YOOX GROUP

Consolidated interim financial statements at June 30, 2014

YOOX S.p.A.
Via Nannetti, 1 – 40069 Zola Predosa (BO)

Share capital: Euro 591,843.20 fully paid up on the date of approval of this document
P.I./C.F. and Bologna Company Register No.: 02050461207

CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2014

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MANAGEMENT AND CONTROL BODIES

BOARD OF DIRECTORS

Chairman and Chief Executive Officer
Federico Marchetti[1]

Directors
Stefano Valerio[3]
Mark Evans
Catherine Gérardin-Vautrin[3 4]
Elserino Piol[1 2]
Massimo Giaconia[1 2 3]
Raffaello Napoleone[1]

BOARD OF STATUTORY AUDITORS

Standing Auditors
Filippo Tonolo – Chairman
David Reali
Patrizia Arienti

Alternate Auditors
Edmondo Maria Granata
Salvatore Tarsia

INDEPENDENT AUDITORS

KPMG S.p.A.

SUPERVISORY BOARD DECREE-LAW 231/01

Rossella Sciolti - Chairwoman
Gerardo Diamanti[5]
Riccardo Greghi

DIRECTOR IN CHARGE OF PREPARING CORPORATE ACCOUNTING DOCUMENTS

Francesco Guidotti

INTERNAL CONTROL MANAGER

Riccardo Greghi

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1 Director in charge of the Internal Control and Risk Management System.
2 Member of the Control and Risk Committee.
3 Member of the Remuneration Committee.
4 Member of the Directors' Appointments Committee.
5 Resigned on 30 June 2014.

DIRECTORS' INTERIM REPORT

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DIRECTORS' REPORT

INTRODUCTION

The first half of 2014 showed a continued increase in sales for the Group, both in the Multi-brand and Mono-brand business lines, recording improved performances in all the main reference markets. The number of active customers, the number of unique visitors and the number of orders also all increased. For more details, please refer to the table of the key indicators below.

One of the most significant events was the Stella McCartney and Alexander McQueen online stores being extended to the Chinese market in January 2014. February 2014 saw the launch of Burberry on thecorner.com, with the Burberry Prorsum and Burberry London lines, and on shoescribe.com with Burberry Prorsum, Burberry London and Burberry Brit.
On 20 March 2014 the Missoni Home line was activated on missoni.com in all countries in which the online store is active, while on 6 May 2014, earlier than originally planned in the contract, Dsquared2 S.p.A. and YOOX S.p.A. renewed their collaboration agreement for the management of the dsquared2.com online store in Europe, the United States, Japan and China for a further 5 years.
The Brunello Cucinelli and Balenciaga online stores were extended to the Chinese market in April and May 2014, respectively.

On 15 May 2014 kartell.com "Powered by YOOX Group" was launched in Europe. The Group's creative agency designed and produced the creative concept, while at the end of June 2014 the online store of Sergio Rossi was extended to China.
On 13 June 2014 Alexander Wang Inc., the New York brand of the eponymous stylist, and YOOX S.p.A. signed an agreement for the management of the online stores of the Alexander Wang and T by Alexander Wang brands in the United States, a country in which alexanderwang.com has already launched a significantly large e-commerce business.
The existing collaboration between YOOX and Alexander Wang for Europe and Asia, which now becomes a global partnership, has also been extended until 31 December 2017. alexanderwang.com "Powered by YOOX Group" has also been operational in the United States since 1 July 2014.

As highlighted in the subsequent events, on 29 July 2014, Jeanne Lanvin S.A. and YOOX S.p.A. signed a non-binding letter of intent aimed at finalising an agreement for the global management of the Lanvin online store.
Also, still in July 2014, a long-standing Mono-brand agreement was renewed: on 24 July 2014, Jil Sander Italia S.p.A. (Onward Luxury Group) and YOOX S.p.A. renewed the global collaboration agreement for the management of jilsander.com "Powered by YOOX Group" for a further 5 years until 29 September 2019.
Lastly, three Mono-brand agreements will not be renewed when the contracts expire. In 2013 they made a total contribution of approximately 1% to the Group's net revenues. Specifically, YOOX S.p.A., in mutual agreement with the Brands, will not continue their collaboration with Coccinelle S.p.A. and Vicini S.p.A. after 30 September 2014, and Bally S.A. after 31 August 2014.

At the beginning of the year, the YOOX Group joined the Fondazione Altagamma as a partner. Since 1992 this organisation has gathered high-end Italian companies with internationally renowned brands. YOOX joining, as the first and only digital brand among the other luxury brands, bears witness to the way in which the integration dynamics between the digital world and the traditional retail channel have become increasingly more crucial to the strategies of businesses in the industry.

In line with the strategy of extending its in-season offering within the Multi-brand business line, yoox.com is launching a sunglasses range, online from the beginning of the summer, and a sportswear range, which will make its European debut in September 2014.
The introduction of these two new categories, advised by the detailed knowledge of the taste and behaviour of customers, will allow yoox.com to further expand its audience and offer devoted customers an increasingly broader selection.
Sportswear and sunglasses are united by a gradual and increasingly exciting convergence between functionality and trends, making them perfectly complementary for yoox.com customers who love fashion and style.
An enormous market (USD 255 billion in sales worldwide and an online penetration of 7% in 2013[6], as against 4.5% for luxury goods[7]), growth prospects 12% higher than clothing[8], the presence of specialist online retailers

[6] Historical and prospective data for the sportswear category published by Euromonitor "Apparel and Footwear", Euromonitor, March 2014.
[7] Source: Altagamma 2013 Worldwide Markets Monitor", Bain & Company – Altagamma Foundation, 28 October 2013.
[8] Historical and prospective data for the sportswear category published by Euromonitor "Apparel and Footwear", Euromonitor, March 2014.

mainly in performance sportswear and the absence of a multi-brand luxury e-tailer with a significant offering make sportswear fashion a great opportunity.
Equally attractive is the sunglasses market[9], worth approximately $20 billion globally in 2013, and specifically the luxury sunglasses market which, with growth prospects of 19% higher than other accessories[10], excluding footwear, is destined to drive the future growth of the entire market with online penetration still relatively low due mainly to limited distribution on the internet.

An enormous market (USD 255 billion in sales worldwide and an online penetration of 7% in 2013, as against 4% for luxury goods), growth prospects 12% higher than clothing, the presence of specialist online retailers mainly in performance sportswear and the absence of a multi-brand luxury e-tailer with a significant offering make sportswear fashion a great opportunity.
The luxury sunglasses market is equally attractive. With global sales of USD 6 billion in 2013, it shows growth prospects 19% higher than those for other accessories, excluding footwear, and a still relatively low online penetration mainly due to limited distribution on the Internet.
As soon as it is launched, the range of sportswear will already include a vast and original selection of the latest collections of the best known global sportswear brands, sought-after brands and exclusive editions by major international designers. The new area will guarantee a 360 degree shopping experience in the world of sportswear lifestyle with dedicated editorial contents, the possibility of browsing the catalogue not only by brand and category, but also by type of sporting activity.
At its online debut, in June, the sunglasses area already displayed a quality selection of major brands, to which new ones will constantly be added.
Always with the goal of enhancing the offering of yoox.com with new categories and boosting the existing and most successful ones, the area on the website dedicated to Pop up Stores has been developed and made more prominent. They are “shops-in-shops” which offer lifestyle brands exposure to high traffic and a global e-commerce solution that is extremely customised in rapid time and with limited investment thanks to the powerful platform and the large number of visitors to yoox.com.

Multi-brand business line

The Group’s Multi-brand operation breaks down into three online stores owned by the Company:

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

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

(iii) shoescribe.com, launched in March 2012.

The Group has based growth on yoox.com, and on the technological, operational and commercial expertise it has acquired over the years, it has subsequently developed the Mono-brand business line, thecorner.com and from the first quarter of 2012, shoescribe.com.

As an online store, **yoox.com** has been operational since June 2000, and offers a vast array of fashion, design and art products. The majority of products offered on yoox.com include clothing, footwear and fashion accessories drawn from the collections of well-known brands for the corresponding season of the previous year at discounted prices. To complete its select offerings, yoox.com also offers exclusive collections (made exclusively for sale through yoox.com) from major designers, eco-friendly fashion items and vintage garments, together with special editions from fashionable designers and an original selection of design objects.

thecorner.com is a luxury online boutique launched in February 2008, for the sale of current season collections, which range from the most prestigious well-known brands to cutting-edge designers, many of whom are making their online debut. The products sold on thecorner.com carry prices in line with those found in the traditional channel for the same clothing and accessories.
At its start, thecorner.com offered men’s clothing only, and in September 2009 it launched a women’s collection.
thecorner.com is a virtual space containing mini-shops dedicated to each brand, designed to recreate the style, atmosphere and world of ideas evoked by the brand. Customers can browse for clothes, shoes and accessories while immersed in exclusive multimedia content and images from advertising campaigns and fashion shows.

[9] Historical and prospective data for the sunglasses category published by Euromonitor “Apparel and Footwear”, Euromonitor, March 2014.
[10] Other accessories excluding footwear includes apparel accessories, designer clothing accessories, luxury accessories, luxury small leather goods, luxury bags, other luxury accessories. Processing based on the prospective data published by Euromonitor: “Apparel and Footwear”, Euromonitor, March 2014 (for the apparel accessories category); “Luxury Goods”, Euromonitor, September 2013 (for the remaining categories).

shoescribe.com is a multi-brand online store launched in March 2012 devoted entirely to women's footwear. shoescribe.com offers a unique all-round shopping experience in the world of shoes, ranging from the editorial component to the care of shoes after purchase. The concept of the store is actually based on the combination of three key elements: e-commerce, exclusive shoe-related services and editorial content. The range consists of an original and very carefully chosen selection from big names to recherché brands, as well as a selection of products inspired by shoes. For those who are passionate about shoes, shoescribe.com offers several services with added value, including a system for organising your shoes in your wardrobe, which comes with every package, and a network of trusted shoemakers for repairs. In addition, via an annual subscription, "shoescribers" can access the most exclusive services, ranging from complimentary shoe repair to free shipping throughout the year.

In the first half of 2014, the Multi-brand business line generated a monthly average of about 7.5 million unique visitors[11].

The Group has designed and promoted web campaigns courtesy of which the Multi-brand business line has reached a figure in the first half of 2014 of approximately 40,000 websites in more than 50 countries; about 196 million newsletters were sent out to registered users translated into the languages managed by the Group.

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, which it works closely together with.

The Group offers its services as a key Strategic Partner for major fashion companies boasting internationally renowned brands. Thanks to its years of experience, the 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 the service quality offered by YOOX. The Group offers its partners consulting and web marketing investment management services, both when new online stores are launched and when they are operational.
The Group is also a partner of Kering (former PPR Group), with which it set up a joint venture dedicated to the management of the Mono-brand online stores of the various Kering luxury brands.

In the first half of 2014, the Mono-brand business line generated a monthly average of about 6.5 million unique visitors.

As at 30 June 2014, there were 38 operating online stores. Specifically:

- marni.com, the online store of the Marni brand operational since September 2006, active mainly in Europe, the US and Japan and operational in China since March 2011;
- 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, to Japan in July 2009 and China in November 2010;
- diesel.com, the online store of the Diesel, Diesel Black Gold and 55 DSL brands, operational mainly in Europe since November 2007, and in Japan since February 2011;
- 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 and the Red Valentino brands, operational since April 2008 in the US and as of March 2009 in the main European markets and Japan;
- 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 Moschino, Love Moschino and MoschinoCheapAndChic brands, active since February 2009 mainly in Europe, the US and Japan;

[11] 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.

- bally.com, the online store of the Bally brand, operational since February 2009, mainly in Europe and the US and operational in China since May 2011;
- dsquared2.com, the online store of the Dsquared2 brand, operational since September 2009, mainly in Europe, the US, Japan and China;
- jilsander.com, the online store of the Jil Sander and Jil Sander Navy brands, operational since September 2009 mainly in Europe, the US and Japan; the Jil Sander Navy brand has been extended since January 2011;
- robertocavalli.com, the online store of the Roberto Cavalli and Just Cavalli brands, operational since November 2009 mainly in Europe, the US and Japan; the Just Cavalli brand has been extended since February 2011;
- coccinelle.com, the online store of the Coccinelle brand, operational since February 2010, mainly in Europe, the US and Japan;
- giuseppezanottidesign.com, the online store of the Giuseppe Zanotti brand, operational since February 2010, mainly in Europe, the US and Japan;
- napapijri.com, the online store of the Napapijri brand, operational since March 2010, mainly in Europe and the US;
- albertaferretti.com, the online store of the Alberta Ferretti and Philosophy by Alberta Ferretti brand, active since March 2010 mainly in Europe, the US and Japan;
- maisonmarinmargiela.com, the online store of the Maison Martin Margiela brand, operational since October 2010, mainly in Europe, the US and Japan;
- zegna.com, the online store of the Ermenegildo Zegna, Zegna Sport and Z Zegna brands, operational since December 2010, mainly in Europe, the US and Japan; the extension to the Z Zegna brand took place in September 2011;
- y-3store.com, the online store of the Y3 brand, operational since March 2011, mainly in Europe, the US and Japan and, from November 2011, in China;
- brunellocucinelli.com, the online store of the Brunello Cucinelli brand, operational since March 2011, mainly in Europe, the US, Japan and China;
- bikkembergs.com, the online store of the Dirk Bikkembergs Sport Couture and Bikkembergs brands, operational since June 2011, mainly in Europe, the US and Japan;
- dolcegabbana.com, the online store of the Dolce & Gabbana brand, operational since July 2011 in Europe, the US and Japan and, from August 2011, in China;
- moncler.com, the online store of the Moncler brand, operational since September 2011, mainly in Europe and the US and in China;
- armani.com, the online store of the Giorgio Armani, Armani Collezioni, Armani Junior, EA7, Emporio Armani and Armani Jeans brands, operational since October 2011 mainly in Europe, the US, Japan and China;
- trussardi.com, the online store of the Trussardi 1911 brand operational since December 2011 mainly in Europe, the US and Japan; from October 2012 it was also extended to the Tru Trussardi and Trussardi Jeans brands;
- barbarabui.com, the online store of the Barbara Bui brand, operational since February 2012, mainly in Europe, the US and Japan;
- pringlescotland.com, the online store of the Pringle of Scotland brand, operational since March 2012, mainly in Europe, the US and Japan;
- pomellato.com, the online store of the Pomellato brand, operational since May 2012 mainly in Europe, the US and Japan;

- alexanderwang.com, the online store of the Alexander Wang and T by Alexander Wang brands, operational since May 2012 in the Asia-Pacific area countries, including China, Hong Kong, Japan and in Europe;
- missoni.com, the online store of the Missoni brand, operational since March 2013 mainly in Europe, North America and Japan;
- dodo.it, the online store of the Dodo brand, operational since May 2013 and mainly active in Europe and North America;
- kartell.com, the online store of the Kartell brand operational since May 2014 in Europe;
- sergiorossi.com, the online store of the Sergio Rossi brand managed by the joint venture between Kering and YOOX Group active since September 2012 in the main European markets, the US, Japan and China;
- bottegaveneta.com, the online store of the Bottega Veneta brand managed by the joint venture between Kering and YOOX Group launched at the end of 2012 in several European markets, the US and Japan;
- stellamccartney.com, the online store of the Stella McCartney brand, managed by the joint venture between Kering and YOOX Group launched at the end of 2012 in 100 countries including Europe, the US, Japan and China;
- alexandermcqueen.com, the online store of the Alexander McQueen brand, managed by the joint venture between Kering and YOOX Group, operational since May 2013 mainly in Europe, the US, Japan and China;
- balenciaga.com, the online store of the Balenciaga brand, managed by the joint venture between Kering and YOOX Group, operational since May 2013 mainly in Europe, the US, Japan and China;
- ysl.com, the online store of the Yves Saint Laurent brand, managed by the joint venture between Kering and YOOX Group, operational since June 2013 mainly in Europe, the US and Japan;
- brioni.com, the online store of the Saint Laurent brand, managed by the joint venture between Kering and YOOX Group, operational since November 2013 mainly in Europe and the US.

REVENUES AND PROFITABILITY

Methodology note

This Directors' Report contains information relating to the revenues and profitability of the YOOX Group as at 30 June 2014.
Unless otherwise indicated, all amounts are expressed in thousands of Euro. The comparisons in this document have been made with regard to the corresponding period of the previous financial year or the information as of 31 December 2013. For reasons of clarity, it should be pointed out that the percentage differences and variations for the different amounts recorded have been calculated at the precise values. It should also be noted that possible differences that may be found in some tables are due to rounding off amounts expressed in thousands of Euro. The parent company YOOX S.p.A. is referred to with its full name or simply as the Company; the Group reporting directly to it is hereinafter referred to as 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 with reference to the geographical operating area. Thus, for more precise information on geographical areas, please refer to the information by business segment, 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 Consolidated Interim Financial Statements as at 30 June 2014 have been compiled in accordance with article 154-*ter*, paragraph 5 of Legislative Decree 58/98 – T.U.F. – and later as amended and supplemented, and in compliance with Article 2.2.3 of the Stock Exchange Regulations.

The accounting standards, the consolidation standards and evaluation criteria used in preparing the consolidated interim financial statements are consistent and comply with the standards used to draw up the Annual Report as at 31 December 2013 which is available on the website www.yooxgroup.com in the “Investor Relations” section.

The accounting principles used by the Parent Company and by the Group are consistent with those of the International Financial Reporting Standards endorsed by the European Union and the application of Legislative Decree 38/2005 and other CONSOB rules and regulations governing 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.

The profit and loss statements for the Group, presented in the following pages of the current Directors’ Interim Report for the half-year period, have been reclassified in a way deemed by management to be useful for reporting interim indicators of profitability such as gross profit, EBITDA Pre Corporate Costs, EBITDA, EBITDA without incentive plans and operating profit. Some of the above interim profitability indicators are not recognised as accounting measures 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 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 second quarter of 2014:

Thousand Euro	Q2 2014	Q2 2013	Change	
Consolidated net revenue	111,474	97,044	14,431	14.9%
Cost of goods sold	(67,669)	(57,682)	(9,987)	17.3%
Gross Profit[12]	**43,805**	**39,361**	**4,444**	**11.3%**
% of consolidated net revenue	39.3%	40.6%		
Fulfillment costs	(10,797)	(9,649)	(1,148)	11.9%
Sales and marketing costs	(12,476)	(11,872)	(605)	5.1%
EBITDA Pre Corporate Costs[13]	**20,532**	**17,841**	**2,691**	**15.1%**
% of consolidated net revenue	18.4%	18.4%		
General and Administrative expenses	(9,717)	(8,981)	(736)	8.2%
Other income and expenses	(1,029)	(1,328)	299	-22.5%
EBITDA[14]	**9,786**	**7,532**	**2,254**	**29.9%**
% of consolidated net revenue	8.8%	7.8%		
Depreciation and amortisation	(5,935)	(4,650)	(1,285)	27.6%
Non-recurring expenses	-	-	-	-
Operating profit	**3,851**	**2,882**	**969**	**33.6%**
% of consolidated net revenue	3.5%	3.0%		
Result of Equity Investments	(271)	(294)	23	-7.8%
Financial income	91	(54)	145	-268.9%
Financial expenses	(719)	(735)	16	-2.2%
Profit before tax	**2,952**	**1,799**	**1,153**	**64.1%**
% of consolidated net revenue	2.6%	1.9%		
Taxes	(1,312)	(651)	(661)	>100%
Consolidated net income for the period	**1,640**	**1,148**	**492**	**42.9%**
% of consolidated net revenue	1.5%	1.2%		
EBITDA excluding incentive plan costs[15]	**9,694**	**8,428**	**1,266**	**15.0%**
% of consolidated net revenue	8.7%	8.7%		
Net income excluding incentive plan costs[16]				
% of consolidated net revenue	**1,569**	**1,833**	**(264)**	**-14.4%**
Consolidated net revenue	1.4%	1.9%		

In the second quarter of 2014, the Group's consolidated net revenues stood at Euro 111,474 thousand, an increase of 14.9% compared with Euro 97,044 thousand for the second quarter of 2013 (+17.7% at constant exchange rates).

EBITDA is equal to Euro 9,786 thousand in the second quarter of 2014, a rise of 29.9% over the figure of Euro 7,532 thousand in the second quarter of 2013, with a margin of 8.8% compared with 7.8% for the period in the previous year thanks to the strong operating leverage on all cost lines, which more than offset the performance of gross profit which was affected by unfavourable currency performance. EBITDA excluding incentive plan costs stood at Euro 9,694 thousand, with a margin on net revenues of 8.7%. Consolidated net income stood at Euro 1,640 thousand compared with Euro 1,148 thousand for the second quarter of 2013.

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[12] Gross profit is profit before fulfillment costs, sales and marketing costs, general expenses, other operating income and expenses, depreciation and amortisation, non-recurring expenses, the results of investments, 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.

[13] EBITDA Pre Corporate Costs (or Operating Profit by business line) is defined as earnings before general expenses, other income and expenses, depreciation and amortisation, non-recurring expenses, the result of investments, financial income and expenses and income taxes. Since EBITDA Pre 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. EBITDA Pre corporate costs correspond to the sector operating result shown in the consolidated financial statements.

[14] EBITDA is profit before depreciation and amortisation, non-recurring expenses, the result of investments, 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.

[15] The EBITDA excluding the Incentive Plans costs is defined as the EBITDA gross of costs relating to the Stock Option Plans and Company Incentive Plans, described in the consolidated accounts. For more details, refer to Annex 1 of this Report, which describes the impact of these costs on the reclassified consolidated income statement.

[16] Net income excluding incentive plans is defined as the net consolidated income for the period gross of implicit costs relating to stock option plans and the Company incentive plan and related tax effects.

This growth reflects an excellent operating performance and lower financial expenses, which more than offset the increase of Euro 1,285 in depreciation and amortisation and the increased impact of the tax burden compared with the same period of the previous year. Excluding non-cash costs charges relating to Incentive Plans and their related fiscal effect, Net income excluding Incentive Plans stood at Euro 1,569 thousand compared with Euro 1,833 thousand for the second quarter of 2013.

