ANNUAL FINANCIAL REPORT ON OPERATIONS AT 31 MARCH 2011

Disclaimer

This Report at 31 March 2011 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.

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NOTICE OF CALL

The Shareholders' Meeting is hereby called on 21 July 2011, at 11:00 a.m., on first call, and on 26 July 2011, at 11:00 a.m., on second call, at the registered office of Piquadro S.p.A., Località Sassuriano 246, 40041 Silla di Gaggio Montano (Province of Bologna), in order to discuss and resolve on the following:

Agenda

Ordinary shareholders' meeting

1. Approval of the financial statements and presentation of the consolidated financial statements relating to the financial year ended 31 March 2011; proposed allocation of profits; Board of Directors' Report on operations; Independent Auditors' Report; Report of the Board of Statutory Auditors; inherent and consequent resolutions.
2. Proposed adjustment to the fees due to the Independent Auditors for the financial years 2011/2016; inherent and consequent resolutions.

Extraordinary shareholders' Meeting

1. Amendment to article 12.2 and introduction of the new article 25 of the Company's By-Laws and consequent renumbering of subsequent sections and articles of the current By-Laws; inherent and consequent resolutions.

Share capital and voting rights

The subscribed share capital of Piquadro S.p.A. is Euro 1,050,000, Euro 1,000,000 of which has been paid up, and is divided into no. 50,000,000 ordinary shares of no par value; each ordinary share is entitled to one vote at the ordinary and extraordinary shareholders' meetings of the Company.

Attendance to the Shareholders' Meeting

Pursuant to law and to article 13 of the Company's By-Laws, the right to attend the Shareholders' Meeting and to exercise voting rights is certified by a special notice to be given to the Company by an authorised intermediary, pursuant to law and according to its accounting records, in favour of the person who is entitled to vote on the basis of the records relating to the end of the accounting session of the seventh open-market day prior to the date set for the Shareholders' Meeting, falling on 12 July 2011.
The credit and debit entries entered in the accounts after this date are not relevant for the purposes of the right to exercise voting rights at the Shareholders' Meeting.
In order to facilitate the assessment of the right, the entitled persons are invited to produce a copy of the notice given to the Company by the intermediary which, in accordance with the regulations in force, is required to make available to them.
The abovementioned notices shall be sent to the Company by the intermediary within the time limits set out by the regulations in force, i.e. by the end of the third open-market day prior to the date set for the Shareholders' Meeting. This provision shall apply without prejudice to the right to attend the meeting and to vote in the event of the notices being received by the Company after the time limits specified, provided they are received by the beginning of the meeting's proceedings.
The attendance by the shareholders at the Shareholders' Meeting is regulated by the relevant laws and regulations, as well as by the provisions contained in the current regulations on Shareholders' Meetings available on the website www.piquadro.com.
Each Shareholder who is entitled to attend the Shareholders' Meeting may be represented by others, by a written proxy pursuant to the current provisions of law. A proxy form is also available on the Company's website: www.piqaudro.com, in the section Investor Relations, as well as at the registered office. The proxy may be notified to the Company, by registered letter to be sent to the registered office of the Company or by e-mail to be sent to the address investor.relator@piquadro.com. The preliminary notification (if any) does not exempt the proxy from the obligation to certify, at the time of the accreditation to access the meeting's proceedings, the compliance by the notified copy with the original document and the identity of the appointing party.
Pursuant to article 135-*undecies* of Legislative Decree no. 58/1998 ("TUF", *Testo Unico della Finanza*, Consolidated Act on Finance), the Company has appointed Società per Amministrazioni Fiduciarie "SPAFID" S.p.A. as Representative of the Shareholders. The Representative may be granted a written proxy on the proposals in the Agenda of the Shareholders' Meetings, provided that it is sent to the aforesaid Company, by courier or by registered letter with return receipt, to the address in Milan (20121), Foro Buonaparte n. 10, by the end of the second open-market day prior to the date set for the Shareholders' Meeting on first call, i.e. 19 July 2011. The related proxy form can be found on the Company's website www.piquadro.com and at the Company's registered office.
The voting right may be exercised for the sole proposals in relation to which voting instructions have been given.
The proxies and voting instructions granted to the Representative of Shareholders may be revoked by 19 July 2011.
Pursuant to article 127-*ter* of the T.U.F., the Shareholders may make questions on the issues on the agenda, also

before the Shareholders' Meeting, by sending the same to the Company's registered office by registered letter or by e-mail to the address investor.relator@piquadro.com; the questions received before the Shareholders' Meetings will be given a reply at the latest during the same. The Company may provide a single reply to the questions having the same content.
Voting procedures may not be carried out by correspondence or by electronic means.

Additions to the agenda

Pursuant to article 126-*bis* of the TUF, the Shareholders who represent, also jointly, at least a fortieth of the share capital, may ask, within 10 days of the publication of this notice, to make additions to the list of issues to be discussed, specifying the additional proposed issues in the request. With reference to the limits, the procedures and/or the time limits for these additions, reference is made to the current laws and regulations.

Documentation

The Company's By-Laws and the regulations on Shareholders' Meetings, whose current texts are available to the shareholders at the registered office, may be perused on the website www.piquadro.com.
The documentation relating to the issues on the agenda, the full texts of the proposed resolutions, together with the explanatory reports required by the current regulations and with any other information under article 125-*quater* of the TUF are made available to the public at the registered office and published on the Company's website www.piquadro.com and will be made available to Borsa Italiana S.p.A. within the time limits set out by law.
The documentation under article 77, paragraph 2-*bis*, of the Issuers' Regulations will be made available to the public, at the registered office and made available on the Company's website www.piquadro.com and made available to Borsa Italiana S.p.A. within the time limits set out by law.
The Shareholders are entitled to obtain a copy thereof.

The Shareholders' Meeting may be attended by experts, financial analysts and journalists who are invited to send, for this purpose, a request for participation at least two days before the meeting on first call to the following fax number: fax +39 0534 409090.
Silla di Gaggio Montano, 20 June 2011

The Chairman of the Board of Directors
Marco Palmieri

Corporate details

Piquadro S.p.A.

Registered office: località Sassuriano, 246-40041 Silla di Gaggio Montano (Province of Bologna - BO)

Authorised share capital: Euro 1,050,000
Subscribed and paid-up share capital: Euro 1,000,000
Bologna Register of Companies, Fiscal Code and VAT no. 02554531208

Production plants, Offices and Directly operated stores ("DOS") through which the Group operates

Silla di Gaggio Montano, località Sassuriano (BO)	*Headquarters, logistics and Offices*
Guangdong, The People's Republic of China (registered office of Uni Best Leather Goods Zhongshan Co. Ltd)	*Production plant*
1. Milan- Via della Spiga 33 (Piquadro S.p.A.)	*Point of sale*
2. Milan- Linate Airport (Piquadro S.p.A.)	*Point of sale*
3. Milan- Malpensa Airport (Piquadro S.p.A.)	*Point of sale*
4. Barcelona- Paseo de Gracia 11, Planta Baja (Piquadro España)	*Point of sale*
5. Rome- Galleria Colonna (Piquadro S.p.A.)	*Point of sale*
6. Bologna- Piazza Maggiore 4/B (Piquadro S.p.A.)	*Point of sale*
7. Barberino del Mugello (FI), c/o 'Factory Outlet Centre' (Piquadro S.p.A.)	*Retail outlet*
8. Fidenza (PR) c/o "Fidenza Village" (Piquadro S.p.A.)	*Retail outlet*
9. Rome - c/o Centro Commerciale Cinecittà (Piquadro S.p.A.)	*Point of sale*
10. Rome - c/o Galleria N. Commerciale di "Porta Roma"(Piquadro S.p.A.)	*Point of sale*
11. Hong Kong- Kowloon Harbour City (Piquadro Hong Kong Ltd)	*Point of sale*
12. Macau- Venetian Mall (Piquadro Macau Limitada)	*Point of sale*
13. Vicolungo (NO) c/o Parco Commerciale (Piquadro S.p.A.)	*Retail outlet*
14. Abu Dhabi- c/o Khalidiyah Mall (Piquadro Middle East Leather Products LLC)	*Point of sale*
15. Hong Kong - Kowloon The Peninsula Hotel (Piquadro Hong Kong Ltd)	*Point of sale*
16. Rome - c/o Euroma 2 (Piquadro S.p.A.)	*Point of sale*
17. Valdichiana (AR)-c/o "Valdichiana Outlet Village" (Piquadro S.p.A.)	*Retail outlet*
18. Noventa di Piave (VE)-c/o "Factory Outlet Centre" (Piquadro S.p.A.)	*Retail outlet*
19. Dubai- c/o Burjuman Mall (Piquadro Middle East Leather Products LLC)	*Point of sale*
20. Rome- Fiumicino Airport (Piquadro S.p.A.)	*Point of sale*
21. Milan- Via Dante 9 (Piquadro S.p.A.)	*Point of sale*
22. Ingolstadt- c/o "Ingolstadt Village" (Piquadro Deutschland)	*Retail outlet*
23. Bologna- "G. Marconi" Airport (Piquadro S.p.A.)	*Point of sale*
24. Barcelona- c/o "La Roca Village" (Piquadro España)	*Retail outlet*
25. Shanghai - Shanghai International Golden Eagle Square (Piquadro Shenzhen)	*Point of sale*
26. Beijing - Beijing Jinbao Place (Piquadro Shenzhen)	*Point of sale*
27. Taiwan - Taipei Eslite Dun Nan (Piquadro Taiwan)	*Point of sale*
28. Hong Kong - Times Square (Piquadro Hong Kong Ltd)	*Point of sale*
29. Shenzhen - Mix City (Piquadro Shenzhen)	*Point of sale*
30. Hong Kong - Kowloon New Town Plaza (Piquadro Hong Kong Ltd)	*Point of sale*
31. Taiwan - Taipei Xin Yin Shop (Piquadro Taiwan)	*Point of sale*
32. Hong Kong - Kowloon – Isquare Shopping Mall (Piquadro Hong Kong Ltd)	*Point of sale*
33. Hong Kong - Seibu Pacific Place Shopping Mall (Piquadro Hong Kong Ltd)	*Point of sale*
34. Marcianise (CE) - c/o "Factory Outlet Centre" (Piquadro S.p.A.)	*Retail outlet*
35. Hong Kong - Citygate Outlet Store (Piquadro Hong Kong Ltd)	*Retail outlet*
36. Hong Kong - Sogo Causeway Bay (Piquadro Hong Kong Ltd)	*Point of sale*
37. Taiwan - Taipei The Mall Shop (Piquadro Taiwan)	*Point of sale*

38. Frankfurt am Main - Steinweg, 12 (Piquadro Deutschland) *Point of sale*
39. Agira (EN) - Sicilia Fashion Outlet (Piquadro S.p.A.) *Retail outlet*
40. Rome - Fiumicino Airport - Terminal 3 (Piquadro S.p.A.) *Point of sale*
41. Beijing - IFC Mall (Piquadro Shenzhen) *Point of sale*
42. Taiwan - Taipei Sogo DunHua Shop (Piquadro Taiwan) *Point of sale*
43. Shenyang - MOI Dept. Store (Piquadro Shenzhen) *Point of sale*
44. Beijing - Surprise Outlet (Piquadro Shenzhen) *Retail outlet*
45. Beijing - Season Place (Piquadro Shenzhen) *Point of sale*
46. Rimini - Shopping Centre "Le Befane" (Piquadro S.p.A.) *Point of sale*
47. Madrid - Calle Goya (Piquadro España) *Point of sale*
48. Barcelona - Shopping Centre "Las Arenas" (Piquadro España) *Point of sale*

REPORT ON OPERATIONS AS AT 31 MARCH 2011

Introduction

This Management Report (or the "Report") relates to the consolidated financial statements and annual accounts of Piquadro S.p.A. (hereinafter also referred to as the "Company" or the "Parent Company") and its subsidiaries ("Piquadro Group" or the "Group") as at 31 March 2011, as prepared in accordance with IAS/IFRS ("International Accounting Standards" and "International Financial Reporting Standards") issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The Report must be read together with the Financial Statements and the related Notes, which make up the financial statements relating to the financial year 1 April 2010 – 31 March 2011 (the "FY 2010/2011").

The financial year under consideration is compared to the data for the 2009/2010 financial year (the "FY 2009/2010"), which includes the period from 1 April 2009 to 31 March 2010.

Except as otherwise indicated, the amounts entered in this Report are shown in thousands of Euro, in order to facilitate its reading and to improve its clarity.

CORPORATE BODIES HOLDING OFFICE AT 31 MARCH 2011

- **BOARD OF DIRECTORS**
  (holding office for three years until the date of the Shareholders' Meeting called to approve the financial statements as at 31 March 2013)

Marco Palmieri	*Chairman and CEO*
Marcello Piccioli	*Managing director*
Roberto Trotta	*Managing director*
Pierpaolo Palmieri	*Managing director*
Roberto Tunioli	*Director*
Gianni Lorenzoni	*Director*
Sergio Marchese	*Director*

- **INTERNAL AUDIT AND REMUNERATION COMMITTEE**
  (holding office for three years until the date of the Shareholders' Meeting called to approve the financial statements as at 31 March 2013)

Gianni Lorenzoni	*Chairman*
Sergio Marchese	*Non-executive director*
Roberto Tunioli	*Independent non-executive director*

- **LEAD INDEPENDENT DIRECTOR**
  Gianni Lorenzoni

- **BOARD OF STATUTORY AUDITORS**
  (holding office for three years until the approval of the financial statements as at 31 March 2013)

Regular members
Pietro Michele Villa *Chairman*
Alessandro Galli
Vittorio Melchionda

Substitute members
Matteo Rossi
Giacomo Passaniti

- **INDEPENDENT AUDITORS**
  (holding office for nine years until the approval of the financial statements as at 31 March 2016)

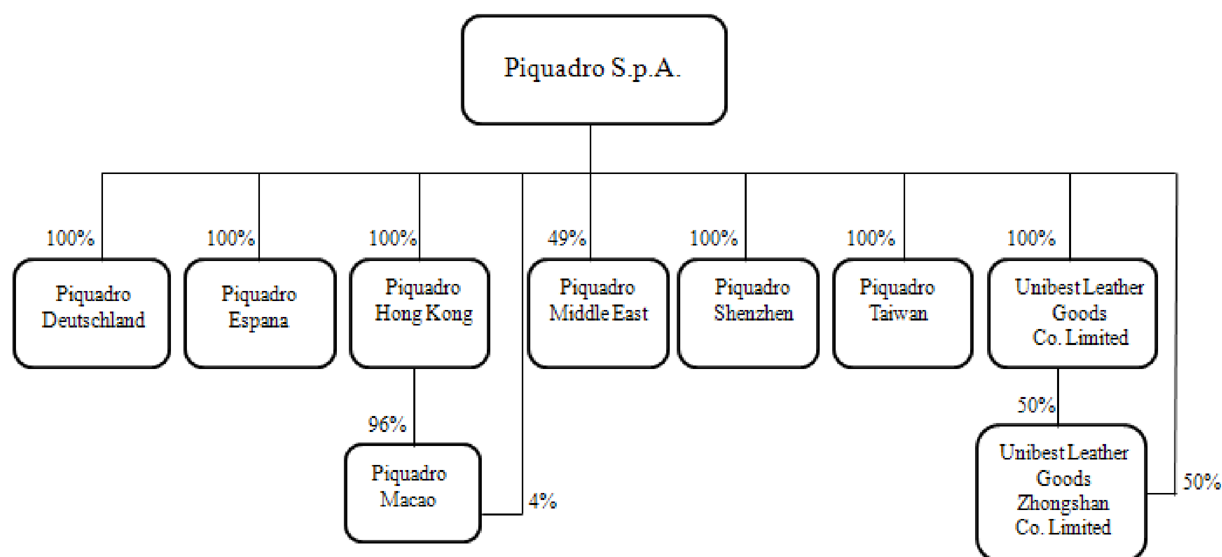
PricewaterhouseCoopers S.p.A.

- **MANAGER RESPONSIBLE FOR THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS**
  Roberto Trotta

- **SUPERVISORY BOARD**
  Mario Panzeri

THE GROUP STRUCTURE

The chart below shows the structure of the Piquadro Group as at 31 March 2011:



INFORMATION ON OPERATIONS

The Group's business

The Piquadro Group operates in the leather goods market and it designs, manufactures and markets goods under its own brand name; these goods are distinguished by a focus on design and on technical and functional innovation, which is then transferred to the manufacture of bags, suitcases and accessories.

The flexibility of the business model adopted by the Group allows it to maintain control over all of the critical phases of the production and distribution chain. Indeed, the Group carries out the design, planning, production, purchasing, quality, marketing, communication and distribution phases wholly within the confines of its organisation and it only resorts to outsourcing for a part of the production activities, although it also retains control over the quality and efficiency of the phases that are currently outsourced.

As of 31 March 2011, part of the small leather goods and of some lines of briefcases, which accounts for about 22.0% of the Group's turnover, were produced internally, through the subsidiary Uni Best Leather Goods (Zhongshang) Co. Ltd. at the plant located in Zhongshang in the region of Guangdong (People's Republic of China). Production activities that are partially carried out by companies outside the Group are outsourced to external workshops of proven competence, reliability and quality located in the areas of China, Hong Kong and Taiwan. This activity is carried out on the basis of prototypes that are engineered and supplied by the Group, whose own employees then carry out direct checks of the quality of the manufactured products.

Piquadro products are sold through a network of specialist stores that are able to enhance the prestige of the Piquadro brand. For this purpose, the Group makes use of a distribution network focused on two channels:

(i) *a direct channel which, as at 31 March 2011, included 48 directly operated single-brand stores (the so-called "Directly Operated Stores" or "DOS");*

(ii) *an indirect channel (Wholesale), which is represented by multi-brand shops/department stores, single-brand shops run by third parties linked to the Group by franchise agreements (56 shops as at 31 March 2011) and by distributors who then resell the articles in specialist multi-brand shops.*

In the financial year ended 31 March 2011, about 24% of the Group's consolidated revenues were achieved through the direct channel (22% as at 31 March 2010), while the remaining 76% of consolidated revenues was achieved through the indirect channel (78% in the financial year ended 31 March 2010).

Operations

In the financial year ended 31 March 2011, the Piquadro Group confirmed its ability to maintain a high standard of performance in line with both the management's expectations and the forecasts contained in the sector analyses, up compared to the value recorded in the financial year ended 31 March 2010. In the financial year ended 31 March 2011, the Piquadro Group reported revenues up by about 18.4% compared to the same period in the FY 2009/2010.

The increase in revenues, which is commented on in detail below in this Report, is mainly attributable to the trends in the domestic market, where the Company maintains a leadership position, and from the Asian market. Sales volumes, in terms of quantities sold during the financial year ended 31 March 2011, were equal to about 1,047 thousand units, up by about 8.4% compared to the financial year ended 31 March 2010 (about 966 thousand units sold). The product family that recorded the most significant increase in terms of sales revenues was that of small leather goods. Travel articles and women's bags also contributed to higher sales compared to the previous year. In absolute terms, the families of briefcases, women's bags and small leather goods also represent, in terms of volumes, more than 76% of the Group's consolidated sales. As regards average selling prices, the financial year ended 31 March 2011 reported an increase equal to about 7.5%, including the mix effect. The increase specifically relates to the increase in the sales lists which the Company implemented during the year both at the beginning of each calendar year (in January) and in September. In the financial year ended 31 March 2011, the increase in the average list prices was equal to about 5%, thus allowing the Group to record the deltas referred to above.

Sales revenues

In the financial year ended 31 March 2011, the Piquadro Group reported sales revenues equal to about Euro 61.8 million, up by about 18.4% compared to the financial year ended 31 March 2010. The increase in revenues, which is the result of the careful product and positioning strategy of the Group, is mainly attributable to the positive performances recorded both in the market named "Rest of the World" (about +67%) and in the domestic market (about +12.2%). Below are reported the breakdowns of revenues by distribution channel, product family and geographical area:

Breakdown of revenues by distribution channel

The table below reports the breakdown of consolidated sales revenues by distribution channel, expressed in thousands of Euro for the financial year ended 31 March 2011 and compared to the financial year ended 31 March 2010:

Sales channel *(In thousands of Euro)*	**Sales revenues as at 31 March 2011**	**%**	**Sales revenues as at 31 March 2010**	**%**	**% change 2011/2010**
DOS	14,809	24.0%	11,413	21.9%	29.8%
Wholesale	47,005	76.0%	40,805	78.1%	15.2%
Total	**61,814**	**100.0%**	**52,218**	**100.0%**	**18.4%**

*The revenues reported by the DOS channel increased by more than 29% compared to the financial year ended 31 March 2010; this increase was also determined by the opening of 14 new shops, 3 of which were opened in Italy (*Agira (EN) - Sicilia Fashion Outlet*, in November 2010 – 5-month contribution to the consolidated accounts;* Rome - Fiumicino Airport - Terminal 3, *in December 2010 –4-month contribution to the consolidated accounts;* Rimini - Shopping Centre "Le Befane", *in February 2011 – 2-month contribution to the consolidated accounts), 3 in Europe (*Frankfurt - Steinweg, 12, *in October 2010 – 6-*

month contribution to the consolidated accounts, Madrid - Calle Goya *and* Barcelona - Shopping Centre "Las Arenas", *both of which were opened in March 2011) and 8 in the geographical area including Hong Kong, Taiwan and China: 2 were opened in Hong Kong (*Citygate Outlet Store*, in July 2010 – 9- month contribution to the consolidated accounts;* Sogo Causeway Bay*, in September 2010 –7-month contribution to the consolidated accounts), 2 in Taiwan (*Taipei The Mall Shop*, in September 2010 – 7-month contribution to the consolidated accounts;* Taipei Sogo DunHua Shop*, in November 2010 – 5-month contribution to the consolidated accounts), 4 in China (*IFC Mall Beijing*, in September 2010 -7-month contribution to the consolidated accounts,* MOI Dept. Store*, in December 2010 –4-month contribution to the consolidated accounts,* Beijing - Season Place*, and* Beijing - Surprise Outlet, *in January 2011 – 3-month contribution to the consolidated accounts). These points of sale, which were opened by the Group in the course of the financial year, added to the already existing Company-owned 34 shops, 5 of which in Rome, 4 in Milan, 6 in Hong Kong, 3 in China, 2 in Taiwan, 2 in Bologna and Barcelona, in addition to 1 in Barberino del Mugello, Ingolstadt, Macau, Fidenza, Vicolungo, Valdichiana, Noventa di Piave, Marcianise, Abu Dhabi and Dubai, respectively. July 2010 saw the closing of the Frankfurt shop at Goethestrasse 32.*

Assuming that the perimeter remained unchanged and then deducted the sales recorded by the shops which were not present in the previous financial year, the sales revenues reported by the DOS channel recorded an increase equal to about 9.9% (assuming an equal number of days of opening and constant rates of exchange, the Same Store Sales Growth – SSSG- reported an increase equal to about 8.8%).

The strategy planned by the Group is aimed at developing sales activities through the DOS shops and franchise shops (it should be noted that, for the purposes of the Group's segment reporting, franchise shops are classified in the Wholesale channel) in view of the capacity of both to maximise the prestige of the Piquadro brand, in addition allowing distribution to be controlled more directly and greater attention to be paid to satisfying the end consumer. Sales reported by the Wholesale channel, *which represent about 76% of the Group's total turnover, increased by 15.2% compared to the financial year ended 31 March 2010.*

Breakdown of revenues by product family

The table below reports the breakdown of net consolidated revenues by product family for the financial year ended 31 March 2011 and compared to the financial year ended 31 March 2010:

Product family *(In thousands of Euro)*	**Sales Revenues as at 31 March 2011**	**%**	**Sales Revenues as at 31 March 2010**	**%**	**% change 2011/2010**
Briefcases	23,341	37.8%	21,298	40.8%	9.6%
Small leather goods	11,785	19.1%	9,185	17.6%	28.3%
Women's bags	13,384	21.7%	10,904	20.9%	22.7%
Travel articles	7,202	11.7%	6,321	12.1%	13.9%
Organisers/notepad holders	2,950	4.8%	2,670	5.1%	10.5%
Accessories	3,152	5.1%	1,840	3.5%	71.3%
Total	**61,814**	**100.0%**	**52,218**	**100.0%**	**18.4%**

In relation to the breakdown of turnover by product family, the Group's revenues for the 2010/2011 financial year reported a performance in line with the Management's expectations for the "Briefcases" family, which represents about 37.8% of total sales and whose increase compared to the financial year ended 31 March 2010 was equal to about 9.6%.

Revenues from the "Small leather goods" family reported an increase in value of about 28.3% compared to 2010/2011.

"Women's bags", which, together with the "Travel articles" family, represent one of the main commodity classes within the market of leather goods, reported net revenues equal to Euro 13.3 million, up by about 22.7% compared to the FY 2010/2011. In this regard, it is necessary to highlight that the strategy followed by the Group over the last three years has also concentrated on developing new sales synergies, entering into markets, such as the women's bags market, which, due to their seasonal nature,

have completed the mix of products offered by the Group, which was mainly aimed at continuous product lines (such as briefcases)

The "Travel articles" product, which includes suitcases, backpacks and holdalls, and which represents a strategic outlet for the development of the Group adjacent to its market leading positions, accounts for about 12% of consolidated sales revenues, up by about 14% compared to 31 March 2010. This growth is even more clear in the DOS channel (about +35.8% compared to the financial year ended 31 March 2010), where the Group's capacity to penetrate the range is obviously higher and more easily to be managed compared to the Wholesale channel.

The "Accessories" product family reported a growth of about 71.3% compared to 31 March 2010. This result is mainly attributable to the introduction of new commodity categories of products, such as the line of clothing (about Euro 1,611 thousand as at 31 March 2011) and watches (about Euro 324 thousand).

Breakdown of revenues by geographical area

The table below reports the breakdown of net revenues by geographical area (in thousands of Euro):

	Sales revenues as at 31 March 2011	%	Sales revenues as at 31 March 2010	%	% change 2011/2010
Italy	46,816	75.7%	41,732	79.9%	12.2%
Europe	9,720	15.7%	7,323	14.0%	32.7%
Rest of the World	5,278	8.5%	3,163	6.1%	66.9%
Total	**61,814**	**100.0%**	**52,218**	**100.0%**	**18.4%**

As to the breakdown of turnover by geographical area, the Group's revenues for the FY 2010/2011 show that the Italian market accounts for a very significant percentage of the Group's total turnover (about 75.7%), up by about 12.2% compared to the financial year ended 31 March 2010. In the FY 2010/2011, the Group opened, in the domestic market, 7 points of sale, including DOSs (3 points of sale) and franchise shops (4 points of sale).

The Group operates through the two DOS and Wholesale sales channels in 30 European Countries. Within the European market, the Group achieved a turnover equal to Euro 9,720 thousand, equal to about 15.7% of consolidated sales. In the non-European geographical area (named "Rest of the World"), where the Group sells in 22 Countries, turnover rose by about 66.9%, specifically in the Far East region (Hong Kong, Taiwan and China); these growths are also important in absolute terms and, even if they do not still represent a significant portion of the total turnover, they anticipate important strategic developments which the Group is carrying out in the area.

To complete the analysis of turnover reported above, the Management believes that the main factors which had a significant impact on the Group's volume of sales revenues in the current financial year are linked to the following:

- increase in quantities sold equal to about 8.4% (from about 966 thousand units sold in the financial year ended 31 March 2010 to about 1,047 thousand units sold in the financial year ended 31 March 2011) both as a result of a higher commercial penetration of recurring customers and the establishment of business relationships with new customers in new markets;

- increase in average prices, including the mix effect, equal to about 7.5% in the financial year ended 31 March 2011 compared to the financial year ended 31 March 2010;

- opening of new points of sale, both in the DOS channel (14 shops opened in the financial year 31 March 2011, in addition to the 34 shops already existing in the financial year ended 31 March 2010, in consideration of the fact that in July 2010 the Frankfurt shop was closed) and the Wholesale channel (11 franchise points of sale opened in the financial year ended 31 March 2011, in addition to the 45 shops already existing in the financial year ended 31 March 2010).

Below is reported the list of the 25 single-brand shops (14 DOSs and 11 franchise shops) opened in the course of the financial year ended 31 March 2011:

Month of opening	Location	Channel
June 2010	Verona, Piazza delle Erbe	Franchising (Wholesale)
June 2010	Verona, Centro Commerciale "La Grande Mela"	Franchising (Wholesale)
July 2010	Hong Kong - Citygate Outlet Store	DOS *Outlet Store*
July 2010	Taiwan – Taipei The Mall	DOS
September 2010	Hong Kong - Sogo Causeway Bay	DOS
September 2010	Beijing (China) - IFC Mall	DOS
September 2010	Kiev (Ukraine), Shopping Mall "Ukraina"	Franchising (Wholesale)
October 2010	Astana (Kazakhstan), Keruen Trade Center	Franchising (Wholesale)
October 2010	Frankfurt (Germany), Steiweig 12	DOS
November 2010	Beirut (Lebanon), Ayyas Sector - Beirut Souks	Franchising (Wholesale)
November 2010	Limbiate, Centro Commerciale "Carrefour"	Franchising (Wholesale)
November 2010	Lecce, Via Trinchese 69	Franchising (Wholesale)
November 2010	Taiwan – Sogo Dun Hua	DOS
December 2010	Shenyang (China) – MOI Dept. Store	DOS
December 2010	Agira c/o "Sicilia Fashion Outlet"	DOS *Outlet Store*
December 2010	Rome, Fiumicino Airport, Terminal 3	DOS
December 2010	Palermo, Viale Strasburgo 108	Franchising (Wholesale)
January 2011	Toronto (Canada), Bay Street	Franchising (Wholesale)
January 2011	Beijing (China) – Season Place	DOS
January 2011	Beijing (China) – Surprise Outlet	DOS *Outlet Store*
February 2011	Rimini, "Le Befane"	DOS
March 2011	Moscow (Russia), The Mall Presneskaia nab.	Franchising (Wholesale)
March 2011	Moscow (Russia), TC "Kapitoly"	Franchising (Wholesale)
March 2011	Madrid, Calle Goya	DOS
March 2011	Barcelona, "Las Arenas"	DOS

As indicated above, the Wholesale channel includes the shops run by the Group through franchise agreements; in the financial year ended 31 March 2011, this type of customers represented about 10.5% of the Group's turnover (9.8% in the financial year ended 31 March 2010), reporting a growth exceeding 28%. The Management considers the growth prospects of this form of contract important, both for the expansion of the business in some European countries and in the Rest of the World, and for the ever greater penetration of geographical areas such as Italy itself where the Group, also for the purposes of a higher control of the commercial network and holding a position of leadership, deems that it is more expedient and appropriate to entrust the opening of Piquadro-branded shops to third-party dealers.

Against a growth in sales revenues, the financial statements for the year ended 31 March 2011 saw a growth in the performance of the Group's profitability compared to the same period in the previous year, with an operating result up by about 23.9% compared to the FY 2009/2010 (from Euro 11,784 thousand - equal to 22.6% of total sales revenues - in the financial year ended 31 March 2010 to Euro 14,608 thousand - equal to 23.6% of total sales revenues - in the financial year ended 31 March 2011).

At pre-tax result level, the Group recorded an increase of 23.5% in the result, passing from Euro 11,366 thousand at 31 March 2010 to Euro 14,030 thousand recorded in the financial year ended 31 March 2011.

In the opinion of the management, the increase in the operating result, net of non-recurring revenues, was also attributable to the following factors:

- positive performance in terms of SSSG of the DOS segment, even if counterbalanced by new openings with margins which are not always in line with the average ones of the already existing shops;
- increase in revenues from the wholesale channel that have then generated, thanks to the substantial margins that characterise them, an operating leverage in a situation in which overheads substantially remained the same, as offset by a significant growth trend (+28%) in marketing costs.

Summary economic-financial data

Below are reported the Group's main economic-financial indicators as at 31 March 2011:

in thousands of Euro	31 March 2011	31 March 2010
Revenues from sales	61,814	52,218
EBITDA *(a)*	16,450	13,810
EBIT *(b)*	14,608	11,784
Pre-tax result	14,030	11,366
Profit for the period	9,097	7,123
Net Financial Position *(c)*	(3,678)	(5,334)
Shareholders' equity	25,903	20,967
Amortisation and depreciation of fixed assets and write-downs of receivables	1,969	2,031
Financial absorption (Group net profit, amortisation and depreciation, write-downs)	11,066	9,154

a) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation, or Gross Operating Margin) is an economic indicator that is not defined by the International Accounting Standards. EBITDA is a unit of measurement utilised by the Management to monitor and assess the Group's operational performance. The Management believes that EBITDA is an important parameter for the measurement of the Group's performance, as it is not affected by the volatility due to the effects of the various criteria for the determination of taxable income, by the amount and characteristics of the capital employed, as well as by the amortisation and depreciation policies. EBITDA is defined as the Earnings for the period before depreciation of property, plant and equipment and amortisation of intangible assets, financial income and charges and the income taxes for the period.

b) Operating Result (EBIT – Earnings Before Interest and Taxes) is the Earnings for the period before financial income and charges and income taxes.

c) The Net Financial Position ("NFP") utilised as a financial indicator of borrowing, is represented as the sum of the following positive and negative components of the Statement of Financial Position, as required by CONSOB notice no. 6064293 of 28 July 2006. Positive components: cash and cash equivalents, liquid securities under current assets, short-term financial receivables. Negative components: payables to banks, payables to other lenders, leasing and factoring companies.

The economic trends to which the abovementioned economic-financial indicators make reference are mainly attributable to the dynamics in average selling prices commented on above, the good industrial performance recorded, in addition to the dynamics in US$/Euro exchange rates which have positively contributed to the Group's profitability, which have been offset by the start-up costs incurred for opening new locations especially in the Far East region.
EBITDA for the period came to about Euro 16.4 million, against Euro 13.8 million recorded in the financial year ended 31 March 2010 and as at 31 March 2011 it represented 26.6% of consolidated revenues (26.5% in the financial year ended 31 March 2010). The reasons for the increase in EBITDA lie in both the positive performance of the DOS segment, also by reason of the positive performances in terms of SSSG, and the growth in the wholesale business segment, whose margins, at EBITDA level, were higher than those usually generated in the DOS segment.
In the financial year ended 31 March 2011, the Group used about Euro 3.2 million for marketing and communication activities (Euro 2.5 million as at 31 March 2010) in order to develop and promote the Piquadro brand.

Amortisation and depreciation were equal to about Euro 1.8 million and related to the depreciation of the building where the Company operates for about Euro 188 thousand, the depreciation of plant and machinery for Euro 310 thousand (including the automated warehouse of the Headquarters for Euro 212 thousand), the depreciation of industrial and business equipment for Euro 996 thousand (including fittings for shops for about Euro 725 thousand), the amortisation of the key moneys paid out for about Euro 89 thousand (including a write-down for Euro 27 thousand relating to the key money paid out for the Frankfurt shop), the amortisation of software for about Euro 151 thousand and the amortisation of development costs for about Euro78 thousand and the amortization of patent rights for Euro 4 thousand.

EBIT came to Euro 14.6 million, equal to about 23.6% of net sales revenues, up by about 24.0% compared to the value recorded in the financial year ended 31 March 2010 (for a percentage equal to 22.5%).

The result from financial operations, which was negative for a value equal to about Euro 577 thousand (compared to a negative value of Euro 418 thousand as at 31 March 2010) was attributable to the net financial debt dynamics, in addition to the differential between foreign exchange gains and losses (compared to a negative value of about Euro 132 thousand as at 31 March 2011).

The pre-tax result recorded by the Group in the financial year ended 31 March 2011 came to about Euro 14,030 thousand (up by about 23.5% against the value recorded in the financial year ended 31 March 2010) and was affected by income

taxes, including the effects of deferred taxation, equal to Euro 4,934 thousand for an overall tax rate amounting to 35.2% (37.3% for the financial year ended 31 March 2010).

In any case, the Group's net profitability is still higher than that of comparable companies in the same sector. In particular, the results obtained in the last financial year are particularly positive and provide the management with reassurance about the soundness of the strategy of growth and attention to costs that was pursued. These results were achieved through increased efficiency in the design, production and distribution processes, as a result of constant and ever increasing research to optimise the flow of the entire process, from product development to distribution to the end consumer, and of the strengthening of the typical consumer's brand perception.

Profitability ratios

Below are reported the main profitability ratios relating to the FYs 2010/2011 and 2009/2010:

Profitability ratio	Composition of the ratio	2010/2011	2009/2010
Return on sales (R.O.S.)	EBIT/ Net sales revenues	23.6%	22.6%
Return on Investment (R.O.I.)	EBIT/ Net invested capital	49.4%	44.9%
Return on Equity (R.O.E.)	Profit for the period/Shareholders' equity	35.1%	34.5%

The slight change recorded in the ratios reported above, whose values are in any case higher than the averages for the sector, are to be mainly attributed to the higher impact of sales in the DOS channel recorded in the financial year ended 31 March 2011, whose average margins were lower than those currently recorded in the wholesale channel.

Investments

Investments in intangible assets, property, plant and equipment and financial assets in the financial year ended 31 March 2011 were equal to Euro 2,629 thousand (Euro 1,558 thousand as at 31 March 2010) as reported below:

(in thousands of Euro)	31 March 2011	31 March 2010
Investments		
Intangible assets	492	193
Property, plant and equipment	2,137	1,365
Financial fixed assets	-	-
Total	**2,629**	**1,558**

Increases in intangible assets, equal to Euro 492 thousand in the financial year ended 31 March 2011 (Euro 193 thousand as at 31 March 2010) related for Euro 226 thousand to investments in software and IT products, for Euro 163 thousand to trademarks, for Euro 3 thousand to industrial patent rights and for Euro 100 thousand to key moneys paid for the openings of the shops in Frankfurt (October 2010) and Madrid Calle Goya (March 2011).

On the contrary, increases in property, plant and equipment, equal to Euro 2,137 thousand in the financial year ended 31 March 2011 (Euro 1,365 thousand as at 31 March 2010), were mainly attributable to furniture, fittings and sundry equipment purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro 1,339 thousand, to the purchases of moulds relating to new products for Euro 57 thousand and to the purchase of electronic office machines for Euro 741 thousand.

Balance Sheet

Below is summarised the Group's consolidated equity and financial structure:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Trade receivables	21,418	20,255
Inventories	10,104	7,618
(Trade payables)	(13,301)	(12,849)
Total net current trade assets	18,221	15,024
Other current assets	2,526	1,565
(Other current liabilities)	(3,925)	(2,663)
(Tax payables)	(736)	0
A) Working capital	***16,086***	***13,926***
Intangible assets	790	648
Property, plant and equipment	12,064	11,517
Receivables from others beyond 12 months	872	539
Deferred tax assets	1,349	1,112
B) Fixed assets	***15,075***	***13,816***
C) Non-current provisions and non-financial liabilities	***(1,580)***	***(1,441)***
Net invested capital (A+B+C)	**29,581**	**26,301**
FINANCED BY:		
D) Net financial debt	*3,678*	*5,334*
E) Equity attributable to Minority interests	*-*	*81*
F) Equity attributable to the Group	*25,903*	*20,886*
Total financial payables and Shareholders' Equity (D+E+F)	**29,581**	**26,301**

Net financial position

Below is the statement showing the net financial position of the Piquadro Group:

(Values expressed in thousands of Euro)	**31 March 2011**	**31 March 2010**
(A)Cash	110	58
(B) Other cash and cash equivalents (available current bank accounts)	10,617	9,259
(C) Liquidity (A) + (B)	**10,727**	**9,317**
(D) Finance leases	(865)	(948)
(E) Current bank debt	-	-
(F) Current portion of non-current debt	(3,805)	(2,409)
(G) Current financial debt (D) + (E) + (F)	**(4,670)**	**(3,357)**
(H) Short-term net financial position (C) + (G)	**6,057**	**5,960**
(I) Non-current bank debt	(5,266)	(6,046)
(L) Finance leases	(4,469)	(5,248)
(M) Non-current financial debt (I) + (L)	**(9,735)**	**(11,294)**
(N) Net Financial Debt (H) + (M)	**(3,678)**	**(5,334)**

As at 31 March 2011, the Net Financial Position posted a negative value of about Euro 3.6 million, showing a sharp improvement of about Euro 1.7 million compared to the debt of Euro 5.3 million recorded as at 31 March 2010. The strong capacity of the Group to generate cash allowed :

- *investments to be made in property, plant and equipment and intangible assets for about Euro 2.6 million;*
- *dividends to be distributed in relation to the FY 2009/2010 for Euro 4 million (with a payout equal to about 53% of the profit resulting from the annual accounts of the Parent Company)*

- *and in any case an improvement to be obtained in the Net Financial Position for about Euro 1.7 million.*

Reconciliation of the Parent Company's Shareholders' Equity and result for the period and the corresponding consolidated values

Below is reported the statement of reconciliation of the Shareholders' Equity and the result for the period resulting from the financial statements of the Parent Company and the corresponding consolidated values as at 31 March 2011 attributable to the Group:

(in thousands of Euro)	**Result as at 31/03/2011**	**Equity as at 31/03/2011**	**Result as at 31/03/2010**	**Equity as at 31/03/2010**
Equity and result for the period as reported in the annual accounts of Piquadro SpA	9,026	26,964	7,501	21,925
Derecognition of the book value of consolidated equity investments	305	104	41	(108)
Derecognition of the effects of transactions effected between consolidated companies:				
- Profits included in inventories	(286)	(860)	(178)	(574)
- Other minor	79	(85)	(28)	(164)
- Write-downs / Impairment	(27)	(220)	(93)	(193)
Equity and result for the period attributable to the Group	9,097	25,903	7,243	20,886
Profits (losses) and equity attributable to minority interests	-	-	(120)	81
Equity and consolidated profit for the period	**9,097**	**25,903**	**7,123**	**20,967**

Human Resources

The products that the Group offers are conceived, manufactured and distributed according to the guidelines of an organisational model whose feature is that it monitors all the most critical phases of the chain, from conception and manufacturing to subsequent distribution. This entails great care with the correct management of human resources, which, while respecting the different local environments in which the Group operates, must necessarily lead to intense personal involvement, above all in what the Group considers the strategic phases for the success of the brand.
As at 31 March 2011 the Group had 685 members of staff compared to 542 units as at 31 March 2010. Below is reported the breakdown of staff by country:

Country	**31 March 2011**	**31 March 2010**
Italy	168	150
China	437	333
Hong Kong	39	30

Macau	6	5
Germany	5	7
Spain	13	6
UAE	5	5
Taiwan	12	6
Total	**685**	**542**

With reference to the Group's organisational structure, as at 31 March 2011 48.9% of staff operated in the production area, 26.3% in the retail area, 15.3% in the support functions (Administration, IT Systems, Purchasing, Human Resources, etc.), 7.3% in the Research and Development area and 2.2% in the sales area.

Corporate social responsibility

From about two years the Piquadro Group is committed to corporate social responsibility. In 2010 the Parent Company started its first solidarity initiative in support of local areas, the "Happy Box" project implemented in cooperation with the Palmieri Family Foundation established by Marco Palmieri, Chairman of Piquadro, and by his wife Beatrice in order to give continuity to their philanthropic activity through the enhancement of diversities. As an acknowledgment of its value to local areas, the project obtained the Sponsorship of the Municipality of Bologna.
In 2010/2011 the project was proposed again with the same objective of introducing non-profit organisations which host disabled people in the entrepreneurial market.
The novelties of the 2011 "Happy Box" edition were the expansion of the product range and the opening of a temporary shop which has allowed disabled people to have an additional concrete possibility of entering the labour market.
With the revenues from the sale of Happy Box 2010-branded products, whose gross value was equal to about Euro 168 thousand, the Piquadro Group financed the purchase of a motor vehicle for the transport of disable people, other equipment for social rehabilitation centres in favour of which the initiative was implemented, as well as the financing of relieve centres for disabled people for a total contribution equal to about Euro 72 thousand corresponding to the margin realized by the Parent Company and fully intended for benefitted entities.
The most recent corporate social responsibility initiative supported by the Piquadro Group in cooperation with the Palmieri Family Foundation is the "Less is more" project sponsored by the Disabled Students Service of the University of Bologna. The "Less is more" project consists of a scholarship which rewards the design of the best entrepreneurial project for allowing people affected by disability to enter the labour market in traditional economic contexts. The main objective of the "Less is more" competition is the creation of a real social business which may implement an original business project by making use of the competence of persons with a deficit and enhancing their particular skills.

Health, safety and environment

*For the Piquadro Group, safety and working environments are protected by complying with the regulations in force in the individual countries. In the course of the financial year ended 31 March 2011, the Parent Company, through the manager responsible for the Prevention and Protection service (*Responsabile del Servizio di Prevenzione e Protezione*, RSPP), has drawn up an update of the risk assessment – pursuant to articles 17 and 28 of Legislative Decree no. 81/08 - both for the head office and for the various shops scattered around Italy. The Parent Company also started the process for assessing the risk arising from work-related stress which will be completed in the first half of 2011.*

As regards the local corporate social responsibility, the Piquadro Group maintains high safety and environmental protection levels which are also found in the absence of events with a potential adverse impact on the Parent Company and the Group.
In relation to the issues relating to safety for personal data treatment, the Group operates in full compliance with the applicable regulations which are still in force.

