YOOX GROUP

Annual Report 2009

YOOX S.p.A.
Via Nannetti, 1 – 40069 Zola Predosa (BO)
Share capital: Euro 509,679.56 fully paid up on the date of approval of this document
P.I./C.F. and Bologna Company Register No.: 02050461207

The Global Internet Retailing Partner
for The Leading Fashion & Design Brands

YOOX GROUP

Company Operations in the Following Countries

Main Countries

Italy, France, Spain, Germany, United Kingdom, United States, Japan

Other countries

Argentina, Australia, Austria, Bahrain, Belgium, Bulgaria, Canada, Chile, China, Cyprus, Vatican City, Colombia, Croatia, Czech Republic, Denmark, Egypt, Arab Emirates, Estonia, Philippines, Finland, Georgia, Greece, Hong Kong, India, Indonesia, Ireland, Iceland, Israel, Latvia, Liechtenstein, Lithuania, Luxembourg, Malaysia, Malta, Morocco, Mexico, The Netherlands, Oman, New Zealand, Norway, Panama, Poland, Portugal, Romania, Russian Federation, San Marino, Serbia, Singapore, Slovakia, Slovenia, South Africa, Sweden, Switzerland, Taiwan, Thailand, Tunisia, Turkey, Ukraine, Hungary, Vietnam

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CHAIRMAN'S LETTER TO THE SHAREHOLDERS

Dear Shareholders,

2009 was a particularly significant year in the history of our Group. The listing of Parent Company YOOX S.p.A., in December, represented an important milestone in the journey of our Group towards the position of global internet retailing partner of the leading fashion and design brands. This journey, which began ten years ago, will now be fuelled by new resources to be used in further international growth, the consolidation of technology and the expansion of the range of services offered to brands.

The listing of YOOX S.p.A. – the first in Italy on the MTA, STAR segment after almost two years of market stagnation, and one of the very few in continental Europe in 2009 – not only aroused strong interest from the financial community, but also put the spotlight of the international press onto the Group, thereby helping to increase its fame among an ever larger public. In 2009, more than 2,000 articles were written on YOOX, which enjoyed wide coverage in the printed press, on TV and in new media, led by the internet.

The listing and the massive media coverage also helped increase the power of the YOOX Group to attract the best talent and staff internationally, a factor that I believe will prove very important in our Company's future growth.

2009 was marked by a set of particularly exceptional results, which confirms the YOOX Group's importance at Italian and international level in the sector in which it operates.
The Group closed the year with revenues of Euro 152,217 thousand, an increase of 50.0% compared to 2008; EBITDA more than doubled versus the previous year, while profit for the year was Euro 4,098 thousand, despite non-recurring expenses of Euro 3,973 thousand mainly relating to the listing.
In addition, for the first time in its history, the YOOX Group ended the year generating significant cash flows from operating activities, proof that it has achieved financial equilibrium.
All this was possible thanks to a globally unique business model, which breaks down into two lines – the Multi-brand and Mono-brand business lines – which are based on the same techno-logistics platform and which are supported by shared key competencies, creating significant synergies and efficient operating leverage at Group level.

In 2009, the Multi-brand business line – which includes Online Stores owned by yoox.com and thecorner.com – registered excellent growth: as well as consolidating its presence in markets in which it was already operating, yoox.com extended its activities to 14 new countries, taking the total number served at December 31, 2009 to 67; thecorner.com, which in the previous year had opened with men's collections, in autumn 2009 also launched women's collections, presented to customers through the fashion film created and directed by the talented photographer Nick Knight.

The Mono-brand business line, created in 2006, also registered strong growth: to the ten Online Stores already operational as of December 31, 2008, over 2009 it added six more of great international prestige, namely bally.com, moschino.com, dolcegabbana.com, dsquared2.com, jilsander.com and, in November, robertocavalli.com. Moreover, valentino.com and emporioarmani.com further extended their geographical coverage, which now includes the main European markets, the US and Japan.

The Mono-brand business proposition, based on a long-term partnership with the brands, continues to be successful and arouse interest in the fashion world – increasingly closer and attentive to the opportunities offered by the internet – thanks to our global platform, the know-how we have accrued, our customer care culture and our spirit of innovation. With regard to innovation, in the autumn the Group extended the mobile web application, previously developed for yoox.com, to emporioarmani.com.

As part of the Group's activities, new initiatives relating to staff were launched over the year, with the review and improvement of the organisational model, the launch of training courses across all divisions and the definition of an incentive and retention plan for key employees. More than half of our employees are women, many of whom hold key management positions up to board of director level; the average age is just over 30 and staff work in an enthusiastic, international and multi-disciplinary environment.

In line with the drive to pay particular attention to ethical and environmental issues, on the occasion of World Earth Day, the Group launched YOOXYGEN, a permanent initiative representing its true commitment to environmental responsibility, developed in partnership with the non-government organisation Green Cross International launched by Mikhail Gorbachev.

I would like to take this opportunity to thank everyone who works in the YOOX Group; I am convinced that their passion and dedication has been and will continue to be a key factor in our Group's success and growth. My thanks also go to our customers and the loyal customers who have been shopping in our Online Stores for many years now, who represent the focus of all our daily activity.

Finally, I would like to conclude with a personal welcome to new shareholders. I consider the listing not as a target but rather a new starting point that will place before us new and increasingly ambitious challenges, which we will meet to ensure growth continues in 2010 and the years to come, driven by the geographical expansion of the Multi-brand and Mono-brand business lines: the best is yet to .com!

The Chairman of the Board of Directors

Federico Marchetti

METHODOLOGY NOTE ON THE SUSTAINABILITY REPORT

The Annual Report is the document with which the YOOX Group (hereinafter also the “Group” or “YOOX”) exhaustively communicates to its stakeholders its financial, social and environmental performance in line with the main international best practices. The Annual Report also describes the Group’s business model, strategy and governance. It includes the Sustainability Report, the Corporate Governance Report, the Directors’ Report and the Annual and Consolidated and Separate Financial Statements.

From 2009, the Group has decided to prepare the Sustainability Report (hereinafter also the “Report”) comprising sections 1 – Identity, 3 – Group Sustainability Performance, together with this methodological note.

The Sustainability Report has been prepared in accordance with the G3 sustainability reporting guidelines produced by the Global Reporting Initiative (GRI) in 2006.

As well as defining a broad set of indicators for each performance area – environmental, economic and social – the GRI-G3 guidelines require self-assessment on their application level. Application levels provide a measure of to what extent the guidelines have been applied in preparing the Sustainability Report. They are titled C, B and A. Each level may also be awarded with a “plus” (+, e.g. C+, B+, A+) if the report has been reviewed by an independent body.

The application level of the GRI-G3 guidelines for the YOOX Group is B+.

Figures and information included in the Report refer to the year ended December 31, 2009. To allow for comparisons with the previous year, where possible, data for 2008 has also been provided. The Sustainability Report will be published annually, and this year was approved by the Board of Directors and presented to the shareholder’s meeting.

The importance of the information included in the Report has been defined considering the economic, social and environmental impacts and responsibilities of the Group, the Company’s key values, the regulatory framework and the specific features of the sectors in which the Group operates, as well as stakeholder requirements and expectations.

In order to provide an accurate representation of Group performance, directly measurable qualitative and quantitative information has been favoured, avoiding where possible recourse to estimates, which, where necessary, are based on the best methods available. Sources and indications regarding the calculation methods used are provided for the data considered most significant.

The 2009 Sustainability Report has been reviewed by KPMG S.p.A., whose report is attached hereto.

IDENTITY

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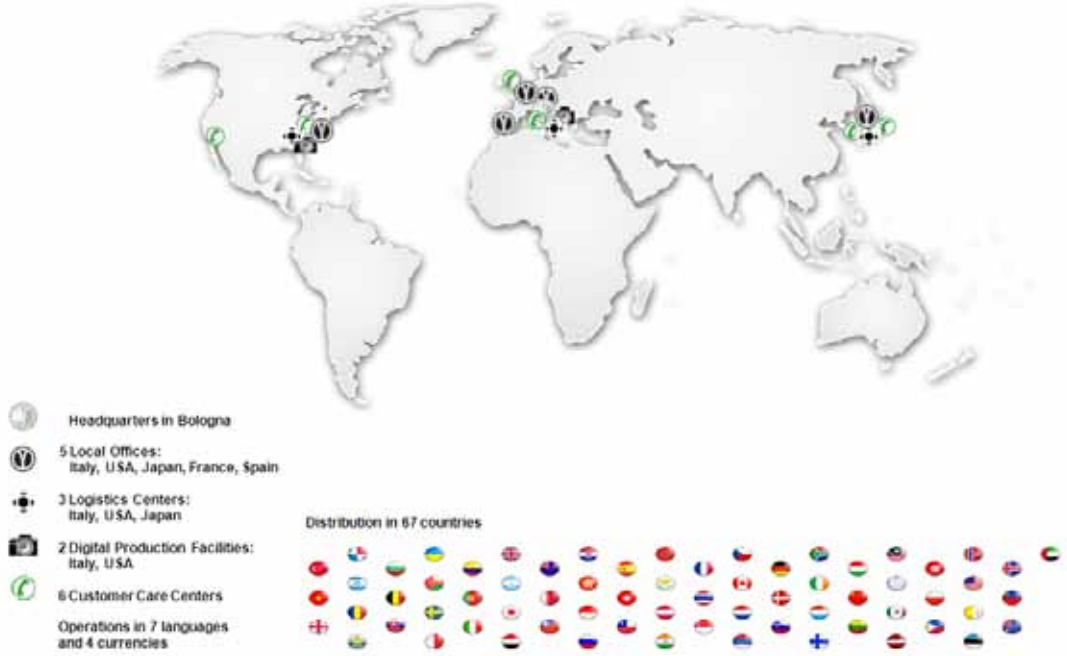
IDENTITY

The YOOX Group is the global Internet retailing partner for leading fashion & design brands. It has established itself amongst the market leaders with the Multi-brand stores yoox.com and thecorner.com, as well as with numerous online Mono-brand stores, all “powered by YOOX Group.”

YOOX is an international group offering a wide range of fashion and design products of established, niche and emerging brands. The Group is active in 67 countries through three logistics platforms located in three continents, Europe, the US and Japan, operates with four different currencies and communicates worldwide with seven different languages.
Its headquarters are located in Bologna (central headquarters), Milan, Paris, Madrid, Hoboken (USA) and Tokyo. As of December 31, 2009, YOOX had 287 staff, with a high percentage of women (56%) and an average age of 32[1].



Even in its name, “YOOX”, the Group expresses the essence of the model that inspires it. The female and male chromosomes are represented by the consonants Y and X, and contain between them the ‘zero’ of binary code, the language at the basis of information technology.

YOOX: UNINTERRUPTED GROWTH

Operations began in Italy with the opening, in June 2000, of the Multi-brand yoox.com virtual boutique initially operational in Italy and other countries in the European Union. In 2002, YOOX Corporation was created to manage operations in the US; this was followed by YOOX Japan in 2004 to support the Japanese market.
Building on the success and know-how acquired, in 2006, the Group boosted its offer with the design and launch of the first Online Store for Marni (marni.com), which would then be followed by many others for the leading international fashion brands, thereby creating the new Mono-brand business line.
2006 also saw a sharp upturn in international growth in the Group’s business, with its operations being extended to another 25 countries worldwide.

As part of its constant innovation, in the first half of 2008, the Group expanded the Multi-brand business line with the launch of a virtual space, thecorner.com, which sells products through mini-stores dedicated to the current collections of established, niche or handcrafted brands.

[1] Figures do not include employees of foreign branches.

In 2009, the Group expanded its geographical coverage to an additional 14 countries, bringing the total number of countries in which it operates to 67.

Since December 3, 2009, YOOX S.p.A. has been listed on the STAR segment of the Italian Stock Exchange.

AREAS OF ACTIVITY

The YOOX Group has developed a flexible and scalable business model, based on two different lines offering strong synergies: Multi-brand and Mono-brand Online Stores.

The **Multi-brand** line comprises the activities of the yoox.com and thecorner.com Online Stores:

yoox.com. Established in 2000, this is a virtual boutique of Multi-brand fashion and design. Thanks to direct and consolidated relationships with designers, manufacturers and authorised dealers, yoox.com is able to offer a wide range of clothing, footwear and accessories from numerous international brands from the corresponding season of the previous year at reduced prices. It is a rich and particularly refined range of products, offered alongside a selection of collections made exclusively for yoox.com, which include vintage garments, special editions from fashionable stylists and designers as well as books and objects of art and design. Currently yoox.com distributes and sells in 67 countries worldwide.
In 2009, yoox.com won a *Stevie* as the best e-commerce site at the International Business Awards, and was also awarded the prestigious *Fashion Standard of Excellence* and *Shopping Standard of Excellence* WebAwards.

thecorner.com. Launched in 2008, thecorner.com is a virtual space based on the shops-in-shop formula, that is mini-stores with articles belonging to current collections of established, niche and handicraft brands, characterised by relatively limited distribution, most of which are made available online for the first time. The prices of products sold through thecorner.com are in line with those set in traditional sales channels. Initially launched in Europe and the US, thecorner.com was subsequently extended to cover Japan.

The **Mono-brand** business line includes the planning, set-up and exclusive management of the Online Stores of some of the leading fashion brands that want to make their collections available on the internet at the same time as in traditional shops.

The number of Mono-brand Online Stores is constantly increasing, and at December 31, 2009 there were 16: marni.com, emporioarmani.com, diesel.com, cpcompany.com, stoneisland.com, valentino.com, misssixty.com, costumenational.com, energie.it, emiliopucci.com, moschino.com, bally.com, dolcegabbana.com, dsquared2.com. jilsander.com and robertocavalli.com.

For information on the reference market in which the Group operates, please see the Directors' Report.

MISSION AND VALUES

The YOOX Group is the global internet retailing partner for leading fashion and design brands.

Company activities are marked by fundamental and indispensable values shared by all areas and all levels. Understanding and complying with these values is also a key part of corporate management, translating into ethical behaviour in internal and external relations, and helps the Group to assert itself in terms of economic growth and credibility.

- SOUL – The soul of YOOX is the people who work for the Company. Their hearts, talent and brains are the drivers that create value for the whole YOOX team.

- ETHICS – The success of YOOX is based on transparency, integrity and confidentiality in respect of customers and relations between people, and on its capacity to translate a shared ethical vision into credibility and results.

- INNOVATION – YOOX is different, and creates a specific and distinctive identity with its quality, creativity and innovation.

- EXCELLENT PERFORMANCE – YOOX's objective is to achieve excellence in speed and quality of results, through recognition of the staff that work for the Group and the optimisation of their performance and potential.

- LISTENING TO CUSTOMERS – YOOX's strength is its ability to listen and put itself in its customers' shoes.

- INTERNATIONAL NATURE – YOOX's international expansion requires the capacity to welcome differences between countries, make connections and promote integration with its local identity.

- ITALIAN GENETIC CODE – The YOOX brand was created in Italy, from where it draws its aesthetic sensibilities, fashion and design products known worldwide and its capacity to combine flexibility and complexity.

- FERTILE GROWTH – YOOX's growth is sustained via continuous improvement in the elimination of waste and the optimisation of the energy of its people and the environment around us.

STRATEGIC DIRECTION

The Group's strategy is intended to strengthen its competitive position in order to constantly increase its long-term results. Specifically, the Group intends to pursue a growth strategy based on:

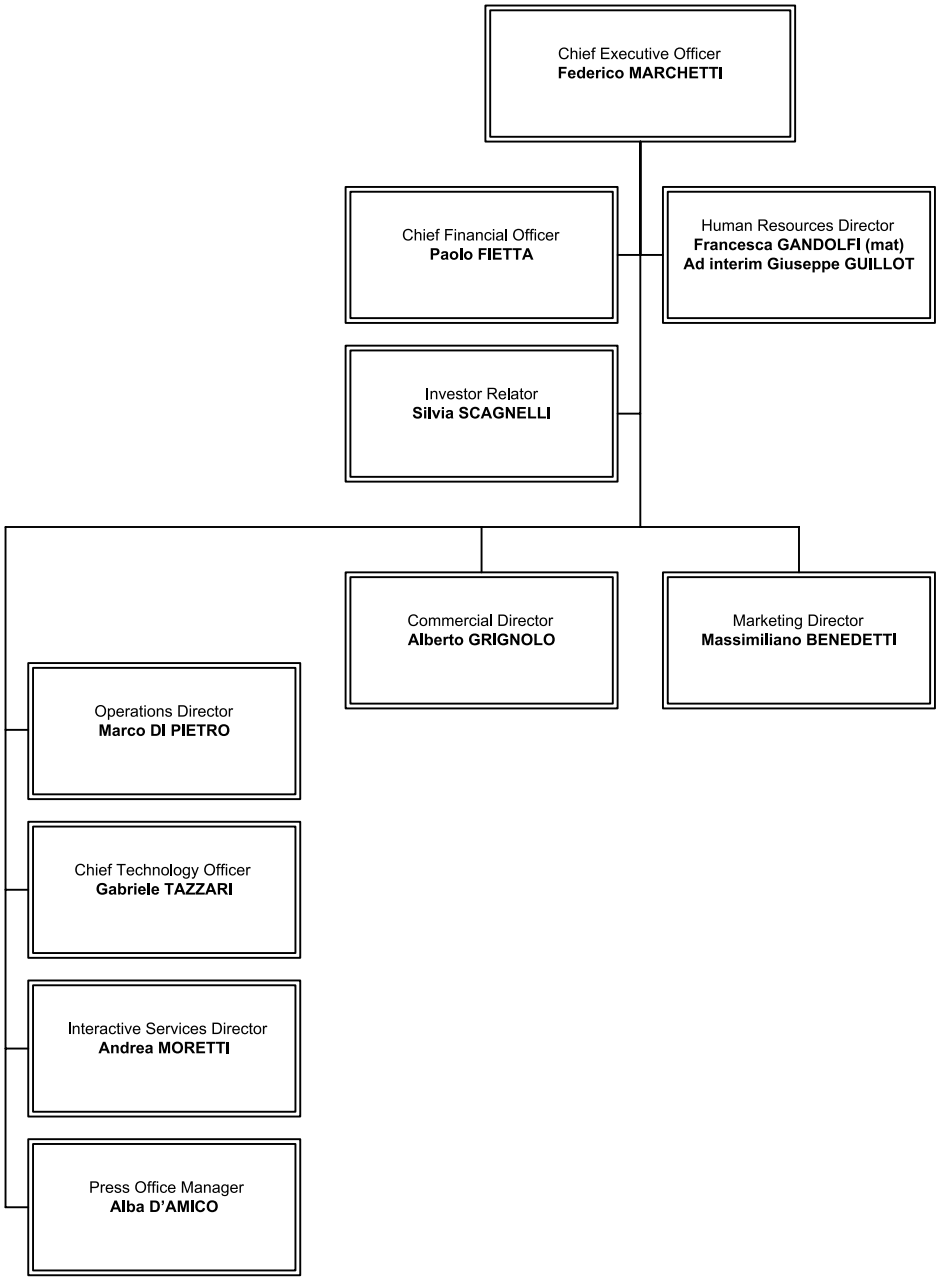
- widening the range in the Multi-brand business line by strengthening existing commercial relationships, developing new partnerships, extending dedicated production and growth in other goods categories such as design;
- exploiting opportunities in the Mono-brand business line to develop new strategic partnerships. YOOX plans to leverage its experience to develop new Online Stores, which will be added to the 16 existing stores and which the Group will consolidate in the next few years;
- further international expansion with a varied and balanced approach according to geographical area, extending its offer to some countries currently not served;
- widening the customer base through the strengthening of the YOOX brand and continued investment in web marketing;
- continuous improvement in service quality and shopping experience to increase the conversion of visitors into customers and their subsequent loyalty. To reach this objective, YOOX plans to introduce a series of improvements that focus on, among other things, the attractiveness of its Online Store interfaces, the introduction of new services and functions to enhance the personalisation of user experience, the further development of Customer Relationship Management (CRM) activities, new ways of presenting products, the introduction of new functions relating to returns management, widening the choice of payment method and the launch of new value-added services for customers;
- improving the costs structure and enhancing know-how through synergies and economies of scale resulting from the integrated development of the two business lines;
- continuous enhancement and development of technological solutions used;
- focus on people as key resources in the growth and development strategy, and fundamental added value for future growth. For this reason, the Group plans to strengthen investment in human capital through a series of measures intended to consolidate and enhance existing internal skills, as well as improve its capacity to attract new professionals.

THE ORGANISATIONAL STRUCTURE

As well as Parent Company YOOX S.p.A., with its headquarters in Zola Predosa (BO), the YOOX Group includes US companies YOOX Corporation and Y Services, which manage sales on the US territory, and Japanese company YOOX Japan, for the Japanese territory.

The management and control model used by the Parent Company YOOX S.p.A. is the traditional model prescribed by Italian law, and based on the existence of a shareholders' meeting, a Board of Directors and a Board of Statutory Auditors. Over the year, the organisational structure was analysed and reviewed in order to better support the development of the two business lines.

The organisational chart below shows the internal staff with management and strategic roles within the Group.



For more information on the Group's organisational structure, see the Report on Corporate Governance section.

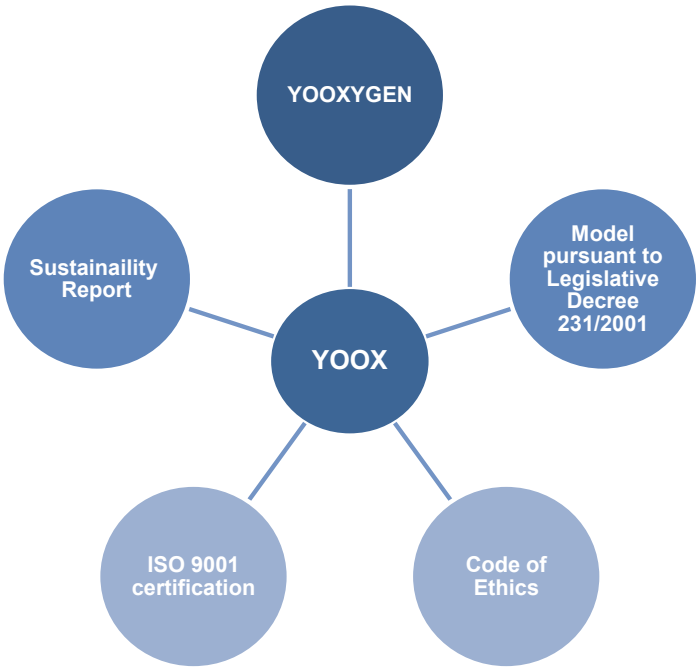
CORPORATE RESPONSIBILITY IN YOOX

For YOOX, being a responsible and sustainable company means adopting a business model able to balance financial and growth objectives on the one hand, and satisfying the legitimate expectations of various stakeholders on the other. Furthermore, YOOX is aware that integrating environmental and social considerations into company management is key to being competitive.
The Group's objective is to combine in its various corporate decisions the three dimensions of sustainability:

- economic: to operate in such a way that corporate decisions not only increase company value in the short term, but are able to ensure continuity in the medium to long term;
- social: to promote ethical conduct in business and to work to ensure stakeholders' legitimate expectations are met while respecting shared values;
- environmental: to minimise the direct and indirect environmental impact of its commercial activities to preserve the natural environment to the benefit of future generations.

Through a unified methodology, YOOX aims to ensure that the values and principles of sustainable development are applied in measures taken and daily activities. The Group is gradually adopting some instruments to harmonise existing approaches in a single responsible management process geared towards the application of best practice. This first Sustainability Report, presented jointly with the Financial Statements, is not only an internal and external communication tool, but is the expression of a management process targeting continuous improvement in the Group's sustainability profile.

YOOX's corporate responsibility tools are set out below:



YOOXYGEN
yoox.com has always promoted quality and timeless fashion, or "slow fashion", precisely the opposite of the throw-away fashion that generates more waste in the environment. As part of the Group's objective to pay constant attention to ethical and environmental issues, YOOX decided to adopt a true strategy of environmental responsibility, presenting, on the occasion of World Earth Day 2009, a project called YOOXYGEN, to which it has dedicated a special online area of its website detailing eco-friendly initiatives and products. For further information, see the www.yooxygen.com website and the Group Sustainability Performance – Environment section of this document.

Organisational, management and control model pursuant to Legislative Decree 231/01
YOOX pays special attention to ensuring probity and transparency in its business and company activities, and has adopted and formalised an Organisational Model pursuant to Legislative Decree 231/2001.

Against this backdrop, in 2009 it launched a project to analyse its organisational, management and control tools to ensure they comply with the standards of conduct and procedures already adopted on the basis of the proposals set out in the Decree.

In order to monitor compliance with the main areas set out in the Model, it also prepared an internal audit plan, which will be carried out from 2010.

Code of Ethics
YOOX has created a Code of Ethics to ensure that the Group's fundamental values are clearly defined, divulged and acknowledged as a basic element of company culture and standards of conduct that all staff must guarantee in conducting business, and in general, their activities.

Certifications: quality and respect for the environment
In December 2009, YOOX obtained ISO 9001 certification for the planning and provision of e-commerce services for mono-brand online stores of clothing, footwear, accessories and design items.
As part of the Group's increasing customer orientation, the quality management system was structured to provide appropriate control of the operating processes that affect service quality.
Furthermore, the Group undertakes to manage its activities following criteria of efficiency and environmental protection: with this objective in mind, YOOX has begun the process to obtain ISO 14001 environmental certification, based on the adoption of an appropriate control system for the environmental impact resulting from its activities and the continued improvement of performance in an efficient and above all sustainable way.

STAKEHOLDERS IN YOOX

The identification of stakeholders is an essential starting point for the definition of socio-environmental reporting processes. Stakeholders are all those who may influence or be influenced significantly by the Group's activities; maintaining a positive relationship with all of these parties is therefore essential for YOOX's future. Through timely and transparent communication, the Group listens to various points of view, exchanges ideas and acknowledges any doubts, requests for clarification, comments or concerns in order to be able to make decisions with greater awareness.

Taking into account the specific features of the Group and the market in which it operates, the following stakeholders have been identified:

Processes to identify the sustainability issues perceived as the most significant by stakeholders are being defined. To this end, the Group also uses the GRI principles to define the contents of the Sustainability Report: materiality (to include the sustainability issues of importance in terms of disclosure), stakeholder engagement (to respond to the legitimate interests of all groups concerned), sustainability context (to present the company performance within a context of sustainability) and completeness (to include complete and exhaustive information).

The most significant issues for each group of stakeholders are listed below:

Stakeholder	Issue
Employees	Training and development Health and safety Equal opportunities Communication and dialogue
Customers	Quality of products and services offered Service innovation IT and transaction security Listening to needs
Investors and financiers	Financial performance Integrity and transparency
Suppliers	Honesty in transactions
Partners	Partnership
Community	Support of the community
Public Administration	Regulatory compliance
Environment	Climate change Monitoring of environmental impacts Development of eco-friendly projects

ECONOMIC VALUE GENERATED AND DISTRIBUTED

The economic value generated and distributed by the Group is reported below, with further qualitative parameters to measure the wealth created by YOOX in 2009, and its distribution to the various categories of stakeholder, supplier, employee, financier, investor, the Public Administration and the community.

The table was prepared in accordance with the sustainability reporting guidelines issued by the Global Reporting Initiative.

Euro thousand (IFRS data)	Dec. 31, 2009	Dec. 31, 2008	% change
Economic value generated by the Group	154,502	103,517	49.3%
Revenue	152,217	101,450	50.0%
Other income	2,584	2,033	27.1%
Financial income	191	181	5.5%
Allowance for impairment	(63)	(226)	-72.1%
Exchange rate differences	(427)	79	>100%
Economic value distributed	147,594	98,952	49.2%
Operating costs	128,065	85,286	50.2%
Employee remuneration	14,826	10,885	36.2%
Payments to financiers	1,131	1,407	-19.6%
Payments to Public Administration*	3,566	1,364	>100%
Donations	6	11	-45.5%
Economic value retained	6,908	4,566	51.3%
Depreciation and amortisation	2,183	1,803	21.1%
Provisions	627	361	73.7%
Reserves	4,098	2,402	70.6%

* *Includes deferred taxes*

OBJECTIVES FOR IMPROVEMENT

The objectives for improvement that the Group has set itself in the short to medium term are set out below:

Area of interest	Objective
Reporting	Extend the reporting system, identifying further socio-environmental indicators to be monitored and reported on
Stakeholder engagement	Increase opportunities for dialogue with stakeholders, also with a view to identifying key aspects in terms of sustainability and opportunities for improvement
Corporate	Implement a health and safety management system that complies with OHSAS 18001 Implement a structured system to assess staff competence on an annual basis Develop technical and management distance or e-learning activities for staff New Master's in E-Fashion course
Environmental	Implement an environmental management system that complies with ISO 14001

REPORT ON CORPORATE GOVERNANCE

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REPORT ON CORPORATE GOVERNANCE

GLOSSARY

Code: the Code of Conduct of listed companies approved in March 2006 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., available at www.borsaitaliana.it, under "Borsa Italiana – Rules – Corporate Governance".

Civil Code: the Italian Civil Code.

Board or Board of Directors: the Board of Directors of the Issuer.

YOOX, Issuer or Company: the issuer of listed shares to which the Report refers.

Year: the financial year to which the Report refers.

Instructions for Stock Exchange Regulation: the instructions for regulation of the markets organised and managed by Borsa Italiana S.p.A..

MTA: the Mercato Telematico Azionario (screen-based equity market) organised and managed by Borsa Italiana S.p.A..

Stock Exchange Regulation: the regulation of markets organised and managed by Borsa Italiana S.p.A..

CONSOB Issuer Regulation: the Regulation issued by CONSOB with resolution 11971 of 1999 concerning issuers.

CONSOB Market Regulation: the Regulation issued by CONSOB with resolution 16191 of 2007 concerning markets.

Report: the corporate governance report that companies must prepare pursuant to article 123-*bis* of the TUF, 89-*bis* of the CONSOB Issuer Regulation and article IA.2.6. of the Instructions for Stock Exchange Regulation.

TUF: Legislative Decree 58 of 24 February 1998 (Consolidated Finance Act).

1. ISSUER PROFILE

The YOOX Group (hereinafter the Group or YOOX) began its activity with the opening, in the year 2000, of the Multi-brand yoox.com virtual boutique (initially operational in Italy and other countries of the European Union) for the sale of clothing, footwear and fashion accessories from collections of the corresponding season of the previous year at reduced prices, and other exclusive products (made exclusively for yoox.com) or that are otherwise difficult to find on the traditional and/or online market (the Multi-brand business line).

In 2002, in order to grow its business by increasing its international presence, YOOX set up YOOX Corporation to manage sales on the US territory.

In 2004, the YOOX Group expanded through the creation of YOOX Japan, to manage sales on the Japanese territory.

Since 2006, based on the expertise it has developed and the success it has achieved with yoox.com, the YOOX Group has extended its operations through a new business line dedicated to the design and management of mono-brand **Online Stores** for some of the world's leading fashion companies (the Mono-brand business line).

On 27 June 2007, it established Y Services, a company wholly owned by YOOX S.p.A. (hereinafter the Company, the Parent Company or the Issuer), in order to ensure efficient management of the US sales made by the Online Stores of some of its Strategic Partners.

In the first half of 2008, the YOOX Group also launched the Multi-brand virtual space, "thecorner.com", containing a selection of shops-in-shop, each dedicated to an individual brand with relatively limited distribution (thecorner.com and yoox.com together comprise the Multi-brand business line).

As of the date of this Report, through Multi-brand and Mono-brand Online Stores, the YOOX Group sells a wide range of fashion and design products of established, niche and emerging brands in 67 countries, through three logistics centres in three different continents and six operational offices (located in Bologna, Milan, Paris, Madrid, Hoboken and Tokyo), managing Online Stores in seven languages and operating with four different currencies. Specifically, as of the date of this Report, the YOOX Group has launched a total of 18 Online Stores, including three in 2006/2007, seven in 2008, six in 2009 and two in early 2010.

The ordinary shares of the Issuer have been traded on the Star Segment of the Italian Stock Exchange since December 3, 2009 ("**Start of Trading**").

The Issuer is organised according to the traditional management and control model set out in articles 2380-*bis et seq*. of the Civil Code, based on the existence of a shareholders' meeting, a Board of Directors and a Board of Statutory Auditors.

2. INFORMATION ON OWNERSHIP STRUCTURE (pursuant to article 123-*bis* of the TUF)

a) Share capital structure (article 123-*bis*, paragraph 1, letter a) of the TUF)

- As of December 31, 2009, the subscribed and paid-up share capital was Euro 504,037.56;
- As of the date of this Report, the subscribed and paid-up share capital was Euro 509,679.56.

Categories of shares that comprise the share capital as of the date of this Report:

	No. of shares	% of share capital	Listed	Rights and obligations
Ordinary shares (no nominal value)	50,967,956	100	MTA/STAR segment	A voting right is attached to every share. Shareholders' rights and obligations are those set out in article 2346 *et seq* of the Civil Code. See section 16 of this Report for more information.

Since 2000, the Issuer has implemented a series of stock option plans, with a view to giving the YOOX Group an incentive tool to promote management loyalty; the plans are intended to develop a sense of belonging among key resources and to ensure constant pressure to create value over time, thereby enabling shareholder interests to converge with those of the management. For more information on existing stock option plans as of December 31, 2009, see the information document prepared pursuant to article 84-*bis* of the CONSOB Issuer Regulation held at the Company headquarters, and available in the Corporate Governance section of the Company website www.yooxgroup.com and the notes to the Consolidated Financial Statements as of December 31, 2009, available in the Investor Relations section of the company website www.yooxgroup.com.

b) Restrictions on transfer of shares (article 123-*bis*, paragraph 1, letter b) of the TUF)

There are no restrictions on the transfer of shares, limits on ownership or acceptance clauses of the Issuer or other owners.

c) Significant shareholdings (article 123-*bis*, paragraph 1, letter c) of the TUF)

As of the date of this Report, shareholders that directly or indirectly own shareholdings of more than 2% of the share capital, through pyramid structures or cross shareholdings, as detailed in communications made pursuant to article 120 of the TUF, are shown in the table below:

Declarant	Direct shareholder	% of ordinary share capital	% of voting share capital
Balderton Capital EU Holdings Limited	Balderton Capital I L.P.	11.518	11.518
Nestor 2000 SPRL	Nestor 2000 SPRL	6.263	6.263
JP Morgan Asset Management (UK) Limited	JP Morgan Asset Management (UK) Limited	5.354	5.354
Essegi S.r.l.	Essegi S.r.l.	4.859	4.859
Federico Marchetti	Federico Marchetti	4.732	4.732
Kiwi II Ventura – Servicos De Consultadoria SA	4C Associates LP	4.666	4.666
Red Circle S.r.l. Unipersonale	Rosso Renzo	4.448	4.448
Tiger Global Management LLC	Tiger Global Management LLC	2.551	2.551
Kiwi I Ventura – Servicos SA EM Liquidacao	Kiwi Management Company Limited	2.379	2.379
Federated Equity Management Company of Pennsylvania	Federated Equity Management Company of Pennsylvania	2.144	2.144

Significant shareholdings as of March 11, 2010.

d) Shares conferring special rights (article 123-*bis*, paragraph 1, letter d) of the TUF)

The Company has not issued any shares conferring special rights of control nor any special powers assigned to the shares.

e) Employee shareholdings: procedure for exercising voting rights (article 123-*bis*, paragraph 1, letter e) of the TUF)

The Company does not have employee shareholding plan in place.

f) Restrictions on voting rights (article 123-*bis*, paragraph 1, letter f) of the TUF)

There are no restrictions on voting rights.

g) Agreements between shareholders (article 123-*bis*, paragraph 1, letter g) of the TUF)

The Issuer is aware of the existence of a lock-up agreement, relevant pursuant to article 122 of the TUF, concerning ordinary YOOX shares.

This agreement, signed between Red Circle S.r.l. Unipersonale and YOOX on March 16, 2009 (and updated on December 2, 2009, solely for acknowledgement purposes and without superseding previous agreements), sets limits on the transfer of YOOX ordinary shares covered by the agreement.

It concerns 2,170,376 ordinary YOOX shares (equivalent to 4.258% of the Issuer's share capital as of the date of this Report) held by Red Circle S.r.l. Unipersonale.

Commitments resulting from this lock-up agreement remain in force for the whole period running from the subscription date to December 31, 2010. For more details, see the extract from the agreement and the subsequent notice published in daily *Milano Finanza* on December 5, 2009 and January 8, 2010.

h) Amendments to the bylaws (article 123-*bis*, paragraph 1, letter l) of the TUF)

Amendments to bylaws are governed by the legislation in force. Under article 19 of the bylaws, the Board of Directors is responsible, in accordance with article 2436 of the Civil Code, for making decisions concerning: (i) "simplified" mergers or spin-offs pursuant to articles 2505, 2505-*bis*, 2506-*ter*, last paragraph of the Civil Code; (ii) transfer of the Company headquarters within the national territory; (iii) reduction of the share capital following withdrawal; (iv) amendment of the bylaws to comply with regulatory provisions; it is understood that these resolutions may also be taken by the extraordinary shareholders' meeting.

i) Delegation of power to increase share capital and authorisation to purchase own shares (article 123-*bis*, paragraph 1, letter m) of the TUF)

Over the year, the shareholders' meeting did not grant the board the power to increase the share capital pursuant to article 2443 of the Civil Code, nor to issue equity financial instruments.

As part of the 2007–2012 stock option plan, with resolution dated May 16, 2007, the Company's extraordinary shareholders' meeting granted the Board of Directors, pursuant to article 2443 of the Civil Code, the power to launch a paid-in capital increase, in one or more tranches, within five years of the resolution date, with exclusion of option rights pursuant to article 2441, paragraphs 5 and 8 of the Civil Code, through the issue (taking into account share splits and the cancellation of the shares' nominal value) of a maximum number of 5,424,588 new ordinary shares with the same characteristics as the outstanding shares, with an implicit unit price per share of Euro 0.01, for a maximum amount of Euro 54,245.88. The newly issued shares will have identical dividend rights to those of the other outstanding shares at the time of their issue. The increase is intended to service a stock option plan for the directors, partners and employees of the Company and its subsidiaries.

As of the date of this Report, with resolution dated September 3, 2009, the Board of Directors had partially made use of this power, increasing the share capital, with exclusion of option rights pursuant to article 2441, paragraphs 5 and 8 of the Civil Code, through the issue of a maximum number of 5,176,600 new ordinary

shares with the same characteristics as the outstanding shares, and an implicit unit price of Euro 0.01. The price of the shares being issued was determined at Euro 1.1379 per share for 4,784,000 new shares and Euro 2.0481 per share for 392,600 new shares. Pursuant to article 2439, paragraph 2, of the Civil Code, the final subscription deadline for this increase has been set at September 3, 2019. If the increase has not been fully placed by this deadline, it will be understood that the capital will have increased by an amount equal to the subscriptions received.

For more information on existing stock option plans as of December 31, 2009, see the information document prepared pursuant to article 84-*bis* of the CONSOB Issuer Regulation held at the Company headquarters, and available in the Corporate Governance section of the Company website www.yooxgroup.com, and the notes to the Consolidated Financial Statements as of December 31, 2009, available in the Investor Relations section of the company website www.yooxgroup.com.

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The shareholders' meeting held on October 7, 2009 authorised the purchase and disposal of treasury/own ordinary shares (i) for the possible use of shares as payment in extraordinary transactions, including share swaps with other parties as part of transactions in the Company's interest, or (ii) to use the shares acquired to service programmes to distribute, for consideration or free of charge, options on shares or shares to directors, employees and partners of the Company or its subsidiaries, as well as programmes to assign free shares to shareholders; and (iii) to lend shares to Specialist Operators so that they can meet the contractual obligations in respect of the Company for settlement of transactions carried out on the Company's shares under the terms and in the manner established by the applicable provisions.

With reference to the purposes set out in points (i) and (ii) above, the shareholders' meeting:

- has authorised, pursuant to article 2357 of the Civil Code, the purchase, in one or more tranches, for a period of 18 months from the Start of Trading of ordinary shares in the Company up to a maximum that, taking into account the ordinary YOOX shares held at any time by the Company and its subsidiaries, does not in total exceed the maximum limit established by the applicable regulation in force, at a price that is not greater than the higher of the last independent transaction and the highest current independent offer price on the market where the purchase is to take place, and in accordance with the operating conditions established by market practice regarding the purchase of own shares for the creation of a "bank of shares" allowed by article 180, paragraph 1, letter c) of the TUF, including those relating to volumes pursuant to article 5, paragraphs 2 and 3 of Regulation (EC) 2273/2003 of December 22, 2003;

- granted the board a mandate to identify the amount of shares to be purchased and to proceed with the purchase under the conditions and for the purposes expressed, gradually, as considered in the Company's interests, as allowed by the regulation in force, in a manner prescribed by article 144-*bis*, paragraph 1, letter b) of the CONSOB Issuer Regulation, and in accordance with article 132 of the TUF on the equal treatment of shareholders;

- authorised the board, without time limit and pursuant to article 2357-*ter* of the Civil Code, to dispose of, wholly or in part and in one or more tranches, until each buyback programme is used up, treasury shares purchased following this resolution, or those in the Company's portfolio, through their sale on- or off-market, in accordance with the legal and regulatory provisions in force and for the purposes set out in this resolution, with terms, procedures and conditions relating to the disposal of treasury shares considered to be in the Company's interests. It is understood that (a) disposals implemented as part of extraordinary operations, including share swaps with other parties, will take place at a price or value consistent with the operation, also taking into account market trends; and that (b) disposals of treasury shares intended to service programmes to distribute, for consideration or free of charge, options on shares or shares to directors, employees and partners of the Company or its subsidiaries, as well as programmes to assign free shares to shareholders, will be implemented at a price determined by the management bodies responsible for these plans, taking into account market trends and the fiscal regulation applicable; all these operations must comply with the conditions and procedures, including operating procedures, established by CONSOB resolution 16839 of March 19, 2009, which are considered to fully apply.

With reference to the purposes set out in point (iii) above, the shareholders' meeting:

- has authorised, pursuant to article 2357 of the Civil Code, the purchase, in one or more tranches, for a period of 18 months from the Start of Trading, of ordinary shares in the Company up to a maximum that,

taking into account the ordinary YOOX shares held at any time by the Company and its subsidiaries, does not in total exceed the maximum limit established by the applicable regulation in force, at a unit price not lower than 15% less and not higher than 15% more than the official price registered by the YOOX share on the trading day preceding each transaction;

- granted the board a mandate to proceed with the purchase under the conditions and for the purposes expressed, gradually, as considered in the Company's interests, as allowed by current regulation, in a manner prescribed by article 144-bis, paragraph 1, letter b) of the CONSOB Issuer Regulation, and in accordance with article 132 of the TUF on the equal treatment of shareholders;

- authorised the board, pursuant to article 2357-ter of the Civil Code, to dispose of treasury shares acquired at any time, wholly or in part, in one or more tranches, even before the purchased shares have been used up, through their sale on- or off-market, in accordance with the legal and regulatory provisions in force and with the terms, procedures and conditions relating to the disposal of treasury shares considered to be in the Company's interests. The authorisation set out in the previous point is granted without time limit.

The shareholders' meeting also established that, pursuant to the laws in force, purchases governed by this authorisation are within the limits of distributable earnings and reserves available as shown in the last approved financial statements at the time the transaction is carried out, and that, on the occasion of the purchase and sale of own/treasury shares, the necessary accounting entries should be made, in compliance with the legal provisions in force and applicable accounting standards.

As of the date of this Report, the Issuer did not hold any treasury shares.

l) Change of control clauses (article 123-*bis*, paragraph 1, letter h) of the TUF)

In relation to significant agreements that take effect, are amended or are invalidated as a result of the change of control of the contracting company, on October 8, 2009, the Issuer entered into an employment agreement with Federico Marchetti. For more information, see section 9, Director Remuneration. The Issuer's subsidiaries did not sign any significant agreements that take effect, are amended or are invalidated by the change of control of the contracting company.

m) Management and coordination activities

The Issuer is not subject to management and coordination activities pursuant to article 2497 *et seq* of the Civil Code. No party controls YOOX pursuant to article 93 of the TUF.

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With reference to further information pursuant to article 123-*bis* of the TUF, see the subsequent sections of this Report set out below:

- for information regarding the appointment and replacement of directors (article 123-*bis*, paragraph 1, letter l), part one) see section 4.1;

- for information on the main characteristics of the risk and internal control management system (article 123-*bis*, paragraph 2, letter b), see sections 10 and 11;

- for information on the mechanisms of the shareholders' meeting, its main powers, shareholders' rights and how they can exercise them (article 123-*bis*, paragraph 2, letter c), see section 16;

- for information on the composition and functioning of the management and control bodies and their Committees (article 123-*bis*, paragraph 2, letter d), see sections 4, 6, 7, 8, 10, 13 and 14.

3. COMPLIANCE

The Issuer has adopted the Code, available on Borsa Italiana's website.

Neither the Issuer nor its subsidiaries are subject to non-Italian legal provisions affecting the corporate governance structure of the Issuer itself.

4. BOARD OF DIRECTORS

4.1 Appointment and replacement of directors

The bylaws governing the composition and appointment of the Issuer's Board of Directors (article 14 of the bylaws) are appropriate to ensure compliance with the provisions introduced by Law 262/2005 *et seq* (article 147-*ter* of the TUF), as briefly described below.

The Company is managed by a Board of Directors composed of a minimum of five and a maximum of fifteen members; each director's term may be no longer than three years, expiring on the date of the shareholders' meeting called to approve the financial statements of the last year of their term. Directors may be re-elected.
Before making the appointments, the shareholders' meeting determines the number of directors and the term the board shall remain in office.

All directors must comply with the requirements of eligibility, professionalism and integrity provided for by law and other applicable provisions. Pursuant to article 147-*ter*, paragraph 4 of the TUF, at least one director, or at least two if the board has more than seven members, must also meet the requirements of independence set out therein ("**Independent director pursuant to article 147-*ter***"). See section 4.7 for information on the independence requirements of directors.

Note, however, that to maintain its entitlement to be traded on the Star segment of the MTA, the Issuer must have an appropriate number of independent directors on its board, and therefore comply with the criteria established by article IA 2.13.6 of the Instructions for Stock Exchange Regulation, which stipulate: at least two independent directors for boards of directors with up to eight members, at least three independent directors for boards of directors with nine to 14 members; at least four independent directors for boards of directors with more than 14 members.

Article 14 of the bylaws also establishes that the Board of Directors is appointed by the shareholders' meeting based on the lists presented by the shareholders, according to the procedure set out below, unless otherwise or further provided for by binding legal or regulatory provisions.

Shareholders holding a stake at least equal to that determined by CONSOB pursuant to article 147-*ter*, paragraph 1 of the TUF, and in compliance with the CONSOB Issuer Regulation, may present a list for the appointment of directors. In this regard, with resolution 17148 of January 27, 2010, CONSOB set the shareholding required to present candidate lists for the election of the Issuer's management body, with reference to the year ending December 31, 2009 at 4.5% of the share capital.

Lists must be deposited at the Company headquarters at least 15 days before the shareholders' meeting called to appoint the directors (first call). The Company must also make the lists available to the public without delay and in any case at least ten days before the shareholders' meeting, according to the procedures set out by the laws in force.

The lists nominate no more than 15 candidates, numbered progressively. Each list must contain and expressly indicate an independent director pursuant to article 147-*ter*, with a priority number no higher than seven. If the list comprises more than seven candidates, it must contain and expressly indicate a second independent director pursuant to article 147-*ter*. In each list, directors meeting the requirements of independence set out in the codes of conduct drawn up by companies managing regulated markets or by trade associations may also be expressly indicated.

Furthermore, the lists contain, also in annexes:

(i) curriculum vitae detailing the candidates' personal and professional characteristics;

(ii) the statements in which the candidates accept their candidacy and certify that there are no reasons of ineligibility or incompatibility and they meet the requirements prescribed by the laws in force for the office of Company director. These statements may also include a declaration concerning whether they meet the requirements to qualify as an "independent director pursuant to article 147-*ter*", and, if this is the case, further requirements set out in the codes of conduct drawn up by companies managing regulated markets or by trade associations;

(iii) indication of the identity of shareholders who have submitted lists and the percentages of shareholdings held overall, supported by appropriate communications issued by intermediaries;

(iv) any further or other declaration, information and/or document provided for by law and applicable regulations.

Each shareholder and each group of shareholders belonging to a shareholders' agreement as defined by article 122 of the TUF may not present nor vote for more than one list, either directly, through a third party or through a fiduciary company. A candidate may only be present on one list, or will be deemed ineligible.

At the end of voting, the candidates from the two lists with the most votes shall be elected, according to the following criteria: (i) from the list that obtained the largest number of votes (the "**majority list**"), according to the progressive order in which they are listed, a number of directors is taken equal to the total number of board members, as previously established by the shareholders' meeting, minus one; these candidates are elected in the numerical order indicated on the list; (ii) from the list that obtained the second highest number of votes and that is not linked, even indirectly, to the shareholders that presented or voted for the majority list pursuant to the applicable provisions (the "**minority list**"), the candidate at the top of this list is appointed as director; however, if within the majority list, not even one independent director pursuant to article 147-*ter* is elected, for a board of not more than seven members, or if only one independent director pursuant to article 147-*ter* is elected for a board with more than seven members, the first independent director pursuant to article 147-*ter* indicated on the minority list will be elected, rather than the candidate at the top of the minority list.

Lists that do not obtain a percentage of votes at least equal to half of that required to present a list shall not be taken into consideration.

If two lists obtain the same number of votes, the list presented by shareholders with the largest shareholding at the time the lists are presented, or subordinately, the list presented by the larger number of shareholders, shall prevail.

If only one list is presented, the shareholders vote on it, and if it obtains a relative majority, excluding abstentions, the candidates listed in progressive order, up to the number determined by the shareholders' meeting, shall be elected as directors; however, it is understood that, if the board comprises more than seven members, the second independent director pursuant to article 147-*ter* must be elected, in addition to the independent director necessarily included in the first seven places.

If no lists are presented, or if the number of directors elected on the basis of the lists presented is lower than that determined by the shareholders' meeting, the members of the Board of Directors are appointed by the shareholders' meeting through simple majority voting, without prejudice to the obligation of the shareholders' meeting to appoint the minimum number of independent directors pursuant to article 147-*ter* required by law.

Independent directors, pursuant to article 147-*ter*, indicated as such from their appointment, must immediately inform the Board of Directors if they cease to fulfil independence requirements; the director loses his/her post if the board no longer has the minimum number of directors meeting the independence requirements set by the laws in force.

Lastly, under article 14 of the bylaws, if for any reason one or more directors cease to hold his/her post, he/she will be replaced pursuant to article 2386 of the Civil Code, without prejudice to the obligation to maintain the minimum number of independent directors pursuant to article 147-*ter* prescribed by law, and in compliance, where possible, with the principle of minority representation.

The candidate elected as Chairman of the Board of Directors is the one indicated as such on the majority list or on the only list presented and approved. Otherwise, the Chairman is appointed by the shareholders' meeting through simple majority voting, or is appointed by the Board of Directors in accordance with the bylaws.

If the majority of directors appointed by the shareholders' meeting resign or leave the board for any reason, the entire board will be considered replaced from the date on which the new board takes office. In this case, the

directors who have remained in office must urgently convene the shareholders' meeting to appoint the new Board of Directors.

4.2 Composition

The Issuer's Board of Directors in office as of the date of this Report comprises seven members, appointed by the ordinary shareholders' meeting of October 7, 2009, with the exception of director Catherine Gérardin, who was appointed through co-optation, pursuant to article 2386 of the Civil Code, with resolution of the Issuer's Board of Directors of October 29, 2009, following the resignation of Raffaello Napoleone. Note that the board currently in office was not appointed using the shareholder list voting system, but on the basis of the bylaws in force before the Start of Trading.

The board will remain in office until the shareholders' meeting convened to approve the financial statements as at and for the year ending December 31, 2011.

The curriculum vitae of every director is filed at the company headquarters and is available in the Corporate Governance section of the Company website www.yooxgroup.com.

Name	Position	In office since	In office until	List	Exec.	Non exec.	Indep.	Indep. TUF	% attendance(*)	Other positions
Federico Marchetti	Chairman and Chief Executive Officer	07/10/2009	Approval of the Financial Statements Dec. 31, 2011	-	X				100	2
Fausto Boni	Director	07/10/2009	Approval of the Financial Statements Dec. 31, 2011	-		X			100	1
Mark Evans	Director	07/10/2009	Approval of the Financial Statements Dec. 31, 2011	-		X			100	19
Catherine Gérardin	Director	29/10/2009	Until the next shareholders' meeting	-		X	X	X	100	0
Massimo Giaconia	Director	07/10/2009	Approval of the Financial Statements Dec. 31, 2011	-		X	X	X	100	12
Elserino Mario Piol	Director	07/10/2009	Approval of the Financial Statements Dec. 31, 2011	-		X			100	1
Stefano Valerio	Director	07/10/2009	Approval of the Financial Statements Dec. 31, 2011	-		X			0	4

(*) Note that the table shows attendance figures for the only meeting held by the board in the year following the Start of Trading.

KEY:
Position: indicates whether the director is Chairman, Vice-Chairman, Chief Executive Officer, etc..
List: M/m according to whether the director was elected from the majority or minority list (article 144-*decies* of CONSOB Issuer Regulation).
Exec.: if the director can be classified as executive.
Non exec.: if the director can be classified as non-executive.
Indep.: if the director can be classified as independent according to the criteria set out by the Code, specifying at the foot of the table if these criteria can be supplemented or amended (see Section 4.7 of this Report).
Indep. TUF: if the director meets the requirements of independence established by article 148, paragraph 3 of the TUF (article 144-*decies* of CONSOB Issuer Regulation).
% attendance: shows attendance, in percentage terms, of the directors at the board meetings (in calculating this percentage, consider the number of meetings that the director attended compared to the number of meetings held during the year or since the director took up office).
Other positions: indicates the total number of positions held in other companies listed on regulated markets (including foreign markets), in financial, banking and insurance companies or those of significant size, based on criteria defined by the board.
n.a.: not applicable.

Name	Position	EC	% EC	AC	% AC	RC	% RC	ICC	% ICC
Fausto Boni	Director	-	-	-	-	-	-	M	-
Catherine Gérardin	Director	-	-	M	-	M	-	M	-
Massimo Giaconia	Director	-	-	C	-	M	-	C	-
Elserino Mario Piol	Director			-	-	C	-	-	-
Stefano Valerio	Director	-	-	M	-	-	-	-	-

Note that the table shows attendance figures for the meetings held by the board in the year following the Start of Trading.

KEY:
EC: Executive Committee; C/M inserted to indicate Chairman/Member of Executive Committee.
% EC: shows attendance, in percentage terms, of the director at Executive Committee meetings (in calculating this percentage, consider the number of meetings that the director attended compared to the number of meetings held during the year or since the director took up office).
AC: Appointments Committee; C/M inserted to indicate Chairman/Member of Appointments Committee.
% AC: shows attendance, in percentage terms, of the director at Appointments Committee meetings (in calculating this percentage, consider the number of meetings that the director attended compared to the number of meetings held during the year or since the director took up office).
RC: C/M inserted to indicate Chairman/Member of Remuneration Committee.
% RC: shows attendance, in percentage terms, of the director at Remuneration Committee meetings (in calculating this percentage, consider the number of meetings that the director attended compared to the number of meetings held during the year or since the director took up office).
ICC: C/M inserted to indicate Chairman/Member of Internal Control Committee.
%. ICC: shows attendance, in percentage terms, of the director at Internal Control Committee meetings (in calculating this percentage, consider the number of meetings that the director attended compared to the number of meetings held during the year or since the director took up office).
n.a.: not applicable.

Maximum number of positions held in other companies

The board did not deem it necessary to define general criteria regarding the maximum number of management and control positions in other companies that may be considered compatible with the effective performance of the role of director at the Issuer, it being understood that it is the duty of each director to assess the compatibility of director and statutory auditor positions in other companies listed on regulated markets, in financial, banking and insurance companies or companies of a significant size, with the diligent execution of the duties assigned thereto as director of the Issuer.

During the meeting held on March 11, 2010, following an assessment of positions held by its directors in other companies, the board concluded that the number and quality of positions held did not interfere and were therefore compatible with the effective execution of their roles as directors at the Issuer.

For information on the positions held over the year by the directors of the Issuer in other listed companies, financial, banking and insurance companies or companies of significant size, see the table below.

NAME AND SURNAME	COMPANY	MANAGEMENT AND CONTROL POSITIONS HELD
Federico Marchetti	YOOX Corporation	Chairman
	YOOX Japan	Chairman
Fausto Boni	Mutuionline S.p.A	Director
Mark Evans	Audium Semiconductor Limited	Director
	Azuro, Inc.	Director
	Big Fish Games, Inc.	Director
	Displaylink Corp.	Director
	Displaylink (UK) Limited	Director
	Figleaves Global Trading Limited	Director
	Figleaves.com, Inc.	Director
	Icera, Inc.	Director
	Liquid Air Lab GmbH	Director
	Naturalmotion Limited	Director
	Orbian Corporation Limited	Director
	Orbian Investment Holdings Limited	Director
	Payzone Plc	Director
	Rothschild Continuation Holdings AG	Director
	Splashpower, Inc.	Director
	Splco Limited (in liquidation)	Director
	Trium GmbH	Director
	Videopolis.com SA	Director
	Worldstores Limited	Director
Massimo Giaconia	Air Liquide Impianti Gassificazione S.r.l.	Chairman of the Board of Directors
	Air Liquide Italia S.p.A.	Statutory auditor
	Air Liquide Italia Service S.r.l.	Statutory auditor
	Beretta Holding S.p.A.	Statutory auditor
	Coeclerici Logistics S.p.A.	Statutory auditor
	Ferrari F.lli Lunelli S.p.A.	Chairman of the Board of Directors
	Gallerie Commerciali S.p.A.	Chairman of the Board of Directors
	Lunelli S.p.A.	Statutory auditor
	LVMH Italia S.p.A.	Statutory auditor
	O-I Sales and Distribution Italy S.p.A.	Statutory auditor
	Zach System S.r.l.	Statutory auditor
	Zambon S.p.A.	Statutory auditor
Elserino Mario Piol	Datalogic S.p.A.	Director
Stefano Valerio	Dmail Group S.p.A.	Director
	Immobiliare Lombarda S.p.A.	Director
	Sadi S.p.A.	Director
	Sai Investimenti SGR S.p.A.	Director
Catherine Gérardin	/	/

4.3 Functioning of the Board of Directors

Pursuant to article 14 of the bylaws, the Company is managed by a Board of Directors consisting of a minimum of five and a maximum of fifteen members; each director's term may not be longer than three years, expiring on the date of the shareholders' meeting called to approve the financial statements of the last year of his/her term. Directors may be re-elected.

The Board of Directors – where the shareholders' meeting has not already made provision therefor – elects the Chairman from among its members; it may also elect one or more Vice-Chairmen, who will remain in their respective posts for the duration of their director's term, which expires on the date of the shareholders' meeting called to approve the financial statements of the last year of their term (article 15 of the bylaws). The Vice-Chairman or Vice-Chairmen, where appointed, have powers of proxy in respect of the Chairman in the cases provided for by the bylaws.

Pursuant to article 19 of the bylaws, the Board of Directors – within the limits of the law and the bylaws – may delegate to the Executive Committee its powers and functions (see articles 21, 22 and 23 of the bylaws); furthermore, it may appoint one or more chief executive officers to delegate these powers and functions, within the same limits. It may also establish one or more committees with a consulting, advisory or control role, in accordance with the applicable legislative and regulatory provisions. It has the power to appoint one or more general managers.

Pursuant to article 2381, paragraph 5 of the Civil Code, delegated bodies must report to the Board of Directors and the Board of Statutory Auditors at least once every quarter, in board meetings, on the activities carried out, the general business performance and its outlook, as well as on operations of major importance in terms of their size and characteristics carried out by the Company and its subsidiaries.

The directors report to the Board of Statutory Auditors on the activities carried out and on significant operations in terms of financial statement captions implemented by the Company and subsidiaries; specifically, they relate to operations in which directors have an interest, on their own account or on behalf of others, or that are influenced by the party responsible for management and control. These activities are usually reported at board meetings and in any case at least every quarter; when particular circumstances make it appropriate to do so, they also may be reported in writing to the Chairman of the Board of Statutory Auditors.

Under article 16 of the bylaws, board meetings are called by the Chairman, or if the Chairman is unavailable or absent, by the Chief Executive Officer (with notice of at least five days, and, in matters of urgency, at least 24 hours) whenever it is considered necessary, or if it is requested in writing by at least a third of the directors or by the Board of Statutory Auditors, or, even individually, each member of this board in accordance with the applicable laws in force.

Meetings are valid even if not convened as above as long as all directors and members of the Board of Statutory Auditors in office attend.

Board of Directors' meetings are chaired by the Chairman. If the Chairman is absent or unavailable, they are chaired by the sole Vice-Chairman, or, if there is more than one Vice-Chairman, the longest serving among those present, or if they have been in office the same amount of time, the oldest among them. If the Chairman, the sole Vice-Chairman or all Vice-Chairmen are absent or unavailable, the Chief Executive shall chair the meeting; if the Chief Executive is absent or unavailable, the most senior director present according to the criteria mentioned above shall chair the meeting.

Board meetings may also be held through the use of teleconferencing or videoconferencing systems, provided that each of the participants may be identified by all the others and that each participant is able to contribute to the discussion of the agenda items in real time, as well as receive, send or view documents, and provided that the examination and voting occur at the same time everywhere.

Pursuant to article 17 of the bylaws, for the resolutions of the Board of Directors to be valid, a majority of members in office must be present; resolutions are passed with a majority of votes, without taking abstentions into account; in the event of a tie, the person chairing the meeting shall have the casting vote.

4.4 Role of the Board of Directors

Pursuant to article 19 of the bylaws, the Board of Directors is vested with all powers to manage the Company, and to this end, may pass resolutions or carry out measures that it deems necessary or useful to fulfil the corporate purpose, with the exception of matters reserved to the shareholders pursuant to the laws in force or the Company bylaws.

The Board of Directors is also responsible, in accordance with article 2436 of the Civil Code, for making decisions concerning:

- "simplified" mergers or spin-offs pursuant to articles 2505, 2505-*bis*, 2506-*ter*, last paragraph of the Civil Code;
- the establishment or closure of secondary offices;
- the transfer of the Company headquarters within the national territory;
- indicating which directors serve as legal representatives;
- the reduction of the share capital following withdrawal;
- amendments to the bylaws to comply with regulatory provisions,

it being understood that these resolutions may also be taken by the extraordinary shareholders' meeting.

At its meeting of October 7, 2009, the board vested the Chief Executive Officer with the powers set out in section 4.5 below, while the Board of Directors maintains exclusive authority for decisions regarding the following issues:

a) approval of the business plan and subsequent amendments or additions (and/or its replacement with the board of director's business plans subsequently approved);

b) annual investment budget and amendments or additions thereto of more than 30% of the amount indicated in the last approved business plan and/or the last approved budget;

c) debt totalling more than Euro 1,000,000.00 a year where not provided for in the business plan and/or the last approved budget;

d) approval of the quarterly procurement and cash budget and amendments or additions thereto of more than 30%;

e) directors' remuneration pursuant to article 2389, paragraph 2 of the Civil Code;

f) granting of guarantees of any kind totalling more than Euro 100,000.00 a year;

g) purchase or sale of interests in company structures, or the purchase, sale or leasing of companies, company branches or real estate;

h) hiring, firing or changes to the employment conditions of directors;

i) appointment of directors and managers of subsidiaries (where existent) and determination of relative powers, remuneration and fees;

j) conditions and timing of stock option plans or buy options and relative benefits;

k) adoption by the Company of (or change to) any stock option plan or any incentive plan or scheme in favour of employees or the granting of options or shares based thereon;

l) creation of any mortgage, pledge, charge or any commitment or real guarantee on all or a substantial portion of the Company's property or real estate;

m) sale of all or a substantial part of shares representing the share capital of any Company subsidiary; and

n) the signing by the Company of any binding agreement that is included (or could be included) in any of the matters covered above.

Over the year, following the Start of Trading, only one board meeting was held, on December 4, 2009.

The meeting lasted for approximately three hours.

At least six board meetings are expected to take place in 2010. As well as those already held on January 18, 2010, February 8, 2010 and March 11, 2010 (the latter relating to the approval of the draft Separate and Consolidated financial statements as at and for the year ended December 31, 2009), the calendar of the main company events for 2010 (already announced to the market and Borsa Italiana S.p.A. in accordance with regulatory provisions) includes a further three meetings on the following dates:

- May 11, 2010: approval of the first interim financial statements at March 31, 2010;

- August 5, 2010: approval of the half-year financial statements at June 30, 2010;

- November 10, 2010: approval of the third interim financial statements at September 30, 2010.

Pursuant to article 15, paragraph 3 of the bylaws, the Chairman of the board coordinates the work of the board and ensures that adequate information on agenda items is provided to all directors. Specifically, this information must always be sufficient to allow directors to express themselves knowledgeably on the issues submitted for their review; they must be provided suitably in advance with the documentation and information relating to the draft documents to be approved, with the sole exception of cases of particular and confirmed urgency.

Board meetings may also be attended by directors of the Issuer and of the Group to which it now belongs to provide more in-depth information on agenda items.

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In its session of March 11, 2010, the board assessed the suitability of the Company's general organisational, administrative and accounting structure reviewed by the Chief Executive Officer, with particular reference to the internal control system and the management of conflicts of interest. In conducting this assessment, the board not only checked the existence and implementation of an internal control system at the Company, but also carried out its periodic detailed examination of the system's structure, its suitability, and its effective and actual functioning.
To this end, the Board of Directors periodically receives and examines reports prepared by the Internal Control Manager, already examined beforehand by the Internal Control Committee and the Chief Executive Officer, in order to check (i) if the structure of the internal control system in place within the Company is truly effective in pursuing objectives and (ii) if any weakness revealed requires the System to be improved.
Furthermore, at the meeting to approve the financial statements, the Board of Directors annually:

a) examines a report on significant company risks submitted by the Chief Executive Officer and evaluates how these have been identified, assessed and managed. It pays particular attention to changes that have occurred over the year under review to the nature and extent of risks and to assessing the Issuer's response to these changes;
b) assesses the effectiveness of the internal control system in combating these risks, paying particular attention to any inefficiencies that have been noted;
c) considers the measures that have been put in place or must be undertaken promptly to correct this inadequacy;
d) prepares further policies, processes and rules of conduct that allow the Issuer to react in an appropriate manner to new risk situations or those not appropriately managed.

In its session of March 11, 2010, the board assessed the suitability of the general organisational, administrative and accounting structure of subsidiaries of strategic importance reviewed by the Chief Executive Officer, with particular reference to the internal control system and the management of conflicts of interest. In conducting this assessment, the board not only checked the existence and implementation of an internal control system within the subsidiaries, but also carried out its periodic detailed examination of the system's structure, its suitability, and its effective and actual functioning.
To this end, the Board of Directors periodically receives and examines reports prepared by the Internal Control Manager, already examined beforehand by the Internal Control Committee and the Chief Executive Officer, in order to check (i) if the structure of the internal control system in place within the subsidiaries is truly effective in pursuing objectives and (ii) if any weakness revealed requires the system to be improved.

Furthermore, at the meeting to approve the financial statements, the Board of Directors annually:

a) examines a report on significant company risks submitted by the Chief Executive and evaluates how these have been identified, assessed and managed. It pays particular attention to changes that have occurred over the year under review to the nature and extent of risks and to assessing the subsidiaries' response to these changes;
b) assesses the effectiveness of the internal control system in combating these risks, paying particular attention to any inefficiencies that have been noted;
c) considers the measures that have been put in place or must be undertaken promptly to correct this inadequacy;
d) prepares further policies, processes and rules of conduct that allow the subsidiaries to react in an appropriate manner to new risk situations or to those not effectively managed.

Over the year, following the Start of Trading, the board assessed the general business performance, taking into account in particular the information received from the Chief Executive Officer, and comparing the results achieved with those planned.

As provided for by criteria 1.C.1. letter f) of the Code, the Issuer has adopted an internal procedure (the "Procedure") intended to regulate information and procedures relating to transactions that have a significant impact on the Company's financial statement captions, with particular reference to transactions with related parties, also establishing (quantitative and/or qualitative) criteria to identify these transactions, which are therefore the board's responsibility. The Procedure is available in the Corporate Governance section of the Company website www.yooxgroup.com.

The procedure provides that the following are the exclusive responsibility of the board:

a) "Significant transactions with Independent Parties", namely:

   (i) the purchases, sales and other transactions that in any way affect the availability of investments recognised under non-current financial assets, of companies, company branches, real estate and/or other tangible and/or intangible assets recognised or able to be recognised under non-current assets, when the value of the individual transaction is greater than the limits of any mandates conferred to this end;

   (ii) the taking out of loans (in any technical form) lasting more than 12 (twelve) months and for amounts greater than the limits of any mandates conferred to this end;

   (iii) the taking out of loans (in any technical form and for any duration) if they contain disadvantageous covenants compared to those provided by other loans already approved by the board and outstanding as of the date of approval of the Procedure;

   (iv) all transactions governed by the Procedure approved by the board if implemented differently from the manner set out by the Procedure;

   (v) the application to banks and insurance companies for, and the subscription/issuing by the Company of personal or real guarantees in favour of third parties (excluding related parties other than YOOX Group companies) for amounts greater than mandate limits;

   (vi) all transactions that do not take place under market conditions or that are atypical or unusual.

b) "Significant transactions with Related Parties", namely:

   (i) financial operations involving either assets or liabilities;

   (ii) the purchases, sales and other transactions that in any way affect the availability of investments recognised under non-current financial assets, of companies, company branches, real estate and/or other tangible and/or intangible assets recognised or able to be recognised under non-current assets, when the value of the individual transaction is greater than the limits of any mandates conferred to this end;

   (iii) the application to banks and insurance companies for, and the subscription/issuing by the Company of personal or real guarantees and/or other forms of binding support in favour of related Parties;

(iv) any other transaction in general, when its value is greater than or equal to the limits of the mandate conferred in this regard or regardless of the value, has an aggregate financial impact of at least Euro 500 thousand a year on the consolidated income statement of the YOOX Group;

(v) transactions that do not take place under market conditions or that are atypical or unusual.

c) "Significant Transactions with Group Companies" that correspond to the following parameters:

(i) the purchases, sales and other transactions that in any way affect the availability of investments recognised under non-current financial assets, of companies, company branches, real estate and/or other tangible and/or intangible assets recognised or able to be recognised under non-current assets, when the value of the individual transaction is greater than Euro 3 million or, regardless of the amount, if the counterparty YOOX Group company is not directly or indirectly (or substantially, for example through call and put options) wholly-owned by the Company, or, regardless of the investment, if the purchasing group company is located in a country with a higher risk than that of the European Union;

(ii) all transactions governed by the Procedure approved by the board if implemented differently from the manner set out by the Procedure;

(vi) transactions that do not take place under market conditions or that are atypical or unusual.

Furthermore, the Procedure establishes the information that must be provided to the board in relation to Significant Transactions with Related Parties on which the board has exclusive powers, in order to allow directors to examine the essential elements of the transaction itself prior to voting on the matter.

With specific reference to Transactions with Related Parties, the Procedure also provides for:

- the powers of the board, depending on the nature, value and other characteristics of the transaction, to prevent the transaction from being carried out under unsuitable conditions, to request the assistance of one or more independent consultants to express an opinion, depending on the case, on the financial conditions and/or the lawfulness and/or technical/legal aspects of the transaction. Consultants with recognised professional expertise in the matter at hand will be chosen; and

- the obligation of the directors who have an interest in the transaction (even potential or indirect), to inform the board promptly and in full of the existence of this interest and on the circumstances of the same and to abstain when voting.

On March 11, 2010, the board carried out its annual assessment, pursuant to Criteria 1.C.1. letter g) of the Code, and concluded that the composition and functioning of the management body was suitable for the Company's management and organisational needs, also taking into account the presence, out of a total of seven members, of six non-executive directors, of which two were non-executive independent directors, who also ensure that the composition of committees formed within the board is appropriate.

The shareholders' meeting has not authorised exceptions to the prohibition on competition provided for by article 2390 of the Civil Code.

4.5 Delegated bodies

Chief Executive Officers

As stated above, the Board of Directors may appoint one or more Chief Executive Officers to which to delegate, within the limits of the law and within the same limits in respect of the bylaws, its powers and functions (article 19).

As of the date of this Report, the role of Chief Executive Officer is held by Federico Marchetti, who also holds the post of Chairman of the Board of Directors.

On October 7, 2009, the Board of Directors vested the current Chief Executive Officer Federico Marchetti with the broadest powers for the ordinary administration of the Company including, but not limited to, signature powers on behalf of the Company and serving as its legal representative with respect to third parties and in legal matters, with the exception of decisions on matters that are the specific remit of the Board of Directors, set out

in section 4.4. (These powers are in addition to those due to the same, pursuant to the bylaws, in his role as Chairman, see below).

Chairman of the Board of Directors

In accordance with the bylaws, the Chairman of the Board of Directors is vested with the powers of chairing the shareholders' meeting (article 10), convening board meetings and coordinating the work of the board (article 15), as well as serving as the Company's legal representative with respect to third parties and in legal matters (article 25).

The Chairman is the main manager of the Issuer's operations (Chief Executive Officer).

Executive Committee

The board of the Issuer has not formed an Executive Committee from among its members.

Reporting to the board

Pursuant to article 19 of the bylaws, delegated bodies must report promptly to the Board of Directors at least once every quarter, during board meetings, on the activities carried out, the general business performance and its outlook, as well as on operations of major importance in terms of their size and characteristics carried out by the Company and its subsidiaries.

4.6 Other executive directors

The Issuer has no other executive directors.

4.7 Independent directors

Pursuant to the combined provisions of articles 147-*ter*, paragraphs 4 and 148, paragraph 3 of the TUF and in accordance with article 2.2.3, paragraph 3, letter l) of the Stock Exchange Regulation and article IA.2.13.6 of the Instructions for Stock Exchange Regulation and article 3 of the Code, the Board of Directors currently has two independent directors (Catherine Gérardin and Massimo Giaconia), who:

(i) do not control the Issuer, directly or indirectly, even through subsidiaries, fiduciary companies or third parties, nor are able to exercise a significant influence on it;

(ii) do not belong, directly or indirectly, to any shareholders' agreement, through which one or more parties may exercise control or significant influence on the Issuer;

(iii) are not and have not been in the last three years important representatives (meaning the Chairman, legal representative, Chairman of the board, an executive director or a manager with strategic responsibilities) of the Issuer, one of its subsidiaries with strategic importance, a company under joint control with it, a company or an organisation that, also jointly with others through a shareholders' agreement, controls the Issuer or is able to exercise significant influence thereon;

(iv) do not have, or did not have in the previous year, directly or indirectly (for example through subsidiaries or companies for which they are important representatives, in the sense indicated in point (iii) above, or as a partner in a professional or consultancy company), a significant commercial, financial or professional relationship (also pursuant to IA.2.13.6 of the Instructions for Stock Exchange Regulation) or subordinate employment relationships: (a) with the Issuer, with one of its subsidiaries, or with any important representatives, in the sense indicated in point (iii) above, of the same; (b) with a party that, also jointly with others through a shareholders' agreement, controls the Issuer, or – if it is a company or organisation – with important representatives, in the sense indicated in point (iii) above, of the same;

(v) without prejudice to point (iv) above, they do not have independent or subordinate work relationships, or other financial or professional relationships that would compromise their independence: (a) with the Issuer, with its subsidiaries or parent companies or with its joint ventures; (b) with the directors of the Issuer; (c) with their spouses or close relatives up to the fourth degree of the directors of the Company as set out in point (a) above;

(vi) they do not receive and have not received in the last three years, from the Issuer, a subsidiary or parent, significant additional remuneration on top of the "fixed" fee received as non-executive director, including participation in company performance-linked incentive plans, including share-based schemes;

(vii) they have not been directors of the Issuer for more than nine of the last twelve years;

(viii) they do not hold the position of executive director in another company in which an executive director of the Issuer holds the post of director;

(ix) they are not shareholders or directors of a company or organisation belonging to the network of the company responsible for auditing the Issuer's accounts;

(x) they have no family ties to a person in one of the situations set out above and in any case they are not spouses or close relatives up to the fourth degree of the directors of the Issuer, its subsidiaries, its parent companies and its joint ventures.

The board assesses whether the requirements above are met and continue to be met, based on the information that interested parties are responsible for providing, or the information in any case available to the board.

The board verified that the independent directors currently in office meet the requirements of independence set out in article 3 of the Code and article 149, paragraph 3, letters b) and c) of the TUF, at the meeting held on October 7, 2009 for Massimo Giaconia and at the meeting held on October 29, 2009 for Catherine Gérardin. This check is regularly carried out by the board. In conducting the valuations above, the board applied all the criteria set out in the Code.

At its meeting of March 11, 2010, the Board of Statutory Auditors stated that the verification criteria and procedures adopted by the Board of Directors to assess independence requirements were correctly applied.

The independent directors currently in office regularly attended the board meetings held during the year since the Start of Trading, and the meetings held in 2010 up to the date of this Report.

In light of the recent Start of Trading, the two independent directors on the board did not meet during the year in the absence of the other directors.

4.8 Lead independent director

In application of the provisions set out in the Code, on October 29, 2009, the board appointed Massimo Giaconia as lead independent director pursuant to the Code; he thereby represents the point of contact and coordination of motions of non-executive directors and in particular independent directors.

The lead independent director, an independent director with appropriate accounting and finance expertise, is also Chairman of the directors' Appointments Committee, a member of the Remuneration Committee and Chairman of the Internal Control Committee.

Over the year, after the Start of Trading, the lead independent director did not have cause to meet with director Catherine Gérardin (independent), in that – as better explained above – the effectiveness of the board resolution regarding his appointment was dependent on the Start of Trading, and considering the functions attributed to the lead independent director, there was no need to hold a meeting.

In early 2010 the lead independent director met director Catherine Gérardin during the meetings of the Remuneration Committee and the Internal Control Committee.

5. HANDLING OF COMPANY INFORMATION

Procedure for publishing privileged information

In order to monitor access to and circulation of privileged information before it is announced to the public, to ensure compliance with confidentiality obligations provided for by law and regulations, as well to regulate the internal management and external communication of this information, in its meeting of September 3, 2009, the board adopted a "***Procedure for publishing privileged information***".

The Chief Executive Officer, the Director of Administration, Finance and Control and the Investor Relations department of the Issuer ensure that privileged information is communicated to the market in the appropriate manner, in compliance with this procedure.

The Investor Relations department, informed by the Group's senior management or in any case aware of the important facts concerning the Company or its subsidiaries, liaises with the Chief Executive Officer, the Director of Administration, Finance and Control and with the Company Affairs Manager to check legal obligations and in particular if the information should be considered privileged.

In order to ensure the management of privileged information within the Group, the managing directors of the main subsidiaries are notified of this procedure, that is those of the companies controlled by YOOX that are included in the scope of consolidation.

The task of managing privileged information relating to the subsidiaries is assigned the managing directors of these companies, who must inform the Director of Administration, Finance and Control and the YOOX Investor Relations department promptly of any information that, based on their valuation, may constitute privileged information pursuant to this procedure.

The Investor Relations department, having received communication of the privileged information from the managing directors of the subsidiaries, liaises with the Director of Administration, Finance and Control and the Company Affairs Manager to check legal obligations and in particular if the information should be considered privileged.

If the information is judged to be confidential or the laws in force require it to be communicated to the public, the Investor Relations department prepares a press release assisted by the Director of Administration, Finance and Control, who, aided by the Company Affairs Manager, ensures that this contains the requirements provided for by the related legislation in force.

The text of the press release must be submitted to the Chief Executive Officer, and if necessary, the Board of Directors, for final approval before it is published, subject to certification, for press releases relating to accounting information, of the director in charge of preparing corporate accounting documents pursuant to article 154-*bis* of the TUF.

