of high-quality apparel that is distinguished by the technical treatment of fabrics, obsession for detail and extreme functionality, combining style and quality with excellence. FAY products can be worn everywhere: from the sports stadium to the office, and from the city to the countryside. In every season, the FAY collection offers innovative, recognisable products for men, women and children.

## Organizational structure of the Group

The organisational structure of the Group headed by TOD'S S.p.a., the parent company that owns the TOD'S, HOGAN, and FAY brands, holds the licenses to the ROGER VIVIER and DEREK LAM brands, and manages Group production and distribution. Through a series of subholdings, the organisation is rounded out by a series of commercial companies that are delegated complete responsibility for retail distribution through the DOS network. Certain of them, strategically located on international markets, are assigned major roles in product distribution, marketing and promotion, and public relations processes along the "value chain", while simultaneously guaranteeing the uniform image that Group brands must have worldwide.

## Period operating highlights

**Development of DOS in China (PRC).** The TOD'S Group began implementing its distribution strategies on the Chinese market during the first six months of 2008, with development of its directly operated stores (DOS) network.

The plan for expansion of the distribution network was launched at the same time as acquisition of the DOS activities mentioned in the 2007 Annual Report as *Special Purpose Entities* (Shanghai (2), Beijing and Hangzhou in H1 2008, Chengdu effective 1 August) through the subsidiary TOD'S (Shanghai) Trading Co. Ltd. This led to the opening of seven additional DOS, located in Tianjin,

Kunming, Sanya, Chongqing, Qingdao, Beijing (the second location in that city), and Suzhou. The latter two were opened after the end of the first half.

**The new Indian market.** As one of the world's top luxury brands, the Group also launched distribution of the TOD'S brand on the Indian market, opening three important DOS boutiques in Bangalore, Mumbai, and Delhi (the latter is still in the opening phase). These boutiques are located in brand new malls that are dedicated exclusively to luxury brands and which opened at the same time as the TOD'S stores.

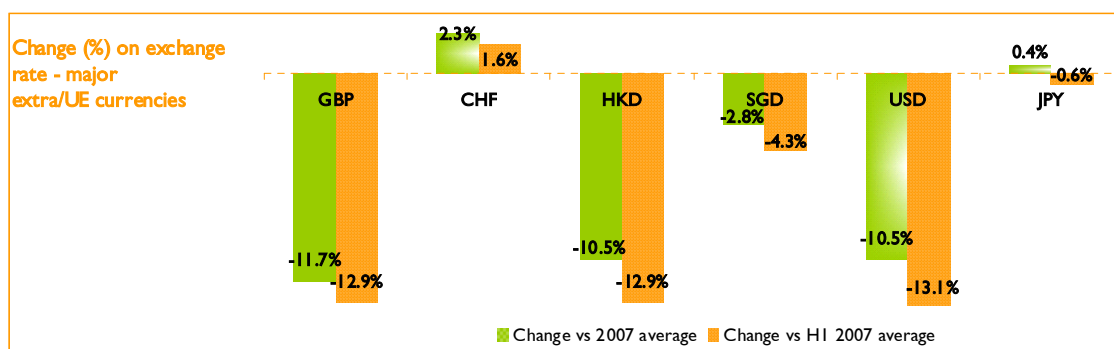
**ROGER VIVIER in Milan.** The ROGER VIVIER "maison" was opened in a prestigious 18<sup>th</sup> century building on Via Sant'Andrea in Milan at the beginning of the year. This new boutique, the second in Europe, brings the number of single brand ROGER VIVIER stores to five, flanking the ones located in Paris, London, New York, and Hong Kong.

**The new flagship store in Rome.** A new TOD'S store opened on 2 February in Rome. Located on Via dei Condotti, it is dedicated entirely to women's fashion.

**New TOD'S concept.** The architectural design conceived to realise the new concept for TOD'S brand stores began to be implemented with the opening of the new TOD'S store in Rome, and the restyling of the biggest TOD'S store in the world, the flagship store in Milan (on Via della Spiga), and the London store (on Bond Street).

## Currency markets

On the foreign currency markets, the Euro continued to appreciate against all leading international currencies in 2008 from its average level of all of 2007 and for HI 2007. The sole exceptions were the Swiss franc and Japanese yen, whose value against the Euro did not change significantly.



### Alternative indicators of performances

In order to strip the effects of changes in exchange rates from the average values of the first six months of 2008 from the results for the six months of 2007, the typical economic indicators (Revenues, EBITDA, EBIT) have been recalculated by applying the average exchange rates for the six months of 2007, thereby rendering them fully comparable with those of the previous period. These criteria for measuring business performance must not be considered alternative to those established by IFRSs.

Furthermore, although the activity of the TOD'S Group is not subject to profound seasonal or cyclical changes in aggregate annual sales, it is nonetheless impacted by varying flows of revenues and costs from quarter to quarter, which in turn stem principally from industrial activity. Consequently, the analysis of interim earnings and financial results and indicators (EBITDA, EBIT, financial position, working capital) is not fully representative, and it would be misleading to consider the periodic indicators reported herein as proportionate to the amounts for the entire year.

### Group results in HI 2008

Although the luxury goods sector faces particularly challenging conditions at this time, which are exacerbated by the chronically unfavourable exchange rate between the Euro and major international currencies, the Group's operating activities continued to grow at a brisk rate in HI 2008, confirming the timeliness and validity of the strategic development model.

Revenues, EBITDA and EBIT increased at sustained rates from their HI 2007 levels, by 9.7%, 10.3% and 8.4%, respectively. Growth rates were even higher on a comparable exchange rate basis, i.e. by using the same average exchange rates for the first six months of the previous year: in this case, the growth rate would rise to 12.2% for revenues, and to 16.2% and 14.9% respectively for EBITDA and EBIT.

Consolidated net income for HI 2008 was excellent, totalling Euro 41.3 million, up 17.0% from the same period in 2007. It represents 11.9% of Group revenues (HI 2007: Euro 35.2 million, for 11.2% of sales).