RESEARCH AND DEVELOPMENT ACTIVITY

The Piquadro Group's Research and Development activity is carried out by the Parent Company in house through a dedicated team that currently consists of 13 persons mainly engaged in the product research and development department and the style office at the head office of the Company. Furthermore, the plants of the Chinese subsidiary employ a team of 28 people dedicated to prototyping and the implementation of new models according to the instructions defined by the central organisation. Products are conceived within the Group and occasionally in collaboration with outside industrial designers, taking account of the information regarding market trends supplied by the Group's internal departments (Product Management and sales departments). In this manner, the Group develops its collections trying to meet the needs of end customers that are not yet satisfied by the market. The internal unit dedicated to the design of products manages operating activities and also coordinates the external consultants of which the Group makes use. In some cases, in fact, the Group only uses external designers for the product design phase, while the development and implementation phase is in any case carried out in house. In the course of the financial year ended 31 March 2011, the Group's research and development activity was aimed at developing a new continuous line of travel articles and articles for leisure time, in fabric and leather (Nimble), a new line in leather and fabric (Land), the expansion of an all-leather line (City), accompanied by the expansion of the range of some of the most successful continuous lines (Modus and Link) enriched in particular by work briefcases provided with a trolley system, which are designed to meet the needs of the business man who is increasingly travelling (articles named "business on wheels"). Within the seasonal lines, activities concentrated on the development of sixteen seasonal lines (seven lines for spring/summer 2011 and marketed starting from September 2010, nine for autumn/winter 2011/2012 and for which orders were collected starting from March 2011, in addition to the expansion of the range of a further four seasonal lines that were already introduced during the previous financial year. These lines were accompanied by the third Piquadro-branded cufflinks, the expansion of the range of travel lines Globe and Odissey, six new lines of belts, in addition to three new gift boxes which include belts and wallets or belts and key cases and the new collection of gloves. The Group, in continuing to pursue its brand extension strategy, developed its second collection of Piquadro-branded watches, a line of leather cases for the new tablets, in addition to the expansion of the range of small leather goods, stationery and office items. Finally, the Company confirmed its intention to also become a reference premium brand in clothing, by proposing again new collections of outerwear relating to spring/summer 2011 and autumn/winter 2011/2012, accompanied by the new collections of scarves and headscarves for the same seasons. The Piquadro Group, for the projects which meet the requirements required by IAS 38, has capitalised, over the years, the development costs of some new product lines put onto the market on a continuing basis, which generated turnover in the financial year after that in which they were designed as prototypes; these costs are amortised on the basis of the residual useful life of the product which is estimated by the management at four years. As at 31 March 2011, the net value of the assets relating to the new continuous product lines were equal to Euro 52 thousand.

RELATIONS WITH RELATED PARTIES

The "Regulation bearing provisions governing transactions with related parties" was adopted by CONSOB resolution no. 17221 of 12 March 2010, as amended by CONSOB resolution no. 17389 of 23 June 2010. On 18 November 2010 the Board of Directors of Piquadro SpA adopted the procedure concerning related parties which was also drawn up by taking account of the instructions subsequently provided by CONSOB for the application of the new regulations by DEM/10078683 notice of 24 September 2010.

The said procedure, which is published on the website of Piquadro (www.piquadro.com), has the purpose to determine the criteria to be complied with for the approval of the transactions with related parties to be effected by Piquadro or its subsidiaries, in order to ensure transparency, as well as the material and procedural correctness of the transactions themselves. The identification of transactions with related parties is made as required by the CONSOB regulation referred to.

As to relations with related parties, these are largely commented on in the consolidated financial statements and in the annual accounts and in the Notes to the Financial Statements.

PERFORMANCE OF PIQUADRO S.p.A.

In reporting the performance of the Group, the main events were already implicitly illustrated in relation to the Parent Company whose revenues, including relations with Group companies, represent about 95% of consolidated revenues.

Operations

The financial year ended 31 March 2011 provided Piquadro S.p.A. with further confirmation of the soundness of its brand and business model. It was a year which saw a significant growth in sales revenues, up by about 16.7% compared to the financial year ended 31 March 2010. The performance of revenues, which is commented on in detail below in this Report, still mainly derives from the domestic market, where the Company holds a leadership position, even if the growths in the other geographical areas were very significant. The product family that recorded the most significant increase in terms of sales revenues was that of small leather goods. “Travel articles”, women’s bags and accessories also contributed to higher sales compared to the previous year. In absolute terms, the families of briefcases, women’s bags and small leather goods, which represented about 79.7% of Piquadro SpA sales in terms of volumes in the financial year ended 31 March 2010, still represent an important percentage of sales revenues (about 78.7%). As regards average selling prices, the financial year ended 31 March 2011 reported an increase equal to about 5.8%, including the mix effect. The increase specifically relates to the increase in the sales lists which the Company usually applies at the beginning of each calendar year (in January). In the financial year ended 31 March 2011, the increase in the average list prices was equal to about 5%, thus allowing the Company to record the deltas referred to above.

Sales revenues

In the financial year ended 31 March 2011, the Company reported net sales revenues equal to about Euro 59.1 million, up by 16.7% compared to the revenues reported in the financial year ended 31 March 2010. The performance of revenues is mainly attributable to the positive performances recorded in the domestic market (about +12.2% for an increasing counter-value of about Euro 5,106 thousand); Europe reported an increase in revenues of about 39.1% (in absolute terms, equal to about Euro 2,558 thousand), while the Rest of the World recorded an increase of about 32.1% (in absolute terms, equal to Euro 776 thousand).

Breakdown of revenues by distribution channel

The table below reports the breakdown of sales revenues of Piquadro S.p.A. by distribution channel, expressed in thousands of Euro for the financial year ended 31 March 2011 and compared to the financial year ended 31 March 2010:

Sales channel *(In thousands of Euro)*	**Sales revenues as at 31 March 2011**	**%**	**Sales revenues as at 31 March 2010**	**%**	**% change 2011/2010**
DOS	12,215	20.7%	9,885	19.5%	23.6%
Wholesale	46,905	79.3%	40,796	80.5%	15.0%
Total	**59,120**	**100%**	**50,681**	**100%**	**16.7%**

*The revenues reported by the DOS channel increased by 23.6% compared to the financial year ended 31 March 2010; this increase was also determined by the opening of 14 new shops, 3 of which were opened in Italy (*Agira (EN) - Sicilia Fashion Outlet*, in November 2010 – 5-month contribution to the consolidated accounts;* Rome - Fiumicino Airport - Terminal 3, *in December 2010 –4-month contribution to the consolidated accounts;* Rimini - Shopping Centre “Le Befane”, *in February 2011 – 2-month contribution to the consolidated accounts), 3 in Europe (*Frankfurt - Steinweg, 12, *in October 2010 – 6-month contribution to the consolidated accounts,* Madrid - Calle Goya *and* Barcelona - Shopping Centre “Las Arenas”, *both of which were opened in March 2011) and 8 in the geographical area including Hong Kong, Taiwan and China: 2 were opened in Hong Kong (*Citygate Outlet Store*, in July 2010 – 9- month contribution to the consolidated accounts;* Sogo Causeway Bay*, in September 2010 –7-month contribution to the consolidated accounts), 2 in Taiwan (*Taipei The Mall Shop*, in September 2010 – 7-month contribution to the consolidated accounts;* Taipei Sogo DunHua Shop*, in November 2010 – 5-month contribution to the consolidated accounts), 4 in China (*IFC Mall Beijing*, in September 2010 -7-month contribution to the consolidated accounts,* MOI Dept. Store*, in December 2010 –4-month contribution to the consolidated accounts,* Beijing - Season Place*, and* Beijing - Surprise Outlet, *in January 2011 – 3-month contribution to the consolidated accounts). These points of sale, which were opened by the Group in the course of the financial year, added to the already existing Company-owned 34 shops (July 2010 saw the closing of the Frankfurt shop at Goethestrasse 32), 5 of which in Rome, 4 in Milan, 6 in Hong Kong, 3 in China, 2 in Taiwan, 2 in Bologna and Barcelona, in addition to 1 in Barberino del Mugello, Ingolstadt, Macau, Fidenza, Vicolungo, Valdichiana, Noventa di Piave, Marcianise, Abu Dhabi and Dubai, respectively.*

The strategy planned by the Group is aimed at developing sales activities through the DOS shops and franchise shops (it should be noted that, for the purposes of the Group's segment reporting, franchise shops are classified in the Wholesale channel) in view of the capacity of both to maximise the prestige of the Piquadro brand, in addition allowing distribution to be controlled more directly and greater attention to be paid to satisfying the end consumer. Sales reported by the Wholesale channel, which represent about 79.3% of the Company's total turnover, increased by about 15.0% compared to the financial year ended 31 March 2010.

Below are reported the breakdowns of revenues by geographical area.

	Sales revenues as at 31 March 2011	**%**	**Sales revenues as at 31 March 2010**	**%**	**% change 2011/2010**
Italy	46,817	79.2%	41,712	82.3%	12.2%
Europe	9,108	15.4%	6,550	12.9%	39.1%
Rest of the World	3,195	5.4 %	2,419	4.8%	32.1%
Total	**59,120**	**100.0%**	**50,681**	**100.0%**	**16.7%**

The Company's revenues for the FY 2010/2011 show that the Italian market still accounts for a very significant percentage of the total turnover (about 79%). In the FY 2010/2011, the Company opened, in the domestic market, 7 points of sale, including DOSs and franchise shops. Within the European market, the Company achieved a turnover equal to Euro 9,108 thousand, up by 39.1% compared to the financial year ended 31 March 2010, which is equal to 15.4% in terms of percentage impact of the total turnover of the year 2010/2011. In the geographical area named "Rest of the World", where the Company sells in 22 Countries, the Company reported an increase of about 32.1%.

Summary economic-financial data

Below are reported the results of Piquadro S.p.A. as at 31 March 2011 compared to the same indicators as at 31 March 2010:

Values expressed in thousands of Euro	**31 March 2011**	**31 March 2010**
Revenues from sales	59,120	50,681
EBITDA	17,173	14,768
EBIT	15,569	13,098
After-tax result	9,026	7,501
Depreciation of property, plant and equipment, amortisation of intangible assets and write-downs	1,730	1,670
Cash Flow (net result before amortisation, depreciation and write-downs)	10,756	9,171

In the FY 2010/2011, the Company reported, as regards Gross Margin[1], a performance equal to 64.2% of the turnover, up by about 21 basis points compared to the FY 2009/2010 (with a gross margin equal to 63.9%). The increase is attributable both to the growth in the DOS channel, also by reason of the positive performances recorded in terms of SSSG on the Italian shops and the fact that factory costs substantially remained the same, even if in a context of continuous pressures from both raw materials-side and manufacturing-side.

EBITDA for the period came to Euro 17.2 million against Euro 14.8 million reported in the FY 2010/2011, accounting for 29.0% of the Company's revenues as at 31 March 2011 (29.1% in the financial year ended 31 March 2010).

In the FY 2010/2011, the Company used more than Euro 3.2 million for marketing and communication activities, in order to develop and promote the Piquadro brand, against Euro 2.5 million of costs incurred in the FY 2009/2010.

[1] Gross margin: Sales revenues – consumption of raw materials, semi-finished and finished products – costs of industrial manufacturing– cost of industrial staff.

Amortisation and depreciation were equal to Euro 1,603 thousand and mainly related to the depreciation of the building where the Company operates (about Euro 188 thousand), the depreciation of business equipment for Euro 273 thousand (including automated warehouse for Euro 212 thousand), fittings for shops (Euro 847 thousand), the amortisation of the key moneys paid out for the opening of shops in Bologna, Milan and Rome (Euro 61 thousand), the amortisation of software for Euro 156 thousand and the amortisation of development costs (Euro 78 thousand).

EBIT came to around Euro 15.5 million, equal to about 26.3% of revenues, up by about 18.8% compared to the value recorded in the FY 2009/2010 (a percentage equal to 25.8%).

The result from financial operations, which was negative for a value equal to about Euro 1,485 thousand, was mainly attributable to the net financial debt dynamics, net of exchange differences. The differential between foreign exchange gains and losses was positive for a value equal to Euro 14 thousand (negative for a value of Euro 115 thousand as at 31 March 2010). Furthermore, the financial operations were affected by the write-downs of equity investments in subsidiaries equal to Euro 1,179 thousand (Euro 782 thousand as at 31 March 2010). The pre-tax result recorded by the Company in the financial year ended 31 March 2011 came to about Euro 14.0 million (compared to Euro 11.8 million as at 31 March 2010) and was affected by income taxes, including the effects of deferred taxation, equal to Euro 5,058 thousand for an overall tax rate amounting to 34.7% (36.4% for the financial year ended 31 March 2010).

Profitability ratios

Below are reported the main profitability ratios relating to the FYs 2010/2011 and 2009/2010:

Profitability ratio	Composition of the ratio	2010/2011	2009/2010
Return on sales (R.O.S.)	EBIT/ Net sales revenues	26.3%	25.8%
Return on Investment (R.O.I.)	EBIT/ Net invested capital	48.9%	46.9%
Return on Equity (R.O.E.)	Profit for the period/Shareholders' equity	33.5%	34.2%

The slight change recorded in the ratios reported above, whose values are in any case higher than the averages for the sector, are to be mainly attributed to the higher impact of sales in the DOS channel recorded in the financial year ended 31 March 2011, whose average margins were lower than those currently recorded in the wholesale channel.

Gross investments

Gross investments in fixed assets concerning the Company's operations were equal to Euro 2,366 thousand in the financial year ended 31 March 2011 (Euro 1,495 in the financial year ended 31 March 2010).
Below is reported the breakdown by type:

(in thousands of Euro)	31 March 2011	31 March 2010
Investments		
Intangible assets	388	191
Property, plant and equipment	1,292	944
Financial fixed assets	686	360
Total	**2,366**	**1,495**

Increases in intangible assets, equal to Euro 388 thousand in the financial year ended 31 March 2011 (Euro 191 thousand as at 31 March 2010) related to investments in software and IT products for Euro 222 thousand, trademarks for Euro 163 thousand, industrial patent rights for Euro 3 thousand.

On the contrary, increases in property, plant and equipment, equal to Euro 1,292 thousand in the financial year ended 31 March 2011 (Euro 944 thousand as at 31 March 2010), were mainly attributable to furniture, fittings and

sundry equipment purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro 1,121 thousand, the purchases of moulds relating to new products for Euro 46 thousand and the purchase of electronic office machines for Euro 54 thousand, the property under finance lease for Euro 71 thousand.

The increases in financial fixed assets of Euro 686 thousand (Euro 360 thousand as at 31 March 2010) were broken down as follows:

- *Euro 400 thousand related to the payment on account of capital in favour of the subsidiary Piquadro Trading (Shenzhen) that took place on 14 May 2010;*
- *Euro 120 thousand related to the payment on account of capital in favour of the subsidiary Unibest Leather Goods Zhongshan Co. Limited (equal to US$ 150,000 paid on 12 July 2010);*
- *Euro 166 thousand relating to the acquisition of an additional 50% of the stake in the share capital of the subsidiary Unibest Leather Goods Co. Limited, held by local minority shareholders.*

Balance sheet

Below is reported the performance of the Company's equity structure as at 31 March 2011 :

in thousands of Euro	**31 March 2011**	**31 March 2010**
Net trade receivables	29,400	25,498
Sundry current receivables, accrued income and prepaid expenses	738	1,110
Stock	7,761	5,687
Current payables, accrued expenses and deferred income	(16,326)	(15,198)
A) Working capital	*21,573*	*17,097*
Non-current receivables	1,009	942
Net intangible assets	740	646
Net property, plant and equipment	10,908	10,988
Financial fixed assets	302	416
B) Fixed assets	*12,959*	*12,992*
C) Non-current provisions and non-financial payables	*(2,718)*	*(2,200)*
Net invested capital (A+B+C)	**31,814**	**27,889**
FINANCED BY:		
D) Net financial debt	*4,850*	*5,964*
E) Equity	*26,964*	*21,925*
Total financial payables and Shareholders' Equity (D+E)	**31,814**	**27,889**

Net financial position

(Values expressed in thousands of Euro)	**31 March 2011**	**31 March 2010**
(A)Cash	59	33
(B) Other cash and cash equivalents (available current bank accounts)	9,031	8,556
(C) Liquidity (A) + (B)	**9,090**	**8,589**
(D) Finance leases	(865)	(948)
(E) Current bank debt	-	-
(F) Current portion of non-current debt	(3,340)	(2,311)
(G) Current financial debt (D) + (E) (F)	**(4,205)**	**(3,259)**
(H) Short-term net financial position (C) (G)	**4,885**	**5,330**
(I) Non-current bank debt	(5,266)	(6,046)
(L) Finance leases	(4,469)	(5,248)
(M) Non-current financial debt (I) + (L)	**(9,735)**	**(11,294)**
(N) Net Financial Debt (H) + (M)	**(4,850)**	**(5,964)**

As at 31 March 2011, the Net Financial Position of Piquadro SpA posted a negative value of about Euro 4.8 million, up by Euro 1.1 million compared to the debt of Euro 5.9 million as at 31 March 2010.

The strong capacity of the Company to generate cash allowed:

- investments to be made in property, plant and equipment and intangible assets and financial fixed assets for about Euro 2.4 million;
- dividends to be distributed in relation to the FY 2009/2010 for Euro 4 million (with a payout equal to about 53.0% of the operating profit of the Company)
- in any case an improvement to be obtained in the net financial position for about Euro 1.1 million.

Human Resources

The products that the Company offers are conceived, manufactured and distributed according to the guidelines of an organisational model whose feature is that it monitors all the most critical phases of the chain, from conception and manufacturing to subsequent distribution. This entails great care with the correct management of human resources, which must necessarily lead to intense personal involvement, above all in what the Company considers the strategic phases for the success of the brand.

At 31 March 2011 the staff of Piquadro SpA amounted to 168 units compared to 136 units as at 31 March 2010. Below is reported the breakdown of staff by area:

Organisational Areas	31 March 2011	31 March 2010
Production Area/Supply Chain	27%	30%
R&D Area	7%	8%
Retail Area	46%	39%
Sales Area	12%	13%
Supporting Areas	8%	10%
Total	**100%**	**100%**

Health, safety and environment

*For Piquadro S.p.A., safety and working environments are protected by complying with the regulations in force. In the course of the financial year ended 31 March 2011, the Company, through the manager responsible for the Prevention and Protection service (*Responsabile del Servizio di Prevenzione e Protezione*, RSPP), has drawn up an update of the risk assessment – pursuant to articles 17 and 28 of Legislative Decree no. 81/08 - both for the head office and for the various shops scattered around Italy. The Company also started the process for assessing the risk arising from work-related stress which will be completed in the first half of 2011.*

As regards the local corporate social responsibility, the Company maintains, also by reason of the specific business conducted, high safety and environmental protection levels which are also found in the absence of events with a potential adverse impact on the Company.

*In relation to the issues relating to safety for personal data treatment, the Company operates in full compliance with the applicable regulations which are still in force and has updated the security policy statement (*Documento Programmatico sulla Sicurezza*).*

Relations with related parties

*The "Regulation bearing provisions governing transactions with related parties", which was adopted by CONSOB resolution no. 17221 of 12 March 2010, as amended by CONSOB resolution no. 17389 of 23 June 2010, implemented article 2391-*bis *of the Italian Civil Code. On 18 November 2010 the Board of Directors of the Company adopted the procedure concerning related parties which was also drawn up by taking account of the instructions subsequently provided by CONSOB for the application of the new regulations by DEM/10078683 notice of 24 September 2010.*

The said procedure, which is published on the website of Piquadro (www.piquadro.com), has the purpose to determine the criteria to be complied with for the approval of the transactions with related parties to be effected by Piquadro or its subsidiaries, in order to ensure transparency, as well as the material and procedural correctness of the transactions themselves. The identification of the transactions with related parties is made as required by the CONSOB regulation referred to.

In the financial year ended 31 March 2011, several intergroup transactions were effected, all of which were implemented within the ordinary course of business and at arm's length. Intergroup relations concerned both production activities (Piquadro SpA directly and indirectly controls companies which produce leather goods for the Group) and commercial activities (Piquadro SpA directly and indirectly controls all foreign companies in the retail chain which manage Piquadro-branded shops). The companies in the Piquadro Group also maintain financial relations which were also established within the ordinary course of business and at arm's length.

As to relations with related parties, these are largely commented on in the annual accounts under Note 37 of the Notes to the Financial Statements.

SIGNIFICANT EVENTS AFTER THE YEAR-END

In addition to the information indicated above, no significant events were reported at Company or Group level from 1 April 2011 up to today's date.

OUTLOOK

The excellent performance of the sales by the directly-operated stores in the first two months of the FY 2011/2012, which recorded a Same Store Sales Growth - SSSG data equal to a growth of 15.6% at current exchange rates, and of the orders relating to the first sales campaigns of the financial year which will end on 31 March 2012, support the management's growth expectations. In any case the management expects that a double-digit growth in turnover may be achieved by the end of March 2012, which will be close to the value recorded, in percentage terms, at 31 March 2011. In this context, the management is engaged in maintaining above-average profit margins and substantially in line with those recorded in the FY 2010/2011 that can allow, as demonstrated so far, greater commitments in research and development and marketing activities such as to ensure an additional constant development of the awareness of the Piquadro brand all over the world.

In light of the information commented on above, both the consolidated financial statements of the Piquadro Group and the annual accounts of the Piquadro SpA were prepared on a going concern basis.

OTHER INFORMATION

The Group's business is generally exposed to a number of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Piquadro Group's financial risks are managed centrally within precise organisational policies which govern the management of the risks and the control of all the transactions which are closely relevant to the composition of financial and/or trade assets and liabilities.

In order to minimise these risks, the Group has established control times and methods which allow the Board of Directors to give its approval as to all transactions which bind the Group to third-party lenders.

Liquidity risk

The objective of the Group is to ensure that it is able to meet its financial obligations at any time, maintaining an adequate level of available cash and diversifying the instruments for raising financial resources by obtaining adequate credit lines.
The Group keeps a surplus of credit lines available in order to be able to take up business opportunities that cannot be planned for or in order to cover unexpected cash outflows.
The excess cash is invested temporarily on the money market in transactions that can be liquidated immediately.
The essential tool for the measurement, management and daily monitoring of the liquidity risk is the cash budget, which provides an overview of the liquidity that is always up-to-date. Daily planning and cash flow forecasts are carried out on the basis of this overview.

It is believed that the provisions and credit lines currently available, in addition to the cash flow generated by the business, will suffice to meet the Group requirements.

Credit risk

The credits of the Group, particularly in Italy, are rather fragmented as a result of sales being to a diverse clientele that is made up of leather goods retailers, stationery retailers and international distributors or, through the sales of the DOS channel, end consumers. Receivables outstanding at the end of the financial year were mainly trade receivables, as resulting from the explanatory notes to the statement of financial position to which reference is made.
Historically there have not been any significant or particularly problematic situations regarding the solvency of customers, insomuch as it is the Group’s policy to sell to customers after assessing their credit rating and therefore remaining within prefixed credit limits and to periodically monitor the situation of expired loans.
Accordingly, the credit risk to which the Group is exposed is considered to be limited as a whole.

Foreign exchange risk

Foreign exchange risk is the risk that the currency parities could change in an unfavourable way in the period between the moment in which the target exchange rate is defined, that is the date when commitments arise to receive and pay amounts in foreign currency at a future date, and the time at which those commitments become firstly orders and finally turnover (for purchase or sale). In the absence of foreign exchange risk hedging on specific commercial transactions, there is no application of hedge accounting.

The Group pays the contract work done (external production) in US dollars, while the wages and salaries relating to the employees of the subsidiary Uni Best Zhongshang Leather Goods Co. Ltd. are paid in Renminbi. The operating costs incurred by the Company and by the Group’s European subsidiaries are mainly denominated in Euro. The result of this is that the net result of the Group is partially affected by the fluctuations of the exchange rate between USD and the Euro and, to a lesser extent, between the Chinese Renminbi and the Euro.

During the financial year ended 31 March 2011, the Parent Company carried out currency (USD) forward purchases in order to hedge expected payments of invoices of foreign subcontractors and of the subsidiary Unibest Zhongshang Leather Goods Co. Ltd. If these derivative financial instruments have fulfilled all the conditions laid down for the accounting treatment of hedging derivatives (hedge accounting), they are accounted for at fair value against an entry in the comprehensive income.
As at 31 March 2011, the open positions of currency forward purchases were equal to about USD 3,017 thousand.

Interest rate risk

Interest rate risk is the risk of an uncontrolled increase in charges arising from the payment of real floating interest rate on medium- to long-term loans raised by the Company.
The purpose of the interest risk management is to limit and stabilise payable flows due to interest paid on such loans.
Hedging activities were carried out on every occasion that it was considered useful with regard to the taking out of loans.
The Group uses derivative financial instruments to hedge the exposure to interest rate risks. However, in cases in which the derivative financial instruments do not fulfil all the conditions laid down for the accounting treatment of hedging derivatives (hedge accounting), these have been accounted for at fair value against an entry in the income statement.
The forecast outflows, connected with the repayment of the liability, are determined by making reference to the provisions laid down in the loan agreement (amortisation schedule).

LEGISLATIVE DECREE NO. 231/2001

Starting from 17 June 2008, the Board of Directors resolved to adopt both the Group’s Code of Ethics and the Company’s Organisational, management and control model pursuant to Legislative Decree no. 231/2001, with the objective to arrange for a structured and organic system of rules aimed at preventing the possible commission of crimes which entail the administrative liability of the Company.

The Board of Directors, in the application of the regulations in force, has also established a single-member Supervisory Board and appointed Mr. Mario Panzeri as single member who has been granted the powers and duties under Legislative Decree no. 231/2001, as amended and supplemented.

CONSOB RECOMMENDATIONS NO. 97001574 OF 20/02/1997 AND NO. 98015375 OF 27/02/1998

The Company comply with the provisions governing the conduct recommended by CONSOB by notices no. 97001574 of 20 February 1997 and no. 98015375 of 27 February 1998. Specifically:

- section 22.3 of the by-laws provides for the Board of directors, also through directors to which it has delegated powers, to make the disclosures required by law and, in this framework, it will report to the Board of Statutory Auditors, pursuant to article 150 of Legislative Decree no. 58 of 24 February 1998, on the activity carried out and the most important economic, financial and equity transactions carried out by the Company and by its subsidiaries; specifically it will report on the transactions in which the directors could have an interest on their own account or on behalf of third parties, or that are influenced by the entity which carries out direction and coordination activities, if any; the notice is given on the occasion of the Board of Directors' meetings and, in any case, at least on a quarterly basis;
- on 18 November 2010, the Board of Directors adopted a regulation containing the rules of conduct for transactions with related parties in order to ensure that the transactions in which a director is a stakeholder, on his/her own account or on behalf of third parties, and those effected with related parties, are carried out in a transparent manner and in compliance with the criteria of substantial and procedural correctness.

CORPORATE GOVERNANCE AND SELF-REGULATORY CODE

As regards disclosures on the Corporate Governance system of the Company and the application of the Self-Regulatory Code, reference is made to the notice made available to the shareholders, together with the documentation for the shareholders' meeting which approves the annual accounts, given pursuant to section IA 2.6 of the Instructions on the Markets' Regulations for markets organised and managed by Borsa Italiana.

INFORMATION REQUIRED BY CONSOB RESOLUTION NO. 11971 OF 14 MAY 1999 (pursuant to article 79)

In compliance with the express provisions under article 79 of the CONSOB Issuers' Regulation, below is reported the chart containing the equity investments held by directors, statutory auditors, general managers, executives with strategic responsibilities and their spouses and minor children in Piquadro S.p.A. and its subsidiaries.

First and last name	Investee company	No. of shares owned at the end of the previous financial year	No. of shares purchased	No. of shares sold	No. of shares owned at the end of the current financial year
Roberto Trotta	Piquadro SpA	-	3,000	-	3,000

INFORMATION REQUIRED BY ARTICLE 123-BIS OF THE TUF

Below is provided information on ownership structures as required by article 123-bis of the TUF (*Testo Unico della Finanza*, Consolidation Act on Finance).

Structure of the share capital

The amount of the subscribed and paid-up share capital is equal to Euro 1,000,000, divided into 50,000,000 ordinary shares, without any indication of their par value.

Categories of shares making up the share capital:

	NO. OF SHARES	% COMPARED TO THE SHARE	LISTED	RIGHTS AND OBLIGATIONS
Ordinary shares	50,000,000	100	STANDARD 1	The shares are registered and confer the right of voting at ordinary and extraordinary

				shareholders' meetings, as well as the right to profit sharing.

The Company has not issued other financial instruments which confer the right of subscribing to new shares.

At the date of the Report, the Chairman of the Board of Directors and CEO of Piquadro SpA, Mr. Marco Palmieri, owned a stake equal to 93.34% of the share capital of Piquadro Holding SpA, through Piqubo SpA, a company wholly owned by the latter, while the vice-chairman of the Board of directors of Piquadro SpA, Mr. Pierpaolo Palmieri, owns a stake equal to 6.66% of the share capital of Piquadro Holding SpA.

On 20 December 2007, the Board of Directors of the Company, in the implementation of the delegated powers granted to it by the extraordinary shareholders' meeting of 14 June 2007, approved the essential guidelines of a stock option plan named "2008-2013 Stock Option Plan of Piquadro S.p.A." and specifically, *inter alia*:

(a) gave a mandate to the Chairman of the Board of Directors, Mr. Marco Palmieri, to identify the beneficiaries of the plan and the number of stock options to be allocated to each of them; and
(b) approved the Board of Director's report to shareholders pursuant to article 2441, paragraph 6, of the Italian Civil Code, in which the Board of Directors, after having heard the opinion of the Remuneration Committee, deemed it proper to fix the subscription price of the ordinary shares of Piquadro to be paid by the beneficiaries on the basis of the higher value of *(i)* Euro 2.20 per share and *(ii)* the average of official closing prices of the Piquadro Shares recorded in the month prior to the date of allocation of the options.

By resolution of 31 January 2008, the Board of Directors approved: *(i)* the final regulation of the incentive plan; and *(ii)* the list of beneficiaries of the Plan and the number of options allocated to each of them.
The options allocated will accrue in more than one tranche, starting from the FY 2011/2012, if, at any time during the respective relevant year, the arithmetic mean of the official price of the Piquadro ordinary shares in 60 consecutive trading days is higher than certain values indicated in the regulation of the Plan. Finally, on 28 February 2008, the Board of Directors, in the implementation of the delegated powers granted to it by the shareholders' meeting of 14 June 2007, resolved, *inter alia*: *(i)* an increase in the share capital of the Company, to be made against payment, in a divisible manner and also in more than one solution – excluding the right of option of the current shareholders, pursuant to article 2441, paragraph 5, of the Italian Civil Code – up to an overall maximum amount of Euro 50,000 (fifty thousand), through the issue of a maximum amount of 2,500,000 ordinary shares of no par value; 1,600,000 shares of them will serve the Plan, while the remaining 900,000 shares will serve one or more subsequent incentive plans to be resolved by the competent bodies by 1 March 2011; *(ii)* to establish that such ordinary shares may be subscribed, as regards the 1,600,000 shares serving the Plan, within the time limits set out in the regulation of the Plan, at an overall subscription price of Euro 2.20 per share, or, in the case of subsequent reallocation of all or part of the 1,600,000 options allocated in the implementation of the Plan or in the case of new allocations of additional 900,000 shares, at a subscription price which will be determined by the Board of Directors, subject to the prior opinion of the Remuneration Committee, to an extent equal to the higher value of *(a)* Euro 2.20 per share and *(b)* the average of the official closing prices of the Company's shares recorded in the month prior to the date of reallocation (if any) or of each new allocation.

The beneficiaries of the Plan are the following directors:

(i) Marco Palmieri (Chairman of the Board of Directors);
(ii) Pierpaolo Palmieri (Vice Chairman and Managing Director of Piquadro);
(iii) Marcello Piccioli (Managing Director of Piquadro);
(iv) Roberto Trotta (Managing Director of Piquadro).
(v) Elisa Nucci (Director of Uni Best Leather Goods (Zhongshan) Co. Ltd.)
(vi) Joe Yuk Lam (Director of Uni Best Leather Goods (Zhongshan) Co. Ltd.)

The beneficiaries of the plan also include some employees and collaborators of Piquadro identified by the Board of Directors, subject to the opinion of the Remuneration Committee.

Restrictions on the transfer of securities

There are no restrictions on the transfer of securities, such as for example limits on the ownership of securities or the need to obtain approval from the Issuer or from other holders of securities.

Significant stakes held in the capital

At the date of this Report, the significant stakes held in the capital of the Issuer, as resulting from the notices given pursuant to article 120 of the TUF, as supplemented by notices relating to transactions subject to Internal Dealing under articles 152-sexies and ff. of the Issuers' regulation, were the following:

Declarant	Direct shareholders	% share on ordinary capital	% share on voting capital
Palmieri Marco	Piquadro Holding S.p.A.	68.26%	68.26%
Fil Limited	Fil Limited	4.99%	4.99%
Mediobanca S.p.A.	Mediobanca S.p.A.	6.33%	6.33%

Securities which confer special rights

The Company has not issued Securities which confer special rights of control.

Employee share ownership: exercise of voting rights

There is no employee share ownership system.

Restrictions on voting rights

The by-laws do not provide for any restrictions on voting rights.

Shareholders' agreements

At the date of this Report, there were no shareholders' agreements pursuant to article 122 of the TUF.

Appointment and replacement of directors and amendments to the by-laws

Articles 16 and ff. of the Company's by-laws regulate the composition and appointment of the Board of Directors and are suitable to ensure compliance with the relevant provisions introduced by Law no. 262/2005 (article 147-*ter* of the TUF) and by Legislative Decree no. 303 of 29 December 2006.

The amendments to the by-laws are governed by the regulations in force for the time being.

With reference to the Application Criterion 6.C.1 of the Code, it should be noted that, pursuant to section 17 of the By-Laws of Piquadro SpA, directors are appointed on the basis of lists. The lists of candidates as directors must be deposited with the registered office of the Company at least fifteen days before the day fixed for the Shareholders' Meeting on first call.
Shareholders, who, either alone or together with others, hold an overall number of shares representing at least 2.5% of the share capital or the different share required by the provisions of law or regulations in force at the time of the appointment, are entitled to submit lists of candidates.

Directors are appointed as follows:

a) all members, except one, of the Board of Directors, as resolved from time to time by the meeting, are taken from the list that has obtained the highest number of votes at the Shareholders' Meeting, based on the progressive order in which they appear in the list;
b) one member of the Board of Directors is taken from the list that has obtained the second highest number of votes at the Shareholders' Meeting (and which is not connected in any way, directly or indirectly, with the shareholders who have submitted and voted for the list with the highest number of votes) and is the first candidate, as indicated on the basis of the progressive order in which the candidates appear on such list, provided that the candidate meets the requirements prescribed by the current regulations for the respective office.
In the event of list votes being equal and the quotient still being equal, a new vote will be held by the whole Shareholders' Meeting and the candidate obtaining a simple majority of votes will be appointed. Should only one list be submitted, or rather be admitted to voting, the candidates on this list will be appointed as Directors according to the progressive order in which the candidates appear in the list itself, in the respective sections, provided that this list receives a relative majority of votes.

In the event that no lists are submitted or rather if it is not possible to appoint one or more directors using the method of list voting, the meeting will resolve with the majorities required by law.
If over the course of the financial year one or more Directors cease to hold office, then steps will be taken to replace them pursuant to article 2386 of the Italian Civil Code, as indicated below:
a) the Board of Directors appoints replacements from among those belonging to the same list to which the outgoing Directors belonged and the Shareholders' Meeting resolves with the majorities required by law, complying with the same principle and taking care to ensure, in any case, that the Board of Directors is made up of the necessary number of members who meet the independence requirements prescribed by the legislative and regulatory provisions in force;
b) if there are no candidates left on the aforementioned list who have not been previously appointed, the Board of Directors will take steps to appoint a replacement without complying with the provisions under point (a) in the same way as the Shareholders' Meeting, again with the majorities required by law, and taking care to ensure, in any case, that the Board of Directors is made up of the necessary number of members who meet the independence requirements prescribed by the legislative and regulatory provisions in force;

Delegated powers to increase share capital and authorisations to purchase treasury shares

As described in detail in point *Structure of the share capital* above, on 14 June 2007, the extraordinary shareholders' meeting of the Company delegated all powers to the Board of Directors to determine the form and features of one or more stock option plans to be reserved for certain directors, executives, employees and collaborators of the Company and of other companies controlled by the latter, as well as to resolve, *inter alia*, the capital increase serving the plans. The shareholders' meeting of the Company has not authorised the purchase of treasury shares pursuant to articles 2357 and ff. of the Italian Civil Code.

Clauses of Change of control

Neither Piquadro SpA nor any of its subsidiaries have entered into significant agreements which become effective, are amended or are terminated in case of change of control of the contracting company.

Indemnity due to directors in the case of resignation, dismissal or termination of the relationship following a take-over bid

No agreements have been entered into between the Company and the directors which provide for indemnities in the case of resignation or dismissal/disqualification without cause or if the employment relationship is terminated following a take-over bid.

The information referred to above is available on the website www.piquadro.com in the section Corporate Governance

DIRECTION AND COORDINATION ACTIVITIES (pursuant to Article 37, paragraph 2, of the Markets' Regulation)

The Company is not subject to direction and coordination activities pursuant to Article 2497 and ff. of the Italian Civil Code. In fact, although under Article 2497-*sexies* of the Italian Civil Code "*it is presumed, unless there is evidence to the contrary, that the activity of direction and coordination of companies is carried out by the company or entity that is required to consolidate their financial statements or that controls them in any way pursuant to Article 2359*", neither Piqubo SpA nor Piquadro Holding SpA, i.e. the companies controlling Piquadro S.p.A., carries out direction and coordination activities in relation to the Company, in that (i) they do not give instructions to their subsidiary; and (ii) there is no significant organisational/functional connection between these companies and Piquadro S.p.A.
In addition to directly carrying out operating activities, Piquadro SpA, in its turn, also carries out direction and coordination activities in relation to the companies it controls, pursuant to Articles 2497 and ff. of the Italian Civil Code.

INFORMATION REQUIRED BY ARTICLES 36 AND 39 OF THE MARKETS' REGULATION

With reference to the "Requirements for listing of shares of companies controlling companies established and regulated by the law of States not belonging to the European Union" ("*Condizioni per la quotazione di azioni di*

società controllanti società costituite e regolate dalla legge di Stati non appartenenti all'Unione Europea") under Article 36 of the Markets' Regulation (in the implementation of Article 62, paragraph 3-bis, of Legislative Decree no.58/98, as amended by resolution no. 16530 of 25 June 2008) the Piquadro Group declares that the only Group companies as of today that meet the significance requirements under title VI, chapter II, of the Issuers' Regulation, which are incorporated under and regulated by the law of non-EU States are the subsidiaries Unibest Leather Goods Zhongshan Co. Ltd., Piquadro Hong Kong Ltd. and Piquadro (Trading) Shenzhen (for the latter the significance requirements were exceeded only relating to the second half of the financial year ended 31 March 2011) and certifies that:

I. as regards the requirement of obtaining from the subsidiaries the by-laws and the details of the composition and powers of the corporate bodies, Piquadro already has information and documents available on a continuing basis in relation to the composition of the corporate bodies of all its subsidiaries, showing the corporate positions held;
II. the administrative, accounting and reporting systems currently in place in the Piquadro Group already essentially allow it to comply with the requirements of this provision, both in that the financial statements prepared for the purposes of drawing up consolidated accounts are made available to the public and in that these systems are suitable to allow the data required for the preparation of the consolidated accounts themselves to be regularly received by the management and the independent auditors of Piquadro;
III. by means of the present process of communication with the independent auditors, Piquadro complies efficiently with the requirement to control the flow of information to the main auditor that is functional to the auditing of annual and interim accounts of Piquadro itself.

INFORMATION BY BUSINESS SEGMENTS AND ANALYSIS OF THE PERFORMANCE OF THE GROUP'S OPERATIONS

The table below illustrates the segment data of the Piquadro Group as broken down by sales channel (DOS and Wholesale), in relation to the financial years ended 31 March 2011 and 2010. Economic segment data are monitored by the Company's Management until EBITDA:

(*)Percentage impact compared to the total sales revenues.

(in thousands of Euro)	**31 March 2011**				**31 March 2010**				
	DOS	**Wholesale**	**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**% change 2011-2010**
Sales revenues	**14,809**	**47,005**	**61,814**	**100%**	**11,413**	**40,805**	**52,218**	**100%**	**18,4**
Other income	475	967	1,442	2.3%	100	712	812	1.6%	77.5%
Costs for purchases of raw materials	(1,553)	(7,795)	(9,348)	(15.2%)	(1,180)	(7,176)	(8,356)	(16.0%)	11.8%
Costs for services and leases and rentals	(8,072)	(20,600)	(28,672)	(46.4%)	(6,028)	(16,462)	(22,490)	(43.1%)	27.5%
Personnel costs	(3,674)	(4,778)	(8,452)	(13.7%)	(3,071)	(4,949)	(8,020)	(15.4%)	5.4%
Provisions and write-downs	-	(127)	(127)	(0.2%)	-	(5)	(5)	(0.0%)	2.440%
Other operating costs	(31)	(176)	(207)	(0.3%)	(50)	(299)	(349)	(0.7%)	(40.7%)
EBITDA	**1,954**	**14,496**	**16,450**	**26.6%**	**1,184**	**12,626**	**13,810**	**26.4%**	**19.1%**
Amortisation and depreciation and write-downs			(1,842)	(2.9%)			(2,026)	(3.9%)	(9.5%)

Operating result	**14,608**	**23.6%**	**11,784**	**22.6%**	**23.9%**
Financial income and charges	(578)	(0.9%)	(418)	(0.8%)	38.1%
Pre-tax result	**14,030**	**22.7%**	**11,366**	**21.8%**	**23.5%**
Income tax expenses	4,933	(7.9%)	(4,243)	(8.1%)	16.3%
Profit for the period	**9,097**	**14.7%**	**7,123**	**13.6%**	**27.7%**
Result attributable to minority interests	-	-%	(120)	(0.2%)	(100%)
Group net result	**9,097**	**14.7%**	**7,243**	**13.9%**	**25.6%**

As a segment analysis of the balance sheet, below are reported the assets, liabilities and fixed assets broken down by sales channel in the financial years ended 31 March 2011 and 31 March 2010:

	31 March 2011				**31 March 2010**			
	Business Segment				**Business Segment**			
(in thousands of Euro)	**DOS**	**Wholesale**	**Unallocated**	**Total**	**DOS**	**Wholesale**	**Unallocated**	**Total**
Assets	6,790	39,968	13,092	59,850	4,784	35,851	11,953	52,588
Liabilities	4,214	20,154	9,579	33,947	3,420	19,303	8,898	31,621
Fixed assets	1,817	11,037	-	12,854	2,479	9,686	-	12,165

The assets allocated to the segments include property, plant and equipment, intangible assets, trade receivables, inventories, cash and other receivables other than tax receivables. Segment assets do not include loans receivable, tax or fiscal receivables, derivative instruments, deferred tax liabilities and cash and cash equivalents.

The liabilities allocated to the segments include trade payables, provisions for risks and charges, provisions for personnel, payables to other lenders and other payables other than loans payable to credit institutions and tax and fiscal payables. Segment liabilities do not include loans payable to credit institutions, current accounts payable, tax or fiscal payables, derivative instruments and deferred tax liabilities.

Sales revenues

Below is reported a breakdown of sales revenues by sales channel, geographical area and product family.

Breakdown of revenues by sales channel

The table below reports the Group's sales revenues broken down by distribution channel:

Sales channel *(in thousands of Euro)*	**Net revenues as at 31 March 2011**	**% (*)**	**Net revenues as at 31 March 2010**	**% (*)**	**% change 2011/2010**

Wholesale	47,005	76.0%	40,805	78.1%	15.2%
DOS	14,809	24.0%	11,413	21.9%	29.8%
Total	**61,814**	**100.0%**	**52,218**	**100.0%**	**18.4%**

(a) Percentage impact compared to sales revenues.

Sales revenues achieved in the financial year ended 31 March 2011 reported an increase of 18.4% compared to the financial year ended 31 March 2010, passing from Euro 52,218 thousand in the financial year ended 31 March 2010 to Euro 61,814 thousand in the financial year ended 31 March 2011.

The increase in sales revenues is due to an increase in sales volumes, the increase in the average selling prices and an efficient activity of marketing and development of new products.

Below are reported the breakdowns of revenues by distribution channel:

Wholesale channel

Sales revenues achieved in the Wholesale Channel in the financial year ended 31 March 2011 reported an increase of 15.2%, passing from Euro 40,805 thousand in the financial year ended 31 March 2010 to Euro 47,005 thousand in the financial year ended 31 March 2011.

In terms of impact on the total sales revenues, the Wholesale Channel shows an increase in percentage terms of 15.2%, passing from an impact of 78.1% in the financial year ended 31 March 2010 to an impact of 76.0% in the financial year ended 31 March 2011.

The increase in turnover of the Wholesale Channel, equal to Euro 6,200 thousand in absolute terms, is mainly due to the following factors:

- *increase in sales volumes, equal to about 4.6%;*
- *increase in sales in some European markets such as Russia (about +164%), France (about +10.7%) and Spain (about +13.6%).*

In the financial year ended 31 March 2011, the Group opened 11 new franchise shops (as at 31 March 2011, the franchise shops opened were 56), as described below:

Month of opening	Location	Channel
June 2010	Verona, Piazza delle Erbe	Franchising (Wholesale)
June 2010	Verona, Centro Commerciale “La Grande Mela”	Franchising (Wholesale)
September 2010	Kiev (Ukraine), Shopping Mall “Ukraina”	Franchising (Wholesale)
October 2010	Astana (Kazakhstan), Keruen Trade Center	Franchising (Wholesale)
November 2010	Beirut (Lebanon), Ayyas Sector - Beirut Souks	Franchising (Wholesale)
November 2010	Limbiate, Centro Commerciale “Carrefour”	Franchising (Wholesale)
November 2010	Lecce, Via Trinchese 69	Franchising (Wholesale)
December 2010	Palermo, Viale Strasburgo 108	Franchising (Wholesale)
January 2011	Toronto (Canada), Bay Street	Franchising (Wholesale)
March 2011	Moscow (Russia), The Mall Presneskaia nab.	Franchising (Wholesale)
March 2011	Moscow (Russia), TC “Kapitoly”	Franchising (Wholesale)

DOS channel

Sales revenues achieved in the DOS Channel in the financial year ended 31 March 2011 reported an increase of 29.8%, passing from Euro11,413 thousand in the financial year ended 31 March 2010 to Euro 14,809 thousand in the financial year ended 31 March 2011.