Reclassified consolidated income statement for the first half of 2014:

Thousand Euro	30 June 2014	30 June 2013	Change	
Consolidated net revenue	237,989	207,448	30,541	14.7%
Cost of goods sold	(151,765)	(130,828)	(20,937)	16.0%
Gross Profit	**86,224**	**76,620**	**9,604**	**12.5%**
% of consolidated net revenue	36.2%	36.9%		
Fulfillment costs	(21,943)	(19,633)	(2,310)	11.8%
Sales and marketing costs	(26,052)	(23,551)	(2,501)	10.6%
EBITDA Pre Corporate Costs	**38,229**	**33,435**	**4,794**	**14.3%**
% of consolidated net revenue	16.1%	16.1%		
General and Administrative expenses	(18,789)	(18,079)	(710)	3.9%
Other income and expenses	(1,563)	(1,784)	221	-12.4%
EBITDA	**17,877**	**13,572**	**4,305**	**31.7%**
% of consolidated net revenue	7.5%	6.5%		
Depreciation and amortisation	(11,661)	(8,822)	(2,838)	32.2%
Non-recurring expenses	-	-	-	-
Operating profit	**6,216**	**4,749**	**1,467**	**30.9%**
% of consolidated net revenue	2.6%	2.3%		
Result of Equity Investments	(514)	(594)	80	-13.5%
Financial income	305	761	(456)	-59.9%
Financial expenses	(1,590)	(1,463)	(127)	8.7%
Profit before tax	**4,417**	**3,454**	**963**	**27.9%**
% of consolidated net revenue	1.9%	1.7%		
Taxes	(1,861)	(1,248)	(613)	49.2%
Consolidated net income for the period	**2,556**	**2,206**	**350**	**15.9%**
% of consolidated net revenue	1.1%	1.1%		
EBITDA excluding incentive plan costs	**18,692**	**16,452**	**2,239**	**13.6%**
% of consolidated net revenue	7.9%	7.9%		
Consolidated net income for the period excluding incentive plan costs	**3,179**	**4,407**	**(1,228)**	**-27.9%**
% of consolidated net revenue	1.3%	2.1%		

In the first half of 2014, the Group posted consolidated net revenues, net of returns and customer discounts, of Euro 237,989 thousand, up 14.7% from Euro 207,448 thousand at 30 June 2013 (+18.7% at constant exchange rates).

EBITDA was Euro 17,877 thousand as at 30 June 2014 compared with Euro 13,572 thousand as at 30 June 2013. The percentage of EBITDA on net revenues went from 6.5% in the first half of 2013 to 7.5% in the first half of 2014, thanks to the strong operating leverage on all cost lines and lower notional charges relating to existing Incentive Plans, which more than offset the performance of the gross profit affected by unfavourable currency performance. Excluding the non-cash costs relating to the Incentive Plans, equal to Euro 815 thousand, EBITDA excluding Incentive Plan Costs stood at Euro 18,692 thousand (+13.6% compared with the same period in 2013), with a margin on sales of 7.9%[17].

Consolidated net income was Euro 2,556 thousand compared with Euro 2,206 thousand as at 30 June 2013 in spite of the increase in depreciation and amortisation of Euro 2,838 thousand due to greater investments in technological innovation made in the last three-year period, the increase in financial expenses due to unrealised exchange losses and interest expenses, as well as the increased effect of the tax burden. Excluding non-cash costs relating to incentive plans and their related tax effect, Net income excluding incentive plans stood at Euro 3,179 thousand compared with Euro 4,407 thousand for the first half of 2013.

[17] For further details please see the paragraph below relating to the analysis by business line, ‘Analysis of net revenues and operating profit by business line’.

The table below shows several key indicators[18] relating to the Group's activities:

	30 June 2014	30 June 2013
Number of unique visitors per month[19] (millions)	14.0	12.5
Number of orders (thousands)	1,542	1,261
AOV[20] (Euro)	200	216
Number of active customers[21] (thousands)	1,165	1,004

In the first half of 2014 the Group recorded an average of 14.0 million unique visitors per month, compared with 12.5 million as at 30 June 2013, and numbers of orders equal to 1,542 thousand, equivalent to one order processed every 10 seconds[22], compared with 1,261 thousand in the first half of 2013.
The average order value (AOV) stood at Euro 200 (excluding VAT) compared with Euro 216 (excluding VAT) in the same period of the previous year.
There was also an increase in the number of active customers, which stood at 1,165 thousand as at 30 June 2014, compared with 1,004 thousand as at 30 June 2013.

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 revenues and operating profit by business line.
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, the result of investments, 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 Pre Corporate Costs in terms of the entries included and previously reported in this total.
For additional details on operating information by business line as at 30 June 2014, with a reconciliation of entries with the Group's income statement, see the consolidated financial statements.

Operating information by business line as at 30 June 2014 is as follows:

	Multi-brand		**Mono-brand**		**Group total**	
Thousand Euro	*30 June 2014*	*30 June 2013*	*30 June 2014*	*30 June 2013*	*30 June 2014*	*30 June 2013*
Consolidated net segment revenue	173,880	148,786	64,108	58,662	**237,989**	**207,448**
% of consolidated net Group revenue	73.1%	71.7%	26.9%	28.3%	**100.0%**	**100.0%**
% change	*16.9%*		*9.3%*		***14.7%***	
Business line operating profit	25,364	21,952	12,865	11,484	**38,229**	**33,435**
% of consolidated net sector revenue	14.6%	14.8%	20.1%	19.6%	**16.1%**	**16.1%**
% change	*15.5%*		*12.0%*		***14.3%***	

In the first half of 2014, the Group's consolidated net revenues, net of returns from sales and discounts given to customers, was equal to Euro 237,989 thousand, a growth of 14.7% over the figure of Euro 207,448 thousand for the first half of 2013, with a contribution from both business lines.
The sector operating result (or EBITDA Pre Corporate Costs) was Euro 38,229 thousand, an increase of 14.3% compared with Euro 33,435 thousand for the first six months of 2013, with a margin of 16.1%, in line with the figure recorded in the same period of the previous year, in spite of the high depreciation of the main foreign currencies in which the Group operates.

Multi-brand business line
The Multi-brand business line, which includes the activities of yoox.com, thecorner.com and shoescribe.com online stores, recorded consolidated net revenues of Euro 173,880 thousand, a 16.9% growth compared with the Euro 148,786 thousand for the first six months of 2013 (+21.5% at constant exchange rates). This performance reflects a very significant growth in the number of orders and a decreasing AOV mainly as a result

[18] The indicators refer to yoox.com thecorner.com, shoescribe.com and to the mono-brand online stores "Powered by YOOX Group". The indicators related to the joint venture with Kering are excluded.
[19] Source: SiteCatalyst for yoox.com; Google Analytics for thecorner.com, shoescribe.com and the mono-brand online stores "Powered by YOOX Group".
[20] Average Order Value or AOV refers to the average value of each purchase order, excluding VAT.
[21] An Active Customer is defined as a customer who placed at least one order during the 12 preceding months.
[22] Calculated by dividing the overall total of seconds relating to the first half of 2012 by the number of orders processed at Group level in the same period of time.

of the depreciation of the main foreign currencies against the Euro. Overall, in the first six months of 2014, the Multi-Brand business line accounted for 73.1% of the Group's consolidated net revenues.
The Multi-brand sector operating result stood at Euro 25,364 thousand, a 15.5% increase compared with the figure of Euro 21,952 thousand for the first six months of 2013, with a margin of 14.6% compared to the 14.8% for the first half of 2013. This result is mainly due to the operating lever on fulfillment and sales and marketing costs in both the first two quarters of the year, which has almost entirely offset the gross profit performance impacted by the unfavourable trend of exchange rates.

Mono-brand business line
The Mono-brand business line includes the design, set-up and management of the online stores of some of the leading global luxury fashion brands. This business line recorded consolidated net revenues equal to Euro 64,108 thousand, with a 9.3% increase (+11.7% at constant exchange rates) compared with the Euro 58,662 thousand as at 30 June 2013, while the growth in net revenues at retail value[23] stood at 20.7%..
Overall, as at 30 June 2014, the Mono-brand business line accounted for 26.9% of the Group's consolidated net revenue with 38 online stores.
Operating profit for the Mono-brand segment stood at Euro 12,865 thousand, an increase of 12.0% compared with Euro 11,484 thousand for the first six months of 2013, with a margin of 20.1%, an improvement on the 19.6% recorded in the first half of 2013. This result was due to the improvement in the gross profit, which benefited from the positive contribution of the joint venture with Kering and the effectiveness of the profitability-oriented dynamic management strategy for the Mono-brand portfolio.

Consolidated net revenue by geographical area

Below is a breakdown of the Group's consolidated net revenue by geographical area as at 30 June 2014.

Thousand Euro	30 June 2014		30 June 2013		Change	
Italy	38,698	16.3%	31,481	15.2%	7,217	22.9%
Europe (excluding Italy)	113,705	47.8%	99,069	47.8%	14,636	14.8%
North America	50,127	21.1%	46,081	22.2%	4,046	8.8%
Japan	18,393	7.7%	17,383	8.4%	1,010	5.8%
Other countries	12,095	5.1%	9,961	4.8%	2,133	21.4%
Not country related	4,970	2.1%	3,472	1.7%	1,498	43.2%
Total YOOX Group	**237,989**	**100.0%**	**207,448**	**100.0%**	**30,541**	**14.7%**

In the course of the first half of 2014, the Group recorded growth in all the main benchmark markets.

Italy recorded an excellent performance, with net revenues of Euro 38,698 thousand, a rise of 22.9% compared with the first half of 2013. The results achieved by the domestic market were also excellent in the second quarter, with strong acceleration compared with the first three months of the year, with net revenues increasing by 26.6% compared with the same period in the previous year. Italy continued to benefit from the growing penetration of smart phones and tablets on sales, more than 18% higher than the rest of the world – and the reinforced confidence of customers in the YOOX brand.

Results for the rest of Europe were also solid, up 14.8% (+18.3% at constant exchange rates) in the first half of 2014 and 14.2% (+15.9% at constant exchange rates) in the second quarter. The latter featured balanced growth in France, Germany, England and Russia, the top four countries in terms of Group sales in Europe.

North America recorded growth of 8.8% (+13.5% at constant exchange rates) in the first half of the year and 9.1% (+14.5% at constant exchange rates) in the second quarter, in spite of a smaller scope of the Mono-brand business line. Excluding this effect and at constant exchange rates, the growth of the North American market in the first half of 2014 would stand at 23.2[24]%.

Growth in Japan stood at 5.8% at current exchange rates (+18.4% at constant exchange rates) compared with the first six months of 2013. The second quarter reconfirmed the results of 2013 at current exchange rates, while growth of 6.9% was recorded at constant exchange rates.

[23] Revenues at retail value for all Mono-brand online stores net of returns and discounts granted to customers. These revenues exclude the set up, design and maintenance fees of Mono-brand online stores recorded under "Not country related" revenues.
[24] The growth rate is calculated by excluding from the 2013 net revenues the contribution of diesel.com in the United States in the first 6 months of the year.

Lastly, the results recorded by the Other Countries were excellent, +21.4% (+25.2% at constant exchange rates) driven by China, which featured strong growth in the first half of the year. This performance benefited from the introduction at yoox.cn of a complementary logistics set-up compared with the one available locally, which from mid February 2014 has allowed Chinese customers to access not only the local inventory available at the Shanghai logistics centre, but also the global one based in Italy. This allowed the range offered to be extended in a market featuring strong growth in online demand, at the same time limiting local investments in working capital.

The "Not country related" item (+43.2% compared with 30 June 2013) includes the set-up and maintenance fees for the online stores, for the media partnership projects in the Multi-brand business line, for web marketing and web design services in the Mono-brand business line, and for other services offered to Mono-brand partners.

INVESTMENTS

The Group made investments totalling Euro 17,209 thousand in the first half of 2014, comprising Euro 11,770 thousand in intangible assets and Euro 5,439 thousand in property, plant and equipment. Increases in intangible assets were mainly for investments in multi-year development projects valued at Euro 10,174 thousand.
In the first half of 2014 the Group continued to invest in the innovation and consolidation of its global techno-logistics platform.
The new yoox.com was launched on desktops and mobiles on 10 July with a new visual identity and new user interface designed with user-friendliness in mind to simplify and therefore speed up site navigation and the purchasing process, with the ultimate goal of improving the conversion rate.
The new release has also been designed with a view to increasing the visibility of the sections of the site, such as the Pop-up Stores and emphasising some new categories at the same time improving the shopping experience through the introduction of specific search attributes such as, for example, for sunglasses, face shapes, materials and lens types.
With suggestions from our customers as the starting point, MYOOX, the area dedicated to registered users, has also been redesigned, guaranteeing greater interaction with social networks, contents customised according to user profiles and more information about the status of orders and returns, thereby cutting down on the need to contact customer care.
Based on the evidence gathered in the first weeks, the new yoox.com recorded a significantly better performance than the previous version, with an 18% rise in the conversion rate, a 3% reduction in the bounce rate and a notable improvement in overall performance in the check-out funnel.
In the second quarter, investments in technological innovation also continued, specifically in the mobile channel, which has been growing constantly month after month, setting new record highs. New mobile websites were also launched in June for several Group Mono-brand online stores.
In July 2014 the Group launched a global partnership with WeChat, a leading application in social communications for Tencent Chinese smart phones. On the official yoox.com account users can interact in real time with customer care and YOOX stylists, and have access to shopping sections, contents and promotions reserved exclusively for them. Launched on yoox.com in the United States, Italy and China – where the existing account has been updated – the partnership will later be extended to other Group online stores. A new native application is also being developed for iOS and Android operating systems for yoox.com, which will be released globally prior to the launch of the Christmas campaign.
In line with the YOOX strategy of offering its customers the best possible shopping experience, the Korean Won was introduced onto the Group platform in May 2014 bringing the number of currencies in which payments can be made to 8. From July 2014, yoox.com customers in France and Spain can also have their purchases delivered and take their returns to thousands of shopping outlets located throughout the country, many of which are open 7 days a week and until late in the evening. This additional service, which considerably extends the periods for collecting orders and making returns, will also be introduced in Germany, England and the Benelux in the coming months.

FINANCIAL MANAGEMENT

Consolidated statement of financial position

The tables below contain the figures taken from the Group's reclassified consolidated statements of financial position as at 30 June 2014 and the Group's consolidated statement of cash flows for the same period.

Reclassified consolidated statement of financial position as at 30 June 2014:

Thousand Euro	Balance as at 30 June 2014	Balance as at 31 December 2013	% Change
Net working capital[25]	44,891	28,304	58.6%
Non-current assets	77,937	71,224	9.4%
Non Current Liabilities (excluding financial liabilities)	(202)	(363)	-44.2%
Net invested capital[26]	**122,626**	**99,165**	**23.7%**
Shareholders' Equity	127,689	119,663	6.7%
Net debt /(Net financial position)[27]	(5,063)	(20,498)	-75.3%
Total Sources of Financing	**122,626**	**99,165**	**23.7%**

Net working capital rose from Euro 28,304 thousand as at 31 December 2013 to Euro 44,891 thousand as at 30 June 2014. This change is mainly due to the physiological increase in warehouse inventories, necessary to meet the future growth of the Multi-brand business line.

Reclassified consolidated statement of cash flows as at 30 June 2014:

Thousand Euro	30 June 2014	30 June 2013	% Change
Cash flow generated by (used in) operational activities	(2,120)	11,683	<100%
Cash flow generated by (used in) investing activities	(19,974)	(22,386)	-10.8%
Sub-Total	**(22,094)**	**(10,704)**	**<100%**
Cash flow generated by (used in) financing activities	(2,398)	(2,014)	19.1%
Total cash flow for the period	**(24,492)**	**(12,718)**	**92.6%**

The cash flow generated by operating activities in the first half of 2014 was Euro 2,120. In the same period, Euro 19,974 was used to support Group investments, mainly related to the techno-logistics platform and investments in technology.

25 Net 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. Net 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 that calculated by such groups.

26 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 that calculated by such groups.

27 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 that calculated by such groups. For details of the items that make up net debt (or net financial position), see the table below in the section "Debt/Net financial position". Other current financial assets are not governed in detail in CESR's definition of net debt (or net financial position): the Group considers it appropriate to supplement this definition by including receivables from acquirers and logistics operators that have been requested to collect cash on delivery under "other current financial assets".

Debt/Consolidated net financial position

The table below gives details of the YOOX Group's net financial position as at 30 June 2014.

Thousand Euro	Balance as at 30 June 2014	Balance as at 31 December 2013	% Change
Cash and cash equivalents	33,788	58,280	-42.0%
Other current financial assets	8,897	9,252	-3.8%
Bank loans and other current financial payables	(9,517)	(12,904)	-26.3%
Other current financial liabilities	(444)	(283)	56.9%
Short-term net financial position	**32,723**	**54,346**	**-39.8%**
Medium/long-term financial liabilities	(27,661)	(33,848)	-18.3%
(Debt)/Consolidated net financial position	**5,063**	**20,498**	**-75.3%**

In accordance with the Group's organisational structure, treasury operations are centralised at the Parent Company, YOOX S.p.A., which manages all the major 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, capable of supporting future development plans.

Cash and cash equivalents totalled Euro 33,788 thousand as at 30 June 2014, and are made up of cash, negotiable instruments and demand deposits or short-term deposits with banks, which are actually available and readily usable.

As at 30 June 2014, financial liabilities stood at Euro 37,178 thousand and were mainly made up of medium/long-term loans agreed for funding the investment in the techno-logistics platform and for developing the IT platform. Specifically, the loans include one issued by Banca Nazionale del Lavoro for Euro 7,000 thousand (of which Euro 4,000 thousand is short-term), one issued by Banca Sella for Euro 5,000 thousand (of which Euro 1,250 is short-term) and one by Mediocredito for Euro 23,000 thousand (of which Euro 2,875 thousand is short-term). Remaining financial liabilities refer to financial leasing agreements totalling Euro 1,479 thousand (of which Euro 863 thousand is short-term) dedicated to investments in technology, and two finance agreements with De Lage Landen for a total of Euro 478 thousand (of which Euro 306 thousand is short-term) in addition to the related accruals for interest payable (Euro 222 thousand).

Other current financial liabilities as at 30 June 2014 of Euro 444 thousand, include the negative fair value of transactions in derivatives (accounted for according to IAS 39 using the Cash flow hedge method) set up to hedge against the interest rate risk in relation to the financing contracts in place.

Other current financial assets as at 30 June 2014, equal to Euro 8,897 thousand refer mainly to financial receivables due to the Group from "acquirers" who manage authorisation for cards belonging to national/international credit or debit card companies used for online sales, and logistics operators who are asked for cash for payments on delivery (Euro 8,072 thousand). The remaining part of Euro 89 thousand is attributable to the positive fair value, of transactions in derivatives (accounted for according to IAS 39 using the Cash flow hedge method) set up to hedge against the interest rate risk from sales in Japanese Yen and the loan granted to the associate company E_Lite S.p.A for Euro 736 thousand.

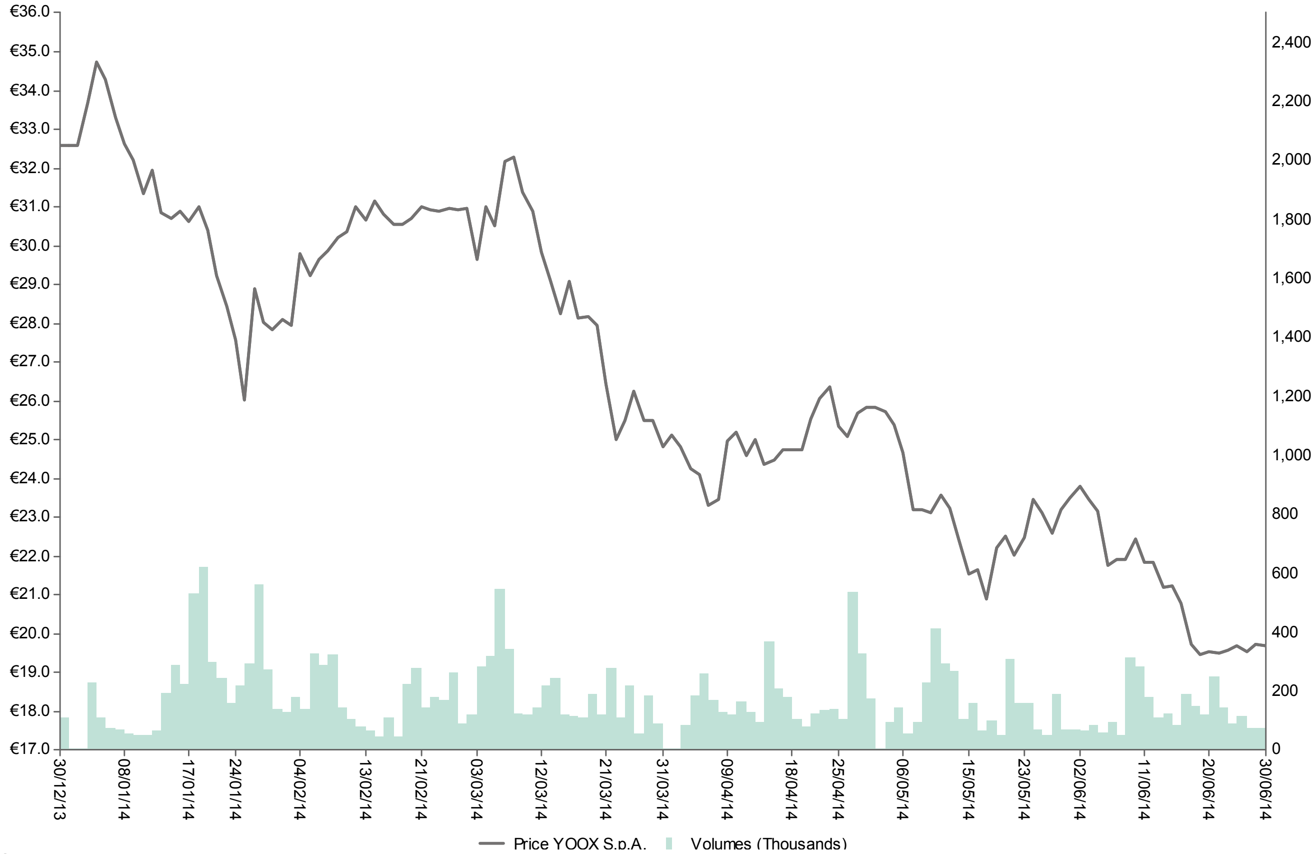
INFORMATION FOR INVESTORS

Since 3 December 2009, the Group has been listed on the STAR segment of Borsa Italiana (ISIN Code IT0003540470). On 20 September 2010, YOOX also joined the FTSE Italia Mid Cap index[25] from the previous FTSE Italia Small Cap index[26], and then, on 23 December 2013, joined the FTSE MIB – the main index of Borsa Italiana consisting of the 40 most-traded stock classes on the exchange.