<i>(In Euro 000's)</i>					
Year 07	<i>Principal economic indicators</i>	HI 2008	HI 2007	Change	%
657,089	Sales revenues	346,997	316,364	30,633	9.7
152,973	EBITDA	77,645	70,411	7,234	10.3
(26,441)	Depr., amort., write-downs	(14,551)	(12,183)	(2,368)	19.4
126,532	EBIT	63,094	58,228	4,866	8.4
126,669	Pre-tax profit	61,857	59,067	2,790	4.7
78,726	Consolidated net income	41,293	35,280	6,013	17.0
<hr/>					
	Foreign exchange impact on revenues	8,100			
	Adjusted sales revenues	355,097	316,364	38,733	12.2
	For. exch. impact. on operating cost	(3,950)			
	Adjusted EBITDA	81,795	70,411	11,384	16.2
	For. exch. impact. on deprec. & amort.	(330)			
	Adjusted EBIT	66,914	58,228	8,686	14.9
	EBITDA %	22.4	22.3		
	EBIT %	18.2	18.4		
	Adjusted EBITDA %	23.0	22.3		
	Adjusted EBIT %	18.8	18.4		
	Tax rate %	33.2	40.3		

<i>(In Euro 000's)</i>					
06.30.07	<i>Principal Balance Sheet indicators</i>	06.30.08	12.31.07	Change	
183,095	Net working capital (*)	223,024	208,453	14,571	
292,675	Non-current assets	305,892	299,244	6,648	
(10,545)	Other current assets/liabilities	(14,767)	(15,486)	719	
1,030	Net assets held for sale	993	1,006	(13)	
<b>466,255</b>	<b>Invested Capital</b>	<b>515,142</b>	<b>493,217</b>	<b>21,925</b>	
56,071	Net financial position	52,808	73,541	(20,733)	
<b>522,326</b>	<b>Shareholder's equity</b>	<b>567,950</b>	<b>566,758</b>	<b>44,421</b>	
<hr/>					
23,571	Capital expenditures	22,933	45,199		n.s.
24,871	Cash flow from operation	44,134	60,506		n.s.
(35,255)	Free cash flow	(21,482)	(18,514)		n.s.

(\*) Trade receivables + inventories – trade payables

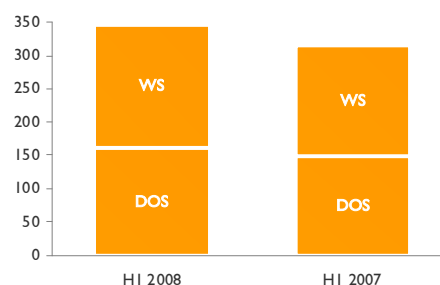
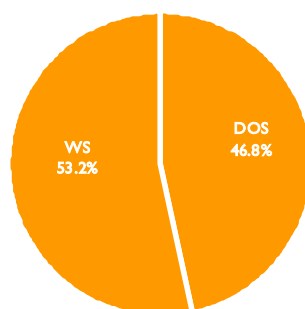
**Revenues.** In HI 2008, consolidated sales on a comparable exchange rate basis, i.e. using the same average exchange rates for HI 2007, totalled Euro 355.1 million, posting an increase of 12.2% from HI 2007.

Revenue performance at current exchange rates was just as positive: in this case revenues totalled Euro 347 million, rising by just under 10% (i.e. 9.7%).

Growth on both distribution channels was excellent, posting double-digit rates on a comparable exchange rate basis.

DOS network revenues totalled Euro 162.3 million; on a comparable exchange rate basis,

(In euro mn)	HI 2008	%	HI 2007	%	Change	%
DOS	162.3	46.8	149.9	47.4	12.4	8.3
WS	184.7	53.2	166.5	52.6	18.2	10.9
<b>Total</b>	<b>347.0</b>	<b>100.0</b>	<b>316.4</b>	<b>100.0</b>	<b>30.6</b>	<b>9.7</b>

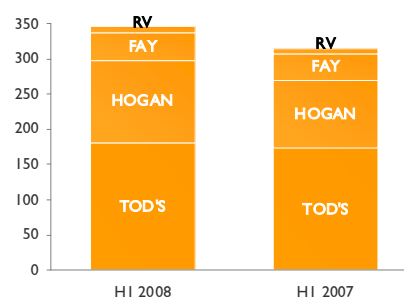
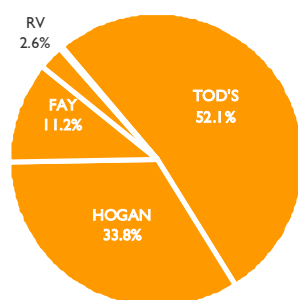


growth from HI 2007 was 12.3%. This result reflected both the organic growth of existing stores (same store sales growth - SSSG - was 3.4% in the first 32 weeks of the year, covering the period from January 1<sup>st</sup> – August 3<sup>rd</sup>, 2008; SSSG is calculated as the global average of revenue growth rates reported by the DOS existing at January 1<sup>st</sup>, 2007 with comparable data) and the opening of new stores. At June 30<sup>th</sup>, 2008, the Group's distribution network was comprised by 138 DOS and 63 franchised stores. This reflected aggregate growth of 17 units from those existing at June 30<sup>th</sup>, 2007. At that date, its distribution network consisted of 116 DOS and 68 franchised stores. Sales results to third parties totalled Euro 184.7 million in HI 2008. Compared with the same period of the previous year, when sales totalled Euro 166.5 million, growth on a comparable exchange rate basis was 12.2%.

In HI 2008, TOD'S brand revenues totalled Euro 180.8 million. The associated increase, 7.7% on a comparable exchange rate basis, accelerated noticeably from the rate reported in IQ 2008.

HOGAN also reported a sharp improvement in the already excellent results achieved in the previous months. In HI 2008, brand sales totalled Euro 117.1 million, up 24.4% on a comparable exchange rate basis. FAY brand revenues totalled Euro 38.8

(In euro mn)	HI 2008	%	HI 2007	%	Change	%
TOD'S	180.8	52.1	174.1	55.0	6.8	3.9
HOGAN	117.1	33.8	94.8	30.0	22.3	23.5
FAY	38.8	11.2	38.6	12.2	0.2	0.4
RV	9.1	2.6	7.1	2.3	2.0	26.9
Other	1.2	0.3	1.8	0.5	(0.6)	n.s
<b>Total</b>	<b>347.0</b>	<b>100.0</b>	<b>316.4</b>	<b>100.0</b>	<b>30.6</b>	<b>9.7</b>





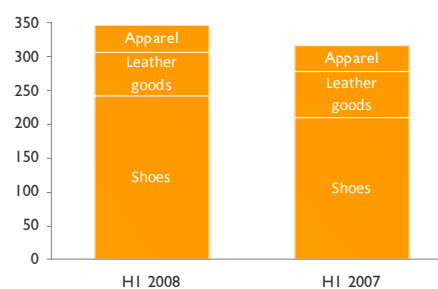
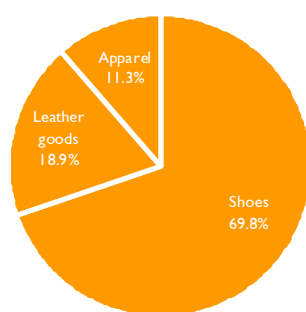
million in HI 2008. This was consistent with the figure reported in the same period of 2007, when the brand reported growth of 30.6% from the first six months of the previous year.

