CONSOLIDATED FINANCIAL STATEMENTS OF THE PIQUADRO GROUP AS AT 31 MARCH 2010

DIRECTORS' MANAGEMENT REPORT

Disclaimer

This Report at 31 March 2010 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.

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. Frankfurt, 60313, Goethestrasse 32 (Piquadro Deutschland) — *Point of sale*
8. Barberino del Mugello (FI), c/o 'Factory Outlet Centre' (Piquadro S.p.A.) — *Retail outlet*
9. Fidenza (PR) c/o "Fidenza Village" (Piquadro S.p.A.) — *Retail outlet*
10. Rome – c/o Centro Commerciale Cinecittà (Piquadro S.p.A.) — *Point of sale*
11. Rome – c/o Galleria N. Commerciale di "Porta Roma"(Piquadro S.p.A.) — *Point of sale*
12. Hong Kong, Kowloon Harbour City (Piquadro Hong Kong Ltd) — *Point of sale*
13. Macau, Venetian Mall (Piquadro Macau Limitada) — *Point of sale*
14. Vicolungo (NO) c/o Parco Commerciale (Piquadro S.p.A.) — *Retail outlet*
15. Abu Dhabi, c/o Khalidiyah Mall (Piquadro Middle East Leather Products LLC) — *Point of sale*
16. Hong Kong – Kowloon The Peninsula Hotel (Piquadro Hong Kong Ltd) — *Point of sale*
17. Rome – c/o Euroma 2 (Piquadro S.p.A.) — *Point of sale*
18. Valdichiana (AR), c/o "Valdichiana Outlet Village" (Piquadro S.p.A.) — *Retail outlet*
19. Noventa di Piave (VE), c/o "Factory Outlet Centre" (Piquadro S.p.A.) — *Retail outlet*
20. Dubai, c/o Burjuman Mall (Piquadro Middle East Leather Products LLC) — *Point of sale*
21. Rome, Fiumicino Airport (Piquadro S.p.A.) — *Point of sale*
22. Milan, Via Dante 9 (Piquadro S.p.A.) — *Point of sale*
23. Ingolstadt, c/o "Ingolstadt Village" (Piquadro Deutschland) — *Retail outlet*
24. Bologna, "G. Marconi" Airport (Piquadro S.p.A.) — *Point of sale*
25. Barcelona, c/o "La Roca Village" (Piquadro España) — *Retail outlet*
26. Shanghai – Shanghai International Golden Eagle Square (Piquadro Shenzhen) — *Point of sale*
27. Beijing - Beijing Jinbao Place (Piquadro Shenzhen) — *Point of sale*
28. Taiwan – Taipei Eslite Dun Nan (Piquadro Taiwan) — *Point of sale*
29. Hong Kong – Times Square (Piquadro Hong Kong Ltd) — *Point of sale*
30. Shenzhen – Mix City (Piquadro Shenzhen) — *Point of sale*
31. Hong Kong – Kowloon New Town Plaza (Piquadro Hong Kong Ltd) — *Point of sale*
32. Taiwan – Taipei Xin Yin Shop (Piquadro Taiwan) — *Point of sale*
33. Hong Kong – Kowloon – Isquare Shopping Mall (Piquadro Hong Kong Ltd) — *Point of sale*
34. Hong Kong – Seibu Pacific Place Shopping Mall (Piquadro Hong Kong Ltd) — *Point of sale*
35. Marcianise (CE) - c/o "Factory Outlet Centre" (Piquadro S.p.A.) — *Retail outlet*

Introduction

This Management Report relates to the consolidated financial statements of Piquadro S.p.A. (hereinafter also referred to as the "Company") and its subsidiaries ("Piquadro Group" or the "Group") as at 31 March 2010, 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 Accounting Statements and the related Explanatory Notes, which make up the financial statements relating to the financial year 1 April 2009 – 31 March 2010 (the "FY 2009/2010").

The financial year under consideration is compared to the data for the 2008/2009 financial year (the "FY 2008/2009"), which includes the period from 1 April 2008 to 31 March 2009.

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.

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* *Testo Unico della Finanza*, Consolidation Act on Finance

A) CORPORATE BODIES HOLDING OFFICE AT 31 MARCH 2010

- **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 2010)

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 2010)

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 2010)

Regular members

Pietro Michele Villa	*Chairman*
Alessandro Galli	*Auditor*
Vittorio Melchionda	*Auditor*

Substitute members

Fabio Massimo Micaludi	*Auditor*
Matteo Rossi	*Auditor*

- **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

B) THE GROUP STRUCTURE

The chart below shows the structure of the Piquadro Group as at 31 March 2010:

C) 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 2010, part of the small leather goods and of some lines of briefcases, which accounts for about 30% 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 2010, included 35 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 (45 shops as at 31 March 2010) and by distributors who then resell the articles in specialist multi-brand shops.

In the financial year ended 31 March 2010, about 22% of the Group's consolidated revenues were achieved through the direct channel (16% as at 31 March 2009), while the remaining 78% of consolidated revenues was achieved through the indirect channel (84% in the financial year ended 31 March 2009).

Operations

In the financial year ended 31 March 2010, the Piquadro Group confirmed its ability to maintain a high standard of performance in spite of the negative economic and financial situation, even if in terms of a profitability slightly lower than the same period in the FY 2008/2009, but in line with both the management's expectations and the forecasts contained in the sector analyses, up compared to the value recorded in the first nine months of the FY 2009/2010. In the financial year ended 31 March 2010, the Piquadro Group reported revenues up by about 1% compared to the same period in the FY 2008/2009.

The increase in revenues, which is commented on in detail below in this Report, mainly derives from 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 2010, were equal to about 966 thousand units, up by about 1.1% compared to the financial year ended 31 March 2009 (about 955 thousand units sold). The product family that recorded the most significant increase in terms of sales revenues was that of women's bags, but travel articles 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 also represent, in terms of volumes, more than 75% of the Group's consolidated revenues. As regards average selling prices, the financial year ended 31 March 2010 reported an increase equal to about 4.1%, 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 2010, the increase in the average list prices was equal to about 3%, thus allowing the Group to record the deltas referred to above.

Net sales revenues

In the financial year ended 31 March 2010, the Piquadro Group reported net sales revenues equal to about Euro 52.2 million, up by about 1.0% compared to the financial year ended 31 March 2009 (the figure relating to the 4th quarter of the tax year, i.e. in the period included between January and March 2010, was positive and equal to a 3.2% growth). 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 +51%) and in the domestic market (about +2.9%). 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 net consolidated revenues by distribution channel, expressed in thousands of Euro for the financial year ended 31 March 2010 and compared to the financial year ended 31 March 2009:

Sales channel *(In thousands of Euro)*	**Net revenues as at 31 March 2010**	**%**	**Net revenues as at 31 March 2009**	**%**	**% change 2010/2009**
DOS	11,413	21.9%	8,233	15.9%	+38.6%
Wholesale	40,805	78.1%	43,468	84.1%	-6.1%
Total	**52,218**	**100%**	**51,701**	**100%**	**+ 1.0%**

The revenues reported by the DOS channel increased by more than 38% compared to the financial year ended 31 March 2009; this increase was determined by the opening of 10 new shops, 1 of which was opened in Italy (Marcianise (CE) - c/o "Factory Outlet Centre", in February 2010 –2-month contribution to the consolidated accounts) and 9 in the geographical area including Hong Kong, Taiwan and China: 4 were opened in Hong Kong (Time Square in May 2009 – 11-month contribution to the consolidated accounts; Kowloon New Town Plaza in October 2009 – 6-month contribution to the consolidated accounts; Kowloon – Isquare Shopping Mall in January 2010 – 3-month contribution to the consolidated accounts; Seibu Pacific Place Shopping Mall in January 2010 – 3-month contribution to the consolidated accounts), 2 were opened in Taiwan (Taipei Eslite Dun Nan in April 2009 – 12-month contribution to the consolidated accounts; Taipei Xin Yin Shop in October 2009 – 6-month contribution to the consolidated accounts), 3 were opened in China (Shanghai International Golden Eagle Square in May 2009 – 11-month contribution to the consolidated accounts, Beijing Jinbao Place in May 2009 – 11-month contribution to the consolidated accounts, Mix City in October 2009 – 6-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 25 shops, 5 of which in Rome, 4 in Milan, 2 in Hong Kong, 2 in Bologna and Barcelona, in addition to 1 in Barberino del Mugello, Frankfurt, Ingolstadt, Macau, Fidenza, Vicolungo, Valdichiana, Noventa di Piave, Abu Dhabi and Dubai, respectively.

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 5.3% (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 5.1%). The figure relating to the 4th quarter of the tax year, i.e. in the period included between January and March 2010, was extremely positive and equal to a 15.1% growth.
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 78% of the Group's total turnover, decreased by 6.1% compared to the financial year ended 31 March 2009.

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 2010 and compared to the financial year ended 31 March 2009:

Product family *(In thousands of Euro)*	**Net revenues as at 31 March 2010**	**%**	**Net revenues as at 31 March 2009**	**%**	**% change 2010/2009**
Briefcases	21,298	40.8%	24,198	46.8%	-12.0%
Small leather goods	9,185	17.6%	9,580	18.5%	-4.1%
Women's bags	10,904	20.9%	8,214	15.9%	+32.7%
Travel articles	6,321	12.1%	5,241	10.1%	+20.6%
Organisers/notepad holders	2,670	5.1%	3,596	7.0%	-25.7%
Accessories	1,840	3.5%	872	1.7%	+111.1%
Total	**52,218**	**100%**	**51,701**	**100%**	**+ 1.0%**

In relation to the breakdown of turnover by product family, the Group's revenues for the 2010 financial year reported a performance in line with the Management's expectations for the "Briefcases" family, which represents about 41% of total sales and whose decrease compared to the financial year ended 31 March 2009 was equal to about 12%.

Revenues from the "Small leather goods" family reported a limited impairment of about 4% compared to 2009.

"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 10.9 million, up by about 32% compared to the FY 2008/2009. In this regard, it is necessary to highlight that the strategy followed by the Company 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 20% compared to 31 March 2009. This growth is even more clear in the DOS channel (about +42% compared to the financial year ended 31 March 2009), 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 111% compared to 31 March 2009. This result is mainly attributable to the introduction of new commodity categories of products, such as the first line of clothing (about Euro 631 thousand as at 31 March 2010), watches (about Euro 140 thousand), in addition to the sale of bags named Happy Box which form part of the project launched in cooperation with the "Il Girasondo", a day social-rehabilitation centre for disabled people whose industrial margins have been fully assigned to the social cooperative association of which the social-rehabilitation centre "Il Girasondo" is a member.

Breakdown of revenues by geographical area

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

	Net revenues as at 31 March 2010	%	Net revenues as at 31 March 2009	%	% change 2010/2009
Italy	41,732	79.9%	40,591	78.5%	+2.8%
Europe	7,323	14.0%	9,025	17.5%	-18.9%
Rest of the World	3,163	6.1%	2,085	4.0%	+51.7%
Total	**52,218**	**100%**	**51,701**	**100%**	**+ 1.0%**

As to the breakdown of turnover by geographical area, the Group's revenues for the FY 2009/2010 show that the Italian market accounts for a very significant percentage of the Group's total turnover (about 79.9%), up by about 2.8% compared to the financial year ended 31 march 2009. In the FY 2009/2010, the Company opened, in the domestic market, 11 points of sale, including DOSs (1 point of sale) and franchise shops (10 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 7,323 thousand, equal to about 14.0% of consolidated sales (-35.3% compared to Euro 4,265 thousand for the 1st half of 2008).

In the non-European geographical area (named "Rest of the World"), where the Group sells in 22 Countries, turnover rose by about 51.7%, specifically in the Far East region (Hong Kong, Taiwan and China); these growths, even if important in percentage terms, are not yet able to significantly affect the total turnover.

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 1.1% (from about 955 thousand units sold in the financial year ended 31 March 2009 to about 966 thousand units sold in the financial year ended 31 March 2010) 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 4.1% in the financial year ended 31 March 2010 compared to the financial year ended 31 March 2009;

- opening of new points of sale, both in the DOS channel (10 shops opened in the financial year 31 March 2010, in addition to the 25 shops already existing in the financial year ended 31 March 2009) and the Wholesale channel (18 franchise points of sale opened in the financial year ended 31 March 2010, in addition to the 27 shops already existing in the financial year ended 31 March 2009).

Below is reported the list of the 28 single-brand shops (10 DOSs and 18 franchise shops) opened in the course of the financial year ended 31 March 2010:

Month of opening	Location	Channel
April 2009	Taiwan – Taipei Eslite Dun Nan	DOS
April 2009	Rome, Viale Marconi 6	Franchising (Wholesale)
April 2009	Sarajevo (Bosnia), BBI Center	Franchising (Wholesale)
May 2009	Shanghai (China)– Shanghai International Golden Eagle Square	DOS
May 2009	Hong Kong – Time Square	DOS
June 2009	Barcelona (Spain), Airport	Franchising (Wholesale)
June 2009	Beijing (China) – Beijing Jinbao Place	DOS
June 2009	Jeddah (Saudi Arabia) – Red Sea Mall	Franchising (Wholesale)
July 2009	Modena, Centro Commerciale "Grand'Emilia"	Franchising (Wholesale)
July 2009	Busnago (Mi), Centro Commerciale "Il Globo"	Franchising (Wholesale)
September 2009	Bergamo, Via Sant'Alessandro 4/A	Franchising (Wholesale)
September 2009	Naples, Via Carducci 32	Franchising (Wholesale)
October 2009	Shenzhen (China)– Mix City	DOS
October 2009	Hong Kong – Kowloon New Town Plaza	DOS
October 2009	Taiwan – Taipei Xin Yin Shop	DOS
October 2009	Trieste, Via Mazzini 40	Franchising (Wholesale)
October 2009	Ravenna, via Cavour 95	Franchising (Wholesale)

October 2009	Barcelona (Spain), Calle Rosselò 218	Franchising (Wholesale)
October 2009	Ningbo (China) – Tianyi International Shopping Plaza	Franchising (Wholesale)
November 2009	Moscow, Sokolniki disctrict Rusakovskaja	Franchising (Wholesale)
November 2009	Turin, Centro Commerciale Le Gru	Franchising (Wholesale)
November 2009	Bari, via Sparano 23	Franchising (Wholesale)
December 2009	Brescia, Centro Commerciale Freccia Rossa	Franchising (Wholesale)
January 2010	Hong Kong – Kowloon – I Square	DOS
January 2010	Hong Kong – Seibu Pacific Place	DOS
January 2010	Moscow, Flagship Store Petrovskie	Franchising (Wholesale)
February 2010	Marcianise (CE) - c/o "Factory Outlet Centre"	DOS
March 2010	Moscow, Mega Belaja Dacha Commercial Center	Franchising (Wholesale)

As indicated above, the Wholesale channel includes the shops run by the Company through franchise agreements; in the financial year ended 31 March 2010, this type of customers represented about 9.8% of the Group's turnover (6.2% in the financial year ended 31 March 2009), reporting a growth exceeding 52.4%. The Management considers the growth prospects of this form of contract important, both for the expansion of the business in European countries and in the Rest of the World, and for the ever greater penetration of geographical areas such as Italy itself where the Company holds a position of leadership and where, in particular areas, it is more expedient to entrust the opening of Piquadro-branded shops to third-party dealers.

Against a slight growth in sales revenues, the financial statements for the year ended 31 March 2010 saw a lower performance of the Group's profitability compared to the same period in the previous year, with an operating result down by about 5.8% compared to the FY 2008/2009 (from Euro 12,525 thousand - equal to 24.2% of total sales revenues - in the financial year ended 31 March 2009 to Euro 11,791 thousand - equal to about 22.6% of total sales revenues - in the financial year ended 31 March 2010).

As regards pre-tax results, the Group reported a 3.4% decrease, passing from Euro 11,784 thousand as at 31 March 2009 to Euro 11,366 thousand recorded in the financial year ended 31 March 2010.

In the opinion of the management, the reduction in the operating result was mainly attributable to the following factors:

- a greater impact of revenues from the DOS segment over the total revenues which corresponded to a profitability that was lower than that recorded by the wholesale channel and that was also affected by the opening of new shops whose profitability trends are not yet aligned with the Group's average performance;
- a reduction in revenues from the wholesale channel that have then generated, thanks to the substantial margins they have brought, an operational deleverage in a situation in which overheads substantially remained the same.