The press release is distributed according to the procedures set out for the distribution of regulated information. Furthermore, YOOX ensures that the press release is published on the company website www.yooxgroup.com "by the opening of the market the day after the publication date" and that this information remains there for a minimum period of five years.

The procedure relating to the handling of corporate information is available in the Corporate Governance section of the Company website www.yooxgroup.com.

Procedure for the management of the Group register of persons with access to privileged information

With particular reference to the obligation for listed issuers, for parties in control relationships therewith and for people who act in their name or on their behalf, to create and manage a register of persons with access to privileged information pursuant to article 115-*bis* of the TUF and articles 152-*bis et seq* of the CONSOB Issuer Regulations, at its meeting of September 3, 2009, the Board of Directors passed a resolution to adopt a "***Procedure for the management of the Group register of persons with access to privileged information***", with binding effect from the date on which the application for admission to trading of ordinary shares in the Company on the MTA was filed with Borsa Italiana.

Internal Dealing Procedure

Regarding the management of information requirements resulting from the new Internal Dealing regulations pursuant to article 114, paragraph 7 of the TUF and articles 152-*sexies*, 152-*septies* and 152-*octies* of the CONSOB Issuer Regulation, in force for listed companies since April 1, 2006, at its meeting of September 3, 2009, the Issuer's Board of Directors passed a resolution to adopt a Procedure to comply with obligations in respect of internal dealing (the "**Internal Dealing Procedure**"), intended to ensure the utmost transparency and uniformity of information provided to the market, with binding effect from the Start of Trading on the MTA.
Over the year, significant transactions were carried out, requiring related communications, pursuant to the regulations on internal dealing. Internal dealing communications are available in the Corporate Governance section of the Company website www.yooxgroup.com.

The Internal Dealing Procedure is available in the Corporate Governance section of the Company website www.yooxgroup.com.

6. COMMITTEES WITHIN THE BOARD

The board has formed the Directors' Appointments Committee, the Remuneration Committee and the Internal Control Committee from among its members.

7. DIRECTORS' APPOINTMENTS COMMITTEE

The Board of Directors has formed a Directors' Appointments Committee from among its members.

This committee was formed, as a result of the Start of Trading of ordinary shares on the MTA, with board resolution of September 3, 2009.

At its meeting of October 7, 2009, in implementation of the previous resolution of September 3, 2009, the board appointed the following directors to the Directors' Appointments Committee: Massimo Giaconia, Raffaello Napoleone (Chairman) and Stefano Valerio. Following the resignation of director Raffaello Napoleone, on October 29, 2009, the board appointed the new director Catherine Gérardin as a member of the Directors' Appointments Committee.

As of the date of this Report, the Directors' Appointments Committee comprises three non-executive directors, two of whom are independent:

- Massimo Giaconia – independent director – chairman;
- Catherine Gérardin – independent director;
- Stefano Valerio – non-executive director.

Functions attributed to the Directors' Appointments Committee

The Directors' Appointments Committee recommends that directors are appointed following procedures that ensure transparency and a balanced composition of the Board of Directors, guaranteeing in particular the presence of a sufficient number of independent directors.

The Directors' Appointments Committee is responsible for the duties set out in article 6.C.2 of the Code, and specifically:

a) to propose director-candidates to the Board of Directors in accordance with article 2386, paragraph 1, of the Civil Code, should the replacement of an independent director be required;

b) to submit candidates for the position of independent director to the Issuer's shareholders' meeting, taking into account any recommendations from the shareholders;

c) to provide advice to the Board of Directors regarding its size and composition, as well as professionals whose presence on the board is deemed appropriate.

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Over the year, after the Start of Trading, the Directors' Appointments Committee did not have cause to meet in that – as better explained above – the effectiveness of the board resolution regarding its creation was subject to the Start of Trading, and considering the functions attributed to the Committee, there was no need to hold a meeting.

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In performing its functions, the Directors' Appointments Committee has access to the information and Company departments necessary to fulfil its duties, and may also use external consultants, within the terms established by the board.

No financial resources were allocated to the Directors' Appointments Committee, since in performing its duties, it makes use of the means and company structures of the Issuer.

8. REMUNERATION COMMITTEE

In light of the provisions of article 2.2.3, paragraph 3, letter m) of the Stock Exchange Regulation, applicable to issuers with a STAR qualification and in accordance with the Code, the Issuer established a Remuneration Committee from among the members of its board.

This committee was formed, subject to the Start of Trading of ordinary shares on the MTA, with board resolution of September 3, 2009.

At its meeting of October 7, 2009, in implementation of the previous resolution of September 3, 2009, the board appointed the following directors to the Remuneration Committee: Massimo Giaconia, Raffaello Napoleone and Elserino Mario Piol (Chairman). Following the resignation of director Raffaello Napoleone, on October 29, 2009, the board appointed the new director Catherine Gérardin as a member of the Remuneration Committee.

As of the date of this Report, the Remuneration Committee comprises three non-executive directors, two of whom are independent:

- Elserino Mario Piol – non-executive director – chairman;
- Catherine Gérardin – independent director;
- Massimo Giaconia – independent director.

No director takes part in the Remuneration Committee meetings in which board proposals are put forward relating to their own remuneration.

Functions attributed to the Remuneration Committee

The Remuneration Committee has a consulting and advising role, and its main duty is to submit proposals to the Board of Directors regarding the remuneration of chief executive officers and directors in particular positions, as well as, following recommendations of the chief executive officers, to determine criteria for the remuneration of Company managers with strategic responsibilities.

The establishment of this committee ensures the broadest information and transparency regarding the remuneration due to chief executive officers, as well as the procedures through which this is determined. It is however understood that, in accordance with article 2389, paragraph 3 of the Civil Code, the Remuneration Committee only holds a consulting role, while the power to determine directors' remuneration with specific duties remains vested in the Board of Directors, having heard the opinion of the Board of Statutory Auditors.

The Remuneration Committee is responsible for the duties set out in article 7.C.3 of the Code of Conduct, and specifically:

a) it submits proposals to the Board of Directors regarding the remuneration of chief executive officers and other directors in particular positions, monitoring the application of the decisions taken by the board;
b) it periodically assesses the criteria adopted for the remuneration of directors with strategic responsibilities, monitors their application based on the information provided by chief executive officers and issues general recommendations in relation thereto to the Board of Directors.

The Remuneration Committee is also assigned duties in relation to the management of any stock option plans approved by the relevant Company management bodies.

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Over the year, after the Start of Trading, the Remuneration Committee did not have cause to meet in that – as better explained above – the effectiveness of the board resolution regarding its creation was subject to the Start of Trading.

In 2010, the Committee is expected to meet at least three times, apart from the meetings already held on January 27, 2010 and March 11, 2010, which were duly minuted. On average, the meetings last for approximately one hour. At the meeting of January 27, 2010, the Committee expressed a favourable opinion on the assignment of bonuses and stock options to the Chief Executive Officer, while at the meeting of March 11, 2010, the Committee expressed a favourable opinion on the allocation of stock options to certain senior managers and on the size of the bonuses to be paid to them for 2010.

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In performing its functions, the Remuneration Committee has access to the information and company departments necessary to fulfil its duties, and may also use external consultants, within the terms established by the board.

No financial resources were allocated to the Remuneration Committee, since in performing its duties, it makes use of the means and company structures of the Issuer.

9. DIRECTORS' REMUNERATION

Directors' remuneration is set by the board. Pursuant to article 20, paragraph 3, of the bylaws, the shareholders' meeting may determine a total amount for the remuneration of all directors, including those holding particular functions; this amount is then divided by the Board of Directors, having heard the opinion of the Board of Statutory Auditors, for allocation to directors with particular functions, pursuant to article 2389, paragraph 3, of the Civil Code.

On October 7, 2009, the Company's ordinary shareholders' meeting set the total remuneration due to the Board of Directors at Euro 680,000.00 and conferred on the board the power to allocate the annual fees deemed appropriate to its individual members. On October 7, 2009, the board divided the total annual fees. The total remuneration to the Board of Directors remains unchanged until the shareholders' meeting passes a resolution otherwise.

Payments made to the members of the board in the year are detailed in the notes to the separate financial statements pursuant to article 78 and appendix 3C of the CONSOB Issuer Regulation.

A significant portion of the remuneration of Chief Executive Officer Federico Marchetti is linked to specific objectives set in advance by the Board of Directors.

The payment of a bonus to the Chief Executive Officer is determined, following a proposal from the Remuneration Committee, based on the market practice of companies comparable to YOOX in terms of size, profitability and growth rate, and must take into account the value generated in terms of improving assets and earnings results, or increasing the capitalisation of YOOX.

A significant portion of the remuneration of directors with strategic responsibilities is linked to the financial results achieved by the Issuer and/or the meeting of specific objectives set in advance by the Chief Executive Officer.

The size of the bonus is determined as a percentage of the fixed fees, and is awarded depending on the achievement of targets set by the Chief Executive Officer; these targets may be varied in nature and set with the on/off formula, which means that no bonus will be paid if they are not met.

Share-based incentive plans are provided for executive directors and managers with strategic responsibilities. For more information on incentive plans, see the information document prepared pursuant to article 84-*bis* of the CONSOB Issuer Regulation held at the Company headquarters, and available in the Corporate Governance section of the Company website www.yooxgroup.com.

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The remuneration of non-executive directors is not related to the financial results achieved by the Issuer.

As of the date of this Report, non-executive directors are not included among the recipients of share-based incentive plans.

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Indemnity of directors in case of resignation, dismissal or cessation of the working relationship following a public purchase offer (article 123-*bis*, paragraph 1, letter i) of the TUF)

With the exception of the cases set out below, there were no agreements signed between the Issuer and the directors relating to indemnity in case of resignation or dismissal/removal without just cause or if the working relationship ceases following a public purchase offer.

The employment agreement signed on October 8, 2009 by the Company and Federico Marchetti states that, if, prior to the approval of the financial statements at December 31, 2011: (i) Federico Marchetti is removed from the board; (ii) he resigns for just cause; (iii) he has the powers delegated to him revoked or diminished; or if (iv) a person with similar powers to Federico Marchetti is appointed without his prior written consent; (v) the entire Board of Directors steps down pursuant to article 2386 of the Civil Code, then the Company will be obliged to pay Federico Marchetti (a) the fixed and variable fees that would have been paid to him by the Company up until the date on which his position as Chief Executive Officer would have naturally ceased; (b) a penalty equivalent to 18 months of the entire annual payment paid to him in the year before the termination of his employment contract and/or the powers delegated to him, including the variable fees paid.

The employment agreement also provides that if the Company undergoes a change in control (understood as a change in control in respect of the shareholding structure following the offer relating to the listing of YOOX shares, pursuant to article 93 of the TUF, even if this does not trigger the obligation to launch a public purchase offer), Federico Marchetti will have the right, within 60 days of such an event, to resign and be paid the following amounts by the Company: (i) the fixed and variable fees that would have been paid to him by the Company up until the date on which his position as Chief Executive Officer would have naturally ceased. For the purposes of calculating the amount due, the variable amount to be used will be the last one paid, projected up to the date on which his mandate would have naturally ceased; (ii) a penalty equivalent to 18 months of the entire annual payment paid to him in the year before the termination of his employment contract and/or the powers delegated to him, including the variable fees paid.

For more information on the effects of the cessation of the working relationship on stock option plans, see the information document prepared pursuant to article 84-*bis* of the CONSOB Issuer Regulation held at the Company headquarters, and available in the Corporate Governance section of the Company website www.yooxgroup.com.

10. INTERNAL CONTROL COMMITTEE

The Board of Directors has formed an Internal Control Committee from among its members.

The Internal Control Committee was formed, subject to the Start of Trading of ordinary shares on the MTA, with board resolution of September 3, 2009, pursuant to article 2.2.3, paragraph 3, letter l) of the Stock Exchange Regulation.

At its meeting of October 7, 2009, in implementation of the previous resolution of September 3, 2009, the board appointed the following directors to the Internal Control Committee: Fausto Boni, Massimo Giaconia and Raffaello Napoleone (Chairman). Following the resignation of director Raffaello Napoleone, on October 29, 2009, the board appointed the new director Catherine Gérardin as a member of the Internal Control Committee.

As of the date of this Report, the Internal Control Committee comprises three non-executive directors, two of whom are independent:

- Massimo Giaconia – independent director – chairman;
- Fausto Boni – non-executive director;
- Catherine Gérardin – independent director.

Director Massimo Giaconia has experience in finance and accounting considered adequate by the board at the time of his appointment.

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Functions attributed to the Internal Control Committee

The Internal Control Committee has a consulting and advisory role supporting the Board of Directors. Specifically:

(a) it assists the Board of Directors in performing activities relating to the internal control system, particularly in defining the guidelines of the internal control system and in the periodic checks regarding its adequacy, effectiveness and functioning;

(b) it assists the Board of Directors in selecting an executive director to oversee the functioning of the internal control system;

(c) it assists the Board of Directors in assessing, at least on an annual basis, the suitability, effectiveness and functioning of the internal control system;

(d) it assists the Board of Directors in describing, in the Report on Corporate Governance, the essential elements of the internal control system, providing an assessment of the overall adequacy of the system;

(e) it evaluates, together with the director in charge of preparing corporate accounting documents and the auditors, the correct use of the accounting standards adopted and their homogeneity for the purposes of preparing the Consolidated Financial Statements;

(f) upon request from the executive director responsible in this regard, it expresses opinions on specific aspects regarding the identification of the main business risks, as well as the design, implementation and management of the internal control system;

(g) it examines the work plan prepared by internal control officers as well as the periodic reports they prepared;

(h) it evaluates the proposals made by the auditors to obtain the engagement, as well as the work plan prepared for the audit and the results presented in the report and in the related management letter;

(i) it monitors the effectiveness of the audit process;

(j) it performs further duties assigned to it by the Board of Directors;

(k) it reports to the Board of Directors, at least every six months, upon the approval of the annual and interim financial statements, on the activities carried out and the adequacy of the internal control system;

(l) if requested, it expresses a prior opinion to the Board of Directors upon the approval of certain transactions implemented by the Company with related parties.

The Internal Control Committee must carry out its duties in coordination with the Board of Statutory Auditors, the Internal Control Manager and the director in charge.

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Over the year, after the Start of Trading, the Internal Control Committee did not have cause to meet in that – as better explained above – the effectiveness of the board resolution regarding its creation was dependent on the Start of Trading.

At least four committee meetings are expected to take place in 2010. As well as that already held on February 22, 2010, a further three meetings are scheduled on the following dates: May 5, 2010; July 27, 2010; and November 3, 2010.

The Internal Control Committee meeting of February 22, 2010 was attended by: the Internal Control Manager Pietro Tagliati, who is also head of the Internal Audit department, the Chairman of the Board of Statutory Auditors Filippo Tonolo and standing statutory auditor David Reali.

The meeting was duly minuted and lasted for approximately 1.5 hours. During the meeting, the Committee approved the Audit Plan for 2010, acknowledged the report on compliance measures pursuant to Legislative Decree 231 of June 8, 2001 prepared by the Company, and planned the meetings' calendar for 2010.

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In performing its functions, the Internal Control Committee has access to the information and company departments necessary to fulfil its duties, and may also use external consultants, within the terms established by the board.

No financial resources were allocated to the Internal Control Committee, since in performing its duties, it makes use of the means and company structures of the Issuer.

11. THE INTERNAL CONTROL SYSTEM

The board defines the guidelines for the internal control system, understood as the totality of processes intended to monitor the efficiency of company operations, the reliability of financial information, compliance with laws and regulations and the safeguarding of company assets.
To this end, the board:

(i) ensures the prevention and management of corporate risks relating to the Issuer and its subsidiaries, by defining guidelines for the internal control system that ensure that these risks are correctly identified, as well as appropriately measured, monitored, managed and assessed, also in relation to safeguarding company assets and sound and correct company management;

(ii) periodically checks, at least on an annual basis, the adequacy, effectiveness and functioning of the internal control system.

In performing these duties, the board works with a director charged with overseeing the functioning of the internal control system (the "**Director in Charge**") with the duties listed below, and an Internal Control Committee comprising members of the board, whose functions are described above.

The internal control system is the totality of rules, procedures and organisational structures that allow the Company, through an appropriate process of identification, measuring, management and monitoring of the main risks, to be managed in a sound and correct manner, in line with preset objectives.

To meet this macro-objective, the system focuses on:

- management control (economic viability), defined through compliance with company strategies, compliance with objectives, compliance with company policies, and the safeguarding of company assets;
- administrative-accounting control (reliability), defined through the preparation of financial statements for publication and the preparation of the internal operational reporting;
- control of legal compliance (conformity with laws), defined through compliance to Law 262/05, Legislative Decree 231/01, internal procedures, the quality system, the Code of Conduct and the Code of Ethics.

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In accordance with recommendations set out in the Code, at its meeting on March 11, 2010, the board assessed the effectiveness and functioning of the internal control system, with particular attention to all issues related thereto through a careful evaluation of the works and reports of the Internal Control Committee. During the meeting of March 11, 2010, the Chairman of the Internal Control Committee reported on the work of the Committee itself.

11.1 Executive Director in Charge of the internal control system

On December 4, 2009, the board appointed Chief Executive Federico Marchetti as the Director in Charge of overseeing the functioning of the internal control system.

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In connection with and implementation of the guidelines established by the board, the Director in Charge has the following duties:

(i) to identify the main typical company risks, in relation to the characteristics of the activities of the Issuer and its subsidiaries and the sector in which they operate;

(ii) to design, implement, manage and monitor the internal control system;

(iii) to adjust the internal control system in light of any problems that emerge during the updating and development of the Company's organisational and operational structures, trends in company activities and legislative and regulatory developments that may be relevant to the Company and its subsidiaries.

In performing these functions, the Director in Charge makes use of the activities carried out by the Internal Control Manager.

The Director in Charge checked the Audit Plan 2010 prepared by the Internal Control Manager. This plan was presented and approved during the meeting held on February 2, 2010 between the Director in Charge and the Internal Control Manager. On February 22, 2010, this document was discussed with the Internal Control Committee.

11.2 Internal Control Manager

With the favourable opinion of the Internal Control Committee and with a resolution dated December 4, 2009, the Board of Directors appointed Pietro Tagliati as Internal Control Manager, for the purpose of checking that the internal control system is adequate, fully operational and functioning. The appointment of the Internal Control Manager was made at the same time as that of the Director in Charge.

With the favourable opinion of the Internal Control Committee and with a resolution dated December 4, 2009, the Board of Directors defined the remuneration of the Internal Control Manager, which was understood to be already covered in the employee remuneration.

The Internal Control Manager is not responsible for any operational area, and does not report to managers of any operational area, including Administration and Finance.

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The Internal Control Manager:

- has direct access to all information useful for the performance of his/her duties.

- reports on his/her activities to the Internal Control Committee and the Board of Directors;

- also reports on his/her operations to the Director in Charge.

No financial resources were allocated to the Internal Control Manager, since in performing his duties, he makes use of the means and company structures of the Issuer.

The following duties are assigned to the Internal Control Manager:

(i) to check the efficiency, adequacy and functioning of the internal control system;

(ii) to assist the Director in Charge in performing functions related to internal control;

(iii) to report on his/her activities, at least every quarter, to the Director in Charge, and, at least every six months, to the Internal Control Committee and the Board of Statutory Auditors;

(iv) to immediately inform the Director in Charge, the board and the Internal Control Committee if these management checks reveal risk profiles for the Issuer, or in any case, elements, albeit only partial, that are seriously prejudicial thereto;

(v) to contribute to the meetings of the board and Internal Control Committee that he/she is invited to attend;

(vi) to carry out further duties that the board deems appropriate to assign thereto, with particular reference to the Internal Audit department.

Over the year, the Internal Control Manager supported the organisation in the activities necessary for compliance with regulations intended to strengthen the role to be attributed to the internal control system. At the beginning of 2010, the Internal Control Manager presented the 2010 audit plan. This plan was presented and approved during the meeting held on February 2, 2010 between the Director in Charge and the Internal Control Manager. On February 22, 2010, this document was discussed with the Internal Control Committee.

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The Issuer has created an Internal Audit department. The head of the Internal Audit department is Internal Control Manager Pietro Tagliati.

For the operation of the Internal Audit department, in relation to the issues handled, the Issuer uses external organisations, namely: Reply Consulting S.r.l. – 11, Via Castellanza – Milan, with which it worked in the year preceding the appointment, for the purposes of:

- the risk assessment procedure and formalisation of the procedure pursuant to Law 262/05, a project that began in 2008;

- the preparation and subsequent amendment of the Organisational, Management and Control Model pursuant to Legislative Decree 231/01 and attachments; the definition of the model is coordinated with Rossella Sciolti, member of the Supervisory Committee.

11.3 Organisational Model pursuant to Legislative Decree 231/2001

The Issuer adopted the Organisational, Management and Control Model for the prevention of the offences pursuant to Legislative Decree 231/2001 (hereinafter also the “Model”) as amended, on September 3, 2009, intended to ensure probity and transparency in the execution of company activities, to protect the position and image of Group companies, shareholders’ expectations and the work of its employees, and formulated on the specific needs determined by the entry into force of Legislative Decree 231/2001.

The Code of Ethics forms an integral part of this Model, and is intended to define the fundamental ethical principles and rules of conduct to be adhered to, creating conditions suitable to ensure that the Company’s

activity is based on the principles of probity and transparency, and reducing the risk of committing the offences set out in Legislative Decree 231/2001.

The exemption from administrative liability provides for the mandatory creation of a Supervisory Body within the Issuer, with autonomous powers of initiative and control, which is responsible for overseeing the functioning and observance of the Model, and its updating. Specifically, the Supervisory Body has, among other things, the tasks of: (i) checking the efficiency and effectiveness of the organisational model adopted, (ii) checking compliance with the methods and procedures set out in the organisational model, (iii) making proposals to the Board of Directors in relation to any updates or amendments of the organisational model adopted, (iv) proposing to the board disciplinary measures that must be taken following the verification of a violation of the organisational model, and (v) preparing a report (every six months) for the Board of Directors on the checks and control activities undertaken and the results thereof.

The Supervisory Body, appointed on September 8, 2009, is made up of Pietro Tagliati, Francesco Guidotti and Rossella Sciolti (Chairwoman).

The offences described by Legislative Decree 231/2001 are specifically those against the Public Administration (articles 24 and 25); corporate offences (article 25-*ter*); those relating to health and safety at work (article 25-*septies*, Law 123/2007) – Consolidated Law on Safety; money laundering activities (article 25-*octies*, Legislative Decree 231/07 in implementation of directive 2005/60/EC); computer crimes and illegal processing of data (article 24-*bis*, Law 48/2008 in Official Gazette 80 of April 4, 2008); market abuse and the abuse of confidential information (article 25-*sexies*).

The Model introduces a suitable penalty system for conduct that violates it and in particular, if the Model is breached by one or more members of the board, the Supervisory Body shall inform the Board of Statutory Auditors and the entire board, which will take the appropriate steps.

The Model and Code of Ethics are available in the Corporate Governance section of the Company website www.yooxgroup.com.

11.4 Independent Auditors

KPMG S.p.A, based at 25, via Vittor Pisani, Milan, and included in the register of audit companies pursuant to article 161 of the TUF, was chosen to audit the Company's accounts.

The engagement was conferred (subject to the Start of Trading) to this company by resolution of the shareholders' meeting dated September 8, 2009, on the proposal of the Board of Statutory Auditors, for 2009 – 2017.

11.5 Director in charge of preparing corporate accounting documents

Pursuant to article 19 of the Issuer's bylaws, following mandatory consultation with the Board of Statutory Auditors, the Board of Directors appoints the director in charge of preparing corporate accounting documents, pursuant to article 154-*bis* of the TUF, conferring on him/her sufficient means and powers to execute the duties attributed thereto. In addition to the requirements of honesty prescribed for statutory auditors by the laws in force, the director in charge of preparing corporate accounting documents must meet professional requirements of at least three years' experience in administration and control, or in performing management or consulting functions in a listed company and/or related groups of companies or organisations of significant size and importance, also in relation to the preparation and control of corporate accounting documents. The director in charge of preparing corporate accounting documents must also meet the requirements of honesty prescribed for statutory auditors by the laws in force. The failure to uphold these requirements will result in dismissal from the position, which must be declared by the Board of Directors within 30 days of it being made aware of the fault.

On September 3, 2009, with the favourable opinion of the Board of Statutory Auditors and subject to the Start of Trading, the board appointed as director in charge of preparing the Issuer's corporate accounting documents Paolo Fietta, an employee of the Issuer with the role of Director of Administration, Finance and Control. With the appointment, the board checked the existence of the requirements for the role pursuant to the laws in force and the Company's bylaws.

With the appointment, the board granted the director in charge of preparing corporate accounting documents the powers and duties pursuant to article 154-*bis et seq* of the TUF.

12. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

See section 4.4 above.

13. APPOINTMENT OF STATUTORY AUDITORS

The appointment and replacement of statutory auditors is governed by the legislation and regulation in force and by article 26 of the Issuer's bylaws. The bylaws of the Issuer governing the appointment of the Board of Statutory Auditors ensure compliance with article 148, paragraph 2-*bis* of the TUF introduced by Law 262/2005 and the provisions of Decree 303/2006.

Pursuant to article 26 of the bylaws, the Board of Statutory Auditors is made up of three standing auditors and two alternate auditors. The statutory auditors' term is three years, expiring on the date of the shareholders' meeting called to approve the financial statements of the last year of their term. Statutory auditors may be re-elected. Their remuneration is determined by the shareholders' meeting upon their appointment for the entire duration of their term.

Statutory auditors must meet the requirements established by law and other applicable provisions. As regards the requirements of professionalism, the subjects and sectors of activity strictly linked to those of the Company are those in commerce, fashion and IT, as well as those regarding private law and administrative disciplines, economic disciplines and those relating to company audit and organisation. Members of the Board of Statutory Auditors are subject to the limits on the number of management and control positions held as established by CONSOB regulations.

The Board of Statutory Auditors is appointed by the shareholders' meeting based on the lists presented by the shareholders, according to the procedure set out below, unless otherwise or further provided for by binding legal or regulatory provisions.

Minority shareholders – who do not form part of significant relationships, even indirectly, pursuant to article 148, paragraph 2 of the TUF, and the related regulations – may appoint one standing auditor, to be appointed as Chairman of the board and an alternate auditor. Minority auditors are elected at the same time as other members of management bodies, except when they are replaced, a situation governed as set out below.

Shareholders, who, as of the presentation date, alone or together with other shareholders hold a stake at least equal to that determined by CONSOB pursuant to article 147-*ter*, paragraph 1 of the TUF, and in compliance with the CONSOB Issuer Regulation, may present a list for the appointment of statutory auditors. In this regard, with resolution 17148 of January 27, 2010, CONSOB set the shareholding required to present candidate lists for the election of the Issuer's control body, with reference to the year ended December 31, 2009 at 4.5% of the share capital.

Lists must be deposited at the company headquarters at least 15 days before the shareholders' meeting called to appoint the statutory auditors (first call). The Company must also make the lists available to the public without delay and in any case at least ten days before the shareholders' meeting, according to the procedures set out by the laws in force.

Lists must indicate the names of one or more candidates for the office of standing auditor and one or more candidates for the office of alternate auditor. The candidates' names are ordered progressively in each section (standing auditor section, alternate auditor section), and their number must not be greater than the number of auditors to be elected.

Furthermore, the lists contain, also in annexes:

(i) information on the identity of the shareholders who have submitted the lists and the percentages of shareholdings held overall, and certification proving ownership of this shareholding;

(ii) declaration of shareholders other than those that hold, also together, a controlling or relative majority shareholding, certifying the absence of relationships pursuant to article 144-*quinquies* of CONSOB Issuer Regulation with the same;

(iv) exhaustive information on the personal and professional characteristics of the candidates, as well as a declaration from these candidates certifying that they meet the requirements established by law, and accept the candidacy, along with a list of management and control positions held by them in other companies;

(iii) any further or other declaration, information and/or document provided for by law and applicable regulations.

Lists presented that do not comply with the above provisions are considered ineligible.

If by the deadline for the presentation of lists, only one list has been presented or there are only lists presented by shareholders acting in concert pursuant to applicable provisions, further lists may be deposited up to five days after this deadline. In this event, the abovementioned thresholds required to present a list are halved.

A shareholder may not present nor vote for more than one list, either directly, through a third party or a fiduciary company. Shareholders belonging to the same group and shareholders belonging to a shareholders' agreement relating to shares in the Issuer may not present nor vote for more than one list, either directly, through a third party or a fiduciary company. Adhesions and votes cast in breach of this regulation will not be attributed to any list. A candidate may only be present on one list, or will be deemed ineligible.

Statutory auditors are elected as follows: (i) two standing auditors and one alternate auditor are taken, according to the progressive order in which they are listed, from the list that obtained the largest number of votes (the "**majority list**"); (ii) a standing auditor, to be appointed as Chairman of the Board of Statutory Auditors ("**minority auditor**"), and an alternate auditor ("**minority alternate auditor**") are taken, according to the progressive order in which they are listed, from the list that obtained the second highest number of votes, and which is not linked even indirectly with the shareholders that presented or voted for the majority list pursuant to applicable provisions (the "**minority list**"). If two lists receive the same number of votes, the list presented by shareholders with the greatest shareholding at the time the lists are presented, or subordinately, by the greatest number of shareholders, shall prevail.

If only one list is presented, the shareholders' meeting shall vote on it, and if it obtains the relative majority of votes, without taking abstentions into account, all the candidates for the positions of standing and alternate auditor on the list shall be elected. In this case, the Chairman of the Board of Statutory Auditors shall be the first standing auditor candidate.

If no lists are presented, the Board of Statutory Auditors and the Chairman are appointed by the shareholders' meeting through simple majority voting prescribed by law.

If the majority auditor leaves the position for whatever reason, he/she will be replaced by the alternate auditor taken from the majority list. If the minority auditor leaves the position for whatever reason, he/she will be replaced by the alternate auditor taken from the minority list.

Pursuant to article 2401, paragraph 1 of the Civil Code, the shareholders' meeting appoints and replaces statutory auditors, in compliance with the principle of mandatory minority shareholder representation.

14. STATUTORY AUDITORS

The Issuer's Board of Statutory Auditors currently in office consists of three standing auditors and two alternate auditors, appointed by the ordinary shareholders' meeting of October 7, 2009. Note that the control body currently in office was appointed without application of the shareholder list voting system, but on the basis of the bylaws in force before the Start of Trading.

The Board of Statutory Auditors will remain in office until the shareholders' meeting convened to approve the financial statements as at and for the year ending December 31, 2011.

The curriculum vitae of the standing and alternate auditors are filed at the Company headquarters and available in the Corporate Governance section of the Company website www.yooxgroup.com.

The Board of Statutory Auditors consists of the following members:

Name	Position	In office since	In office until	List	Indep. pursuant to Code.	% part. B.A.(*)
Filippo Tonolo	Chairman	07/10/2009	Approval of the Financial Statements Dec. 31, 2011	-	X	-
Luca Sifo	Standing auditor	07/10/2009	Approval of the Financial Statements Dec. 31, 2011	-	X	-
David Reali	Standing auditor	07/10/2009	Approval of the Financial Statements Dec. 31, 2011	-	X	-
Nicola Bottecchia	Alternate auditor	07/10/2009	Approval of the Financial Statements Dec. 31, 2011	-	X	n/a
Edmondo Maria Granata	Alternate auditor	07/10/2009	Approval of the Financial Statements Dec. 31, 2011	-	X	n/a

(*) Note that the table shows attendance figures for the meetings held by the Board of Statutory Auditors in the year following the Start of Trading.

For information on other positions held by members of the Board of Statutory Auditors, see the report on the supervisory activities to be presented, pursuant to article 153, paragraph 1 of the TUF, to the shareholders' meeting called to approve the 2009 financial statements, which is not yet available as of the date of this Report.

KEY:
Position: indicates whether Chairman, standing auditor or alternate auditor.
List: M/m according to whether the statutory auditor was elected from the majority or minority list (article 144-*decies* of CONSOB Issuer Regulation).
Indep.: if the statutory auditor can be classified as independent according to the criteria set out by the Code, specifying at the foot of the table if these criteria can be supplemented or amended.
% part. B.A.: shows attendance, in percentage terms, of the statutory auditors at the Board of Statutory Auditors meetings (in calculating this percentage, the number of meetings that the statutory auditor attended compared to the number of Board of Statutory Auditors meetings held during the year or since the auditor took up office is considered).

During the year, since the Start of Trading, the Board of Statutory Auditors did not hold a meeting.

In 2010, the Board of Statutory Auditors is expected to meet at least three times, in addition to the meeting already held on February 9, 2010.

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At its meeting on February 9, 2010, the Board of Statutory Auditors verified that its members met the requirements of independence, also using to this end the criteria contained in the Code regarding directors' independence.

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The Issuer has not provided for a specific obligation in the event that a statutory auditor, on his/her own behalf or for third parties, has an interest in a certain transaction of the Company, in that it is considered to be an ethical duty to inform other statutory auditors and the Chairman of the Board of Directors in the event that a statutory auditor has, on his/her own behalf or for third parties, an interest in a certain transaction of the Issuer.

The Board of Statutory Auditors has supervised and will supervise the independence of the Independent Auditors, checking compliance with applicable regulations as well as the nature and scope of services other than auditing provided to the Issuer and its subsidiaries by the Independent Auditors and entities within its network.

The Board of Statutory Auditors has constantly maintained normal coordination activities with the Internal Control Committee and the Internal Audit department.

14.1 Functioning of the Board of Statutory Auditors

Pursuant to article 27 of the bylaws, the Board of Statutory Auditors performs the functions attributed thereto by law or other applicable regulatory provisions. For the whole period in which shares of the Company are traded on a regulated Italian market, the Board of Statutory Auditors also exercises every other duty and power

prescribed by special laws; with particular reference to the disclosure due to the Board of Statutory Auditors, the directors must report thereto every quarter, pursuant to article 150 of the TUF.

Meetings of the Board of Statutory Auditors may also be held through the use of teleconferencing and/or videoconferencing systems, provided that:

a) the Chairman and the person minuting the meeting are present in the place in which it is convened;

b) all participants can be identified and can follow the discussion, receive, send and view documents and are able to contribute to the discussion of all agenda items in real time. Having verified these requirements, the Board of Statutory Auditors' meeting is considered to have taken place in the location of the Chairman and the person minuting the meeting.

15. RELATIONS WITH SHAREHOLDERS

Disclosure to shareholders is ensured by making available the most important Company documentation, promptly and continuously, in the Investor Relations and Corporate Governance sections of the Issuer's website www.yooxgroup.com.

Specifically, this website makes available all press releases issued to the market, and the periodic accounting documents of the Issuer as soon as they are approved by the management bodies (annual and interim financial statements).

The main documents relating to Corporate Governance, the Organisational Model pursuant to Legislative Decree 231/2001 and the Code of Ethics may also be viewed on this site.

Pursuant to article 2.2.3, paragraph 3, letter j) of the Stock Exchange Regulation, on October 29, 2009, the board appointed Silvia Scagnelli, subject to the Start of Trading, as head of the Investor Relations department (contact: investor.relations@yoox.com), to manage relations with shareholders and institutional investors, and possibly carry out specific duties relating to the management of price-sensitive information and relations with CONSOB and Borsa Italiana.

The board will assess the implementation of any further initiatives to make information concerning the Issuer of importance to its shareholders more quickly and easily accessible.

16. SHAREHOLDERS' MEETINGS AND RIGHTS

Under article 8 of the Issuer's bylaws, shareholders may attend the shareholders' meeting if the Company has received, at least two working days before the meeting, an attendance notice from the intermediary who holds the related accounts pursuant to article 2370, paragraph 2 of the Civil Code. Shareholders that have the right to attend the meeting, on their own behalf or representing other shareholders, may appoint proxies in writing to take part and vote on their behalf at the meeting according to the provisions in force (article 9 of the bylaws).

Under article 7 of the bylaws, both ordinary and extraordinary shareholders' meetings are called, pursuant to the laws in force, with a notice published in the Official Gazette of the Republic of Italy, or in the daily newspapers *Il Sole 24 Ore* or *M.F. Mercati Finanziari/Milano Finanza*, specifying the date, time and place of the first and possibly second and third call, if the first and second meetings are unattended, as well as a list of agenda items to be discussed, without prejudice to compliance with any other provisions established by the laws in force.

Pursuant to article 6 of the bylaws, the ordinary shareholders' meeting to approve the financial statements must be called within 120 days of the end of the financial year. Extraordinary shareholders' meetings are called in all cases provided for by law.

The level of shareholdings required to submit lists is indicated in the notice calling the shareholders' meeting to appoint members of the Company's management and control bodies.

The meeting agenda is established by those who exercise the power to call the meeting pursuant to the laws in force and the bylaws, or, if the meeting was called upon request of the shareholders, it is based on the issues to be discussed indicated thereby.

Pursuant to article 126-*bis* of the TUF, shareholders who, also jointly, represent at least one-fortieth of the share capital, may request – except the items that must be proposed by the Board of Directors or based on a plan or report produced thereby – additional items for the agenda within five days of publication of the notice.

Under article 10 of the bylaws, shareholders' meetings are chaired by the Chairman of the Board of Directors, or if the Chairman is absent or unavailable, by the sole Vice-Chairman, or, if there is more than one Vice-Chairman, the longest serving among those present, and if they have been in office the same amount of time, the oldest. If the Chairman, the sole Vice-Chairman or all the Vice-Chairman are absent or unavailable, the shareholders' meeting is chaired by a director or shareholder, appointed by majority of those present.

The Chairman of the shareholders' meeting ascertains the identity and legitimacy of those present; he/she verifies that the meeting is being held in a regular manner and that a sufficient number of shareholders is present for resolutions to be valid; he/she conducts the meeting, establishes voting procedures and checks the results of the votes.

For the constitution of ordinary and extraordinary shareholders' meetings and its resolutions to be valid, they must comply with the provisions of the laws in force and the bylaws. As well as the provisions of the laws in force and the bylaws, the holding of the meeting is governed by the specific shareholders' meeting Regulation, which must be approved by the shareholders' meeting (article 11 of the bylaws). All resolutions, including those of elections to company positions, are passed by open ballot (article 12 of the bylaws).

To facilitate attendance at the shareholders' meeting, and the exercise of voting rights by shareholders, article 6 of the Issuer's bylaws provide that the meeting may be held with the attendants in different locations, neighbouring or distant, with audio/video links, provided that the principles of collective decisions, good faith and equality among shareholders are respected.

***

At present, the Company does not recognise the need to propose the adoption of specific regulation to govern the work of the shareholders' meetings, considering it appropriate that, in principle, shareholders are guaranteed maximum participation and expression in meeting debate.

Over the year, following the Start of Trading, no Company shareholders' meetings were held, and the board did not therefore have the opportunity to report on activities carried out and planned.

***

As regards the rights of shareholders, please refer to the applicable legal and regulatory provisions in force, unless otherwise indicated below.

The right to withdraw may only be exercised within the limits and according to the provisions dictated by binding legal provisions, and pursuant to article 3 of the bylaws, is in any case excluded in the event of extension of the Company's duration. Under article 5, paragraph 3 of the bylaws, in the event that it is decided to introduce or remove restrictions regarding the circulation of shares, even shareholders who did not vote for this resolution will not have the right to withdraw.

In accordance with article 29 of the bylaws, the profit shown in the financial statements, minus the portion to be allocated to the legal reserve up to the limit prescribed by law, is allocated as decided by the shareholders' meeting. Specifically, on the proposal of the Board of Directors, the shareholders' meeting may vote on the formation and increase of other reserves. The board may decide to distribute advances on dividends according to the procedures and forms prescribed by law.

The extraordinary shareholders' meeting may vote on the allocation of profits or reserves made up of earnings to employees of the Company or its subsidiaries through the issue, up to an amount equivalent to the profits, of ordinary shares without any restriction or special categories of shares to be assigned individually to employees, pursuant to article 2349 of the Civil Code.

***

At its meeting of March 11, 2010, in accordance with Criteria 11.C.6 of the Code, the board did not consider it necessary to propose to the shareholders' meeting any changes to the bylaws in relation to the percentages established for the year of the privileges put in place to protect minority shareholders – in application of article 144-*quater* of CONSOB Issuer Regulation for the presentation of lists for the appointment of members to the Board of Directors and Board of Statutory Auditors – articles 14 and 26 of the Issuer's bylaws require a shareholding at least equivalent to that determined by CONSOB pursuant to the law and regulations. In this regard, with resolution 17148 of January 27, 2010, CONSOB set the shareholding required to present candidate lists for the election of the Issuer's management and control bodies, with reference to the year ended December 31, 2009 at 4.5% of the share capital.

17. FURTHER CORPORATE GOVERNANCE PRACTICES

The Issuer has not adopted any further corporate governance practices beyond those prescribed by legislation and regulations, and described in this Report.

18. CHANGES SINCE THE END OF THE YEAR

No changes have taken place in the corporate governance structure since the end of the year apart from those specifically identified in this Report.

Zola Predosa (BO), March 11, 2010
For the Board of Directors

The Chairman of the Board of Directors
Federico Marchetti

THE GROUP'S SUSTAINABILITY PERFORMANCE

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THE GROUP'S SUSTAINABILITY PERFORMANCE

In this section, the Group accounts for its social and environmental activities and performance in relation to each category of stakeholder (i.e. the parties concerned by the Group's activities: employees, customers, suppliers, partners, investors, financiers, the public administration, the community and the environment), with particular reference to the sustainability issues it considers important, as set out in the Identity section.

EMPLOYEES

YOOX is guided in its dealings with its employees by the following ethical standards:

- fairness and equal opportunities
- legality and honesty
- professionalism and trust
- prevention of potential conflicts of interest
- probity and transparency

YOOX considers its employees and contractors, along with their professionalism, enthusiasm and motivation, a vital factor in achieving its objectives.

YOOX complies with existing Italian legislation and promotes the standards of personnel management and the principles set out by the Group's Code of Ethics to ensure that the rights enshrined in the Universal Declaration of Human Rights and the principles of the conventions of the International Labour Organisation are upheld in each country in which it operates. These principles underpin the selection, management and development of human resources, training and internal communication, relationships with trades unions and the focus on health and safety issues.

The Group is aware that meeting company growth and business development goals is dependent on the enhancement of human resources, the development of individual employees' skills and capabilities, and the retention of key employees. The Group therefore considers it of fundamental importance to continue to implement an effective human resources management policy.

Headcount

The Group recorded a net increase of 68 staff and a turnover rate of 12.8% in 2009. As of December 31, 2009, this represented a rise of 31.1% compared with the previous year. The table below shows a breakdown of the headcount as of December 31, 2009 compared with that of December 31, 2008[2].

No.	Dec. 31, 2009	Dec. 31, 2008	Change
Managers	14	12	2
Junior managers	19	13	6
Employees and Trainees	236	176	60
Abroad	18	18	-
Total headcount	**287**	**219**	**68**

[2] The headcount does not include the Chief Executive Officer of Yoox S.p.A., interns or consultants.

Around 94% of employees are based in the three offices in Italy, while 6% work in offices abroad. The working environment is dynamic, young and competitive with an average age in the Italian offices of only 32.

Employees by type of contract (%)	Dec. 31, 2009	Dec. 31, 2008
Permanent	83.3%	78.1%
Temporary contract	16.7%	21.9%
Full-time	91.6%	87.2%
Part-time	8.4%	12.8%

Values

Ethical principles, enthusiasm for one's work and the pursuit of excellence are considered fundamental values in the working environment.
Induction Days for new employees include an introductory module, "YOOX'S 8 VALUES", on the importance of corporate values.

Research and selection

The professional skills required to work in YOOX are often highly specific and difficult to find in the market due to the unique nature of the Company's business and its ongoing growth, coupled with its high degree of innovation and technology. Research and selection therefore continue to be important for the Group. The recruitment team have been heavily involved in meeting the Company's requirement for individuals with skills in new technologies. Their objective is not only to find the right candidates but to ensure they are successfully integrated into the Company as quickly as possible.

As part of its search for motivated staff with good potential, the Group continues to refine its research methodology and talent scouting, building on its solid experience acquired in the field, by strengthening its contacts with universities and business schools, expanding its network of national and international contacts, and maintaining relationships with leading headhunting companies that adopt a modern, dynamic approach.

Thanks to an interesting array of roles, the perceived appeal of the Group, its many situations vacant and, most importantly, the creation of the new "careers" area on its website, the Group has received numerous speculative applications.

In order to enable its employees to fulfil specific professional roles in fashion e-commerce, the YOOX Group created a master's course in E-Fashion. The first course was run with *MIP – Politecnico di Milano* School of Management in the academic year 2008-2009. The YOOX Group provided classroom-based teaching sessions and lecturers for the course, and offered scholarships worth around Euro 51,000 as well as opportunities to undertake internships aimed at fully integrating staff into the working environment.
The second edition of the e-fashion master's course is currently being developed.

Training and development

The Group always assesses its existing staff to identify the resources required before undertaking any external recruitment initiatives. Horizontal and vertical job rotation is considered an important development tool for both the organisation and individuals. Currently, the requirement for internal mobility stems from the Group's need to fulfil new roles. By this means, the Group aims to structure the development process by integrating the areas of job rotation, training, retention and incentives to map out personalised career paths and thereby nurture its most promising employees.

In order to improve the level of internal professionalism, YOOX designed and developed a Competency Profile Model (CPM). The CPM consists of a collection of multiple competencies that describe the expertise, skills and abilities necessary to fulfil specific roles in the Company. The organisational role and required expertise and competencies for each position were determined using the CPM. Formal individual job descriptions were then created. This process is currently being implemented for each new role in the Company.

Training has always played an important role in the Group, which in recent years, has offered many talented young people opportunities to develop cutting-edge professional skills. Throughout 2009, the Company created

numerous training opportunities. Courses organised included English, the use of the main types of software, digital production, telephone communication, customer focus and customer care, modules for Induction Days, privacy & data security, health and safety at work, and first aid.

Management training is another important aspect of staff development. In this regard, the Group provided a number of courses in the last few months of the year on public speaking, finance for non-accountants, fashion marketing, negotiating and managing purchases, and leadership.

Employees can provide feedback on training modules using evaluation questionnaires distributed at the end of each training session, covering both the content and the teaching methods used. Training modules in 2009 were widely appreciated by participants.

No. of training hours by grade*	**Dec. 31, 2009**
Managers	93
Junior managers	333
Employees	2,996
Total	**3,422**

** Figures relate to training organised by the HR department in Italy.*

In addition, the HR division, in conjunction with the Supervisory Body pursuant to Legislative Decree 231/01, developed specific training courses to disseminate knowledge of the regulations, the Organisational, Management and Control Model pursuant to Legislative Decree 231/01 and YOOX S.p.A.'s attached Code of Ethics.

In December 2009, classroom-based training was arranged for employees with specific responsibilities in areas/procedures where there is a higher risk of an offence being committed, and for employees of the Interport site in Bologna. All other staff exposed to such risks were required to take a verification test pursuant to Legislative Decree 231/01 via a course of self-study.

In January 2010, senior managers attended a classroom-based course in relation to compliance measures pursuant to Legislative Decree 231 implemented over 2009.

All training material, including the correct answers to verification tests, was distributed to employees and published on the Company intranet.

Training on the Code of Ethics and Model pursuant to Leg. Dec. 231/01	**Dec. 31, 2009**
No. of employees trained	263
% of employees trained	97.8%

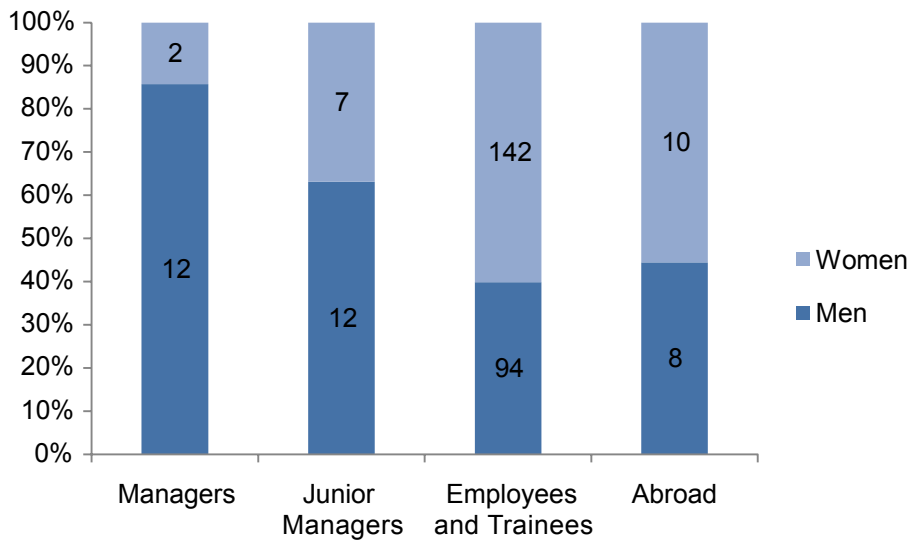
** Figures do not include employees of foreign branches.*

One of the Company's objectives going forward is to devote increasing resources and staff to improving continuous training as a strategic pillar for the development of corporate competencies. HRPO management is currently examining an archiving system for recording all training undertaken with the appropriate competency level achieved.

Equal opportunities

YOOX is known for its open environment and as a promoter of cultural diversity that fosters creativity and the development of innovative solutions. Its policy of guaranteeing equal opportunities of access to training, development and professional growth has always been a fundamental and non-negotiable value for YOOX. The headcount as of December 31, 2009 shows the high percentage of women employed (56%).

The Group values the personal characteristics of its employees, encourages a sense of belonging and rewards professionalism, integrity and willingness to take responsibility, in keeping with the principles of liberty, human dignity and respect for diversity. It rejects any form of discrimination based on age, gender, sexual orientation, race, language, personal and social conditions, religious or political beliefs.



Employees by age band (%)*	Dec. 31, 2009
Under 30	39.8%
30 - 40	52.4%
Over 40	7.8%

** Figures do not include employees of foreign branches.*

YOOX works to ensure that no employee commits any act of violence or psychological coercion, or displays any attitudes or conduct that compromise human dignity. It rejects all forms of exploitation of labour, needy or vulnerable individuals, and minors.

Remuneration policy

As the remuneration model adopted by YOOX is based on results and on the motivation of the individual to achieve his/her personal and corporate objectives, remuneration policies are linked to the following incentive-based systems:

- Management by Objectives (MBO)*:* this system fosters employee involvement and motivation to help achieve corporate objectives.

- Stock options: over the years various stock option plans have been implemented for senior and middle management. In 2009, options relating to existing stock option plans that were still available were assigned, and the Company's profitability objectives for existing allocations that had not yet expired were updated. Additional objectives were defined for certain managers.

For more information, please see the notes to the financial statements at December 31, 2009, which contain a description of the stock option plans and the information required by law.

Female employees' salary (%)*	Dec. 31, 2009
Managers	82.6%
Junior managers	86.4%
Employees	88.3%

** Female employees' average gross annual salary as a percentage of male employees' average gross annual salary for YOOX employees in Italy. The figures do not include trainees.*

Health and safety

YOOX considers the health and safety in the workplace of all its employees to be of fundamental importance, in compliance with existing legislation and the principles of the Code of Ethics. The Group strives to safeguard the physical and emotional wellbeing of its employees and contractors, and provides working conditions that respect human dignity pursuant to existing legislation on the health and safety of employees.

Accidents*	Dec. 31, 2009	Dec. 31, 2008
No. of accidents	5	7
Severity index *(days lost x 1,000/total hours worked)*	0.18	0.15
Frequency index *(number of accidents x 1,000,000/total hours worked)*	16.44	22.04
No. of fatal accidents	**0**	**0**

** Figures do not include employees of foreign branches.*

Absences by type (in days)*	Dec. 31, 2009	Dec. 31, 2008
Illness	1,383	1,193
Maternity	729**	661
Accident	54	49
Absenteeism rate *(days lost/total working days)*	3.56	4.21

** Figures do not include employees of foreign branches.*
*** Figure relates to statutory maternity leave commenced in 2009.*

The Organisational, Management and Control Model pursuant to Legislative Decree 231/01 adopted by YOOX sets out appropriate prevention protocols in respect of culpable homicide and grievous bodily harm committed in breach of health and safety at work legislation, following the extension of organisations' administrative liability to include these crimes. Training sessions on the decree also included issues relating to health and safety at work.
YOOX S.p.A. employees have completed specific training courses on managing health and safety at work. In 2009, a training module on safety was added to the Induction Days for new employees. In addition, certain categories of staff such as forklift operators attended a specific training course, and were issued with attendance certificates.
YOOX is examining the possibility of developing a safety management system that complies with OHSAS 18001 aimed at the continuous improvement of working conditions.

All YOOX S.p.A. employees undergo medical examinations to assess their suitability for work in compliance with existing legislation. The Company is also arranging medical examinations for temporary staff who work in the organisation.

Working environment and industrial relations

YOOX adheres to the highest ethical standards in the conduct of its business, and fosters an internal environment based on open and honest communication, enthusiasm for one's work and the pursuit of excellence.

The Group recognises and respects the core democratic value of the principle of the free organisation of trade unions and free political association in Italy and abroad. This is also included in its Code of Ethics. It utterly rejects all forms of direct or indirect membership or support of any individuals or groups (whether organised or not) whose objective is to subvert the democratic order in Italy or abroad using terrorist, subversive and/or violent means.
The Company also pursues its objectives in a working environment that aims to make each employee feel valued and free to fulfil his or her potential. This way of operating communicates an image of a unique, young and dynamic company that is firmly focused on the future.

To ensure a healthy, safe and efficient working environment, the Group has created work areas and stations in new premises adjacent to the main building in Zola Predosa. In 2009, a relaxation room was also provided in the new offices.

There were no strikes in 2009, confirming the high quality of the working environment and atmosphere.

Communication and participation

YOOX views communication as an essential pillar of management that enables the Company to engage in dialogue with the whole organisation, support the process of change and value employees through the exchange of information and discussion.
YOOX has always promoted communication and interaction between employees through its intranet, the primary aim of which is to share objectives, communicate changes, disseminate knowledge, involve staff, promote contractor involvement and answer questions.

The Group's intranet portal contains a range of varied information, such as announcements, information on changes to the organisational structure, manuals, procedures, regulations and other useful links.
The YOOX intranet also has a wealth of tools to enable employees to improve their operating efficiency. The main ones allow staff to send requests for information relating to: personnel administration, travel, business trips and bookings, measures relating to general services and security, IT support, logistics, the development of new projects, legal and contractual assistance.
YOOX also added a new feature to Share Point called "Survey". This tool enables staff to conduct surveys and internal research to obtain information at first hand and thus understand staff requirements more fully. By this means, the Company hopes to encourage staff involvement at all levels.
The survey and research topics are often highly varied and may have a practical and/or operational slant (e.g. ascertaining interest for a staff canteen) or take a snapshot of company morale using staff satisfaction surveys.

Furthermore, recreational activities intended to provide employees with opportunities to socialise, share knowledge and enjoy themselves outside the working environment are also in the pipeline and will be implemented in 2010.

Personnel administration

Given the huge growth in staff numbers, this issue is important to ensure the efficient and timely completion of all procedures relating to establishing new staff and managing existing working relationships.

The personnel administration team has improved its efficiency thanks to its extensive use of the new IT system, which has enabled it to streamline and expedite the processes of communication with the payroll provider and attendance management and control. The IT system enables the team to check that it has taken all the necessary steps relating to the mandatory requirements and procedures to be completed prior to and after recruitment. It also makes managing deadlines easier by prompting users with notes and alarms. Structured information management facilitates the monitoring and control of various statistics (holidays, sickness, overtime, salary increases, etc). A pilot project is under way to assess the possibility of sharing key appraisal information and processes relating to various employees.

As regards the offices abroad, the supply contracts with the payroll providers in France and Spain have been reviewed and renegotiated to provide more careful and efficient management of this function.

Personnel rules

Proper HR management requires a set of clear, standardised rules that ensure uniform and fair conduct throughout the Company.

To meet this requirement, the Group has finetuned or created new policies, regulations and guidelines for its Italian and foreign offices.
These regulations are in keeping with the Group's style and ethical values as well as with legislative provisions and the relevant local contracts. All employees can view the relevant documents on the Company's intranet.

Non-competition agreement

Managers that have responsibilities connected with the unique nature of the Company's business have signed a non-competition agreement.

Disputes

As of December 31, 2009 there were two employment lawsuits pending against YOOX S.p.A. instigated by a former manager of that company (currently pending before the Bologna Court).

CUSTOMERS

YOOX commits to the following in respect of its customers:

- to develop long-term relationships based on trust and mutual respect
- to act with honesty, courtesy and transparency
- to provide high-quality products and services
- to ensure the highest degree of security in the use of payment systems
- to listen to customers' needs
- to promote socially responsible actions through YOOXYGEN
- to provide innovative services

The Group's strong focus on service levels offered at all stages of the purchase process, encompassing product presentation, packaging, delivery methods and after-sales service is evident in yoox.com, thecorner.com and the Online Stores.

The Online Stores managed by the Group also cover a wide geographical area and are based on a shared technological and logistics platform that can meet customers' various requirements.

YOOX CUSTOMERS

***Brand lovers**:* loyal to brands and aware of new trends; the Online Stores and thecorner.com are the stores for these customers

Fashion savvy: focus on the quality and range of products as well as the price. yoox.com is the solution of choice for these customers

Bargain hunters: a good price is important for these customers, to whom special promotional offers are directed, such as the twice-yearly sample sale.

For the purposes of identifying the behaviour of current and potential customers, YOOX collects data on users (whether or not they are customers) who access and operate on its Online Stores using analysis based on three types of prospective customer:

- individual user characteristics;
- users' browsing behaviour on the store sites;
- specific surveys (conducted infrequently so as not to influence response patterns of the user base).

The information from this analysis is further broken down in relation to the main characteristics of YOOX's business activity (business lines, type of Online Store, geographical market, etc.) in order to better understand customer preferences, which in turn helps to determine the actions to be taken to increase propensity to purchase.

The Group pays great attention to the Customer Relationship Management process, which determines various actions aimed at increasing existing customer loyalty and related purchase frequency. The main tools used are: newsletters sent to subscribers, personalised e-mail marketing and specific promotional activities.

For further information on YOOX's value chain, please see the Directors' Report.

Order processing and customer care

The order processing and customer care services cover the stages from receipt of the order to after-sales service (customer care). These activities, by their nature, are common to both the Multi-brand and Mono-brand business lines.

Delivery

Products are typically delivered by land carriage or air mail depending on the distance and the delivery times requested by the customer. YOOX offers different levels of service according to the requirements of the various geographical markets. In most countries at least two types of delivery – standard and express – are offered, but in some countries additional services are available such as delivery by the following morning or on a Saturday.

In 2009, the statistics for all deliveries show that over 98% of orders were received in the specified delivery time, based on customers' choices.

Returns

In addition to the protection afforded to consumers by legislation in force in EU countries, the procedure for returning goods is based on the type of products sold and the Group's sales policies, which emphasise the possibility and the ease with which customers can return goods they have purchased.

The returns management phase includes receiving products at the Group's logistics centres and effecting refunds to end customers. Based on local legislation (at least for the main countries), customers are required to send back unwanted goods within a set number of days (e.g. ten working days in Italy). It is also easy to start the returns procedure using the on-line returns form, on which the customer can indicate, before sending the goods to YOOX what he or she is returning and why. This section of the website also provides clear information on ways to return goods, types of refund and tracking the returns parcel. Given the type of products sold and the way in which they are sold (via the internet), the reasons for most returns relate to product sizes and the poor fit of garments.

In May 2009, the Group introduced the option for customers registered on yoox.com to have their refunds credited directly to their YOOX account via Moneyoox. The scheme has been a great success; from its implementation to the end of 2009, purchases made partly or completely with Moneyoox credits accounted for 4.5% of sales on yoox.com.

Customer care

YOOX provides its customers with a tracking service for despatch and returns and, if required, a dedicated Customer Care service for handling any problems during delivery. The Customer Care service is organised on two levels:

- the first level is outsourced via external contact centres coordinated by YOOX;
- the second level is managed by YOOX operators, who have access to the internal systems and resources and can therefore provide a better and faster solution to complex issues (e.g. logistics, payments). Operators can also intervene directly in the order management and returns process. Second-level operators can also change the solutions or methods of handling the various problems relating to any operational area.

Customers can contact YOOX in the following ways:

- **contact form**: by completing the online form, which generates an email to the Customer Care team of the relevant store (available on all sites);
- **e-mail**: by writing directly to the email address of the Customer Care team of the relevant store (available on all sites);
- **telephone**: by contacting the outsourced telephone service (available on some sites and in certain countries).

The most frequent reasons for contacting Customer Care relate to the products (pre-order requests and problems with the product received), returns and refunds (questions on how to return goods and the status of the return/refund) and despatch (questions on despatch times and delivery problems).

Security of transactions

YOOX uses one payment processing platform for all its Online Stores. This includes both payment on delivery and online payment by all the major credit cards and PayPal.

YOOX complies with the legislation on handling personal data and uses the SSL3 protocol, currently the most secure standard for the transmission of confidential data, for purchases made through its Online Stores. This ensures that credit card details used for payment are completely illegible to third parties.

The security of YOOX's servers is certified by VeriSign and Trustwave's Trusted Commerce (ATW). The Trustwave's Trusted Commerce complies with the Payment Card Industry Data Security Standard (PCI DSS), the security standard required by all the major credit card associations including American Express, Diners Club, Discover, JCB, MasterCard Worldwide, Visa Inc., and Visa Europe.

Customers can find full information on the security of transactions on the Online Stores' websites.

Italian design and quality

YOOX provides a satisfying buying experience in an attractive environment, with innovative content and high standards of service.
The Group offers its customers a wide range of quality products from globally-recognised names to emerging and niche brands.

The Group's business gives a significant boost to the reputation of Italian design; by increasing the exports and online exposure of the brands, it is helping to reduce the gap that exists between Italian and international brands in internet retail sales. Furthermore, the YOOX Group has always scouted for talented young people of all nationalities, and offers Italian-designed products of the highest craftsmanship all over the world.

Voice of the Customer

The Voice of the Customer initiative gathers quantitative and qualitative information on feedback left by customers on completion of their purchases and on YOOX's Customer Care service.
This information is summarised and sent on a quarterly basis to the Group's management so that the whole Company can be made aware of the problems encountered by the Group's customers and of what they think of the Group and its products and services.

This initiative is intended to give corporate departments ideas on possible ways to increase customer satisfaction. Numerous improvement measures have already been introduced following analysis of this feedback, such as Moneyoox and the development of payment systems.

Marketing activities

Based on the Group's strategic guidelines and priorities in geographical expansion, the primary aim of marketing is to generate high-quality traffic and attract new customers to the Group's Online Stores. Conversely, activities aimed at increasing existing customer loyalty are implemented during the retail management stage.

In 2000, YOOX developed in-house expertise in web marketing for the Multi-brand business line. The activities and sites reached using the web campaigns break down into the following categories:

- search engines: sponsored links;
- affiliation: affiliation networks;
- comparison sites: websites that compare the prices of a product across several online stores;
- portals: general;
- fashion: websites dedicated to fashion;
- advertising: advertising "windows" through the acquisition of banners;
- co-marketing: the signing of several agreements to share visibility on the web.

The Online Stores can tap into the Group's wealth of expertise and existing marketing management structures for the Multi-brand business line via a system created in the second half of 2008 to develop the web marketing activities provided for in the standard contracts of Online Stores.

Disputes

As of December 31, 2009, there were no outstanding disputes with customers.

SUPPLIERS

YOOX's commitments to its suppliers are:

- to act with transparency, probity, integrity and fairness in the contractual relationship;
- to ensure impartiality in the selection of suppliers;
- to encourage suppliers to adopt good practices in the area of social responsibility;
- to comply with the agreed payment terms and procedures.

YOOX is aware that a company's ability to achieve good results and to be competitive on the market is to some extent dependent on its ability to improve the quality of its products. Given that suppliers play a key role in this, YOOX aims to develop long-term relationships with suppliers based on trust and mutual respect.

The criteria adopted by the Group to select suppliers also take into account suppliers' policies on social and environmental responsibility. More specifically, the Group only establishes relationships with suppliers that espouse the principles contained in YOOX's Code of Ethics. To this end, appropriate clauses requiring suppliers to comply with the provisions and principles contained in the Organisational, Management and Control Model pursuant to Legislative Decree 231/01 and YOOX's Code of Ethics are included in the supply contracts, or notification is given to suppliers asking them to comply with these provisions.
The criteria used by the Group to select its suppliers are legality, competition, objectivity, probity, impartiality, fair pricing, and quality of goods and/or services. These values also underpin the Group's definition of the conditions of supply. Decisions are also supported by a careful assessment of suppliers' service guarantees and of the respectability and legitimacy of suppliers' operations, in keeping with legislation on the prevention of money laundering and receiving stolen goods.

As well as economic efficiency, purchasing processes are based on guaranteeing the provision of high-quality goods to customers, as well as loyalty and impartiality in the Group's dealings with all suppliers that meet its requirements. To ensure that end customers are sold high-quality, original goods, YOOX purchases from suppliers that certify the saleability and authenticity of the products supplied.

YOOX has traditionally emphasised its Italian origins in order to develop close working relationships with major Italian companies, many of which operate through, and produce goods for, Italian and foreign brands all over the world.

Disputes

As of December 31, 2009, there were no outstanding disputes with suppliers.

PARTNERS

Thanks to its expertise developed in the online sector, the YOOX Group has developed increasingly profitable relationships with its partners, including many of the major fashion brands. YOOX's partners are divided into commercial partners and strategic partners. Commercial partners are those with which the Group establishes a working relationship for the supply of goods and their subsequent online sale on the yoox.com and thecorner.com stores. With its strategic partners, YOOX instigates relationships of a strategic nature in designing, setting up and managing their Mono-brand Online Stores.

Commercial partners break down into four main categories:

- fashion houses and their licensees, from which YOOX selects products from previous collections or which make exclusive products for yoox.com. These constitute the main source from which the Group obtains its products;
- shops or chains of shops belonging to the official distribution network of fashion houses, generally positioned at the high end of the market, from which YOOX acquires a selection of products from previous collections;
- specialist manufacturers, from which YOOX directly orders products for sale on yoox.com to supplement its range of certain categories of goods;
- design companies, from which YOOX purchases a selection of products.

Relationships with strategic partners are governed by contracts that are generally of several years' duration, and include the design, setting up and management of Online Stores. YOOX makes available to its strategic partners a technical/logistics platform specially designed to meet the distinctive needs of the sector, and also offers a unique blend of skills (technical, creative, sales, operating and design) specific to e-commerce in the fashion sector. This allows the Group to effectively convey the brand experience of all strategic partners in Online Stores while at the same time safeguarding commercial requirements. As mentioned above, YOOX has obtained ISO 9001 certification for the planning and provision of e-commerce services for Mono-brand Online Stores of clothing, footwear, accessories and design items.

Disputes

As of December 31, 2009, there were no outstanding disputes with commercial or strategic partners.

INVESTORS AND FINANCIERS

YOOX's main commitment to its investors and financiers is to ensure that the Company grows sustainably and to establish clear, complete, timely and transparent information on the Group's strategies and policies. In light of this, the Group also adopts existing best practice in corporate governance matters to increase the value of the Company and reduce risks.

Investors

YOOX's policy of financial communication to investors is based on the principles of probity, transparency and continuity, in the belief that this approach enables investors to accurately value the Company.

In 2009, as part of the listing process, an international roadshow was organised to generate more interest in the operation within the financial community and among potential investors. The Company's senior managers attended a series of meetings in the major financial centres in Europe and the US, where they presented the Group's key figures. The roadshow departed from Milan on November 16, 2009 and travelled to Copenhagen, London, New York, Boston, Frankfurt, Geneva and Paris. It returned to Milan on November 30, 2009.

The Corporate Communication department's activity focused on the stock market listing, particularly in the last quarter of the year. Media coverage of YOOX in the Italian and international press increased thanks to the involvement of the financial newspapers with which the Company has established relationships. The Company kept the press informed of aspects of the project during its various stages. The most important financial newspapers reported on the listing, which achieved the two-fold objective of informing the financial community and the public readership, and helping to considerably raise awareness of YOOX worldwide among people who had not heard of the Group or its business.

Following the listing, communication activities continued in accordance with the rules dictated by Borsa Italiana S.p.A. on price-sensitive press releases, in keeping with YOOX's intention to provide timely and transparent information to promote relations with the financial community.

The Company also pursued its objective to establish and maintain an ongoing dialogue with its shareholders and financial analysts by creating an "Investor Relations" section on its website www.yooxgroup.com. Through this section of the website, which is constantly updated, the Company promptly communicates its performance and any significant events. It publishes mandatory documents as well as additional documents to help improve understanding of the Group's strategic and operational decisions.

For further information on the YOOX stock performance and other investor information, please see the Directors' Report.

Financiers

The Group aims to maintain appropriate levels of liquidity and available funds to support business growth and the timely fulfilment of its obligations. In the past, when YOOX still had borrowing requirements to finance its development, due to the dynamic nature of its business in which it operates, the Group preferred to adopt a flexible approach, using both committed credit lines (i.e financiers could not request repayment before a predetermined date), and revolving credit lines (where the Group had the option of repaying individual drawdowns and thus rebuild its available cash).
Following its successful generation of steady cashflows from operations and from the proceeds of share capital increases in 2009, YOOX closed the year with net cash of EUR 34.0 million. However, partly as proof of the good business relationships that the Group enjoys with banks, it continues to maintain a number of credit lines, which are currently unused.

For further information on financiers and the Group's financial management, please see the Directors' Report and the notes to the Separate and Consolidated Financial Statements as at and for the year ended December 31, 2009.

Disputes

As of December 31, 2009, there were no outstanding disputes with investors or financiers.

PUBLIC ADMINISTRATION

YOOX's commitments to the Public Administration are:

- to ensure compliance with the law and existing legislation;
- to communicate clear, complete, transparent and timely information;
- to adhere to the values of democracy and political pluralism.

In keeping with the principles of the Group's Code of Ethics and in compliance with the law – a prerequisite for the Company to play a positive role in society – YOOX conducts its relationships with the Public Administration with the utmost honesty, transparency and probity.

In Italy and abroad, YOOX adheres to the values of democracy and political pluralism, and condemns any form of support or tolerance to terrorism in all its manifestations or any form of subversion of the democratic order. Any decision to contribute to the funding of parties, associations, committees or political and trades union organisations is taken by the Company's management after checking compliance with the laws governing this area in the relevant country.

YOOX maintains an ongoing dialogue with the Public Administration in order to correctly manage authorisation procedures, permits, contributions and public funding. The Group conducts its relationships with public officials in full compliance with the provisions of the Organisational, Management and Control Model pursuant to Legislative Decree 231/01. To this end, in compliance with the requirements of Legislative Decree 231/01, YOOX has adopted a procedure to define roles, responsibilities, operational procedures and principles of conduct to which employees are required to adhere when managing relationships with the Public Administration.

In 2009, the Group paid Euro 3.5 million (2.3% of the economic value generated) to the public administration in taxes.

YOOX is a member of the Retailers' Association of Bologna (ASCOM), a trade organisation belonging to *Confcommercio – Imprese per l'Italia* (The General Federation of Italian Merchants and Shopkeepers) and Fondimpresa, an inter-professional fund for continuous training, which allocates statutory resources for training to companies. Through its membership of Fondimpresa, in 2009 some YOOX employees took part in a training course "The marketing-oriented company" organised by *Cofimp* (Consortium for the training and development of SMEs) and financed by the European Social Fund.
The Group also belongs to *The Renaissance Link*, an association that promotes the values of the Italian Renaissance to inspire a new virtuous way of working and doing business. It supports the distinctive values of Italian quality that have the potential to become universal: creativity and innovation, beauty and sustainability, the wealth of diversity and rootedness in the local region.

The Group maintains relationships with the major public universities, with which it organises training events and opportunities to introduce students to the world of work.

Disputes

As of December 31, 2009, there were no outstanding disputes with the Public Administration.

COMMUNITY

YOOX shares its growth with the region and community in which it operates. For this reason, it adopts an approach based on respect and probity in its dealings with the community, and supports initiatives or projects that are of benefit to society or that promote and safeguard the environment.

The Group has established a procedure that sets out the methods of selecting and managing social sponsorships and donations to ensure that it manages its participation in social initiatives appropriately. Investments are selected on the basis of the Group's direct knowledge of the recipients following an in-depth assessment of the relevant organisation's reliability and efficiency, as well as the quality and sustainability of the project it intends to undertake.
The Group may choose to support sporting, cultural, social, humanitarian or environmental exhibitions or events and initiatives, or those of general interest. Currently, YOOX only has plans to sponsor or donate to charity projects implemented in partnership with internationally-recognised organisations that promote specific social causes in keeping with the Group's ethical principles and values.
These projects are chiefly supported through a specific section of sales, YOOX4LOVE, which donates some or all of its revenues to initiatives promoted by the Charity Project. The products sold for charity are often promoted by famous designers, actors or stylists, who lend their image to the product to raise funds for the cause in question.

For further information please visit: http://www.yooxgroup.com/it/yoox/special_editions/yoox4love.asp.

In 2009, the Group donated around Euro 6,000 to the following charities:

ORPHANAID AFRICA
A limited edition VALEXTRA passport-holder designed by Margherita Maccapani Missoni was sold exclusively online at yoox.com. A portion of the proceeds from sales during the period May 12 to August 31, 2009 was donated to OrphanAid Africa.

GREEN CROSS INTERNATIONAL
On June 30, 2009, the ever.green limited edition t-shirts designed by celebrities and made by EDUN Live, part of EDUN Apparel, the pioneering company in contemporary ethical fashion founded by Ali Hewson and her husband Bono in 2005, went on sale on yoox.com. The t-shirt collections are made of 100% organic cotton and styled with design, music and fashion logos. Some of the sale proceeds were donated to Green Cross International.

The YOOX Group also decided not to organise a closing dinner at the end of the IPO procedure and instead donated the cost to Green Cross International.

ROSA SPIER HOUSE
For this project, the Group selected a number of individual, hand-made pieces from Maison Martin Margiela Artisanal to sell exclusively on yoox.com. A portion of the sale proceeds was donated to Rosa Spier House, a retirement home for artists.

Lastly, one of the directors of the board has decided to donate his remuneration to a charity to be determined by the Chairman of the Board of Directors. This remuneration is still to be allocated.

THE ENVIRONMENT

YOOX's commitments to the environment are:

- to manage its activities in such a way as to minimise its environmental impact;
- to consider the environmental risks in corporate decisions;
- to improve internal eco-efficiency;
- to raise employees' awareness in order to strengthen the culture of sustainability;
- to promote the development and dissemination of eco-friendly projects and products;
- to raise customers' awareness regarding the choice of eco-friendly products.

The environment is a key asset that YOOX is committed to protecting by planning activities aimed at achieving a balance between business operations and indispensable environmental needs, not least in consideration of the rights of future generations.
For these reasons too, the Group's philosophy is based on the need to help protect the environment and combat climate change by improving the energy efficiency of its buildings, reducing the impact from transport, continuously monitoring energy consumption to optimise use and reduce waste, using low-consumption lighting and IT components, using renewable energy and reducing waste from its operations.

YOOX decided to adopt a true strategy of environmental responsibility by creating YOOXYGEN.

The Group's approach to environmental responsibility underpins the various initiatives implemented within the organisation that involve the whole Company and minimise its environmental impact. With the creation of YOOXYGEN, the Group has chosen to support Green Cross International through various projects, particularly favouring development programmes relating to climate change. This is the first step on the road to environmental sustainability. Over time, this aspect will be strengthened and developed with a view to becoming permanent company practice for the future.

Environmental footprint

YOOX is committed to reducing the environmental impact of its activities and to minimising risks to the population and the environment in compliance with existing legislation and taking account of developments in scientific research and current best practice. In this regard, the Group has prepared an Environmental Handbook aimed at developing and implementing eco-friendly procedures for its employees, in order to further raise awareness of sustainable development. Specifically, the Handbook sets out good environmental practices to be adopted on a daily basis to save resources, and contains guidelines for eco-friendly conduct in the office relating to four large areas (paper, water, energy and waste) and showing how small actions can help improve the environment.
Figures relating to these four large areas are shown in the table below; foreign offices are excluded as their impact is not considered significant.

GREEN CROSS INTERNATIONAL

Launched in 1993 by President Mikhail Gorbachev, Green Cross International is a non-governmental, environmental organisation that implements sustainable environmental and humanitarian initiatives. It operates through a network of affiliated organisations in 31 countries where it actively contributes to in the development of projects to ensure a sustainable and secure future for all. Green Cross encourages partnerships between financial companies around the world and works in close contact with a number of UN organisations.

Direct and indirect impact of operations

Raw materials

In the knowledge that the global consumption of paper is continually increasing each year and that correctly using and reusing paper generates significant savings of raw materials, YOOX seeks to ensure that the paper used in the Company does not contribute to the destruction of primary forests, but comes from forests managed responsibly, both in social and environmental terms. For these reasons, the Group has established a policy of purchasing paper made from a blend of recovered and virgin fibres certified by the Forest Stewardship Council (FSC), the main forestry certification procedure.
It is the Group's policy to print and photocopy on both sides of each piece of paper and to reuse discarded printed sheets or those printed only on one side, for notes, draft prints, notepads etc.

Raw materials*	Dec. 31, 2009
A4 paper for office use (kg)	18,104
Paper per head (kg)	67
Packaging cardboard (kg)	383,591
Total consumption of paper and cardboard (kg)	401,695
Toners (no.)	109

** Consumption of paper and toners is estimated based on supply invoices.*

yoox.com uses recycled material for its packaging and recently obtained RESY certification. Since April 2009, boxes purchased for packing customers' orders have carried the RESY logo, indicating that the raw materials used are 100% recycled and recyclable. In 2009, around 765,000 boxes totalling 380 tons of cardboard were used.
Consumption of paper and toners increased considerably in 2009. This trend was mainly due to the Group's growth and to activities associated with the listing process, which required a large number of documents to be printed. For the listing process, the Group decided to print the numerous copies of the Prospectus and related documents entirely on recycled paper, thus making it what might be called a "Green IPO".

Energy

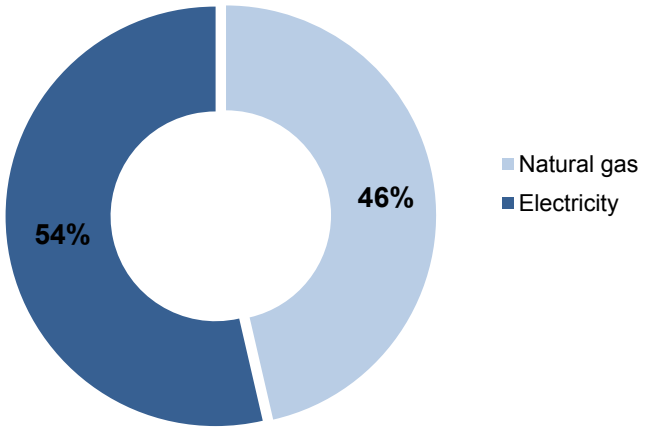
YOOX's offices in Italy purchase energy from Lifegate, a supplier certified by RECS International (Renewable Energy Certificate System), at zero impact® on the environment.

Energy consumption – offices and interport*	Dec. 31, 2009
Natural gas (m3)	46,842
Natural gas per head (m3)	174
Electricity (kwh)	586,480
of which from renewable sources (%)	52.7
Electricity per head (kwh)	2,180

** Consumption for December 2009 was estimated based on provisions made.*

Electricity consumption per head in 2008 and 2009 was broadly constant, while consumption of energy from renewable sources rose by around 48%.

Energy consumption by source



Water
The Environmental Handbook asks employees to avoid letting the water run for a long time without using it. Leaving the tap turned on even for just one minute wastes 2-6 litres of water.