Finally, ROGER VIVIER brand sales totalled Euro 9.1 million. Period growth on a comparable exchange rate basis was about 35%. Although this result was outstanding, it was not very significant, both in consideration of this brand's still modest volumes and of the fact that this prestigious luxury shoe and accessory brand is still in its introductory phase.

Turning to the analysis by product category, shoe revenues in HI 2008 totalled Euro 242.2 million. On a comparable exchange rate basis, the increase was 17.7%, confirming the constant growth of Group brand market share.

As forecast, leather goods and accessory revenues recovered from the first few months of 2008 (sales in HI 2008 totalled Euro 65.4 million). On a comparable exchange rate basis, the variation moved from -2.8% for the first quarter to -0.7%

(In euro mn)	HI 2008	%	HI 2007	%	Change	%
Shoes	242.2	69.8	210.0	66.4	32.2	15.3
Leather goods	65.4	18.9	69.0	21.8	(3.6)	(5.2)
Apparel	39.1	11.3	36.9	11.6	2.2	6.0
Other	0.3	n.s.	0.5	0.2	(0.2)	n.s
<b>Total</b>	<b>347.0</b>	<b>100.0</b>	<b>316.4</b>	<b>100.0</b>	<b>30.6</b>	<b>9.7</b>

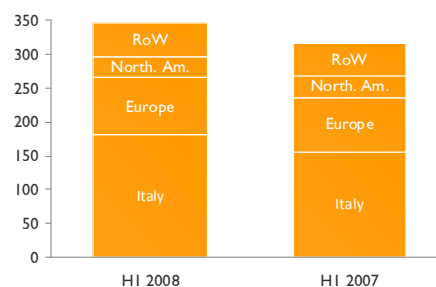
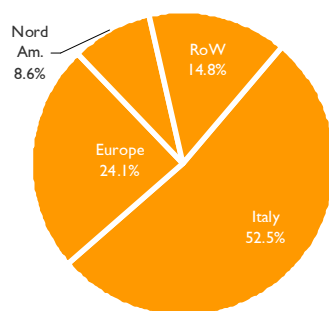


for the first half. The *Pashmy* line of handbags is starting to produce excellent results, while sales of leather handbags, which are characterized by higher prices, were more heavily impacted by persistent macroeconomic difficulties.

Finally, apparel revenues totalled Euro 39.1 million, with growth of 6% in HI 2008.

The revenue growth rate on the domestic market remained at excellent levels. Realized revenues totalled Euro 182.1 million, up 17.3% from the first six months of 2007. Results in the rest of Europe were also positive, where sales totalled Euro 83.5 million. In that area, growth on a comparable exchange rate basis is 3.7%.

(In euro mn)	HI 2008	%	HI 2007	%	Change	%
Italy	182.1	52.5	155.2	49.1	26.9	17.3
Europe	83.5	24.1	81.4	25.7	2.1	2.6
North America	30.0	8.6	31.5	10.0	(1.5)	(4.9)
RoW	51.4	14.8	48.3	15.2	3.2	6.6
<b>Total</b>	<b>347.0</b>	<b>100.0</b>	<b>316.4</b>	<b>100.0</b>	<b>30.6</b>	<b>9.7</b>



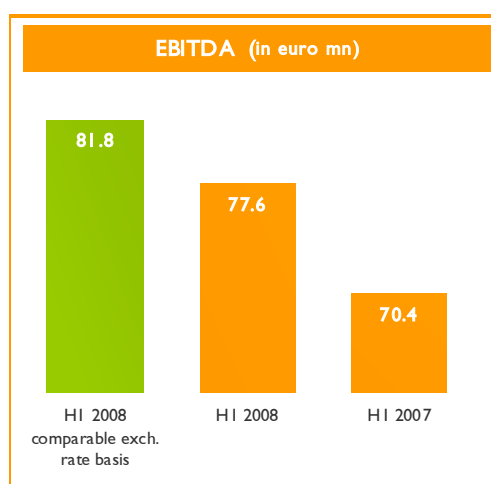
Revenues on the American market on a comparable exchange rate basis rose by 8.2% in HI 2008. Sales on this market were heavily impacted by the unfavourable Euro-dollar exchange rate, and totalled Euro 30 million at 30 June 2008.

Finally, revenues in the rest of the world totalled Euro 51.4 million. Growth totalled 12.9% on a comparable exchange rate basis, reflecting the excellent results realized in the Far East and Middle East, where the Group is currently focusing development of its distribution network.

**Operating results.** Consistently with sales performance, EBITDA and EBIT rose sharply from the levels reported for these two indices in HI 2007. As previously mentioned, the results for the current period are even more positive if they are stripped of the effects caused by the unfavourable cross-rates for the Euro and non-EU currencies.

At current exchange rates, EBITDA in HI 2008 rose by Euro 7.2 million from the same period of 2007, and represent 22.4% of consolidated revenues at that date. In HI 2007, EBITDA was Euro 70.4 million, and represented 22.3% of sales during that period. On a comparable exchange rate basis, i.e. by using the same translation rates for HI 2007, EBITDA for the January-June period would rise to Euro 81.8 million, up Euro 11.4 million from HI 2007, and would represent 23.0% of Group revenues.

In regard to costs, which were not impacted by material changes from either HI 2007 or FY 2007, the amount of

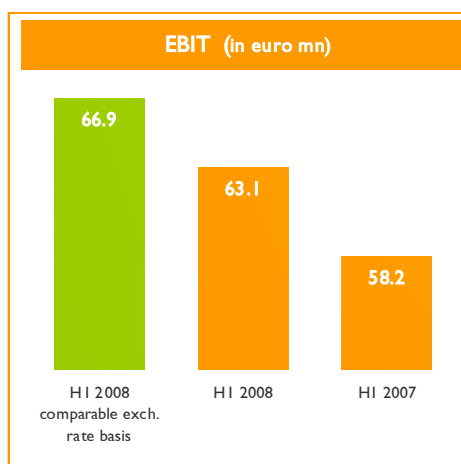


profit margins absorbed by personnel costs was up from the same period of 2007 (personnel costs amounted to 15.0% of revenues, as compared with 14.2% in the same period a year earlier). This was due to the portion of a bonus paid for FY 2008 (the cost allocable to the HI 2008 was Euro 1.4 million), in addition to the hiring of sales personnel assigned to operate the new stores that expanded the DOS network. Aggregate labour costs for HI 2008 totalled Euro 51.9 million, as compared with Euro 44.9 million in the first six months of the previous year. The Group had 2,743 employees, 270 more than at 30 June 2007 (when they totalled 2,473).