Summary economic-financial data

Below are reported the Group's main economic-financial indicators as at 31 March 2010:

in thousands of Euro	**31 March 2010**	**31 March 2009**
Revenues from sales	52,218	51,701
EBITDA *(a)*	13,810	14,386
EBIT *(b)*	11,784	12,525
Pre-tax result	11,366	11,775
Profit for the period	7,123	7,514
Net Financial Position *(c)*	(5,334)	(10,393)
Shareholders' equity	20,967	16,926
Amortisation and depreciation of fixed assets and write-downs of receivables	2,031	2,396
Financial absorption (Group net profit, amortisation and depreciation, write-downs)	9,154	9,910

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 Financial Balance Sheet, 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 and the simultaneous reduced impact of the wholesale revenues with a direct effect on the operational leverage.

EBITDA for the period came to about Euro 13.8 million, against Euro 14.4 million recorded in the financial year ended 31 March 2009 and as at 31 March 2010 it represented 26.5% of consolidated revenues (27.8% in the financial year ended 31 March 2009). The reasons for the relative decrease in EBITDA lie in both the absence of the benefit of operational leverage owing to the negative performance of the turnover from the wholesale business segment and the greater impact of the turnover from the DOS segment, whose margins, at EBITDA level, were lower than those usually generated in the wholesale segment.

In the financial year ended 31 March 2010, the Group used about Euro 2.53 million for marketing and communication activities (Euro 3.2 million as at 31 March 2009) in order to develop and promote the Piquadro brand, and for the first time it appeared on the TV.

Amortisation and depreciation were equal to Euro 2,026 million and related to the depreciation of the building where the Company operates for about Euro 186 thousand, the depreciation of plant and machinery for Euro 289 thousand (including the automated warehouse of the Headquarters for Euro 268 thousand), the depreciation of industrial and business equipment for Euro 851 thousand (including fittings for shops for about Euro 640 thousand), the amortisation of the key moneys paid out for about Euro 335 thousand (including a write-down for Euro 93 thousand relating to the key money paid out for the Dubai shop), the amortisation of software for about Euro 233 thousand and the amortisation of development costs for about Euro 100 thousand.

EBIT came to Euro 11.7 million, equal to about 22.5% of net sales revenues, down by about 5.9% compared to the value recorded in the financial year ended 31 March 2009 (for a percentage equal to 24.2%).

The result from financial operations, which was negative for a value equal to about Euro 418 thousand (compared to a negative value of Euro 750 thousand as at 31 March 2009) 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 3 thousand as at 31 March 2010).

The pre-tax result recorded by the Group in the financial year ended 31 March 2010 came to about Euro 11,366 thousand (down by about 3.48% against the value recorded in the financial year ended 31 March 2009) and was affected by income taxes, including the effects of deferred taxation, equal to Euro 4,243 million for an overall tax rate amounting to 37.3% (36.2% for the financial year ended 31 March 2009).

The Group's net profitability, in spite of the FY 2009/2010 being characterised by the severe worldwide economic crisis, is still higher than that of comparable companies in the same sector. In particular, the results obtained in the last quarter of the 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 in the last financial year. 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 FY 2009/2010 and FY 2008/2009:

Profitability ratio	Composition of the ratio	2009/2010	2008/2009
Return on sales (R.O.S.)	EBIT/Net sales revenues	22.6%	24.2%
Return on Investment (R.O.I.)	EBIT/Net invested capital	44.9%	45.7%
Return on Equity (R.O.E.)	Profit for the period/Shareholders' equity	34.5%	44.4%

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 2010, 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 2010 were equal to Euro 1,558 thousand (Euro 3,172 thousand as at 31 March 2009) as reported below:

(in thousands of Euro)	**31 March 2010**	**31 March 2009**
Investments		
Intangible assets	193	693
Property, plant and equipment	1,365	2,479
Financial fixed assets	-	-
Total	**1,558**	**3,172**

Increases in intangible assets, equal to Euro 193 thousand in the financial year ended 31 March 2010 (Euro 693 thousand as at 31 March 2009) related to patent rights for Euro 10 thousand, trademarks for Euro 31 thousand, investments in software for Euro 66 thousand and fixed assets under development for Euro 86 thousand relating to the software project for managing consolidated accounts and the CPM (Corporate Performance Management) and the software project for optimising Supply Chain processes (the so-called integrated Demand Management system), respectively.

On the contrary, increases in property, plant and equipment, equal to Euro 1,365 thousand in the financial year ended 31 March 2010 (Euro 2,479 thousand as at 31 March 2009) were mainly attributable to fittings purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro 1,233 thousand, to the purchases of moulds relating to new products for Euro 70 thousand and to the purchase of electronic office machines for Euro 50 thousand**.**

BALANCE SHEET

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

(in thousands of Euro)	**31 March 2010**	**31 March 2009**
Trade receivables	20,255	19,477
Inventories	7,618	7,824
(Trade payables)	(12,849)	(11,296)
Total net current trade assets	15,024	16,005
Other current assets	1,565	1,154
(Other current liabilities)	(2,663)	(2,536)
(Tax payables)	0	(124)
A) Working capital	***13,926***	***14,499***
Intangible assets	648	1,195
Property, plant and equipment	11,517	11,513
Receivables from others beyond 12 months	539	435
Deferred tax assets	1,112	862
B) Fixed assets	***13,816***	***14,005***
C) Non-current provisions and non-financial liabilities	***(1,441)***	***(1,185)***
Net invested capital (A+B+C)	**26,301**	**27,319**
FINANCED BY:		
D) Net financial debt	*5,334*	*10,393*
E) Equity attributable to Minority interests	*81*	*205*
F) Equity attributable to the Group	*20,886*	*16,721*
Total financial payables and Shareholders' Equity (D+E+F)	**26,301**	**27,319**

NET FINANCIAL POSITION

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

(Values expressed in thousands of Euro)	**31 March 2010**	**31 March 2009**
Cash	58	26
Other cash and cash equivalents (available current bank accounts)	9,259	6,871
Liquidity	**9,317**	**6,897**
Finance leases	(948)	(948)
Current bank debt	-	-
Current portion of non-current debt	(2,409)	(1,820)
Current financial debt	**(3,357)**	**(2,768)**
Short-term net financial position	**5,960**	**4,129**
Non-current bank debt	(6,046)	(8,355)
Finance leases	(5,248)	(6,167)
Non-current financial debt	**(11,294)**	**(14,522)**
Net Financial Debt	**(5,334)**	**(10,393)**

As at 31 March 2010, the Net Financial Position posted a negative value of about Euro 5.3 million, showing a sharp improvement of more than Euro 5.1 million compared to the debt of Euro 10.4 million recorded as at 31 March 2009. 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 1.6 million
- dividends to be distributed in relation to the FY 2008/2009 for Euro 3.1 million (with a payout equal to about 40% 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 Euro 5.1 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 2010 attributable to the Group:

(in thousands of Euro)	Result as at 31/03/2010	Total Equity as at 31/03/2010	Result as at 31/03/2009	Total Equity as at 31/03/2009
Equity and result for the period as reported in the annual accounts of Piquadro SpA	**7,501**	**21,924**	**7,789**	**17,437**
Derecognition of the book value of consolidated equity investments	41	(107)	51	(84)
Derecognition of the effects of transactions effected between consolidated companies:				
- Profits included in inventories	(178)	(574)	(67)	(396)
- Other minor	(28)	(164)	(140)	(136)
- Write-downs / Impairment	(93)	(193)	(100)	(100)
Equity and result for the period attributable to the Group	**7,243**	**20,886**	**7,533**	**16,721**
Profits (losses) and equity attributable to minority interests	(120)	81	(19)	205
Equity and consolidated profit for the period	**7,123**	**20,967**	**7,514**	**16,926**

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 2010 the Group had 542 members of staff compared to 570 units as at 31 March 2009. Below is reported the breakdown of staff by country:

Country	31 March 2010	31 March 2009
Italy	150	136
China	333	408
Hong Kong	30	12
Macau	5	4
Germany	7	4
Spain	6	2
UAE	5	4

Taiwan	6	-
Total	**542**	**570**

With reference to the Group's organisational structure, as at 31 March 2010 46.1% of staff operated in the production area, 24.4% in the retail area, 17.9% in the support functions (Administration, IT Systems, Purchasing, Human Resources, etc), 8.9% in the Research and Development area and 2.8% in the sales area.

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 2010, 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, taking into consideration, *inter alia*, the analysis of the workstations of pregnant and breastfeeding women.

The following procedures have also been developed for managing the safety system of the business:

- management of DPIs (*Dispositivi di Protezione Individuale*, Individual Protection Devices)
- safety management in contracts
- risk assessment management
- management of non-conformity and negative comments

For the latter procedure, the warehouse supervisor has been given the task of preparing a control report on safety conditions every 15 days and sending it to the RSPP who will complete a register with an analysis of the situations reported and identify the necessary corrective measures.
The supervisors of the individual outlets have been identified and the training required by article 37 of Legislative Decree no. 81/08 has been carried out. Moreover, specific training regarding manual load handling has been carried out for the warehouse staff.

D) 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 24 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 Company 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 2010, the Company's research and development activity was aimed at developing a new continuous line of briefcases made only in leather (Jazz), a new line in leather and fabric (One) and another line only in fabric (Moon), together with new lines of small leather goods (Layer) and the expansion of the existing range of seven continuous lines such as *Up to Date*, *Frame*, *PQ7*, *Blue Square*, *Modus, Link* and *Free Way*. Within the seasonal lines, activities concentrated on the development of fourteen seasonal lines (seven lines for spring/summer 2010 and marketed starting from September 2009, six for autumn/winter 2010/2011 and for which orders were collected starting from March 2010 and a new line in leather and fabric – L2 - for which orders were collected starting from May 2009), in addition to the expansion of the range of a further six seasonal lines that were already introduced during the previous financial year; a new line of key cases, the second collection of

Piquadro-branded cufflinks, the new line of umbrellas, the expansion of the range of travel lines Globe and Odissey originally developed the previous year, ten new lines of belts, two new collections of gloves, one for men and one for women, and the new line of motorbike helmets. In addition, the Company continued to pursue its brand extension strategy and developed its first collection of Piquadro-branded watches - with 4 models in two different colours -, a collection of technological items such as solar cell battery chargers and travel adapters, the new collection of stationery – pencils, rubbers and stationery items – and above all the new clothing collections relating to spring/summer 2010 and autumn/winter 2010/2011, the latter being developed in cooperation with Studio Osti in Bologna.
As required by IFRS (IAS 38), the Piquadro Group 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 2010, the net value of the assets relating to the new continuous product lines were equal to Euro 130 thousand.

E) RELATIONS WITH RELATED PARTIES (WITH THE CONTROLLING COMPANY AND THE COMPANIES CONTROLLED BY THE LATTER)

As to relations with related parties, reference is made to Note 35 of the Explanatory Notes to the Accounting Statements.

PERFORMANCE OF PIQUADRO SpA

In reporting the performance of the Group, the main events were already illustrated in relation to the Parent Company whose revenues, including relations with Group companies, represent about 97% of consolidated revenues.

Operations

The financial year ended 31 March 2010, which was strongly affected by the global economic crisis, provided Piquadro S.p.A. with further confirmation of the soundness of its brand and business model. It was a year which, despite the context of growing negativity due to the effects of the persisting financial crisis, saw revenues from sales substantially holding firm, showing a slight fall of about 0.1% compared to the financial year ended 31 March 2009. The performance of revenues, which is commented on in detail below in this Report, mainly derives from the domestic market, where the Company holds a leadership position. The product family that recorded the most significant increase in terms of sales revenues was that of women's bags, but travel articles 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 77% of Piquadro SpA sales in terms of volumes in the financial year ended 31 March 2009, still represent an important percentage of sales revenues (about 76%). As regards average selling prices, the financial year ended 31 March 2010 reported an increase equal to about 4.1%, 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 2010, the increase in the average list prices was equal to about 3%, thus allowing the Group to record the deltas referred to above.

Net sales revenues

In the financial year ended 31 March 2010, the Company reported net sales revenues equal to about Euro 50.7 million, in line with the revenues reported in the financial year ended 31 March 2009. The performance of revenues is mainly attributable to the positive performances recorded in the domestic market (about +3% for an increasing counter-value of about Euro 1,215 thousand); Europe reported a fall in revenues of about 25.4% (in absolute terms, equal to about Euro 2,226 thousand), while the Rest of the World recorded an increase of about 65.8% (in absolute terms, equal to Euro 960 thousand).

Breakdown of revenues by distribution channel

The table below reports the breakdown of net revenues of Piquadro S.p.A. by distribution channel, expressed in thousands of Euro for the financial year ended 31 March 2010 and compared to the financial year ended 31 March 2009:

Sales channel *(In thousands of Euro)*	**Net revenues as at 31 March 2010**	**%**	**Net revenues as at 31 March 2009**	**%**	**% change 2010/2009**

DOS	9,885	19.5%	7,299	14.4%	35.4%
Wholesale	40,796	80.5%	43,433	85.6%	-6.1%
Total	**50,681**	**100%**	**50,732**	**100%**	**-0.1%**

The revenues reported by the DOS channel increased by 35.4% compared to the financial year ended 31 March 2009; this increase was mainly determined by the opening of 10 new shops, 1 of which was opened in Italy, in Marcianise (CE) - c/o "Factory Outlet Centre", in February 2010 (2-month contribution), while 9 shops were opened by subsidiaries in the geographical area which includes Hong Kong, Taiwan and China, broken down as follows: 4 were opened in Hong Kong (Time Square in May 2009 – 11-month contribution; Kowloon New Town Plaza in October 2009 – 6-month contribution; Kowloon – Isquare Shopping Mall in January 2010 – 3-month contribution; Seibu Pacific Place Shopping Mall in January 2010 – 3-month contribution), 2 were opened in Taiwan (Taipei Eslite Dun Nan in April 2009 – about 12-month contribution; Taipei Xin Yin Shop in October 2009 – 6-month contribution), 3 were opened in China (Shanghai International Golden Eagle Square in May 2009 – 11-month contribution, Beijing Jinbao Place in May 2009 – 11-month contribution, Mix City in October 2009 – 6-month contribution). These points of sale, which were opened by the Group in the course of the financial year, added to the already existing Company-owned 25 shops, 5 of which in Rome, 4 in Milan, 2 in Bologna, in addition to 1 in Barberino del Mugello, Fidenza, Vicolungo, Valdichiana, Noventa di Piave, respectively, in addition to those managed through subsidiaries in Germany (2), in Spain (2), HK (2), United Arab Emirates (2) and Macau. 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 80% of the Company's total turnover, decreased by about 6% compared to the financial year ended 31 March 2009.

Below are reported the breakdowns of revenues by geographical area.

	Net revenues as at 31 March 2010	**%**	**Net revenues as at 31 March 2009**	**%**	**% change 2010/2009**
Italy	41,712	82.3%	40,497	79.8%	3.0%
Europe	6,550	12.9%	8,776	17.3%	-25.4%
Rest of the World	2,419	4.8%	1,459	2.9%	65.8%
Total	**50,681**	**100%**	**50,732**	**100%**	**-0.1%**

The Company's revenues for the FY 2009/2010 show that the Italian market still accounts for a very significant percentage of the total turnover (about 82%). In the FY 2009/2010, the Company opened, in the domestic market, 11 points of sale, including DOSs and franchise shops. Within the European market, the Company achieved a turnover equal to Euro 6,550 thousand, down by 25.4% compared to the financial year ended 31 March 2009, which is equal to 12.9% in terms of percentage impact of the total turnover of the FY 2009/2010. In the geographical area named "Rest of the World", where the Company sells in 22 Countries, the Company reported an increase of about 65.8%.

Summary economic-financial data

Below are reported the results of Piquadro S.p.A. as at 31 March 2010 compared to the same indicators as at 31 March 2009:

Values expressed in thousands of Euro	31.03.2010	31.03.2009
Revenues from sales	50,681	50,732
EBITDA	13,986	14,322
EBIT	12,316	12,751
After-tax result	7,501	7,789
Depreciation of property, plant and equipment, amortisation of intangible assets and write-downs	1,670	1,571
Cash Flow (net result before amortisation, depreciation and write-downs)	9,171	9,360

In the FY 2009/2010, the Company reported, as regards Gross Margin[1], a performance equal to 63.95% of the turnover, down by about 75 basis points compared to the FY 2008/2009 (with a gross margin equal to 64.7%). The decrease referred to above is mainly attributable to the dynamics in US$/Euro exchange rates relating to the purchases of raw materials and to the production costs in USD which decreased of about 2% on average (from Euro/USD 1.4388 to Euro/USD 1.4133). EBITDA for the period came to Euro 13.9 million against Euro 14.3 million reported in the FY 2008/2009, accounting for 27.6% of the Company's revenues as at 31 March 2010 (28.2% in the financial year ended 31 March 2009).
In the FY 2009/2010, the Company used more than Euro 2.5 million for marketing and communication activities, in order to develop and promote the Piquadro brand, against Euro 3.2 million of costs incurred in the FY 2008/2009.