As of 30 June 2014, the last day of trading of the first half, the YOOX stock closed at Euro 19.70, corresponding to a market capitalisation of Euro 1.2 billion.
Between the time of the listing and 30 June 2014, the YOOX stock registered a positive performance at 358.1% over the flotation price (Euro 4.3), while in the 6 months to 30 June 2014, the stock recorded a decrease of 39.6% over its closing price at 30 December 2013 (the last day of trading in 2013).

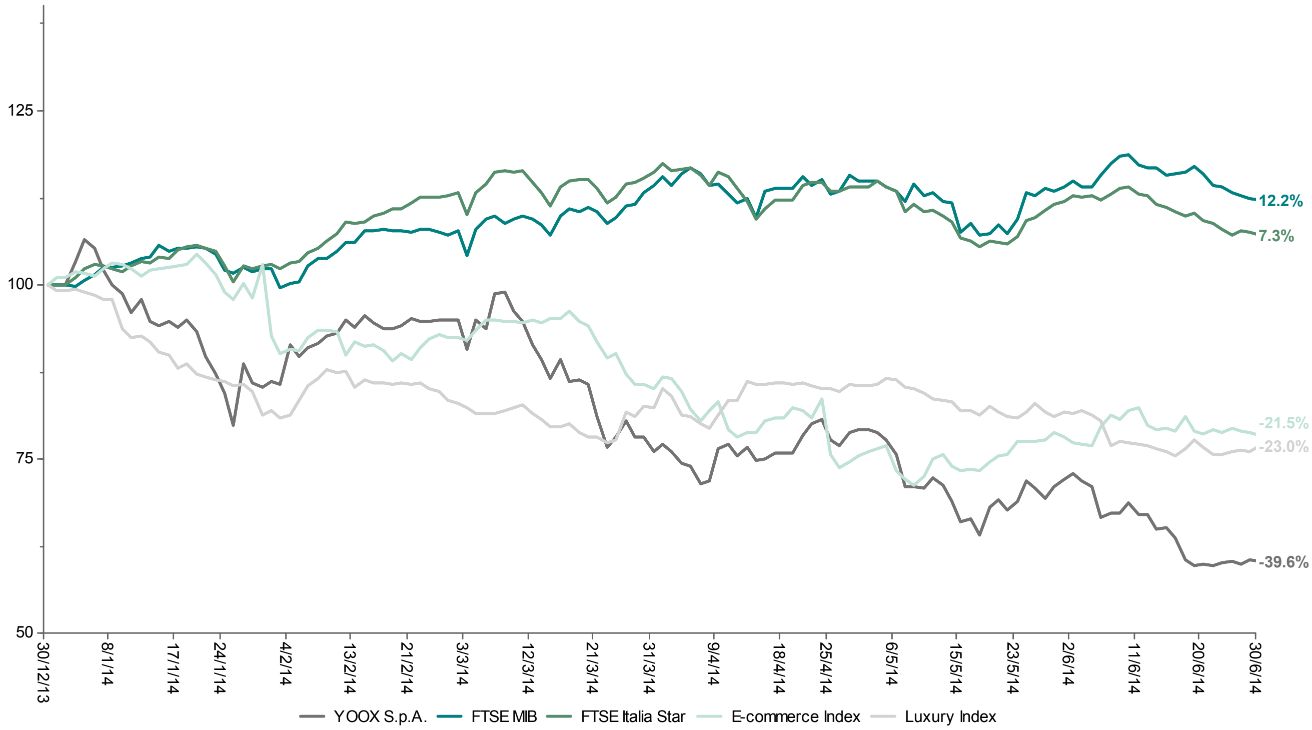
YOOX stock performance in the first half of 2014

After having closed 2013 with a stock performance of +173%, the highest in the FTSE MIB, and having reached historic highs in the early trading days of 2014, the YOOX stock was affected by the general sell-off trend which involved international stocks in the e-commerce and luxury sectors (see graph on next page). This trend is a consequence of strong macro-economic and political uncertainty, which characterised the first half of the year and has led investors to engage in a strong portfolio rotation from the best performers of the previous year to stocks with more defensive profiles. At 30 June 2014, the 12 month performance of the YOOX stock recorded a positive growth of +19.3%.



Source: Factset

YOOX stock performance compared with the main indices of reference in the first half of 2014



Source: Factset

The table below summarises key stock and stock exchange data for the first half of 2014.

Stock and stock exchange data	30 June 2014
Closing price at 30/06/2014 in Euro	19.700
Maximum closing price in the first half of 2014 in Euro - 03/01/2014	34.750
Minimum closing price in the first half of 2014 in Euro - 19/06/2014	19.480
Market capitalisation as of 30/06/2014 in millions of Euro	1,158.366

Source: Borsa Italiana

Stock analyst coverage

Stock analyst coverage at 5 August 2014 includes Goldman Sachs International, Mediobanca, Equita, Intermonte, Gruppo24Ore, Bank of America Merrill Lynch, Deutsche Bank, Citi, Kepler Cheuvreux, N+1 Singer, Exane BNP Paribas, Banca IMI, and MainFirst, to which JP Morgan and Fidentiis have been added since July 2014.

Shareholder structure

At 30 June 2014, the share capital issued totalled Euro 588,003.00 corresponding to a total of 58,800,300 shares with no nominal value pursuant to Article 2346 of the Civil Code.

At 30 June 2014, as far as we are aware, according to the Shareholder Register, plus the notifications received pursuant to Article 120 of the TUF and other information available, holders of significant stakes in YOOX S.p.A. share capital were:

Shareholders	30 June 2014
OppenheimerFunds, Inc.	7.482%
Red Circle Investments S.r.l.	5.384%
Federico Marchetti	5.375%
Federated Equity Management Company of Pennsylvania	4.701%
Balderton Capital I L.P.	3.717%
Red Circle S.r.l. Unipersonale	2.876%
Capital Research and Management Company	2.792%
Norges Bank	2.270%
UBS AG	2.049%

Investor Relations

The Group places a particular emphasis on developing its relationships with analysts, shareholders and institutional investors.
During the first half of the year, the Group's activities were divided between participation in large conferences and the organization of numerous road shows in some of the main financial centres in Europe, Canada and the United States. During the period, the IR Department also organised visits dedicated to investors and financial analysts to its offices in Zola Predosa (Bologna) and its Bologna Interport logistics centre.
Financial communication continued to take place according to the rules stipulated by Borsa Italiana on price sensitive press releases, in keeping with the Group's wish to provide timely, transparent information to support its relations with the financial community.

PERSONAL DATA PROTECTION CODE

The Group places the utmost attention on guaranteeing the security of online transactions and customer data protection through the use of the highest quality security systems and standards. The Company operates in full compliance with regulatory references on personal data protection, developed under both Italian, Community and international scope, and uses the most advanced technological systems for purchasing.
In addition, in order to safeguard the confidentiality, integrity and availability of information relating to customers, employees and partners, YOOX S.p.A. launched a project back in 2011 for the establishment of an SGSI (Sistema di gestione della Sicurezza delle Informazioni – Information Security Management System) based on standard ISO/IEC 27001. This security framework is designed to guarantee a high level of security through the introduction of a formal Information Risk Analysis process based on an internationally-recognised methodology. This risk analysis allows the Information Risk Committee, established within the framework, to assess the information risk trends on a quarterly basis and take the appropriate preventive actions.
The management system is designed to include and satisfy all regulatory requirements to which the Company is subject from an Information Governance perspective and, at the same time, to optimise efforts and share the technological solutions and techniques adopted.
The entire framework is based on a cyclical approach aimed at continual improvement, in order to guarantee a high level of efficiency and ensure that the Company continues to meet the security challenges facing all modern information systems.

In the first half of 2014 the latest requirements of the Privacy Guarantee were inserted in the privacy management model through the adaptation of the processes and related documentation.
Specifically, all the website registration forms were revised to guarantee maximum compliance to the regulatory requirements while, at the same time, retaining a high degree of user-friendliness.
Also in the first half of 2014, the project relating to the introduction of an Identity and Access Governance (IAG) enterprise instrument was developed completing the first part of the access model which includes all flows involving digital identities used in YOOX. A risk analysis was conducted under the scope of the above-mentioned processes to highlight any critical areas in the flows.

In the marketing area all the newsletters sent by YOOX were revised and analysed to check compliance with the requirements of the Privacy Guarantee and “Guidelines for yoox.com commercial communication” were issued. This document will support the Marketing area in the development of new marketing campaigns which comply with the guidelines of the Privacy Guarantee and, at the same time, are no less efficient.

TAX MATTERS

The Group has incurred a greater tax burden in absolute terms compared with the situation at 30 June 2013. Current taxes have increased from Euro 2,262 thousand to Euro 2,930 thousand.
IRAP tax liabilities for the Parent Company increased, going from Euro 177 thousand at 30 June 2013 to Euro 299 thousand at 30 June 2014. IRES tax liabilities at 30 June 2014 for the Parent Company stands at Euro 890 thousand.
Taxes for Group overseas companies for the period to 30 June 2014 amounted to approximately Euro 1,740 thousand.

The Group also recorded deferred taxes of Euro 1,069 thousand as at 30 June 2014.

The tax liability as at 30 June 2014 was estimated based on the historical trend of the Group’s tax rate, considered representative of the best estimate of the full-year tax rate.

LEGAL MATTERS

At 30 June 2014 there are no changes since 31 December 2013 in the Company’s legal disputes either as plaintiff or defendant:

- the legal dispute where the Company is a defendant relates to 2 labour lawsuits pending at the Court of Bologna, brought against YOOX by former employees;
- the legal dispute where YOOX is a defendant as part of a summons in precautionary procedure no. 12679/2013 civil litigation general register before the Court of Bologna;
- YOOX is the defendant in a motion, an appeal for description, seizure and injunctions for alleged counterfeiting and illegal competition for Basile brand products. The proceedings are taking place before the Court of Naples;
- YOOX brought a civil case as the plaintiff against a former tax representative for Greece (at the competent Greek court) aimed at recovering sums unlawfully held by the above person and three actions for recovering credit extended to suppliers which did not fulfil their repayment obligations;
- YOOX is the plaintiff having instituted proceedings for an order of payment of Euro 43,773.42 by way of capital, plus interest and legal costs. The credit originates from the non-payment for the provision of clothing products sold by YOOX to third party;
- YOOX is the plaintiff having instituted proceedings for an order of payment of Euro 11,000.00 plus legal costs. The credit is from 1 credit note issued as a partial write off of an invoice for the supply of clothing products;
- YOOX is the plaintiff having instituted proceedings for an ordinary case to recover receivables of Euro 14,831.99 for goods purchased and never delivered + Euro 15,000.00 by way of damages;
- YOOX is the plaintiff having instituted proceedings for an order of payment for the amount of Euro 63,625.00. The credit is from 2 credit notes issued as a partial write off of invoices for the supply of clothing products.

With reference to existing disputes as of 30 June 2014, we note that no probable liabilities have emerged for which provision has to be set aside.

HUMAN RESOURCES

As at 30 June 2014, the Group total headcount stood at 794 employees, a growth of 16% compared with 30 June 2013. The table below shows a breakdown of the headcount[28]:

No	30 June 2014	30 June 2013	Change
Managers	32	28	4
Junior managers	58	45	13
Employees and trainees	618	525	93
Abroad	86	85	1
Total headcount	**794**	**683**	**111**

Around 89% of the headcount is employees who are located in the three Italian offices, with the remaining 11% of them being located in Group offices abroad.

Compared with 31 December 2013, the Group headcount grew by 80 employees, equal to an 11% increase.

CORPORATE GOVERNANCE

The YOOX S.p.A. Parent Company's corporate governance model is described in detail in the Report on corporate governance and shareholder structure as at 31 December 2013, which should be referred to.
The significant corporate governance events in 2014 that have taken place as at the date of this document are listed below.

Allocation of shares following the exercise of Stock Options

The table below contains the allocations in the first half of 2014 of YOOX S.p.A. ordinary shares following the exercising of stock options relating to the stock option plans and the strike prices.

Stock Option Plans	Grant Date	Strike prices in Euro									Options Total	Total post-split shares
		46.48	59.17	305.24	360.88	407.16	489.32	499.20	521.56	582.92		
2004-2006	16/01/14	318									318	16,536
2006-2008	16/01/14		850								850	44,200
2007-2012	16/01/14		577								577	30,004
2009-2014	16/01/14			125		70					195	10,140
Sub total		**318**	**1,427**	**125**		**70**					**1,940**	**100,880**
2009-2014	10/02/14			161		20					181	9,412
Sub total				**161**		**20**					**181**	**9,412**
2003-2005	03/03/14	2,346									2,346	121,992
2004-2006	03/03/14	1,450									1,450	75,400
2009-2014	03/03/14			2,075			642			321	3,038	157,976
Sub total		**3,796**		**2,075**			**642**			**321**	**6,834**	**355,368**
2009-2014	28/04/14				642	20					662	34,424
Sub total					**642**	**20**					**662**	**34,424**
2009-2014	09/05/14								1,424		1,424	74,048
Sub total									**1,424**		**1,424**	**74,048**
2009-2014	25/06/14			98		20		243			361	18,772
Sub total				**98**		**20**		**243**			**361**	**18,772**
Total		**4,114**	**1,427**	**2,459**	**642**	**130**	**642**	**243**	**1,424**	**321**	**11,402**	**592,904**

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

Given the above, the share capital issued by YOOX S.p.A. as at 30 June 2014 is Euro 588,003.00, divided into 58,800,300 ordinary shares with no par value.

As stated in the important events after the end of the period, on 07 July 2014, 384,020 YOOX S.p.A. ordinary shares were granted, following the exercising of 7,385 options whose details are described in the table below:

Stock Option Plans	Strike prices in Euro							Options Total	Total post-split shares
	59.17	106.50	277.68	407.16	499.20	512.20	578.24		
2001-2003		2,000						2,000	104,000
2006-2008	250							250	13,000
2009-2014			193	150	1,097	3,304	391	5,135	267,020
Total	**250**	**2,000**	**193**	**150**	**1,097**	**3,304**	**391**	**7,385**	**384,020**

Given the above, the new share capital issued by YOOX S.p.A. is Euro 591,843.20, divided into 59,184,320 ordinary shares with no indication of par value.

Stock option and share granting relating to the YOOX S.p.A. 2009-2014 Company Incentive Stock Option Plan.

In the first six months of 2014, the Company's Board of Directors did not approve grants under the 2009-2014 YOOX S.p.A. Stock Option Plan.

In 2014, specifically on 14 January and 13 May, the Company had paid over 4,829 and 24,596 ordinary shares relating to the company Incentive Plan to 27 beneficiaries.

Stock Grant Plan

On 27 April 2012 the Shareholders' Meeting, pursuant to article 114-*bis* of Legislative Decree 58/1998, approved the establishment of a new incentive and loyalty plan known as the Stock Grant Plan for employees of YOOX S.p.A. and companies directly or indirectly controlled by it, to be implemented through the allocation, free of charge, of a total of 550,000 YOOX S.p.A. ordinary shares, giving the Board of Directors the mandate to adopt the regulation. The details of the Stock Grant Plan can be consulted on the Company's website www.yooxgroup.com under the section Corporate Governance – Company Documents.

2012-2015 stock option plan and granting of options relating to the 2012-2015 stock option plan

On 29 June 2012 the Shareholders' Meeting, in its ordinary session, approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998, the establishment of a new incentive and loyalty scheme known as the "2012-2015 Stock Option Plan" for YOOX S.p.A. executive directors, to be implemented through the free granting of options valid for subscribing new-issue YOOX S.p.A. ordinary shares (in the ratio of 1 ordinary share for every 1 option exercised) which had still not been allocated.

In its extraordinary session, the Shareholders' Meeting approved the divisible paid-in capital increase for a maximum amount of Euro 15,000.00 to be transferred to the share capital, with the exclusion of the option right pursuant to Article 2441, paragraph 4, point 2 of the Italian Civil Code, to be reserved for subscription by the beneficiaries of the 2012-2015 stock option plan above.

The strike price of each option, for the subscription of 1 new issue ordinary share under the capital increase, will be established according to the average weighting of the official YOOX S.p.A. ordinary share price recorded on the Mercato Telematico Azionario, the Italian screen-based trading system organised and managed by Borsa Italiana S.p.A. in the thirty days of trading prior to the option allocation date.

The 2012-2015 Stock Option Plan includes the allocation of a total of 1,500,000 YOOX ordinary shares equal to 2.3% of the Company's fully diluted share capital, which refers to the share capital issued and subscribed for if the capital increases already approved and destined to service the existing stock option plans are carried out in full, taking into account options already granted and those which can potentially be granted to the related beneficiaries.

For details of the 2012-2015 Stock Option Plan, including the implementation terms and conditions, refer to the information document produced pursuant to Article 84-*bis* of Consob Regulation no. 11971/1999, which can also be consulted on the Company's website www.yooxgroup.com under the section Corporate Governance – Company Documents.
On 21 September 2012, in order to execute the YOOX S.p.A. 2012-2015 Stock Option Plan, the company's Board of Directors approved the plan and, on the proposal of the Remuneration Committee, the allocation in favour of the CEO Federico Marchetti of 1,500,000 options valid for the subscription of 1,500,000 YOOX ordinary shares in the ratio of 1 new ordinary share for every 1 option exercised.

2014 - 2020 Stock Option Plan

On 17 April 2014 the Shareholders' Meeting approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998, the establishment of a new incentive and loyalty scheme known as the 2014 - 2020 Stock Option Plan exclusively for employees of YOOX S.p.A. and its companies, directly or indirectly controlled, to be implemented through the free granting of options valid for subscribing new issue YOOX S.p.A. ordinary shares (in the ratio of 1 ordinary share for every 1 option exercised).
For details of the 2014 - 2020 Stock Option Plan, including the implementation terms and conditions, refer to the information document produced pursuant to Article 84-*bis* of Consob Regulation no. 11971/1999, which can also be consulted on the Company's website www.yooxgroup.com under the section Corporate Governance / Company Documents.

Board of Directors

On 27 April 2012, the Shareholders' Meeting appointed the Board of Directors for the three-year period 2012-2014. It is composed of seven members:

- Federico Marchetti;
- Stefano Valerio;
- Catherine Gérardin-Vautrin (independent director);
- Mark Evans;
- Elserino Mario Piol (independent director);
- Massimo Giaconia (independent director);
- Raffaello Napoleone (independent director).

At the end of the Meeting the Board of Directors met and confirmed Federico Marchetti as Chairman and CEO of the Company and Stefano Valerio as Vice Chairman of the Company allocating their powers.
The Board of Directors also adopted resolutions on the subject of corporate governance. For more details, refer to the Press Release issued on 27 April 2012, which is available on the Company's website www.yooxgroup.com, under the section "Investor Relations".

The Board of Directors also appointed:

- the members of the Control and Risk Committee in the persons of Directors Massimo Giaconia (chairman), Elserino Mario Piol and Raffaello Napoleone;
- the members of the Remuneration Committee in the persons of Directors Elserino Mario Piol (chairman), Catherine Gérardin-Vautrin and Massimo Giaconia;
- the members of the Committee for the Appointment of Directors in the persons of Directors Massimo Giaconia (chairman), Catherine Gérardin-Vautrin and Stefano Valerio;
- the members of the Committee for Related-Party Transactions in the persons of Directors Massimo Giaconia (chairman), Elserino Mario Piol and Raffaello Napoleone.

Lastly, the Board of Directors appointed Federico Marchetti as Executive Director with responsibility for the internal control and risk management system and the independent director Massimo Giaconia as Lead Independent Director.

Board of Statutory Auditors

On 27 April 2012, the Shareholders' Meeting appointed the Board of Statutory Auditors for the three-year period 2012-2014. It is composed of:

- Filippo Tonolo (Chairman);
- David Reali (Standing Auditor);
- Patrizia Arienti (Standing Auditor);
- Edmondo Maria Granata (Alternate Auditor);
- Salvatore Tarsia (Alternate Auditor).

Approval of the separate financial statements as at 31 December 2013

The Shareholders' Meeting of 17 April 2014, convened at a single call, in an ordinary meeting, approved the separate financial statements at and for the year ended 31 December 2013, resolving to carry forward YOOX S.p.A.'s entire net profit for the year.

Remuneration Report

On 17 April 2014, the Shareholders' Meeting approved, with a non-binding vote, Section I of the Remuneration Report produced pursuant to articles 123-*ter* of Legislative Decree 58/1998 and 84-*quater*, as well as in compliance with Annex 3 Statements 7-*bis* and 7-*ter* of Consob Regulation No. 11971/1999.

Purchase and disposal of treasury shares

The Shareholders' Meeting on 17 April 2014, approved and authorised the purchase of treasury shares, under Articles 2357, 2357-*ter* of the Italian Civil Code and article 132 of Legislative Decree 58/1998 and related implementing arrangements, following the revocation of the resolution approved by the Shareholders' Meeting on 27 April 2012, for the part not executed.
For more details, please see the Press Release issued on that date which is available on the Company website www.yooxgroup.com, under the section "Investor Relations".

At the time of writing the Company holds 27,339 treasury shares in its portfolio equal to 0.0465% of the share capital to date.