Amortization and depreciation expenses for non-current assets also rose. The change in investment activity caused the value of amortization and depreciation to rise, from Euro 12.2 million in HI 2007 to Euro 14.4 million in HI 2008.

EBIT consequently totalled Euro 63.1 million (Euro 58.2 million in HI 2007), and represents 18.2% of Group sales (compared with 18.4% in HI 2007).

On a comparable exchange rate basis, EBIT would total Euro 66.9 million and represent 18.8% of revenues, up by a significant Euro 8.7 million from the same period a year earlier, corresponding to 14.9%.

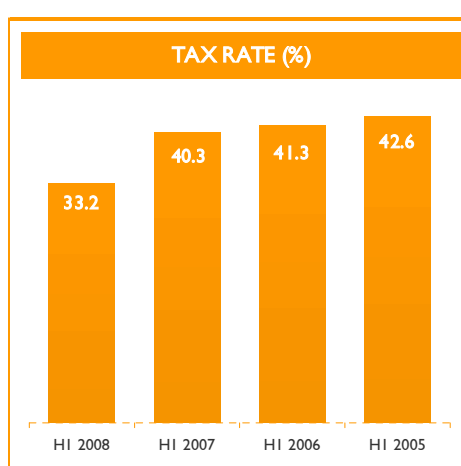


A healthy level of financial income was generated during the period: the aggregate balance, including the effect generated by foreign exchange risk hedging (for a positive Euro 1.9 million), was a net profit of Euro 0.7 million.

Income taxes for the period (including the effects of deferred tax liabilities) totalled Euro 20.6 million, for a tax rate of 33.2%, sharply improved from the 40.3% and 37.8% incurred in the first six months and entire 2007 financial year, respectively.

Consequently, consolidated net income was excellent, Euro 41.3 million, as opposed to Euro 35.3 million in HI 2007. This represented growth of 17.0%. At 30 June 2008, net income represented 11.9% of Group revenues.

The net profitability reported in HI 2007 was 11.2% instead.



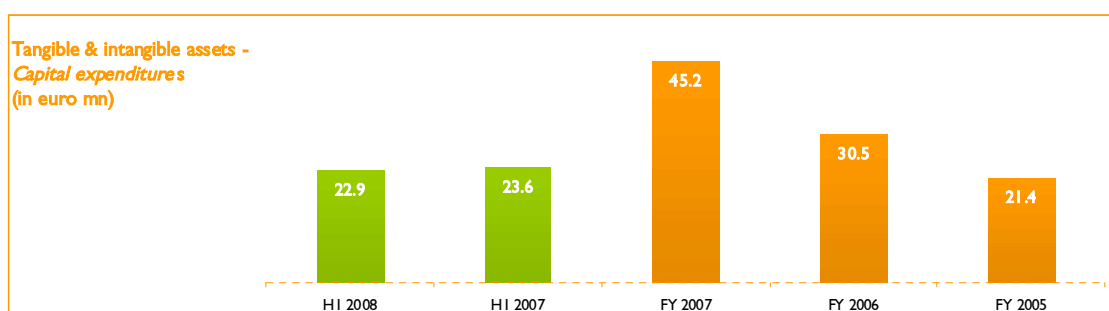
**EBIT by region (Segment reporting).** Analysis of the operating result for the period produced in the individual geographical areas where the Group operates follows:

<i>(In Euro mn)</i>	Italy	Europe	North America	RoW	Not localized	Total
Sales revenues	182.1	83.5	30.0	51.4		347.0
<i>Inter-segment sales</i>						
Operating costs	(97.7)	(51.4)	(27.2)	(39.1)	(68.5)	(283.9)
EBIT	84.4	32.1	2.8	12.3	(68.5)	63.1
Financial income (charges)						(1.2)
Pre-tax profit						61.9
Income taxes						(20.6)
Net profit						41.3

**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)
Net profit						35.3

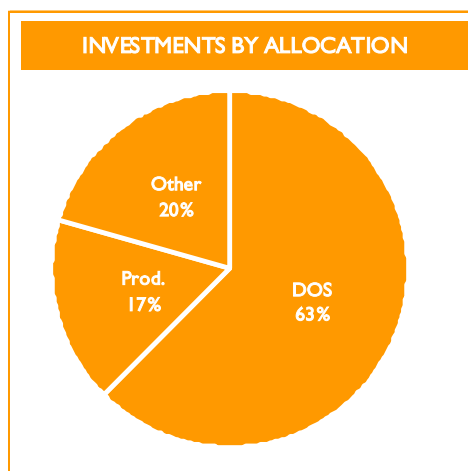
**Capital expenditures.** The value of Group capital expenditures virtually doubled in comparison with the first three months of the year: at June 30<sup>th</sup>, investments totalled Euro 22.9 million. In the same period of the previous year, capital expenditure was Euro 23.6 million (including Euro 10.3 million for key money). Capital expenditure totalled Euro 45.2 million for all of 2007.



The resources allocated during the first half to productive and logistic functions totalled Euro 3.9 million. They were used principally for the purchase of industrial equipment (moulds, forms and hollow punches).

Major resources were dedicated to capital expenditure on the development of information systems, totalling Euro 2.9 million.

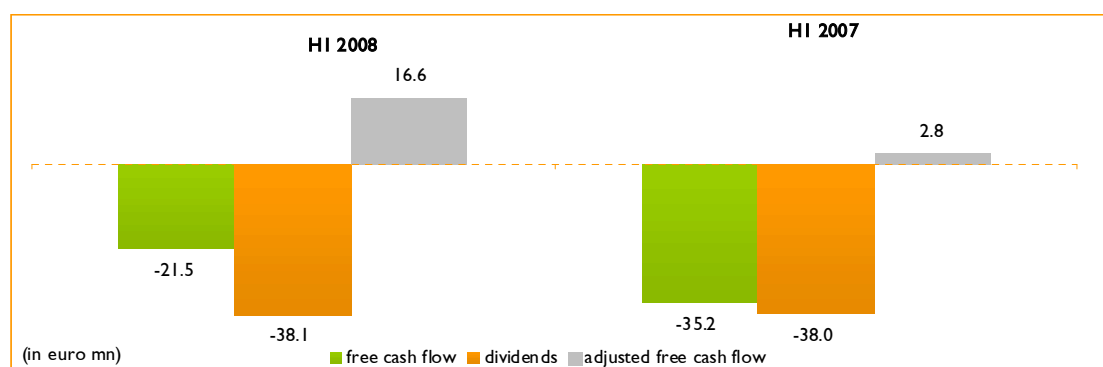
A total of Euro 14.3 million was invested in expansion and renovation of the DOS network.