Amortisation and depreciation were equal to Euro 1,670 thousand and mainly related to the depreciation of the building where the Company operates (about Euro 187 thousand), the depreciation of business equipment, including automated warehouse (a total of about Euro 268 thousand), fittings for shops (about Euro 640 thousand), the amortisation of the key moneys paid out for the opening of shops in Bologna, Milan and Rome (about Euro 101 thousand), the amortisation of software, including the new integrated IT system based on the IT solution Microsoft Dinamics Navision – Pebblestone Fashion and the new group website (a total equal to about Euro 222 thousand) and the amortisation of development costs (about Euro 100 thousand).

EBIT came to around Euro 12.3 million, equal to about 24.30% of net sales revenues, down by about 0.3% compared to the value recorded in the FY 2008/2009 (a percentage equal to 25.1%).

The result from financial operations, which was negative for a value equal to about Euro 513 thousand, was mainly attributable to the net financial debt dynamics, net of exchange rate differences. The differential between foreign exchange gains and losses was negative for a value equal to Euro 115 thousand (while was positive for a value of Euro 165 thousand as at 31 March 2009).

The pre-tax result recorded by the Company in the financial year ended 31 March 2010 came to about Euro 11.8 million (compared to Euro 12 million as at 31 March 2009) and was affected by income taxes, including the effects of deferred taxation, equal to Euro 4.3 million for an overall tax rate amounting to 36.43% (35.12% for the financial year ended 31 March 2009).

Profitability ratios of Piquadro SpA

Below are reported the main profitability ratios relating to the FY 2009/2010 and FY 2008/2009:

Profitability ratio	Composition of the ratio	2009/2010	2008/2009
Return on sales (R.O.S.)	EBIT/Net sales revenues	24.3%	25.1%
Return on Investment (R.O.I.)	EBIT/Net invested capital	44.2%	44.7%
Return on Equity (R.O.E.)	Profit for the period/Shareholders' equity	34.2%	44.6%

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

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 2010, 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 1,495 thousand in the financial year ended 31 March 2010 (Euro 2,807 thousand in the financial year ended 31 March 2009).
Below is reported the breakdown by type:

(in thousands of Euro)	**31 March 2010**	**31 March 2009**
Investments		
Intangible assets	191	265
Property, plant and equipment	944	2,330
Financial fixed assets	360	212
Total	**1,495**	**2,807**

Increases in intangible assets, equal to Euro 191 thousand in the financial year ended 31 March 2010 (Euro 265 thousand as at 31 March 2009) related to patent rights for Euro 10 thousand, trademarks for Euro 31 thousand, investments in software for Euro 64 thousand and fixed assets under development for Euro 86 thousand relating to the software project for managing consolidated accounts and the CPM (Corporate Performance Management) and the software project for optimising Supply Chain processes (the so-called integrated Demand Management system), respectively.

On the contrary, increases in property, plant and equipment, equal to Euro 944 thousand in the financial year ended 31 March 2010 (Euro 2,330 thousand as at 31 March 2009) were mainly attributable to fittings purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro 817 thousand, to the purchases of moulds relating to new products for Euro 70 thousand and to the purchase of electronic office machines for Euro 50 thousand.

Increases in financial fixed assets for Euro 360 thousand (Euro 212 thousand as at 31 March 2009) related to the payment on account of capital in favour of the subsidiary Piquadro Trading (Shenzhen) Co. Ltd. for Euro 250 thousand and to the formation and the consequent payment of the capital in favour of the subsidiary Piquadro Taiwan Co. Ltd. for Euro 110 thousand.

- **BALANCE SHEET OF PIQUADRO SPA**

Below is reported the performance of the Company's equity structure as at 31 March 2010 :

in thousands of Euro	**31.03.2010**	**31.03.2009**
Net trade receivables	25,498	23,871
Sundry current receivables, accrued income and prepaid expenses	1,110	716
Stock	5,687	6,667
Current payables, accrued expenses and deferred income	(15,198)	(14,766)
A) Working capital	*17,097*	*16,488*
Non-current receivables	942	810
Net intangible assets	646	949
Nt property, plant and equipment	10,988	11,281
Financial fixed assets	416	529
B) Fixed assets	*12,992*	*13,569*
C) Non-current provisions and non-financial payables	*(2,200)*	*(1,635)*
Net invested capital (A+B+C)	**27,889**	**28,422**
FINANCED BY:		
D) Net financial debt	*5,964*	*10,985*
E) Equity	*21,925*	*17,437*
Total financial payables and Shareholders' Equity (D+E)	**27,889**	**28,422**

NET FINANCIAL POSITION

(Values expressed in thousands of Euro)	**31 March 2010**	**31 March 2009**
Cash	33	16
Other cash and cash equivalents (available current bank accounts)	8,556	6,289
Liquidity	**8,589**	**6,305**
Finance leases	(948)	(948)
Current bank debt	-	-
Current portion of non-current debt	(2,311)	(1,820)
Current financial debt	**(3,259)**	**(2,768)**
Short-term net financial position	**5,330**	**3,537**
Non-current bank debt	(6,046)	(8,355)
Finance leases	(5,248)	(6,167)
Non-current financial debt	**(11,294)**	**(14,522)**
Net Financial Debt	**(5,964)**	**(10,985)**

As at 31 March 2010, the Net Financial Position of Piquadro SpA posted a negative value of about Euro 5.9 million, up by Euro 5.0 thousand compared to the debt of Euro 10.9 million as at 31 March 2009.

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 1.3 million
- dividends to be distributed in relation to the FY 2008/2009 for Euro 3.1 million (with a payout equal to about 39.8% of the profit resulting from the annual accounts of the Parent Company)
- in any case an improvement to be obtained in the net financial position for about Euro 5.0 million.

F) SIGNIFICANT EVENTS AFTER THE YEAR-END

On 31 May 2010, the Parent Company renegotiated the loan granted to it on 25 February 2009 for an initial amount of Euro 3.5 million, thus obtaining the elimination of the financial obligations which provided for compliance with some covenants and improving the economic conditions of the same.
In addition to the information indicated above, no significant events were reported at Group level from 1 April 2010 up to today's date.

G) OUTLOOK

The order collection data, relating to the first months of the financial year which will end on 31 March 2011, indicate a certain recovery of the market, even if the general situation of instability and the context of uncertainty owing to the prolonged worldwide economic crisis, above all in some geographical areas, do not allow the dynamics of recovery and development to be fully assessed. The Group is committed to developing the brand both through the network of single-brand, DOS and Franchise shops and internationally in the strategic areas of the Far East where the initial effects of economic recovery can already be felt. The expectations for the whole financial year, which will end on 31 March 2011, are connected to the extent of the recovery which is weakly taking place, although in a differentiated manner, in the various geographical markets in which the Group operates. The upturn in consumption in some foreign countries, including Russia mainly, where the company operates through seven franchise shops, should, above all, help the rate of development abroad. However, on the basis of current indications from the market and from the performance of the current sales campaigns, the management is expecting a growth in the turnover generated by the DOS channel by the end of March 2011, mainly as a result of new openings (including those opened in the course of the previous financial year), and a trend of improvement, compared to the previous year, in the dynamics of sales in the wholesale segment, also due only to restocking by the multi-brand customers. In this context, the management is constantly committed to monitoring recovery dynamics (if any) and maintaining above-average profit margins that can allow it to undertake greater commitments in research and development activities and at the same time commitments to marketing which are able to further develop 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 Parent Company Piquadro SpA were prepared on a going concern basis.

H) 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 Company 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 dispersed 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 financial balance sheet 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.
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 operating costs incurred by the Company and by the Group's European subsidiaries are mainly denominated in Euro and the wages and salaries relating to the employees of the subsidiary Uni Best Zhongshang Leather Goods Co. Ltd. are paid in Renminbi. 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 2010, the 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. As these derivative financial instruments have fulfilled all the conditions laid down for the accounting treatment of hedging derivatives (hedge accounting), they have been accounted for at fair value against an entry in an equity reserve.
As at 31 March 2010, the open positions of currency forward purchases were equal to about USD 3,460 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 time period cannot be later than the expiry of the loan itself. 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).

I) LEGISLATIVE DECREE NO. 231/2001

On 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 procedures and information flows aimed at preventing the possible commission of crimes and/or unlawful administrative acts which entail the administrative liability of the Company.
On the same date, the board of directors, in the application of the regulations in force, also appointed a single-member Supervisory Board in the person of Mr. Mario Panzeri who has been entrusted with the tasks under Legislative Decree no. 231/2001, as amended and/or supplemented. The Supervisory Board has the task of supervising the functioning of, and compliance with, the Organisational, management and control model and of updating it. The Supervisory Board will hold office for an indefinite period of time. On 19 November 2009, the board of directors of the Parent Company approved the review of the general part and of the first six special parts of the organisational model that have been adopted to date, postponing to a later date its approval of the review of the special part regarding safety at work.

J) 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 14 June 2007, 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.

K) 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.

L) 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

M) 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

		CAPITAL		
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 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, 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's report to shareholders pursuant to article 2441, paragraph 6, of the Italian Civil Code, in which the Board, 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 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 2011/2012 financial year, 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, 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 (five hundred 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, 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);
(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, 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 shareholder	% share on ordinary capital	% share on voting capital
Palmieri Marco	Piquadro Holding S.p.A.	67.980%	67.980%
Fil Limited	Fil Limited	6.9%	6.9%
Mediobanca S.p.A.	Mediobanca S.p.A.	6.328%	6.328%

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 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, 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 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 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 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 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 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.

N) 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 their subsidiary instructions; 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.

O) INFORMATION REQUIRED BY ARTICLES 36 E 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), with reference to the subsidiary companies Unibest Leather Goods Zhongshan Co. Ltd. and Piquadro Hong Kong Ltd., the only Group companies as of today that meet the significance requirements under title VI, chapter II, of the Issuers' Regulation, the Piquadro Group declares 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 accounting 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.

P) 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 2010 and 2009. Economic segment data are monitored by the Company's Management until EBITDA:

a) Percentage impact compared to the total sales revenues.

(in thousands of Euro)	**31 March 2010**				**31 March 2009**				
	DOS	**Wholesale**	**Total for the Group**	**% impact (a)**	**DOS**	**Wholesale**	**Total for the Group**	**% impact (a)**	**% change 10-09**
Sales revenues	**11,413**	**40,805**	**52,218**	**100%**	**8,233**	**43,468**	**51,701**	**100%**	**1.0%**
Other income	100	712	812	1.6%	111	847	958	1.9%	(15.2%)
Costs for purchases of raw materials	(1,180)	(7,176)	(8,356)	(16.0%)	(959)	(8,865)	(9,824)	(19.0%)	(14.9%)
Costs for services and leases and	(6,028)	(16,462)	(22,490)	(43.1%)	(4,354)	(16,207)	(20,561)	(39.8%)	9.3%

rentals									
Personnel costs	(3,071)	(4,949)	(8,020)	(15.4%)	(2,087)	(4,867)	(6,954)	(13.5%)	15.3%
Provisions and write-downs	-	(5)	(5)	(0.01%)	-	(535)	(535)	(1.0%)	(99.1%)
Other operating costs	(50)	(299)	(349)	(0.7%)	(43)	(356)	(399)	(0.6%)	(12.5%)
EBITDA	**1,184**	**12,626**	**13,810**	**26.4%**	**901**	**13,485**	**14,386**	**27.8%**	**(4.0%)**
Amortisation and depreciation			(2,026)	(3.9%)			(1,861)	(3.6%)	8.9%
Operating result			**11,784**	**22.6%**			**12,525**	**24.2%**	**(5.9%)**
Financial income and charges			(418)	(0.8%)			(750)	(1.5%)	(44.3%)
Pre-tax result			**11,366**	**21.8%**			**11,775**	**22.8%**	**(3.5%)**
Income tax expenses			(4,243)	(8.1%)			(4,262)	(8.2%)	(0.5%)
Profit for the period			**7,123**	**13.6%**			**7,514**	**14.5%**	**(5.2%)**
Result attributable to minority interests			(120)	(0.2%)			(19)	0.05%	531.6%
Group net result			**7,243**	**13.9%**			**7,533**	**14.57%**	**(3.8%)**

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 2010 and 31 March 2009:

	31 March 2010				**31 March 2009**			
	Business Segment				**Business Segment**			
(in thousands of Euro)	**DOS**	**Wholesale**	**Unallocated**	**Total**	**DOS**	**Wholesale**	**Unallocated**	**Total**
Assets	4,784	35,851	11,953	52,588	4,681	35,789	8,887	49,357
Liabilities	3,420	19,303	8,898	31,621	2,522	19,189	10,720	32,431
Fixed assets	2,479	9,686	-	12,165	2,321	10,387	-	12,708

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 2010**	**% (a)**	**Net revenues as at 31 March 2009**	**% (a)**	**% change 2010/2009**
Wholesale	40,805	78.1%	43,468	84.1%	(6.1%)
DOS	11,413	21.9%	8,233	15.9%	38.6%
Total	**52,218**	**100%**	**51,701**	**100%**	**1%**

(a) Percentage impact compared to sales revenues.

Sales revenues achieved in the financial year ended 31 March 2010 reported an increase of 1% compared to the financial year ended 31 March 2009, passing from Euro 51,701 thousand in the financial year ended 31 March 2009 to Euro 52,218 thousand in the financial year ended 31 March 2010.

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.

As regards the trend in sales revenues by segment, note a slight reduction in the wholesale channel, as described below:

Wholesale channel

Sales revenues achieved in the Wholesale Channel in the financial year ended 31 March 2010 reported a decrease of 6.1%, passing from Euro 43,468 thousand in the financial year ended 31 March 2009 to Euro 40,805 thousand in the financial year ended 31 March 2010.

In terms of impact on the total sales revenues, the Wholesale Channel shows a decrease in percentage terms of 6.0% (600 basis points), passing from an impact of 84.1% in the financial year ended 31 March 2009 to an impact of 78.1% in the financial year ended 31 March 2010.

The decrease in turnover of the Wholesale Channel, equal to Euro 2,663 thousand in absolute terms, is mainly due to the following factors:

- decrease in sales volumes, equal to about 1%;
- reduction in sales in some European markets such as Russia (about -54%), Germany (about -38%) and Spain (about -19%).

In the financial year ended 31 March 2010, the Group opened 18 new franchise shops (as at 31 March 2010, the franchise shops opened were 45), as described below:

Month of opening	**Location**	**Channel**
April 2009	Rome, Viale Marconi 6	Franchising
April 2009	Sarajevo (Bosnia), BBI Center	Franchising
June 2009	Barcelona (Spain), Airport	Franchising
June 2009	Jeddah (Saudi Arabia) – Red Sea Mall	Franchising
July 2009	Modena, Centro Commerciale "Grand'Emilia"	Franchising
July 2009	Busnago (Mi), Centro Commerciale "Il Globo"	Franchising
September 2009	Bergamo, Via Sant'Alessandro 4/A	Franchising
September 2009	Naples, Via Carducci 32	Franchising
October 2009	Trieste, Via Mazzini 40	Franchising
October 2009	Ravenna, via Cavour 95	Franchising
October 2009	Barcelona (Spain), Calle Rosselò 218	Franchising
October 2009	Ningbo (China) – Tianyi International Shopping Plaza	Franchising
November 2009	Moscow, Sokolniki disctrict Rusakovskaja	Franchising

November 2009	Turin, Centro Commerciale Le Gru	Franchising
November 2009	Bari, via Sparano 23	Franchising
December 2009	Brescia, Centro Commerciale Freccia Rossa	Franchising
January 2010	Moscow, Flagship Store Petrovskie	Franchising
March 2010	Moscow, Mega Belaja Dacha Commercial Center	Franchising

DOS channel

Sales revenues achieved in the DOS Channel in the financial year ended 31 March 2010 reported an increase of 38.6%, passing from Euro 8,233 thousand in the financial year ended 31 March 2009 to Euro 11,413 thousand in the financial year ended 31 March 2010.

In terms of impact on the total sales revenues, the DOS Channel shows an increase of 600 basis points, passing from an impact of 15.9% in the financial year ended 31 March 2009 to an impact of 21.9% in the financial year ended 31 March 2010. The increase, which is equal to Euro 3,180 thousand in absolute terms, is also due to the following factors:

- increase in the quantities sold, equal to about 1.1%;
- increase in the price list equal to about 3%;
- the opening by the Group of 10 new DOS shops (as detailed below), which entailed an increased turnover equal to Euro 1,019 thousand (corresponding to a growth of about 32% in the total turnover):

Month of opening	**Location**	**Channel**
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*
March 2010	Marcianise	*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 2009/2010, the Group did not pay out key money for any of its new openings.