In terms of impact on the total sales revenues, the DOS Channel shows an increase of 210 basis points, passing from an impact of 21.9% in the financial year ended 31 March 2010 to an impact of 24.0% in the

financial year ended 31 March 2011. The increase, which is equal to Euro 3,396 thousand in absolute terms, is also due to the following factors:

- *increase in the quantities sold, equal to about 23.7%;*
- *increase in the price list equal to about 5%;*
- *the opening by the Group of 14 new DOS shops (as detailed below), which entailed an increased turnover equal to Euro 1,145 thousand (corresponding to a growth of about 10.0% in the total turnover):*

Month of opening	Location	Channel
July 2010	Hong Kong - Citygate Outlet Store	DOS *Outlet Store*
July 2010	Taiwan – Taipei The Mall	DOS
September 2010	Hong Kong - Sogo Causeway Bay	DOS
September 2010	Beijing (China) - IFC Mall	DOS
October 2010	Frankfurt (Germany), Steiweig 12	DOS
November 2010	Taiwan – Sogo Dun Hua	DOS
December 2010	Shenyang (China) – MOI Dept. Store	DOS
December 2010	Agira c/o "Sicilia Fashion Outlet"	DOS *Outlet Store*
December 2010	Rome, Fiumicino Airport - Terminal 3	DOS
January 2011	Beijing (China) – Season Place	DOS
January 2011	Beijing (China) – Surprise Outlet	DOS *Outlet Store*
February 2011	Rimini, "Le Befane"	DOS
March 2011	Madrid, Calle Goya	DOS
March 2011	Barcelona, "Las Arenas"	DOS

In general, it should be noted that in the DOS Channel one of the significant factors for achieving high volumes of sales is the position of the outlets. Indeed, the Group tries to open its points of sale in the main streets (business and/or shopping ways) of each city in which it operates; such strategy has had a positive effect in terms of increase in sales revenues. Placing stores in strategic areas involves higher initial costs in some cases (with the payment, in some cases, of key money, especially in Europe) and subsequently higher rental charges compared to less central locations; however, these costs are subsequently recovered thanks to the higher sales volumes that the strategic position allows to achieve. During the FY 2010/2011, the Group paid out key moneys of about Euro 100 thousand relating to the openings of Frankfurt and Madrid calle Goya.

The opening of the DOSs in outlets allows the Group to dispose of those product stock which, for a variety of reasons (change in colour fashions, end of range etc.), could be difficult to sell at the full selling price, in this way solving the problems linked to possible obsolescence of inventories of finished products.

On the basis of the data processed by the Company in relation to the turnover per individual shop, the perimeter remaining unchanged (Same Store Sales Growth analysis, "SSSG", or considering the same DOS points of sale existing as at both 1 April 2009 and 31 March 2011), the trend in the turnover of the DOS channel showed an increase of about 9.9% (assuming an equal number of days of opening and constant rates of exchange, the Same Store Sales Growth – SSSG- reported an increase equal to about 8.8%).
The growth determined by the opening of new points of sale affects total sales revenues in the DOS Channel by about 7.7%.

For a better understanding of the DOS Channel, below are reported the 48 shops which were opened as at 31 March 2011, together with the month of the start of operations:

Month of opening	Location	Channel
November 2000	Milan, Via della Spiga n.33	DOS
November 2002	Milan, Linate Airport	DOS
December 2003	Rome, Galleria Alberto Sordi n. 38-39 (former Galleria Colonna)	DOS

July 2004	Milan, Malpensa Airport	DOS
September 2004	Barcelona, Paseo dee Gracia n.11	DOS
November 2004	Bologna, Piazza Maggiore n. 4/B	DOS
March 2006	Barberino del Mugello c/o "Factory Outlet Centre"	DOS (*Outlet*)
March 2007	Municipality of Fidenza c/o "Fidenza Village"	DOS (*Outlet*)
May 2007	Rome, Centro Commerciale Cinecittà n.2, Via Vittoria Colonna n.39	DOS
July 2007	Rome, Galleria Nuova Commerciale di "Porta di Roma"	DOS
July 2007	Hong Kong , Kowloon - Harbour City, Shop 3222, Level 3, Gateway Arcade – Tsimshatsui	DOS
August 2007	Macau, The Venetian Macau -Resort-Hotel Casino, Estrada da Baia de Nossa Senhora de Esperanca – Taipa	DOS
April 2008	Novara, "Vicolungo Outlets", unit 100	DOS (*Outlet*)
April 2008	Hong Kong, The Peninsula, Shop BL5A, Salisbury Road, Kowloon	DOS
June 2008	Rome, Centro Commerciale "EUROMA2", Via C.Colombo	DOS
July 2008	Abu Dhabi (EAU), Shop 139,Khalidiyah Mall	DOS
August 2008	Foiano della Chiana (Arezzo), "Valdichiana Outlet Village", unit 142	DOS (*Outlet*)
September 2008	Noventa di Piave (VE), "Veneto Designer Outlet"	DOS (*Outlet*)
October 2008	Dubai (EAU), Burjuman Center, Level 1	DOS
December 2008	Milan, Via Dante 9	DOS
December 2008	Rome, Fiumicino Airport	DOS
December 2008	Munich (Germany), "Ingolstadt Village"	DOS (*Outlet*)
December 2008	Barcelona (Spain), "La Roca Village"	DOS (*Outlet*)
March 2009	Bologna, "G. Marconi" Airport	DOS
April 2009	Taiwan – Taipei Eslite Dun Nan	DOS
May 2009	Shanghai (China)– Shanghai International Golden Eagle Square	DOS
May 2009	Hong Kong – Time Square	DOS
June 2009	Beijing (China) – Beijing Jinbao Place	DOS
October 2009	Shenzhen (China)– Mix City	DOS
October 2009	Hong Kong – Kowloon New Town Plaza	DOS
October 2009	Taiwan – Taipei Xin Yin Shop	DOS
January 2010	Hong Kong – Kowloon – Isquare	DOS
January 2010	Hong Kong – Seibu Pacific Place	DOS
February 2010	Marcianise (CE) – c/o "Factory Outlet Centre"	DOS (*Outlet*)
July 2010	Hong Kong - Citygate Outlet Store	DOS (*Outlet)*
July 2010	Taiwan – Taipei The Mall	DOS
September 2010	Hong Kong - Sogo Causeway Bay	DOS
September 2010	Beijing (China) - IFC Mall	DOS
October 2010	Frankfurt (Germany), Steiweig 12	DOS
November 2010	Taiwan – Sogo Dun Hua	DOS
December 2010	Shenyang (China) – MOI Dept. Store	DOS
December 2010	Agira c/o "Sicilia Fashion Outlet"	DOS (*Outlet)*
December 2010	Rome, Fiumicino Airport, Terminal 2	DOS
January 2011	Beijing (China) – Season Place	DOS
January 2011	Beijing (China) – Surprise Outlet	DOS *Outlet Store*
February 2011	Rimini, "Le Befane"	DOS
March 2011	Madrid, Calle Goya	DOS
March 2011	Barcelona, "Las Arenas"	DOS

Breakdown of revenues by geographical area

The geographical areas in which the Piquadro Group operates, as defined by the management as a secondary segment of segment reporting, have been defined as Italy, Europe and Rest of the World.

The table below reports the Group's sales revenues broken down by geographical area, for the financial years ended 31 March 2011 and 31 March 2010:

(*in thousands of Euro*)	**Sales revenues as at 31 March 2011**	**% (a)**	**Sales revenues as at 31 March 2010**	**% (a)**	**% change 2011/2010**
Italy	46,816	75.7%	41,732	79.9%	12.2%
Europe	9,720	15.7%	7,323	14.0%	32.7%
Rest of the World	5,278	8.5%	3,163	6.1%	66.9%
Total	**61,814**	**100.0%**	**52,218**	**100.0%**	**18.4%**

(a) Percentage impact compared to sales revenues.

Italy

Sales revenues achieved in Italy in the financial year ended 31 March 2011 reported an increase of 12.2% compared to the financial year ended 31 March 2010, passing from Euro 41,732 thousand to Euro 46,816 thousand; the Italian market accounts for 75.7% of the Group's total turnover in the financial year ended 31 March 2011 (79.9% of the total turnover in the financial year ended 31 March 2010).

Assuming that the perimeter remained unchanged in the DOS Channel in Italy, the financial year ended 31 March 2011 reported an increase of about 8.4% compared to the financial year ended 31 March 2010.

In relation to the growth for new openings of DOS shops, note that the impact of the turnover of the new points of sale opened in the DOS Channel in Italy is equal to about 2.1% of the Group's consolidated turnover in the financial year ended 31 March 2011.

The sales in the Wholesale Channel in Italy reported an increase of about 9.6% and confirm the success of the business policies implemented by the Company, which have been aimed at a more widespread cover of the territory also through the franchise network.

Europe

Sales revenues achieved in Europe, in the financial year ended 31 March 2011, reported an increase of about 32.7% compared to the financial year ended 31 March 2010, passing from Euro 7,323 thousand to Euro 9,720 thousand; as a whole, the European market accounts for 15.7% of the total turnover in the financial year ended 31 March 2011 (up compared to the impact of 14.0% on the consolidated sales reported in the financial year ended 31 March 2010).

The first three most significant European countries in terms of impact of the Group's total turnover are Russia, Spain and France, which overall account for about 7.6% of the Group's turnover and about 48.4% of the turnover relating to the geographical area Europe.

The Group operates through the two sales DOS and Wholesale channels in 30 European countries. In the financial year ended 31 March 2011, the Group reported in Countries such as Spain, Germany, France and Russia, an increase in the sales equal to about 46.0% compared to the previous financial year. Specifically, Russia, which has always represented a strategic point of development of the Group also thanks to its nine franchise points of sale through the most significant customer in the Wholesale channel, reported an increase of more than 164.0%. The contribution from the DOS sales in Europe is still not much significant by reason of the presence as at 31 March 2011 of only 6 direct points of sale in Frankfurt and Ingolstadt (Germany) and Barcelona and Madrid (4 points of sale - Spain).

The impact of the sales in the European market on the total sales increased by 170 basis points (from 14.0% to 15.7%), reporting an increase in sales in the financial year ended 31 March 2011 equal to Euro 2,397 thousand in absolute terms compared to the financial year ended 31 March 2010.

Rest of the world

Sales revenues achieved in the Rest of the World (a geographical area which for Piquadro mainly represents the countries in the Far and Middle East) reported, in the financial year ended 31 March 2011, an increase of 66.9% compared to the financial year ended 31 March 2010, passing from Euro 3,163 thousand to Euro 5,278 thousand in the financial year ended 31 March 2011. The market of the Rest of the World accounts for 8.5% of the total turnover in the financial year ended 31 March 2011

(6.1% in the financial year ended 31 March 2010). The increase in the percentage impact of the sales in the Rest of the World on the total turnover (240 basis points compared to 31 March 2010) benefits from the positive performance of the shops opened in Hong Kong, Macau, China and Taiwan, which account for about 79% of the total sales made in this area.

Other income

The table below reports the Group's other revenues broken down by sales channel:

	31 March 2011				**31 March 2010**				
(*in thousands of Euro*)	**DOS**	**Wholesale**	**Total**	**% Impact (*)**	**DOS**	**Wholesale**	**Total**	**% Impact (*)**	**% change 2011/2010**
Charge-backs of transportation costs and collection		219	219	0.4%		224	224	0.4%	(2.2%)
Insurance and legal refunds		119	119	0.2%		118	118	0.2%	0.8%
Sales revenues from corners		279	279	0.5%		103	103	0.2%	170.9%
Charge-backs of advertising and marketing costs		76	76	0.1%		36	36	0.07%	111.2%
Other sundry income	475	274	749	1.2%	100	231	331	0.6%	115.6%
Other income	**475**	**967**	**1,442**	**2.3%**	**100**	**712**	**812**	**1.6%**	**73.3%**

(*) Percentage impact compared to sales revenues.

In the financial year ended 31 March 2011, other income increased by 73.3%, passing from Euro 812 thousand in the financial year ended 31 March 2010 to Euro 1,407 thousand in the financial year ended 31 March 2011. The increase in other income is mainly due to a non-recurring revenue of Euro 300 thousand realised by Piquadro Deutschland GmbH. This amount arises from the assignment of the lease agreement relating to the shop located in Frankfurt, 60313, at Goethestrasse 32 to third parties.

Consumption of materials

The table below reports the Group's costs for consumption of materials broken down by sales channel:

	31 March 2011				**31 March 2010**				
(*in thousands of Euro*)	**DOS**	**Wholesale**	**Total**	**% Impact (*)**	**DOS**	**Wholesale**	**Total**	**% Impact (*)**	**% change 2011/2010**
Costs for consumption of materials	1,553	7,795	9,348	15.2%	1,180	7,176	8,356	16.0%	11.8%

(*) Percentage impact compared to sales revenues.

In the financial year ended 31 March 2011, costs for consumption of materials reported an increase equal to 11.8%, passing from Euro 8,356 thousand in the financial year ended 31 March 2010 to Euro 9,348 thousand in the financial year ended 31 March 2011.

According to the analyses carried out by the Parent Company as to the performance of the purchase costs of raw materials (mainly leather, accessories, fabrics), procurement costs incurred in the financial year ended 31 March 2011 increased by about 2% compared to the costs incurred in the financial year ended 31 March 2010. The cost of both leather and other materials did not undergo changes such as to affect the impact of the costs for consumption on the total cost of sales. Furthermore, costs of raw materials incurred by the production company Unibest Leather Goods Zhongshang enjoyed a worsened exchange rate Euro/US dollar and Euro/renminbi on average compared to the financial year ended 31 March 2010.

DOS channel

According to the breakdown by sales channel, the DOS Channel passed from Euro 1,180 thousand in the financial year ended 31 March 2010 to Euro 1,553 thousand in the financial year ended 31 March 2011; the increase, equal to Euro 373 thousand (+31.6%), is attributable to the higher number of shops and to the increase in sales volumes compared to the financial year ended 31 March 2010.

Wholesale channel

According to the breakdown by sales channel, the Wholesale Channel passed from Euro 7,176 thousand in the financial year ended 31 March 2010 to Euro 7,795 thousand in the financial year ended 31 March 2011; the increase, equal to Euro 619 thousand (+8.6%), is mainly attributable to the product mix sold in the wholesale channel compared to the financial year ended 31 March 2010.

Costs for services and leases and rentals

The table below reports the Group's costs for services and leases and rentals broken down by sales channel for the financial years ended 31 March 2011 and 31 March 2010:

	31 March 2011				**31 March 2010**				
(*in thousands of Euro*)	**DOS**	**Wholesale**	**Total**	**% Impact (*)**	**DOS**	**Wholesale**	**Total**	**% Impact (*)**	**% change 2011/2010**
Cost for leases and rentals	3,730	435	4,165	6.7%	2,831	325	3,156	6.0%	31.9%
External Production	1,358	8,386	9,744	15.8%	1,026	6,241	7,267	13.9%	34.1%
Advertising and Marketing	451	2,785	3,236	5.2%	157	2,381	2,538	4.8%	27.5%
Administration Services	592	1,562	2,156	3.4%	403	1,231	1,634	3.1%	32.1%
Commercial Services	80	3,490	3,570	5.7%	20	3,106	3,126	6.0%	14.2%
Production services	1,323	635	1,958	3.1%	1,157	516	1,673	3.2%	17.0%
Transport services	538	3,306	3,843	6.2%	433	2,663	3,096	5.9%	24.1%
Costs for services and leases and rentals	**8,072**	**20,600**	**28,672**	**46.4%**	**6,028**	**16,462**	**22,490**	**43.1%**	**27.5%**

(*) Percentage impact compared to sales revenues.

As at 31 March 2011, costs for services and leases and rentals increased by 27.5% compared to the previous financial year, and the percentage impact on sales revenues increased compared to the financial year ended 31 March 2010, passing from 43.1% in the financial year ended 31 March 2010 to 46.4% in the financial year ended 31 March 2011.

Breakdown by sales channel

DOS channel

Costs in the DOS Channel reported an increase of 33.9%, passing from Euro 6,028 thousand in the financial year ended 31 March 2010 to Euro 8,072 thousand in the financial year ended 31 March 2011. The main increase in costs refers to costs for leases and rentals which reported an increase equal to 31.7% in the financial year ended 31 March 2011. This increase was mainly due to the opening of 14 Company-owned shops in the course of the financial year ended 31 March 2011 for which, as at 31 March 2011 the Company owned 48 shops in operation at the related rental costs of the premises of the shops. Furthermore, costs in the DOS channel are affected by start-up costs equal to about Euro 43 thousand and mainly relating to the openings of 2 new shops in Spain.

Wholesale channel

Costs for services and leases and rentals in the Wholesale Channel reported an increase of 25.1%, passing from Euro 16,462 thousand in the financial year ended 31 March 2010 to Euro 20,600 thousand in the financial year ended 31 March 2011.

Personnel costs

The table below reports the Group's personnel costs broken down by sales channel for the financial years ended 31 March 2011 and 31 March 2010:

(in thousands of Euro)	31 March 2011				31 March 2010			
	DOS	**Wholesale**	**Total**	**% Impact (*)**	**DOS**	**Wholesale**	**Total**	**% Impact (*)**
Wages and salaries	3,059	3,952	7,011	11.3%	2,612	4,217	6,829	13.8%
Social security contributions	495	669	1,164	1.9%	371	573	944	1.8%
TFR	120	157	277	0.4%	88	159	247	0.5%
Total personnel costs	**3,674**	**4,778**	**8,452**	**13.7%**	**3,071**	**4,949**	**8,020**	**5.4%**

(a) Percentage impact compared to sales revenues.

The table below reports the number of staff employed by the Group as at 31 March 2011 and 31 March 2010:

	31 March 2011	**31 March 2010**
Executives	2	1
Office workers	255	202
Manual workers	428	339
Total for the Group	**685**	**542**

In the financial year ended 31 March 2011, personnel costs reported an increase of 5.4%, passing from Euro 8,020 thousand in the financial year ended 31 March 2010 to Euro 8,452 thousand in the financial year ended 31 March 2011. The increase in personnel costs is due to the increase in staff employed by both Piquadro Spa and some subsidiary companies operating in the retail business occurred in the course of the financial year ended 31 March 2011, mainly due to the opening of new points of sale and to a growth in the internal organisation.

Breakdown by sales channel

DOS channel

According to the breakdown by sales channel, the DOS Channel reported an increase in personnel costs of 19.6%, passing from Euro 3,071 thousand in the financial year ended 31 March 2010 to Euro 3,674 thousand in the financial year ended 31 March 2011. The increase is mainly due to the opening of 14 new Company-owned points of sale, which entailed an increase in the retail workforce, which passed from 127 employees as at 31 March 2010 to 173 employees as at 31 March 2011.

Wholesale channel

According to the breakdown by sales channel, the Wholesale Channel reported a decrease in personnel costs of 3.4%, passing from Euro 4,949 thousand to Euro 4,778 thousand in the financial year ended 31 March 2011; this decrease is mainly due to the minor allocation of indirect personnel costs to the wholesale channel.

Provisions

The table below reports the Group's provisions for the financial years ended 31 March 2011 and 31 March 2010:

(in thousands of Euro)	31 March 2011 DOS	Wholesale	Total	% Impact (*)	31 March 2010 DOS	Wholesale	Total	% Impact (*)
Total provisions	**-**	**127**	**127**	**0.2%**	**-**	**5**	**5**	**0.01%**

(*) Percentage impact compared to sales revenues.

The amount of Euro 127 thousand allocated in the financial year ended 31 March 2011 (Euro 5 thousand in the financial year ended 31 March 2010) relates to the provision for bad debts which has been fully allocated to the Wholesale channel, as the sales in the DOS segment generate almost exclusively instant receipts.

Other operating costs

The table below reports the Group's other operating costs broken down by sales channel for the financial years ended 31 March 2011 and 31 March 2010:

(in thousands of Euro)	31 March 2011 DOS	Wholesale	Total	% Impact (*)	31 March 2010 DOS	Wholesale	Total	% Impact (*)
Capital losses on disposals of fixed assets	-	2	2	0.0%	-	-	-	0.0%
Taxes other than income taxes	31	99	130	0.2%	25	141	166	0.3%
Other write-downs	-	-	-	0.0%	25	95	120	0.2%
Donations	-	75	75	0.1%	-	63	63	0.1%
Other operating costs	**31**	**176**	**207**	**0.3%**	**50**	**299**	**349**	**0.67%**

(*) Percentage impact compared to sales revenues.

As at 31 March 2011, other operating costs, equal to Euro 207 thousand, decreased by Euro 142 thousand compared to 31 March 2010, mainly as a result of lower allocations of Euro 120 thousand and for lower taxes, other than income taxes, of Euro 36 thousand.

Amortisation, depreciation and write-downs

The table below reports the Group's costs for amortisation and depreciation for the financial years ended 31 March 2011 and 31 March 2010:

(in thousands of Euro)	31 March 2011	(*) %	31 March 2010	(*) %	% Change 2011/2010
Amortisation of intangible assets	319	0.5%	578	1.1%	(44.8%)
Depreciation of property, plant and equipment	1,496	2.4%	1,355	2.6%	10.4%
Impairment losses of assets	27	0.0%	93	0.2%	(70.9%)
Total amortisation, depreciation and write-downs	**1,842**	**2.98%**	**2,026**	**3.9%**	**(9.08%)**

(*) Percentage impact compared to sales revenues.

In the financial year ended 31 March 2011, amortization, depreciation and write-downs reported an increase of 9.1%, passing from Euro 2,026 thousand in the financial year ended 31 March 2010 to Euro 1,842 thousand in the financial year ended 31 March 2011, of which Euro 319 thousand relate to amortisation of intangible assets, Euro 27 thousand relate to impairment losses of assets relating to the key money paid out for the Frankfurt shop (Germany), and Euro 1,496, thousand relate to property, plant and equipment.

Amortisation of intangible assets decreased by 44.8% compared to the previous financial year passing from Euro 578 thousand as at 31 March 2010 to Euro 319 thousand at 31 March 2011. This decrease is attributable to the final amortisation of previous investments in software.

The increase in costs for depreciation of property, plant and equipment, which passed from Euro 1,355 thousand as at 31 March 2010 to Euro 1,496 thousand as at 31 March 2011, was mainly due to the new investments in fittings for the opening of the new points of sale of the Group.

EBITDA and Operating result

As per the details provided in the previous paragraphs as to the changes that occurred in any individual income statement item in the financial years ended 31 March 2010 and 31 March 2011, the reasons for the relative increase in EBITDA can be linked both to the positive performance in terms of SSSG of the DOS segment, even if counterbalanced by the new openings, above all in those countries in which the brand awareness has not yet been fully completed, with margins which are not always in line with the average ones of the already existing shops, and the increase in revenues from the wholesale channel that have then generated, thanks to the substantial margins that characterise them, an operating leverage in a situation in which overheads substantially remained the same, which were offset by a significant growth in marketing costs.
The table below reports the data relating to the EBITDA, broken down by sales channel, and to the Group's operating result, for the financial years ended 31 March 2011 and 2010:

	31 March 2011	% Impact (a)	31 March 2010	% Impact (a)	Change 2011/2010	% Change 2011/2010
EBITDA	**16,450**	**26.6%**	**13,810**	**26.4%**	**2,640**	**19.1%**
Breakdown by channel:						
DOS	1,954	3.2%	1,184	2.2%	770	65.0%
Wholesale	14,496	23.4%	12,626	24.2%	1,870	14.8%
Operating result	**14,608**	**23.6%**	**11,784**	**22.6%**	**2,824**	**23.9%**
Total	**14,608**	**23.6%**	**11,784**	**22.6%**	**2,824**	**23.9%**

(a) Percentage impact compared to sales revenues.

The items EBITDA and Operating result overall reported an increase in the relevant period, whose reasons may be found in both the positive performance in terms of SSSG of the DOS segment, even if counterbalanced by the new openings, above all in the countries in which the brand awareness has not yet been fully completed, with margins which are not always in line with the average ones of the already existing shops, and in the increased revenues in the wholesale channel.

Specifically, while EBITDA passed from Euro 13,810 thousand (26.4% of revenues) in the financial year ended 31 March 2010 to Euro 16,450 thousand (26.6% of revenues) in the financial year ended 31 March 2011, the operating result passed from Euro 11,784 thousand (22.6% as a percentage impact on revenues) in the financial year ended 31 March 2010 to Euro 14,608 thousand (23.6% as a percentage impact on revenues) in the financial year ended 31 March 2011.

The growth in the operating result is mainly attributable to the increased turnover in both the DOS and wholesale channels.

Financial Income and Charges

The table below reports the Group's financial income and charges for the financial years ended 31 March 2011 and 31 March 2010:

(*in thousands of Euro*)	31 March 2011	% Impact (a)	31 March 2010	% Impact (a)	Change 2011/2010	% Change 2011/2010
Financial income	562	0.9%	627	1.2%	(65)	(10.4%)
Financial charges	(1,140)	1.8%	(1,045)	2.0%	(95)	(9.1%)
Total	**(578)**	**(0.9%)**	**(418)**	**0.8%**	**(160)**	**38.3%**

(a) Percentage impact compared to sales revenues.

This item includes the total of interest expense, commissions and net charges payable to banks and to other lenders and the effect of exchange fluctuations (gains and losses, both realised and estimated).

Net financial income and charges reported an increase compared to the financial year ended 31 March 2010, passing from Euro 418 thousand in the financial year ended 31 March 2010 to Euro 578 thousand in the financial year ended 31 March 2011.

The increase in financial charges as at 31 March 2011 compared to 31 March 2010 was mainly attributable to the change in the negative exchange rate differences, both realised and estimated, which passed from Euro 505 thousand in the financial year ended 31 March 2010 to Euro 688 thousand reported in the financial year ended 31 March 2011, which was offset by a change in the financial charges on leases and bank loans which passed from Euro 540 thousand in the financial year ended 31 March 2010 to Euro 452 thousand in the financial year ended 31 March 2011, both as a result of the change in interest rates and the sharp reduction in the Group's average indebtedness.

Financial income mainly related to the positive exchange rate differences, both realised and estimated (equal to about Euro 462 thousand as at 31 March 2011 against Euro 508 thousand as at 31 March 2010) commented on above, in addition to interest income on current bank accounts in the financial year ended 31 March 2011 (Euro 100 thousand).

Income tax expenses

The table below reports the percentage impact of taxes on pre-tax profit for the financial years ended 31 March 2011 and 2010:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**	**% Change 20 11/2010**
Pre-tax profit	14,030	11,366	23.4%
Income taxes	(4,934)	(4,243)	16.3%
Average tax rate	**35.2%**	**37.3%**	

The table below reports the breakdown of the Group's taxes for the financial years ended 31 March 2011 and 2010:

(in thousands of Euro)	**31 March 2011**	**% Change (a)**	**31 March 2010**	**% Change (a)**	**Change 2011/2010**
Income taxes (IRES tax)	4,231	6.8%	3,716	7.1%	13.9%
IRAP tax	856	1.4%	714	1.4%	19.9%
Deferred tax liabilities	54	0.1%	255	0.5%	(78.8%)
Deferred tax assets	(208)	(0.3%)	(442)	(0.8%)	(52.9%)
Total	**4,933**	**8.0%**	**4,243**	**8.1%**	**16.3%**

(a) *Percentage impact compared to sales revenues.*

In the financial year ended 31 March 2011, income tax expenses increased by about 16.3% passing from Euro 4,243 thousand in the financial year ended 31 March 2010 to Euro 4,933 thousand in the financial year ended 31 March 2011.

*Current taxes (IRES [*Imposta sul Reddito delle Società*, Corporate Income Tax] and IRAP [*Imposta Regionale sulle Attività Produttive*, Local Tax on Production Activities] taxes for the Parent Company and the equivalent income taxes for foreign subsidiaries) relate to the tax burden calculated on the respective taxable bases.*

Net result

The table below reports the net result for the period for the financial years ended 31 March 2011 and 31 March 2010:

(in thousands of Euro)	**2011**	**% Impact (a)**	**2010**	**% Impact (a)**	**% Change**

Net result	9,097	14.7%	7,123	13.6%	27.7%

(a) Percentage impact compared to sales revenues.

The net result for the financial year ended 31 March 2011 reported an increase of about 27.7%, passing from Euro 7,123 thousand in the financial year ended 31 March 2010 to Euro 9,097 thousand in the financial year ended 31 March 2011.

In the financial year ended 31 March 2011, the percentage impact on sales revenues was equal to 14.7% (13.6% at 31 March 2010).

Silla di Gaggio Montano (Province of Bologna), 13 June 2011

FOR THE BOARD OF DIRECTORS

THE CHAIRMAN
(Marco Palmieri)

CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	**Notes**	**31 March 2011**	**31 march 2010**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	790	648
Property, plant and equipment	(2)	12,064	11,517
Receivables from others	(3)	872	539
Deferred tax assets	(4)	1,349	1,112
TOTAL NON-CURRENT ASSETS		**15,075**	**13,816**
CURRENT ASSETS			
Inventories	(5)	10,104	7,618
Trade receivables	(6)	21,418	20,255
Other current assets	(7)	2,526	1,513
Derivative assets	(8)	-	69
Cash and cash equivalents	(9)	10,727	9,317
TOTAL CURRENT ASSETS		**44,775**	**38,772**
TOTAL ASSETS		**59,850**	**52,588**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	Notes	31 March 2011	31 March 2010
LIABILITIES			
EQUITY			
Share capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		404	484
Retained earnings		14,402	11,159
Group profit for the period		9,097	7,243
Total equity attributable to the Group		**25,903**	**20,886**
Capital and Reserves attributable to minority interests		-	201
Profit/(loss) attributable to minority interests		-	(120)
Total share attributable to minority interests		**-**	**81**
EQUITY	(10)	**25,903**	**20,967**
NON-CURRENT LIABILITIES			
Borrowings	(11)	5,266	6,046
Payables to other lenders for lease agreements	(12)	4,469	5,248
Provision for employee benefits	(13)	258	287
Provisions for risks and charges	(14)	852	728
Deferred tax liabilities	(15)	470	426
TOTAL NON-CURRENT LIABILITIES		**11,315**	**12,735**
CURRENT LIABILITIES			
Borrowings	(16)	3,805	2,409
Payables to other lenders for lease agreements	(17)	865	948
Derivative liabilities	(18)	38	17
Trade payables	(19)	13,301	12,849
Other current liabilities	(20)	3,887	2,663
Current income tax liabilities	(21)	736	-
TOTAL CURRENT LIABILITIES		**22,632**	**18,886**
TOTAL LIABILITIES		**33,947**	**31,621**
TOTAL EQUITY AND LIABILITIES		**59,850**	**52,588**

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	Notes	31 March 2011	31 March 2010
Revenues from sales	(22)	61,814	52,218
Other income	(23)	1,442	812
- *of which impact of non-recurring items*		*380*	-
OPERATING COSTS			
Change in inventories	(24)	(2,578)	282
Costs for purchases	(25)	11,926	8,074
Costs for services and leases and rentals	(26)	28,672	22,490
Personnel costs	(27)	8,452	8,020
Amortisation, depreciation and write-downs	(28)	1,969	2,031
Other operating costs	(29)	207	349
TOTAL OPERATING COSTS		**48,648**	**41,246**
OPERATING PROFIT		**14,608**	**11,784**
- *of which impact of non-recurring items*		*380*	-
FINANCIAL INCOME AND CHARGES			
Financial income	(30)	562	627
Financial charges	(31)	(1,140)	(1,045)
TOTAL FINANCIAL INCOME AND CHARGES		**(578)**	**(418)**
PRE-TAX RESULT		**14,030**	**11,366**
INCOME TAX EXPENSES	(32)	**4,933**	**4,243**
PROFIT FOR THE PERIOD		**9,097**	**7,123**
attributable to:			
EQUITY HOLDERS OF THE COMPANY		9,097	7,243
MINORITY INTERESTS		-	(120)
EARNINGS PER SHARE	(33)		
(Basic) EARNINGS PER SHARE		0.182	0.145
(Diluted) EARNINGS PER SHARE		0.176	0.140

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	31 March 2011	31 March 2010
Profit (Loss) for the period (A)	**9,097**	**7,123**
Profit/ (Losses) arising from the translation of financial statements of foreign companies	89	(71)
Profit/ (Losses) on hedging instruments of cash flows (cash flow hedge)	(28)	46
Total Profits/(Losses) recognised in equity (B)	**61**	**(25)**
Total comprehensive Income/(Losses) for the period (A) + (B)	**9,158**	**7,098**
Attributable to		
- the Group	9,158	7,224
- Minority interests		(126)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Description	Share capital	Share premium reserve	Translation reserve	Fair value reserve	Other reserves	Total Other Reserves	Retained earnings	Group profit	Equity attributable to the Group	Capital and Reserves attributable to minority interests	Profit/ (Loss) attributable to minority interests	Total Equity attributable to the Group and minority interests
			Other reserves									
Balances as at 31.03.2009	**1,000**	**1,000**	**(12)**	**(34)**	**508**	**462**	**6,726**	**7,533**	**16,721**	**224**	**(19)**	**16,926**
Profit for the period						**0**		7,243	**7,243**		(120)	**7,123**
Other components of the comprehensive result as at 31 March 2010												
Exchange differences from translation of financial statements in foreign currency			(65)			**(65)**			**(65)**	(6)		**(71)**
Fair value of financial instruments				46		**46**			**46**			**46**
Total Comprehensive Income for the period			**(65)**	**46**	**0**	**(19)**	**0**	**7,243**	**7,224**	**(6)**	**(120)**	**7,098**
Allocation of the result for the period as at 31 March 2009												
-to dividends						**0**		(3,100)	**(3,100)**			**(3,100)**
-to reserves						**0**	4,433	(4.433)	**0**	(19)	19	**0**
Fair value of Stock Option Plans					41	**41**			**41**	2		**43**
Balances as at 31.03.2010	**1,000**	**1,000**	**(77)**	**12**	**549**	**484**	**11,159**	**7,243**	**20,886**	**201**	**(120)**	**20,967**

Description	Share capital	Share premium reserve	Translation reserve	Fair value reserve	Other reserves	Total Other Reserves	Retained earnings	Group profit	Equity attributable to the Group	Capital and Reserves attributable to minority interests	Profit/ (Loss) attributable to minority interests	Total Equity attributable to the Group and minority interests
			Other reserves									
Balances as at 31.03.2010	**1,000**	**1,000**	**(77)**	**12**	**549**	**484**	**11,159**	**7,243**	**20,886**	**201**	**(120)**	**20,967**
Profit for the period						**0**		9,097	**9,097**			**9,097**
Other components of the comprehensive result as at 31 March 2011												
Exchange differences from translation of financial statements in foreign currency			89			**89**			**89**			**89**
Fair value of financial instruments				(28)		**(28)**			**(28)**			**(28)**
Total Comprehensive Income for the period			**89**	**(28)**	**0**	**61**	**0**	**9,097**	**9,158**	**0**	**0**	**9,158**
Allocation of the result for the period as at 31 March 2010												
-to dividends						**0**		(4,000)	**(4,000)**			**(4,000)**
-to reserves						**0**	3,243	(3,243)	**0**	(120)	120	**0**
Acquisition of Unibest Leather Goods Hong King					(182)	**(182)**			**(182)**	(81)		**(263)**
Fair value of Stock Option Plans					41	**41**			**41**			**41**
Balances as at 31.03.2011	**1,000**	**1,000**	**12**	**(16)**	**408**	**404**	**14,402**	**9,097**	**25,903**	**0**	**0**	**25,903**

CONSOLIDATED STATEMENT OF CASH FLOWS

(*in thousands of Euro*)	**31 March 2011**	**31 March 2010**
Pre-tax profit	**14,030**	**11,366**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,842	2,026
Provision for bad debts	127	5
Adjustment to the provision for employee benefits	11	6
Net financial charges/(income), including exchange rate differences	538	418
Cash flow from operating activities before changes in working capital	**16,548**	**13,821**
Change in trade receivables (net of the provision)	(1,163)	(779)
Change in inventories	(2,486)	206
Change in other current assets	(974)	(359)
Change in trade payables	452	1,553
Change in provisions for risks and charges	124	180
Change in other current liabilities	1,224	202
Cash flow from operating activities after changes in working capital	**13,725**	**14,824**
Payment of taxes	(4,253)	(4,458)
Interest paid	(452)	(537)
Cash flow generated from operating activities (A)	**9,020**	**9,829**
Investments in intangible assets	(492)	(93)
Investments in property, plant and equipment	(2,600)	(969)
Changes generated from investing activities (B)	**(3,092)**	**(1,062)**
Financing activities		
Absorption of short- and medium/long-term borrowings	(2,446)	(1,720)
Raising of short- and medium/long-term loans	2,700	
Changes in financial instruments	90	(127)
Leasing instalments paid	(862)	(1,400)
Payment of dividends	(4,000)	(3,100)
Cash flow generated from/(absorbed by) financing activities (C)	**(4,518)**	**(6,347)**
Net increase (decrease) in cash and cash equivalents (A+B+C)	1,410	2,420
Cash and cash equivalents at the beginning of the period	**9,317**	**6,897**
Cash and cash equivalents at the end of the period	**10,727**	**9,317**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2011

The Group's business

Piquadro S.p.A. (hereinafter also referred to as "Piquadro", the "Company" or "the Parent Company") and its subsidiaries ("the Piquadro Group" or "the Group") design, produce and market leather goods - bags, suitcases and accessories - characterised by attention to design and functional and technical innovation.

The Company was established on 26 April 2005. The share capital has been subscribed through the contribution of the branch of business relating to operating activities on the part of the former Piquadro S.p.A (now Piqubo S.p.A., the ultimate company controlling the Company), which became effective for legal, accounting and tax purposes on 2 May 2005.

Effective from 14 June 2007, the registered office of Piquadro S.p.A. was moved from Riola di Vergato (Bologna), via Canova no. 123/O-P-Q-R to Località Sassuriano 246, Silla di Gaggio Montano (Bologna).

As of today's date, the Company is owned by Marco Palmieri through Piqubo SpA, which is 100% owned. Piqubo SpA, in fact, holds 93.34% of the share capital of Piquadro Holding SpA, which in its turn holds 68.26% of the share capital of Piquadro S.p.A., a company which is listed on the Milan Stock Exchange since 25 October 2007.

Furthermore, it should be noted that for a better understanding of the economic performance of the company, reference is made to the extensive information reported in the Report on Operations prepared by the Directors.

This document was prepared by the Board of Directors on 13 June 2011 and will be submitted to the shareholders' meeting called for 21 July 2011.

Main events that occurred in the course of the financial year ended 31 March 2011 and related significant accounting effects

On 14 June 2010 the Board of Directors of Piquadro SpA approved the financial statements ended 31 March 2010 and proposed to distribute a dividend for a total of Euro 4,000,000, equal to Euro 0.080 per share. At the same time, the Board of Directors of Piquadro SpA took steps to call the Extraordinary Shareholders' Meeting for the approval of amendments to sections 12, 13, 17, 19, 25 and 26 of the Company's By-Laws in order to bring them into line with the current regulations for listed companies.

On 22 June 2010, the Parent Company completed the acquisition of the residual stake held by the Chinese partners in Uni Best Leather Goods Co. Limited, a company based in Hong Kong which, in turn, holds 50% of the joint venture Uni Best Leather Goods (Zhongshan) Co. Ltd – a company incorporated under Chinese law which is responsible for about 30% of the production of the Piquadro Group and of which the Parent Company holds the remaining 50%. Specifically, the Chinese partners held no. 500 shares, equal to 50% of the share capital of Uni Best Leather Goods Co. Limited, while Piquadro S.p.A. directly held the residual 50%. Through this transaction, Piquadro S.p.A. directly holds 100% of Uni Best Leather Goods Co. Limited, and indirectly holds, through the latter, 100% of Uni Best Leather Goods (Zhongshan).
The acquisition described above entailed a disbursement for Piquadro S.p.A. equal to about HKD 1.6 million (corresponding to about Euro 170 thousand).

The Group, through Piquadro Deutschland GmbH, which holds the lease agreement, completed the sale of the shop directly managed in Frankfurt (Germany). The assignment of this lease agreement to third parties, for an amount equal to about Euro 300 thousand, entailed, for the German subsidiary, the recognition of an income of the same amount in the income statement, income which has been considered by the Directors as non-recurring income. In the meanwhile, the Company has identified a new location, again in Frankfurt, more suitable to its needs in terms of traffic and positioning, and for which a key money has been paid for Euro 50 thousand

On 18 November 2010, the Company's Board of Directors resolved the review of the organisational, management and control model pursuant to Legislative Decree no. 231/2001 and the Code of Conduct concerning the administrative liability arising from crimes committed by legal entities. This measure was taken in order to make the model more suitable and appropriate to the organisation of Piquadro S.p.A. and in order to take account of the

corporate operations without however reducing in any way the effectiveness of the model itself in preventing the commission of crimes that might determine the administrative and criminal liability of the Company. The Board of Directors has also approved the new procedure relating to transactions with related parties, in accordance with the provisions under Consob regulation 17221/2010 and with the favourable opinion of the Independent Directors.

Structure and content of the consolidated financial statements and the relevant accounting standards

In compliance with EU Regulation no. 1606/2002, the consolidated financial statements of Piquadro S.p.A as at 31 March 2011 were prepared in accordance with International Accounting Standards IAS/IFRS (International Accounting Standards and International Financial Reporting Standards) issued by the International Accounting Standards Board and endorsed by the European Union and the related interpretations (SIC/IFRIC)

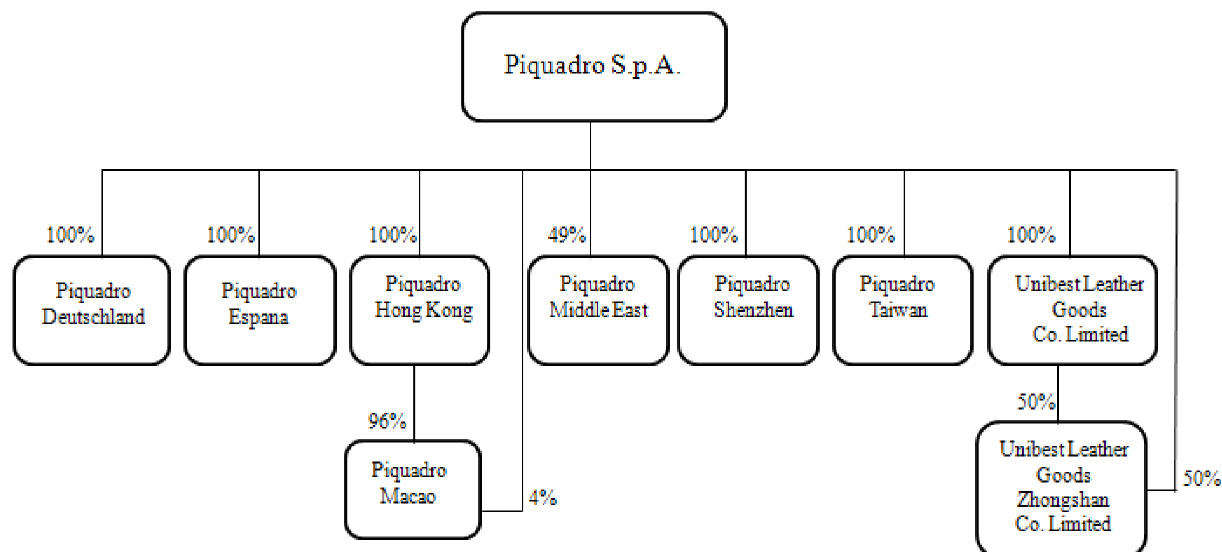
Basis of preparation

(a) This document reports the Consolidated Financial Statements, including the consolidated statements of financial position as at 31 March 2011 and 31 March 2010, consolidated income statements for the financial years ended 31 March 2011 and 31 March 2010, consolidated statements of comprehensive income for the financial years ended 31 March 2011 and 31 March 2010, consolidated statements of cash flows and the statements of changes in consolidated equity for the financial years ended 31 March 2011 and 31 March 2010 and the related explanatory notes.
(b) IFRS means all the "International Financial Reporting Standards", all the International Accounting Standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously named Standing Interpretations Committee (SIC).
(c) Specifically, it should be noted that IFRS were consistently applied to all periods presented in this document.
(d) Recently IFRS have been applied in Italy and at the same time in other Countries and they include a number of standards recently published or revised, for which there is still not a well-established practice to which we could make reference for the purposes of interpretation and application. Therefore, the Consolidated Financial Statements have been prepared on the basis of the best knowledge of the IFRS and taking account of the best doctrine on the subject; any future interpretational directions and updates will be reflected in later financial years, according to the procedures laid down from time to time in the relevant accounting standards.
(e) As to the procedures for presentation of financial statement schedules, the Company adopted the distinction "current/non-current" for the financial balance sheet, the single-step scheme for the income statement, classifying costs by nature and the indirect method of representation for the statement of cash flows. The statement of comprehensive income is presented in a separate document, as permitted by IAS 1 (revised) compared to the income statement.
(f) The Consolidated Financial Statements were prepared in Euro, i.e. the current money used in the economies in which the Group mainly operates.
(g) All amounts included in the tables of the following notes, except as otherwise indicated, are expressed in thousands of Euro.

Except as previously specified in the report, the management believes that no additional significant non-recurring events or transactions occurred either in the FY 2010/2011 or in the FY 2009/2010 nor any additional atypical or unusual transactions.

Chart of the Group structure

For the purpose of provide a clear representation, below is reported the chart of the Group structure as at 31 March 2011:



Scope of consolidation

The consolidated financial statements as at 31 March 2011 include the annual accounts of the Parent Company Piquadro S.p.A. and the financial statements of all the companies in which it retains control, either directly or indirectly.

The financial statements being consolidated were prepared as at 31 March 2011, i.e. the reporting date of the consolidated financial statements, and include those especially prepared and approved by the Boards of Directors of the individual companies, as appropriately adjusted, if required, in order to be brought in line with the accounting standards of the Parent Company.

The complete list of the equity investments included in the scope of consolidation as at 31 March 2011 and 31 March 2010, with the related shareholders' equity and share capital recognised according to local accounting standards (as the subsidiary companies have prepared their annual accounts according to local regulations and accounting standards, and have prepared the consolidation file according to IFRS functionally to the consolidation into Piquadro) are reported in the tables below:

Scope of consolidation as at 31 March 2011

Name	HQ	Country	Currency	Share Capital (local currency/000)	Shareholders' equity (Euro/000)	Control %
Piquadro SpA	Gaggio Montano (BO)	Italy	Euro	1,000	26,964	Parent Company
Uni Best Leather Goods Co. Limited	Kowloon	Hong Kong	HKD	1	11	100%
Piquadro España Slu	Barcelona	Spain	Euro	198	(21)	100%
Piquadro Deutschland Gmbh	Munich	Germany	Euro	25	(30)	100%
Uni Best Leather Goods Zhongshan Co Limited	Guangdong	People's Republic of China	RMB	3,576	(71)	100%
Piquadro Hong Kong Limited	Hong Kong	Hong Kong	HKD	2,000	(47)	100%
Piquadro Macau Limitada	Macau	Macau	HKD	25	23	100%
Piquadro Trading (Shenzhen) Co. Ltd.	Shenzhen	People's Republic of China	RMB	7,403	290	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	NTD	5,000	(24)	100%
Piquadro Middle East Leather Products LLC *	Abu Dhabi	United Arab Emirates	AED	150	(644)	49%

* Type of company in which, by virtue of the provisions of the by-laws and separate agreements, the Parent Company is entitled to the totality of corporate quotas and the profits generated by the same, in addition to retaining full control of the corporate governance.