**Net financial position.** The balance of net financial resources totalled Euro 52.8 million at the end of the period: cash and cash equivalents totalled Euro 79.7 million, liabilities totalled Euro 26.9 million, including Euro 9.5 million due over the medium-long term. At December 31<sup>st</sup>, 2007 the net financial position was Euro 73.5 million, representing the balance of Euro 95.8 million in assets and Euro 22.3 million in liabilities.

06.30.07	Net financial position (in Euro 000's)	06.30.08	12.31.07	Change
	<b>Current financial assets</b>			
78,029	Cash and cash equivalents	79,676	95,753	(16,077)
78,029	<b>Current financial assets</b>	79,676	95,753	(16,077)
	<b>Current financial liabilities</b>			
(8,776)	Current account overdraft	(15,868)	(10,496)	(5,372)
(2,199)	Current share of medium-long term financing	(1,515)	(1,482)	(33)
(10,975)	<b>Current financial liabilities</b>	(17,383)	(11,978)	(5,405)
67,054	<b>Current net financial position</b>	62,293	83,775	(21,482)
	<b>Non-Current financial liabilities</b>			
(10,983)	Financing	(9,485)	(10,234)	749
(10,983)	<b>Non-Current financial liabilities</b>	(9,485)	(10,234)	749
56,071	<b>Net financial position</b>	52,808	73,541	(20,733)

The Group generated cash at a particularly brisk rate in HI 2008. When stripped of paid dividends, the amount of cash generated totalled Euro 16.6 million, compared with Euro 2.8 million in HI 2007.



Operating cash flow during the period totalled Euro 44.1 million, up 77.5% from the same period a year earlier. Cash flow contributed Euro 57.4 million. In HI 2007, operating cash flow and cash flow totalled Euro 24.9 million and Euro 52.8 million, respectively.

<i>(In Euro 000's)</i>		
<b>Fund flow statements</b>	<b>Jan-June 08</b>	<b>Jan-June 07</b>
<b>Profit (loss) for the period of the Group</b>	<b>40,671</b>	<b>34,789</b>
Non cash items	16,778	18,020
<b>Cash Flow</b>	<b>57,449</b>	<b>52,809</b>
Changes in operating net working capital	(13,315)	(27,938)
<b>Cash Flow from operation</b>	<b>44,134</b>	<b>24,871</b>
Cash Flow generated (used) in investment activity	(21,885)	(22,588)
Cash Flow generated (used) in financing activity	(43,744)	(37,538)
<b>Cash Flow generated (used) continuing operation</b>	<b>(21,495)</b>	<b>(35,255)</b>
Cash flow from assets held for sale	13	20
<b>Cash Flow generated (used)</b>	<b>(21,482)</b>	<b>(35,235)</b>
<b>Net financial position at the beginning of the period</b>	<b>83,775</b>	<b>102,289</b>
<b>Net financial position at the end of the period</b>	<b>62,293</b>	<b>67,054</b>
<b>Change in current net financial position</b>	<b>(21,482)</b>	<b>(35,235)</b>

The cash flow used to finance the change in working capital (trade receivables + inventories - trade payables) from the beginning of the year totalled Euro 14.6 million.

### Significant events since the end of the period

The agreement for transfer of the finance lease on the San Marino plant, where production was terminated in FY 2007, was signed in early July. The Group realized a capital gain from that transfer, net of disposed assets and liabilities (formerly recognized as assets/liabilities held for sale), totalling about Euro 1.3 million.

On August 1<sup>st</sup>, 2008 TOD'S (Shanghai) Trading Co. Ltd concluded the takeover of the assets that had previously been recognized as Special Purpose Entities.

### **Business outlook**

The positive results realised by the Group in H1 2008, especially in the context of a particularly challenging market situation, the appeal of Group brands and products to customers and their characteristically high quality, confirm the wisdom of its strategic choices.

In light of the excellent results of orders received for the upcoming Fall-Winter season, previous forecasts of higher sales and profits are now confirmed for the entire year.

### **Compliance with Title VI of the regulation implementing Legislative Decree 58 of 24 February 1998, concerning market regulation ("Market Regulation")**

Tod's S.p.A. directly or indirectly controls certain companies that are incorporated and governed by the laws of states not belonging to the European Union.

Whereas the accounts of the aforementioned companies prepared for compilation of the consolidated financial statements of the Tod's Group will be published pursuant to the terms and conditions established by applicable law, the Company believes that it has satisfied the conditions envisaged in Article 36 of the Market Regulation.

The compliance plan and implementation schedule will be promptly adopted and published if necessary.

TOD'S

TOD'S Group

D'S

Supplementary notes

Group



## 1. General notes

The half-year report, which includes the abbreviated consolidated half-year report of the TOD's Group at June 30<sup>th</sup>, 2008, has been prepared in accordance with Article 154 ter (2, 3 and 4) of the Consolidated Law on Financial Intermediation ("TUF"), introduced by Legislative Decree 195/2007 in implementation of Directive 2004/109/EC (the "Transparency" directive), and complies with IAS 34 – Interim Financial Reporting, adopted according to the procedure envisaged 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 June 30<sup>th</sup>, 2008 (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>, 2007.

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>, 2008.

The Half Year Report at June 30<sup>th</sup>, 2008 was approved by the Board of Directors of TOD'S S.p.a. on August 28<sup>th</sup>, 2007, when its publication was authorised. It was audited (limited review) by the independent auditor Deloitte & Touche S.p.a.

## 2. Accounting policies

The Half Year Report at June 30<sup>th</sup>, 2008 was prepared by applying IAS/IFRS, issued by IASB (*International Accounting Standards Board*) 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 (*International Financial Reporting Interpretations Committee*).

The accounting standards used to prepare this abbreviated consolidated half-year report are consistent with those used to prepare the consolidated annual report at 31 December 2007, to which reference is made for full treatment.

In regard to the standards, changes, and interpretations of existing standards that came into effect in the financial year that started on January 1<sup>st</sup>, 2008 (IFRIC 11 – Transactions on Group

shares, IFRIC 12 – Customer loyalty programs, and IFRIC 14 – Assets for defined benefit plans and minimum coverage requirements), their application did not impact the Group's assets, liabilities, operating results, and financial position at June 30<sup>th</sup>, 2008.