Compensation Committee

The Committee met on 05 March 2014 and issued its favourable opinion on the proposal to modify the conditions for exercising the YOOX S.p.A. 2009-2014 stock option plan and approved a modification of the Remuneration Policy and the definition of the 2014 targets for the CEO.
The Committee also met on 17 April 2014 and gave its favourable opinion on the proposal to change the conditions for exercising the YOOX S.p.A. 2009 – 2014 stock option plan and an agreement with a manager with strategic responsibility.

Internal Control Committee

The Committee met on 26 February, 29 April 2014 and 23 July 2014.

Approval and implementation of the 2014 Internal Audit Plan

On 5 March 2014, the Board of Directors expressed a positive opinion and approved the audit plan and the plan for resources necessary to carry out the activities, after the examination and positive evaluation of the Director appointed by the Internal Control System and Risk Management, the Control and Risk Committee and the Board of Statutory Auditors. It was formulated from a risk-based perspective, taking into account company targets and suggestions from management and supervisory and control bodies.

The following activities are managed by the Internal Audit function: operational assurance audits, regulatory assurance audits, internal controls consulting activities, consulting on risk management in certain key company areas.
The Head of the Internal Audit Function has implemented the activities in the timeframes and methods required, also with the help of external specialists and consultants. He reported on a quarterly basis to the Director in charge of the Internal Control System and Risk Management, to the Control and Risk Committee and to the Board of Statutory Auditors on the progress of activities, the outcomes of the activities carried out and on any proposed changes to the plan.
The relevant elements for the purpose of regulatory compliance pursuant to Legislative Decree 231/01 and Law 262/05 which emerged from the activities carried out were reported promptly, to the company Supervisory Authority and to the director in charge of preparing corporate accounting documents.
The evaluation of the Head of the Internal Audit Function on the Group Internal Control System and Risk Management, in the light of the information collected and with reference to the corporate areas subjected to operating and regulatory assurance activities, was that it was entirely suitable, adequate and functioning correctly.

SUBSEQUENT EVENTS

After the end of the period, on 07 July 2014, 384,020 YOOX S.p.A. ordinary shares were granted, following the exercising of 7,385 options whose details are described in the table below:

Stock Option Plans	Strike prices in Euro							Options Total	Total post-split shares
	59.17	106.50	277.68	407.16	499.20	512.20	578.24		
2001-2003		2,000						2,000	104,000
2006-2008	250							250	13,000
2009-2014			193	150	1,097	3,304	391	5,135	267,020
Total	**250**	**2,000**	**193**	**150**	**1,097**	**3,304**	**391**	**7,385**	**384,020**

Given the above, the new share capital issued by YOOX S.p.A. is Euro 591,843.20, divided into 59,184,320 ordinary shares with no indication of par value.

Agreement with Lanvin
On 29 July 2014, Jeanne Lanvin S.A. and YOOX S.p.A. signed a non-binding letter of intent aimed at finalising an agreement for the global management of the Lanvin online store.

Jil Sander renewal
In July 2014, a long-standing Mono-brand agreement was renewed: on 24 July 2014, Jil Sander Italia S.p.A. (Onward Luxury Group) and YOOX S.p.A. renewed the global collaboration agreement for the management of jilsander.com “Powered by YOOX Group” for a further 5 years until 29 September 2019.

Online store deactivation
Three Mono-brand agreements will not be renewed when the contracts expire. In 2013 they made a total contribution of approximately 1% to the Group’s net revenues. Specifically, YOOX S.p.A., in mutual agreement with the Brands, will not continue its collaboration with Coccinelle S.p.A. and Vicini S.p.A. after 30 September 2014, and with Bally S.A. after 31 August 2014.

The YOOX creative agency will produce the graphic concept of Fendi (LVMH Group)
YOOX Group will design and produce the graphic concept of the next release of fendi.com for FENDI (LVMH Group) which is expected to go live in 2015. For the first time, the YOOX in-house creative agency will take care of the creative and graphic concept of the website of a brand outside of its Mono-brand portfolio, after having won a tender which several of the most important international web agencies were bidding for.

The Group in-house creative agency will design and produce the creative concept of the new release of marni.com “Powered by YOOX Group”, following an agreement signed by Marni S.p.A. and YOOX S.p.A. on 22 July 2014.

BUSINESS OUTLOOK

Based on the results recorded in the first half of the year, the proven validity of the YOOX business model throughout the world and the good development prospects for the online retail market, it is reasonable to assume that the Group can achieve further growth in sales and profits.
It is reasonable to expect that this growth will make a positive contribution to both business lines and all the Group major markets.
Investments in innovation and consolidation of the techno-logistics platform will continue: specifically, the Group intends to continue to develop its mobile offering and release cross-channel functionalities to strengthen the offering to Mono-brand partners so that they can offer their customers a fully integrated and consistent experience between the physical stores and the virtual stores “Powered by YOOX Group”.
Lastly, internal initiatives aimed at improving efficiency and careful cost management will also continue.

Zola Predosa (BO), 30 July 2014
For the Board of Directors

Chairman of the Board of Directors
Federico Marchetti

ANNEXES TO THE DIRECTORS' REPORT

Annex 1: Incentive plans and impact on the reclassified consolidated income statement

Impact of incentive plans in the second quarter of 2014:

Thousand Euro	Q2 2014	% Total	Q2 2013	% Total
Fulfillment costs	**(10,797)**		**(9,649)**	
of which incentive plans	*(43)*	*-46.9%*	*(121)*	*13.5%*
Sales and marketing costs	**(12,476)**		**(11,872)**	
of which incentive plans	*193*	*>100%*	*(130)*	*14.5%*
General expenses	**(9,717)**		**(8,981)**	
of which incentive plans	*(58)*	*-62.3%*	*(645)*	*72.0%*
Incentive plans total	**92**	***100.0%***	**(896)**	***100.0%***

Impact of incentive plans in the first half of 2014:

Thousand Euro	30 June 2014	% Total	30 June 2013	% Total
Fulfillment costs	**(21,943)**		**(19,633)**	
of which incentive plans	*(97)*	*11.9%*	*(235)*	*8.1%*
Sales and marketing costs	**(26,052)**		**(23,551)**	
of which incentive plans	*(4)*	*0.5%*	*(308)*	*10.7%*
General expenses	**(18,789)**		**(18,079)**	
of which incentive plans	*(714)*	*87.6%*	*(2,338)*	*81.2%*
Incentive plans total	**(815)**	***100.0%***	**(2,881)**	***100.0%***

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2014
YOOX GROUP

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CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2014 PREPARED IN ACCORDANCE WITH IFRS (1)

Consolidated income statement

Thousand Euro:	Notes	30 June 2014	30 June 2013
Net revenues	9.1	237,989	207,448
Cost of goods sold	9.2	(151,765)	(130,828)
Fulfillment costs	9.3	(25,232)	(22,457)
Sales and marketing costs	9.4	(26,055)	(23,556)
General expenses	9.5	(27,158)	(24,074)
Other income and expenses	9.6	(1,563)	(1,784)
Non-recurring expenses	9.7	-	-
Operating profit	**9.8**	**6,216**	**4,749**
Result of equity investments	9.9	(514)	(594)
Financial income	9.10	305	761
Financial expenses	9.11	(1,590)	(1,463)
Profit before tax		**4,417**	**3,454**
Taxes	9.12	(1,861)	(1,248)
Consolidated net income for the period		**2,556**	**2,206**
of which:			
Attributable to owners of the Parent		2,556	2,206
Attributable to non-controlling interests		-	-
Basic earnings per share	9.13	0.04	0.04
Diluted earnings per share	9.13	0.04	0.04

(1) The financial statements, which were prepared in accordance with CONSOB Resolution 15519 of 27 July 2006 and CONSOB Communication DEM/6064293 of 28 July 2006, are annexed to the notes to the condensed consolidated interim financial statements at 30 June 2014.

Consolidated statement of comprehensive income

Thousand Euro:	Notes	30 June 2014	30 June 2013
Consolidated net income for the period		2,556	2,206
Other components of comprehensive income, net of tax effects			
Foreign currency translation differences for foreign operations	9.23	256	(299)
Profit/(loss) from cash flow hedges	9.23	(422)	(419)
Total other components of comprehensive income which will be (or could be) reclassified in the income statement		**(166)**	**(718)**
Net change in retained earnings and actuarial losses relating to employee benefits	9.23	(6)	(46)
Total other components of comprehensive income which will not be reclassified in the income statement		**(6)**	**(46)**
Total consolidated comprehensive net income for the period		**2,384**	**1,443**
of which:			
Attributable to owners of the Parent		2,384	1,443
Attributable to non-controlling interests		-	-

Consolidated statement of financial position

Thousand Euro:	**Notes**	**30 June 2014**	**31 December 2013**
Non-current assets			
Property, plant and equipment	9.14	35,728	34,890
Intangible assets with finite useful life	9.15	31,820	27,093
Equity interests in associate companies	9.16	59	59
Deferred tax assets	9.17	9,408	8,272
Other non-current financial assets	9.18	922	910
Total non-current assets		**77,937**	**71,224**
Current assets			
Inventories	9.19	186,293	164,396
Trade receivables	9.20	8,750	13,460
Other current assets	9.21	5,300	4,070
Cash and cash equivalents	9.22	33,788	58,280
Current financial assets	9.22	8,808	8,742
Total current assets		**242,939**	**248,949**
Total assets		**320,876**	**320,173**
Shareholders' Equity			
Share capital		588	582
Reserves		87,989	82,525
Losses carried forward		36,556	23,935
Profit for the period		2,556	12,620
Group shareholders' equity	9.23 - 9.24	127,689	119,663
Equity attributable to non-controlling interests		-	-
Total consolidated equity		**127,689**	**119,663**
Non-current liabilities			
Medium-/long-term financial liabilities	9.25	27,661	33,848
Employee benefits	9.26	168	210
Provisions for risks and charges	9.28	-	-
Deferred tax liabilities	9.27	34	153
Total non-current liabilities		**27,863**	**34,211**
Bank loans and other current financial liabilities	9.25	9,517	12,904
Provisions for risks and charges	9.28	329	422
Trade payables	9.29	128,601	120,792
Tax liabilities	9.30	1,777	989
Other payables	9.31	25,100	31,193
Total current liabilities		**165,324**	**166,300**
Total consolidated equity and liabilities		**320,876**	**320,173**

Statement of changes in consolidated equity as at 30 June 2014 – Note 9.24

Thousand Euro	*Share capital*	*Share premium reserve and other equity-related reserves*	*Legal reserve*	*Treasury share acquisition reserve*	*Cash flow hedge reserve*	*IAS 19 reserve*	*Stock option reserve*	*Translation reserve*	*Retained earnings or losses carried forward*	*Consolidated net income*	*Shareholders' Equity attributable to non-controlling interests*	*Shareholders' Equity attributable to non-controlling interests*	***Total***
Total as at 31 December 2013	**582**	**64,262**	**193**	**(538)**	**165**	**(42)**	**19,667**	**(1,181)**	**23,935**	**12,620**	**-**	**-**	**119,663**
Share capital increases	6	2,670	-	-	-	-	-	-	-	-	-	-	**2,676**
Increases in reserves for share-based payments	-	2,151	-	-	-	-	815	-	-	-	-	-	**2,966**
Other changes	-	-	-	280	-	-	(280)	-	12,620	(12,620)	-	-	**-**
Total effects resulting from transactions with shareholders	**588**	**69,083**	**193**	**(258)**	**165**	**(42)**	**20,202**	**(1,181)**	**36,555**	**-**	**-**	**-**	**125,305**
Profit for the period	-	-	-	-	-	-	-	-	-	2,556	-	-	**2,556**
Other profits/losses for the comprehensive income statement	-	-	-	-	(422)	(6)	-	256	-	-	-	-	**(172)**
Total consolidated comprehensive income	**-**	**-**	**-**	**-**	**(422)**	**(6)**	**-**	**256**	**-**	**2,556**	**-**	**-**	**2,384**
Total as at 30 June 2014	**588**	**69,083**	**193**	**(258)**	**(257)**	**(48)**	**20,202**	**(925)**	**36,555**	**2,556**	**-**	**-**	**127,689**

Statement of changes in consolidated equity as at 30 June 2013 – Paragraph 9.24

Thousand Euro	*Share capital*	*Share premium reserve and other equity-related reserves*	*Legal reserve*	*Treasury share acquisition reserve*	*Cash flow hedge reserve*	*IAS 19 reserve*	*Stock option reserve*	*Translation reserve*	*Retained earnings or losses carried forward*	*Consolidated net income*	*Shareholders' Equity attributable to non-controlling interests*	*Shareholders' Equity attributable to non-controlling interests*	***Total***
Total as at 31 December 2012	**573**	**61,734**	**193**	**(1,136)**	**(177)**	**-**	**16,401**	**236**	**13,752**	**10,183**	**-**	**-**	**101,762**
Share capital increases	2	748	-	-	-	-	-	-	-	-	-	-	**750**
Increases in reserves for share-based payments	-	745	-	-	-	-	2,996	-	-	-	-	-	**3,741**
Other changes	-	-	-	151	-	-	(151)	-	10,183	(10,183)	-	-	**0**
Total effects resulting from transactions with shareholders	**575**	**63,227**	**193**	**(985)**	**(177)**	**0**	**19,246**	**236**	**23,935**	**-**	**-**	**-**	**106,253**
Profit for the period	-	-	-	-	-	-	-	-	-	2,206	-	-	**2,206**
Other profits/losses for the comprehensive income statement	-	-	-	-	(419)	(46)	-	(299)	-	-	-	-	**(764)**
Total consolidated comprehensive income	**-**	**-**	**-**	**-**	**(419)**	**(46)**	**-**	**(299)**	**-**	**2,206**	**-**	**-**	**1,443**
Total as at 30 June 2013	**575**	**63,227**	**193**	**(985)**	**(596)**	**(46)**	**19,246**	**(63)**	**23,935**	**2,206**	**-**	**-**	**107,695**

Consolidated statement of cash flows

Thousand Euro:	Notes	30 June 2014	30 June 2013
Consolidated net income for the period	9.32	2,556	2,206
Adjustments for:			
Taxes for the period	9.32	1,861	1,248
Financial expenses	9.33	1,590	1,463
Financial income for the period	9.33	(305)	(761)
Share of earnings from associate companies	9.33	514	594
Depreciation, amortisation and impairment losses for the period	9.33	11,661	8,822
Fair value measurement of stock option plans	9.33	815	2,881
Unrealised effect of changes in foreign exchange rates	9.33	256	(299)
(Gains)/losses on sale of non-current assets	9.33	2	3
Employee benefits	9.33	12	66
Provisions for risks and charges	9.33	323	217
Payment of employee benefits	9.33	(53)	(58)
Use of provisions for risks and charges	9.33	(416)	(315)
Changes in inventories	9.34	(21,896)	(16,404)
Changes in trade receivables	9.34	4,710	(1,965)
Changes in trade payables	9.34	7,809	15,401
Changes in other current assets and liabilities	9.35	(7,945)	74
Cash flow from (used in) operating activities		**1,493**	**13,172**
Income tax paid	9.32	(2,328)	(788)
Interest and other financial expenses paid	9.33	(1,590)	(1,463)
Interest and other financial income received	9.33	305	761
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES		**(2,120)**	**11,683**
Investing activities			
Acquisition of property, plant and equipment	9.36	(7,985)	(13,176)
Acquisition of intangible assets	9.37	(11,634)	(8,611)
Acquisition of investments	9.16	(343)	(594)
Acquisition of other non-current financial assets	9.39	(12)	(6)
CASH FLOW FROM (USED IN) INVESTING ACTIVITIES		**(19,974)**	**(22,386)**
Financing activities			
New short-term liabilities	9.42	843	3
Repayment of short-term liabilities	9.42	(7,086)	(1,956)
New medium-/long-term financial liabilities	9.41	-	-
Repayment of medium-/long-term financial liabilities	9.41	(917)	(64)
Increase in share capital and share premium reserve	9.40	4,827	1,495
Investments/disinvestments in other financial assets	9.43	(65)	(1,607)
Change due to difference between cash effect and shares under incentive plans	9.24	**-**	**116**
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES		**(2,398)**	**(2,014)**
TOTAL CASH FLOW FOR THE PERIOD		**(24,492)**	**(12,718)**
Cash and cash equivalents at the beginning of the period	9.22	58,280	35,775
Cash and cash equivalents at the end of the period	9.22	33,788	23,057
TOTAL CASH FLOW FOR THE PERIOD		**(24,492)**	**(12,718)**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 30 2013

1. Group structure and activities

The YOOX Group (hereinafter “the Group”) includes, as well as the Parent Company YOOX S.p.A. (hereinafter “the Company” or “the Parent Company”), the companies YOOX Corporation, which is subject to US law and which manages sales activities in North America, and YOOX Japan, which is subject to Japanese law and which manages sales activities in Japan, Mishang Trading (Shanghai) Co. Ltd., which manages sales activities in China, and YOOX Asia Limited, which manages sales activities in the Asia-Pacific area.

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. Statement of compliance with IAS/IFRS and general criteria used to prepare the condensed interim financial statements

These condensed consolidated interim financial statements, drawn up in accordance with IAS 34 – Interim financial statements, were prepared using the same accounting standards as were used to prepare the consolidated financial statements as at 31 December 2013, please refer to it for further details.

The comparative figures reported in the presentation of the statement of financial position and the statement of cash flows are those provided for by IAS 34 (31 December 2013 for the statement of financial position and 30 June 2013 for the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows). The figures for the first half of 2014 and the first half year of 2013 are reported in presenting the income statement, the Group having adopted the half year as the intermediate reference period.

These condensed consolidated interim financial statements have been drawn up in accordance with IASB (International Accounting Standards Board) IFRS (International Financial Reporting Standards) and are endorsed by the European Union. “IFRS” also refers to the International Accounting Standards (“IAS”) currently in force, in addition to all the interpretation documents issued by the International Financial Reporting Interpretations Committee (“IFRIC”) previously known as the Standing Interpretations Committee (“SIC”).
These condensed consolidated interim financial statements, drawn up in compliance with IAS 34 and in accordance with the provisions of Article 154-*ter* of Legislative Decree 58 of 24 February 1998 (TUF) and later amendments, do not include all the information required for the annual financial statements and should be read together with the consolidated financial statements as at 31 December 2013. Specifically, the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows are in an extended format and are those that have been adopted for the consolidated financial statements as at 31 December 2013. The explanatory notes below, on the other hand, are summarised and therefore do not include all the information required for annual financial statements. In line with the requirements of IAS 34, in order to avoid duplicating information which has already been published, the notes refer only to those components of the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows which, owing to their composition, amount, nature or infrequency, are essential for understanding the financial position, operations and assets of the Group.
The condensed consolidated interim financial statements as at 30 June 2014 consist of the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows, in addition to these explanatory notes. In presenting these statements, comparative data have been presented as required by IAS 34, supplemented as noted above.

2.1 Consolidated financial statements

In accordance with CONSOB Resolution 15519 of 27 July 2006 and Communication DEM6064293 of 28 July 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 condensed consolidated interim financial statements as at 30 June 2014 were drawn up in accordance with the IFRS endorsed by the European Union, and comprise the following:

Income statement

The 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 constituent components of profit (loss) for the period and income and expenses recognised directly in equity for transactions not involving owners of the Parent Company.

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 shareholders' 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 IAS/IFRS and their interpretations, is recognised directly in equity, and the total of these items; total comprehensive profit or loss for the year or period, with separate presentation of the portion pertaining to owners of the Parent Company 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 period and at the date of the financial statements, together with the changes during the period.

The notes to the condensed consolidated interim 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 period, 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.

3. Accounting standards and measurement criteria

3.1 Basis of preparation

The condensed consolidated interim 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.

For reasons of clarity, it should be noted that the percentage differences and changes in the various items indicated have been calculated using precise values. It should also be noted that possible differences that may be found in some tables are due to rounding off amounts expressed in thousands of Euro.

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 standards adopted for the preparation of the consolidated financial statements and notes at 30 June 2014 were applied in the same way for all periods presented for comparison.

The accounting standards are applied evenly to all Group companies. Financial transactions are recognised according to the trade date.

The accounting standards used to prepare the condensed consolidated financial statements, as well as the recognition and measurement criteria and the consolidation principles applied, comply with those adopted for the consolidated financial statements as at 31 December 2013 with the exception of the new principles adopted.

3.2 Use of estimates

In order to prepare the consolidated interim financial statements, the management is required to use estimates and assumptions which affect the carrying amounts of revenues, costs, assets and liabilities reported in the financial statements and the information regarding contingent assets and liabilities at the reporting date for the condensed consolidated interim financial statements. If, in the future, these estimates and assumptions, which are based on the management's best evaluation, should differ from actual circumstances, they will be altered appropriately during the period in which the circumstances change and the effects of any changes will be immediately recognised in the income statement.

For a more detailed description of the most important evaluation methods used for the Group, refer to the chapter on the "Use of estimates" in the consolidated financial statement as at 31 December 2013.

It should also be pointed out that these evaluation processes, especially the more complex ones, such as determining any losses for non current assets, are usually only conducted in full during the compiling of the annual financial statement, when all the required information is available, except in cases where there are impairment indicators that require an immediate evaluation of any losses.

4. Approval of the interim financial statements as at 30 June 2014

The interim financial statements as at 30 June 2014 was approved by the Board of Directors on 30 July 2014.

5. Scope of consolidation

The scope of consolidation as of 30 June 2014 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;
- Mishang Trading (Shanghai) Co. Ltd. established in the fourth quarter of 2010 to manage sales in China;
- YOOX Asia Limited established in the second quarter of 2011 to manage sales in the Asia-Pacific area.

As at 30 June 2014 the scope of consolidation includes the following companies:

Company	*Registered offices*	*Share capital as at 30 June 2014 (Thousand Euro)*	*Percentage held as at 30 June 2014*
YOOX	Via Nannetti,1– 40069 Zola Predosa – Bologna, Italy	588	-
YOOX Corporation	15 East North Dover, Delaware 19901, United States of America	372	100%
YOOX Japan	4F Oak Omotesando, 3-6-1 Kita-aoyama, Minato-ku Tokyo 107-0061	75	100%
Mishang Trading (Shanghai) Co. Ltd	Floor 6, Donglong Building No 223 Xikang Road, Jing'an District 200050 SHANGHAI	6,000	100%
YOOX Asia Limited	Unit 2702 27/F The Centrium, 60 Wyndham Street Central, Hong Kong (CN)	91	100%

The scope of consolidation as at 30 June 2014 showed changes compared to 31 December 2013; on 31 October 2013, the merger by incorporation of YOOX Corporation and Y Services Ltd. was approved by the Shareholders' Meetings. From 1 January 2014, Y Services Ltd. was incorporated into YOOX Corporation.