Water consumption (m3)* – Zola Predosa	Dec. 31, 2009
From the mains	2,023
Water per head	13.5

** Water consumption is estimated.*

Waste

YOOX undertakes separated waste collection at its Milan and Bologna offices. This reduces the amount of waste that is sent to landfill and enables the Company to recycle more effectively.
The largest component of waste produced is paper and packaging which, in 2009, constituted 99% of the total. All waste produced at Zola Predosa and the interport is sent for recovery.

Waste produced (t)*	Dec. 31, 2009
Paper, cardboard and other packaging	139
Wood	1
Total waste	**140**

** Figures relate to Zola Predosa and the interport.*

Transport and despatch

Choosing the best method of transport plays an important role in maintaining an ecological and eco-friendly lifestyle. For these reasons, YOOX encourages employees to use the train for journeys in order to optimise costs and adopt environmentally-responsible conduct.
The YOOX Group decided to rationalise travel by introducing tele-information services (e.g. videoconferences, web meetings). In cases where travel is necessary, this is arranged through a car-sharing programme for employees. Under this scheme, the use of a shared car may be booked in advance with resulting savings in consumption and emissions.
Furthermore, the Company purchased hybrid cars for its new fleet in 2009 in order to reduce fuel consumption and related gas emissions into the atmosphere.

Km travelled by the fleet of company cars	Dec. 31, 2009
Diesel	370,619
Hybrid (petrol/electricity)	149,128
Total	**519,747**

Apart from journeys by staff, the despatch of products around the world is another area in which YOOX has a high environmental impact. As proof of its commitment to eco-sustainability, YOOX has implemented a plan to completely eliminate the greenhouse gas emissions generated by the despatch of goods from yoox.com, working with one of the key players in voluntary emission reduction projects.
When customers make a purchase, they can also decide whether to take part in this initiative personally by selecting the “eco-friendly shipping” option in the check-out basket. A small donation secures their participation in this YOOX initiative.

Greenhouse gas emissions stemming from the direct and indirect impact of the Group’s operations

Climate change has now become one of the major concerns of the scientific community and governments all over the world. Politics, industry and society at large are all required to do their utmost to reduce the impact of human activity on the climate and to take action to combat global warming.
The first step that companies must take to reduce their impact on the climate is to monitor and quantify the greenhouse gas emissions stemming from their operations.
The table below shows the CO_2 emissions produced by YOOX’s activity in 2009. Calculating its emissions is the first monitoring exercise, which will be repeated and developed further in the next few years in order to establish the most appropriate improvement measures and steadily reduce the impact of YOOX’s activities on the climate.

CO_2 emissions – offices and the interport*	**Dec. 31, 2009**
From consumption of natural gas (t)	93
From consumption of electricity (t)	126
Total CO_2 emissions (t)	219
CO_2 emissions per head (t)	814

** Emission coefficients are taken from the relevant environmental ministry guidelines (DEC/RAS/854/2005, updated in 2008) and from the sustainability reports of electricity suppliers.*

In 2008-2009, CO_2 emissions from electricity decreased by 34%. This trend is mainly due to the growing use of electricity from renewable sources.

CO_2 emissions – fleet of company cars (t)*	**Dec. 31, 2009**
CO_2 emissions from diesel-run cars	75
CO_2 emissions from hybrid cars (petrol/electricity)	15
Total CO_2 emissions	**90**

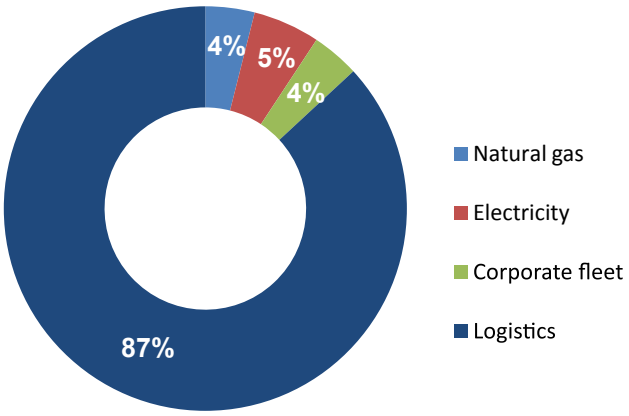
** Emission coefficients are taken from the SinaNet database (http://www.sinanet.apat.it/it/sinanet/fetransp) and from the Toyota Prius catalogue.*

CO_2 emissions – logistics services (t)*	**Dec. 31, 2009**
Europe	229
Latin America	1
Africa	1
US and Canada	1,207
Asia and Oceania	605
Total CO_2 emissions	**2,043**

** Emissions relate to orders placed on yoox.com from April 22 to December 31, 2009.*

As shown in the diagram below, most of the emissions produced by YOOX relate to its logistics and despatch operations.

CO2 emissions by source



For these reasons, yoox.com has chosen to offset the greenhouse gas emissions produced by its despatch operations by purchasing emission reduction credits from offset projects that promote the use of renewable sources and undertake reforestation in Italy and abroad. In 2009, it supported the following projects:

- **biomass district heating in Valtellina**: a project developed by FIPER (the Italian Federation of Renewable Energy Producers) to generate emission credits using a FIPER biomass-fuelled plant;
- **forestation projects in Italy**: an initiative to plant trees in town parks promoted and implemented by AzzeroC02 in partnership with the owners of the areas involved (local authorities and private individuals). Its objective is to increase the green areas in Italy through a significant programme of tree planting;
- **wind energy in India**: a project to build a wind farm to supply reliable and renewable electricity to the power plant in Tamkur in the state of Karnataka. The project will lead to a reduction in greenhouse gas emissions by replacing electricity generated from fossil fuels;
- **using discharge gases to generate energy**: the aim of this project is to capture the gas produced from landfill in north-east Chicago. As a result, direct gas emissions into the atmosphere are reduced and new energy is generated.

One of the other actions already adopted by YOOX to offset its environmental impact is the change to an energy supply from 100% renewable sources. Thanks to this decision, the Group cut its emissions by over 50% in comparison with conventional energy sources.

ECO-MMERCE and special projects

The driving force behind the YOOXYGEN initiative is ECO-MMERCE, a section on yoox.com offering eco-friendly items of fashion and design, jewellery and books. This highly-original "green" gallery is also a showcase for various designers that work with yoox.com and create exclusive, limited-edition collections specially for this initiative. Among the initiatives and people involved in the project in the fashion world, Ilaria Venturini Fendi's Carmina Campus created Venetian Bags, a collection exclusive to YOOXYGEN of unique pieces made by craftsmen from scraps of Venetian shop blinds.

In 2009, this section of the website dedicated to eco-sustainable products unveiled Katharine Hamnett's organic cotton t-shirts; the Camper shoes line, made of coconut shells and jute; and Levi's jeans in organic cotton and recycled denim. A selection of books on environmental sustainability and vintage clothes and accessories were also created, proving that vintage is also an exercise in recycling.

As regards design, the star of this initiative was the multi award-winning Pandora Design, which focuses part of its production on creating completely biodegradable tableware. Pandora Design created APERITIVO BIO, exclusively for YOOXYGEN, a fun, limited-edition aperitif set comprising unique design objects, conceived by Giulio Iacchetti, Matteo Ragni and Daniel Fintzi. Made entirely of Mater-Bi®, a polymer obtained from corn, the pieces are 100% biodegradable.

Numerous special projects have been created according to the principles of YOOXYGEN, which embrace the environmental cause and explore its various issues across different levels of creativity.

INTERNI

INTERNI is an international monthly publication on the world of design and furnishings. This year, as part of FuoriSalone®2009, INTERNI promoted its major Interni Design Energies event during Milan Design Week. This showcased experimental and multimedia renewable energy-themed installations from Italian and international designers.
An installation featuring a narrator's voice describing the YOOYGEN project, with which the public could interact, was created for the event by designer Alberto Biagetti. The installation, which comprised a sculpture mobile in gilt metal in the shape of a huge arc, included natural elements such as a feather, a branch and a bone as well as video clips and iconic references to environmental issues. At the heart of this huge eye-catching installation was the YOOX virtual oracle, which was technologically equipped to speak to the public and reply to questions in real time, creating moments of reasoning and dialogue between the virtual and real worlds on environmental issues.

MAGNUM PHOTOS

yoox.com also unveiled, exclusively for YOOXYGEN, the unique multimedia study "ELEMENTS by Magnum". The main theme of the digital project by Magnum in Motion is the creation of true visual narratives that describe reality through video images, sounds and graphics. "ELEMENTS by Magnum" is an on-line photographic study that presents a view of the natural world through the work of legendary photographers from the Magnum stable.

Very often YOOX acts as a facilitator in bringing Italian design companies together. At the time YOOXYGEN was launched, it again decided to organise an initiative featuring a number of fashion houses, which would all join together to support one particular project.
In this instance, the initiative concerned the first ever design of a special mask, the ECOMASK, to protect the wearer from pollution. For the ECOMASK initiative, YOOX partnered Emporio Armani, Costume National, CP Company and INTERNI, which became involved in the creative design of the masks: signature masks of each brand were distributed at the Milan Furniture Show 2009 and online from April 22, 2009, World Earth Day, as a gift with any purchase made on yoox.com.

INDEPENDENT LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY REPORT

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Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

Independent limited assurance report on the sustainability report

To the board of directors of
YOOX S.p.A.

1 We have reviewed the 2009 sustainability report of the YOOX Group (the "Group"), comprising the following sections of the Group's 2009 annual report: "Methodology note on the sustainability report", "Identity" and "Group sustainability performance". The parent's directors are responsible for the preparation of the sustainability report in accordance with the Sustainability Reporting Guidelines issued in 2006 by GRI - Global Reporting Initiative, as set out in the "Methodology note on the sustainability report" section. They are also responsible for determining the Group's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived. Our responsibility is to issue this report based on our review.

2 We carried out our work in accordance with the criteria established for review engagements by "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB). That Standard requires that we comply with applicable ethical requirements (Code of Ethics), including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement. A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- comparing the information and data presented in the "Economic value generated and distributed" section of the sustainability report to the corresponding information and data included in the Group's consolidated financial statements as at and for the year ended 31 December 2009, on which we issued our report dated 12 March 2010 pursuant to article 156 of Legislative decree no. 58 of 24 February 1998;
- analysing how the processes underlying the generation, recording and management of quantitative data included in the sustainability report operate. In particular, we have performed the following procedures:
  - interviews and discussions with management representatives to gather information on the IT, accounting and reporting systems used in preparing the sustainability report, and on the processes and internal control procedures used to gather, combine, process and transmit data and information to the office that prepares the sustainability report;

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- sample-based analysis of documentation supporting the preparation of the sustainability report to confirm the effectiveness of processes, their adequacy in relation to the objectives described, and that the internal control system correctly manages data and information;

- analysing the completeness of the qualitative information included in the sustainability report and its overall consistency in relation to the guidelines referred to in paragraph 1, in particular with reference to the sustainability strategy and policies and the determination of material issues for each stakeholder category;
- analysing the stakeholder involvement process, in terms of methods used and completeness of persons involved, by reading the minutes of the meetings or any other information available about the salient features identified;
- obtaining the representation letter signed by the legal representative of YOOX S.p.A. on the compliance of the sustainability report with the guidelines indicated in paragraph 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit carried out in accordance with ISAE 3000, and, therefore, it offers a lower level of assurance that we have become aware of all significant matters and events that would be identified during an audit.

Since this is the first year the sustainability report is reviewed by independent auditors, we have examined the prior year corresponding information and data included in the 2009 sustainability report for comparative purposes as required by the guidelines indicated in paragraph 1 solely to the extent we deemed necessary for the purposes of our engagement. Accordingly, our report does not cover the information and data which we have not reviewed.

3 Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2009 sustainability report of the YOOX Group is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines issued in 2006 by GRI - Global Reporting Initiative, as set out in the "Methodology note on the sustainability report" section.

4 In the "Objectives for improvement" section of the 2009 sustainability report, the directors state that the Group intends to improve dialogue with stakeholders, including in order to identify the key sustainability issues and areas for improvement.

Bologna, 12 March 2010

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit

TABLE OF GRI-G3 INDICATORS

Indicator	Indicator coverage	References
PROFILE		
1 Strategy and analysis		
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2 Profile of the organisation		
2.1 Name of the organisation	Covered	Page 7
2.2 Main brands, products and/or services	Covered	Page 14
2.3 Organisational structure	Covered	Pages 16
2.4 Main office	Covered	Page 13
2.5 Countries of operations	Covered	Page 13
2.6 Ownership structure and legal form	Covered	Report on Corporate Governance (pages 29-30)
2.7 Markets served	Covered	Page 13
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2.10 Recognition/awards received	Covered	Page 14
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3.5 Process for defining report content	Covered	Pages 18,19
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3.7 Limitations on the scope of the report	Covered	Page 7
3.8 Information on other associates	Covered	Page 7
3.9 Data measurement techniques and bases of calculation	Covered	Page 7
3.10 Restatements of information in previous reports	NA	
3.10 Significant changes compared with previous reports	NA	
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4.2 State whether the chairman also has an executive role	Covered	Report on Corporate Governance (page 41-42)
4.3 Independent and non-executive directors	Covered	Report on Corporate Governance (page 35-36)
4.4 Mechanisms for shareholders and employees to provide recommendations	Covered	Report on Corporate Governance (page 28)
4.5 Linkage between directors' and senior managers' remuneration and performance	Covered	Pages 66, Report on Corporate Governance (page 48), website
4.6 Conflicts of interest	Covered	Report on Corporate Governance (pages 37-40)
4.7 Directors' qualifications	Covered	Report on Corporate Governance (pages 36), website
4.8 Mission, values, codes of conduct and principles	Covered	Page 14
4.9 Procedures for identifying and managing financial, environmental and social performance	Covered	Pages 7, 17-19

Indicator	Indicator coverage	References
4.10 Process for assessing the performance of the Board of Directors	Covered	Report on Corporate Governance (pages 45,46)
Commitment to external initiatives		
4.11 Methods of applying the prudential principle or approach	Covered	Pages 17, 18, Report on Corporate Governance (pages 49-52)
4.12 Adoption of external economic, social and environmental codes and principles	Covered	Report on Corporate Governance (page 30)
4.13 Membership of trade associations	Covered	Page 75
Stakeholder engagement		
4.14 List of stakeholders engaged	Covered	Pages 18-19
4.15 Principles for identifying stakeholders with whom to engage	Covered	Pages 18-19
4.16 Stakeholder engagement activities	Covered	Pages 19,67,71,73
4.17 Key aspects and criticalities raised through stakeholder engagement and related actions	Covered	Pages 20,67,71
FINANCIAL PERFORMANCE		
DMA EC Information on management methods	Covered	Directors' Report (pages 96-98)
EC1 Economic value directly generated and distributed	Covered	Page 20
EC2 Financial implications and other risks and opportunities associated with climate change	Covered	Pages 75-80
EC3 Coverage of obligations taken on when the pension plan was determined	Covered	Consolidated financial statements (page 178)
EC4 Significant financing received from the Public Administration	Covered	Consolidated financial statements (page 170)
EC6 Policies, practices and percentage of expenditure spent on local suppliers	Not covered	
EC7 Procedures for recruiting on site	Partially covered	Page 64
EC8 Development and impact of investment in infrastructure and public utility services	Covered	Page 75
ENVIRONMENTAL PERFORMANCE		
DMA EN Information on management methods	Covered	Page 75
EN1 Raw materials used	Covered	Page 76
EN2 Percentage of materials used that derive from recycled inputs	Covered	Page 78
EN3 Direct consumption of energy by source	Covered	Page 77
EN3 Indirect consumption of energy by source	Covered	Page 77
EN8 Consumption of water by source	Covered	Page 77
EN11 Land owned, rented or managed in protected areas of high biodiversity value	NA	With reference to YOOX's business and the countries in which it has offices and staff, there are no impacts on biodiversity
EN12 Description of significant impacts on biodiversity	NA	With reference to YOOX's business and the countries in which has offices and staff, there are no impacts on biodiversity
EN16 Greenhouse gas emissions	Covered	Pages 78-79
EN16 Other indirect greenhouse gas emissions	Covered	Pages 78-79
EN16 Activities to reduce greenhouse gas emissions	*Covered*	Pages 78-79
EN19 Emissions of substances harmful to the ozone layer	Not covered	
EN20 Other emissions to air	NA	There are no significant impacts from non-climate-changing emissions to air as a result of YOOX's business and production processes
EN21 Water discharges	NA	There are no significant impacts from water discharges as a result of YOOX's business and production processes
EN22 Waste production and methods of disposal	Covered	Page 78
EN23 Total number and volume of polluting discharges	NA	With reference to YOOX's business and the countries in which has offices and staff, such discharges have no impact on the land
EN26 Initiatives to mitigate the impact of services on the environment	Covered	Pages 78-80
EN27 Percentage of products sold and their packaging materials that are reclaimed	Coperto	Page 76

Indicator	Indicator coverage	References
EN28 Value of fines and number of environmental sanctions	Covered	In 2009 a fine of around EUR 400 was received for incorrect disposal of packaging materials
EN29 Significant environmental impacts of the transportation of products and goods/materials and for staff travel	*Covered*	Pages 78-80
SOCIAL PERFORMANCE		
DMA LA Information on management methods	Covered	Page 63
LA1 Breakdown of workforce by type, contract and region	Covered	Pages 63-64
LA2 Turnover by age, gender and region	Partially covered	Page 63
LA4 Percentage of employees covered by collective contracts	Partially covered	Employees are recruited under collective contracts in force in the countries in which the Group operates
LA5 Minimum notice period for operational changes	Partially covered	The Group complies with the minimum notice period stipulated by existing legislation in the countries in which it operates when it makes significant operational changes
LA7 Accidents and illness at work	Covered	Page 66
LA8 Training programmes on the prevention and control of risks to assist employees, their families and communities regarding serious diseases	Covered	Training programmes on health and safety are provided exclusively for employees (see page 75)
LA10 Employee training hours	Covered	Page 65
LA11 Career enhancement and skills development programmes	Covered	Pages 64,65
LA13 Breakdown of workforce by gender and other diversity indicators	Covered	Page 74, Report on Corporate Governance (page 37)
LA14 Ratio of basic salary of men to women	Covered	Page 66
HUMAN RIGHTS		
DMA HR information on management methods	Covered	Pages 67, Code of Ethics
HR1 Percentage and total number of significant investment agreements that include clauses on human rights or that have undergone human rights screening	Not covered	
HR2 Percentage of major suppliers that have undergone screening on human rights and actions taken.	Partially covered	Organisational, management and control model pursuant to Legislative Decree 231/01, Code of Ethics
HR4 Incidents of discrimination	Covered	In 2009 there were no incidents associated with discriminatory practices
HR5 Risks to the right to exercise freedom of association and collective bargaining	Covered	Page 67
HR6 Use of child labour	Covered	Page 65
HR6 Use of forced labour	Covered	Page 65
IMPACTS ON SOCIETY		
DMA SO Information on management methods	Covered	Organisational, management and control model pursuant to Legislative Decree 231/01, Code of Ethics
SO1 Management of impacts on the community	NA	YOOX's business has no significant impact on local communities in the countries in which it has offices and staff
SO2 Monitoring the risk of corruption	Covered	Organisational, management and control model pursuant to Legislative Decree 231/01, Code of Ethics
SO3 Personnel trained on the prevention of corruption crimes	Covered	Page 64,65
SO4 Actions taken in response to incidents of corruption	Covered	In 2009 there were no incidents of corruption
SO5 Positions on public policy and lobbying	Covered	Page 75
SO8 Significant sanctions for non-compliance with laws and regulations	Covered	In 2009 the Group received a sanction of around EUR 22,000 for late payment in Romania of VAT relating to 2007 and 2008
PRODUCT RESPONSIBILITY		
DMA PR Information on management methods	Covered	Pages 69-71
PR1 Health and safety of products and services	Covered	Page 70-71
PR3 Type of information relating to products and services required by procedures and the percentage of significant products and services subject to such information requirements	Partially covered	Page 70-71
PR6 Laws, standards and voluntary codes relating to marketing and advertising	Not covered	
PR9 Significant sanctions for non-compliance with laws and regulations relating to the sale of products and services	Covered	In 2009, there were no significant sanctions for non-compliance with laws and regulations relating to the sale of products and services

DIRECTORS' REPORT

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DIRECTORS' REPORT

REFERENCE MARKET

According to the data provided by Forrester Research, it is estimated that in 2009 the online retail market registered sales figures of approximately Euro 68[3] billion in Western Europe and around USD 155[4] billion in the United States, corresponding to an increase over 2008 of 12% and 11% respectively.

According to the Forrester Research data, the apparel sector (defined as the markets for clothing, shoes, jewellery and watches) accounted for around 18% of the total online retail market in Western Europe in 2009, excluding the travel sector. As regards the US, and again excluding the travel sector, in the same year apparel contributed about 20% of total retail online sales.

Furthermore, in 2009 a growing number of fashion, design and luxury companies have further explored the internet, recognising that this channel is a new way of distributing their products and expanding their global visibility and coverage.

INTRODUCTION

In 2009 the Group's operations were in compliance with the strategic plans detailed in the Identity section (please see this section for additional information). Confirming what was reported in previous years, the Group ended 2009 with a positive trend in net revenues and profitability. The Group's balanced and flexible structure, which comprises several online stores positioned in different ways with global distribution, is testament to the effectiveness of the business model, even in particularly challenging market conditions. In addition, for the first time in its history, the YOOX Group ended the year generating significant positive cash flows from operations, proof that it has achieved financial equilibrium.

Against this backdrop, in 2009 the Group opened six Online Stores with leading brands in the Mono-brand business, expanded into the new markets of the valentino.com and emporioarmani.com Online Stores, and launched the womenswear line for thecorner.com.

Since July 2009 the YOOX Group has expanded its geographical coverage to an additional four countries, and subsequently in December 2009 it expanded its operations to another ten countries, bringing the total countries in which the Group operates to 67.

Lastly, in December 2009 the listing process was completed with the launch of trading in the shares of the Parent YOOX S.p.A. (hereinafter, the Company or Parent) on the Star Segment of the Mercato Telematico Azionario (screen-based equity market) organised and managed by Borsa Italiana S.p.A..

Multi-brand business line

The Group's Multi-brand operations break down into two Online Stores owned by the Company:

(i) yoox.com, which to date generates the majority of the revenues of the Multi-brand business line;

(ii) thecorner.com, which was opened in the first half of 2008.

The Group has based growth on yoox.com, and on the basis of the technological, operational and commercial expertise it has acquired over the years, it has subsequently developed the Mono-brand business line and thecorner.com.

[3] Calculations based on Forrester Research data – "Forrester Research Online Retail Forecast, 1/10 (Western Europe)" – Vikram Sehgal, February 10, 2010. Western Europe includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Norway, the Netherlands, Portugal, the United Kingdom, Spain, Sweden and Switzerland.

[4] Calculations based on Forrester Research data – "Forrester Research Online Retail Forecast, 12/09 (US)" – Vikram Sehgal, February 4, 2010.

As an Online Store, yoox.com has been operational since June 2000, and as of December 31, 2009 sells and distributes a vast array of fashion and design products in 67 countries. The majority of products offered on yoox.com are clothing, footwear and fashion accessories from collections of well-known fashion brands related to the corresponding season of the previous year at reduced prices. To complete its select offerings, yoox.com offers collections made exclusively for sale through yoox.com from major designers as well as vintage garments, special editions from fashionable designers and an original selection of design objects.

thecorner.com is an Online Store launched in February 2008 to market the current season's collections of established brands and exclusive and/or handcrafted brands, characterised by relatively limited distribution, and most of which are being made available online for the first time. The products sold on thecorner.com carry prices in line with those found in the traditional channel for the same clothing and accessories.
Initially, products offered by thecorner.com only included the men's collection. Starting in September 2009 the women's collection for Autumn/Winter 2009-2010 was also launched.
thecorner.com presents itself as a virtual space that encompasses mini-shops dedicated to each brand ("shops-in-shop"), conceived with the objective of recreating the style, the atmosphere and the world of ideas evoked by the brand itself. Customers can browse for clothes, shoes and accessories while immersed in exclusive multimedia content and images from advertising campaigns and fashion shows.

In 2009, the Multi-brand business line generated a monthly average of about 4.0 million unique visitors[5].

Mono-brand business line

Since 2006 the Group has operated in the Mono-brand business line, which involves the design, setting up and exclusive management of mono-brand Online Stores for some of the world's leading fashion brands with which it works together closely. Products available in the Online Stores are sold and invoiced directly to end customers by YOOX.

The Group offers its services as a key Strategic Partner for major fashion companies boasting internationally-renowned brands. Thanks to its years of experience of managing yoox.com, YOOX Group is able to manage the entire online shopping process for these companies. All Online Stores display the wording "powered by YOOX Group", which is considered recognition of the guarantee of service quality offered by YOOX.

In 2009, the Mono-brand business line generated a monthly average of about 2.4 million unique visitors.

As of December 31, 2009, there were 16 Online Stores including three set up in 2006-2007, seven in 2008 and six in 2009. Specifically:

- marni.com, the Online Store of the Marni brand, operational since September 2006 and currently mostly active in Europe, the US and Japan;
- emporiorarmani.com, the Online Store of the Emporio Armani brand, operational in the US since August 2007; its operations were expanded mainly to major markets in Europe in June 2008, and to Japan in July 2009;
- diesel.com, the Online Store of the Diesel brand, operational mainly in Europe and the US since November 2007;
- cpcompany.com, the Online Store of the CP Company brand, operational since February 2008 mostly in the main European markets, the US and Japan;
- stoneisland.com, the Online Store of the Stone Island brand, operational since March 2008 mostly in the main European markets, the US and Japan;
- valentino.com, the Online Store of the Valentino brand, operational since April 2008 in the US, and since March 2009 in the main European markets and Japan;
- misssixty.com, the Online Store of the Miss Sixty brand, operational since September 2008, mainly in Europe and the US;

[5] Monthly unique visitor is defined as a visitor who opened at least one browser session to visit the online store over the month. The figure reported is calculated as the average of monthly unique visitors for the period concerned.

- costumenational.com, the Online Store of the Costume National brand, operational since September 2008, mainly in Europe, the US and Japan;
- energie.it, the Online Store of the Energie brand, operational since October 2008, mainly in Europe and the US;
- emiliopucci.com, the Online Store of the Emilio Pucci brand, operational since November 2008, mostly in the main European markets, the US and Japan;
- moschino.com, the Online Store of the Moschino brand, operational since February 2009, mainly in Europe and the US;
- bally.com, the Online Store of the Bally brand, operational since February 2009, mainly in Europe and the US;
- dolcegabanna.com, the Online Store of the D&G brand, operational since June 2009, mainly in Europe, the US and Japan;
- dsquared2.com, the Online Store of the Dsquared2 brand, operational since September 2009, mainly in Europe, the US and Japan;
- jilsander.com, the Online Store of the Jil Sander brand, operational since September 2009, mainly in Europe, the US and Japan;
- robertocavalli.com, the Online Store of the Roberto Cavalli brand, operational since November 2009, mainly in Europe, the US and Japan.

In addition, on December 31, 2009 the Group signed a contract for the Online Store of the Coccinelle brand, which was launched in early 2010.

In 2009 negotiations were initiated with several other renowned fashion brands that plan to offer their collections on the internet.

Furthermore, the Group offers its partners consulting and web marketing investment management services, both when new Online Stores are launched and when they are operational.

REVENUE AND PROFITABILITY

Methodology note

Below is information on the consolidated revenue and profitability of the YOOX Group and Parent YOOX S.p.A. as of December 31, 2009.
Unless otherwise indicated, all amounts are expressed in thousands of Euro. All comparisons going forward in this report and the consolidated and separate financial statements are made in relation to figures from the previous financial year. Percentages (margins and changes) are calculated with respect to exact figures. YOOX S.p.A. is indicated using its full name or simply as the Company; the Group heading it is indicated below as the YOOX Group or simply as the Group. When notes refer to subsidiaries, full company names are used.
All subsidiaries of YOOX S.p.A. operate in the Group's business sector, or in any event, perform activities that are consistent with those of the Group. YOOX S.p.A. manages its subsidiaries (which are indicated in the notes to the financial statements at December 31, 2009) based on the location of their operations. Thus, for more precise information on geographical areas, please refer to the information by business sector, and in general, to information provided in the consolidated financial statements in terms of comments on the main events that occurred in relation to subsidiaries.

Accounting policies

The accounting policies used to prepare the consolidated financial statements of the YOOX Group at December 31, 2009 are consistent with those used to prepare the consolidated financial statements at December 31, 2008, which were prepared in accordance with the International Financial Reporting Standards (IFRS/IAS) issued by the International Accounting Standard Board (IASB) as interpreted by the International Financial Reporting

Interpretation Committee and endorsed by the European Union. The financial statements were prepared for the sole purpose of including them in the Prospectus prepared as a part of the process to obtain authorisation for the listing of ordinary YOOX S.p.A. shares on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A., as dictated by Regulation 809/2004/EC.
For the first time, the YOOX Group prepared its consolidated financial statements at December 31, 2008 in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as interpreted by the International Financial Reporting Interpretation Committee and endorsed by the European Union. At the same time, it presented schedules illustrating the impact of the YOOX Group's transition to IFRS at January 1, 2007 as an annex to the aforementioned consolidated financial statements published in the Prospectus prepared as a part of the listing process, and available at www.yooxgroup.com under the "Investor Relations" section.
In addition, the Parent YOOX S.p.A. prepared its first annual financial statements at December 31, 2009 in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as interpreted by the International Financial Reporting Interpretation Committee and endorsed by the European Union. Thus, the separate financial statements of YOOX S.p.A. at December 31, 2009 were prepared in accordance with rules adopted by CONSOB concerning financial statements pursuant to Article 9 of Legislative Decree 38/2005 and other CONSOB rules and regulations concerning financial statements. These financial statements were prepared on a cost basis (with the exception of derivative financial instruments, held-for-sale financial assets and available-for-sale financial instruments, which are stated at their current value), and on the assumption that the business is a going concern. Despite the difficult economic and financial situation, the Company believes that there are no significant uncertainties over the continuity of the business, also in light of the strength of the Parent's and Group's financial position and results of operations.
In order to provide more accurate information on the Group's revenues and profits and trends in the seasonality of sales, information is also provided below on the fourth quarter of 2009 with a comparison to figures for the corresponding period of the previous year.
In addition, the income statements of the Group and Parent for 2009 and the fourth quarter of 2009 have been riclassified below in a way deemed by management to be useful for reporting interim indicators of profitability such as gross profit, EBITDA before corporate costs, EBITDA and operating profit. Some of the above interim profitability indicators are not recognised as an accounting measure under the IFRS endorsed by the European Union, and their calculation may not be standard. Group management uses these indicators to monitor and measure the Group's performance. Management believes that these indicators are an important measure of operating performance in that they are not affected by the various criteria used to calculate taxes, the amount and characteristics of invested capital and the related amortisation and depreciation methods. The criterion used by the Group and the Parent to calculate these indicators might not be consistent with that adopted by other groups or companies, and accordingly, the resulting figures may not be comparable.

Reclassified consolidated income statement

Reclassified consolidated income statement for the fourth quarter of 2009:

Thousand Euro	Q4 09	Q4 08	Change	
Consolidated net revenue	45,470	29,734	15,735	52.9%
Cost of goods sold	(25,050)	(16,515)	(8,535)	51.7%
Gross profit[6]	**20,419**	**13,219**	**7,200**	**54.5%**
% of consolidated net revenue	44.9%	44.5%		
Fulfilment costs	(4,340)	(3,010)	(1,330)	44.2%
Sales and marketing costs	(4,652)	(3,454)	(1,198)	34.7%
EBITDA before Corporate Costs[7]	**11,427**	**6,755**	**4,672**	**69.2%**
% of consolidated net revenue	25.1%	22.7%		
General expenses	(3,509)	(2,474)	(1,034)	41.8%
Other income/(expenses)	(168)	(180)	12	-6.5%
EBITDA[8]	**7,750**	**4,101**	**3,649**	**89.0%**
% of consolidated net revenue	17.0%	13.8%		
Depreciation and amortisation	(802)	(563)	(240)	42.6%
Non-recurring expenses	(3,973)	(40)	(3,933)	>100%
Operating profit	**2,975**	**3,498**	**(524)**	**-15.0%**
% of consolidated net revenue	6.5%	11.8%		
Financial income	76	349	(272)	-78.1%
Financial expenses	(528)	(752)	224	-29.8%
Profit before tax	**2,523**	**3,095**	**(572)**	**-18.5%**
% of consolidated net revenue	5.5%	10.4%		
Tax	(1,268)	(253)	(1,015)	>100%
Consolidated profit for the period	**1,255**	**2,842**	**(1,587)**	**-55.8%**
% of consolidated net revenue	2.8%	9.6%		

[6] Gross profit is profit before fulfilment costs, commercial expenses, general expenses, other operating income and expenses, depreciation and amortisation, non-recurring expenses, financial income and expenses and income taxes. Since gross profit is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union, its calculation might not be standard, and the measurement criterion adopted by the Group might not be consistent with that adopted by other groups. Accordingly, the resulting figures may not be comparable.

[7] EBITDA before Corporate Costs is defined as profit before general expenses, other operating income and expenses, depreciation and amortisation, non-recurring expenses, financial income and expenses and income taxes. Since EBITDA before Corporate Costs is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union, its calculation might not be standard, and the measurement criterion adopted by the Group might not be consistent with that used by other groups. Accordingly, the resulting figures may not be comparable. EBITDA before corporate costs corresponds to the sector operating result shown in the notes to the financial statements.

[8] EBITDA is profit before depreciation and amortisation, non-recurring expenses, financial income and expenses and income taxes. Since EBITDA is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union, its calculation might not be standard. Group management uses EBITDA to monitor and measure the Group's performance. Management believes that EBITDA is an important measure of operating performance in that it is not affected by the various criteria used to calculate taxes, the amount and characteristics of invested capital and the related amortisation and depreciation methods. The criterion used by the Group to calculate EBITDA might not be consistent with that adopted by other groups, and accordingly, the resulting figures may not be comparable.

Riclassified consolidated income statement for the year ended December 31, 2009:

Thousand Euro	Dec. 31, 2009	Dec. 31, 2008	Change	
Consolidated net revenue	152,217	101,450	50,767	50.0%
Cost of goods sold	(91,897)	(61,588)	(30,308)	49.2%
Gross profit[9]	**60,320**	**39,862**	**20,459**	**51.3%**
% of consolidated net revenue	39.6%	39.3%		
Fulfilment costs	(15,514)	(11,616)	(3,899)	33.6%
Sales and marketing costs	(16,747)	(10,715)	(6,032)	56.3%
EBITDA before Corporate Costs[10]	**28,059**	**17,531**	**10,528**	**60.1%**
% of consolidated net revenue	18.4%	17.3%		
General expenses	(12,105)	(9,887)	(2,218)	22.4%
Other income/(expenses)	(958)	(882)	(75)	8.5%
EBITDA[11]	**14,996**	**6,762**	**8,234**	**>100%**
% of consolidated net revenue	9.9%	6.7%		
Depreciation and amortisation	(2,183)	(1,803)	(380)	21.1%
Non-recurring expenses	(3,973)	(170)	(3,803)	>100%
Operating profit	**8,840**	**4,789**	**4,051**	**84.6%**
% of consolidated net revenue	5.8%	4.7%		
Financial income	518	753	(235)	-31.2%
Financial expenses	(1,983)	(1,974)	(9)	0.5%
Profit before tax	**7,375**	**3,568**	**3,807**	**>100%**
% of consolidated net revenue	4.8%	3.5%		
Tax	(3,278)	(1,167)	(2,111)	>100%
Consolidated profit for the year	**4,098**	**2,402**	**1,696**	**70.6%**
% of consolidated net revenue	2.7%	2.4%		

The fourth quarter of 2009 ended with excellent results in terms of both increased consolidated net revenue (+52.9% compared with the same period of the previous year) and in terms of EBITDA (gross operating income), which totalled Euro 7,750 thousand, or 17.0% of consolidated revenue. Consolidated profit for the fourth quarter of 2009 totalled Euro 1,255 thousand, or 2.8% of consolidated revenue, which was lower than the same figure for the corresponding period of the previous year due mainly to non-recurring listing costs.

Consolidated net revenue, net of returns and customer discounts, were Euro 152,217 thousand in 2009, an increase of 50.0% on the previous year.
EBITDA totalled Euro 14,996 thousand, or 9.9% of consolidated revenue, representing an increase of Euro 8,234 thousand, and more than doubling the 2008 figure. The sharp increase in profitability was mainly due to the significant rises in volumes, and a slightly higher AOV (which also made it possible to better absorb fixed costs), efficiency policies aimed at optimising existing processes and the renegotiation of several supplier contracts that led to a reduction in unit costs.
Non-recurring expenses, which reduced operating income by Euro 3,973 thousand, were mainly related to IPO costs.
Profit before tax totalled Euro 7,375 thousand, or 4.8% of consolidated net revenue. Consolidated profit rose from Euro 2,402 thousand in 2008 to Euro 4,098 thousand in 2009.

[9] Gross profit is profit before fulfilment costs, commercial expenses, general expenses, other operating income and expenses, depreciation and amortisation, non-recurring expenses, financial income and expenses and income taxes. Since gross profit is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union, its calculation might not be standard, and the measurement criterion adopted by the Group might not be consistent with that adopted by other groups, and accordingly, the resulting figures may not be comparable.

[10] EBITDA before Corporate Costs is defined as profit before general expenses, other operating income and expenses, depreciation and amortisation, non-recurring expenses, financial income and expenses and income taxes. Since EBITDA before Corporate Costs is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union, its calculation might not be standard, and the measurement criterion adopted by the Group might not be consistent with that used by other groups, and accordingly, the resulting figures may not be comparable. EBITDA before corporate costs corresponds to the sector operating result shown in the explanatory notes attached to the financial statements.

[11] EBITDA is profit before depreciation and amortisation, non-recurring expenses, financial income and expenses and income taxes. Since EBITDA is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union, its calculation might not be standard. Group management uses EBITDA to monitor and measure the Group's performance. Management believes that EBITDA is an important measure of operating performance in that it is not affected by the various criteria used to calculate taxes, the amount and characteristics of invested capital and the related amortisation and depreciation methods. The criterion used by the Group to calculate EBITDA might not be consistent with that adopted by other groups, and accordingly, the resulting figure may not be comparable with those calculated by such groups.

On the whole, consolidated revenue in 2009 were positively affected by the impact of foreign exchange fluctuations with respect to sales in US dollars, Japanese yen and English pounds. If average exchange rates for 2008 were applied to consolidated net revenue for 2009, the Group's revenue growth would be 48.7%.

The table below provides several key indicators on the Group's operations for 2009 and 2008.

	Dec. 31, 2009	Dec. 31, 2008
Number of monthly unique visitors[12] (millions)	6.4	3.7
Number of orders (thousands)	1,148	780
AOV[13] (Euro)	170	167
Number of active customers[14] (thousands)	478	319

In 2009 the Group registered average monthly unique visitors of 6.4 million, an increase of 72.5% versus the figure of 3.7 million in 2008.
This growth translated into a 47.2% increase in the number of orders from 780 thousand in 2008 to 1,148 thousand at the end of 2009. The average order value (AOV) also rose, to Euro 170 (excluding VAT) compared with Euro 167 in the previous year.
The number of active customers also increased markedly, rising by 49.6% to 478 thousand from 319 thousand in 2008.

Analysis of net revenues and operating profit by business line

Below is key operating information by business line with a breakdown of the Group's net revenue and operating profit by business line for 2009 and 2008.

Since the management reporting system used by management to assess corporate performance does not allocate certain accounting aggregates to business lines (depreciation and amortisation, non-monetary revenue and expenses, general expenses, other non-recurring income and expenses, financial income and expenses and taxes), these items remain the purview of the Corporate area since they are not related to the specific operating activities of the business lines. Thus, the business line's operating profit coincides with EBITDA before Corporate Costs in terms of the entries included and previously reported in this total.

For additional details on operating information by business line as of December 31, 2009 with a reconciliation of entries with the Group's income statement, see the notes to the consolidated financial statements at December 31, 2009.
Operating information by business line as of December 31, 2009 is as follows:

	Multi-brand		Mono-brand		Group total	
Thousand Euro	*Dec. 31, 09*	*Dec. 31, 08*	*Dec. 31, 09*	*Dec. 31, 08*	*Dec. 31, 09*	*Dec. 31,08*
Consolidated net segment revenue	124,160	86,007	28,057	15,443	**152,217**	**101,450**
% of consolidated net Group revenue	81.6%	84.8%	18.4%	15.2%	**100.0%**	**100.0%**
% change	*44.4%*		*81.7%*		***50.0%***	
Operating profit for segment	23,703	15,503	4,356	2,029	**28,059**	**17,531**
% of consolidated net segment revenue	19.1%	18.0%	15.5%	13.1%	**18.4%**	**17.3%**
% change	*52.9%*		*114.7%*		***60.1%***	

Multi-brand business line
For 2009, the Multi-brand business line reported significant revenue growth of 44.4% over 2008, due mainly to the results of yoox.com and a higher contribution from thecorner.com, which contributed for the first full year to business line profits.
Multi-brand business line revenue growth is reflected more than proportionally in operating profit growth for this segment (+52.9%), with an improvement in the margin from 18.0% in 2008 to 19.1% in 2009.

[12] Source: HBX 1/1/08-19/03/09; SiteCatalyst from 19/03/09 for yoox.com and Google Analytics for thecorner.com and Online Store.
[13] Average Order Value or AOV indicates the average value of each purchase order.
[14] Active Customer is defined as a customer who placed at least one order during the 12 preceding months.

Mono-brand business line
Growth in the Mono-brand business line (+81.7%) over 2008 is partly due to the positive results of the Online Stores that were already operating before the year under review, and partly to the new Online Stores launched in 2009.
Mono-brand operating profit also rose more than proportionally to sales, with the margin rising from 13.1% in 2008 to 15.5% in 2009, since higher volumes make it possible to better absorb the costs of the structure created, mainly in the previous year, to support the business line's development.

Consolidated net revenue by geographical area

Below is a breakdown of the Group's consolidated net revenue by geographical area for 2009 and 2008.

Thousand Euro	Dec. 31, 2009		Dec. 31, 2008		Change	
Italy	39,766	26.1%	29,027	28.6%	10,739	37.0%
Europe (excluding Italy)	74,407	48.9%	49,498	48.8%	24,909	50.3%
North America	25,735	16.9%	16,354	16.1%	9,382	57.4%
Japan	8,847	5.8%	4,643	4.6%	4,204	90.5%
Other countries	864	0.6%	542	0.5%	323	59.6%
Unrelated to geographical areas	2,597	1.7%	1,387	1.4%	1,210	87.3%
Total YOOX Group	**152,217**	**100.0%**	**101,450**	**100.0%**	**50,767**	**50.0%**

All the key markets in which the Group operates posted a positive performance compared to 2008.

Figures as of December 31, 2009 show strong growth for Italy of 37% over the previous year, the largest country in terms of revenue, in both the Multi-brand and Mono-brand business lines. The rest of Europe reported substantial growth of 50.3% over the previous year, thanks to the particularly positive performance of France, Germany and the UK, confirming that the European market significantly enhances Group results.

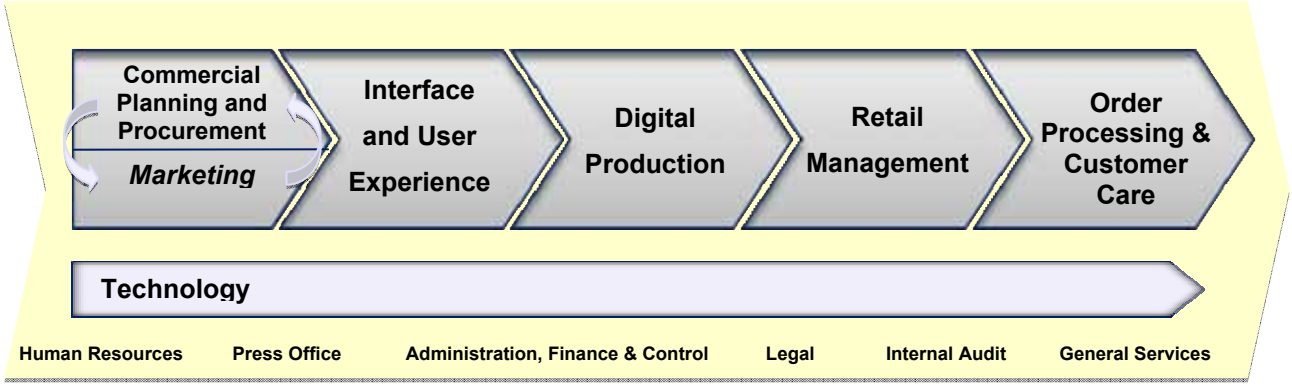
North America, where the Group is still consolidating its presence, reported growth of 57.4% over the previous year; and Japan grew by 90.5%, benefiting from the local operating structure opened in the second half of 2008. In both markets, revenue growth over the previous year was affected by a positive exchange effect. If average exchange rates for the previous year were applied, growth would have been 49.3% in the North America market and 63.0% in the Japanese market.

Growth in other countries continues, despite the fact that they were not targeted by any specific marketing or commercial initiatives.

The item "Unrelated to geographical areas" includes payments for setting up and maintaining the Online Stores, revenue generated from the sale of advertising projects for the Multi-brand business line, and revenue from web marketing and web design services in the Mono-brand business line.

BUSINESS MODEL

Below is a brief description of the main operations in 2009 broken down by phases of the business model (value chain).



Commercial planning and procurement

In 2009 the commercial planning and procurement of the Multi-brand business line continued its typical activities of defining procurement requirements and planning procurement (up sharply to support business line growth, and especially in purchases, although there was also a slight increase in the mix towards consignment agreements), executing these plans, developing sales and preparing the price determination model.
The product offer for yoox.com customers, noted for its abundance and broad assortment, is continually enhanced by the strategy to develop new business partnership agreements, thereby satisfying the preferences of current and potential customers, including in relation to the development of individual geographical markets.
Specifically, the first half of 2009 (during which the Group mainly procured the Autumn/Winter 2009-2010 collection, which was put on sale on yoox.com from June 2009) saw the introduction of new French, Spanish and American brands in the yoox.com product line, due in part to the purchasing support provided by local YOOX offices. In the second half of 2009, procurement focused on the Spring/Summer 2010 collection. During this period several new categories were developed for yoox.com, and especially decorative items for the home, with dedicated shops-in-shops established for certain prestigious designer brands. In addition to the procurement of existing items on the market, specially manufactured items were commissioned and sold exclusively through yoox.com.
In addition to the purchasing campaigns for the two collections, the product range was again enhanced in 2009 for the Christmas campaign, which, this year included several categories considered more appropriate for the occasion, specifically design items for the home, accessories, knitwear and homewear.

Due in part to the introduction of the womenswear line, thecorner.com also enhanced its range with additional prestigious brands. It further diversified procurement and reduced inventory risk through several supply arrangements that involved no risk for the Company (consignment agreements).

In the Mono-brand business line, the Company continued to support individual Strategic Partners with the aim of determining the optimal range by product and price categories.
Further growth in the business line, through the performance of existing Online Stores and new ones launched in 2009, which was marked by consignment agreements, had positive repercussions on the management of working capital, in the absence of inventory risk, and for yoox.com represents a further preferential procurement channel for unsold products at the end of the season, since individual Strategic Partners have the option to offer their unsold products to YOOX for sale on yoox.com.
In 2009 numerous negotiations were initiated with several renowned fashion brands planning to offer their collections on the internet, with the aim of setting up their own Online Stores in the future.

Marketing

In 2009 the marketing area was involved in Search Engine Marketing (SEM) activities (acquisition of sponsored links on the main search engines), the purchase of online advertising space, the negotiation and implementation of new marketing agreements (especially on fashion sites, online newspapers and general portals), extending co-marketing agreements and developing new partnerships in general. These activities were carried out

primarily for the Group's Multi-brand stores (yoox.com and thecorner.com), but with an increasing commitment to the agency activities carried out by the Group for mono-brand stores. In the management of the web marketing investment on behalf of Strategic Partners of the Mono-brand business line, the Group is offering support and consulting services to Online Stores, especially in the management of search engine marketing (SEM), by leveraging skills developed for the Multi-brand business line and existing structures.
Thanks to the expertise it has acquired over the years, in 2009 the Group designed and promoted web campaigns that allowed the Multi-brand business line to reach about 40 thousand sites.

The higher volumes processed, focus on selection of marketing tools used and the specific market situation made it possible to keep new customer acquisition costs very low.

The marketing team based at headquarters took on an operational and coordinating role for outside offices in Hoboken (for the US and Canadian markets), Tokyo (for Japan) and the local offices in Paris and Madrid, within which employees were assigned to marketing activities.

At the same time as the activities described above, the Company intensified advertising projects for yoox.com and, through the Group's Press Office, the promotion of special projects on yoox.com and thecorner.com. The Press Office also participated in promoting the Online Stores launched in 2009 in close partnership with the Press Offices of the respective brands.

With regard to yoox.com, the initiatives that got the most attention in the press in 2009 were the following:

- the launch of the Group's environmentally-friendly strategy starting with yoox.com, YOOXYGEN, a permanent development initiative involving commercial products and company activities and services that respect the environment. The initiative was launched on the occasion of Earth Day 2009, April 22, 2009. For additional details, see the section on the Group's Sustainability Performance;
- the second initiative of the charity project, developed in partnership with non-profit organisation OrphanAid Africa and Margherita Missions, which had exclusive rights to sell a passport holder created by Valextra;
- the Emilio Pucci vintage project launched in June 2009 featuring an unusual collection of high-end clothes and accessories;
- the Shopping by Catwalk project, which allowed yoox.com, in partnership with Cibeles Fashion Week in Madrid, to present a selection of the Autumn/Winter 2009-2010 collection of the Spanish brand Ana Locking in a dedicated section of yoox.com shortly after the fashion show, and the ability to purchase directly from the catwalk video.
- In September 2009, in partnership with the "Who is On Next?" contest, which was created and produced by Alta Roma in collaboration with Vogue Italia, yoox.com introduced a pair of theme-based designers and offered them an opportunity to sell a preview of their entire Spring/Summer 2010 collection online worldwide on an exclusive basis, with purchases made by clicking on an interactive video;
- the initiatives related to the Company's ninth birthday including an exhibition of photographs taken by employees and partners of YOOX, held at Villa Impero in Bologna and called *C'era una volta...un bosco oltre la porta rossa,* curated by Gianluca Marziani;
- in October 2009, the launch of a new collection for The Wild Bunch, through a partnership between yoox.com and Albino, an Italian designer who created an exclusive limited-edition collection called "The Bow Collection" offered exclusively on yoox.com;
- the vintage American Glamour project in collaboration with the Fashion Institute of Technology of New York, which was launched online on 6 November, and features the sale of clothing of American designers and multimedia content related to the FIT's American Beauty exhibition;
- the vintage initiative dedicated to precious vintage jewellery of Coppola, Toppo and Kenneth Jay Lane from the private collection of costume jewellery expert Deanna Farneti Cera;
- Christmas-related initiatives, including the selection of clothing from the Artisanal collection of Maison Martin Margiela, offered for the first time online exclusively on yoox.com, with a portion of sales income going to the Dutch non-profit association Rosa Spier House. In addition, a number of limited editions created by several brands specifically for yoox.com were promoted, including: De Vecchi's Christmas tree decoration, the innovative "B&W Nobody's Chair" designed by Gaetano Pesce for Zerodisegno, the famous "Tenochtitlan" candelabra of Driade Kosmo (which was presented for the first time in white), and the legendary Moleskin notebook in an exclusive white version.

The press office continued its promotional activities for thecorner.com, with the launch of new collaborative efforts and special projects including:

- in June 2009, thecorner.com worked with PITTI IMMAGINE as a media partner, presenting exclusive online content related to the main events of the show, video and editorials;

- in September 2009, on the occasion of the launch of womenswear collections, thecorner.com inaugurated a special partnership with visionary artist Nick Knight, who, for the occasion, created and directed a fashion film in collaboration with SHOWstudio;
- the exclusive online sale on thecorner.com of products such as the Tote Bag created by Hussein Chalayan for the film Home, the T-shirt created by Neil Barret for the charity OXFAM, Adam Kimmel's T-shirt created in collaboration with artist Kon Trubkovich, and many others;
- the participation of thecorner.com in the Art Convenience Store project (a selection of artistic and cultural objects from Tokyo) as exclusive online retailer together with physical retailers such as Colette, Dover Street Market, Uniqlo, Joyce and Isetan;
- from October to December, promotions focused on the opening of new corners: Marni (for men and women), Damir Doma, Common Projects, Band of Outsiders and Boy + Band of Outsiders;
- the Christmas-related project with an exclusive collection designed by Giles Deacon, currently one of Britain's most acclaimed designers;
- in December, the opening of an online Temporary (mini) Store for Fendi on thecorner.com.

Until December 2009, press coverage of the YOOX Group included key industry magazines such as Vogue (Japan), Wired (Italy), Time (United States), InStyle (UK), Gala (Germany), Corriere della Sera (Italy) and The Wall Street Journal (United States and Europe).

Interface and user experience

The phase related to the interface and user experience, which is managed by Interactive Services, is responsible for developing and managing, for all the Group's Online Stores, the elements that have an impact on customers' digital experience, meaning the design and optimisation of interfaces and the logical structure of Online Stores, their development and layout.

In 2009, this area focused on the following main activities:

- the release of six new Mono-brand Online Stores;
- the release of the version of the Valentino brand Online Store for the European and Japanese markets, and its new release;
- the release of the version of the Emporio Armani brand Online Store for the Japanese market;
- the release of the Group's new institutional website: yooxgroup.com;
- the release of two institutional websites for two Mono-brand partners;
- the activation of a new web intelligence tool on yoox.com.

Digital production

The Operations area continued to streamline and optimise processes.
In 2009 a major technological innovation was introduced: the use of RFID labels. This innovation led to significant process improvements that have already reduced costs and resulted in more accurate data. Other process innovations introduced during the year were the implementation of wireless photography, 360° photography and the automated analysis of footwear photographs.

Retail management

Information was gathered and processed on the user base (by business line, type of Online Store, geographic market, etc.) in order to extract key information on customer preferences to determine what measures would improve the propensity to purchase.
Retail management of the Multi-brand business line provided for the definition and management of the business plan, sales prices, visual merchandising and customer relationship management (CRM), by mailing approximately 73 million newsletters translated into the seven different languages of subscribed users.
In close collaboration with Strategic Partners, Mono-brand retail management established the business plan at the beginning of the season for individual Online Stores by scheduling product promotions, and determining the timing for applying promotional policies and discounts by product and market. Also in collaboration with Strategic Partners, it determined the content of direct marketing campaigns and newsletters.

Order processing and customer care

In 2009 approximately 1,148 thousand customer orders were placed, an increase of about 47.2% over the previous year, and equal to one order processed every 27 seconds[15].

The Company continued measures to improve and accelerate processes for the management of returns and the control of fraud.

As regards the management of warehouse logistics, in the last quarter of 2009, the Group organised and implemented the move of the Japanese warehouse to a new partner, ensuring greater flexibility and service quality.

Transport costs as a percentage of revenue declined from 2008 due to a series of optimisation measures implemented from the end of 2008 throughout 2009, including the revision of some agreements with outsourcers and service providers. In the fourth quarter, negotiations of transport tariffs for the North American market for 2010 were completed. Tariffs for Europe and the rest of the world had already been negotiated and implemented.

The focus for customer services in 2009 was to enhance operating procedures in order to improve productivity, and to make the resulting changes in a number of services and/or activities that have repercussions on the entire customer experience.
The structure of first-level Customer Care was consolidated with a single partner, an international organisation offering several European offices that provide broader and more complete coverage, and access to markets in which it is easier to select professionals with multiple language skills. At the same time, to ensure a higher quality of responses to specific clusters of customers, the management of a portion of contacts was moved directly to an internal Customer Care team.
The Moneyoox function on yoox.com (the opportunity to apply prepaid credits from refunds for returns to future orders), which was introduced online at the beginning of May 2009, proved to be an immediate success with customers. The design and implementation of this project was consistent with YOOX's original guidelines to focus on customers and their requests and needs when determining growth strategy.
Also with a view to continually improving customer service, the guaranteed delivery schedules were broadened for Express and Next Day shipments on yoox.com, with new cut-off times extended at the main logistics centre for processing orders. In addition, Next Day and Saturday service was extended to a Mono-brand Online Store, and there are plans to extend this service to other Online Stores in 2010.
With regard to online payment systems, in 2009 the 3D Secure protocol (input of a credit-card-related password during the order phase) was introduced for transactions with major credit cards. This protocol was only activated in certain countries and Online Stores, since the new technology requires further testing and refinements, which are to be implemented with the main acquirer.

Technology

The procedural issues addressed in 2008 were covered in greater detail in 2009. The introduction of an operating group focused on Programme Management activities (management of activities and projects within the Technology area) also made it possible to establish a new process for planning and managing development activities for various work groups, in close coordination with the Interactive Services area.
This process is supported by a new programme management tool, which was introduced in March 2009 and became operational in June.
The principles of Agile Development were further extended in the area of methodologies supporting development.
Test automation (Test Driven Development) functions were also improved, as was the build automation of projects with the aim of facilitating integration and maximising time dedicated to development.
Most notable among these methodologies was the first release of the YOOX solution for mobile e-commerce.

Staff areas (Human Resources, Press Office, Administration, Finance and Control, Law Department, Internal Audit and General Services) contributed to the Group's growth by supporting the business with the appropriate operating tools. For any details not provided above, see the sections below and/or the section on the Group's Sustainability Performance.

[15] Calculated by dividing the total number of seconds in 2009 by the number of orders processed at the Group level over the same period of time.

INVESTMENTS

In 2009, the Group made investments totalling Euro 3,354 thousand, Euro 2,184 thousand in intangible assets and Euro 1,170 thousand in tangible assets.

Increases in intangible assets were mainly for investments in multi-year development projects valued at Euro 1,693 thousand. These are costs incurred by YOOX S.p.A. for specific projects aimed at the ongoing development of innovative solutions for the creation and management of Online Stores. The remainder of investments in intangible assets were mainly for expenses incurred for the purchase and implementation of software for administrative and management purposes. Expenses for research-related activities, which are carried out with the prospect of obtaining new scientific or technical knowledge and discoveries, are recognised in the income statement at the time they are incurred.

The main development projects are summarised below:

- *Moneyoox*: project implemented on yoox.com for the application of prepaid credits from refunds for returns to future orders;
- *Mobile solutions*: project to develop the potential of mobile e-commerce;
- Multi-division product: sharing the same product among several of the Group's Online Stores, optimising contributions for the product's description, photography and classification;
- *OneClickBuy:* project to revise the yoox.com shopping cart to further improve and simplify customers' use of this function and to implement the structure to limit the number of credit cards;
- Photography Datamart: project for the technical streamlining of procedures for taking photographs and controlling their quality;
- Systems project: the project grouping the main measures tied to optimising and developing administrative, financial and control processes and the related IT measures. The activities performed include the introduction of Oracle Hyperion for the preparation of consolidated financial statements and budgeting/planning;
- Introduction of RFID in the logistics area: first phase of project;
- MEA: project to develop an internal Campaign Management tool, which will be completed in 2010;
- new e-commerce solution model to support design products (shops in shops or temporary stores).

In addition to the aforementioned projects, work continued on functional developments aimed at supporting business solutions, such as the handling of inflammable goods (perfumes), and the activation of experimental infrastructure to distribute high-fault-tolerance data.
At the end of 2009, development projects were concluded, or their scope was modified to allow them to be managed in line with the rapidly changing nature of e-commerce.

Investments in property, plant and equipment related mainly to the technology infrastructure and the updating/completion of furnishings for offices, with a growing percentage of investments made using finance leases.

FINANCIAL MANAGEMENT

Summary consolidated statement of financial position

The following tables provide figures taken from the Group's 2009 reclassified consolidated statement of financial position as of December 31, 2009, prepared in accordance with the IFRS endorsed by the European Union, and the Group's consolidated statement of cash flows for the same year.

Restated consolidated statement of financial position as of December 31, 2009:

Thousand Euro	Dec. 31, 2009	Dec. 31, 2008	% change
Working capital[16]	9,768	22,606	-56.8%
Non-current assets	10,883	8,402	29.5%
Non-current liabilities (excluding financial liabilities)	(572)	(668)	-14.4%
Net invested capital[17]	**20,079**	**30,340**	**-33.8%**
Equity	54,077	16,435	>100%
Net debt/(net financial position)[18]	(33,997)	13,905	>100%
Total sources of financing	**20,079**	**30,340**	**-33.8%**

Restated consolidated statement of cash flows for 2009:

Thousand Euro	Dec. 31, 2009	Dec. 31, 2008	% change
Cash flow from (used in) operating activities	18,421	(1,824)	>100%
Cash flow from investing activities	(2,064)	(4,230)	-51.2%
Sub-total	**16,357**	**(6,054)**	**>100%**
Cash flow from financing activities	9,688	9,831	-1.5%
Total cash flow generated during the year	**26,045**	**3,777**	**>100%**

Working capital dropped from Euro 22,606 thousand as of December 31, 2008 to Euro 9,768 thousand as of December 31, 2009. This decrease was the combined result of constant improvements in the management of working capital in the Multi-brand business line based on better inventory procurement times and revised payment terms. The result was also boosted by the higher contribution from the Mono-brand business line (which had negative working capital), as well as the outcome of further operational measures relating to the management of the VAT receivable, benefits from the Moneyoox project, an increase in tax payables, and the temporary benefit of the existence, at year end, of trade payables (Euro 3,531 thousand) and tax payables (Euro 3,645 thousand) relating to the stock market listing and exercise of the stock option. This benefit is also reflected in the 2009 net financial position.

Profit for the year and two share capital increases were the main changes that occurred in consolidated equity, which rose from Euro 16,435 thousand as of December 31, 2008 to Euro 54,077 thousand as of December 31, 2009.

[16] Working capital is current assets, net of current liabilities, with the exception of cash and cash equivalents, bank loans and borrowings and other financial payables falling due within one year, and financial assets and liabilities included under other current assets and liabilities. Working capital is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union. The measurement criterion adopted by the Company might not be consistent with that adopted by other groups, and accordingly, the resulting balance obtained by the Company may not be comparable with those calculated by such groups.

[17] Net invested capital is the sum of working capital, non-current assets and non-current liabilities, net of non-current financial liabilities. Net invested capital is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union. The measurement criterion adopted by the Company might not be consistent with that adopted by other groups, and accordingly, the resulting balance obtained by the Company may not be comparable with those calculated by such groups.

[18] Net debt (or net financial position) is the sum of cash and cash equivalents, other current financial assets, net of bank loans and borrowings and other financial payables due within one year, other current financial liabilities and non-current financial liabilities. Net debt (or net financial position) is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union. The measurement criterion adopted by the Company might not be consistent with that adopted by other groups, and accordingly, the resulting balance obtained by the Company may not be comparable with those calculated by such groups. For details on the items that make up net debt (or net financial position), see the table below in the section "Debt/Net financial position."

The Group's net financial position as of December 31, 2009 was a positive figure of Euro 33,997 thousand, a substantial improvement over the net debt position of Euro 13,905 thousand as of December 31, 2008. This was due to the positive contribution of cash flow from operating activities, cash generated from the IPO for YOOX S.p.A. shares on December 3, 2009 (the latter totalling Euro 28,384 thousand), and the contribution made by the new shareholder Red Circle Unipersonale S.r.l. (Euro 5,500 thousand) through a share capital increase in the first quarter of 2009.

The YOOX Group generated positive cash flow from operating activities of Euro 18,421 thousand resulting mainly from profits (Euro 4,098 thousand) and the benefits described above in relation to working capital. Net of the Euro 826 thousand positive effect resulting primarily from the replacement of a time deposit, on behalf of an acquirer, with a surety of the same amount, investment activities used cash totalling Euro 2,890 thousand, mainly for investments in technology.

Debt/Consolidated net financial position

The table below provides details on the YOOX Group's debt/net financial position as of December 31, 2009.

Thousand Euro	Dec. 31, 2009	Dec. 31, 2008	Change %
Cash and cash equivalents	35,007	8,962	>100%
Other current financial assets	16	70	-77.2%
Bank loans and other current financial payables	(313)	(4,086)	-92.3%
Other current financial liabilities	(20)	(116)	-82.4%
Short-term net financial position	**34,690**	**4,830**	**>100%**
Non-current financial liabilities	(693)	(18,735)	-96.3%
(Debt)/Consolidated net financial position	**33,997**	**(13,905)**	**>100%**

In accordance with the Group's organisational structure, treasury operations are centralised at the Parent, YOOX S.p.A., which manages all lines of credit provided to the Group. The Group's policy is to maintain an adequate margin of financial flexibility through available "committed" lines of credit, which, at present are unused.

Cash and cash equivalents totalled Euro 35,007 thousand as of December 31, 2009, a significant increase versus December 31, 2008; they consist of cash, negotiable instruments and demand deposits or short-term deposits with banks, which are actually available and readily usable.
Financing activities used cash of Euro 21,815 thousand due to the decrease in debt exposure in the form of bank loans and short-term financial payables (Euro 3,773 thousand) and non-current financial payables (Euro 18,042 thousand). The reduction in financial payables was a direct consequence of the large amount of cash flow generated from operating activities and share capital increases, which at the end of the year, enabled the Group to repay outstanding amounts under previous lines of credit.

As of December 31, 2009, financial payables to banks and other financial institutions totalled Euro 1,006 thousand, including Euro 543 thousand to Simest (Società Italiana per le Imprese all'Estero) and Euro 463 thousand to BNP Paribas Lease Group for finance leases.

As a result of the cash generated from the share capital increase in the first quarter of 2009 and the Parent's IPO, the Company reached an agreement with lending banks to repay the full amount of the Standby Syndicated Facility totalling Euro 13,125 thousand in order to reduce the cost of the fee on the unused portion. The Company is assessing ways to invest the cash in risk-free assets on a short-term basis.

Reconciliation of Parent's equity and profit for the year with the equity and profit for the year pertaining to the Group

The following table provides a reconciliation of the Parent's equity and profit for the year with the same consolidated figures pertaining to the Group.

	Dec. 31, 2009		Dec. 31, 2008	
Thousand Euro	Profit	Equity	Profit	Equity
Parent's figures	**2,753**	**52,640**	**2,065**	**16,267**
Consolidation adjustments				
Difference between carrying amount and proportional share of equity of subsidiaries and associates	1,283	1,687	414	480
Elimination of intra-group profits	(140)	(452)	(77)	(312)
Tax impact on unrealised intra-group profits	202	202	-	-
Total consolidation adjustments	**1,345**	**1,437**	**337**	**168**
Equity and profit pertaining to the Group	**4,098**	**54,077**	**2,402**	**16,435**

Information on significant non-EU companies

YOOX S.p.A. has acknowledged the revision to CONSOB Regulations concerning markets, which was adopted in Resolution No. 16191 of October 29, 2007 and subsequent revisions concerning the listing of non-European parents.
In this regard, since YOOX S.p.A. directly or indirectly controls three significant companies established and governed by laws of countries not belonging to the European Union ("Significant Non-EU Companies"), it has planned and taken the measures necessary to ensure full compliance with these regulations.
In particular, it should be noted that:

- all Significant Non-EU Companies already prepare financial schedules for the purposes of preparing the consolidated financial statements; the balance sheet and income statement of these companies are available to shareholders of YOOX S.p.A. at the times and in the manner set forth in the applicable regulations;
- YOOX S.p.A. has obtained the bylaws and determined the composition and powers of the corporate bodies of the Significant Non-EU Companies;
- Significant Non-EU Companies provide the Parent's auditors with all the information necessary to audit the annual and interim financial statements of the Parent; in addition, these companies have an administrative and accounting system capable of regularly providing the financial statements figures needed for the preparation of the consolidated financial statements to the YOOX Group's management and auditors.

In order to fulfil its regulatory obligations, the supervisory body of YOOX S.p.A. has verified whether the administrative and accounting system is adequate to regularly provide the management and auditors of YOOX S.p.A. with the financial statements figures needed for the preparation of the consolidated financial statements, and has verified the effectiveness of the flow of information through meetings with the auditors and through meetings with managers.

Other information

The Parent does not have, nor has it purchased or disposed of, treasury shares, and the subsidiaries do not hold any shares in YOOX S.p.A. The Parent has no parent companies.

With the support of a leading consultancy company, in 2009 transactions among Group companies were analysed, and can be summarised as follows:

- the Parent's supply of products to subsidiaries earmarked for sales on the US and Japanese sites;
- the Parent's maintenance and support services, and updating of the subsidiaries' sites;
- administrative, financial and legal services provided by the Parent to subsidiaries;
- the Parent's support services provided to the subsidiaries' customers (customer care service located at the Italian headquarters that interfaces with Japanese and US customers through assigned staff);

- consulting and support services in the area of fashion, marketing, advertising and professional training provided by the Parent to subsidiaries.

The transactions among Group companies and the transactions of these companies with related parties are not considered to be atypical or unusual, and are a part of the Group's ordinary course of business. In general, there were no atypical or unusual transactions. For additional details, see the notes to the financial statements at December 31, 2009.
These transactions were carried out under normal market conditions, i.e., under the same conditions that would apply between two independent parties.
All receivables, payables and related costs and revenue incurred between Group companies are reported in detail in the notes to the financial statements at December 31, 2009.

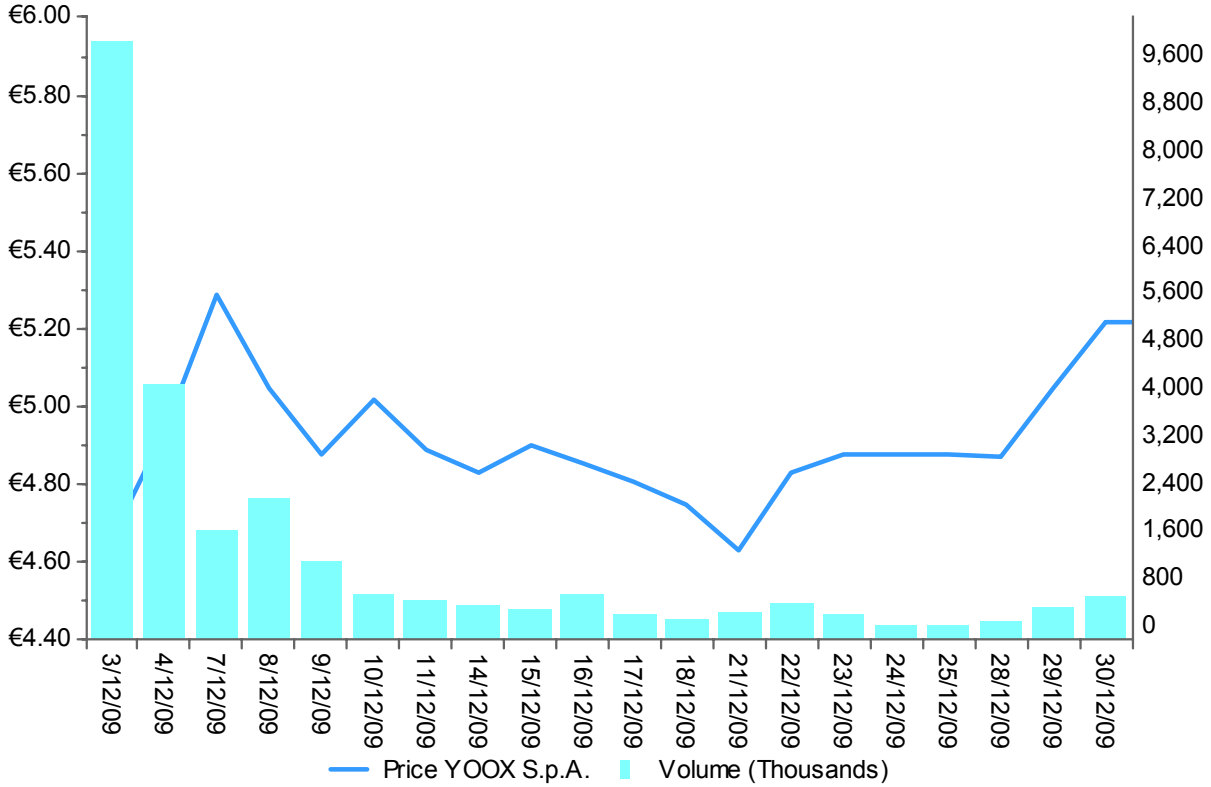
For trade transactions between Group companies and parties included among shareholders and/or directors, see the notes to financial statements at December 31, 2009.

For the financial statements impact of the Group transactions with related parties, see the notes to the financial statements at December 31, 2009.

INFORMATION FOR INVESTORS

In December 2009, the Company successfully concluded the Global Offering of shares of YOOX S.p.A. (ISIN No. IT0003540470) with overall demand at approximately 4.3 times the shares offered. In particular, for the Institutional Offering, demand came from leading Italian and foreign investors. Starting December 3, 2009, the Company's shares have been listed on the STAR segment of Borsa Italiana. The price of the Public Offering was set at Euro 4.30 per share within a projected range of Euro 3.60 to Euro 4.50 corresponding to a capitalisation of Euro 216.7 million. The Global Offering involved a total of 27,980,309 ordinary shares, including 21,740,309 shares for sale (including the greenshoe option, which was fully exercised on December 4, 2009) and 6,240,000 newly issued shares, for a total of about Euro 120.3 million, corresponding to 55.5% of the post-offering capitalisation.

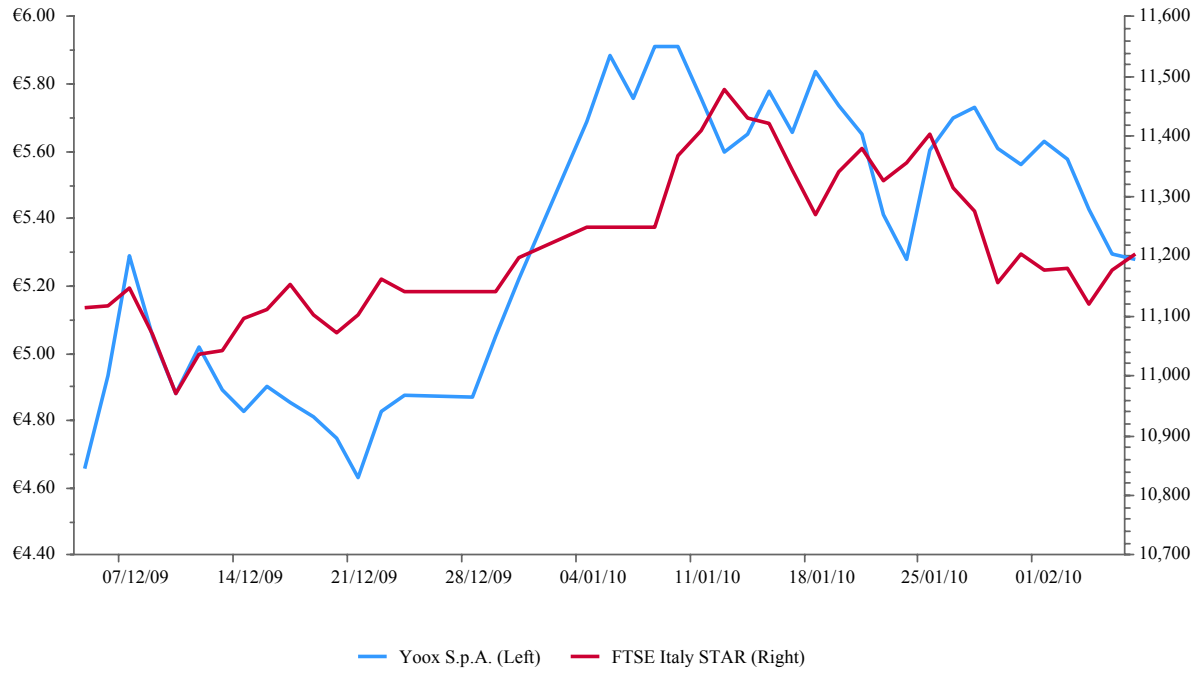
YOOX stock performance as of December 31, 2009



Source: Factset.

As of December 30, 2009 (last trading day in 2009), the reference price for YOOX stock was Euro 5.22, and related market capitalisation totalled Euro 263,107,606.32.
During the 18 trading days from the time of listing authorisation until December 30, 2009, YOOX stock rose 12.0% over the closing price on December 3, 2009 and was up by 21.4% versus the offer price.

Performance of YOOX stock and FTSE Italy STAR index



Source: Factset.

The table below summarises key stock and stock exchange data.

Stock and stock exchange data	2009
Offer price as of December 3, 2009 (Euro)	4.30
Close price as of December 31, 2009 (Euro)	5.22
Maximum price in 2009 (Euro)	5.29
Minimum price in 2009 (Euro)	4.63
Market capitalisation as of December 31, 2009 (Euro million)	263.11

Source: Borsa Italiana.

Stock analyst coverage

In addition to the global coordinators of the Offering, Goldman Sachs International and Mediobanca, at the beginning of 2010 analyst coverage was expanded to Equita, Intermonte and il Sole 24 Ore, which have initiated analyst coverage of YOOX stock, bringing the total number of financial analysts to five.
YOOX has been given favourable ratings by analysts with three Buy/Outperform ratings, one marketperform rating, and one Neutral rating, with a target price of between Euro 5.33 and 7.40 per share.

Shareholder structure

As of December 31, 2009, share capital totalled Euro 504,037.56, corresponding to a total number of 50,403,756 shares with no nominal value pursuant to Article 2346 of the Civil Code.

As of December 31, 2009 shareholders owning more than 2% of ordinary shares, as specified by CONSOB regulations, were as follows:

Shareholders	Dec. 31, 2009
Balderton Capital L.P.	11.647%
Nestor 2000 SPRL	6.333%
JP Morgan Asset Management	5.414%
Essegi S.r.l.	4.914%
Federico Marchetti	4.785%
Red Circle S.r.l.	4.718%
Kiwi II	4.498%
Tiger Global Management LLC	2.579%
Kiwi I	2.405%
Federated Equity Management Company of Pennsylvania	2.168%

Source: Shareholder Register as of Dec. 31, 2009.

Corporate communication
For communications with investors, see the section on the Group's Sustainability Performance.

RISK FACTORS

The main risk factors that could have a negative impact on the operations of the Group and Parent include the following:

- the complexity associated with managing the international growth and expansion process;
- the difficulty in finding, training and retaining professionals with the skills necessary for the Group's development;
- the difficulties associated with maintaining the Group's market position, especially with regard to the risk that Online Store management contracts may not be renewed in a sector characterised by a high degree of change (especially in the area of technological development);
- the complexity associated with stock sizing with regard to the Multi-brand business line; this is connected with the accurate projection of the quantity and range of products to be marketed;
- recently-introduced risks relating to legislative decree 231/01.

In accordance with the requirements of IFRS 7, the notes to financial statements at December 31, 2009 include an analysis of the nature and extent of risks associated with financial instruments to which the Group and the Parent are exposed, as well as the methodologies used to manage such risks. Below is a summary of such financial risks. Please see the notes to the financial statements at December 31, 2009 for further information.

- market risk in the form of financial risk related to exchange rate fluctuations and financial risk related to interest rate fluctuations;
- liquidity risk;
- credit risk with financial counterparties;
- credit risk with trade counterparties.

The Group and companies included in consolidation have taken all necessary precautions to ensure the proper monitoring and mitigation of the operational and financial risks noted above.

INFORMATION CONCERNING MEASURES TO PROTECT PRIVACY

In 2009, privacy-related activities focused on the following issues:

- internal revision of the management structure, with the introduction of a manager for each company organisational area in order to make control and support for managers more efficient and effective. The work of the general manager (CTO) remains a part of the security and supervisory measures in the area of external data processing, in addition to the constant monitoring of communications of the Italian Privacy Guarantee Authority and internal training;
- initiation of new internal training activities in the area of privacy and security related to new hires, persons in charge of processing data and departments involved in IT development;
- introduction of additional security measures in accordance with the policy document, such as: backups, systems to ensure uninterrupted service, firewalls, internal procedures, etc.;
- review of all existing powers granted to external partners in order to introduce, where necessary, references to system administrators; this project was still ongoing as of 31 December 2009;
- preliminary activities for system administrator compliance (introduction of access control systems and formal appointments).