Preparation of the financial figures reported on the Half Year Report 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.-June 2008		Jan.-June 2007	
		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	0.634	0.653	0.740	0.752
UK pound sterling	1	1.262	1.291	1.484	1.482
Swiss franc	1	0.623	0.623	0.604	0.612
Hong Kong dollar	100	8.133	8.384	9.472	9.632
Japanese yen	100	0.601	0.623	0.600	0.627
Hungarian forint	1000	4.247	3.946	4.063	3.996
Singapor dollar	1	0.466	0.471	0.484	0.492
Korean WON	1.000	0.605	0.663	8.015	8.056
Chinese Renminbi	100	9.255	9.260	n/a	n/a
Macao Pataca	100	7.893	8.139	n/a	n/a

### 3. Seasonal or ciclical 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 situation at June 30<sup>th</sup>, 2007, the scope of consolidation includes the companies TOD'S Macao Ltd, TOD'S (Shanghai) Trading Co Ltd and TOD'S India Retail Pte Ltd,

100% owned subsidiaries of the Group. Instead, there was no change compared with the 2007 statutory financial statements. The scope of consolidation also included the assets of the special purpose entities in Shanghai, Beijing, and Hangzhou, which were merged in 2008 with TOD'S (Shanghai) Trading Co Ltd at their book values (primarily inventories).

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 following list illustrates the entire scope of consolidation at June 30<sup>th</sup>, 2008:

#### Parent company

**TOD'S S.p.a.**  
 S.Elpidio a Mare - Italia  
 Share capital (C.S.) - Euro 60,961,840

#### Direct subsidiaries

**TOD'S Deutsch. Gmbh**  
 Dusseldorf - Germany  
 C.S. - Euro 153,387.56  
 % held: 100%

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

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

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

**Del.Com S.r.l.**  
 S.Elpidio a Mare - Italy  
 C.S. - 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. - Usd 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 100,000,000  
 % 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 - Great Britain  
 S.C. - Gbp 350,000  
 % held: 100%

**Webcover Ltd**  
 London - Great Britain  
 S.C. - Gbp 1,000  
 % held: 50%

**TOD'S Luxembourg SA**  
 Luxembourg  
 S.C. - Euro 31,000  
 % held: 50%

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

**TOD'S Macao Ltd**  
 Macao  
 S.C. - MOP 850,000  
 % held: 100%

**TOD'S (Shanghai) Tr. Co Ltd**  
 Shanghai - China  
 S.C. - USD 6,000,000  
 % held: 100%

**TOD'S India Retail Pte Ltd**  
 Mumbai - India  
 S.C. - INR 113,900,000  
 % held: 51%

**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 - Italy  
 S.C. - Euro 50,000  
 % held: 100%

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

#### Indirect subsidiaries (continuing)

**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%

**Tex.Del. USA Inc.**  
Dallas, Tx - U.S.A.  
S.C. - Usd 10,000  
% held: 100%

#### Special Purpose Entities

DOS Chengdu

### 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

Please refer to the Board of Directors Report on Operations for the exact figures.

### 6. Earnings per share

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

#### i. Reference profit

<i>In Euro 000's</i>		
<b>From operating activities and discontinued activities</b>	<b>HI 2008</b>	<b>HI 2007</b>
Earnings for determination of base earnings per share	40,671	34,789
Dilution effects		
<b>Earnings for determination of diluted earnings per share</b>	<b>40,671</b>	<b>34,789</b>

<i>In Euro 000's</i>		
<b>From operating activities</b>	<b>HI 2008</b>	<b>HI 2007</b>
Net income of the Group	40,671	34,789
Profit (loss) from discontinued activities		
<b>Earnings for determination of base earnings per shares</b>	<b>40,671</b>	<b>34,789</b>
Dilution effects		
<b>Earnings for determination of diluted earnings per share</b>	<b>40,671</b>	<b>34,789</b>

In both periods, first half 2008 and 2007, there were no dilutions of net consolidated earnings, partly as a result of activities that were discontinued during the periods in question.

ii. Reference number of shares

	HI 2008	HI 2007
Weighted average number of shares to determine basic earning per share	30,480,920	30,406,117
Share options	1,296,120	1,373,803
Weighted average number of shares to determine diluted earning per share	31,777,040	31,779,920

The options assigned pursuant to the stock Options plan represent the only ordinary shares with dilution effect.

No options were exercised by the beneficiaries during the first half.

## 7. Dividends

On April 22<sup>nd</sup>, 2008 the General Meeting of the parent company TOD'S S.p.a. approved the payment of Euro 38,101,150 in dividends, at the rate of Euro 1.25 for each of the 30,480,920 shares comprising the capital on the ex-coupon date.

The proposed dividend was paid to all shareholders entered on the Register of Shareholders at the ex-coupon date (May 19<sup>th</sup>, 2008).

## 8. Hedging of financial risks (IFRS 7)

Consistently with the provisions of the Code of Self-discipline of Listed Companies, the TOD'S Group has set up a system for monitoring the financial risks to which it is exposed. These can be identified as follows:

- i. **Credit risk.** This represents the exposure of the TOD'S Group to potential losses stemming from default on the obligations assumed by commercial counterparties.
- ii. **Liquidity risk.** This represents the risk stemming from the unavailability of financial resources as necessary to meet the short-term commitments assumed by the Group and its own financial requirements.
- iii. **Market risk.** This type of risk includes those risks that are directly or indirectly tied with the fluctuation of physical and financial market prices to which a company is exposed:
  - exchange rate risk;
  - interest rate risk;
  - commodity risk, which is tied to the volatility of prices for the raw materials used in the production process.

In the ambit of the policy adopted for management of the aforementioned risks, the Group constantly monitors the financial risks connected with its operations, so that it can assess their potential negative effects in advance and take the necessary actions to mitigate them.

Particularly in regard to exchange rate risk, the Group has adopted a risk management policy that pursues the objective of guaranteeing that the countervalue in Euro of the receipts from wholesale sales in foreign currency of each collection (Spring-Summer and Fall-Winter) is equal or better on average to what would be obtained by applying the set target exchange rates. The foregoing purposes are pursued by executing forward contracts for each individual currency in which the Group operates (principally USD, CHF, GBP, HKD, SGD), in order to hedge a specific percentage of revenue volumes (and costs) expected in the individual currencies other than the functional currency, without any speculative or trading purpose, consistently with the strategic policies adopted for prudent management of cash flows. This might involve foregoing opportunities, but also avoids incurring speculative risks.

## 9. Transactions with related parties

TOD'S Group participated in a number of transactions with parties that have an interest in the Group itself. 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 and provision of advertising services.

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.