The exchange rates used for converting the financial statements and account balances into currencies other than the Euro as at 30 June 2014, 31 December 2013 and 30 June 2013 are the following ones (source www.bancaditalia.it):

	Exchange rate as at 30 June 2014	**Average exchange rate for the half-year under review**
USD	1.3658	1.3703
YEN	138.44	140.40
CNY	8.4722	8.4500
HKD	10.586	10.537
GBP	0.8015	0.8213
RUB	46.378	47.992

	Exchange rate as at 31 December 2013	**Average exchange rate for 2013**
USD	1.3791	1.3281
YEN	144.72	129.66
CNY	8.3491	8.1646
HKD	10.693	10.302
GBP	0.8337	0.8493
RUB	45.325	42.337

	Exchange rate as at 30 June 2013	**Average exchange rate for the half-year under review**
USD	1.3080	1.3134
YEN	129.39	125.46
CNY	8.0280	8.1285
HKD	10.148	10.190
GBP	0.8572	0.8508
RUB	42.845	40.754

The foreign currencies are reported against Euro units.

6. Changes to accounting standards, new accounting standards, changes to estimates and reclassifications

The IASB published no amendments or new accounting standards during the first half of 2014.

Amendments and revised accounting standards applied by the Group for the first time

From 1 January 2014 the following international accounting standards and the interpretations, listed below, came into force. The initial application of the principles has not had significant impacts on the consolidated financial statements of the Group.

IFRS 10 – Consolidation and IFRS 12 – Disclosure of Interests in Other Entities

In May 2011 the Board:

- revised the definition of control and the related application guide so that all entities apply the same control model; and it has
- improved the information provided about consolidated and non-consolidated entities.

The Board has provided the full guidelines for establishing in which circumstances a special purpose vehicle or an entity in which the majority of voting rights is not held (even potential ones) should or should not be consolidated.
To sum up, control is held where it can be demonstrated that the investor has the power to decide about the assets of the business it has invested in (investee), is exposed to the variable nature of the returns of the business, and therefore has the ability to use its own power to affect the returns. On 12 May 2011 the IASB published IFRS 12 *Disclosure of Interests in Other Entities*, along with IFRS 10 *Consolidated Financial Statements.*

The possible adoption of this principle in the comparable accounting periods would not have involved differences on the financial statement balances.

IFRS 11 – *Joint Arrangements*

The Board has improved:

- the accounting of the joint venture agreements defining a principle-based approach in which the entity records the contractual rights and obligations of the agreement in its financial statements; and
- the information supplied to provide investors with a better understanding of the nature and the financial effects of the transaction that has taken place.

The IASB has separated the joint arrangements into three categories: joint operations, joint assets and joint ventures. To establish which category a joint arrangement comes under, the substance of the agreement needs to be considered beyond the structure. In joint operations and joint assets, the investor contractually acquires a right to a given asset (or to a share of an asset) and/or assumes a given liability (or a share of a liability), while in joint ventures, the investor acquires the right to obtain a share of the results produced by the group of assets and liabilities controlled jointly by all the ventures. The contracting party in a joint operation or a joint asset records the assets (or a share of the assets) that they acquire, the liabilities (or a share of the liabilities) that they take on following the contract and the related costs and revenues (or a share of the related costs and revenues) directly in their financial statements, while the contracting party in a joint venture records their share of the investment in the joint venture in their consolidated financial statements, applying the equity method, and therefore the proportional consolidation of joint ventures is no longer permitted. It is assumed that a business that is subject to joint control is a joint venture, unless the circumstances (i.e. the contractual rights and obligations) demonstrate otherwise.

The possible adoption of this principle in the comparable accounting periods would not have involved differences on the financial statement balances.

IAS 27 – Consolidated and separate financial statements:

- the principle has been amended in the light of the introduction of IFRS 10. The amendment establishes that it is not compulsory to draw up separate financial statements, but if they are produced they come under the scope of this standard. The amendment involves: the accounting of investments in subsidiaries, associated companies and joint ventures at cost or in compliance with IFRS 9, the payment of dividends, reorganisations within the Group structure and information to be presented.

  The possible adoption of this principle in the comparable accounting periods would not have involved differences on the financial statement balances.

IAS 32 – Offsetting of financial assets and liabilities

The Board has improved:

- some amendment to the principle in question to clarify the application of certain criteria for the offsetting of financial assets and liabilities in IAS 32.

  The possible adoption of this principle in the comparable accounting periods would not have involved differences on the financial statement balances.

Amendments and interpretations that came into effect from 01 January 2014 but that are not relevant for the Group

The IASB has not published any amendments or interpretations that came into effect from 1 January 2014 that are not relevant for the Group.

New accounting principles and amendments not applicable in 2014 and not adopted in advance

IFRIC 21 – Levies

The IASB issued IFRIC 21 – Levies, an interpretation of IAS 37 – Potential provisions, liabilities and assets. The interpretation provides clarifications on the recognition of liabilities for the payment of levies other than income taxes.

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, which includes activities relating to the multi-brand online stores yoox.com, thecorner.com and, from March 2012, shoescribe.com, described in the Directors' Report;

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, communication and image, technology, investor relations and internal audit functions.

The Group evaluates the performance of its business lines 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 revenues 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 Corporate.

All the income components presented are measured using the same accounting criteria as those adopted to prepare the Group's condensed consolidated interim financial statements.

Income statement figures for each operating segment as at 30 June 2014 with a reconciliation of entries with the Group's income statement, is presented below:

Description	***Multi-brand***		***Mono-brand***		***Corporate***		***Group total***	
	June 2014	***June 2013***	***June 2014***	***June 2013***	***June 2014***	***June 2013***	***June 2014***	***June 2013***
Business line net revenue	**173,880**	**148,786**	**64,108**	**58,662**	**-**	**-**	**237,989**	**207,448**
Business line operating profit	**25,364**	**21,952**	**12,865**	**11,484**	**-**	**-**	**38,229**	**33,435**
Reconciliation with Group results:								
General expenses	-	-	-	-	(27,158)	(24,074)	**(27,158)**	**(24,074)**
Other depreciation and amortisation not attributable to business lines	-	-	-	-	(3,292)	(2,828)	(3,292)	(2,828)
Other income and expenses	-	-	-	-	(1,563)	(1,784)	**(1,563)**	**(1,784)**
Non-recurring expenses	-	-	-	-	-	-	**-**	**-**
Other items	-	-	-	-	-	-	**-**	**-**
Group operating profit/(loss)	**25,364**	**21,952**	**12,865**	**11,484**	**(32,013)**	**(28,686)**	**6,216**	**4,749**
Result of equity investments					(514)	(594)	**(514)**	**(594)**
Financial income					305	761	**305**	**761**
Financial expenses					(1,590)	(1,463)	**(1,590)**	**(1,463)**
Profit before tax							**4,417**	**3,454**
Taxes					(1,861)	(1,248)	**(1,861)**	**(1,248)**
Profit for the period							**2,556**	**2,206**

8. Information by geographical area

Revenues generated by the Group from transactions with third-party customers break down as follows:

Description	***30 June 2014***	***30 June 2013***
Italy	38,698	31,481
Europe (excluding Italy)	113,705	99,069
North America	50,127	46,081
Japan	18,393	17,383
Other countries	12,095	9,961
Not country related	4,970	3,472
Total	**237,989**	**207,448**

The “Not country related” item includes the set-up and maintenance activities for the online stores, for the media partnership projects in the Multi-brand business line, for web marketing and web design services in the Mono-brand business line, and for other services offered to Mono-brand partners.

The table showing revenues by geographical area complies with the Group control model: only sales to online customers are allocated by country in the actual control model.

In the first six months of 2014 and in 2013, revenues generated from transactions with the largest third-party customer did not exceed 10% of the Group’s total revenues.

9. Notes to the statement of financial position, income statement and statement of cash flows

Income statement

9.1 Net revenues

The Group’s total net revenues as at 30 June 2014 and as at 30 June 2013 break down as follows:

Description	***30 June 2014***	***30 June 2013***	***Change***
Net revenues from sales	228,110	198,348	29,752
Net revenues from the provision of services	9,888	9,100	788
Total	**237,989**	**207,448**	**30,541**

Total net revenues increased going from Euro 207,448 thousand in the first half of 2013 to Euro 237,989 thousand in the first half of 2014, an increase of 14.7%. Total net revenues from sales include all revenues arising from the sale of goods, net of customer discounts and returns and revenues from the provision of services.

The rise in net revenues from sales in the first half of 2014 is mainly due to the upward trend in sales volumes.

For further details on the breakdown of revenues by geographical area and by operating segment, please see Note 7 Segment reporting and Note 8 Information by geographical area.

Revenues from the sale of goods is reported net of sales returns, amounting to Euro 88,058 thousand in the first half of 2014, or 28.3% of gross revenues for the first half of 2014 (revenues from the sale of goods before customer returns in the first half of 2014) and Euro 76,834 thousand in the first half of 2013, or 28.1% of gross revenues in the first half of 2013 (revenues from the sale of goods before customer returns in the first half of 2013). Returns are an inherent part of the Group’s business activities, as a result of the protection afforded to consumers under distance-selling – and specifically e-commerce – regulations in force in the countries where the Group operates.

Net revenues from the provision of services rose by 8.7% from Euro 9,100 thousand in the first half of 2013 to Euro 9,888 thousand in the first half of 2014, mainly including:

- 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;

- revenues 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;

- revenues generated from the sale of media partnership projects and web marketing services.

9.2 Cost of goods sold

The cost of goods sold came to Euro 151,765 thousand (equal to 63.8% of net revenues) for the period ended as at 30 June 2013 compared with Euro 130,828 thousand (equal to 63.1% of net revenues) for the first half of 2013. The item cost of goods sold includes both costs of the purchase of goods destined for sale and costs of services and other costs.

The following table shows a breakdown of the cost of goods sold by nature:

Description	*30 June 2014*	*30 June 2013*	*Change*
Change in inventories of goods	20,442	16,259	4,183
Purchase of goods	(151,363)	(129,634)	(21,729)
Cost of services	(19,122)	(16,104)	(3,018)
Other costs	(1,722)	(1,349)	(373)
Total	**(151,765)**	**(130,828)**	**(20,937)**

The cost of purchasing goods went from Euro 129,634 thousand in the first half of 2013 to Euro 151,363 thousand in the first half of 2014. It comprises the procurement costs of goods destined for resale and its absolute value is directly correlated with the performance of volumes sold.

Service costs increased by 18.7%, from Euro 16,104 thousand in the first half of 2013 to Euro 19,122 thousand in the first half of 2014. 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 27.6%, from Euro 1,349 thousand in the first half of 2013 to Euro 1,722 thousand in the first half of 2014. 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 Fulfillment costs

Fulfillment costs came in at Euro 25,232 thousand (10.6% of net revenues) for the period ended 30 June 14, compared with Euro 22,457 thousand (10.8% of net revenues) in the first six months of 2013, an increase of Euro 2,775 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 fulfillment costs:

Description	*30 June 2014*	*30 June 2013*	*Change*
Service costs and other costs	(18,505)	(16,291)	(2,214)
Personnel expenses	(3,438)	(3,342)	(96)
Depreciation and amortisation	(3,289)	(2,823)	(466)
Total	**(25,232)**	**(22,457)**	**(2,775)**

Service costs and other costs increased by 13.6%, from Euro 16,291 thousand in the first half of 2013 to Euro 18,505 thousand in the first half of 2014. They mainly comprise service costs for handling and packaging goods and costs relating to outsourced production processes.

Personnel expenses went from Euro 3,342 thousand in the first half of 2013 to Euro 3,438 thousand in the first half of 2014, an increase of 2.9% due both to an increase in the number of staff employed in this division, which went from 140 at 30 June 2013 to 165 at 30 June 2014, of which 23 members of staff at 30 June 2013 were located in offices overseas and this figure stood at 23 at 30 June 2014, and to the decrease in the cost of Stock Option plans and the company incentive plan which went from Euro 235 thousand in the first half of 2013 to Euro 97 thousand in the first half of 2014. It should be noted that in addition to the cost of employees personnel expenses also include cost of interns, partners and consultants that comes under personnel expenses.

9.4 Sales and marketing costs

The cost for business expenses came to Euro 26,055 thousand (10.9% of net revenues) for the half-year ending 30 June 2014 compared with Euro 23,556 thousand (11.4% of net revenues) for the half-year ending 30 June 2013, an increase of 10.6%

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, 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	*30 June 2014*	*30 June 2013*	*Change*
Cost of services	(18,420)	(15,782)	(2,638)
Personnel expenses	(6,294)	(6,401)	107
Depreciation and amortisation	(3)	(5)	1
Other costs	(1,338)	(1,367)	30
Total	**(26,055)**	**(23,556)**	**(2,500)**

The cost of services rose by 16.7% from Euro 15,782 thousand in the first half of 2013 to Euro 18,420 thousand in the first half of 2014. The main components of service costs incurred in the first half of 2014 are mainly:

- web marketing costs of Euro 5,548 thousand (Euro 4,135 thousand in the first half of 2013). 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;

- costs incurred for commissions on credit card transactions and other related means of payment to intermediaries for payment collection services of Euro 4,189 thousand (Euro 3,570 thousand in the first half of 2013);

- import and export duties totalling Euro 5,590 thousand (Euro 5,756 thousand in the first half of 2013).

Staffing costs have risen by 1.7% going from Euro 6,401 thousand in the first half of 2013 to Euro 6,294 thousand in the first half of 2014. This has been due both to the increase in the number of employees involved in this area, which has gone from 223 persons as at 30 June 2013 to 247 persons as at 30 June 2014, with 37 persons as at 30 June 2013 based at offices abroad and 40 persons as at 30 June 2014 and a decrease in costs relating to Stock Option plans which went from Euro 308 thousand in the first half of 2013 to Euro 4 thousand in the first half of 2014. It should be noted that in addition to the cost of employees, the staffing costs also include resources such as interns, associates and consultants which come under personnel expenses.

Other costs decreased by 2.2%, from Euro 1,367 thousand in the first half of 2013 to Euro 1,338 thousand in the first half of 2014. This item mainly comprises costs incurred for fraud relating to online sales, which increased by 7.4% going from Euro 524 thousand in the first half of 2013 to Euro 563 thousand in the first half of 2014.

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 were up 12.8% in the first half of 2014 at Euro 27,158 thousand, compared with Euro 24,074 thousand in the first half of 2013.

General expenses can be broken down as follows:

Description	***30 June 2014***	***30 June 2013***	***Change***
Cost of services	(11,068)	(9,224)	(1,844)
Personnel expenses	(7,721)	(8,855)	1,135
Depreciation and amortisation	(8,368)	(5,995)	(2,374)
Total	**(27,158)**	**(24,074)**	**(3,084)**

The cost of services rose by 20.0% from Euro 9,224 thousand in the first half of 2013 to Euro 11,068 thousand in the first half of 2014.
Personnel expenses went from Euro 8,855 thousand in the first half of 2013 to Euro 7,721 thousand in the first half of 2014, a decrease of 12.8% due both to an increase in the number of staff employed in this division, which went from 320 as at 30 June 2013 to 382 as at 30 June 2014, of which 24 members of staff as at 30 June 2013 were located in offices overseas and this figure stood at 23 as at 30 June 2014, and to the decrease in the cost of Stock Option plans and the company incentive plan which went from Euro 2,338 thousand in the first half of 2013 to Euro 714 thousand in the first half of 2014. It should be noted that in addition to the cost of employees personnel expenses also include cost of interns, partners and consultants that comes under personnel expenses.

Depreciation and amortisation increased by 39.6%, from Euro 5,995 thousand in the first half of 2013 to Euro 8,368 thousand in the first half of 2014.

9.6 Other income and expenses

Other income and expenses came to a total of Euro 1,563 thousand for the period ending as at 30 June 2014 over Euro 1,784 thousand for the period ending 30 June 2013, a decrease of Euro 221 thousand.

Other income and expenses can be broken down as follows:

Description	***30 June 2014***	***30 June 2013***	***Change***
Extraordinary income/liabilities	(687)	(1,224)	537
Theft and losses	(438)	(493)	55
Other tax charges	(125)	(67)	(58)
Other income and expenses	(267)	49	(316)
Provisions for sundry risks	(127)	(77)	(50)
Reimbursements	81	27	54
Total	**(1,563)**	**(1,784)**	**221**

Extraordinary income/liabilities showed a negative balance of Euro 687 thousand (Euro 1,224 thousand in the first half of 2013). The item includes income and expenses derived from routine management activities.

Theft and losses relates to the theft and losses of goods destined for final customers that have already occurred at the closing date of the period.
Other financial expenses went from Euro 67 thousand in the first half of 2013 to Euro 125 thousand in the first half of 2014.

Provisions for sundry risks in the first half of 2014 relate to the estimated charge incurred due to theft and loss of goods not identified as missing at year end.

9.7 Non-recurring expenses

Note that as of 30 June 2014 there were no non-recurring expenses like in the period of comparison as of 30 June 2013.

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	*30 June 2014*	*30 June 2013*	*Change*
Net revenues	237,989	207,448	30,541
Changes in inventories	20,442	16,259	4,183
Purchase of goods	(151,363)	(129,634)	(21,729)
Services	(67,115)	(57,401)	(9,714)
Personnel expenses	(17,453)	(18,599)	1,146
Amortisations and depreciations	(11,661)	(8,822)	(2,838)
Other costs and revenues	(4,623)	(4,501)	(122)
Total	**6,216**	**4,749**	**1,467**

Operating profit went from Euro 4,749 thousand as at 30 June 2013 to Euro 6,216 thousand as at 30 June 2014, representing 2.3% of net revenues in the first half of 2013 and 2.6% in the first half of 2014.

Personnel expenses include all employment related expenses, such as merit pay rises, promotions, cost-of-living adjustments, variable remuneration for 2013, 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 and the company incentive plan for employees, between the allocation and vesting dates, with a direct matching entry in equity and payables to staff.

As at 30 June 2014, the Group headcount was 16% higher than in the same period of the previous year, corresponding to a net increase of 111 employees. The table below shows a breakdown of the headcount as at 30 June 2014 compared with that as at 30 June 2013[29].

No.	**30 June 2014**	**30 June 2013**	**Change**
Managers	32	28	4
Junior managers	58	45	13
Employees and trainees	618	525	93
Abroad	86	85	1
Total headcount	**794**	**683**	**111**

9.9 Result of equity investments

The result of equity investments as at 30 June 2014 is equal to Euro 514 thousand and relates to the loss for the first half of 2014 for the share of the investment in the associate company. For more information, refer to paragraph 9.16.

9.10 Financial income

Financial income went from Euro 761 thousand in the first half of 2013 to Euro 305 thousand in the first half of 2014.

The following table shows the breakdown of financial income:

Description	*30 June 2014*	*30 June 2013*	*Change*
Exchange rate gains	166	703	(537)
Other financial income	10	7	3
Interest income on current account	118	45	73
Interest income to associate	11	7	4
Total	**305**	**761**	**(456)**

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

Exchange rate gains went from Euro 703 thousand in the first half of 2013 to Euro 166 thousand in the first half of 2014. They mainly relate to the conversion of items to US dollars, Japanese yen and Chinese renminbi and are closely connected to the ordinary sale and purchase of goods.

9.11 Financial expenses

Financial expenses went from Euro 1,463 thousand in the first half of 2013 to Euro 1,590 thousand in the first half of 2014.

The following table shows the breakdown of financial expenses:

Description	*30 June 2014*	*30 June 2013*	*Change*
Exchange rate losses	(703)	(879)	176
Other financial expenses	(261)	(199)	(62)
Interest expenses	(625)	(385)	(240)
Total	**(1,590)**	**(1,463)**	**(128)**

Exchange rate losses totalled Euro 879 thousand in the first half of 2013 and Euro 703 thousand in the first half of 2014. They mainly relate to the conversion of items to US dollars, Japanese yen and Chinese renminbi and are closely connected to the ordinary sale and purchase of goods.

9.12 Tax

Income tax for the period can be broken down as follows:

Description	*30 June 2014*	*30 June 2013*	*Change*
Current corporate income tax – Parent Company (1)	(890)	(526)	(364)
Current regional income tax – Parent Company (2)	(299)	(177)	(122)
Current income tax - foreign companies	(1,740)	(1,559)	(181)
Deferred taxes	1,069	1,014	55
Total taxes	**(1,861)**	**(1,248)**	**(613)**

(1) IRES: Imposta sul Reddito delle Società (Corporate or Company Tax)
(2) IRAP: Imposta Regionale sulle Attività Produttive (Regional Tax on Production Activities)

The Group has incurred a higher tax burden in absolute terms compared with the situation as at 30 June 2013. Current taxes have increased from Euro 2,929 thousand to Euro 2,262 thousand.

IRAP taxes rose 68% for the Parent Company from Euro 177 thousand as at 30 June 2013 to Euro 299 thousand as at 30 June 2014. IRES taxes for the Parent Company, at Euro 890 thousand, showed an increase equal to Euro 364 thousand which was exclusively attributable to the increase in taxable income.

Taxes for Group overseas companies for the period to 30 June 2014 amounted to approximately Euro 1,740 thousand. The tax liability as at 30 June 2014 was estimated based on the historical trend of the Group's tax rate, considered representative of the best estimate of the full-year tax rate.

9.13 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	30 June 2014	30 June13
Basic earnings	2,556	2,206
Average number of ordinary shares	58,576,089	57,412,378
Basic EPS	**0.04**	**0.04**

Calculation of diluted EPS	30 June 2014	30 June13
Basic earnings	2,556	2,206
Average number of ordinary shares	58,576,089	57,412,378
Average number of shares granted without consideration	4,635,032	4,597,841
Total	63,211,121	62,010,219
Diluted EPS	**0.04**	**0.04**

The average number of shares granted without consideration as at 30 June 2014 and 30 June 2013 and used to calculate diluted EPS relates to the granting of shares under existing stock option plans which, as stated in IFRS 2, can be converted on the basis of vesting conditions in the respective years.