TAX MATTERS

The Group incurred a greater tax burden in absolute terms than at December 31, 2008. Current taxes rose from Euro 1,244 thousand to Euro 4,899 thousand.
IRAP taxes rose 40.1% for the Parent, from Euro 543 thousand as of December 31, 2008 to Euro 761 thousand as of December 31, 2009.
As regards corporate income tax (IRES), in light of the Parent's significant losses in previous years, it was possible to use the remaining portion of tax loss carry forwards totalling Euro 223 thousand, and thus, this tax totalled Euro 3,079 thousand. Due to the use of tax loss carry forwards, there was no IRES tax burden in previous years.

With respect to the period ending December 31, 2008, the Group's foreign companies had a tax burden of about Euro 1,059 thousand, due entirely to higher taxable profits resulting from growth in operations during the year ending December 31, 2009.

The Group also allocated deferred tax assets totalling Euro 3,322 thousand and deferred tax liabilities of Euro 35 thousand. Deferred tax assets of Euro 1,169 thousand and deferred tax liabilities of Euro 40 thousand that were allocated in 2008 were also reversed. The amount recorded in the income statement did not include Euro 537 thousand in deferred tax assets posted directly as a contra item to the share premium reserve in accordance with IAS 32.

For additional details on the Group's tax situation, see the notes to the financial statements at December 31, 2009.

LEGAL MATTERS

In 2009 the Group signed, among other things:

- five major e-commerce contracts covering the set-up and management of virtual stores for the sale of clothing and fashion accessories, of which four are already operational, and the fifth will be operational in 2010;
- two contracts to expand already operational Online Stores into new markets;
- two contracts to set up the institutional website, one of which was activated in September 2009, and the other in December 2009 on behalf of two prestigious fashion houses.

At December 31, 2009 the Company was a defendant in pending legal disputes related to *(i)* two labour lawsuits brought against YOOX by a former manager (currently pending before the Court of Bologna); *(ii)* a lawsuit on the merits brought against YOOX by a Monaco company for alleged violations in the area of unfair competition (currently pending before the Court of Paris).

At December 31, 2009 the Company was a plaintiff in the following pending matters: *(i)* a civil and criminal law suit brought by YOOX against the former tax representative for Greece (at the competent Greek court) aimed at recovering amounts illegally withheld by the above party; *(ii)* three actions to recover receivables brought by YOOX against counterparties that failed to fulfil their payment obligations; *(iii)* a criminal suit brought by YOOX against one of the three defaulting counterparties noted in *(ii)* above.

During the year under review, a dispute was closed with a defaulting counterparty following a settlement.

HUMAN RESOURCES

The Company confirms the essential importance of continuing to implement a sound human resource management policy. It is aware that meeting corporate growth and business development goals is dependent upon the enhancement of human resources, the development of the capabilities and skills of individual employees and the retention of key employees.

For additional details on Human Resources, see the section on the Group's Sustainability Performance.

THE ENVIRONMENT

The environment is a key asset that YOOX is committed to protecting by planning activities aimed at achieving a balance between business operations and indispensable environmental needs, and in so doing, it has decided to adopt a true strategy of environmental responsibility: YOOXYGEN.

For additional details on the Group's environmental responsibility, see the section on the Group's Sustainability Performance.

PERSONAL DATA PROTECTION CODE

The requirements set out by the data protection document on security have been implemented, in accordance with Annex B of legislative decree 196/03 "Personal data protection code", which establishes technical specifications regarding the processing of sensitive data by electronic means.

YOOX S.p.A.

YOOX S.p.A. reclassified income statement

YOOX S.p.A. reclassified income statement for the year ended December 31, 2009:

Thousand Euro	Dec. 31, 2009	Dec. 31, 2008	Change	
Net revenue	131,640	89,423	42,217	47.2%
Cost of goods sold	(85,156)	(57,203)	(27,953)	48.9%
Gross profit[19]	**46,484**	**32,220**	**14,264**	**44.3%**
% of net revenue	35.3%	36.0%		
Fulfilment costs	(13,369)	(10,341)	(3,028)	29.3%
Sales and marketing costs	(11,246)	(7,341)	(3,905)	53.2%
EBITDA before Corporate Costs[20]	**21,869**	**14,537**	**7,332**	**50.4%**
% of net revenue	16.6%	16.3%		
General expenses	(8,430)	(7,723)	(707)	9.2%
Other income/(expenses)	(797)	(643)	(155)	24.1%
EBITDA[21]	**12,643**	**6,172**	**6,470**	**>100%**
% of net revenue	9.6%	6.9%		
Depreciation and amortisation	(2,154)	(1,788)	(366)	20.5%
Non-recurring expenses	(3,949)	(170)	(3,779)	>100%
Operating profit	**6,540**	**4,215**	**2,325**	**55.2%**
% of net revenue	5.0%	4.7%		
Financial income	515	543	(28)	-5.1%
Financial expenses	(1,756)	(1,953)	198	-10.1%
Profit before tax	**5,299**	**2,804**	**2,495**	**89.0%**
% of net revenue	4.0%	3.1%		
Tax	(2,546)	(739)	(1,807)	>100%
Profit for the year	**2,753**	**2,065**	**688**	**33.3%**
% of net revenue	2.1%	2.3%		

Revenue, net of returns and customer discounts, was Euro 131,640 thousand, an increase of 47.2% on the previous year. This revenue includes amounts relating to the Parent's supply of products to subsidiaries earmarked for sales on the US and Japanese Online Stores.
EBITDA totalled Euro 12,643 thousand, representing 9.6% of revenues, and was largely in line with the Group figure, which should be reviewed for further details.
Non-recurring expenses, which reduced operating profit by Euro 3,949 thousand, were entirely related to IPO costs.
Profit before tax totalled Euro 5,299 thousand, or 4.0% of net revenue. Profit rose from Euro 2,065 thousand in 2008 to Euro 2,753 thousand in 2009.

[19] Gross profit is profit before fulfilment costs, commercial expenses, general expenses, other operating income and expenses, depreciation and amortisation, non-recurring expenses, financial income and expenses and income taxes. Since gross profit is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union, its calculation might not be standard, and the measurement criterion adopted by the Group might not be consistent with that adopted by other groups. Accordingly, the resulting figure may not be comparable with those calculated by such groups.

[20] EBITDA before Corporate Costs is defined as profit before general expenses, other operating income and expenses, depreciation and amortisation, non-recurring expenses, financial income and expenses and income taxes. Since EBITDA before Corporate Costs is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union, its calculation might not be standard, and the measurement criterion adopted by the Group might not be consistent with that used by other groups. Accordingly, the resulting figure may not be comparable with those calculated by such groups. EBITDA before corporate costs corresponds to the sector operating result shown in the explanatory notes attached to the financial statements.

[21] EBITDA is profit before depreciation and amortisation, non-recurring expenses, financial income and expenses and income taxes. Since EBITDA is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union, its calculation might not be standard. Group management uses EBITDA to monitor and measure the Group's performance. Management believes that EBITDA is an important calculator of operating performance in that it is not affected by the various criteria used to calculate taxes, the amount and characteristics of invested capital and the related amortisation and depreciation methods. The criterion used by the Group to calculate EBITDA might not be consistent with that adopted by other groups, and accordingly, the resulting figure may not be comparable with those calculated by such groups.

YOOX S.p.A. investments

In 2009 YOOX S.p.A. made investments totalling Euro 3,354 thousand. Since nearly all the Group's investments were made by the Parent YOOX S.p.A., see the Investments section for additional information.

Summary financial position of YOOX S.p.A.

The following tables provide figures taken from the Parent Company's restated statement of financial positionas of December 31, 2009 prepared in accordance with the IFRS endorsed by the European Union, and the Parent's statement of cash flows for the same year.

YOOX S.p.A. restated statement of financial position as of December 31, 2009:

Thousand Euro	Dec. 31, 2009	Dec. 31, 2008	% change
Working capital[22]	13,555	25,291	-46.4%
Non-current assets	10,324	7,617	35.5%
Non-current liabilities (excluding financial liabilities)	(568)	(595)	-4.6%
Net invested capital[23]	**23,311**	**32,313**	**-27.9%**
Equity	52,640	16,268	>100%
Net debt/(net financial position)[24]	(29,329)	16,045	>100%
Total sources of financing	**23,311**	**32,313**	**-27.9%**

YOOX S.p.A. reclassified statement of cash flows for 2009:

Thousand Euro	Dec. 31, 2009	Dec. 31, 2008	% change
Cash flow from (used in) operating activities	16,459	(2,247)	>100%
Cash flow used in investing activities	(2,580)	(3,679)	-29.9%
Sub-total	**13,879**	**(5,926)**	**>100%**
Cash flow from financing activities	9,689	9,831	-1.4%
Total cash flow generated during the year	**23,568**	**3,905**	**>100%**

The Parent's net financial position at December 31, 2009 was positive to the tune of Euro 29,329 thousand, a substantial improvement on the net debt of Euro 16,045 thousand recorded at December 31, 2008.
As already indicated, in accordance with the Group's organisational structure, treasury operations are centralised at the Parent, YOOX S.p.A., which manages all lines of credit provided to the Group.

Cash and cash equivalents totalled Euro 30,340 thousand as of December 31, 2009, a significant increase on the figure at December 31, 2008, and are made up of cash, negotiable instruments and demand deposits or short-term deposits with banks, which are actually available and readily usable. For details on financing activities, see the section on the Group's debt/net financial position.

[22] Working capital is current assets, net of current liabilities, with the exception of cash and cash equivalents, bank loans and borrowings and other financial payables due within one year and financial assets and liabilities included under other current assets and liabilities. Working capital is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union. The measurement criterion adopted by the Company might not be consistent with that adopted by other groups, and accordingly, the balance obtained by the Company may not be comparable with those calculated by such groups.

[23] Net invested capital is the sum of working capital, non-current assets and non-current liabilities, net of non-current financial liabilities. Net invested capital is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union. The measurement criterion adopted by the Company might not be consistent with that adopted by other groups, and accordingly, the balance obtained by the Company may not be comparable with those calculated by such groups.

[24] Net debt (or net financial position) is the sum of cash and cash equivalents, other current financial assets, net of bank loans and borrowings and other financial payables falling due within one year, other current financial liabilities and non-current financial liabilities. Net debt (or net financial position) is not recognised as an accounting measure under Italian GAAP or the IFRS endorsed by the European Union. The measurement criterion adopted by the Company might not be consistent with that adopted by other groups, and accordingly, the balance obtained by the Company may not be comparable with those calculated by such groups. For details on the items that make up net debt (or net financial position), see the table below in the section "Debt/Net financial position".

For more details, please see the Group's financial position.

As regards the analysis of the risk factors to which the Parent is exposed, please see the above section with reference to the YOOX Group, since these same notes also apply to YOOX S.p.A..

CORPORATE GOVERNANCE

YOOX S.p.A. prepared the Report on Corporate Governance pursuant to Article 123-bis of the Consolidated Finance Law, Article 89-bis of CONSOB's Issuer Regulations and Article IA.2.6 of the Instructions for Stock Exchange Regulations. This report was approved at the Board of Directors meeting on March 11, 2010, and is available on the Company website www.yooxgroup.com in the Corporate Governance section. For a more extensive examination of the issues concerned, see the Report on Corporate Governance section.

The administration and control model used by the Parent YOOX S.p.A. is the traditional model prescribed by Italian law, based on the existence of a Shareholders' meeting, a Board of Directors and a Board of Statutory Auditors.
Corporate bodies are appointed by the Shareholders' Meeting and remain in office for three years.
Subject to the listing of ordinary shares on the Mercato Telematico Azionario, which occurred on December 3, 2009, on September 3, 2009 the Board of Directors approved the establishment of the following committees operating within the Board: a "Remuneration Committee," a "Director Nominating Committee" and an "Internal Control Committee," each of which consists of three non-executive directors, the majority of whom are independent. The Board of Directors appointed members of these committees on October 7, 2009.

Shareholders' meeting

The Shareholders' meeting is convened and votes on items at ordinary and extraordinary sessions as dictated by law and the Company's bylaws.

Share capital and share ownership as of December 31, 2009

As of December 31, 2009, share capital totalled Euro 504,037.56 corresponding to total shares of 50,403,756. It should be noted that this number of shares was the result of a decision dated September 3, 2009 made by the Shareholders' meeting, which voted to split the number of ordinary shares, following elimination of the nominal value, with an implicit unit price of Euro 0.01.
Out of total shares as of December 31, 2009, 49.5% are held by shareholders owning more than 2% of the share capital, as detailed in the section on Information for Investors, and the remaining 50.5% is free float/held by others.
The following changes have occurred in share capital since December 31, 2008:

- increase due to the issuance of 41,738 new shares (pre-split) with a nominal value of Euro 21,703.76, with waiver of option rights by current shareholders; the shares were subscribed by Red Circle Srl on March 16, 2009;
- increase due to the issuance of 6,240,000 new shares with a nominal value of Euro 62,400.00, following the conclusion of the YOOX S.p.A. ordinary share offering, from the increase in share capital, with the exclusion of option rights pursuant to Article 2441 of the Civil Code, approved by the extraordinary Shareholders' Meeting of September 8, 2009, attestation of which was filed with the Bologna Company Registrar on December 3, 2009 pursuant to Article 2444 of the Civil Code;
- increase due to the issuance of 1,841,112 new shares with a nominal value of Euro 18,411.12 following the resolution to execute the increase in share capital in support of the exercise of options by stock option recipients; this increase was approved by the Board of Directors on December 4, 2009, and its attestation was filed with the Bologna Company Registrar on December 3, 2009 pursuant to Article 2444 of the Civil Code.

Following the end of the financial year, pursuant to the resolution of the Board of Directors dated January 18, 2010, 564,200 new shares were subscribed with a nominal value of Euro 5,642.00 following the exercise of stock options by four recipients.

With the exception of the lock-up agreement signed by the Issuer and Red Circle S.r.l. Unipersonale on March 16, 2009 as described above, there are no existing agreements among shareholders in that the previous agreement lapsed with the resolution to request authorisation for listing.

Over the years, several stock option plans have been implemented for the benefit of senior and middle management. These are described in detail in the notes to the financial statements, and a summary of them can be found in Annex 3.

Board of Directors

The Parent is managed by a Board of Directors made up of seven directors elected by the Shareholders' meeting:

- Federico Marchetti (Chairman and Chief Executive Officer);
- Fausto Boni (Director);
- Mark Evans (Director);
- Catherine Gérardin (Director);
- Massimo Giaconia (Director);
- Elserino Piol (Director);
- Stefano Valerio (Director).

The Chairman of the Board of Directors and all Directors were appointed by resolution dated October 7, 2009, with the exception of Director Catherine Gérardin-Vautrin who was appointed by co-optation by resolution dated October 29, 2009; they will remain in office until the approval of financial statements at December 31, 2011.
On October 7, 2009, the Shareholders' meeting revised total maximum annual remuneration that can be paid to the management body, and on the same date, the Board of Directors approved the allotment of this remuneration.
The remuneration of the Board of Directors is indicated in the notes to financial statements at December 31, 2009 and in Annex 2.

Committees

Committee members were appointed by the Board of Directors on October 7, 2009. Below is the composition of each committee.

Remuneration Committee:
- Elserino Mario Piol (Chairman), Non-Executive Director;
- Catherine Gérardin, Independent Non-Executive Director;
- Massimo Giaconia, Independent Non-Executive Director.

Internal Control Committee:
- Massimo Giaconia (Chairman), Independent Non-Executive Director.
- Fausto Boni, Non-Executive Director;
- Catherine Gérardin, Independent Non-Executive Director.

Director Nominating Committee
- Massimo Giaconia (Chairman), Independent Non-Executive Director.
- Catherine Gérardin-Vautrin, Independent Non-Executive Director.
- Stefano Valerio, Non-Executive Director.

Chairman and Chief Executive Officer

On October 7, 2009, the Board of Directors confirmed Federico Marchetti, the founding shareholder of the YOOX Group, as the Chairman and Chief Executive Officer until approval of the financial statements at December 31, 2011. He was granted broad powers for the administration of the Parent including, but not limited to, signature powers on behalf of the Company and serving as its legal representative with respect to third parties and in legal matters, with the exception of decisions on matters that are the specific remit of the Board of Directors.

Board of Statutory Auditors

The Board of Statutory Auditors is made up of three standing auditors and two alternate auditors appointed by the Shareholders' meeting. The current Board of Statutory Auditors was appointed by resolution dated October 7, 2009, and will remain in office until the approval of the financial statements at December 31, 2011. The Board's members are as follows:

- Filippo Tonolo (Chairman);
- Luca Sifo (Standing Auditor);
- David Reali (Standing Auditor);
- Nicola Bottecchia (Alternate Auditor);
- Edmondo Maria Granata (Alternate Auditor).

Director in charge of preparing corporate accounting documents

Pursuant to Article 154-bis of Legislative Decree No. 58 of February 24, 1998, the Director in charge of preparing corporate accounting documents is the same person as the Director of Administration, Finance and Control. The Board of Directors met on September 3, 2009 and appointed Paolo Fietta to this position.
The Director in charge of preparing corporate accounting documents is responsible for preparing appropriate administrative procedures for drawing up the separate and consolidated financial statements, certifying the actual application and adequacy of such procedures, and confirming that all communications concerning the Company's financial statements captions are truthful.

Independent auditors

On September 9, 2009, subject to the beginning of trading in anticipation of the positive outcome of the listing process, the Company's ordinary Shareholders' meeting voted to appoint **KPMG S.p.A.** to audit the separate and consolidated financial statements as at and for the year ended December 31, 2009 and as at and for the years ending December 31, 2010-2017 pursuant to Article 159 of the Consolidated Finance Law.

Internal Audit

The Internal Audit department, which was established at YOOX S.p.A. in January 2009 as a part of the activities required for the listing process, worked on the process of setting up this department and on the internal audit activities specified in the Company's Plan. It also undertook to assist and support the organisation in developing, establishing and formalising the Organisational Model to bring it into line with Legislative Decree No. 231/2001 (this model was adopted by the Company by resolution of the Board of Directors of September 3, 2009), and the set of administrative and accounting procedures as required by Law No. 262/2005 in anticipation of their application upon the completion of the Company's listing on the market managed by Borsa Italiana. All of these measures were aimed at strengthening the role to be assigned to the Internal Control System.
The Internal Audit department provided support to the Supervisory Body of YOOX S.p.A. in implementing the compliance measures specified in Legislative Decree 231/2001 and/or identified from the analyses conducted to formalise the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001.

Internal Control Manager

Pursuant to Article 8.C.7 of the Code of Conduct, the Internal Control Manager is the same person as the head of the Internal Audit department. The Board of Directors met on December 4, 2009 and appointed Pietro Tagliati to this position.
The Internal Control Manager is responsible for ensuring that the internal control system is consistently suitable and fully operational, but is not responsible for any operating area. He/She has direct access to all information useful for the performance of his/her duties.

Supervisory Body pursuant to Legislative Decree 231/01

The Company adopted the Organisational, Management and Control Model specified by Legislative Decree 231/2001 and the attached Code of Ethics by resolution of the Board of Directors of September 3, 2009.

The Supervisory Body, which must satisfy the requirements of autonomy, independence and professionalism, and which has been granted inspection and control powers as well as the powers and duties specified by the Model set forth in Legislative Decree 231/2001, was appointed by the Board of Directors by resolution dated September 8, 2009.
This body is made up of three members: Rossella Sciolti (Chairwoman), Francesco Guidotti and Pietro Tagliati.
With the support of the Internal Audit department, the Supervisory Body implemented the compliance measures specified in Legislative Decree 231/2001 and/or identified by the analyses performed to formalise the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001.

SUBSEQUENT EVENTS

Lapse of rights to exercise stock options
In January 2010, the rights of a former employee to exercise 200 options relating to the Yoox S.p.A. Stock Option Plan 2006-2009 lapsed.

Exercise of Stock Options
Pursuant to the resolution of the Board of Directors dated January 18, 2010, 564,200 new shares were subscribed with a nominal value of Euro 5,642.00 following the exercise of stock options by four recipients.

Allocation of Stock Options
By resolution of the Board of Directors of March 11, 2010, a total of 46,167 options were allocated in relation to the 2009-2014 Stock Option Plan. These options are valid for the subscription of 2,400,684 new ordinary YOOX shares in the ratio of 52 new ordinary YOOX shares for every option exercised.

Activation of coccinelle.com
On February 1, 2010, the Online Store for the Coccinelle brand was activated, mainly in Europe, the US and Japan.

Contract for emporioarmani.com
On February 17, 2010, YOOX S.p.A. signed a new agreement with Giorgio Armani S.p.A. extending the collaboration in Europe, the US and Japan to 31 January 2015. Moreover, under the new agreement, the Armani Jeans brand will be included on emporioarmani, and YOOX will become responsible for web marketing activities for and on behalf of Giorgio Armani S.p.A. in all the countries in which the Online Store is active.

Online Store contract and activation of giuseppezanottidesign.com
A contract was signed for the Giuseppe Zanotti brand Online Store, which was activated on February 25, 2010, mainly in Europe, the United States and Japan.

Online Store contract and activation of napapijri.com
A contract was signed for the Napapijri brand Online Store, which was activated on March 1, 2010, mainly in Europe and the United States.

Contract for albertaferretti.com Online Store
The contract for the Alberta Ferretti Online Store was signed, and the store will be activated in early 2010, mainly in Europe, the US and Japan.

OUTLOOK

For the current year, based on the information currently available, the Company can reasonably expect further growth in revenue and profitability compared to the results achieved in 2009. Both the Multi-brand and Mono-brand business lines are expected to contribute, along with further international growth. Further support for profitability growth is expected to come from synergies and operating leverage at Group level, as well as continuing tight cost controls, despite the higher costs resulting from its status as a listed company.

At year-end 2010, the Group's net financial position is expected to be largely unchanged from the current position despite outlays projected in the first half of the year to complete operations associated with the listing process, and higher planned technological investments than in the past (to improve the brand experience and

develop the CRM solution) due to the fact that the Group has achieved a balance between expected business development and the ability to generate cash flow.

BOARD OF DIRECTORS' PROPOSED RESOLUTION TO SHAREHOLDERS' MEETING

Dear Shareholders,

We would like to make following proposals to you:

- to approve the separate financial statements of YOOX S.p.A. at December 31, 2009, which report profit of Euro 2,752,871.47 together with the Directors' Report;
- to carry forward the entire amount of profit for the year of YOOX S.p.A totalling Euro 2,752,871.47;
- to propose to the Shareholders' meeting to make available the reserve for unrealised exchange rate gains totalling Euro 25,626 at December 31, 2008;
- to acknowledge that the YOOX Group's consolidated financial statements at December 31, 2009 show a profit of Euro 4,097,676.60.

Zola Predosa (BO), March 11, 2010
For the Board of Directors

Chairman of the Board of Directors
Federico Marchetti

ANNEXES TO REPORT ON OPERATING PERFORMANCE

Annex 1: Investments of members of management and control bodies, general managers and managers with strategic responsibilities at December 31, 2009

Name and surname	Investee	Method of ownership [1]	No. of shares held at Dec. 31, 2008	No. of shares purchased[2]	No. of shares sold	No. of shares held at Dec. 31, 2009
Federico Marchetti	YOOX S.p.A.	Direct	4,160,000	749,216	2,497,363	2,411,853
Fausto Boni	YOOX S.p.A.	Direct	57,616	-	-	57,616
Alberto Grignolo	YOOX S.p.A.	Direct	293,332	114,816	382,788	25,360
Andrea Cappi	YOOX S.p.A.	Direct	-	14,000	-	14,000
Marco Di Pietro	YOOX S.p.A.	Direct	-	6,000	-	6,000
Massimiliano Benedetti	YOOX S.p.A.	Direct	-	261,376	259,376	2,000
Gabriele Tazzari	YOOX S.p.A.	Direct	-	245,504	244,504	1,000
Giuseppe Guillot	YOOX S.p.A.	Direct	-	40,344	40,144	200
Fabio Cesari	YOOX S.p.A.	Direct	-	56,628	56,628	-
Andrea Moretti	YOOX S.p.A.	Direct	-	145,860	145,860	-
Alessandra Rossi	YOOX S.p.A.	Direct	-	111,540	111,540	-

(1) Including investments held through spouses that have not legally separated and minor children.
(2) partly through the exercise of stock options.

Annex 2: Remuneration paid to members of management and control bodies, general managers and managers with strategic responsibilities as of December 31, 2009

Name and surname	Position held	Period over which position was held	Termination of position	Remuneration for position at the Company preparing financial statements (Euro)	Non-monetary benefits (Euro)	Bonuses and other incentives (Euro)	Other remuneration (Euro)
Federico Marchetti	Chairman of the Board of Directors and Chief Executive Officer	01/01/2009 - 31/12/2009	2012	375,000	-	150,000	-
Fausto Boni	Director	01/01/2009 - 31/12/2009	2012	14,375	-	-	-
Mark Evans	Director	01/01/2009 - 31/12/2009	2012	-	-	-	-
Massimo Giaconia	Director	16/03/2009 - 31/12/2009	2012	11,700	-	-	-
Raffaello Napoleone (1)	Director	01/01/2009 - 29/10/2009	2012	11,042	-	-	-
Massimiliano Benedetti	Director (YOOX Corporation)	01/01/2009 - 31/12/2009	Until revoked	-	-	-	-
Giuliano Iannacone (4)	Director (YOOX Corporation)	01/01/2009 - 31/12/2009	Until revoked	17,924	-	-	-
Hari Samaroo (5)	Director (Y Services)	01/01/2009 - 31/12/2009	Until revoked	11,851	-	-	-
Elserino Mario Piol	Director	01/01/2009 - 31/12/2009	2012	5,000	-	-	-
Stefano Valerio(6)	Director	01/01/2009 - 31/12/2009	2012	14,950	-	-	-
Catherine Gérardin (2)	Director	29/10/2009 - 31/12/2009	2012	3,333	-	-	-
Taku Harada (3)	Director (YOOX Japan)	01/01/2009 - 27/08/2009	Until revoked	86,435	-	-	-
Jun Nagamine (3)	Director (YOOX Japan)	01/01/2009 - 31/12/2009	Until revoked	4,604	-	-	-
Koji Ono (3)	Director (YOOX Japan)	27/08/2009 - 31/12/2009	Until revoked	-	-	-	-
Filippo Tonolo(7)	Chairman of Board of Statutory Auditors	07/10/2009 - 31/12/2009	2012	6,598	-	-	22,119
David Reali	Standing Auditor	01/01/2009 - 31/12/2009	2012	6,061	-	-	20,239
Luca Sifo(8)	Standing Auditor	07/10/2009 - 31/12/2009	2012	7,909	-	-	25,879
Nicola Bottecchia	Alternate Auditor	01/01/2009 - 31/12/2009	2012	-	-	-	-
Edmondo Maria Granata	Alternate Auditor	01/01/2009 - 31/12/2009	2012	-	-	-	-
Managers with strategic responsibilities		01/01/2009 - 31/12/2009	-	1,908,542	72,754	13,436	-

(1) On October 29, 2009 Raffaello Napoleone resigned from his position as director of the Company.
(2) Catherine Gérardin was appointed by resolution of the Board of Directors of October 29, 2009 following the resignation of Raffaello Napoleone.
(3) Remuneration paid by YOOX Japan.
(4) Compensation paid by YOOX Corporation.
(5) Compensation paid by Y Services.
(6) For further remuneration, see the table on transactions with related parties in the consolidated and separate financial statements.
(7) Standing Auditor from 1 January 2009 to 7 October 2009.
(8) Chairman of the Board of Statutory Auditors from 1 January 2009 to 7 October 2009.

Annex 3: Stock options allocated to members of management and control bodies, general managers and managers with strategic responsibilities as of December 31, 2009

		Options held at the beginning of the year			Options granted during the year			Options exercised during the year			Options expiring during the year	Options held at the end of the year		
Name and surname	Position held	No. of options (*)	Average exercise price	Average maturity	No. of options(*)	Average exercise price	Average maturity	No. of options(*)	Average exercise price	Average market price when exercised	No. of options(*)	No. of options(*)	Average exercise price	Average maturity
Federico Marchetti	Chairman of the Board of Directors and Chief Executive Officer	75,534	0,9546	04/01/2012	-	-	-	14,408	0,4043	4,3	-	61,126	1,0843	24/04/2019
Ono Koji	Director (YOOX Japan)	1,000	2,0481	30/06/2010	-	-	-	-	-	-	-	1,000	2,0481	31/01/2015
Managers with strategic responsibilities		101,163	1,0581	29/09/2011	2,000	2,1697	19/11/2011	18,709	0,7783	4,3	-	84,454	1,1464	26/04/2019
Other recipients		43,635	1,2149	04/05/2011	9,790	2,1077	03/09/2016	13,139	0,8937	4,32	3,050	37,236	1,4947	07/01/2017

(*) Owing to the share split decided by the Extraordinary Shareholders' meeting on 8 September 2009, each option will give shareholders the right to subscribe to 52 ordinary shares in the Company.

CONSOLIDATED FINANCIAL STATEMENTS
YOOX GROUP

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YOOX GROUP CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2009 PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (1)

Consolidated income statement

Thousand Euro	Notes	Dec. 31, 2009	Dec. 31, 2008
Net revenue	9.1	152,217	101,450
Cost of goods sold	9.2	(91,897)	(61,588)
Fulfilment costs	9.3	(15,935)	(11,992)
Sales and marketing costs	9.4	(16,777)	(10,740)
General expenses	9.5	(13,838)	(11,289)
Other expenses	9.6	(957)	(882)
Non-recurring expenses	9.7	(3,973)	(170)
Operating profit	**9.8**	**8,840**	**4,789**
Financial income	9.9	518	754
Financial expenses	9.9	(1,983)	(1,974)
Profit before tax		**7,375**	**3,569**
Tax	9.10	(3,277)	(1,167)
Consolidated profit for the year		**4,098**	**2,402**
of which:			
attributable to owners of the Parent		4,098	2,402
attributable to non-controlling interests		-	-
Basic earnings per share*	9.11	0.10	0.06
Diluted earnings per share*	9.11	0.08	0.06

Post split (see section 9.11 and 9.20).

(1) The financial statements, which were prepared in accordance with CONSOB Resolution 15519 of July 27, 2006 and CONSOB Communication No. DEM/6064293 of July 28, 2006, are annexed to the notes to consolidated financial statements at December 31, 2009.

Consolidated statement of comprehensive income

Thousand Euro	Notes	Dec. 31, 2009	Dec. 31, 2008
Consolidated profit for the year		4,098	2,402
Other comprehensive income net of tax effects			
Foreign currency translation differences for foreign operations	9.20	(75)	70
Profit/(loss) from cash flow hedges	9.20	(13)	1
Total other comprehensive income		(88)	71
Total consolidated comprehensive income for the year		4,010	2,473
of which:			
attributable to owners of the Parent		4,010	2,473
attributable to non-controlling interests		-	-

Consolidated statement of financial position

Thousand Euro	Notes	Dec. 31, 2009	Dec. 31, 2008
Non-current assets			
Property, plant and equipment	9.12	3,508	3,481
Intangible assets with finite useful life	9.13	3,420	2,281
Deferred tax assets	9.14	3,546	1,405
Other non-current financial assets	9.15	409	1,235
Total non-current assets		**10,883**	**8,402**
Current assets			
Inventories	9.16	47,054	38,652
Trade receivables	9.17	6,743	3,911
Other current assets	9.18	3,213	4,882
Cash and cash equivalents	9.19	35,007	8,962
Total current assets		**92,017**	**56,407**
Total assets		**102,900**	**64,809**
Equity			
Share capital		504	401
Reserves		58,937	25,328
Losses carried forward		(9,462)	(11,696)
Consolidated profit for the year		4,098	2,402
Equity attributable to equity holders of the Parent	9.20 - 9.21	54,077	16,435
Equity pertaining to non-controlling interests		-	-
Total consolidated equity		**54,077**	**16,435**
Non-current liabilities			
Financial liabilities	9.22	693	18,735
Employee benefits	9.23	219	274
Provisionsfor risks and charges	9.25	310	346
Deferred tax liabilities	9.24	43	48
Total non-current liabilities		**1,265**	**19,403**
Bank loans and other current financial liabilities	9.22	313	4,086
Provisions for risks and charges	9.25	538	168
Trade payables	9.26	27,254	17,282
Tax liabilities	9.27	3,913	765
Other payables	9.28	15,540	6,670
Total current liabilities		**47,558**	**28,971**
Total consolidated equity and liabilities		**102,900**	**64,809**

Statement of changes in consolidated equity at Dec. 31, 2009 and Dec. 31, 2008

Thousand Euro	*Share capital*	*Share premium reserve and other equity-related reserves*	*Legal reserve*	*Hedging reserve*	*Stock option reserve*	*Translation reserve*	*Retained earnings or losses carried forward*	*Consolidated profit (loss)for the year*	*Equity pertaining to non-controlling interests*	***Total***
January 1, 2008	400	22,561	23	12	1,276	(22)	(11,101)	(633)	-	**12,516**
Share capital increase	1	105	-	-	-	-	-	-	-	**106**
Increases in reserves for share-based payments	-	-	-	-	1,302	-	-	-	-	**1,302**
Total consolidated comprehensive income for the year	-	-	-	1	-	70	-	2,402	-	**2,473**
Other changes	-	-	-	-	-	-	(595)	633	-	**38**
December 31, 2008	**401**	**22,666**	**23**	**13**	**2,578**	**48**	**(11,696)**	**2,402**	**-**	**16,435**
Share capital increases	103	31,876	-	-	-	-	-	-	-	**31,979**
Increases in reserves for share-based payments	-	-	-	-	1,651	-	-	-	-	**1,651**
Total consolidated comprehensive loss for the year	-	-	-	(13)	-	(75)	-	4,098	-	**4,010**
Other changes	-	-	170	-	-	-	2,234	(2,402)	-	**2**
December 31, 2009	**504**	**54,542**	**193**	**-**	**4,229**	**(27)**	**(9,462)**	**4,098**	**-**	**54,077**

Consolidated statement of cash flows

Thousand Euro	*Notes*	*Dec. 31, 2009*	*Dec. 31, 2008*
Consolidated profit for the year	9.29	4,098	2402
Adjustments for:			
Taxes for the year	9.29	3,277	1,167
Financial expenses	9.30	1,983	1,974
Financial income	9.30	(518)	(753)
Depreciation, amortisation and impairment losses	9.30	2,182	1,803
Fair value measurement of stock options	9.30	1,651	1,302
Unrealised effect of changes in foreign exchange rates	9.30	(75)	70
(Gains)/losses on sale of non-current assets	9.30	6	169
Employee benefits	9.30	18	20
Provisions for risks and charges	9.30	576	175
Payment of employee benefits	9.30	(73)	(46)
Use of of the provisions for risks and charges	9.30	(242)	(70)
Changes in inventories	9.31	(8,402)	(10,543)
Changes in trade receivables	9.31	(2,832)	(2,033)
Changes in trade payables	9.31	9,972	3,738
Changes in other current assets and liabilities	9.32	10,541	918
Cash flow from operating activities		**22,162**	**293**
Income tax paid	9.29	(2,276)	(904)
Interest and other financial expenses paid	9.30	(1,983)	(1,974)
Interest and other financial income received	9.30	518	762
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**18,421**	**(1,824)**
Investing activities			
Acquisition of property, plant and equipment	9.33	(706)	(1,586)
Acquisition of intangible assets	9.34	(2,184)	(2,027)
Acquisition of other non-current financial assets	9.35		(659)
Proceeds from sale of other non-current financial assets	9.35	826	-
Proceeds from sale of property, plant and equipment	9.33	- 42	
NET CASH USED IN INVESTING ACTIVITIES		**(2,064)**	**(4,230)**
Financing activities			
New short-term liabilities	9.38	-	4,086
Repayment of short-term liabilities	9.38	(3,929)	(12,847)
New non-current liabilities	9.37	-	18,592
Repayment of non-current liabilities	9.37	(18,348)	-
Increase in share capital and share premium reserve	9.36	31,980	-
Changes in the hedging reserve	9.36	(13)	-
NET CASH FROM FINANCING ACTIVITIES		**9,688**	**9,831**
TOTAL CASH FLOW FOR THE YEAR		**26,045**	**3,777**
Cash and cash equivalents at the beginning of the year	9.19	8,962	5,185
Cash and cash equivalents at the end of the year	9.19	35,007	8,962
TOTAL CASH FLOW FOR THE YEAR		**26,045**	**3,777**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009

1. Group structure and activities

The YOOX Group (hereinafter "the Group") includes, as well as the Parent YOOX S.p.A. (hereinafter "the Company" or "the Parent "), the companies YOOX Corporation and Y Services, which are subject to US law and which manage sales activities in the US and YOOX Japan, which is subject to Japanese law and which manages sales activities in Japan.

The YOOX Group is active in electronic commerce and offers commercial services relating to clothing and fashion accessories, and more generally to anything that accessorises the person or the home, during free time, when relaxing or during leisure activities.

Information on individual operating segments pursuant to IFRS 8 is presented in Note 7.

2. Approval of the consolidated financial statements at December 31, 2009

The consolidated financial statements at December 31, 2009 were approved by the Board of Directors on March 11, 2010. They have been audited and will be presented at the shareholders' meeting.

3. Statement of compliance with IFRS and general criteria used to prepare the consolidated financial statements

The YOOX Group prepared the consolidated financial statements at December 31, 2009 in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union. The acronym IFRS also includes all the interpretations of International Financial Reporting Standards Committee (IFRIC), formerly the Standing Interpretations Committee (SIC). The consolidated financial statements at December 31, 2009 were also drawn up in accordance with rules adopted by CONSOB on financial statements pursuant to Article 9 of Legislative Decree 38/2005 and other CONSOB rules and regulations concerning financial statements. The consolidated financial statements at December 31, 2009 are compared with the consolidated financial statements of the previous year. They were drawn up for inclusion in the Offering Circular prepared as a part of the process to obtain authorisation for the listing of YOOX S.p.A. shares on the Mercato Telematico Azionario (screen-based equities market), and comprise the income statement, the statement of comprehensive income, the statement of financial position and the statement of changes in equity, as well as these notes.

The YOOX Group's consolidated financial statements at December 31, 2008 were the first set of financial statements prepared in accordance with the IFRS issued by the IASB, as interpreted by IFRIC and endorsed by the European Union. The Group also presented statements illustrating the effects of the YOOX Group's transition to IFRS at January 1, 2007 as an appendix to the aforementioned consolidated financial statements published in the Offering Circular prepared as a part of the listing process, which is available at www.yooxgroup.com.

Consolidated financial statements

In accordance with CONSOB Resolution 15519 of July 27, 2006 and Communication DEM6064293 of July 28, 2006 relating to financial statements, specific income statements, statements of financial position and statements of cash flows have been included showing significant relationships with related parties, in order to improve readability.

As indicated above, the consolidated financial statements at December 31, 2009 were drawn up in accordance with the IFRS endorsed by the European Union, and comprise the following:

Income statement

Income statement is classified by function, which is considered to provide more meaningful information than classification by nature since it is more consistent with the reporting system used by management when evaluating the performance of the business.

Statement of comprehensive income

The statement of comprehensive income presents, in a single statement, the components of profit (loss) for the year and income and expenses recognised directly in equity for transactions not involving owners of the Parent.

Statement of financial position

The statement of financial position presents current and non-current assets, and current and non-current liabilities separately. For each item under assets and liabilities, a description is provided in the notes of the amounts expected to be settled or recovered within or after the 12-month period following the reporting date.

Statement of changes in equity

The statement of changes in equity reports the profit or loss for the year, including each item of revenue or cost, income or expense which, as required by IFRS and their interpretations, is recognised directly in equity, and the total of these items; total comprehensive profit or loss for the year, with separate presentation of the portion pertaining to owners of the Parent and any portion pertaining to non-controlling interests; the effect on each item of equity of changes to accounting standards and corrections of errors as required by the accounting treatment set out in IAS 8; and the balance of profit or loss carried forward at the start of the year and at the date of the financial statements, together with the changes during the year.

The notes to the financial statements also present the amounts deriving from transactions with owners of the Parent and a reconciliation between the carrying amount of each share class, the share premium reserve and other reserves at the start and end of the year, showing each change separately.

Statement of cash flows

The statement of cash flows presents the cash flows from operating, investing and financing activities. Operating cash flows are presented using the indirect method, whereby profit or loss for the year or for the period is adjusted for non-monetary transactions, for all deferrals or provisions relating to previous or future operating receipts or payments and for revenue items relating to cash flows from investing or financing activity.

4 Accounting standards and measurement criteria

4.1 Basis of preparation

The consolidated financial statements are presented in Euro and balances in the financial statements and in the notes to the financial statements are expressed in Euro, unless specifically indicated otherwise.

The consolidated financial statements were prepared on a historical cost basis (with the exception of derivative financial instruments, which are measured at fair value) and on the assumption that the business is a going concern. Despite the difficult macroeconomic environment in which it is operating, the Group believes that there are no significant uncertainties over business continuity (as defined under IAS 1.25), particularly given the strength of the Group's financial situation.

The accounting policies are applied in the same way across all Group companies. There are no held-to-maturity financial assets. Financial transactions are booked according to the trade date.

The accounting policies adopted for the preparation of the consolidated financial statements at December 31, 2009 were applied in the same way for all periods presented for comparison.

4.2 Use of estimates

In order to prepare the financial statements and related notes, the management is required to use estimates and assumptions which affect the carrying amounts of assets and liabilities reported in the financial statements and the information regarding contingent assets and liabilities at the reporting date.

Actual results may differ from these estimates. Estimates are used to recognise allowances for credit risks, provisions for obsolete inventories, depreciation and amortisation, impairment losses on assets, employee benefits, tax and other provisions. Estimates and assumptions are reviewed periodically and the effects of any changes are immediately recognised in the income statement.

Below is a summary of the critical measurement processes and the key assumptions used by management in applying accounting policies with regard to the future, and which could have significant effects on carrying amounts stated in the consolidated financial statements, or for which there is a risk that significant adjustments may be made to the carrying amount of assets and liabilities in the year following that under review.

Allowance for impairment

The allowance for impairment reflects a management estimate of losses on the portfolio of end customer receivables. It is estimated according to expected losses by the Group on the basis of past experience with similar receivables, current and historical overdue receivables, losses and receipts, close monitoring of the quality of receivables and economic and market forecasts. The continuation of the current economic and financial crisis, and any worsening of the situation, could lead to a further deterioration in the financial circumstances of the Group's debtors, in addition to that taken into consideration in setting the provisions entered in the financial statements.

Provision for obsolete inventories

The provision for obsolete inventories reflects the management estimate of losses expected by the Group, calculated on the basis of experience as well as past and anticipated market performance. The current economic and financial crisis could lead to a further deterioration in market conditions, in addition to that taken into consideration in setting the provisions entered in the financial statements.

Recoverable amount of non-current assets

Non-current assets include property, plant and equipment, intangible assets and other financial assets. Management periodically reviews the carrying amount of non-current assets held and used and of assets for disposal, whenever circumstances demand. This is achieved by using estimates of anticipated cash flows from the use or sale of the asset, and appropriate discount rates to calculate present value. When the carrying amount of a non-current asset has been impaired, the Group enters an impairment loss amounting to the difference between the carrying amount of the asset and its recoverable amount via use or sale, calculated with reference to the most recent business plans.

The Group has considered the following factors in its outlook, in view of the current economic and financial crisis:

- In this context, the Group took performance expectations for 2010 into account when drawing up the consolidated financial statements at December 31, 2009, and more particularly when conducting impairment tests on property, plant and equipment and intangible assets. For future years it also drew up specific performance forecasts for its businesses on a precautionary basis, which take into account the profound changes to the economic, financial and market situation that have been brought about by the crisis. On the basis of these forecasts, there is no apparent need for significant impairments.
- In the event of a further worsening of the assumptions forming the basis for the forecasts, the following should be noted: in terms of the Group's property, plant and equipment and intangible assets with finite useful life (essentially development costs), the forecasts refer to recent applications/platforms with highly technological content, which makes them competitive in the current economic climate. It is therefore thought highly probable that the life-cycles of these assets could be prolonged, allowing the Group to achieve sufficient income flows to cover the investment made in the assets within the timeframe identified.

Defined benefit plans

The Parent provides personnel with a defined benefit plan (post-employment benefits). Management uses various statistical assumptions and evaluation factors to anticipate future events in order to calculate expenses, liabilities and plan assets. These assumptions concern the discount rate, the expected return on plan assets, rates for future salary increases and trends in medical care costs. The Group's actuarial advisors also make use of subjective factors, such as mortality and resignation rates. Regarding discount rates, it should be noted that during 2009 the rate curves of high-quality corporate securities were not as highly volatile as in 2008. However, further significant changes in corporate security yields, with a consequent effect on liabilities and on unrecognised actuarial gains/losses, cannot be ruled out, bearing in mind that there may also be contextual changes to the return on plan assets, where these exist.

Realisability of deferred tax assets

As of December 31, 2009, the Group has deferred tax assets of Euro 3,799 thousand, of which Euro 253 thousand is not recognised in the financial statements. The corresponding amounts as of December 31, 2008 were Euro 1,667 thousand and Euro 262 thousand respectively. Management posted these adjusting entries in order to reduce the carrying amount of the deferred tax assets to the likely recoverable amount. The calculation of the adjusting entries took into consideration budget results and forecasts for subsequent years that are consistent with those used for the impairment test and which are described in the previous paragraph on the recoverable amount of non-current assets. The adjusting entries are also deemed sufficient to cover the risk of a deterioration in the assumptions inherent in these forecasts, given the fact that the net deferred tax assets set aside in this way refer to temporary fiscal differences which are to a great extent recoverable over a long period of time. These entries are therefore still compatible with a scenario in which the emergence from the crisis and economic recovery take longer than the timeline implied in the aforementioned forecasts.

Contingent liabilities

The Group is involved in legal and fiscal disputes that concern a wide range of issues and which are governed by the respective jurisdictions of various states. Given the uncertainties inherent in these issues, it is hard to make definite predictions about disbursements relating to the disputes. The disputes with and litigation against the Group often derive from complex and difficult legal issues that are subject to a different level of uncertainty, including the individual facts and circumstances of each case, the jurisdiction and the various laws in force. In the normal course of business, Group management consults its own legal advisors and legal and tax experts. The Group recognises a liability for such disputes when it believes it likely that a financial disbursement will be required, and when the amount of the losses involved can be reasonably estimated. In the event that a financial disbursement becomes likely but the amount involved cannot be determined, this is reported in the notes to the financial statements.

4.3 Basis of consolidation

Subsidiaries

A company is classed as a subsidiary when the Group exerts control over it and has the power, directly or indirectly, to determine financial and operational strategies and to profit from the company's activities. Generally, a company in which the Group has a share of more than 50% of the voting rights is classed as a subsidiary, taking into account all potential voting rights that can presently be exercised.

The financial statements of subsidiaries, which were all formed rather than acquired, are fully consolidated from the time at which control is assumed until the date at which it ceases.

Any dormant subsidiaries, or subsidiaries with non-significant business volumes and whose influence on the Group's financial statements is not substantial, are not fully consolidated.

Any portions of equity or profit attributable to non-controlling interests are shown separately in the statement of financial position and the income statement.

The reporting date for all of the Group's companies is December 31, and accounts are also prepared at June 30 in order to present the interim consolidated financial statements at this date.

A list of fully consolidated companies is provided in Note 6 of these notes to the consolidated financial statements.

Associates and companies under joint control

The Group does not hold any investments in associates or companies under joint control (joint ventures).

Transactions eliminated on consolidation

Transactions between Group companies are eliminated in full. Unrealised profits and losses from transactions with subsidiaries are also eliminated in full. Any portions of equity and profit attributable to non-controlling interests are determined according to voting rights held, excluding potential voting rights. Any positive differences resulting from elimination of investments against the amount of equity booked at the date of initial consolidation are posted as maximum amounts under assets, liabilities and contingent liabilities, with the

remainder posted to goodwill. Any negative differences resulting from elimination of investments against the amount of equity booked at the date of the initial consolidation are posted as minimum amounts under assets and liabilities, with the remainder entered in the income statement.

Treatment of foreign currency transactions

Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each Group entity at the spot exchange rate on the transaction date. Monetary items denominated in foreign currencies at the reporting date are reconverted into the functional currency using the spot exchange rate on that date. Exchange rate gains or losses on monetary items consist in the difference between the amortised cost of the functional currency at the start of the year, adjusted to reflect actual interest and payments made during the year, and the amortised cost of the foreign currency, translated at the spot exchange rate on the reporting date. Exchange rate differences arising from translation are recorded in the income statement.

Financial statements of foreign operations

Assets and liabilities from foreign operations are translated to Euro using the spot exchange rate on the reporting date. For practical reasons, revenue and costs from foreign operations are translated to Euro using the average exchange rate for the year, if there are no significant differences with respect to translation using the exchange rates for the individual transactions.

Exchange rate differences arising from translation are posted directly to equity under “Translation reserve”. In the event of the partial or complete sale of a foreign operation, the related amount of differences accrued in this reserve are recognised in the income statement.

Exchange rate gains or losses arising from translation of cash receivables or payables for foreign operations, the receipt or payment of which is neither planned nor probable in the foreseeable future, are viewed as part of net investment in foreign operations and are booked directly under equity in the above reserve.

On the first-time adoption of IFRS, the cumulative translation differences generated by consolidation of foreign companies outside the Euro zone were reclassified to other reserves, as permitted under IFRS 1. Therefore the capital gains and losses deriving from the future sale of these companies will include only the translation differences arising from January 1, 2007 onwards (the date of the YOOX Group’s transition to IFRS).

The following table shows the exchange rates used at December 31, 2009 and at December 31, 2008 for the translation of items in the income statement and statement of financial position denominated in foreign currencies (source: http://www.uic.it).

	Exchange rate at Dec. 31, 2009	Average exchange rate for 2009
USD	1.4406	1.3948
JPY	133.16	130.34
GBP	0.8881	0.8909

	Exchange rate at Dec. 31, 2008	Average exchange rate for 2008
USD	1.3917	1.4706
JPY	126.14	152.33
GBP	0.9525	0.7963

The foreign currencies are reported against Euro units.

Derivative financial instruments

The Group does not hold any derivative financial instruments for speculative purposes. However, in cases where derivative financial instruments do not satisfy all the necessary conditions set out for hedge accounting under IAS 39, changes in the fair value of these instruments are booked in the income statement as financial income and/or expenses.

Derivative financial instruments are booked according to the rules of hedge accounting when:

- at the start of the hedge, the hedging relationship is formally designated and documented;
- it is presumed that the hedge is highly effective;
- effectiveness can be measured reliably and the hedge remains highly effective throughout the designation period.

The Group uses derivative financial instruments to hedge its exposure to currency risks.

Derivatives are initially measured at fair value. The associated transaction costs are entered in the income statement when they are incurred. After initial recognition, derivatives are measured at fair value. Any changes are recognised as described below.

Cash flow hedging

Changes in the fair value of a derivative hedging instrument designated as cash flow hedges are posted directly to equity to the extent that the hedge is effective. For the ineffective portion, changes in fair value are reported in the income statement.

As indicated above, hedge accounting ceases prospectively if the instrument designated as a hedge:

- no longer satisfies the criteria required for hedge accounting;
- expires;
- is sold;
- is closed out or exercised.

Accumulated profits or losses are retained in equity until the prospective transaction takes place. If the hedged item is a non-financial asset, the amount entered under equity is transferred to the carrying amount of the asset when it is determined. In other cases, the amount entered under equity is transferred to the income statement in the same year in which the hedged item affects the income statement.

Property, plant and equipment

Valuation and measurement

Property, plant and equipment are measured at acquisition cost, including direct ancillary costs and net of accumulated depreciation and impairment losses.

Any financial expenses incurred in the acquisition or construction of capitalised assets that normally require a fixed period of time to be prepared for use or sale are capitalised and amortised over the life of the assets in question. All other financial expenses are posted to the income statement for the year in which they were incurred.

If an item of property, plant and equipment is made up of various components with differing useful lives, these components are booked separately (if they are significant components).

Any gain or loss generated by the sale of property, plant and equipment is calculated as the difference between the net proceeds from the sale and the residual net value of the asset, and is entered in the income statement under “Other income” or “Other expenses”.

Subsequent costs

Costs incurred after the acquisition of the assets and the cost of replacing some parts of the assets in this category are added to the carrying amount of the item to which they relate and are only capitalised if there is an increase in the future economic benefits intrinsic to the asset. All other costs are posted to the income statement as they are incurred.

When the cost of replacing parts of the assets is capitalised, the residual value of the replaced parts is posted to the income statement. Extraordinary maintenance expenses that extend the useful life of items of property, plant and equipment are capitalised and depreciated on the basis of the remaining useful life of the assets. Ordinary maintenance costs are posted to the income statement in the year in which they are incurred.

Assets under construction are entered at cost under “Assets under construction” until they are available for use. As soon as they are available for use, the cost is classified under the appropriate item and becomes subject to depreciation.

Assets under finance lease

Property, plant and equipment held under finance leases, for which the Group has substantially assumed all risks and rewards of ownership, are recognised at the start date of the lease as assets at their fair value, or, if lower, at the current value of the lease payments, depreciated according to estimated useful life and adjusted for any impairment losses calculated as described below. The amount payable to the lessor is entered in the financial statements under financial payables.

Depreciation

Items of property, plant and equipment are depreciated in the income statement on a straight-line basis over their useful life.

The financial and technical useful lives of these items are assessed as follows:

Equipment	15%
General plant	15%
Specialist plant	30%
Electronic office equipment	20%
Furniture and furnishings	15%

The depreciation method, useful lives and residual values are verified at the reporting date.

Intangible assets

Development costs

Expenses for research carried out with a view to obtaining new knowledge or making scientific or technical discoveries, are recognised in the income statement at the time they are incurred.

Development expenses are incurred on the basis of a plan or project to create new or substantially improved products or processes. Development expenses are only capitalised if the criteria set out under IAS 38 – Intangible Assets are met, namely:

- the technical feasibility of the product can be demonstrated;
- the ability to use or sell the intangible asset can be demonstrated;
- the Group intends to complete the development project;
- the costs incurred for the project can reliably be calculated;

- the amounts entered can be recovered through anticipated future economic benefits resulting from the development project;
- adequate technical, financial and other resources are available.

Capitalised expenses include costs for services provided by third parties and the directly attributable personnel expense. Financial expenses incurred in developing capitalised assets that normally require a fixed period of time to be prepared for use or sale are capitalised and amortised over the life of the asset class in question. All other financial expenses are entered in the income statement for the year in which they are incurred. Other development expenses are entered in the income statement at the time they are incurred.

Capitalised development expenses are booked at cost, net of accumulated amortisation and impairment losses.

Development projects in progress are entered at cost under “Intangible assets under development” until the project is completed. When the project is completed, the cost is entered under the relevant item and is subject to amortisation.

Other intangible assets with finite useful life

Other intangible assets acquired by the Group with a finite useful life are stated at cost, net of accumulated amortisation and impairment losses.

Subsequent costs

Subsequent costs are only capitalised when there is an increase in the anticipated future economic benefits attributable to the assets in question. All other subsequent costs are entered in the income statement for the year in which they are incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the intangible assets, from the time that the assets are available for use. The financial and technical useful lives of these items are assessed as follows:

Development costs	33%
Software and licences	33%
Brands and other rights	10%
Other intangible assets	33%

Other non-current financial assets

This category includes guarantee deposits expected to be convertible to cash after 12 months.

Non-current financial assets are initially recognised at fair value on the trade date (being the same as the acquisition cost), net of transaction costs directly attributable to the acquisition.

After initial recognition, held-to-maturity financial instruments are measured at amortised cost, using the effective interest rate method.

The effective interest rate is the rate that precisely discounts future cash flows, estimated over the expected life of the financial instrument, to its net carrying amount.

At every reporting date, every non-current financial assets is checked for objective evidence of impairment.

If there is objective evidence of impairment, the impairment loss is measured as the difference between the carrying amount of the held-to-maturity investment and the present value of estimated future cash flows discounted at the original effective interest rate of the financial asset.

The amount of the loss is immediately entered in the income statement.

If, in a subsequent year, the impairment loss decreases and this decrease is connected to an event after the impairment loss was recognised, the loss is reversed and the related reversal is entered in the income statement.

Inventories

Inventories are carried at the lesser of the purchase and/or production cost and the net realisable value based on market performance, including the relative ancillary selling costs. The cost of inventories, calculated according to the average cost method for each category of goods, includes purchase costs and costs incurred to bring the inventories to their present location and condition.

In order to represent the value of inventories appropriately in the statement of financial position, and to take into account losses due to obsolete materials and slow inventory movement, obsolescence provisions have been posted, directly deducted from the carrying amount of the inventories.

Trade and other receivables

Trade and other receivables, which generally fall due within one year, are carried at the fair value of the initial consideration plus transaction costs. They are subsequently carried at amortised cost, and may be adjusted to reflect any impairment losses, calculated as the difference between the carrying amount and the amount of estimated future cash flows. If, in a subsequent year, the impairment loss decreases, the loss previously stated is partially or fully reversed and the amount of the receivable is reversed, for an amount not exceeding what would have been the amortised cost if the loss had not been recognised.

Cash and cash equivalents

Cash and cash equivalents include all cash on hand, bank and postal deposits and equivalent items that can be sold in the very short term (within three months), stated at the nominal value, and stated at the spot exchange rate at year-end if in foreign currency, which corresponds to their fair value.

Impairment losses on assets

At every reporting date, the Group subjects the carrying amounts of property, plant and equipment and intangible assets to impairment tests if there is any evidence that these assets may have suffered impairment. In the event of such evidence, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. Intangible assets not yet available for use are subjected to impairment tests every year, or more frequently if there is an indication that the asset might be impaired.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

If the test shows that the stated assets, or a cash-generating unit, are impaired, the recoverable amount is estimated and the difference between the carrying amount and the recoverable amount is entered in the income statement. The impairment loss on a CGU is therefore first charged against goodwill, where applicable, and then as a reduction in the carrying amount of the other assets.

The recoverable amount of an asset or a CGU is obtained by discounting the cash flows expected to derive from that asset or CGU. The discount rate used is the cost of capital, taking into account the specific risks associated with the asset or CGU. The recoverable amount of investments in held-to-maturity securities and of receivables stated at amortised cost corresponds to the present value of future cash flows, discounted at the effective interest rate calculated at initial recognition. The recoverable amount of other assets is the greater of the selling price and the value in use, calculated by discounting estimated future cash flows at a rate that reflects market conditions.

Any impairment losses on receivables measured at amortised cost are reversed if the subsequent increase in recoverable amount can be objectively determined.

If an impairment loss on an asset, excluding goodwill, is subsequently decreased or no longer exists, the carrying amount of the asset or the CGU is increased to the new estimated recoverable amount, which must not exceed the value that would have been calculated if no impairment loss had been recognised. The reversal of an impairment loss is immediately recognised in the income statement.

Share capital and other items of equity

The share capital is made up of the ordinary shares issued by the Parent.

Any costs arising from issuing new shares or options are recognised in equity (net of associated tax benefits) as a reduction of the income deriving from the issue of such instruments.

As required by IAS 32, if instruments representing own capital are repurchased, these instruments (own shares) are deducted directly from the “Other reserves” item within equity. No gains or losses are recognised in the income statement for the purchase, sale or cancellation of own shares.

The amount paid or received, including all costs directly attributable to the capital transaction, net of any associated tax benefit, is stated directly as a change in equity.

Any dividends paid to shareholders are recognised as liabilities in the period in which they are approved.

Financial liabilities

Financial liabilities are initially recognised at their fair value, net of ancillary charges, and following the initial recognition are measured at amortised cost using the effective interest method. The difference between the amortised cost and the repayment amount is posted to the income statement according to the duration of the liabilities based on interest accrued. Financial liabilities hedged by derivatives, where hedge accounting rules apply, are measured in the same way as the hedging instrument.

Employee benefits

The post-employment benefits (TFR) of the Italian company is classed as a defined benefit plan under IAS 19. The benefits guaranteed to employees in the form of post-employment benefits, which are issued on cessation of the working relationship, are stated at the expected future value of the benefits that employees will receive and that have accrued during the year and in previous years. The benefits are discounted and the liability is stated net of the fair value of any pension plan assets. These net obligations are calculated separately for each plan on the basis of actuarial assumptions, and are evaluated at least once a year with the assistance of an independent actuary using the projected unit credit method.

Actuarial gains and losses following January 1, 2007 (the date of the Group’s transition to IFRS) are posted to the income statement on a straight-line basis according to the remaining service life of employees, when their net cumulative value is 10% greater than the value of the total obligations under the defined benefit plans or the fair value of the plan assets, whichever is higher, at the reporting date of the previous year (the corridor method).

The Group has no significant pension plans in place at its foreign companies.

Share-based payment transactions

The YOOX Group awards additional benefits to some directors, managers, white-collars, consultants and other employees through stock option plans. According to IFRS 2 – Share-based payment, these are classed as equity settled. The total amount of the present value of the stock options at the grant date is therefore posted to the income statement as a cost. Changes to the present value after the grant date have no effect on the initial valuation. The remuneration cost, which amounts to the present value of the options at the grant date, is recognised under personnel costs on a straight-line basis during the period between the grant date and the vesting date, with a matching entry under equity.

Provisions for risks and charges

Provision for risks and charges is made for expenses for Group obligations that are legal or implicit (under contracts or otherwise), deriving from a past event. Provisions for risks and charges are stated if it is likely that resources will have to be used to fulfil the obligation, and if a reliable estimate of the obligation can be made. An implicit obligation is defined as an obligation that arises when the Group has notified other parties, via established practices, public company strategies or a sufficiently explicit announcement, that it will accept the obligation, in such a way that the third party expects the Group to honour the obligation. If it is estimated that these obligations will arise beyond 12 months and the related effects are significant, the obligations are discounted at a rate that takes account of the cost of money and the specific risk associated with the liability recognised. Any change in the estimated provisions is reflected in the income statement for the period in which it takes place. If obligations are discounted, the increase in the provision due to the passage of time and any effect arising from the change in the discount rate is entered as a financial charge.

Trade and other payables

Trade and other payables falling due within normal commercial terms, usually less than a year, are entered at the fair value of the initial amount plus transaction costs. After initial recognition they are measured at amortised cost, with any differences shown in the income statement for the life of the liability, in line with the effective interest rate method. Trade and other payables, which usually fall due within a year, are not discounted.

Revenue and income

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or due, taking into account any returns, allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and benefits associated with ownership of the assets are transferred to the purchaser, recoverability of the consideration is probable, the related costs or any return of goods can be reliably estimated, and if management ceases to exercise the level of continuous operation normally associated with ownership of the good sold.

The transfer of risks and rewards usually takes place when the goods are shipped to the customer, i.e. when the goods are handed over to the carrier).

Services

Revenue generated from the provision of services is posted to the income statement on the basis of the stage of completion of the service at the reporting date. The stage of completion is measured according to the work performed.

Commission

When the Group acts as a commercial intermediary rather than as a principal, the revenue stated corresponds to the net amount of the commission earned by the Group.

Dividends

Collectible dividends are recognised as income in the income statement at the date of their approval by the shareholders' meeting of the company distributing the dividend. Conversely, dividends payable are shown as changes in equity in the year in which they are approved by the shareholders' meeting.

Cost of goods sold

The cost of goods sold is the sum of the costs incurred by the Group in relation to all the assets on the basis of which it generates sales revenue, net of changes in finished product inventories. The cost of goods sold therefore includes the cost of purchasing the goods and all costs incurred in order to prepare the purchased goods for sale, as well as any direct and indirect ancillary costs, both internal and external (transport costs and customs duties). Costs incurred for transporting goods are included under the cost of goods sold since they relate directly to sales revenue. The cost of goods purchased is carried at the fair value of the amount paid or

agreed. Generally, the cost of goods purchased is therefore composed of cash and cash equivalents paid or payable in future on normal payment terms. On this basis, the cost of goods purchased is recognised according to the purchase price of the goods stated on the invoice, net of rebates, discounts and allowances.

The cost of goods purchased is adjusted to take account of any decisions to grant further discounts in addition to those contractually agreed, and any deferral of payments beyond 12 months that effectively represent a loan from the supplier to the Group. In the latter case, the present value of the cost of goods purchased is represented by the future cash flow compounded using a market interest rate. Similarly, when additional discounts for early cash payment are applied to the agreed terms of payment in the contract or invoice, the present value of the cost of goods purchased is shown gross of this further discount, which is reported as interest income.

The change in product inventories records the difference between initial inventories (the closing inventories from the previous period) and the closing inventories of the accounting period under review.

The cost of goods sold also includes costs relating to revenue from assistance with the creation/maintenance of the Online Stores, which are invoiced to the Strategic Partners of the Online Stores in the Mono-brand business line.

Fulfilment costs

These are costs incurred for:

- Digital production, cataloguing and quality control: this item classifies costs incurred for “making ready” the goods purchased (labelling, classification and warehouse storage). They include costs for personnel, insurance, consultancy and the purchase of consumables. They also include a portion of the cost of depreciating the assets involved in the process, vehicle hire costs and other expenses directly ascribable to the functions involved in the process.

- Logistics: this item includes the cost of handling and packaging the goods, which comprises the costs of logistical warehouse management and related consultancy, as well as a portion of the amortisation/depreciation of property, plant and equipment and intangible assets, and the cost incurred for remuneration of personnel directly carrying out this function.

- Customer services: these costs include all customer care expenses, including the costs of the call centre and the telephone and email services available to the customer, the costs of dedicated staff and the share of amortisation/depreciation of the related property, plant and equipment and intangible assets.

Sales and marketing costs and general and administrative expenses

Expenditure for these items is calculated at the fair value of the consideration paid or agreed.

Generally, these costs are composed of cash and cash equivalents paid or payable in future on normal payment terms. On this basis, these costs are recognised according to the price of the services stated on the invoice, net of rebates and discounts.

These costs are adjusted in the event of discounts on contractually agreed amounts and deferral of payments beyond 12 months that effectively represent a loan from the supplier to the Group.

In this event, the present value of the cost of services consists of the future cash flow compounded using a market interest rate.

When additional discounts for early cash payment are applied to the agreed terms of payment in the contract or invoice, the present value of the cost of services provided is shown gross of this further discount, which is reported as interest income.

The cost is stated on an accruals basis (based on the stage of completion of the service at the reporting date).

Costs for which the Group believes it will incur a disbursement during the year, without being able to quantify the precise amount of the disbursement, are entered in the income statement as reasonable estimates.

Rental charges and operating lease payments

Rental charges and operating lease payments are recognised in the income statement on an accruals basis (at the time when the economic benefits deriving from the rented or leased assets are recognised). In the event that the economic benefits are lower than the unavoidable minimum charges and the contract is therefore classified as onerous, the costs are recognised immediately in the income statement as the difference between the discounted charges and benefits.

Financial income and expenses

Financial income includes interest earned on cash investments and gains on hedging instruments recognised in the income statement. Interest income is recorded in the income statement on an accrual basis using the effective interest method. Financial expenses include interest payable on loans and losses on hedging instruments recognised in the income statement. Borrowing costs are recognised in the income statement using the effective interest method.

Income taxes

The tax burden for the year includes the current tax liability and the deferred tax liability. Income taxes are recognised in the income statement, except for those relating to any transactions recognised directly in equity, which are recorded in the same way.

Current tax is the estimated amount of income tax owed, calculated on the basis of taxable income for the year by applying the tax rates in force or substantially in force at the reporting date together with any adjustments to the amounts from previous years.

Deferred tax is recorded according to the equity method by calculating temporary differences between the carrying amount of assets and liabilities entered in the statement of financial position and the corresponding amounts recognised for tax purposes. Deferred tax assets and liabilities are determined using the tax rates that are expected to be applicable in the year in which the asset or liability will be realised or settled, based on the tax rates established under the regulations in force or substantively in force at the reporting date. Deferred tax assets and liabilities are offset if there is a legally exercisable right to offset current tax assets against current tax liabilities, and if the deferred tax assets and liabilities relate to income tax levied by the same tax authority from the same taxable party or from different taxable parties that intend to settle their current tax assets and liabilities on a net basis, or to realise their tax assets and settle their tax liabilities at the same time.

Deferred tax assets are recognised to the extent it is likely that future taxable income will be sufficient for these assets to be used. The carrying amount of deferred tax assets is reviewed at the end of every year and is reduced to the extent that the related tax benefit is no longer likely to be realised.

Additional income tax resulting from any distribution of dividends is accounted for when the liability to pay dividends is recognised.

Earnings per share

Basic earnings per share are calculated as the ratio of the profit or loss pertaining to shareholders of the Parent to the weighted average number of ordinary shares outstanding during the year, excluding any own shares in the portfolio. Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding on the assumption that all the options granted with a dilutive effect will be converted into ordinary shares. The Group has a category of potential ordinary shares with a dilutive effect for its stock option plans.

Segment reporting

A business segment is a group of separately identifiable activities and operations providing a set of related products and services, subject to risks and benefits that differ from those of other Group business segments.

Under IFRS 8, segment reporting must be based on the elements used by the Chief Operating Decision Maker (CODM) to analyse performance and make operational decisions.

Additional information about financial instruments

Pursuant to IFRS 7, additional information about financial instruments is provided for the purposes of assessing:

- the impact of financial instruments on the Group's statement of financial position, income statement and cash flows;
- the nature and scale of the risks deriving from financial instruments to which the company is exposed, and;
- the way in which these risks are managed.

5. Changes to accounting standards, new accounting standards, changes to estimates and reclassifications

The following accounting standards, amendments and interpretations, which were reviewed partly as a result of the 2008 annual improvement process carried out by the IASB, were applied by the Group for the first time from January 1, 2009.

Revised IAS 1 – Presentation of Financial Statements

The revised version of IAS 1 – Presentation of Financial Statements no longer allows the presentation of income components, including income and expenses (defined as "changes arising from transactions with non-owners") in the statement of changes in equity, but requires it to be indicated separately from changes arising from transactions with shareholders. The new version of the standard requires all changes arising from transactions with non-owners to be presented in a single separate statement showing the performance for the period (a statement of comprehensive income or loss) or in two separate statements (an income statement and a statement of comprehensive income or loss). These changes must also be presented separately in the statement of changes in equity. The Group applied the revised version of the standard retrospectively from January 1, 2009, choosing to present all changes arising from transactions with non-owners in two statements measuring performance during the period, respectively entitled "Consolidated income statement" and "Consolidated statement of comprehensive income". The Group altered its presentation of changes in equity accordingly. As part of the IASB's 2008 annual improvement process, an amendment to the revised IAS 1 was also issued, stipulating that derivative financial instruments designated as hedging instruments must be recorded in the statement of financial position with a distinction made between current and non-current assets and liabilities. The adoption of the amendment did not lead to any changes to the Group's presentation of items relating to assets and liabilities from derivative financial instruments.

Revised IAS 23 – Borrowing Costs

The revised version of the standard removes the option of immediately posting to the income statement any borrowing costs incurred by investing in assets normally requiring a fixed period of time to be prepared for use or sale (qualifying assets). The Group made use of this option until December 31, 2008. This version of the standard was also amended as part of the IASB's 2008 improvement process, with a revised definition of borrowing costs to consider for capitalisation. Pursuant to the rules of transition to the standard, the Group applied the new accounting standard prospectively from January 1, 2009, capitalising borrowing costs directly ascribable to the purchase, construction or production of qualifying assets for which the Group has begun investment, has incurred borrowing costs or had begun the activities necessary to prepare the asset for its specific use or for sale from January 1, 2009. However, the adoption of the standard had no significant accounting effects during the year.

Amendment to IFRS 2 – Share-based Payment: Vesting Conditions and Cancellations

The amendment to IFRS 2 – Share-based Payment: Vesting Conditions and Cancellations stipulates that for the purposes of measuring share-based remuneration instruments, only service conditions and performance conditions may be classed as vesting conditions. Any other clauses are to be classed as non-vesting conditions, and are included in the calculation of fair value at the plan grant date. The amendment also clarifies that if the plan is cancelled, the same accounting treatment is required for cancellation by the company or cancellation by the counterparty. The standard was applied retrospectively by the Group from January 1, 2009. However, its application has so far had no effect on the Group's accounts, since the stock option plans vested during the period made no provision for vesting conditions other than the service and performance conditions as defined in the amendment, and no plans were cancelled in the periods in question.

Improvement to IAS 19 – Employee Benefits

The improvement to IAS 19 – Employee Benefits clarifies the definition of past service costs/income and stipulates that if a plan is reduced, the effect immediately entered to the income statement must include only the reduction in benefits relating to future periods, while the effect of any reductions relating to periods of past service must be classed as a negative cost relating to past service. This amendment must be applied prospectively to changes to plans occurring after January 1, 2009. No significant accounting effects resulted from the adoption of this amendment as of December 31, 2009.
The improvement also amended the definition of the return on plan assets, stipulating that this item must be presented net of any administrative expenses not already included in the value of the obligation, and also clarified the definition of short-term and long-term benefits. The Group adopted this standard retrospectively from January 1, 2009 with respect to the definitions of a return on plan assets and short-term and long-term benefits. However, there were no accounting effects, because the accounting practices used by the Group in this respect before adoption of the amendment were already consistent with the amendment.

Improvement to IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance

The improvement to IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance stipulates that benefits arising from loans granted by public bodies at an interest rate below the market rate must be treated as government assistance, and therefore the rules of recognition set out under IAS 20 apply. The previous version of IAS 20 stipulated that in cases where financing at favourable rates of interest was received as government assistance, the company could not recognise a benefit. The Group therefore recognised financing at the value of the amount received and posted the lower interest on the financing directly to the income statement under financial income and expenses. Pursuant to the amendment's rules of transition, the Group applied the new accounting standard from January 1, 2009 to financing at favourable rates obtained from this date. In the case of these loans, at the time of issue the Group states the financial debt at fair value and deferred income for contributions at the favourable rate not yet received for the difference between the fair value of the debt and the amount received. This amount will be posted to the income statement if, and only if, all the requisite conditions for recognition of the assistance are fulfilled, in a systematic way that correlates with the costs that it is intended to offset. However, as of December 31, 2009 there were no significant accounting effects resulting from application of the improvement.

Improvement to IAS 38 – Intangible Assets

The improvement to IAS 38 – Intangible Assets determines recognition in the income statement of promotional and advertising costs. Specifically, it stipulates that if the company incurs expenses with future economic benefits and does not recognise them under intangible assets, these expenses must be entered in the income statement when the company has the right to access the asset (in the case of the purchase of goods), or when the service is rendered (in the case of the purchase of services). The standard was also amended to allow businesses to use the unit of production method to calculate amortisation of intangible assets with a finite useful life.
The Group has applied the amendment retrospectively from January 1, 2009; however, there has been no accounting effect, since before it was applied these types of costs were already recognised in the income statement as stipulated in the amendment.

Amendment to IFRS 7 – Financial Instruments: Disclosures

The amendment, which must be applied from January 1, 2009, was issued to increase the level of disclosure required in fair value measurements and to reinforce existing disclosure principles relating to the liquidity risk of financial instruments. Specifically, the amendment requires that information relating to the measurement of the fair value of financial instruments be disclosed according to hierarchical evaluation levels. Adoption of the

principle has had no effect in terms of measurement and recognition, but only on the type of information presented in the notes.

Amendments and interpretations that came into effect from January 1, 2009 but that are not relevant for the Group

The following amendments, improvements and interpretations, which came into effect from January 1, 2009, govern circumstances and cases that do not exist in the Group at the time of these financial statements, but which might affect the accounting of future transactions or agreements:

- Amendment to IFRS 32 – Financial Instruments: Presentation;
- Amendment to IAS 1 – Presentation of Financial Statements: Puttable financial instruments and obligations arising on liquidation;
- Improvement to IAS 16 – Property, Plant and Equipment;
- Improvement to IAS 28 – Investments in Associates;
- Improvement to IAS 29 – Financial Reporting in Hyperinflationary Economies;
- Improvement to IAS 36 – Impairment of Assets;
- Improvement to IAS 39 – Financial Instruments: Recognition and Measurement;
- Improvement to IAS 40 – Investment Property;
- IFRIC 13 – Customer Loyalty Programmes;
- IFRIC 15 – Agreements for the Construction of Real Estate;
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation.

Finally, on March 12, 2009, the IASB issued amendments to IFRIC 9 – Reassessment of Embedded Derivatives and IAS 39 – Financial Instruments: Recognition and Measurement, which permits reclassification, in some circumstances, of certain financial instruments out of the accounting category “fair value through profit and loss”. These amendments clarify that, when classifying a financial instrument out of this category, all embedded derivatives must be measured and, if necessary, accounted for separately in the financial statements. The amendments are applied retrospectively from December 31, 2009, but their adoption has had no accounting effect on the Group’s financial statements.

Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Group

On January 10, 2008, the IASB issued an updated version of IFRS 3 – Business Combinations and amended IAS 27 – Consolidated and Separate Financial Statements. The main amendments to IFRS 3 are the removal of the obligation to measure the individual assets and liabilities of the subsidiary at fair value in any subsequent acquisition, in the case of the acquisition of subsidiaries performed in stages. Goodwill will only be measured in the acquisition stage, and corresponds to the difference between the aggregate of the value of the equity investments held immediately before the acquisition and the consideration for the transaction and the net value of the assets acquired. In cases where the company does not acquire 100% of equity, the shareholding pertaining to third parties can either be measured at fair value or using the method set out in IFRS 3. The revised version of the standard also stipulates recognition in the income statement of all costs connected to the business combination and the recognition of liabilities for contingent consideration at the acquisition date. In the amendment to IAS 27, however, the IASB stipulates that changes to the investment not constituting a loss of control must be accounted for as equity transactions and be booked inequity. It also stipulates that when a parent gives up control of one of its subsidiaries but continues to have a shareholding in the company, it must measure the remaining equity interest at fair value in the financial statements and recognise any profits or losses arising from the loss of control in the income statement. Finally, the amendment to IAS 27 requires all losses attributable to non-controlling interests to be entered under shareholdings pertaining to third parties, including when these losses exceed their share in the capital of the subsidiary. The new rules must be applied prospectively from January 1, 2010.

As part of the IASB’s 2008 annual improvement process, the amendment to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations stipulates that if a business is committed to a sale involving the loss of control of a subsidiary, all the assets and liabilities of the subsidiary must be reclassified under assets held for sale, including cases in which the company will retain a non-controlling interest in the former subsidiary. The amendment must be applied prospectively from January 1, 2010. On July 31, 2008, the IASB issued an amendment to IAS 39 – Financial Instruments: Recognition and Measurement, which must be applied retrospectively from January 1, 2010. The amendment clarifies application of the standard in certain circumstances in order to define underlying instruments subject to hedging. Adoption of this amendment is not

expected to have any significant effect on the Group's financial statements. On November 27, 2008, IFRIC issued the interpretation IFRIC 17 – Distributions of Non-cash Assets to Owners in order to harmonise the accounting treatment of non-cash assets distributed to owners. The interpretation specifically clarifies that dividend payables must be recognised when the dividends have been appropriately approved and that these payables must be measured at the fair value of the net assets that will be used to pay them. Finally, the business must recognise in the income statement the difference between the dividend paid and the net carrying amount of the assets used for the payment. The interpretation must be applied prospectively from January 1, 2010.
On January 29, 2009, IFRIC issued interpretation IFRIC 18 – Transfers of Assets from Customers, which clarifies the accounting treatment required if the business concludes a contract under which it receives an item of property, plant and equipment from a customer that must be used to connect the customer to a network or to provide the customer with specific access to goods and services (for example gas, electricity or water). In some cases, the business receives cash from the customer for the purposes of building or acquiring the item that will be used to fulfil the contract. The interpretation must be applied prospectively from January 1, 2010.
On April 16, 2009, the IASB issued a range of improvements to IFRS. The improvements listed below are those that the IASB classes as involving changes to presentation, recognition and measurement in the financial statements, leaving aside those that simply establish terminological or editorial changes with minimal effects in accounting terms, or those concerning standards or interpretations not applied by the Group. As of the date of these financial statements, the competent European Union bodies have not yet completed the endorsement process necessary for application of the improvements.