### i. Commercial transactions with unconsolidated subsidiaries

<i>Revenues and costs</i> (In Euro 000's)	HI 2008		HI 2007	
	Costs	Revenues	Costs	Revenues
<i>Special Purpose Entities</i>	1,801	781		1,649
<b>Total</b>	<b>1,801</b>	<b>781</b>		<b>1,649</b>

<i>Receivables and payables</i> (In Euro 000's)	06.30.08		06.30.07	
	Receivables	Payables	Receivables	Payables
<i>Special Purpose Entities</i>	3,044	1,801	3,928	
<b>Total</b>	<b>3,044</b>	<b>1,801</b>	<b>3,928</b>	

ii Commercial transactions with other related parties – Revenues and Costs

<i>(In Euro 000's)</i>	HI 2008		HI 2007	
	Costs	Revenues	Costs	Revenues
<b>Selling products</b>				
Roger Vivier Paris S.a.s	146	824	20	1,101
<b>Ordinary leases</b>				
Immobiliare De.Im. S.r.l.	1,354	54	1,428	41
Difran S.a.s.	95		93	
Holpaf BV	1,506		1,421	
<b>User license contract for the ROGER VIVIER brand</b>				
Gousson - Consultadoria & Mark. S.à.r.l	895	4,671	776	1,905
<b>Advertising services</b>				
Forma Pura S.r.l.	852		1,091	
<b>Total</b>	<b>4,848</b>	<b>5,549</b>	<b>4,829</b>	<b>3,047</b>

iii Commercial transactions with other related parties – Receivables and payables

<i>(In Euro 000's)</i>	06.30.08		06.30.07	
	Receivables	Payables	Receivables	Payables
Roger Vivier Paris S.a.s	732	180	1,236	315
Immobiliare De.Im. S.r.l.		131		458
Difran S.a.s.		170		56
Holpaf BV		6		6
Gousson - Consultadoria & Mark. S.à.r.l	8,161	1,706	1,986	776
Forma Pura S.r.l.		569		643
<b>Total</b>	<b>8,893</b>	<b>2,762</b>	<b>3,222</b>	<b>2,254</b>

S.Elpidio a Mare, August 28<sup>th</sup>, 2008

The Chairman of the Board of Directors  
Diego Della Valle

TOD'S

TOD'S Group

D'S

Financial Statements

Group



## Profit & Loss

<i>In Euro 000's</i>				
	Note	HI 2008	HI 2007	FY 2007
<b>Revenues</b>				
Sales revenues		346,997	316,364	657,089
Other revenues and income		7,267	6,196	12,965
<b>Total revenues and income</b>		<b>354,264</b>	<b>322,560</b>	<b>670,054</b>
<b>Operating costs</b>				
Change in inventories (work in prog. & finished goods)		29,231	22,689	30,296
Cost of raw mat., supplies, and material for cons.		(105,129)	(96,086)	(187,103)
Cost of services		(118,368)	(104,341)	(213,991)
Cost of use of third parties assets		(20,684)	(18,918)	(38,660)
Cost of labour		(51,939)	(44,885)	(89,327)
Other operating charges		(9,730)	(10,608)	(18,296)
<b>Total operating cost</b>		<b>(276,619)</b>	<b>(252,149)</b>	<b>(517,081)</b>
<b>EBITDA</b>		<b>77,645</b>	<b>70,411</b>	<b>152,973</b>
<b>Amortization, depreciation and write-downs</b>				
Amortization of intangible assets		(3,106)	(2,558)	(5,141)
Depreciation of tangible assets		(11,255)	(9,625)	(20,423)
Other adjustments		-	-	(494)
<b>Total amortization, depreciation and write-downs</b>		<b>(14,361)</b>	<b>(12,183)</b>	<b>(26,058)</b>
Provision		(190)	-	(383)
<b>EBIT</b>		<b>63,094</b>	<b>58,228</b>	<b>126,532</b>
<b>Financial income and charges</b>				
Financial income		6,489	4,616	9,948
Financial charges		(7,726)	(3,777)	(9,811)
<b>Total financial income (charges)</b>		<b>(1,237)</b>	<b>839</b>	<b>137</b>
Income (losses) from equity investments		-	-	-
<b>Pre-tax profit</b>		<b>61,857</b>	<b>59,067</b>	<b>126,669</b>
Income taxes		(20,564)	(23,787)	(47,943)
<b>Consolidated net income</b>		<b>41,293</b>	<b>35,280</b>	<b>78,726</b>
Minority interests		(622)	(491)	(1,394)
<b>Net income of the group</b>		<b>40,671</b>	<b>34,789</b>	<b>77,332</b>
EPS (Euro)		1.33	1.14	2.54
EPS diluted (Euro)		1.28	1.09	2.43

## Balance sheet

<i>In Euro 000's</i>				
	Note	06.30.08	12.31.07	06.30.07
<b>Non current-assets</b>				
<b>Intangible fixed assets</b>				
Asset with indefinite useful life		149,266	148,961	148,577
Key money		37,719	40,124	35,262
Others		11,364	9,451	6,630
<b>Total intangible fixed assets</b>		<b>198,349</b>	<b>198,536</b>	<b>190,469</b>
<b>Property, plant and equipment</b>				
Building and lands		41,390	41,338	41,830
Plant and machinery		6,476	7,184	7,558
Equipment		12,633	11,761	10,798
Leasehold improvements		29,108	24,413	28,237
Others		17,936	16,012	13,783
<b>Total tangible fixed assets</b>		<b>107,543</b>	<b>100,708</b>	<b>102,206</b>
<b>Other assets</b>				
Real estate investments		54	56	58
Equity investments		20	20	20
Deferred tax assets		14,229	12,146	15,959
Others		5,409	4,531	4,723
<b>Total other assets</b>		<b>19,712</b>	<b>16,753</b>	<b>20,760</b>
<b>Total non-current assets</b>		<b>325,604</b>	<b>315,997</b>	<b>313,435</b>
<b>Current-assets</b>				
Inventories		244,340	218,731	209,767
Trade receivables		110,436	108,410	92,809
Tax receivables		2,451	2,670	6,813
Derivative financial instruments		3,318	3,763	330
Others		23,537	18,671	20,529
Cash and cash equivalents		79,676	95,753	78,029
<b>Total current assets</b>		<b>463,758</b>	<b>447,998</b>	<b>408,277</b>
Assets held for sale		993	1,021	1,053
<b>Total assets</b>		<b>790,355</b>	<b>765,016</b>	<b>722,765</b>