Scope of consolidation as at 31 March 2010

Name	HQ	Country	Currency	Share Capital (local currency/000)	Shareholders' equity (Euro/000)	Control %
Piquadro SpA	Gaggio Montano (BO)	Italy	Euro	1,000	21,925	Parent Company
Uni Best Leather Goods Co. Limited	Kowloon	Hong Kong	HKD	1	200	50%
Piquadro España Slu	Barcelona	Spain	Euro	198	(54)	100%
Piquadro Deutschland Gmbh	Munich	Germany	Euro	25	(263)	100%
Uni Best Leather Goods Zhongshan Co Limited	Guangdong	People's Republic of China	RMB	1,542	(38)	50%
Piquadro Hong Kong Limited	Hong Kong	Hong Kong	HKD	2,000	(22)	100%
Piquadro Macau Limitada	Macau	Macau	HKD	25	(47)	100%
Piquadro Trading (Shenzhen) Co. Ltd.	Shenzhen	People's Republic of China	RMB	4,031	240	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	NTD	5,000	(59)	100%
Piquadro Middle East Leather Products LLC *	Abu Dhabi	United Arab Emirates	AED	150	(398)	49%

* Type of company in which, by virtue of the provisions of the by-laws and separate agreements, the Parent Company is entitled to the totality of corporate quotas and the profits generated by the same, in addition to retaining full control of the corporate governance.

All Group companies are consolidated on a line-by-line basis.

Compared to the financial year ended 31 March 2010, in the financial year ended 31 March 2011, no new company was included in the scope of consolidation.

It should be noted that on 22 June 2010 the Parent Company completed the acquisition of the residual stake held by the Chinese partners in Uni Best Leather Goods Co. Limited, a company based in Hong Kong which, in turn, holds 50% of the joint venture Uni Best Leather Goods (Zhongshan) Co. Ltd – a company incorporated under Chinese law which is responsible for about 30% of the production of the Piquadro Group and of which the Parent Company holds the remaining 50%. Specifically, the Chinese partners held no. 500 shares, equal to 50% of the share capital of Uni Best Leather Goods Co. Limited, while Piquadro S.p.A. directly held the residual 50%. Through this transaction, Piquadro S.p.A. directly holds 100% of Uni Best Leather Goods Co. Limited, and indirectly holds, through the latter, 100% of Uni Best Leather Goods (Zhongshan).

Accounting policies

The accounting policies used in preparing the consolidated financial statements as at 31 March 2011, which do not differ from those used in the previous financial year, are indicated below:

Consolidation criteria and techniques

The consolidated financial statements include the financial statements of the Company and of the companies over which it exercises control, either directly or indirectly, starting from the date when the control was acquired up to the date when control ceases. In this case, control is exercised both by virtue of the direct or indirect possession of the majority of voting shares and as a result of the exercise of a dominant influence expressed by the power to affect, also indirectly by virtue of contractual or legal agreements, the financial and operational decisions of the entities, obtaining the relative benefits thereof, also regardless of shareholding relations. The existence of potential voting rights exercisable as at the balance sheet date is taken into account for the purposes of determining control.

The companies that the parent company Piquadro S.p.A. controls, either directly or indirectly, and either legally or in practice, are consolidated according to the line-by-line consolidation method, which consists in reporting all the assets and liabilities items in their entirety from the date on which control was acquired up to the date when control ceases.

The main consolidation criteria adopted for the application of the line-by-line method are the following:

- *subsidiary companies are consolidated starting from the date when control is actually transferred to the Group and cease to be consolidated on the date when control is transferred outside the Group;*
- *if required, adjustments are made to the financial statements of subsidiary companies in order to bring the accounting criteria used in line with those adopted by the Group;*
- *assets and liabilities, income and charges of companies consolidated on a line-by-line basis are fully recognised in the consolidated financial statements; the book value of the equity investments is derecognised against the corresponding portion of equity of the investee companies, entering the individual elements of balance sheet assets and liabilities at their current value at the date of acquisition of control. Any residual difference, if positive, is entered under the asset item "Goodwill"; if negative, in the income statement.*
- *debt and credit relationships, costs and revenues, financial income and charges between companies consolidated on a line-by-line basis, as well as the effects of all transactions effected between the same are derecognised;*
- *the portions of equity and of the result for the period attributable to minority interests are indicated separately in consolidated equity and income statement, respectively.*

Financial statements expressed in currencies other than that of the Group's consolidated financial statements, i.e. the Euro, are consolidated following the methodology described above after translating them into Euro. The translation is made as follows:

- *assets and liabilities are translated using the exchange rates prevailing at the reporting date of the consolidated financial statements;*
- *costs and revenues are translated at the average exchange rate of the financial year;*

- *exchange rate differences generated by the translation of the economic values at a rate other than the closing rate and those generated by the translation of the opening equity at an exchange rate other than the closing rate of the reporting period are classified under a special equity item up to the sale of the equity investment;*
- *goodwill and fair value adjustments generated by the acquisition of a foreign company are recognised in the related currency as assets and liabilities of the foreign entity and are translated using the period-end exchange rate.*

The financial statements expressed in a foreign currency other than that of the Countries which have adopted the Euro are translated into Euro by applying the rules indicated above. Below are reported the exchange rates applied for the FY 2010/2011 (foreign currency corresponding to Euro 1):

Foreign currency	Average*		Closing*	
	2011	2010	2011	2010
Hong Kong Dollar	10.28	10.96	11.06	10.46
Renminbi (Yuan)	8.87	9.65	9.30	9.20
Arab Emirates Dirham (AED)	4.86	5.19	5.22	4.95
Taiwan Dollar	40.74	45.96	41.79	42.81

* exchange rates are rounded up to the second decimal place

Intangible assets

Intangible assets purchased or internally produced are entered under assets when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset may be determined reliably. These assets are valued at their purchase or production cost.

Intangible assets relate to assets without an identifiable physical substance, which are controlled by the company and are able to generate future economic benefits, as well as any possible goodwill.

Intangible assets with a definite useful life are systematically amortised over their useful life, to be intended as the estimated period in which assets will be used by the company. Goodwill and any other intangible asset, where existing, with an indefinite useful life are not amortised, but are tested for impairment at least on an annual basis, for the purposes of verifying the existence of impairment losses (if any).

The rates applied are:

Development costs	25%
Patents	33.3%
Trademarks	20%
Key money (rights to replace third parties in lease agreements for points of sale)	lease term
Concessions	33.3%

(i) Research and development costs

Research and development costs are charged to the income statement in the financial year in which they are incurred, except for development costs entered under intangible assets where all the following conditions are fulfilled:

(a) the project is clearly identified and the related costs can be identified and measured reliably;
(b) the technical feasibility of the project has been demonstrated;
(c) the intention to complete the project and to sell the intangible assets generated by the project has been demonstrated;
(d) a potential market exists or, in the case of internal use, the benefit of the intangible fixed asset has been demonstrated for the production of the intangible assets generated by the project;
(e) the technical and financial resources necessary for the completion of the project are available.

Amortisation of development costs entered under intangible assets will start from the date when the result generated by the project is marketable. Amortisation is made on a straight-line basis over a period of 4 years, which represents the estimated useful life of capitalised expenses.

(ii) Industrial patent and intellectual property rights, Licences and similar Rights

Charges relating to the acquisition of industrial patent and intellectual property rights, licences and similar rights are capitalised on the basis of the costs incurred for their purchase.

Amortisation is calculated on a straight-line basis so as to allocate the cost incurred for the acquisition of the right over the shorter period of the period of the expected use and the term of the related contracts, starting from the time when the acquired right may be exercised; usually, this period has a duration of 5 years.

(iii) Key money

Amortisation of the key money (that is payments to third parties to obtain the rights to take over lease agreements for points of sale) is calculated on a straight-line basis according to the lease term of the points of sale.

The recoverability of the entry value of intangible assets, including goodwill, is verified by adopting the criteria indicated in point "Impairment losses of assets".

Property, plant and equipment

Property, plant and equipment are entered at their purchase price or production cost, including the directly attributable additional charges required to make the assets available for use.
Costs incurred subsequent to the purchase are capitalised only if they increase the future economic benefits inherent in the asset to which they refer.
The assets whose sale is highly probable as at the reporting date of the financial statements are classified under current assets under item "current assets available for sale" and measured at the lower of the book value and the related fair value, net of estimated selling costs. The sale of an asset classified under non-current assets is highly probable when the management has defined, by a formal resolution, a plan for the disposal of the asset (or of the group being disposed of) and activities have been started to identify a purchaser and to complete the plan. Furthermore, the asset (or the group being disposed of) has been offered for sale at a reasonable price compared to its current fair value. The sale is expected to be completed within a year of the date of classification and the actions required to complete the sale plan show that it is improbable that the plan can be significantly amended or cancelled.

Property, plant and equipment under finance leases, through which all risks and rewards attached to ownership are substantially transferred to the Group, are entered under the relevant classes of property, plant and equipment and are depreciated by applying the same depreciation rates reported below which have been adopted for the related relevant class, provided the lease term is less than the useful life represented by such rates and there is no reasonable certainty of the transfer of the ownership of the leased asset at the natural expiry of the agreement; in this case, the depreciation period is represented by the term of the lease agreement. Assets are entered against the entry of short- and medium-term payables to the lessor financial entity; rentals paid are allocated between financial charges and reduction in borrowings, with the consequent reversal of the rentals for leased assets from the income statement.

Leases in which the lessor substantially retains the risks and rewards attached to ownership of the assets are classified as operating leases. Costs for rentals arising from operating leases are charged to the income statement on a straight-line basis on the basis of the contract term.

Property, plant and equipment are systematically depreciated on a straight-line basis over their useful life, to be intended as the estimated period in which the asset will be used by the company. The value to be depreciated is represented by the entry value as reduced by the presumed net transfer value at the end of its useful life, if it is significant and can be determined reasonably. Land is not subject to depreciation, even if purchased jointly with a

building, as well as the tangible assets intended for transfer which are valued at the lower of the entry value and their fair value, net of disposal charges.

The rates applied are:

Land	Unlimited useful life
Buildings	3%
Leasehold improvements (shops)	17.5%
Machinery and moulds	17.5%
General systems	17.5%
Industrial and business equipment	25%
Office electronic machines	20%
Fittings	12%
Motor vehicles and internal means of transport	20%
Cars	25%

Should the asset being depreciated be made up of elements that can be clearly identified and whose useful life significantly differs from that of the other parts making up the asset, depreciation is made separately for each of the parties making up the asset (component approach).

Ordinary maintenance costs are fully charged to the income statement. Costs for improvements, renewal and transformation increasing the value of property, plant and equipment are charged as an increase in the relevant assets and depreciated separately.

Financial charges directly attributable to the construction or production of a tangible fixed asset are capitalised as an increase in the asset under construction, up to the time when it is available for use.

The recoverability of the entry value of property, plant and equipment is verified by adopting the criteria indicated in point “Impairment losses of assets” below.

Business combinations

Business combinations are accounted for by applying the so-called purchase method (as defined by IFRS 3 (revised) “Business combinations”). The purchase method requires, after having identified the purchaser within the business combination and having determined the acquisition cost, assets and liabilities acquired (including the so-called contingent liabilities) to be measured at fair value. Goodwill (if any) is determined only on a residual basis as the difference between the cost of the business combination and the relevant portion of the difference between acquired assets and liabilities measured at fair value. If negative, it is recognised as a positive component of the result for the period in which the business combination takes place.

Business combinations of entities under common control

Business combinations of entities under common control (in this regard, see OPI [*Orientamento Preliminare in tema di IFRS,* Preliminary guideline on IFRS] no. 1 issued by Assirevi) are business combinations of entities which are ultimately controlled by the same persons both before and after the business combination and the control is not of a temporary nature. The presence of minority interests in each of the entities being combined before or after the combination transaction is not significant in order to determine whether the combination involves entities under common control.
Business combinations of entities under common control are accounted for so that the net assets of the acquired entity and of the acquiring entity are recognised at the book values they had in the respective accounts before the

transaction (continuity of values), without recognising, in the consolidated financial statements, surplus values (if any) arising from these combinations and accounted for in the separate financial statements of the Company.

Equity investments in associated companies and other companies

If existing, investments in associated companies are valued at equity.
Equity investments in other companies are measured at fair value; if the fair value cannot be estimated reliably, the investment is valued at cost.
The recoverability of their entry value is verified by adopting the criteria indicated in point “Impairment losses of assets”.

Receivables and other non-current and current assets

Receivables and the other non-current and current assets are classified under financial assets “Loans and receivables”. These are non-derivative financial instruments which mainly relate to receivables from customers and which are not listed on an active market, from which fixed or determinable payments are expected. They are included in the current portion, except for those with a maturity exceeding twelve months compared to the balance sheet date, which are classified under the non-current portion. Initially these assets are recognised at fair value; subsequently, they are valued at amortised cost on the basis of the actual interest rate method. Should an objective evidence exist of any impairment, the asset is reduced so as to be equal to the discounted value of the flows that may be obtained in the future. Impairment losses are recognised in the income statement. If the reasons for the previous write-downs no longer apply in the subsequent periods, the value of the assets is restored up to the amount of the value which would be derived from the application of amortised cost had no write-down been made.

Inventories

Inventories are valued and entered at the lower of the purchase or production cost, including additional charges, as determined according to the weighted average cost method, and the value of presumed realisable value inferable from the market performance.

Cash and cash equivalents

The item relating to cash and cash equivalents includes cash, current bank accounts, demand deposits and other short-term high-liquidity financial investments, which are readily convertible into cash, or which can be transformed into cash and cash equivalents within 90 days of the date of original acquisition, and are subject to a non-significant risk of changes in value.

Impairment losses of assets

When events occur that make a possible impairment of an asset expected, its recoverability is checked by comparing its entry value with the related recoverable value, represented by the higher of the fair value, net of disposal charges, and the value in use.
In the absence of a binding sale agreement, the fair value is estimated on the basis of the values expressed by an active market, by recent transactions or on the basis of the best information available in order to reflect the amount that the business could obtain by selling the asset.
The value in use is determined by discounting back the expected cash flows deriving from the use of the asset and, if they are significant and if they can be determined reasonably, from its transfer at the end of its useful life. Cash flows are determined on the basis of reasonable assumptions that can be proved and that represent a best estimate of the future economic conditions that will arise during the residual useful life of the asset, giving greater importance to external factors. Valuation is carried out for individual assets or for the smallest identifiable group of assets that generate independent cash inflows deriving from their on-going use (the so-called cash generating unit).
An impairment is recognised in the income statement should the entry value of the asset or of the cash generating unit to which it is allocated be higher than the recoverable value.
If the reasons for the write-downs previously made no longer apply, the assets, excluding goodwill, are restored and the adjustment is charged as a revaluation (reinstatement of value) in the income statement. The revaluation is made at the lower of the recoverable value and the entry value, including the write-downs previously made and reduced by the amortisation rates which would have been allocated had no write down been made.

Equity

The share capital is made up of the outstanding ordinary shares and is entered at its nominal value. Costs relating to the issue of shares or options are classified as a reduction in equity (net of the tax benefit related thereto) as a deduction of the income arising from the issue of such instruments.

In case of purchase of treasury shares, the price paid, including directly attributable additional charges (if any), is deducted from the Group's equity up to the time of cancellation, reissue or disposal of the shares. When the said treasury shares are resold or reissued, the price received, net of directly attributable additional charges (if any) and of the related tax effect, is accounted for as an increase in the Group's equity.

Entries are made in the translation reserve at the time of recognition of the exchange rate differences relating to the consolidation of the companies which prepare the financial statements in a currency other than the Euro.
Entries are made in the legal reserve through provisions recognised pursuant to article 2430 of the Italian Civil Code, or the reserve is increased to an extent equal to the 20th part of the Net profits achieved by the Parent Company until the reserve in question reaches a fifth of the share capital of the Parent Company. Once a fifth of the share capital is reached, if for whatever reason the reserve is decreased, it shall be replenished with the minimum annual provisions as indicated above.

Stock Option plans

The Group acknowledges additional benefits to some directors, executives, employees and collaborators of the Parent Company and of other Group companies through stock option plans. As required by IFRS 2 – *Share-based payments*, they must be considered based on equity settlement; therefore, the overall amount of the current value of the stock option at the grant date is recognised as a cost in the income statement. Any changes in the current value occurring after the grant date have no effect on the initial valuation. The cost for fees, corresponding to the current value of the options, is recognised under personnel costs on the basis of a straight-line criterion over the period between the grant date and the vesting date, against an entry recognised in equity.

Hedging financial instruments

The Group holds derivative financial instruments to hedge exposure to foreign exchange and interest rate risks. The Group does not hold financial instruments of a speculative nature, as required by the risk policy approved by the Board of Directors. Consistently with IAS 39, hedging financial instruments are accounted for according to the procedures laid down for hedge accounting if all the following conditions are fulfilled:

- at inception of the hedge, there is formal documentation of the hedging relationship and the company's risk management objective and strategy for undertaking the hedge;
- the hedge is expected to be highly effective in offsetting changes in fair value (fair value hedge) or cash flows (cash flow hedge) that are attributable to the hedged risk;
- for cash flow hedges, any forecast transaction being hedged is highly probable and presents an exposure to the changes in cash flows which could finally affect the economic result for the period;
- hedge effectiveness is reliably measurable, i.e. the fair value or cash flows of the hedged item and the fair value of the hedging instrument can be reliably measured;
- the hedge must be assessed on an on-going basis and be highly effective for the entire life of the derivative.

The criterion for measuring hedging instruments is represented by their fair value as at the designated date.
The fair value of foreign exchange derivatives is calculated in relation to their intrinsic value and time value.
On each closing date of the financial statements, hedging financial instruments are tested for effectiveness, in order to verify whether the hedge meets the requirements to be qualified as effective and to be accounted for according to hedge accounting.
When the financial instruments are eligible for hedge accounting, the following accounting treatments will be applied:

Fair value hedge - If a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a balance sheet asset or liability attributable to a specific risk that might impact the income statement, the profit or loss arising from the subsequent measurements at fair value of the hedging instrument are recognised in

the income statement. The profit or loss on the hedged item, attributable to the hedged risk, modify the book value of this item and are recognised in the income statement.

Cash flow hedge - If a derivative financial instrument is designated as a hedge of the exposure to changes in future cash flows of an asset or liability entered in the accounts or of a forecast transaction which is highly probable and which could have effects on the income statement, changes in fair value of the hedging instrument are taken to the statement of comprehensive income, the ineffective portion (if any) is recognised in the income statement.
If a hedging instrument or a hedging relationship are terminated, but the transaction being hedged has not yet been effected, the combined profits and losses, which have been entered under the statement of comprehensive income up to that time, are recognised in the income statement at the time when the related transaction is effected.
If the transaction being hedged is no longer deemed probable, the profits or losses not yet realised and deferred to equity are immediately recognised in the income statement.
If the hedge accounting cannot be applied, the profits or losses arising from the measurement at fair value of the derivative financial instrument are immediately entered in the income statement.

Earnings per share

Basic
Basic earnings per share are calculated by dividing the Group's economic result by the weighted average of the ordinary shares outstanding in the financial year, excluding treasury shares (if any).

Diluted
Diluted earnings per share are calculated by dividing the Group's economic result by the weighted average of the ordinary shares outstanding in the financial year, excluding treasury shares (if any). For the purposes of the calculation of the diluted earnings per share, the weighted average of outstanding shares is modified by assuming the conversion of all potential shares having dilutive effects, while the Group's net result is adjusted to take account of the effects, net of taxes, of the conversion.

Financial liabilities

Financial liabilities are related to loans, trade payables and other obligations to pay and are initially recognised at fair value, while they are subsequently valued at amortised cost, using the actual interest rate method. Should a change occur in the expected cash flows and should it be possible to estimate them reliably, the value of the loans is recalculated to reflect this change on the basis of the present value of the new expected cash flows and of the internal rate of return determined initially. Financial liabilities are classified under current liabilities, unless the Group has an unconditional right to delay their payment for at least 12 months after the balance sheet date.
Financial liabilities are derecognised from the accounts at the time of their discharge or when the Group has transferred all the risks and charges relating to the instruments themselves. As the Group's financial liabilities have been incurred at variable interest rates, their fair value is substantially in line with the balance sheet value.

Financial instruments and IFRS 7

The category of financial instruments

As required by the accounting standard IFRS 7**,** below is reported the breakdown of the financial instruments by category relating to the financial years ended 31 March 2011 and 31 March 2010, as well as their measurement at fair value and the impact they have generated through Profit or Loss in the financial years indicated above.

(in thousands of Euro)	31/03/2011	FVTPL	LAR	AFS	FLAC	IAS 17 leasing	measurement at fair value	effect through P&L
Trade receivables	21,418		21,418				21,418	
Assets for financial instruments	-		-				.	
Cash and cash equivalents	10,727		10,727				10,727	
Assets	**32,145**	**-**	**32,145**	**-**	**-**	**-**	**32,145**	**-**
Non-current borrowings	5,266				5,266		5,266	
Payables to other lenders for non-current lease agreements	4,469					4,469		
Current borrowings	3,805				3,805		3,805	138
Payables to other lenders for current lease agreements	865					865		
Trade payables	13,301		13,301				13,301	
Derivative liabilities	38	38					38	12
Liabilities	**27,744**	**38**	**13,301**	**-**	**9,071**	**5,334**	**22,410**	**150**

(in thousands of Euro)	31/03/2010	FVTPL	LAR	AFS	FLAC	IAS 17 leasing	measurement at fair value	effect through P&L
Trade receivables	20,255		20,255				20,255	
Assets for financial instruments	69	69					69	
Cash and cash equivalents	9,317		9,317				9,317	
Assets	**29,641**	**69**	**29,572**	**-**	**-**	**-**	**29,641**	**39**
Non-current borrowings	6,046				6,046		6,046	
Payables to other lenders for non-current lease agreements	5,248					5,248		
Current borrowings	2,409				2,409		2,409	176
Payables to other lenders for current lease agreements	948					948		
Trade payables	12,849		12,849				12,849	
Liabilities for financial instruments	17	17					17	
Liabilities	**27,517**	**17**	**12,849**	**-**	**8,455**	**6,196**	**21,321**	**176**

FVTPL	Fair Value through Profit and Loss
LAR	Loans and Receivables
AFS	Available for sale
FLAC	Financial Liabilities at Amortised Cost

Risk factors

The Piquadro group is exposed to risks associated with its own business, which are specifically referable to the following cases:

- Credit risk arising from business transactions or financing activities;
- Liquidity risk relating to the availability of financial resources and to the access to the credit market;
- Market risk which is identified in detail as follows:
  - Foreign exchange risk, relating to operations in currencies other than currencies of denomination;
  - Interest rate risks, relating to the Group's exposure on financial instruments which produce interest.

Credit risk

The operational management of this risk is delegated to the Credit Management function which is shared by the Administration, Finance and Control Department with the Sales Department and is carried out as follows:

- assessing the credit standing of the customers;
- monitoring the related expected incoming flows;
- the appropriate payment reminder actions;
- debt collection actions, if any.

The write-down necessary to bring the nominal value in line with the expected collectable value has been determined by analysing all of the expired loans in the accounts and using all the available information on individual debtors. Loans which are the object of disputes and for which there is a legal or insolvency procedure have been fully written down, while fixed write-down percentages have been applied to all the other receivables, again taking account of both legal and actual situations. Below is reported the summary statement of the changes in the provision for bad debts.

(in thousands of Euro)	Provision as at 31 March 2010	Use	Provision	Provision as at 31 March 2011
Provision for bad debts	933	(44)	127	1,016
Total provision	**933**	**(44)**	**127**	**1,016**

Position of the loans

As required by IFRS 7, below is reported a breakdown of expired loans:

in thousands of Euro		Loans falling due	Expired loans			Provision for
31/03/2011	Amount in the accounts		1-60 days	61-120 days	over 120 days	bad debts
DOS	-	-	-	-	-	-
Wholesale	21,418	18,146	1,436	665	2,187	(1,016)
Total	21,418	18,146	1,436	665	2,187	(1,016)

in thousands of Euro		Loans falling due	Expired loans			Provision for
31/03/2010	Amount in the accounts		1-60 days	61-120 days	over 120 days	bad debts
DOS	-	-	-	-	-	-
Wholesale	20,255	18,043	1,174	500	1,471	(933)
Total	20,255	18,043	1,174	500	1,471	(933)

Liquidity risk

The financial requirements of the Group are affected by the dynamics of receipts from customers in the Wholesale Channel, a segment which is mainly made up of points of sale/shops; as a consequence, credits are highly fragmented, with average variable payment times.
Nevertheless, the group is able to finance the growing requirements of net working capital with ease, through the cash flows generated by operations, including the short-term receipts generated by the DOS Channel and, when necessary, through recourse to short-term loans.
In support of the above, below are reported the main ratios of financial management relating to 31 March 2011 and 31 March 2010:

	31/03/2011	31/03/2010
Cash Ratio (*)	*0.47*	*0.50*
Quick Ratio (**)	*1.53*	*1.65*
Current Ratio (***)	*1.98*	*2.05*
Net financial debt/Ebitda	*0,22*	*0.38*
Interest coverage Ratio (****)	*25.32*	*21.94*

(*) Cash and cash equivalents/Current liabilities
(**) (Current assets - inventories)/Current liabilities
(***) (Current assets, including inventories/Current liabilities
Operating result/Financial charges

The various liquidity ratios reported above (Cash, quick and current ratio) show that the Group's current operations have a good ability to generate cash flows which ensure an adequate coverage of short-term commitments.
In addition, the management ratios do not show any problematic aspects as regards the coverage of costs deriving from the debt structure through operating profitability.
Furthermore, policies and processes have been adopted which are aimed at optimising the management of financial resources, thus reducing liquidity risks:

- maintaining an adequate level of available funds;
- obtaining adequate credit lines;
- monitoring the perspective liquidity conditions, in relation to the corporate process.

Liquidity schemes

Type of instruments	Amount in the accounts	Within 1 year	From 1 year to 5 years	Beyond 5 years	Total
31/03/2011					
Payables to banks for Loans	9.071	3.474	5.407		8.882
Payables to banks for credit lines	0				0
Trade payables	13.301	13.301			13.301
Other financial payables (leasing)	5.334	1.032	3.418	1.594	6.044
Liabilities for derivative instruments for IRS contracts	7	16	20		36
	31	31			31
Total	27.744	17.854	8.845	1.594	28.294

Type of instruments	Amount in the accounts	Within 1 year	From 1 year to 5 years	Beyond 5 years	Total
31/03/2010					
Payables to banks for Loans	8.455	2.421	6.227		8.648
Payables to banks for credit lines	0				0
Trade payables	12.849	12.849			12.849
Other financial payables (leasing)	6.196	1.127	4.429	1.525	7.081
Liabilities for derivative instruments for IRS contracts	17	16	36		52
Total	27.517	16.413	10.692	1.525	28.630

Below are reported the main assumptions for the table above:

- Loans payable: the future cash flows have been provided directly by the banks concerned (Carisbo both for 31/03/2010 and 31/03/2011);
- Current bank accounts: by virtue of the worst case in which the worst scenario is equal to the repayment on demand of the use of the credit line, the related cash out has been charged to the first time band;
- Irs Cap Spread: for the sole analysis of the cash flows as at 31/03/2011, the payment spread has been calculated for the instrument, by assuming that the 3-month Euribor rate (equal to 1.24%) as at the closing

date of the financial year will remain the same over time. As the relevant rate is lower than the fixed cap, the cost of the contract (equal to 0.30%) was multiplied by the hedged notional value (Euro 5,300 thousand);
- Foreign exchange forwards: the cash out in Euro has been reported which has been envisaged as per contract at the time of the execution of the derivative instruments;
- Finance leases: instalments, plus interest, have been reported.

As at 31 March 2011, the Group could rely on about Euro 29,928 thousand of unused credit lines (about Euro 27,986 thousand as at 31 March 2010) and on liquid assets of about Euro 10,727 thousand (Euro 9,317 thousand as at 31 March 2010). As regards the balance of current assets, and specifically the coverage of payables to suppliers, it is also ensured by the amount of net trade receivables, which amounted to Euro 21,418 thousand as at 31 March 2011 (Euro 20,255 thousand as at 31 March 2010).

Market risk

Foreign exchange risk

The Group is subject to market risks arising from fluctuations in the exchange rates of the currencies, as it operates in an international context in which transactions, mainly those with suppliers, are settled in US Dollars (USD); furthermore, wages and salaries of the employees of the subsidiary company Unibest Leather Goods in Zhongshang are paid in Renminbi. It follows that the Group's net result is partially affected by the fluctuations in the USD/Euro exchange rate and, to a lower extent, the Renminbi/Euro exchange rate.
The necessity to manage and control financial risks has induced the Management to adopt a risk containment strategy, better defined as "policy hedge accounting". This consists in continuously hedging the risks relating to purchases over a time period of six months on the basis of the amount of the orders issued that shall be settled in US dollars. This conduct can be classified as a "Cash flow hedge" or the hedge of the risk of changes in the future cash flows; these flows can be related to assets or liabilities entered in the accounts or to highly probable future transactions. In compliance with IAS 39, the portion of profit or loss accrued on the hedging instrument, which is considered effective for hedging purposes, has been recognised directly in the statement of comprehensive income and classified under a special equity reserve.

During the FY 2010/2011 ended 31 March 2011, the Parent Company executed currency forward contracts for USD 19,073 thousand, equal to an aggregate counter-value of Euro 14,332 thousand, with an average exchange rate of USD 1.4051.

During the FY 2009/2010 ended 31 March 2010, the Parent Company executed currency forward contracts for USD 13,510 thousand, equal to an aggregate counter-value of Euro 9,676 thousand, with an average exchange rate of USD 1.3963.

Furthermore, it should be noted that some companies are located in Countries which do not belong to the European Monetary Union, i.e. China, Hong Kong, Macau, Taiwan and Arab Emirates. As the relevant currency is the Euro, the income statements of these companies are translated into Euro at the average exchange rate for the period and, the revenues and margins being equal in the local currency, any changes in the exchange rates may entail effects on the Euro counter-value of revenues, costs and economic results. The effects of these changes, as well as those deriving from the translation of balance sheets, are recognised immediately in the statement of comprehensive income, as required by the Accounting Standards.
For an analysis of the effects of these risks, reference is made to the table reported below:

			Foreign exchange risk (FER)			
			+10% Euro/Usd		-10% Euro/Usd	
	Book value	**Of which subject to FER**	**Profits and (Losses)**	**Other changes in Equity**	**Profits and (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	10,727	1,880	(171)		209	
Trade receivables	21,418	-				
Derivative financial instruments	-	-				
			(171)	0	209	0
Financial liabilities						
Borrowings	9,071	-	-	-	-	-
Trade payables	13,301	3,014	193	-	(236)	-
Derivative financial instruments	38	31	84	132	(144)	(226)
			277	132	(380)	(226)
Total increases (decreases) as at 31/03/2011			**106**	**132**	**(171)**	**(226)**
Financial assets						
Cash and cash equivalents	9,317	426	(38)		47	
Trade receivables	20,255	1	0		0	
Derivative financial instruments	69	69	202	154	(112)	(86)
			164	154	(65)	(86)
Financial liabilities						
Borrowings	8,455	-				
Trade payables	12,849	3,030	203		(248)	
Derivative financial instruments	17	-				
			203	0	(248)	0
Total increases (decreases) as at 31/03/2010			**367**	**154**	**(313)**	**(86)**

The variability parameters applied were identified in the context of changes that are reasonably possible on exchange rates with all other variables being equal.
As at 31 March 2011, the amount of Euro 31 thousand in the liabilities represented the fair value of the forward contracts hedging foreign exchange risks for a notional amount of USD 4,250 thousand.

Interest rate risk

In September 2005, the parent company Piquadro executed, for hedging purposes on the BNL loan of Euro 5,300 thousand as renegotiated with Cassa di Risparmio di Bologna on 16 January 2008, a derivative contract I.R.S. (Interest Rate Swap) CAP SPREAD. For accounting purposes, this derivative is treated as a financial instrument hedging future cash flows (and then accounted for through hedge accounting – cash flow hedge) and then accounted for at fair value against an entry in the statement of comprehensive income.

The transaction has the following characteristics

- Date of the transaction 19/09/2005
- Amount Euro 5,300 thousand

- Trade date 19/09/2005
- Initial date 19/09/2005
- Final expiry 31/07/2012
- Periodical expiries 31/10–31/01–30/04–31/07 from 31/10/2005 to 31/07/2012
- Parameter A Assumption a) 3-month Euribor + 0.3% if 3-month Euribor is less than 4%
  Assumption b) 4% + 0.3% if 3-month Euribor is equal to or exceeds 4%
- Debtor of parameter A Piquadro
- Parameter B 3-month Euribor
- Debtor of parameter B Banca Nazionale del Lavoro

It follows that the company has hedged the risk of increases in the interest rate linked to the performance of the 3-month Euribor; the cost of the transaction is represented by the fixed spread equal to 0.30%.
In these financial statements, on 31 March 2011 the Group accounted for "financial liabilities for derivative instruments" for Euro 7 thousand, relating to the negative fair value connected to the Interest Rate Swap contract described above.

	Book value	Of which subject to IRR	Interest rate risk (IRR) +50 bps on IRR Profits and (Losses)	+50 bps on IRR Other changes in Equity	-50 bps on IRR Profits and (Losses)	-50 bps on IRR Other changes in Equity
Financial assets						
Cash and cash equivalents	10,727	10,727	54		(54)	
Trade receivables	21,418	-				
Derivative financial instruments	-	-				
			54	-	(54)	-
Financial liabilities						
Payables to banks for Loans	9,071	9,071	-45		45	
Payables to banks for credit lines	-	-				
Trade payables	13,301	-				
Other borrowings (leasing)	5,334	5,334	27		27	
Derivative financial instruments	7	7		-12		12
			-72	-12	72	12
Total increases (decreases) as at 31/03/2011			**(18)**	**(12)**	**18**	**12**

	Book value	Of which subject to IRR	Interest rate risk (IRR) +50 bps on IRR Profits and (Losses)	+50 bps on IRR Other changes in Equity	-50 bps on IRR Profits and (Losses)	-50 bps on IRR Other changes in Equity
Financial assets						
Cash and cash equivalents	9,317	9,317	47		(47)	
Trade receivables	20,255	-				
Derivative financial instruments	69	-				
			47	-	(47)	-
Financial liabilities						
Payables to banks for Loans	8,455	8,455	(42)		42	
Payables to banks for credit lines	-	-				
Trade payables	12,849	-				
Other borrowings (leasing)	6,196	6,916	(31)		31	
Derivative financial instruments	17	17		(19)		19
			(73)	(19)	73	19
Total increases (decreases) as at 31/03/2010			**(27)**	**(19)**	**27**	**19**

The variability parameters applied were identified in the context of changes that are reasonably possible on exchange rates with all other variables being equal.

Capital risk management

The group manages the capital with the objective of supporting the core business and optimising the value for shareholders, while maintaining a correct structure of the equity and reducing its cost.
The Group monitors the capital on the basis of the gearing ratio, which is calculated as the ratio between net debt and total capital.

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Net financial position	3,678	5,334
Equity	25,903	20,886
Total capital	29,581	26,220
Gearing ratio	**12.43%**	**20.34%**

Fair Value

The table below reports the assets and liabilities measured at fair value and classified on the basis of three levels which take account of the different variables used for the purposes of the valuation.

(in thousands of Euro)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Derivative assets	-	-	-	-
Total assets	**-**	**-**		**-**
Liabilities				
Derivative liabilities	-	38	-	38
Total liabilities	**-**	**38**	**-**	**38**

Level 1 includes financial instruments for which the fair value is made up of (unadjusted) prices listed on active markets as at the balance sheet date;
Level 2 includes financial instruments for which the fair value is determined by using specific technical valuations; specifically:

- the fair value of derivatives on interest rates is calculated at the present value of the estimated future cash flows on the basis of the yield curves that can be observed;
- the fair value of foreign exchange derivatives is calculated by using forward exchange rates as at the balance sheet date and by subsequently discounting back the value obtained;

Level 3 includes financial instruments for which the fair value is linked to variables that are not based on market values that can be observed.
No significant value differences emerged from the comparison between the book value of the financial instruments held by the Group and their fair value.

Employee benefits

Employee benefits substantially include the provisions for severance pay (TFR, *Trattamento di Fine Rapporto*) of the Italian companies of the Group and pension funds.

Law no. 296 of 27 December 2006, the 2007 Finance Law, introduced considerable amendments as regards the allocation of funds of the provision for TFR . Until 31 December 2006, TFR was included within the scope of post-employment benefit plans, of the "defined benefit" type of plans and was measured according to IAS 19, using the Projected Unit Credit method made by independent actuaries. This calculation consists in estimating the amount of the benefit that an employee will receive on the alleged date of termination of the employment relationship using demographic and financial assumptions. The amount that is thus calculated is then discounted back and re-proportioned on the basis of the length of service built up against the total length of service and it is a reasonable estimate of the benefits that each employee has already accrued with respect to the work performed. Actuarial gains and losses arising from changes in the actuarial assumptions used are recognised in the income statement.
As a result of the reform of supplementary pension schemes, the provision for TFR, as regards the portion accrued from 1 January 2007, is to be considered as being substantially assimilated to a "defined contribution plan". In particular, these amendments introduced the possibility for workers to choose where to allocate the TFR that is

accruing. In companies with more than 50 employees, the new TFR flows may be allocated by the worker to selected pension schemes or kept in the company and transferred to INPS (*Istituto Nazionale di Previdenza Sociale*, National Social Security Institute).

In short, following the reform on supplementary pension schemes, the Group has carried out an actuarial measurement of the TFR accrued before 2007, without further including the component relating to future pay increases. On the contrary, the portion accrued after 2007 has been accounted for according to the procedures attributable to defined contribution plans.

Provisions for risks and charges

Provisions for risk and charges cover certain or probable costs and charges of a fixed nature, whose timing or amount was uncertain at the closing date of the financial year. Provisions are recognised when: (i) it is probable that a current obligation (legal or constructive) exists as a result of paste events; (ii) it is probable that the fulfilment of the obligation will require the payment of a consideration; (iii) the amount of the obligation can be estimated reliably. Provisions are entered at the value representing the best estimate of the amount that the Group would rationally pay to discharge the obligation or to transfer it to third parties at the closing date of the period. When the financial effect of time is significant and the payment dates of the obligations can be estimated reliably, the provision is discounted back; the increase in the provision connected with the passage of time is charged to the income statement under item "Financial income (charges)". The provision for supplementary clientele indemnity, as well as any other provisions for risks and charges, is allocated on the basis of a reasonable estimate of the future probable liability, taking account of the available elements and also taking account of the estimated made by independent third-party actuaries.

Income taxes

Taxes for the period represent the sum of current and deferred taxes.
Current taxes are determined on the basis of a realistic forecast of charges to be paid in the application of the tax regulations in force; the related debt is reported net of advances, taxes withheld and tax credits that can be offset, under item "Current tax payables". If there is a credit, the amount is reported under item "Current tax receivables " under current assets.
Deferred tax assets and liabilities are calculated on the temporary differences between the values of assets and liabilities entered in the accounts and the corresponding values recognised for tax purposes. Deferred tax assets are entered when it is probable that they will be recovered. Deferred tax assets and liabilities are classified under non-current assets and liabilities and are offset if they refer to taxes that can be offset.
The balance of the set-off is entered under item "Deferred tax assets" if positive and under item "Deferred tax liabilities" if negative.
Both current and deferred taxes are recognised under item "Income tax expenses" in the income statement, except when these taxes are originated from transactions whose effects are recognised directly in equity. In this case, the contra-entry of the recognition of the debt for current taxes, of deferred tax assets and liabilities is charged as a reduction in the equity item from which the effect being recorded originated.
Deferred tax assets and liabilities are calculated on the basis of the tax rates which are expected to be applied in the tax year when these assets will be realised or these liabilities will be discharged.

Currency translation

Receivables and payables initially expressed in a currency other than the functional currency of the company which recognises the receivable/payable (foreign currency) are translated into the functional currency of the said company at the exchange rates prevailing at the dates on which the related transactions take place. The exchange rate differences realised on the occasion of the collection of receivables and the payment of debts in foreign currency are entered in the income statement. As at the reporting date of the financial statements, receivables and payables in foreign currency are translated at the exchange rates prevailing at that date, charging any changes in the value of the receivable/payable to the income statement (estimated foreign exchange gains and losses).

Revenue recognition

Revenues are recognised at the time of the transfer of all the risks and charges arising from the ownership of the transferred assets.
Revenues and income are recognised net of returns, discounts, allowances and premiums, as well as of the taxes connected to the sale or performance of services.
With reference to the main types of revenues achieved by the Group, they are recognised on the basis of the following criteria and as required by IAS 18:
Sales of assets – retail segment. The Group operates in the retail business through its own network of DOSs. Revenues are accounted for at the time of the delivery of the assets to the customers, when all the risks are substantially transferred. Sales are usually collected directly or through credit cards.
Sales of assets – wholesale segment. The group distributes products in the wholesale market. The related revenues are accounted for at the time of the shipment of the assets, when all the risks are substantially transferred.
Performance of services. These revenues are accounted for proportionally to the state of completion of the service rendered as at the relevant date.
Sales based on repurchase commitments. Revenues and receivables from the buyer are recognised at the time of the delivery of the assets, while reversing the value of the transferred assets from the assets. As at the balance sheet date, revenues and receivables are reversed on the basis of the sales made by the buyer in relation to the transferred assets, with the consequent change in the item "Inventories".
Financial income and revenues from services are recognised on an accruals basis.

Cost recognition

Costs are recognised when they relate to goods and services purchased and/or received during the period or relate to the systematic apportionment of an expense from which future benefits derive that can be apportioned over time.

Financial charges and charges from services are recognised on an accruals basis.

Use of estimates

The process of drawing up the financial statements involves the Management of the Group making accounting estimates based on complex and/or subjective judgements; these estimates are based on past experiences and assumptions that are considered reasonable and realistic on the basis of information known at the moment of making the estimate. The use of these accounting estimates affects the value of assets and liabilities and the disclosure on potential assets and liabilities as at the balance sheet date, as well as the amount of revenues and costs in the relevant period. The final results, or the actual economic effect that is recognised when the event takes place, of the financial statement items for which the abovementioned estimates and assumptions were used, may differ from those reported in the financial statements that recognise the effects arising from the event that is subject to estimation, due to the uncertainty that is characteristic of assumptions and the conditions on which the estimates are based.

Main estimates adopted by the Management

Below are briefly described the aspects which, more than others, require greater subjectivity on the part of the Directors in working out the estimates and for which a change in the conditions underlying the assumptions applied could have a significant impact on the consolidated financial data:

- Impairment of assets: in accordance with the accounting standards applied by the Group, property, plant and equipment and intangible assets with a definite life are subject to verification in order to ascertain if an impairment has occurred. This impairment shall be recognised by means of a write-down when indicators exist that could lead to an expectation of difficulties in recovering the relative book value through usage of the asset. Verifying that the abovementioned indicators exist requires directors to exercise subjective valuations based on information available within the Group and from the market, as well as using past experience. Moreover, should the likelihood of a potential impairment be ascertained, the Group will set about calculating this using the evaluation techniques that it considers appropriate. Correctly identifying the items that indicate the existence of a potential impairment and the estimates used for calculating the same depend on factors which can vary over time and affect the valuations and estimates carried out by the Directors;

- Amortisation and depreciation of fixed assets: the cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the related assets. The useful economic life of the Group's fixed assets is determined by the Directors at the time when the fixed asset has been purchased; it is based on past experience for similar fixed assets, market conditions and expectations regarding future events which could have an impact on the useful life, including changes in technology. Therefore, the actual economic life may differ from the estimated useful life. The Group periodically evaluates technological and sector changes in order to update the residual useful life. This periodical update could involve a variation in the depreciation period and therefore also in the depreciation rate for future financial years.

- Deferred taxes: deferred tax assets are accounted for on the basis of the income expected in the future financial years. The measurement of the expected income for the purposes of accounting for deferred taxes depends on factors which can vary over time and determine significant effects on the measurement of deferred tax assets.

- Provisions for legal and tax risks: provisions are made for legal and tax risks, if required, which represent the risk of being the losing party. The amount of the provisions (if any) entered in the accounts statements relating to such risks represents the best estimate at that time made by Management. This estimate entails the adoption of assumptions which depend on factors which can vary over time and which could therefore have effects compared to the current estimated made by the Directors for the preparation of the financial statements.

Below are reported the critical accounting estimates of the process of drawing up the financial statements for which the Management has availed itself of the support and valuations of independent third-party experts (actuaries and financial advisors). Please note that future amendments (if any) to the conditions underlying the judgments, assumptions and estimates adopted could have an impact on the results of financial years after 2010/2011:

- Actuarial calculation of defined benefit pension plans: the estimates, demographic and economic-financial assumptions adopted, with the support of the valuations of an actuarial expert, in the actuarial calculation for the determination of defined benefit plans within post-employment benefits are broken down as follows:

Annual rate of inflation	*Probability of exit of the employee from the Group*	*Probability of advance payments of the TFR*
2.00% both for 2011 and 2010	7.5% frequency both for 2011 and 2010	3% for 2011 and 2% for 2010

Segment reporting – breakdown of segments by Divisions

In order to provide disclosures regarding the economic, financial and equity position by segment (segment reporting), the Group has chosen the distinction by distribution channel as the primary model for presenting segment data. This method of representation reflects how the Group's business is organised and the structure of its internal reporting on the basis of the consideration that risks and rewards are influenced by the distribution channels used by the Group.

The distribution channels selected as those being presented are the following ones:

- DOS channel
- Wholesale channel

In fact, the Group distributes its products through two distribution channels: (i) a direct channel, which includes single-brand stores directly operated by the Group (the so-called "Directly Operated Stores" or "DOSs"); (ii) an indirect channel ("Wholesale"), which is represented by multi-brand shops/department stores, single-brand shops run by third parties linked to the Group by franchise agreements and distributors.

All of the shops are, directly or indirectly, selected (through agents and importers) on the basis of their coherence with the positioning of the Piquadro brand, their location, the level of service guaranteed to the end customer, the visibility that they are able to guarantee the Group's products and, finally, the soundness of their equity and financial position.

These consolidated financial statements provide segment information as reported above.