- IFRS 2 – Share-based Payment: the amendment, which must be applied from January 1, 2010, clarifies that, since IFRS 3 amended the definition of business combinations, the transferral of a business unit for the purposes of forming a joint venture, or a combination of businesses or business units in entities under common control, no longer falls within the scope of IFRS 2.
- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations: the amendment, which must be applied prospectively from January 1, 2010, clarifies that IFRS 5 and the other IFRS that refer specifically to non-current assets (or groups of assets) classified as available for sale or as discontinued operations stipulate all the information necessary for these types of assets or operations.
- IFRS 8 – Operating Segments: this amendment, which must be applied from January 1, 2010, stipulates that businesses must recognise the total carrying amount of assets for each segment subject to disclosure if this amount is periodically reported to the highest level of operational decision-making. Previously, the information was required even if this was not the case.
- IAS 1 – Presentation of Financial Statements: this amendment, which must be applied from January 1, 2010, amends the definition of current liabilities as set out in IAS 1. The previous definition classed liabilities as current if they could be eliminated at any time via the issue of equity instruments. This meant that liabilities relating to convertible bonds were entered under current liabilities, since they can be converted at any time into shares of the issuer. As a result of the amendment, the existence of a currently exercisable option for conversion to equity instruments is no longer relevant to the classification of liabilities as either current or non-current.
- IAS 7 – Statement of Cash Flows: the amendment, which must be applied from January 1, 2010, stipulates that only a cash flow deriving from expenditure that results in recognition of an asset in the statement of financial position can be classed in the cash flow statement as deriving from investment, whereas a cash flow deriving from expenditure that does not result in asset recognition (as may be the case with promotional and advertising spending and or spending on staff training) must be classified as deriving from operating activities.
- IAS 17 – Leasing: as a result of the amendments, the general conditions set out in IAS 17 for classifying contracts as finance leases or operating leases will also apply to land leases, regardless of whether ownership is obtained at the end of the lease term. Before the amendments, the accounting standard stated that when ownership of the leased land was not transferred at the end of the lease term, the lease was classified as an operating lease, since it had an indefinite useful life. The amendment must be applied from January 1, 2010. As of the date of adoption, all land subject to existing lease contracts that have not yet expired must be measured separately, with retrospective recognition of any new lease as if the related contract were financial in nature.
- IAS 36 – Impairment of Assets: the amendment, which must be applied prospectively from January 1, 2010, stipulates that any operating unit or group of operating units to which goodwill is allocated for the purposes of impairment testing must be no larger than an operating segment as defined in paragraph 5 of IFRS 8, before combinations allowed under paragraph 12 of the same IFRS on the basis of similar economic features or other similar characteristics.
- IAS 38 – Intangible Assets: The revised version of IFRS 3 from 2008 stipulates that if an intangible asset acquired in the course of a business combination is separable or originates from contractual or legal rights, enough information exists to measure the fair value of that intangible asset. IAS 38 was consequently amended to reflect this revision to IFRS 3. The amendment also clarified the common measurement

techniques to be used in measuring the fair value of intangible assets with no active market. Specifically, these techniques include either estimating net discounted cash flows arising from the assets, estimating the costs that the business has avoided by owning the assets and not having to use them under a licence agreement with a third party, or estimating the costs necessary to recreate or replace them (as in the cost method). The amendment must be applied prospectively from January 1, 2010.

- IAS 39 – Financial Instruments: Recognition and Measurement: the amendment restricts the exemption described in paragraph 2(g) of IAS 39 for forward contracts between an acquirer and a seller-shareholder for the purposes of the sale of a business transferred to a business combination at a future acquisition date, when completion of the business combination does not depend on further action by one or two parties, but only on the passage of an appropriate period of time. The amendment also clarifies that option contracts (whether or not they are actually exercised) which allow one of the two parties control over the realisation or non-realisation of future events and which, if exercised, confer control over a business, fall within the scope of application of IAS 39. The amendment also clarifies that implicit penalties for the early repayment of loans, the price of which compensates the lender for the loss of further interest, must be considered strictly related to the loan agreement containing them, and must not be accounted for separately. Finally, the amendment clarifies that profits or losses on a hedging financial instrument must be reclassified from equity to the income statement in the period in which the expected hedged cash flow affects the income statement. The amendment must be applied prospectively from January 1, 2010.
- IFRIC 9 – Reassessment of Embedded Derivatives: the amendment, which must be applied prospectively from January 1, 2010, excludes from the scope of application of IFRIC 9 derivatives embedded in contracts acquired in the course of business combinations, from the time when the joint venture or entity under joint control is formed.

In June 2009, the IASB issued an amendment to IFRS 2 – Share-based Payment: Group Cash-settled Share-based Payment Transactions. The amendment clarifies the scope of application of IFRS 2 and the relationship between this and other accounting standards. Specifically, it clarifies that a company receiving goods or services as part of share-based payment plans must account for such goods and services regardless of which company in the group settles the transaction, and regardless of whether settlement is made in cash or in shares. It also stipulates that the term ‘group’ is intended to have the same meaning as under IAS 27 – Consolidated and Separate Financial Statements, where the definition includes the parent and its subsidiaries. The amendment also specifies that a company must measure goods or services received as part of a transaction settled in cash or shares from its own point of view, which might not be consistent with that of the group and with the related amount recognised in the consolidated financial statements. The amendment incorporates the guidelines previously included in IFRIC 8 – Scope of IFRS 2 and in IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions. As a consequence, the IASB has withdrawn IFRIC 8 and IFRIC 11. The amendment is applicable from January 1, 2010. As of the date of these financial statements, the competent European Union bodies have not yet completed the necessary endorsement process for its application.

On October 8, 2009, the IASB issued an amendment to IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues to govern accounting for rights issues (rights, options or warrants) denominated in currencies other than the functional currency of the issuer. These rights were previously accounted for as liabilities relating to derivative financial instruments. The amendment stipulates that, in certain circumstances, these rights are to be classified under equity, regardless of the currency in which the exercise price is denominated. The amendment is applicable retrospectively from January 1, 2011. As of the date of these financial statements, the Group is assessing the effects arising from adoption of the amendment.

On November 4, 2009, the IASB issued a revised version of IAS 24 – Related Party Disclosures, which simplifies the type of disclosure required for transactions with related parties controlled by the state and clarifies the definition of related parties. The standard applies from January 1, 2011. As of the date of these financial statements, the competent European Union bodies have not yet completed the process of endorsement necessary for its application.

On November 12, 2009, the IASB has published IFRS 9 – Financial Instruments, relating to the classification and measurement of financial assets, applicable from January 1, 2013. This publication is the first part of a process in stages to replace IAS 39 completely. The new standard uses a single approach based on modalities for managing financial instruments, and on the characteristics of the contractual cash flows of the financial assets, to determine the measurement criterion replacing the various rules set out in IAS 39. The new standard also establishes a single method for calculating financial asset impairment. As of the date of these financial statements, the competent European Union bodies have not yet completed the necessary endorsement process for its application.

On November 26, 2009, the IASB issued a minor amendment to IFRIC 14 – Prepayment of a Minimum Funding Requirement, allowing companies making prepayments of minimum funding contributions to recognise these as

an asset. The amendment applies from January 1, 2011. As of the date of these financial statements, the competent European Union bodies have not yet completed the necessary endorsement process for its application.
On November 26, 2009, IFRIC issued the interpretation IFRIC 19 – Extinguishing Financial Liabilities with Equity, which provides guidelines for recognition of the extinguishing of a financial liability by issuing equity. The interpretation stipulates that if a business renegotiates the terms to extinguish a financial liability and its creditor agrees to extinguish it via the issue of shares in the business, the shares issued by the business become part of the price paid for the extinction of the financial liability and must be measured at fair value. The difference between the carrying amount of the financial liability extinguished and the initial value of the equity issued must be recognised in the income statement for the period. The amendment applies from January 1, 2011. As of the date of these financial statements, the competent European Union bodies have not yet completed the necessary endorsement process for its application.

6. Scope of consolidation

The scope of consolidation as of December 31, 2009 comprises the following subsidiaries of YOOX S.p.A.:

- YOOX Corporation, formed in 2002 to manage sales activities in America;
- YOOX Japan, formed in 2004 to manage sales activities in Japan;
- Y Services, formed in 2007 to manage the US sales of the Online Stores for the following brands: Emporio Armani, Diesel, Miss Sixty, Energie, Marni and D&G.

At December 31, 2009 the scope of consolidation includes the following companies:

Company	*Registered offices*	*Share capital at Dec. 31, 2009*	*Percentage held at Dec. 31, 2009*
YOOX	Via Nannetti,1– 40069 Zola Predosa – Bologna, Italy	504	-
YOOX Corporation	15 East North Dover, Delaware 19901, United States of America	248	100%
Y Services	1220 Market St. Ste 806, Wilmington, Delaware 19801, United States of America	124	100%
YOOX Japan	Grande Maison Daikanyama No. 1001 150 0022 Shibuya-ku, Tokyo, Japan	75	100%

The scope of consolidation has not changed since December 31, 2008.

7. Segment reporting (business lines)

The Group's operating segments were determined on the basis of the reporting information used by senior management when making strategic decisions. This reporting information, which also reflects the Group's current organisational structure, is based on the various products and services provided and was produced using the accounting standards described above (IFRS).

The operating segments generate revenue from the specific production and sales activities described below:

1. Multi-brand, comprising the multi-brand online store activities of yoox.com and thecorner.com.

    a. yoox.com is a virtual boutique that has been operational since June 2000, and as of December 31, 2009 sells and distributes a wide assortment of fashion and design products in 67 countries. The majority of products offered on yoox.com are clothing, footwear and fashion accessories drawn from the collections of well-known brands for the corresponding season of the previous year at reduced prices. To complete its select offerings, yoox.com offers collections made exclusively for sale through yoox.com from leading designers, as well as vintage items, special editions from on-trend designers and an original selection of design objects.

b. thecorner.com is a virtual space launched in February 2008 to market the current season collections of established brands and niche and/or artisan brands with relatively limited distribution, many of which are being made available online for the first time. The products sold on thecorner.com have prices in line with those for the same clothing and accessories found in traditional retail outlets.

Initially, thecorner.com only offered men's collections. In September 2009, the women's collection for Fall/Winter 2009-2010 was also launched.
thecorner.com is a virtual space containing mini-shops dedicated to each brand (the "shops-in-shop" concept), designed to recreate the style, the atmosphere and the world of ideas evoked by the brand. In particular, customers can browse for clothes, shoes and accessories using exclusive multimedia content and images from advertising campaigns and fashion shows.

2. Mono-brand, comprising the design, creation and management, on an exclusive basis, of the Online Stores of some of the leading global fashion brands. The Group is therefore the strategic partners for these brands in this specific sales channel. The goods available in the Online Stores are sold and invoiced directly to end customers by YOOX.

The Group also has a Corporate and Central Services Area that directs and coordinates the Group's activities. This Area also plays a key role in facilitating the operational integration of the various Areas and in supporting the activities directly associated with the operating segments. This Area includes Group management and the administrative, finance and control, legal, general services, human resources, press office, technology, investor relations and internal audit functions.

The Group evaluates the performance of its operating segments according to their operating results, these being the results generated by ordinary operations.

The segment revenues shown are those directly generated by or attributable to the segment and derive from its core activity. They include solely the revenue earned from transactions with third parties, since no revenue is generated from transactions with other segments. Segment costs comprise the direct costs charged by third parties in relation to the operating activities of the segment or directly attributable to the segment. No costs are incurred in relation to other operating segments.

The operational reporting system used by senior management to evaluate business performance does not envisage the allocation of amortisation, depreciation and non-monetary income and expenses to the operating segments, and the information presented here is consistent with this reporting system.

General expenses and other non-recurring income and expenses, financial income and expenses and taxes incurred in Group operations remain the responsibility of the Corporate Area since they are not related to the operations of the segments, and are posted under "Unallocated and adjusted items".

All the income components presented are measured using the same accounting criteria as those adopted to prepare the Group's consolidated financial statements.

Income statement figures for each operating segment as of December 31, 2009, with a reconciliation of entries with the Group's income statement, is presented below:

Description	*Multi-brand*		*Mono-brand*		*Corporate*		*Group total*	
	Dec. 31, 2009	*Dec. 31, 2008*	*Dec. 31, 2009*	*Dec. 31, 2008*	*Dec. 31, 2009*	*Dec. 31, 2008*	*Dec. 31, 2009*	*Dec. 31, 2008*
Segment net revenues	**124,160**	**86,007**	**28,057**	**15,443**			**152,217**	**101,450**
Segment operating profit	**23,703**	**15,503**	**4,356**	**2,029**			**28,059**	**17,532**
Reconciliation with Group results:								
General expenses					(13,838)	(11,289)	**(13,838)**	**(11,289)**
Other depreciation and amortisation not attributable to operating segments					(450)	(402)	**(450)**	**(402)**
Other income and expenses					(958)	(882)	**(958)**	**(882)**
Non-recurring expenses					(3,973)	(170)	**(3,973)**	**(170)**
Other items								
Group operating profit/(loss)	**23,703**	**15,503**	**4,356**	**2,029**	**(19,219)**	**(12,743)**	**8,840**	**4,789**
Financial income					518	754	**518**	**754**
Financial expenses					(1,983)	(1,974)	**(1,983)**	**(1,974)**
Profit before taxation							**7,375**	**3,569**
Taxation					(3,277)	(1,167)	**(3,277)**	**(1,167)**
Profit for the year							**4,098**	**2,402**

Segment assets are assets that are used by the segment to conduct its core business, or which could reasonably be allocated to its core business. Since the operational reporting system used by senior management to assess business performance solely allocates inventory value by segment, the following information is provided according to this reporting system:

	Multi-brand		*Mono-brand*		*Unallocated items*		*Group total*	
	Dec. 31, 2009	*Dec. 31, 2008*	*Dec. 31, 2009*	*Dec. 31, 2008*	*Dec. 31, 2009*	*Dec. 31, 2008*	*Dec. 31, 2009*	*Dec. 31, 2008*
Segment assets (inventories)	47,054	37,764	-	888	-	-	**47,054**	**38,652**
Other current assets					44,963	17,755	**44,963**	**17,755**
Non-current assets					10,883	8,402	**10,883**	**8,402**
Total Group assets							**102,900**	**64,809**

Inventories as of December 31, 2009 solely comprise goods connected to the Multi-brand business line, which are acquired and put up for sale. At December 31, 2008, residual goods inventories existed in connection with the Multi-brand business line. These were eliminated during 2009, when they started to be managed on a sale-or-return basis following a change to the contract in force.

8. Information by geographical area

Revenue generated by the Group from transactions with third-party customers breaks down as follows:

Description	Dec. 31, 2009	Dec. 31, 2008
Italy	39,766	29,027
Europe (excluding Italy)	74,407	49,498
North America	25,735	16,354
Japan	8,847	4,643
Other countries	864	542
Unrelated to geographical areas	2,598	1,386
Total	**152,217**	**101,450**

The item "Unrelated to geographical areas" includes payments for setting up and maintaining the Online Stores, revenue generated from the sale of advertising projects for the Multi-brand segment, revenue from web marketing and web design services in the Mono-brand segment, and revenue generated through alternative channels. The table showing revenue by geographical area is consistent with the Group control model, in which only sales to online customers are allocated by country.

In 2009 and in 2008, revenue generated from transactions with the largest third-party customer did not exceed 10% of the Group's total revenues.

The total value of non-current assets, excluding deferred tax assets, in Italy and the rest of the world is as follows:

Description	Dec. 31, 2009	Dec. 31, 2008
Non-current assets – Italy	6,920	6,330
Non-current assets – U.S.	351	721
Non-current assets – Japan	66	238
Total	**7,337**	**7,289***

*This amount includes the effect of amortised cost on the syndicated loan.

9. Notes to the statement of financial position, income statement and statement of cash flows

Consolidated income statement

9.1 Net revenue

Net revenue increased by 49.1%, from Euro 96,218 thousand as of December 31, 2008 to Euro 143,443 thousand as of December 31, 2009. Net revenue includes all revenue arising from the sale of goods, net of customer discounts and returns and revenue from the provision of services.

The Group's net revenue from sales and the provision of services for 2009 and 2008 breaks down as follows:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Net revenue from sales	143,443	96,218	47,225
Revenue from the provision of services	8,774	5,232	3,542
Total	**152,217**	**101,450**	**50,767**

The marked rise in net revenue from sales in 2009 is mainly due to the uptrend in sales volumes. The growth in volumes is largely due to the rise in the number of orders.

For further details on the breakdown of revenue by geographical area and by operating segment, please see Note 7 Segment reporting and Note 8 Information by geographical area.

Revenue from the sale of goods is presented net of sales returns, amounting to Euro 52,411 thousand in 2009, or 26.8% of 2009 gross revenue (revenue from the sale of goods before customer returns in 2009) and Euro

34,937 thousand in 2008, or 26.6% of 2008 gross revenue (revenue from the sale of goods before customer returns in 2008). Returns are an inherent part of the Group's business activities, resulting from legislation safeguarding consumers in the countries where the Group operates in relation to mail order sales, and in particular e-commerce.

Revenue from the provision of services, which rose by 67.7% from Euro 5,232 thousand in 2008 to Euro 8,774 thousand in 2009, mainly comprises:

- The recharging of transport services for sales to the end customer (in certain countries the customer also pays for return shipments), net of refunds made if the customer returns the goods sold.
- Revenue from the set-up fees charged to create the Online Stores and fees charged to Strategic Partners in the Mono-brand business line for assistance in maintaining the Online Stores.
- Revenue generated from the sale of advertising projects and web marketing services.

9.2 Cost of goods sold

The cost of goods sold amounts to Euro 91,897 thousand (60.4% of net revenue) for the year ended December 31, 2009, compared with Euro 61,588 thousand (60.7% of net revenue) for 2008, representing an increase of Euro 30,309 thousand. The item includes costs deriving from the purchase of goods for sale, the cost of services and other costs.

The following table shows a breakdown of the cost of goods sold by nature:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Change in inventories of goods	8,504	9,939	(1,435)
Purchase of goods	(86,746)	(61,190)	(25,556)
Cost of service	(12,652)	(9,554)	(3,098)
Other costs	(1,003)	(783)	(220)
Total	**(91,897)**	**(61,588)**	**(30,309)**

The cost of goods purchased increased by 41.8%, from Euro 61,190 thousand in 2008 to Euro 86,746 thousand in 2009. The cost of goods purchased comprises costs for the procurement of goods for resale and its absolute value directly correlates to volumes sold.

Service costs increased by 32.4%, from Euro 9,554 thousand in 2008 to Euro 12,652 thousand in 2009. This item includes transportation costs for sales and returns. A portion of the transportation costs is invoiced directly to the end customer and recognised as revenue from the provision of services, net of refunds on customer returns.

Other costs increased by 28.1%, from Euro 783 thousand in 2008 to Euro 1,003 thousand in 2009. These costs mainly comprise transportation costs for purchases, and the internal personnel costs and external supplier costs incurred to set-up and maintain the websites of Mono-brand Strategic Partners.

9.3 Fulfilment costs

Fulfilment costs came in at Euro 15,935 thousand (10.5% of net revenue) in 2009, compared with Euro 11,992 thousand (11.8% of net revenue) in 2008, an increase of Euro 3,943 thousand.

This cost comprises operational expenses incurred from digital production, cataloguing and quality control, from warehouse logistics, and from customer services, including call centre services and customer care.

The following table shows the breakdown of fulfilment costs:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Cost of services	(11,251)	(8,241)	(3,010)
Personnel expenses	(3,931)	(3,205)	(726)
Depreciation and amortisation	(420)	(376)	(44)
Other costs	(333)	(170)	(163)
Total	**(15,935)**	**(11,992)**	**(3,943)**

Service costs increased by 36.5%, from Euro 8,241 thousand in 2008 to Euro 11,251 thousand in 2009. They mainly comprise service costs for handling and packaging goods and costs relating to outsourced production processes.

Personnel expenses increased by 22.7%, from Euro 3,205 thousand in 2008 to Euro 3,931 thousand in 2009, as a result of the increase in the number of employees in this area. The item includes Euro 394 thousand (Euro 132 thousand in 2008) relating to the granting of stock options. In addition to the cost of employees, personnel expenses also include the inherent costs of resources such as interns, collaborators and consultants, since these are related to personnel expenses.

9.4 Sales and marketing costs

Sales and marketing costs increased by Euro 6,037 thousand in the year ended December 31, 2009, to Euro 16,777 thousand (11% of revenue), compared with Euro 10,740 thousand (10.6% of revenue) for 2008.

These expenses relate to departments operating in sales. A portion of the costs are for personnel working in sales and marketing. The item also contains web marketing costs (including costs for online affiliation activities, i.e. sales commission paid to commercial intermediaries, and for consultancy services for the creation and development of advertising campaigns and procurement). Sales and marketing expenditure also includes costs for charges on credit card transactions and other methods of payment made to intermediaries for payment collection services, as well as expenses relating to customs duties levied on the import and export of goods sold.

The following table shows the breakdown of sales and marketing costs:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Cost of services	(10,659)	(6,785)	(3,874)
Personnel expenses	(4,725)	(2,726)	(1,999)
Depreciation and amortisation	(30)	(20)	(10)
Other costs	(1,363)	(1,209)	(154)
Total	**(16,777)**	**(10,740)**	**(6,037)**

Service costs increased by 57.1%, from Euro 6,785 thousand in 2008 to Euro 10,659 thousand in 2009. The main components of service costs incurred in 2009 are:

- Web marketing costs of Euro 4,506 thousand (Euro 2,953 thousand in 2008). These costs relate to the purchasing of online advertising, the negotiation and implementation of marketing agreements and the development of new partnerships and the commercial and technical management of existing partnerships, mainly for the Multi-brand business line.

- Expenses for credit card transactions of Euro 2,555 thousand (Euro 1,816 thousand in 2008).

- Import and export duties totalling Euro 2,495 thousand (Euro 1,541 thousand in 2008).

Personnel expenses rose from Euro 2,726 thousand in 2008 to Euro 4,725 thousand in 2009, representing an increase of 73.3%, resulting from the overall impact of the rise in the number of personnel employed in this area. This number increased from 51 as of December 31, 2008 to 83 as of December 31, 2009. Of these, 12 were employed by foreign branches in 2008 and 11 in 2009. In 2009, personnel expenses also include Euro 347 thousand (Euro 348 thousand in 2008) relating to the granting of stock options. In addition to the cost of

employees, personnel expenses also include the inherent costs of resources such as interns, collaborators and consultants, since these are related to personnel expenses.

Other costs increased by 12.7%, from Euro 1,209 thousand in 2008 to Euro 1,363 thousand in 2009. This item mainly comprises costs incurred for fraud relating to online sales, which decreased by 5.7%, from Euro 821 thousand in 2008 to Euro 774 thousand in 2009.

9.5 General expenses

General expenses include all the overhead costs of the Group's various offices pertaining to personnel management, administration, finance and control, communications and image, general management, general services and technological services.

General expenses rose by Euro 2,549 thousand in 2009, coming in at Euro 13,838 thousand compared with Euro 11,289 thousand in 2008.

General expenses can be broken down as follows:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Cost of services	(6,117)	(4,916)	(1,201)
Personnel expenses	(5,924)	(4,741)	(1,183)
Depreciation and amortisation	(1,733)	(1,406)	(327)
Provisions	(64)	(226)	162
Total	**(13,838)**	**(11,289)**	**(2,549)**

Service costs increased by 24.4%, from Euro 4,916 thousand in 2008 to Euro 6,117 thousand in 2009. These costs include:

- Legal and administrative consultancy costs of Euro 1,130 thousand (Euro 932 thousand in 2008).
- Lease costs of Euro 698 thousand (Euro 493 thousand in 2008).
- Infrastructure and technology costs and costs relating to communications and image services.

Personnel expenses totalled Euro 5,924 thousand in 2009 compared with Euro 4,717 thousand in 2008, an increase of 25%, resulting from the impact of the rise in the number of personnel employed in these areas, up from 84 as of December 31, 2008 to 119 as of December 31, 2009. Of these, one was employed at foreign branches in both periods. The costs include the cost of granting stock options, which increased from Euro 822 thousand in 2008 to Euro 910 thousand in 2009. In addition to the cost of employees, personnel expenses also include the inherent costs of resources such as interns, collaborators and consultants, since these are related to personnel expenses.

Depreciation and amortisation increased by 23.3%, from Euro 1,406 thousand in 2008 to Euro 1,733 thousand in 2009.

Provisions decreased from Euro 226 thousand in 2008 to Euro 64 thousand in 2009. The "Provisions" item relates to estimated impairment losses on receivables recognised in the relevant allowance for impairment at year end.

9.6 Other income and expenses

Other income and expenses rose by Euro 75 thousand in 2009, to a total of Euro 957 thousand, from Euro 882 thousand for 2008.

Other income and expenses can be broken down as follows:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Prior year expense	(645)	(495)	(150)
Theft and losses	(368)	(269)	(99)
Other tax charges	(128)	(194)	66
Other expenses	(81)	(73)	(8)
Provisions for sundry risks	(259)	(92)	(167)
Prior year income	393	185	208
Reimbursements	131	56	75
Total	**(957)**	**(882)**	**(75)**

Prior year expense increased by 30.2%, from Euro 495 thousand in 2008 to Euro 645 thousand in 2009. The item includes expenses arising from ordinary operations connected to sales volumes.

The "Theft and losses" item relates to occurrences of theft or loss of goods sent to end customers that are already identified as missing by year end. Other tax charges decreased by 34.1%, from Euro 194 thousand in 2008 to Euro 128 thousand in 2009.

Provisions for sundry risks in 2009 relate to estimated charge incurred due to theft and loss of goods not identified as missing as of year end.

Prior year income increased by more than 100%, from Euro 185 thousand in 2008 to Euro 393 thousand in 2009. The item includes income primarily arising from ordinary operations connected to sales volumes.

9.7 Non-recurring expenses

Non-recurring expenses increased by Euro 3,803 thousand to Euro 3,973 thousand in the year ended December 31, 2009, from Euro 170 thousand for 2008.

Non-recurring expenses can be broken down as follows:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Losses due to relocation/fire	(23)	(170)	147
IPO expenses	(3,950)	-	(3,950)
Total	**(3,973)**	**(170)**	**(3,803)**

Of the increase in this item in 2009, Euro 3,950 thousand related to expenses incurred for the IPO process for the purpose of listing the Company's shares on the Mercato Telematico Azionario (screen-based equity market) managed by Borsa Italiana S.p.A. It should be highlighted that, as set out under IAS 32, costs amounting to Euro 2,341 thousand incurred for the listing process and relating directly to the planned increase in share capital and reserves, since they pertained directly to the public offering, were posted directly as equity transactions on materialisation of the cash flows arising from the successful completion of the process, which took place in the fourth quarter 2009. The portion of costs not pertaining to the public offering were posted to the income statement for 2009.

Non-recurring expenses incurred during 2008, amounting to Euro 170 thousand, relate to losses for warehouse relocation and a fire in August 2007 at the Milan branch, entailing losses on various Group assets.

9.8 Operating profit

As required by IAS 1, the following is a breakdown of costs by nature used to determine the operating margin.

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Net revenue	152,217	101,450	50,767
Change in inventories	8,504	9,939	(1,435)
Purchase of goods	(86,746)	(61,190)	(25,556)
Services	(40,668)	(29,496)	(11,172)
Personnel expenses	(14,580)	(10,672)	(3,908)
Depreciation, amortisation and impairment losses	(2,246)	(2,028)	(218)
Other costs and revenue	(7,641)	(3,214)	(4,427)
Operating profit	**8,840**	**4,789**	**4,051**

Operating profit increased from Euro 4,789 thousand in 2008 to Euro 8,840 thousand in 2009. The operating margin widened from 4.7% in 2008 to 5.8% in 2009. This significant increase was due to a recovery in profitability on the back of the marked rise in volumes and the consequent better absorption of fixed costs, despite the non-recurring expenses incurred in 2009.

Personnel expenses include all employment related expenses, such as merit pay rises, promotions, cost-of-living adjustments, variable remuneration for 2009, unused leave and accruals to legal reserves required under collective agreement, as well as related social security contributions and the contributions to the post-employment benefits for Parent employees. These costs also include the fair value of stock options, between the allocation and vesting dates, with a direct matching entry in equity.

The headcount totalled 287 as of December 31, 2009, compared with 219 at December 31, 2008, breaking down as follows[25]:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*
Managers	14	12
Junior managers	19	13
White-collars and Trainees	236	176
Abroad	**18**	**18**
Total	**287**	**219**

A 31% increase in headcount was therefore registered at Group level in 2009 by comparison with the previous year.

9.9 Financial income and expenses

Financial income decreased from Euro 754 thousand in 2008 to Euro 518 thousand in 2009.

The following table shows the breakdown of financial income:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Exchange rate gains	326	573	(247)
Interest income on current account	81	55	26
Other financial income	111	126	(15)
Total	**518**	**754**	**(236)**

Exchange rate gains decreased from Euro 573 thousand in 2008 to Euro 326 thousand in 2009. They mainly relate to translation of items to US dollars and Japanese yen and are strictly connected to the ordinary sale and purchase of goods.

[25] The headcount does not include the Chief Executive Officer of YOOX S.p.A., interns or collaborators not employed by the Group.

Other financial income decreased from Euro 126 thousand in 2008 to Euro 111 thousand in 2009.

Financial expenses increased from Euro 1,974 thousand in 2008 to Euro 1,983 thousand in 2009.

The following table shows the breakdown of financial expenses:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Exchange rate losses	(754)	(492)	(262)
Interest expense	(735)	(1.112)	377
Other financial expenses	(494)	(370)	(124)
Total	**(1,983)**	**(1,974)**	**(9)**

Exchange rate losses, realised and unrealised, rose from Euro 492 thousand in 2008 to Euro 754 thousand in 2009. They mainly relate to translation of items to US dollars and Japanese yen and are strictly connected to the ordinary sale and purchase of goods.

Interest expense decreased by 33.9%, from Euro 1,112 thousand in 2008 to Euro 735 thousand in 2009, mainly due to the fact that borrowing rates are now lower than in 2008 and that the syndicated loan was fully repaid on December 15, 2009.

Other financial expenses rose from Euro 370 thousand in 2008 to Euro 494 thousand in 2009. These expenses relate to fees paid to banks for the use of credit facilities and the issuing of sureties for third parties in the interest of the Group. This item includes premiums paid on exchange rate hedging contracts as well as the fair value entries of these premiums.

9.10 Tax

Income tax for the year can be broken down as follows:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Current corporate income tax – Parent (1)	(3,079)	-	(3,079)
Current regional income tax – Parent (2)	(761)	(543)	(218)
Current income tax – foreign companies	(1,058)	(701)	(357)
Deferred taxes	1,621	77	1,544
Total	**(3,277)**	**(1,167)**	**(2,110)**

(1) *Imposta sul Reddito delle Società* (IRES)
(2) *Imposta Regionale sulle Attività Produttive* (IRAP)

The Group incurred a greater tax burden in absolute terms than at December 31, 2008. Current taxes rose from Euro 1,244 thousand to Euro 4,899 thousand.
IRAP taxes rose 40.1% for the Parent, from Euro 543 thousand as of December 31, 2008 to Euro 761 thousand as of December 31, 2009.

As regards corporate income tax (IRES), tax losses carried forward of Euro 223 thousand were fully used up in 2009.

With respect to the period ended December 31, 2009, the Group's foreign companies had a tax burden of about Euro 1,058 thousand, due entirely to higher taxable profits resulting from growth in operations during the year ended December 31, 2009.

The Group also recognised deferred tax assets totalling Euro 3,322 thousand and deferred tax liabilities of Euro 35 thousand. Deferred tax assets of Euro 1,169 thousand and deferred tax liabilities of Euro 40 thousand that were recognised in 2008 were reversed. The amount recorded in the income statement did not include Euro 537 thousand in deferred tax assets posted directly as a matching entry to the share premium reserve in accordance with IAS 32.

The following table shows the reconciliation between theoretical taxes calculated at the tax rate in effect in Italy and the taxes entered in the consolidated financial statements.

(Thousand Euro)	*Dec. 31, 2009*	*Dec. 31, 2008*
Profit before taxation	7,375	3,569
Rate	27.50%	27.50%
Theoretical tax	2,028	981
Effective tax	3,277	1,167
Difference	**1,249**	**186**
Effects attributable to Parent		
IRAP	760	543
Permanent taxes	1,724	478
Use of tax losses carried forward	(61)	(1,263)
Deferred taxes	(1,476)	210
Total effects attributable to Parent	**946**	**(32)**
Effects attributable to foreign companies and differential with respect to the tax rate in effect in Italy	**303**	**218**
Total difference	**1,249**	**186**

9.11 Basic and diluted earnings per share

The following table shows the calculation of the basic earnings per share (basic EPS) and diluted earnings per share (diluted EPS) reported in the consolidated income statement.

Calculation of basic EPS	*Dec. 31, 2009*	*Dec. 31, 2008*
Basic earnings	4,098	2,402
Average number of ordinary shares outstanding	42,386,591	40,028,511
Basic EPS	**0.10**	**0.06**

Calculation of diluted EPS	*Dec. 31, 2009*	*Dec. 31, 2008*
Basic earnings	4,098	2,402
Average number of ordinary shares outstanding	42,386,591	40,028,511
Average number of shares granted without consideration	6,941,461	3,600,382
Total	49,328,052	43,628,893
Diluted EPS	**0.08**	**0.06**

The average number of shares granted without consideration in 2009 and 2008 used to calculate the diluted EPS relates to the effect of granting shares as part of existing stock option plans which, as stated in IFRS 2, can be converted on the basis of vesting conditions in the respective years.

The figures are those that apply following the YOOX S.p.A. share split (also see section 9.20 of these notes).

Statement of financial position

9.12 Property, plant and equipment

As of December 31, 2009, property, plant and equipment totalled Euro 3,508 thousand. The following is a summary of changes therein in 2009:

Description	Historical cost at Dec. 31, 2008	Increases	Decreases	Historical cost at Dec. 31, 2009	Acc. depreciation at Dec. 31, 2008	Depr.	Utilisation	Acc. depreciation at Dec. 31, 2009	Net carrying amount at Dec. 31, 2008	Net carrying amount at Dec. 31, 2009
Plant and equipment	**1,419**	**180**	**-**	**1,599**	**(560)**	**(213)**	**-**	**(773)**	**859**	**826**
Buildings	**1,221**	**102**	**-**	**1,323**	**(438)**	**(205)**	**-**	**(643)**	**783**	**680**
Leasehold improvements	1,221	102	-	1,323	(438)	(205)	-	(643)	783	680
									-	-
Industrial & commercial equipment	**780**	**135**	**-**	**915**	**(357)**	**(137)**	**-**	**(494)**	**423**	**421**
Other assets	**3,150**	**753**	**(535)**	**3,367**	**(1,734)**	**(581)**	**529**	**(1,786)**	**1,416**	**1,582**
Furniture and furnishings	569	108	(2)	674	(303)	(122)	1	(424)	266	250
Electronic equipment	2,487	625	(533)	2,579	(1,360)	(437)	528	(1,269)	1,127	1,310
Vehicles	1	-	-	1	(1)	-	-	(1)	-	-
Other	93	20	-	113	(70)	(22)	-	(92)	23	21
									-	-
Assets under construction and payments on account	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
									-	-
Total	**6,570**	**1,170**	**(535)**	**7,205**	**(3,089)**	**(1,136)**	**529**	**(3,696)**	**3,481**	**3,508**

The total increase of Euro 1,170 thousand is mainly due to investment amounting to Euro 546 thousand in new servers, PCs and monitors held under finance leases, recorded under the “Other” category. The remaining Euro 207 thousand mainly relates to an investment of Euro 79 thousand in data storage and Euro 108 thousand in costs incurred by the Group chiefly to furnish the offices at the Bologna and Milan branches.

At the same time as these increases, the Group sold technological hardware for scrap for a total of Euro 535 thousand, realising a total capital loss of Euro 6 thousand.

The increase of Euro 180 thousand in plant and equipment mainly relates to the acquisition of new electrical equipment and optical readers used at the Bologna branches.

The Euro 102 thousand in leasehold improvements is mainly due to permanent refurbishment work on the buildings leased for the branches at which the Group operates.

Industrial and commercial equipment registered an increase of Euro 135 thousand during the year, mainly due to the purchase of photographic equipment for the Bologna Interporto warehouse.

Depreciation totalled Euro 1,136 thousand.

As of December 31, 2009, there are no liens or encumbrances on the items of property, plant and equipment of the YOOX Group; neither are there any commitments to purchase them.

Moreover, no impairment losses or revaluations were carried out on items of property, plant and equipment in 2009. In the period under review, no borrowing costs were ascribed to asset entries in the statement of financial position.

9.13 Intangible assets with finite useful life

Intangible assets amounted to Euro 3,420 thousand as at December 31, 2009.

The following is a summary of changes in intangible assets with finite useful life in 2009.

Description	Historical cost at Dec. 31, 2008	Increases	Decreases	Historical cost at Dec. 31, 2009	Acc. amortisation at Dec. 31, 2008	Amort.	Acc. amortisation at Dec. 31, 2009	Net carrying amount at Dec. 31, 2008	Net carrying amount at Dec. 31, 2009
Development costs	**1,618**	**2,356**	**-**	**3,974**	**(627)**	**(744)**	**(1,371)**	**991**	**2,604**
Software and licences	**1,884**	**155**	**-**	**2,039**	**(1,700)**	**(168)**	**(1,868)**	**184**	**171**
Brands and other rights	**141**	**-**	**-**	**141**	**(64)**	**(11)**	**(75)**	**77**	**66**
Trademarks and patents	141	-	-	141	(64)	(11)	(75)	**77**	**66**
Assets under development	**1,001**	**1,807**	**(2,487)**	**321**	**-**	**-**	**-**	**1,001**	**321**
								-	
Other	**999**	**353**	**-**	**1,352**	**(971)**	**(123)**	**(1,094)**	**28**	**258**
Other intangible assets	999	353	-	1,352	(971)	(123)	(1,094)	**28**	**258**
Grand total	**5,643**	**4,671**	**(2,487)**	**7,827**	**(3,362)**	**(1,046)**	**(4,408)**	**2,281**	**3,420**

The principal changes in these items during the year are described below.

Development costs

During 2009, the Group made substantial investments in development projects with long-term benefits totalling Euro 1,693 thousand. Of this amount, Euro 1,654 thousand relates to projects completed and classified under "Development costs" and Euro 39 thousand relates to projects still in progress as of December 31, 2009 and therefore classified under "Assets under development". These are costs incurred by the Parent to develop specific projects designed to boost the performance of yoox.com by broadening its operations and develop the integrated solution for management of the Online Stores. These costs relate both to internal personnel costs and to the costs of services provided by third parties.

Software and licences

The increase of Euro 155 thousand in this item includes expenditure with long-term benefits, principally relating to the acquisition of software licences to build the infrastructure of the Online Stores.

Brands and other rights

This item has a carrying amount of Euro 66 thousand as of December 31, 2009, and did not increase during 2009.

It mainly comprises expenses incurred by the Company in acquiring and registering national and international trademarks.

Assets under development

This item, which has a carrying amount of Euro 321 thousand as of December 31, 2009, comprises the only development programme not completed at the reporting date, which is scheduled for completion in the early part of 2010. As mentioned above, this is a set of projects to improve the operation of yoox.com, the construction of application platforms for the development of e-commerce solutions to support the Company's business and the implementation of dedicated back-end (internal analysis and support systems) and front-end (systems dedicated to management of the Online Stores) operations.

Other intangible assets

The increase of Euro 353 thousand in this item mainly comprises Euro 256 thousand in costs for external consultancy for the development of Hyperion software to manage the consolidated financial statements.

Amortisation in the year totalled Euro 1,046 thousand.

9.14 Deferred tax assets

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Deferred tax assets	3,546	1,405	2,141
Total	**3,546**	**1,405**	**2,141**

Changes in deferred tax assets during 2009 are shown in the following table:

Description	*Dec. 31, 2008*	*Increases*	*Utilisation*	*Forex effect of consolidation*	*Dec. 31, 2009*
Deferred tax assets	1,405	3,322	(1,169)	(12)	3,546
Total	**1,405**	**3,322**	**(1,169)**	**(12)**	**3,546**

The following table shows a breakdown of deferred tax assets as of December 31, 2009:

Description of taxable item	*Dec. 31, 2009*	*2009 tax rate*	*Taxation recorded in 2009*
Entertainment expenses	37	31.4%	12
Provisions	4,896	31.4%	1,544
Directors' fees	209	27.5%	57
Unissued credit notes	685	31.4%	215
Expenses for Red Circle capital increase	81	27.5%	22
Unrealized exchange rate losses	109	27.5%	30
IPO costs	5,032	27.5%	1,384
Profit in stock	452	45.0%	203
Other items	195	40.5%	79
Total	**11,695**		**3,546**

Deferred tax assets rose by more than 100%, from Euro 1,405 thousand as of December 31 2008 to Euro 3,546 thousand as of December 31, 2009.

Deferred tax assets as of December 31, 2009 were recognised in relation to:

- the allowance for impairment;
- the provisions for obsolete inventories;
- the provisions for risks and charges (provisions for disputes, provisions for fraud and provisions for theft and loss, respectively);
- entertainment expenses for 2006 and 2007;
- directors' fees unpaid as of December 31, 2009;
- unissued and non-deductible credit notes;
- expenditure on the share capital increase for entry of Red Circle S.r.l. Unipersonale as a Shareholder, which took place during the year;
- unrealised exchange rate losses;
- IPO costs incurred during the year for the process of listing on the Mercato Telematico Azionario, which is organised and managed by Borsa Italia S.p.A.;
- other minor items.

Deferred tax assets posted to allowances for impairment, provisions for obsolete inventories and provisions for risks and charges also include the amount relating to the provisions recorded by the Group's foreign companies.

The increase in comparison with December 31, 2008 is mainly due to the increase in the provisions for obsolete inventories, provisions for risks and charges, deferred tax recognised on elimination of intercompany margins in the consolidated financial statements, and to the recognition of costs relating to the listing on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A..

9.15 Other non-current financial assets

Other non-current financial assets totalled Euro 409 thousand as of December 31, 2009 (Euro 1,235 thousand as of December 31, 2008) and mainly relate to guarantee deposits, as broken down below:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Guarantee deposits	115	86	29
Deposit paid to Paymentech US	278	359	(81)
Deposit paid to Global Collect US	-	291	(291)
Deposit paid to Collect Japan	-	164	(164)
Deposit paid to Global Collect Europe	-	318	(318)
Restricted deposit – JP Morgan	16	17	(1)
Total	**409**	**1,235**	**(826)**

Guarantee deposits as of December 31, 2009 relate to the signature of rental contracts and contracts for the supply of electricity and gas, and to the existing relationships with Paymentech relating to retentions to guarantee the repayments due for returns made against sales. The decrease of Euro 826 thousand as of December 31, 2009 compared with December 31, 2008 is mainly due to the reimbursement of the guarantee deposit paid to Global Collect of Euro 800 thousand, after BNP Paribas issued a bank guarantee for the same amount. Other non-current financial assets are due to be repaid in more than 5 years' time.

9.16 Inventories

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	Change
Inventories	47,054	38,652	8,402
Total	**47,054**	**38,652**	**8,402**

Inventories as of December 31, 2009 and December 31, 2008 break down as follows:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Inventories of raw materials, consumables and supplies	240	177	63
Total	**240**	**177**	**63**
Finished products and goods	51,075	41,704	9,371
Provision for obsolete finished products and goods	(4,261)	(3,229)	(1,032)
Total	**46,814**	**38,475**	**8,339**
Total net inventories	**47,054**	**38,652**	**8,402**

Inventories rose by 21.7% from Euro 38,652 thousand at December 31, 2008 to Euro 47,054 thousand as of December 31, 2009, and relate to goods that have been purchased for subsequent resale online.

The increase is only partly the result of growth in sales during 2009. The Group's business model involves purchasing goods in advance, sometimes in the year before the selling season.

As of December 31, 2009, 83% of the carrying amount of goods inventories, including the provision for obsolete inventories, consists of goods already for sale and goods purchased for sale in subsequent months.

Goods from previous collections and/or obsolete goods are written down with a provision for obsolete inventories, calculated using the estimated realisable value of the goods.

The amount of the provision for obsolete inventories and changes in the provision are shown below:

Description	*Dec. 31, 2008*	*Increases*	*Decreases*	*Forex effect of consolidation*	*Dec. 31, 2009*
Provision for obsolete inventories	3,229	1,060		(28)	4,261
Total	**3,229**	**1,060**	**-**	**(28)**	**4,261**

The reserve for obsolete inventories reflected in the statement of financial position has a carrying amount deemed appropriate for the actual quantities of obsolete or slow-moving goods on hand.

9.17 Trade receivables

The breakdown of trade receivables as of December 31, 2009 is as follows:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Due from customers	3,396	2,235	1,161
Other trade receivables	3,518	2,116	1,402
Services in progress	51	-	51
Allowance for impairment	(222)	(440)	218
Total	**6,743**	**3,911**	**2,832**

The receivables due from customers are fully recoverable within 12 months and relate to trade receivables for the sale of goods to individuals.

Other trade receivables mainly relate to receivables from Online Stores, chiefly for the provision of services.

Services in progress of Euro 51 thousand refers to set-up fees paid to the Group by Strategic Partners for whom the Group designs and creates Online Stores. They are measured according to fees accrued in the year based on the stage of service completion.

The table below shows changes in the allowance for impairment in 2009:

Description	*Dec. 31, 2008*	*Increases*	*Decreases*	*Dec. 31, 2009*
Allowance for impairment	440	64	(282)	222
Total	**440**	**64**	**(282)**	**222**

The allowance for impairment covers specific risks relating to unpaid receivables and other receivables not considered recoverable. Provisions made in 2009 adjust the receivables to their estimated realisable value.
Pursuant to IFRS 7, Note 10 provides information on the maximum credit risk classed according to due dates, gross of the allowance for impairment.

9.18 Other current assets

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Other current assets	3,213	4,882	(1,669)
Total	**3,213**	**4,882**	**(1,669)**

The following is a breakdown of other current assets as of December 31, 2009:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Other receivables	1,011	223	788
Allowance for impairmentreceivables from others	(221)	-	(221)
Advances to suppliers	3	9	(6)
Travel and payroll advances to employees	-	2	(2)
Due from acquirers	1,197	1,073	124
Accrued income	-	17	(17)
Prepayments	548	991	(443)
Tax receivables	659	2,497	(1,838)
Hedging derivatives	16	70	(54)
Total	**3,213**	**4,882**	**(1,669)**

The item “Other receivables” includes:

- Euro 462 thousand in receivables from credit notes received from suppliers but not collected as of December 31, 2009;
- Euro 257 thousand in receivables from a director who expressed a wish to exercise stock options, but who had not paid the corresponding sum as of December 31, 2009. For this individual the corresponding payable, including the related withholding tax, is posted to “Other payables”;
- Euro 216 thousand in receivables for sums paid to the Parent’s tax representative in Greece and fully impaired.

The allowance for impairment – receivables from others relates to the loan to the Greek tax representative, which is deemed unrecoverable.

The change in the allowance for impairment – receivables from others during 2009 is as follows:

Description	*Dec. 31, 2008*	*Increases*	*Decreases*	*Dec. 31, 2009*
Allowance impairment – receivables from others	-	221	.	221
Total	**-**	**221**	**.**	**221**

The item “Due from acquirers” reflects customer payments already collected by Italian and foreign acquirers but not yet paid over to the Group as of December 31, 2009.

Prepayments break down as follows:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*
Prepaid IT services	127	192
Subscriptions to online magazines	15	4
Telephone charges	5	11
IPO consultancy	-	569
Royalties for trademark use	94	-
Professional consultancy	100	-
Insurance	18	36
Rental charges	42	37
Other prepayments	147	142
Total	**548**	**991**

The 'Prepayments' item mainly comprises costs relating to future years recognised financially in 2009.

It mainly includes software licence fees, insurance costs and rental costs. Prepayments for royalties relating to trademark use and prepayments for professional consultancy were recognised as of December 31, 2009, but not as of December 31, 2008.

It should be highlighted that, as set out under IAS 32, costs amounting to Euro 2,341 thousand incurred for the listing process and correlating directly to the planned increase in share capital and reserves, since they pertained directly to the public offering, were posted directly as equity transactions on materialisation of the cash flows arising from the successful completion of the process, which took place in the fourth quarter 2009. The portion of costs not pertaining to the public offering was posted to the income statement for 2009.

For further details of the costs incurred for the IPO, see section 9.7 of these notes.

Tax receivables, which are fully recoverable by the end of the following year, mainly comprise VAT receivables.

Description	*Dec. 31, 2009*	*Dec. 31, 2008*
Tax receivables	48	28
VAT receivable for the year	611	2,469
Total	**659**	**2,497**

9.19 Cash and cash equivalents

The breakdown of the item "Cash and cash equivalents" as of December 31, 2009 is as follows:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Bank and postal accounts	34,997	8,951	26,046
Cash and cash equivalents on hand	10	11	(1)
Total	**35,007**	**8,962**	**26,045**

The balance, entirely denominated in Euro except where expressly indicated, represents the cash and cash equivalents on hand at year end.

The breakdown of bank deposits is as follows:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*
Banca Intesa San Paolo	95	1,262
Banca Pop. Emilia Romagna (for the IPO)	820	1,236
Unicredit Banca	1,884	2,147
Banca Popolare di Novara	171	678
JPMorgan Chase in dollars translated to Euro	2,085	1,209
First National Bank Long Island in dollars translated to Euro	1,608	432
Banca Popolare dell'Emilia Romagna	15,633	-
Banca Sella	10,980	344
Other Euro current accounts	547	674
Other foreign currency current accounts	1,148	971
Accrued interest income on current accounts	26	-
Total	**34,997**	**8,951**

The breakdown of cash on hand, translated where appropriate to Euro at the spot rates in effect on the reporting date, is as follows:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*
Cash	2	10
Cash in foreign currency translated at 31/12 rate (USD)	3	-
Cash in foreign currency translated at 31/12 rate (GBP)	2	1
Cash in foreign currency translated at 31/12 rate 31/12 (JPY)	3	-
Total	**10**	**11**

For a more detailed analysis of changes in net financial position, see Note 9.22.

9.20 Equity attributable to equity holders of the Parent

On September 8, 2009, shareholders at the Extraordinary Shareholders' Meeting of the Parent approved, amongst other resolutions, to split the 813,897 ordinary shares of the Parent, thereby reducing the implicit unit price and increasing the number of shares to 42,322,644 (52 new shares for every old share). As of December 31, 2009, the Group's share capital amounted to Euro 504,037.56, divided into 50,403,756 ordinary shares with no indication of nominal value.

The breakdown of changes in equity as of December 31, 2009 is presented in a separate table.

The share capital, which stood at Euro 504 thousand as of December 31, 2009 (Euro 401 thousand as of December 31, 2008), increased during 2009 as a result of:

1. Approval of the share capital increase by shareholders at the Extraordinary Shareholders' Meeting of March 16, 2009 for the purposes of the entry into the shareholding structure of Red Circle S.r.l. Unipersonale, via the issue of 2,170,376 new post-split shares with a nominal value of Euro 0.01 each and with the same characteristics as the shares already in circulation, amounting to a total of Euro 22 thousand.
2. Approval of the share capital increase by shareholders at the Extraordinary Shareholders' Meeting of September 8, 2009, taking account of the stock split previously mentioned, which was approved at the same meeting. Both these resolutions were approved for the purposes of the Global Offering, aimed at the listing of the shares on the STAR segment of the Mercato Telematico Azionario (screen-based equities market), via the issue of 6,240,000 new post-split shares, with a nominal value of Euro 0.01 each and the same characteristics as the shares already in circulation, amounting to a total of Euro 62 thousand.

3. The exercising of stock options, which involved the issue of 1,841,112 new post-split shares with a nominal value of Euro 0.01 each and the same characteristics as the shares already in circulation, amounting to a total of Euro 18 thousand.

The main equity reserves are described below, together with any changes in the year and any applicable restrictions:

a) Share premium reserve of Euro 54,127 thousand as of December 31, 2009 (Euro 22,666 thousand as of December 31, 2008). The reserve increased during 2009 as a result of:

1. The subscription by Red Circle S.r.l. Unipersonale for 2,170,376 new post-split shares, each carrying a premium of Euro 2.5243. Pursuant to IAS 32, the increase in the share premium reserve was recognised net of Euro 101 thousand in expenses incurred for the share capital increase, and totalled Euro 5,400 thousand net of deferred taxes.
2. The Global Offering, aimed at the listing of the Company's shares on the STAR segment of the Mercato Telematico Azionario via the issue of 6,240,000 new post-split shares, each carrying a premium of Euro 4.29. Pursuant to IAS 32, the increase in the share premium reserve was recognised net of Euro 2,341 thousand in expenses incurred for and pertaining to the Global Offering, and totalled Euro 24,944 thousand net of deferred taxes.
3. The exercising of stock options, which involved the issue of 1,841,112 new post-split shares for Euro 1,117 thousand in total.

b) Legal reserve: this reserve, amounting to Euro 193 thousand as of December 31, 2009 (Euro 23 thousand as of December 31, 2008), reflects the required allocation of 5% of the Parent 's annual profit; the increase is due to the allocation of profit for 2008.

c) Translation reserve: this reserve, which has a negative balance of Euro 27 thousand as of December 31, 2009 (compared with a positive balance of Euro 48 thousand as of December 31, 2008), reflects exchange rate differences arising from the translation of financial statements in foreign currency. There was a negative change of Euro 75 thousand in the reserve in 2009.

d) Reserve for future increases in share capital and share premium reserve: this reserve, which amounted to Euro 417 thousand as of December 31, 2009, (Euro 0 thousand as of December 31, 2008), includes payables to individuals who had paid to exercise stock options for the year endedDecember 31, 2009, but to whom the Company had not made the corresponding ordinary shares available by year end.

e) Other reserves, amounting to Euro 4,229 thousand as of December 31, 2009 (Euro 2,591 thousand as of December 31, 2008). Other reserves include the fair value reserve for stock options, amounting to Euro 4,229 thousand as of December 31, 2009 (Euro 2,578 thousand as of December 31, 2008). In addition, the hedging reserve, amounting to Euro 13 thousand as of December 31, 2008, was reduced to zero as of December 31, 2009.

f) Retained earnings (losses carried forward): losses carried forward amount to Euro 9,463 thousand as of December 31, 2009 (Euro 11,696 thousand as of December 31, 2008), down by Euro 2,233 thousand due to the allocation of profit for 2008.
Further details of changes in consolidated equity can be found in the relevant table.

9.21 Stock option plans and company incentive plans

Granting of stock options

Following approval of the share-split at the Extraordinary Shareholders' Meeting of the Parent on September 8, 2009, beneficiaries of stock option plans exercising their options will be entitled to 52 ordinary shares of the Company for every option exercised.

With reference to the stock option plans approved in previous years, involving a total of 12,430,652 shares reserved for employees, collaborators, consultants and directors of the Company and its subsidiaries, the following table gives a breakdown of allocations by the Board of Directors as of December 31, 2009:

Stock option plans	*Granted (a)*	*Expired (b)*	*Exercised (c)*	*Total granted, not expired or not exercised (d = a-b-c)*	*Granted, not vested*	*Granted, vested, not exercisable*	*Granted, vested and exercisable*
2001 – 2003	80,575	31,560	32,924	16,091	11,341	250	4,500
2003 – 2005	36,760	3,000	10,747	23,013	23,013	-	-
2004 – 2006	32,319	12,650	2,638	17,031	13,731	1,000	2,300
2006 – 2008	31,303	-	2,400	28,903	14,703	14,000	200
2007 – 2012	102,600	3,050	772	98,778	81,546	17,232	-
Total	**283,557**	**50,260**	**49,481**	**183,816**	**144,334**	**32,482**	**7,000**

As of December 31, 2009, 985 options may be granted under the above plans.

In addition:

On September 3, 2009, the Issuer's Board of Directors approved guidelines for a new company incentive plan (the "2009-2014 Company Incentive Plan"), which can be very briefly summarised as follows:

(i) Beneficiaries: individuals, identified periodically by the Issuer's Board of Directors, who have a relationship with the Issuer as: (i) employees (ii) consultants or (iii) directors.

(ii) Exercise restrictions: the exercising of the options may be subject to limits and conditions in accordance with best practice for company incentive plans.

(iii) Term: the Company Incentive Plan will run for three years.

(iv) Date of effect: the Company Incentive Plan will take effect when trading of the Company's shares begins on the STAR segment of the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A.

(v) Grant and exercise price: options will be granted free of charge. The exercise price of the options, in the event that they are funded by a specific share capital increase, will be calculated using the average price of the Company's ordinary shares in the 30 days before the options are granted.

(vi) Number of plan shares: The Extraordinary Shareholders' Meeting of September 8, 2009 approved a share capital increase (subject to the start of trading in the Company's shares on the STAR segment of the MTA, and excluding options pursuant to Article 2441, paragraphs 5 and 8 of the Italian Civil Code) amounting to a total of Euro 47,320, via the issue of up to 4,732,000 new ordinary shares, with no indication of nominal value and standard dividend rights, to service the above plan.

(vii) Validity: The options in effect may be exercised until December 31, 2014.

Share capital increases to service stock option and plans company incentive plans

At a meeting on January 31, 2005, the Board of Directors took full advantage of the powers conferred by the Extraordinary Shareholders' Meeting of March 22, 2000 and subsequent amendments, pursuant to Article 2443 of the Italian Civil Code, increasing the share capital to service the stock option plan via the issue of up to 1,116,076 shares with an implicit unit price of Euro 0.01, a premium of Euro 0.2960 on each new share and standard dividend rights. Pursuant to Article 2439, paragraph 2 of the Italian Civil Code, the deadline for subscription was set at January 31, 2015, with the provision that, if the share capital increase is not fully subscribed by this date, the share capital shall be deemed to have been increased by an amount equal to the subscriptions received.

At the same meeting on January 31, 2005, the Board of Directors also took full advantage of the powers conferred by the Extraordinary Shareholders' Meeting of July 31, 2000 and subsequent amendments, pursuant to Article 2443 of the Italian Civil Code, increasing the share capital to service the stock option plan via the issue

of up to 1,483,924 new shares with an implicit unit price of Euro 0.01, a premium of Euro 0.8839 on each new share and standard dividend rights. Pursuant to Article 2439, paragraph 2 of the Italian Civil Code, the deadline for subscription was set at January 31, 2015, with the provision that, if the share capital increase is not fully subscribed by this date, the share capital shall be deemed to have been increased by an amount equal to the subscriptions received.

At a meeting on July 12, 2007, the Board of Directors took full advantage of the powers conferred by the Extraordinary Shareholders' Meeting of July 18, 2002 and subsequently amended by resolution of the Extraordinary Shareholders' Meeting of December 2, 2005, pursuant to Article 2443 of the Italian Civil Code, increasing the share capital to service the stock option plan via the issue of up to 1,755,520 new shares with an implicit unit price of Euro 0.01, a premium of Euro 0.8839 on each new share and standard dividend rights, reserved for the Company's employees and directors. Pursuant to Article 2439, paragraph 2 of the Italian Civil Code, the deadline for subscription was set at July 31, 2017, with the provision that, if the share capital increase is not fully subscribed by this date, the share capital shall be deemed to have been increased by an amount equal to the subscriptions received.

At a meeting on December 1, 2008, the Board of Directors took full advantage of the powers conferred by the Extraordinary Shareholders' Meeting of December 10, 2003 and subsequently amended by resolution of the Extraordinary Shareholders' Meeting of December 2, 2005, pursuant to Article 2443 of the Italian Civil Code, increasing the share capital to service the stock option plan via the issue of up to 1,022,788 new shares with an implicit unit price of Euro 0.01, a premium of Euro 0.8839 on each new share and standard dividend rights, reserved for the Company's employees and directors. Pursuant to Article 2439, paragraph 2 of the Italian Civil Code, the deadline for subscription was set at December 1, 2018, with the provision that, if the share capital increase is not fully subscribed by this date, the share capital shall be deemed to have been increased by an amount equal to the subscriptions received.

At a meeting on September 3, 2009, the Board of Directors took full advantage of the powers conferred by the Extraordinary Shareholders' Meeting of December 2, 2005 and subsequently amended by resolution of the Extraordinary Shareholders' Meeting of July 12, 2007, pursuant to Article 2443 of the Italian Civil Code, increasing the share capital to service the stock option plan via the issue of up to 1,627,756 new shares with an implicit unit price of Euro 0.01, a premium of Euro 1.1279 on each new share and the same dividend rights as the other shares outstanding at the time of their subscription. Pursuant to Article 2439, paragraph 2 of the Italian Civil Code, the deadline for subscription was set at September 3, 2019, with the provision that, if the share capital increase is not fully subscribed by this date, the share capital shall be deemed to have been increased by an amount equal to the subscriptions received.

At the same meeting of September 3, 2009, the Board of Directors also took partial advantage of the power conferred by the Extraordinary Shareholders' Meeting of May 16, 2007, pursuant to Article 2443 of the Italian Civil Code, increasing the share capital – excluding voting rights pursuant to Article 2441, paragraphs 5 and 8 of the Italian Civil Code – to service the stock option plan via the issue of 5,176,600 new ordinary shares with the same characteristics as those outstanding and an implicit unit price of Euro 0.01. The price of the shares is calculated as Euro 1.1379 for each of 4,784,000 new shares, and as Euro 2.0481 for each of 392,600 new shares.
Pursuant to Article 2439, paragraph 2 of the Italian Civil Code, the deadline for subscription was set at September 3, 2019, with the provision that, if the share capital increase is not fully subscribed by this date, the share capital shall be deemed to have been increased by an amount equal to the subscriptions received.

The Extraordinary Shareholders' Meeting of September 8, 2009 resolved on a share capital increase through payment in cash in one or more tranches, subject to commencement of trading in shares of the Company on the STAR segment of the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A., excluding voting rights pursuant to Article 2441, paragraphs 5 and 8 of the Italian Civil Code, this being the increase to service the incentive plan approved at the Ordinary Shareholders' Meeting for directors, employees and consultants. The increase will take place via the issue of a total maximum number of 4,732,000 new ordinary shares (after implementation of the share split as resolved at the same meeting) for a total nominal amount of Euro 47,320 in capital and with a unit price of Euro 0.01. The new shares will carry the same dividend rights as the other shares outstanding at the time of their subscription. The issue prices of the shares will be calculated using the weighted average market price of shares of the Company in the 30 trading days before the options are granted, without prejudice to any minimum prices established by law or the unit price as determined above. If it is not fully subscribed by the deadline of December 31, 2014, the share capital increase will proceed according to the subscriptions received by that date.

Institution of the stock option plans and company incentive plans and subsequent changes

With regard to stock option plans involving a total of 17,162,652 shares reserved for the employees, collaborators, consultants and directors of the Company and its subsidiaries, the following options were approved as of December 31, 2009:

- 21,463 options, corresponding to 1,116,076 shares, by the Extraordinary Shareholders' Meeting of March 22, 2000, with subsequent amendments by the Extraordinary Shareholders' Meetings of October 25, 2000, February 26, 2002 and May 7, 2003 (2001-2003 plan);
- 28,537 options, corresponding to 1,483,924 shares, by the Extraordinary Shareholders' Meeting of July 31, 2000, with subsequent amendments by the Extraordinary Shareholders' Meetings of October 25, 2000, February 26, 2002 and May 7, 2003 (2001-2003 plan);
- 33,760 options, corresponding to 1,755,520 shares, by the Extraordinary Shareholders' Meeting of July 18, 2002, with subsequent amendment by the Extraordinary Shareholders' Meeting of December 2, 2005 (2003-2005 plan);
- 19,669 options, corresponding to 1,022,788 shares, by the Extraordinary Shareholders' Meeting of December 10, 2003, with subsequent amendment by the Extraordinary Shareholders' Meeting of December 2, 2005 (2004-2006 plan);
- 31,303 options, corresponding to 1,627,756 shares, by the Extraordinary Shareholders' Meeting of December 2, 2005 (2006-2008 plan);
- 104,319 options, corresponding to 5,424,588 shares, by the Extraordinary Shareholders' Meeting of May 16, 2007 (2007-2012 plan);
- 4,732,000 shares, of which up to 85,000 options (2009-2014 plan) are valid for subscription for 4,420,000 shares and up to 312,000 shares may be granted (2009-2014 incentive plan).

9.22 Non-current financial liabilities- bank loans and other borrowings

Payables to banks and other lenders amount to Euro 1,006 thousand as of December 31, 2009 and Euro 22,821 thousand as of December 31, 2008.

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Non-current financial payables	693	18,735	(18,042)
Bank loans and other borrowings	313	4,086	(3,773)
Total	**1,006**	**22,821**	**(21,815)**

The following table shows the breakdown of debt as of December 31, 2009:

Lending institution	*Amount*	*Nature of facility*	*Rate*	*Current portion*	*Non-current portion*
Simest S.p.A.	543	Subsidised loan Law 394/81	1.38%	157	386
Leasing Finanziari BNP Paribas	463	Finance leases	3m Euribor + 2% non-indexed	156	307
Total	**1,006**			**313**	**693**

The syndicated bank loan (lead bank: Unicredit Corporate Banking S.p.A.) was fully repaid on December 15, 2009.

The terms of the above loan were renegotiated via an agreement modifying the stand-by revolving syndicated loan contract as of February 17, 2010, applicable from December 15, 2009.

The contract in force to December 31, 2009 can be described as follows:

The syndicated loan consists of a line of credit amounting to Euro 21,000 thousand in total (hereinafter the "Credit Line"), issued by UniCredit Corporate Banking S.p.A., Banca Nazionale del Lavoro S.p.A. and Banca Popolare di Novara S.p.A. (as the lending banks) in the form of an unsecured loan agreement. The purpose of the loan is to strengthen the Company's financial resources, to repay short-term debt and to support business operations for which the Company requires working capital. The lending banks are equal participants in the Credit Line (33.3% of the total amount) with equal and separate liability.

In summary, the Credit Line has the following characteristics:

1. A maximum principal of Euro 21,000 thousand.
2. The sum is available in one or more drawdowns, up to the maximum amount of Euro 21,000 thousand. Availability is replenished at the due dates of the individual drawdowns.
3. Interest is due on the sums utilised and not yet repaid at an annual nominal interest rate obtained by increasing the 3m or 6m Euribor by 1.50 percentage points, rounding up to the nearest 0.05 per cent (hereinafter the "Contractual Rate").
4. The overdue interest rate is equal to the Contractual Rate in effect, plus 2.00 percentage points. This interest will not be subject to periodic discounting.
5. Obligatory early repayment. The request for obligatory early repayment must be drawn up jointly by the banks in the event that, for example, the Company carries out a share capital increase when it lists on the stock market. In this event, the repayable amount will be 10% of the total amount of the Credit Line.
6. Termination of the contract. The request for termination of the contract must be drawn up jointly by the banks, pursuant to Article 1456 of the Italian Civil Code, when there is any compliance failure on the part of the Company in relation to terms including the allocation of the Credit Line, regular payment of instalments and any other sums owing, documents provided to the bank and any contractual obligations undertaken.

The due date of the Credit Line (hereinafter the "Due Date") is June 15, 2013. The Group will make provision for the repayment of the Credit Line by the Due Date, including the principal, interest and any other ancillary payments. The Credit Line was fully repaid on December 15, 2009.

The above loan agreement stipulates that the Company, for the duration of the agreement, must meet determined financial indicators of business performance (covenants), with different figures required under the contract for each year of the agreement. The indicators will be calculated at the end of each financial year.

To guarantee the syndicated loan, YOOX S.p.A. has agreed to comply with the following financial covenants in 2009:

- A leverage ratio (net financial position/equity) of less than 1.50.
- A debt cover ratio (net financial position/gross operating profit) of less than 2.50.
- An inventory ratio (net inventories/net financial position) of more than 1.50.

The indicators are calculated at year end with reference to the consolidated annual financial statements prepared under Italian GAAP and using the following definitions:

- "Net financial position": borrowings net of liquid assets.
- "Gross operating profit": total revenue net of purchases, external service costs and other costs, and net of personnel expenses in accordance with an income statement format agreed with the syndicate banks.
- "Equity": item A) in the liabilities section of the statement of financial position.
- "Net inventories": item C I) in the assets section of the statement of financial position.

Changes due to the agreement amending the stand-by revolving syndicated loan agreement of June 16, 2008 are reported below. The amending agreement is dated February 17, 2010 and takes effect from December 15, 2009.

a) In accordance with Article 6-*ter* of the Contract (definitive waiver of use and/or reuse), as at the due date of December 15, 2009 fixed in the reduction/amortisation plan, the Company hereby declares that it waives, with no penalty, its right to the use of Euro 5,250,000 of the loaned sum, thereby effectively definitively cancelling out this amount from the facility. However, it is understood that, in a partial amendment to Article 2.B (Terms and modalities of use) of the Contract, as of December 15, 2009 (i) the credit line available to the Company will amount to Euro 13,125,000 in total, and (ii) the amount of each drawdown will be no less than Euro 375,000, or a multiple of this amount.

b) In view of point (a) above, and of Article 9 (Amendments to the reduction plan), the banks and the Company hereby declare and recognise by mutual agreement that, as of December 15, 2009, the amortisation/reduction plan described under Article 3 (Modalities and terms of repayment) of the Contract is amended as follows:

Amortisation plan

Date	***Amount***	***Residual debt***
December 15, 2009		13,125,000
June 15, 2010	1,875,000	11,250,000
December 15, 2010	1,875,000	9,375,000
June 15, 2011	1,875,000	7,500,000
December 15, 2011	1,875,000	5,625,000
June 15, 2012	1,875,000	3,750,000
December 15, 2012	1,875,000	1,875,000
June 15, 2013	1,875,000	-

c) In light of points (a) and (b) above, the parties hereby recognise and state that Article 3-*bis* (Obligatory early repayment) of the Contract will no longer apply and shall be deemed to be annulled as of December 15, 2009. Any reference made in the Contract or its appendices to the aforementioned Article 3-*bis* or its content shall therefore be considered inapplicable.

d) As a partial amendment to Article 14 (Covenants) of the Contract, the banks and the Company recognise and agree that, as of December 31, 2009, the official consolidated financial statements of the Company, periodically approved, will be drawn up in accordance with International Financial Reporting Standards (IFRS). It is also understood that the indicators below, which are contained in the aforementioned Article 14 of the Contract, will have the following new definitions:

1) “Net financial debt” or “net financial position” refers to the sum of cash and cash equivalents, other current financial assets, net of bank loans and other financial payables falling due within one year, other current financial liabilities and non-current financial liabilities. Net financial debt is not recognised as an accounting item under Italian GAAP or the IFRS endorsed by the European Union.

2) EBITDA or gross operating profit refers to profit before depreciation and amortization, non-recurring expenses, financial income and expenses and income taxes. EBITDA is not recognised as an accounting item under Italian GAAP or the IFRS endorsed by the European Union.

In the event that the net financial position and EBITDA, as defined above, are both positive, the company is considered to be in compliance with the covenants described in a), b) and c) of Article 14 of the Contract by simply notifying the lead bank – within the 30-day period after the approval date of each of the financial statements – of the levels of the above indicators, without the Compliance Certificate described in the aforementioned Article 14.

As of December 31, 2009, the above conditions (positive net financial position and positive EBITDA) have been met and the Group is therefore automatically deemed to have respected the covenants.

e) The banks and the company hereby agree to eliminate from Article 13 (Obligations) of the contract provisions i) and m/3) and to replace them with the following provisions:

i) the company undertakes to inform the lead bank in writing of the assumption of financial debt even if equal to or less than Euro 5,000,000.00 (principal) no later than five bank working days from the date the loan was contracted; m3) the company will have the right to contract financial debt amounting to more than Euro

5,000,000.00 only with the written consent of the banking syndicate, granted via the lead bank, no later than five bank working days from receipt of the request for approval on the part of the company.

Net financial position

The table below gives a breakdown of net financial position as of December 31, 2009.

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Cash and cash equivalents	35,007	8,962	26,045
Other current financial assets	16	70	(54)
Bank loans and other borrowings	(313)	(4,086)	3,773
Other current financial liabilities	(20)	(116)	96
Net short-term financial position	**34,690**	**4,830**	**29,860**
Non-current financial payables	(693)	(18,735)	18,042
Net financial position[1]	**33,997**	**(13,905)**	**47,902**

(1) As defined in CONSOB communication DEM/6064293 of July 28, 2006 in accordance with CESR recommendations of February 10, 2005.

During 2009, the Group's net financial position improved by Euro 47,902 thousand, from Euro -13,905 thousand as of December 31, 2008 to Euro 33,997 thousand as of December 31, 2009.

9.23 Employee benefits

This item refers exclusively to the post-employment benefits recorded by the Parent in accordance with current legislation. Changes in defined benefit plans for employees in 2009 are summarised below:

Description	*Dec. 31, 2008*	*Provisions*	*Utilisation*	*Dec. 31, 2009*
Employee benefits	274	18	(73)	219

The main technical, demographic and economic parameters used in the actuarial calculation of the liability for employee benefits as of December 31, 2009 are summarised below:

Actuarial assumptions used for the calculations	
Annual probability of death in service	SIM and SIF demographic tables for 2000
Annual probability of death other than by death in service	10%
Discount rate (euro swap)	Government rate curve as of Dec. 31, 2008 and Dec. 31, 2009
Maximum % of accrued staff post-employment benefits requested in advance	70%
Probability of requests for advances	3.3%
Annual increase in the cost of living	2009: 2%; from 2010 and beyond: 2%

9.24 Deferred tax liabilities

The following table shows the breakdown of, and changes in, deferred tax liabilities as of December 31, 2009:

Description	*Dec. 31, 2008*	*Increases*	*Used*	*Dec. 31, 2009*
Deferred tax liabilities	48	35	(40)	43
Total	**48**	**35**	**(40)**	**43**

Description of taxable item	Dec. 31, 2009	2009 tax rate	Tax recorded in 2009
Financial instruments at fair value	5	27.5%	1
Employee benefits	42	27.5%	12
Unrealized exchange rate gains	20	27.5%	5
IAS 17 effect (finance leases)	28	31.4%	9
Progress of set-up fees for Online Stores	51	31.4%	16
Total	**146**		**43**

9.25 Provisions for current and non-current risks and charges

This item reflects provisions for estimated current liabilities as of December 31, 2009, the timing and extent of which cannot be determined. The following table shows the breakdown of the item and changes in 2009:

Description	Dec. 31, 2008	Increases	Reclassifications	Utilisation	Dec. 31, 2009
Provision for theft and loss	56	123	-	(56)	123
Provision for fines and taxation	30	18	-	(30)	18
Provision for fraud	82	319	-	(82)	319
Other provisions for risks and charges	**-**	**-**	**78**	**-**	**78**
Total provisions for current risks and charges	**168**	**460**	**78**	**(168)**	**538**
Provisions for disputes	37	-	-	-	37
Other provisions for risks and charges	309	116	(78)	(74)	273
Total provisions for non-current risks and charges	**346**	**116**	**(78)**	**(74)**	**310**
Total provisions for risks and charges	**514**	**576**	**-**	**(242)**	**848**

During the year, Euro 56 thousand from the provision for theft and loss was used, and it was therefore deemed appropriate to proceed with a further accrual of Euro 123 thousand, following a new estimate.

The provision set up for fines and taxation was fully utilised in 2008 following a tax audit on 2005 by the tax authorities.

During the year, Euro 82 thousand was utilised from the provision for fraud, and it was therefore deemed appropriate to proceed with a further accrual of Euro 319 thousand, to cover against fraud committed via online sales paid for by credit card. This fraud coverage provision was calculated taking into account the historical incidence of the value of fraud in relation to the value of sales.

Other provisions for non-current risks and charges includes provisions for risks in relation to probable liabilities, which are recognised pursuant to IAS 37.

9.26 Trade payables

The following table shows a breakdown of trade payables as of December 31, 2009:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Due to suppliers	21,166	14,648	6,518
Credit notes to be received from suppliers	(1,166)	(314)	(852)
Invoices to be received from suppliers	7,218	2,940	4,278
Due to credit card operators	36	8	28
Total	**27,254**	**17,282**	**9,972**

Trade payables increased by 57.7%, from Euro 17,282 thousand as of December 31, 2008 to Euro 27,254 thousand as of December 31, 2009.

Trade payables are all payables relating to purchases of goods and services from the Group's suppliers. Payables are recorded at their nominal value. Since all payables fall due within one year, none are subject to discounting. The "Trade payables" item includes all amounts due to suppliers, both for the supply of finished products and raw materials, and for the supply of intangible assets.

The increase during the year is linked to the rise in sales volumes, which, due to the Group's business model, necessitates the purchase of goods in advance of the selling season.

This resulted in a corresponding increase in debt. The increase as of December 31, 2009 is also due to the effect of revised payment terms with the Group's main suppliers.

9.27 Tax payables

Current tax payables relate exclusively to the current income tax liability of the Parent and its foreign subsidiaries.

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Current income taxes – IRES	3,080	-	3,080
Current income taxes – IRAP	278	277	1
Current income taxes – foreign companies	555	488	67
Total	**3,913**	**765**	**3,148**

Tax payables rose by more than 100% (Euro 3,148 thousand) during the year, from Euro 765 thousand as of December 31, 2008 to Euro 3,913 thousand as of December 31, 2009.

The Parent did not pay any IRES corporate income tax in 2008, since it used a portion of previous tax losses that can be carried forward indefinitely.

9.28 Other payables

The following table shows a breakdown of payables as of December 31, 2009:

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Due to social security institutions	1,006	640	366
Credit notes to be issued to customers	4,459	2,025	2,434
Due to directors	210	205	5
Due to employees	1,477	1,045	432
Due to tax representatives	2,531	1,900	631
Other payables	5,824	663	5,161
Accrued expenses and deferred income	33	192	(159)
Total	**15,540**	**6,670**	**8,870**

The item "Due to social security institutions" reflects contributions payable to social security institutions, mainly on the amounts recognised to employees at the end of the reporting period.

The item "Due to tax representatives" reflects indirect tax liabilities. Sales carried out in European countries during 2009 and 2008 exceeded the threshold set in Article 41.1.b) of Legislative Decree 331/93, which requires payment of VAT in the destination country for goods sold. In order to comply with this requirement, the Company has opened tax positions in these countries.

The "Other payables" item includes credit notes to be issued to customers since these represent a known liability for sales returns made in 2009. The item increased in 2009 by comparison with the previous year in line with the increase in sales volumes. It also includes credit notes issued to customers and not yet reimbursed as of December 31, 2009. The substantial change in the item compared with the previous year is due to Euro 3,645

thousand in liabilities in respect of withholding tax on employees and collaborators deriving from the sale of shares by shareholders and the exercising of stock options by some beneficiaries as of December 31, 2009.

Consolidated statement of cash flows

9.29 Profit for the year, taxes for the year, income taxes paid

Details of consolidated profit for the year, taxes for the year, depreciation and amortisation and other non-monetary income statement items are provided in Notes 9.3, 9.4, 9.5, 9.10 and 9.11 respectively.

In relation to the tax charge in 2009 of Euro 3,278 thousand (Euro 1,167 thousand in 2008), tax payments amounting to Euro 2,276 thousand were made (Euro 904 thousand in 2008) relating to tax outstanding for the previous year and payments on account, calculated according to the respective tax regulations in force in the various countries in which the Group operates.

9.30 Other net non-monetary income and expenses

Other net non-monetary income and expenses include non-monetary items on the income statement apart from income tax, depreciation and amortisation and provisions that are classified as a direct deduction from asset items (allowance for impairment and provisions for obsolescence). This therefore includes provisions for defined benefit plans for employees (TFR), the measurement at fair value of stock option plans, provisions for risks and charges, capital gains and capital losses, unrealised foreign exchange fluctuations and recognised interest income and expenses. In relation to these last items, interest received and interest paid are presented separately.