In calculating the basic earnings per share (Basic EPS) and the diluted per share (Diluted EPS) given in the table above, the repurchase of 162,000 treasury shares which took place between 2 July 2010 and 7 November 2011 has been taken into account. Treasury shares repurchased were deducted in the calculation of the average number of outstanding ordinary shares net of 31,338 shares, 4,801 shares, 20,255 shares, 378 shares, 48,464 shares, 4,829 shares and 24,596 shares relating to the Company Incentive Plan, granted respectively on 6 August 2012, 10 January 2013, 27 May 2013, 3 June 2013, 1 August 2013, 14 January 2014 and 13 May 2014 to 46 beneficiaries.

Statement of financial position

9.14 Property, plant and equipment

As at 30 June 2014 property, plant and equipment totalled Euro 35,728 thousand. The following is a summary of changes therein in the first half of 2014:

Description	Historical cost as at 31/12/13	Increases	Decreases	Historical cost as at 30/06/2014	Acc. amortisation as at 31/12/13	Amort.	Utilisation	Acc. amortisation as at 30/06/2014	Net carrying amount as at 31/12/13	Net carrying amount as at 30/06/2014
Plant and equipment	**33,529**	**2,491**	**(144)**	**35,876**	**(10,187)**	**(2,694)**	**16**	**(12,865)**	**23,342**	**23,011**
Buildings	**7,301**	**493**	**-**	**7,794**	**(3,588)**	**(615)**	**-**	**(4,202)**	**3,713**	**3,592**
Leasehold improvements	7,301	493	-	7,794	(3,588)	(615)	-	(4,202)	3,713	3,592
Industrial and commercial equipment	**2,867**	**233**	**(1)**	**3,099**	**(1,458)**	**(212)**	**-**	**(1,670)**	**1,409**	**1,429**
Other assets	**12,396**	**1,140**	**(46)**	**13,491**	**(5,970)**	**(1,095)**	**45**	**(7,021)**	**6,426**	**6,470**
Furniture and furnishings	1,684	289	(43)	1,930	(1,140)	(115)	43	(1,212)	543	717
Electronic equipment	10,583	851	(3)	11,432	(4,715)	(977)	2	(5,691)	5,868	5,741
Other Tangible Assets	128	-	-	128	(115)	(3)	-	(118)	14	11
Assets under construction and payments on account	**-**	**1,227**	**-**	**1,227**	**-**	**-**	**-**	**-**	**-**	**1,227**
General Total	**56,094**	**5,583**	**(190)**	**61,486**	**(21,203)**	**(4,617)**	**61**	**(25,758)**	**34,890**	**35,728**

The overall increase in tangible assets equal to Euro 838 thousand is mainly linked to investments in the highly automated techno-logistical platform, a project in which the Group has been investing since the fourth quarter of 2010.

The decrease in the category “Leasehold improvements” equal to Euro 121 thousand is due essentially to permanent rebuilding works on buildings rented for offices in which the Group operates, with special reference to the refurbishment/completion of the Zola Predosa offices and the new offices in Milan and to depreciation and amortisation for the period.

Assets under construction and payments on account equal to Euro 1,227 thousand relate to investments, mentioned above, in the techno-logistics platform still in progress as at 30 June 2014.

There have also been investments in technological infrastructures as well as the renewal/completion of the Zola Predosa premises and the new offices in Milan.

Depreciation in the period totalled Euro 4,617 thousand.

Note that as at 30 June 2014 there were no liens or mortgages on YOOX Group tangible assets.

Moreover, no impairment losses or revaluations were carried out on items of property, plant and equipment in the first half of 2014. In the period under review, no borrowing costs were ascribed to asset entries in the statement of financial position.

9.15 Intangible assets with finite useful life

Intangible assets amounted to Euro 31,820 thousand as at 30 June 2014.
The following is a summary of changes in intangible assets with finite useful life in the first half of 2014:

Description	Historical cost as at 31/12/13	Increases	Decreases	Historical cost as at 30/06/14	Acc. amortisation as at 31/12/13	Amort.	Acc. amortisation as at 30/06/14	Net carrying amount as at 31/12/13	Net carrying amount as at 30/06/14
Development costs	**46,657**	**-**	**-**	**46,657**	**(21,829)**	**(6,181)**	**(28,010)**	**24,828**	**18,647**
Software and licences	**6,973**	**1,368**	**-**	**8,341**	**(5,065)**	**(805)**	**(5,870)**	**1,908**	**2,471**
Brands and other rights	**378**	**-**	**-**	**378**	**(193)**	**(17)**	**(210)**	**185**	**168**
Trademarks and patents	378	-	-	378	(193)	(17)	(210)	185	168
Assets under development	**45**	**10,402**	**-**	**10,447**	**-**	**-**	**-**	**45**	**10,447**
Other	**1,962**	**-**	**-**	**1,962**	**(1,833)**	**(40)**	**(1,873)**	**129**	**89**
Other intangible assets	1,962	-	-	1,962	(1,833)	(40)	(1,873)	129	89
General Total	**56,015**	**11,770**	**-**	**67,785**	**(28,921)**	**(7,044)**	**(35,964)**	**27,093**	**31,820**

The principal changes in these items during the period are described below.

Development costs

During the first half of 2104 the item development costs increased by Euro 4,266 thousand (Euro 10,402 as capitalisation as yet unfinished) due entirely to multi-year investment projects made by the Group. 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. Development projects have been classified according to the area in which the various initiatives take place: development of e-commerce functionality, development of instruments supporting productivity, security and performance.
These costs relate both to internal personnel costs and to the costs of services provided by third parties. In line with the strategy defined in previous years, the number of development projects outsourced to external suppliers increased significantly. Expenses for research-related activities, which are carried out with a view to obtaining new scientific or technical knowledge and discoveries, are recognised in the income statement at the time they are incurred.

Software and licences

The increase of Euro 563 thousand for this item is due to the combined effect of the capitalisation of multi-year expenses mainly relating to the purchase of software licences for the creation of online store infrastructures and depreciation for the period.

Brands and other rights

The value of this item as at 30 June 2014 stood at Euro 168 thousand, an increase of Euro 17 thousand during the period in question due to depreciation for the period.

It mainly comprises expenses incurred by the Parent Company in acquiring and registering national and international trademarks.

Depreciation in the period totalled Euro 7,044 thousand.

9.16 Investments in associated companies

The non-current item as at 30 June 2014 stood at Euro 59 thousand.

Description	Balance as at 30 June 2014	Balance as at 31 December 2013	Change
Investments in associated companies	59	59	-
Total	**59**	**59**	**-**

The share of the loss of the group investment accounted for using the net equity method as at 30 June 2014 is equal to Euro 514 thousand and was covered through a fund to hedge future losses.

9.17 Deferred tax assets

Description	Balance as at 30 June 2014	Balance as at 31 December 2013	Change
Deferred tax assets	9,408	8,272	1,136
Total	**9,408**	**8,272**	**1,136**

Deferred tax assets rose by 13.74% from Euro 8,272 thousand as at 31 December 2013 to Euro 9,408 thousand as at 30 June 2014.

9.18 Other non-current financial assets

Other non-current financial assets totalled Euro 922 thousand as at 30 June 2014 (Euro 910 thousand as at 31 December 2013). These largely 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. Other non-current financial assets are due to be repaid in more than 5 years' time.

9.19 Inventories

Description	Balance as at 30 June 2014	Balance as at 31 December 2013	Change
Inventories	186,293	164,396	21,896
Total	**186,293**	**164,396**	**21,896**

Inventories as at 30 June 2014 and 31 December 2013 break down as follows:

Description	Balance as at 30 June 2014	Balance as at 31 December 2013	Change
Inventories of raw materials, consumables and supplies	1,118	1,375	(258)
Total	**1,118**	**1,375**	**(258)**
Finished products and goods	193,745	171,486	22,259
Provision for obsolete finished products and goods	(8,571)	(8,465)	(105)
Total	**185,175**	**163,021**	**22,154**
Total net inventories	**186,293**	**164,396**	**21,896**

Inventories rose by 13.32% from Euro 164,396 thousand as at 31 December 2013 to Euro 186,293 thousand as at 30 June 2014, and relate to goods that have been purchased for subsequent resale online.

The increase that can be observed is only partly connected to the growth in volumes in the first half of 2014. The Group's business model makes provision for the early procurement of the goods in relation to the sales season.

Goods from previous collections and/or obsolete goods are written down with a provision for obsolete finished products and goods, calculated using the estimated realisable value of the goods.

The reserve for obsolete finished products and goods has a carrying amount deemed appropriate for the actual quantities of obsolete or slow-moving goods on hand.

9.20 Trade receivables

The breakdown of trade receivables as at 30 June 2014 is as follows:

Description	Balance as at 30 June 2014	Balance as at 31 December 2013	Change
Due from customers	5,450	7,092	(1,642)
Other trade receivables	3,413	6,481	(3,068)
Allowance for impairment	(112)	(112)	-
Total	**8,750**	**13,460**	**(4,710)**

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. This item includes, among other things, services in progress which refer to set-up fees incurred by the Group in relation to strategic partners for the design and implementation activities the Group carries out for online stores.

The Allowance for impairment was not used during the course of the half year. There was no need to make an allocation to the allowance for impairment.

Pursuant to IFRS 7, Note 10 provides information on the maximum credit risk classed according to due dates, gross of the allowance for impairment.

9.21 Other current assets

Description	Balance as at 30 June 2014	Balance as at 31 December 2013	Change
Other current assets	5,300	4,070	1,230
Total	**5,300**	**4,070**	**1,230**

The following is a breakdown of other current assets as at 30 June 2014:

Description	Balance as at 30 June 2014	Balance as at 31 December 2013	Change
Other receivables	1,191	461	730
Allowance for impairment – receivables from others	(221)	(221)	-
Advances to suppliers	19	132	(113)
Travel and payroll advances to employees	17	98	(80)
Prepayments and accrued income	2,715	3,103	(388)
Tax receivables	1,579	498	1,080
Total	**5,300**	**4,070**	**1,230**

"Other receivables" includes:

- mainly credit notes received from suppliers for which the latter must still refund money to the Company and from advance payments to the supplier for the purchase of goods for which the corresponding goods have not yet been received (e.g.: payments on order, prepayments);
- Euro 216 thousand in receivables for sums paid to the Parent's tax representative in Greece and fully impaired.

The significant increase as at 30 June 2014 compared with 31 December 2013 is due to the combined effect of the greater amount of tax credits and the lower value of suspended services which will be manifest in economic terms in later periods.

The allowance for impairment – receivables from others, as previously mentioned, relates to the loan to the Greek tax representative, which is deemed unrecoverable.

The "Prepayments" item mainly comprises costs relating to future periods but incurred in the first half of 2014. It mainly includes software licence fees, insurance costs and rental costs.

Tax receivables, which are fully recoverable by the end of the following year, mainly comprise VAT receivables.

9.22 Cash and cash equivalents and financial current assets

The breakdown of the item Cash and cash equivalents as at 30 June 2014 is as follows:

Description	Balance as at 30 June 2014	Balance as at 31 December 2013	Change
Bank and postal accounts	33,780	58,267	(24,487)
Cash and cash equivalents on hand	8	13	(5)
Total	**33,788**	**58,280**	**(24,492)**

The following is a breakdown of current financial assets as at 30 June 2014:

Description	Balance as at 30 June 2014	Balance as at 31 December 2013	Change
Due from acquirers	8,072	8,522	(451)
Due from associate companies	736	219	517
Total	**8,808**	**8,742**	**66**

Cash and cash equivalents totalled Euro 33,788 thousand as at 30 June 2014, and are made up of cash, negotiable instruments and demand deposits or short-term deposits with banks, which are actually available and readily usable.

Current financial assets, equal to Euro 8,808 thousand, relate to receivables from acquirers and receivables from the associate E_lite.

9.23 Shareholders' Equity attributable to owners of the Parent

The breakdown of changes in equity as at 30 June 2014 is presented in a separate table.

The share capital of Euro 588 thousand as at 30 June 2014 (Euro 582 thousand as at 31 December 2013) increased over the course of the first half of 2014 following the exercise of the Stock Option on the part of the beneficiaries in question. Note that on 16 January 2014 100,880 ordinary shares were granted following the exercising of 1,940 options relating to the 2004-2006, 2006-2008, 2007-2012 and 2009-2014 plans, on 10 February 2014 9,412 ordinary shares were granted following the exercising of 181 options relating to the 2009-2014 plan; on 3 March 2014 355,368 ordinary shares were granted following the exercising of 6,834 options relating to the 2003-2005, 2004-2006 and 2009-2014 plans; on 28 April 2014 34,424 ordinary shares were granted following the exercising of 662 options relating to the 2009-2014 plan; on 9 May 2014 74,048 ordinary shares were granted following the exercising of 1,424 options relating to the 2009-2014 plan; on 25 June 2014 18,772 ordinary shares were granted following the exercising of 361 options relating to the 2009-2014 plan with an overall effect of Euro 6 thousand.

The reserves are composed as follows:

- the share premium reserve was Euro 66,800 thousand as at 30 June 2014 (Euro 64,130 thousand as at 31 December 2013); this reserve increased over the course of the first half of 2014 following the exercise of the Stock Option on the part of the beneficiaries in question. Note that on 16 January 2014 100,880 ordinary shares were granted following the exercising of 1,940 options relating to the 2004-2006, 2006-2008, 2007-2012 and 2009-2014 plans, on 10 February 2014 9,412 ordinary shares were granted following the exercising of 181 options relating to the 2009-2014 plan; on 3 March 2014 355,368 ordinary shares were granted following the exercising of 6,834 options relating to the 2003-2005, 2004-2006 and 2009-2014 plans; on 28 April 2014 34,424 ordinary shares were granted following the exercising of 662 options relating to the 2009-2014 plan; on 9 May 2014 74,048 ordinary shares were granted following the exercising of 1,424 options relating to the 2009-2014 plan; on 25 June 2014 18,772 ordinary shares were granted following the exercising of 361 options relating to the 2009-2014 plan with an overall effect of Euro 2,670 thousand;

- legal reserve, which totalled Euro 193 thousand as at 30 June 2014 (Euro 193 thousand as at 31 December 2013), consists of accruals of 5% of Parent Company profits every year. This reserve did not increase in the first half of 2014 since it had reached the limit imposed by Article 2430 of the Italian Civil Code as at 31 December 2010 and which remains as at 30 June 2014;

- translation reserve, which had a negative balance of Euro 925 thousand as at 30 June 2014 (compared with Euro 1,181 thousand as at 31 December 2013), reflects exchange rate differences arising from the translation of financial statements denominated in foreign currency. The change as at December 2014 was positive by Euro 256 thousand;

- reserve for future increases in share capital, which amounted to Euro 2,283 thousand as at 30 June 2014 (Euro 132 thousand as at 31 December 2013) includes liabilities to individuals who had paid to exercise stock options as at 30 June 2014, but to whom the Company had not made the corresponding ordinary shares available by the end of the year;

- the purchase of treasury shares, with a negative balance of Euro 258 thousand, is recorded under the direct decrease in net equity in compliance with the arrangements of IAS 32. A treasury share purchase plan was launched to implement the resolution approved by the Shareholders' Meeting on 7 October 2009 and by the Board of Directors on 1 July 2010. The treasury share purchase plan is aimed at creating the necessary share provision to service the 2009-2014 Incentive Plan for employees of the Parent and its subsidiaries;

- other reserves, equal to Euro 19,896 thousand as at 30 June 2014 (Euro 19,790 thousand as at 31 December 2013) include the fair value evaluation of the stock options equal to Euro 20,202 as at 30

June 2014 (Euro 19,667 as at 31 December 2013), the cash flow hedge reserve equal to a negative value of Euro 257 thousand (positive by Euro 165 thousand as at 31 December 2013) and the reserve for actuarial profits and losses from the TFR evaluation negative by Euro 49 thousand (negative by Euro 42 thousand as at 31 December 2013);

- retained earnings (losses carried forward) amount to a loss carried forward of Euro 36,556 thousand as at 30 June 2014 (Euro 23,935 thousand as at 31 December 2013), an increase of Euro 12,620 thousand due to the allocation of profit for 2013.

9.24 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 8 September 2009, beneficiaries of Stock Option Plans exercising their options will be entitled to 52 ordinary shares of the Company for every option exercised, except for the 2012-2015 Stock Option Plan which provides for the ratio of one share for every option exercised.

With reference to the Stock Option Plans and company Incentive Plans reserved for employees, associates, consultants and directors of the Company and its subsidiaries, as at 30 June 2014 the Board of Directors had granted the following options, outlined in the table below:

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	49,015	0	0	0	0
2003 – 2005	36,760	3,000	32,760	1,000	0	0	1,000
2004 – 2006	32,319	12,650	19,169	500	0	0	500
2006 – 2008	31,303	200	24,865	6,238	0	0	6,238
2007 – 2012	102,600	3,650	63,486	35,464	0	0	35,464
2009 – 2014	94,448	23,530	18,193	52,725	0	0	52,725
Total	**378,005**	**74,590**	**207,488**	**95,927**	**0**	**0**	**95,927**

As at 30 June 2014, 15,867 options equal to 825,084 shares could be assigned.

The table below shows the exact prices for the options assigned that have not expired or been exercised.

	Strike prices in Euro									**Options Total**	**Share Total**
	59.17	**106.50**	**277.68**	**305.24**	**407.16**	**441.48**	**499.20**	**512.20**	**578.24**		
2003-2005		1,000								1,000	52,000
2004-2006		500								500	26,000
2006-2008	6,238									6,238	324,376
2007-2012	34,364	1,100								35,464	1,844,128
2009-2014			37,914	5,272	775	1,952	3,726	1,926	1,160	52,725	2,741,700
Total	**40,602**	**2,600**	**37,914**	**5,272**	**775**	**1,952**	**3,726**	**1,926**	**1,160**	**95,927**	**4,988,204**

During the first half of 2014, the Board of Directors of the Company did not resolve to grant YOOX S.p.A. stock options.

With reference to the 2012-2015 Stock Option Plan, approved by the Shareholders' Meeting on 29 June 2012, on 21 September 2012 the Company's Board of Directors approved the Plan and, the proposal of the Remuneration Committee for granting the CEO Federico Marchetti 1,500,000 options valid for the subscription of 1,500,000 YOOX ordinary shares (in the ratio of 1 new ordinary share for every 1 option exercised) at a subscription price for each single share of Euro 9.60, corresponding to the weighted average of the prices recorded for YOOX ordinary shares on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. in the 30 (thirty) days trading on the stock exchange prior to the option grant date.

The following option rights have been granted by the Board of Directors with the breakdown given in the table below:

Stock option plan	*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*
2012 – 2015	1,500,000	0	0	1,500,000	500,000	0	1,000,000
Total	**1,500,000**	**0**	**0**	**1,500,000**	**500,000**	**0**	**1,000,000**

The table below shows the exact prices for the options assigned that have not expired or been exercised.

	Strike price for the period		
	€ 9.60	**Options Total**	**Share Total**
2012-2015	1,500,000	1,500,000	1,500,000
Total	**1,500,000**	**1,500,000**	**1,500,000**

Granting of shares

On 1 July 2010, the Board of Directors of the Parent approved the 2009-2014 Incentive Plan in compliance with the approval of the Shareholders' Meeting on 8 September 2009.

A share purchase programme was set up for this purpose in order to comply with the decision of the Meeting on 7 October 2009 and the Board of Directors on 1 July 2010. The share purchase programme was aimed at acquiring sufficient shares for the 2009-2014 Incentive Plan for employees of the Parent Company and its subsidiaries.

Specifically, on 5 May 2011, the YOOX S.p.A. Shareholders' Meeting granted authorisation to buy and sell treasury shares, pursuant to articles 2357, 2357-*ter* of the Italian Civil Code and article 132 of Legislative Decree 58/1998 and related implementation provisions.

Specifically and in compliance with the YOOX S.p.A. Shareholders' Meeting resolution of 5 May 2011, the programme refers to the purchase of YOOX S.p.A. ordinary shares, with no indication of par value, up to a maximum amount of 250,000 ordinary shares, for a total maximum value of Euro 3,000,000.

Under the scope of the treasury shares purchase programme to service the YOOX S.p.A. 2009-2014 Incentive Plan, the Company bought:

- in the period from 2 July 2010 to 7 July 2010, 62,000 YOOX S.p.A. ordinary shares, at an average unit price of Euro 5.836485 per share after commission, for a total value of Euro 361,862.06;
- in the period from 5 August 2011 to 8 August 2011, 60,000 YOOX S.p.A. ordinary shares, at an average unit price of Euro 9.594572 per share after commission, for a total value of Euro 575,674.30;
- on 6 September 2011, 5,000 YOOX S.p.A. ordinary shares, at an average unit price of Euro 9.5095 per share after commission, for a total value of Euro 47,547.50;
- on 4 October 2011, 27,331 YOOX S.p.A. ordinary shares, at an average unit price of Euro 9.500947 per share after commission, for a total value of Euro 259,670.39;
- on 17 November 2011, 7,669 YOOX S.p.A. ordinary shares, at an average unit price of Euro 9.276056 per share after commission, for a total value of Euro 71,138.08.