Amendments to accounting standards

Accounting standards, amendments and interpretations

The accounting standards adopted in preparing these consolidated financial statements as at 31 March 2011 comply with those adopted for the financial year ended 31 March 2010, except for those amendments required by:

- IAS 27 (revised) – Consolidated and separate Financial Statements: the amendment to IAS 27 provides that the changes in the shareholding that do not constitute a loss of control must be treated as transactions between shareholders (the so-called equity transaction) and must be entered against an entry in equity, eliminating the option for the entry in the income statement. Furthermore, when the controlling company transfers control in one of its investee companies, but continues in any case to hold a stake in the company, the investment maintained in the accounts shall be measured at fair value and profits or losses (if any) arising from the loss of control shall be charged to the income statement.

- IFRS 3 (revised) – Business combinations: the amended standards introduces a number of significant changes; specifically: it will be possible to enter goodwill also with reference to portions of minority interests (the so-called full goodwill method); amendments are made to the procedures for entering assets and liabilities in the case of the acquisition of subsidiaries in more than one phase (goodwill is determined as the difference between the value of the investments immediately before the acquisition, the consideration for the transaction and the fair value of the net acquired assets); the standards also introduces the obligation to recognise all the costs connected to the business combination in the income statement, as well as the obligation to consider the fees subject to condition in the acquisition price.

- IFRIC 9 and IAS 39 (amended) – Reassessment of embedded derivatives and Financial Instruments: Recognition and Measurement. The amendments regulate specific relevant dates for the measurement and the criterion for the measurement itself as to embedded derivatives.

- IFRIC 12 – Service concession arrangements. The standard illustrates the procedure to recognise the infrastructure subject to service public and private concession arrangements in the financial statements of the concessionaire and specifies the distinction between of the various phases of an agreement (construction/management) and the procedures to recognise income and expenses in any case. It provides for two models (financial assets and intangible assets) to recognise the infrastructure and the related income/expenses according to the degree of uncertainty to which the concessionaire is exposed as regards future receipts.

- IFRIC 15 – Agreements for the construction of real estate: the interpretation provides clarifications and guidelines as to the time of the recognition of revenues from the construction of real estate if an agreement for the construction falls within the scope of application of IAS 11 in the long term or of IAS 18 “Revenues”.

- IFRIC 16 – Hedges of a net investment in a foreign operation. The interpretation specifies the procedures to apply the international accounting standards IAS 21 and IAS 39 in the cases when an entity hedges the foreign exchange risk arising from its net investments in foreign operations.

- IFRIC 17 – Distribution of non-cash assets to Owners. The interpretation regulates the procedure to account for dividends paid out according to procedures other than those laid down for cash assets.

- IFRIC 18 – Transfers of assets from customers. The interpretation regulates the procedure to account for receipt from customers collected through assets other than cash assets.

- IFRS 2 (amended) – Share-based payments. The standard has been amended in order to clarify the definition of vesting conditions and to prescribe the accounting treatment in the case of a plan effectively cancelled following the non-fulfilment of a non-vesting condition. This amendment standard has not entailed effects on the Group.

In April 2009 the International Account Standard Board (IASB) published the "Improvements to IFRS"s. These improvements include amendments to the existing accounting standards.

- IFRS 2 (improved): – "*Share-based payments*": the improvement provides for the standard in question not to be applied to the transactions in which the entity acquires assets following a business combination or within a combination/establishment of a joint venture.

- IFRS 5 (improved): – "*Non-current assets held for sale and Discontinued Operations*": the amendment specifies the information to be provided within non-current assets (or groups of assets) classified as available for sale or as discontinued operations.

- IFRS 8 (improved): – "*Operating Segments*": according to the amendment the entities are required to provide the value of the total assets for each reporting segment if this amount is provided periodically at the highest operational making-decision level.

- IAS 1 (improved) – "*Presentation of financial statements*": according to the update an entity is required to classify a liability as a "*current*" liability when a) it is expected that it will be discharged during its normal operating cycle; b) it is mainly held for trading purposes; c) it must be discharged within twelve months of the closing date of the financial year; d) it has no unconditional right to defer the settlement of the liability for at least twelve months of the closing date of the financial year. Any other liabilities which do not fulfil these conditions must be classified as "*non-current*" liabilities.

- IAS 7 (improved) – "*Statement of cash flows*": according to the improvement any cash flows associated with expenses which result in the recognition of an asset in the statement of financial position may only be classified as arising from an investing activity in the statement of cash flows.

- IAS 17 (improved) – "*Leases"*: the amendment specifies that, in the case that the lease includes both land and buildings, the entity must measure the classification of each element as a financial or operating lease separately. In determining if the land is under an operating or financial lease, an important consideration concerns the fact that the land has normally an indefinite economic life.

- IAS 36 (improved) – *"Impairment of assets"*: the update provides that each operating unit (or group of units) being the object of the allocation of the goodwill for the purposes of the impairment test must not be greater than an operating segment, as defined in paragraph 5 of IFRS 8 before the combination.

- IAS 38 (improved) – "*Intangible assets*": the update of this standard became necessary following the adoption of IFRS 3 revised, which states that it is possible to measure the fair value of an intangible asset acquired during a combination. Furthermore, the update clarifies the valuation techniques to determine the fair value of intangible assets for which there are no active markets.

- IAS 39 (improved) – "*Financial instruments: recognition and measurement*": the improvement limits the exception of non-applicability to forward contracts between a buyer and a selling shareholder for the purposes of a sale of a business transferred within a business combination which does not depend from additional actions of one of the two parties, but only from the elapse of a fair period of time. The improvement also provides that implied penalties for the early repayment of loans must be considered to be closely correlated to the loan agreement which provides for them and then they must not be accounted for separately. Finally, it is provided that any profits or losses on a hedged financial instrument must be reclassified from equity to the income statement in the period when the expected cash flow impacts the income statement.

The accounting standards already in force and not amended, which were adopted in the financial year ended 31 March 2011, remained unchanged compared to the previous financial year ended 31 March 2010.

Accounting standards, amendments and interpretations endorsed by the European Union but which are still not applicable and which were not adopted by the Piquadro Group in advance

Starting from 1 April 2011, the following accounting standards and interpretations shall be applied obligatorily, as the EU endorsement process has been completed

- IAS 32 (amended) - "*Financial instruments: disclosure and presentation*" - Presentation of financial statements: the standard has been amended in order to allow, under certain conditions, financial instruments puttable at fair value to be classified under equity items, rather than under financial liabilities.

- IFRS 1 (amended): exemption limited by the comparative information required by IFRS 7 for the new users.

- IAS 24 (amended): "*Related Party Disclosures*": the amendments simplify the definition of "*related party*" and at the same time eliminate some inconsistencies and exempt public bodies from some disclosure requirements relating to transactions with related parties.

- IFRIC 14 (amended) – "*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interact project"*: the objective of the amendments is to eliminate an undesired consequence of IFRIC 14 in the cases when an entity, which is subject to a provision for minimum funding requirements, makes an advance payment of contributions for which in certain circumstances the entity which makes this payment would be required to account for an expense. In the case that a defined-benefit plan is subject to a provision for minimum funding requirements, the amendment to IFRIC 14 imposes to treat this advance payment as an assets in the same way as any other advance payment.

- IFRIC 19 (amended) – "*Extinguishing Financial Liabilities with Equity Instruments*": the purpose of the interpretation is to provide guidelines on accounting by the debtor of equity instruments issued to fully or partially extinguish a financial liability following the renegotiation of the related conditions.

On 6 May 2010 the International Account Standard Board (IASB) published additional "Improvements to IFRSs". These improvements mainly include amendments to the following existing accounting standards:

- IFRS 3 (improved) – "*Business combinations*": the amendment clarifies that the components of minority interests, which do not entitle the holders to receive a proportional portion of net assets of the subsidiary, must be measured at fair value or as required by the applicable accounting standards. Furthermore, the improvement carries out an in-depth analysis of share-based payment plans which are replaced within a business combination, adding specific guidelines to clarify the relevant accounting treatment.
- IFRS 7 (improved) – "*Improved Disclosures about Financial Instruments*": the amendment provides clarifications on the interaction between additional qualitative and quantitative disclosure relating to the risks inherent in financial instruments. Furthermore, the amendment eliminates the requests for disclosure about expired financial assets which appear to be renegotiated or written down.
- IAS 1 (improved) – "*Presentation of financial statements*": the amendment provides for the presentation of the reconciliation of any changes in the individual components of equity in the notes to or the formats of financial statements.
- IAS 34 (improved) – "*Interim Financial Reporting*": the amendment concerns clarifications about any additional information required for the purposes of the preparation of interim financial statements.

It is believed that the adoption of these amendments and improvements will not entail significant effects on the financial statements of the Piquadro Group.

Accounting standards being adopted by the European Union

The following updates of the IFRS standards (as already approved by the IASB), as well as the following interpretations and amendments:

- IFRS 1 (amended) – "*First-time Adoption of International Financial Reporting Standards*".

- IFRS 7 (amended) – "*Financial instruments: Disclosures*".

- IFRS 9 "Financial instruments": the standard, which was published by the IASB on 12 November 2009, as amended on 28 October 2010, and which is applicable to the financial statements for the financial years which will start after 1 January 2013, represents the first part of a multi-phase process aimed at replacing IAS 39 and

introduces new criteria for the classification of financial assets and liabilities and for the derecognition of financial assets.

- IFRS 10 – "*Consolidated Financial Statements*".
- IFRS 11 – "*Joint arrangements*".
- IFRS 12 – "*Disclosure of Interests in Other Entities*".
- IFRS 13 – "*Fair Value Measurement*".
- IAS 12 (amended) – "*Income taxes – Recovery of Revalued Non-Depreciable Asset*".

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION

ASSETS

Non-current assets

The following statements have been prepared for the two classes of fixed assets (intangible assets and property, plant and equipment) which report, for each item, historical costs, the previous amortisation and depreciation, the changes that occurred in the last two financial years and the closing balances.

Note 1 – Intangible assets

The table below reports the opening balance, the changes that occurred in the FY 2009/2010 and FY 2010/2011 and the final balance of intangible assets:

(in thousands of Euro)	**Development costs**	**Industrial patent rights**	**Software, licences, trademarks and other similar rights**	**Other fixed assets**	**Fixed assets under development**	**Total**
Gross value	592	26	902	1,782	-	3,302
Amortisation fund	(362)	(23)	(558)	(1,164)	-	(2,107)
Net value as at 31/03/2009	**230**	**3**	**344**	**618**	**-**	**1,195**
Increase for the period	-	10	97	-	86	193
Decrease for the period	-	-	-	(66)	-	(66)
Reclassifications and other changes	-	-	-	(3)	-	(3)
Amortisation	(100)	(3)	(233)	(242)	-	(578)
Write-downs	-	-	-	(93)	-	(93)
Gross value	592	36	999	1,620	86	3,333
Amortisation fund	(462)	(26)	(791)	(1,406)	-	(2,685)
Net value as at 31/03/2010	**130**	**10**	**208**	**214**	**86**	**648**
Increase for the period	-	3	389	100	-	492
Reclassifications	-	-	86	-	(86)	-
Amortisation	(78)	(5)	(147)	(89)	-	(319)
Write-downs	-	-	-	(27)	-	(27)
Other changes			(4)			(4)
Gross value	592	39	1,472	1,259	-	3,363
Amortisation fund	(540)	(31)	(940)	(1,061)	-	2,573
Net value as at 31/03/2011	**52**	**8**	**532**	**198**	**-**	**790**

The most significant items are made up of other intangible assets and by the category of software, licences, trademarks and other rights. Other intangible assets relate to the key money paid by the Parent Company for the opening of shops in Rome, Milan, Bologna, by the subsidiary Piquadro España SLU for the opening of the shop in

Madrid Calle Goya (March 2011). As at 31 March 2011, the net book value of these charges was equal to Euro 201 thousand, against Euro 198 thousand as at 31 March 2010.
In the financial year ended 31 March 2011, the increases in intangible assets, equal to Euro 492 thousand (Euro 193 thousand as at 31 March 2010) related to investments in software and IT products for Euro 226 thousand, trademarks for Euro 163 thousand, industrial patent rights for Euro 3 thousand and Key moneys of Euro 100 thousand paid for the openings of shops in Frankfurt (October 2010) e di Madrid Calle Goya (March 2011).
In consideration of the economic results recorded by the shop opened in Frankfurt (Germany), and by reason of future developments (if any), the Company deemed it appropriate, in any case, to record, on the basis of its own valuations, an impairment loss of the key money equal to about Euro 27 thousand, thus finally setting the value of the same to zero.

No intangible assets with an indefinite useful life are reported in the accounts.

In the course of the FY 2010/2011, no trigger events occurred as to the key moneys paid for the opening of shops for Rome, Milan, Bologna and Madrid, which could indicate potential impairment losses of the same.

Note 2 – Property, plant and equipment

The table below reports the opening balance, the changes that occurred in the FY 2009/2010 and FY 2010/2011 and the final balance of property, plant and equipment:

(in thousands of Euro)	Land	Building	Plant and equipment	Industrial and business equipment	Other assets	Fixed assets under construction and advances	Total
Gross value	878	6,212	2,475	6,219	343	179	16,306
Depreciation fund	-	(559)	(1,604)	(2,360)	(270)	-	(4,793)
Net value as at 31/03/2009	**878**	**5,653**	**871**	**3,859**	**73**	**179**	**11,513**
Increase for the period	-	-	70	1,295	-	-	1,365
Sales and derecognitions	-	-	-	-	-	-	-
Depreciation	-	(186)	(289)	(851)	(29)	-	(1,355)
Write-downs	-	-	-	-	-	-	-
Reclassifications of fixed assets under construction and other changes	-	-	(3)	(2)	-	(1)	(6)
Gross value	878	6,212	2,542	7,512	343	178	17,665
Depreciation fund	-	(745)	(1,893)	(3,211)	(299)	-	(6,148)
Net value as at 31/03/2010	**878**	**5,467**	**649**	**4,301**	**44**	**178**	**11,517**
Increase for the period	-	71	221	1,828	-	17	2,137
Depreciation	-	(188)	(310)	(977)	(21)	-	(1,496)
Write-downs	-	-	-	-	-	-	-
Reclassification of historical cost for the year	-	-	-	22	57	(79)	-
Sales			(4)	(36)	(13)	(41)	(94)
Other reclassifications				44	(44)		-
Gross value	878	6,283	2,703	9,284	336	74	19,562
Depreciation fund	-	(933)	(2,147)	(4,101)	(313)	-	(7,498)
Net value as at 31/03/2011	**878**	**5,350**	**556**	**5,183**	**23**	**74**	**12,064**

On the contrary, increases in property, plant and equipment, equal to Euro 2,137 thousand in the financial year ended 31 March 2011 (Euro 1,365 thousand as at 31 March 2010), were mainly attributable to furniture and fittings

and sundry equipment purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro1,268 thousand, to the purchases of moulds relating to new products for Euro 57 thousand and to the purchase of electronic office machines for Euro 741 thousand, to improvements of the property under finance lease for Euro 71 thousand.
Fixed assets under construction for Euro 74 thousand mainly relate to fittings relating to the opening of points of sale in India, whose full operations have also been suspended by reason of the negative development prospects expected for the area and the opening of sales points in the Far East region.

Below are reported the net book values of the assets held through finance lease agreements:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Land	878	878
Buildings	5,350	5,467
Plant and equipment	151	363
Industrial and business equipment	689	968
Total	**7,068**	**7,676**

Note 3 – Receivables from others

Receivables from others (equal to Euro 871 thousand as at 31 March 2011 compared to Euro 539 thousand as at 31 March 2010) relate to both guarantee deposits paid by the Parent Company and by the Group companies both for various utilities, including those relating to the operation of Company-owned shops, and deposits relating to the lease of Company-owned shops that are not yet operating.

Note 4 – Deferred tax assets

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Deferred tax assets:		
- within 12 months	241	549
- beyond 12 months	1,108	563
	1,349	**1,112**
Deferred tax liabilities		
- within 12 months	187	143
- beyond 12 months	283	283
	470	**426**
Net position	**879**	**686**

Below are reported the relevant changes:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Net opening position	**686**	**516**
Credit/(Charge-back) to the income statement	186	187
Credit/(Charge-back) to equity	7	(17)
Total	**879**	**686**

(in thousands of Euro)	**Provisions**	**Derivatives measured at fair value**	**Finance lease**	**Others**	**Total**
Balances as at 31.03.2009	**415**	**25**	**(147)**	**223**	**516**
Effect on the income statement	214	-	-	(27)	187
Effect on the equity	-	(17)	-	-	(17)
Balance as at 31.03.2010	**629**	**8**	**(147)**	**196**	**686**
Effect on the income statement	79	11		103	193
Effect on the equity					
Balance as at 31.03.2011	**708**	**19**	**(147)**	**299**	**879**

The amount of deferred tax assets (equal to Euro 1,349 thousand as at 31 March 2011 against Euro 1,112 thousand as at 31 March 2010) is mainly made up of temporary tax differences relating to Piquadro S.p.A. (Euro 1,247 thousand as at 31 March 2011 against Euro 1,084 thousand as at 31 March 2010), relating to the IRES and IRAP tax effect on taxed funds, in addition to adjustments made at the time of the preparation of the consolidated financial statements (including the reversal of the intercompany profit with an advanced tax effect equal to about Euro 394 thousand).

Current assets

Note 5 – Inventories

The tables below report the breakdown of net inventories into the relevant classes and the changes in the provision for write-down of inventories (entered as a direct reduction in the individual classes of inventories), respectively:

(in thousands of Euro)	**Gross value as at 31 March 2011**	**Provision for write-down**	**Net value as at 31 March 2011**	**Net value as at 31 March 2010**
Raw Materials	1,808	(151)	1,657	1,330
Semi-finished products	459	-	459	358
Finished products	8,325	(337)	7,988	5,930
Inventories	**10,592**	**(488)**	**10,104**	**7,618**

Below is reported the breakdown and the changes in the provision for write-down of inventories:

(in thousands of Euro)	**Provision as at 31 March 2010**	**Use**	**Allocation**	**Provision as at 31 March 2011**
Provision for write-down of raw materials	151		-	151
Provision for write-down of finished products	297		40	337
Total provision for write-down of inventories	**448**	**-**	**40**	**488**

31 March 2011 saw the recognition of an increase of Euro 2,486 thousand in inventories compared to the corresponding values at 31 March 2011. This increase is attributable both to the growth in the Group's turnover and to the increases in the stock quantities aimed at meeting the requirements arising from the growth in the turnover and the orders in progress. Also note an increase in the average stock held at the Company-owned shops also in order to seize sales opportunities which otherwise could not be achieved.

Note 6 – Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Receivables from customers	22,434	21,188
- Provision for bad debts	(1,016)	(933)
Current trade receivables	**21,418**	**20,255**

The increase in gross trade receivables as at 31 March 2011 compared to 31 March 2010 (Euro 1,246 thousand, up by about 5.9%) was less than proportional compared to the increase in the sales volumes in the Wholesale segment (up by 15% compared to the financial year ended 31 March 2010).

The adjustment to the face value of receivables from customers at their presumed realisable value is obtained through a special provision for bad debts, whose changes are showed in the table below:

(in thousands of Euro)	**Provision as at 31 March 2010**	**Use**	**Allocation**	**Provision as at 31 March 2011**
Provision for bad debts	933	(44)	127	1,016
Total provision	**933**	**(44)**	**127**	**1,016**

Note 7 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Other assets	1,429	970
Accrued income and prepaid expenses	1,097	543
Other current assets	**2,526**	**1,513**

Accrued income and prepaid expenses include prepaid expenses on leases of the Parent Company (Euro 103 thousand as at 31 March 2011 against Euro 70 thousand as at 31 March 2010) and prepaid expenses on set of samples relating to the clothing collection for autumn/winter 2011 and spring/summer 2011 for Euro 335 thousand (Euro 167 thousand at 31 March 2010).

Note 8 – Derivative assets

As at 31 March 2011, there were no assets relating to the currency forward purchases, nor assets relating to hedging of financial instruments. At 31 March 2010 the assets relating to currency forward purchases were equal to Euro 69 thousand.

Note 9 – Cash and cash equivalents

Below is reported the breakdown of cash and cash equivalents (mainly relating to Piquadro S.p.A.):

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Available current bank accounts	10,617	9,259
Cash, cash on hand and cheques	110	58
Cash and cash equivalents	**10,727**	**9,317**

The balance represents cash and cash equivalents and the existence of cash and cash on hand at the closing date of the period. For a better understanding of the dynamics in the Company's liquidity, reference is made to the statement of cash flows.

LIABILITIES

Note 10 – Shareholders' Equity

Share capital

As at 31 March 2011, the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by no. 50,000,000 of ordinary shares, fully subscribed and paid up, with regular enjoyment, with no indication of their par value.
On 31 January 2008, following the resolution of 20 December 2007, the Company's Board of Directors resolved to approve a stock option plan named "Stock Option Plan of Piquadro S.p.A. 2008-2013", for a maximum of 1,600,000 shares, setting the price for the subscription of Piquadro ordinary shares at Euro 2.20, to be paid by the beneficiaries at the time of subscription of the shares. The Plan is reserved for certain directors, executives, employees and collaborators of Piquadro S.p.A. and of other companies under its control that have been selected by the Board of Directors in consultation with the Remuneration Committee.
Vesting of options, to the extent of 20% at any time during the fourth year in the term of the plan, 30% at any time during the fifth year in the term of the Plan and 50% at any time during the sixth year in the term of the Plan, respectively, is subject not only to condition that the directors, executives, subordinate employees or collaborators concerned are still serving the Company, but to the official Piquadro share price reaching certain arithmetic mean targets as specified in the Plan's regulations. The Group has no obligation to repurchase the shares or liquidate them.
The criterion used for measurement is based on the Monte Carlo simulation. The model created for the valuation of stock options takes account of all the operating characteristics reported in the plan's regulations. 50,000 scenarios have been developed for the purpose of valuation. In estimating expected volatility, as required in the Operational guidance (appendix B) to point B26 of IFRS 2, reference was made to stocks from the same commodity sector that have been listed for a longer period of time. As at 31 March 2011, no option had been vested out of no. 1,600,000 options assigned.

Share premium reserve

As at 31 March 2011 this reserve was equal to Euro 1,000 thousand and no entries were made during the financial year ended 31 March 2011.

Translation reserve

As at 31 March 2011 the reserve was positive for Euro 12 thousand (it reported a negative balance of Euro 77 thousand as at 31 March 2010). This item is referred to the exchange rate differences due to the consolidation of the companies with a relevant currency other than the Euro, i.e. Uni Best Hong Kong Ltd, Piquadro Hong Kong (the relevant currency being the Hong Kong Dollar), Uni Best Leather Goods (Zhongshan) Co. Ltd and Piquadro Shenzhen (the relevant currency being the Chinese Renminbi), Piquadro Middle East (the relevant currency being the Dirham) and Piquadro Taiwan Co. Ltd. (the relevant currency being the Taiwan Dollar).

Group net profit

This item relates to the recognition of the Group profit recorded, equal to Euro 9,097 thousand as at 31 March 2011.

During the financial year ended 31 March 2011, the Company's profit for the period, as resulting from the annual accounts as at 31 March 2010, was allocated as follows:

- *Euro 4,000 thousand to dividends, corresponding to earnings per share equal to about Euro 0.08 per share to n. 50,000,000 outstanding shares and to a payout of about 53.3% of the profit for the period.*
- *Euro 3,501 thousand to Profits carried forward.*

Equity attributable to minority interests

As reported above, following the agreement entered into on 22 June 2010, the Parent Company completed the acquisition of the residual stake held by the Chinese partners in Uni Best Leather Goods Co. Limited, a company based in Hong Kong which, in turn, holds 50% of the joint venture Uni Best Leather Goods (Zhongshan) Co. Ltd, of which Piquadro S.p.A. holds the remaining 50% of the share capital.
As a result of this transaction, at 31 March 2011 equity attributable to minority interests was equal to zero (at 31 March 2010 equity attributable to minority interests was equal to Euro 81 thousand).
It should be noted that, by virtue of specific provisions of the by-laws and separate agreements, the Parent Company is entitled to the totality of corporate quotas and the profits of Piquadro Middle East Leather Products LLC., in addition to retaining full control of the corporate governance.

It should be noted that as this transaction was effected towards shareholders, it was accounted for according to IAS 27 revised, which provides that any changes in the ownership structure of a subsidiary that do not constitute a loss of control must be treated as transactions between shareholders (the so-called equity transaction) and must be entered against an entry in equity, eliminating the option for the entry in the income statement.

Non-current liabilities

Note 11 – Borrowings

Below is the breakdown of non-current payables to banks:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Borrowings from 1 to 5 years	5,266	6,046
Borrowings beyond 5 years	-	-
Medium/long-term borrowings	**5,266**	**6,046**

As at 31 march 2011, borrowings mainly related to Piquadro SpA and included:

1. *Euro 2,300 thousand for the loan granted on 31 January 2008 by Carisbo SpA (for an initial amount of Euro 5,300 thousand), of which a current portion of Euro 1,500 thousand and a non-current portion of Euro 800 thousand. This loan includes a two-year pre-amortisation;*

2. *Euro 748 thousand for the 60-month unsecured loan disbursed by Carisbo SpA on 1 September 2008 (for an initial amount of Euro 1,500 thousand), of which a current portion of Euro 300 thousand and a non-current portion of 448 thousand; this loan was disbursed to partly finance the opening of new points of sales in Italy and abroad and to partly meet the Company's financial requirements;*

3. *Euro 3,000 for the unsecured loan granted by Carisbo SpA on 28 February 2009 (for an initial amount of Euro 3,500 thousand), of which a current portion of Euro 1,000 thousand and a non-current portion of Euro 2,000. In relation to this loan, it is specified that, following an amendment to the relevant agreement entered into on 31 May 2010, the Parent Company is no longer required to comply with any covenants;*

4. *Euro 2,558 thousand for the unsecured loan granted by Carisbo SpA in 22 November 2010 (for an initial amount of Euro 2,700 thousand), of which a current portion of Euro 540 thousand and a non-current portion of Euro 2,018 thousand, aimed at financing the Group's investment policy.*

Below is reported the breakdown of the loans:

(in thousands of Euro)	**Date of granting of the loan**	**Initial amount**	**Currency**	**Current borrowings**	**Non-current borrowings**	**Total**
Carisbo loan	31 January 2008	5,300	Euro	1,500	8,00	2,300
Carisbo loan	1 September 2008	1,500	Euro	300	448	748
Carisbo loan	28 February 2009	3,500	Euro	1,000	2,000	3,000
Carisbo loan	22 November 2010	2,700	Euro	540	2,018	2,558
Currency loan - Unicredit	Piquadro Trading Shenzhen	900	CNY	465	-	465
				3,805	**5,266**	**9,071**

Note 12 - Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Non-current portion:		
Payables to leasing companies	4,469	5,248
Current portion:		
Payables to leasing companies	865	948
Payables to other lenders for lease agreements	**5,334**	**6,196**

Below is reported the following additional breakdown:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Payables to other lenders for lease agreements:		
Due within 1 year	1,032	1,127
Due from 1 to 5 years	3,418	4,429
Due beyond 5 years	1,594	1,525
Financial interest to be paid	(710)	(885)
Present Value of payables to other lenders for lease agreements	**5,334**	**6,196**

As at 31 March 2011, payables to other lenders due beyond 12 months were equal to Euro 4,469 thousand and related to payables to leasing companies, and specifically to the residual debt of Euro 4,235 thousand relating to the lease agreement initially entered into by Piqubo Servizi S.r.l., which was merged by incorporation into Piquadro SpA by deed of 24 October 2008, with Centro Leasing SpA in relation to the plant, land and the automated warehouse located in Sassuriano, Silla di Gaggio Montano (Province of Bologna) (Euro 5,030 thousand as at 31 March 2010). Furthermore, it should be noted that, effective from 1 August 2006, Centro Leasing SpA has transferred to Cassa di Risparmio di Pistoia e Pescia SpA a share equal to 50% of the receivables relating to finance lease rentals arising from the said lease agreement.
The residual amount of Euro 234 thousand (Euro 218 thousand as at 31 March 2010) relates to payables for lease agreements related to equipment, furniture and fittings of shops run by the Company.

Note 13 – Provision for Employee Benefits

Below are reported the changes that occurred in the course of the last two financial years in the provision for TFR (which represents the entire value of the provision for employee benefits), including the effects of the actuarial valuation of the TFR:

(in thousands of Euro)	**Provision for TFR**
Balance as at 31 March 2009	**291**
Financial charges	3
Net actuarial Losses (Gains) accounted for in the period	(1)
Indemnities paid in the financial year	(6)
Balance as at 31 March 2010	**287**
Financial charges	9
Net actuarial Losses (Gains) accounted for in the period	(10)
Indemnities paid in the financial year	(28)
Balance as at 31 March 2011	**258**

The value of the provision as at 31 March 2011 has been determined by an independent actuary; the actuarial criteria and assumptions used for calculating the provision are indicated in the paragraph *Accounting standards – Provision for employee benefits* in these Notes.

Note 14 – Provisions for risks and charges

Below are the changes of provisions for risks and charges during the financial year:

(in thousands of Euro)	**Provision as at 31/03/2010**	Use	Allocation	**Provision as at 31/03/2011**
Provision for supplementary clientele indemnity	511	(34)	148	625
Other provisions for risks	217	-	10	227
Total	**728**	**(34)**	**158**	**852**

The “provision for agents’ supplementary indemnity” represents the potential liability with respect to agents in the event of Group companies’ terminating agreements or agents retiring. The amount of the liability has been calculated by an independent actuary as at the balance sheet date.
Other provisions of Euro 227 thousand mainly relate to other provisions for risks on returns on sales equal to Euro 70 thousand generated by the allocation for the year, Euro 10 thousand for provision for risks on repairs and Euro 147 thousand for other provisions for risks on potential liabilities generated by current operations.

Note 15 – Deferred tax liabilities

The amount of deferred tax liabilities, equal to Euro 470 thousand (Euro 426 thousand as at 31 March 2010) fully refers to the Parent Company; reference is made to the information reported in Note 4.

Current liabilities

Note 16 – Borrowings

As at 31 March 2011 borrowings were equal to Euro 3,805 thousand compared to Euro 2,409 thousand as at 31 March 2010 (for the breakdown, reference is made to Note 11).

Note 17 – Payables to other lenders for lease agreements

As at 31 March 2011 they were equal to Euro 865 thousand (Euro 948 thousand as at 31 March 2010) and related to the current portion of payables to leasing companies in relation to agreements for the lease of furniture, fittings and equipment for the shops (Euro 173 thousand) and of the building, plant and equipment of the operational headquarters (Euro 692 thousand).

Note 18 – Derivative liabilities

As at 31 March 2011, liabilities relating to the hedging of derivative financial instruments (IRS) were equal to Euro 7 thousand (Euro 17 thousand as at 31 March 2010).

The Company has taken steps to hedge the risk of increases in interest rates linked to the performance of the 3-month Euribor rate; this derivative was entered into to hedge the variable portion of interest due on the loan raised with Banca Cassa di Risparmio di Bologna on 16 January 2008 for an initial amount equal to Euro 5,300 thousand; the cost of the transaction is represented by the fixed spread equal to 0.30%.

This transaction is accounted for according to the hedge accounting criteria (IAS 39). The valuation of this hedging contract entailed the recognition of a liability of Euro 7 thousand (Euro 17 thousand of financial liabilities as at 31 March 2010) which has been accounted for against an entry in the statement of comprehensive income.

At 31 March 2011 the liabilities relating to currency forward purchases (USD) were equal to Euro 31 thousand (at 31 March 2010 there were assets equal to Euro 69 thousand).
The Company hedges the exchange risk connected to purchases of raw materials in US dollars and for contract work done in China. In consideration for this risk, the Company makes use of instruments to hedge the risk attached to the related rate, trying to fix and crystallise the exchange rate at a level that is in line with the budget forecast. Only some of the derivative financial instruments have met all the conditions laid down for hedge accounting, accounting for at fair value again an entry in the statement of comprehensive income, and classified under an appropriate equity reserve for a value equal to Euro 14 thousand (net of deferred tax liabilities equal to Euro 5 thousand), while the remaining part has been accounted for in the income statement.

NET FINANCIAL POSITION

The statement below shows the net financial position of the Piquadro Group as a summary of what is detailed in the Notes above:

(Values expressed in thousands of Euro)	**31 March 2011**	**31 March 2010**
(A) Cash	110	58
(B) Other cash and cash equivalents (available current bank accounts)	10,617	9,259
(C) Liquidity (A) + (B)	**10,727**	**9,317**
(D) Finance leases	(865)	(948)
(E) Current bank debt	-	-
(F) Current portion of non-current debt	(3,805)	(2,409)
(G) Current financial debt (D) + (E) + (F)	**(4,670)**	**(3,357)**
(H) Short-term net financial position (C) + (G)	**6,057**	**5,960**

(I) Non-current bank debt	(5,266)	(6,046)
(L) Finance leases	(4,469)	(5,248)
(M) Non-current financial debt (I) + (L)	**(9,735)**	**(11,294)**
(N) Net Financial Debt (H) + (M)	**(3,678)**	**(5,334)**

As at 31 March 2011, the Net Financial Position posted a negative value of about Euro 3.6 million, showing a sharp improvement of about Euro 1.7 million compared to the debt of Euro 5.3 million recorded as at 31 March 2010. The strong capacity of the Group to generate cash allowed:

- *investments to be made in property, plant and equipment and intangible assets for about Euro 2.6 million*
- *dividends to be distributed in relation to the FY 2009/2010 for Euro 4 million (with a payout equal to about 53% of the profit resulting from the annual accounts of the Parent Company)*

and in any case an improvement to be obtained in the net financial position for about Euro 1.7 million.

Note 19 – Trade payables

Below is the breakdown of current trade liabilities:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Payables to suppliers	13,301	12,849

As at 31 March 2011, the increase in payables to suppliers, equal to Euro 452 thousand (+3.52%), compared to the previous financial year, was mainly attributable to the higher impact of the business dynamics linked to the seasonal collections to the detriment of the continuous lines, reporting effects at the level of payables to suppliers as at the closing date of 31 March 2011.

Note 20 - Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Payables to social security institutions	286	319
Payables to Pension funds	28	12
Other payables	1,303	554
Payables to employees	423	339
Advances from customers	43	49
Accrued expenses and deferred income	439	215
Payables for VAT	1,084	950
IRPEF tax payables and other tax payables	281	225
Other current liabilities	**3,887**	**2,663**

Payables to social security institutions mainly relate to the Parent Company's payables due to INPS as at the balance sheet date. Payables to employees mainly included Euro 423 thousand of the Company's payables for remunerations to be paid and deferred charges with respect to employees (Euro 339 thousand as at 31 March 2010).

Note 21 – Tax payables

Below is the breakdown of tax payables:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
IRES tax (income taxes)	629	-

IRAP tax	107	-
Tax payables	**736**	**-**

Tax payables (reported after tax advances paid in the course of the financial year) for IRES and IRAP taxes relate to the obligations with respect to the Tax Office existing at the balance sheet date.

COMMENTS ON THE INCOME STATEMENT ITEMS

Note 22 – Revenues from sales

In relation to the breakdown of revenues from sales by commodity category, reference is made to the Report on Operations.

The Group's revenues are mainly realised in Euro.

Below is the breakdown of revenues by geographical area:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Italy	46,816	41,732
Europe	9,720	7,323
Rest of the World	5,278	3,163
Revenues from sales	**61,814**	**52,218**

Note 23 – Other income

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Charge-backs of transport cost and collection	219	224
Legal ad insurance refunds	119	118
Revenues from sales at the corners	279	103
Capital gains on disposals of property, plant and equipment	-	6
Other sundry income	825	361
Other income	**1,442**	**812**

Other income mainly relates to the Parent Company; the same is made up of Euro 279 thousand (Euro 103 thousand as at 31 March 2010) of revenues for charging back Corners and Euro 219 thousand (Euro 224 thousand as at 31 March 2010) from chargebacks of transport costs and collection to customers.
Sundry income, equal to Euro 825 thousand, mainly related to the Parent Company for Euro 441 thousand and to the subsidiary Piquadro Deutschland GmbH (a non-recurring revenue relating to the assignment of the lease agreements for the shops in Frankfurt) for Euro 380 thousand.

Note 24 – Change in inventories

The change in inventories of raw materials was positive for Euro 274 thousand (negative for Euro 67 thousand as at 31 March 2010); the change in semi-finished and finished products was positive for Euro 2,304 thousand (negative for Euro 215 thousand in the FY 2009/2010).

Note 25 – Costs for purchases and information on purchases in foreign currency

Below is reported the breakdown by Company of the costs for purchases (the Parent Company and Unibest Leather Goods (Zhongshang) Co. Ltd. Are the companies that purchase raw materials aimed at production):

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Piquadro Spa	10,138	6,356
Uni Best Leather Goods Co. Ltd	1,788	1,718
Costs for purchases	**11,926**	**8,074**

The item "costs for raw materials" essentially includes the cost of materials used for the production of the Company's goods and of consumables.

Even if the functional currency of the Group is the Euro, it is specified that the purchase costs of the Group companies are partially incurred in US Dollars and Renminbi.

The table below reports the amount of purchases of raw and secondary materials, consumables and goods for resale, as well as the amount of other production costs incurred in a currency other than the Euro, the Euro counter-value of these purchases in foreign currency and their impact on the total purchases of raw and secondary materials, consumables and goods for resale:

	Currency amount	Average exchange rate	Amount in thousands of Euro	Currency amount	Average exchange rate	Amount in thousands of Euro
		31 March 2011			31 March 2010	
Hong Kong Dollar	682,310	10.28	66	764,505	10.96	70
Renminbi	11,281,493	8.87	1,272	11,147,637	9.65	1,155
US Dollars	14,281,909	1.32	10,820	11,317,979	1.41	8,026
Total operating costs incurred in foreign currency			**12,158**			**9,251**

Overall, the Piquadro Group incurred, in the FY 2010/2011, operating costs denominated in a currency other than the Euro for an equivalent amount of about Euro 12.2 million, equal to 25.0% of the total operating costs (Euro 48,648 thousand), while in the financial year ended 31 March 2010 operating costs were borne for of Euro 9.2 million equal to 22.4%. This amount does not include the revenues of Unibest Leather Goods (Zhongshang) Co. Ltd. against Piquadro SpA, invoiced in US Dollars, as they have been cancelled in these consolidated financial statements.

During the financial year ended 31 March 2011, the Group reported a foreign exchange loss of Euro 226 thousand (Euro 3 thousand as at 31 March 2010), as a result of the dynamics of the foreign exchange market, as well as of the mentioned hedging transactions made by Piquadro SpA through forward purchases of US Dollars.

In the FY 2010/2011, Piquadro made forward purchases of US Dollars for an overall amount of USD 19.0 million (USD 13.5 million in the FY 2009/2010), including purchases in dollars made against Uni Best Leather Goods (Zhongshang) Co. Ltd (net of the sale of leather made by the Parent Company), cancelled in the consolidated financial statements, equal to a counter-value of Euro 14,332 thousand at the average exchange rate prevailing in the FY 2010/2011 (Euro 9,676 thousand at the average exchange rate prevailing in the FY 2009/2010); therefore the entire requirements of the purchases in US Dollars made by the Group were covered (83.28% in relation to the FY 2009/2010).

Note 26 – Costs for services and leases and rentals

Below is reported the breakdown of costs for services:

(in thousands of Euro)	31 March 2011	31 March 2010
Costs for leases and rentals	4,165	3,156
External production	9,744	7,267
Advertising and marketing	3,236	2,538
Administrative services	2,156	1,634
Business services	3,570	3,126
Services for production	1,958	1,673
Transport services	3,843	3,096

Costs for services and leases and rentals	28,672	22,490

Costs for leases and rentals mainly relate to lease rentals relating to the Parent Company's shops.

Note 27 – Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	31 March 2011	31 March 2010
Wages and salaries	7,011	6,750
Social security contributions	1,164	1.035
TFR	277	235
Personnel costs	**8,452**	**8,020**

The table below reports the exact number of the staff employed by the Group as at 31 March 2011 and 31 March 2010:

Units	31 March 2011	31 March 2010
Executives	2	1
Office workers	255	202
Manual workers	428	339
Total for the Group	**685**	**542**

In the financial year ended 31 march 2011, personnel costs reported an increase of 5.4%, passing from Euro 8,020 thousand in the financial year ended 31 March 2010 to Euro 8,452 thousand in the financial year ended 31 March 2011. The increase in personnel costs is due to the increase in staff of Piquadro Spa that occurred in the course of the financial year ended 31 March 2011, mainly due to the opening of the new points of sales, in addition to growth dynamics of the internal organisation.

Furthermore, the increase in personnel costs is directly attributable to the Far East region and more specifically both to the subsidiary Uni Best Leather Goods di Zhongshan which suffered an increase in the minimum salary as required by the Chinese authorities, and to the retail companies for the opening of new points of sales in the area.

Furthermore, it should be noted that the impact of the number of staff employed for production activities (no. 335) over the total reported, equal to 685 people, is equal to 48.9%, while the impact of the same (Euro 1,213 thousand) on the total personnel costs (Euro 8,452 thousand) is equal to about 14.4%.

To supplement the information provided, below is also reported the average number of employees for the financial years ended 31 March 2010 and 31 March 2011.

Average unit	31 March 2011	31 March 2010
Executives	1	1
Office workers	226	172
Manual workers	359	363
Total for the Group	**586**	**536**

Note 28 - Amortisation, depreciation and write-downs

In the FY 2010/2011, amortisation and depreciation were equal to Euro 1,815 thousand (Euro 1,933 thousand as at 31 March 2010). Write-downs, equal to Euro 154 thousand, related to the provision for bad debts from customers

for Euro 127 thousand (Euro 98 thousand as at 31 March 2010), and for Euro 27 thousand to the write-down relating to the key money paid out for the Frankfurt shop.

Note 29 – Other operating costs

In the FY 2010/2011, other operating costs, equal to Euro 207 thousand, mainly related to charges connected with the use of the plant of the Parent Company (Euro 349 thousand as at 31 March 2010).

Note 30 - Financial income

The amount of Euro 562 thousand in the FY 2010/2011 (Euro 627 thousand as at 31 March 2010) mainly related for Euro 100 thousand to interest receivable on current accounts held by the Parent Company and for Euro 462 thousand of foreign exchange gains either realised or estimated (Euro 508 thousand as at 31 march 2010).

Note 31 – Financial charges

Below is the breakdown of financial charges:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Interest payable on current accounts	16	5
Interest and expense subject to final payment	27	28
Financial charges on loans	138	176
Lease charges	116	184
Commissions on credit cards	33	44
Other charges	122	103
Foreign Exchange losses (both realised and estimated)	688	505
Financial Charges	**1,140**	**1,045**

Financial charges mainly relate to financial charges on loans, in addition to financial charges on lease agreements (mainly relating to the sue of the plant in Silla di Gaggio Montano) which include the automated warehouse.

Note 32 – Income tax expenses

Below is reported the breakdown of income tax expenses:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
IRES tax (income taxes)	4,078	3,716
IRAP tax	855	714
Total current taxes	**4,933**	**4,430**

Current taxes mainly relate to the tax burden calculated on the Parent Company’s taxable income (Euro 5,081 thousand).

Below is provided the reconciliation of tax charges and the product of the accounting profit multiplied by the applicable tax rate:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Pre-tax result	14,030	11,366
Taxes calculated at the tax rate applicable in the individual Countries	4,348	3,527
Tax effect of income not subject to taxation	(4,526)	(3,455)
Tax effect of non-deductible costs	4,264	3,626
IRAP tax	847	732
Total	**4,933**	**4,430**

Note 33 - Earnings per share

As at 31 march 2011 diluted earnings per share amounted to Euro 0.176 (basic earnings per share amounted to Euro 0.182 as at 31 March 2011); they are calculated on the basis of the consolidated net profit attributable to the Group, equal to Euro 9,097 thousand, divided by the weighted average number of ordinary shares outstanding in the financial year, equal to 51,600,000 shares, including potential shares relating to the stock option plan resolved and granted on 31 January 2008. As at 31 March 2010, diluted earnings per share were equal to Euro 0.140 (basic earnings of Euro 0.145).

	31 March 2011	**31 March 2010**
Group net profit (in thousands of Euro)	9,097	7,243
Average number of outstanding ordinary shares (in thousands of shares) for the purposes of the calculation of diluted earnings per share	51,600	51,600
Diluted earnings per share (in Euro)	**0.176**	**0.140**
Group net profit (in thousands of Euro)	9,097	7,243
Average number of outstanding ordinary shares (in thousands of shares)	50,000	50,000
Basic earnings per share (in Euro)	**0.182**	**0.145**

Note 34 – Segment reporting

In the FY 2010/2011, about 24% of the Group's consolidated revenues was realised through the direct channel, while the remaining 76% of consolidated revenues was realised through the wholesale channel.

The table below illustrates the segment data of the Piquadro Group broken down by sales channel (DOSs and Wholesale), in relation to the financial years ended 31 March 2011 and 2010.