9.31 Change in trade receivables, inventories and trade payables

This item reports the use or generation of cash relative to net working capital, i.e. changes in trade receivables, inventories and trade payables. Changes in trade payables refer exclusively to supplies of raw materials, goods and services, excluding the change in payables to suppliers of investments, which are reported in the section of the statement of cash flows relating to cash flows generated by or used in investing activities.

9.32 Change in other current assets and liabilities

This item reflects the change in all other current assets and liabilities, net of the effects of recognising non-monetary income and expenses, i.e. the change in the balances with a direct effect on the use or generation of cash.

9.33 Acquisition of property, plant and equipment and proceeds from the sale of property, plant and equipment

Cash flow from the acquisition of property, plant and equipment reflects both expenditure to replace plants and expenditure on new plants. The amount reported also includes the change in investment payables.

9.34 Acquisition of other intangible assets

Cash flow for acquisition of other intangible assets relates to investments in licences and software and the capitalisation of development costs (for a breakdown of these, see Note 9.13). Capitalisations are classified among cash flow from/used in investing activities since they involve a cash outflow associated with the internal costs incurred (mainly personnel expenses). These outflows were broadly in line with costs capitalised during the year.

9.35 Acquisition of and proceeds from disposal of other non-current financial assets

Other non-current financial assets total Euro 409 thousand as of December 31, 2009 (Euro 1,235 thousand as of December 31, 2008) and mainly relate to guarantee deposits.

Non-interest-bearing guarantee deposits as of December 31, 2009 relate to rental contracts and contracts for the supply of electricity and gas, and to the existing relationships with Paymentech relating to retentions to guarantee the repayments due for returns made against sales. The decrease of Euro 826 thousand as of December 31, 2009 compared with December 31, 2008 is mainly due to the repayment of the guarantee deposit of Euro 800 thousand by Global Collect, following the issue by BNP Paribas of a bank guarantee for the same sum, as described in Note 9.15.

9.36 Increase in share capital and share premium reserve

For information on total receipts for increases in share capital and the share premium reserve, see section 9.20 (Equity attributable to owners of the Parent).

9.37 Arrangement and repayment of non-current financial payables

Repayments of other non-current financial payables relate to loans from banks and other lenders, as described in Note 9.22.

9.38 Arrangement and repayment of short-term financial payables

The change in short-term bank exposure is included in the change in short-term financial payables, since these are forms of short-term borrowing, as described in Note 9.22.

10. Disclosure of financial risks

In August 2005, the IASB issued the new accounting standard, IFRS 7 – Financial Instruments: Disclosures, and an additional amendment to IAS 1 – Presentation of Financial Statements: Capital Disclosures. IFRS 7 requires additional information on the significance of financial instruments in relation to the performance and financial position of a business.

This disclosure incorporates some of the requirements previously set out under IAS 32 – Financial Instruments: Disclosure and Presentation. The new accounting standard requires further information on the level of risk exposure arising from the use of financial instruments, and a description of the objectives, policies and procedures established by management to manage these risks. The amendment to IAS 1 introduces disclosure requirements in relation to capital. IFRS 7 and the amendment to IAS 1 came into effect as of January 1, 2007.

In accordance with the requirements of IFRS 7, the notes to financial statements at December 31, 2009 include an analysis of the nature and extent of the risks associated with financial instruments to which the Group is exposed, as well as the methodologies used to manage these risks.

The main risks are reported and discussed by the Group's senior management in order to put in place provisions to cover and insure against them and to measure residual risk.

Market risk

Market risk arises from the probability of changes in the fair value of the future cash flows deriving from a financial instrument due to fluctuations in market prices.

In the Group's consolidated financial statements at December 31, 2009 and December 31, 2008, market risk takes the form of currency risk and interest rate risk.

Financial risk deriving from currency fluctuations

The Euro is the functional currency of the Group and is used in the presentation of its financial information.

The YOOX Group operates internationally, and the sale of goods in countries whose currency is not the Euro exposes the Group to currency risk, in terms of both transactions and translation. Group policy is to concentrate all currency risk within the Parent, YOOX S.p.A.. Since the YOOX Group is essentially an exporter, the main risk

exposure consists in depreciation of foreign currencies against the Euro. The Group is principally exposed towards the US dollar, the Japanese yen and the UK pound. An exchange rate loss of Euro 342 thousand was registered for 2009, compared with a gain of Euro 25 thousand in 2008.

Currency transaction risks were hedged in 2009 by forward contracts and plain vanilla options arranged with the leading domestic and international banks used by YOOX on a daily basis. Outstanding contracts and those negotiated during the year only hedge receivables denominated in US dollars, for the equivalent of Euro 2,312 thousand as of December 31, 2009 (Euro 2,504 thousand as of December 31, 2008) and in Japanese yen, for the equivalent of Euro 422 thousand (Euro 476 thousand as of December 31, 2008). It was not considered necessary to hedge exposure to the UK pound, since the amount involved was not significant. No speculative derivative contracts were concluded in 2009.

In 2009, losses on currency transactions came to Euro 138 thousand, compared with a loss of Euro 182 thousand in the previous year.

Some Group companies are located in countries that are not part of the European Monetary Union, in particular the US and Japan. Since, as mentioned above, the Group's functional currency is the Euro, the income statements of these companies are translated into Euro at the average exchange rate for the year. Holding revenue and profits constant in their local currencies, changes in the exchange rates concerned may have an effect on the Euro amount of their revenue, costs and financial results. Losses on translation came to Euro 204 thousand in 2009, compared with a gain of Euro 207 thousand in 2008.

The Euro value of assets and liabilities of consolidated companies whose accounting currency is not the Euro may vary depending on exchange rate movements. In accordance with IFRS, the effects of these changes are recognised directly in equity, under the item "Translation reserve".

The currency risk has been measured using a sensitivity analysis and the potential effects of exchange rate fluctuations on the financial statements at December 31, 2009 and December 31, 2008 have been analysed, particularly in relation to:

- foreign currency receivables and payables;
- financial assets held to hedge currency risk (whether subject to hedge accounting rules or not);
- bank deposits.

The following tables provide a summary of:

a) Exposure to currency risk at December 31, 2009 and December 31, 2008.

Description	**Dec. 31, 2009**			
	USD	**JPY**	**GBP**	**OTHER CURRENCIES**
Trade receivables	4,108	1,309	442	-
Trade payables	(23)	-	(809)	(250)
Cash and cash equivalents	24	-	154	-
Gross exposure in the statement of financial position	**4,109**	**1,309**	**(213)**	**(250)**
Hedging derivatives	(2,312)	(422)	-	-
Net exposure	**1,797**	**887**	**(213)**	**(250)**

Description	Dec. 31, 2008			
	USD	JPY	GBP	OTHER CURRENCIES
Trade receivables	4,079	695	327	-
Trade payables	(12)	-	(364)	(3)
Cash and cash equivalents	1,847	561	213	-
Gross exposure in the statement of financial position	**5,914**	**1,256**	**176**	**(3)**
Hedging derivatives	(2,504)	(476)	-	-
Net exposure	**3,410**	**780**	**176**	**(3)**

b) The sensitivity analysis as of December 31, 2009 and as of December 31, 2008, assuming an exchange rate variation during the two years of +10% and -10%.

Analysis/measurement date		Dec. 31, 2009		
Order	**Currency**	**ECB exchange rate**	**10%**	**(10.0%)**
1st	**USD**	1.4406	1.5847	1.2965
2nd	**JPY**	133.16	146.47	119.84
3rd	**GBP**	0.8881	0.9769	0.7993
1st currency	**10%**	**(10.0%)**		
Trade receivables	(373)	456		
Trade payables	2.10	(2.57)		
Cash and cash equivalents	(2.20)	2.68		
	(373.10)	**456.11**		
2nd currency	**10%**	**(10.0%)**		
Trade receivables	(119)	145		
Trade payables	-	-		
Cash and cash equivalents	-	-		
	(119.00)	**145.00**		
3rd currency	**10%**	**(10.0%)**		
Trade receivables	(40.17)	49.10		
Trade payables	73.59	(89.94)		
Cash and cash equivalents	(13.97)	17.07		
	19.45	**(23.77)**		
TOTAL EFFECT	**10%**	**(10.0%)**		
	(472.65)	**577.34**		

Analysis/measurement date		Dec. 31, 2008		
Order	**Currency**	**ECB exchange rate**	**10%**	**(10.0%)**
1st	**USD**	1.3917	1.5309	1.2525
2nd	**JPY**	126.14	138.75	113.53
3rd	**GBP**	0.9525	1.0478	0.8573

1st currency	**10%**	**(10.0%)**
Trade receivables	(370.79)	453.19
Trade payables	1.08	(1.32)
Cash and cash equivalents	(167.94)	205.26
	(537.65)	**657.13**
2nd currency	**10%**	**(10.0%)**
Trade receivables	(63.14)	77.17
Trade payables	-	-
Cash and cash equivalents	(51.03)	62.37
	(114.07)	**139.54**
3rd currency	**10%**	**(10.0%)**
Trade receivables	(29.73)	36.33
Trade payables	33.07	(40.42)
Cash and cash equivalents	(19.33)	23.62
	(15.99)	**19.53**
TOTAL EFFECT	**10%**	**(10.0%)**
	(667.71)	**816.20**

c) The effects of the sensitivity analysis on the income statement and equity

Appreciation of the Euro by 10%			***Depreciation of the Euro by 10%***		
Dec. 31, 2009	**Equity**	**Profit or loss**	**Dec. 31, 2009**	**Equity**	**Profit or loss**
Gross exposure in the statement of financial position	-	(473)	**Gross exposure in the statement of financial position**	-	578
USD	-	(374)	USD	-	457
JPY	-	(119)	JPY	-	145
GBP	-	19	GBP	-	(24)
Hedging derivatives	**-**	**244**	**Hedging derivatives**	**-**	**(309)**
USD	-	198		-	(272)
JPY	-	46		-	(37)
Total	**-**	**(229)**	***Total***	**-**	**269**

Appreciation of the Euro by 10%			*Depreciation of the Euro by 10%*		
Dec. 31, 2008	**Equity**	**Profit or loss**	**Dec. 31, 2008**	**Equity**	**Profit or loss**
Gross exposure in the statement of financial position	-	(668)	**Gross exposure in the statement of financial position**	-	816
USD	-	(538)	USD	-	657
JPY	-	(114)	JPY	-	139
GBP	-	(16)	GBP	-	20
Hedging derivatives	**113**	**127**	**Hedging derivatives**	**(10)**	**(302)**
USD	112	91		(10)	(251)
JPY	1	36		-	(50)
Total	**113**	**(541)**	***Total***	**(10)**	**514**

The change in the impact on the income statement is due to the fact that:

1) If the Euro appreciates, the Group's exposure is only partially offset by the positive change in the hedging instrument created to mitigate the negative effect of the underlying asset. As of December 31, 2009, 56% of USD exposure and 32% of JPY exposure is hedged.

2) If the Euro depreciates, the positive effect of the Group's exposure to foreign currencies is partly offset by the negative change in the hedging instrument in place, since only a part of the underlying asset is hedged. As of December 31, 2009, 56% of USD exposure and 32% of JPY exposure is hedged.

The financial instruments in place as of December 31, 2009 are forward contracts stated at fair value in the income statement, as set out in IAS 39.

The impact on equity as of December 31, 2008 arose due to put/call options measured under hedge accounting rules.

Financial risk deriving from interest rate fluctuations

Interest rate risk arises when a change in interest rates adversely affects performance for the year. As at December 31, 2009, the YOOX Group is not exposed to interest rate fluctuations, since financial exposure as at this date is chiefly fixed-rate borrowing. Interest rate risk could arise only if the Group is obliged to make further use of its stand-by facility, since the interest rate on this line of credit is linked to Euribor (Euro Interbank Offered Rate).

In 2009, the YOOX Group did not believe it appropriate to manage interest rate risk through derivatives, but continuously monitored interest rate trends. Loan interest expenses amounted to Euro 735 thousand in 2009, down from Euro 1,112 thousand in 2008, due to an improvement in the Group's net debt. The interest cost of the majority of the Group's bank borrowing is roughly equal to Euribor plus a spread of about 1.50%.

As a result, no sensitivity analysis has been carried out, since there were no statement of financial position items subject to negative changes in value due to interest rate fluctuations as of December 31, 2009.

Liquidity risk

The Group aims to maintain appropriate levels of liquidity and available funds to sustain the growth of the business and ensure the timely fulfilment of its obligations. Particularly in the past, when there was a need for cash in order to develop the business, the Group preferred to adopt a flexible approach to financing that reflected the dynamic nature of its business, using both committed credit lines (where lenders cannot request repayment before a predetermined date) and revolving credit lines (where the Group has the option of repaying individual drawdowns, thus rebuilding its available cash).

After successfully generating steady cash flows from operations and from the proceeds of extraordinary operations in 2009 (the IPO and the acquisition of shares by Red Circle), YOOX closed the year with net cash of

Euro 34 million. However, the Group continues to maintain a number of credit lines, currently unused, which is also evidence of the good commercial relationships it has with its banks.

Credit risk with financial counterparties

The YOOX Group has obtained lines of credit from leading Italian and international banks that have not been materially affected by the crisis in the international banking system. The balances on the current accounts held in the name of YOOX S.p.A. with banks not resident in Italy are insignificant.

The Group's foreign companies have commercial relations with primary lending institutions in the countries in which they operate. Specifically, YOOX Japan makes use of Mitsubishi Bank in Japan, while the two US companies, YOOX Corporation and Y Services, principally use JP Morgan Chase Manhattan Bank.

Credit risk with commercial counterparties

Given the nature of the Group's business, management of credit risk deriving from commercial operations is entrusted to the customer care department for online receivables generated by the individual Stores and to the finance department for all other receivables.

Credit risk related to doubtful accounts subject to legal action or to overdue accounts is monitored centrally on a daily basis and reported each month.

Credit risk: quantitative information

The Group's maximum theoretical exposure to credit risk is represented by the carrying amount of the financial assets entered in the statement of financial position.

Exclusively in terms of trade receivables, as of December 31, 2009 the Group's exposure to its ten largest customers is 14% of total gross performing receivables (11% as of December 31, 2008).

As required by paragraph 36 of IFRS 7, the following is a breakdown of receivables due but not impaired:

	Gross amount 2009	*Impairment loss 2009*	*Gross amount 2008*	*Impairment loss 2008*
Not yet due	2,946	-	1,761	-
0-30 days	3,498	-	2,244	-
31-60 days	35	-	25	(9)
61-90 days	236	(56)	-	-
More than 90 days	250	(166)	321	(210)
Total	**6,965**	**(222)**	**4,350**	**(219)**

Hedge accounting – cash flow hedging

The Group performs prospective and retrospective tests of the effectiveness of the derivative financial instruments recorded, using the rules of hedge accounting.

Effectiveness is ensured if the ratio of the change in the fair value of the hedging instrument to the change in the fair value of the hedged instrument falls within the range of 80%-125%.

The Group arranged cash flow hedges in 2009 and 2008; these hedges are used to cover exposure to cash flow changes attributable to scheduled transactions that are extremely likely to take place. The carrying amount of the hedging reserve in place as of December 31, 2008 (Euro 13 thousand) was fully reversed to the income statement in 2009.

The financial instruments in place as of December 31, 2009 are forward contracts stated at fair value in the income statement, as set out in IAS 39.

The cash flow hedges arranged in 2008 were partially ineffective, resulting in the recognition of income of Euro 62 thousand in 2008.

Fair value

The Group uses established assessment techniques, widely used in the market, to calculate the fair value of financial instruments when there is no regulated market for them. These techniques determine the carrying amount that the instruments would have had at the reference date in an arm's-length transaction between knowledgeable and independent parties.

Financial assets and liabilities measured at amortised cost

The following are measured on an amortised cost basis: trade receivables and payables, time deposits, loans and other assets and liabilities measured at amortised cost (such as other receivables and payables).

Pursuant to IFRS 7, the fair value of these items is re-measured by calculating the present value of the contractually-expected flows of principal and interest, with reference to the yield curve for government securities at the measurement date.

The carrying amount of trade payables and receivables represents a reasonable approximation of their fair value.

Financial assets and liabilities measured at fair value

Hedging financial instruments and financial instruments held for trading (those not designated as hedges, in accordance with IAS 39) are measured at fair value.

Hierarchical levels of fair value measurement

IFRS 7 requires that the carrying amounts of financial instruments entered in the statement of financial position at fair value are classified according to a hierarchy of levels reflecting the input used in the fair value calculation. The levels are:

Level 1 – assets or liabilities measured using quoted prices in active markets;

Level 2 – inputs different from quoted prices as above, that are based on directly observable (prices) or indirectly observable (price-derived) market data;

Level 3 – inputs not based on observable market data.

Financial instruments stated at fair value as of December 31, 2009 exclusively comprise derivative financial contracts relating to forward sales of currencies with total fair value as of December 31, 2009 of Euro -4,000, calculated according to Level 2 criteria.

There were no transfers between levels in 2009.

Categories of financial assets and liabilities

The following tables present the carrying amounts of the financial assets and liabilities reported in the statement of financial position, classified according to IAS 39 and compared with the corresponding fair values:

Statement of financial position items at Dec. 31, 2009	Loans and receivables	Financial assets at fair value through profit or loss		Available-for-sale financial assets	Held-to-maturity investments	Hedging financial assets	Total carrying amount	Total fair value
		Financial assets designated at fair value on initial recognition	Held-for-trading financial assets					
Other non-current financial assets	409	-	-	-	-	-	409	409
Trade receivables	6,743	-	-	-	-		6,743	6,743
Other current assets	3,197	-	-	-	-	16	3,213	3,213
Cash and cash equivalents	35,007	-	-	-	-	-	35,007	35,007
TOTAL	**45,356**	**-**	**-**	**-**	**-**	**16**	**45,372**	**45,372**

Statement of financial position items at Dec. 31, 2008	Loans and receivables	Financial assets at fair value through profit or loss		Held-for-sale financial assets	Held-to-maturity investments	Hedging financial assets	Total carrying amount	Total fair value
		Financial assets designated at fair value on initial recognition	Held-for-trading financial assets					
Other non-current financial assets	1,235	-	-	-	-	-	1,235	1,235
Trade receivables	3,911	-	-	-	-		3,911	3,911
Other current assets	4,812	-	-	-	-	70	4,882	4,882
Cash and cash equivalents	8,962	-	-	-	-	-	8,962	8,962
TOTAL	**18,920**	**-**	**-**	**-**	**-**	**70**	**18,990**	**18,990**

Transactions outstanding at year end

The following table shows transactions outstanding as of December 31, 2009 and December 31, 2008 and the related fair values:

Financial instrument					Classification at Dec. 31, 2009				
	Nature of hedged risk	Fair value of derivatives at Dec. 31, 2009	Fair value of derivatives at Dec. 31, 2008	Change in fair value of derivatives at Dec. 31, 2009 with respect to Dec. 31, 2008	Non-current financial assets	Current financial assets	Non-current financial payables	Other financial payables	**Total**
Cash flow hedges									
Forward sales/Foreign currency options	Currency	(4)	(46)	42		16		(20)	**(4)**

11. Information pursuant to IAS 24 on management remuneration and on related parties

Transactions with related parties, as defined under IAS 24, as of December 31, 2009 and as of December 31, 2008 were restricted to commercial, administrative and financial services relationships with subsidiaries and other related parties. The transactions form part of normal business operations, within the usual scope of activity of each of the interested parties, and are carried out under normal market conditions.

Below is a non-exhaustive list of definitions of the related parties of an entity (the "Entity") as indicated in IAS 24:

a) Entities that directly or indirectly:

   (i) control the Entity, or
   (ii) are controlled by the Entity, or
   (iii) are subject to joint control with the Entity, or
   (iv) have significant influence over the Entity, or
   (v) have joint control over the Entity.

b) Entities related to the Entity according to the definition set out in IAS 28 – Investments in Associates.

c) Joint ventures in which the Entity has a shareholding.

d) Managers with strategic responsibility for the Entity or its parent, including the directors and statutory auditors of the Entity.

e) The close family members of any physical persons included in points a) to d) above.

f) Entities controlled or jointly controlled by one of the persons described in points d) or e) above, or that are under the significant influence of these persons; i.e. entities in which the persons described in d) and e) hold, either directly or indirectly, a significant share of the voting rights.

g) Pension funds for employees of the Entity or any other entity related to it.

11.1 Intra-Group transactions

In order to provide more information on the extent of relationships within the Group, the following tables present transactions taking place between Group companies and cancelled out in the financial statements at December 31, 2009 and December 31, 2008.

The main relationships between the Parent and Group companies are chiefly commercial in nature and can be summarised as follows:

1. The Parent supplies the Group companies with products for sale on the US and Japanese Online Stores.

2. The Parent provides the Group companies with website maintenance, support services and updates.

3. The Parent provides the Group companies with administrative, financial and legal services.

4. The Parent provides the Group companies with customer service support (via a customer care service located at the Italian head office that interfaces with Japanese and US customers using dedicated staff).

5. The Parent provides the Group companies with advice and support in the areas of fashion, marketing, advertising and professional training.

None of the relationships between the Group companies or between the Group companies and related parties are considered to be atypical or unusual, and form part of the Group's ordinary business operations. The transactions were carried out under normal market (i.e. arm's-length) conditions.

The following tables show the relationships in terms of receivables and payables between the Group companies as of December 31, 2009 and as of December 31, 2008. Receivables from and payables to subsidiaries are expressed in USD and JPY and translated to Euro at the exchange rate in effect at year end. Revenue and costs are expressed in USD and JPY and translated to Euro at the average exchange rate for the year in question.

Dec. 31, 2009

(Thousand Euro)	Trade receivables	Trade payables	Revenue	Costs
YOOX Corporation	3,763	-	10,919	-
Y Services	346	-	897	-
YOOX Japan	1,309	-	5,735	-
Total subsidiaries	**5,418**	**-**	**17,551**	**-**

Dec. 31, 2008

(Thousand Euro)	Trade receivables	Trade payables	Revenue	Costs
YOOX Corporation	3,634	-	7,310	10
Y Services	445	-	545	-
YOOX Japan	695	-	2,995	-
Total subsidiaries	**4,774**	**-**	**10,850**	**10**

11.2 Remuneration of senior managers and other key persons within the Group

In addition to the executive and non-executive directors, the senior managers and other key persons with strategic responsibilities for the management, planning and control of the Group comprise the Director of Administration, Finance and Control, the Director of Human Resources, the interim Director of Human Resources, the Sales Director, the Marketing Director, the Director of Operations, the Technology Manager, the Director of Interactive Services, the Multi-Brand Sales Manager, the Mono-Brand Sales Manager, the Research Manager and the Customer Service Manager.

The gross annual remuneration of the above persons, inclusive of all forms of remuneration (including gross pay, bonuses and fringe benefits) as well as bonuses accrued but not paid out that are subject to the achievement of long-term objectives are reported in the following table together with the fees of the members of the Board of Statutory Auditors:

Dec. 31, 2009

Description	Current benefits	Long-term benefits	Stock options	Other remuneration
Directors	706	-	156	-
Statutory Auditors	21	-	-	68
Mangers with strategic responsibilities	1,922	70	745	-
Total	**2,649**	**70**	**901**	**68**

Dec. 31, 2008

Description	Current benefits	Long-term benefits	Stock options	Other remuneration
Directors	530	-	358	-
Statutory Auditors	38	-	-	18
Managers with strategic responsibilities	1,621	98	643	-
Total	**2,189**	**98**	**1,001**	**18**

Finally, no close family members of any of the natural persons indicated above are related parties of the Issuer and/or the companies of the Group, as defined in IAS 24.

11.3 Transactions with other related parties

The following tables list the main financial and commercial relationships between the companies of the Group and related parties other than Group companies, as of December 31, 2009 and as of December 31, 2008, excluding intra-Group relationships, which are described above. Commercial transactions with these entities are carried out under normal market conditions, and all transactions are carried out in the interest of the Group.

Dec. 31, 2009

Description	*Trade receivables*	*Trade payables*	*Revenue*	*Costs*
Sigma Gi S.p.A.	-	398	36	2,855
Diesel S.p.A.	919	1,604	742	3,883
Diesel Rags S.r.l.	-	899	-	2,026
55DSL S.r.l. – Unipersonale	-	10	25	12
Staff International S.p.A.	-	323	-	1,608
Diesel USA Inc.	132	900	66	2,174
Staff USA Inc.	-	-	-	76
Studio legale d'Urso Gatti e Associati	-	759	-	1,022
Ferrante, PLLC LAW FIRM	-	11	-	54
Hari K. Samaroo, P.C.	-	-	-	3
KK TPI	-	2	-	37
Nagamine Accounting Office	-	-	-	7
Total related parties	**1,051**	**4,907**	**869**	**13,757**

Dec. 31, 2008

Description	*Trade receivables*	*Trade payables*	*Revenue*	*Costs*
Sigma Gi S.p.A.	-	615	-	2.888
Studio legale D'Urso Gatti e Associati	-	75	-	215
Hari K. Samaroo, P.C.	-	-	-	2
KK TPI		10		31
Nagamine Accounting Office	-	-	-	4
Total other related parties	**-**	**700**	**-**	**3,140**

The above entities are regarded as related parties of the Group for the following reasons:

- Sigma Gi S.p.A. (formerly Sigma Gi Export Import S.r.l.), since the chairman of the Board of Directors of this company and the owners of the related share capital are shareholders of the Parent.
- Studio legale D'Urso Gatti e Associati, since a partner of that law firm is a director of the Parent.
- Nagamine Accounting Office and KK TPI, since the owner of both these consultancy firms is a member of the Board of Directors of a Group company (YOOX Japan).
- Hari K. Samaroo P.C., since the owner of that law firm is the legal representative/chairman of Y Services.
- Diesel S.p.A., Diesel Rags S.r.l., Diesel USA Inc., 55DSL S.r.l. – Unipersonale, Staff International S.p.A. and Staff USA Inc., being companies within the Diesel Group, a director of which, through Red Circle S.r.l. Unipersonale, is a shareholder of the Parent and has the power to appoint a director to the Parent's board. The revenue and costs shown in the table as of December 31, 2009 are determined from the date at which Red Circle S.r.l Unipersonale became a shareholder of YOOX S.p.A.
- Ferrante PLLC LAW FIRM, since a partner in that legal firm is a member of the Board of Directors of one of the Group's companies (YOOX Corporation).

None of the transactions that took place with related parties in 2009 and 2008 were significant (except as mentioned above), atypical and/or unusual.

12. Other information

Commitments and guarantees

Description (in thousand Euro)	*Dec. 31, 2009*	*Dec. 31, 2008*
Third-party assets held by the Company	36,658	24,874
Sureties given to others	2,984	2,130
Commitments under forward hedging contracts (nominal value)	**2,734**	**2,980**

The warehouses of Group companies hold goods worth Euro 36,658 thousand received on a sale-or-return basis from YOOX's trading partners. The increase by comparison with the previous year reflects the opening of new Online Stores in 2009, as well as an expansion of procurement on a sale-or-return basis during 2009 in the Multi-brand segment.

The sureties, all given by the Parent, relate to the following contracts:

- The contract concluded by the Company with effect from June 30, 2002 for the rental of a residential property for use by visitors at Galleria Cavour 8, Bologna. The surety amounts to Euro 4,650 and will expire on July 14, 2010.
- The contract for tax representation in Spain concluded with Claramonte Fortuno Asesores (Calle Mayor San Jaime 12, Vila-real, Castellon) amounting to Euro 300,000 to guarantee VAT compliance, expiring January 15, 2010.
- The contract concluded by the Company, with effect from October 1, 2008 for a period of six years, for the rental of office premises at Via Autari 27 in Milan. The surety amounts to Euro 60,000 and expires on September 30, 2014.
- The contract concluded by the Company, effective from December 22, 2003 and expiring on December 31, 2009, for the provision of integrated logistics services by ND Logistics Italia S.p.A. The surety amounts to Euro 100,000.
- The contract concluded with ND Logistics Italia S.p.A. for the provision of integrated logistics services for Euro 500,000 with effect from March 14, 2007 for a period of five and a half years, expiring on October 14, 2012.
- The contract concluded with Diesel to guarantee payments by the subsidiary Y Services amounting to USD 450,000 (Euro 409,551.58) with effect from November 2, 2007 and expiring on December 31, 2010.
- The contract concluded with ND Logistics Italia S.p.A. to guarantee compliance with obligations under a subletting contract for Euro 46,875, with effect from October 10, 2007 for a period of six years, expiring on June 9, 2013.
- The contract concluded by the Company with Despina S.p.A. to guarantee compliance with obligations under a rental contract with effect from April 1, 2007, for a period of six years, relating to office premises at Via Nannetti 1 in Zola Predosa. The surety amounts to Euro 47,500 and expires on March 31, 2013.
- The contract concluded with SIMEST to guarantee the loan amounting to Euro 110,019.47 with effect from September 28, 2006 and expiring on March 16, 2014.
- The contract concluded with SIMEST to guarantee the loan amounting to Euro 488,201.30 with effect from January 17, 2008 and expiring on March 16, 2014.
- The contract concluded by the Company with New Winds Group to guarantee compliance with obligations under a rental contract for office premises in Madrid, with effect from August 1, 2008. The surety amounts to Euro 18,839.04 and expires on August 31, 2010.
- The contract concluded by the Company with MM.Kerr and MM.Naret to guarantee compliance with obligations under a rental contract for office premises in Paris, with effect from August 1, 2008. The surety amounts to Euro 50,000 and expires on July 31, 2011.

- The contract concluded by the Company with Oslavia, with effect from July 1, 2008, for a period of six years, for the rental of office premises in Via Lombardini, Milan. The surety amounts to Euro 19,200 and expires on July 31, 2014.

- The contract concluded by the Company to guarantee VAT compliance in Portugal, for Euro 5,000, issued to the Portuguese tax representative and expiring on November 27, 2010.

- The contract concluded by the Company following the repayment of the Global Collect guarantee deposit of Euro 800,000, after BNP Paribas issued a bank guarantee for the same amount.

- The surety issued to Koji Ono, Director of YOOX Japan, for obligations assumed by the subsidiary YOOX Japan, amounting to JPY 3,200,000 (Euro 24,031.24).

The hedging contracts relate to forward sales set up by the Parent to cover the currency risk connected to intra-Group sales in US Dollar and Japanese Yen. The nominal amount of these commitments, translated to Euro at the exchange rate in effect at the reporting date, is Euro 2,734 thousand.

13.Significant events after December 31, 2009

Lapse of rights to exercise stock options
As of January 2010, the right to exercise 200 options relating to the YOOX S.p.A. Stock Option Plan 2006-2009 lapsed.

Exercise of stock options
Pursuant to the resolution of the Board of Directors of January 18, 2010, 564,200 new shares were subscribed with a nominal value of Euro 5,642.00 following the exercise of stock options by four beneficiaries.

Granting of stock options
By resolution of the Board of Directors of March 11, 2010, a total of 46,167 options were granted under the 2009-2014 Stock Option Plan. These options are valid for the subscription of 2,400,684 new ordinary YOOX shares at a ratio of 52 new ordinary YOOX shares for every option exercised.

Activation of coccinelle.com
On February 1, 2010, the Online Store for the Coccinelle brand was activated, mainly in Europe, the US and Japan.

Contract for emporioarmani.com
On February 17, 2010, YOOX S.p.A. signed a new agreement with Giorgio Armani S.p.A. extending the collaboration in Europe, the US and Japan until January 31, 2015. Moreover, under the new agreement, the Armani Jeans brand will be included on emporioarmani.com, and YOOX will become responsible for web marketing activities for and on behalf of Giorgio Armani S.p.A. in all the countries in which the Online Store is active.

Online Store contract and activation of giuseppezanottidesign.com
A contract was signed for the Giuseppe Zanotti Online Store, which was activated on February 25, 2010, mainly in Europe, the US and Japan.

Online Store contract and activation of napapijri.com
A contract was signed for the Napapijri brand Online Store, which was activated on March 1, 2010, mainly in Europe and the US.

Online Store contract for albertaferretti.com
The contract for the Alberta Ferretti Online Store was signed, and the Store will be activated in early 2010, mainly in Europe, the US and Japan.

Annex 1

Consolidated income statement for the year ended December 31, 2009, prepared in accordance with CONSOB Resolution 15519 of July 27, 2006 and CONSOB Communication DEM/6064293 of July 28, 2006 (in thousands of Euro).

	Dec. 31, 2009		Dec. 31, 2008	
Consolidated income statement	**Balances**	**of which with related parties**	**Balances**	**of which with related parties**
Thousand Euro				
Net revenue	152,217	869	101,450	-
Cost of goods sold	(91,897)	(12,481)	(61,588)	(2,888)
Fulfilment costs	(15,935)	(676)	(11,992)	(477)
Sales and marketing costs	(16,777)	(733)	(10,740)	(740)
General expenses	(13,838)	(3,501)	(11,289)	(2,337)
Other income and expenses	(957)	(7)	(882)	(4)
Non-recurring expenses	(3,973)	-	(170)	-
Operating profit	8,840		4,789	
Financial income	518		754	-
Financial expenses	(1,983)	(47)	(1,974)	-
Profit before tax	7,375		3,569	
Tax	(3,277)	-	(1,167)	-
Consolidated profit for the year	4,098		2,402	
Of which:				
Attributable to owners of the Parent	4,098	-	2,402	-
Attributable to non-controlling interests	-	-	-	-

Weighting on individual income statement items in percentage terms.

Income statement	Dec. 31, 2009 Balances	Dec. 31, 2009 of which with related parties	Dec. 31, 2008 Balances	Dec. 31, 2008 of which with related parties
Thousand Euro				
Net revenue	100%	0.6%	100%	-
Cost of goods sold	100%	13.6%	100%	4.7%
Fulfilment costs	100%	4.2%	100%	4.0%
Sales and marketing costs	100%	4.4%	100%	6.9%
General expenses	100%	25.3%	100%	20.7%
Other income and expenses	100%	0.7%	100%	0.5%
Non-recurring expenses	100%	-	100%	-
Operating profit	100%	-	100%	-
Financial income	100%	-	100%	-
Financial expenses	100%	2.4%	100%	-
Profit before tax	100%	-	100%	-
Tax	100%	-	100%	-
Profit for the year	100%	-	100%	-

Annex 2

Consolidated statement of financial position as of December 31, 2009, prepared in accordance with CONSOB Resolution 15519 of July 27, 2006 and CONSOB Communication DEM/6064293 of July 28, 2006 (in thousands of Euro).

Consolidated statement of financial position	Dec. 31, 2009 Balances	Dec. 31, 2009 of which with related parties	Dec. 31, 2009 % weighting	Dec. 31, 2008 Balances	Dec. 31, 2008 of which with related parties	Dec. 31, 2008 % weighting
Amounts in thousands of Euro and percentage weighting on individual items						
Non-current assets						
Property, plant and equipment	3,508	-	0.00%	3,481	-	0.00%
Intangible assets with finite useful life	3,420	-	0.00%	2,281	-	0.00%
Deferred tax assets	3,546	-	0.00%	1,405	-	0.00%
Other non-current financial assets	409	-	0.00%	1,235	-	0.00%
Total non-current assets	**10,883**	**-**		**8,402**	**-**	-
Current assets						
Inventories	47,054	-	0.00%	38,652	-	0.00%
Trade receivables	6,743	1,051	15.59%	3,911	-	0.00%
Other current assets	3,213	-	0.00%	4,882	-	0.00%
Cash and cash equivalents	35,007	-	0.00%	8,962	-	0.00%
Total current assets	**92,017**	**-**	-	**56,407**	**-**	-
Total assets	**102,900**			**64,809**	**-**	-
Equity						
Share capital	504	-	0.00%	401	-	0.00%
Reserves	58,937	-	0.00%	25,328	-	0.00%
Losses carried forward	(9,462)	-	0.00%	(11,696)	-	0.00%
Consolidated profit for the year	4,098	-	0.00%	2,402	-	0.00%
Equity attributable to equity holders of the Parent	54,077	-	0.00%	16,435	-	0.00%
Equity attributable to non-controlling interests		-	-	-	-	-
Total consolidated equity	**54,077**	**-**	0.00%	**16,435**	**-**	0.00%
Non-current liabilities						
Financial payables	693	-	0.00%	18,735	-	0.00%
Employee benefits	219	-	0.00%	274	-	0.00%
Provisions risks and charges	310	-	0.00%	346	-	0.00%
Deferred tax liabilities	43	-	0.00%	48	-	0.00%
Total non-current liabilities	**1,265**	**-**	0.00%	**19,403**	**-**	-
Bank loans and other borrowings	313	-	0.00%	4,086	-	0.00%
Provisions for risks and charges	538	-	0.00%	168	-	0.00%
Trade payables	27,254	4,907	18.00%	17,282	700	4.05%
Tax liabilities	3,913	-	0.00%	765	-	0.00%
Other payables	15,540	-	0.00%	6,670	-	0.00%
Total current liabilities	**47,558**			**28,971**		
Total consolidated equity and liabilities	**102,900**			**64,809**		

Annex 3

Consolidated statement of cash flows for 2009, prepared in accordance with CONSOB Resolution 15519 of July 27, 2006 and CONSOB Communication DEM/6064293 of July 28, 2006 (in thousands of Euro).

Consolidated statement of cash flows	Dec. 31, 2009 Balances	of which with related parties	% weighting	Dec. 31, 2008 Balances	of which with related parties	% weighting
Amounts in thousands of Euro and percentage weighting on individual items						
Consolidated profit for the year	4,098			2,402		
Adjustments for:						
Taxes for the year	3,277			1,167		
Financial expenses	1,983			1,974		
Financial income	(518)			(753)		
Depreciation, amortisation and impairment losses	2,182			1,803		
Fair value measurement of stock options	1,651			1,302		
Unrealised effect of changes in foreign exchange rates	(75)			70		
(Gains)/losses on sale of non-current assets	6			169		
Employee benefits	18			20		
Provisions for risks and charges	576			175		
Payment of employee benefits	(73)			(46)		
Use of the provisions for risks and charges	(242)			(70)		
Changes in inventories	(8,402)			(10,543)		
Changes in trade receivables	(2,832)	(1.051)	37.11%	(2,033)		
Changes in trade payables	9,972	4.207	42.19%	3,738	(129)	-3.45%
Changes in other current assets and liabilities	10,541			918		
Cash flow from operating activities	22,162			293		
Income tax paid	(2,276)			(904)		
Interest and other financial expenses paid	(1,983)			(1,974)		
Interest and other financial income received	518			762		
NET CASH FROM (USED IN) OPERATING ACTIVITIES	18,421			(1,824)		
Investing activities						
Acquisition of property, plant and equipment	(706)			(1,586)		
Acquisition of intangible assets	(2,184)			(2,027)		
Acquisition of other non-current financial assets				(659)		
Proceeds from sale of other non-current financial assets	826			-		
Proceeds from sale of property, plant and equipment	-			42		
NET CASH FLOW FROM (USED IN) INVESTING ACTIVITIES	(2,064)			(4,230)		
Financing activities						
New short-term financial payables	-			4,086		
Repayment of short-term financial payables	(3,929)			(12,847)		
New non-current financial payables	-			18,592		
Repayment of non-current financial payables	(18,348)			-		
Increase in share capital and share premium reserve	31,980			-		
Changes in the hedging reserve	(13)			-		
NET CASH FROM FINANCING ACTIVITIES	9,688			9,831		
TOTAL CASH FLOW FOR THE YEAR	26,045			3,777		
Cash and cash equivalents at the beginning of the year	8,962			5,185		
Cash and cash equivalents at the end of the year	35,007			8,962		
TOTAL CASH FLOW FOR THE YEAR	26,045			3,777		

Annex 4

Investments of members of management and control bodies, general managers and managers with strategic responsibilities as of December 31, 2009

Name and surname	Company	Method of ownership [1]	No. of shares held at Dec. 31, 2008	No. of shares purchased	No. of shares sold	No. of shares held at Dec. 31, 2009
Federico Marchetti	YOOX S.p.A.	Direct	4,160,000	749,216	2,497,363	2,411,853
Fausto Boni	YOOX S.p.A.	Direct	57,616	-	-	57,616
Alberto Grignolo	YOOX S.p.A.	Direct	293,332	114,816	382,788	25,360
Andrea Cappi	YOOX S.p.A.	Direct	-	14,000	-	14,000
Marco Di Pietro	YOOX S.p.A.	Direct	-	6,000	-	6,000
Massimiliano Benedetti	YOOX S.p.A.	Direct	-	261,376	259,376	2,000
Gabriele Tazzari	YOOX S.p.A.	Direct	-	245,504	244,504	1,000
Giuseppe Guillot	YOOX S.p.A.	Direct	-	40,344	40,144	200
Fabio Cesari	YOOX S.p.A.	Direct	-	56,628	56,628	-
Andrea Moretti	YOOX S.p.A.	Direct	-	145,860	145,860	-
Alessandra Rossi	YOOX S.p.A.	Direct	-	111,540	111,540	-

(1) Including investments held through spouses that have not legally separated and minor children.
(2) Including through the exercise of stock options.

Annex 5

Remuneration paid to members of management and control bodies, general managers and managers with strategic responsibilities as of December 31, 2009

Name and surname	Position held	Period over which position was held	Termination of position	Remuneration for position at the Company preparing financial statements (Euro)	Non-monetary benefits (Euro)	Bonuses and other incentives (Euro)	Other remuneration (Euro)
Federico Marchetti	Chairman of the Board of Directors and Chief Executive Officer	01/01/09 - 31/12/09	2012	375,000	-	150,000	-
Fausto Boni	Director	01/01/09 - 31/12/09	2012	14,375	-	-	-
Mark Evans	Director	01/01/09 - 31/12/09	2012	-	-	-	-
Massimo Giaconia	Director	16/03/09 - 31/12/09	2012	11,700	-	-	-
Raffaello Napoleone (1)	Director	01/01/09 - 29/10/09	2012	11,042	-	-	-
Massimiliano Benedetti	Director (YOOX Corporation)	01/01/09 - 31/12/09	Until revoked	-	-	-	-
Giuliano Iannacone (4)	Director (YOOX Corporation)	01/01/09 - 31/12/09	Until revoked	17,924	-	-	-
Hari Samaroo (5)	Director (Y Services)	01/01/09 - 31/12/09	Until revoked	11,851	-	-	-
Elserino Mario Piol	Director	01/01/09 - 31/12/09	2012	5,000	-	-	-
Stefano Valerio(6)	Director	01/01/09 - 31/12/09	2012	14,950	-	-	-
Catherine Gérardin (2)	Director	29/10/09 - 31/12/09	2012	3,333	-	-	-
Taku Harada (3)	Director (YOOX Japan)	01/01/09 - 27/08/09	Until revoked	86,435	-	-	-
Jun Nagamine (3)	Director (YOOX Japan)	01/01/09 - 31/12/09	Until revoked	4,604	-	-	-
Koji Ono (3)	Director (YOOX Japan)	27/08/09 - 31/12/09	Until revoked	-	-	-	-
Filippo Tonolo(7)	Chairman of Board of Statutory Auditors	07/10/09 - 31/12/09	2012	6,598	-	-	22,119
David Reali	Standing Auditor	01/01/09 - 31/12/09	2012	6,061	-	-	20,239
Luca Sifo(8)	Standing Auditor	07/10/09 - 31/12/09	2012	7,909	-	-	25,879
Nicola Bottecchia	Alternate Auditor	01/01/09 - 31/12/09	2012	-	-	-	-
Edmondo Maria Granata	Alternate Auditor	01/01/09 - 31/12/09	2012	-	-	-	-
Managers with strategic responsibilities		01/01/09 - 31/12/09	-	1,908,542	72,754	13,436	-

(1) On October 29, 2009 Raffaello Napoleone resigned from his position as director of the Company.
(2) Catherine Gérardin was appointed by resolution of the Board of Directors of October 29, 2009 following the resignation of Raffaello Napoleone.
(3) Remuneration paid by YOOX Japan.
(4) Remuneration paid by YOOX Corporation.
(5) Remuneration paid by Y Services.
(6) For information on further remuneration, see the table on transactions with related parties.
(7) Held the position of Standing Auditor from January 1, 2009 to October 7, 2009.
(8) Held the position of Chairman of the Board of Statutory Auditors from January 1, 2009 to October 7, 2009.

Annex 6

Stock options granted to members of management and control bodies and general managers with strategic responsibilities as of December 31, 2009

		Options held at the beginning of the year			Options granted during the year			Options exercised during the year			Options expiring during the year	Options held at the end of the year		
Name and surname	Position held	No. of options (*)	Average exercise price	Average maturity	No. of options (*)	Average exercise price	Average maturity	No. of options (*)	Average exercise price	Average market price when exercised	No. of options (*)	No. of options (*)	Average exercise price	Average maturity
Federico Marchetti	Chairman of the Board of Directors and Chief Executive Officer	75,534	0.9546	04/01/2012	-	-	-	14,408	0,4043	4,3000	-	61,126	1,0843	24/04/2019
Ono Koji	Director (YOOX Japan)	1,000	2.0481	30/06/2010	-	-	-	-	-	-	-	1,000	2,0481	31/01/2015
Managers with strategic responsibilities		101,163	1.0581	29/09/2011	2,000	2,1697	19/11/2011	18,709	0,7783	4,3000	-	84,454	1,1464	26/04/2019
Other beneficiaries		43,635	1.2149	04/05/2011	9,790	2,1077	03/09/2016	13,139	0,8937	4,3200	3,050	37,236	1,4947	07/01/2017

(*) NB: due to the share split approved by the Company's Extraordinary General Meeting held on September 8, 2009, each option will confer the right to subscribe to 52 ordinary shares of the Company.

Annex 7

Summary of fees paid during the year for services provided to the Group by the independent auditors and the entities within the independent auditors' network, prepared in accordance with Art. 149-*duodecies* of Issuer Regulation no. 11971 of May 13, 1999 and subsequent amendments.

Type of service	Party providing the service	Recipient	Fee (thousand Euro)
Auditing	KPMG S.p.A.	Parent	102
Auditing	KPMG S.p.A.	Subsidiaries	41
Other services	KPMG S.p.A.	Parent	34
Other services	KPMG network	Parent	30
Services for IPO	KPMG S.p.A.	Parent	883
Services for IPO	KPMG network	Parent	152
Total			**1,242**

CERTIFICATION OF CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB REGULATION 1197 OF MAY 14, 1999 AS AMENDED

The undersigned, Federico Marchetti, as Chief Executive Officer, and Paolo Fietta, as Director in charge of preparing corporate accounting documents of YOOX S.p.A. hereby certify, with due regard for the provisions of Article 154-bis(3 and 4) of Legislative Decree No. 58 of February 24, 1998:

- the adequacy, with respect to the Company's characteristics, and
- the actual application

of administrative and accounting procedures for the preparation of the consolidated financial statements during 2009.

They further certify that:

the consolidated financial statements:

- were prepared in accordance with applicable IFRS endorsed by the European Union pursuant to EC Parliament and Council Regulation No. 1606/2002 of July 19, 2002;
- correspond to entries made in accounting ledgers and records;
- are suitable for providing a true and fair view of the financial position and results of operations of the issuer and all companies included in consolidation;

the Directors' report contains a reliable analysis of operating performance and results and of the position of the issuer and all companies included in consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Chief Executive Officer

Federico Marchetti

Director in charge of preparing corporate accounting documents

Paolo Fietta

REPORT OF THE AUDITORS

KPMG S.p.A.
Revisione e organizzazione contabile
Via Andrea Costa, 160
40134 BOLOGNA BO

Telefono +39 051 4392511
Telefax +39 051 4392599
e-mail it-fmauditaly@kpmg.it

(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with article 156 of Legislative decree no. 58 of 24 February 1998

To the shareholders of
YOOX S.p.A.

1 We have audited the consolidated financial statements of the YOOX Group as at and for the year ended 31 December 2009, comprising the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 7 September 2009 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes that have been restated to reflect the changes in the presentation of financial statements introduced by IAS 1.

3 In our opinion, the consolidated financial statements of the YOOX Group as at and for the year ended 31 December 2009 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the YOOX Group as at 31 December 2009, the results of its operations and its cash flows for the year then ended.

4 The directors of YOOX S.p.A. are responsible for the preparation of a directors' report on the financial statements and a report on the corporate governance and shareholding structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no.

KPMG S.p.A., an Italian limited liability share capital company and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Milano Ancona Aosta Bari
Bergamo Bologna Bolzano Brescia
Cagliari Catania Como Firenze
Genova Lecce Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Udine Varese Verona

Società per azioni
Capitale sociale
Euro 7.470.300,00 i.v.
Registro Imprese Milano e
Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Part. IVA 00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI

KPMG

58/98 disclosed in the report on the corporate governance and shareholding structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure are consistent with the consolidated financial statements of the YOOX Group as at and for the year ended 31 December 2009.

Bologna, 12 March 2010

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit

SEPARATE FINANCIAL STATEMENTS
YOOX S.p.A.

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SEPARATE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009, PREPARED IN ACCORDANCE WITH IFRS (1)

Separate financial statements YOOX S.p.A.

Thousand Euro	Notes	Dec. 31, 2009	Dec. 31, 2008
Net revenue	**7.1**	131,640	89,423
Cost of goods sold	7.2	(85,156)	(57,203)
Fulfilment costs	7.3	(13,789)	(10,716)
Sales and marketing costs	7.4	(11,274)	(7,361)
General expenses	7.5	(10,136)	(9,116)
Other expenses	7.6	(795)	(643)
Non-recurring expenses	7.7	(3,950)	(170)
Operating profit	**7.8**	**6,540**	**4,214**
Financial income	7.9	515	543
Financial expenses	7.9	(1,756)	(1,953)
Profit before tax		**5,299**	**2,804**
Tax	7.10	(2,546)	(739)
Profit for the year		**2,753**	**2,065**
Basic earnings per share*	7.11	0.10	0.06
Diluted earnings per share*	7.11	0.08	0.06

Post-split shares (see sections 9.11 and 9.20 of the notes to the consolidated financial statements).

* Earnings per share is calculated on the basis of the consolidated profit for the year.

(1) The financial statements prepared in accordance with CONSOB Resolution 15519 of July 27, 2006 and CONSOB Communication DEM/6064293 of July 28, 2006 are annexed to the notes to the separate financial statements at December 31, 2009.

Statement of comprehensive income

Thousand Euro	Notes	Dec. 31, 2009	Dec. 31, 2008
Profit for the year		2,753	2,065
Other comprehensive income, net of tax effects			
Profit/(loss) from cash flow hedges	7.21	(13)	1
Total other comprehensive income		(13)	1
Total comprehensive income for the year		2,740	2,066

Statement of financial position

Thousand Euro	Notes	Dec. 31, 2009	Dec. 31, 2008
Non-current assets			
Property, plant and equipment	7.12	3,448	3,393
Intangible assets with finite useful life	7.13	3,420	2,281
Investments in subsidiaries	7.14	447	447
Deferred tax assets	7.15	2,957	1,133
Other non-current financial assets	7.16	52	363
Total non-current assets		**10,324**	**7,617**
Current assets			
Inventories	7.17	43,089	34,382
Trade receivables	7.18	10,971	8,311
Other current assets	7.19	1,998	4,115
Cash and cash equivalents	7.20	30,340	6,772
Total current assets		**86,398**	**53,580**
Total assets		**96,722**	**61,197**
Equity			
Share capital		504	401
Reserves		58,965	25,280
Losses carried forward		(9,582)	(11,479)
Profit for the year		2,753	2,065
Total equity	**7.21 - 7.22**	**52,640**	**16,267**
Non-current liabilities			
Financial liabilities	7.23	693	18,735
Employee benefits	7.24	219	274
Provisions for risks and charges	7.26	306	272
Deferred tax liabilities	7.25	43	49
Total non-current liabilities		**1,261**	**19,330**
Bank loans and current financial liabilities	7.23	313	4,085
Provisions for risks and charges	7.26	366	196
Trade payables	7.27	24,700	15,031
Tax liabilities	7.28	3,356	250
Other payables	7.29	14,086	6,038
Total current liabilities		**42,821**	**25,600**
Total equity and liabilities		**96,722**	**61,197**

Statement of changes in equity at December 31, 2009 and December 31, 2008

Thousand Euro	*Share capital*	*Share premium reserve and other equity-related reserves*	*Legal reserve*	*Hedging reserve*	*Stock option reserve*	*Retained earnings or losses carried forward*	*Profit/(loss)*	*Total*
January 1, 2008	400	22,561	23	12	1,276	(11,477)	-	**12,795**
Share capital increase	1	105	-	-	-	-	-	**106**
Increase in reserves for share-based payments	-	-	-	-	1,302	-	-	**1,302**
Total comprehensive income	-	-	-	1	-	-	2,065	**2,066**
Other changes	-	-	-	-	-	(2)	-	**(2)**
December 31, 2008	**401**	**22,666**	**23**	**13**	**2,578**	**(11,479)**	**2,065**	**16,267**
Share capital increases	103	31,876	-	-	-	-	-	**31,979**
Increase in reserves for share-based payments	-	-	-	-	1,651	-	-	**1,651**
Total comprehensive income	**-**	**-**	**-**	**(13)**	**-**	**-**	**2,753**	**2,740**
Other changes	-	-	170	-	-	1,897	(2,065)	**2**
December 31, 2009	**504**	**54,542**	**193**	**-**	**4,229**	**(9,582)**	**2,753**	**52,640**

Cash flow statement

Thousand Euro	Notes	Dec. 31, 2009	Dec. 31, 2008
Profit for the year	7.30	2,753	2,065
Adjustments for:			
Taxes for the year	7.30	2,546	739
Financial expenses	7.31	1,756	1,953
Financial income	7.31	(515)	(543)
Depreciation, amortisation and impairment losses	7.31	2,155	1,820
Fair value measurement of stock options	7.31	1,651	1,302
(Gains)/ losses on sale of fixed assets	7.31	6	169
Employee benefits	7.31	18	20
Provisions for risks and charges	7.31	400	129
Payment of employee benefits	7.31	(73)	(46)
Use of the provisions for risks and charges	7.31	(196)	(63)
Changes in inventories	7.32	(8,707)	(8,535)
Changes in trade receivables	7.32	(2,660)	(2,934)
Changes in trade payables	7.32	9,669	2,878
Changes in other current assets and liabilities	7.33	10,167	604
Cash flow from (used in) operating actitivies		**18,970**	**(442)**
Income tax paid	7.30	(1,270)	(395)
Interest and other financial expenses paid	7.31	(1,756)	(1,953)
Interest and other financial income received	7.31	515	543
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**16,459**	**(2,247)**
Investment activities			
Acquisition of property, plant and equipment	7.34	(707)	(1,518)
Acquisition of intangible assets	7.35	(2,184)	(2,027)
Acquisition of other non-current financial assets	7.36	-	(134)
Proceeds from sale of other non-current financial assets	7.36	311	-
Proceeds from sale of property, plant and equipment	7.34	-	-
NET CASH USED IN INVESTING ACTIVITIES		**(2,580)**	**(3,679)**
Financing activities			
New short-term financial payables	7.39	-	4,086
Repayment of short-term financial payables	7.39	(3,930)	(12,847)
New non-current financial payables	7.38	-	18,592
Repayment of non-current financial payables	7.38	(18,348)	-
Capital injection for share capital increase and share premium reserve	7.37	31,980	-
Changes in the hedging reserve	7.37	(13)	-
NET CASH FROM FINANCING ACTIVITIES		**9,689**	**9,831**
TOTAL CASH FLOW FOR THE YEAR		**23,568**	**3,905**
Cash and cash equivalents at the beginning of the year	7.20	6,772	2,867
Cash and cash equivalents at the end of the year	7.20	30,340	6,772
TOTAL CASH FLOW FOR THE YEAR		**23,568**	**3,905**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2009

1. Company structure and activities

YOOX S.p.A. (hereinafter “the Company” or “the Parent”) is the parent of the YOOX Group. It is subject to Italian law and its registered offices are in Zola Predosa, Italy. The company is active in commerce and offers commercial services relating to clothing and fashion accessories, and more generally to anything that accessorises the person or the home, during free time, when relaxing or during leisure activities.

Information on individual operating segments is presented at Group level in section 7 of the consolidated financial statements.

2. IFRS first-time adoption

The separate financial statements of YOOX S.p.A. at December 31, 2009 are the first set of separate financial statements to be prepared in accordance with IFRS. The IFRS transition date was January 1, 2008.

The effects of the transition to IFRS are shown in Attachment 1 to these notes.

Attachment 1 also contains the following reconciliation tables together with the related notes:

1) The reconciliation of equity at the following dates:

- IFRS transition date (January 1, 2008);
- the balance sheet date for the last accounting period for which financial statements were prepared in accordance with Italian GAAP (December 31, 2008).

2) The reconciliation of profit/(loss) at:

- the balance sheet date for the last accounting period for which financial statements were prepared in accordance with Italian GAAP (December 31, 2008).

The balance sheet as of January 1, 2008 is also presented, together with the balance sheet and income statement as of and for the year ended December 31, 2008, reconciled with the relevant information prepared under the previous GAAP.

3. Approval of the separate financial statements as of December 31, 2009

The separate financial statements as of December 31, 2009 were approved by the Board of Directors on March 11, 2010. They have been audited and will be presented at the shareholders’ meeting.

4. Statement of compliance with IFRS and general criteria used to prepare the separate financial statements

YOOX S.p.A. prepared the separate financial statements at December 31, 2009 in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, as interpreted by the International Financial Reporting Standards Committee (IFRIC), formerly the Standing Interpretations Committee (SIC). The separate financial statements at December 31, 2009 were also drawn up in accordance with rules adopted by CONSOB on financial statements pursuant to Article 9 of Legislative Decree 38/2005 and other CONSOB rules and regulations concerning financial statements. The annual financial statements at December 31, 2009 are compared with the separate financial statements of the previous year, and comprise the income statement, the statement of comprehensive income, the statement of financial position and the statement of changes in equity, as well as these notes.

Format of financial statements

In accordance with CONSOB Resolution 15519 of July 27, 2006 and Communication DEM6064293 of July 28, 2006 relating to financial statements, specific income statements, statements of financial position and statements of cash flows have been included showing significant relationships with related parties, in order to improve readability.

As indicated above, the separate financial statements at December 31, 2009 were drawn up in accordance with the IFRS endorsed by the European Union, and comprise the following:

Income statement

Income statement is classified by function, which is considered to provide more meaningful information than classification by nature since it is more consistent with the reporting system used by management when evaluating the performance of the business.

Statement of comprehensive income

The statement of comprehensive income presents, in a single statement, the components of profit (loss) for the year and income and expenses recognised directly in equity for transactions not involving owners of the Parent.

Statement of financial position

The statement of financial position presents current and non-current assets, and current and non-current liabilities separately. For each item under assets and liabilities, a description is provided in the notes of the amounts expected to be settled or recovered within or after the 12-month period following the reporting date.

Statement of changes in equity

The statement of changes in equity reports the profit or loss for the year or the period, including each item of revenue or cost, income or expense which, as required by the IFRS and their interpretations, is recognised directly in equity, and the total of these items; total comprehensive profit or loss for the year, with separate presentation of the portion pertaining to owners of the Parent and any portion pertaining to non-controlling interests; the effect on each item of equity of changes to accounting standards and corrections of errors as required by the accounting treatment set out in IAS 8; and the balance of profit or loss carried forward at the start of the year and at the date of the financial statements, together with the changes during the year.

The notes to the financial statements also present the amounts deriving from transactions with owners of the Parent and a reconciliation between the carrying amount of each share class, the share premium reserve and other reserves at the start and end of the year, showing each change separately.

Statement of cash flows

The statement of cash flows presents the cash flows from operating, investing and financing activities. Operating cash flows are presented using the indirect method, whereby profit or loss for the year or for the period is adjusted for non-monetary transactions, for all deferrals or provisions relating to previous or future operating receipts or payments and for revenue items relating to cash flows from investing or financing activity.

5. Accounting standards and measurement criteria

General criteria

The separate financial statements are presented in Euro and balances in the financial statements and in the notes thereto are expressed in Euro, unless specifically indicated otherwise.

The separate financial statements were prepared on a historical cost basis (with the exception of derivative financial instruments, which are measured at fair value) and on the assumption that the business is a going concern. Despite the difficult macroeconomic environment in which it is operating, the Company believes that there are no significant uncertainties over business continuity (as defined under IAS 1.25), particularly given the strength of the Company's financial situation.

There are no held-to-maturity financial assets. Financial transactions are booked according to the trade date.

The accounting standards adopted for the preparation of the separate financial statements at December 31, 2009 were applied in the same way for all periods presented for comparison.

Use of estimates

In order to prepare the financial statements and related notes, the management is required to use estimates and assumptions which affect the carrying amount of assets and liabilities reported in the financial statements and the information regarding contingent assets and liabilities at the reporting date.

Actual results may differ from these estimates. Estimates are used to recognise allowances for credit risks, provisions for obsolete inventories depreciation and amortisation, impairment losses on assets, employee benefits, tax and other provisions. Estimates and assumptions are reviewed periodically and the effects of any changes are immediately recognised in the income statement.

Below is a summary of the critical measurement processes and the key assumptions used by management in applying accounting policies with regard to the future, and which could have significant effects on carrying amounts stated in the financial statements, or for which there is a risk that significant adjustments may be made to the carrying amount of assets and liabilities in the year following that under review.

Allowance for impairment

The allowance for impairment reflects a management estimate of losses on the portfolio of end customer receivables. It is estimated according to expected losses by the Company on the basis of past experience with similar receivables, current and historical overdue receivables, losses and receipts, close monitoring of the quality of receivables and economic and market forecasts. The continuation of the current economic and financial crisis, and any worsening of the situation, could lead to a further deterioration in the financial circumstances of the Parent's debtors, in addition to that taken into consideration in setting the provisions entered in the financial statements.

Provision for obsolete inventories

The provision for obsolete inventories reflects the management estimate of losses expected by the Company, calculated on the basis of experience as well as past and anticipated market performance. The current economic and financial crisis could lead to a further deterioration in market conditions, in addition to that taken into consideration in setting the provisions entered in the financial statements.

Recoverable amount of non-current assets

Non-current assets include property, plant and equipment, intangible assets and other financial assets. Management periodically reviews the carrying amount of non-current assets held and used and of assets for disposal, whenever circumstances demand. This is achieved by using estimates of anticipated cash flows from the use or sale of the asset, and appropriate discount rates to calculate present value. When the carrying amount of a non-current asset has been impaired, the Company enters an impairment loss amounting to the difference between the carrying amount of the asset and its recoverable amount via use or sale, calculated with reference to the most recent business plans.

The Company has considered the following factors in its outlook, in view of the current economic and financial crisis:

- In this context, the Company took performance expectations for 2010 into account when drawing up the separate financial statements at December 31, 2009, and more particularly when conducting impairment tests on property, plant and equipment and intangible assets. For future years it also drew up specific performance forecasts for its businesses on a precautionary basis, which take into account the profound changes to the economic, financial and market situation that have been brought about by the crisis. On the basis of these forecasts, there is no apparent need for significant impairments.
- In the event of a further worsening of the assumptions forming the basis for the forecasts, the following should be noted: in terms of the Company's property, plant and equipment and intangible assets with finite useful life (essentially development costs), the forecasts refer to recent applications/platforms with highly technological content, which makes them competitive in the current economic climate. It is therefore thought highly probable that the life-cycles of these products could be prolonged, allowing the Company to

achieve sufficient income flows to cover the investment made in the products within the timeframe identified.

Defined benefit plans

The Parent provides personnel with a defined benefit plan (post-employment benefits). Management uses various statistical assumptions and evaluation factors to anticipate future events in order to calculate expenses, liabilities and plan assets. These assumptions concern the discount rate, the expected return on plan assets, rates for future salary increases and trends in medical care costs. The Company's actuarial advisors also make use of subjective factors, such as mortality and resignation rates. Regarding discount rates, it should be noted that during 2009 the rate curves of high-quality corporate securities were not as highly volatile as in 2008. However, further significant changes in corporate security yields, with a consequent effect on liabilities and on unrecognised actuarial gains/losses, cannot be ruled out, bearing in mind that there may also be contextual changes to the return on plan assets, where these exist.

Contingent liabilities

The Company is involved in legal disputes that concern a wide range of issues. Given the uncertainties inherent in these issues, it is hard to make definite predictions about disbursements relating to the disputes. The disputes with and litigation against the Company often derive from complex and difficult legal issues that are subject to a different level of uncertainty, including the individual facts and circumstances of each case, the jurisdiction and the various laws in force. In the normal course of business, management consults its own legal advisors and legal and tax experts. The Company recognises a liability for such disputes when it believes it likely that a financial disbursement will be required, and when the amount of the losses involved can be reasonably estimated. In the event that a financial disbursement becomes likely but the amount involved cannot be determined, this is reported in the notes to the financial statements.

Treatment of foreign currency transactions

Foreign currency transactions

Monetary items denominated in foreign currencies at the reporting date are reconverted into the functional currency using the spot exchange rate on that date. Exchange rate gains or losses on monetary items consist in the difference between the amortised cost of the functional currency at the start of the year, adjusted to reflect actual interest and payments made during the year, and the amortised cost of the foreign currency, translated at the spot exchange rate on the reporting date. Exchange rate differences arising from translation are recorded in the income statement.

The following table shows the exchange rates used at December 31, 2009 and at December 31, 2008 for the translation of items in the statement of financial position denominated in foreign currencies (source: http://www.uic.it).

	Exchange rate at Dec. 31, 2009	Exchange rate at Dec. 31, 2008
USD	1.4406	1.3917
YEN	133.16	126.14
GBP	0.8881	0.9525

The foreign currencies are reported against Euro units.

Derivative financial instruments

The Company does not hold any derivative financial instruments for speculative purposes. However, in cases where derivative financial instruments do not satisfy all the necessary conditions set out for hedge accounting under IAS 39, changes in the fair value of these instruments are booked in the income statement as financial income and/or expenses.

Derivative financial instruments are booked according to the rules of hedge accounting when:

- at the start of the hedge, the hedging relationship is formally designated and documented;
- it is presumed that the hedge is highly effective;
- effectiveness can be measured reliably and the hedge remains highly effective throughout the designation period.

The Company uses derivative financial instruments to hedge its exposure to currency risks.

Derivatives are initially measured at fair value. The associated transaction costs are entered in the income statement when they are incurred. After initial recognition, derivatives are measured at fair value. Any changes are recognised as described below.

Cash flow hedging

Changes in the fair value of a derivative hedging instrument designated as cash flow hedges are posted directly to equity to the extent that the hedge is effective. For the ineffective portion, changes in fair value are reported in the income statement.

As indicated above, hedge accounting ceases prospectively if the instrument designated as a hedge:

- no longer satisfies the criteria required for hedge accounting;
- expires;
- is sold;
- is closed out or exercised.

Accumulated profits or losses are retained in equity until the prospective transaction takes place. If the hedged item is a non-financial asset, the amount entered under equity is transferred to the carrying amount of the asset when it is determined. In other cases, the amount entered under equity is transferred to the income statement in the same year in which the hedged item affects the income statement.

Property, plant and equipment

Valuation and measurement

Property, plant and equipment are measured at acquisition cost, including direct ancillary costs and net of accumulated depreciation and impairment losses.

Any financial expenses incurred in the acquisition or construction of capitalised assets that normally require a fixed period of time to be prepared for use or sale are capitalised and amortised over the life of the assets in question. All other financial expenses are entered in the income statement for the year in which they are incurred.

If an item of property, plant and equipment is made up of various components with differing useful lives, these components are booked separately (if they are significant components).

Any gain or loss generated by the sale of property, plant and equipment is calculated as the difference between the net proceeds from the sale and the residual net value of the asset, and is entered in the income statement under “Other income” or “Other expenses”.

Subsequent costs

Costs incurred after the acquisition of the assets and the cost of replacing some parts of the assets in this category are added to the carrying amount of the item to which they relate and are only capitalised if there is an increase in the future economic benefits intrinsic to the asset. All other costs are posted to the income statement as they are incurred.

When the cost of replacing parts of the assets is capitalised, the residual value of the replaced parts is posted to the income statement. Extraordinary maintenance expenses that extend the useful life of items of property, plant and equipment are capitalised and depreciated on the basis of the remaining useful life of the assets. Ordinary maintenance costs are posted to the income statement in the financial year in which they are incurred.

Assets under construction are entered at cost under “Assets under construction” until they are available for use. As soon as they are available for use, the cost is classified under the appropriate item and becomes subject to depreciation.

Assets under finance lease

Property, plant and equipment held under finance leases, for which the Parent has substantially assumed all risks and rewardsof ownership, are recognised at the start date of the lease as assets at their fair value, or, if lower, at the current value of the lease payments, depreciated according to estimated useful life and adjusted for any impairment losses calculated as described below. The amount payable to the lessor is entered in the financial statements under financial payables.

Depreciation

Items of property, plant and equipment are depreciated in the income statement on a straight-line basis over their useful life.

The financial and technical useful lives of these items are assessed as follows:

Equipment	15%
General plant	15%
Specialist plant	30%
Electronic office equipment	20%
Furniture and furnishings	15%

The depreciation method, useful lives and residual values are verified at the reporting date.

Intangible assets

Development costs

Expenses for research carried out with a view to obtaining new knowledge or making scientific or technical discoveries, are recognised in the income statement at the time they are incurred.

Development expenses are incurred on the basis of a plan or project to create new or substantially improved products or processes. Development expenses are only capitalised if the criteria set out under IAS 38 – Intangible Assets are met, namely:

- the technical feasibility of the product can be demonstrated;
- the ability to use or sell the intangible asset can be demonstrated;
- the Company intends to complete the development project;
- the costs incurred for the project can reliably be calculated;
- the amounts entered can be recovered through anticipated future economic benefits resulting from the development project;
- adequate technical, financial and other resources are available.

Capitalised expenses include costs for services provided by third parties and the directly attributable personnel expense. Financial expenses incurred in developing capitalised assets that normally require a fixed period of time to be prepared for use or sale are capitalised and amortised over the life of the asset class in question. All other financial expenses are entered in the income statement for the year in which they are incurred. Other development expenses are entered in the income statement at the time they are incurred.

Capitalised development expenses are booked at cost, net of accumulated amortisation and impairment losses.

Development projects in progress are entered at cost under “Intangible assets under development” until the project is completed. When the project is completed, the cost is entered under the relevant item and is subject to amortisation.

Other intangible assets with finite useful life

Other intangible assets acquired by the Parent with a finite useful life are stated at cost, net of accumulated amortisation and impairment losses.

Subsequent costs

Subsequent costs are only capitalised when there is an increase in the anticipated future economic benefits attributable to the assets in question. All other subsequent costs are entered in the income statement for the year in which they are incurred.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the intangible assets, from the time that the assets are available for use. The financial and technical useful lives of these items are assessed as follows:

Development costs	33%
Software and licences	33%
Brands and other rights	10%
Other intangible assets	33%

Investments in subsidiaries

In the separate financial statements of the Parent, investments in subsidiaries (not classed as held for sale) are measured at cost, adjusted for any impairment losses, and converted to Euro at historical exchange rates if referring to investments in foreign companies whose financial statements are prepared in a currency other than the Euro.

Any positive differences that emerge during the acquisition of the investments between the price and the portion of equity are maintained at the carrying amount of the investments. The carrying amount of the acquisition or sale of investments, business units or company assets under joint control are measured using the historical-cost method without the recognition of capital gains or losses.

Whenever there is any indication that the investments may be impaired, they are be subjected to impairment tests and an impairment loss is recognised where necessary. In order for the impairment to be charged to the income statement, there must be objective evidence that events have taken place that impact the estimated future cash flows from the investments. Any losses in excess of the carrying amount of the investments arising from legal or implicit obligations to cover losses incurred by the subsidiaries are posted under provisions for risks or charges.

The original value is reversed in subsequent years if the reasons for the impairment no longer apply.

The relevant dividends are posted under financial income from investments at the time when the right to receive dividends is established, generally at the same time as approval is granted by the shareholders’ meeting.

Other non-current financial assets

This category includes guarantee deposits expected to be convertible to cash after 12 months.

Non-current financial assets are initially recognised at fair value on the trade date (being the same as the acquisition cost), net of transaction costs directly attributable to the acquisition.

After initial recognition, held-to-maturity financial instruments are measured at amortised cost, using the effective interest rate method.

The effective interest rate is the rate that precisely discounts future cash flows, estimated over the expected life of the financial instrument, to its net carrying amount.

At every reporting date, every non-current financial assets is checked for objective evidence of impairment.

If there is objective evidence of impairment, the impairment loss is measured as the difference between the carrying amount of the held-to-maturity investment and the present value of estimated future cash flows discounted at the original effective interest rate of the financial asset.

The amount of the loss is immediately entered in the income statement.

If, in a subsequent year, the impairment loss decreases and this decrease is connected to an event after the impairment loss was recognised, the loss is reversed and the related reversal is entered in the income statement.

Inventories

Inventories are carried at the lesser of the purchase and/or production cost and the net realisable value based on market performance, including the relative ancillary selling costs. The cost of inventories, calculated according to the average cost method for each category of goods, includes purchase costs and costs incurred to bring the inventories to their present location and condition.

In order to represent the value of inventories appropriately in the state of financial position, and to take into account impairment losses due to obsolete materials and slow inventory movement, obsolescence provisions have been posted, directly deducted from the carrying amount of the inventories.

Trade and other receivables

Trade and other receivables, which generally fall due within one year, are carried at the fair value of the initial consideration plus transaction costs. They are subsequently carried at amortised cost, and may be adjusted to reflect any impairment losses, calculated as the difference between the carrying amount and the amount of estimated future cash flows. If, in a subsequent year, the impairment loss decreases, the loss previously stated is partially or fully reversed and the amount of the receivable is reversed, for an amount not exceeding what would have been the amortised cost if the loss had not been recognised.

Cash and cash equivalents

Cash and cash equivalents include all cash on hand, bank and postal deposits and equivalent items that can be sold in the very short term (within three months), stated at the nominal value, and stated at the spot exchange rate at year-end if in foreign currency, which corresponds to their fair value.

Impairment losses on assets

At every reporting date, the Company subjects the carrying amounts of property, plant and equipment and intangible assets to impairment tests if there is any evidence that these assets may have suffered impairment. In the event of such evidence, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. Intangible assets not yet available for use are subjected to impairment tests every year, or more frequently if there is an indication that the asset might be impaired.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

If the test shows that the stated assets, or a cash-generating unit, are impaired, the recoverable amount is estimated and the difference between the carrying amount and the recoverable amount is entered in the income statement. The impairment loss a CGU is therefore first charged against goodwill, where applicable, and then as a reduction in the carrying amount of the other assets.

The recoverable amount of an asset or a CGU is obtained by discounting the cash flows expected to derive from that asset or CGU. The discount rate used is the cost of capital, taking into account the specific risks associated with the asset or CGU. The recoverable amount of investments in held-to-maturity securities and of receivables stated at amortised cost corresponds to the present value of future cash flows, discounted at the effective interest rate calculated at initial recognition. The recoverable amount of other assets is the greater of the selling price and the value in use, calculated by discounting estimated future cash flows at a rate that reflects market conditions.

Any impairment losses on receivables measured at amortised cost are reversed if the subsequent increase in recoverable amount can be objectively determined.

If an impairment loss on an asset, excluding goodwill, is subsequently decreased or no longer exists, the carrying amount of the asset or the CGU is increased to the new estimated recoverable amount, which must not exceed the value that would have been calculated if no impairment had been recognised. The reversal of an impairment loss is immediately recognised in the income statement.

Share capital and other items of equity

The share capital is made up of the ordinary shares issued by the Parent.

Any costs arising from issuing new shares or options are recognised in equity (net of associated tax benefits) as a reduction of the income deriving from the issue of such instruments.

As required by IAS 32, if instruments representing own capital are repurchased, these instruments (own shares) are deducted directly from the “Other reserves” item within equity. No gains or losses are recognised in the income statement for the purchase, sale or cancellation of own shares.

The amount paid or received, including all costs directly attributable to the capital transaction, net of any associated tax benefit, is stated directly as a change in equity.

Any dividends paid to shareholders are recognised as liabilities in the period in which they are approved.

Financial liabilities

Financial liabilities are initially recognised at their fair value, net of ancillary charges, and following the initial recognition are measured at amortised cost using the effective interest method. The difference between the amortised cost and the repayment amount is posted to the income statement according to the duration of the liabilities based on interest accrued. Financial liabilities hedged by derivatives, where hedge accounting rules apply, are measured in the same way as the hedging instrument.

Employee benefits

The post-employment benefits (TFR) of the Italian company are classed as a defined benefit plan under IAS 19. The benefits guaranteed to employees in the form of post-employment benefits, which are issued on cessation of the working relationship, are stated at the expected future value of the benefits that employees will receive and that have accrued during the year and in previous years. The benefits are discounted and the liability is stated net of the fair value of any pension plan assets. These net obligations are calculated separately for each plan on the basis of actuarial assumptions, and are evaluated at least once a year with the assistance of an independent actuary using the projected unit credit method.

Actuarial gains and losses following January 1, 2008 (the date of the Company’s transition to IFRS) are posted to the income statement on a straight-line basis according to the remaining service life of employees when their net

cumulative value is 10% greater than the value of the total obligations under the defined benefit plans or the fair value of the plan assets, whichever is higher, at the reporting date of the previous year (the corridor method).

Share-based payment transactions

YOOX S.p.A. awards additional benefits to some directors, managers, white-collars, consultants and other employees through stock option plans. According to IFRS 2 – Share-based payment, these are classed as equity settled. The total amount of the present value of the stock options at the grant date is therefore posted to the income statement as a cost. Changes to the present value after the grant date have no effect on the initial valuation. The remuneration cost, which amounts to the present value of the options at the grant date, is recognised under personnel costs on a straight-line basis during the period between the grant date and the vesting date, with a matching entry under equity.

Provisions for risks and charges

Provision for risks and charges is made for expenses for Company obligations that are legal or implicit (under contracts or otherwise), deriving from a past event. Provisions for risks and charges are stated if it is likely that resources will have to be used to fulfil the obligation, and if a reliable estimate of the obligation can be made. An implicit obligation is defined as an obligation that arises when the Company has notified other parties, via established practices, public company strategies or a sufficiently explicit announcement, that it will accept the obligation, in such a way that the third party expects the Company to honour the obligation. If it is estimated that these obligations will arise beyond 12 months and the related effects are significant, the obligations are discounted at a rate that takes account of the cost of money and the specific risk associated with the liability recognised. Any change in the estimated provisions is reflected in the income statement for the period in which it takes place. If obligations are discounted, the increase in the provision due to the passage of time and any effect arising from the change in the discount rate is entered as a financial charge.

Trade and other payables

Trade and other payables falling due within normal commercial terms, usually less than a year, are entered at the fair value of the initial amount plus transaction costs. After initial recognition they are measured at amortised cost, with any differences shown in the income statement for the life of the liability, in line with the effective interest rate method. Trade and other payables, which usually fall due within a year, are not discounted.

Revenue and income

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or due, taking into account any returns, allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and benefits associated with ownership of the assets are transferred to the purchaser, recoverability of the consideration is probable, the related costs or any return of goods can be reliably estimated, and if management ceases to exercise the level of continuous operation normally associated with ownership of the good sold.

The transfer of risks and rewards usually takes place when the goods are shipped to the customer, i.e. when the goods are handed over to the carrier).

Services

Revenue generated from the provision of services is posted to the income statement on the basis of the stage of completion of the service at the reporting date. The stage of completion is measured according to the work performed.

Commission

When the Company acts as a commercial intermediary rather than as a principal, the revenue stated correspond to the net amount of the commission earned by the Company.

Dividends

Collectible dividends are recognised as income in the income statement at the date of their approval by the shareholders' meeting of the company distributing the dividend. Conversely, dividends are shown as changes in equity in the year in which they are approved by the shareholders' meeting.