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 2008 and 31 March 2010), the trend in the turnover of the DOS channel showed an increase of about 5.3% (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 5.1%). The figure relating to the 4th quarter of the tax year, i.e. in the period included between January and March 2010, was extremely positive and equal to a 15.1%

growth. This increase, in a market situation that is objectively very difficult and influenced by the events of the crisis which first hit the financial markets and then the world of business, demonstrates the strong resistance of the Group's shops and, likewise, of its development strategy in the DOS Channel.
The growth determined by the opening of new points of sale affects total sales revenues in the DOS Channel by about 9%.

For a better understanding of the DOS Channel, below are reported the 35 shops relating to the DOS Channel which were opened as at 31 March 2010, together with the month of the start of operations:

Month of opening	Location	Channel
November 2000	Milan, Via della Spiga no.33	DOS
November 2002	Milan, Linate Airport	DOS
December 2003	Rome, Galleria Alberto Sordi nos. 38-39 (former Galleria Colonna)	DOS
July 2004	Milan, Malpensa Airport	DOS
September 2004	Barcelona, Paseo dee Gracia no. 11	DOS
November 2004	Bologna, Piazza Maggiore no. 4/B	DOS
March 2006	Barberino del Mugello c/o "Factory Outlet Centre"	DOS (Outlet)
October 2006	Frankfurt, Goethestrasse no.32	DOS
March 2007	Municipality of Fidenza, c/o "Fidenza Village"	DOS (Outlet)
May 2007	Rome, Centro Commerciale Cinecittà no. 2, Via Vittoria Colonna no. 39	DOS
July 2007	Rome, Galleria Nuova Commerciale "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", 100 unit	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", 142 unit	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)

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 2010 and 31 March 2009:

(in thousands of Euro)	Net revenues as at	% (a)	Net revenues as at	% (a)	% change

	31 March 2010		31 March 2009		2010/2009
Italy	41,732	79.9%	40,591	78.5%	2.8%
Europe	7,323	14%	9,025	17.5%	(18.9%)
Rest of the World	3,163	6.1%	2,085	4%	51.7%
Total	**52,218**	**100%**	**51,701**	**100%**	**1%**

(a) Percentage impact compared to sales revenues.

Italy

Sales revenues achieved in Italy in the financial year ended 31 March 2010 reported an increase of 2.8% compared to the financial year ended 31 March 2009, passing from Euro 40,591 thousand to Euro 41,732 thousand; the Italian market accounts for 79.9% of the Group's total turnover in the financial year ended 31 March 2010 (78.5% of the total turnover in the financial year ended 31 March 2009).

Assuming that the perimeter remained unchanged in the DOS Channel in Italy, the financial year ended 31 March 2010 reported a decrease of about 2.4% compared to the financial year ended 31 March 2009.

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 0.2% of the Group's consolidated turnover in the financial year ended 31 March 2010.

The sales in the Wholesale Channel in Italy reported a slight fall of about 0.4% and confirm, in a year severely affected by the financial crisis, the success of the business policies implemented by the Company, which have been aimed at a more widespread cover of the territory.

Europe

Sales revenues achieved in Europe, in the financial year ended 31 March 2010, reported a decrease of about 18.9% compared to the financial year ended 31 March 2009, passing from Euro 9,025 thousand to Euro 7,323 thousand; as a whole, the European market accounts for 14% of the total turnover in the financial year ended 31 March 2010 (down compared to the impact of 17.5% on the consolidated sales reported in the financial year ended 31 March 2009).

The first three most significant European countries in terms of impact of the Group's total turnover are Spain, Russia and France, which overall account for about 6.5% of the Group's turnover and about 47% 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 2010, the Group reported a reduction in the sales equal to about 35% compared to the previous financial year in Countries such as Spain, Germany, France and Russia, mainly due to the negative performance of the world economy caused by the financial crisis. Specifically, Russia, which has always represented a strategic point of development of the Group also thanks to its five franchise points of sale through the most significant customer in the Wholesale channel, reported a reduction of about 54%. The contribution from the DOS sales in Europe is still not much significant by reason of the presence of only four direct points of sale in Frankfurt and Ingolstadt (Germany) and Barcelona (two points of sale - Spain).

The impact of the sales in the European market on the total sales reduced by 350 basis points (from 17.5% to 14%), reporting a decrease in sales in the financial year ended 31 March 2010 equal to Euro 1,702 thousand in absolute terms compared to the financial year ended 31 March 2009.

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 2010, an increase of 51.7% compared to the financial year ended 31 March 2009, passing from Euro 2,085 thousand to Euro 3,163 thousand in the financial year ended 31 March 2010. The market of the Rest of the World accounts for 6.1% of the total turnover in the financial year ended 31 March 2010 (4% in the financial year ended 31 March 2009). The increase in the percentage impact of the sales in the Rest of the World on the total turnover (210 basis points compared to 31

March 2009) benefits from the positive performance of the shops opened in Hong Kong, Macau, China and Taiwan, which account for about 78% 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 2010				31 March 2009				
(*in thousands of Euro*)	**DOS**	**Wholesale**	**Total**	**% impact (a)**	**DOS**	**Wholesale**	**Total**	**% impact (a)**	**% change 2010/2009**
Charge-backs of transportation costs and collection		224	224	0.4%		226	226	0.4%	(0.9%)
Insurance and legal refunds		118	151	0.2%		98	98	0.2%	20.4%
Sales revenues from corners		103	103	0.2%		352	352	0.7%	(70.7%)
Capital gains on disposals of fixed assets		-	-	0%		11	11	0.03%	(100%)
Charge-backs of advertising and marketing costs		36	36	0.07%		50	50	0.1%	(28%)
Other sundry income	100	231	298	0.6%	111	110	221	0.4%	49.8%
Other income	**100**	**712**	**812**	**1.6%**	**111**	**847**	**958**	**1.9%**	**(15.2%)**

(a) Percentage impact compared to sales revenues

In the financial year ended 31 March 2010, other income decreased by 15.2%, passing from Euro 958 thousand in the financial year ended 31 March 2009 to Euro 812 thousand in the financial year ended 31 March 2010. The decrease in other income is mainly due to lower revenues arising from the sales to distributors of materials to set up shops.

Consumption of materials

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

	31 March 2010				31 March 2009				
(*in thousands of Euro*)	**DOS**	**Wholesale**	**Total**	**% impact (a)**	**DOS**	**Wholesale**	**Total**	**% impact (a)**	**% change 2010/2009**
Costs for consumption of materials	1,180	7,176	8,356	16%	959	8,865	9,824	19%	(14.9%)

(a) Percentage impact compared to sales revenues.

In the financial year ended 31 March 2010, costs for consumption of materials reported a decrease equal to 14.9%, passing from Euro 9,824 thousand in the financial year ended 31 March 2009 to Euro 8,356 thousand in the financial year ended 31 March 2010.

According to the analyses carried out by the 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 2010 decreased by about 12% compared to the costs incurred in the financial year ended 31 March 2009. 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 an improved exchange rate Euro/US dollar and Euro/renminbi on average compared to the financial year ended 31 March 2009.

DOS channel

According to the breakdown by sales channel, the DOS Channel passed from Euro 959 thousand in the financial year ended 31 March 2009 to Euro 1,180 thousand in the financial year ended 31 March 2010; the increase, equal to Euro 221 thousand (+23%), is attributable to the higher number of shops and to the increase in sales volumes compared to the financial year ended 31 March 2009.

Wholesale channel

According to the breakdown by sales channel, the Wholesale Channel passed from Euro 8,865 thousand in the financial year ended 31 March 2009 to Euro 7,176 thousand in the financial year ended 31 March 2010; the decrease, equal to Euro 1,689 thousand (-19%), is mainly attributable to the product mix sold in the wholesale channel compared to the financial year ended 31 March 2009.

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 2010 and 31 March 2009:

	31 March 2010				**31 March 2009**				
(in thousands of Euro)	**DOS**	**Wholesale**	**Total**	**% impact (a)**	**DOS**	**Wholesale**	**Total**	**% impact (a)**	**% change 2010/2009**
Cost for leases and rentals	2,831	325	3,156	6%	2,087	330	2,417	4.7%	30.5%
External Production	1,026	6,241	7,267	13.9%	537	4,971	5,508	10.7%	31.9%
Advertising and Marketing	157	2,381	2,538	4.8%	202	3,007	3,209	6.2%	(20.9%)
Research and development	-	-	-	0%	-	-	-	0%	
Administration Services	403	1,231	1,634	3.2%	131	1,073	1,204	2.3%	35.7%
Commercial Services	20	3,106	3,126	6%	3	2,986	2,989	5.8%	4.6%
Production services	1,157	516	1,673	3.2%	1,041	946	1,987	3.8%	(15.8%)
Transport services	433	2,663	3,096	5.9%	353	2,894	3,247	6.3%	(4.6%)
Costs for services and leases and rentals	**6,028**	**16,462**	**22,490**	**43.1%**	**4,354**	**16,207**	**20,561**	**39.8%**	**9.3%**

(a) Percentage impact compared to sales revenues.

As at 31 March 2010, costs for services and leases and rentals increased by 9.3% compared to the previous financial year, and the percentage impact on sales revenues increased compared to the financial year ended 31 March 2009, passing from 39.8% in the financial year ended 31 March 2009 to 43% in the financial year ended 31 March 2010.

Breakdown by sales channel

DOS channel

Costs in the DOS Channel reported an increase of 38.4%, passing from Euro 4,354 thousand in the financial year ended 31 March 2009 to Euro 6,028 thousand in the financial year ended 31 March 2010. The main increase in costs refers to costs for leases and rentals which reported an increase equal to 35.6% in the financial year ended 31 March 2010. This increase was mainly due to the opening of 10 Company-owned shops in the course of the financial year ended 31 March 2010 for which, as at 31 March 2010 the Company owned 35 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 173 thousand and mainly relating to the openings of 4 new shops in the area of Hong Kong.

Wholesale channel

Costs for services and leases and rentals in the Wholesale Channel reported an increase of 1.6%, passing from Euro 16,207 thousand in the financial year ended 31 March 2009 to Euro 16,462 thousand in the financial year ended 31 March 2010.

Personnel costs

The table below reports the Group's personnel costs broken down by sales channel for the financial years ended 31 March 2010 and 31 March 2009:

(in thousands of Euro)	31 March 2010				31 March 2009			
	DOS	**Wholesale**	**Total**	**% impact (a)**	**DOS**	**Wholesale**	**Total**	**% impact (a)**
Wages and salaries	2,612	4,217	6,829	13.8%	1,706	4,145	5,851	11.3%
Social security contributions	371	573	944	1.8%	315	530	845	1.6%
TFR	88	159	247	0.5%	66	192	258	0.5%
Other personnel costs				-	-	-	-	-
Total personnel costs	**3,071**	**4,949**	**8,020**	**15.4%**	**2,087**	**4,867**	**6,954**	**13.5%**

(a) Percentage impact compared to sales revenues.

The table below reports the number of staff employed by the Group as at 31 March 2010 and 31 March 2009:

	31 March 2010	**31 March 2009**
Executives	1	1
Office workers	202	141
Manual workers	339	428
Total for the Group	**542**	**570**

In the financial year ended 31 March 2010, personnel costs reported an increase of 15.3%, passing from Euro 6,954 thousand in the financial year ended 31 March 2009 to Euro 8,020 thousand in the financial year ended 31 March 2010. 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 2010, 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 47.1%, passing from Euro 2,087 thousand in the financial year ended 31 March 2009 to Euro 3,071 thousand in the financial year ended 31 March 2010. The increase is due to the opening of 10 new Company-owned points of sale, which entailed an increase in the workforce, which passed from 77 employees as at 31 March 2009 to 127 employees as at 31 March 2010.

Wholesale channel

According to the breakdown by sales channel, the Wholesale Channel reported an increase in personnel costs of 1.7%, passing from Euro 4,867 thousand to Euro 4,949 thousand in the financial year ended 31 March 2010; this increase is mainly due to the increase in staff employed by Piquadro Spa.

Provisions

The table below reports the Group's provisions for the financial years ended 31 March 2010 and 31 March 2009:

(in thousands of Euro)	31 March 2010				31 March 2009			
	DOS	Wholesale	Total	% impact (a)	DOS	Wholesale	Total	% impact (a)
Total provisions	**-**	**5**	**5**	**0.01%**	**-**	**535**	**535**	**1%**

(a) Percentage impact compared to sales revenues.

The amount of Euro 5 thousand allocated in the financial year ended 31 March 2010 (Euro 535 thousand in the financial year ended 31 March 2009) 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 2010 and 31 March 2009:

(*in thousands of Euro*)	31 March 2010				31 March 2009			
	DOS	Wholesale	Total	% impact (a)	DOS	Wholesale	Total	% impact (a)
Leasing charges	-	-	-	0.0%	-	-	-	0.0%
Capital losses on disposals of fixed assets	-	-	-	0.0%	-	-	-	0.0%
Taxes other than income taxes	25	141	166	0.32%	31	220	251	0.48%
Other write-downs	25	95	120	0.23%	12	136	148	0.28%
Gifts to customers and employees				-%	-	-	-	0.0%
Donations	-	63	63	0.12%		-	-	0.0%
Other operating costs	**50**	**299**	**349**	**0.67%**	**43**	**356**	**399**	**0.76%**

(a) Percentage impact compared to sales revenues.

As at 31 March 2010, other operating costs, equal to Euro 349 thousand, decreased by Euro 50 thousand compared to 31 March 2009, mainly as a result of lower taxes other than income taxes of Euro 85 thousand.

Amortisation, depreciation and impairment losses of assets

The table below reports the Group's costs for amortisation and depreciation for the financial years ended 31 March 2010 and 31 March 2009:

(in thousands of Euro)	31 March 2010	(a) %	31 March 2009	(a) %	% change 2010/2009
Amortisation of intangible assets	578	1.1%	572	1.1%	1.05%
Depreciation of property, plant and equipment	1,355	2.6%	1,154	2.2%	17.4%
Impairment losses of assets	93	0.2%	135	0.3%	(31.1%)
Total amortisation and depreciation	**2,026**	**3.9%**	**1,861**	**3.6%**	**8.9%**

(a) Percentage impact compared to sales revenues.

In the financial year ended 31 March 2010, amortisation, depreciation and impairment losses of assets reported an increase of 8.9%, passing from Euro 1,861 thousand in the financial year ended 31 March 2009 to Euro 2,026 thousand in the financial year ended 31 March 2010, of which Euro 578 thousand relate to amortisation of intangible assets, Euro 93 thousand relate to impairment losses of assets relating to the key money paid out for the shop in Dubai, and Euro 1,355 thousand relate to property, plant and equipment.

Amortisation of intangible assets increased by 1.05% compared to the previous financial year, passing from Euro 572 thousand as at 31 March 2009 to Euro 578 thousand as at 31 March 2010, mainly as a result of the amortisation relating to the key money paid out for the opening of shops in Dubai, which was also affected by the effect of

impairment losses referred to above, and of the amortisation relating to the purchase of licences for use, the implementation services of the new integrated IT system based on the IT solution Microsoft Dinamics Navision – Pebblestone Fashion and the implementation of the Group's new website.

The increase in costs for depreciation of property, plant and equipment, which passed from Euro 1,154 thousand as at 31 March 2009 to Euro 1,355 thousand as at 31 March 2010, 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 2009 and 31 March 2010, the reasons for the relative reduction in EBITDA can be linked both to the fact that it has not benefited from the operational leverage, because of the downturn in turnover in the wholesale business segment, and to the more marked impact of the turnover of the DOS segment, where the EBITDA margins are lower than those that are usually generated by the wholesale segment.
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 2010 and 2009:

	31 March 2010	% impact (a)	31 March 2009	% impact (a)	Change 2010/2009	% change 2010/2009
EBITDA	**13,810**	**26.4%**	**14,386**	**27.8%**	**(576)**	**(4%)**
Breakdown by channel:						
DOS	1,184	2.2%	901	1.7%	283	31.4%
Wholesale	12,626	24.2%	13,485	26.1%	(859)	(6.4%)
Operating result	**11,784**	**22.6%**	**12,525**	**24.2%**	**(741)**	**(5.9%)**
Total	**11,784**	**22.6%**	**12,525**	**24.2%**	**(741)**	**(5.9%)**

(a) Percentage impact compared to sales revenues.

The items EBITDA and Operating result overall reported a decrease in the relevant period, whose reasons can be linked both to the fact that it has not benefited from the operational leverage, because of the downturn in turnover in the wholesale business segment, and to the more marked impact of the turnover of the DOS segment, where the EBITDA margins are lower than those that are usually generated by the wholesale segment.