(in thousands of Euro)	**31 March 2011**				**31 March 2010**				
	DOS	**Wholesale**	**Total for the Group**	**% impact (a)**	**DOS**	**Wholesale**	**Total for the Group**	**% impact (a)**	**% change 2011-2010**
Revenues from sales	**14,809**	**47,005**	**61,814**	**100%**	**11,413**	**40,805**	**52,218**	**100%**	**18.4'**
Other income	475	967	1,442	2.3%	100	712	812	1.6%	77.5%
Costs for purchases of materials	(1,553)	(7,795)	(9,348)	(15.2%)	(1,180)	(7,176)	(8,356)	(16.0%)	11.8%
Cost for services and leases and rentals	(8,072)	(20,600)	(28,672)	(46.4%)	(6,028)	(16,462)	(22,490)	(43.1%)	27.5%
Personnel costs	(3,674)	(4,778)	(8,452)	(13.7%)	(3,071)	(4,949)	(8,020)	(15.4%)	5.4%
Provisions and write-downs	-	(127)	(127)	(0.2%)	-	(5)	(5)	(0.01%)	2.440%
Other operating costs	(31)	(176)	(207)	(0.3%)	(50)	(299)	(349)	(0.7%)	(40.7%)
EBITDA	**1,954**	**14,496**	**16,450**	**26.6%**	**1,184**	**12,626**	**13,810**	**26.4%**	**19.1%**

Amortisation and depreciation	(1,842)	(2.9%)	(2,026)	(3.9%)	(9.5%)
Operating result	**14,608**	**23.6%**	**11,784**	**22.6%**	**23.9%**
Financial income and charges	(578)	(0.9%)	(418)	(0.8%)	38.1%
Pre-tax result	**14,030**	**22.7%**	**11,366**	**21.8%**	**23.5%**
Income taxes	4,933	(7.9%)	(4,243)	(8.1%)	16.3%
Profit for the period	**9,097**	**14.7%**	**7,123**	**13.6%**	**27.7%**
Result attributable to minority interests	-	-%	(120)	(0.2%)	(100%)
Group net result	**9,097**	**14.7%**	**7,243**	**13.9%**	**25.6%**

Below is reported the breakdown of assets, liabilities and fixed assets by sales channel as at 31 March 2011 and 31 March 2010 as balance sheet segment reporting:

	31 March 2011				**31 March 2010**			
	Business Segment				**Business Segment**			
(in thousands of Euro)	**DOS**	**Wholesale**	**Unallocated**	**Total**	**DOS**	**Wholesale**	**Unallocated**	**Total**
Assets	6,790	39,968	13,092	59,850	4,784	35,851	11,953	52,588
Liabilities	4,214	20,154	9,579	33,947	3,420	19,303	8,898	31,621
Fixed assets	1,817	11,037	-	12,854	2,479	9,686	-	12,165

The assets allocated to the segments include property, plant and equipment, intangible assets, trade receivables, inventories, cash and other receivables other than tax receivables. Segment assets do not include loans receivable, tax or fiscal receivables, derivative instruments, deferred tax liabilities and cash and cash equivalents.

The liabilities allocated to the segments include trade payables, provisions for risks and charges, provisions for personnel, payables to other lenders and other payables other than loans payable to credit institutions and tax and fiscal payables. Segment liabilities do not include loans payable to credit institutions, current accounts payable, tax or fiscal payables, derivative instruments and deferred tax liabilities.

As to a breakdown of the Income Statement by segments, reference is made to the information reported in the Report on Operations in Paragraph H “Other information”.

Note 35 – Commitments

a) Commitments for purchases (if any) of property, plant and equipment and intangible assets:

As at 31 March 2011, the Group had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2010/2011.

b) Commitments on operating lease agreements:

As at 31 March 2011, the Group had executed contractual commitments which will entail future costs for leases of factories and operating leases which will be charged to the income statement on an accruals basis starting from the FY 2010/2011, mainly for the lease of the Chinese factory of Uni Best Leather Goods (Zhongshang) Co. Ltd and the leases of DOS shops, as summarised in the table below.

	At 31 March 2011			
(In thousands of Euro)	Within 12 months	From 1 to 5 years	Beyond 5 years	Total
Property lease	830	3,449	2,169	6,448
Factory lease	213	399		612
Other leases	276	200		476
Total	**1,319**	**4,048**	**2,169**	**7,536**

Note 36 – Relations with related parties

Piquadro S.p.A., the Parent Company of the Piquadro Group, operates in the leather goods market and designs, produces and markets articles under its own brand. The subsidiaries mainly carry out activities of distribution of products (Piquadro España SLU, Piquadro Deutschland GmbH , Piquadro Middle East Leather Products LLC, Piquadro Hong Kong Ltd, Piquadro Macau Limitada, Piquadro Trading (Shenzhen) Ltd. and Piquadro Taiwan Co. Ltd.), or production (Uni Best Leather Goods Hong Kong Co Ltd. and Uni Best Leather Goods Zhongsanhg Co. Ltd.).

The relations with Group companies are based on the organisational structure by which the Group itself is organised and the intergroup transactions, which are mainly commercial, are regulated at arm's length. There are also financial relations (inter-group loans) between the Parent Company and some subsidiaries, conducted at arm's length.

On 18 November 2010 Piquadro S.p.A. adopted, pursuant to and for the purposes of article 2391-*bis* of the Italian Civil Code and of the "Regulation on transactions with related parties" as adopted by Consob resolution, the procedures on the basis of which Piquadro S.p.A. and its subsidiaries operate to complete transactions with related parties of Piquadro S.p.A. itself.

The table below reports the breakdown of the main economic and financial relations maintained with the related companies (thousands of Euro):

(in thousands of Euro)	**Receivables**		**Payables**	
	31 March 2011	**31 March 2010**	**31 March 2011**	**31 March 2010**
Financial relations with Piqubo S.p.A.	-	-	-	-
Total Receivables from and Payables to controlling companies	**-**	**-**	**-**	**-**

The Directors report that, in addition to Piquadro Holding SpA and Piqubo SpA and Palmieri Family Foundation, there are no other related parties (pursuant to IAS 24) of the Piquadro Group.

In the FY 2010/2011 no transactions were effected with Palmieri Family Foundation which is a non-profit foundation, whose Founder is Marco Palmieri and which has the purpose of promoting activities aimed at the study, research, training, innovation in the field for the creation of jobs and employment opportunities for needy persons.

During the FY 2010/2011, Piqubo S.p.A., the ultimate parent company, charged Piquadro S.p.A. the rent (whose amount is reported in the table below) relating to the use of the plant located in Riola di Vergato (Province of Bologna) as a warehouse.

(in thousands of Euro)	Revenues		Costs	
	31 March 2011	**31 March 2010**	**31 March 2011**	**31 March 2010**
Costs for rents due to Piqubo S.p.A.	-	-	30	30
Total Revenues and Costs to controlling companies	**-**	**-**	**30**	**30**

In the FY 2010/2011 and FY 2009/2010, no economic transactions occurred with the majority Shareholder, Piquadro Holding SpA.

In the absence of economic relations, below are reported the following financial relations with Piquadro Holding SpA:

- during the FY 2010/2011, Piquadro SpA distributed dividends of Euro 2,719 thousand to the controlling company Piquadro Holding S.p.A., relating to the portion of profits relating to 67.98% of the share capital and concerning the profit for the FY 2009/2010, as per the resolution passed by the Shareholders' Meeting of 22 July 2010;
- during the FY 2009/2010, Piquadro SpA distributed dividends of Euro 2,091 thousand to the controlling company Piquadro Holding S.p.A., relating to the portion of profits relating to 67.46% of the share capital and concerning the profit for the FY 2008/2009, as per the resolution passed by the Shareholders' Meeting of 23 July 2009.

Fees due to the Board of Directors

The table below reports the fees (including emoluments as Directors and current and deferred remuneration, including in kind, as employees) due to Directors and to the members of the Board of Statutory Auditors of Piquadro S.p.A., in relation to the FY 2010/2011, for the performance of their duties in the Parent Company and other Group companies, and the fees accrued by any executives with strategic responsibilities (as at 31 March 2011, Directors had not identified executives with strategic responsibilities):

First and last name	Position held	Period in which the position was held	Term of office [1]	Fees for the position	Non-monetary benefits	Bonuses and other incentives	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/10-31/03/11	2013	400	7			407
PierpaoloPalmieri	Managing director	01/04/10-31/03/11	2013	200	4			204
Marcello Piccioli	Managing director	01/04/10-31/03/11	2013	236	3			239
Roberto Trotta	Managing director	01/04/10-31/03/11	2013	-[2]	3	13	133[3]	149
Roberto Tunioli	Director	01/04/10-31/03/11	2013	25				25
Gianni Lorenzoni	Director	01/04/10-31/03/11	2013	25				25
Sergio Marchese	Director	01/04/10-31/03/11	2013	8				8
				894	**17**	**13**	**133**	**1,057**

[1] up to the approval of the financial statements at 31 March
[2] He waived the emolument for the period from 01.04.10 to 31.03.2011
[3] Fees relating to the remuneration from subordinate employment-executive

Fees due to the Board of Directors

(in thousands of Euro)

First and last name	Position held	Period in which the position was held	Term of office	Fees in Piquadro (in thousands of Euro)	Other fees	Total
Pietro Michele Villa	Chairman of the Board of Statutory Auditors	01/04/10-31/03/11	2013	24		**24**
Alessandro Galli	Regular Member	01/04/10-31/03/11	2013	17		**17**
Vittorio Melchionda	Regular Member	01/04/10-31/03/11	2013	17		**17**
				58		**58**

Information required by Article 149-*duodecies* of the CONSOB Issuers' Regulation

Type of services	Entity performing the service	Fees *(in thousands of Euro)*
Auditing	Parent Company's Auditors	95
Other services	Parent Company's Auditors and network of the Parent Company's Auditors	38
Supporting services to the manager responsible (Law no. 262)	Network of the Parent Company's Auditors	5
Auditing of subsidiaries	Network of the Parent Company's Auditors	44

Note 37 – Events after the year end
In addition to the information indicated above, no significant events were reported at Group level from 1 April 2011 up to today's date.

Note 38 – Other information

a) ***Shares of Piquadro S.p.A. owned by its Directors or Statutory Auditors***

Below is reported the chart containing the equity investments held by directors, statutory auditors, general managers, executives with strategic responsibilities and their spouses and minor children in Piquadro S.p.A. and its subsidiaries.

First and last name	Investee company	No. of shares owned at the end of the previous financial year	No. of shares purchased	No. of shares sold	No. of shares owned at the end of the current financial year
Roberto Trotta	Piquadro SpA	3,000	-	-	3,000

b) Sale transactions with a reconveyance obligation

As at 31 March 2011, the Group had no sale transactions in place subject to an obligation of reconveyance or repurchase of its own assets sold with third-party customers.

c) Information on the financial instruments issued by the Company and by the Group

The Company and the Group did not issue financial instruments during the financial year.

d) Shareholder loans to the Company

The Company and the Group have no payables to Shareholders for loans.

e) Information relating to assets and loans intended for a specific business

The Company and the Group have not constituted assets intended for a specific business, nor have they raised loans intended for a specific business.

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CERTIFICATION ON THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-*Ter* of Consob Regulation No. 11971 of 14 May 1999, as amended and supplemented

The undersigned Marco Palmieri, in his capacity as Chief Executive Officer, and Roberto Trotta, in his capacity as Manager responsible for the preparation of corporate accounting documents of Piquadro S.p.A., certify, also taking account of the provisions under Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- adequacy in relation to the characteristics of the Company and
- actual application of administrative and accounting procedures for the preparation of the consolidated financial statements in the course of the period 1 April 2010-31 March 2011.

It is also certified that the consolidated financial statements as at 31 March 2011:

a) have been prepared in accordance with the applicable International Accounting Standards acknowledged by the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) correspond to the results in the accounting books and records;

c) are suitable to give a true and correct representation of the equity, economic and financial position of the issuer and of all the companies included in the scope of consolidation.

The report on operations includes a reliable analysis of the performance and of the result of operations, as well as of the position of the issuer and of the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Silla di Gaggio Montano (Province of Bologna) 13 June 2011

/F/ Marco Palmieri
Chief Executive Officer

Marco Palmieri

/F/ Roberto Trotta
Manager responsible for the preparation of corporate accounting documents
Roberto Trotta

REPORT OF THE BOARD OF STATUTORY AUDITORS AT 31 MARCH 2011

FINANCIAL STATEMENTS OF PIQUADRO SPA AS AT 31 MARCH 2011

STATEMENT OF FINANCIAL POSITION

(in Euro units)	**Notes**	**31 March 2011**	**31 March 2010**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	740,307	646,061
Property, plant and equipment	(2)	10,907,824	10,988,273
Equity investments in subsidiaries	(3)	302,139	416,213
Receivables from others	(4)	155,811	128,967
Deferred tax assets	(5)	853,041	813,502
TOTAL NON-CURRENT ASSETS		**12,959,122**	**12,993,016**
CURRENT ASSETS			
Inventories	(6)	7,760,897	5,686,591
Trade receivables	(7)	21,178,374	20,196,273
Receivables from subsidiaries	(8)	8,222,054	5,301,848
Other current assets	(9)	1,510,544	1,058,140
Derivative assets	(10)	-	69,213
Cash and cash equivalents	(11)	9,089,973	8,588,686
TOTAL CURRENT ASSETS		**47,761,842**	**40,900,751**
TOTAL ASSETS		**60,720,964**	**53,893,767**

STATEMENT OF FINANCIAL POSITION

(in Euro units)	**Notes**	**31 March 2011**	**31 March 2010**
LIABILITIES			
EQUITY			
Share capital		1,000,000	1,000,000
Share premium reserve		1,000,000	1,000,000
Other reserves		1,081,084	1,170,169
Retained earnings		14,857,623	11,253,932
Profit for the period		9,025,786	7,501,390
EQUITY	(12)	**26,964,493**	**21,925,491**
NON-CURRENT LIABILITIES			
Borrowings	(13)	5,265,826	6,045,962
Payables to other lenders for lease agreements	(14)	4,468,825	5,248,140
Provision for employee benefits	(15)	258,268	287,941
Provisions for risks and charges	(16)	1,990,215	1,486,487
Deferred tax liabilities	(17)	469,542	425,719
CURRENT LIABILITIES			
Borrowings	(18)	3,340,000	2,311,195
Payables to other lenders for lease agreements	(19)	865,186	948,134
Derivative liabilities	(20)	37,633	16,540
Payables to subsidiaries	(21)	1,364,135	1,130,490
Trade payables	(22)	12,716,062	11,836,176
Other current liabilities	(23)	2,246,476	2,231,492
Tax payables	(24)	734,303	-
TOTAL CURRENT LIABILITIES		**21,303,795**	**18,474,026**
TOTAL LIABILITIES		**33,756,471**	**31,968,276**
TOTAL EQUITY AND LIABILITIES		**60,720,964**	**53,893,767**

INCOME STATEMENT

(in Euro units)	Notes	31 March 2011	31 March 2010
Revenues from sales	(25)	59,120,042	50,680,603
Other income	(26)	1,053,756	842,035
OPERATING COSTS			
Change in inventories	(27)	(2,074,305)	980,541
Costs for purchases	(28)	13,656,972	9,400,886
Costs for services and leases and rentals	(29)	25,016,881	20,053,231
Personnel costs	(30)	6,070,127	6,013,148
Amortisation, depreciation and write-downs	(31)	1,729,878	1,674,573
Other operating costs	(32)	205,595	302,138
OPERATING PROFIT		**15,568,650**	**13,098,121**
Shares of profits (losses) from investee companies	(33)	(1,179,000)	(782,053)
Financial income	(34)	657,814	464,427
Financial charges	(35)	(963,379)	(977,293)
PRE-TAX RESULT		**14,084,085**	**11,803,202**
INCOME TAXES	(36)	5,058,299	4,301,812
PROFIT FOR THE PERIOD		**9,025,786**	**7,501,390**

STATEMENT OF COMPREHENSIVE INCOME

(*in Euro units*)	**31 March 2011**	**31 March 2010**
Profit/(Loss) for the period (A)	**9,026**	**7,501**
Profit/(Loss) on hedging instruments of cash flows (cash flow hedge)	(28)	46
Total Profits/(Losses) not recognised through P&L (B)	**(28)**	**46**
Total comprehensive income/(Loss) for the period (A) + (B)	**8,998**	**7,547**

STATEMENT OF CHANGES IN EQUITY

Below is provided the statement of changes in equity in the course of the last financial year, as required by article 2427, paragraph 1), number 7-bis), of the Italian Civil Code.

Description	Share capital	Share premium reserve	Fair value reserve	Other reserves	Total Other Reserves	Retained earnings	Profit for the period	Equity
Balances as at 31.03.09	**1,000**	**1,000**	**(34)**	**1,117**	**1,083**	**6,565**	**7,789**	**17,437**
Profit for the period					**0**		7,501	**7,501**
Other components of the comprehensive result as at 31 March 2010								
Fair value of financial instruments			46		46			**46**
Total Comprehensive Income for the period			**46**	**0**	**46**	**0**	**7,501**	**7,547**
Distribution of the result for the period as at 31 March 2009								
-to dividends					**0**		(3,100)	**(3,100)**
-to reserves					**0**	4,689	(4,689)	**0**
Fair value of Stock Option Plans				41	**41**			**41**
Balances as at 31.03.10	**1,000**	**1,000**	**12**	**1,158**	**1,170**	**11,254**	**7,501**	**21,925**

Description	Share capital	Share premium reserve	Fair value reserve	Other reserves	Total Other Reserves	Retained earnings	Profit for the period	Equity
Balances as at 31.03.10	**1,000**	**1,000**	**12**	**1,158**	**1,170**	**11,254**	**7,501**	**21,925**
Profit for the period							9,026	**9,026**
Other components of the comprehensive result as at 31 March 2011								
Fair value of financial instruments			(28)		**(28)**			**(28)**
Total Comprehensive Income for the period			**(28)**	0	**(28)**	**0**	**9,026**	**8,998**
Distribution of the result for the period as at 31 March 2010								
-to dividends					**0**		(4,000)	**(4,000)**
-to reserves					**0**	3,501	(3,501)	0
Fair value of Stock Option Plans				41	**41**			**41**
Balances as at 31.03.11	**1,000**	**1,000**	**(16)**	**1,199**	**1,183**	**14,755**	**9,026**	**26,964**

STATEMENT OF CASH FLOWS

(*in thousands of Euro*)	31 March 2011	31 March 2010
Pre-tax profit	**14,084**	**11,803**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,603	1,670
Write-down of equity investments	800	473
Provision for bad debts	127	5
Adjustment to the provision for employee benefits	11	6
Net financial charges/(income), including exchange rate differences	266	513
Cash flow from operating activities before changes in working capital	**16,891**	**14,470**
Change in trade receivables (net of the provision)	(982)	(758)
Change in receivables from subsidiaries	(2,920)	(869)
Change in inventories	(2,074)	980
Change in other current assets	(414)	(342)
Change in trade payables	879	1,240
Change in payables to subsidiaries	234	(771)
Change in provisions for risks and charges	504	489
Change in other current liabilities	16	156
Cash flow from operating activities after changes in working capital	**12,134**	**14,593**
Payment of taxes	(4,253)	(4,458)
Interest paid	(438)	(306)
Cash flow generated from operating activities (A)	**7,443**	**9,828**
Investments in intangible assets	(388)	(91)
Investments in property, plant and equipment	(1,349)	(650)
Investments in financial fixed assets	(686)	(360)
Changes generated from investing activities (B)	**(2,423)**	**(1,101)**
Financing activities		
Absorption of short- and medium/long-term loans	(2,446)	(1,817)
Raising of new short- and medium/long-term loans	2,700	-
Changes in financial instruments	90	(127)
Lease instalments paid	(862)	(1,400)
Payment of dividends	(4,000)	(3,100)
Cash flow generated from/(absorbed by) financing activities (C)	**(4,518)**	**(6,445)**
Net increase (decrease) in cash and cash equivalents A+B+C	502	2,283
Cash and cash equivalents at the beginning of the period	**8,588**	**6,305**
Cash and cash equivalents at the end of the period	**9,090**	**8,588**

STATEMENT OF FINANCIAL POSITION PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

Statement of financial position

(in thousands of Euro)	**31 March 2011**	**Related Parties**	**Subsidiaries**	**31 March 2010**	**Related Parties**	**Subsidiaries**
ASSETS						
NON-CURRENT ASSETS						
Intangible assets	740			646		
Property, plant and equipment	10,908			10,988		
Equity investments in subsidiaries	302		302	416		416
Receivables from others	156			129		
Deferred tax assets	853			814		
TOTAL NON-CURRENT ASSETS	**12,959**	**-**	**302**	**12,993**	**-**	**416**
CURRENT ASSETS						
Inventories	7,761			5,687		
Trade receivables	21,178			20,196		
Receivables from subsidiaries	8,222		8,222	5,302		5,302
Other current assets	1,511			1,058		
Derivative assets	-			69		
Cash and cash equivalents	9,090			8,589		
TOTAL CURRENT ASSETS	**47,762**	**-**	**8,222**	**40,901**	**-**	**5,302**
TOTAL ASSETS	**60,721**	**-**	**8,524**	**53,894**	**-**	**5,718**

Statement of financial position

(in thousands of Euro)	31 March 2011	Related Parties	Subsidiaries	31 March 2010	Related Parties	Subsidiaries
EQUITY						
Share capital	1,000			1,000		
Share premium reserve	1,000			1,000		
Other reserves	1,081			1,170		
Retained earnings	14,857			11,254		
Profit for the period	9,026			7,501		
EQUITY	**26,964**	-	**-**	**21,925**	-	-
NON-CURRENT LIABILITIES						
Borrowings	5,266			6,046		
Payables to other lenders for lease agreements	4,469			5,248		
Provision for employee benefits	258			288		
Provisions for risks and charges	1,990		1,138	1,486		759
Deferred tax liabilities	470			426		
TOTAL NON-CURRENT LIABILITIES	**12,453**		**1,138**	**13,494**		**759**
CURRENT LIABILITIES						
Borrowings	3,340			2,311		
Payables to other lenders for lease agreements	865			948		
Derivative liabilities	38			17		
Payables to subsidiaries	1,364		1,364	1,131		1,131
Trade payables	12,716			11,836		
Other current liabilities	2,247			2,232		
Tax payables	734			-		
TOTAL CURRENT LIABILITIES	**21,304**	**1,138**	**1,364**	**18,475**	**759**	**1,131**
TOTAL LIABILITIES	**33,757**	**1,138**	**2,502**	**31,969**	**759**	**1,890**
TOTAL EQUITY AND LIABILITIES	**60,721**	**1,138**	**2,502**	**53,894**	**759**	**1,890**

INCOME STATEMENT PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

Income Statement

(in thousands of Euro)	**31 March 2011**	**Related Parties**	**Subsidiaries**	**31 March 2010**	**Related Parties**	**Subsidiaries**
Revenues from sales	59,120		4,338	50,681		2,445
Other income	1,054		7	842		32
OPERATING COSTS						
Change in inventories	(2,074)			980		
Costs for purchases	13,657		4,912	9,401		3,116
Costs for services and leases and rentals	25,016	30	525	20,053	30	383
Personnel costs	6,070	1,027		6,013	1,032	
Amortisation, depreciation and write-downs	1,730			1,675		
Other operating costs	206			303		
OPERATING PROFIT	**15,569**	**1,057**	**(1,092)**	**13,098**	**1,062**	**(1,022)**
Shares of profits (losses) from investee companies	(1,179)			(782)		
Financial income	658		20	464		15
Financial charges	(964)			(977)		
PRE-TAX RESULT	**14,084**	**1,057**	**(1,072)**	**11,803**	**1,062**	**(1,007)**
INCOME TAXES	5,058			4,302		
PROFIT FOR THE PERIOD	**9,026**	**1,057**	**(1,072)**	**7,501**	**1,062**	**(1,007)**

STATEMENT OF CASH FLOWS PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(*in thousands of Euro*)	**31 March 2011**	**Related parties**	**Subsidiaries**	**31 March 2010**	**Related parties**	**Subsidiaries**
Pre-tax profit	**14,084**			**11,803**		
Adjustments for:						
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,603			1,670		
Write-down of equity investments	800		800	473		473
Provision for bad debts	127			5		
Adjustment to the provision for employee benefits	11			6		
Net financial charges/(income), including exchange rate differences	266		20	513		15
Cash flow from operating activities before changes in working capital	**16,891**			**14,470**		
Change in trade receivables (net of the provision)	(982)			(758)		
Change in receivables from subsidiaries	(2,920)	(2,920)		(869)		(869)
Change in inventories	(2,074)			980		
Change in other current assets	(414)			(342)		
Change in trade payables	879			1,240	36	
Change in payables to subsidiaries	234			(771)		
Change in provisions for risks and charges	504			489		
Change in other current liabilities	16			156		
Cash flow from operating activities after changes in working capital	**12,134**			**14,593**		
Payment of taxes	(4,253)			(4,458)		
Interest paid	(438)			(306)		
Cash flow generated from operating activities (A)	**7,443**			**9,828**		
Investments in intangible assets	(388)			(91)		
Investments in property, plant and equipment	(1,349)			(650)		
Investments in financial fixed assets	(686)			(360)		
Changes generated from investing activities (B)	**(2,423)**			**(1,101)**		
Financing activities						
Absorption of short- and medium/long term loans	(2,446)			(1,817)		
Raising of new short- and medium/long-term loans	2,700			-		
Changes in financial instruments	90			(127)		
Lease instalments paid	(862)			(1,400)		
Payment of dividends	(4,000)	(2,719)		(3,100)	(2,091)	
Cash flow generated from/(absorbed by) financing activities (C)	**(4,518)**			**(6,445)**		
Net increase (decrease) in cash and cash equivalents A+B+C	502			2,283		
Cash and cash equivalents at the beginning of the period	**8,588**			**6,305**		
Cash and cash equivalents at the end of the period	**9,090**			**8,588**		

NOTES TO THE FINANCIAL STATEMENTS OF PIQUADRO SPA AS AT 31 MARCH 2011

General information

These financial statements of Piquadro Spa relate to the financial year ended 31 March 2011; they have been prepared in compliance with the IFRS adopted by the European Union. Piquadro SpA is a joint-stock company established in Italy and registered in the Register of Companies of Bologna, with registered and administrative office in Silla di Gaggio Montano (Bologna).
The financial statements are presented in Euro and all values reported therein are presented in Euro, unless otherwise specified.
The Company is not subject to any direction and coordination activity pursuant to article 2497 and ff. of the Italian Civil Code. In fact, despite article 2497-*sexies* of the Italian Civil Code provides that "it is presumed, unless evidence to the contrary is provided, that the direction and coordination activity of companies is carried out by the company or entity which is required to consolidate their financial statements or which in any case controls them pursuant to article 2359", neither Piqubo SpA nor Piquadro Holding SpA, which are the controlling companies of Piquadro S.p.A., carry out any direction and coordination activity towards the Company, as (i) they do not give instructions to their subsidiary and (ii) there is no significant organizational-functional connection between these companies and Piquadro S.p.A..
Piquadro SpA, in turn, directly carries out operating activities, as well as direction and coordination activities towards the companies controlled by it, pursuant to articles 2497 and ff. of the Italian Civil Code.

Furthermore, it should be noted that for a better understanding of the economic performance of the company, reference is made to the extensive information reported in the Report on Operations prepared by the Directors.

This document was prepared by the Board of Directors on 13 June 2011 and will be submitted to the approval by the shareholders' meeting called for 21 July 2011.

The Company's business

Piquadro S.p.A. designs and markets leather goods - bags, suitcases and accessories - characterised by attention to design and functional and technical innovation.

The Company was established on 26 April 2005. The share capital has been subscribed through the contribution of the branch of business relating to operating activities on the part of the former Piquadro S.p.A (now Piqubo S.p.A., the ultimate company controlling the Company), which became effective for legal, accounting and tax purposes on 2 May 2005.

Effective from 14 June 2007, the registered office of Piquadro S.p.A. was moved from Riola di Vergato (Bologna), via Canova no. 123/O-P-Q-R to Località Sassuriano 246, Silla di Gaggio Montano (Bologna).

As of today's date, the Company is owned by Marco Palmieri through Piqubo SpA, which is 100% owned. Piqubo SpA, in fact, holds 93.34% of the share capital of Piquadro Holding SpA, which in its turn holds 67.98% of the share capital of Piquadro S.p.A., a company which is listed on the Milan Stock Exchange since 25 October 2007.

The flexibility of the business model adopted by the Company allows it to maintain control over all of the critical phases of the production and distribution chain. Indeed, the Company carries out the design, planning, purchasing, quality, marketing, communication and distribution phases wholly within the confines of its organisation and it only resorts to outsourcing for a part of the production activities, although it also retains control over the quality and efficiency of the phases that are currently outsourced. The Company is particularly focused on the activity of design, planning and development of the product, which is carried out by an internal team whose commitment is aimed at maintaining quality and style innovation which have always characterised the Company's products. In this regard, the design team, in light of the well-established experience of the persons who compose it, represents a fundamental resource for the Company.

The Company makes use of a delocalised production model at the Chinese plant which is currently leased to the subsidiary Uni Best Leather Goods Zhongshan Co. Limited (hereinafter "Uni Best 2"), located in the region of Guangdong, China and at third-party workshops located abroad (mainly in

China), which are generally divided on the basis of the type of product. About 30% of production is carried out internally within the Piquadro Group, at the Chinese plant of Zhongshang-Guangdong, while the residual part is outsourced. This model, in the opinion of the management, ensures flexibility and efficiency of the production cycle, thus reducing fixed costs, while retaining control over the critical phases of the value chain, also for the purpose of ensuring product quality.

Main events that occurred in the course of the financial year ended 31 March 2011 and related significant accounting effects

On 14 June 2010 the Board of Directors of Piquadro SpA approved the financial statements ended 31 March 2010 and proposed to distribute a dividend for a total of Euro 4,000,000, equal to Euro 0.080 per share. At the same time, the Board of Directors of Piquadro SpA took steps to call the Extraordinary Shareholders' Meeting for the approval of amendments to sections 12, 13, 17, 19, 25 and 26 of the Company's By-Laws in order to bring them into line with the current regulations for listed companies.

On 22 June 2010, the Company completed the acquisition of the residual stake held by the Chinese partners in Uni Best Leather Goods Co. Limited, a company based in Hong Kong which, in turn, holds 50% of the joint venture Uni Best Leather Goods (Zhongshan) Co. Ltd – a company incorporated under Chinese law which is responsible for about 30% of the production of the Piquadro Group and of which the Company holds the remaining 50%. Specifically, the Chinese partners held no. 500 shares, equal to 50% of the share capital of Uni Best Leather Goods Co. Limited, while Piquadro S.p.A. directly held the residual 50%. Through this transaction, Piquadro S.p.A. directly holds 100% of Uni Best Leather Goods Co. Limited, and indirectly holds, through the latter, 100% of Uni Best Leather Goods (Zhongshan).
The acquisition described above entailed a disbursement for Piquadro S.p.A. equal to about HKD 1.6 million (corresponding to about Euro 170 thousand).

On 18 November 2010, the Company's Board of Directors resolved the review of the organisational, management and control model pursuant to Legislative Decree no. 231/2001 and the Code of Conduct concerning the administrative liability arising from crimes committed by legal entities. This measure was taken in order to make the model more suitable and appropriate to the organisation of Piquadro S.p.A. and in order to take account of the corporate operations without however reducing in any way the effectiveness of the model itself in preventing the commission of crimes that might determine the administrative and criminal liability of the Company. The Board of Directors has also approved the new procedure relating to transactions with related parties, in accordance with the provisions under Consob regulation 17221/2010 and with the favourable opinion of the Independent Directors.

Financial statements formats adopted and reporting currency

At the time of the preparation of the financial statements as at 31 March 2010 and as at 31 March 2011, the Management of Piquadro S.p.A. selected the following formats from among those specified under IAS 1 (revised), as it considered them to be more suitable to represent the Company's equity, economic and financial position:

- classification of the Statement of financial position reporting current assets/liabilities and non-current assets/liabilities;
- classification of costs in the Income Statement by nature;
- classification in the statement of comprehensive income presented in a separate document with respect to the income statement, as permitted by IAS 1 (revised);
- preparation of the Statement of Cash Flows according to the indirect method.

For a better recognition, the accounting data both in the financial statements formats and in these Notes to the Financial Statements, are reported in thousands of Euro.

The reporting currency of these financial statements is the Euro.
The management believes that no significant non-recurring events or transactions occurred either in the FY 2010/2011 or in the FY 2009/2010 nor any atypical or unusual transactions.

In compliance with Regulation (EC) no. 1606/2002, the Financial Statements of Piquadro SpA as at 31 March 2011 were prepared in accordance with IAS/IFRS ("International Accounting Standards" and "International Financial

Reporting Standards") issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and the related interpretations (SIC/IFRIC).

Accounting policies

The accounting policies used in preparing the financial statements as at 31 March 2011, which do not differ from those used in the previous financial year, are indicated below:

Intangible assets

Intangible assets purchased or internally produced are entered under assets when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset may be determined reliably. These assets are valued at their purchase or production cost.

Intangible assets relate to assets without an identifiable physical substance, which are controlled by the company and are able to generate future economic benefits, as well as any possible goodwill.

Intangible assets with a definite useful life are systematically amortised over their useful life, to be intended as the estimated period in which assets will be used by the company. Goodwill and any other intangible asset, where existing, with an indefinite useful life are not amortised, but are tested for impairment at least on an annual basis, for the purposes of verifying the existence of impairment losses (if any).

The rates applied are:

Development costs	25%
Patents	33.3%
Trademarks	20%
Key money (rights to replace third parties in lease agreements for points of sale)	lease term
Concessions	33.3%

(i) Research and development costs

Research and development costs are charged to the income statement in the financial year in which they are incurred, except for development costs entered under intangible assets where all the following conditions are fulfilled:

(f) the project is clearly identified and the related costs can be identified and measured reliably;
(g) the technical feasibility of the project has been demonstrated;
(h) the intention to complete the project and to sell the intangible assets generated by the project has been demonstrated;
(i) a potential market exists or, in the case of internal use, the benefit of the intangible fixed asset has been demonstrated for the production of the intangible assets generated by the project;
(j) the technical and financial resources necessary for the completion of the project are available.

Amortisation of development costs entered under intangible assets will start from the date when the result generated by the project is marketable. Amortisation is made on a straight-line basis over a period of 4 years, which represents the estimated useful life of capitalised expenses.

(ii) Industrial patent and intellectual property rights, Licences and similar Rights

Charges relating to the acquisition of industrial patent and intellectual property rights, licences and similar rights are capitalised on the basis of the costs incurred for their purchase.

Amortisation is calculated on a straight-line basis so as to allocate the cost incurred for the acquisition of the right over the shorter period of the period of the expected use and the term of the related contracts, starting from the time when the acquired right may be exercised; usually, this period has a duration of 5 years.

(iii) Key money

Amortisation of the key money (that is payments to third parties to obtain the rights to take over lease agreements for points of sale) is calculated on a straight-line basis according to the lease term of the points of sale.

The recoverability of the entry value of intangible assets, including goodwill, is verified by adopting the criteria indicated in point “Impairment losses of assets”.

Property, plant and equipment

Property, plant and equipment are entered at their purchase price or production cost, including the directly attributable additional charges required to make the assets available for use.
Costs incurred subsequent to the purchase are capitalised only if they increase the future economic benefits inherent in the asset to which they refer.
The assets whose sale is highly probable as at the reporting date of the financial statements are separated from property, plant and equipment and classified under current assets under item “current assets available for sale” and measured at the lower of the book value and the related fair value, net of estimated selling costs. The sale of an asset classified under non-current assets is highly probable when the management has defined, by a formal resolution, a plan for the disposal of the asset (or of the group being disposed of) and activities have been started to identify a purchaser and to complete the plan. Furthermore, the asset (or the group being disposed of) has been offered for sale at a reasonable price compared to its current fair value. Furthermore, the sale is expected to be completed within a year of the date of classification and the actions required to complete the sale plan show that it is improbable that the plan can be significantly amended or cancelled.

Property, plant and equipment under finance leases, through which all risks and rewards attached to ownership are substantially transferred to the Group, are entered under the relevant classes of property, plant and equipment and are depreciated by applying the same depreciation rates reported below which have been adopted for the related relevant class, provided the lease term is less than the useful life represented by such rates and there is no reasonable certainty of the transfer of the ownership of the leased asset at the natural expiry of the agreement; in this case, the depreciation period is represented by the term of the lease agreement. Assets are entered against the entry of short- and medium-term payables to the lessor financial entity; rentals paid are allocated between financial charges and reduction in borrowings, with the consequent reversal of the rentals for leased assets from the income statement.

Leases in which the lessor substantially retains the risks and rewards attached to ownership of the assets are classified as operating leases. Costs for rentals arising from operating leases are charged to the income statement on a straight-line basis on the basis of the contract term.

Property, plant and equipment are systematically depreciated on a straight-line basis over their useful life, to be intended as the estimated period in which the asset will be used by the company. The value to be depreciated is represented by the entry value as reduced by the presumed net transfer value at the end of its useful life, if it is significant and can be determined reasonably. Land is not subject to depreciation, even if purchased jointly with a building, as well as the tangible assets intended for transfer which are valued at the lower of the entry value and their fair value, net of disposal charges.

The rates applied are:

Land	Unlimited useful life
Buildings	3%
Leasehold improvements (shops)	17.5%
Machinery and moulds	17.5%
General systems	17.5%
Industrial and business equipment	25%
Office electronic machines	20%

Fittings	12%
Motor vehicles and internal means of transport	20%
Cars	25%

Should the asset being depreciated be made up of elements that can be clearly identified and whose useful life significantly differs from that of the other parts making up the asset, depreciation is made separately for each of the parties making up the asset (component approach).

Ordinary maintenance costs are fully charged to the income statement. Costs for improvements, renewal and transformation increasing the value of property, plant and equipment are charged as an increase in the relevant assets and depreciated separately.

Financial charges directly attributable to the construction or production of a tangible fixed asset are capitalised as an increase in the asset under construction, up to the time when it is available for use.

The recoverability of the entry value of property, plant and equipment is verified by adopting the criteria indicated in point "Impairment losses of assets" below.

Equity investments

Equity investments in Subsidiaries are accounted for at cost, which is reduced for lasting impairment losses as required by IAS 36.
The original value is restored in the subsequent financial years if the reasons for the write-down no longer apply.
Equity investments in other companies are measured at fair value; if the fair value cannot be estimated reliably, the investment is valued at cost.
The recoverability of their entry value is verified by adopting the criteria indicated in point "Impairment losses of assets".

Receivables and other non-current and current assets

Receivables and the other non-current and current assets are classified under financial assets "Loans and receivables". These are non-derivative financial instruments which mainly relate to receivables from customers and which are not listed on an active market, from which fixed or determinable payments are expected. They are included in the current portion, except for those with a maturity exceeding twelve months compared to the balance sheet date, which are classified under the non-current portion. Initially these assets are recognised at fair value; subsequently, they are valued at amortised cost on the basis of the actual interest rate method. Should an objective evidence exist of any impairment, the asset is reduced so as to be equal to the discounted value of the flows that may be obtained in the future. Impairment losses are recognised in the income statement. If the reasons for the previous write-downs no longer apply in the subsequent periods, the value of the assets is restored up to the amount of the value which would be derived from the application of amortised cost had no write-down been made.

Inventories

Inventories are valued and entered at the lower of the purchase or production cost, including additional charges, as determined according to the weighted average cost method, and the value of presumed realisable value inferable from the market performance.

Cash and cash equivalents

The item relating to cash and cash equivalents includes cash, current bank accounts, demand deposits and other short-term high-liquidity financial investments, which are readily convertible into cash, or which can be transformed into cash and cash equivalents within 90 days of the date of original acquisition, and are subject to a non-significant risk of changes in value.

Impairment losses of assets

When events occur that make an impairment of an asset expected, its recoverability is checked by comparing its entry value with the related recoverable value, represented by the higher of the fair value, net of disposal charges, and the value in use.
In the absence of a binding sale agreement, the fair value is estimated on the basis of the values expressed by an active market, by recent transactions or on the basis of the best information available in order to reflect the amount that the business could obtain by selling the asset.
The value in use is determined by discounting back the expected cash flows deriving from the use of the asset and, if they are significant and if they can be determined reasonably, from its transfer at the end of its useful life. Cash flows are determined on the basis of reasonable assumptions that can be proved and that represent a best estimate of the future economic conditions that will arise during the residual useful life of the asset, giving greater importance to external factors. Valuation is carried out for individual assets or for the smallest identifiable group of assets that generate independent cash inflows deriving from their on-going use (the so-called cash generating unit). An impairment is recognised in the income statement should the entry value of the asset or of the cash generating unit to which it is allocated be higher than the recoverable value.
If the reasons for the write-downs previously made no longer apply, the assets, excluding goodwill, are restored and the adjustment is charged as a revaluation (reinstatement of value) in the income statement. The revaluation is made at the lower of the recoverable value and the entry value, including the write-downs previously made and reduced by the amortisation rates which would have been allocated had no write down been made.

Equity

The share capital is made up of the outstanding ordinary shares and is entered at its nominal value. Costs relating to the issue of shares or options are classified as a reduction in equity (net of the tax benefit related thereto) as a deduction of the income arising from the issue of such instruments.

In case of purchase of treasury shares, the price paid, including directly attributable additional charges (if any), is deducted from the Companies' equity up to the time of cancellation, reissue or disposal of the shares. When the said treasury shares are resold or reissued, the price received, net of directly attributable additional charges (if any) and of the related tax effect, is accounted for as an increase in the Company's equity.

Reserve for financial assets/liabilities at fair value

This reserve refers to the effect of accounting for derivative instruments which are eligible for hedge accounting on equity.

Legal reserve

Entries are made in the legal reserve through provisions recognised pursuant to article 2430 of the Italian Civil Code, or the reserve is increased to an extent equal to the 20th part of the Net profits achieved by the Company until the reserve in question reaches a fifth of the share capital. Once a fifth of the share capital is reached, if for whatever reason the reserve is decreased, it shall be replenished with the minimum annual provisions as indicated above.

Stock Option plans

The Company acknowledges additional benefits to some executives, office workers and consultants through stock option plans. As required by IFRS 2 – *Share-based payments*, they must be considered based on equity settlement; therefore, the overall amount of the current value of the stock option at the grant date is recognised as a cost in the income statement. Any changes in the current value occurring after the grant date have no effect on the initial valuation. The cost for fees, corresponding to the current value of the options, is recognised under personnel costs on the basis of a straight-line criterion over the period between the grant date and the vesting date, against an entry recognised in equity.

Hedging financial instruments

The Company holds derivative financial instruments to hedge exposure to foreign exchange and interest rate risks. The Company does not hold financial instruments of a speculative nature, as required by the risk policy approved

by the Board of Directors. Consistently with IAS 39, hedging financial instruments are accounted for according to the procedures laid down for hedge accounting if all the following conditions are fulfilled:

- at inception of the hedge, there is formal documentation of the hedging relationship and the company's risk management objective and strategy for undertaking the hedge;
- the hedge is expected to be highly effective in offsetting changes in fair value (fair value hedge) or cash flows (cash flow hedge) that are attributable to the hedged risk;
- for cash flow hedges, any forecast transaction being hedged is highly probable and presents an exposure to the changes in cash flows which could finally affect the economic result for the period;
- hedge effectiveness is reliably measurable, i.e. the fair value or cash flows of the hedged item and the fair value of the hedging instrument can be reliably measured;
- the hedge must be assessed on an on-going basis and be highly effective for the entire life of the derivative.

The criterion for measuring hedging instruments is represented by their fair value as at the designated date.
The fair value of foreign exchange derivatives is calculated in relation to their intrinsic value and time value.
On each closing date of the financial statements, hedging financial instruments are tested for effectiveness, in order to verify whether the hedge meets the requirements to be qualified as effective and to be accounted for according to hedge accounting.
When the financial instruments are eligible for hedge accounting, the following accounting treatments will be applied:

Fair value hedge - If a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a balance sheet asset or liability attributable to a specific risk that might impact the income statement, the profit or loss arising from the subsequent measurements at fair value of the hedging instrument are recognised in the income statement. The profit or loss on the hedged item, attributable to the hedged risk, modify the book value of this item and are recognised in the income statement.

Cash flow hedge - If a derivative financial instrument is designated as a hedge of the exposure to changes in future cash flows of an asset or liability entered in the accounts or of a forecast transaction which is highly probable and which could have effects on the income statement, changes in fair value of the hedging instrument are taken to the statement of comprehensive income, the ineffective portion (if any) is recognised in the income statement.
If a hedging instrument or a hedging relationship are terminated, but the transaction being hedged has not yet been effected, the combined profits and losses, which have been entered under the statement of comprehensive income up to that time, are recognised in the income statement at the time when the related transaction is effected.
If the transaction being hedged is no longer deemed probable, the profits or losses not yet realised and deferred to equity are immediately recognised in the income statement.
If the hedge accounting cannot be applied, the profits or losses arising from the measurement at fair value of the derivative financial instrument are immediately entered in the income statement.

Financial liabilities

Financial liabilities are related to loans, trade payables and other obligations to pay and are initially recognised at fair value, while they are subsequently valued at amortised cost, using the actual interest rate method. Should a change occur in the expected cash flows and should it be possible to estimate them reliably, the value of the loans is recalculated to reflect this change on the basis of the present value of the new expected cash flows and of the internal rate of return determined initially. Financial liabilities are classified under current liabilities, unless the Company has an unconditional right to delay their payment for at least 12 months after the balance sheet date.
Financial liabilities are derecognised from the accounts at the time of their discharge or when the Company has transferred all the risks and charges relating to the instruments themselves. As the Company's financial liabilities have been incurred at variable interest rates, their fair value is substantially in line with the balance sheet value.

Financial instruments and IFRS 7

The category of financial instruments

As required by the accounting standard IFRS 7**,** below is reported the breakdown of the financial instruments by category relating to the financial years ended 31 March 2011 and 31 March 2010, as well as their measurement at fair value and the impact they have generated through Profit or Loss in the financial years indicated above.

(in thousands of Euro)	31/03/2011	FVTPL	LAR	AFS	FLAC	IAS 17 leasing	measurement at fair value	effect through P&L
Trade receivables	21,178	-	21,178	-	-	-	21,178	-
Receivables from subsidiaries	8,222	-	8,222	-	-	.	8,222	-
Assets for financial instruments	-	-	-	-	-	-	-	-
Cash and cash equivalents	9,090	-	9,090	-	-	-	9,090	-
Assets	**38,490**	**-**	**38,490**	**-**	**-**	**-**	**38,490**	**-**
Non-current borrowings	5,266	-	-	-	5,266	-	5,266	-
Payables to other lenders for non-current lease agreements	4,469	-	-	-	-	4,469	-	-
Current borrowings	3,340	-	-	-	3,340	-	3	128
Payables to other lenders for current lease agreements	865	-	-	-	-	865	-	-
Trade payables	12,716	-	12,716	-	-	-	12,716	-
Payables to subsidiaries	1,364	-	1,364	-	-	-	1,364	-
Liabilities for financial instruments	38	38	-	-	-	-	38	12
Liabilities	**28,058**	**38**	**14,080**	**-**	**8,606**	**5,334**	**22,724**	**140**

(in thousands of Euro)	31/03/2010	FVTPL	LAR	AFS	FLAC	IAS 17 leasing	measurement at fair value	effect through P&L
Trade receivables	20,196		20,196				20,196	
Receivables from subsidiaries	5,302		5,302				5,302	
Assets for financial instruments	69	69					69	
Cash and cash equivalents	8,589		8,589				8,589	
Assets	**34,156**	**69**	**34,087**	**-**	**-**	**-**	**34,156**	**39**
Non-current borrowings	6,046				6,046		6,046	
Payables to other lenders for non-current lease agreements	5,248					5,248		
Current borrowings	2,311				2,311		2,311	176
Payables to other lenders for current lease agreements	948					948		
Trade payables	11,836		11,836				11,836	
Payables to subsidiaries	1,131		1,131				1,131	
Liabilities for financial instruments	17	17					17	
Liabilities	**27,537**	**17**	**12,967**	**-**	**8,357**	**6,196**	**21,341**	**176**

FVTPL	Fair Value through Profit and Loss
LAR	Loans and Receivables
AFS	Available for sale
FLAC	Financial Liabilities at Amortised Cost

Risk factors

The Company is exposed to risks associated with its own business, which are specifically referable to the following cases:

- Credit risk arising from business transactions or financing activities;
- Liquidity risk relating to the availability of financial resources and to the access to the credit market;
- Market risk which is identified in detail as follows:
    - Foreign exchange risk, relating to operations in currencies other than currencies of denomination;

- Interest rate risks, relating to the Company's exposure on financial instruments which produce interest.