Cost of goods sold

The cost of goods sold is the sum of the costs incurred by the Company in relation to all the assets on the basis of which it generates sales revenue, net of changes in finished product inventories. The cost of goods sold therefore includes the cost of purchasing the goods and all costs incurred in order to prepare the purchased goods for sale, as well as any direct and indirect ancillary costs, both internal and external (transport costs and customs duties). Costs incurred for transporting goods are included under the cost of goods sold since they relate directly to sales revenue. The cost of goods purchased is carried at the fair value of the amount paid or agreed. Generally, the cost of goods purchased is therefore composed of cash and cash equivalents paid or payable in future on normal payment terms. On this basis, the cost of goods purchased is recognised according to the purchase price of the goods stated on the invoice, net of rebates, discounts and allowances.

The cost of goods purchased is adjusted to take account of any decisions to grant further discounts in addition to those contractually agreed, and any deferral of payments beyond 12 months that effectively represent a loan from the supplier to the Company. In the latter case, the present value of the cost of goods purchased is represented by the future cash flow compounded using a market interest rate. Similarly, when additional discounts for early cash payment are applied to the agreed terms of payment in the contract or invoice, the present value of the cost of goods purchased is shown gross of this further discount, which is reported as interest income.

The change in product inventories records the difference between initial inventories (the closing inventories from the previous period) and the closing inventories of the accounting period under review.

The cost of goods sold also includes costs relating to revenue from assistance with the creation/maintenance of the Online Stores, which are invoiced to the Strategic Partners of the Online Stores in the Mono-brand business line.

Fulfilment costs

These are costs incurred for:

- Digital production, cataloguing and quality control: this item classifies costs incurred for "making ready" the goods purchased (labelling, classification and warehouse storage). They include costs for personnel, insurance, consultancy and the purchase of consumables. They also include a portion of the cost of depreciating the assets involved in the process, vehicle hire costs and other expenses directly ascribable to the functions involved in the process.

- Logistics: this item includes the cost of handling and packaging the goods, which comprises the costs of logistical warehouse management and related consultancy, as well as a portion of the amortisation/depreciation of property, plant and equipment and intangible assets, and the cost incurred for remuneration of personnel directly carrying out this function.

- Customer services: these costs include all customer care expenses, including the costs of the call centre and the telephone and email services available to the customer, the costs of dedicated staff and the share of amortisation/depreciation of the related property, plant and equipment and intangible assets.

Sales and marketing costs and general and administrative expenses

Expenditure for these items is calculated at the fair value of the consideration paid or agreed.

Generally, these costs are composed of cash and cash equivalents paid or payable in future on normal payment terms. On this basis, these costs are recognised according to the price of the services stated on the invoice, net of rebates and discounts.

These costs are adjusted in the event of discounts on contractually agreed amounts and deferral of payments beyond 12 months that effectively represent a loan from the supplier to the Company.

In this event, the present value of the cost of services consists of the future cash flow compounded using a market interest rate.

When additional discounts for early cash payment are applied to the agreed terms of payment in the contract or invoice, the present value of the cost of services provided is shown gross of this further discount, which is reported as interest income.

The cost is stated on an accruals basis (based on the stage of completion of the service at the reporting date).

Costs for which the Company believes it will incur a disbursement during the year, without being able to quantify the precise amount of the disbursement, are entered in the income statement as reasonable estimates.

Rental charges and operating lease payments

Rental charges and operating lease payments are recognised in the income statement on an accruals basis (at the time when the economic benefits deriving from the rented or leased assets are recognised). In the event that the economic benefits are lower than the unavoidable minimum charges and the contract is therefore classified as onerous, the costs are recognised immediately in the income statement as the difference between the discounted charges and benefits.

Financial income and expenses

Financial income includes interest earned on cash investments and gains on hedging instruments recognised in the income statement. Interest income is recorded in the income statement on an accrual basis using the effective interest method. Financial expenses include interest payable on loans and losses on hedging instruments recognised in the income statement. Borrowing costs are recognised in the income statement using the effective interest method.

Income taxes

The tax burden for the year includes the current tax liability and the deferred tax liability. Income taxes are recognised in the income statement, except for those relating to any transactions recognised directly in equity, which are recorded in the same way.

Current tax is the estimated amount of income tax owed, calculated on the basis of taxable income for the year by applying the tax rates in force or substantially in force at the reporting date together with any adjustments to the amounts from previous years.

Deferred tax is recorded according to the equity method by calculating temporary differences between the carrying amount of assets and liabilities entered in the statement of financial position and the corresponding amounts recognised for tax purposes. Deferred tax assets and liabilities are determined using the tax rates that are expected to be applicable in the year in which the asset or liability will be realised or settled, based on the tax rates established under the regulations in force or substantively in force at the reporting date. Deferred tax assets and liabilities are offset if there is a legally exercisable right to offset current tax assets against current tax liabilities, and if the deferred tax assets and liabilities relate to income tax levied by the same tax authority from the same taxable party or from different taxable parties that intend to settle their current tax assets and liabilities on a net basis, or to realise their tax assets and settle their tax liabilities at the same time.

Deferred tax assets are recognised to the extent it is likely that future taxable income will be sufficient for these assets to be used. The carrying amount of deferred tax assets is reviewed at the end of every year and is reduced to the extent that the related tax benefit is no longer likely to be realised.

Additional income tax resulting from any distribution of dividends is accounted for when the liability to pay dividends is recognised.

Earnings per share

Basic earnings per share are calculated as the ratio of the profit or loss pertaining to shareholders of the Parent to the weighted average number of ordinary shares outstanding during the year, excluding any own shares in the portfolio. Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding on the assumption that all the options granted with a dilutive effect will be converted into ordinary shares. The Parent Company has a category of potential ordinary shares with a dilutive effect for its stock option plans.

6. Changes to accounting standards, new accounting standards, changes to estimates and reclassifications

The following accounting standards, amendments and interpretations, which were reviewed partly as a result of the 2008 annual improvement process carried out by the IASB, were applied by the Parent Company for the first time from January 1, 2009.

Revised IAS 1 – Presentation of Financial Statements

The revised version of IAS 1 – Presentation of Financial Statements no longer allows the presentation of income components, including income and expenses (defined as “changes arising from transactions with non-owners”) in the statement of changes in equity, but requires it to be indicated separately from changes arising from transactions with shareholders. The new version of the standard requires all changes arising from transactions with non-owners to be presented in a single separate statement showing the performance for the period (a statement of comprehensive income or loss) or in two separate statements (an income statement and a statement of comprehensive income or loss). These changes must also be presented separately in the statement of changes in equity. The Parent applied the revised version of the standard retrospectively from January 1, 2009, choosing to present all changes arising from transactions with non-owners in two statements measuring performance during the period, respectively entitled “Consolidated income statement” and “Consolidated statement of comprehensive income”. The Parent altered its presentation of changes in equity accordingly. As part of the IASB’s 2008 annual improvement process, an amendment to the revised IAS 1 was also issued, stipulating that derivative financial instruments designated as hedging instruments must be recorded in the statement of financial position with a distinction made between current and non-current assets and liabilities. The adoption of the amendment did not lead to any changes to the Parent Company’s presentation of items relating to assets and liabilities from derivative financial instruments.

Revised IAS 23 – Borrowing Costs

The revised version of the standard removes the option of immediately posting to the income statement any borrowing costs incurred by investing in assets normally requiring a fixed period of time to be prepared for use or sale (qualifying assets). The Parent made use of this option until December 31, 2008. This version of the standard was also amended as part of the IASB’s 2008 improvement process, with a revised definition of borrowing costs to consider for capitalisation. Pursuant to the rules of transition to the standard, the Parent applied the new accounting standard prospectively from January 1, 2009, capitalising borrowing costs directly ascribable to the purchase, construction or production of qualifying assets for which the Parent has begun investment, has incurred borrowing costs or had begun the activities necessary to prepare the asset for its specific use or for sale from January 1, 2009. However, the adoption of the standard had no significant accounting effects during the year.

Amendment to IFRS 2 – Share-based Payment: Vesting Conditions and Cancellations

The amendment to IFRS 2 – Share-based Payment: Vesting Conditions and Cancellations stipulates that for the purposes of measuring share-based remuneration instruments, only service conditions and performance conditions may be classed as vesting conditions. Any other clauses are to be classed as non-vesting conditions, and are included in the calculation of fair value at the plan grant date. The amendment also clarifies that if the plan is cancelled, the same accounting treatment is required for cancellation by the company or cancellation by the counterparty. The standard was applied retrospectively by the Parent from January 1, 2009. However, its application has so far had no effect on the Parent Company’s accounts, since the stock option plans vested

during the period made no provision for vesting conditions other than the service and performance conditions as defined in the amendment, and no plans were cancelled in the periods in question.

Improvement to IAS 19 – Employee Benefits

The improvement to IAS 19 – Employee Benefits clarifies the definition of past service costs/income and stipulates that if a plan is reduced, the effect immediately entered to the income statement must include only the reduction in benefits relating to future periods, while the effect of any reductions relating to periods of past service must be classed as a negative cost relating to past service. This amendment must be applied prospectively to changes to plans occurring after January 1, 2009. No significant accounting effects resulted from the adoption of this amendment as of December 31, 2009.
The improvement also amended the definition of the return on plan assets, stipulating that this item must be presented net of any administrative expenses not already included in the value of the obligation, and also clarified the definition of short-term and long-term benefits. The Parent adopted this standard retrospectively from January 1, 2009 with respect to the definitions of a return on plan assets and short-term and long-term benefits. However, there were no accounting effects, because the accounting practices used by the Parent in this respect before adoption of the amendment were already consistent with the amendment.

Improvement to IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance

The improvement to IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance stipulates that benefits arising from loans granted by public bodies at an interest rate below the market rate must be treated as government assistance, and therefore the rules of recognition set out under IAS 20 apply. The previous version of IAS 20 stipulated that in cases where financing at favourable rates of interest was received as government assistance, the company could not recognise a benefit. The Parent therefore recognised financing at the value of the amount received and posted the lower interest on the financing directly to the income statement under financial income and expenses. Pursuant to the amendment's rules of transition, the Parent applied the new accounting standard from January 1, 2009 to financing at favourable rates obtained from this date. In the case of these loans, at the time of issue the Parent states the financial debt at fair value and deferred income for contributions at the favourable rate not yet received for the difference between the fair value of the debt and the amount received. This amount will be posted to the income statement if, and only if, all the requisite conditions for recognition of the assistance are fulfilled, in a systematic way that correlates with the costs that it is intended to offset. However, as of December 31, 2009 there were no significant accounting effects resulting from application of the improvement.

Improvement to IAS 38 – Intangible Assets

The improvement to IAS 38 – Intangible Assets determines recognition in the income statement of promotional and advertising costs. Specifically, it stipulates that if the company incurs expenses with future economic benefits and does not recognise them under intangible assets, these expenses must be entered in the income statement when the company has the right to access the asset (in the case of the purchase of goods), or when the service is rendered (in the case of the purchase of services). The standard was also amended to allow businesses to use the unit of production method to calculate amortisation of intangible assets with a finite useful life.
The Parent has applied the amendment retrospectively from January 1, 2009; however, there has been no accounting effect, since before it was applied these types of costs were already recognised in the income statement as stipulated in the amendment.

Amendment to IFRS 7 – Financial Instruments: Disclosures

The amendment, which must be applied from January 1, 2009, was issued to increase the level of disclosure required in fair value measurements and to reinforce existing disclosure principles relating to the liquidity risk of financial instruments. Specifically, the amendment requires that information relating to the measurement of the fair value of financial instruments be disclosed according to hierarchical evaluation levels. Adoption of the principle has had no effect in terms of measurement and recognition, but only on the type of information presented in the notes.

Amendments and interpretations that came into effect from January 1, 2009 but that are not relevant for the Parent Company

The following amendments, improvements and interpretations, which came into effect from January 1, 2009, govern circumstances and cases that do not exist in the Parent at the time of these financial statements, but which might affect the accounting of future transactions or agreements:

- Amendment to IFRS 32 – Financial Instruments: Presentation and Amendment to IAS 1 – Presentation of Financial Statements: Puttable financial instruments and obligations arising on liquidation
- Improvement to IAS 16 – Property, Plant and Equipment
- Improvement to IAS 28 – Investments in Associates
- Improvement to IAS 29 – Financial Reporting in Hyperinflationary Economies
- Improvement to IAS 36 – Impairment of Assets
- Improvement to IAS 39 – Financial Instruments: Recognition and Measurement
- Improvement to IAS 40 – Investment Property
- IFRIC 13 – Customer Loyalty Programmes
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation

Finally, on March 12, 2009, the IASB issued amendments to IFRIC 9 – Reassessment of Embedded Derivatives and IAS 39 – Financial Instruments: Recognition and Measurement, which permits reclassification, in some circumstances, of certain financial instruments out of the accounting category “fair value through profit and loss”. These amendments clarify that, when classifying a financial instrument out of this category, all embedded derivatives must be measured and, if necessary, accounted for separately in the financial statements. The amendments are applied retrospectively from December 31, 2009, but their adoption has had no accounting effect on the Parent’s financial statements.

Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Parent

On January 10, 2008, the IASB issued an updated version of IFRS 3 – Business Combinations and amended IAS 27 – Consolidated and Separate Financial Statements. The main amendments to IFRS 3 are the removal of the obligation to measure the individual assets and liabilities of the subsidiary at fair value in any subsequent acquisition, in the case of the acquisition of subsidiaries performed in stages. Goodwill will only be measured in the acquisition stage, and corresponds to the difference between the aggregate of the value of the equity investments held immediately before the acquisition and the consideration for the transaction and the net value of the assets acquired. In cases where the company does not acquire 100% of the equity, the shareholding pertaining to third parties can either be measured at fair value or using the method set out in IFRS 3. The revised version of the standard also stipulates recognition in the income statement of all costs connected to the business combination and the recognition of liabilities for contingent consideration at the acquisition date. In the amendment to IAS 27, however, the IASB stipulates that changes to the investment not constituting a loss of control must be accounted for as equity transactions and be booked in equity. It also stipulates that when a parent gives up control of one of its subsidiaries but continues to have a shareholding in the company, it must measure the remaining equity interest at fair value in the financial statements and recognise any profits or losses arising from the loss of control in the income statement. Finally, the amendment to IAS 27 requires all losses attributable to non-controlling interests to be entered under shareholdings pertaining to third parties, including when these losses exceed their share in the capital of the subsidiary. The new rules must be applied prospectively from January 1, 2010.

As part of the IASB’s 2008 annual improvement process, the amendment to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations stipulates that if a business is committed to a sale involving the loss of control of a subsidiary, all the assets and liabilities of the subsidiary must be reclassified under assets held for sale, including cases in which the company will retain a non-controlling interest in the former subsidiary. The amendment must be applied prospectively from January 1, 2010. On July 31, 2008, the IASB issued an amendment to IAS 39 – Financial Instruments: Recognition and Measurement, which must be applied retrospectively from January 1, 2010. The amendment clarifies application of the standard in certain circumstances in order to define underlying instruments subject to hedging. Adoption of this amendment is not expected to have any significant effect on the Parent’s financial statements. On November 27, 2008, IFRIC issued the interpretation IFRIC 17 – Distributions of Non-cash Assets to Owners in order to harmonise the accounting treatment of non-cash assets distributed to owners. The interpretation specifically clarifies that dividend payables must be recognised when the dividends have been appropriately approved and that these payables must be measured at the fair value of the net assets that will be used to pay them. Finally, the

business must recognise in the income statement the difference between the dividend paid and the net carrying amount of the assets used for the payment. The interpretation must be applied prospectively from January 1, 2010.
On January 29, 2009, IFRIC issued interpretation IFRIC 18 – Transfers of Assets from Customers, which clarifies the accounting treatment required if the business concludes a contract under which it receives an item of property, plant and equipment from a customer that must be used to connect the customer to a network or to provide the customer with specific access to goods and services (for example gas, electricity or water). In some cases, the business receives cash from the customer for the purposes of building or acquiring the item that will be used to fulfil the contract. The interpretation must be applied prospectively from January 1, 2010.
On April 16, 2009, the IASB issued a range of improvements to IFRS. The improvements listed below are those that the IASB classes as involving changes to presentation, recognition and measurement in the financial statements, leaving aside those that simply establish terminological or editorial changes with minimal effects in accounting terms, or those concerning standards or interpretations not applied by the Parent. As of the date of these financial statements, the competent European Union bodies have not yet completed the endorsement process necessary for application of the improvements.

- IFRS 2 – Share-based Payment: the amendment, which must be applied from January 1, 2010, clarifies that, since IFRS 3 amended the definition of business combinations, the transferral of a business unit for the purposes of forming a joint venture, or a combination of businesses or business units in entities under common control, no longer falls within the scope of IFRS 2.
- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations: the amendment, which must be applied prospectively from January 1, 2010, clarifies that IFRS 5 and the other IFRS that refer specifically to non-current assets (or groups of assets) classified as available for sale or as discontinued operations stipulate all the information necessary for these types of assets or operations.
- IFRS 8 – Operating Segments: this amendment, which must be applied from January 1, 2010, stipulates that businesses must recognise the total carrying amount of assets for each segment subject to disclosure if this amount is periodically reported to the highest level of operational decision-making. Previously, the information was required even if this was not the case.
- IAS 1 – Presentation of Financial Statements: this amendment, which must be applied from January 1, 2010, amends the definition of current liabilities as set out in IAS 1. The previous definition classed liabilities as current if they could be eliminated at any time via the issue of equity instruments. This meant that liabilities relating to convertible bonds were entered under current liabilities, since they can be converted at any time into shares of the issuer. As a result of the amendment, the existence of a currently exercisable option for conversion to equity instruments is no longer relevant to the classification of liabilities as either current or non-current.
- IAS 7 – Statement of Cash Flows: the amendment, which must be applied from January 1, 2010, stipulates that only a cash flow deriving from expenditure that results in recognition of an asset in the statement of financial position can be classed in the cash flow statement as deriving from investment, whereas a cash flow deriving from expenditure that does not result in asset recognition (as may be the case with promotional and advertising spending and or spending on staff training) must be classified as deriving from operating activities.
- IAS 17 – Leasing: as a result of the amendments, the general conditions set out in IAS 17 for classifying contracts as finance leases or operating leases will also apply to land leases, regardless of whether ownership is obtained at the end of the lease term. Before the amendments, the accounting standard stated that when ownership of the leased land was not transferred at the end of the lease term, the lease was classified as an operating lease, since it had an indefinite useful life. The amendment must be applied from January 1, 2010. As of the date of adoption, all land subject to existing lease contracts that have not yet expired must be measured separately, with retrospective recognition of any new lease as if the related contract were financial in nature.
- IAS 36 – Impairment of Assets: the amendment, which must be applied prospectively from January 1, 2010, stipulates that any operating unit or group of operating units to which goodwill is allocated for the purposes of impairment testing must be no larger than an operating segment as defined in paragraph 5 of IFRS 8, before combinations allowed under paragraph 12 of the same IFRS on the basis of similar economic features or other similar characteristics.
- IAS 38 – Intangible Assets: The revised version of IFRS 3 from 2008 stipulates that if an intangible asset acquired in the course of a business combination is separable or originates from contractual or legal rights, enough information exists to measure the fair value of that intangible asset. IAS 38 was consequently amended to reflect this revision to IFRS 3. The amendment also clarified the common measurement techniques to be used in measuring the fair value of intangible assets with no active market. Specifically, these techniques include either estimating net discounted cash flows arising from the assets, estimating the costs that the business has avoided by owning the assets and not having to use them under a licence agreement with a third party, or estimating the costs necessary to recreate or replace them (as in the cost method). The amendment must be applied prospectively from January 1, 2010.

- IAS 39 – Financial Instruments: Recognition and Measurement: the amendment restricts the exemption described in paragraph 2(g) of IAS 39 for forward contracts between an acquirer and a seller-shareholder for the purposes of the sale of a business transferred to a business combination at a future acquisition date, when completion of the business combination does not depend on further action by one or two parties, but only on the passage of an appropriate period of time. The amendment also clarifies that option contracts (whether or not they are actually exercised) which allow one of the two parties control over the realisation or non-realisation of future events and which, if exercised, confer control over a business, fall within the scope of application of IAS 39. The amendment also clarifies that implicit penalties for the early repayment of loans, the price of which compensates the lender for the loss of further interest, must be considered strictly related to the loan agreement containing them, and must not be accounted for separately. Finally, the amendment clarifies that profits or losses on a hedging financial instrument must be reclassified from equity to the income statement in the period in which the expected hedged cash flow affects the income statement. The amendment must be applied prospectively from January 1, 2010.
- IFRIC 9 – Reassessment of Embedded Derivatives: the amendment, which must be applied prospectively from January 1, 2010, excludes from the scope of application of IFRIC 9 derivatives embedded in contracts acquired in the course of business combinations, from the time when the joint venture or entity under joint control is formed.

In June 2009, the IASB issued an amendment to IFRS 2 – Share-based Payment: Group Cash-settled Share-based Payment Transactions. The amendment clarifies the scope of application of IFRS 2 and the relationship between this and other accounting standards. Specifically, it clarifies that a company receiving goods or services as part of share-based payment plans must account for such goods and services regardless of which company in the group settles the transaction, and regardless of whether settlement is made in cash or in shares. It also stipulates that the term ‘group’ is intended to have the same meaning as under IAS 27 – Consolidated and Separate Financial Statements, where the definition includes the parent and its subsidiaries. The amendment also specifies that a company must measure goods or services received as part of a transaction settled in cash or shares from its own point of view, which might not be consistent with that of the group and with the related amount recognised in the consolidated financial statements. The amendment incorporates the guidelines previously included in IFRIC 8 – Scope of IFRS 2 and in IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions. As a consequence, the IASB has withdrawn IFRIC 8 and IFRIC 11. The amendment is applicable from January 1, 2010. As of the date of these financial statements, the competent European Union bodies have not yet completed the necessary endorsement process for its application.

On October 8, 2009, the IASB issued an amendment to IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues to govern accounting for rights issues (rights, options or warrants) denominated in currencies other than the functional currency of the issuer. These rights were previously accounted for as liabilities relating to derivative financial instruments. The amendment stipulates that, in certain circumstances, these rights are to be classified under equity, regardless of the currency in which the exercise price is denominated. The amendment is applicable retrospectively from January 1, 2011. As of the date of these financial statements, the Parent is assessing the effects arising from adoption of the amendment.

On November 4, 2009, the IASB issued a revised version of IAS 24 – Related Party Disclosures, which simplifies the type of disclosure required for transactions with related parties controlled by the state and clarifies the definition of related parties. The standard applies from January 1, 2011. As of the date of these financial statements, the competent European Union bodies have not yet completed the process of endorsement necessary for its application.

On November 12, 2009, the IASB has published IFRS 9 – Financial Instruments, relating to the classification and measurement of financial assets, applicable from January 1, 2013. This publication is the first part of a process in stages to replace IAS 39 completely. The new standard uses a single approach based on modalities for managing financial instruments, and on the characteristics of the contractual cash flows of the financial assets, to determine the measurement criterion replacing the various rules set out in IAS 39. The new standard also establishes a single method for calculating financial asset impairment. As of the date of these financial statements, the competent European Union bodies have not yet completed the necessary endorsement process for its application.

On November 26, 2009, the IASB issued a minor amendment to IFRIC 14 – Prepayment of a Minimum Funding Requirement, allowing companies making prepayments of minimum funding contributions to recognise these as an asset. The amendment applies from January 1, 2011. As of the date of these financial statements, the competent European Union bodies have not yet completed the necessary endorsement process for its application.
On November 26, 2009, IFRIC issued the interpretation IFRIC 19 – Extinguishing Financial Liabilities with Equity, which provides guidelines for recognition of the extinguishing of a financial liability by issuing equity. The

interpretation stipulates that if a business renegotiates the terms to extinguish a financial liability and its creditor agrees to extinguish it via the issue of shares in the business, the shares issued by the business become part of the price paid for the extinction of the financial liability and must be measured at fair value. The difference between the carrying amount of the financial liability extinguished and the initial value of the equity issued must be recognised in the income statement for the period. The amendment applies from January 1, 2011. As of the date of these financial statements, the competent European Union bodies have not yet completed the necessary endorsement process for its application.

7. Notes to the statement of financial position, income statement and statement of cash flows

Income statement

7.1 Net revenue

Net revenue increased by 46.1%, from Euro 85,052 thousand as of December 31, 2008 to Euro 124,235 thousand as of December 31, 2009. Net revenue includes all revenue arising from the sale of goods, net of customer discounts and returns and revenue from the provision of services.

The Parent's net revenue from sales and the provision of services for 2009 and 2008 breaks down as follows:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Net revenue from sales	124,235	85,052	39,183
Revenue from the provision of services	7,405	4,371	3,034
Total	**131,640**	**89,423**	**42,217**

The marked rise in net revenue from sales in 2009 is mainly due to the uptrend in sales volumes. The growth in volumes is largely due to the rise in the number of orders.

Revenue from the sale of goods is presented net of sales returns, amounting to Euro 38,705 thousand in 2009, or 23.8% of 2009 gross revenue (revenue from the sale of goods before customer returns in 2009) and Euro 26,256 thousand in 2008, or 23.6% of 2008 gross revenue (revenue from the sale of goods before customer returns in 2008). Returns are an inherent part of the Company's business activities, resulting from legislation safeguarding consumers in the countries where the Company operates in relation to mail order sales, and in particular e-commerce.

Revenue from the provision of services, which rose by 69.4% from Euro 4,371 thousand in 2008 to Euro 7,405 thousand in 2009, mainly comprises:

- The recharging of transport services for sales to the end customer (in certain countries the customer also pays for return shipments), net of refunds made if the customer returns the goods sold.
- Revenue from the set-up fees charged to create the Online Stores and fees charged to Strategic Partners in the Mono-brand business line for assistance in maintaining the Online Stores.
- Revenue generated from the sale of advertising projects and web marketing services.

7.2 Cost of goods sold

The cost of goods sold amounts to Euro 85,156 thousand (64.7% of net revenue) for the year ended December 31, 2009, compared with Euro 57,203 thousand (64% of net revenues) for 2008, representing an increase of Euro 27,953 thousand. The item includes costs deriving from the purchase of goods for sale, the cost of services and other costs.

The following table shows a breakdown of the cost of goods sold by nature:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Change in inventories of goods	8,625	9,939	(1,314)
Purchase of goods	(82,646)	(59,223)	(23,423)
Cost of services	(10,733)	(7,648)	(3,085)
Other costs	(402)	(271)	(131)
Total	**(85,156)**	**(57,203)**	**(27,953)**

The cost of goods purchased increased by 39.6%, from Euro 59,223 thousand in 2008 to Euro 82,646 thousand in 2009. The cost of goods purchased comprises costs for the procurement of goods for resale, the absolute value of which directly correlates to volumes sold.

Service costs increased by 40.3%, from Euro 7,648 thousand in 2008 to Euro 10,733 thousand in 2009. This item includes transportation costs for sales and returns. A portion of the transportation costs is invoiced directly to the end customer and recognised as revenue from the provision of services, net of refunds on customer returns.

Other costs increased by 48.3%, from Euro 271 thousand in 2008 to Euro 402 thousand in 2009. These costs mainly comprise transportation costs for purchases, and the internal personnel costs and external supplier costs incurred to set-up and maintain the websites of Mono-brand Strategic Partners.

7.3 Fulfilment costs

Fulfilment costs came in at Euro 13,789 thousand (10.5% of net revenue) in 2009, compared with Euro 10,716 thousand (12% of net revenue) in 2008, an increase of Euro 3,073 thousand.

This cost comprises operational expenses incurred from digital production, cataloguing and quality control, from warehouse logistics, and from customer services, including call centre services and customer care.

The following table shows the breakdown of fulfilment costs:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Cost of services	(9,464)	(7,074)	(2,390)
Personnel expenses	(3,736)	(3,166)	(570)
Depreciation and amortisation	(420)	(375)	(45)
Other costs	(169)	(101)	(68)
Total	**(13,789)**	**(10,716)**	**(3,073)**

Service costs increased by 33.8%, from Euro 7,074 thousand in 2008 to Euro 9,464 thousand in 2009. They mainly comprise service costs for handling and packaging goods and costs relating to outsourced production processes.

Personnel expenses increased by 18%, from Euro 3,166 thousand in 2008 to Euro 3,736 thousand in 2009, as a result of the increase in the number of employees in this area. The item includes Euro 394 thousand (Euro 132 thousand in 2008) relating to the granting of stock options. In addition to the cost of employees, personnel expenses also include the inherent costs of resources such as interns, collaborators and consultants, since these are related to personnel expenses.

7.4 Sales and marketing costs

Sales and marketing costs increased by Euro 3,913 thousand in the year ended December 31, 2009, to Euro 11,274 thousand (8.56% of revenue), compared with Euro 7,361 thousand (8.23% of revenue) for 2008.

These expenses relate to departments operating in sales. A portion of the costs are for personnel working in sales and marketing. The item also contains web marketing costs (including costs for online affiliation activities, i.e. sales commission paid to commercial intermediaries, and for consultancy services for the creation and

development of advertising campaigns and procurement). Sales and marketing expenditure also includes costs for charges on credit card transactions and other methods of payment made to intermediaries for payment collection services, as well as expenses relating to customs duties on purchases relating to the import and export of goods sold.

The following table shows the breakdown of sales and marketing costs:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Cost of services	(6,222)	(3,863)	(2,359)
Personnel expenses	(4,165)	(2,692)	(1,473)
Depreciation and amortisation	(28)	(19)	(9)
Other costs	(859)	(787)	(72)
Total	**(11,274)**	**(7,361)**	**(3,913)**

Service costs increased by 61.1%, from Euro 3,863 thousand in 2008 to Euro 6,222 thousand in 2009. The main components of service costs incurred in the first half of 2009 are:

- Web marketing costs of Euro 3,380 thousand (Euro 2,164 thousand in 2008). These costs relate to the purchasing of online advertising, the negotiation and implementation of marketing agreements and the development of new partnerships and the commercial and technical management of existing partnerships, mainly for the Multi-brand business line.

- Expenses for credit card transactions of Euro 1,683 thousand (Euro 1,233 thousand in 2008).

Personnel expenses rose from Euro 2,692 thousand in 2008 to Euro 4,165 thousand in 2009, representing an increase of 54.7%, resulting from the overall impact of the rise in the number of personnel employed in this area. This number increased from 41 as of December 31, 2008 to 76 as of December 31, 2009. In 2009, personnel expenses also include Euro 347 thousand (Euro 348 thousand in 2008) relating to the granting of stock options. In addition to the cost of employees, personnel expenses also include the inherent costs of resources such as interns, collaborators and consultants, since these are related to personnel expenses.

Other costs increased by 9.1%, from Euro 787 thousand in 2008 to Euro 859 thousand in 2009. This item mainly comprises costs incurred for fraud relating to online sales, which decreased by 21.4%, from Euro 560 thousand in 2008 to Euro 440 thousand in 2009.

7.5 General expenses

General expenses include all the overhead costs of the Parent's various offices pertaining to personnel management, administration, finance and control, communications and image, general management, general services and technological services.

General expenses rose by Euro 1,020 thousand in 2009, coming in at Euro 10,136 thousand compared with Euro 9,116 thousand in 2008.

General expenses can be broken down as follows:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Cost of services	(2,449)	(3,223)	774
Personnel expenses	(5,916)	(4,304)	(1,612)
Depreciation and amortisation	(1,707)	(1,394)	(313)
Provisions	(64)	(195)	131
Total	**(10,136)**	**(9,116)**	**(1,020)**

Service costs decreased by 24%, from Euro 3,223 thousand in 2008 to Euro 2,449 thousand in 2009. These costs include:

- Legal and administrative consultancy costs of Euro 1,130 thousand (Euro 932 thousand in 2008).

- Lease costs of Euro 698 thousand (Euro 493 thousand in 2008).
- Infrastructure and technology costs and costs relating to communications and image services.

Personnel expenses totalled Euro 5,916 thousand in 2009 compared with Euro 4,304 thousand in 2008, an increase of 37.5%, resulting from the impact of the rise in the number of personnel employed in these areas, up from 84 as of December 31, 2008 to 119 as of December 31, 2009. The costs include the cost of granting stock options, which increased from Euro 822 thousand in 2008 to Euro 910 thousand in 2009. In addition to the cost of employees, personnel expenses also include the inherent costs of resources such as interns, collaborators and consultants, since these are related to personnel expenses.

Depreciation and amortisation increased by 22.5%, from Euro 1,394 thousand in 2008 to Euro 1,707 thousand in 2009.

Provisions decreased from Euro 195 thousand in 2008 to Euro 64 thousand in 2009. The “Provisions” item relates to estimated impairment losses on receivables recognised in the relevant allowance for impairment at year end.

7.6 Other income and expenses

Other income and expenses rose by Euro 152 thousand in 2009, to a total of Euro 795 thousand, from Euro 643 thousand for 2008.

Other income and expenses can be broken down as follows:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Prior year expense	(471)	(392)	(79)
Theft and losses	(306)	(205)	(101)
Other tax charges	(99)	(106)	7
Other expenses	(81)	(68)	(13)
Provisions for sundry risks	(215)	(78)	(137)
Prior year income	264	153	111
Reimbursements	113	53	60
Total	**(795)**	**(643)**	**(152)**

Prior year expense increased by 20.2%, from Euro 392 thousand in 2008 to Euro 471 thousand in 2009. The item includes expenses arising from ordinary operations connected to sales volumes.

The “Theft and losses” item relates to occurrences of theft or loss of goods sent to end customers that are already identified as missing by year end, net of the relevant insurance cover.

Other tax charges decreased by 6.6%, from Euro 106 thousand in 2008 to Euro 99 thousand in 2009.

Provisions for sundry risks in 2009 relate to estimated charge incurred due to theft and loss of goods not identified as missing as of year end.

Prior year income increased by 72.5%, from Euro 153 thousand in 2008 to Euro 264 thousand in 2009. The item includes income arising from ordinary operations connected to sales volumes.

7.7 Non-recurring expenses

Non-recurring expenses increased by Euro 3,780 thousand to Euro 3,950 thousand in the year ended December 31, 2009, from Euro 170 thousand for 2008.

Non-recurring expenses can be broken down as follows:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Losses due to relocation/fire	-	(170)	170
IPO expenses	(3,950)	-	(3,950)
Total	**(3,950)**	**(170)**	**(3,780)**

The increase in this item in 2009 related exclusively to expenses incurred for the IPO process for the purpose of listing the Company's shares on the Mercato Telematico Azionario (screen-based equity market) managed by Borsa Italiana S.p.A. It should be highlighted that, as set out under IAS 32, costs amounting to Euro 2,341 thousand incurred for the listing process and relating directly to the planned increase in share capital and reserves, since they pertained directly to the public offering, were posted directly as equity transactions on materialisation of the cash flows arising from the successful completion of the process, which took place in the fourth quarter 2009. The portion of costs not pertaining to the public offering were posted to the income statement for 2009.

Non-recurring expenses incurred during 2008, amounting to Euro 170 thousand, relate to losses for warehouse relocation and a fire in August 2007 at the Milan branch, entailing losses on various company assets.

7.8 Operating profit

As required by IAS 1, the following is a breakdown of costs by nature used to determine the operating margin.

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Net revenue	131,640	89,423	42,217
Change in inventories	8,625	9,939	(1,314)
Purchase of goods	(82,646)	(59,223)	(23,423)
Services	(28,868)	(21,808)	(7,060)
Personnel expenses	(13,817)	(10,162)	(3,655)
Depreciation, amortisation and impairment losses	(2,217)	(1,983)	(234)
Other costs and revenue	(6,177)	(1,972)	(4,205)
Operating profit	**6,540**	**4,214**	**2,326**

Operating profit increased from Euro 4,214 thousand in 2008 to Euro 6,540 thousand in 2009. The operating margin widened from 4.7% in 2008 to 4.9% in 2009. This significant increase was due to a recovery in profitability on the back of the marked rise in volumes and the consequent better absorption of fixed costs, despite the non-recurring expenses incurred in 2009.

Personnel expenses include all employment related expenses, such as merit pay rises, promotions, cost-of-living adjustments, variable remuneration for 2009, unused leave and provisions for legal reserves required under collective agreement, as well as related social security contributions and the contributions to the post-employment benefits for Company employees. These costs also include the fair value of stock options, between the allocation and vesting dates, with a direct matching entry in equity.

The headcount totalled 274 as of December 31, 2009 (204 as of December 31, 2008). The table below shows the break down of the headcount at year end[26]:

Description	Dec. 31, 2009	Dec. 31, 2008
Managers	14	12
Junior managers	19	13
White-collars	241	179
Total	**274**	**204**

A 34.3% increase in headcount was therefore registered in 2009 by comparison with the previous year.

[26] The headcount does not include the Chief Executive Officer of YOOX S.p.A., interns or collaborators not employed by the Group.

7.9 Financial income and expenses

Financial income decreased from Euro 543 thousand in 2008 to Euro 515 thousand in 2009.
The following table shows the breakdown of financial income:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Exchange rate gains	323	363	(40)
Interest income on current account	81	55	26
Other financial income	111	125	(14)
Total	**515**	**543**	**(28)**

Exchange rate gains decreased from Euro 363 thousand in 2008 to Euro 323 thousand in 2009. They mainly relate to translation of items to US dollars and Japanese yen and are strictly connected to the ordinary sale and purchase of goods.

Other financial income decreased from Euro 125 thousand in 2008 to Euro 111 thousand in 2009.

Financial expenses increased from Euro 1,953 thousand in 2008 to Euro 1,756 thousand in 2009.

The following table shows the breakdown of financial expenses:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Exchange rate losses	(540)	(484)	(56)
Interest expenses	(735)	(1,112)	377
Other financial expenses	(481)	(357)	(124)
Total	**(1,756)**	**(1,953)**	**197**

Exchange rate losses, realised and unrealised, rose from Euro 484 thousand in 2008 to Euro 540 thousand in 2009. They mainly relate to translation of items to US dollars and Japanese yen and are strictly connected to the ordinary sale and purchase of goods.

Interest expense decreased by 33.9%, from Euro 1,112 thousand in 2008 to Euro 735 thousand in 2009, mainly due to the fact that borrowing rates are now lower than in 2008 and that the syndicated loan was fully repaid on December 15, 2009.

Other financial expenses rose from Euro 357 thousand in 2008 to Euro 481 thousand in 2009. These expenses relate to fees paid to banks for the use of credit facilities and the issuing of sureties for third parties in the interest of the Company. This item includes premiums paid on exchange rate hedging contracts as well as the fair value entries of these premiums.

7.10 Tax

Income tax for the year can be broken down as follows:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Current corporate income tax (1)	(3,079)	-	(3,079)
Current regional income tax (2)	(761)	(543)	(218)
Deferred taxes	1.294	(196)	1.490
Total	**(2,546)**	**(739)**	(1,807)

(1) *Imposta sul Reddito delle Società* (IRES)
(2) *Imposta Regionale sulle Attività Produttive* (IRAP)

The Company incurred a greater tax burden in absolute terms than at December 31, 2008. Current taxes rose from Euro 543 thousand to Euro 3,840 thousand.

IRAP taxes rose 40.1% for the Company, from Euro 543 thousand as of December 31, 2008 to Euro 761 thousand as of December 31, 2009.

As regards corporate income tax (IRES), tax losses carried forward of Euro 223 thousand were fully used up in 2009.

The Company also recognised deferred tax assets totalling Euro 2,951 thousand and deferred tax liabilities of Euro 35 thousand. Deferred tax assets of Euro 1,127 thousand and deferred tax liabilities of Euro 40 thousand that were recognised in 2008 were reversed. The amount recorded in the income statement did not include Euro 537 thousand in deferred tax assets posted directly as a matching entry to the share premium reserve in accordance with IAS 32.

The following table shows the reconciliation with theoretical taxes calculated at the tax rate in effect in Italy:

(Thousand Euro)	**Dec. 31, 2009**	**Dec. 31, 2008**
Profit before tax	5,299	2,804
Rate	27.50%	27.50%
Theoretical tax	1,457	771
Effective tax	2,546	739
Difference	**1,089**	**(32)**
IRAP	760	543
Permanent taxes	1,724	478
Use of tax losses carried forward	(62)	(1,263)
Deferred taxes	(1,333)	210
Total difference	**1,089**	**(32)**

7.11 Basic and diluted earnings per share

Earnings per share are calculated on the basis of the Parent's performance. Please refer to this for further information.

Statement of financial position

7.12 Property, plant and equipment

As of December 31, 2009, property, plant and equipment totalled Euro 3,448 thousand. The following is a summary of changes therein in 2009:

Description	Historical cost at Dec. 31, 2008	Increases	Decreases	Historical cost at Dec. 31, 2009	Acc. depreciation at Dec. 31, 2008	Depr.	Utilisation	Acc. depreciation at Dec. 31, 2009	Net carrying amount at Dec. 31, 2008	Net carrying amount at Dec. 31, 2009
Plant and equipment	**1,419**	**180**	**-**	**1,599**	**(560)**	**(213)**	**-**	**(773)**	**859**	**826**
Buildings	**1,216**	**102**	**-**	**1,318**	**(438)**	**(204)**	**-**	**(642)**	**778**	**676**
Leasehold improvements	1,216	102	-	1,318	(438)	(204)	-	(642)	778	676
Industrial & commercial equipment	**780**	**135**	**-**	**915**	**(356)**	**(137)**	**-**	**(493)**	**424**	**422**
Other assets	**3,033**	**753**	**(535)**	**3,251**	**(1,702)**	**(555)**	**529**	**(1,728)**	**1,332**	**1,524**
Furniture and furnishings	548	108	(2)	654	(298)	(118)	1	(415)	250	239
Electronic equipment	2,392	625	(533)	2,484	(1,333)	(415)	528	(1,220)	1,059	1,264
Vehicles	1	-	-	1	(1)	-	-	(1)	-	-
Other	93	20	-	113	(70)	(22)	-	(92)	23	21
Assets under construction and payments on account	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**6,449**	**1,170**	**(535)**	**7,084**	**(3,056)**	**(1,109)**	**529**	**(3,636)**	**3,393**	**3,448**

The total increase of Euro 1,170 thousand is mainly due to investment amounting to Euro 546 thousand in new servers, PCs and monitors held under finance leases, recorded under the Other category. The remaining Euro 207 thousand mainly relates to the purchase of new servers, PCs, monitors and printers and an investment of Euro 79 thousand in data storage, as well as Euro 108 thousand in costs incurred by the Company chiefly to furnish the offices at the Bologna and Milan branches.

At the same time as these increases, the Company sold technological hardware for scrap for a total of Euro 535 thousand, realising a total capital loss of Euro 6 thousand.

The increase of Euro 180 thousand in plant and equipment mainly relates to the acquisition of new electrical equipment and optical readers used at the Bologna branches.

The Euro 102 thousand in leasehold improvements is mainly due to permanent refurbishment work on the buildings leased for the branches at which the Company operates.

Industrial and commercial equipment registered an increase of Euro 135 thousand during the year, due to the purchase of photographic equipment for the Bologna Interporto warehouse.

Depreciation totalled Euro 1,109 thousand.

As of December 31, 2009, there are no liens or encumbrances on the items of property, plant and equipment of the Company; neither are there any commitments to purchase them.

Moreover, no impairment losses or revaluations were carried out on items of property, plant and equipment in 2009. In the period under review, no borrowing costs were ascribed to asset entries in the statement of financial position.

7.13 Intangible assets with finite useful life

Intangible assets amounted to Euro 3,420 thousand as at December 31, 2009.

The following is a summary of changes in intangible assets with finite useful life in 2009.

Description	Historical cost at Dec. 31, 2008	Increases	Decreases	Historical cost at Dec. 31, 2009	Acc. amortisation at Dec. 31, 2008	Amort.	Acc. amortisation at Dec. 31, 2009	Net carrying amount at Dec. 31, 2008	Net carrying amount at Dec. 31, 2009
Development costs	**1,618**	**2,356**	**-**	**3,974**	**(627)**	**(744)**	**(1,371)**	**991**	**2,604**
Software and licences	**1,884**	**155**	**-**	**2,039**	**(1,700)**	**(168)**	**(1,868)**	**184**	**171**
Brands and other rights	**141**	**-**	**-**	**141**	**(64)**	**(11)**	**(75)**	**77**	**66**
Trademarks and patents	141	-	-	141	(64)	(11)	(75)	**77**	**66**
Assets under development	**1,001**	**1,807**	**(2,487)**	**321**	**-**	**-**	**-**	**1,001**	**321**
								-	
Other	**999**	**353**	**-**	**1,352**	**(971)**	**(123)**	**(1,094)**	**28**	**258**
Other intangible assets	999	353	-	1,352	(971)	(123)	(1,094)	**28**	**258**
Grand total	**5,643**	**4,671**	**(2,487)**	**7,827**	**(3,362)**	**(1,046)**	**(4,408)**	**2,281**	**3,420**

The principal changes in these items during the year are described below.

Development costs

During 2009, the Parent made substantial investments in development projects with long-term benefits totalling Euro 1,693 thousand. Of this amount, Euro 1,654 thousand relates to projects completed and classified under "Development costs" and Euro 39 thousand relates to projects still in progress as of December 31, 2009 and therefore classified under "Assets under development". These are costs incurred by the Parent to develop specific projects designed to boost the performance of yoox.com by broadening its operations and develop the integrated solution for management of the Online Stores. These costs relate both to internal personnel costs and to the costs of services provided by third parties.

Software and licences

The increase of Euro 155 thousand in this item includes expenditure with long-term benefits, principally relating to the acquisition of software licences to build the infrastructure of the Online Stores.

Brands and other rights

This item has a carrying amount of Euro 66 thousand as of December 31, 2009, and did not increase during 2009.

It mainly comprises expenses incurred by the Company in acquiring and registering national and international trademarks.

Assets under development

This item, which has a carrying amount of Euro 321 thousand as of December 31, 2009, comprises the only development programme not completed at the reporting date, which is scheduled for completion in the early part of 2010. As mentioned above, this is a set of projects to improve the operation of yoox.com, the construction of application platforms for the development of e-commerce solutions to support the Company's business and the implementation of dedicated back-end (internal analysis and support systems) and front-end (systems dedicated to management of the Online Stores) operations.

Other intangible assets

The increase of Euro 353 thousand in this item mainly comprises Euro 256 thousand in costs for external consultancy for the development of Hyperion software to manage the separate financial statements.Amortisation in the period totalled Euro 1,046 thousand.

7.14 Investments in subsidiaries

As of December 31, 2009, there was no change in the carrying amount of the investments held by YOOX S.p.A. compared with the previous year.

YOOX S.p.A. has the following subsidiaries:

- YOOX Corporation, formed in 2002 to manage sales activities in America;
- YOOX Japan, formed in 2004 to manage sales activities in Japan;
- Y Services, formed in 2007 to manage the US sales of the Online Stores for the following brands: Emporio Armani, Diesel, Miss Sixty, Energie, Marni and D&G.

Company (figures in thousand Euro)	*Registered offices*	*Share capital at Dec. 31, 2009*	*Percentage held at Dec. 31, 2009*	*Equity at Dec. 31, 2009 and measurement using the equity method*	*Profit for 2009*
YOOX Corporation	15 East North Dover, Delaware 19901, United States of America	248	100%	867	603
Y Services	1220 Market St. Ste 806, Wilmington, Delaware 19801, United States of America	124	100%	430	241
YOOX Japan	Grande Maison Daikanyama No. 1001 150 0022 Shibuya-ku, Tokyo, Japan	75	100%	836	440
Total carrying amount of investments		447			

7.15 Deferred tax assets

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Deferred tax assets	2,957	1,133	1,824
Total	**2,957**	**1,133**	**1,824**

Changes in deferred tax assets during 2009 are shown in the following table:

Description	Dec. 31, 2008	Increases	Utilisation	Dec. 31, 2009
Deferred tax assets	1,133	2,951	(1,127)	2,957
Total	**1,133**	**2,951**	**(1,127)**	**2,957**

The following table shows a breakdown of deferred tax assets as of December 31, 2009:

Description of taxable item	Dec. 31, 2009	2009 tax rate	Tax recorded in 2009
Entertainment expenses	37	31.4%	12
Provisions	4,139	29.9%	1,237
Directors' fees	209	27.5%	57
Unissued credit notes	685	31.4%	215
Expenses for Red Circle capital increase	81	27.5%	22
Unrealised exchange rate losses	109	27.5%	30
IPO costs	5,032	27.5%	1,384
Total	**10,292**		**2,957**

Deferred tax assets rose by more than 100%, from Euro 1,133 thousand as of December 31 2008 to Euro 2,957 thousand as of December 31, 2009.

Deferred tax assets as of December 31, 2009 were recognised in relation to:

- the allowance for impairment;
- the provisions for obsolete inventories;
- the provisions for risks and charges (provisions for disputes, provisions for fraud and provisions for theft and loss, respectively);
- entertainment expenses for 2006 and 2007;
- directors' fees unpaid as of December 31, 2009;

- unissued and non-deductible credit notes;
- expenditure on the share capital increase for entry of Red Circle S.r.l. Unipersonale as a Shareholder, which took place during the year;
- unrealised exchange rate losses;
- IPO costs incurred during the year for the process of listing on the Mercato Telematico Azionario, which is organised and managed by Borsa Italiana S.p.A.;
- other minor items.

The increase in comparison with December 31, 2008 is mainly due to the increase in the provisions for obsolete inventories, provisions for risks and charges and to the recognition of costs relating to the listing on the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A..

7.16 Other non-current financial assets

Other non-current financial assets totalled Euro 52 thousand as of December 31, 2009 (Euro 363 thousand as of December 31, 2008) and relate to guarantee deposits, as broken down below:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Guarantee deposits	52	45	7
Deposit paid to Global Collect Europe	-	318	(318)
Total	**52**	**363**	**(311)**

Guarantee deposits as of December 31, 2009 relate to the signature of rental contracts and contracts for the supply of electricity and gas, and to the existing relationships with Paymentech relating to retentions to guarantee the repayments due for returns made against sales. Other non-current financial assets are due to be repaid in more than 5 years' time.

7.17 Inventories

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Inventories	43,089	34,382	8,707
Total	**43,089**	**34,382**	**8,707**

The following is a breakdown of inventories as of December 31, 2009:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Inventories of raw materials, consumables and supplies	195	113	82
Total	**195**	**113**	**82**
Finished products and goods	46,395	36,785	9,610
Provision for obsolete finished products and goods	(3,501)	(2,516)	(985)
Total	**42,894**	**34,269**	**8,625**
Total net inventories	**43,089**	**34,382**	**8,707**

Inventories rose by 25.3% from Euro 34,382 thousand at December 31, 2008 to Euro 43,089 thousand as of December 31, 2009, and relate to goods that have been purchased for subsequent resale online.

The increase is inherently only partly the result of growth in sales during 2009. The Parent's business model involves purchasing goods in advance, sometimes in the year before the selling season.

Goods from previous collections and/or obsolete goods are written down with a provision for obsolete inventories, calculated using the estimated realisable value of the goods.

The amount of the provision for obsolete inventories and changes in the provision are shown below:

Description	*Dec. 31, 2008*	*Increases*	*Decreases*	*Dec. 31, 2009*
Provision for obsolete inventories	2,516	985	-	3,501
Total	**2,516**	**985**	**-**	**3,501**

The reserve for obsolete inventories reflected in the statement of financial position has a carrying amount deemed appropriate for the actual quantities of obsolete or slow-moving goods on hand.

7.18 Trade receivables

The breakdown of trade receivables as of December 31, 2009 and December 31, 2008 is as follows:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Due from customer	2,451	2,000	451
Other trade receivables	3,131	1,830	1,301
Services in progress	51	-	51
Due from foreign subsidiaries	5,417	4,773	644
Allowance for impairment	(79)	(292)	213
Total	**10,971**	**8,311**	**2,660**

The receivables due from customers are fully recoverable within 12 months and relate to trade receivables for the sale of goods to individuals.

Other trade receivables mainly relate to receivables from Online Stores, chiefly for the provision of services.

Services in progress of Euro 51 thousand refers to set-up fees paid to the Parent by Strategic Partners for whom the Parent designs and creates Online Stores. They are measured according to fees accrued in the year based on the stage of service completion.

The table below shows changes in the allowance for impairment in 2009 and 2008:

Description	*Dec. 31, 2008*	*Increases*	*Decreases*	*Dec. 31, 2009*
Allowance for impairment	292	63	(276)	79
Total	**292**	**63**	**(276)**	**79**

The allowance for impairment covers specific risks relating to unpaid receivables and other receivables not considered recoverable. Provisions made in 2009 adjust the receivables to their estimated realisable value.

7.19 Other current assets

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Other current assets	1,998	4,115	(2,117)
Total	**1,998**	**4,115**	**(2,117)**

The following is a breakdown of other current assets as of December 31, 2009 and December 31, 2008:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Other receivables	569	221	348
Allowance for impairment – receivables from others	(221)	-	(221)
Advances to suppliers	2	10	(8)
Travel and payroll advances to employees	-	1	(1)
Due from acquirers	478	410	68
Prepayments	496	915	(419)
Tax receivables	659	2,497	(1,838)
Hedging derivatives	15	61	(46)
Total	**1,998**	**4,115**	**(2,117)**

The item "Other receivables" includes:

- Euro 257 thousand in receivables from a director who expressed a wish to exercise stock options, but who had not paid the corresponding sum as of December 31, 2009. For this individual the corresponding payable, including the related withholding tax, is posted to "Other payables".

- Euro 216 thousand in receivables for sums paid to the Paren's tax representative in Greece and fully impaired.

The allowance for impairment – receivables from others relates to the loan to the Greek tax representative, which is deemed unrecoverable.

The change in the allowance for impairment – receivables from others during 2009 is as follows:

Description	Dec. 31, 2008	Increases	Decreases	Dec. 31, 2009
Allowance for impairment – receivables from others	-	221	.	221
Total	**-**	**221**	**.**	**221**

The item "Due from acquirers" reflects customer payments already collected by Italian and foreign acquirers but not yet paid over to the Parent as of December 31, 2009.

Prepayments break down as follows:

Description	Dec. 31, 2009	Dec. 31, 2008
Prepaid IT services	127	192
Subscriptions to online magazines	15	4
Telephone charges	5	11
IPO consultancy	-	569
Royalties for trademark use	94	-
Professional consultancy	100	-
Insurance	10	28
Rental charges	18	13
Other prepayments	127	98
Total	**496**	**915**

The "Prepayments" item mainly comprises costs relating to future years recognised financially in 2009.

It mainly includes software licence fees, insurance costs and rental costs. Prepayments for royalties relating to trademark use and prepayments for professional consultancy were recognised as of December 31, 2009, but not as of December 31, 2008.

It should be highlighted that, as set out under IAS 32, costs amounting to Euro 2,341 thousand incurred for the listing process and correlating directly to the planned increase in share capital and reserves, since they

pertained directly to the public offering, were posted directly as equity transactions on materialisation of the cash flows arising from the successful completion of the process, which took place in the fourth quarter 2009. The portion of costs not pertaining to the public offering was posted to the income statement for 2009.

For further details of the costs incurred for the IPO, see section 7.7 of these notes.

Tax receivables, which are fully recoverable by the end of the following year, mainly comprise VAT receivables.

Description	Dec. 31, 2009	Dec. 31, 2008
Tax receivables	48	28
VAT receivable for the year	611	2,469
Total	**659**	**2,497**

7.20 Cash and cash equivalents

The breakdown of the item “Cash and cash equivalents” as of December 31, 2009 and December 31, 2008 is as follows:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Bank and postal accounts	30,330	6,761	23,569
Cash and cash equivalents on hand	10	11	(1)
Total	**30,340**	**6,772**	**23,568**

The balance, entirely denominated in Euro except where expressly indicated, represents the cash and cash equivalents on hand at year end.

The breakdown of bank deposits is as follows:

Description	Dec. 31, 2009	Dec. 31, 2008
Banca Intesa San Paolo	95	1,262
Banca Pop. Emilia Romagna	820	1,236
UniCredit Banca	1,884	2,147
Banca Popolare di Novara	171	677
Banca Popolare dell’Emilia Romagna (for the IPO)	15,633	-
Banca Sella	10,980	344
Other Euro current accounts	520	641
Other foreign currency current accounts	201	454
Accrued interest income on current accounts	26	-
Total	**30,330**	**6,761**

The breakdown of cash on hand, translated where appropriate to Euro at the spot rates in effect on the reporting date of the year, is as follows:

Description	Dec. 31, 2009	Dec. 31, 2008
Cash	2	10
Cash in foreign currency translated at 31/12 rate (USD)	3	-
Cash in foreign currency translated at 31/12 rate (GBP)	2	1
Cash in foreign currency translated at 31/12 rate (JPY)	3	-
Total	**10**	**11**

For a more detailed analysis of changes in net financial position, see Note 7.23.

7.21 Equity

On September 8, 2009, shareholders at the Extraordinary Shareholders' Meeting of the Parent approved, amongst other resolutions, to split the 813,897 ordinary shares of the Parent, thereby reducing the implicit unit price and increasing the number of shares to 42,322,644 (52 new shares for every old share). As of December 31, 2009, the Parent's share capital amounted to Euro 504,037.56, divided into 50,403,756 ordinary shares with no indication of nominal value.

The breakdown of changes in equity as of December 31, 2009 is presented in a separate table.
The share capital, which stood at Euro 504 thousand as of December 31, 2009 (Euro 401 thousand as of December 31, 2008), increased during 2009 as a result of:

1. Approval of the share capital increase by shareholders at the Extraordinary Shareholders' Meeting of March 16, 2009 for the purposes of the entry into the shareholding structure of Red Circle S.r.l. Unipersonale, via the issue of 2,170,376 new post-split shares with a nominal value of Euro 0.01 each and with the same characteristics as the shares already in circulation, amounting to a total of Euro 22 thousand.
2. Approval of the share capital increase by shareholders at the Extraordinary Shareholders' Meeting of September 8, 2009, taking account of the stock split previously mentioned, which was approved at the same meeting. Both these resolutions were approved for the purposes of the Global Offering, aimed at the listing of the shares on the STAR segment of the Mercato Telematico Azionario (screen-based equities market), via the issue of 6,240,000 new post-split shares, with a nominal value of Euro 0.01 each and the same characteristics as the shares already in circulation, amounting to a total of Euro 62 thousand.
3. The exercising of stock options, which involved the issue of 1,841,112 new post-split shares with a nominal value of Euro 0.01 each and the same characteristics as the shares already in circulation, amounting to a total of Euro 18 thousand.

The main equity reserves are described below, together with any changes in the year and any applicable restrictions:

a) Share premium reserve of Euro 54,127 thousand as of December 31, 2009 (Euro 22,666 thousand as of December 31, 2008). The reserve increased during 2009 as a result of:

1. The subscription by Red Circle S.r.l. Unipersonale for 2,170,376 new post-split shares, each carrying a premium of Euro 2.5243. Pursuant to IAS 32, the increase in the share premium reserve was recognised net of Euro 101 thousand in expenses incurred for the share capital increase, and totalled Euro 5,400 thousand net of deferred taxes.
2. The Global Offering, aimed at the listing of the Company's shares on the STAR segment of the Mercato Telematico Azionario via the issue of 6,240,000 new post-split shares, each carrying a premium of Euro 4.29. Pursuant to IAS 32, the increase in the share premium reserve was recognised net of Euro 2,341 thousand in expenses incurred for and pertaining to the Global Offering, and totalled Euro 24,944 thousand net of deferred taxes.
3. The exercising of stock options, which involved the issue of 1,841,112 new post-split shares for Euro 1,117 thousand in total.

b) Legal reserve: this reserve, amounting to Euro 193 thousand as of December 31, 2009 (Euro 23 thousand as of December 31, 2008), reflects the required allocation of 5% of the Parent 's annual profit; the increase is due to the allocation of profit for 2008.

c) Reserve for future increases in share capital and share premium reserve: this reserve, which amounted to Euro 417 thousand as of December 31, 2009, (Euro 0 thousand as of December 31, 2008), includes payables to individuals who had paid to exercise stock options for the year ended December 31, 2009, but to whom the Company had not made the corresponding ordinary shares available by year end.

e) Other reserves, amounting to Euro 4,229 thousand as of December 31, 2009 (Euro 2,591 thousand as of December 31, 2008). Other reserves include the fair value reserve for stock options, amounting to Euro 4,229 thousand as of December 31, 2009 (Euro 2,578 thousand as of December 31, 2008). In addition, the hedging reserve, amounting to Euro 13 thousand as of December 31, 2008, was reduced to zero as of December 31, 2009.

f) Retained earnings (losses carried forward): losses carried forward amount to Euro 9,582 thousand as of December 31, 2009 (Euro 11,479 thousand as of December 31, 2008), down by Euro 1,897 thousand due to the allocation of profit for 2008.

Further details of changes in equity over the year can be found in the relevant table.

7.22 Stock option plans and company incentive plans

Granting of stock options

Following approval of the share-split at the Extraordinary Shareholders' Meeting of the Parent on September 8, 2009, beneficiaries of stock option plans exercising their options will be entitled to 52 ordinary shares of the Company for every option exercised.

With reference to the stock option plans approved in previous years, involving a total of 12,430,652 shares reserved for employees, collaborators, consultants and directors of the Company and its subsidiaries, the following table gives a breakdown of allocations by the Board of Directors as of December 31, 2009:

Stock option plans	*Granted (a)*	*Expired (b)*	*Exercised (c)*	*Total granted, not expired or not exercised (d = a-b-c)*	*Granted, not vested*	*Granted, vested, not exercisable*	*Granted, vested and exercisable*
2001 – 2003	80,575	31,560	32,924	16,091	11,341	250	4,500
2003 – 2005	36,760	3,000	10,747	23,013	23,013	-	-
2004 – 2006	32,319	12,650	2,638	17,031	13,731	1,000	2,300
2006 – 2008	31,303	-	2,400	28,903	14,703	14,000	200
2007 – 2012	102,600	3,050	772	98,778	81,546	17,232	-
Total	**283,557**	**50,260**	**49,481**	**183,816**	**144,334**	**32,482**	**7,000**

As of December 31, 2009, 985 options may be granted under the above plans.

In addition:

On September 3, 2009, the Issuer's Board of Directors approved guidelines for a new company incentive plan (the "2009-2014 Company Incentive Plan"), which can be very briefly summarised as follows:

(i) Beneficiaries: individuals, identified periodically by the Issuer's Board of Directors, who have a relationship with the Issuer as: (i) employees (ii) consultants or (iii) directors.

(ii) Exercise restrictions: the exercising of the options may be subject to limits and conditions in accordance with best practice for company incentive plans.

(iii) Term: the Company Incentive Plan will run for three years.

(iv) Date of effect: the Company Incentive Plan will take effect when trading of the Company's shares begins on the STAR segment of the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A.

(v) Grant and exercise price: options will be granted free of charge. The exercise price of the options, in the event that they are funded by a specific share capital increase, will be calculated using the average price of the Company's ordinary shares in the 30 days before the options are granted.

(vi) Number of plan shares: The Extraordinary Shareholders' Meeting of September 8, 2009 approved a share capital increase (subject to the start of trading in the Company's shares on the STAR segment of the MTA, and excluding options pursuant to Article 2441, paragraphs 5 and 8 of the Italian Civil Code) amounting to a total of Euro 47,320, via the issue of up to 4,732,000 new ordinary shares, with no indication of nominal value and standard dividend rights, to service the above plan.

(vii) Validity: The options in effect may be exercised until December 31, 2014.

Share capital increases to service stock option and plans company incentive plans

At a meeting on January 31, 2005, the Board of Directors took full advantage of the powers conferred by the Extraordinary Shareholders' Meeting of March 22, 2000 and subsequent amendments, pursuant to Article 2443

of the Italian Civil Code, increasing the share capital to service the stock option plan via the issue of up to 1,116,076 shares with an implicit unit price of Euro 0.01, a premium of Euro 0.2960 on each new share and standard dividend rights. Pursuant to Article 2439, paragraph 2 of the Italian Civil Code, the deadline for subscription was set at 31.01.15, with the provision that, if the share capital increase is not fully subscribed by this date, the share capital shall be deemed to have been increased by an amount equal to the subscriptions received.

At the same meeting on January 31, 2005, the Board of Directors also took full advantage of the powers conferred by the Extraordinary Shareholders' Meeting of July 31, 2000 and subsequent amendments, pursuant to Article 2443 of the Italian Civil Code, increasing the share capital to service the stock option plan via the issue of up to 1,483,924 new shares with an implicit unit price of Euro 0.01, a premium of Euro 0.8839 on each new share and standard dividend rights. Pursuant to Article 2439, paragraph 2 of the Italian Civil Code, the deadline for subscription was set at 31.01.15, with the provision that, if the share capital increase is not fully subscribed by this date, the share capital shall be deemed to have been increased by an amount equal to the subscriptions received.

At a meeting on 12.07.07, the Board of Directors took full advantage of the powers conferred by the Extraordinary Shareholders' Meeting of 18.07.02 and subsequently amended by resolution of the Extraordinary Shareholders' Meeting of December 2, 2005, pursuant to Article 2443 of the Italian Civil Code, increasing the share capital to service the stock option plan via the issue of up to 1,755,520 new shares with an implicit unit price of Euro 0.01, a premium of Euro 0.8839 on each new share and standard dividend rights, reserved for the Company's employees and directors. Pursuant to Article 2439, paragraph 2 of the Italian Civil Code, the deadline for subscription was set at July 31, 2017, with the provision that, if the share capital increase is not fully subscribed by this date, the share capital shall be deemed to have been increased by an amount equal to the subscriptions received.

At a meeting on December 1, 2008, the Board of Directors took full advantage of the powers conferred by the Extraordinary Shareholders' Meeting of December 10, 2003 and subsequently amended by resolution of the Extraordinary Shareholders' Meeting of December 2, 2005, pursuant to Article 2443 of the Italian Civil Code, increasing the share capital to service the stock option plan via the issue of up to 1,022,788 new shares with an implicit unit price of Euro 0.01, a premium of Euro 0.8839 on each new share and standard dividend rights, reserved for the Company's employees and directors. Pursuant to Article 2439, paragraph 2 of the Italian Civil Code, the deadline for subscription was set at December 1, 2018, with the provision that, if the share capital increase is not fully subscribed by this date, the share capital shall be deemed to have been increased by an amount equal to the subscriptions received.

At a meeting on September 3, 2009, the Board of Directors took full advantage of the powers conferred by the Extraordinary Shareholders' Meeting of December 2, 2005 and subsequently amended by resolution of the Extraordinary Shareholders' Meeting of July 12, 2007, pursuant to Article 2443 of the Italian Civil Code, increasing the share capital to service the stock option plan via the issue of up to 1,627,756 new shares with an implicit unit price of Euro 0.01, a premium of Euro 1.1279 on each new share and the same dividend rights as the other shares outstanding at the time of their subscription. Pursuant to Article 2439, paragraph 2 of the Italian Civil Code, the deadline for subscription was set at September 3, 2019, with the provision that, if the share capital increase is not fully subscribed by this date, the share capital shall be deemed to have been increased by an amount equal to the subscriptions received.

At the same meeting of September 3, 2009, the Board of Directors also took partial advantage of the power conferred by the Extraordinary Shareholders' Meeting of May 16, 2007, pursuant to Article 2443 of the Italian Civil Code, increasing the share capital – excluding voting rights pursuant to Article 2441, paragraphs 5 and 8 of the Italian Civil Code – to service the stock option plan via the issue of 5,176,600 new ordinary shares with the same characteristics as those outstanding and an implicit unit price of Euro 0.01. The price of the shares is calculated as Euro 1.1379 for each of 4,784,000 new shares, and as Euro 2.0481 for each of 392,600 new shares.
Pursuant to Article 2439, paragraph 2 of the Italian Civil Code, the deadline for subscription was set at September 3, 2019, with the provision that, if the share capital increase is not fully subscribed by this date, the share capital shall be deemed to have been increased by an amount equal to the subscriptions received.

The Extraordinary Shareholders' Meeting of September 8, 2009 resolved on a share capital increase through payment in cash in one or more tranches, subject to commencement of trading in shares of the Company on the STAR segment of the Mercato Telematico Azionario, organised and managed by Borsa Italiana S.p.A., excluding voting rights pursuant to Article 2441, paragraphs 5 and 8 of the Italian Civil Code, this being the increase to service the incentive plan approved at the Ordinary Shareholders' Meeting for directors, employees and consultants. The increase will take place via the issue of a total maximum number of 4,732,000 new ordinary shares (after implementation of the share split as resolved at the same meeting) for a total nominal

amount of Euro 47,320 in capital and with a unit price of Euro 0.01. The new shares will carry the same dividend rights as the other shares outstanding at the time of their subscription. The issue prices of the shares will be calculated using the weighted average market price of shares of the Company in the 30 trading days before the options are granted, without prejudice to any minimum prices established by law or the unit price as determined above. If it is not fully subscribed by the deadline of December 31, 2014, the share capital increase will proceed according to the subscriptions received by that date.

Institution of the stock option plans and company incentive plans and subsequent changes

With regard to stock option plans and company incentive plans involving a total of 17,162,652 shares reserved for the employees, collaborators, consultants and directors of the Company and its subsidiaries, the following options were approved as of December 31, 2009:

- 21,463 options, corresponding to 1,116,076 shares, by the Extraordinary Shareholders' Meeting of March 22, 2000, with subsequent amendments by the Extraordinary Shareholders' Meetings of October 25, 2000, February 26, 2002 and May 7, 2003 (2001-2003 plan);

- 28,537 options, corresponding to 1,483,924 shares, by the Extraordinary Shareholders' Meeting of July 31, 2000, with subsequent amendments by the Extraordinary Shareholders' Meetings of October 25, 2000, February 26, 2002 and May 7, 2003 (2001-2003 plan);

- 33,760 options, corresponding to 1,755,520 shares, by the Extraordinary Shareholders' Meeting of July 18, 2002, with subsequent amendment by the Extraordinary Shareholders' Meeting of December 2, 2005 (2003-2005 plan);

- 19,669 options, corresponding to 1,022,788 shares, by the Extraordinary Shareholders' Meeting of December 10, 2003, with subsequent amendment by the Extraordinary Shareholders' Meeting of December 2, 2005 (2004-2006 plan);

- 31,303 options, corresponding to 1,627,756 shares, by the Extraordinary Shareholders' Meeting of 02.12.05 (2006-2008 plan);

- 104,319 options, corresponding to 5,424,588 shares, by the Extraordinary Shareholders' Meeting of May 16, 2007 (2007-2012 plan);

- 4,732,000 shares, of which up to 85,000 options (2009-2014 plan) are valid for subscription for 4,420,000 shares and up to 312,000 shares may be granted (2009-2014 incentive plan)

7.23 Non-current financial liabilities – bank loans and other borrowings

Payables to banks and other lenders amount to Euro 1,006 thousand as of December 31, 2009 and Euro 22,821 thousand as of December 31, 2008.

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Non-current financial payables	693	18,735	(18,042)
Bank loans and other borrowings	313	4,085	(3,772)
Total	**1,006**	**22,820**	**(21,814)**

The following table shows the breakdown of debt as of December 31, 2009:

Lending institution	*Amount*	*Nature of facility*	*Rate*	*Current portion*	*Non-current portion*
Simest S.p.A.	543	Subsidised loan Law 394/81	1,38%	157	386
Leasing Finanziari BNP Paribas	463	Finance leases	Euribor 3m + 2% non-indexed	156	307
Total	**1,006**			**313**	**693**

The syndicated bank loan (lead bank: UniCredit Corporate Banking S.p.A.) was fully repaid on December 15, 2009.

The terms of the above loan were renegotiated via an agreement modifying the stand-by revolving syndicated loan contract as of February 17, 2010, applicable from December 15, 2009.

The contract in force to December 31, 2009 can be described as follows:

The syndicated loan consists of a line of credit amounting to Euro 21,000 thousand in total (hereinafter the "Credit Line"), issued by UniCredit Corporate Banking S.p.A., Banca Nazionale del Lavoro S.p.A. and Banca Popolare di Novara S.p.A. (as the lending banks) in the form of an unsecured loan agreement. The purpose of the loan is to strengthen the Company's financial resources, to repay short-term debt and to support business operations for which the Company requires working capital. The lending banks are equal participants in the Credit Line (33.3% of the total amount) with equal and separate liability.

In summary, the Credit Line has the following characteristics:

1. A maximum principal of Euro 21,000 thousand.
2. The sum is available in one or more drawdowns, up to the maximum amount of Euro 21,000 thousand. Availability is replenished at the due dates of the individual drawdowns.
3. Interest is due on the sums utilised and not yet repaid at an annual nominal interest rate obtained by increasing the 3m or 6m Euribor by 1.50 percentage points, rounding up to the nearest 0.05 per cent (hereinafter the "Contractual Rate").
4. The overdue interest rate is equal to the Contractual Rate in effect, plus 2.00 percentage points. This interest will not be subject to periodic discounting.
5. Obligatory early repayment. The request for obligatory early repayment must be drawn up jointly by the banks in the event that, for example, the Company carries out a share capital increase when it lists on the stock market. In this event, the repayable amount will be 10% of the total amount of the Credit Line.
6. Termination of the contract. The request for termination of the contract must be drawn up jointly by the banks, pursuant to Article 1456 of the Italian Civil Code, when there is any compliance failure on the part of the Company in relation to terms including the allocation of the Credit Line, regular payment of instalments and any other sums owing, documents provided to the bank and any contractual obligations undertaken.

The due date of the Credit Line (hereinafter the "Due Date") is June 15, 2013. The Parent Company will make provision for the repayment of the Credit Line by the Due Date, including the principal, interest and any other ancillary payments. The Credit Line was fully repaid on December 15, 2009.

The above loan agreement stipulates that the Company, for the duration of the agreement, must meet determined financial indicators of business performance (covenants), with different figures required under the contract for each year of the agreement. The indicators will be calculated at the end of each financial year.

To guarantee the syndicated loan, YOOX S.p.A. has agreed to comply with the following financial covenants in 2009:

- A leverage ratio (net financial position/equity) of less than 1.50.

- A debt cover ratio (net financial position/gross operating profit) of less than 2.50.

- An inventory ratio (net inventories/net financial position) of more than 1.50.

The indicators are calculated at year-end with reference to the annual financial statements prepared under Italian GAAP and using the following definitions:

- "Net financial position": borrowings net of liquid assets.

- "Gross operating profit": total revenues net of purchases, external service costs and other costs, and net of personnel expenses in accordance with an income statement format agreed with the syndicate banks.

- "Equity": item A) in the liabilities section of the statement of financial position.

- "Net inventories": item C I) in the assets section of the statement of financial position.

Changes due to the agreement amending the stand-by revolving syndicated loan agreement of June 16, 2008 are reported below. The amending agreement is dated February 17, 2010 and takes effect from December 15, 2009.

a) In accordance with Article 6-*ter* of the Contract (definitive waiver of use and/or reuse), as at the due date of December 15, 2009 fixed in the reduction/amortisation plan, the Company hereby declares that it waives, with no penalty, its right to the use of Euro 5,250,000 of the loaned sum, thereby effectively definitively cancelling out this amount from the facility. However, it is understood that, in a partial amendment to Article 2.B (Terms and modalities of use) of the Contract, as of December 15, 2009 (i) the credit line available to the Company will amount to Euro 13,125,000 in total, and (ii) the amount of each drawdown will be no less than Euro 375,000, or a multiple of this amount.

b) In view of point (a) above, and of Article 9 (Amendments to the reduction plan), the banks and the Company hereby declare and recognise by mutual agreement that, as of December 15, 2009, the amortisation/reduction plan described under Article 3 (Modalities and terms of repayment) of the Contract is amended as follows:

Amortisation plan

Date	***Amount***	***Residual debt***
December 15, 2009		13,125,000
June 15, 2010	1,875,000	11,250,000
December 15, 2010	1,875,000	9,375,000
June 15, 2011	1,875,000	7,500,000
December 15, 2011	1,875,000	5,625,000
June 15, 2012	1,875,000	3,750,000
December 15, 2012	1,875,000	1,875,000
June 15, 2013	1,875,000	-

c) In light of points (a) and (b) above, the parties hereby recognise and state that Article 3-*bis* (Obligatory early repayment) of the Contract will no longer apply and shall be deemed to be annulled as of December 15, 2009. Any reference made in the Contract or its appendices to the aforementioned Article 3-*bis* or its content shall therefore be considered inapplicable.

d) As a partial amendment to Article 14 (Covenants) of the Contract, the banks and the Company recognise and agree that, as of December 31, 2009, the official consolidated financial statements of the Company, periodically approved, will be drawn up in accordance with International Financial Reporting Standards (IFRS). It is also understood that the indicators below, which are contained in the aforementioned Article 14 of the Contract, will have the following new definitions:

1) “Net financial debt” or “net financial position” refers to the sum of cash and cash equivalents, other current financial assets, net of bank loans and other financial payables falling due within one year, other current financial liabilities and non-current financial liabilities. Net financial debt is not recognised as an accounting item under Italian GAAP or the IFRS endorsed by the European Union.

2) EBITDA or gross operating profit refers to profit before depreciation and amortization, non-recurring expenses, financial income and expenses and income taxes. EBITDA is not recognised as an accounting item under Italian GAAP or the IFRS endorsed by the European Union.

In the event that the net financial position and EBITDA, as defined above, are both positive, the company is considered to be in compliance with the covenants described in a), b) and c) of Article 14 of the Contract by simply notifying the lead bank – within the 30-day period after the approval date of each of the financial statements – of the levels of the above indicators, without the Compliance Certificate described in the aforementioned Article 14.

As of December 31, 2009, the above conditions (positive net financial position and positive EBITDA) have been met and the Parent is therefore automatically deemed to have respected the covenants.

e) The banks and the company hereby agree to eliminate from Article 13 (Obligations) of the contract provisions i) and m/3) and to replace them with the following provisions:

i) the company undertakes to inform the lead bank in writing of the assumption of financial debt even if equal to or less than Euro 5,000,000.00 (principal) no later than five bank working days from the date the loan was contracted; m/3) the company will have the right to contract financial debt amounting to more than Euro 5,000,000.00 only with the written consent of the banking syndicate, granted via the lead bank, no later than five bank working days from receipt of the request for approval on the part of the company.

Net financial position

The table below gives a breakdown of net financial position as of December 31, 2009.

Description	*Dec. 31, 2009*	*Dec. 31, 2008*	*Change*
Cash and cash equivalents	30,340	6,772	23,568
Other current financial assets	15	61	(46)
Bank loans and other borrowings	(313)	(4,085)	3,772
Other current financial liabilities	(20)	(58)	38
Net short-term financial position	**30,022**	**2,690**	**27,332**
Non-current financial payables	(693)	(18,735)	18,042
Net financial position[1]	**29,329**	**(16,045)**	**45,374**

(1) As defined in CONSOB communication DEM/6064293 of July 28, 2006 in accordance with CESR recommendations of February 10, 2005.

During 2009, the Parent's net financial position improved by Euro 45,374 thousand, from Euro -16,045 thousand as of December 31, 2008 to Euro 29,329 thousand as of December 31, 2009.