Specifically, while EBITDA passed from Euro 14,386 thousand (27.8% of revenues) in the financial year ended 31 March 2009 to Euro 13,810 thousand (26.4% of revenues) in the financial year ended 31 March 2010, the operating result passed from Euro 12,525 thousand (24.2% as a percentage impact on revenues) in the financial year ended 31 March 2009 to Euro 11,784 thousand (22.6% as a percentage impact on revenues) in the financial year ended 31 March 2010.

The slight decrease in the operating result is mainly attributable to the decrease in turnover in the wholesale channel, as well as to the worst Euro/US Dollar exchange rate recorded in the financial year ended in March 2010 compared to the financial year ended in March 2009.

Financial Income and Charges

The table below reports the Group's financial income and charges for the financial years ended 31 March 2010 and 31 March 2009:

(*in thousands of Euro*)	31 March 2010	% impact (a)	31 March 2009	% impact (a)	Change 2010/2009	% Change 2010/2009
Financial income	627	1.2%	801	1.5%	(174)	(21.7%)
Financial charges	(1,045)	2%	(1,551)	3%	506	(32.6%)
Total	**(418)**	**0.8%**	**(751)**	**1.4%**	**333**	**(44.3%)**

(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 a decrease compared to the financial year ended 31 March 2009, passing from Euro 751 thousand in the financial year ended 31 March 2009 to Euro 418 thousand in the financial year ended 31 March 2010.

The decrease in financial charges as at 31 March 2010 compared to 31 March 2009 was mainly attributable to the change in the negative exchange rate differences, both realised and estimated, which passed from Euro 561 thousand in the financial year ended 31 March 2009 to Euro 505 thousand reported in the financial year ended 31 March 2010, which was offset by a change in the financial charges on leases and bank loans which passed from Euro 731 thousand in the financial year ended 31 March 2009 to Euro 540 thousand in the financial year ended 31 March 2010, 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 508 thousand as at 31 March 2010 against Euro 751 thousand as at 31 March 2009) commented on above, in addition to interest income on current bank accounts in the financial year ended 31 March 2010.

Income tax expenses

The table below reports the percentage impact of taxes on pre-tax profit for the financial years ended 31 March 2010 and 2009:

(in thousands of Euro)	**31 March 2010**	**31 March 2009**	**% change 2010/2009**
Pre-tax profit	11,366	11,775	(3.48%)
Income taxes	(4,243)	(4,262)	(0.49%)
Average tax rate	**37.3%**	**36.2%**	**1.1%**

The table below reports the breakdown of the Group's taxes for the financial years ended 31 March 2010 and 2009:

(in thousands of Euro)	**31 March 2010**	**% impact (a)**	**31 March 2009**	**% impact (a)**	**Change 2010/2009**
Income taxes (IRES tax)	3,716	7.1%	3,785	7.3%	(2.3%)
IRAP tax	714	1.4%	696	1.3%	5.2%
Deferred tax liabilities	255	0.5%	162	0.3%	57.4%
Deferred tax assets	(442)	(0.8%)	(381)	(0.7%)	(16.01%)
Total	**4,243**	**8.1%**	**4,262**	**8.2%**	**(0.49%)**

(a) Percentage impact compared to sales revenues.

In the financial year ended 31 March 2010, income tax expenses remained almost unchanged, passing from Euro 4,262 thousand in the financial year ended 31 March 2009 to Euro 4,243 thousand in the financial year ended 31 March 2010.

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 2010 and 31 March 2009:

(*in thousands of Euro*)	**2010**	**% impact (a)**	**2009**	**% impact (a)**	**% change**
Net result	7,123	13.64%	7,514	14.5%	(5.18)%

(a) Percentage impact compared to sales revenues.

The net result for the financial year ended 31 March 2010 reported a decline of about 5.18%, passing from Euro 7,514 thousand in the financial year ended 31 March 2009 to Euro 7,123 thousand in the financial year ended 31 March 2010.

In the financial year ended 31 March 2010, the percentage impact on sales revenues was equal to 13.64%.

Silla di Gaggio Montano (BO), 14 June 2010

FOR THE BOARD OF DIRECTORS
THE CHAIRMAN
(Marco Palmieri)

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2010

PIQUADRO

Consolidated financial balance sheet - Assets

(in thousands of Euro)	**Notes**	**31 March 2010**	**31 March 2009**
ASSETS			
Non-current assets			
Intangible assets	(1)	648	1,195
Property, plant and equipment	(2)	11,517	11,513
Receivables from others	(3)	539	435
Deferred tax assets	(4)	1,112	862
Total non-current assets		**13,816**	**14,005**
Current assets			
Inventories	(5)	7,618	7,824
Trade receivables	(6)	20,255	19,477
Other current assets	(7)	1,513	1,154
Assets for derivative financial instruments	(8)	69	-
Cash and cash equivalents	(9)	9,317	6,897
Total current assets		**38,772**	**35,352**
TOTAL ASSETS		**52,588**	**49,357**

Consolidated financial balance sheet - Liabilities

EQUITY AND LIABILITIES	Notes	31 March 2010	31 March 2009
EQUITY			
Share capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		4,917	462
Retained earnings		6,726	6,726
Group profit for the period		7,243	7,533
Total equity attributable to the Group		**20,886**	**16,721**
Capital and Reserves attributable to minority interests		201	224
Profit/(loss) attributable to minority interests		(120)	(19)
Total share attributable to minority interests		**81**	**205**
EQUITY	(10)	**20,967**	**16,926**
NON-CURRENT LIABILITIES			
Borrowings	(11)	6,046	8,355
Payables to other lenders for lease agreements	(12)	5,248	6,167
Provision for employee benefits	(13)	287	291
Provisions for risks and charges	(14)	728	548
Deferred tax liabilities	(15)	426	346
TOTAL NON-CURRENT LIABILITIES		**12,735**	**15,707**
CURRENT LIABILITIES			
Borrowings	(16)	2,409	1,820
Payables to other lenders for lease agreements	(17)	948	948
Liabilities for derivative financial instruments	(18)	17	75
Trade payables	(19)	12,849	11,296
Other current liabilities	(20)	2,663	2,461
Current income tax liabilities	(21)	-	124
TOTAL CURRENT LIABILITIES		**18,886**	**16,724**
TOTAL LIABILITIES		**31,621**	**32,431**
TOTAL EQUITY AND LIABILITIES		**52,588**	**49,357**

Consolidated Income statement

(in thousands of Euro)	**Notes**	**31 March 2010**	**31 March 2009**
Revenues from sales	(22)	52,218	51,701
Other income	(23)	812	958
OPERATING COSTS			
Change in inventories	(24)	282	674
Costs for purchases	(25)	8,074	9,150
Costs for services and leases and rentals	(26)	22,468	20,561
Personnel costs	(27)	8,020	6,954
Amortisation, depreciation and write-downs	(28)	2,031	2,396
Other operating costs	(29)	371	399
TOTAL OPERATING COSTS		**41,246**	**40,134**
OPERATING PROFIT		**11,784**	**12,525**
FINANCIAL INCOME AND CHARGES			
Financial income	(30)	627	801
Financial charges	(31)	(1,045)	(1,551)
TOTAL FINANCIAL INCOME AND CHARGES		**(418)**	**(750)**
PRE-TAX RESULT		**11,366**	**11,775**
INCOME TAX EXPENSES	(32)	**4,243**	**4,262**
PROFIT FOR THE PERIOD		**7,123**	**7,514**
attributable to:			
EQUITY HOLDERS OF THE COMPANY		7,243	7,533
MINORITY INTERESTS		(120)	(19)
EARNINGS PER SHARE	(33)		
(Basic) EARNINGS PER SHARE		0.145	0.151
(Diluted) EARNINGS PER SHARE		0.140	0.146

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	31 March 2010	31 March 2009
Profit/(Loss) for the period (A)	**7,123**	**7,514**
Profit/(losses) arising from the translation of financial statements of foreign con	(71)	79
Profit/(Loss) on hedging instruments of cash flows (cash flow hedge)	46	67
Total Profits/(Losses) recognised in equity (B)	**(25)**	**146**
Total comprehensive Income/(Losses) for the period (A)+(B)	**7,098**	**7,660**
Attributable to		
- the Group	7,224	7,641
- Minority interests	(126)	19

Statement of changes in Equity for the financial years ended 31 March 2009 and 2010

Description	Share capital	Share premium reserve	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
			Translation reserve	Fair value reserve	Other reserves	Total Other Reserves						
Balances as at 31.03.2008	**1,000**	**1,000**	**(53)**	**(101)**	**466**	**312**	**3,380**	**6,446**	**12,138**	**194**	**39**	**12,371**
Allocation of the result for the period as at 31 March 2008												
- to dividends						0		(3,100)	(3,100)			(3,100)
- to reserves						0	3,346	(3,346)	0	39	(39)	0
Fair value of the Stock Option Plan					42	42			42			42
Change in the scope of consolidaiton						0			0	(47)		(47)
Fair value of financial instruments				67		67			67			67
Currency translation differences			41			41			41	38		79
Profit for the period						0		7,533	7,533		(19)	7,514
Balances as at 31.03.09	**1,000**	**1,000**	**(12)**	**(34)**	**508**	**462**	**6,726**	**7,533**	**16,721**	**224**	**(19)**	**16,926**
Allocation of the result for the period as at 31 March 2009												
- to dividends						0		(3,100)	(3,100)			(3,100)
- to reserves					4,433	4,433		(4,433)	0	(19)	19	0
Fair value of the Stock Option Plan					41	41			41			41
Change in the scope of consolidation						0			0	2		2
Fair value of financial instruments				46		46			46			46
Currency translation differences			(65)			(65)			(65)	(6)		(71)
Profit for the period						0		7,243	7,243		(120)	7,123
Balances as at 31.03.10	**1,000**	**1,000**	**(77)**	**12**	**4,982**	**4,917**	**6,726**	**7,243**	**20,886**	**201**	**(120)**	**20,967**

Cash flow statement

(*in thousands of Euro*)	**31 March 2010**	**31 March 2009**
Pre-tax profit	**11,366**	**11,775**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	2,026	1,861
Provision for bad debts	5	535
Adjustment to the provision for employee benefits	6	1
Net financial charges/(income), including exchange rate differences	418	750
Cash flow from operating activities before changes in working capital	**13,821**	**14,922**
Change in trade receivables (net of the provision)	(779)	(1,886)
Change in inventories	206	466
Change in other current assets	(359)	(239)
Change in trade receivables	1,553	325
Change in provisions for risks and charges	180	215
Change in other current liabilities	202	288
Cash flow from operating activities after changes in working capital	**14,824**	**14,092**
Payment of taxes	(4,458)	(5,176)
Interest paid	(537)	(801)
Cash flow generated from operating activities (A)	**9,829**	**8,115**
Investments in intangible assets	(93)	(668)
Investments in property, plant and equipment	(969)	(2,353)
Changes generated from investing activities (B)	**(1,062)**	**(3,021)**
Financing activities		
Absorption of short- and medium/long-term borrowings	(1,720)	4,385
Changes in financial instruments	(127)	(77)
Lease instalments paid	(1,400)	(1,656)
Payment of dividends	(3,100)	(3,100)
Cash flow generated from/(absorbed by) financing activities (C)	**(6,347)**	**(448)**
Net increase (decrease) in cash and cash equivalents (A+B+C)	2,420	4,646
Cash and cash equivalents at the beginning of the period	**6,897**	**2,251**
Cash and cash equivalents at the end of the period	**9,317**	**6,897**

NOTES TO THE FINANCIAL STATEMENTS

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 67.980% 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 14 June 2010 and will be submitted to the shareholders' meeting called for 22 July 2010.

Main events that occurred in the course of the financial year ended 31 March 2010 and related significant accounting effects

On 18 June 2009 the Board of Directors of Piquadro SpA approved the financial statements ended 31 March 2009 and proposed to distribute a dividend equal to Euro 0.062 per share for a total of Euro 3,100,000. 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, 14, 17, 19, 22, 25, 28 and 29 of the Company's By-Laws in order to bring them in line with the current regulations for listed companies.
Within the framework of the development plan of foreign markets, and in particular in the Far East, on 7 September 2009 the Company established Piquadro Taiwan Co Ltd., 100%-owned, in order to manage the two Company-owned shops opened in that country on the date of this report.
On 19 November 2009, the Company's Board of Directors resolved to review the organisational, management and control model pursuant to Legislative Decree no. 231/2001 governing administrative liability arising from offences committed by legal entities, on the occasion of the preparation of the corporate procedures forming part of the preventive system pursuant to Legislative Decree no. 231/2001, in order to make the model more responsive and suitable for the context of Piquadro S.p.A. and which takes account of the company's operations without however reducing at all the effectiveness of the model itself in preventing the commission of crimes which may entail the administrative and criminal liability of the Company. On 23 July 2009, the ordinary and extraordinary Shareholders' Meetings of Piquadro S.p.A. approved the Financial Statements for the financial year ended 31 March 2009 and the distribution to Shareholders of a unit dividend of Euro 0.062, for a total amount of Euro 3.1 million, which was paid starting from 30 July 2009, with the detachment of coupon on 27 July 2009. Furthermore, the extraordinary Shareholders' Meeting has approved the amendment to some sections of the Company's by-laws as proposed by the Board of Directors.
On 12 January 2010, the Parent Company announced the agreement with Studio Osti for the production of the new line of technical-city clothing – for the 2010 Autumn/Winter collection – presented on the occasion of the 77th edition of Pitti Immagine Uomo. The agreement with Studio Osti, which was founded in Bologna in the '70s by the fashion designer Massimo Osti, i.e. the designer who has invented the 'casual high tech' clothing and has created the brands C.P. Company and Stone Island, and the presentation of the new collection represent a new important step in the corporate strategy for the gradual differentiation of the product on the part of Piquadro, which have also been followed by the presentation of the first collection of Piquadro-branded watches.

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

The consolidated financial statements of Piquadro S.p.A. (hereinafter also referred to as “the Company”) and its subsidiaries (“Piquadro Group” or “the Group”) as at 31 March 2010 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.

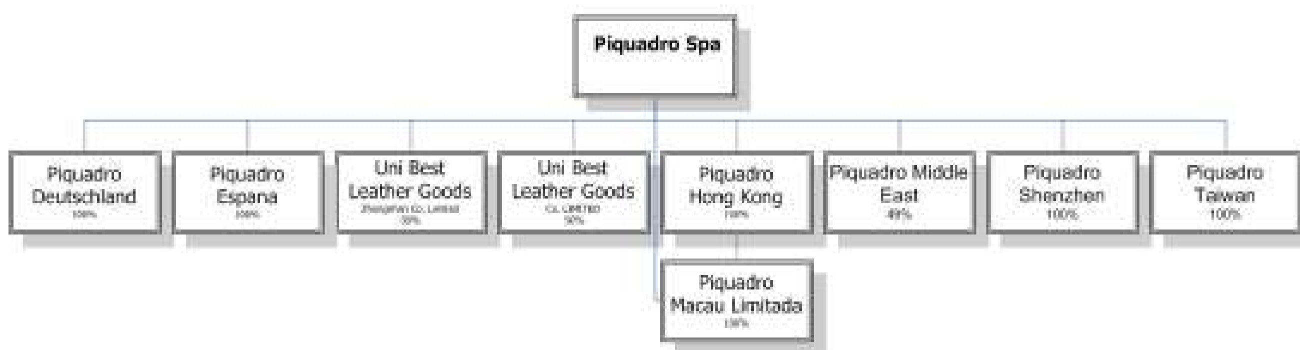
Basis of preparation

(a) This document reports the Consolidated Financial Statements, including the financial balance sheets as at 31 March 2010 and 31 March 2009, consolidated income statements for the financial years ended 31 March 2010 and 31 March 2009, consolidated statements of comprehensive income for the financial years ended 31 March 2010 and 31 March 2009, consolidated cash flow statements and the statement of changes in consolidated equity for the financial years ended 31 March 2010 and 31 March 2009 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 cash flow statement.
(f) The 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.