Credit risk

The operational management of this risk is delegated to the Credit Management function which is shared by the Administration, Finance and Control Department with the Sales Department and is carried out as follows:

- assessing the credit standing of the customers;
- monitoring the related expected incoming flows;
- the appropriate payment reminder actions;
- debt collection actions, if any.

The write-down necessary to bring the nominal value in line with the expected collectable value has been determined by analysing all of the expired loans in the accounts and using all the available information on individual debtors. Loans which are the object of disputes and for which there is a legal or insolvency procedure have been fully written down, while fixed write-down percentages have been applied to all the other receivables, again taking account of both legal and actual situations. Below is reported the summary statement of the changes in the provision for bad debts.

(in thousands of Euro)	Provision as at 31 March 2010	Use	Provision	Provision as at 31 March 2011
Provision for bad debts	933	(44)	127	1,016
Total provision	**933**	**(44)**	**127**	**1,016**

Position of the loans

As required by IFRS 7, below is reported a breakdown of expired loans:

in thousands of Euro		Loans falling due	Expired loans			Provision for
31/03/2011	**Amount in the accounts**		**1-60 days**	**61-120 days**	**over 120 days**	**bad debts**
DOS	-	-	-	-	-	-
Wholesale	21,178	17,906	1,436	665	2,187	(1,016)
Subsidiaries	8,222	1,872	531	10,151	4,768	
Total	**29,400**	**19,778**	**1,967**	**1,716**	**6,955**	**(1,016)**

in thousands of Euro		Loans falling due	Expired loans			Provision for
31/03/2010	**Amount in the accounts**		**1-60 days**	**61-120 days**	**over 120 days**	**bad debts**
DOS	-	-	-	-	-	-
Wholesale	20,196	14,306	1,707	1,458	3,658	(933)
Subsidiaries	5,302	1,624	533	958	2,187	
Total	**25,498**	**15,930**	**2,240**	**2,416**	**5,845**	**933**

Liquidity risk

The financial requirements are affected by the dynamics of receipts from customers in the Wholesale Channel, a segment which is mainly made up of points of sale/shops; as a consequence, credits are highly fragmented, with average variable payment times.
Nevertheless, the Company is able to finance the growing requirements of net working capital with ease, through the cash flows generated by operations, including the short-term receipts generated by the DOS Channel and, when necessary, through recourse to short-term loans.

Furthermore, policies and processes have been adopted which are aimed at optimising the management of financial resources, thus reducing liquidity risks:

- maintaining an adequate level of available funds;
- obtaining adequate credit lines;
- monitoring the perspective liquidity conditions, in relation to the corporate process.

Liquidity schemes

Type of instruments	Amount in the accounts	Within 1 year	From 1 year to 5 years	Beyond 5 years	Total
31/03/2011					
Payables to banks for Loans	8,606	3,474	5,408		8,882
Payables to banks for credit lines	-				-
Trade payables	14,080	14,080			14,080
Other borrowings (leasing)	5,334	1,032	3,418	1,594	6,044
Derivative liabilities for IRS contract	7	16	20		36
Derivative liabilities for USD forward contracts	31	31			
Total	**28,058**	**18,633**	**8,846**	**1,594**	**29,042**

Type of instruments	Amount in the accounts	Within 1 year	From 1 year to 5 years	Beyond 5 years	Total
31/03/2010					
Payables to banks for Loans	8,357	2,421	6,227		8,648
Payables to banks for credit lines	-				-
Trade payables	11,836	11,836			11,836
Other borrowings (leasing)	6,196	1,127	4,429	1,525	7,081
Derivative liabilities for IRS contract	17	16	36		52
Total	**26,406**	**15,400**	**10,692**	**1,525**	**27,617**

Below are reported the main assumptions for the table above:

- Loans payable: the future cash flows have been provided directly by the banks concerned (Carisbo both for 31/03/2011 and 31/03/2010);
- Current bank accounts: by virtue of the worst case in which the worst scenario is equal to the repayment on demand of the use of the credit line, the related cash out has been charged to the first time band;
- Irs Cap Spread: for the sole analysis of the cash flows as at 31/03/2011, the payment spread has been calculated for the instrument, by assuming that the 3-month Euribor rate (equal to 1.24%) as at the closing date of the financial year will remain the same over time. As the relevant rate is lower than the fixed cap, the cost of the contract (equal to 0.30%) was multiplied by the hedged notional value (Euro 5,300 thousand);

- Foreign exchange forwards: the cash out in Euro has been reported which has been envisaged as per contract at the time of the execution of the derivative instruments;
- Finance leases: instalments, plus interest, have been reported.

As at 31 March 2011, Piquadro S.p.A. could rely on about Euro 29,928 thousand of unused credit lines (about Euro 27,986 thousand as at 31 March 2010) and on liquid assets of about Euro 9,090 thousand (Euro 8,588 thousand as at 31 March 2010). As regards the balance of current assets, and specifically the coverage of payables to suppliers, it is also ensured by the amount of net trade receivables, which amounted to Euro 29,400 thousand as at 31 March 2011 (Euro 25,498 thousand as at 31 March 2010).

Market risk

Foreign exchange risk

The Company is subject to market risks arising from fluctuations in the exchange rates of the currencies, as it operates in an international context in which transactions, mainly those with suppliers, are settled in US Dollars (USD). It follows that the Company's net result is partially affected by the fluctuations in the USD/Euro exchange rate.
The necessity to manage and control financial risks has induced the Management to adopt a risk containment strategy, better defined as "policy hedge accounting". This consists in continuously hedging the risks relating to purchases over a time period of six months on the basis of the amount of the orders issued that shall be settled in US dollars. This conduct can be classified as a "Cash flow hedge" or the hedge of the risk of changes in the future cash flows; these flows can be related to assets or liabilities entered in the accounts or to highly probable future transactions. In compliance with IAS 39, the portions of profit or loss accrued on the hedging instrument, which is considered effective for hedging purposes, has been recognised directly in equity under a special reserve.

During the FY 2010/2011 ended 31 March 2011, Piquadro S.p.A. executed currency forward contracts for USD 19,073 thousand, equal to an aggregate counter-value of Euro 14,332 thousand, with an average exchange rate of USD 1.4051.

During the FY 2009/2010 ended 31 March 2010, Piquadro S.p.A. executed currency forward contracts for USD 13,510 thousand, equal to an aggregate counter-value of Euro 9,676 thousand, with an average exchange rate of USD 1.3963.

For an analysis of the effects of these risks, reference is made to the table reported below:

	Book value	Of which subject to FER	Foreign exchange risk (FER) +10% Euro/Usd Profits and (Losses)	Other changes in Equity	-10% Euro/Usd Profits and (Losses)	Other changes in Equity
Financial assets						
Cash and cash equivalents	9,090	1,880	(171)	-	209	-
Trade receivables	21,178	-	-	-	-	-
Receivables from subsidiaries	8,222	1,062	137)		167	
Derivative financial instruments	-	-	-	-	-	-
			(308)	0	376	0
Financial liabilities						
Borrowings	8,606	-				
Trade payables	12,716	3,014	193	-	(236)	-
Payables to subsidiaries	1,364	1,163	88		(108)	
Derivative financial instruments	38	31	84	132	(144)	(226)
			365	132	(488)	(226)
Total increases (decreases) as at 31/03/2011			**57**	**132**	**(112)**	**(226)**
Financial assets						
Cash and cash equivalents	8,589	426	(38)		47	
Trade receivables	20,196	1	0		0	
Receivables from subsidiaries	5,302	1,062	(96)		118	
Derivative financial instruments	69	69	202	154	(112)	(86)
			68	154	53	(86)
Financial liabilities						
Borrowings	8,356	-				
Trade payables	11,836	3,030	203		(248)	
Payables to subsidiaries	1,130	1,163	79		(96)	
Derivative financial instruments	17	-				
			282	0	(344)	0
Total increases (decreases) as at 31/03/2010			**350**	**154**	**(291)**	**(86)**

The variability parameters applied were identified in the context of changes that are reasonably possible on exchange rates with all other variables being equal.
As at 31 March 2011, the amount of Euro 31 thousand in the liabilities represented the fair value of the forward contracts hedging foreign exchange risks for a notional amount of USD 4,250 thousand.

Interest rate risk

In September 2005, Piquadro S.p.A. executed, for hedging purposes on the BNL loan of Euro 5,300 thousand as renegotiated with Cassa di Risparmio di Bologna on 16 January 2008, a derivative contract I.R.S. (Interest Rate Swap) CAP SPREAD. For accounting purposes, this derivative is treated as a financial instrument hedging future cash flows (and then accounted for through hedge accounting – cash flow hedge) and then accounted for at fair value against an entry in the statement of comprehensive income.

The transaction has the following characteristics

- Date of the transaction 19/09/2005

- Amount Euro 5,300 thousand
- Trade date 19/09/2005
- Initial date 19/09/2005
- Final expiry 31/07/2012
- Periodical expiries 31/10–31/01–30/04–31/07 from 31/10/2005 to 31/07/2012
- Parameter A Assumption a) 3-month Euribor + 0.3% if 3-month Euribor is less than 4%
  Assumption b) 4% + 0.3% if 3-month Euribor is equal to or exceeds 4%
- Debtor of parameter A Piquadro
- Parameter B 3-month Euribor
- Debtor of parameter B Banca Nazionale del Lavoro

It follows that the company has hedged the risk of increases in the interest rate linked to the performance of the 3-month Euribor; the cost of the transaction is represented by the fixed spread equal to 0.30%.
In these financial statements, on 31 March 2011 the Company accounted for "financial liabilities for derivative instruments" for Euro 7 thousand, relating to the negative fair value connected to the Interest Rate Swap contract described above.

			Interest Rate Risk (IRR)			
			+ 50 bps on IRR		**- 50 bps on IRR**	
	Book value	Of which subject to IRR	**Profits and (Losses)**	**Other changes in Equity**	**Profits and (Losses)**	**Other changes in Equity**
Financial assets:						
Cash and cash equivalents	9.090	9.090	45		(45)	
Trade receivables	21.178	-				
Derivative financial instruments	8.222	-				
	-	-				
Financial liabilities:			45		(45)	
Payables to banks for Loans	8.606	8.606	(43)		43	
Payables to banks for credit lines	-	-				
Trade payables	12.716	-				
Other financial payables (leasing)	1.364	-				
Derivative financial instruments	5.334	5.334	(27)		27	
	7	17		(12)		12
			(70)	(12)	70	12
Total increases (decreases) as at 31/03/2011			**(24)**	**(12)**	**24**	**12**

			Interest Rate Risk (IRR)			
			+ 50 bps on IRR		**- 50 bps on IRR**	
	Book value	Of which subject to IRR	**Profits and (Losses)**	**Other changes in Equity**	**Profits and (Losses)**	**Other changes in Equity**
Financial assets:						
Cash and cash equivalents	8.589	8.589	43		(43)	
Trade receivables	20.196	-				
Derivative financial instruments	5.302	-				
	69	-				
Financial liabilities:			43		(43)	
Payables to banks for Loans	8.356	8.356	(42)		42	
Payables to banks for credit lines	-	-				
Trade payables	11.836	-				
Other financial payables (leasing)	1.130	-				
Derivative financial instruments	6.196	6.196	(31)		31	
	17	17		(19)		19
			(73)	(19)	73	19
Total increases (decreases) as at 31/03/2010			**(30)**	**(19)**	**30**	**19**

The variability parameters applied were identified in the context of changes that are reasonably possible on exchange rates with all other variables being equal.

Capital risk management

The Company manages the capital with the objective of supporting the core business and optimising the value for shareholders, while maintaining a correct structure of the equity and reducing its cost.

Piquadro S.p.A. monitors the capital on the basis of the gearing ratio, which is calculated as the ratio between net debt and total capital.

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Net financial position	4,850	5,964

Equity	26,964	21,925
Total capital	31,814	27,889
Gearing ratio	**17.99%**	**21.38%**

Fair Value

The table below reports the assets and liabilities measured at fair value and classified on the basis of three levels which take account of the different variables used for the purposes of the valuation.

(in thousands of Euro)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Derivative assets	-	-	-	-
Total assets	**-**	**-**		**-**
Liabilities				
Derivative liabilities	-	38	-	38
Total liabilities	**-**	**38**	**-**	**38**

Level 1 includes financial instruments for which the fair value is made up of (unadjusted) prices listed on active markets as at the balance sheet date;
Level 2 includes financial instruments for which the fair value is determined by using specific technical valuations; specifically:

- the fair value of derivatives on interest rates is calculated at the present value of the estimated future cash flows on the basis of the yield curves that can be observed;
- the fair value of foreign exchange derivatives is calculated by using forward exchange rates as at the balance sheet date and by subsequently discounting back the value obtained;

Level 3 includes financial instruments for which the fair value is linked to variables that are not based on market values that can be observed.
No significant value differences emerged from the comparison between the book value of the financial instruments held by the Company and their fair value.

Employee benefits

Law no. 296 of 27 December 2006, the 2007 Finance Law, introduced considerable amendments as regards the allocation of funds of the provision for TFR . Until 31 December 2006, TFR was included within the scope of post-employment benefit plans, of the "defined benefit" type of plans and was measured according to IAS 19, using the Projected Unit Credit method made by independent actuaries. This calculation consists in estimating the amount of the benefit that an employee will receive on the alleged date of termination of the employment relationship using demographic and financial assumptions. The amount that is thus calculated is then discounted back and re-proportioned on the basis of the length of service built up against the total length of service and it is a reasonable estimate of the benefits that each employee has already accrued with respect to the work performed. Actuarial gains and losses arising from changes in the actuarial assumptions used are recognised in the income statement.
As a result of the reform of supplementary pension schemes, the provision for TFR, as regards the portion accrued from 1 January 2007, is to be considered as being substantially assimilated to a "defined contribution plan". In particular, these amendments introduced the possibility for workers to choose where to allocate the TFR that is accruing. In companies with more than 50 employees, the new TFR flows may be allocated by the worker to selected pension schemes or kept in the company and transferred to INPS (*Istituto Nazionale di Previdenza Sociale*, National Social Security Institute).

In short, following the reform on supplementary pension schemes, the Company has carried out an actuarial measurement of the TFR accrued before 2007, without further including the component relating to future pay increases. On the contrary, the portion accrued after 2007 has been accounted for according to the procedures attributable to defined contribution plans.

Provisions for risks and charges

Provisions for risk and charges cover certain or probable costs and charges of a fixed nature, whose timing or amount was uncertain at the closing date of the financial year. Provisions are recognised when: (i) it is probable that

a current obligation (legal or constructive) exists as a result of paste events; (ii) it is probable that the fulfilment of the obligation will require the payment of a consideration; (iii) the amount of the obligation can be estimated reliably. Provisions are entered at the value representing the best estimate of the amount that the Company would rationally pay to discharge the obligation or to transfer it to third parties at the closing date of the period. When the financial effect of time is significant and the payment dates of the obligations can be estimated reliably, the provision is discounted back; the increase in the provision connected with the passage of time is charged to the income statement under item "Financial income (charges)". The provision for supplementary clientele indemnity, as well as any other provisions for risks and charges, is allocated on the basis of a reasonable estimate of the future probable liability, taking account of the available elements and also taking account of the estimated made by independent third-party actuaries.

Income taxes

Taxes for the period represent the sum of current and deferred taxes.

Current taxes are determined on the basis of a realistic forecast of charges to be paid in the application of the tax regulations in force; the related debt is reported net of advances, taxes withheld and tax credits that can be offset, under item "Current tax payables". If there is a credit, the amount is reported under item "Current tax receivables " under current assets.

Deferred tax assets and liabilities are calculated on the temporary differences between the values of assets and liabilities entered in the accounts and the corresponding values recognised for tax purposes. Deferred tax assets are entered when it is probable that they will be recovered. Deferred tax assets and liabilities are classified under non-current assets and liabilities and are offset if they refer to taxes that can be offset. The balance of the set-off is entered under item "Deferred tax assets" if positive and under item "Deferred tax liabilities" if negative.
Both current and deferred taxes are recognised under item "Income tax expenses" in the income statement, except when these taxes are originated from transactions whose effects are recognised directly in equity. In this case, the contra-entry of the recognition of the debt for current taxes, of deferred tax assets and liabilities is charged as a reduction in the equity item from which the effect being recorded originated.
Deferred tax assets and liabilities are calculated on the basis of the tax rates which are expected to be applied in the tax year when these assets will be realised or these liabilities will be discharged.

Currency translation

Receivables and payables initially expressed in a currency other than the functional currency of the company which recognises the receivable/payable (foreign currency) are translated into the functional currency of the said company at the exchange rates prevailing at the dates on which the related transactions take place. The exchange rate differences realised on the occasion of the collection of receivables and the payment of debts in foreign currency are entered in the income statement. As at the reporting date of the financial statements, receivables and payables in foreign currency are translated at the exchange rates prevailing at that date, charging any changes in the value of the receivable/payable to the income statement (estimated foreign exchange gains and losses).

Revenue recognition

Revenues are recognised at the time of the transfer of all the risks and charges arising from the ownership of the transferred assets.
Revenues and income are recognised net of returns, discounts, allowances and premiums, as well as of the taxes connected to the sale or performance of services.

With reference to the main types of revenues achieved by the Company, they are recognised on the basis of the following criteria and as required by IAS 18:
Sales of assets – retail segment. The Company operates in the retail business through its own network of DOSs. Revenues are accounted for at the time of the delivery of the assets to the customers, when all the risks are substantially transferred. Sales are usually collected directly or through credit cards.
Sales of assets – wholesale segment. The Company distributes products in the wholesale market. The related revenues are accounted for at the time of the shipment of the assets, when all the risks are substantially transferred.
Performance of services. These revenues are accounted for proportionally to the state of completion of the service rendered as at the relevant date.
Sales based on repurchase commitments. Revenues and receivables from the buyer are recognised at the time of the delivery of the assets, while reversing the value of the transferred assets from the assets. As at the balance sheet date, revenues and receivables are reversed on the basis of the sales made by the buyer in relation to the transferred assets. The difference between the book value (which corresponds to the production cost) and the estimated resale value is recognised under the item "Inventories".

Financial income and revenues from services are recognised on an accruals basis.

Cost recognition

Costs are recognised when they relate to goods and services purchased and/or received during the period or relate to the systematic apportionment of an expense from which future benefits derive that can be apportioned over time.

Financial charges and charges from services are recognised on an accruals basis.

Use of estimates

The process of drawing up the financial statements involves the Management making accounting estimates based on complex and/or subjective judgements; these estimates are based on past experiences and assumptions that are considered reasonable and realistic on the basis of information known at the moment of making the estimate. The use of these accounting estimates affects the value of assets and liabilities and the disclosure on potential assets and liabilities as at the balance sheet date, as well as the amount of revenues and costs in the relevant period. The final results, or the actual economic effect that is recognised when the event takes place, of the financial statement items for which the abovementioned estimates and assumptions were used, may differ from those reported in the financial statements that recognise the effects arising from the event that is subject to estimation, due to the uncertainty that is characteristic of assumptions and the conditions on which the estimates are based.

Main estimates adopted by the Management

Below are briefly described the accounting standards which, more than others, require greater subjectivity on the part of the Directors in working out the estimates and for which a change in the conditions underlying the assumptions applied could have a significant impact on the consolidated financial data:

- Impairment of assets: property, plant and equipment and intangible assets with a definite life are subject to verification in order to ascertain if an impairment has occurred. This impairment shall be recognised by means of a write-down when indicators exist that could lead to an expectation of difficulties in recovering the relative book value through usage of the asset. Verifying that the abovementioned indicators exist requires directors to exercise subjective valuations based on information available and inferable from the market, as well as using past experience. Moreover, should the likelihood of a potential impairment be ascertained, the Company will set about calculating this using the evaluation techniques that it considers appropriate. Correctly identifying the items that indicate the existence of a potential impairment and the estimates used for calculating the same depend on factors which can vary over time and affect the valuations and estimates carried out by the Directors;

- Amortisation and depreciation of fixed assets: the amortisation and depreciation of fixed assets constitute a significant cost for the Company. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the related assets. The useful economic life of the Company's fixed assets is determined by the Directors at the time when the fixed asset has been purchased; it is based on past

experience for similar fixed assets, market conditions and expectations regarding future events which could have an impact on the useful life, including changes in technology. Therefore, the actual economic life may differ from the estimated useful life. The Company periodically evaluates technological and sector changes in order to update the residual useful life. This periodical update could involve a variation in the depreciation period and therefore also in the depreciation rate for future financial years.

- Deferred taxes: deferred tax assets are accounted for on the basis of the income expected in the future financial years. The measurement of the expected income for the purposes of accounting for deferred taxes depends on factors which can vary over time and determine significant effects on the measurement of deferred tax assets.

- Provisions for legal and tax risks: provisions are made for legal and tax risks, if required, which represent the risk of being the losing party. The amount of the provisions (if any) entered in the accounts statements relating to such risks represents the best estimate at that time made by Management. This estimate entails the adoption of assumptions which depend on factors which can vary over time and which could therefore have effects compared to the current estimated made by the Directors for the preparation of the financial statements.

Below are reported the critical accounting estimates of the process of drawing up the financial statements for which the Management has availed itself of the support and valuations of independent third-party experts (actuaries and financial advisors). Please note that future amendments (if any) to the conditions underlying the judgments, assumptions and estimates adopted could have an impact on the results of financial years after 2010/2011:

- Actuarial calculation of defined benefit pension plans: the estimates, demographic and economic-financial assumptions adopted, with the support of the valuations of an actuarial expert, in the actuarial calculation for the determination of defined benefit plans within post-employment benefits are broken down as follows:

Annual rate of inflation	*Probability of exit of the employee from the Group*	*Probability of advance payments of the TFR*
2.00% both for 2011 and 2010	7.5% frequency both for 2011 and 2010	3% for 2011 and 2% for 2010

Amendments to accounting standards

Accounting standards, amendments and interpretations

The accounting standards adopted in preparing these consolidated financial statements as at 31 March 2011 comply with those adopted for the financial year ended 31 March 2010, except for those amendments required by:

- IAS 27 (revised) – Consolidated and separate Financial Statements: the amendment to IAS 27 provides that the changes in the shareholding that do not constitute a loss of control must be treated as transactions between shareholders (the so-called equity transaction) and must be entered against an entry in equity, eliminating the option for the entry in the income statement. Furthermore, when the controlling company transfers control in one of its investee companies, but continues in any case to hold a stake in the company, the investment maintained in the accounts shall be measured at fair value and profits or losses (if any) arising from the loss of control shall be charged to the income statement.

- IFRS 3 (revised) – Business combinations: the amended standards introduces a number of significant changes; specifically: it will be possible to enter goodwill also with reference to portions of minority interests (the so-called full goodwill method); amendments are made to the procedures for entering assets and liabilities in the case of the acquisition of subsidiaries in more than one phase (goodwill is determined as the difference between the value of the investments immediately before the acquisition, the consideration for the transaction and the fair value of the net acquired assets); the standards also introduces the obligation to recognise all the costs connected to the business combination in the income statement, as well as the obligation to consider the fees subject to condition in the acquisition price.

- IFRIC 9 and IAS 39 (amended) – Reassessment of embedded derivatives and Financial Instruments: Recognition and Measurement. The amendments regulate specific relevant dates for the measurement and the criterion for the measurement itself as to embedded derivatives.

- IFRIC 12 – Service concession arrangements. The standard illustrates the procedure to recognise the infrastructure subject to service public and private concession arrangements in the financial statements of the concessionaire and specifies the distinction between of the various phases of an agreement (construction/management) and the procedures to recognise income and expenses in any case. It provides for two models (financial assets and intangible assets) to recognise the infrastructure and the related income/expenses according to the degree of uncertainty to which the concessionaire is exposed as regards future receipts.

- IFRIC 15 – Agreements for the construction of real estate: the interpretation provides clarifications and guidelines as to the time of the recognition of revenues from the construction of real estate if an agreement for the construction falls within the scope of application of IAS 11 in the long term or of IAS 18 "Revenues".

- IFRIC 16 – Hedges of a net investment in a foreign operation. The interpretation specifies the procedures to apply the international accounting standards IAS 21 and IAS 39 in the cases when an entity hedges the foreign exchange risk arising from its net investments in foreign operations.

- IFRIC 17 – Distribution of non-cash assets to Owners. The interpretation regulates the procedure to account for dividends paid out according to procedures other than those laid down for cash assets.

- IFRIC 18 – Transfers of assets from customers. The interpretation regulates the procedure to account for receipt from customers collected through assets other than cash assets.

- IFRS 2 (amended) – Share-based payments. The standard has been amended in order to clarify the definition of vesting conditions and to prescribe the accounting treatment in the case of a plan effectively cancelled following the non-fulfilment of a non-vesting condition. This amendment standard has not entailed effects on the Company.

In April 2009 the International Account Standard Board (IASB) published the "Improvements to IFRS"s. These improvements include amendments to the existing accounting standards.

- IFRS 2 (improved): – "*Share-based payments*": the improvement provides for the standard in question not to be applied to the transactions in which the entity acquires assets following a business combination or within a combination/establishment of a joint venture.

- IFRS 5 (improved): – "*Non-current assets held for sale and Discontinued Operations*": the amendment specifies the information to be provided within non-current assets (or groups of assets) classified as available for sale or as discontinued operations.

- IFRS 8 (improved): – "*Operating Segments*": according to the amendment the entities are required to provide the value of the total assets for each reporting segment if this amount is provided periodically at the highest operational making-decision level.

- IAS 1 (improved) – "*Presentation of financial statements*": according to the update an entity is required to classify a liability as a "*current*" liability when a) it is expected that it will be discharged during its normal operating cycle; b) it is mainly held for trading purposes; c) it must be discharged within twelve months of the closing date of the financial year; d) it has no unconditional right to defer the settlement of the liability for at least twelve months of the closing date of the financial year. Any other liabilities which do not fulfil these conditions must be classified as "*non-current*" liabilities.

- IAS 7 (improved) – "*Statement of cash flows*": according to the improvement any cash flows associated with expenses which result in the recognition of an asset in the statement of financial position may only be classified as arising from an investing activity in the statement of cash flows.

- IAS 17 (improved) – "*Leases"*: the amendment specifies that, in the case that the lease includes both land and buildings, the entity must measure the classification of each element as a financial or operating lease separately. In determining if the land is under an operating or financial lease, an important consideration concerns the fact that the land has normally an indefinite economic life.

- IAS 36 (improved) – *"Impairment of assets"*: the update provides that each operating unit (or group of units) being the object of the allocation of the goodwill for the purposes of the impairment test must not be greater than an operating segment, as defined in paragraph 5 of IFRS 8 before the combination.

- IAS 38 (improved) – "*Intangible assets*": the update of this standard became necessary following the adoption of IFRS 3 revised, which states that it is possible to measure the fair value of an intangible asset acquired during a combination. Furthermore, the update clarifies the valuation techniques to determine the fair value of intangible assets for which there are no active markets.

- IAS 39 (improved) – "*Financial instruments: recognition and measurement*": the amendment limits the exception of non-applicability to forward contracts between a buyer and a selling shareholder for the purposes of a sale of a business transferred within a business combination which does not depend from additional actions of one of the two parties, but only from the elapse of a fair period of time. The improvement also provides that implied penalties for the early repayment of loans must be considered to be closely correlated to the loan agreement which provides for them and then they must not be accounted for separately. Finally, it is provided that any profits or losses on a hedged financial instrument must be reclassified from equity to the income statement in the period when the expected cash flow impacts the income statement.

The accounting standards already in force and not amended, which were adopted in the financial year ended 31 March 2011, remained unchanged compared to the previous financial year ended 31 March 2010.

Accounting standards, amendments and interpretations endorsed by the European Union but which are still not applicable and which were not adopted by Piquadro S.p.A. in advance

Starting from 1 April 2011, the following accounting standards and interpretations shall be applied obligatorily, as the EU endorsement process has been completed

- IAS 32 (amended) - "*Financial instruments: disclosure and presentation*" and IAS 1 - Presentation of financial statements. The standards have been amended in order to allow, under certain conditions, financial instruments puttable at fair value to be classified under equity items, rather than under financial liabilities.

- IFRS 1 (amended): exemption limited by the comparative information required by IFRS 7 for the new users.

- IAS 24 (amended): "*Related Party Disclosures*": the amendments simplify the definition of "*related party*" and at the same time eliminate some inconsistencies and exempt public bodies from some disclosure requirements relating to transactions with related parties.

- IFRIC 14 (amended) – "*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interact project"*: the objective of the amendments is to eliminate an undesired consequence of IFRIC 14 in the cases when an entity, which is subject to a provision for minimum funding requirements, makes an advance payment of contributions for which in certain circumstances the entity which makes this payment would be required to account for an expense. In the case that a defined-benefit plan is subject to a provision for minimum funding requirements, the amendment to IFRIC 14 imposes to treat this advance payment as an assets in the same way as any other advance payment.

- IFRIC 19 (amended) – "*Extinguishing Financial Liabilities with Equity Instruments*": the purpose of the interpretation is to provide guidelines on accounting by the debtor of equity instruments issued to fully or partially extinguish a financial liability following the renegotiation of the related conditions.

On 6 May 2010 the International Account Standard Board (IASB) published additional "Improvements to IFRSs". These improvements mainly include amendments to the following existing accounting standards:

- IFRS 3 (improved) – "*Business combinations*": the amendment clarifies that the components of minority interests, which do not entitle the holders to receive a proportional portion of net assets of the subsidiary, must be measured at fair value or as required by the applicable accounting standards. Furthermore, the improvement carries out an in-depth analysis of share-based payment plans which are replaced within a business combination, adding specific guidelines to clarify the relevant accounting treatment.
- IFRS 7 (improved) – "*Improved Disclosures about Financial Instruments*": the amendment provides clarifications on the interaction between additional qualitative and quantitative information relating to the risks inherent in financial instruments. Furthermore, the amendment eliminates the requests for information about expired financial assets which appear to be renegotiated or written down.
- IAS 1 (improved) – "*Presentation of financial statements*": the amendment provides for the presentation of the reconciliation of any changes in the individual components of equity in the notes to or the formats of financial statements.
- IAS 34 (improved) – "*Interim Financial Reporting*": the amendment concerns clarifications about any additional information required for the purposes of the preparation of interim financial statements.

It is believed that the adoption of these amendments and improvements will not entail significant effects on the financial statements of the Company.

Accounting standards being adopted by the European Union

The following updates of the IFRS standards (as already approved by the IASB), as well as the following interpretations and amendments:

- IFRS 1 (amended) – "*First-time Adoption of International Financial Reporting Standards*".
- IFRS 7 (amended) – "*Financial instruments: Disclosures*".
- IFRS 9 "Financial instruments": the standard, which was published by the IASB on 12 November 2009, as amended on 28 October 2010, and which is applicable to the financial statements for the financial years which will start after 1 January 2013, represents the first part of a multi-phase process aimed at replacing IAS 39 and introduces new criteria for the classification of financial assets and liabilities and for the derecognition of financial assets.
- IFRS 10 – "*Consolidated Financial Statements*".
- IFRS 11 – "*Joint arrangements*".
- IFRS 12 – "*Disclosure of Interests in Other Entities*".
- IFRS 13 – "*Fair Value Measurement*".
- IAS 12 (amended) – "*Income taxes – Recovery of Revalued Non-Depreciable Asset*".

COMMENTS ON THE ITEMS IN THE STATEMENT OF FINANCIAL POSITION

ASSETS

Non-current assets

The following statements have been prepared for the two classes of fixed assets (intangible assets and property, plant and equipment) which report, for each item, historical costs, the previous amortisation and depreciation, the changes that occurred in the last two financial years and the closing balances.

Note 1 – Intangible assets

The table below reports the opening balance, the changes that occurred in the FY 2009/2010 and FY 2010/2011 and the final balance of intangible assets:

(in thousands of Euro)	**Development costs**	**Industrial patent rights**	**Software, licences, trademarks and other rights**	**Other fixed assets**	**Fixed assets under development**	**Total**
Gross value	592	26	901	1,226	-	2,745
Amortisation fund	(362)	(23)	(557)	(854)	-	(1,796)
Net value as at 31/03/2009	**230**	**3**	**344**	**372**	**-**	**949**
Increase for the period	-	10	95	-	86	191
Sales and recognitions	-	-	-	(66)	-	(66)
Reclassifications	-	-	-	9	-	9
Amortisation	(100)	(3)	(233)	(101)		(437)
Gross value	592	36	996	1,169	86	2,879
Amortisation fund	(462)	(26)	(790)	(955)	-	(2,233)
Net value as at 31/03/2010	**130**	**10**	**206**	**214**	**86**	**646**
Increase for the period	-	3	385		-	388
Reclassifications	-	-	86	-	(86)	-
Amortisation	(78)	(5)	(150)	(61)		(294)
Gross value	592	39	1,467	1,159	-	3,257
Amortisation fund	(540)	(31)	(940)	(1,006)	-	(2,517)
Net value as at 31/03/2011	**52**	**8**	**527**	**153**	**-**	**740**

In the financial year ended 31 March 2011, the increases in intangible assets, equal to Euro 388 thousand (Euro 191 thousand as at 31 March 2010) related to investments in software and IT products for Euro 222 thousand, trademarks for Euro 163 thousand, industrial patent rights for Euro 3 thousand.

No intangible assets with an indefinite useful life are reported in the accounts.

In the course of the FY 2010/2011, no trigger events occurred as to the key moneys of Rome, Milan, Bologna, which could indicate potential impairment losses of the same.

Note 2 – Property, plant and equipment

The table below reports the opening balance, the changes that occurred in the FY 2009/2010 and FY 2010/2011 and the final balance of property, plant and equipment:

(in thousands of Euro)	Land	Buildings	Plant and equipment	Industrial and business equipment	Other assets	Fixed assets under constructions and advances	Total
Gross value	878	6,212	2,248	6,064	343	179	15,924
Depreciation fund	-	(559)	(1,485)	(2,329)	(270)	-	(4,643)
Net value as at 31/03/2009	**878**	**5,653**	**763**	**3,735**	**73**	**179**	**11,281**
Increase for the period	-	-	70	874	-	-	944
Sales and derecognitions	-	-	-	-	-	-	-
Depreciation	-	(186)	(268)	(750)	(29)	-	(1,233)
Reclassifications	-	-	-	(3)	-	(1)	(4)
Gross value	878	6,212	2,318	6,935	343	178	16,864
Depreciation fund	-	(745)	(1,753)	(3,079)	(299)	-	(5,876)
Net value as at 31/03/2010	**878**	**5,467**	**565**	**3,856**	**44**	**178**	**10,988**
Increase for the period	-	71	45	1,176	-	-	1,292
Sales	-	-	-	(9)	(13)	(41)	(63)
Depreciation	-	(188)	(273)	(826)	(21)	-	(1,308)
Other changes	-	-	-	44	(44)	-	-
Reclassifications			-	22	57	(79)	-
Gross value	878	6,283	2,360	8,111	336	58	18,026
Depreciation fund	-	(933)	(2,023)	(3,849)	(313)	-	(7,118)
Net value as at 31/03/2011	**878**	**5,350**	**337**	**4,262**	**23**	**58**	**10,908**

On the contrary, increases in property, plant and equipment, equal to Euro 1,292 thousand in the financial year ended 31 March 2011 (Euro 944 thousand as at 31 March 2010), were mainly attributable to furniture and fittings and sundry equipment purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro1,123 thousand, to the purchases of moulds relating to new products for Euro 45 thousand and to the purchase of electronic office machines for Euro 53 thousand, to the increase in the property granted under finance lease for Euro 71 thousand.

Below are reported the net book values of the assets held through finance lease agreements:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Land	878	878
Buildings	5,350	5,467

Plant and equipment	151	363
Industrial and business equipment	689	968
Total	**7,068**	**7,676**

Note 3 – Equity investments

The following statements specify the equity investments, as well as any additional information required by article 2427, paragraph 1, number 5), of the Italian Civil Code.

Below is the breakdown of the item:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Piquadro España SLU	-	-
Uni Best Leather Goods Co. Ltd	12	-
Piquadro Deutschland Gmbh	-	-
Piquadro Hong Kong	-	122
Uni Best Leather Goods (Zhongshan) Ltd	-	-
Piqubo Servizi Srl	-	-
Piquadro Middle East Leather Products LLC	-	-
Piquadro Trading (Shenzhen) Co. Ltd.	290	240
Piquadro Taiwan	-	53
Total equity investments in subsidiaries	**302**	**415**

The following statements specify the equity investments relating to subsidiaries, as well as any additional information required by article 2427 of the Italian Civil Code. The values refer to the last approved financial statements, where possible.

Company name	**HQ**	**Ownership %**	**Book value**	**Equity**	**Provision for risks on equity investments**	**Delta**
Piquadro España SLU	Barcelona	100%	-	(21)	21	-
Uni Best Leather Goods Co. Ltd	Hong Kong	100%	12	11	-	-
Piquadro Deutschland Gmbh	Munich	100%	-	(30)	30	-
Piquadro Hong Kong	Hong Kong	100%	-	(47)	47	-
Uni Best Leather Goods (Zhongshan) Ltd	Zhongshang	100%	-	(71)	71	-
Piquadro Middle East Leather Products LLC (*)	Abu Dhabi	49% (**)	-	(644)	945	301
Piquadro Trading (Shenzhen) Co. Ltd.	Shenzhen	100%	290	290	-	-
Piquadro Taiwan	Taipei	100%	-	(24)	24	-

(*) Type of company in which, by virtue of the provisions of the by-laws and separate agreements, the Company is entitled to the totality of corporate quotas and the profits generated by the same, in addition to retaining full control of the corporate governance.
(**) The remaining 50% is held indirectly.

Below is the breakdown of changes in the value of equity investments and of the related provisions for risks on equity investments:

(in thousands of Euro)	Book value 31/03/2010	2011 write-down	Book value 31/03/2011	Equity 31/03/2011	Provision 31/03/2010	2011 use	2011 allocation	Provision 31/03/2011
Piquadro España SLU	0		0	-21	-80	59		-21
Uni Best Leather Goods Co. Ltd	166	-155	11	11	0			0
Piquadro Deutschland Gmbh	0		0	-30	-268	238		-30
Piquadro Hong Kong	122	-122	0	-47	-		-47	-47
Uni Best Leather Goods Co. Ltd (Zhongshan)	120	-120	0	-71	-8		-63	-71
Piquadro Middle East leather Products LLC	0		0	-644	-403		-542	-945
Piquadro Trading (Shenzhen) Co. Ltd.	640	-350	290	290	-			0
Piquadro Taiwan	53	-53	0	-24	-		-24	-24
	1,101	**-800**	**301**		**-759**	**297**	**-676**	**-1,138**

Below is the breakdown of increases in financial fixed assets for Euro 686 thousand (Euro 360 thousand as at 31 March 2010):

- *Euro 400 thousand relating to the payment of account of capital in favour of the subsidiary Piquadro Trading (Shenzhen) that took place on 14 May 2010;*
- *Euro 120 thousand relating to the payment of account of capital in favour of the subsidiary Unibest Leather Goods Zhongshan Co. Limited (USD 150,000 paid on 12 July 2010);*
- *Euro 166 thousand relating to the acquisition of additional 50% of the stake in the share capital of the subsidiary Unibest Leather Goods Co. Limited.*

Note 4 – Receivables from others

Receivables from others (equal to Euro 156 thousand as at 31 March 2011 compared to Euro 129 thousand as at 31 March 2010) relate to both guarantee deposits paid by the Company for various utilities, including those relating to the operation of Company-owned shops.

Note 5 – Deferred tax assets

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Deferred tax assets:		
- within 12 months	241	244
- beyond 12 months	612	570
	853	**814**
Deferred tax liabilities		
- within 12 months	187	143
- beyond 12 months	283	283
	470	**426**
Net position	**383**	**388**

Below is reported the relevant change:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Net opening position	**388**	**323**
Credit/(Charge-back) to the income statement	(12)	65
Credit/(Charge-back) to equity	7	(17)
Total	**383**	**388**

(in thousands of Euro)	**Provisions**	**Derivatives measured at fair value**	**Finance lease**	**Others**	**Total**
Balances as at 31.03.2009	**415**	**25**	**(152)**	**35**	**323**
Effect on the	109			(27)	82

income statement					
Effect on the equity		(17)			(17)
Balances as at 31.03.2010	**524**	**8**	**(152)**	**8**	**388**
Effect on the income statement	79			(95)	(16)
Effect on the equity		11			11
Balances as at 31.03.2011	**603**	**19**	**(152)**	**(87)**	**383**

The amount of deferred tax assets (equal to Euro 853 thousand as at 31 March 2011 against Euro 814 thousand as at 31 March 2010) is mainly made up of temporary differences for IAS purposes.

Note 6 – Inventories

The tables below report the breakdown of net inventories into the relevant classes and the changes in the provision for write-down of inventories (entered as a direct reduction in the individual classes of inventories), respectively:

(in thousands of Euro)	**Gross value as at 31 March 2011**	**Provision for write-down**	**Net value as at 31 March 2011**	**Net value as at 31 March 2010**
Raw materials	1,261	(151)	1,110	750
Semi-finished products	72	-	72	20
Finished products	6,917	(337)	6,580	4,917
Inventories	**8,250**	**(488)**	**7,762**	**5,687**

Below is reported the breakdown and the changes in the provision for write-down of inventories:

(in thousands of Euro)	**Provision as at 31 March 2010**	**Use**	**Allocation**	**Provision as at 31 March 2011**
Provision for write-down of raw materials	151		-	151
Provision for write-down of finished products	297		40	337
Total provision for write-down of inventories	**448**		**40**	**488**

31 March 2011 saw the recognition of an increase of Euro 2,075 thousand in inventories compared to the corresponding values at 31 March 2011. This increase is attributable both to the growth in the Company's turnover and to the increases in the stock quantities aimed at meeting the requirements arising from the growth in the turnover and the orders in progress. Also note an increase in the average stock held at the Company-owned shops also in order to seize sales opportunities which otherwise could not be achieved.

Note 7 – Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Receivables from customers	22,194	21,129
Provision for bad debts	(1,016)	(933)
Current trade receivables	**21,178**	**20,196**

The increase in gross trade receivables as at 31 March 2011 compared to 31 March 2010 (Euro 982 thousand, equal to about 4.86%) was less than proportional compared to the increase in the sales volumes in the Wholesale segment (up by about 15% compared to the financial year ended 31 March 2010).

The adjustment to the face value of receivables from customers at their presumed realisable value is obtained through a special provision for bad debts, whose changes are showed in the table below:

(in thousands of Euro)	**Provision as at 31 March 2010**	**Use**	**Allocation**	**Provision as at 31 March 2011**
Provision for bad debts	933	(44)	127	1,016
Total provision	**933**	**(44)**	**127**	**1,016**

Note 8 – Receivables from subsidiaries

Below is the breakdown of receivables from subsidiaries:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Piquadro España SLU	1,306	683
Piquadro Deutschland Gmbh	832	617
Piquadro Hong Kong Co. Ltd	2,227	1,314
Uni Best leather Goods (Zhongshan) Ltd	1,387	1,080
Piquadro Macau Limitada	342	224
Piquadro Middle East Leather Products LLC	1,022	901
Piquadro Trading Shenzhen	571	298
Piquadro Taiwan	418	185
Uni Best leather Goods (Zhongshan) Ltd	117	-
Receivables from subsidiaries	**8,222**	**5,302**

Receivables from subsidiaries also increased compared to the previous financial year in relation to the increase in turnovers of foreign shops.

Note 9 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Other assets	784	604
Accrued income and prepaid expenses	726	454
Other current assets	**1,510**	**1,058**

Other current assets include advances to the Company's suppliers (Euro 515 thousand as at 31 March 2011 against Euro 306 thousand as at 31 March 2010).

Accrued income and prepaid expenses include prepaid expenses on leases (Euro 103 thousand as at 31 March 2011 against Euro 70 thousand as at 31 March 2010) and prepaid expenses on set of samples relating to the clothing collection for autumn/winter 2011 for Euro 335 thousand.

Note 10 – Derivative assets

As at 31 March 2011, there were no assets relating to the currency forward purchases, nor assets relating to hedging of financial instruments. At 31 March 2010 the assets relating to currency forward purchases were equal to Euro 69 thousand.

Note 11 – Cash and cash equivalents

Below is reported the breakdown of cash and cash equivalents (relating to Piquadro S.p.A.):

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Available current bank accounts	9,031	8,556
Cash, cash on hand and cheques	59	33
Cash and cash equivalents	**9,090**	**8,589**

The balance represents cash and cash equivalents and the existence of cash and cash on hand at the closing date of the period. For a better understanding of the dynamics in the Company's liquidity, reference is made to the statement of cash flows.