7.24 Employee benefits

This item refers exclusively to the post-employment benefits recorded by the Parent in accordance with current legislation. Changes in defined benefit plans for employees in 2009 are summarised below:

Description	*Dec. 31, 2008*	*Provisions*	*Utilisation*	*Dec. 31, 2009*
Employee benefits	274	18	(73)	219

The main technical, demographic and economic parameters used in the actuarial calculation of the liability for employee benefits as of December 31, 2009 are summarised below:

Actuarial assumptions used for the calculations	
Annual probability of death in service	SIM and SIF demographic tables for 2000
Annual probability of death other than by death in service	10%
Discount rate (euro swap)	Government rate curve as of Dec. 31, 2008 and Dec. 31, 2009
Maximum % of accrued staff post-employment benefits in advance	70%
Probability of requests for advances	3.3%
Annual increase in the cost of living	2009: 2%; from 2010 and beyond: 2%

7.25 Deferred tax liabilities

The following table shows the breakdown of, and changes in, deferred tax liabilities as of December 31, 2009:

Description	*Dec. 31, 2008*	*Increases*	*Utilisation*	*Dec. 31, 2009*
Deferred tax liabilities	49	34	(40)	43
Total	**49**	**34**	**(40)**	**43**

Description of taxable item	Dec. 31, 2009	2009 tax rate	Tax recorded in 2009
Financial instruments at fair value	5	27.5%	1
Employee benefits	42	27.5%	12
Unrealised exchange rate gains	20	27.5%	5
IAS 17 effect (finance leases)	28	31.4%	9
Progress of set-up fees for Online Stores	51	31.4%	16
Total	**146**		**43**

7.26 Provisions for current and non-current risks and charges

This item reflects provisions for estimated current liabilities, the timing and extent of which cannot be determined. The following table shows the breakdown of the item and changes in 2009:

Description	*Dec. 31, 2008*	*Increases*	*Reclassifications*	*Utilisation*	*Dec. 31, 2009*
Provision for theft and loss	40	104	-	(40)	104
Provision for fines and taxation	30	-	-	(30)	-
Provision for fraud	52	184	-	(52)	184
Other provisions for risks and charges	**74**	**-**	**78**	**(74)**	**78**
Total provisions for current risks and charges	**196**	**288**	**78**	**(196)**	**366**
Provisions for disputes	37	-	-	-	37
Other provisions for risks and charges	235	112	(78)	-	269
Total provisions for non-current risks and charges	**272**	**112**	**(78)**	**-**	**306**
Total provisions for risks and charges	**468**	**400**	**-**	**(196)**	**672**

During the year, Euro 40 thousand from the provision for theft and loss was used, and it was therefore deemed appropriate to proceed with a further accrual of Euro 104 thousand, following a new estimate.

The provision set up for fines and taxation was fully utilised in 2008 following a tax audit on 2005 by the tax authorities.

During the year, Euro 52 thousand was utilised from the provision for fraud, and it was therefore deemed appropriate to proceed with a further accrual of Euro 184 thousand, to cover against fraud committed via online sales paid for by credit card. This fraud coverage provision was calculated taking into account the historical incidence of the value of fraud in relation to the value of sales.

Other provision for non-current risks and charges includes provisions for risks in relation to probable liabilities, which are recognised pursuant to IAS 37.

7.27 Trade payables

The following table shows a breakdown of trade payables as of December 31, 2009:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Due to suppliers	19,584	13,142	6,442
Credit notes to be received from suppliers	(850)	(232)	(618)
Invoices to be received from suppliers	5,930	2,113	3,817
Due to credit card operators	36	8	28
Total	**24,700**	**15,031**	**9,669**

Trade payables increased by 64.3%, from Euro 15,031 thousand as of December 31, 2008 to Euro 24,700 thousand as of December 31, 2009.

Trade payables are all payables relating to purchases of goods and services from the Company's suppliers. Payables are recorded at their nominal value. Since all payables fall due within one year, none are subject to

discounting. The "Trade payables" item includes all amounts due to suppliers, both for the supply of finished products and raw materials, and for the supply of intangible assets.

The increase during the year is linked to the rise in sales volumes, which, due to the Company's business model, necessitates the purchase of goods in advance of the selling season.

This resulted in a corresponding increase in debt. The increase as of December 31, 2009 is also due to the effect of revised payment terms with the Company's main suppliers.

7.28 Tax payables

Current tax payables relate exclusively to the current income tax liability of YOOX S.p.A.

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Current income taxes – IRES	3,078	-	3,078
Current income taxes – IRAP	278	250	28
Total	**3,356**	**250**	**3,106**

Current tax payables relate exclusively to the current income tax liability of YOOX S.p.A.

Tax payables rose by more than 100% (Euro 3,106 thousand) during the year, from Euro 250 thousand as of December 31, 2008 to Euro 3,356 thousand as of December 31, 2009.

The Company did not pay any IRES corporate income tax in 2008, since it used a portion of previous tax losses that can be carried forward indefinitely.

7.29 Other payables

The following table shows a breakdown of payables as of December 31, 2009:

Description	Dec. 31, 2009	Dec. 31, 2008	Change
Due to social security institutions	1,003	635	368
Credit notes to be issued to customers	3,527	1,436	2,091
Due to directors	210	205	5
Due to employees	1,432	1,024	408
Due to tax representatives	2,531	1,900	631
Other payables	5,358	646	4,712
Accrued expenses and deferred income	25	192	(167)
Total	**14,086**	**6,038**	**8,048**

The item "Due to social security institutions" reflects contributions payable to social security institutions, mainly on the amounts recognised to employees at the end of the reporting period.

The item "Due to tax representatives" reflects indirect tax liabilities. Sales carried out in European countries during 2009 and 2008 exceeded the threshold set in Article 41.1.b) of Legislative Decree 331/93, which requires payment of VAT in the destination country for goods sold. In order to comply with this requirement, the Company has opened tax positions in these countries.

The "Other payables" item includes credit notes to customers since these represent a known liability for sales returns made in 2009. The item increased in 2009 by comparison with the previous year in line with the increase in sales volumes. It also includes credit notes issued to customers and not yet reimbursed as of December 31, 2009. The substantial change in the item compared with the previous year is due to Euro 3,645 thousand in liabilities in respect of withholding tax on employees and collaborators deriving from the sale of shares by shareholders and the exercising of stock options by some beneficiaries as of December 31, 2009.

Cash flow statement

7.30 Profit for the year, taxes for the year, depreciation and amortisation, income taxes paid

Details of profit for the year, taxes for the year, depreciation and amortisation and other non-monetary income statement items are provided in Notes 7.3, 7.4, 7.5, 7.10 and 7.11 respectively.

In relation to the tax charge in 2009 of Euro 2,546 thousand (Euro 739 thousand in 2008), tax payments amounting to Euro 1,270 thousand were made (Euro 395 thousand in 2008) relating to tax outstanding for the previous year and payments on account, calculated according to the respective tax regulations in force in the various countries in which the Parent operates.

7.31 Other net non-monetary income and expenses

Other net non-monetary income and expenses include non-monetary items on the income statement apart from income tax, depreciation and amortisation and provisions that are classified as a direct deduction from asset items (allowance for impairment and provisions for obsolescence). This therefore includes provisions for defined benefit plans for employees (TFR), the measurement at fair value of stock option plans, provisions for risks and charges, capital gains and capital losses, unrealised foreign exchange fluctuations and recognised interest income and expenses. In relation to these last items, interest received and interest paid are presented separately.

7.32 Change in trade receivables, inventories and trade payables

This item reports the use or generation of cash relative to net working capital, i.e. changes in trade receivables, inventories and trade payables. Changes in trade payables refer exclusively to supplies of raw materials, goods and services, excluding the change in payables to suppliers of investments, which are reported in the section of the statement of cash flows generated by or used in investing activities.

7.33 Change in other current assets and liabilities

This item reflects the change in all other current assets and liabilities, net of the effects of recognising non-monetary income and expenses, i.e. the change in the balances with a direct effect on the use or generation of cash.

7.34 Acquisition of property, plant and equipment and proceeds from the sale of property, plant and equipment

Cash flow from the acquisition of property, plant and equipment reflects both expenditure to replace plants and expenditure on new plants. The amount reported also includes the change in investment payables.

7.35 Acquisition of other intangible assets

Cash flow for acquisition of other intangible assets relates to investments in licences and software and the capitalisation of development costs (for a breakdown of these, see Note 7.13). Capitalisations are classified among cash flow from/used in investing activities since they involve a cash outflow associated with the internal costs incurred (mainly personnel expenses). These outflows were broadly in line with costs capitalised during the year.

7.36 Acquisition of and proceeds from disposal of other non-current financial assets

Other non-current financial assets total Euro 52 thousand as of December 31, 2009 (Euro 363 thousand as of December 31, 2008) and mainly relate to guarantee deposits.

Non-interest-bearing guarantee deposits as of December 31, 2009 relate to rental contracts and contracts for the supply of electricity and gas, and to the existing relationships with Paymentech relating to retentions to guarantee the repayments due for returns made against sales.

7.37 Increases in share capital and share premium reserve

For information on total receipts for increases in share capital and the share premium reserve, see section 7.21 (Equity).

7.38 Arrangement and repayment of non-current financial payables

Repayments of other non-current financial payables relate to loans from banks and other lenders, as described in Note 7.23.

7.39 Arrangement and repayment of short-term financial payables

The change in short-term bank exposure is included in the change in short-term financial payables, since these are forms of short-term borrowing, as described in Note 7.23.

8. Disclosure of financial risks

The measurement and management of financial risk exposure at YOOX S.p.A. are in line with the Group's policies.

The main risk categories to which the Company is exposed are detailed below.

Credit risk

The maximum theoretical exposure to credit risk of YOOX S.p.A. at December 31, 2009 is represented by the carrying amount of the financial assets reported in the statement of financial position, as well as by the nominal value of the guarantees issued as set out in Note 9.

The existing receivables at year end are chiefly due from customers, Group companies, other commercial counterparties and tax authorities.

There are no significant overdue balances.

Liquidity risk

Liquidity risk can arise from an inability to procure the financial resources necessary to maintain operations at reasonable conditions.

YOOX S.p.A. manages treasury operations for the Group, therefore the liquidity risks to which the Company is exposed are closely correlated to those that affect the Group as a whole.

The two main factors that determine the liquidity situation of the Parent are firstly the resources generated from or used in operating and investing activities, and secondly the maturity and renewal conditions of debt or the liquidity of financial commitments and market conditions.

The Parent has adopted a series of policies and processes to optimise the management of financial resources in order to reduce liquidity risk:

- centralised management of payment and payment collection flows, where this is economically expedient and complies with the various civil law, monetary and tax regulations of the countries in which the Parent is present;
- maintenance of a suitable level of cash on hand;
- diversified use of tools to procure financial resources and a continuous and active presence on capital markets;
- attainment of sufficient credit lines;
- monitoring of future liquidity conditions with reference to the company planning process.

The management considers the funds currently available, in addition to the funds that will be generated from operating and financing activities, sufficient to allow the Parent to meet its requirements arising from investment activities, the management of working capital and the repayment of debts upon maturity.

Currency risk

As of December 31, 2009, YOOX S.p.A. has significant credit positions that are exposed to currency risk, mainly in relation to trade receivables from subsidiaries, which are partially hedged by derivative financial instruments. A hypothetical sudden and unfavourable 10% change in exchange rate levels could result in additional financial charges of around Euro 244 thousand per year.

There are no significant payables exposed to currency risk.

Interest rate risk

YOOX S.p.A. meets its financing requirements through:

- Non-current financial payables: these consist of fixed-rate loans from Simest S.p.A. and finance leases at a non-indexed rate of interest (as reported in Note 7.23). The company is therefore not exposed to any significant risk of a change in the fair value of these payables.
- Cash and cash equivalents: these consist mainly of current account deposits with leading credit institutions (as reported in Note 7.20), whereas current financial payables primarily comprise the short-term portions of the aforementioned non-current payables. The cost of these positions depends on short-term interest rate movements. In relation to short-term or variable-rate transactions, a hypothetical sudden and unfavourable 10% change in short-term interest rate levels would result in a reduction in net financial income before taxation of around Euro 26 thousand per year (not significant as of December 31, 2008). This chiefly relates to the short-term net credit position.

Other risks relating to derivative financial instruments

As mentioned in Note 8, YOOX S.p.A. holds certain derivative financial instruments, the value of which depends on exchange rate movements. Given the modest nominal amount of these derivative contracts, the variation in the underlying values is not deemed significant.

9. Hierarchical levels of fair value measurement

IFRS 7 requires that the carrying amounts of financial instruments entered in the statement of financial position at fair value are classified according to a hierarchy of levels reflecting the input used in the fair value calculation. The levels are:

- Level 1 – assets or liabilities measured using quoted prices in active markets;
- Level 2 – inputs different from quoted prices as above, that are based on directly observable (prices) or indirectly observable (price-derived) market data;
- Level 3 – inputs not based on observable market data.

Financial instruments stated at fair value as of December 31, 2009 exclusively comprise derivative financial contracts relating to forward sales of currencies with total fair value as of December 31, 2009 of Euro -4,000, calculated according to Level 2 criteria.

There were no transfers between levels in 2009.

10. Information pursuant to IAS 24 on management remuneration and on related parties

Transactions with related parties, as defined under IAS 24, as of December 31, 2009 and as of December 31, 2008 were restricted to commercial, administrative and financial services relationships with subsidiaries and other related parties. The transactions form part of normal business operations, within the usual scope of activity of each of the interested parties, and are carried out under normal market conditions.

Below is a non-exhaustive list of definitions of the related parties of an entity (the "Entity") as indicated in IAS 24:

a) Entities that directly or indirectly:
   (i) control the Entity, or
   (ii) are controlled by the Entity, or
   (iii) are subject to joint control with the Entity, or
   (iv) have significant influence over the Entity, or
   (v) have joint control over the Entity

b) Entities related to the Entity according to the definition set out in IAS 28 – Investments in Associates.

c) Joint ventures in which the Entity has a shareholding.

d) Managers with strategic responsibility for the Entity or its parent company, including the directors and statutory auditors of the Entity.

e) The close family members of any physical persons included in points a) to d) above.

f) Entities controlled or jointly controlled by one of the persons described in points d) or e) above, or that are under the significant influence of these persons; i.e. entities in which the persons described in d) and e) hold, either directly or indirectly, a significant share of the voting rights.

g) Pension funds for employees of the Entity or any other entity related to it.

10.1 Transactions with subsidiaries

The main relationships between YOOX S.p.A. and its subsidiaries are chiefly commercial in nature and can be summarised as follows:

1. YOOX S.p.A. supplies its subsidiaries with products for sale on the US and Japanese Online Stores.

2. YOOX S.p.A. provides its subsidiaries with website maintenance, support services and updates.

3. YOOX S.p.A. provides its subsidiaries with administrative, financial and legal services.

4. YOOX S.p.A. provides its subsidiaries with customer service support (via a customer care service located at the Italian head office that interfaces with Japanese and US customers using dedicated staff).

5. YOOX S.p.A. provides its subsidiaries with advice and support in the areas of fashion, marketing, advertising and professional training.

None of the relationships between the Group companies or between the Group companies and related parties are considered to be atypical or unusual, and form part of the Group's ordinary business operations. The transactions were carried out under normal market (i.e. arm's-length) conditions.

The following tables show the relationships in terms of receivables and payables between the Company and the other Group companies as of December 31, 2009 and as of December 31, 2008. Receivables from and payables to subsidiaries are expressed in USD and JPY and translated to Euro at the exchange rate in effect at year end. Revenue and costs are expressed in USD and JPY and translated to Euro at the average exchange rate for the year in question.

Dec. 31, 2009

(Thousand Euro)

	Trade receivables	Trade payables	Revenue	Costs
YOOX Corporation	3,763	-	10,919	-
Y Services	346	-	897	-
YOOX Japan	1,309	-	5,735	-
Total subsidiaries	**5,418**	**-**	**17,551**	**-**

Dec. 31, 2008

(Thousand Euro)

	Trade receivables	Trade payables	Revenue	Costs
YOOX Corporation	3,634	-	7,310	10
Y Services	445	-	545	-
YOOX Japan	695	-	2,995	-
Total subsidiaries	**4,774**	**-**	**10,850**	**10**

10.2 Transactions with other related parties

The following tables list the main financial and commercial relationships between the Company and related parties other than Group companies, as of December 31, 2009 and as of December 31, 2008, excluding intra-Group relationships, which are described above. Commercial transactions with these entities are carried out under normal market conditions, and all transactions are carried out in the interest of the Company.

Dec. 31, 2009

Description	***Trade receivables***	***Trade payables***	***Revenue***	***Costs***
Sigma Gi S.p.A.	-	398	36	2,855
Diesel S.p.A.	919	1,604	742	3,883
Diesel Rags S.r.l.	-	899	-	2,026
55DSL S.r.l. – Unipersonale	-	10	25	12
Staff International S.p.A.	-	323	-	1,608
Studio legale d'Urso Gatti e Associati	-	759	-	1,022
Hari K. Samaroo, P.C.	-	-	-	3
Total related parties	**919**	**3,993**	**803**	**11,409**

Dec. 31, 2008

Description	***Trade receivables***	***Trade payables***	***Revenue***	***Costs***
Sigma Gi S.p.A.	-	615	-	2,888
Studio legale D'Urso Gatti e Associati	-	75	-	215
Hari K. Samaroo, P.C.	-	-	-	2
Total other related parties	**-**	**690**	**-**	**3,105**

The above entities are regarded as related parties of the Company for the following reasons:

- Sigma Gi S.p.A. (formerly Sigma Gi Export Import S.r.l.), since the chairman of the Board of Directors of this company and the owners of the related share capital are shareholders of the Parent.
- Studio legale D'Urso Gatti e Associati, since a shareholder of that law firm is a director of the Parent Company.
- Hari K. Samaroo P.C., since the partner of that law firm is the legal representative/chairman of Y Services.
- Diesel S.p.A., Diesel Rags S.r.l., 55DSL S.r.l. – Unipersonale and Staff International S.p.A., being companies within the Diesel Group, a director of which, through Red Circle S.r.l. Unipersonale, is a shareholder of the Parent and has the power to appoint a director to the Parent's board. The revenue and costs shown in the table as of December 31, 2009 are determined from the date at which Red Circle S.r.l Unipersonale became a shareholder of YOOX S.p.A..

None of the transactions that took place with related parties in 2009 and 2008 were significant (except as mentioned above), atypical and/or unusual.

The table below lists the transactions with related parties, broken down into other related parties, associates and subsidiaries:

Thousand Euro	Dec. 31, 2009	Dec. 31, 2008
Revenues		
Other related parties	803	
Associates		
Subsidiaries	17,551	10,850
Cost of goods sold		
Other related parties	(10,230)	(2,888)
Associates		
Subsidiaries		(10)
General expenses		
Other related parties	(1,125)	(217)
Associates		
Subsidiaries		
Other income and expenses		
Other related parties	(7)	
Associates		
Subsidiaries		
Financial expenses		
Other related parties	(47)	
Associates		
Subsidiaries		
Total	**6,945**	**7,735**

Statement of financial position

Thousand Euro	Dec. 31, 2009	Dec. 31, 2008
Trade receivables		
Other related parties	919	
Associates		
Subsidiaries	5,418	4,774
Trade payables		
Other related parties	(3,993)	(690)
Associates		
Subsidiaries		
Total	**2,344**	**4,084**

10.3 Remuneration of senior managers and other key persons in the Company

In addition to the executive and non-executive directors, the senior managers and other key persons with strategic responsibilities for the management, planning and control of the Group comprise the Director of Administration, Finance and Control, the Director of Human Resources, the interim Director of Human Resources, the Sales Director, the Marketing Director, the Director of Operations, the Technology Manager, the Director of Interactive Services, the Multi-Brand Sales Manager, the Mono-Brand Sales Manager, the Research Manager and the Customer Service Manager.

The gross annual remuneration of the above persons, inclusive of all forms of remuneration (including gross pay, bonuses and fringe benefits) as well as bonuses accrued but not paid out that are subject to the achievement of long-term objectives are reported in the following table together with the fees of the members of the Board of Statutory Auditors:

Dec. 31, 2009

Description	Current benefits	Long-term benefits	Stock options	Other remuneration
Directors	585	-	156 *	-
Statutory Auditors	21	-	-	68
Managers with strategic responsibilities	1,922	70	745	-
Total	**2,528**	**70**	**901**	**68**

* The stock options for directors also include the stock options granted to the Chief Executive Officer of YOOX Japan.

Dec. 31, 2008

Description	Current benefits	Long-term benefits	Stock options	Other remuneration
Directors	511	-	358	-
Statutory Auditors	38	-	-	18
Managers with strategic responsibilities	1,621	98	643	-
Total	**2,170**	**98**	**1,001**	**18**

Finally, no close family members of any of the natural persons indicated above are related parties of the Company, as defined in IAS 24.

11. Other information

Commitments and guarantees

Description (in thousand Euro)	*Dec. 31, 2009*	*Dec. 31, 2008*
Third-party assets held by the Company	29,215	18,773
Sureties given to others	2,984	2,130
Commitments under forward hedging contracts (nominal value)	**2,734**	**2,980**

The Company's warehouses hold goods worth Euro 29,215 thousand received on a sale-or-return basis from YOOX's trading partners. The increase by comparison with the previous year reflects the opening of new Online Stores in 2009, as well as an expansion of procurement on a sale-or-return basis during 2009 in the Multi-brand segment.

The sureties given relate to the following contracts:

- The contract concluded by the Company with effect from June 30, 2002 for the rental of a residential property for use by visitors at Galleria Cavour 8, Bologna. The surety amounts to Euro 4,650 and will expire on July 14, 2010.

- The contract for tax representation in Spain concluded with Claramonte Fortuno Asesores (Calle Mayor San Jaime 12, Vila-real, Castellon) amounting to Euro 300,000 to guarantee VAT compliance, expiring January 15, 2010.

- The contract concluded by the Company, with effect from October 1, 2008 for a period of six years, for the rental of office premises at Via Autari 27 in Milan. The surety amounts to Euro 60,000 and expires on September 30, 2014.

- The contract concluded by the Company, effective from December 22, 2003 and expiring on December 31, 2009, for the provision of integrated logistics services by ND Logistics Italia S.p.A. The surety amounts to Euro 100,000.

- The contract concluded with ND Logistics Italia S.p.A. for the provision of integrated logistics services for Euro 500,000 with effect from March 14, 2007 for a period of five and a half years, expiring on October 14, 2012.

- The contract concluded with Diesel to guarantee payments by the subsidiary Y Services amounting to USD 450,000 (Euro 409,551.58) with effect from November 2, 2007 and expiring on December 31, 2010.

- The contract concluded with ND Logistics S.p.A. to guarantee compliance with obligations under a subletting contract for Euro 46,875, with effect from October 10, 2007 for a period of six years, expiring on June 9, 2013.

- The contract concluded by the Company with Despina S.p.A. to guarantee compliance with obligations under a rental contract with effect from April 1, 2007, for a period of six years, relating to office premises at Via Nannetti 1 in Zola Predosa. The surety amounts to Euro 47,500 and expires on March 31, 2013.

- The contract concluded with SIMEST to guarantee the loan amounting to Euro 110,019.47 with effect from September 28, 2006 and expiring on March 16, 2014.

- The contract concluded with SIMEST to guarantee the loan amounting to Euro 488,201.30 with effect from January 17, 2008 and expiring on March 16, 2014.

- The contract concluded by the Company with New Winds Group to guarantee compliance with obligations under a rental contract for office premises in Madrid, with effect from August 1, 2008. The surety amounts to Euro 18,839.04 and expires on August 31, 2010.

- The contract concluded by the Company with MM.Kerr e MM.Naret to guarantee compliance with obligations under a rental contract for office premises in Paris, with effect from August 1, 2008. The surety amounts to Euro 50,000 and expires on July 31, 2011.

- The contract concluded by the Company with Oslavia, with effect from July 1, 2008, for a period of six years, for the rental of office premises in Via Lombardini, Milan. The surety amounts to Euro 19,200 and expires on July 31, 2014.

- The contract concluded by the Company to guarantee VAT compliance in Portugal, for Euro 5,000, issued to the Portuguese tax representative and expiring on November 27, 2010.

- The contract concluded by the Company following the repayment of the Global Collect guarantee deposit of Euro 800,000, after BNP Paribas issued a bank guarantee for the same amount.

- The surety issued to Koji Ono, Director of YOOX Japan, for obligations assumed by the subsidiary YOOX Japan, amounting to JPY 3,200,000 (Euro 24,031.24).

The hedging contracts relate to forward sales set up by the Parent to cover the currency risk connected to intra-Group sales in US Dollar and Japanese Yen. The nominal amount of these commitments, translated to Euro at the exchange rate in effect at the reporting date, is Euro 2,734 thousand.

12.Significant events after December 31, 2009

Lapse of rights to exercise stock options
As of January 2010, the right to exercise 200 options relating to the YOOX S.p.A. Stock Option Plan 2006-2009 lapsed.

Exercise of stock options
Pursuant to the resolution of the Board of Directors of January 18, 2010, 564,200 new shares were subscribed with a nominal value of Euro 5,642.00 following the exercise of stock options by four beneficiaries.

Granting of stock options
By resolution of the Board of Directors of March 11, 2010, a total of 46,167 options were granted under the 2009-2014 Stock Option Plan. These options are valid for the subscription of 2,400,684 new ordinary YOOX shares at a ratio of 52 new ordinary YOOX shares for every option exercised.

Activation of coccinelle.com
On February 1, 2010, the Online Store for the Coccinelle brand was activated, mainly in Europe, the US and Japan.

Contract for emporioarmani.com
On February 17, 2010, YOOX S.p.A. signed a new agreement with Giorgio Armani S.p.A. extending the collaboration in Europe, the US and Japan until January 31, 2015. Moreover, under the new agreement, the Armani Jeans brand will be included on emporioarmani.com, and YOOX will become responsible for web marketing activities for and on behalf of Giorgio Armani S.p.A. in all the countries in which the Online Store is active.

Online Store contract and activation of giuseppezanottidesign.com
A contract was signed for the Giuseppe Zanotti Online Store, which was activated on February 25, 2010, mainly in Europe, the US and Japan.

Online Store contract and activation of napapijri.com
A contract was signed for the Napapijri brand Online Store, which was activated on March 1, 2010, mainly in Europe and the US.

Online Store contract for albertaferretti.com
The contract for the Alberta Ferretti Online Store was signed, and the Store will be activated in early 2010, mainly in Europe, the US and Japan.

Annex 1

Separate income statement for the year ended December 31, 2009, prepared in accordance with CONSOB Resolution 15519 of July 27, 2006 and CONSOB Communication DEM/6064293 of July 28, 2006 (in thousands of Euro).

	Dec. 31, 2009		Dec. 31, 2008	
Income statement	**Balances**	**of which with related parties**	**Balances**	**of which with related parties**
Thousand Euro				
Net revenue	131,640	18,354	89,423	10,850
Cost of goods sold	(85,156)	(10,230)	(57,203)	(2,898)
Fulfilment costs	(13,789)	(676)	(10,716)	(477)
Sales and marketing costs	(11,274)	(733)	(7,361)	(740)
General expenses	(10,136)	(3,283)	(9,116)	(2,287)
Other income and expenses	(795)	(7)	(643)	-
Non-recurring expenses	(3,950)	-	(170)	-
Operating profit	6,540		4,214	
Financial income	515		543	-
Financial expenses	(1,756)	(47)	(1,953)	-
Profit before taxation	5,299		2,804	
Tax	(2,546)	-	(739)	-
Profit for the year	2,753		2,065	

Weighting on individual income statatement items in percentage terms.

Income statement	Dec. 31, 2009		Dec. 31, 2008	
	Balances	of which with related parties	Balances	of which with related parties
Thousand Euro				
Net revenue	100%	13.9%	100%	12.1%
Cost of goods sold	100%	12.0%	100%	5.1%
Fulfilment costs	100%	4.9%	100%	4.5%
Sales and marketing costs	100%	6.5%	100%	10.1%
General expenses	100%	32.4%	100%	25.1%
Other income and expenses	100%	0.9%	100%	-
Non-recurring expenses	100%	-	100%	-
Operating profit	100%	-	100%	-
Financial income	100%	-	100%	-
Financial expenses	100%	2.7%	100%	-
Profit before tax	100%	-	100%	-
Tax	100%	-	100%	-
Profit for the year	100%	-	100%	-

Annex 2

Statement of financial position as of December 31, 2009, prepared in accordance with CONSOB Resolution 15519 of July 27, 2006 and CONSOB Communication DEM/6064293 of July 28, 2006 (in thousands of Euro).

Statement of financial position	Balances	Dec. 31, 2009 of which with related parties	% weighting	Balances	Dec. 31, 2008 of which with related parties	% weighting
Amounts in thousands of Euro and percentage weighting on individual items						
Non-current assets						
Property, plant and equipment	3,448	-	0.00%	3,393	-	0.00%
Intangible assets with finite useful life	3,420	-	0.00%	2,281	-	0.00%
Investments in subsidiaries	447	-	0.00%	447		0.00%
Deferred tax assets	2,957	-	0.00%	1,133	-	0.00%
Other non-current financial assets	52	-	0.00%	363	-	0.00%
Total non-current assets	**10,324**	**-**		**7,617**	**-**	-
Current assets						
Inventories	43,089	-	0.00%	34,382	-	0.00%
Trade receivables	10,971	6,337	57.76%	8,311	4,774	57.44%
Other current assets	1,998	-	0.00%	4,115	-	0.00%
Cash and cash equivalents	30,340	-	0.00%	6,772	-	0.00%
Total current assets	**86,398**	**-**	-	**53,580**	**-**	-
Total assets	**96,722**			**61,197**	**-**	-
Equity						
Share capital	504	-	0.00%	401	-	0.00%
Reserves	58,965	-	0.00%	25,280	-	0.00%
Losses carried forward	(9,582)	-	0.00%	(11,479)	-	0.00%
Profit for the year	2,753	-	0.00%	2,065	-	0.00%
Total equity	**52,640**	**-**	0.00%	**16,267**	**-**	0.00%
Non-current liabilities						
Financial payables	693	-	0.00%	18,735	-	0.00%
Employee benefits	219	-	0.00%	274	-	0.00%
Provisions for risks and charges	306	-	0.00%	272	-	0.00%
Deferred tax liabilities	43	-	0.00%	49	-	0.00%
Total non-current liabilities	**1,261**	**-**	0,00%	**19,330**	**-**	-
Bank loans and other borrowings	313	-	0.00%	4,085	-	0.00%
Provisions for risks and charges	366	-	0.00%	196	-	0.00%
Trade payables	24,700	3,993	16.17%	15,031	690	4.59%
Tax liabilities	3,356	-	0.00%	250	-	0.00%
Other payables	14,086	-	0.00%	6,038	-	0.00%
Total current liabilities	**42,821**			**25,600**		
Total equity and liabilities	**96,722**			**61,197**		

Annex 3

Statement of cash flows for 2009, prepared in accordance with CONSOB Resolution 15519 of July 27, 2006 and CONSOB Communication DEM/6064293 of July 28, 2006 (in thousands of Euro).

Statement of cash flows	Dec. 31, 2009 Balances	of which with related parties	% weighting	Dec. 31, 2008 Balances	of which with related parties	% weighting
Profit for the year	2,753			2,065		
Adjustments for:						
Taxes for the year	2,546			739		
Financial expenses	1,756			1,953		
Financial income	(515)			(543)		
Depreciation, amortisation and impairment losses	2,155			1,820		
Fair value measurement of stock options	1,651			1,302		
(Gains)/losses on sale of non-current assets	6			169		
Employee benefits	18			20		
Provisions for risks and charges	400			129		
Payment of employee benefits	(73)			(46)		
Use of the provisions for risks and charges	(196)			(63)		
Changes in inventories	(8,707)			(8,535)		
Changes in trade receivables	(2,660)	(1,563)	58,76%	(2,934)	(990)	33,74%
Changes in trade payables	9,669	3,303	34,16%	2,878	(132)	(4,59%)
Changes in other current assets and liabilities	10,167			604		
	18,970			(442)		
Cash flow from operating activities						
Income tax paid	(1,270)			(395)		
Interest and other financial expenses paid	(1,756)			(1,953)		
Interest and other financial income received	515			543		
	16,459			(2,247)		
NET CASH FROM (USED IN) OPERATING ACTIVITIES						
Acquisition of property, plant and equipment	(707)			(1,518)		
Acquisition of intangible assets	(2,184)			(2,027)		
Acquisition of other non-current financial assets	-			(134)		
Proceeds from sale of other non-current financial assets	311			-		
Proceeds from sale of property, plant and equipment	-			-		
	(2,580)			(3,679)		
NET CASH USED IN INVESTING ACTIVITIES						
Financing activities						
New short-term financial payables	-			4,086		
Repayment of short-term financial payables	(3,930)			(12,847)		
New non-current financial payables	-			18,592		
Repayment of non-current financial payables	(18,348)			-		
Capital injection for share capital increase and share premium reserve	31,980			-		
Changes in the hedging reserve	(13)			-		
NET CASH FROM FINANCING ACTIVITIES	9,689			9,831		
TOTAL CASH FLOW FOR THE YEAR	23,568			3,905		
Cash and cash equivalents at the beginning of the year	6,772			2,867		
Cash and cash equivalents at the end of the year	30,340			6,772		
TOTAL CASH FLOW FOR THE YEAR	23,568			3,905		

Annex 4

Investments of members of management and control bodies, general managers and managers with strategic responsibilities as of December 31, 2009

Name and surname	Company	Method of ownership [1]	No. of shares held at Dec. 31, 2008	No. of shares purchased[2]	No. of shares sold	No. of shares held at Dec. 31, 2009
Federico Marchetti	YOOX S.p.A.	Direct	4,160,000	749,216	2,497,363	2,411,853
Fausto Boni	YOOX S.p.A.	Direct	57,616	-	-	57,616
Alberto Grignolo	Yoox S.p.A.	Direct	293,332	114,816	382,788	25,360
Andrea Cappi	Yoox S.p.A.	Direct	-	14,000	-	14,000
Marco Di Pietro	Yoox S.p.A.	Direct	-	6,000	-	6,000
Massimiliano Benedetti	Yoox S.p.A.	Direct	-	261,376	259,376	2,000
Gabriele Tazzari	Yoox S.p.A.	Direct	-	245,504	244,504	1,000
Giuseppe Guillot	Yoox S.p.A.	Direct	-	40,344	40,144	200
Fabio Cesari	Yoox S.p.A.	Direct	-	56,628	56,628	-
Andrea Moretti	Yoox S.p.A.	Direct	-	145,860	145,860	-
Alessandra Rossi	Yoox S.p.A.	Direct	-	111,540	111,540	-

(1) Including investments held through spouses that have not legally separated and minor children.
(2) Including through the exercise of stock options.

Annex 5

Remuneration paid to members of management and control bodies, general managers and managers with strategic responsibilities as of December 31, 2009

Name and surname	Position held	Period over which position was held	Termination of position	Remuneration for position at the Company preparing financial statements (Euro)	Non-monetary benefits (Euro)	Bonuses and other incentives (Euro)	Other remuneration (Euro)
Federico Marchetti	Chairman of the Board of Directors and Chief Executive Officer	01/01/2009 - 31/12/2009	2012	375,000	-	150,000	-
Fausto Boni	Director	01/01/2009 - 31/12/2009	2012	14,375	-	-	-
Mark Evans	Director	01/01/2009 - 31/12/2009	2012	-	-	-	-
Massimo Giaconia	Director	16/03/2009 - 31/12/2009	2012	11,700	-	-	-
Raffaello Napoleone (1)	Director	01/01/2009 - 29/10/2009	2012	11,042	-	-	-
Massimiliano Benedetti	Director (YOOX Corporation)	01/01/2009 - 31/12/2009	Until revoked	-	-	-	-
Giuliano Iannacone (4)	Director (YOOX Corporation)	01/01/2009 - 31/12/2009	Until revoked	17,924	-	-	-
Hari Samaroo (5)	Director (Y Services)	01/01/2009 - 31/12/2009	Until revoked	11,851	-	-	-
Elserino Mario Piol	Director	01/01/2009 - 31/12/2009	2012	5,000	-	-	-
Stefano Valerio (6)	Director	01/01/2009 - 31/12/2009	2012	14,950	-	-	-
Catherine Gérardin (2)	Director	29/10/2009 - 31/12/2009	2012	3,333	-	-	-
Taku Harada (3)	Director (YOOX Japan)	01/01/2009 - 27/08/2009	Until revoked	86,435	-	-	-
Jun Nagamine (3)	Director (YOOX Japan)	01/01/2009 - 31/12/2009	Until revoked	4,604	-	-	-
Koji Ono (3)	Director (YOOX Japan)	27/08/2009 - 31/12/2009	Until revoked	-	-	-	-
Filippo Tonolo (7)	Chairman of Board of Statutory Auditors	07/10/2009 - 31/12/2009	2012	6,598	-	-	22,119
David Reali	Standing Auditor	01/01/2009 - 31/12/2009	2012	6,061	-	-	20,239
Luca Sifo (8)	Standing Auditor	07/10/2009 - 31/12/2009	2012	7,909	-	-	25,879
Nicola Bottecchia	Alternate Auditor	01/01/2009 - 31/12/2009	2012	-	-	-	-
Edmondo Maria Granata	Alternate Auditor	01/01/2009 - 31/12/2009	2012	-	-	-	-
Managers with strategic responsibilities		01/01/2009 - 31/12/2009	-	1,908,542	72,754	13,436	-

(1)On October 29, 2009 Raffaello Napoleone resigned from his position as director of the Company.
(2)Catherine Gérardin was appointed by resolution of the Board of Directors of October 29, 2009 following the resignation of Raffaello Napoleone.
(3)Remuneration paid by YOOX Japan.
(4)Remuneration paid by YOOX Corporation.
(5)Remuneration paid by Y Services.
(6) For information on further remuneration, see the table on transactions with related parties.
(7) Held the position of Standing Auditor from January 1, 2009 to October 7, 2009.
(8) Held the position of Chairman of the Board of Statutory Auditors from January 1, 2009 to October 7, 2009.

Annex 6

Stock options granted to members of management and control bodies and general managers with strategic responsibilities as of December 31, 2009

		Options held at the beginning of the year			Options granted during the year			Options exercised during the year			Options expiring during the year	Options held at the end of the year		
Name and surname	**Position held**	**No. of options (*)**	**Average exercise price**	**Average maturity**	**No. of options (*)**	**Average exercise price**	**Average maturity**	**No. of options (*)**	**Average exercise price**	**Average market price when exercised**	**No. of options (*)**	**No. of options (*)**	**Average exercise price**	**Average maturity**
Federico Marchetti	Chairman of the Board of Directors and Chief Executive Officer	75,534	0.9546	04/01/2012	-	-	-	14,408	0.4043	4.3000	-	61,126	1.0843	24/04/2019
Ono Koji	Director (YOOX Japan)	1,000	2.0481	30/06/2010	-	-	-	-	-	-	-	1,000	2.0481	31/01/2015
Managers with strategic responsibilities		101,163	1.0581	29/09/2011	2,000	2.1697	19/11/2011	18,709	0.7783	4.3000	-	84,454	1.1464	26/04/2019
Other beneficiaries		43,635	1.2149	04/05/2011	9,790	2.1077	03/09/2016	13,139	0.8937	4.3200	3,050	37,236	1.4947	07/01/2017

(*) NB: due to the share split approved by the Company's Extraordinary General Meeting held on September 8, 2009, each option will confer the right to subscribe to 52 ordinary shares of the Company.

Annex 7

A summary of fees paid during the year for services provided to the Parent by the independent auditors and the entities within the independent auditors' network, prepared in accordance with Art. 149-*duodecies* of Issuer Regulation no. 11971 of May 13, 1999 and subsequent amendments.

Type of service	Party providing the service	Recipient	Fee (thousand Euro)
Auditing	KPMG SpA.	Parent	102
Other services	KPMG SpA.	Parent	34
Other services	KPMG network	Parent	30
Services for IPO	KPMG SpA.	Parent	883
Services for IPO	KPMG network	Parent	152
Total			**1,201**

Annex 8

Table summarising the possible uses of reserves

(Thousand Euro)

Type/description	Amount	Possible use	Available portion	of which available for distribution
Share capital:				
Share capital	504	B		
Capital injection for future share capital increase	417	A,B		
Equity-related reserves:				
Share premium reserve (1)	54.127	A,B,C	54.127	44.545
Revaluation reserve	-		-	
Grants related to assets	-		-	
Reserve for negative goodwill	-		-	
Income-related earnings:				
Legal reserve	193	B	193	
Statutory reserves	-		-	
Stock option reserves	4.229	A,B	4.229	
Hedging reserves	-		-	
Retained earnings	(9.582)		-	
Total share capital and reserves	**49.887**			
Profit for the year	2.753			
Total equity	**52.640**			

Key:

A: For share capital increase

B: For coverage of losses

C: Dividends

NB:

(1) Pursuant to art. 2431 of the Italian Civil Code, this reserve can only be distributed if the legal reserve has reached the limit specified in art. 2430 of the Italian Civil Code.

APPENDIX – TRANSITION TO IFRS

1. Introduction

Regulation (EC) no. 1606/2002 (Reg. 1606/02) of the European Parliament and the Council of July 19, 2002 (hereinafter the "EC Regulation") sets out the requirement, starting from 2005, for all companies listed on a regulated market to prepare their financial statements in accordance with the International Financial Reporting Standards (hereinafter "IFRS") issued by the International Accounting Standards Board and endorsed by the European Commission.

In Italy, this topic is governed by Legislative Decree no. 38 of February 28, 2005 (Legislative Decree no. 38/05 published in the Italian Official Gazette no. 66 on March 21, 2005), which allows companies not covered by the requirement in the EC Regulation to prepare separate and consolidated financial statements under IFRS from the year ended December 31, 2005.

The separate financial statements of YOOX S.p.A. at December 31, 2009 are the first full set of separate financial statements to be prepared in accordance with IFRS. The IFRS transition date for YOOX S.p.A. was January 1, 2008.

The YOOX Group prepared its consolidated financial statements in accordance with the IFRS endorsed by the European Union for the first time as of and for the year ended December 31, 2008. The Group also presented schedules illustrating the effects of the transition to IFRS as of January 1, 2007 as an appendix to the aforementioned consolidated financial statements published in the Offering Circular prepared as part of the listing process, which is available at the YOOX S.p.A. website www.yooxgroup.com. The schedules illustrating the effects of the transition to IFRS of the Parent YOOX S.p.A. were therefore prepared in accordance with the requirements of IFRS 1, taking into account the fact that the date of transition to IFRS for YOOX S.p.A. is January 1, 2008.

In accordance with the requirements of IFRS 1, the tables below show the reconciliation of the figures previously reported under Italian GAAP and the restated figures under IFRS, together with the related notes.

In particular, the following reconciliation tables are presented below, together with the related notes:

1) The reconciliation of equity as of the following dates:

- IFRS transition date (January 1, 2008)
- the balance sheet date for the last accounting period for which financial statements were prepared in accordance with Italian GAAP (December 31, 2008)

2) The reconciliation of profit or loss for the year at the following dates:

- the balance sheet date for the last accounting period for which financial statements were prepared in accordance with Italian GAAP (December 31, 2008)

These tables were provided solely for the purposes of the transition, for the preparation of the first full set of separate financial statements for YOOX S.p.A. as of and for the year ended December 31, 2009 under the IFRS endorsed by the European Commission. They therefore do not contain corresponding figures and the necessary notes required under IFRS for a full representation of the financial position and results of operations of YOOX S.p.A..

They were also prepared in accordance with the International Financial Reporting Standards in force at the date of first adoption, including the IFRS recently adopted by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

The enclosed tables are supplemented with notes describing the decisions taken with regard to the main optional exemptions allowed under IFRS 1, the method of classifying the items required under the statement of financial position and income statement formats adopted in accordance with IAS 1 and compared with the balance sheet and income statement items specified in arts. 2424 and 2425 of the Italian Civil Code, and the main items requiring reconciliation between Italian GAAP and IFRS.

2 Accounting standards and measurement criteria

The accounting standards and measurement criteria adopted for the transition to IFRS are consistent with those applied to prepare the first full set of separate financial statements of YOOX S.p.A. as of and for the year ended December 31, 2009. Please refer to the information contained in Section 4 “Statement of compliance with IFRS and general criteria used to prepare the separate financial statements” and Section 5 “Accounting standards and measurement criteria” in the notes to the aforementioned IFRS separate financial statements at December 31, 2009. Please refer to the section below for information on the decisions taken with regard to the main optional exemptions allowed under IFRS 1 in the event of first-time adoption of IFRS.

3. Decisions taken with regard to the main optional exemptions allowed under IFRS 1

IFRS 1 requires a retrospective approach to be taken to the first set of financial statements prepared under IFRS (“the opening financial statements must be prepared as though they have always been prepared in accordance with the principles and interpretations in force in the year of first adoption”).

With reference to the preparation of the opening statement of financial position, notwithstanding the exemptions listed below, YOOX S.p.A. has:

- reported all the assets and liabilities that must be entered under IFRS
- not reported as assets or liabilities those items for which this is not permitted under IFRS
- reclassified certain items in accordance with the requirements of IFRS
- applied IFRS in measuring all the assets and liabilities reported

On first-time adoption, YOOX S.p.A. has made certain choices regarding the optional exemptions for preparing the opening financial statements (January 1, 2008) allowed under IFRS 1.

Specifically, the main optional exemptions relate to:

Actuarial valuation of employee benefits

Under IFRS, it is possible to charge actuarial gains and losses deriving from the valuation of defined benefit plans to the income statement using a “corridor” approach (i.e. when the cumulative gains or losses exceed 10% of the present value of the defined benefit obligation or the fair value of any plan assets, whichever is larger). Even though this possibility exists, on first-time adoption it is possible to recognise all actuarial gains and losses as liabilities. YOOX S.p.A. made use of this option to recognise a liability for employee benefits in line with actuarial assessments at the transition date, only applying the “corridor” approach from January 1, 2008 onwards. Actuarial gains and losses were therefore recognised in full with a matching entry in equity at the date of transition.

Stock options

During the transition to IFRS, it is possible to apply IFRS 2 to stock options granted before November 7, 2002. It is also possible to apply IFRS 2 to stock options granted after November 7, 2002 and vested before the date of transition to IFRS or January 1, 2005, whichever is later, on condition that the fair value of the stock options was disclosed publicly.

Accounting for property, plant and equipment and intangible assets

During the transition to IFRS, the process of determining the cost of property, plant and equipment and intangible assets can be performed by replacing, as of January 1, 2008, the historical cost with the fair value as deemed cost or a revalued amount, if at the date of revaluation this was representative of the fair value or amortised cost. YOOX S.p.A. recognised the assets at historical cost.

4. Effects of the transition to IFRS on the statement of financial position as of January 1, 2008

The table below shows the adjustments made to the consolidated statement of financial position as of January 1, 2008 as a result of the adoption of IFRS.

RECONCILIATION BETWEEN ITALIAN GAAP AND IFRS at January 1, 2008 *Amounts in €/000*	*Italian GAAP Jan. 1, 2008*	Reclassification of withholding tax *Reclassifications Jan. 1, 2008*	Leasehold improvements *Reclassifications Jan. 1, 2008*	Tax liabilities *Reclassifications Jan. 1, 2008*	Tax assets *Reclassifications Jan. 1, 2008*	Provisions for risks and disputes *Reclassifications Jan. 1, 2008*	Other provisions *Adjustments Jan. 1, 2008*	Stock option *Adjustments Jan. 1, 2008*	Derivatives *Adjustments Jan. 1, 2008*	Due to Inps for post-employment benefits *Reclassifications Jan. 1, 2008*	Post-employment benefits *Adjustments Jan. 1, 2008*	*IFRS Jan. 1, 2008*
Non current assets												
Property, plant and equipment	2,546		206									2,752
Intangible assets with finite useful life	1,571		(206)									1,365
Investments in subsidiaries	447											447
Deferred tax assets	1,314											1,314
Other non-current financial assets	230											230
Total non-current assets	6,108	-	-	-	-	-	-	-	-	-	-	6,108
Current assets												
Inventory	25,847											25,847
Trade receivables	5,377											5,377
Tax assets	1,595	(13)			(1,582)							-
Other receivables, other current financial assets	1,199				1,582				28			2,809
Cash and cash equivalents	2,867								-			2,867
Total current assets	36,885	(13)	-	-	-	-	-	-	28	-	-	36,900
Total assets	42,993	(13)	-	-	-	-	-	-	28	-	-	43,008
Equity												
Share capital	400											400
Share premium reserve	22,561											22,561
Legal reserve	23	-										23
Reserve for net translation differences	-	-										-
Other reserves	-							1,276	12			1,288
Retained earnings or losses carried forward	(9,956)	-					(309)	(1,276)	9		55	(11,477)
Profit for the year												-
Total equity	13,028	-	-	-	-	-	(309)	-	21	-	55	12,795
Non-current liabilities												
Financial liabilities	141											141
Employee benefits	366									17	(82)	301
Provisions for risks and charges	94					(64)	309					339
Deferred tax liabilities	-								7		27	34
Total non-current liabilities	601	-	-	-	-	(64)	309	-	7	17	(55)	815
Bank loans and other current financial liabilities	12,847											12,847
Provisions for risks and charges	-					64						64
Trade payables	12,153											12,153
Tax liabilities	1,563	(13)		(1,449)								101
Other payables	2,801			1,449					-	(17)		4,233
Total current liabilities	29,365	(13)	-	-	-	64	-	-	-	(17)	-	29,399
Total equity and liabilities	42,993	(13)	-	-	-	-	-	-	28	-	-	43,008

5. Effects of the transition to IFRS on the statement of financial position as of December 31, 2008 and on the income statement for 2008

The table below shows the adjustments made to the statement of financial position as of December 31, 2008 and to the income statement for 2008 as a result of the adoption of IFRS.

RECONCILIATION BETWEEN ITALIAN GAAP AND IFRS at Dec. 31, 2008 *Amounts in €/000*	*Italian GAAP Dec. 31, 2008*	Reclassification of withholding tax *Reclassifications*	Leasehold improvements *Reclassifications Dec. 31, 2008*	Tax liabilities *Reclassifications Dec. 31, 2008*	Tax assets *Reclassifications Dec. 31, 2008*	Provisions for risks and disputes *Reclassifications Dec. 31, 2008*	Other provisions *Adjustments Dec. 31, 2008*	Stock option *Adjustments Dec. 31, 2008*	Derivatives *Adjustments Dec. 31, 2008*	Due to Inps for post-employment benefits *Reclassifications Dec. 31, 2008*	Post-employment benefits *Adjustments Dec. 31, 2008*	*IFRS Dec. 31, 2008*
Non current assets												
Property, plant and equipment	2,614			779								3,393
Intangible assets with finite useful life	3,352			(779)							(293)	2,281
Investments in subsidiaries	447											447
Deferred tax assets	1,110	-							-	18	5	1,133
Other non-current financial assets	363											363
Total non-current assets	7,887	-	-	-	-	-	-	-	-	18	(288)	7,617
Current assets												
Inventory	34,382	-										34,382
Trade receivables	8,311	-										8,311
Tax assets	2,497	-	(27)		(2,470)							-
Other receivables, other current financial assets	1,585	28			2,470					33		4,115
Cash and cash equivalents	6,772	-								-		6,772
Total current assets	53,547	28	(27)	-	-	-	-	-	-	33	-	53,580
Total assets	61,434	28	(27)	-	-	-	-	-	-	51	(288)	61,197
Equity												
Share capital	401	-										401
Share premium reserve	22,666	-										22,666
Legal reserve	23	-	-									23
Reserve for net translation differences	-	-	-									-
Other reserves	-	1,288						1,302		1		2,591
Retained earnings or losses carried forward	(9,958)	(1,521)	-									(11,479)
Profit for the year	3,403	-						(1,302)	(5)	(19)	(12)	2,065
Total equity												
Equity	16,535	(233)	-	-	-	-	-	-	(5)	(18)	(12)	16,267
Non-current liabilities												
Financial liabilities	18,916	-									(181)	18,735
Employee benefits	348	(82)							8			274
Provisions for risks and charges	159	309					(196)					272
Deferred tax liabilities	7	34							(3)	11		49
Total non-current liabilities	19,430	261	-	-	-	-	(196)	-	5	11	(181)	19,330
Bank loans and other current financial liabilities	4,180	-									(95)	4,085
Provisions for risks and charges	-	-					196					196
Trade payables	15,031	-										15,031
Tax liabilities	2,596	-	(27)			(2,319)						250
Other payables	3,661	-				2,319				58		6,038
Total current liabilities	25,468	-	(27)	-	-	-	196	-	-	58	(95)	25,600
Total equity and liabilities	61,434	28	(27)	-	-	-	-	-	(0)	51	(288)	61,197

RECONCILIANTION BETWEEN ITALIAN GAAP AND IFRS Dec. 31, 2008	*Italian GAAP*	*Funding*	*Stock Option*	*Post-employment benefits*	*Derivatives*	*IFRS*
Amounts in €/000	*Dec. 31, 2008*	*Dec. 31, 2008*	*Dec. 31, 2008*	*Dec. 31, 2008*	*Dec. 31, 2008*	*Dec. 31, 2008*
Net revenues	89,432	-	-	-	(9)	89,423
Cost of goods sold	(57,203)	-	-	-	-	(57,203)
Fulfilment costs	(10,584)	-	(132)	0	-	(10,716)
Sales and marketing costs	(7,018)	-	(348)	5	-	(7,361)
General expenses	(8,330)	32	(822)	4	-	(9,116)
Other expenses	(643)	-	-	-	-	(643)
Non-recurring items	(170)	-	-	-	-	(170)
Operating profit	5,485	32	(1,302)	9	(9)	4,214
Financial income	540	-	-	-	3	543
Financial expenses	(1,867)	(49)	-	(16)	(21)	(1,953)
Profit before tax	4,158	(17)	(1,302)	(7)	(27)	2,804
Tax	(754)	5		2	8	(739)
Profit for the year	3,403	(12)	(1,302)	(5)	(19)	2,065

6. Summary of the effects of the transition to IFRS on equity as of January 1, 2008 and on equity as of December 31, 2008 and profit/(loss) for the year then ended

The table below and the related notes show a summary of the effects on equity as of January 1, 2008 and on equity as of December 31, 2008 and profit/(loss) for the year then ended as a result of the adoption of IFRS.

		Net equity	*Net equity*	*Net profit*
		Jan. 1, 2008	*Dec. 31, 2008*	*2008*
	Notes	*€/000*	*€/000*	*€/000*
Accounting balances of separate financial statements under Italian GAAP		13,028	16,535	3,403
Employee benefits	a)	55	50	(5)
Valuation of stock options	b)	-	-	(1.302)
Measurement and recognition of derivatives and related underlyings	c)	21	3	(19)
Recognition of amortised cost of funding	d)	-	(12)	(12)
Other provisions for probable liabilities	e)	(309)	(309)	-
Total adjustments and reclassifications for IFRS adoption		*(233)*	*(268)*	*(1.338)*
Accounting balances of separate financial statements under IFRS		**12,795**	**16,267**	**2,065**

The effects shown in the attached reconciliation of equity are reported net of any related fiscal effects, where relevant.

Description of the main items requiring reconciliation between Italian GAAP and IFRS

The notes below describe the main adjustments made to the separate financial statements of YOOX S.p.A., prepared under Italian GAAP, on the transition to IFRS. The letter at the start of each paragraph refers to the reconciliation tables presented above.

a) IAS 19 – Employee Benefits

This comprises the post-employment benefits (TFR) that were accounted for under specific regulations in Italian law. On adoption of IFRS, post-employment benefits are deemed to be a defined benefit obligation that must be recognised in accordance with IAS 19. Accordingly, the liability must be recalculated using the "projected unit credit method", which involves estimating the amount that will be payable to employees upon termination of employment for whatever reason (the timing of this event must also be estimated) and discounting that amount. The estimate was made by an independent actuary. At December 31, 2008, post-employment benefits were reduced by Euro 74 thousand (Euro 65 thousand as of January 1, 2008) and equity was increased by Euro 50 thousand, net of the related tax effect (Euro 55 thousand as of January 1, 2008). Personnel expenses reported in the income statement for 2008 were Euro 9 thousand lower, while financial charges were Euro 16 thousand higher in relation to the indexation of the liability. The net loss for 2008 was therefore Euro 5 thousand, after deducting the related positive tax effect of Euro 2 thousand.

b) IFRS 2 – Share-based Payment

Under Italian GAAP, no costs are charged to the income statement in relation to remuneration paid in the form of shares.

Pursuant to IFRS 2, the total fair value of the stock options at the grant date must be recognised at cost. The cost of remuneration corresponding to the fair value of the stock options, determined as above, is charged to personnel expenses over the period between the grant date and the vesting date, with a matching entry directly in equity.

At January 1, 2008, the fair value of the stock options, equal to Euro 1,276 thousand, was reclassified from retained earnings or losses carried forward to the stock option reserves (included in other reserves). The income statement for the year ended December 31, 2008 includes additional personnel expenses and directors' fees totalling Euro 1,302 thousand. No deferred taxes have been calculated as this is a permanent difference.

c) IAS 39 – Derivative Financial Instruments

Italian GAAP requires the measurement of derivative instruments to be consistent with the measurement of the hedged assets and liabilities and the recognition of the related income and expense to be performed on an accruals basis. The procedure for hedging currency risk adopted by YOOX S.p.A. therefore requires that derivative instruments be recognised in accordance with Italian Accounting Standard 26. With the application of IAS 39, in relation to the definition of hedging strategies, these transactions must meet predetermined requirements in order to be considered hedges and eligible for the application of hedge accounting rules. Other transactions, despite being arranged with the intention of managing risk (since Group policy does not allow speculative transactions), must be classified as "for trading".

Financial instruments designated as hedging instruments

Under Italian GAAP, the measurement of instruments must be consistent with the hedged underlyings, and the related income and expense are recognised in the income statement on an accruals basis. Under IFRS, the gain or loss from a cash flow hedge that is deemed to be effective must be recognised directly in equity in each reporting period and added to the carrying amount of the hedged item at the time when the transaction takes place. The gain or loss on any ineffective portion of the hedge must be posted directly to the income statement. As a result, there is a difference in equity between Italian GAAP and IFRS with regard to the effective portion of these hedging instruments.

Financial instruments not designated as hedging instruments

Under Italian GAAP, these instruments are measured using the same measurement criteria applied to the corresponding reported assets and liabilities. Therefore, with the exception of exchange rate

transactions, any negative differential with respect to the contract value is charged to the income statement on a prudent basis, while positive differentials are recognised at the moment when they are realised. Under IAS 39, the positive differential must also be recognised. As regards exchange rate transactions, on the other hand, the treatment of short-term transactions under Italian GAAP is consistent with IAS 39.

The opening equity as of January 1, 2008 was adjusted by Euro 21 thousand in relation to the recognition of derivative financial instruments.

Equity as of December 31, 2008 decreased by Euro 3 thousand, net of the related tax effect; the income statement for the year ended December 31, 2008 was adjusted by financial charges of Euro 21 thousand, financial income of Euro 3 thousand and a reduction in revenue from sales of Euro 9 thousand. The related tax effect was Euro 8 thousand.

d) Recognition of financial liabilities at amortised cost

Financial liabilities were initially recognised at their fair value, net of ancillary charges, and following the initial recognition are measured at amortised cost using the effective interest method. The difference between the amortised cost and the repayment amount was posted to the income statement according to the duration of the liabilities based on interest accrued.

The effect of this approach in relation to a non-current loan arranged in 2008 was the recognition of additional financial charges of Euro 49 thousand, the elimination of amortisation charges on intangible assets totalling Euro 32 thousand and the positive tax effect of Euro 5 thousand.

e) Other provisions for probable liabilities

This item includes provisions for risks in relation to probable liabilities that were known at the transition date, since these must be recognised under IAS 37.

7. Classification of items in the statement of financial position and income statement formats adopted pursuant to IAS 1 and the balance sheet and income statement items specified in arts. 2424 and 2425 of the Italian Civil Code

The tables presented earlier reconcile the statement of financial position and income statement in accordance with the requirements of IFRS 1. The formats adopted by YOOX S.p.A. in accordance with the requirements of IAS 1 differ from the formats required under arts. 2424 and 2425 of the Italian Civil Code. For the sake of clarity and simplicity, the balance sheet and income statement prepared under Italian GAAP have been classified in the formats adopted for the purpose of reporting under IFRS. In order to explain how the balances prepared under Italian GAAP have been classified in the formats adopted for the purpose of reporting under IFRS, the notes below describe how the balance sheet and income statement items specified under arts. 2424 and 2425 of the Italian Civil Code and the items presented in the IFRS formats have been reconciled.

Balance sheet

Tangible fixed assets (B II) have been allocated to Property, plant and equipment.

Intangible fixed assets (B I) have been included in Intangible assets with finite useful life. The leasehold improvements of Euro 206 thousand as of January 1, 2008 and Euro 779 thousand as of December 31, 2008, relating to costs incurred for the office premises in Zola Predosa, Milan and Interporto, have been reclassified to the Property item.

The investments in subsidiaries included in Financial fixed assets (B III a) have been included in the Investments in subsidiaries item.

Amounts due from others included in Financial fixed assets (B III 2) have been classified in the Other non-current financial assets item.

Inventories (C I) correspond to the Inventories item.

Trade receivables contains both Amounts due from customers (C II 1) and Amounts due from subsidiaries (C II 2).

Deferred tax assets (C II 4-*ter*) are classified in the Deferred tax assets item.

Tax receivables only comprise tax receivables for advances to tax authorities included in the Tax receivables item (C II 4-*bis*).

Other current assets include Amounts due from others (C II 5), other Tax receivables (C II 4-*bis*) and Payments and accrued income (D). VAT and withholding tax credits have also been reclassified to this item, totalling Euro 1,582 thousand as of January 1, 2008 and Euro 2,470 thousand as of December 31, 2008.

Liquid funds (C IV) are included in the Cash and cash equivalents item.

Non-current financial payables include Amounts due to banks after one year (D 4).

The Employees' leaving entitlement (C) is allocated to the Employee benefits item.

Provisions for current risks and charges include other provisions (B 3). As of January 1, 2008, Euro 64 thousand was reclassified from the Provisions for non-current risks and charges to the current portion, with the figure totalling Euro 196 thousand as of December 31, 2008.

Trade payables include Amounts due to suppliers (D 7) and Amounts due to subsidiaries (D 9).

Tax payables only comprise the current taxes due to the tax authorities included in the Tax payables item (D 12).

Other payables include Other payables (D 14), Amounts due to social security institutions (D 13), Accrued expenses and deferred income (E) and any remaining tax payables (D 12) not included in the Tax payables item. Tax payables reclassified to this item amounted to Euro 1,449 thousand as of January 1, 2008 and Euro 2,319 thousand as of December 31, 2008.

Share capital (A I) corresponds to the Share capital item.

The Share premium (A II) is contained in the Share premium reserve item. The Retained earnings (losses carried forward) (A VIII) are included in the Retained earnings (losses carried forward) item. The Legal reserve (A IV) and Other reserves (A VII) are contained in the Other reserves item. The profit/loss for the year attributable to the Group (A IX) is included in Group profit/(loss) for the period.

Income statement

The IFRS income statement is classified by function, rather than by nature as specified in art. 2425 of the Italian Civil Code. Classification by nature involves the allocation of income and expense to income statement items with reference to the cost centre structure adopted by the Company, i.e. based on the operating logic used to define the centres of responsibility. In particular, changes in inventories (of raw materials, consumables and supplies – B 11) have been allocated to the cost of goods sold, and other revenues and income have been allocated to the Revenue item if operational; otherwise, in the case of compensation, they have been deducted from the charges made to the cost centres from which they originate, as required under IAS 1 to reflect the substance of transactions. Similarly, all the costs under item B (Production costs) have been allocated to the cost of goods sold, fulfilment costs, sales and marketing costs and general and administrative costs, depending on the cost centres from which they originate. Financial income and expense have been allocated to the corresponding item in the IFRS income statement, and non-recurring income and expense have been reclassified to the relevant cost (or revenue) items, depending on the cost centres from which they originate.

8. Effects of the transition on the cash flow statement

In its financial statements prepared under Italian GAAP, YOOX S.p.A. presented a cash flow statement prepared using the basic format set out under IAS 7 (indirect method) that distinguishes between cash flows generated from operating, investingand financing activities.

In order to simplify the preparation of this document, not all the provisions of IAS 7 were adopted, as there is no specific requirement in relation to this under Italian GAAP. However, the representation of cash flows generated by operating, investing and financing activities required under IAS 7 does not differ significantly from the representation adopted for the purposes of applying Italian GAAP.

CERTIFICATION OF ANNUAL FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB REGULATION 1197 OF MAY 14, 1999 AS AMENDED

The undersigned, Federico Marchetti, as Chief Executive Officer, and Paolo Fietta, as Director in charge of preparing corporate accounting documents of YOOX S.p.A. hereby certify, with due regard for the provisions of Article 154-bis(3 and 4) of Legislative Decree No. 58 of February 24, 1998:

- the adequacy, with respect to the Company's characteristics and
- the actual application

of administrative and accounting procedures for the preparation of the separate? financial statements during 2009.

They further certify that:

the separate financial statements:

- were prepared in accordance with International Financial Reporting Standards endorsed by the European Union pursuant to EC Parliament and Council Regulation No. 1606/2002 of July 19, 2002;
- correspond to entries made in accounting ledgers and records;
- are suitable for providing a true and fair view of the financial position and results of operations of the issuer;

the Directors' report contains a reliable analysis of operating performance and results and of the position of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Chief Executive Officer

Federico Marchetti

Director in charge of preparing corporate accounting documents

Paolo Fietta

REPORT OF THE AUDITORS

KPMG S.p.A.
Revisione e organizzazione contabile
Via Andrea Costa, 160
40134 BOLOGNA BO

Telefono +39 051 4392511
Telefax +39 051 4392599
e-mail it-fmauditaly@kpmg.it

(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with article 156 of Legislative decree no. 58 of 24 February 1998

To the shareholders of
YOOX S.p.A.

1 We have audited the separate financial statements of YOOX S.p.A. as at and for the year ended 31 December 2009, comprising the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit. These are the first set of separate financial statements prepared in accordance with the International Financial Reporting Standards endorsed by the European Union.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

The separate financial statements present the prior year corresponding figures for comparative purposes prepared using consistent accounting policies. Reference should be made to the report dated 13 March 2009 for our opinion on the separate financial statements of YOOX S.p.A. prepared in accordance with relevant legislation, from which the corresponding figures have been derived. Furthermore, the Annex to the separate financial statements discloses the effects of the adoption of the International Financial Reporting Standards endorsed by the European Union and includes the disclosures on the IFRS reconciliation schedules required by IFRS 1. We have examined the disclosure provided in the Annex for the purposes of expressing an opinion on the separate financial statements at 31 December 2009.

3 In our opinion, the separate financial statements of YOOX S.p.A. as at and for the year ended 31 December 2009 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of

KPMG S.p.A., an Italian limited liability share capital company and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Milano Ancona Aosta Bari
Bergamo Bologna Bolzano Brescia
Cagliari Catania Como Firenze
Genova Lecce Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Udine Varese Verona

Società per azioni
Capitale sociale
Euro 7.470.300,00 i.v.
Registro Imprese Milano e
Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Part. IVA 00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI

KPMG

YOOX S.p.A.
Report of the auditors
31 December 2009

Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of YOOX S.p.A. as at 31 December 2009, the results of its operations and its cash flows for the year then ended.

4 The directors of YOOX S.p.A. are responsible for the preparation of a directors' report on the financial statements and a report on the corporate governance and shareholding structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the report on the corporate governance and shareholding structure are consistent with the separate financial statements of YOOX S.p.A. as at and for the year ended 31 December 2009.

Bologna, 12 March 2010

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit

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BOARD OF STATUTORY AUDITORS' REPORT

YOOX S.p.A.

Registered office: 1, Via Nannetti, 40069 Zola Predosa (BO), Italy

Tax code and Bologna Company Register no. 02050461207

Share capital: Euro 509,679.56, fully paid-up

http://www.yooxgroup.com

Report of the Board of Statutory Auditors to the Shareholders' Meeting
Annual Financial Statements to December 31, 2009 – Consolidated Financial Statements to December 31, 2009
(pursuant to article 153 of Legislative Decree 58/1998 and article 2429 of the Italian Civil Code)

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To the shareholders of YOOX S.p.A. (the "Company")

Dear shareholders,

We have carried out our supervisory duties pursuant to the laws and regulations currently in force, in accordance with the standards of conduct recommended by the Consigli Nazionali dei Dottori e dei Ragionieri Commercialisti (National Councils of Certified Public Accountants) and pursuant to article 149 of Legislative Decree 58/1998 (consolidated finance law - TUF). We are therefore able to make this report in accordance with article 153 of the TUF and article 2429 of the Civil Code, with regard to CONSOB communications.

The task of auditing the financial statements was assigned to external auditors KPMG S.p.A.; we refer you to its report.

Regarding the Company's compliance with the Code of Conduct of listed companies prepared by Borsa Italiana S.p.A., please see the Annual Report on Corporate Governance in the relevant section of the financial statements.

The board of directors comprises seven members, including two independent directors. The board of statutory auditors has verified that the criteria and procedures adopted by the board of directors to assess the independence of these directors were correctly implemented.

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During the year, 11 meetings of the board of directors were held, which we attended. The meetings were conducted in accordance with the statutory, legal and regulatory standards governing their operation. During the meetings, the directors provided information on general operating performance and on its outlook, in accordance with Company rules on corporate governance. The directors also supplied information on business activity carried out and transactions with a significant effect on the income statement, balance sheet and financial situation of the Company and/or its subsidiaries.

We had regular meetings and exchanges of data and information with representatives of the external auditors; no matters arose in the course of these encounters requiring mention in this report.

We monitored observance of the law and of the articles of incorporation, and we have no particular observations to report in this regard.

We monitored compliance with managerial best practice; the decisions made and implemented by the board of directors appear to be in full compliance with the law and the bylaws, do not conflict with resolutions passed by the shareholders' meeting or present any conflict of interests and are based on managerial best practice. The directors report on transactions with a significant effect on the Company's income statement, balance sheet and financial position for the year in the Report on Operations.

Within our mandate, we gathered data and information from the heads of each company department and monitored the adequacy of (i) the management and accounting system in place in terms of its faithful and reliable representation of operating performance, and (ii) the Company's organizational structure. We believe these structures to be appropriate in view of the characteristics of the Company and the business it undertakes.

With regard to the independence criteria set out in the Code of Conduct for each member of the board of statutory auditors, we can certify that none of the members holds or has recently held, directly or indirectly, any relationship with the Company or individuals connected to the Company that could influence the impartiality of his/her judgment.

We monitored the adequacy of the internal control system by gathering information from the respective heads of department and from the external auditors. We also examined company documentation and verified procedural compliance. We believe the internal control system, which is continually updated, to be fully adequate and functional.

We examined the instructions given by the Company to its subsidiaries pursuant to article 114, paragraph 2 of the TUF, which appear to be adequate. We also looked at whether company organization and procedures are appropriate in terms of providing the Company with regular information on the income statements, balance sheets and financial situations of its subsidiaries.

We obtained and examined information on organizational and procedural activities established pursuant to Legislative Decree 231/01 relating to the administrative responsibility of bodies for offences set out in this legislation and subsequent additions and amendments. The Supervisory Body set up on September 8, 2009 reported on activity that took place in 2009. No censurable circumstances or specific violation of the model were reported, and the board of directors was

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asked to focus on the opportunity to make certain updates, and the need to reflect the new categories of offence introduced by law in 2009 and bring the model into line with the most recent legislation in this area.

We monitored application of the Code of Conduct as it applies to internal dealing and the related obligations of "significant" individuals in transactions involving financial instruments issued by the Company. We also monitored the maintenance of the "Register of persons with access to confidential information", pursuant to article 115-*bis* of the TUF. We have no particular observations to report in this regard.

During the year we issued the opinions requested of the board of statutory auditors, as required by law.

No reports were made under article 2408 of the Civil Code, nor were any such reports made on behalf of third parties.

In the course of our monitoring activity as described above, no events came to light significant enough to require mention in this report.

The financial statements to December 31, 2009, submitted for your approval, closed with a profit of Euro 2,753 million, while the consolidated financial statements show profit attributable to the Group of Euro 4,098 million.

The external auditors issued reports on the annual financial statements and the consolidated financial statements on March 12 this year. These do not contain observations on disclosure or requests for information.

We received information from the Company regarding the time dedicated to the auditing of the annual financial statements and consolidated financial statements to December 31, 2009 and the total amounts invoiced for this task, as well as for the limited auditing of the half-yearly accounts and the monitoring of regular upkeep of the books. Regarding notification of considerations for the provision of various auditing services, see the information provided by the Company in the annexes to the annual financial statements and the consolidated financial statements to December 31, 2009, in accordance with article 149 – *duodecies* of the Issuer Regulation. We verified the independence of the external auditors, including in respect of criterion 10.C.5 of the Code of Conduct drawn up by the Corporate Governance Committee for Listed Companies, with which the Company complies.

We monitored the overall method used to prepare the annual financial statements and the consolidated financial statements, and their compliance with standards governing form and structure. We also verified that these statements correspond to the facts and information that we obtained in performing our duties. We have no particular observations to make in this regard.

In the "Risk factors" section of the Report on Operations, the directors describe the main risks and uncertainties to which the Company is exposed, identifying both operational and financial risks (foreign exchange, country, interest rate, price, credit and liquidity) as well as general risks.

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The directors state that relationships between the Company, Group companies and/or related parties cannot be classed as atypical or unusual, that they form part of the ordinary course of business and that they were carried out under market conditions. We believe the information provided in the explanatory notes to the financial statements with regard to this reporting of the interchange of goods and services to be adequate.

It should also be noted that the Company has prepared a Sustainability Report, which is subject to limited auditing by KPMG S.p.A..

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In light of all the points described and indicated above, we consider that the Report on Operations contains appropriate information on business operations conducted during the year, and we agree with the proposal made by the board of directors with regard to the allocation of profit for the year.

Milan, April 1, 2010

The Board of Statutory Auditors

Filippo Tonolo

Luca Sifo

David Reali

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ANNEX TO THE REPORT OF THE STATUTORY AUDITORS OF YOOX S.P.A. PURSUANT TO ARTICLE 153 OF THE TUF – LIST OF POSITIONS HELD AT THE COMPANIES AS DESCRIBED IN BOOK V, CHAPTERS V, VI AND VII OF THE CIVIL CODE, AT THE DATE OF PUBLICATION OF THE REPORT (ART. 144-*QUINQUIESDECIES*, CONSOB REGULATION 11971/99)

Filippo TONOLO, Chairman of the Board of Statutory Auditors				
progr.	Name of company	Position	End of mandate or other reasons for cessation	Notes
1	YOOX S.p.A.	Chairman of Board of Statutory Auditors	approval of financial statements to 31/12/2011	Issuing company
2	FULLSIX S.p.A.	Standing Auditor	approval of financial statements to 31/12/2010	Issuing company - outgoing
3	AGAVE BLU S.r.l.	Sole director	indefinite	
4	DE JULIO & PARTNERS S.r.l.	Sole director	indefinite	
5	GINGER REAL ESTATE S.r.l.	Sole director	indefinite	
6	PORTO LE FORNACI S.r.l.	Sole director	indefinite	
7	RUBINO S.p.A.	Sole director	approval of financial statements to 31/12/2011	
8	S.I.P. S.r.l.	Sole director	indefinite	
9	SAN GALILEO S.r.l.	Sole director	indefinite	
10	TUONO S.r.l.	Sole director	indefinite	
11	BANKNORD SIM S.p.A.	Director	approval of financial statements to 31/12/2010	
12	BIZMATICA SISTEMI S.p.A.	Director	approval of financial statements to 31/12/2010	
13	PE PARTNERS S.r.l.	Director	indefinite	
14	VITTORIA HOLDING S.r.l.	Director	indefinite	
15	GRUPPO MEG S.r.l	Managing Director	indefinite	
16	DE TOMASO AUTOMOBILI S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 30/06/2010	
17	ES WARD IN BERLIN GERBIN S.r.l.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/12/2010	
18	NEW EUROPEAN TECHNOLOGY S.r.l.	Chairman of the Board of Statutory Auditors	approval of financial statements to 30/06/2011	
19	SICOMAT S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/12/2010	
20	ALTARAG S.r.l.	Standing Auditor	approval of financial statements to 31/12/2009	
21	ALTAREA ITALIA S.r.l.	Standing Auditor	approval of financial statements to 31/12/2011	
22	AURELIA TRADING S.r.l.	Standing Auditor	approval of financial statements to 31/12/2011	
23	ECOFIN DI E. COCINI & C. SAPA	Standing Auditor	approval of financial statements to 31/12/2011	
24	EDITORIALE OLIMPIA S.p.A.	Standing Auditor	approval of financial statements to 31/12/2011	
25	FENICIA S.p.A.	Standing Auditor	approval of financial statements to 31/12/2011	
26	FREE SIM S.p.A.	Standing Auditor	approval of financial statements to 31/12/2011	
27	HUMPTY DUMPTY S.p.A.	Standing Auditor	approval of financial statements to 31/12/2011	
28	INTERNATIONAL SOUND S.p.A., in liquidation	Standing Auditor	approval of financial statements to 31/12/2011	
29	MCA & PARTNERS S.r.l.	Standing Auditor	approval of financial statements to 31/12/2011	
30	MEETINGLAB S.p.A., in liquidation	Standing Auditor	approval of financial statements to 31/12/2010	
31	P.G.C. S.r.l.	Standing Auditor	approval of financial statements to 31/12/2010	
32	PRINK S.r.l.	Standing Auditor	approval of financial statements to 31/12/2010	
33	RMI SGR S.p.A.	Standing Auditor	approval of financial statements to 31/12/2011	
34	TERASHOP S.p.A.	Standing Auditor	approval of financial statements to 31/12/2011	
35	TERMOFESINE S.p.A.	Standing Auditor	approval of financial statements to 31/12/2009	
36	USO S.r.l.	Standing Auditor	approval of financial statements to 31/12/2009	
	Total number of positions held: 36			
	Number of positions held in issuers: 2			

Luca SIFO, Standing Auditor				
progr.	Name of company	Position	End of mandate or other reasons for cessation	Notes
1	YOOX S.p.A.	Standing Auditor	approval of financial statements to 31/12/2011	Issuing company
2	IMMOBILIARE GIEFFEPI S.r.l.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/12/2011	
3	C.A.M.I. S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/12/2011	
4	F. CEREDI S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/12/2011	
5	ICE S.p.A.	Standing Auditor	approval of financial statements to 31/12/2011	
6	PENTA S.p.A.	Standing Auditor	approval of financial statements to 30/06/2010	
7	STRASS & STRASS S.r.l.	Standing Auditor	approval of financial statements to 31/12/2009	
8	ALLIBITO S.r.l.	Chief Executive Officer	indefinite	
	Total number of positions held: 8			
	Number of positions held in issuers: 1			

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David REALI, Standing Auditor				
progr.	Name of company	Position	End of mandate or other reasons for cessation	Notes
1	CONDUTIX COMES S.r.l.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/12/2009	
2	ARGOS SODITIC ITALIA S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/12/2011	
3	CARAVAGGIO INVESTIMENTI S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/12/2010	
4	TIZIANO INVESTIMENTI S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/12/2010	
5	CANALETTO INVESTIMENTI S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/12/2010	
6	GIOGIONE INVESTIMENTI S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/01/2012	
7	CARPACCIO INVESTIMENTI S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/01/2011	
8	BH HOLDING S.p.A.	Director	approval of financial statements to 31/12/2011	
9	GRUPPO COIN S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/01/2012	issuing company
10	COIN S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/01/2010	
11	OVIESSE S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/01/2010	
12	OVIESSE FRANCHISING S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/01/2010	
13	COIN FRANCHISING S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/01/2010	
14	UPIM S.r.l.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/01/2012	
15	BRAND ZERO S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/01/2011	
16	COSI Concept of Style Italy S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/01/2011	
17	DICIANNOVE GIUGNO S.p.A.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/12/2010	
18	BELLCO S.r.l.	Chairman of the Board of Statutory Auditors	approval of financial statements to 31/12/2010	
19	GTS GROUP S.p.A.	Standing Auditor	approval of financial statements to 31/12/2009	
20	YOOX S.p.A.	Standing Auditor	approval of financial statements to 31/12/2011	issuing company
21	MEC DELACHAUX S.r.l.	Standing Auditor	approval of financial statements to 31/12/2009	
22	SO.PAF. S.p.A.	Standing Auditor	approval of financial statements to 31/12/2011	issuing company
23	FINEUROP SODITIC S.p.A.	Standing Auditor	approval of financial statements to 31/12/2009	
24	AGB Nilesen Media Research S.r.l	Standing Auditor	approval of financial statements to 31/12/2009	
25	BRACCHI S.r.l.	Standing Auditor	approval of financial statements to 31/12/2011	
26	BANCA NETWORK INVESTIMENTI S.p.A.	Standing Auditor	approval of financial statements to 31/12/2009	
	Total number of positions held: 26			
	Number of positions held in issuers: 3			

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