<i>In Euro 000's</i>	Note	06.30.08	12.31.07	06.30.07
<b>Shareholder's equity - Group interest</b>				
Share capital		60,962	60,962	60,870
Capital reserves		217,177	215,938	213,420
Treasury stock		-	-	
Hedging and translation reserves		(6,324)	(4,245)	(1,784)
Retained earnings		250,935	211,704	211,695
Net income for the period		40,671	77,332	34,789
<b>Group interest in shareholder's equity</b>		<b>563,421</b>	<b>561,691</b>	<b>518,990</b>
<b>Minority interests</b>				
Share capital and reserves		3,907	3,673	2,845
Income for the period		622	1,394	491
<b>Minority interest in shareholder's equity</b>		<b>4,529</b>	<b>5,067</b>	<b>3,336</b>
<b>Total Shareholder's equity</b>		<b>567,950</b>	<b>566,758</b>	<b>522,326</b>
<b>Non current liabilities</b>				
Provisions for risks		610	434	351
Deferred tax liabilities		18,813	17,581	23,011
Retirement benefit obligation		10,594	10,571	10,759
Others		1,000	3,000	
Bank borrowings		9,485	10,234	10,983
<b>Total non-current liabilities</b>		<b>40,502</b>	<b>41,820</b>	<b>45,104</b>
<b>Current liabilities</b>				
Trade payables		131,752	118,688	119,481
Tax payables		9,912	7,594	5,908
Derivative financial instruments		1,053	759	488
Others		21,803	17,404	18,460
Banks		17,383	11,978	10,975
<b>Total current liabilities</b>		<b>181,903</b>	<b>156,423</b>	<b>155,312</b>
Liabilities held for sale		-	15	23
<b>Total shareholder's equity and liabilities</b>		<b>790,355</b>	<b>765,016</b>	<b>722,765</b>

### Funds flow statement

<i>In Euro 000's</i>	Period Jan. – Jun. 08	Period Jan. - Jun. 07
<b>Profit (loss) for the period of the Group</b>	<b>40,671</b>	<b>34,789</b>
<b>Adjustments to the items without effects on liquidity:</b>		
Amortization, depreciation, revaluation and write-downs	15,914	13,074
Change in employee severance indemnity reserve	300	(203)
Change in deferred tax/liabilities	(851)	3,781
Others	1,415	1,368
<b>Cash Flow (a)</b>	<b>57,449</b>	<b>52,809</b>
<b>Changes in current assets and liabilities:</b>		
Inventories	(27,322)	(27,030)
Trade receivables	(1,866)	(7,481)
Tax receivables	219	(998)
Other current assets	(4,421)	(1,380)
Trade Payables	13,064	14,703
Tax payables	2,318	(8,357)
Other current liabilities	4,693	2,605
<b>Change in operating working capital (b)</b>	<b>(13,315)</b>	<b>(27,938)</b>
<b>Cash flow from operation (c)=(a)+(b)</b>	<b>44,134</b>	<b>24,871</b>
Net investments in tangible and intangible assets	(22,056)	(22,665)
Other changes in fixed assets	-	-
(Increase) reduction of equity investments	1,047	640
Reduction (increase) of other non current assets	(876)	(563)
<b>Cash Flow generated (used) in investment activities (d)</b>	<b>(21,885)</b>	<b>(22,588)</b>
Dividends paid	(38,101)	(38,002)
Changes in long term loans	(3,026)	(733)
Capital increase	-	-
Other changes in shareholders equity	(2,079)	930
Changes in minority interests	(539)	267
<b>Cash Flow generated (used) in financing (e)</b>	<b>(43,744)</b>	<b>(37,538)</b>
<b>Cash Flow from continuing operations (f)=(c)+(d)+(e)</b>	<b>(21,495)</b>	<b>(35,255)</b>
Cash flow from assets held for sale (g)	13	20
<b>Cash Flow generated (used) (h)=(f)+(g)</b>	<b>(21,482)</b>	<b>(35,235)</b>
Net financial position at the beginning of the period	83,775	102,289
Net financial position at the end of the period	62,293	67,054
<b>Change in current net financial position</b>	<b>(21,482)</b>	<b>(35,235)</b>

### Consolidated statement of change on equity

January - June 2008 (In Euro 000's)							
	Share Capital	Capital reserves	Hedging and translation reserves	Retained earnings	Total Group interests	Minority interests	Total
Balance as of 01.01.08	60,962	215,938	(4,245)	289,036	561,691	5,067	566,758
Increase in fair value of derivatives			1,783		1,783		1,783
Transfers of hedging derivatives to P&L Account			(2,138)		(2,138)		(2,138)
Translation differences			(1,724)		(1,724)	(197)	(1,921)
Other movements					-	(545)	(545)
Net income for the period				40,671	40,671	622	41,293
<b>Total profit (loss) recognized in the period</b>	<b>60,962</b>	<b>215,938</b>	<b>(6,324)</b>	<b>329,707</b>	<b>600,283</b>	<b>4,948</b>	<b>605,231</b>
Share based payments		1,239			1,239		1,239
Options exercised					-		-
Contributions					-		-
Dividends				(38,101)	(38,101)	(419)	(38,520)
Balance as of 06.30.08	60,962	217,177	(6,324)	291,606	563,421	4,529	567,950

January - June 2007 (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
Contributions							
Dividends				(38,002)	(38,002)	(220)	(38,222)
Balance as of 30.06.07	60,870	213,420	(1,784)	246,484	518,990	3,336	522,326

**Certification of the Separate Financial Statements of TOD'S S.p.A. and the Consolidated Financial Statements of the TOD'S Group pursuant to Article 81-ter of Consob Regulation no. 11971 of May 14<sup>th</sup>, 1999, as amended**

1. The undersigned Stefano Sincini, Chief Executive Officer of TOD'S S.p.A., and Rodolfo Ubaldi, manager responsible for the drawing up of the financial reports of TOD'S S.p.A., certify, in accordance with the provisions of Article 154-bis, subsections 3 and 4, of Legislative Decree no. 58 of February 24<sup>th</sup>, 1998:

- the adequacy in terms of the company's characteristics and
- effective application

of administrative and accounting procedures for preparation of the 2008 Half Year Report during the period January 1<sup>st</sup>, 2008 to June 30<sup>th</sup>, 2008.

2. They also certify that the 2008 Half Year Report:

- a) correspond with what is set out in the books and accounting records;
- b) as far as is known, having been prepared in accordance with the International Financial Reporting Standards adopted by the European Union, and the measures issued in implementation of Article 9 of Legislative Decree n° 38 of 2005, adequately, truthfully and fairly represent the assets, liabilities, operating result and financial position of the Issuer and the group of companies included in the scope of consolidation.

Sant'Elpidio a Mare, August 28<sup>th</sup>, 2008

Stefano Sincini  
*Chief Executive Officer  
up of the financial report*

Rodolfo Ubaldi  
*Manager responsible for the drawing*