The management believes that no significant non-recurring events or transactions occurred either in the FY 2009/2010 or in the FY 2008/2009, nor any 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 2010:



Scope of consolidation

The consolidated financial statements as at 31 March 2010 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, 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 2010 and 31 March 2009, 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 2010

Name	HQ	Country	Currency	Share Capital (local currency/000)	Shareholders' equity (Euro/000)	Control %
Piquadro SpA	Gaggio Montano (BO)	Italy	Euro	1,000		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 [a]	Abu Dhabi	United Arab Emirates	AED	150	(398)	49%

[a] 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 2009

Name	HQ	Country	Currency	Share Capital (local currency/000)	Shareholders' equity (Euro/000)	Control %
Piquadro SpA	Gaggio Montano (BO)	Italy	Euro	1,000		Parent Company
Uni Best Leather Goods Co. Limited (Uni Best 1)	Kowloon	Hong Kong	HKD	1	204	50%
Piquadro España SL	Barcelona	Spain	Euro	198	(128)	100%
Piquadro Deutschland Gmbh	Munich	Germany	Euro	25	(181)	100%

Company	Registered office	Country	Currency	Share capital	Equity	% held
Uni Best Leather Goods Zhongshan Co Limited (Uni Best 2)	Guangdong	People's Republic of China	RMB	1,542	210	50%
Piquadro Trading (Shenzhen) Co. Ltd.	Shenzhen	People's Republic of China	RMB	1,650	105	100%
Piquadro Hong Kong Limited	Kowloon	Hong Kong	HKD	2,000	251	100%
Piquadro Macau Limitada	Macau	Hong Kong	HKD	25	(70)	96%
Piquadro Middle East Leather Products LLC [a]	Abu Dhabi	United Arab Emirates	AED	150,000	(206)	49%

[a] 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 2009, in the financial year ended 31 March 2010 the scope of consolidation saw the entry of Piquadro Taiwan Co. Ltd which has its registered office in Taiwan 8F, 563, Chung Hsiao E. Rd Sec. 4, Taipei. This company was established on 7 September 2009, with a share capital of NTD 5,000,000 (corresponding to about Euro 110 thousand). The share capital is fully paid up and is 100% held by the Parent Company Piquadro SpA. The company owns and runs a shop (DOS) at the shopping centre "Eslite Dun Nan" in Taipei.

During the financial year ended 31 March 2010, the stake held in Piquadro Macau Limitada also changed, passing from 96% to 100%.

Accounting policies

The accounting policies used in preparing the consolidated financial statements as at 31 March 2010, 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 2009/2010 (foreign currency corresponding to Euro 1):

Foreign currency	Average*		Closing*	
	2010	2009	2010	2009
Hong Kong Dollar	10.962	11.054	10.465	10.314
Renminbi (Yuan)	9.654	9.766	9.201	9.094
Arab Emirates Dirham (AED)	5.192	5.220	4.951	4.888
Taiwan Dollar	45.963	-	42.811	-

* Exchange rates are rounded up to the third decimal place.

Other intangible assets

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 separated from property, plant and equipment, 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. Moreover, 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 entered 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 in the application of the principle of the so-called 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 according to the principle of the component approach.

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 “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. For this purpose, the company is required to specifically measure the intangible assets acquired (if any). Goodwill (if any) is determined only on a residual basis as the difference between the cost of the business combination (including additional charges and contingent considerations, if any) and the relevant portion of the difference between acquired assets and liabilities measured at fair value. If positive, the difference is recognised as an intangible asset under item “goodwill; 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, 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 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 ongoing 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 under 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 ongoing 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 equity, the ineffective portion (if any) (overhedging) 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 equity 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

<u>The category of financial instruments</u>

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 2010 and 31 March 2009, 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)	31/03/2010	FVTPL	LAR	AFS	FLAC	IAS 17 leasing	measurement at fair value	impact through profit and loss
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	39
Assets	**29.641**	**69**	**29.572**	**-**	**-**	**-**	**29.641**	**39**
Non-current financial payables	6.046				6.046		6.046	
Payables to other lenders for non-current lease agreements	5.248					5.248		
Current financial payables	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**

(in thousands of Euro)	31/03/2009	FVTPL	LAR	AFS	FLAC	IAS 17 leasing	measurement at fair value	impact through profit and loss
Trade receivables	19.477		19.477				19.477	
Cash and cash equivalents	6.897		6.897				6.897	41
Assets	**26.374**	**-**	**26.374**	**-**	**-**	**-**	**26.374**	**41**
Non-current financial payables	8.355				8.355		8.355	
Payables to other lenders for non-current lease agreements	6.167					6.167		
Current financial payables	1.820				1.820		1.820	305
Payables to other lenders for current lease agreements	948					948		
Trade payables	11.296		11.296				11.296	
Liabilities for financial instruments	75	75					75	
Liabilities	**28.661**	**75**	**11.296**	**-**	**10.175**	**7.115**	**21.546**	**305**

FVTPL	Fair value throught Profit and Loss
LAR	Loans and Recaivables
AFS	Avaiable for sale
FLAC	Financial Liabilities Amortized Costs

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 2009	Use	Provision	Provision as at 31 March 2010
Provision for bad debts	933	(5)	5	933
Total provision	**933**	**(5)**	**5**	**933**

Position of the loans

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

in thousands of Euro		Falling due	Expired			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)

		Falling due	Expired			Provision for
31/03/2009	Amount in the accounts		1- 60 days	61 - 120 days	over 120 days	bad debts
Dos	-	-	-	-	-	-
Wholesale	19,477	15,963	2,006	1,252	1,189	(933)
Total	19,477	15,963	2,006	1,252	1,189	(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 2010 and 31 March 2009:

	31/03/2010	*31/03/2009*
Cash Ratio (*)	*0.50*	*0.41*
Quick Ratio (**)	*1.65*	*1.65*
Current Ratio (***)	*2.05*	*2.11*
Net financial debt/Ebitda	*0.38*	*0.73*
Interest coverage Ratio (****)	*21.94*	*15.64*

(*) 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, thud 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
31/03/2010					
Payables to banks for Loans	8,455	2,421	6,227		8,648
Payables to banks for credit lines	-				-
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

Type of instruments	Amount in the accounts	Within 1 year	From 1 year to 5 years	Beyond 5 years	Total
31/03/2009					
Payables to banks for Loans	10,175	2,595	8,152		10,747
Payables to banks for credit lines	-				
Trade payables	11,296	11,296			11,296
Other financial payables (leasing)	7,115	1,178	3,609	3,445	8,232
Liabilities for derivative instruments for IRS contracts	29	16	52		68
Liabilities for derivative instruments for USD forwards	46	1,925			1,925
Total	28,661	17,010	11,813	3,445	32,268

Below are reported the main assumptions for the table above:

- Loans payable: the future cash flows have been provided directly by the banks concerned (Cassa di Risparmio di Rimini e Carisbo both for 31/03/2009 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 31/03/2010, the payment spread has been calculated for the instrument, by assuming that the 3-month Euribor rate (equal to 0.634%) 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 2010, the Group could rely on about Euro 27,986 thousand of unused credit lines (about Euro 24,266 thousand as at 31 March 2009) and on liquid assets of about Euro 9,317 thousand (Euro 6,897 thousand as at 31 March 2009). 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 20,255 thousand as at 31 March 2010 (Euro 19,477 thousand as at 31 March 2009).

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 equity in a special reserve.

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.

During the FY 2008/2009 ended 31 March 2009, the parent company executed currency forward contracts for USD 12,480 thousand, equal to an aggregate counter-value of Euro 8,309 thousand, with an average exchange rate of USD 1.5019.

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 equity, as required by the Accounting Standards.
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		- 10% Euro/Usd	
			Profits and (Losses)	Other changes in Equity	Profits and (Losses)	Other changes in Equity
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:						
Financial payables	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)
Financial assets:						
Cash and cash equivalents	6,897	265	(24)		29	
Trade receivables	19,477	7	(1)		1	
Derivative financial instruments	-	-				
			(25)	-	30	0
Financial liabilities:						
Financial payables	10,175	-				
Trade payables	11,296	1,065	97		(118)	
Derivative financial instruments	75	46		263		(163)
			97	263	(118)	(163)
Total increase (decreases) as at 31/03/2009			72	263	(88)	(163)

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 2010, the amount of Euro 69 thousand in the assets represented the fair value of the forward contracts hedging foreign exchange risks for a notional amount of USD 3,460 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 Banca 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 Equity.

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 the 3-month Euribor is less than 4% Assumption b) 4% + 0.3% if the 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 2010 the Group accounted for "financial liabilities for derivative instruments" for Euro 17 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	9,317	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 financial payables (leasing)	6,196	6,196	(31)		31	
Derivative financial instruments	17	17		(19)		19
			(73)	(19)	73	19
Total increases (decreases) as at 31/03/2010			(27)	(19)	27	0
Financial assets:						
Cash and cash equivalents	6,897	6,897	34		(34)	
Trade receivables	19,477	-	-		-	
Derivative financial instruments	-	-	-		-	
			34	0	(34)	0
Financial liabilities:						
Payables to banks for Loans	10,175	10,175	(51)		51	
Payables to banks for credit lines	-	-	0		-	
Trade payables	11,296	-				
Other financial payables (leasing)	7,115	7,115	(36)		36	
Derivative financial instruments	75	29		(13)		13
			(86)	(13)	86	13
Total increases (decreases) as at 31/03/2009		-	52	(13)	52	13

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 2010	31 March 2009
Net financial position	5,334	10,393
Equity	20,886	16,721
Total capital	26,220	27,114
Gearing ratio	**20.34%**	**38.3%**

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				
Assets for derivative financial instruments	-	69	-	69
Total assets	**-**	**69**		**69**
Liabilities				
Liabilities for derivative financial instruments	-	17	-	17
Total liabilities	**-**	**17**	**-**	**17**

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

(i) Provisions for 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 and the difference compared to the calculation made in the past has been treated as a curtailment and accounted for in the income statement in 2007/2008, accordance with paragraph 109 of IAS 19. 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: amortisation and depreciation of fixed assets are a considerable cost for the Group. 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.

Furthermore, 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 2009//2010:

- 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% in 2010 and 2.24% in 2009	Frequency of 7.5% for 2010 and 10% for 2009	2% both for 2010 and 2009

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 2010 comply with those adopted for the financial year ended 31 March 2009, except for those amendments required by:

IAS 1 (revised) – Presentation of financial statements

In addition to introducing some new names for accounting statements, IAS 1 (revised) has also introduced the obligation to present the profit or loss components for the period recognised directly in equity for transactions other than those effected by the shareholders in a single statement (named statement of comprehensive income) or in two separate statements (separate income statement and statement of comprehensive income). Transactions with shareholders, together with the result of the statement of comprehensive income, are instead presented in the statement of changes in equity. The Piquadro Group has opted to present two separate statements named "consolidated income statement" and "consolidated statement of comprehensive income".

IFRS 7 (amended) – Financial instruments: Disclosures

The disclosure requirements contained in IFRS 7 are amended/supplemented in relation to: the fair value and the breakdown of liquidity. Specifically, it requires the financial instruments measured at fair value to be classified in three levels. There have been no significant impacts for the Group as these are more exhaustive disclosures.

As to the other standards, either recently-issued or revised, applicable to the Group from 1 April 2009, it is specified as follows:

a) IFRS 8 – Operating Segment: has not entailed for the group a review of the reporting, nor the identification of new operating segments, or a different aggregation of these segments for the purposes of segment reporting.

b) IAS 23 (revised) – Borrowing costs: has eliminated the option that allowed financial charges to be recognised as a cost in the income statement, even if referred to the acquisition, construction or production of "qualifying" assets, i.e. assets that would have allowed these costs to be capitalised. Capitalisation is then mandatory. The amendment to the standard has had no effects on the Group.

c) 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.

d) IFRIC 13 – Customer loyalty programmes: this interpretation clarifies that the goods or services that are free of charge or discounted within a customer loyalty programme must be recognised as a separate component of the related sale transaction in which points or premiums have been assigned. Part of the fair value of the consideration arising from the sale must therefore be allocated to the bonus points and deferred. This component will be subsequently recognised as a revenue in the period of time in which points are redeemed. The adoption of this amendment has not entailed effects on the Group.

e) Improvements to IFRS (2008): a number of amendments have been issued in relation to the following standards: IFRS 5, IAS 1, IAS 16, IAS 19, IAS 20, IAS 23, IAS 28, IAS 36, IAS 38. There have been no significant effects on the Group.

f) IFRS 1 and IAS 27 (amended) – Cost of an investment in a subsidiary, jointly controlled entity or associate: the amendments to IFRS 1 allow the new user to define the book value of investments according to IAS 27 or at deemed cost. The separate financial statements recognise dividends from investments in subsidiaries, associates and joint ventures under income in the income statement, without any distinction as to pre-acquisition and post-acquisition dividends. There have been no significant impacts on the Group.

g) IFRIC 14 – The limit on a defined benefit asset, minimum funding requirements and their interaction: this interpretation limits the possibility of entering an asset deriving from a pension scheme. There have been no significant impacts on the Group.

h) 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. The adoption of this amendment is not applicable to the Group.

i) IFRIC 9 and IAS 39 (amended) – Reassessment of embedded derivatives and Financial Instruments: Recognition and Measurement. It specifies the accounting treatment to be adopted for derivatives embedded in financial assets being reclassified. The standard is not currently applicable to the Group.

l) IFRIC 15 – Agreements for the construction of real estate: it identifies the cases in which revenues for the construction of real estate are to be considered as a sale of goods (IAS 18) or construction services (IAS 11). The adoption of this amendment is not applicable to the Group.

The following standards, amendments and interpretations, which will be applicable from 1 April 2010, have not been adopted by the Group in advance.

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.

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.

IAS 38 (amended) – Intangible assets: the amendments made to the standard will be adopted starting from the date of application of IFRS 3 revised. It specifies the guidelines to determine the fair value of an intangible asset acquired within a business combination. The application of this standards is not expected to have a significant impact on the Group.

IAS 32 (amended) – Financial instruments: presentation: these amendments specifically relate to the classification of rights issued (warrants, options) in the accounts. The application of this standards is not expected to have a significant impact on the Group.

IFRIC 12 – Service concession arrangements. The standard illustrates the procedure to recognise the infrastructure subject to service concession arrangements in the financial statements of the concessionaire and specifies the distinction between of the various phases o fan agreement (construction/management) and the procedures to recognise income ad 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 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. This interpretation should have no effects at Group level.

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. At present, this interpretation would not have effects at Group level.

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. The Group is currently assessing effects (if any) arising from this interpretation.

Improvements to IFRS (2009): minor amendments to 12 IFRS. The Group is currently assessing effects (if any) (applicable from 1 April 2011).

IFRS 2 (amended) – Share-based payments: it specifies the accounting treatment, in the separate financial statements, of cash-settled share-based payments at group level. The Group is currently assessing effects (if any) (applicable from 1 April 2011).

The Group has also considered the effects of other standards, interpretations and updates approved but not yet endorsed by the community legislator, as listed below, and has not reported that the same might have significant potential impacts on its equity, financial and economic position.

- IAS 24 (amended): it simplifies disclosure requirements concerning related parties including public bodies and provides a new definition of related parties;
- Improvements to IFRS (2010): minor amendments to 7 IFRS;
- IFRIC 19: it deals with the cases in which a lender reaches an agreement with a debtor company to extinguish one of its financial liability through equity instruments;
- IFRIC 14 (amended): it deals with the case in which a company must comply with minimum funding requirements of defined benefit plans and makes advance payments in order to ensure compliance with such requirements.
- IFRS 9: it reports new criteria for the classification of financial assets.
- IFRS 1 (amended): additional exemptions during the transition to IFRS.

Comments on the Financial Balance Sheet items

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 2008/2009 and FY 2009/2010 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	384	26	749	1,267	183	2,609
Amortisation fund	(248)	(20)	(346)	(821)	-	(1,435)
Net value as at 31/03/2008	**136**	**6**	**403**	**446**	**183**	**1,174**
Change in the scope of consolidation	-	-	-	-	-	-
Increase for the period	25	-	153	515	-	693
Sales and derecognitions	-	-	-	-	-	-
Reclassifications	183		-		(183)	-
Amortisation	(114)	(3)	(212)	(243)	-	(572)
Write-downs	-	-	-	(100)	-	(100)
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**
Change in the scope of consolidation	-	-	-	-	-	-
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 al 31/03/2010	**130**	**10**	**208**	**214**	**86**	**648**

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 Company for the opening of shops in Rome, Milan, Bologna, Dubai (United Arab Emirates). As at 31 March 2010, the net book value of these charges was equal to Euro 214 thousand, against Euro 618 thousand as at 31 March 2009.
In the financial year ended 31 March 2010, the increases in intangible assets, equal to Euro 193 thousand (Euro 693 thousand as at 31 March 2009) related to patent rights for Euro 10 thousand, trademarks for Euro 31 thousand, investments in software for Euro 66 thousand and fixed assets under development for Euro 86 thousand relating to the software project for managing consolidated accounts and the CPM (Corporate Performance Management) and the software project for optimising Supply Chain processes (the so-called integrated Demand Management system), respectively. In consideration of the economic results recorded by the shop opened in Dubai, which were unfortunately adversely affected by the financial crisis that heavily hit that area, and by reason of future developments (if any) which, given the large visibility of the shop, are expected in the Far East, 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 93 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 2009/2010, no trigger events occurred as to the key money for 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 2008/2009 and FY 2009/2010 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	2,371	4,098	170	88	13,817
Depreciation fund	-	(373)	(1,322)	(1,777)	(116)	-	(3,588)
Net value as at 31/03/2008	**878**	**5,839**	**1,049**	**2,321**	**54**	**88**	**10,229**
Increase for the period	-	-	157	2,120	35	167	2,479
Sales and derecognitions	-	-	(1)	(4)	(1)	-	(6)
Depreciation	-	(186)	(285)	(650)	(33)	-	(1,154)
Write-downs	-	-	(35)	-	-	-	(35)
Reclassifications of fixed assets under construction	-	-	-	76	-	(76)	-
Reclassifications – gross values	-	-	(52)	(71)	139	-	16
Reclassifications of depreciation fund	-	-	38	67	(121)	-	(16)
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	-	-	(3)	(2)	-	(1)	(6)

(in thousands of Euro)	Land	Building	Plant and equipment	Industrial and business equipment	Other assets	Fixed assets under construction and advances	Total
under construction and other changes							
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**

On the contrary, increases in property, plant and equipment, equal to Euro 1,365 thousand in the financial year ended 31 March 2010 (Euro 2,479 thousand as at 31 March 2009) were mainly attributable to fittings purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro 1,233 thousand, to the purchases of moulds relating to new products for Euro 70 thousand and to the purchase of electronic office machines for Euro 50 thousand.