The Shareholders' Meeting of 17 April 2014 approved the authorisation to buy and sell treasury shares pursuant to articles 2357 and 2357-*ter* of the Italian Civil Code and article 132 of Legislative Decree 58/1998 and the relevant implementing provisions, after revoking the resolution approved by the Shareholders' Meeting on 19 April 2013, regarding the part that was not executed. The purpose of the authorisation to buy and sell treasury shares is to allow the Board of Directors to possibly use the treasury shares for the purposes envisaged in market practice relating to the purchase of treasury shares to create a "bank of shares", allowed by Consob pursuant to art. 180, para. 1c) of Legislative Decree 58/1998 with resolution 16839 of 19 March 2009, and therefore (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) for the use of the purchased treasury shares to service stock option and share-based plans dedicated to directors, employees and consultants of the Company or its subsidiaries, as well as programs to grant shares free-of-charge to individual beneficiaries under

these plans. Authorisation to buy and sell treasury shares was also granted for the purpose of lending treasury shares to the Specialist operator, so that it can meet its contractual obligations to the Company in the settlement of transactions carried out on ordinary YOOX shares, under the terms and conditions laid down in the applicable provisions. Authorisation was granted for the purchase of ordinary YOOX shares in one or more tranches, without nominal value, up to a maximum number that, taking into account the ordinary YOOX shares held at any time by the Company and its subsidiaries, does not in total exceed 10% of the share capital (and therefore less than the maximum limit established by the applicable legislation, of 20% of the share capital, pursuant to article 2357, para. 3 of the Italian Civil Code).
In this regard, the Board of Directors was granted a mandate to identify the respective amount of shares to purchase, in relation to each of the purposes set out above, before the launch of each individual purchase programme within the maximum limit indicated above under the terms and conditions set out in art. 144-*bis*, para. 1b) of Consob Regulation 11971/1999, as amended. These purchases must be made at a price that does not exceed the highest price between the price of the latest independent transaction and the highest independent offer price on the market where the purchase takes place, while the unit price must not, in any case, be more than 15% lower or higher than the official price recorded by the YOOX share on the trading day preceding each purchase transaction. The Shareholders' meeting also authorised the Board of Directors, pursuant to art. 2357-*ter* of the Italian Civil Code, to make use of the treasury shares purchased on the basis of this resolution or in the Company portfolio, at any time, in full or in part, and on one or more occasions, through the sale of said shares on- or off-market, and if necessary, through the sale of real and/or personal rights, including, for example, the loan of shares. The authorisation for such purchases was granted for a period of 18 months from the date of the resolution. The authorisation for the use of treasury shares was granted without time limits.

As at 30 June 2014 the Company held 27,339 treasury shares in its portfolio equal to 0.0465% of the share capital following the payment to 46 beneficiaries of a total of 134,661 ordinary shares. Specifically, 31,338 ordinary shares were granted on 6 August 2012, 4,801 ordinary shares on 10 January 2013, 20,255 ordinary shares on 27 May 2013, 378 ordinary shares on 3 June 2013, 48,464 ordinary shares on 1 August 2013, 48,464 ordinary shares on 14 January 2014 and 24,596 ordinary shares on 13 May 2014 relating to the company incentive plan.

As at 30 June 2014, 19 of the 62 employees who were granted options lost this right as they resigned. This led to the forfeiture of 60,916 ordinary shares.

Share capital increases to service stock option plans and Company incentive plans

Note that on 29 June 2012, the YOOX S.p.A. Shareholders' Meeting took place at first call, with both ordinary and extraordinary sessions. In its ordinary session, the Shareholders' Meeting approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998, the establishment of a new incentive and loyalty scheme known as the 2012-2015 Stock Option Plan for YOOX S.p.A. executive directors, to be implemented through the free granting of options valid for subscribing new issue YOOX S.p.A. ordinary shares (in the ratio of 1 ordinary share for every 1 option exercised).
In its extraordinary session, the Shareholders' Meeting approved the divisible paid-in capital increase for a maximum amount of Euro 15,000.00 to be transferred to the share capital, with the exclusion of the option right pursuant to Article 2441, paragraph 4, point 2 of the Italian Civil Code, to be reserved for subscription by the beneficiaries of the 2012-2015 stock option plan above.
The strike price of each option, for the subscription of 1 new issue ordinary share under the capital increase, will be established according to the average weighting of the official YOOX S.p.A. ordinary share price recorded on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. in the thirty days trading prior to the option allocation date.

On 17 April 2014 the Shareholders' Meeting approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998, the establishment of a new incentive and loyalty scheme known as the 2014 - 2020 Stock Option Plan exclusively for employees of YOOX S.p.A. and its companies, directly or indirectly controlled, to be implemented through the free granting of options valid for subscribing new issue YOOX S.p.A. ordinary shares (in the ratio of 1 ordinary share for every 1 option exercised).
In extraordinary session, the Shareholders' Meeting approved the capital increase through payment in cash in one or more tranches, of a maximum amount of Euro 5,000.00 attributable to the capital, increased by any premium, with the exclusion of option rights pursuant to Article 2441, paragraph 8 of the Italian Civil Code, to be reserved exclusively for subscription by employees of YOOX S.p.A. and subsidiary companies as beneficiaries of the above Stock Option Plan.
The strike price of each option, for the subscription of 1 new issue ordinary share under the capital increase, will be established according to the average weighting of the official YOOX S.p.A. ordinary share price recorded on

the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. in the thirty days trading prior to the option allocation date.
The 2014 – 2020 Stock Option Plan involves the granting of a total of 500,000 YOOX ordinary shares, equal to approximately 0.85% of the current share capital of the Company (equal to Euro 588,003.00 and represented by 58,800,300 ordinary shares with no par value).

Institution of the stock option plans and Company incentive plans and subsequent changes

On 27 April 2012 the Shareholders' Meeting, pursuant to article 114-*bis* of Legislative Decree 58/1998, approved the establishment of a new incentive and loyalty plan known as the Stock Grant Plan for employees of YOOX S.p.A. and companies directly or indirectly controlled by it, to be implemented through the allocation, free of charge, of a total of 550,000 YOOX S.p.A. ordinary shares, giving the Board of Directors the mandate to adopt the regulation.

On 29 June 2012 the YOOX S.p.A. shareholders'' Meeting approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998, the establishment of a new incentive and loyalty scheme known as the 2012-2015 Stock Option Plan for YOOX S.p.A. executive directors, to be implemented through the free granting of options valid for subscribing new issue YOOX S.p.A. ordinary shares (in the ratio of 1 ordinary share for every 1 option exercised).
The 2012-2015 stock option plan includes the allocation of a total of 1,500,000 YOOX ordinary shares.

On 21 September, the Company's Board of Directors approved the plan and, on the proposal of the Remuneration Committee, the allocation in favour of the CEO Federico Marchetti of 1,500,000 options valid for the subscription of 1,500,000 YOOX ordinary shares (in the ratio of 1 new ordinary share for every 1 option exercised).

On 17 April 2014 the Shareholders' Meeting approved, pursuant to Article 114-*bis* of Legislative Decree 58/1998, the establishment of a new incentive and loyalty scheme known as the 2014 - 2020 Stock Option Plan exclusively for employees of YOOX S.p.A. and its companies, directly or indirectly controlled, to be implemented through the free granting of options valid for subscribing new issue YOOX S.p.A. ordinary shares (in the ratio of 1 ordinary share for every 1 option exercised).
The 2014-2020 Stock Option Plan includes the allocation of a total of 500,000 ordinary shares.

9.25 Non-current financial payables – bank loans and other borrowings

Bank loans and other financial liabilities stood at Euro 37,178 thousand a decrease of Euro 9,574 thousand compared with 31 December 2013 (Euro 46,752 thousand).

Description	*Balance as at 30 June 2014*	*Balance as at 31 December 2013*	*Change*
Medium/long-term financial liabilities	27,661	33,848	(6,187)
Bank loans and other current financial liabilities	9,517	12,904	(3,387)
Total	**37,178**	**46,752**	**(9,574)**

The following table shows the breakdown of debt as at 30 June 2014:

Lending institution	*Remaining amount*	*Nature of facility*	*Rate*	*Short-term portion*	*Medium-long-term portion*
BNL - BNP Paribas Group	7,000		Euribor + 1.00%	4,000	3,000
Banca Sella	5,000		Euribor + 2.3%	1,250	3,750
Mediocredito	23,000		Euribor + 2.6%	2,875	20,125
DLL	478		Fixed	306	172
Financial leases	1,478			863	615
Accrued liabilities	*222*			*222*	-
Total	**37,178**			**9,517**	**27,661**

Commitments of a financial nature (covenants)

The Company, also for the purposes of Article 1461 of the Italian Civil Code, recognises the essential nature of complying with the financial parameters, as payment in the consolidated financial statements in the name of YOOX S.p.A., accepting that the “Bank” can terminate the contract if the financial situation recorded in the consolidated financial statements does not comply with these parameters, or even with only one of them.

Below are the finance parameters for the loan agreed with Banca Nazionale del Lavoro and Mediocredito:

1) the ratio between the Net Financial Position and the EBITDA excluding the incentive plans should not be more than 2.5 times the total loan repayment;
2) the ratio between the Net Financial Position and the Shareholders’ Equity should not be more than once the total loan repayment.

YOOX S.p.A. will notify the “Bank” of the above financial parameters on a half-yearly frequency as at 30 June and 31 December every year until the due date.
If even only one of the above parameters is not complied with, YOOX S.p.A. stops the right of the “Bank” to terminate the contract, is committed to agree the financial and management operations, with the actual “Bank” within 30 working days of the actual request, to ensure that the parameters in question come under the set terms, or, alternatively, to repay the loan in advance at the due date of the period of interest in progress.

In relation to the above-mentioned financing agreed, it should be noted that as at 30 June 2014, like as at 31 December 2013, the above-mentioned financial parameters were complied with by the Group.

As at 30 June 2014 financing with other credit institutions is not governed by compliance with parameters of a financial and commercial nature.

Net financial position

The table below gives a breakdown of net financial position as at 30 June 2014:

Description	Balance as at 30 June 2014	Balance as at 31 December 2013	Change
Cash and cash equivalents	33,788	58,280	(24,492)
Current financial assets	8,808	8,742	66
Other current financial assets	89	510	(421)
Bank loans and other current financial payables	(9,517)	(12,904)	(3,387)
Other current financial liabilities	(444)	(283)	161
Net short-term financial position	**32,724**	**54,346**	**(21,622)**
Medium/long-term financial liabilities	(27,661)	(33,848)	6,187
Net financial position [30]	**5,063**	**20,498**	**(15,435)**

As at 30 June 2014 the net financial position of the Group fell by Euro 15,435 thousand, going from Euro 20,498 thousand as at 31 December 2013 to Euro 5,063 thousand as at 30 June 2014.

[30] 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 recognized 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 of the items that make up net financial debt (or net financial position), see the table above in the section “Net financial position”. “Other current financial assets” are not governed by the definition of net debt (or net financial position) of the CESR. The Group believes this definition should be integrated including claims vs. acquirer and logistics operators from whom cash on delivery is required under “other current financial assets”.

9.26 Employee benefits

This item refers exclusively to the post-employment benefits recorded by the Parent Company in accordance with current legislation. Changes in defined benefit plans for employees in the first half of 2014 are summarised below:

Description	***Balance as at 31 December 2013***	***Provisions***	***Utilisation***	***Balance as at 30 June 2014***
Employee benefits	210	12	53	168
Total	**210**	**12**	**53**	**168**

The main technical, demographic and economic parameters used in the actuarial calculation of the liability for employee benefits as of 30 June 2014 are summarised below:

Actuarial assumptions used for the calculations	
Annual probability of death in service	SIM and SIF demographic tables for 2010
Annual probability of death other than by death in service	6.45%
Probability of requests for advances	5.25%
Age for retirement suitably modified taking into consideration latest legislation	
Actualisation rate	2.29% corresponding to the rate of return of Euro zone corporate bonds with AA rating
Maximum % of accrued staff post-employment benefits in advance	70%
Annual increase in the cost of living	1.5%

9.27 Deferred tax liabilities

Deferred tax liabilities fell by 77.8% from Euro 153 thousand as at 31 December 2013 to Euro 34 thousand as at 30 June 2014.

The deferred tax liability was estimated based on the historical trend of the Group’s tax rate, considered representative of the best estimate of the full-year tax rate.

9.28 Provisions for current and non-current risks and charges

This item reflects provisions for estimated current liabilities as at 30 June 2014, the timing and extent of which cannot be determined. The following table shows the breakdown of the item and changes in the first half of 2014:

Description	***Balance as at 31 December 2013***	**Increases**	**Adjustments**	**Utilisation**	***Balance as at 30 June 2014***
Provision for theft and loss	182	127	-	(198)	111
Provision for fraud	240	196		(218)	217
Total provisions for current risks and charges	**422**	**323**	**-**	**(417)**	**329**
Total provisions for non-current risks and charges	**-**	**-**	**-**	**-**	**-**
Total provisions for risks and charges	**422**	**323**	**-**	**(417)**	**329**

During the first half of the year, Euro 198 thousand was used from the provision for theft and loss. A further accrual of Euro 127 thousand was considered sufficient following a new estimate.

During the first half of the year, Euro 218 thousand was used from the provision for fraud. A subsequent accrual of Euro 196 thousand to cover fraud linked with online sales paid for by credit card is considered adequate in line with the new estimate. This fraud coverage provision was calculated taking into account the historical incidence of the value of fraud in relation to the value of sales.

9.29 Trade payables

The following table shows a breakdown of trade payables as at 30 June 2014:

Description	Balance as at 30 June 2014	Balance as at 31 December 2013	*Change*
Due to suppliers	91,416	94,570	(3,155)
Credit notes to be received from suppliers	(3,383)	(2,943)	(440)
Invoices to be received from suppliers	40,522	29,133	11,389
Due to credit card operators	46	30	16
Total	**128,601**	**120,790**	**7,811**

Trade payables went from Euro 120,790 thousand as at 31 December 2013 to Euro 128,601 thousand as at 30 June 2014, an increase of 6.5%.

Trade payables are all payables relating to the purchase of goods and services from Group 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.

9.30 Tax liabilities

Current tax payables relate exclusively to the current income tax liability of the Parent Company and its foreign subsidiaries.

It increased during the course of the half year by Euro 789 thousand going from Euro 989 thousand as at 31 December 2013 to Euro 1,777 thousand as at 30 June 2014 through the effect of the tax assessment basis increase.

9.31 Other payables

The following table shows a breakdown of payables as at 30 June:

Description	Balance as at 30 June 2014	Balance as at 31 December 2013	*Change*
Due to social security institutions	2,185	2,251	(66)
Credit notes to be issued to customers	6,814	9,954	(3,141)
Due to directors	289	458	(169)
Due to employees	3,938	4,076	(138)
Due to tax representatives	4,836	6,893	(2,057)
Other payables	6,515	7,157	(642)
Accrued expenses and deferred income	523	404	120
Total	**25,100**	**31,193**	**(6,093)**

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 2010 and 2009 exceeded the threshold set in Article 41, paragraph 1, letter b) of Decree-Law 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 VAT accounts in these countries.

Other payables include credit notes to be issued to customers against certain payables for returns on sales made in the first half of 2014.

Consolidated statement of cash flows

9.32 Profit for the period, taxes for the period, depreciation and amortisation, income taxes paid

Details of profit for the period, taxes for the period, depreciation and amortization and other non-monetary income statement items are provided in Notes 9.11, 9.10, 9.9, 9.5, 9.4 and 9.3 respectively.

In relation to the tax charge in the first half of 2014 of Euro 1,861 thousand (Euro 1,248 thousand in the first half of 2013), tax payments amounting to Euro 2,328 thousand were made (Euro 788 thousand in the first half of 2013) 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.

9.33 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 amortization and provisions classified as a direct deduction from asset items (allowance for impairment and provisions for obsolescence). This 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.

9.34 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.

9.35 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.

9.36 Acquisition 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, net of related funding.

9.37 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 9.14). 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.

9.38 Acquisition of stakes in associates

The cash flow from investment is due to payments in the form of loans to hedge future losses of Euro 343 thousand.

9.39 Acquisition of other non-current financial assets

Other non-current financial assets totalled Euro 922 thousand as at 30 June 2014 (Euro 910 thousand as at 31 December 2013). These largely 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. Other non-current financial assets are due to be repaid in more than 5 years' time.

9.40 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 9.23 (Equity attributable to owners of the Parent Company).

9.41 Arrangement and repayment of non-current financial liabilities

Arrangement of other non-current financial payables relates to loans from banks and other lenders, as described in Note 9.25.

9.42 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 9.23.

9.43 Investments in financial assets

No investments in financial assets were made during the first half of 2014.

10. Disclosure of financial risks

During the first half of 2014, the nature and structure of the risk exposure detailed below and the associated policies applied by the Group did not change substantially from the previous year.

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 consolidated financial statements and notes as at 30 June 2014, 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 Company, YOOX S.p.A. Since the YOOX Group is essentially an exporter, the main risk exposure consists of depreciation of foreign currencies against the Euro. The Group is principally exposed towards the US dollar, the Japanese yen, the UK pound and Chinese renminbi.

Currency transaction risks were hedged in the first half of 2014 by forward contracts arranged with the leading domestic and international banks used by YOOX on a daily basis. Outstanding contracts and those negotiated during the half-year period only hedge expected cash flows denominated in US dollars, for the equivalent of Euro 20,969 thousand as at 30 June 2014, and in Japanese yen, for the equivalent of Euro 13,724 thousand. It was not considered necessary to hedge exposure to the UK pound and the Chinese renminbi, since the amount involved was not significant. No speculative derivative contracts were arranged in the first half of 2014 and in the preceding period.

The subsidiaries and consolidated companies of the Parent Company YOOX S.p.A. are located in countries that do not belong to the European Monetary Union: United States, Japan, People's Republic of China and Hong Kong. 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 period. 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.

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".

Financial risk deriving from interest rate fluctuations

Interest rate risk arises when a change in interest rates adversely affects performance for the year.
Funding and credit lines available to the YOOX Group are indexed at the Euribor, therefore the Group is exposed to an increase in interest rates. YOOX Group felt it advisable to manage the interest rate risk through recourse to interest rate swaps covering medium/long-term funding agreed for financing the new techno-logistics platform.
Passive interest on funding for the first half of 2014 came to Euro 625 thousand, an increase compared with the first half of 2013 (Euro 385 thousand) following greater use of credit lines. The interest cost of the majority of the Group's bank borrowing is roughly equal to Euribor plus a spread of about 1.50%, in line with the previous year.

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 fulfillment of its obligations. YOOX has preferred to adopt a flexible approach, adapted to the dynamic nature of the business in which it operates, through recourse to credit lines which are committed on one side, in other words they do not include the possibility of the lenders asking for repayment before a preset date, and on the other side are revolving, in other words the Group has the possibility of repaying the individual uses rebuilding their availability.

Net financial position as at 30 June 2014 was positive at Euro 5,063 thousand.

Credit risk with financial counterparties

The YOOX Group has obtained lines of credit from leading Italian and international banks of high credit standing.

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.

For information on the Group's exposure and measurement of the above-mentioned financial risks, please refer to the information contained in the consolidated financial statements as at 31 December 2013, in respect of which no significant variations have occurred at the present date.

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%.

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: held-to-maturity assets, trade receivables and payables, time deposits, loans and other liabilities and assets 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.

Investments in repurchase agreements, mentioned previously, come under financial assets valued at amortised cost.

The carrying amount of trade payables and receivables represents a reasonable approximation of their fair value.

The carrying amount of trade payables and receivables represents a reasonable approximation of their fair value.

Financial assets and liabilities 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 measured at fair value as at 30 June 2014 are calculated using the Level 2 method. In 2014 there were no changes between levels.

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 as at 30 June 2014	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	922	-	-	-	-	-	922	922
Trade receivables	8,750	-	-	-	-	-	8,750	8,750
Other current assets	5,211	-	-	-	-	89	5,300	5,300
Cash and cash equivalents	33,788	-	-	-	-	-	33,788	33,788
Medium/long-term financial liabilities	(27,661)	-	-	-	-	-	(27,661)	(27,661)
Bank loans and other current financial liabilities	(9,517)	-	-	-	-	-	(9,517)	(9,517)
Other current financial liabilities	(24,656)	-	-	-	-	(444)	(25,100)	(25,100)
TOTAL	**(13,163)**	**-**	**-**	**-**	**-**	**(355)**	**(13,518)**	**(13,518)**

Statement of financial position items as at 31 December 2013	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	910	-	-	-	-	-	910	910
Trade receivables	13,460	-	-	-	-	-	13,460	13,460
Other current assets	3,560	-	-	-	-	510	4,070	4,070
Cash and cash equivalents	58,280	-	-	-	-	-	58,280	58,280
Medium/long-term financial liabilities	(33,848)	-	-	-	-	-	(33,848)	(33,848)
Bank loans and other current financial liabilities	(12,904)	-	-	-	-	-	(12,904)	(12,904)
Other current financial liabilities	(30,910)	-	-	-	-	(283)	(31,193)	(31,193)
TOTAL	**(1,452)**	**-**	**-**	**-**	**-**	**(227)**	**(1,225)**	**(1,225)**

Financial derivative instruments outstanding at year end

The following table shows transactions outstanding as of 30 June 2014 and 31 December 2013 and the related fair values:

	Nature of hedged risk	Notional Value		Fair value derivatives		Current financial assets		Other Financial Payables	
FINANCIAL INSTRUMENT		**30/06/14**	**31/12/13**	**30/06/14**	**31/12/13**	**30/06/14**	**31/12/13**	**30/06/14**	**31/12/13**
Hedging									
Forward sales	currencies	34,694	6,025	(139)	510	89	510	(228)	-
IRS	rate	10,740	12,380	(217)	(283)	-	-	(217)	(283)
Total		**45,434**	**18,405**	**(356)**	**227**	**89**	**510**	**(444)**	**(283)**

11. Information pursuant to IAS 24 on management remuneration and on related parties

Transactions with related parties, as defined under IAS 24 and by Consob Regulation No. 1722 of 12 March 2010, as at 30 June 2014 as well as at 31 December 2013 and as at 30 June 2013 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.

In this sense, a party is related to an entity if:

(a) directly or indirectly through one or more intermediaries, the party:

- (i) controls the entity, is controlled by it or is subject to joint control (including controlling or controlled entities and associated companies);
- (ii) has significant influence in the entity; or
- (iii) jointly controls the entity;

(b) the party is an associated company (according to the definition set out in IAS 28 - Investments in Associates) of the entity;

(c) the party is a joint venture in which the entity has a shareholding (see IAS 31 Investments in Joint Ventures);

(d) the party is one of the managers with strategic responsibilities at the entity or its controlling company;

(e) the party is a close family member of one of the subjects included in points (a) or (d);

(f) the party is a controlled entity, jointly controlled or subject to the significant influence of one of the subjects set forth in points (d) or (e) or these subjects hold, directly or indirectly, a significant share of the voting rights; or

(g) the party is a pension fund for employees of the entity or any other entity related to it.