LIABILITIES

Note 12 – Shareholders' Equity

Share capital

As at 31 March 2011, the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by no. 50,000,000 of ordinary shares, fully subscribed and paid up, with regular enjoyment, with no indication of their par value.
The tables below summarise the information required by points 4) and 7-bis of article 2427 of the Italian Civil Code as to the changes in the equity items during the financial year, their origin, possible use and distributability, as well as to their possible use in previous financial years.
On 31 January 2008, following the resolution of 20 December 2007, the Company's Board of Directors resolved to approve a stock option plan named "Stock Option Plan of Piquadro S.p.A. 2008-2013", for a maximum of 1,600,000 shares, setting the price for the subscription of Piquadro ordinary shares at Euro 2.20, to be paid by the beneficiaries at the time of subscription of the shares. The Plan is reserved for certain directors, executives, employees and collaborators of Piquadro S.p.A. and of other companies under its control that have been selected by the Board of Directors in consultation with the Remuneration Committee.
Vesting of options, to the extent of 20% at any time during the fourth year in the term of the plan, 30% at any time during the fifth year in the term of the Plan and 50% at any time during the sixth year in the term of the Plan, respectively, is subject not only to condition that the directors, executives, subordinate employees or collaborators concerned are still serving the Company, but to the official Piquadro share price reaching certain arithmetic mean targets as specified in the Plan's regulations. The Company has no obligation to repurchase the shares or liquidate them.
The criterion used for measurement is based on the Monte Carlo simulation. The model created for the valuation of stock options takes account of all the operating characteristics reported in the plan's regulations. 50,000 scenarios have been developed for the purpose of valuation. In estimating expected volatility, as required in the Operational guidance (appendix B) to point B26 of IFRS 2, reference was made to stocks from the same commodity sector that have been listed for a longer period of time. As at 31 March 2011, no option had been vested out of no. 1,600,000 options assigned.

Other information on Equity
Below is the statement concerning equity items, as broken down on the basis of their origin, distributability and availability, in compliance with the provisions under paragraph 7-bis), of article 2427 of the Italian Civil Code.

Description	Amount	Possible use	Available share	Other reserves Profit (loss) for the period	
				Coverage	**Other**
Share capital	1,000	B	-		
Capital reserves					
Share premium reserve	1,000	A,B,C	**1,000**		
Other Reserves					
Fair Value reserve	(16)	-			
Stock Option reserve	131	-			
Reserve from merger	(92)	-			
Other reserves on account of capital	1,160	A,B,C			
	1,183		**1,006(*)**		
Revenue reserves					
Undivided profits					
Legal reserve	200	B	**200**		
Reserve of undivided profits	14,657	A,B,C	14,657		
	14,857				

(*)As required by article 2426 of the Italian Civil Code, paragraph 1, number 5, Euro 52 thousand equal to the capitalised residual amount relating to development costs for the application of IAS 38, must be considered to be non-distributable.

KEY: “A” for capital increase; “B” for loss coverage; “C” for distribution to shareholders.

Share premium reserve

As at 31 March 2011 this reserve was equal to Euro 1,000 thousand and no entries were made during the financial year ended 31 March 2011.

Other reserves – with a separate recognition

Other reserves were equal to about Euro 1,081 thousand and mainly included the negative fair value reserve equal to about Euro 16 thousand, net of tax effect, the positive Stock Option reserve equal to Euro 131 thousand and the reserve, equal to Euro 1,157 thousand, which arose at the time of the contribution of the branch of business made on 2 May 2005, and the legal reserve equal to Euro 200 thousand.

Profit for the period

It was equal to Euro 9,026 thousand.

Non-current liabilities

Note 13 – Borrowings

Below is the breakdown of non-current payables to banks:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Borrowings from 1 to 5 years	5,266	6,046
Borrowings beyond 5 years	-	-
Medium/long-term borrowings	**5,266**	**6,046**

As at 31 march 2011, borrowings mainly related to Piquadro SpA and included:

1. *Euro 2,300 thousand for the loan granted on 31 January 2008 by Carisbo SpA (for an initial amount of Euro 5,300 thousand), of which a current portion of Euro 1,500 thousand and a non-current portion of Euro 800 thousand. This loan includes a two-year pre-amortisation;*
2. *Euro 748 thousand for the 60-month unsecured loan disbursed by Carisbo SpA on 1 September 2008 (for an initial amount of Euro 1,500 thousand), of which a current portion of Euro 300 thousand and a non-current portion of 448 thousand; this loan was disbursed to partly finance the opening of new points of sales in Italy and abroad and to partly meet the Company's financial requirements;*
3. *Euro 3,000 for the unsecured loan granted by Carisbo SpA on 28 February 2009 (for an initial amount of Euro 3,500 thousand), of which a current portion of Euro 1,000 thousand and a non-current portion of Euro 2,000. In relation to this loan, it is specified that, following an amendment to the relevant agreement entered into on 31 May 2010, the Company is no longer required to comply with any covenants;*
4. *Euro 2,558 thousand for the unsecured loan granted by Carisbo SpA in 22 November 2010 (for an initial amount of Euro 2,700 thousand), of which a current portion of Euro 540 thousand and a non-current portion of Euro 2,018 thousand, aimed at financing the Company's investment policy.*

Below is reported the breakdown of the loans stated:

(in thousands of Euro)	**Date of granting of the loan**	**Initial amount**	**Currency**	**Current borrowings**	**Non-current borrowings**	**Total**
Carisbo loan	31 January 2008	5,300	Euro	1,500	800	2,300
Carisbo loan	1 September 2008	1,500	Euro	300	448	748
Carisbo loan	28 February 2009	3,500	Euro	1,000	2,000	3,000
Carisbo loan	22 November 2010	2,700	Euro	540	2,018	2,558
				3,340	**5,266**	**8,606**

Note 14 –- Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Non-current portion:		
Payables to leasing companies	4,469	5,248
Current portion:		
Payables to leasing companies	865	948
Payables to other lenders for lease agreements	**5,334**	**6,196**

Below is reported the following additional breakdown:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Payables to other lenders for lease agreements:		
Due within 1 year	1,032	1,127
Due from 1 to 5 years	3,418	4,429
Due beyond 5 years	1,594	1,525
Financial interest to be paid	(710)	(885)

Present Value of payables to other lenders for lease agreements	5,334	6,196

As at 31 March 2011, payables to other lenders due beyond 12 months were equal to Euro 4,469 thousand and related to payables to leasing companies, and specifically to the residual debt of Euro 4,235 thousand relating to the lease agreement initially entered into by Piqubo Servizi S.r.l., which was merged by incorporation into Piquadro SpA by deed of 24 October 2008, with Centro Leasing SpA in relation to the plant, land and the automated warehouse located in Sassuriano, Silla di Gaggio Montano (Province of Bologna) (Euro 5,030 thousand as at 31 March 2010). Furthermore, it should be noted that, effective from 1 August 2006, Centro Leasing SpA has transferred to Cassa di Risparmio di Pistoia e Pescia SpA a share equal to 50% of the receivables relating to finance lease rentals arising from the said lease agreement.
The residual amount of Euro 234 thousand (Euro 218 thousand as at 31 March 2010) relates to payables for lease agreements related to equipment, furniture and fittings of shops run by the Company.

Note 15 – Provision for Employee Benefits

Below are reported the changes that occurred in the course of the last two financial years in the provision for TFR (which represents the entire value of the provision for employee benefits), including the effects of the actuarial valuation of the TFR:

(in thousands of Euro)	**Provision for TFR**
Balance as at 31 March 2009	**291**
Financial charges	3
Net actuarial Losses (Gains) accounted for in the period	(1)
Indemnities paid in the financial year	(6)
Balance as at 31 March 2010	**287**
Financial charges	9
Net actuarial Losses (gains) accounted for in the period	(10)
Indemnities paid in the financial year	(28)
Balance as at 31 March 2011	**258**

The value of the provision as at 31 March 2011 has been determined by an independent actuary; the actuarial criteria and assumptions used for calculating the provision are indicated in the paragraph *Accounting standards – Provision for employee benefits* in these Explanatory Notes.

Note 16 – Provisions for risks and charges

Below are the changes of provisions for risks and charges during the financial year:

(in thousands of Euro)	**Provision as at 31/03/2010**	Use	Allocation	**Provision as at 31/03/2011**
Provision for supplementary clientele indemnity	511	(34)	148	625
Provision for risks on equity investments	759	(297)	676	1,138
Other provisions for risks	217		10	227
Total	**1,487**	**(331)**	**834**	**1,990**

The "provision for agents' supplementary indemnity" represents the potential liability with respect to agents in the event of the Company's terminating agreements or agents retiring. The amount of the liability has been calculated by an independent actuary as at the balance sheet date.
The provision for risks on equity investments, equal to Euro 1,138 thousand, relates to the subsidiary Piquadro Middle East LLC for Euro 945 thousand, to the subsidiary Piquadro Espana SLU for Euro 21 thousand, to the subsidiary Piquadro Deutschland GmbH for Euro 30 thousand, to the subsidiary Unibest di Zhongshan for Euro 71

thousand, to Piquadro Hong Kong Ltd for Euro 47 thousand, to the subsidiary Piquadro Taiwan for Euro 24 thousand.
Other provisions mainly relate to other provisions for risks on returns on sales equal to Euro 70 thousand generated by the allocation for the year, Euro 10 thousand for provision for risks on repairs and Euro 147 thousand for other provisions for risks on potential liabilities generated by current operations.

Note 17 – Deferred tax liabilities

The amount of deferred tax liabilities, equal to Euro 470 thousand (Euro 425 thousand as at 31 March 2010) fully refers to the Parent Company; for the breakdown of the item, reference is made to the information reported in Note 5.

Current liabilities

Note 18 – Borrowings

As at 31 March 2011 borrowings were equal to Euro 3,340 thousand compared to Euro 2,311 thousand as at 31 March 2010; for the breakdown, reference is made to Note 13.

Note 19 – Payables to other lenders for lease agreements

As at 31 March 2011 they were equal to Euro 865 thousand (Euro 948 thousand as at 31 March 2010) and related to the current portion of payables to leasing companies in relation to agreements for the lease of furniture, fittings and equipment for the shops (Euro 173 thousand) and of the building, plant and equipment of the operational headquarters (Euro 692 thousand).

Note 20 – Derivative liabilities

As at 31 March 2011, liabilities relating to the hedging of derivative financial instruments (IRS) were equal to Euro 7 thousand (Euro 17 thousand as at 31 March 2010).

The Company has taken steps to hedge the risk of increases in interest rates linked to the performance of the 3-month Euribor rate; this derivative was entered into to hedge the variable portion of interest due on the loan raised with Banca Cassa di Risparmio di Bologna on 16 January 2008 for an initial amount equal to Euro 5,300 thousand; the cost of the transaction is represented by the fixed spread equal to 0.30%.

This transaction is accounted for according to the hedge accounting criteria (IAS 39). The valuation of this hedging contract entailed the recognition of a liability of Euro 7 thousand (Euro 17 thousand of financial liabilities as at 31 March 2010) which has been accounted for against an entry in the net statement of comprehensive income.

At 31 March 2011 the liabilities relating to currency forward purchases (USD) were equal to Euro 31 thousand (at 31 March 2010 there were assets equal to Euro 69 thousand).
The Company hedges the exchange risk connected to purchases of raw materials in US dollars and for contract work done in China. In consideration for this risk, the Company makes use of instruments to hedge the risk attached to the related rate, trying to fix and crystallise the exchange rate at a level that is in line with the budget forecast. Only some of the derivative financial instruments have met all the conditions laid down for hedge accounting, accounting for at fair value against an equity in the statement of comprehensive income for a value equal to Euro 19 thousand (gross of deferred tax liabilities equal to Euro 5 thousand), while the remaining part has been accounted for in the income statement.

NET FINANCIAL POSITION

The statement below shows the Net Financial Position of Piquadro S.p.A. as a summary of what is detailed in the Notes above:

(Values expressed in thousands of Euro)	**31 March 2011**	**31 March 2010**

(A) Cash	59	33
(B) Other cash and cash equivalents (available current bank accounts)	9,031	8,556
(C) Liquidity (A) + (B)	**9,090**	**8,589**
(D) Finance leases	(865)	(948)
(E) Current bank debt		-
(F) Current portion of non-current debt	(3,340)	(2,311)
(G) Current financial debt (D) + (E) + (F)	**(4,205)**	**(3,259)**
(H) Short-term net financial position (C) + (G)	**4,885**	**5,330**
(I) Non-current bank debt	(5,266)	(6,046)
(L) Finance leases	(4,469)	(5,248)
(M) Non-current financial debt (I) + (L)	**(9,735)**	**(11,294)**
(N) Net financial position (H) + (N)	**(4,850)**	**(5,964)**

As at 31 March 2011, the Net Financial Position of Piquadro S.p.A. posted a negative value of about Euro 4.8 million, showing a sharp improvement of about Euro 1.1 million compared to the debt of about Euro 5.9 million recorded as at 31 March 2010.

The strong capacity of the Company to generate cash allowed:

- *investments to be made in property, plant and equipment and intangible assets for about Euro 2.3 million*
- *dividends to be distributed in relation to the FY 2009/2010 for Euro 4 million (with a payout equal to about 53% of the profit resulting from the annual accounts of the Company)*
- *and therefore an improvement to be obtained in the net financial position for about Euro 1.1 million.*

Note 21 – Payables to subsidiaries

Below is the breakdown of liabilities to subsidiaries (including invoices to be received from suppliers):

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Piquadro España SLU	227	64
Uni Best Leather Goods co. Ltd	16	18
Piquadro Deutschland Gmbh	91	84
Piquadro Hong Kong	-	115
6Uni Best Leather Goods (Zhongshan) Ltd	953	849
Piquadro Macau Limitada	-	-
Piquadro Trading Shenzhen	-	-
Piquadro Middle East	77	-
Payables to subsidiaries	**1,364**	**1,131**

Note 22 – Trade payables

Below is the breakdown of current trade liabilities (including invoices to be received from suppliers):

(in thousands of Euro)	**31 March 2011**	**31 March 2010**

Payables to suppliers	12,716	11,837

As at 31 March 2011, the increase in payables to suppliers, equal to Euro 879 thousand (+7.43%), compared to the previous financial year, was mainly attributable to the higher impact of the business dynamics linked to the seasonal collections to the detriment of the continuous lines, reporting effects at the level of payables to suppliers as at the closing date of 31 March 2011.

Note 23 - Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Payables to social security institutions	278	319
Payables to Pension funds	18	12
Other payables	207	136
Payables to employees	245	339
Advances from customers	42	49
Accrued expenses and deferred income	326	201
Payables for VAT	865	950
IRPEF tax payables and other tax payables	266	225
Other current liabilities	**2,247**	**2,231**

Payables to social security institutions mainly relate to the payables due to INPS as at the balance sheet date. Payables to employees mainly included Euro 245 thousand of the Company's payables for remunerations to be paid and deferred charges with respect to employees (Euro 339 thousand as at 31 March 2010).

Note 24 – Tax payables

Below is the breakdown of tax payables:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
IRES tax	627	-
IRAP tax	107	-
Tax payables	**734**	**-**

Tax payables (reported after tax advances paid in the course of the financial year) for IRES and IRAP taxes relate to the obligations with respect to the Tax Office existing at the balance sheet date.

Comments on the main Income Statement items

Note 25 – Revenues from sales

The breakdown of revenues from sales according to categories of activities is not reported as it is considered not to be significant for the understanding of and the opinion on the economic results.

The Company's revenues are mainly realised in Euro.

Below is the breakdown of revenues by geographical area:

	Net revenues as at 31 March 2011	**%**	**Net revenues as at 31 March 2010**	**%**	**% change 2011/2010**
Italy	46,817	79.2%	41,712	82.3%	12.2%
Europe	9,108	15.4%	6,550	12.9%	39.1%
Rest of the world	3,195	5.4%	2,419	4.8%	32.1%

Total	59,120	100.0%	50,681	100.0%	16.7%

Note 26 – Other income

(in thousands of Euro)	31 March 2011	31 March 2010
Charge-backs of transport cost and collection	219	224
Insurance and legal refunds	119	118
Revenues from sales t the corners	279	103
Capital gains on disposals of property, plant and equipment	-	6
Other sundry income	437	391
Other income	**1,054**	**842**

Other income mainly relates for Euro 279 thousand (Euro 103 thousand as at 31 March 2010) to charging back Corners and Euro 219 thousand (Euro 219 thousand as at 31 March 2010) to chargebacks of transport costs and collection to customers.

Note 247 – Change in inventories

The change in inventories of raw materials was positive for Euro 318 thousand (negative for Euro 67 thousand as at 31 March 2010), while the change in semi-finished and finished products was positive for Euro 1,756 thousand (negative for Euro 914 thousand as at 31 March 2010).

Note 28 – Costs for purchases and information on purchases in foreign currency

The item “costs for raw materials” essentially includes the cost of materials used for the production of the Company’s goods and of consumables.

The table below reports the amount of purchases of raw and secondary materials, consumables and goods for resale, as well as the amount of other production costs incurred in a currency other than the Euro, the Euro counter-value of these purchases in foreign currency and their impact on the total purchases of raw and secondary materials, consumables and goods for resale:

	Currency amount	Average exchange rate	Amount in thousands of Euro	Currency amount	Average exchange rate	Amount in thousands of Euro
		31 March 2011			31 March 2010	
US Dollars	20,215,911	1.3225	15,286	16,420,056	1.4133	11,618
Total operating costs incurred in foreign currency			**15,286**			**11,618**

Overall, Piquadro S.p.A. incurred, in the FY 2010/2011, operating costs denominated in a currency other than the Euro for an equivalent amount of Euro 15,286 thousand, equal to 34.3% of the total operating costs, equal to Euro 44,605 thousand.

In order to reduce the effects of fluctuations in exchange rates in the period between the execution date of the agreement with the suppliers and the date of payment of the goods, the Company frequently resorts to the purchase of foreign currency at the execution date of the agreement.

In the FY 2010/2011, Piquadro made forward purchases of US Dollars for an overall amount of USD 19.0 million (USD 13.5 million in the FY 2009/2010), including purchases in dollars made against Uni Best Leather Goods (Zhongshang) Co. Ltd (net of the sale of leather made by the Company towards the Chinese subsidiary), equal to a counter-value of Euro 14,332 thousand at the average exchange rate prevailing in the FY 2010/2011 (Euro 9,676

thousand at the average exchange rate prevailing in the FY 2009/2010); therefore the entire requirements of the purchases in US Dollars made by the Group were substantially covered (83.3% in relation to the FY 2009/2010).

Note 29 – Costs for services and leases and rentals

Below is reported the breakdown of costs for services:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Costs for leases and rentals	1,866	1,616
External production	9,416	7,267
Advertising and marketing	3,236	2,538
Administrative services	2,394	824
Business services	3,265	3,126
Services for production	1,160	1,673
Transport services	3,679	3,009
Costs for services and leases and rentals	**25,016**	**20,053**

Costs for leases and rentals mainly relate to lease rentals relating to the DOS shops.

Note 30 – Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Wages and salaries	4,629	4,814
Social security contributions	1,165	964
TFR	276	235
Personnel costs	**6,070**	**6,013**

The table below reports the exact number of the staff employed by the Company as at 31 March 2011 and 31 March 2010:

Units	**31 March 2011**	**31 March 2010**
Executives	2	1
Office workers	131	116
Manual workers	35	33
Total	**168**	**150**

In the financial year ended 31 march 2011, personnel costs remained unchanged compared to the financial year ended 31 March 2010.

Note 31 - Amortisation, depreciation and write-downs

In the FY 2010/2011, amortisation and depreciation were equal to Euro 1,603 thousand (Euro 1,670 thousand in the FY 2009/2010). Write-downs related to Euro 127 thousand, as already commented in Note 7, for the provision for bad debts from customers.

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Amortisation of intangible assets	294	436
Depreciation of property, plant and equipment	1,309	1,234
Provision for bad debts	127	5
Write-down of receivables from subsidiaries	-	-
Amortisation, depreciation and write-downs	**1,730**	**1,675**

Note 32 – Other operating costs

In the FY 2010/2011, other operating costs, equal to Euro 206 thousand (Euro 302 thousand in the FY 2009/2010) mainly related to charges generated from current operations (Euro 195 thousand).

Note 33 – Shares of profits (losses) from investee companies

The write-down of equity investments, equal to Euro 800 thousand (Euro 473 thousand as at 31 March 2010) is related to Unibest Hong Kong (Euro 155 thousand), to Unibest Zhongshan (Euro 120 thousand), to Piquadro Trading Shenzhen (Euro 350 thousand), to Piquadro Hong Kong (Euro 122 thousand) and to Piquadro Taiwan (Euro 53 thousand). The revaluation of the equity investments in the subsidiaries, equal to Euro 297 thousand, is related to Piquadro Espana SLU (Euro 59 thousand) and Piquadro Deutschland GmbH (Euro 238 thousand).

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Write-down of equity investments in subsidiaries	800	473
Revaluation of equity investments in subsidiaries	(297)	-
Provision for risks on equity investments in subsidiaries	676	309
Shares of profits (losses) from investee companies	**1,179**	**782**

Note 34 - Financial income

The amount of Euro 658 thousand in the FY 2010/2011 (Euro 464 thousand as at 31 March 2010) mainly related to interest receivable on current accounts held for Euro 88 thousand, interest receivable from customers for Euro 31 thousand and foreign exchange gains either realised or estimated for Euro 539 thousand (Euro 331 thousand as at 31 march 2010).

Note 35 – Financial charges

Below is the breakdown of financial charges:

(in thousands of Euro	**31 March 2011**	**31 March 2010**
Interest payable on current accounts	16	5
Interest and expenses subject to final payment	27	28
Financial charges on loans	128	191
Lease charges	116	184
Commissions on credit cards	33	44
Other charges	118	79
Foreign exchange losses (both realised and estimated)	526	446
Financial Charges	**964**	**977**

Financial charges relate to financial charges on loans and financial charges on lease agreements (mainly relating to the use of the plant in Silla di Gaggio Montano (Province of Bologna)) and the automated warehouse.

Note 36 – Income tax expenses

Below is reported the breakdown of income tax expenses:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
IRES tax	4,211	3,670
IRAP tax	847	714
Total current taxes	**5,058**	**4,384**

Current taxes relate to the tax burden calculated on the Company's taxable income.

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Deferred tax liabilities	55	63
Deferred tax assets	(77)	(145)
Total current taxes	**(22)**	**(82)**

Below is reported the reconciliation between theoretical and actual tax charge as at 31 March 2011:

(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Pre-tax result	14,084	11,803
Theoretical tax charge	27.5%	27.5%
Theoretical income taxes	3,873	3,246
Tax effect of permanent differences	381	281
Other changes	(43)	43
Total current taxes	**4,211**	**3,570**
IRAP tax	847	732
Current and deferred taxes in the accounts	**5,058**	**4,302**

Note 37 – Commitments

a) Commitments for purchases (if any) of property, plant and equipment and intangible assets:

As at 31 March 2011, the Company had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2010/2011.

b) Commitments on operating lease agreements:

As at 31 March 2011, the Company had executed contractual commitments which will entail future costs for leases of factories and operating leases which will be charged to the income statement on an accruals basis starting from the FY 2010/2011, mainly for the leases of DOS shops, as summarised in the table below.

	At 31 March 2011			
(In thousands of Euro)	Within 12 months	From 1 to 5 years	Beyond 5 years	Total
Property lease	638	3,192	2,169	5,999
Factory lease	213	399	-	612
Other leases	276	200	-	476
Total	**1,127**	**3,791**	**2,169**	**7,087**

Note 38 – Relations with related parties

Piquadro S.p.A., the Parent Company of the Piquadro Group, operates in the leather goods market and designs, produces and markets articles under its own brand. The subsidiaries mainly carry out activities of distribution of products (Piquadro España SLU, Piquadro Deutschland GmbH , Piquadro Middle East Leather Products LLC, Piquadro Hong Kong Ltd, Piquadro Macau Limitada, Piquadro Trading (Shenzhen) Ltd. and Piquadro Taiwan Co. Ltd.), or production (Uni Best Leather Goods Hong Kong Co Ltd. and Uni Best Leather Goods Zhongsanhg Co. Ltd.).
The relations with Group companies are based on the organisational structure by which the Company itself is organised and the intergroup transactions, which are mainly commercial, are regulated at arm's length. There are also financial relations (inter-group loans) between the Parent Company and some subsidiaries, conducted at arm's length.

On 18 November 2010 Piquadro S.p.A. adopted, pursuant to and for the purposes of article 2391-*bis* of the Italian Civil Code and of the "Regulation on transactions with related parties" as adopted by Consob resolution, the

procedures on the basis of which Piquadro and its subsidiaries shall operate to complete transactions with related parties of Piquadro itself.

Below is reported the breakdown of financial receivables from subsidiaries (thousands of Euro):

Financial receivables	**31 March 2011**	**31 March 2010**
(in thousands of Euro)		
Controlling company		
Piqubo SpA	-	-
Piquadro Holding	-	-
Subsidiaries		
Piquadro Espana SLU	80	78
Piquadro Deutschland Gmbh	259	262
Piquadro Middle East Leather Products LLC	711	690
Piquadro Hong Kong Ltd.	-	-
Piquadro Macau Limitada	-	-
Piquadro Trading Shenzhen Co. Ltd	-	-
Piquadro Taiwan Ltd.	-	-
Uni Best Leather Goods Hong Kong Co. Ltd	117	-
Uni Best Leather Goods (Zhongshan) Ltd	-	-
Total financial receivables from Subsidiaries	**1,167**	**1,030**
Total Financial receivables	**1,167**	**1,030**
% Impact	**100%**	**100%**

Financial receivables from subsidiaries relate to loans disbursed at arm’s length.
The table below provides the breakdown of trade receivables from and advances to subsidiaries, included in the items “trade receivables” and “other receivables” as commented on in Notes 8 and 9 (thousands of Euro):

Trade receivables	**31 March 2011**	**31 March 2010**
(in thousands of Euro)		
Controlling company		
Piqubo SpA	-	-
Piquadro Holding	-	-
Subsidiaries		
Piquadro Espana SLU	1,226	605
Piquadro Deutschland Gmbh	573	356
Piquadro Middle East Leather Products LLC	311	211
Piquadro Hong Kong Ltd.	2,227	1,314
Piquadro Macau Limitada	342	224
Piquadro Trading Shenzhen Co. Ltd	571	298
Piquadro Taiwan Ltd.	418	184
Uni Best Leather Goods Hong Kong Co. Ltd	-	-
Uni Best Leather Goods (Zhongshan) Ltd	1,387	1,080
Total receivables from subsidiaries	**7,055**	**4,272**
Advances to subsidiaries		
Uni Best Leather Goods (Zhongshan) Ltd	-	-
Total advances to subsidiaries	**-**	**-**
Total Trade receivables from and advances to subsidiaries	**7,055**	**4,272**

Total Trade receivables and advances	29,915	20,502
% impact	**23.6%**	**20.8%**

Trade receivables from subsidiaries mainly relate to the sale of products for the subsequent distribution by directly-operated stores, and specifically of Uni Best Leather Goods (Zhongshan) Ltd, for the sale of leather raw materials purchased directly from the Company and then to be used in manufacturing processes.

The table below provides the breakdown of trade payables from subsidiaries, included in the item "trade payables" as commented on in Note 21 (thousands of Euro):

Trade payables	**31 March 2011**	**31 March 2010**
(in thousands of Euro)		
Controlling company		
Piqubo SpA	-	-
Piquadro Holding	-	-
Subsidiaries		
Piquadro Espana SLU	227	64
Piquadro Deutschland Gmbh	91	84
Piquadro Middle East Leather Products LLC	77	-
Piquadro Hong Kong Ltd.	-	116
Piquadro Macau Limitada	-	-
Piquadro Trading Shenzhen Co. Ltd	-	-
Piquadro Taiwan Ltd.	-	-
Uni Best Leather Goods Hong Kong Co. Ltd	16	18
Uni Best Leather Goods (Zhongshan) Ltd	953	849
Total	**1,364**	**1,131**
Total Trade payables	**14,080**	**11,837**
% impact	**9.7%**	**9.6%**

Trade payables partly derive from the services rendered in relation to the so-called Service Agreements executed with the subsidiaries Piquadro Espana SLU, Piquadro Deutschland GmbH and Piquadro Trading (Shenzhen), carried out on the basis of market values, and partly from the purchase of finished products realised by the subsidiaries Uni Best Leather Goods Hong Kong Co Ltd. and Uni Best Leather Goods Zhongsanhg Co. Ltd.

Below is the breakdown of revenues from subsidiaries (thousands of Euro):

Revenues	**31 March 2011**	**31 March 2010**
(in thousands of Euro)		
Controlling company		
Piqubo SpA	-	-
Piquadro Holding	-	-
Subsidiaries		
Piquadro Espana SLU	662	448
Piquadro Deutschland Gmbh	217	258
Piquadro Middle East Leather Products LLC	112	128
Piquadro Hong Kong Ltd.	1,196	1,033
Piquadro Macau Limitada	118	107
Piquadro Trading Shenzhen Co. Ltd	425	324
Piquadro Taiwan Ltd.	234	147
Uni Best Leather Goods Hong Kong Co. Ltd	-	-
Uni Best Leather Goods (Zhongshan) Ltd	1,381	1,158

Total	4,345	3,603
Total Revenues	**59,120**	**50,681**
% impact	**7.3%**	**7.1%**

Revenues from group companies essentially relate to the sale of leather products by the Company and the transactions were carried out at arm's length.

Below are reported the operating costs towards subsidiaries (thousands of Euro):

Costs	31 March 2011	31 March 2010
(in thousands of Euro)		
Controlling company		
Piqubo SpA	30	30
Piquadro Holding	-	-
Subsidiaries		
Piquadro Espana SLU	160	120
Piquadro Deutschland Gmbh	128	138
Piquadro Middle East Leather Products LLC	79	133
Piquadro Hong Kong Ltd.	-	101
Piquadro Macau Limitada	-	-
Piquadro Trading Shenzhen Co. Ltd	150	125
Piquadro Taiwan Ltd.	-	-
Uni Best Leather Goods Hong Kong Co. Ltd	-	-
Uni Best Leather Goods (Zhongshan) Ltd	4,920	4,030
Total	**5,437**	**4,647**
Total Operating costs	**44,605**	**38,424**
% impact	**12.2%**	**12.1%**

Operating costs towards subsidiaries mainly relate both to services rendered in relation to the so-called Service Agreements executed with the subsidiaries Piquadro Espana SLU, Piquadro Deutschland GmbH and Piquadro Trading (Shenzhen), carried out on the basis of market values, and to the purchase of finished products made by the Company towards the subsidiary Uni Best Leather Goods Zhongsanhg Co. Ltd. All transactions were carried out at arm's length.
During the FY 2010/2011, Piqubo S.p.A., the ultimate parent company, charged Piquadro the rent (whose amounts are reported in the table below) relating to the use of the plant located in Riola di Vergato (Province of Bologna) as a warehouse.
The table below reports the breakdown of economic relations, as indicated above, with this related company in the FYs 2010/2011 and 2009/2010:

	Costs	
(in thousands of Euro)	**31 March 2011**	**31 March 2010**
Costs for rents due to Piqubo S.p.A.	30	30
Total costs to controlling companies	**30**	**30**

Below is reported the financial income from subsidiaries (thousands of Euro):

Financial income	31 March 2011	31 March 2010
(in thousands of Euro)		
Controlling company		
Piqubo SpA	-	-

Subsidiaries		
Piquadro Espana SLU	2	1
Piquadro Deutschland Gmbh	5	4
Piquadro Middle East Leather Products LLC	10	10
Piquadro Hong Kong Ltd.	-	-
Piquadro Macau Limitada	-	-
Piquadro Trading Shenzhen Co. Ltd	-	-
Piquadro Taiwan Ltd.	-	-
Uni Best Leather Goods Hong Kong Co. Ltd	3	-
Uni Best Leather Goods (Zhongshan) Ltd	-	-
Total	**20**	**15**
Total Financial income	**658**	**464**
% impact	**3.04%**	**3.23%**

The Directors report that, in addition to Piquadro Holding SpA and Piqubo SpA and Palmieri Family Foundation, there are no other related parties (pursuant to IAS 24) of the Piquadro Group.

In the FY 2010/2011 no transactions were effected with Palmieri Family Foundation which is a non-profit foundation, whose Founder is Marco Palmieri and which has the purpose of promoting activities aimed at the study, research, training, innovation in the field for the creation of jobs and employment opportunities for needy persons.
In the FY 2010/2011 and FY 2009/2010, no economic transactions occurred with the majority Shareholder, Piquadro Holding SpA.

In the FY 2010/2011 and FY 2009/2010, no economic transactions occurred with the majority Shareholder, Piquadro Holding SpA.

In the absence of economic relations, below are reported the following financial relations with Piquadro Holding SpA:

- during the FY 2010/2011, Piquadro SpA distributed dividends of Euro 2,719 thousand to the controlling company Piquadro Holding S.p.A., relating to the portion of profits relating to 67.98% of the share capital and concerning the profit for the FY 2009/2010, as per the resolution passed by the Shareholders' Meeting of 22 July 2010;
- during the FY 2009/2010, Piquadro SpA distributed dividends of Euro 2,091 thousand to the controlling company Piquadro Holding S.p.A., relating to the portion of profits relating to 67.46% of the share capital and concerning the profit for the FY 2008/2009, as per the resolution passed by the Shareholders' Meeting of 23 July 2009.

Below are indicated the fees by name (including emoluments due to Directors and current and deferred remuneration, also in kind, by subordinate employment) due to the Directors and to the members of the Board of Statutory Auditors of Piquadro S.p.A. for the FY 2010/2011 to perform their functions within the Company and within the other Group companies, and the fees accrued for executives with strategic responsibilities (if any) (as at 31 March 2010 Directors had not identify any executives with strategic responsibilities):

Fees due to the Board of Directors

The table below reports the fees (including emoluments as Directors and current and deferred remuneration, including in kind, as employees) due to Directors and to the members of the Board of Statutory Auditors of Piquadro S.p.A., in relation to the FY 2010/2011, for the performance of their duties in the Company and other Group companies, and the fees accrued by any executives with strategic responsibilities (as at 31 March 2011, Directors had not identified executives with strategic responsibilities):

First and last name	Position held	Period in which the position was held	Term of office [1]	Fees for the position	Non-monetary benefits	Bonuses and other incentives	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/10-31/03/11	2013	400	7			407
PierpaoloPalmieri	Managing director	01/04/10-31/03/11	2013	200	4			204
Marcello Piccioli	Managing director	01/04/10-31/03/11	2013	236	3			239
Roberto Trotta	Managing directors	01/04/10-31/03/11	2013	-[2]	3	13	133[3]	149
Roberto Tunioli	Director	01/04/10-31/03/11	2013	25				25
Gianni Lorenzoni	Director	01/04/10-31/03/11	2013	25				25
Sergio Marchese	Director	01/04/10-31/03/11	2013	8				8
				894	**17**	**13**	**133**	**1,057**

[1] up to the approval of the financial statements at 31 March
[2] He waived the emolument for the period from 01.04.10 to 31.03.2011
[3] Fees relating to the remuneration from subordinate employment-executive

Fees due to the Board of Directors

(in thousands of Euro)

First and last name	Position held	Period in which the position was held	Term of office	Fees in Piquadro (in thousands of Euro)	Other fees	Total
Pietro Michele Villa	Chairman of the Board of Statutory Auditors	01/04/10-31/03/11	2013	24	-	**24**
Alessandro Galli	Regular member	01/04/10-31/03/11	2013	17	-	**17**
Vittorio Melchionda	Regular member	01/04/10-31/03/11	2013	17	-	**17**
				58		**58**

Information required by Article 149-*duodecies* of the CONSOB Issuers' Regulation

Type of services	Entity performing the service	Fees *(in thousands of Euro)*
Auditing	Company's Auditors	95
Other services	Company's Auditors and network of the Company's Auditors	38
Supporting services to the manager responsible (Law no. 262)	Network of the Company's Auditors	5

Note 39 – Events after the year end

In addition to the information indicated above, no significant events were reported from 1 April 2011 up to today's date.

Note 40 – Other information

a) Shares of Piquadro S.p.A. owned by its Directors or Statutory Auditors

Below is reported the chart containing the equity investments held by directors, statutory auditors, general managers, executives with strategic responsibilities and their spouses and minor children in Piquadro S.p.A. and its subsidiaries.

First and last name	Investee company	No. of shares owned at the end of the previous financial year	No. of shares purchased	No. of shares sold	No. of shares owned at the end of the current financial year
Roberto Trotta	Piquadro SpA	3,000	-	-	3,000

b) Sale transactions with a reconveyance obligation

As at 31 March 2011, the Company had no sale transactions in place subject to an obligation of reconveyance or repurchase of its own assets sold with third-party customers.

c) Information on the financial instruments issued by the Company and by the Group

The Company and the Group did not issue financial instruments during the financial year.

d) Shareholder loans to the Company

The Company and the Group have no payables to Shareholders for loans.

e) Information relating to assets and loans intended for a specific business

The Company and the Group have not constituted assets intended for a specific business, nor have they raised loans intended for a specific business.

f) Indication of the controlling entity and information on the direction and coordination activity pursuant to article 2497 of the Italian Civil Code

Piquadro SpA is not subject to direction and coordination activities pursuant to Article 2497 and ff. of the Italian Civil Code. In fact, although under Article 2497-*sexies* of the Italian Civil Code "it is presumed, unless there is evidence to the contrary, that the activity of direction and coordination of companies is carried out by the company or entity that is required to consolidate their financial statements or that controls them in any way pursuant to Article 2359", neither Piqubo SpA nor Piquadro Holding SpA, i.e. the companies controlling Piquadro S.p.A., carries out direction and coordination activities in relation to Piquadro S.p.A., in that (i) they do not give instructions to their subsidiary; and (ii) there is no significant organisational/functional connection between these companies and Piquadro S.p.A.

In addition to directly carrying out operating activities, Piquadro SpA, in its turn, also carries out direction and coordination activities in relation to the companies it controls, pursuant to Articles 2497 and ff. of the Italian Civil Code.

CERTIFICATION ON THE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-*Ter* of Consob Regulation No. 11971 of 14 May 1999, as amended and supplemented

The undersigned Marco Palmieri, in his capacity as Chief Executive Officer, and Roberto Trotta, in his capacity as Manager responsible for the preparation of corporate accounting documents of Piquadro S.p.A., certify, also taking account of the provisions under Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- adequacy in relation to the characteristics of the Company and
- actual application of administrative and accounting procedures for the preparation of the financial statements in the course of the period 1 April 2010-31 March 2011.

It is also certified that the financial statements as at 31 March 2011:

a) have been prepared in accordance with the applicable International Accounting Standards acknowledged by the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) correspond to the results in the accounting books and records;

c) are suitable to give a true and correct representation of the equity, economic and financial position of the issuer.

The report on operations includes a reliable analysis of the performance and of the result of operations, as well as of the position of the issuer, together with a description of the main risks and uncertainties to which they are exposed.

Silla di Gaggio Montano (Province of Bologna) 13 June 2011

/F/ Marco Palmieri
Chief Executive Officer

Marco Palmieri

/F/ Roberto Trotta
Manager responsible for the preparation of corporate accounting documents
Roberto Trotta

KEY DATA OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES AT 31 MARCH 2011

Below are reported, pursuant to article 2429, last paragraph, of the Italian Civil Code, the key data of the financial statements of the subsidiaries included in the scope of consolidation

Distributing companies

Income statement (*thousands of Euro*)	**Piquadro Espana SLU**	**Piquadro Deutschland GmbH**	**Piquadro Middle East LLC(c)**
Revenues and other income	1,139	929	305
Operating costs	(1,134)	(704)	(431)
Operating profit	5	225	(126)
Financial income (charges)	(2)	(5)	(9)
Pre-tax result	3	220	(135)
Income taxes	-	-	-
Profit for the year	**3**	**220**	**(135)**

Balance sheet (*thousands of Euro*)	**Piquadro Espana SLU**	**Piquadro Deutschland GmbH**	**Piquadro Middle East LL(c)**
Assets			
Non-current assets	746	4	260
Current assets	1,102	1,013	247
Total Assets	**1,848**	**1,017**	**507**
Equity and Liabilities			
Equity	(51)	(58)	(504)
Non-current liabilities	-	1,075	-
Non-current liabilities	1,899	-	1,011
Total equity and Liabilities	**1,848**	**1,017**	**507**

Distributing companies

Income statement (*thousands of Euro*)	**Piquadro Hong Kong Ltd(a)**	**Piquadro Macau Limitada(a)**	**Piquadro Trading (Shenzhen)(b)**	**Piquadro Taiwan Ltd(d)**
Revenues and other income	2,980	335	551	337
Operating costs	(2,983)	(256)	(864)	(418)
Operating profit	(3)	79	(313)	(81)
Financial income (charges)	(124)	(24)	(12)	-
Pre-tax result	(127)	55	(325)	(81)
Income taxes	(14)	(6)	-	-
Profit for the year	**(141)**	**49**	**(325)**	**(81)**

Balance sheet (*thousands of Euro*)	**Piquadro Hong Kong Ltd(a)**	**Piquadro Macau Limitada(a)**	**Piquadro Trading (Shenzhen)(b)**	**Piquadro Taiwan Ltd(d)**
Assets				
Non-current assets	706	42	218	77
Current assets	1,516	318	1,138	355
Total Assets	**2,222**	**360**	**1,356**	**432**
Equity and Liabilities				
Equity				
Non-current liabilities	(151)	3	290	(24)

Non-current liabilities	-	-	-	-
	2,373	357	1,066	456
Total Equity and Liabilities	**2,222**	**360**	**1,356**	**432**

Production companies

Income statement (*thousands of Euro*)	**Unibest Leather Goods Co. Limited(a)**	**Unibest leather Goods Co. Limited (Zhongshang)(b)**
Revenues and other income	2	4,933
Operating costs	(211)	(5,214)
Operating profit	(209)	(281)
Financial income (charges)	(3)	1
Pre-tax result	(212)	(280)
Income taxes	.	(6)
Profit for the year	**(212)**	**(286)**

Balance Sheet (*thousands of Euro*)	**Unibest Leather Goods Co. Limited(a)**	**Unibest leather Goods Co. Limited (Zhongshang)(b)**
Assets		
Non-current assets	178	218
Current assets	118	2,235
Total Assets	**296**	**2,453**
Equity and Liabilities		
Equity	11	(71)
Non-current liabilities	176	-
Non-current liabilities	109	2,524
Total Equity and Liabilities	**296**	**2,453**

Foreign currency		**Average exchange rate 31/03/2011**	**Final exchange rate 31/03/2011**
(a)	initial amounts in Hong Kong Dollar (HK$) translated into Euro	10.2823	11.0559
(b)	initial amounts in Renbimbi (CNY) translated into Euro	8.867	9.3036
(c)	initial amounts in UAE Dirham (AED) translated into Euro	4.8574	5.2178
(d)	initial amounts in Taiwan Dollar (NTD) translated into Euro	40.7421	41.7982

REPORT OF THE BOARD OF STATUTORY AUDITORS

INDEPENDENT AUDITORS' REPORT

PROPOSALS TO THE SHAREHOLDERS' MEETING

ORDINARY SESSION

1) **BOARD OF DIRECTORS' REPORT ON THE APPROVAL OF THE FINANCIAL STATEMENTS AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2011; PROPOSED ALLOCATION OF PROFITS; BOARD OF DIRECTORS' REPORT ON OPERATIONS; INDEPENDENT AUDITORS' REPORT; REPORT OF THE BOARD OF STATUTORY AUDITORS. INHERENT AND CONSEQUENT RESOLUTIONS.**

Dear Shareholders,
The financial statements for the financial year ended 31 March 2011 closed with a net profit of Euro 9,025,786.00.
You are invited to approve:

a) the directors' report on the performance of operations relating to the financial year ended 31 March 2011;
b) the financial statements for the financial year ended 31 March 2011, in any of its parts and as a whole, which closed with a net profit of Euro 9,025,786.00;
c) to allocate the net profit of Euro 9,025,786.00 *as follows:*

- Euro 5,000,000.00. to the payment of a dividend of Euro 0.1 per share to no. 50,000,000 outstanding shares;
- as to the remaining Euro 4,025,786,00, as profit carried forward.

2) **PROPOSED ADJUSTMENT TO THE FEES DUE TO THE INDEPENDENT AUDITORS FOR THE FINANCIAL YEARS 2011/2016; INHERENT AND CONSEQUENT RESOLUTIONS.**

Dear Shareholders,

as is known, the Shareholders' Meeting of your Company, by resolution of 14 June 2007, appointed PricewaterhouseCoopers to carry out (i) auditing (now statutory audit) of the financial statements of Piquadro S.p.A. and of the consolidated financial statements of the Group – pursuant to article 155 of Legislative Decree no. 58 of 24 February 1998 (as amended) – for a term of nine financial years starting from 31 March 2008 and up to 31 March 2016; and (ii) the limited audit of consolidated half-year reports starting from (and including) the half-year ended 30 September 2007 up to (and including) the half-year which will end on 30 September 2015.
This task was assigned at the conditions specified in the initial proposal submitted by the Independent Auditors on 8 June 2007.

It should be pointed out that, following the increasing disclosure obligations imposed by the legislator and by the supervisory authorities, in addition to the growing complexity of the Piquadro Group following its expansion at national and international level, the independent auditors PricewaterhouseCoopers S.p.A. have submitted a proposal to adjust their fees for the period 2011/2016 in relation to which reference is made to the reasoned proposal submitted by the Board of Statutory Auditors.

EXTRAORDINARY SESSION

3) AMENDMENT TO ARTICLE 12.2 AND INTRODUCTION OF THE NEW ARTICLE 25 OF THE COMPANY'S BY-LAWS AND CONSEQUENT RENUMBERING OF SUBSEQUENT ARTICLES OF THE CURRENT BY-LAWS; INHERENT AND CONSEQUENT RESOLUTIONS.

Dear Shareholders,
you are invited to approve the proposal:

a) to amend article 12.2 and to introduce the new article 25 of the Company's By-laws, with the consequent renumbering of the subsequent articles of the current By-laws, as proposed by the Board of Directors, adopting the new text of By-laws attached hereto;

b) *to grant the Board of Directors a mandate to give full execution to the resolutions passed hereinabove, and to also grant the Chairman of the Board of Directors and the Director Roberto Trotta, severally among them and with the power to appoint agents with limited authority, any power and authority:*

(i) *to prepare filings, notices, disclosures and to fulfil any other formality prescribed by the current regulatory and legislative provisions which should be applied in relation to the above; and*

(ii) *to make such amendments, additions and deletions of a non-material nature to the above resolutions as may be useful and/or appropriate at the time of the related registration with the competent Register of Companies, as well as to perform any other act and/or activity which should be useful and/or appropriate in order to allow a more efficient and rapid execution of the resolutions themselves;*

c) *to grant a mandate to the Chairman of the Board of Directors and the Director Roberto Trotta, severally among them and with the power to appoint agents with limited authority, so that they may file and publish, pursuant to law, the updated text of the Company's By-laws with any changes made to the same pursuant to and for the purposes of the previous resolutions.*

Silla di Gaggio Montano (Province of Bologna),
13 June 2011

FOR THE BOARD OF DIRECTORS

THE CHAIRMAN
(Marco Palmieri)