Fixed assets under construction for Euro 178 thousand mainly relate to fittings relating to the opening of two points of sale in India, whose full operations have also been suspended by reason of the negative development prospects expected for the area.

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

(in thousands of Euro)	31 March 2010	31 March 2009
Land	878	878
Buildings	5,467	5,653
Plant and equipment	363	575
Industrial and business equipment	968	1,259
Total	**7,676**	**8,365**

Note 3 – Receivables from others

Receivables from others (equal to Euro 539 thousand as at 31 March 2010 compared to Euro 435 thousand as at 31 March 2009) 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 2010	31 March 2009
Deferred tax assets:		
- within 12 months	549	549
- beyond 12 months	563	313

	1,112	**862**
Deferred tax liabilities		
- within 12 months	143	90
- beyond 12 months	283	256
	426	**346**
Net position	**686**	**516**

Below are reported the relevant changes:

(in thousands of Euro)	**31 March 2010**	**31 March 2009**
Net opening position	**516**	**341**
Credit/(Charge-back) to the income statement	187	150
Credit/(Charge-back) to equity	(17)	25
Total	**686**	**516**

(in thousands of Euro)	**Provisions**	**Derivatives measured at fair value**	**Finance lease**	**Others**	**Total**
Balances as at 31.03.2008	**276**	**-**	**(147)**	**212**	**341**
Effect on the income statement	139	-	-	11	150
Release of the exchange rate of the tax rate	-	-	-	-	-
Substitute tax	-	-	-	-	-
Effect on the equity	-	25	-	-	25
Balance as at 31.03.2009	**415**	**25**	**(147)**	**223**	**516**
Effect on the income statement	214	-	-	(27)	187
Release of the exchange rate of the tax rate	-	-	-	-	-
Substitute tax	-	-	-	-	-
Effect on the equity	-	(17)	-	-	(17)
Balances as at	**629**	**8**	**(147)**	**196**	**686**

The amount of deferred tax assets (equal to Euro 1,112 thousand as at 31 March 2010 against Euro 862 thousand as at 31 March 2009) is mainly made up of temporary tax differences relating to Piquadro S.p.A. (Euro 1,084 thousand as at 31 March 2010 against Euro 669 thousand as at 31 March 2009), 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 263 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 2010	Provision for write-down	Net value as at 31 March 2010	Net value as at 31 March 2009
Raw Materials	1,481	(151)	1,330	1,352
Semi-finished products	358	-	358	203
Finished products	6,227	(297)	5,930	6,269
Inventories	**8,066**	**(448)**	**7,618**	**7,824**

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 2009	Use	Allocation	Provision as at 31 March 2010
Provision for write-down of raw materials	202	(51)	-	151
Provision for write-down of finished products	246		51	297
Total provision for write-down of inventories	**448**	**(51)**	**51**	**448**

Note 6 – Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	31 March 2010	31 March 2009
Receivables from customers	21,188	20,410
- Provision for bad debts	(933)	(933)
Current trade receivables	**20,255**	**19,477**

The increase in gross trade receivables as at 31 March 2010 compared to 31 March 2009 (Euro +778 thousand, up by about 3.8%) was more than proportional compared to the increase in the sales volumes in the Wholesale segment (which decreased by 6.1% compared to the financial year ended 31 March 2009); this is mainly attributable to the situation relating to the economic trend which has caused an extension of the average collection times.

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 2009	Use	Allocation	Provision as at 31 March 2010
Provision for bad debts	933	(5)	5	933
Total provision	**933**	**(5)**	**5**	**933**

Note 7 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	31 March 2010	31 March 2009
Other assets	970	755
Accrued income and prepaid expenses	543	399
Other current assets	**1,513**	**1,154**

Other current assets mainly include advances to suppliers of the Parent Company (Euro 306 thousand as at 31 March 2010 compared to Euro 322 thousand as at 31 March 2009), other sundry receivables of Uni Best Leather Goods (Zhongshang) Co. Ltd. (Euro 174 thousand as at 31 March 2010 against Euro 115 thousand as at 31 March 2009) and other sundry receivables of Piquadro España SLU (Euro 30 thousand as at 31 March 2010 against Euro 70 thousand as at 31 March 2009).

Furthermore, it should be noted that, for the financial year ended 31 March 2010, the item "other assets" also includes an IRES and IRAP tax credit equal to Euro 53 thousand due to an excess of advances paid during the year.

Accrued income and prepaid expenses include prepaid expenses on leases of the Parent Company (Euro 70 thousand as at 31 March 2010 against Euro 88 thousand as at 31 March 2009) and prepaid expenses on set of samples relating to the clothing collection for autumn/winter 2010 for Euro 167 thousand.

Note 8 – Assets for derivative financial instruments

As at 31 March 2010, assets relating to forward exchange contracts were equal to Euro 69 thousand (liabilities of Euro 46 thousand as at 31 March 2009).
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 a value equal to Euro 22 thousand at fair value against an entry in the equity reserve, while the remaining part has been accounted for in the income statement.

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 2010	31 March 2009
Available current bank accounts	9,259	6,871
Cash, cash on hand and cheques	58	26
Cash and cash equivalents	**9,317**	**6,897**

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 Cash flow statement.

LIABILITIES

Note 10 – TOTAL EQUITY

Share capital

As at 31 March 2010, 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 2010, no option had been vested out of no. 1,600,000 options assigned.

Share premium reserve

As at 31 March 2010 this reserve was equal to Euro 1,000 thousand and no entries were made during the financial year ended 31 March 2010.

Translation reserve

As at 31 March 2010 the reserve was negative for Euro 77 thousand (it reported a negative balance of Euro 12 thousand as at 31 March 2009). 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 7,243 thousand as at 31 March 2010.

During the financial year ended 31 March 2010, the Company's profit for the period, as resulting from the annual accounts as at 31 March 2009, was allocated as follows:

- Euro 3,100,000 to dividends, corresponding to earnings per share equal to about Euro 0.062 and to a payout of about 40% of the profit for the period.
- Euro 4,688,867 to Profits carried forward.

Equity attributable to minority interests

Equity attributable to minority interests, equal to Euro 81 thousand (Euro 205 thousand as at 31 March 2009), includes the portions of equity and of the result for the period attributable to minority shareholders of some subsidiaries (as indicated in the Group's Organisation chart, reference is made to minority shareholders of Uni Best Leather Goods Co. Ltd. and Uni Best Leather Goods Zhongshang Co. Ltd.).

Statement of reconciliation of total equity for the period and the consolidated equity

Below is the statement of reconciliation, including the related tax effects, where applicable, of the Total Equity and the result for the period of the Parent Company Piquadro S.p.A. and the consolidated equity and result for the period:

(in thousands of Euro)	**Result as at 31/03/2010**	**Total Equity as at 31/03/2010**	**Result as at 31/03/2009**	**Total Equity as at 31/03/2009**
Equity and result for the period as reported in the annual accounts of Piquadro SpA	**7,501**	**21,924**	**7,789**	**17,437**
Derecognition of the book value of consolidated equity investments	41	(107)	51	(84)
Derecognition of the effects of transactions effected between consolidated companies:				
- Profits included in inventories	(178)	(574)	(67)	(396)
- Other minor	(28)	(164)	(140)	(136)
- Write-downs / Impairment	(93)	(193)	(100)	(100)
Equity and result for the period attributable to the Group	**7,243**	**20,886**	**7,533**	**16,721**
Profits (losses) and equity attributable to minority interests	(120)	81	(19)	205

Equity and consolidated profit for the period	**7,123**	**20,967**	**7,514**	**16,926**

Non-current liabilities

Note 11 – Borrowings

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

(in thousands of Euro)	**31 March 2010**	**31 March 2009**
Financial payables from 1 to 5 years	6,046	8,355
Financial payables beyond 5 years	-	-
Medium/long-term financial payables	**6,046**	**8,355**

As at 31 march 2010, financial payables included residual payables for Euro 3,800 thousand for the loan granted by Carisbo SpA to Piquadro SpA. on 31 January 2008 for an initial amount of Euro 5,300 thousand, for Euro 1,050 thousand for the unsecured loan disbursed by Carisbo SpA on 1 September 2008 for an initial amount of Euro 1,500 thousand and for an additional amount of Euro 3,500 thousand relating to the unsecured loan granted by Carisbo SpA on 25 February 2009, as commented on below, in addition to the residual debt, classified under current liabilities, for Euro 11 thousand granted by Cassa di Risparmio di Rimini. The debt entered under non-current liabilities in the accounts as at 31 March 2010 was equal to Euro 3,800 thousand (Euro 1,500 thousand under current liabilities) is a loan granted by Carisbo SpA and is represented by an unsecured loan, with a two-year pre-amortisation, which does not provide for compliance with any covenants on the part of the Parent Company. On 1 September 2008, the Parent Company raised an unsecured loan with Carisbo SpA – Gruppo Intesa-Sanpaolo fora n amount equal to Euro 1,500 thousand, for a term of 60 months, aimed partly at financing the opening of new points of sale in Italy and abroad and partly at meeting the financial requirements of the Companies; the debt entered under non-current liabilities in the accounts as at 31 March 2010 was equal to Euro 1,047 thousand (Euro 300 thousand under current liabilities) and does not provide for compliance with any covenants. On 25 February 2009 the Company raised an additional unsecured loan with Carisbo SpA – Gruppo Intesa-Sanpaolo, with value date on 28 February 2009, for an amount equal to Euro 3,500 thousand, with a term of 60 months, aimed at financing the investment requirements of the Company and partly at supporting the new openings (if any) of shops in Italy and abroad; the debt entered under current and non-current liabilities in the accounts as at 31 March 2010 was equal to Euro 3,499 thousand and provides for a 18-month pre-amortisation (expiring on 28 August 2010), in addition to the compliance with the following covenants to be calculated annually on the consolidated financial statements of the Piquadro Group: a) net financial position/equity ratio not exceeding 1.5 (one point five) and b) net financial position/Ebitda ratio not exceeding 1.5 (one point five). In relation to the consolidated financial statements as at 31 March 2010, both covenants have been complied with (net financial position/equity ratio equal to 0.26 and net financial position/Ebitda ratio equal to 0.39, respectively).

Below is reported the breakdown of the loans, as well as of the covenants reported:

(in thousands of Euro)	**Date of granting of the loan**	**Initial amount**	**Currency**	**Current financial payables**	**Non-current financial payables**	**Total**
Carisbo loan	31 January 2008	5,300	Euro	1,500	2,300	3,800
Carisbo loan	1 September 2008	1,500	Euro	300	747	1,047
Carisbo loan	28 February 2009	3,500	Euro	500	2,999	3,499
Carimini loan	26 October 2005	88	Euro	11	-	11
Currency loan - Unicredit	Piquadro Trading Shenzhen	900	CNY	98	-	98

	2,409	**6,046**	**8,455**

SUMMARY OF COVENANTS on data from the consolidated financial statements	**Ratio as per contract**	**Ratio as per the financial statements**
Net Financial Position/Equity	<1.5	0.26
Net Financial Position/Ebitda	<1.5	0.39

Note 12 - Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	**31 March 2010**	**31 March 2009**
Non-current portion:		
Payables to leasing companies	5,248	6,167
Current portion:		
Payables to leasing companies	948	948
Payables to other lenders for lease agreements	**6,196**	**7,115**

Below is reported the following additional breakdown:

(in thousands of Euro)	**31 March 2010**	**31 March 2009**
Payables to other lenders for lease agreements		
Due within 1 year	1,127	1,178
Due from 1 to 5 years	4,429	3,609
Due beyond 5 years	1,525	3,445
Financial interest to be paid	(885)	(1,117)
Present Value of payables to other lenders for lease agreements	**6,196**	**7,115**

As at 31 March 2010, payables to other lenders due beyond 12 months were equal to Euro 5,248 thousand and related to payables to leasing companies, and specifically to the residual debt of Euro 5,030 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 5,742 thousand as at 31 March 2009). The residual amount of Euro 218 thousand (Euro 425 thousand as at 31 March 2009) relates to payables for lease agreements related to equipment, furniture and fittings of shops run by the Company. 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.

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 2008	**323**
Financial charges	14
Net actuarial Losses (Gains) accounted for in the period	(10)
Indemnities paid in the financial year	(34)
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**

The value of the provision as at 31 March 2010 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 31/03/2009**	Use	Allocation	**Provision as at 31/03/2010**
Provision for supplementary clientele indemnity	451	(55)	115	511
Other provisions for risks	97	-	120	217
Total	**548**	**(55)**	**235**	**728**

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 217 thousand mainly relate to other provisions for risks on returns on sales equal to Euro 50 thousand generated by the allocation for the year, Euro 10 thousand for provision for risks on repairs and Euro 157 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 426 thousand (Euro 346 thousand as at 31 March 2009) 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 2010 borrowings were equal to Euro 2,409 thousand compared to Euro 1,820 thousand as at 31 March 2009; for the breakdown, reference is made to Note 10.

Note 17 – Payables to other lenders for lease agreements

As at 31 March 2010 they were equal to Euro 948 thousand (Euro 948 thousand as at 31 March 2009) 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 298 thousand) and of the building, plant and equipment of the operational headquarters (Euro 650 thousand).

Note 18 - Liabilities for derivative financial instruments

As at 31 March 2010, liabilities relating to the hedging of derivative financial instruments were equal to Euro 17 thousand (Euro 75 thousand as at 31 March 2009).

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 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 17 thousand (Euro 29 thousand of financial assets as at 31 March 2009) which has been accounted for against an entry in equity.

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 2010**	**31 March 2009**
Cash	58	26
Other cash and cash equivalents (available current bank accounts)	9,259	6,871
Liquidity	**9,317**	**6,897**
Finance leases	(948)	(948)
Current bank debt	-	-
Current portion of non-current debt	(2,409)	(1,820)
Current financial debt	**(3,357)**	**(2,768)**
Short-term net financial position	**5,960**	**4,129**
Non-current bank debt	(6,046)	(8,355)
Finance leases	(5,248)	(6,167)
Non-current financial debt	**(11,294)**	**(14,522)**
Net Financial Debt	**(5,334)**	**(10,393)**

As at 31 March 2010, the Net Financial Position posted a negative value of about Euro 5.3 million, showing a sharp improvement of more than Euro 5.1 million compared to the debt of Euro 10.4 million recorded as at 31 March 2009. 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 1.6 million

- dividends to be distributed in relation to the FY 2008/2009 for Euro 3.1 million (with a payout equal to about 40% 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 Euro 5.1 million.

Note 19 – Trade payables

Below is the breakdown of current trade liabilities

(in thousands of Euro)	**31 March 2010**	**31 March 2009**
Payables to suppliers	12,849	11,296

As at 31 March 2010, the increase in payables to suppliers, equal to Euro 1,553 thousand (+13.75%), 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 2010.

Note 20 - Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	**31 March 2010**	**31 March 2009**
Payables to social security institutions	319	273
Payables to Pension funds	12	9
Other payables	554	372
Payables to employees	339	402
Advances from customers	49	22
Deferred income	215	161
Payables for VAT	950	1,019
IRPEF tax payables and other tax payables	225	203
Other current liabilities	**2,663**	**2,461**

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 339 thousand of the Company's payables for remunerations to be paid and deferred charges with respect to employees (Euro 380 thousand as at 31 March 2009).