An operation with an affiliated party is a transfer of resources, services or obligations between affiliated parties, regardless of the fact that an amount is agreed on.

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 as at 30 June 2014 and 30 June 2013.

The main relationships between the Parent Company and Group companies are chiefly commercial in nature and can be summarised as follows:

1. the Parent Company supplies the Group companies with products for sale on the US and Japanese online stores;

2. the Parent Company provides the Group companies with website maintenance, support services and updates;

3. the Parent Company provides the Group companies with administrative, financial and legal services;

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

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 Parent Company Yoox S.p.A. and Group subsidiaries as at 30 June 2014, as at 31 December 2013 and as at 30 June 2013. Receivables from and payables to subsidiaries are expressed in USD, JPY, CNY and HKD and translated to Euro at the exchange rate in effect at the end of the period. Revenue and costs are expressed in USD, JPY, CNY and HKD and translated to Euro at the average exchange rate for the reference period.

30 June 2014

(Thousand Euro)

	Trade receivables	Financial receivables	Trade payables	Financial payables	Revenue	Costs
YOOX SpA	26,107	4,429	10	2,318	53,513	15
YOOX Corporation	3	-	13,782	1,100	6	35,888
Y Services Ltd	-	-	-	-	-	-
YOOX Japan	5	724	4,959	-	2	12,367
YOOX Mishang Trading (Shangaii)	-	-	5,265	3,329	-	1,177
YOOX Asia Ltd	2	1,594	2,100	-	7	4,082
Total subsidiaries	**26,116**	**6,747**	**26,116**	**6,747**	**53,528**	**53,528**

31 December 2013

	Trade receivables	Financial receivables	Trade payables	Financial payables	Revenue	Costs
YOOX SpA	27,723	2,885	52	2,265	100,750	67
YOOX Corporation	16	-	14,163	1,102	24	66,168
Y Services Ltd	-	-	621	-	9	1,503
YOOX Japan	35	693	6,262	-	21	23,470
YOOX Mishang Trading (Shanghai)	-	-	4,204	1,783	-	2,431
YOOX Asia Ltd	**1**	**1,572**	**2,472**	**-**	**13**	**7,177**
Total subsidiaries	**27,775**	**5,150**	**27,775**	**5,150**	**100,817**	**100,817**

30 June 2013

(Thousand Euro)

	Trade payables	Financial receivables	Trade payables	Financial payables	Revenue	Costs
YOOX SpA	17,402	5,270	573	4,745	44,213	13
YOOX Corporation	242	-	8,186	3,471	-	28,634
Y Services	101	2,319	948	-	7	846
YOOX Japan	89	775	3,418	-	1	11,152
YOOX Mishang Trading (Shangaii)	45	-	4,049	1,799	-	760
YOOX Asia Ltd	48	1,652	751	-	6	2,820
Total subsidiaries	**17,926**	**10,015**	**17,926**	**10,015**	**44,226**	**44,226**

11.2 Remuneration of senior managers and other key persons within the Group

Senior management and key persons with strategic responsibility for management, planning and administration in the Group are identified, as well as executive directors and non-executive directors and also the Chief Financial Officer, General Manager and Chief Operating Officer.

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:

30 June 2014

Description	Current benefits	Long-term benefits	Stock option plans and Company incentive plans
Directors	744	252	589
Statutory Auditors	36	-	-
Management personnel with strategic responsibilities	430	21	109
Total	**1,210**	**273**	**698**

31 December 2013

Description	Current benefits	Long-term benefits	Stock option plans and Company incentive plans
Directors	1,517	485	2,998
Statutory Auditors	68	-	-
Management personnel with strategic responsibilities	872	43	45
Total	**2,457**	**528**	**3,043**

30 June 2013

Description	Current benefits	Long-term benefits	*Stock option plans and Company incentive plans*
Directors	749	181	2,020
Statutory Auditors	37	-	-
Management personnel with strategic responsibilities	460	22	262
Total	**1,246**	**203**	**2,282**

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 at 30 June 2014, 31 December 2013 as well as 30 June 2013, 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 interests of the Group.

30 June 2014

Description	Trade receivables	Financial receivables	Trade payables	Financial payables	Revenue	Costs
D'Urso Gatti e Bianchi Studio Legale Associato	-	-	270	-	-	270
Tarter Krinsky e Drogin LLP	-	-	50	-	-	97
Hari K. Samaroo, P.C.	-	-	-	-	-	-
KK TPI	-	-	-	-	-	-
Bizmatica Sistemi S.p.A.	-	-	60	-	-	60
Nagamine Accounting Office	-	-	1	-	-	14
E_Lite	255	740	2,997	669	5,392	-
Total other related parties	**255**	**740**	**3,378**	**669**	**5,392**	**441**

31 December 2013

Description	Trade receivables	Financial receivables	Trade payables	Financial payables	Revenue	Costs
D'Urso Gatti e Bianchi Studio Legale Associato	-	-	159	-	-	644
Tarter Krinsky e Drogin LLP	-	-	93	-	-	232
KK TPI	-	-	-	-	-	9
Bizmatica Sistemi S.p.A.	-	-	74	-	-	251
Nagamine Accounting Office	-	-	1	-	-	18
E_Lite	688	940	4,151	-	7,459	0
Total other related parties	**688**	**940**	**4,478**	**-**	**7,459**	**1,154**

30 June 2013

Description	*Trade receivables*	Financial receivables	*Trades payables*	Financial payables	*Revenue*	*Costs*
D'Urso Gatti e Bianchi Studio Legale Associato	-	-	326	-	-	398
Tarter Krinsky e Drogin LLP	-	-	10	-	-	54
Hari K. Samaroo, P.C.	-	-	-	-	-	7
KK TPI	-	-	-	-	-	9
Bizmatica Sistemi S.p.A.	-	-	75	-	-	112
Nagamine Accounting Office	-	-	1	-	-	16
E_Lite	510	551	1,693	654	1,722	-
Total other related parties	**510**	**551**	**2,106**	**654**	**1,722**	**596**

The above entities are regarded as related parties of the Group for the following reasons:

- Studio legale D'Urso Gatti e Associati, since a partner of that law firm is a director of the Parent;
- Tarter Krinsky and Drogin LLP, since a partner in that legal firm is a member of the Board of Directors of one of the Group's companies (YOOX Corporation);
- Hari K. Samaroo P.C., since the owner of that law firm is the legal representative/chairman of former Y Services (now incorporated by effect of the merger into YOOX Corporation);
- KK TPI and Nagamine Accounting Office, since the owner of both these consultancy firms is a member of the Board of Directors of a Group company (YOOX Japan);
- Bizmatica Sistemi SpA since the chairman of that company is the son of a member of the Board of Directors of the Group (YOOX SpA);
- E_lite because it is a 49% owned subsidiary.

None of the transactions that took place with related parties in 2014 and 2013 were significant (except as mentioned above), atypical and/or unusual.

12. Commitments

Commitments and guarantees

Description	Balance as at 30 June 2014	Balance as at 31 December 2013
Third-party assets held by the Group	133,268	124,629
Sureties given to others	2,450	2,670
Commitments under hedging contracts (nominal value)	**45,434**	**18,405**

The warehouses of Group companies hold goods worth Euro 133,268 thousand received on a sale-or-return basis from YOOX's partners. The increase by comparison with the previous year reflects the opening of new online stores in 2014, as well as an expansion of procurement on a sale-or-return basis in the Multi-brand business line.

The sureties, all given by the Parent, relate to the following contracts:

- the contract agreed by the Parent Company with SINV, with effect from 2 November 2010, for a period of six years, for the rental of office premises in Via Morimondo 17, Milan. The surety amounts to Euro 192,500 and will expire on 31 January 2017;

- the contract agreed by the Company with Despina S.p.A. to guarantee compliance with obligations under a rental contract with effect from 26 June 2013, for a period of six years, relating to office premises at Via Nannetti 1 in Zola Predosa. The amount of the surety is Euro 47,500 expiring on 31 March 2019;

- the contract agreed 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 1 August 2008. The surety amounts to Euro 52,000 and expires on 31 July 2014;

- the contract agreed by the Company with Oslavia, with effect from 1 July 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 31 July 2014;

- the contract concluded by the Company following the repayment of the Global Collect guarantee deposit of Euro 1,200,000, after BNP Paribas issued a bank guarantee for the same amount, expiring on 30 April 2014;

- the contract agreed with Logistica Bentivoglio S.r.l. with effect from 28 December 2010 and expiring on 31 December 2017 to guarantee compliance with obligations under the rental agreement for the warehouse at the Bentivoglio Blocco 9.5 Interporto for Euro 564,052;

- the surety agreed for Arangino Giovanni to guarantee the costs of restoring the external wall of the building in Via Lombardini, Milan, for a sum of Euro 4,000, with effect from 19 August 2010 and expiring on 31 July 2014;

- the contract agreed by the Company with Despina S.p.A. to guarantee compliance with obligations under a rental contract with effect from 14 April 2010, for a period of six years, relating to office premises at Via Nannetti 1 in Zola Predosa. The amount of the surety is Euro 58,500 expiring on 01 February 2016;

- the contract agreed with SBLC Callison LLC with effect from 8 January 2013 expiring on 15 May 2016 to guarantee the correct fulfillment of the obligations undertaken through the rental agreement of the New York offices for USD 227,753 equal to Euro 166,754 as at 30 June 2014;

- the contract agreed with Geodis Logistic S.p.A. with effect from 01 January 2013 and expiring on 30 January 2019 to guarantee compliance with obligations under the rental agreement for the warehouse and offices at the Interporto for Euro 103,621;

- the contract agreed by the Angel Guerra Company to guarantee compliance with obligations under a rental contract for office premises in Madrid, with effect from 21 May 2013. The surety amounts to Euro 10,200 and expires on 30 June 2016;

- the contract agreed with Generali Italia Immobiliare, with effect from 25 July 2013 and expiring on 13 September 2019, for the rental of office space in Casalecchio di Reno in via del Lavoro. The amount of the surety is Euro 31,400.

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 34,694 thousand;

- interest rate swaps signed by the Parent to hedge the interest rate risk related to the medium/long-term loan agreed for financing the new techno-logistics platform. The nominal amount of commitments at the closing date of the Financial Statement is Euro 10,740 thousand.

13. Non-recurring events and significant transactions

The YOOX Group did not engage in significant non-recurring transactions during the first half of 2014.

14. Positions or changes resulting from atypical or unusual transactions

There were no positions or changes resulting from atypical and/or unusual transactions during the first half of 2014.

15. Significant events after 30 June 2014

After the end of the period, on 07 July 2014, 384,020 YOOX S.p.A. ordinary shares were granted, following the exercising of 7,385 options whose details are described in the table below:

Stock Option Plans	**Strike prices in Euro**							**Options Total**	**Total post-split shares**
	59.17	**106.50**	**277.68**	**407.16**	**499.20**	**512.20**	**578.24**		
2001-2003		2,000						2,000	104,000
2006-2008	250							250	13,000
2009-2014			193	150	1,097	3,304	391	5,135	267,020
Total	**250**	**2,000**	**193**	**150**	**1,097**	**3,304**	**391**	**7,385**	**384,020**

Given the above, the new share capital issued by YOOX S.p.A. is Euro 591,843.20, divided into 59,184,320 ordinary shares with no indication of par value.

Agreement with Lanvin
On 29 July 2014, Jeanne Lanvin S.A. and YOOX S.p.A. signed a non-binding letter of intent aimed at finalising an agreement for the global management of the Lanvin online store.

Jil Sander renewal
In July 2014, a long-standing Mono-brand agreement was renewed: on 24 July 2014, Jil Sander Italia S.p.A. (Onward Luxury Group) and YOOX S.p.A. renewed the global collaboration agreement for the management of jilsander.com "Powered by YOOX Group" for a further 5 years until 29 September 2019.

Online store deactivation
Three Mono-brand agreements will not be renewed when the contracts expire. In 2013 they made a total contribution of approximately 1% to the Group's net revenues. Specifically, YOOX S.p.A., in mutual agreement with the Brands, will not continue its collaboration with Coccinelle S.p.A. and Vicini S.p.A. after 30 September 2014, and with Bally S.A. after 31 August 2014.

The YOOX creative agency will produce the graphic concept of Fendi (LVMH Group)
YOOX Group will design and produce the graphic concept of the next release of fendi.com for FENDI (LVMH Group) which is expected to go live in 2015. For the first time, the YOOX in-house creative agency will take care of the creative and graphic concept of the website of a brand outside of its Mono-brand portfolio, after having won a tender which several of the most important international web agencies were bidding for.

The Group in-house creative agency will design and produce the creative concept of the new release of marni.com "Powered by YOOX Group", following an agreement signed by Marni S.p.A. and YOOX S.p.A. on 22 July 2014.

Zola Predosa (BO), 30 July 2014
For the Board of Directors

Chairman of the Board of Directors
Federico Marchetti

Annex 1

Consolidated income statement as at 30 June 2014 prepared in accordance with CONSOB Resolution 15519 of 27 July 2006 and CONSOB Communication DEM/6064293 of 28 July 2006 (in thousands of Euro).

	30 June 2014			30 June 2013		
Consolidated income statement	**Balances**	**of which with related parties**	**% Weighting**	**Balances**	**of which with related parties**	**% Weighting**
Thousand Euro:						
Net revenue	237,989	5,392	2.27%	207,448	2,281	1.10%
Cost of goods sold	(151,765)			(130,828)		
Fulfillment costs	(25,232)	(223)	0.88%	(22,457)	(262)	1.17%
Sales and marketing costs	(26,055)	(170)	0.65%	(23,556)	(204)	0.87%
General expenses	(27,158)	(2,230)	8.21%	(24,074)	(3,292)	13.68%
Other income and expenses	(1,563)			(1,784)		
Non-recurring expenses	-			-		
Operating profit	**6,216**			**4,749**		
Result of equity investments	(514)			(594)		
Financial income	305	5	1.64%	761	7	0.87%
Financial expenses	(1,590)			(1,463)		
Profit before tax	**4,417**			**3,454**		
Taxes	(1,861)			(1,248)		
Consolidated net income for the period	**2,556**			**2,206**		
Basic earnings per share	0.04			0.04		
Diluted earnings per share	0.04			0.04		

Annex 2

Consolidated statement of financial position as at 30 June 2014, prepared in accordance with CONSOB Resolution 15519 of 27 July 2006 and CONSOB Communication DEM/6064293 of 28 July 2006 (in thousands of Euro).

	30 June 2014			31 December 2013		
Consolidated statement of financial position	**Balances**	**of which with related parties**	**% Weighting**	**Balances**	**of which with related parties**	**% Weighting**
Amounts in thousands of Euro and percentage weighting on individual items						
Non-current assets						
Property, plant and equipment	35,728			34,890		
Intangible assets with finite useful life	31,820			27,093		
Equity interests in associates	59			59		
Deferred tax assets	9,408			8,272		
Other non-current financial assets	922			910		
Total non-current assets	**77,937**			**71,224**		
Current assets						
Inventories	186,293			164,396		
Trade receivables	8,750	255	2.91%	13,460	688	2.6%
Other current assets	5,300			4,070		
Cash and cash equivalents	33,788			58,280		
Current financial assets	8,808	740	8.40%	8,742	240	2.7%
Total current assets	**242,939**			**248,949**		
Total assets	**320,876**			**320,173**		

Consolidated statement of financial position	30 June 2014 Balances	of which with related parties	% Weighting	31 December 2013 Balances	of which with related parties	% Weighting
Shareholders' Equity						
Share capital	588			582		
Reserves	87,989			82,525		
Losses carried forward	36,556			23,935		
Consolidated profit for the year	2,556			12,620		
Equity attributable to equity holders of the Parent	127,689			119,663		
Equity attributable to third parties						
Total consolidated equity	**127,689**			**119,663**		
Non-current liabilities						
Medium/long-term financial liabilities	27,661			33,848		
Employee benefits	168			210		
Provisions for risks and charges	-			-		
Deferred tax liabilities	34			153		
Total non-current liabilities	**27,863**			**34,211**		
Bank loans and other current financial liabilities	9,517			12,904		
Provisions for risks and charges	329			422		
Trade payables	128,601	3,378	2.63%	120,792	4,478	3.70%
Tax liabilities	1,777			989		
Other payables	25,100	669	2.67%	31,193		
Total current liabilities	**165,324**			**166,300**		
Total consolidated equity and liabilities	**320,876**			**320,173**		

Annex 3

Consolidated statement of cash flows for the year ended 30 June 2014, prepared in accordance with CONSOB Resolution 15519 of 27 July 2006 and CONSOB Communication DEM/6064293 of 28 July 2006 (in thousands of Euro).

	30 June 2014			30 June 2013		
Consolidated statement of cash flows	**Balances**	**of which with related parties**	**% Weighting**	**Balances**	**of which with related parties**	**% Weighting**
Amounts in thousands of Euro and percentage weighting on individual items						
Consolidated net income for the period	2,556			2,206		
Adjustments for:						
Taxes for the period	1,861			1,248		
Financial expenses	1,590			1,463		
Financial income for the period	(305)			(761)		
Share of earnings from associates	514			594		
Depreciation, amortisation and impairment losses for the period	11,661			8,822		
Fair value measurement of stock option plans	815			2,881		
Unrealised effect of changes in foreign exchange rates	256			(299)		
(Gains)/losses on sale of non-current assets	2			3		
Employee benefits	12			66		
Provisions for risks and charges	323			217		
Payment of employee benefits	(53)			(58)		
Use of provisions for risks and charges	(416)			(315)		
Changes in inventories	(21,896)			(16,404)		
Changes in trade receivables	4,710	433	9.19%	(1,965)	170	8.66%
Changes in trade payables	7,809	1,100	14.09%	15,401	1,391	9%
Changes in other current assets and liabilities	(7,945)	(669)	8.42%	74	94	>100%
Cash flow from (used in) operating activities	**1,493**			**13,172**		
Income tax paid	(2,328)			(788)		
Interest and other financial expenses paid	(1,590)			(1,463)		
Interest and other financial income received	305			761		
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**(2,120)**			**11,683**		

Consolidated statement of cash flows	30 June 2014 Balances	of which with related parties	% Weighting	30 June 2013 Balances	of which with related parties	% Weighting
Investing activities						
Acquisition of property, plant and equipment	(7,985)			(13,176)		
Acquisition of intangible assets	(11,364)			(8,611)		
Acquisition of investments	(343)			(594)		
Acquisition of other non-current financial assets	(12)			(6)		
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**(19,974)**			**(22,386)**		
Financing activities						
New short-term liabilities	843			3		
Repayment of short-term liabilities	(7,086)			(1,956)		
New medium/long-term financial liabilities	-			-		
Repayment of medium/long-term financial liabilities	(917)			(64)		
Increase in share capital and share premium reserve	4,827			1,495		
Investments in other financial assets	(65)			(1,607)		
Variation through difference between cash effect and action of incentive plans	-			116		
NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	**(2,398)**			**(2,014)**		
TOTAL CASH FLOW FOR THE PERIOD	**(24,492)**			**(12,718)**		
Cash and cash equivalents at the beginning of the period	58,280			35,775		
Cash and cash equivalents at the end of the period	33,788			23,057		
TOTAL CASH FLOW FOR THE PERIOD	**(24,492)**			**(12,718)**		

Certification of the condensed consolidated interim financial statements pursuant to Article 81-ter of CONSOB Regulation 11971 of 14 May 1999, as amended and supplemented

Certification of the condensed consolidated interim financial statements pursuant to Article 81-*ter* of CONSOB Regulation 11971 of 14 May 1999, as amended

1. The undersigned, Federico Marchetti, as Chief Executive Officer, and Francesco Guidotti, 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 24 February 1998:
   - the adequacy, with respect to the Company's characteristics and
   - the effective application of the administrative and accounting procedures for the compilation of the condensed interim financial statements, during the period from 1 January 2014 to 30 June 2014.

2. No significant aspects have emerged in this regard.

3. We also bear witness to the fact that:

3.1 The consolidated interim financial statements:

a) 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 19 July 2002;

b) correspond to entries made in accounting ledgers and records;

c) 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;

3.2 The Interim Directors' Report includes a reliable analysis of the references to important events which have occurred during the first six months of the fiscal year and their influence on the condensed consolidated interim financial statements, together with a description of the main risks and uncertainties for the remaining six months of the fiscal year.
The Interim Director's Report also includes a reliable analysis of disclosure of related-party transactions.

Zola Predosa (BO), 30 July 2014

Chief Executive Officer	Director in charge of preparing corporate accounting documents
Federico Marchetti	Francesco Guidotti

Independent auditors' report on the limited audit of the condensed consolidated interim financial statements

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(Translation from the Italian original which remains the definitive version)

Auditors' report on review of condensed consolidated interim financial statements

To the shareholders of
YOOX S.p.A.

1 We have reviewed the condensed consolidated interim financial statements of the YOOX Group as at and for the six months ended 30 June 2014, comprising the income statement, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes thereto. The parent's directors are responsible for the preparation of these condensed consolidated interim financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to prepare this report based on our review.

2 We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. The review consisted primarily of the collection of information about the captions of the condensed consolidated interim financial statements and the consistency of application of the accounting policies through discussions with company directors and analytical procedures applied to the financial data presented in such condensed consolidated interim financial statements. The review excluded such audit procedures as tests of controls and substantive procedures on assets and liabilities and is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. As a consequence, contrary to our report on the annual consolidated financial statements, we do not express an audit opinion on the condensed consolidated interim financial statements.

With regard to the corresponding figures included in the condensed consolidated interim financial statements, reference should be made to our reports on the annual consolidated and condensed consolidated interim financial statements of the previous year dated 14 March 2014 and 2 August 2013, respectively.

3 Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the YOOX Group as at and for the six months ended 30 June 2014 have not been prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Bologna, 4 August 2014

KPMG S.p.A.

(signed on the original)

Massimo Tamburini
Director of Audit