Note 21 – Tax payables

Below is the breakdown of tax payables:

(in thousands of Euro)	**31 March 2010**	**31 March 2009**
IRES tax (income taxes)	-	121
IRAP tax	-	3
Tax payables	**-**	**124**

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. As already reported in Note 7, the Company entered, for the financial year ended 31 March 2010, a tax receivable in the accounts for Euro 53 thousand due to an excess of advances paid for IRES and IRAP taxes.

Comment on the main 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 2010**	**31 March 2009**
Italy	41,732	40,591
Europe	7,323	9,025
Rest of the World	3,163	2,085
Revenues from sales	**52,218**	**51,701**

Note 23 – Other income

(in thousands of Euro)	**31 March 2010**	**31 March 2009**
Charge-backs of transport cost and collection	224	226
Legal ad insurance refunds	118	98
Revenues from sales at the corners	103	352
Capital gains on disposals of property, plant and equipment	6	11
Charge-backs of advertising and marketing costs	-	50
Other sundry income	361	221
Other income	**812**	**958**

Other income mainly relates to the Parent Company; the same is made up of Euro 103 thousand (Euro 352 thousand as at 31 March 2009) of revenues for charging back Corners and Euro 224 thousand (Euro 226 thousand as at 31 March 2009) from chargebacks of transport costs and collection to customers..

Note 24 – Change in inventories

The change in inventories of raw materials was negative for Euro 67 thousand (negative for Euro 732 thousand as at 31 March 2009); the change in semi-finished and finished products was negative for Euro 215 thousand (positive for Euro 58 thousand in the FY 2008/2009).

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 2010	31 March 2009
Piquadro Spa	6,356	7,506
Uni Best Leather Goods Co. Ltd	1,718	1,644
Costs for purchases	**8,074**	**9,150**

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

Eve 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 2010			31 March 2009	
Hong Kong Dollar	764,505	10.9589	70	1,276,359	7.8022	164
Renminbi	11,147,637	9.6541	1,155	11,716,359	9.8435	1,190
US Dollars	11,317,979	1.4101	8,026	9,684,186	1.4369	6,739
Total operating costs incurred in foreign currency			**9,251**			**8,093**

Overall, the Piquadro Group incurred, in the FY 2009/2010, operating costs denominated in a currency other than the Euro for an equivalent amount of about Euro 9.2 million, equal to 22.3% of the total operating costs (Euro 8.1 million in the financial year ended 31 March 2009, equal to 20.3% of operating costs). 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 2010, the Group reported a foreign exchange gain of Euro 3 thousand (Euro 205 thousand as at 31 March 2009), 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 2009/2010, Piquadro made forward purchases of US Dollars for an overall amount of USD 13.5 million (USD 12.5 million in the FY 2008/2009), 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 9,676 thousand at the average exchange rate prevailing in the FY 2009/2010 (Euro 8,309 thousand at the average exchange rate prevailing in the FY 2008/2009); therefore, more than 83.28% of the purchases in US Dollars made by the Company were covered (83.3% in relation to the FY 2008/2009).

Note 26 – Costs for services and leases and rentals

Below is reported the breakdown of costs for services:

(in thousands of Euro)	**31 March 2010**	**31 March 2009**
Costs for leases and rentals	3,156	2,417
External production	7,267	5,508
Advertising and marketing	2,538	3,209
Administrative services	1,634	1,204
Business services	3,126	2,989
Services for production	1,673	1,987
Transport services	3,096	3,247
Costs for services and leases and rentals	**22,490**	**20,561**

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 2010**	**31 March 2009**
Wages and salaries	6,750	5,851
Social security contributions	1,035	845
TFR	235	258
Personnel costs	**8,020**	**6,954**

The table below reports the exact number of the staff employed by the Group as at 31 March 2010 and 31 March 2009:

Units	**31 March 2010**	**31 March 2009**
Executives	1	1
Office workers	202	141
Manual workers	339	428
Total for the Group	**542**	**570**

In the financial year ended 31 march 2010, personnel costs reported an increase of 15.3%, passing from Euro 6,954 thousand in the financial year ended 31 March 2009 to Euro 8,020 thousand in the financial year ended 31 March 2010. 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 2010, mainly due to the opening of the new points of sales, in addition to growth dynamics of the internal organisation.

The reduction in the staff is directly attributable to the China region and more specifically to the subsidiary Uni Best Leather Goods in Zhongshan, which has suffered a downsizing in production volumes, thus reducing the share of impact on the total purchases of the Parent Company Piquadro SpA from 40% to 30%.

Furthermore, it should be noted that the impact of the number of staff employed for production activities over the total reported, equal to 542 people, is equal to 46.1%, while the impact of the same on the total personnel costs is equal to about 15.76%.

To supplement the information provided, below is also reported the average number of employees for the financial years ended 31 March 2009 and 31 March 2010

Average unit	**31 March 2010**	**31 March 2009**
Executives	1	1
Office workers	172	139
Manual workers	363	510
Total for the Group	**537**	**650**

Note 28 - Amortisation, depreciation ad write-downs

In the FY 2009/2010, amortisation and depreciation were equal to Euro 1,933 thousand (Euro 1,726 thousand as at 31 march 2009). Write-downs, equal to Euro 98 thousand, related to the provision for bad debts from customers for Euro 5 thousand (Euro 535 thousand as at 31 March 2009), for Euro 93 thousand to the write-down relating to the key money paid out for the Dubai shop.

Note 29 – Other operating costs

In the FY 2009/2010, other operating costs, equal to Euro 349 thousand, mainly related to charges connected with the use of the plant of the Parent Company (Euro 399 thousand as at 31 March 2009).

Note 30 - Financial income

The amount of Euro 627 thousand in the FY 2009/2010 (Euro 801 thousand as at 31 March 2009) mainly related for Euro 39 thousand to interest receivable on current accounts held by the Parent Company and for Euro 508 thousand of foreign exchange gains either realised or estimated (Euro 751 thousand as at 31 march 2009).

Note 31 – Financial charges

Below is the breakdown of financial charges:

(in thousands of Euro)	**31 March 2010**	**31 March 2009**
Interest payable on current accounts	5	74
Interest and expense subject to final payment	28	17
Financial charges on loans	176	305
Lease charges	184	426
Commissions on credit cards	44	37
Other charges	103	131
Foreign Exchange losses (both realised and estimated)	505	561
Financial Charges	**1,045**	**1,551**

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 2010	31 March 2009
IRES tax (income taxes)	3,716	3,785
IRAP tax	714	696
Total current taxes	**4,430**	**4,481**

Current taxes mainly relate to the tax burden calculated on the Parent Company's taxable income, as well as to the tax effect calculated on the subsidiary Piquadro España, equal to Euro 28 thousand and to the tax effect calculated on the subsidiary Piquadro Hong Kong, equal to Euro 18 thousand relating to the profit achieved in the previous financial year.

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 2010	31 March 2009
Pre-tax result	11,366	11,775
Taxes calculated at the tax rate applicable in the individual Countries	3,527	3,543
Tax effect of income not subject to taxation	(3,.455)	(3,516)
Tax effect of non-deductible costs	3,626	3,758
IRAP tax	732	696
Total	**4,430**	**4,481**

Note 33 - Earnings per share

As at 31 march 2010 diluted earnings per share amounted to Euro 0.140 (basic earnings per share amounted to Euro 0.145 as at 31 March 2010 and 0.151 as at 31 March 2009; they are calculated on the basis of the consolidated net profit attributable to the Group, equal to Euro 7,245 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 2009, earnings per share were equal to Euro 0.146.

	31 March 2010	31 March 2009
Group net profit (in thousands of Euro)	**7,243**	**7,533**
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)	**0.140**	**0.146**
Group net profit (in thousands of Euro)	**7,243**	**7,533**

Average number of outstanding ordinary shares (in thousands of shares)	**50,000**	**50,000**

Diluted earnings per share (in Euro)	**0.145**	**0.151**

Note 34 – Segment reporting

In the FY 2009/2010, about 21.9% of the Group's consolidated revenues was realised through the direct channel, while the remaining 78.1% of consolidated revenues was realised through the indirect 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 2010 and 2009.

(in thousands of Euro)	**31 March 2010**				**31 March 2009**				
	DOS	**Wholesale**	**Total for the Group**	**% impact (a)**	**DOS**	**Wholesale**	**Total for the Group**	**% impact (a)**	**% change 2010/2009**
Revenues from sales	**11,413**	**40,805**	**52,218**	**100%**	**8,233**	**43,468**	**51,701**	**100%**	**1%**
Other income	100	712	812	1.6%	111	847	958	1.9%	(15.2%)
Costs for purchases of materials	(1,180)	(7,176)	(8,356)	(16%)	(959)	(8,865)	(9,824)	(19%)	(14.9%)
Costs for services and leases and rentals	(6,028)	(16,462)	(22,490)	(43.1%)	(4,354)	(16,207)	(20,561)	(39.8%)	9.3%
Personnel costs	(3,071)	(4,949)	(8,020)	(15.4%)	(2,087)	(4,867)	(6,954)	(13.5%)	15.3%
Provisions and write-downs	-	(5)	(5)	(0.01%)	-	(535)	(535)	(1%)	(99.1%)
Other operating costs	(50)	(299)	(349)	(0.7%)	(43)	(356)	(399)	(0.6%)	(12.5%)
EBITDA	**1,184**	**12,626**	**13,810**	**26.4%**	**901**	**13,485**	**14,386**	**27.8%**	**(4%)**
Amortisation and depreciation			(2,026)	(3.9%)			(1,861)	(3.6%)	8.9%
Operating result			**11,784**	**22.6%**			**12,525**	**24.2%**	**(5.9%)**
Financial income and charges			(418)	(0.8%)			(750)	(1.5%)	(44.3%)
Pre-tax result			**11,366**	**21.8%**			**11,775**	**22.8%**	**(3.5%)**
Income taxes			(4,243)	(8.1%)			(4,262)	(8.2%)	(0.5%)
Profit for the period			**7,123**	**13.6%**			**7,514**	**14.5%**	**(5.2%)**
Result attributable to minority interests			(120)	(0.2%)			(19)	0.05%	531.6%

Group net result	7,243	13.9%		7,533	14.57%	(3.8%)

Below is reported the breakdown of assets, liabilities and fixed assets by sales channel as at 31 March 2010 and 31 March 2009 as balance sheet segment reporting:

	31 March 2010				31 March 2009			
	Business Segment				Business Segment			
(in thousands of Euro)	DOS	Wholesale	Unallocated	Total	DOS	Wholesale	Unallocated	Total
Assets	4,784	35,851	11,953	52,588	4,681	35,789	8,887	49,357
Liabilities	3,420	19,303	8,898	31,621	2,522	19,189	10,720	32,431
Fixed assets	2,479	9,686	-	12,165	2,321	10,387	-	12,708

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 2010, the Group had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2009/2010.

B) Commitments on operating lease agreements:

As at 31 March 2010, 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 2009/2010, 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:

	As at 31 March 2010			
(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 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 Hong Kong Ltd, Piquadro Deutschland GmbH , Piquadro Middle East Leather Products LLC, 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 mainly commercial and 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.
The Directors report that, in addition to Piquadro Holding SpA and Piqubo SpA, there are no other related parties (pursuant to IAS 24) of the Piquadro Group.

During the FY 2009/2010, 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 the economic and financial relations with these related companies in the FY 2009/2010 and FY 2008/2009:

(in thousands of Euro)	Costs	
	31 March 2010	**31 March 2009**
Costs for rents due to Piqubo S.p.A.	30	25
Total costs towards controlling companies	**30**	**25**

In the FY 2009/2010 and FY 2008/2009, 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 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 67.147% f 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 2009/2010, 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 2010, Directors had not identified executives with strategic responsibilities):

(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)	Pays for subordinate employment	**Total**
Marco Palmieri	Chairman and CEO	01/04/09-31/03/10	31/03/2010	400	-	400
Pierpaolo Palmieri	Managing director	01/04/09-31/03/10	31/03/2010	200	-	200
Marcello Piccioli	Managing director	01/04/09-31/03/10	31/03/2010	241	-	241

Roberto Trotta	Managing director**	01/04/09-31/03/10	31/03/2010	-	133*	133
Roberto Tunioli	Director	01/04/09-31/03/10	31/03/2010	25	-	25
Gianni Lorenzoni	Director	01/04/09-31/03/10	31/03/2010	25	-	25
Sergio Marchese	Director	01/04/09-31/03/10	31/03/2010	7.5	-	7.5
				898.5	**133**	**1,031.5**

*It should be noted that, in addition to the pay as an employee, the Company may pay the executive, as per contract, a variable portion of remuneration up to 20% of the annual gross remuneration if certain Group and Company targets are achieved.
** He waived his remuneration for the period from 1 April 2009 to 31 March 2010.

Fees due to the Board of Statutory Auditors

(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	01/04/09-31/03/10	31/03/2010	18.4	-	**18.4**
Alessandro Galli	Regular Member	01/04/09-31/03/10	31/03/2010	13.4	-	**13.4**
Vittorio Melchionda	Regular Member	01/04/09-31/03/10	31/03/2010	12.9	-	**12.9**

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	78
Translation of the financial statements into English	Parent Company's review	7
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	54

Note 37 – Events after the year end

On 31 May 2010, the Parent Company renegotiated the loan granted to it on 25 February 2009 for an initial amount of Euro 3.5 million, thus obtaining the elimination of the financial obligations which provided for compliance with some covenants and improving the economic conditions of the same.
In addition to the information indicated above, no significant events were reported at Group level from 1 April 2010 up to today's date.

Note 38 – Other information

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

Sale transactions with a reconveyance obligation

As at 31 March 2010, the Group had two sale transactions in place subject to an obligation of reconveyance or repurchase of its own assets sold with third-party customers. These agreements are accounted for in accordance with IAS 18.

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.

Shareholder loans to the Company

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

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 2009-31 March 2010.

It is also certified that the consolidated financial statements as at 31 March 2010:

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 (BO) 14 June 2010

/F/ Marco Palmieri
Chief Executive Officer

Marco Palmieri

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

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 156 OF LEGISLATIVE DECREE NO. 58 DATED 24 FEBRUARY 1998 (NOW ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 DATED 27 JANUARY 2010)

To the Shareholders of
Piquadro SpA

1 We have audited the consolidated financial statements of Piquadro SpA and its subsidiaries ("Piquadro Group") as of 31 March 2010, which comprise the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the changes in consolidated equity, the consolidated cash flow statement and related explanatory notes. The directors of Piquadro SpA are responsible for the preparation of these consolidated financial statements in compliance with International Financial Reporting Standard as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

The audit of the consolidated financial statements as of 31 March 2010 was conducted in accordance with the legislation in force during the year then ended.

For the opinion on the consolidated financial statements of the prior year the amounts of which are presented for comparative purposes and have been reclassified to reflect the changes to the financial statement presentation introduced by IAS 1, reference is made to our report dated 26 June 2009.

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. 3.754.400,00 Euro i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n. 43 dell'Albo Consob – Altri Uffici: **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 – **Bologna** Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 – **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 – **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 – **Genova** 16121 Piazza Dante 7 Tel. 01029041 – **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 – **Padova** 35138 Via Vicenza 4 Tel. 049873481 – **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 – **Parma** 43100 Viale Tanara 20/A Tel. 0521242848 – **Roma** 00154 Largo Fochetti 29 Tel. 06570251 – **Torino** 10129 Corso Montevecchio 37 Tel. 011556771 – **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 – **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 – **Verona** 37122 Corso Porta Nuova 125 Tel.0458002561

3 In our opinion, the consolidated financial statements of Piquadro SpA as of 31 March 2010 comply with International Financial Reporting Standards as adopted by the European Union, as well as the regulations issued to implement article 9 of Legislative Decree N0. 38/2005; accordingly, they have been drawn up clearly and give a true and fair view of the financial position, results of operations and cash flows of Piquadro Group for the year then ended.

4 The directors of Piquadro SpA are responsible for the preparation of the Report on operations and for the preparation of the Report on corporate governance published in section "*Corporate governance"* within the "*Investor relation"* section of Piquadro SpA internet site, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and the information reported in compliance with paragraph 1, Letters c), d) f), l), m) and paragraph 2 letter b) of article 123-bis of Italian Legislative Decree no 58/1998, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard no. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the report on operations and the information provided in compliance with paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of article 123-bis of Legislative Decree no. 58/2005 are consistent with the consolidated financial statements of Piquadro Group as of 31 March 2010.

Bologna, 21 June 2010

PricewaterhouseCoopers SpA

Signed by

Roberto Sollevanti
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation.