ANNUAL FINANCIAL REPORT ON OPERATIONS AT 31 MARCH 2012

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NOTICE OF CALL OF THE SHAREHOLDERS' MEETING

The ordinary and extraordinary Shareholders' Meeting is hereby called, on 24 July 2012, at 11:00 a.m., on first call, at the registered office of Piquadro S.p.A., Località Sassuriano 246, 40041 Silla di Gaggio Montano (Province of Bologna), and, if required, on second call, on 26 July 2012, in the same place and at the same time, in order to discuss and resolve on the following

Agenda

Ordinary shareholders' meeting

1. Approval of the financial statements and presentation of the consolidated financial statements relating to the financial year ended 31 March 2012; proposed allocation of profits; Board of Directors' Report on operations; Independent Auditors' Report; Report of the Board of Statutory Auditors; inherent and consequent resolutions.
2. Presentation of the Annual report on remuneration and consultative vote of the Shareholders' Meeting on the Section 1 of the Report on Remuneration pursuant to article 123-*ter* of Legislative Decree no. 58/1998.
3. Determination of the overall fixed fees due to the members of the Board of Directors, including those who hold particular positions, up to the approval of the financial statements as at 31 March 2013, in accordance with the Remuneration Policy approved by the Board; inherent and consequent resolutions.
4. Proposed authorisation of the purchase and sale of treasury shares; inherent and consequent resolutions.
5. Proposed approval of a stock option plan concerning ordinary shares of Piquadro S.p.A., reserved for Executive Directors, Executives with strategic responsibilities, employees and collaborators of Piquadro S.p.A. and of other companies owned by it; inherent and consequent resolutions.

Extraordinary shareholders' Meeting

1. Proposed approval of the partial cancellation, for a nominal amount of Euro 44,000, of the capital increase of Piquadro S.p.A., as resolved by the Board of Directors on 28 February 2008 in order to serve the 2008-2013 stock option plan; consequent amendments to section 6 of the Company's By-Laws; inherent and consequent resolutions.
2. Capital increase against payment, in a divisible form, which can be implemented on more than one occasion, excluding the right of option pursuant to article 2441, paragraph 5, of the Italian Civil Code, aimed at serving a new 2012-2017 stock option plan reserved for Executive Directors, Executives with strategic responsibilities, employees and collaborators of Piquadro S.p.A. and of other companies owned by it, up to an overall maximum value equal to Euro 93,998, through the issue of a maximum number of 4,699,900 new ordinary shares of the Company, of no par value, having the same features and enjoyment as the outstanding shares, to be issued at a price equal to the higher value of Euro 1.53 per shares and the average of the official closing prices of the Piquadro S.p.A. shares on the stock exchange in the last 30 days before the grant date of the options; consequent amendments to section 6 of the Company's By-Laws; inherent and consequent resolutions.

Share capital and voting rights

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

Attendance to the Shareholders' Meeting

Pursuant to law and to article 13 of the Company's By-Laws, the right to attend the Shareholders' Meeting and to exercise voting rights is certified by a special notice to be given to the Company by an authorised intermediary, pursuant to law and according to its accounting records, in favour of the person who is entitled to vote on the basis of the records relating to the end of the accounting session of the seventh open-market day prior to the date set for the Shareholders' Meeting, falling on 13 July 2012. Those who will become holders of shares after that date will not be entitled to attend and vote at the Shareholders' Meeting. Therefore, the credit and debit entries entered in the accounts after this date are not relevant for the purposes of the right to exercise voting rights at the Shareholders' Meeting.

In order to facilitate the assessment of the right, the entitled persons are invited to produce a copy of the notice given to the Company by the intermediary which, in accordance with the regulations in force, is required to make available to them.

The abovementioned notices shall be sent to the Company by the intermediary within the time limits set out by the regulations in force, i.e. by the end of the third open-market day prior to the date set for the Shareholders' Meeting. This provision shall apply without prejudice to the right to attend the meeting and to vote in the event of the notices being received by the Company after the time limits specified, provided they are received by the beginning of the

meeting's proceedings.
The attendance by the shareholders at the Shareholders' Meeting is regulated by the relevant laws and regulations.
Each Shareholder who is entitled to attend the Shareholders' Meeting may be represented by others, by a written proxy pursuant to the current provisions of law. A proxy form is also available on the Company's website: www.piquadro.com, in the section Investor Relations, as well as at the registered office. The proxy may be notified to the Company, by registered letter to be sent to the registered office of the Company or by e-mail to be sent to the address investor.relator@piquadro.com. The preliminary notification (if any) does not exempt the proxy from the obligation to certify, at the time of the accreditation to access the meeting's proceedings, the compliance by the notified copy with the original document and the identity of the appointing party.

Pursuant to article 135-*undecies* of Legislative Decree no. 58/1998 ("TUF", *Testo Unico della Finanza*, Consolidated Act on Finance), the Company has appointed Società per Amministrazioni Fiduciarie "SPAFID" S.p.A. as Representative of the Shareholders. The Representative may be granted a written proxy on the proposals in the Agenda of the Shareholders' Meetings, provided that it is sent to the aforesaid Company, by courier or by registered letter with return receipt, to the address in Milan (20121), Foro Buonaparte n. 10, by the end of the second open-market day prior to the date set for the Shareholders' Meeting on first call, i.e. 20 July 2012. The related proxy form can be found on the Company's website www.piquadro.com, in the section Investor Relations, and at the Company's registered office.
The voting right may be exercised for the sole proposals in relation to which voting instructions have been given.
The proxies and voting instructions granted to the Representative of Shareholders may be revoked by 20 July 2012.
Pursuant to article 127-*ter* of the T.U.F., the Shareholders may make questions on the issues on the agenda, also before the Shareholders' Meeting, by sending the same to the Company's registered office by registered letter or by e-mail to the address investor.relator@piquadro.com; the questions received before the Shareholders' Meetings will be given a reply at the latest during the same. The Company may provide a single reply to the questions having the same content.
Voting procedures may not be carried out by correspondence or by electronic means.

Additions to the agenda
Pursuant to article 126-*bis* of the TUF, the Shareholders who represent, also jointly, at least a fortieth of the share capital, may ask, within 10 days of the publication of this notice, to make additions to the list of issues to be discussed, specifying the additional proposed issues in the request. With reference to the limits, the procedures and/or the time limits for these additions, reference is made to the current laws and regulations and section 12.5 of the Company's By-Laws.

Documentation
The Company's By-Laws, whose current text is available to the Shareholders at the registered office, may be perused on the Company's website www.piquadro.com, in the section Investor Relations.
The documentation relating to the issues on the agenda (including the Report on remuneration and the information document relating to the new 2012 – 2017 stock option plan), the full texts of the proposed resolutions, together with the explanatory reports required by the current regulations and with any other information under article 125-*quater* of the TUF are made available to the public at the registered office and published on the Company's website www.piquadro.com, in the section Investor Relations, and available to Borsa Italiana S.p.A. within the time limits set out by law and according to the procedures envisaged by the current regulations.
The documentation making up the financial statements (including the annual financial report and the independent auditors' report, as well as the Board of Statutory Auditors' report), will be made available to the public, at the registered office and made available on the Company's website www.piquadro.com, in the section Investor Relations, and made available to Borsa Italiana S.p.A. within the time limits set out by law.
The Shareholders are entitled to obtain a copy thereof.

The Shareholders' Meeting may be attended by experts, financial analysts and journalists who are invited to send, for this purpose, a request for participation at least two days before the meeting on first call to the following fax number: fax +39 0534 409090.
Silla di Gaggio Montano, 21 June 2012

The Chairman of the Board of Directors
Marco Palmieri

Corporate details

Piquadro S.p.A.

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

Authorised share capital: Euro 1,050,000

Subscribed and paid-up share capital: Euro 1,000,000

Bologna Register of Companies, Fiscal Code and VAT no. 02554531208

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

Silla di Gaggio Montano, località Sassuriano (BO)	*Headquarters, logistics and Offices*
Guangdong, The People's Republic of China (registered office of Uni Best Leather Goods Zhongshan Co. Ltd)	*Production plant*
Milan- Via della Spiga 33 (Piquadro S.p.A.)	*Point of sale*
Milan- Linate Airport (Piquadro S.p.A.)	*Point of sale*
Milan- Malpensa Airport (Piquadro S.p.A.)	*Point of sale*
Barcelona- Paseo de Gracia 11, Planta Baja (Piquadro España)	*Point of sale*
Rome- Galleria Colonna (Piquadro S.p.A.)	*Point of sale*
Bologna- Piazza Maggiore 4/B (Piquadro S.p.A.)	*Point of sale*
Barberino del Mugello (FI), c/o 'Factory Outlet Centre' (Piquadro S.p.A.)	*Retail outlet*
Fidenza (PR) c/o "Fidenza Village" (Piquadro S.p.A.)	*Retail outlet*
Rome - c/o Centro Commerciale Cinecittà (Piquadro S.p.A.)	*Point of sale*
Rome - c/o Galleria N. Commerciale di "Porta Roma"(Piquadro S.p.A.)	*Point of sale*
Hong Kong - Kowloon Harbour City (Piquadro Hong Kong Ltd)	*Point of sale*
Macau - Venetian Mall (Piquadro Macau Limitada)	*Point of sale*
Vicolungo (NO) c/o Parco Commerciale (Piquadro S.p.A.)	*Retail outlet*
Rome - c/o Euroma 2 (Piquadro S.p.A.)	*Point of sale*
Valdichiana (AR)-c/o "Valdichiana Outlet Village" (Piquadro S.p.A.)	*Retail outlet*
Noventa di Piave (VE) - "Factory Outlet Centre" (Piquadro S.p.A.)	*Retail outlet*
Rome- Fiumicino Airport (Piquadro S.p.A.)	*Point of sale*
Milan - Via Dante 9 (Piquadro S.p.A.)	*Point of sale*
Ingolstadt - "Ingolstadt Village" (Piquadro Deutschland)	*Retail outlet*
Bologna - "G. Marconi" Airport (Piquadro S.p.A.)	*Point of sale*
Barcelona- c/o "La Roca Village" (Piquadro España)	*Retail outlet*
Shanghai (China) - Shanghai Int. Golden Eagle Square (Piquadro Shenzhen)	*Point of sale*
Taipei (Taiwan) - Eslite Dun Nan (Piquadro Taiwan)	*Point of sale*
Taipei (Taiwan) - Xin Yin Shop (Piquadro Taiwan)	*Point of sale*
Hong Kong - Kowloon – Isquare Shopping Mall (Piquadro Hong Kong Ltd)	*Point of sale*
Marcianise (CE) - c/o "Factory Outlet Centre" (Piquadro S.p.A.)	*Retail outlet*
Hong Kong - Citygate Outlet Store (Piquadro Hong Kong Ltd)	*Retail outlet*
Hong Kong - Sogo Causeway Bay (Piquadro Hong Kong Ltd)	*Point of sale*
Agira (EN) - Sicilia Fashion Outlet (Piquadro S.p.A.)	*Retail outlet*
Rome - Fiumicino Airport - Terminal 3 (Piquadro S.p.A.)	*Point of sale*
Beijing (China) - Beijing IFC Mall (Piquadro Shenzhen)	*Point of sale*
Taipei (Taiwan) - Sogo DunHua Shop (Piquadro Taiwan)	*Point of sale*
Shenyang (China) - MOI Dept. Store (Piquadro Shenzhen)	*Point of sale*
Beijing (China) - Surprise Outlet (Piquadro Shenzhen)	*Retail outlet*
Beijing (China) - Season Place (Piquadro Shenzhen)	*Point of sale*
Rimini - Shopping Centre "Le Befane" (Piquadro S.p.A.)	*Point of sale*
Barcelona - Shopping Centre "Las Arenas" (Piquadro España)	*Point of sale*
Tianjin (China) - Florentia Village (Piquadro Shenzhen)	*Point of sale*
Hong Kong – Elements Shopping mall (Piquadro Hong Kong Ltd)	*Point of sale*
Mestre (VE) – Auchan Shopping mall (Piquadro S.p.A)	*Point of sale*
Hong Kong - Times Square (Piquadro Hong Kong Ltd)	*Point of sale*

Milan – Corso Buenos Aires 10 (Piquadro S.p.A.)	*Point of sale*
Hong Kong – Queen's Road Central 57 (Piquadro Hong Kong Ltd)	*Point of sale*
Roermond (The Netherlands) – Outlet Center (Piquadro BV)	*Retail outlet*
Shanghai (China) – Jiu Guang Dept. Store (Piquadro Shenzhen)	*Point of sale*
Suzhou (China) – Jiu Guang Dept. Store (Piquadro Shenzhen)	*Point of sale*
Assago (MI) – Shopping Centre "Milanofiori" (Piquadro S.p.A)	*Point of sale*

REPORT ON OPERATIONS
AS AT 31 MARCH 2012

Introduction

This Management Report (or the "Report") relates to the consolidated financial statements and annual accounts of Piquadro S.p.A. (hereinafter also referred to as the "Company" or the "Parent Company") and its subsidiaries ("Piquadro Group" or the "Group") as at 31 March 2012, as prepared in accordance with IAS/IFRS ("International Accounting Standards" and "International Financial Reporting Standards") issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The Report must be read together with the Financial Statements and the related Notes, which make up the financial statements relating to the financial year 1 April 2011 – 31 March 2012 (the "FY 2011/2012").

The financial year under consideration is compared to the data for the 2010/2011 financial year (the "FY 2010/2011"), which includes the period from 1 April 2010 to 31 March 2011.

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

CORPORATE BODIES HOLDING OFFICE AT 31 MARCH 2012

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

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

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

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

- **LEAD INDEPENDENT DIRECTOR**
  Gianni Lorenzoni

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

Regular members

Pietro Michele Villa	*Chairman*
Alessandro Galli	
Vittorio Melchionda	

Substitute members

Matteo Rossi
Giacomo Passaniti

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

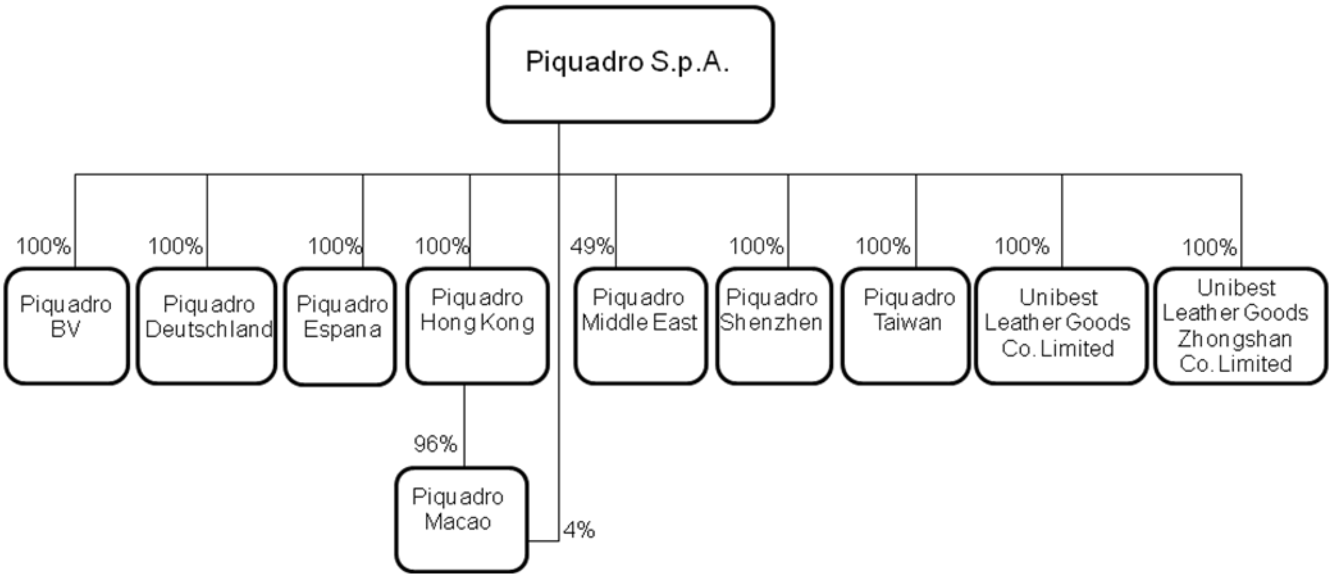
  PricewaterhouseCoopers S.p.A.

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

- **SUPERVISORY BOARD**
  Mario Panzeri

GROUP STRUCTURE

The chart below shows the structure of the Piquadro Group as at 31 March 2012:



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 2012, part of the small leather goods and of some lines of briefcases, which accounts for about 37.0% of the Group's turnover, were produced internally, through the subsidiary Uni Best Leather Goods (Zhongshang) Co. Ltd. at the plant located in Zhongshang in the region of Guangdong (People's Republic of China). Production activities that are partially carried out by companies outside the Group are outsourced to external workshops of proven competence, reliability and quality located in the areas of China, Hong Kong and Taiwan. This activity is carried out on the basis of prototypes that are engineered and supplied by the Group, whose own employees then carry out direct checks of the quality of the manufactured products.

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

(i) a direct channel which, as at 31 March 2012, included 47 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 (52 shops as at 31 March 2012) and by distributors who then resell the articles in specialist multi-brand shops.

In the financial year ended 31 March 2012, about 27% of the Group's consolidated revenues were achieved through the direct channel (24% as at 31 March 2011), while the remaining 73% of consolidated revenues was achieved through the indirect channel (76% in the financial year ended 31 March 2011).

Operations

In the financial year ended 31 March 2012 the Piquadro Group recorded, at revenue level, performances up by about 4.3%, compared to the FY 2010/2011; however, it maintained high profits, while facing a crisis that began to be felt, especially in the domestic market, from the end of the first half-year and that has affected the Group's ability to further improve the excellent profitability already achieved in the previous financial year. The increase in revenues, which is commented on in detail below in this Report, is mainly attributable to the growth in the DOS channel. From a geographical point of view, the increase in the turnover in Italy was mainly attributable to the positive performance recorded by the Italian directly-operated stores, while in Europe the wholesale segment also recorded positive trends. Sales volumes, in terms of quantities sold during the financial year ended 31 March 2012, were equal to about 1,044 thousand units, in line with the value posted in the financial year ended 31 March 2011 (about 1,047 thousand units sold). The product family that recorded the most significant increase in terms of sales volumes was that of briefcases (+10.4%). In absolute terms, the families of briefcases, women's bags and small leather goods also represent, in terms of volumes, more than 76% of the Group's consolidated sales. As regards average selling prices, the financial year ended 31 March 2012 reported an increase equal to about 6.4%, including the mix effect. The increase specifically relates to the increase in the sales lists which the Company implemented during the year both at the beginning of each calendar year (in January) and in September. In the financial year ended 31 March 2012 the increase in the average list prices was equal to about 7.2%, thus allowing the Group to record the deltas referred to above.

Sales revenues

In the financial year ended 31 March 2012, the Piquadro Group reported sales revenues equal to about Euro 64.4 million, up by about 4.3% compared to the financial year ended 31 March 2011. 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 foreign markets (about +4.6%) and in the domestic market (about +4.2%), where the positive performance of the directly-operated stores was very important. Below are reported the breakdowns of revenues by distribution channel, product family and geographical area.

Breakdown of revenues by distribution channel

The table below reports the breakdown of consolidated sales revenues by distribution channel, expressed in thousands of Euro for the financial year ended 31 March 2012 and compared to the financial year ended 31 March 2011:

Sales channel *(In thousands of Euro)*	**Sales revenues as at 31 March 2012**	**%**	**Sales revenues as at 31 March 2011**	**%**	**% change 2012/2011**
DOS	17,506	27.2%	14,809	24.0%	18.2%
Wholesale	46,941	72.8%	47,005	76.0%	-0.1%
Total	**64,447**	**100.0%**	**61,814**	**100.0%**	**4.3%**

The revenues reported by the DOS channel increased by more than 18% compared to the financial year ended 31 March 2011; this increase was also determined by the opening of 9 new shops, 3 of which were opened in Italy (Mestre (VE) - Auchan Shopping mall, in June 2011 – 10-month contribution to the consolidated accounts; Milan - Corso Buenos Aires 10, in September 2011 – 7-month contribution to the consolidated accounts; Assago (MI) – Shopping Centre "Milanofiori", in December 2011 – 4-month contribution to the consolidated accounts), 1 in Europe (Roermond (The Netherlands) – Outlet Center, in December 2011 – 4-month contribution to the consolidated accounts) and 5 in the geographical area including Hong Kong, Taiwan and China: 2 were opened in Hong Kong (Elements Shopping mall, in June 2011 – 10-month contribution to the consolidated accounts; Queen's Road Central 57, in September 2011 – 7-month contribution to the consolidated accounts), 3 in China (Tianjin (China) - Florentia Village, in June 2011 – 10-month contribution to the consolidated accounts, Shanghai (China) – Jiu Guang Dept. Store, in September 2011 – 7-month contribution to the consolidated accounts, Suzhou (China) – Jiu Guang Dept. Store, in September 2011 – 7-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 38 shops, 6 of which in Rome, 4 in Milan, 5 in Hong Kong, 5 in China, 3 in Taiwan, 3 in Barcelona and 2 in Bologna, in addition to 1 in Barberino del Mugello, Fidenza, Vicolungo, Valdichiana, Noventa di Piave, Marcianise, Agira, Rimini, Ingolstadt, Macau, respectively. In the course of the 2011/12 tax year, 10 shops were closed, 4 of which in Europe and 6 in the geographical area that includes Hong Kong, Taiwan and China.

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 6.5% (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 7.7%).

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 73% of the Group's total turnover, recorded a slight decrease equal to 0.1% compared to the financial year ended 31 March 2011.

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 2012 and compared to the financial year ended 31 March 2011:

Product family ***(In thousands of Euro)***	**Sales Revenues as at 31 March 2012**	**%**	**Sales Revenues as at 31 March 2011**	**%**	**% change 2012/2011**
Briefcases	27,767	43.1%	23,341	37.8%	19.0%
Small leather goods	12,742	19.8%	11,785	19.1%	8.1%
Women's bags	12,447	19.3%	13,384	21.7%	-7.0%
Travel articles	5,779	9.0%	7,202	11.7%	-19.8%
Organisers/notepad holders	2,819	4.4%	2,950	4.8%	-4.5%
Accessories	2,893	4.5%	3,152	5.1%	-8.2%
Total	**64,447**	**100.0%**	**61,814**	**100.0%**	**4.3%**

In relation to the breakdown of turnover by product family, the Group's revenues for the FY 2011/2012 reported a performance in line with the Management's expectations for the "Briefcases" family, which represents about 43.1% of total sales and whose increase compared to the financial year ended 31 March 2011 was equal to about 19.0%, thus confirming itself as the leading product category in the segment of Piquadro products.

Revenues from the "Small leather goods" family reported an increase in value of about 8.1% compared to the FY 2011/2012.

"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 12.4 m million, down by about 7.0% compared to the FY 2010/2011. In this regard, it is necessary to highlight that the strategy followed by the Group over the last three years has also concentrated on developing new sales synergies, entering into markets, such as the women's bags market, which, due to their seasonal nature, have completed the mix of products offered by the Group, which was mainly aimed at continuous product lines (such as briefcases).

The "Travel articles" product, which includes suitcases, backpacks and holdalls, and which represents a strategic outlet for the development of the Group adjacent to its market leading positions, accounts for about 9% of consolidated sales revenues, down by about 20% compared to 31 March 2011. However, this product family maintained a stable turnover in the DOS channel (about -0.8% compared to the financial year ended 31 March 2011), 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 decrease of about 8.2% compared to 31 March 2011. This result is mainly attributable to commodity categories of products, such as line of clothing (about -7.2% as at 31 March 2012 -10.5% of which in the wholesale channel).

Breakdown of revenues by geographical area

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

	Sales revenues as at 31 March 2012	%	Sales revenues as at 31 March 2011	%	% change 2012/2011
Italy	48,761	75.7%	46,816	75.7%	4.2%
Europe	10,250	15.9%	9,720	15.7%	5.5%
Rest of the world	5,436	8.4%	5,278	8.5%	3.0%
Total	**64,447**	**100.0%**	**61,814**	**100.0%**	**4.3%**

As to the breakdown of turnover by geographical area, the Group's revenues for the FY 2011/2012 show that the Italian market still accounts for a very significant percentage of the Group's total turnover (about 75.7%), up by about 4.2% compared to the financial year ended 31 March 2011. In the FY 2011/2012, the Group opened, in the domestic market, 6 points of sale, including DOSs (3 points of sale) and franchise shops (3 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 10,250 thousand, equal to about 15.9% of consolidated sales. In the non-European geographical area (named "Rest of the World"), where the Group sells in 21 Countries, turnover rose by about 3.0%, specifically in the Far East region (Hong Kong, Macau, Taiwan and China), where the growth was equal to about 11%; these growths are also important in absolute terms and, even if they do not still represent a significant portion of the total turnover, they anticipate important strategic developments which the Group is carrying out in the area.

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

- increase in average prices, including the mix effect, equal to about 7.0% in the financial year ended 31 March 2012 compared to the financial year ended 31 March 2011;

- opening of new points of sale, both in the DOS channel (9 shops opened in the financial year 31 March 2012, in addition to the 38 shops already existing in the financial year ended 31 March 2011) and the Wholesale channel (4 franchise points of sale opened in the financial year ended 31 March 2012 in addition to the 48 already existing in the financial year ended 31 March 2011).

Below is reported the list of the 13 single-brand shops (9 DOSs and 4 franchise shops) opened in the course of the financial year ended 31 March 2012:

Month of opening	Location	Channel
June 2011	Orio al Serio (Bergamo), Shopping Mall "Orio al Serio"	Franchising (Wholesale)
June 2011	Mestre (Venice), CC Auchan	DOS
June 2011	Hong Kong - Elements	DOS
June 2011	Tianjin (China) - Florentia Village	DOS Outlet Store
July 2011	Stezzano (Bergamo), Shopping Mall "Le due Torri"	Franchising (Wholesale)
September 2011	Milan – Corso Buenos Aires 10	DOS
September 2011	Hong Kong – Queen's Road Central 57	DOS
September 2011	Shanghai (China) – Jiu Guang Dept. Store	DOS
September 2011	Suzhou (China) – Jiu Guang Dept. Store	DOS
September 2011	Moscow (Russia) – TC "Vegas"	Franchising (Wholesale)
November 2011	Peschiera Borromeo (MI) Shopping Mall "Galleria Borromea"	Franchising (Wholesale)
December 2011	Assago (MI) – Shopping Centre "Milanofiori"	DOS
December 2011	Roermond (The Netherlands) – Outlet Center	DOS Outlet Store

As indicated above, the Wholesale channel includes the shops run by the Group through franchise agreements; in the financial year ended 31 March 2012, this type of customers represented about 9.2% of the Group's turnover (10.5% in the financial year ended 31 March 2011), down by about 9%. The Management considers the growth prospects of this form of contract important for the expansion of the business in some European countries and in the Rest of the World.

Against a growth in sales revenues, the financial statements for the year ended 31 March 2012, saw a decrease in the performance of the Group's profitability compared to the same period in the previous year, with an operating result down by about 19.6% compared to the FY 2010/2011 (from Euro 14,608 thousand – equal to 23.6% of total sales revenues - in the financial year ended 31 March 2011 to Euro 11,754 thousand - equal to 18.2% of total sales revenues - in the financial year ended 31 March 2012).

At pre-tax result level, the Group recorded a decrease of 17.0% in the result, passing from Euro 14,030 thousand at 31 March 2011 to Euro 11,651 thousand recorded in the financial year ended 31 March 2012.

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

- positive performance in terms of SSSG of the DOS segment, which was counterbalanced by new openings with margins which are not in line with the average ones of the already existing shops, even because they are located in very prestigious areas and with significantly high rentals;
- decrease in revenues from the wholesale channel, above all in Italy, that have then generated, thanks to the substantial margins that characterise them, a significant operating deleverage;
- higher structure costs, also in order to meet the requirements of the more complex operations of retail and foreign activities.

In general, the decrease in the operating result took place particularly starting from the second half of the FY 2011/2012, following the negative trends in some of the most important outlet markets of the Group (specifically Italy, Spain and Europe), above all at the level of wholesale distribution; therefore, this also affected the return on investments for internationalisation already made both in those countries and in other geographical areas in which the Group operates.

Summary economic-financial data

Below are reported the Group's main economic-financial indicators as at 31 March 2012:

in thousands of Euro	**31 March 2012**	**31 March 2011**
Revenues from sales	64,447	61,814
EBITDA *(a)*	14,203	16,450
EBIT *(b)*	11,754	14,608
Pre-tax result	11,651	14,030
Profit for the period	7,779	9,097
Net Financial Position *(c)*	(6,228)	(3,678)
Shareholders' equity	28,790	25,903
Amortisation and depreciation of fixed assets and write-downs of receivables	2,891	1,969
Financial absorption (Group net profit, amortisation and depreciation, write-downs)	10,670	11,066

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

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

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

The economic trends to which the abovementioned economic-financial indicators make reference are mainly attributable to the dynamics in average selling prices commented on above, the good industrial performance recorded, in addition to the dynamics in US$/Euro exchange rates which have positively contributed to the Group's profitability, which have been offset by the start-up costs incurred for opening new locations especially in the Far East region.

EBITDA for the period came to about Euro 14.2 million, against Euro 16.4 million recorded in the financial year ended 31 March 2011 and as at 31 March 2012 it represented 22.0% of consolidated revenues (26.6% in the financial year ended 31 March 2011).
In the financial year ended 31 March 2012, the Group used about Euro 3.1 million for marketing and communication activities (Euro 3.2 million as at 31 March 2011) in order to develop and promote the Piquadro brand.

Amortisation and depreciation were equal to about Euro 2.0 million and related to the depreciation of the building where the Company operates for about Euro 196 thousand, the depreciation of plant and machinery for Euro 242 thousand (including the automated warehouse of the Headquarters for Euro 151 thousand), the depreciation of industrial and business equipment for Euro 1,177 thousand (including fittings for shops for about Euro 748 thousand), the amortisation of the key moneys paid out for about Euro 111 thousand, the amortisation of software for Euro 177 thousand, the amortisation of development costs for Euro 52 thousand, the amortization of patent rights for Euro 6 thousand and the amortization of trademarks for Euro 56 thousand.

Write-downs, equal to Euro 421 thousand, related to the key moneys paid for the shop in Madrid, at Calle Goya (Euro 38 thousand), the write-down of trademarks for Euro 17 thousand, the write-down of furniture and fittings for Euro 366 thousand for the disposal of some shops in Europe and in the Far East area.

EBIT came to Euro 11.8 million, equal to about 18.2% of net sales revenues, down by about 19.5% compared to the value recorded in the financial year ended 31 March 2011 (23.6% in the financial year ended 31 March 2011).

The result from financial operations, which was negative for a value equal to about Euro 103 thousand (compared to a negative value of Euro 578 thousand as at 31 March 2011) was attributable to the net financial debt dynamics, in addition to the differential between foreign exchange gains and losses (compared to a positive value of about Euro 355 thousand as at 31 March 2012).

The pre-tax result recorded by the Group in the financial year ended 31 March 2012 came to about Euro 11,651 thousand (down by about 17.0% against the value recorded in the financial year ended 31 March 2011), and was affected by income taxes, including the effects of deferred taxation, equal to Euro 3,872 thousand, for an overall tax rate amounting to 33.2% (35.2% for the financial year ended 31 March 2011).

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

Profitability ratios

Below are reported the main profitability ratios relating to the FYs ended 31 March 2012 and as at 31 March 2011:

Profitability ratio	**Composition of the ratio**	**31 March 2012**	**31 March 2011**
Return on sales (R.O.S.)	EBIT/ Net sales revenues	18.2%	23.6%
Return on Investment (R.O.I.)	EBIT/ Net invested capital	33.6%	49.4%
Return on Equity (R.O.E.)	Profit for the period/Shareholders' equity	27.0%	35.1%

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 2012, 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 2012 were equal to Euro 3,187 thousand (Euro 2,629 thousand as at 31 March 2011) as reported below:

(in thousands of Euro)	**31 March 2012**	**31 March 2011**
Investments		
Intangible assets	1,196	492
Property, plant and equipment	1,991	2,137
Financial fixed assets	-	-
Total	**3,187**	**2,629**

Increases in intangible assets, equal to Euro 1,196 thousand in the financial year ended 31 March 2012 (Euro 492 thousand as at 31 March 2011) related for Euro 199 thousand to investments in software and IT products, for Euro 67 thousand to trademarks, for Euro 6 thousand to industrial patent rights and for Euro 924 thousand to key moneys paid for the openings of the new shops in Milan at C.so Buenos Aires and Assago.

On the contrary, increases in property, plant and equipment, equal to Euro 1,991 thousand in the financial year ended 31 March 2012 (Euro 2,137 thousand as at 31 March 2011), were mainly attributable to furniture and fittings for Euro 1,738 thousand and to sundry equipment purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro 46 thousand, to the purchases of moulds relating to new products for Euro 56 thousand and to the purchase of electronic machines for Euro 151 thousand.

Balance Sheet

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

(in thousands of Euro)	**31 March 2012**	**31 March 2011**
Trade receivables	23,113	21,418
Inventories	11,911	10,104
(Trade payables)	(13,856)	(13,301)
Total net current trade assets	21,168	18,221
Other current assets	1,437	2,526
Tax receivables	714	-
(Other current liabilities)	(3,027)	(3,925)
(Tax payables)	-	(736)
A) Working capital	***20,295***	***16,086***
Intangible assets	1,528	790
Property, plant and equipment	12,132	12,064
Receivables from others beyond 12 months	977	872
Deferred tax assets	1,461	1,349
B) Fixed assets	***16,098***	***15,075***
C) Non-current provisions and non-financial liabilities	***(1,372)***	***(1,580)***
Net invested capital (A+B+C)	**35,018**	**29,581**
FINANCED BY:		
D) Net financial debt	*6,228*	*3,678*
E) Equity attributable to Minority interests	-	-
F) Equity attributable to the Group	*28,790*	*25,903*
Total financial payables and Shareholders' Equity (D+E+F)	**35,018**	**29,581**

Net financial position

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

(Values expressed in thousands of Euro)	**31 March 2012**	**31 March 2011**
(A)Cash	66	110
(B) Other cash and cash equivalents (available current bank accounts)	12,747	10,617

(C) Liquidity (A) + (B)	**12,813**	**10,727**
(D) Finance leases	(709)	(865)
(E) Current bank debt	(9,000)	-
(F) Current portion of non-current debt	(2,998)	(3,805)
(G) Current financial debt (D) + (E) + (F)	**(12,707)**	**(4,670)**
(H) Short-term net financial position (C) + (G)	**106**	**6,057**
(I) Non-current bank debt	(2,628)	(5,266)
(L) Finance leases	(3,706)	(4,469)
(M) Non-current financial debt (I) + (L)	**(6,334)**	**(9,735)**
(N) Net Financial Debt (H) + (M)	**(6,228)**	**(3,678)**

As at 31 March 2012, the Net Financial Position posted a negative value of about Euro 6.2 million, showing a deterioration of about Euro 2.5 million compared to the debt of Euro 3.6 million recorded as at 31 March 2011.

The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- investments in property, plant and equipment and intangible assets for about Euro 3.2 million;
- dividends relating to the FY 2010/2011 for Euro 5 million (with a payout equal to about 55.0% of the profit resulting from the annual accounts of the Parent Company);
- increase in the net current assets of about Euro 3 million, which was mostly due to the increase in inventories and trade receivables, as a result, for the latter, of a higher extension of the conditions for collection from customers.

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 2012 attributable to the Group:

(in thousands of Euro)	**Result as at 31 March 2012**	**Equity as at 31 March 2012**	**Result as at 31 March 2011**	**Equity as at 31 March 2011**
Equity and result for the period as reported in the annual accounts of Piquadro SpA	**7,254**	**29,273**	**9,026**	**26,964**
Derecognition of the book value of consolidated equity investments	87	244	305	104
Derecognition of the effects of transactions effected between consolidated companies:				
- Profits included in inventories	118	(742)	(286)	(860)
- Other minor	(32)	(116)	79	(85)
- Write-downs and impairment	352	131	(27)	(220)
Equity and result for the period attributable to the Group				
Profits (losses) and equity attributable to minority interests	-	-	-	-
Equity and consolidated profit for the period	**7,779**	**28,790**	**9,097**	**25,903**

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 2012 the Group had 765 members of staff compared to 685 units as at 31 March 2011. Below is reported the breakdown of staff by country:

Country	**31 March 2012**	**31 March 2011**
Italy	179	168
China	504	437
Hong Kong	44	39
Macau	7	6

Germany	4	5
Spain	12	13
The Netherlands	5	0
UAE	0	5
Taiwan	10	12
Total	**765**	**685**

With reference to the Group's organisational structure, as at 31 March 2012 51.1% of staff operated in the production area, 25.1% in the retail area, 14.5% in the support functions (Administration, IT Systems, Purchasing, Human Resources, etc.), 6.8% in the Research and Development area and 2.5% in the sales area.

Corporate social responsibility

From about three years the Piquadro Group is committed to corporate social responsibility. Starting from 2010, the Parent Company started its first solidarity initiative in support of local areas, the "Happy Box" project implemented in cooperation with the Palmieri Family Foundation established by Marco Palmieri, Chairman of Piquadro, and by his wife Beatrice in order to give continuity to their philanthropic activity through the enhancement of diversities. As an acknowledgment of its value to local areas, the project obtained the Sponsorship of the Municipality of Bologna.
In 2011/2012 the project was proposed, for the third consecutive year, with the same objective of introducing non-profit organisations which host disabled people in the entrepreneurial market. The novelties of the 2011 "Happy Box" edition were the expansion of the product range and the introduction of new designs made directly by the people with disabilities.
With the revenues from the sale of Happy Box 2011-branded products, whose gross value was equal to about Euro 95 thousand, the Piquadro Group financed the purchase of two motor vehicles for the transport of disable people for social rehabilitation centres in favour of which the initiative was implemented for a total contribution equal to about Euro 43 thousand, corresponding to the margin realized by the Parent Company and fully intended for benefitted entities.

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 2012, 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. As regards the local corporate social responsibility, the Piquadro Group maintains high safety and environmental protection levels which are also found in the absence of events with a potential adverse impact on the Parent Company and the Group.

In relation to the issues relating to safety for personal data treatment, the Group operates in full compliance with the applicable regulations which are still in force.

RESEARCH AND DEVELOPMENT ACTIVITY

The Piquadro Group's Research and Development activity is carried out by the Parent Company in house through a dedicated team that currently consists of 13 persons mainly engaged in the product research and development department and the style office at the head office of the Company. Furthermore, the plants of the Chinese subsidiary employ a team of 29 people dedicated to prototyping and the implementation of new models according to the instructions defined by the central organisation. Products are conceived within the Group and occasionally in collaboration with outside industrial designers, taking account of the information regarding market trends supplied by the Group's internal departments (Product Management and sales departments). In this manner, the Group develops its collections trying to meet the needs of end customers that are not yet satisfied by the market. The internal unit dedicated to the design of products manages operating activities and also coordinates the external consultants of which the Group makes use. In some cases, in fact, the Group only uses external designers for the product design phase, while the development and implementation phase is in any case carried out in house.

In the course of the financial year ended 31 March 2012, the Group's research and development activity was aimed at developing a new continuous line "*Sartoria*" of all-leather and in leather and fabric work briefcases, which is fully manufactured in Italy, to reconfirm the intention by Piquadro, on one hand, to emphasize its "Italianness" and, on the other, to affirm itself as the reference brand in the business sector, not only in the premium market. Furthermore, the project started in the previous financial year in relation to the work briefcases provided with a trolley system, named "business on wheels", was enhanced with the registration of 3 trademarks, one trademark relating to a foldable and portable trolley system, one trademark relating to a light trolley system for pilot bags, one trademark relating to a device to couple the work briefcase to a suitcase with a single-bar trolley system. The project also continued to strengthen the identification of the Piquadro brand with the business world and in particular with technology, in constant evolution, not only with the expansion of the range of all-leather cases specially manufactured for containing the most advanced electronic devices (smartphones and tablets), but also with the registration of the EU design of the double PC/I-PAD pocket which is currently present in the internal organization of all Piquadro work briefcases and which represents an iconic and characterizing element of the same. Within the continuous lines, a new collection of all-leather "Vibe" work briefcases was developed, including small leather accessories, in addition to the implementation of the most successful continuous lines, Modus, Blu Square, Journey, Jazz and Link, which were also subject to restyling linked to the review of the brand, which saw the birth of the new logo of the company, a distinctive element that expresses a strong identity. Within the seasonal lines, activities concentrated on the development of fourteen new seasonal lines (seven lines for spring/summer 2012 and marketed starting from September 2011 and January 2012, seven for autumn/winter 2012/2013 and for which orders were collected starting from February 2012: among the latter, Leonardo is destined to become a reference collection, for which Piquadro-branded tanned hides have been specially developed), in addition to the expansion of the range /colour of further seven seasonal lines that were already introduced during the previous financial year. Furthermore, these lines were also accompanied by the new collection of stationery items (pens, propelling pencils and a writing set), the expansion of the range of travel line Nimble*,* the new line of small leather goods Crayon and the new lines of accessories (belts and gloves).

RELATIONS WITH RELATED PARTIES

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

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

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

PERFORMANCE OF PIQUADRO S.p.A.

In reporting the performance of the Group, the main events were already implicitly illustrated in relation to the Parent Company whose revenues, including relations with Group companies, represent about 94.4% of consolidated revenues.

Operations

The financial year ended 31 March 2012, which provided Piquadro S.p.A. with further confirmation of the soundness of its brand and business model, saw a growth in sales revenues of about 3% compared to the financial year ended 31 March 2011. The performance of revenues, which is commented on in detail below in this Report, still mainly derives from the domestic market, where the Company holds a leadership position, even if the growths in the other geographical areas were significant. The product family that recorded the most significant increase in terms of sales revenues was that of briefcases. The "small leather goods" 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 78.7% of Piquadro S.p.A. sales in terms of volumes in the financial year ended 31 March 2011, still represent an important percentage of sales revenues (about 82.4%). As regards average selling prices, the financial year ended 31 March 2012 reported an increase equal to about 6.4%, 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 2012, the increase in the average list prices was equal to about 5%, thus allowing the Company to record the deltas referred to above.

Sales revenues

In the financial year ended 31 March 2012, the Company reported net sales revenues equal to about Euro 60.8 million, up by 2.9% compared to the revenues reported in the financial year ended 31 March 2011. The performance of revenues is mainly attributable to the positive performances recorded in the domestic market (about +4.3% for an increasing counter-value of about Euro 2,008 thousand); Europe reported an increase in revenues of about 2.6% (in absolute terms, equal to about Euro 240 thousand), while the Rest of the World recorded a decrease of about 16.3% (in absolute terms, equal to Euro 521 thousand).

Breakdown of revenues by distribution channel.

The table below reports the breakdown of sales revenues of Piquadro S.p.A. by distribution channel, expressed in thousands of Euro for the financial year ended 31 March 2012 and compared to the financial year ended 31 March 2011:

Sales channel *(In thousands of Euro)*	**Sales revenues as at 31 March 2012**	**%**	**Sales revenues as at 31 March 2011**	**%**	**% change 2012/2011**
DOS	13,945	22.9%	12,215	20.7%	14.2%
Wholesale	46,902	77.1%	46,905	79.3%	(0.01%)
Total	**60,847**	**100%**	**59,120**	**100%**	**2.9%**

The revenues reported by the DOS channel increased by 14.2% compared to the financial year ended 31 March 2011; this increase was also determined by the opening of 9 new shops, 3 of which were opened in Italy (Mestre (VE) - Auchan Shopping mall, in June 2011 – 10-month contribution to the consolidated accounts; Milan - Corso Buenos Aires 10, in September 2011 – 7-month contribution to the consolidated accounts; Assago (MI) – Shopping Centre "Milanofiori", in December 2011 – 4-month contribution to the consolidated accounts), 1 in Europe (Roermond (The Netherlands) – Outlet Center, in December 2011 – 4-month contribution to the consolidated accounts) and 5 in the geographical area including Hong Kong, Taiwan and China: 2 were opened in Hong Kong (Elements Shopping mall, in June 2011 – 10-month contribution to the consolidated accounts; Queen's Road Central 57, in September 2011 – 7-month contribution to the consolidated accounts), 3 in China (Tianjin (China) - Florentia Village, in June 2011 – 10-month contribution to the consolidated accounts, Shanghai (China) – Jiu Guang Dept. Store, in September 2011 – 7-month contribution to the consolidated accounts, Suzhou (China) – Jiu Guang Dept. Store, in September 2011 – 7-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 38 shops, 6 of which in Rome, 4 in Milan, 5 in Hong Kong, 5 in China, 3 in Taiwan, 3 in Barcelona and 2 in Bologna , in addition to 1 in Barberino del Mugello, Fidenza, Vicolungo, Valdichiana, Noventa di Piave, Marcianise, Agira, Rimini, Ingolstadt, Macau. In the course of the 2011/12 tax year, 10 shops were closed, 4 of which in Europe and 6 in the geographical area that includes Hong Kong, Taiwan and China.

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 77.1% of the Company's total turnover, remained stable compared to the financial year ended 31 March 2011.

Below are reported the breakdowns of revenues by geographical area.

	Sales revenues as at 31 March 2012	**%**	**Sales revenues as at 31 March 2011**	**%**	**% change 2012/2011**
Italy	48,825	80.2%	46,817	79.2%	4.3%
Europe	9,348	15.4%	9,108	15.4%	2.6%
Rest of the world	2,674	4.4%	3,195	5.4 %	(16.3%)

Total	**60,847**	**100.0%**	**59,120**	**100.0%**	**2.9%**

The Company's revenues for the FY 2011/2012 show that the Italian market still accounts for a very significant percentage of the total turnover (about 80.2%). In the FY 2011/2012, the Company opened, in the domestic market, 6 points of sale, including DOSs and franchise shops. Within the European market, the Company achieved a turnover equal to Euro 9,348 thousand, up by 2.6% compared to the financial year ended 31 March 2011, which is equal to 15.4% in terms of percentage impact of the total turnover of the year 2011/2012. In the geographical area named "Rest of the World", where the Company sells in 21 countries, the Company reported a decrease in the turnover of about 16.3%.

Summary economic-financial data

Below are reported the results of Piquadro S.p.A. as at 31 March 2012 compared to the same indicators as at 31 March 2011:

Values expressed in thousands of Euro	**31 March 2012**	**31 March 2011**
Revenues from sales	60,847	59,120
EBITDA	13,994	17,173
EBIT	12,043	15,569
After-tax result	7,254	9,026
Depreciation of property, plant and equipment, amortisation of intangible assets and write-downs	2,343	1,730
Cash Flow (net result before amortisation, depreciation and write-downs)	9,597	10,756

In the FY 2011/2012 the Company reported, as regards Gross Margin[1], a performance equal to 62.8% of the turnover, down by about 39 basis points compared to the FY 2010/2011 (with a gross margin equal to 63.2%). The slight reduction in the Gross Margin demonstrates the Company' ability to setoff growth trends (if any) in manufacturing costs in a context of continuous pressures from both raw materials-side and manufacturing-side.

EBITDA for the period came to Euro 14.0 million against Euro 17.2 million reported in the FY 2010/2011, accounting for 22.9% of the Company's revenues as at 31 March 2012 (29.0% in the financial year ended 31 March 2011).

In the FY 2011/2012, the Company used Euro 2.9 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 2010/2011.

Amortisation and depreciation were equal to Euro 1,768 thousand and mainly related to the depreciation of the building where the Company operates (Euro 196 thousand), the depreciation of plant and machinery for Euro 213 thousand (including automated warehouse for Euro 151 thousand), industrial and business equipment for Euro 957 thousand (including the depreciation of fittings for shops for Euro 655 thousand), the amortisation of the key moneys paid out for the opening of shops in Bologna, Milan and Rome (Euro 101 thousand), the amortisation of software for Euro 176 thousand, the amortisation of development costs (Euro 52 thousand) and the amortisation of trademarks for Euro 56 thousand.

EBIT came to around Euro 12.0 million, equal to about 19.8% of sales revenues, down by about 22.6% compared to the value recorded in the FY 2010/2011 (a percentage equal to 26.3%).

The result from financial operations, which was negative for a value equal to about Euro 256 thousand, was mainly attributable to the net financial debt dynamics, net of exchange differences. The differential between foreign exchange gains and losses was positive for a value equal to Euro 159 thousand (positive for a value of Euro 14 thousand as at 31 March 2011). Furthermore, the financial operations were affected by the write-downs of equity investments in subsidiaries equal to Euro 802 thousand (Euro 1,179 thousand as at 31 March 2011).

The pre-tax result recorded by the Company in the financial year ended 31 March 2012 came to about Euro 11.0 million (compared to Euro 14.1 million as at 31 March 2011) and was affected by income taxes, including the

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

effects of deferred taxation, equal to Euro 3,732 thousand for an overall tax rate amounting to 34.0% (35.9% for the financial year ended 31 March 2011).

The net result recorded by the Company in the financial year ended 31 March 2012 recorded a decrease of about 19.7%, passing from Euro 9,026 thousand in the financial year ended 31 March 2011 to Euro 7,254 thousand in the financial year ended 31 March 2012.

Profitability ratios

Below are reported the main profitability ratios relating to the FYs ended 31 March 2012 and 31 March 2011:

Profitability ratio	Composition of the ratio	31 March 2012	31 March 2011
Return on sales (R.O.S.)	EBIT/ Net sales revenues	19.8%	26.3%
Return on Investment (R.O.I.)	EBIT/ Net invested capital	32.3%	48.9%
Return on Equity (R.O.E.)	Profit for the period/Shareholders' equity	24.8%	33.5%

The change recorded in the ratios reported above, whose values are in any case in the highest segment of 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 2012, whose average margins, above all in the start-up phase, 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 4,541 thousand in the financial year ended 31 March 2012 (Euro 2,366 thousand in the financial year ended 31 March 2011).
Below is reported the breakdown by type:

(in thousands of Euro)	31 March 2012	31 March 2011
Investments		
Intangible assets	1,195	388
Property, plant and equipment	1,662	1,292
Financial fixed assets	1,684	686
Total	**4,541**	**2,366**

Increases in intangible assets, equal to Euro 1,195 thousand in the financial year ended 31 March 2012 (Euro 388 thousand as at 31 March 2011) related to investments in software and IT products for Euro 199 thousand, trademarks for Euro 66 thousand, industrial patent rights for Euro 6 thousand, the key moneys paid for the opening of the new shops located in Milan at C.so Buenos Aires and in Assago for Euro 924 thousand.

On the contrary, increases in property, plant and equipment, equal to Euro 1,662 thousand in the financial year ended 31 March 2012 (Euro 1,292 thousand as at 31 March 2011) were mainly attributable to furniture, fittings and sundry equipment purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro 1,501 thousand, the purchases of moulds relating to new products for Euro 36 thousand and the purchase of electronic office machines for Euro 76 thousand and workshop equipment and machinery for Euro 43 thousand.

The increases in financial fixed assets of Euro 1,684 thousand (Euro 686 thousand as at 31 March 2011) were broken down as follows:

- Euro 300 thousand related to the payment on account of capital in favour of the subsidiary Piquadro BV established on 26 November 2011;
- Euro 700 thousand related to the payment on account of capital in favour of the subsidiary Piquadro Trading (Shenzhen) paid up on 21 May 2011;
- Euro 496 thousand related to the payment on account of capital in favour of the subsidiary Piquadro Taiwan paid up on 28 November 2011;

- Euro 188 thousand related to the increase in the equity investment in Unibest Leather Goods (Zhongshang). On 25 October 2011 the competent Chinese authorities authorised the transfer to the Parent Company by Unibest Leather Goods Co. Limited of the equity investment held by the latter in Unibest Leather Goods (Zhongshang) Co. Limited, equal to 50% of the share capital of the same; on 13 February 2012, the related agreement was signed between Piquadro S.p.A. and Unibest Leather Goods Co. Limited, which provides for a purchase price of US$ 250 thousand, corresponding to the capital paid by Unibest Leather Goods Co. Limited into this company.

Balance sheet

Below is reported the performance of the Company's equity structure as at 31 March 2012:

(in thousands of Euro)	**31 March 2012**	**31 March 2011**
Trade receivables	29,148	29,400
Inventories	9,361	7,761
(Trade payables)	(14,315)	(14,080)
Total net current trade assets	*24,194*	*23,081*
Other current assets	1,139	1,511
Tax receivables	714	-
(Other current liabilities)	(2,262)	(2,284)
(Tax payables)	-	(734)
A) Working capital	***23,785***	***21,574***
Intangible assets	1,526	740
Property, plant and equipment	11,074	10,908
Financial fixed assets	1,793	302
Receivables from others beyond 12 months	176	156
Deferred tax assets	957	853
B) Fixed assets	***15,526***	***12,959***
C) Non-current provisions and non-financial liabilities	***(2,075)***	***(2,719)***
Net invested capital (A+B+C)	**37,236**	**31,814**
FINANCED BY:		
D) Net financial debt	*7,963*	*4,850*
E) Equity	*29,273*	*26,964*
Total financial payables and Shareholders' Equity (D+E)	**37,236**	**31,814**

Net financial position

(Values expressed in thousands of Euro)	**31 March 2012**	**31 March 2011**
(A)Cash	44	59
(B) Other cash and cash equivalents (available current bank accounts)	10,676	9,031
(C) Liquidity (A) + (B)	**10,720**	**9,090**
(D) Finance leases	(709)	(865)
(E) Current bank debt	(9,000)	-
(F) Current portion of non-current debt	(2,640)	(3,340)
(G) Current financial debt (D) + (E) (F)	**(12,349)**	**(4,205)**
(H) Short-term net financial position (C) (G)	**(1,629)**	**4,885**
(I) Non-current bank debt	(2,628)	(5,266)
(L) Finance leases	(3,706)	(4,469)
(M) Non-current financial debt (I) + (L)	**(6,334)**	**(9,735)**
(N) Net Financial Debt (H) + (M)	**(7,963)**	**(4,850)**

As at 31 March 2012, the Net Financial Position of Piquadro S.p.A. posted a negative value of about Euro 8.0 million, showing a deterioration by Euro 3.1 million compared to the debt of Euro 4.8 million as at 31 March 2011. The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- investments in in property, plant and equipment and intangible assets for about Euro 4.5 million;
- dividends in relation to the FY 2010/2011 for Euro 5.0 million (with a payout equal to about 55.0% of the operating profit of the Company);
- increase in the current assets of about Euro 1 million, mostly due to increased inventories.

Human Resources

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

At 31 March 2012 the staff of Piquadro SpA amounted to 179 units compared to 172 units as at 31 March 2011. Below is reported the breakdown of staff by area:

Organisational Areas	31 March 2012	31 march 2011
Production Area/Supply Chain	20.7%	26.2%
R&D Area	7.3%	7.0%
Retail Area	49.7%	45.3%
Sales Area	10.1%	9.3%
Supporting Areas	12.2%	12.2%
Total	**100%**	**100%**

Health, safety and environment

For Piquadro S.p.A., safety and work environments are protected by complying with the regulations in force. The conditions of the work environments and the related risks for the health and safety of the employees of Piquadro are constantly monitored by the Parent Company's Prevention and Protection Service, also with the support of the local contact persons for all the units spread over the national territory. In the course of the financial year ended 31 March 2012 the Company took steps to study and activate a health and safety management system in work environments. The system will be implemented at the headquarters and will then be applied at all local offices.

The system will be subject to periodical checks in the course of 2012 in order to check compliance of work environments through specialist staff. The suggestions for improvement were incorporated into the program of the next projects to be implemented, including i) the development of a system of dynamic health and safety risk assessment; ii) the full operation of the preventive-precautionary activity of monitoring and managing near misses.

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

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

Relations with related parties

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

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

In the financial year ended 31 March 2012, several intergroup transactions were effected, all of which were implemented within the ordinary course of business and at arm's length. Intergroup relations concerned both production activities (Piquadro S.p.A. directly and indirectly controls companies which produce leather goods for the Group) and commercial activities (Piquadro S.p.A. directly and indirectly controls all foreign companies in the retail chain which manage Piquadro-branded shops). The companies in the Piquadro Group also maintain financial relations which were also established within the ordinary course of business and at arm's length.

As to relations with related parties, these are largely commented on in the annual accounts under Note 39 of the Notes to the Financial Statements.

SIGNIFICANT EVENTS AFTER THE YEAR-END

On 7 June 2012 the Parent Company's Board of Directors resolved to approve the guidelines of a new stock option plan for the 2012-2017 period.
The New 2012-2017 Plan will be reserved for certain directors, executives with strategic responsibilities, employees and collaborators of Piquadro S.p.A. and of other companies owned by it, which will be identified by the Board of Directors, subject to the opinion of the Remuneration Committee. A capital increase is expected to serve the New 2012-2017 Plan, excluding the right of option of the current shareholders, up to a maximum amount of Euro 93,998, with an issue of up to a maximum amount of 4,699,900 ordinary shares of the Company, of no par value, having the same features and enjoyment as the outstanding shares; it should be pointed out that this capital increase may be also implemented in more than one payment and is divisible; the ultimate deadline for collecting subscriptions is 31 December 2018; upon expiry of this deadline, the capital will be deemed to have been increased by an amount equal to the subscriptions made. The new shares will be offered at a subscription price - to be determined by the Board of Directors, with the opinion of the Remuneration Committee – that will be not less than the accounting par value, equal to the higher of (i) Euro 1.53 per share and (ii) the average of official closing prices of the Piquadro shares on the stock exchange in the last 30 days before the grant date of the options.
The New 2012-2017 Plan will have a term of five years and the options assigned may be exercised only in the periods of exercise and according to the procedures that will be specified in the regulation of the New 2012-2017 Plan. The accrual of the options is subject to (i) the permanence of the relationship of administration, subordinate employment or collaboration, as the case may be (ii) the achievement by the Piquadro Group of certain EBIT targets, expected respectively for the related financial year, with a normalized positive NFP, as detailed in the regulation of the New 2012-2017 Plan and (iii) the circumstance that the Piquadro shares as at the date of accrual were listed in an Italian regulated market.
Therefore, the Board of Directors has resolved to submit the following proposal to the Shareholders' Meeting: (i) at the ordinary meeting, to approve the guidelines of the New 2012-2017 Plan, pursuant to article 114-*bis* of legislative decree no. 58 of 24 February 1998, delegating to the Board of Directors the power to identify the beneficiaries of the same and the number of rights of option to be assigned to each of them and the approval of the final regulation of the plan; and (ii) at the extraordinary meeting, to resolve the related capital increase, against payment, serving the New 2012-2017 Plan, up to an overall maximum value equal to Euro 93,998, with a subscription price to be determined by the Board itself in accordance with article 2441, paragraph 6, of the Italian Civil Code, having heard the opinion of the Remuneration Committee.
On the same date, the Board of Directors also resolved to submit a proposal to the Shareholders' Meeting for the partial cancellation, for a nominal amount of Euro 44,000, of the Company's capital increase of Euro 50,000, through the issue of a maximum number of 2,500,000 ordinary shares, as resolved by the Board of Directors on 28 February 2008 in order to serve the 2008-2013 stock option plan, which is currently in place.
In particular the partial cancellation concerns no. 2,200,000 shares, of which no. 1,300,000 shares relate to options that have already been assigned and that have been the object of a waiver by the respective beneficiaries or have been forfeited and no. 900,000 shares issued to serve new allocations in the framework of subsequent incentive plans to be resolved within the ultimate deadline of 1 March 2011, as no new allocation had been made within this time limit. As a result of this partial cancellation, the abovementioned capital increase will remain in place for a nominal amount of Euro 6,000, to be implemented through the issue of no. 300,000 ordinary shares serving the 2008-2013 stock option plan.

In addition to the information indicated above, no significant events were reported at Company or Group level from 1 April 2012 up to today's date.

OUTLOOK

The growth dynamics of the Piquadro Group in the 2012/2013 period will be affected by the relevant economic situation, above all in Italy, a market in which the Group makes more than 70% of its business volume. The expectations for the 2012/2013 financial year, in terms of both turnover and profitability, will also be influenced by whether wholesale clients, particular those in Italy, are able to restore normal conditions for accessing credit, which would allow them to carry out a more regular procurement activity. These clients currently make up around 52% of the Group's turnover and in the last financial year they felt the effects of the economic and financial crisis to a considerable extent. In contrast with the abovementioned negative trend, the performance of sales in directly-operated stores in the first two months of the 2012/2013 tax year recorded positive results both in Italy and abroad, which provides comfort to management regarding the growth strategy, which hinges on the opening of directly-operated stores also with a view to improving distribution and partially substituting the wholesale clients that are in most difficulty. The Group is also focusing on international growth and is consistently pursuing a strategy to increase the visibility and awareness of the Piquadro brand internationally. In this perspective, the management is oriented towards opening flagship shops in both Paris and London where there is the greatest concentration of the target consumers (travel and business) and where the influx of Asian, Russian, Middle-Eastern and American tourists continues to increase; these will represent the greatest areas of expansion for the Group in the immediate future.
The forecasts for the 2012/2013 financial year will depend particularly on the development of the economic situation in Italy and therefore on the solidity of the main relevant market of Piquadro as well as on the speed of obtaining returns from the foreign investments, for which the first results are expected no earlier than the third quarter of the 2012/2013 tax year. In this context, the management will be engaged in constantly monitoring operating costs in order to maintain gross profit margins higher than the averages in the sector, that can allow greater commitments in research and development and marketing expenses, above all at international level, in order to further increase visibility of the trademark and its knowledge at world level.

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

OTHER INFORMATION

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

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

Liquidity risk

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

Credit risk

The credits of the Group, particularly in Italy, are rather fragmented as a result of sales being to a diverse clientele that is made up of leather goods retailers, stationery retailers and international distributors or, through the sales of the DOS channel, end consumers. Receivables outstanding at the end of the financial year were mainly trade receivables, as resulting from the explanatory notes to the statement of financial position to which reference is made.

Historically there have not been any significant or particularly problematic situations regarding the solvency of customers, insomuch as it is the Group's policy to sell to customers after assessing their credit rating and therefore remaining within prefixed credit limits and to periodically monitor the situation of expired loans.
Accordingly, the credit risk to which the Group is exposed is considered to be limited as a whole.

Foreign exchange risk

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

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

During the financial year ended 31 March 2012 the Parent Company carried out currency (USD) forward purchases in order to hedge expected payments of invoices of foreign subcontractors and of the subsidiary Unibest Zhongshang Leather Goods Co. Ltd. If these derivative financial instruments have fulfilled all the conditions laid down for the accounting treatment of hedging derivatives (hedge accounting), they are accounted for at fair value against an entry in the comprehensive income.
As at 31 March 2012, the open positions of currency forward purchases were equal to about USD 4,600 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 Group.
The purpose of the interest risk management is to limit and stabilise payable flows due to interest paid on such loans.
Hedging activities were carried out on every occasion that it was considered useful with regard to the taking out of loans.
The Group uses derivative financial instruments to hedge the exposure to interest rate risks. However, in cases in which the derivative financial instruments do not fulfil all the conditions laid down for the accounting treatment of hedging derivatives (hedge accounting), these have been accounted for at fair value against an entry in the income statement.
The forecast outflows, connected with the repayment of the liability, are determined by making reference to the provisions laid down in the loan agreement (amortisation schedule).

LEGISLATIVE DECREE NO. 231/2001

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

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

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

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

- section 22.3 of the by-laws provides for the Board of directors, also through directors to which it has delegated powers, to make the disclosures required by law and, in this framework, it will report to the Board of Statutory Auditors, pursuant to article 150 of Legislative Decree no. 58 of 24 February 1998, on the activity carried out and the most important economic, financial and equity transactions carried out by the Company and by its subsidiaries; specifically it will report on the transactions in which the directors could have an interest on their own account or on behalf of third parties, or that are influenced by the entity which carries out direction and coordination activities, if any; the notice is given on the occasion of the Board of Directors' meetings and, in any case, at least on a quarterly basis.

- on 18 November 2010, the Board of Directors adopted a regulation containing the rules of conduct for transactions with related parties in order to ensure that the transactions in which a director is a stakeholder, on his/her own account or on behalf of third parties, and those effected with related parties, are carried out in a transparent manner and in compliance with the criteria of substantial and procedural correctness.

CORPORATE GOVERNANCE AND SELF-REGULATORY CODE

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

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

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

First and last name	Position	Investee company	Number of shares owned at the end of the previous financial year	Number of shares purchased	Number of shares sold	Number of shares owned at the end of the current financial year
Marco Palmieri	Chairman CEO(1)	Piquadro S.p.A.	31,909,407	-	-	31,909,407
Pierpaolo Palmieri	Vice-Chairman-Executive Director(2)	Piquadro S.p.A.	2,276,801	-	-	2,276,801
Marcello Piccioli	Executive Director	-	-	-	-	-
Roberto Trotta	Executive Director	Piquadro S.p.A.	3,000	-	-	3,000

(1) At the end of the FY 2011/2012, the Chairman of the Board of Directors and CEO of Piquadro S.p.A., Marco Palmieri, owned a stake equal to 93.34% of the share capital of Piquadro Holding S.p.A., through Piqubo S.p.A., a company wholly owned by the latter. Piquadro Holding S.p.A., in turn, owns 68.37% of the share capital of Piquadro S.p.A.
(2) At the end of the FY 2011/2012, the Vice-Chairman of the Board of Directors of Piquadro S.p.A., Pierpaolo Palmieri, owned a stake equal to 6.66% of the share capital of Piquadro Holding S.p.A., which in turn, owns 68.37% of the share capital of Piquadro S.p.A..

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 capital	Listed	Rights and obligations
Ordinary shares	50,000,000	100	STANDARD 1	The shares are registered and confer the right of voting at ordinary and extraordinary shareholders' meetings, as well as the right to profit sharing.

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

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

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

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

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

The beneficiaries of the Plan are the following directors:

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

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

Restrictions on the transfer of securities

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

Significant stakes held in the capital

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

Declarant	Direct shareholders	% share on ordinary capital	% share on voting capital
Palmieri Marco	Piquadro Holding S.p.A.	68.37%	68.37%
Fil Limited	Fil Limited	4.99%	4.99%
Mediobanca S.p.A.	Mediobanca S.p.A.	6.33%	6.33%

Securities which confer special rights

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

Employee share ownership: exercise of voting rights

There is no employee share ownership system.

Restrictions on voting rights

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

Shareholders' agreements

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

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

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

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

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

Directors are appointed as follows:

a) all members, except one, of the Board of Directors, as resolved from time to time by the meeting, are taken from the list that has obtained the highest number of votes at the Shareholders' Meeting, based on the progressive order in which they appear in the list;
b) one member of the Board of Directors is taken from the list that has obtained the second highest number of votes at the Shareholders' Meeting (and which is not connected in any way, directly or indirectly, with the shareholders who have submitted and voted for the list with the highest number of votes) and is the first candidate, as indicated on the basis of the progressive order in which the candidates appear on such list, provided that the candidate meets the requirements prescribed by the current regulations for the respective office.

In the event of list votes being equal and the quotient still being equal, a new vote will be held by the whole Shareholders' Meeting and the candidate obtaining a simple majority of votes will be appointed. Should only one list be submitted, or rather be admitted to voting, the candidates on this list will be appointed as Directors according to the progressive order in which the candidates appear in the list itself, in the respective sections, provided that this list receives a relative majority of votes.

In the event that no lists are submitted or rather if it is not possible to appoint one or more directors using the method of list voting, the meeting will resolve with the majorities required by law.
The Directors are required to immediately notify the Chairman of the occurrence of one of the causes that entails the disqualification from the office. If this occurrence of cases concerns the Chairman, the notice itself must be given to the Vice-Chairman or, alternatively, to the Chairman of the Board of Statutory Auditors.

If over the course of the financial year one or more Directors cease to hold office, then steps will be taken to replace them pursuant to article 2386 of the Italian Civil Code, as indicated below:

a) the Board of Directors appoints replacements from among those belonging to the same list to which the outgoing Directors belonged and the Shareholders' Meeting resolves with the majorities required by law, complying with the same principle and taking care to ensure, in any case, that the Board of Directors is made up of the necessary number of members who meet the independence requirements prescribed by the legislative and regulatory provisions in force;
b) if there are no candidates left on the aforementioned list who have not been previously appointed, the Board of Directors will take steps to appoint a replacement without complying with the provisions under point (a) in the same way as the Shareholders' Meeting, again with the majorities required by law, and taking care to ensure, in any case, that the Board of Directors is made up of the necessary number of members who meet the independence requirements prescribed by the legislative and regulatory provisions in force.

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

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

Clauses of Change of control

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

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

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

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

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

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

In addition to directly carrying out operating activities, Piquadro S.p.A., in its turn, also carries out direction and coordination activities in relation to the companies it controls, pursuant to Articles 2497 and ff. of the Italian Civil Code.

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

With reference to the "Requirements for listing of shares of companies controlling companies established and regulated by the law of States not belonging to the European Union" ("*Condizioni per la quotazione di azioni di società controllanti società costituite e regolate dalla legge di Stati non appartenenti all'Unione Europea*") under Article 36 of the Markets' Regulation (in the implementation of Article 62, paragraph 3-bis, of Legislative Decree no.58/98, as amended by resolution no. 16530 of 25 June 2008) the Piquadro Group declares that the only Group companies as of today that meet the significance requirements under title VI, chapter II, of the Issuers' Regulation, which are incorporated under and regulated by the law of non-EU States are the subsidiaries Unibest Leather Goods Zhongshan Co. Ltd., Piquadro Hong Kong Ltd. and Piquadro (Trading) Shenzhen and certifies that:

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

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

The table below illustrates the segment data of the Piquadro Group as broken down by sales channel (DOS and Wholesale), in relation to the financial years ended 31 March 2012 and 31 March 2011. Economic segment data are monitored by the Company's Management until EBITDA:

(in thousands of Euro)	**31 March 2012**				**31 March 2011**				
	DOS	**Wholesale**	**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**Change % 12**
Sales revenues	**17,506**	**46,941**	**64,447**	**100%**	**14,809**	**47,005**	**61,814**	**100%**	**4.3%**
Other income	104	609	713	1.1%	475	967	1,442	2.3%	(50.5%)
Costs for purchases of raw materials	(1,945)	(8,463)	(10,408)	(16.1%)	(1,553)	(7,795)	(9,348)	(15.2%)	11.3%
Costs for services and leases and rentals	(9,272)	(19,025)	(28,297)	(43.9%)	(7,947)	(19,831)	(27,778)	(44.9%)	1.9%
Personnel costs	(5,134)	(6,421)	(11,555)	(17.9%)	(3,798)	(5,548)	(9,346)	(15.1%)	23.6%
Provisions and write-downs		(441)	(441)	(0.7%)	-	(127)	(127)	(0.2%)	247.6%
Other operating costs	(106)	(150)	(256)	(0.4%)	(31)	(176)	(207)	(0.3%)	(23.7%)
EBITDA	**1,153**	**13,050**	**14,203**	**22.0%**	**1,955**	**14,495**	**16,450**	**26.6%**	**(13.7%)**

Amortisation and depreciation and write-downs	(2,449)	(3.8%)		(1,842)	(2.9%)	(33.0%)
Operating result	**11,754**	**18.2%**		**14,608**	**23.6%**	**(19.5%)**
Financial income and charges	(103)	(0.2%)		(578)	(0.9%)	(82.2%)
Pre-tax result	**11,651**	**18.1%**		**14,030**	**22.7%**	**(17.0%)**
Income tax expenses	(3,872)	(6.0%)		(4,933)	(7.9%)	(21.5%)
Profit for the period	**7,779**	**12.1%**		**9,097**	**14.7%**	**(14.5%)**
Result attributable to minority interests	-	-%		-	-%	(100%)
Group net result	**7,779**	**12.1%**		**9,097**	**14.7%**	**(14.5%)**

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

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 2012 and 31 March 2011:

	31 March 2012				**31 March 2011**			
	Business Segment				**Business Segment**			
(in thousands of Euro)	**DOS**	**Wholesale**	**Unallocated**	**Total**	**DOS**	**Wholesale**	**Unallocated**	**Total**
Assets	5,550	44,174	16,362	66,086	6,790	39,968	13,092	59,850
Liabilities	4,175	18,166	14,955	37,296	4,214	20,154	9,579	33,947
Fixed assets	2,063	11,597	-	13,660	1,817	11,037	-	12,854

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 2012	% (*)	Net revenues as at 31 March 2011	% (*)	% change 2012/2011
Wholesale	46,941	72.8%	47,005	76.0%	(0.1%)
DOS	17,506	27.2%	14,809	24.0%	18.2%
Total	**64,447**	**100.0%**	**61,814**	**100.0%**	**4.3%**

(*) Percentage impact compared to sales revenues.

Sales revenues achieved in the financial year ended 31 March 2012 reported an increase of 4.3% compared to the financial year ended 31 March 2011, passing from Euro 61,814 thousand in the financial year ended 31 March 2011 to Euro 64,447 thousand in the financial year ended 31 March 2012.

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

Below are reported the breakdowns of revenues by distribution channel:

Wholesale

Sales revenues achieved in the Wholesale Channel in the financial year ended 31 March 2012 reported a decrease equal to 0.1%, passing from Euro 47,005 thousand in the financial year ended 31 March 2011 to Euro 46,941 thousand in the financial year ended 31 March 2012.

In terms of impact on the total sales revenues, the Wholesale Channel shows a decrease in percentage terms of 3.2%, passing from an impact of 76.0% in the financial year ended 31 March 2011 to an impact of 72.8% in the financial year ended 31 March 2012.

The decrease in the turnover of the Wholesale channel, equal in absolute terms to Euro 64 thousand, was mainly due to the following factors:

- decrease in sales volumes, equal to about 4.0%;
- decrease in sales in in some European markets such as Spain (about -19.0%), France (about -23.6%) and the rest of world (about -20.0%).

In the financial year ended 31 March 2012, the Group opened 4 new franchise shops (as at 31 March 2012, the franchise shops opened were 52), as described below:

Month of opening	Location	Channel
June 2011	Orio al Serio (Bergamo), Shopping Mall "Orio al Serio"	Franchising(Wholesale)
July 2011	Stezzano (Bergamo), Shopping Mall "Le due Torri"	Franchising(Wholesale)
September 2011	Moscow (Russia) – TC "Vegas"	Franchising(Wholesale)
November 2011	Peschiera Borromeo (MI) Shopping Mall "Galleria Borromea"	Franchising(Wholesale)

DOS

Sales revenues achieved in the DOS Channel in the financial year ended 31 March 2011 reported an increase of 18.2%, passing from Euro14,809 thousand in the financial year ended 31 March 2011 to Euro 17,506 thousand in the financial year ended 31 March 2012.

In terms of impact on the total sales revenues, the DOS Channel shows an increase of 320 basis points, passing from an impact of 24.0% in the financial year ended 31 March 2011 to an impact of 27.2% in the financial year ended 31 March 2012. The increase, which is equal to Euro 2,697 thousand in absolute terms, is also due to the following factors:

- increase in the quantities sold, equal to about 22.8%;

- increase in the price list equal to about 7.2%;
- the opening by the Group of 9 new DOS shops (as detailed below), which entailed an increased turnover equal to Euro 1,336 thousand (corresponding to a growth of about 2.1% in the total turnover):

Month of opening	Location	Channel
June 2011	Mestre (Venice), CC Auchan	DOS
June 2011	Hong Kong – Elements	DOS
June 2011	Tianjin (China) - Florentia Village	DOS Outlet Store
September 2011	Milan – Corso Buenos Aires 10	DOS
September 2011	Hong Kong – Queen's Road Central 57	DOS
September 2011	Shanghai (China) – Jiu Guang Dept. Store	DOS
September 2011	Suzhou (China) – Jiu Guang Dept. Store	DOS
December 2011	Assago (MI) – Shopping Centre "Milanofiori"	DOS
December 2011	Roermond (The Netherlands) – Outlet Center	DOS Outlet Store

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 2011/2012, the Group paid out key moneys totalling Euro 924 thousand relating to the shops located in Milan- Corso Buenos Aires (for Euro 844 thousand) and Assago (for Euro 80 thousand).

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 2011 and 31 March 2012), the trend in the turnover of the DOS channel showed an increase of about 6.5% (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 7.7%).
The growth determined by the opening of new points of sale affects total sales revenues in the DOS Channel by about 2.1%.

For a better understanding of the DOS Channel, below are reported the 47 shops which were opened as at 31 March 2012, together with the month of the start of operations:

Month of opening	Location	Channel
November 2000	Milan, Via della Spiga n.33	DOS
November 2002	Milan, Aeroporto di Linate	DOS
December 2003	Rome, Galleria Alberto Sordi n. 38-39 (former Galleria Colonna)	DOS
July 2004	Milan, Aeroporto di Malpensa	DOS
September 2004	Barcelona, Paseo de Gracia n.11	DOS
November 2004	Bologna, Piazza Maggiore n. 4/B	DOS
March 2006	Barberino del Mugello presso il "Factory Outlet Centre"	DOS (Outlet)
March 2007	Comune di Fidenza presso il "Fidenza Village"	DOS (Outlet)
May 2007	Rome, Centro Commerciale Cinecittà n.2, Via Vittoria Colonna n.39	DOS
July 2007	Rome Galleria Nuova Commerciale di "Porta di Roma"	DOS
July 2007	Hong Kong , Kowloon - Harbour City, Shop 3222, Level 3, Gateway Arcade – Tsimshatsui	DOS
August 2007	Macau, The Venetian Macau-Resort-Hotel Casino, Estrada da Baia de Nossa Senhora de Esperanca – Taipa	DOS
April 2008	Novara, "Vicolungo Outlets", unità 100	DOS (Outlet)

June 2008	Rome, Centro Commerciale "EUROMA2", Via C.Colombo	DOS
August 2008	Foiano della Chiana (Arezzo), "Valdichiana Outlet Village", unit 142	DOS (Outlet)
September 2008	Noventa di Piave (VE), "Veneto Designer Outlet"	DOS (Outlet)
December 2008	Milan, Via Dante 9	DOS
December 2008	Rome, Fiumicino Airport	DOS
December 2008	Monaco di Baviera (Germany), "Ingolstadt Village"	DOS (Outlet)
December 2008	Barcelona (Spain), "La Roca Village"	DOS (Outlet)
March 2009	Bologna, Aeroporto "G. Marconi"	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
October 2009	Taiwan – Taipei Xin Yin Shop	DOS
January 2010	Hong Kong – Kowloon – Isquare	DOS
February 2010	Marcianise (CE) – c/o "Factory Outlet Centre"	DOS (Outlet)
June 2010	Hong Kong - Citygate Outlet Store	DOS (Outlet)
September 2010	Hong Kong - Sogo Causeway Bay	DOS
September 2010	Beijing (China) - IFC Mall	DOS
November 2010	Taiwan – Sogo Dun Hua	DOS
December 2010	Agira c/o "Sicilia Fashion Outlet"	DOS (Outlet)
December 2010	Rome, Aeroporto di Fiumicino Terminal 2	DOS
December 2010	Shenyang (China) MOI Dep. Store	DOS
January 2011	Beijing (China) – Season Place	DOS
January 2011	Beijing (China) – Surprise Outlet	DOS Outlet Store
February 2011	Rimini, "Le Befane"	DOS
March 2011	Barcellona, "Las Arenas"	DOS
June 2011	Mestre (Venice), CC Auchan	DOS
June 2011	Hong Kong - Elements	DOS
June 2011	Tianjin (China) - Florentia Village	DOS Outlet Store
September 2011	Milan – Corso Buenos Aires 10	DOS
September 2011	Hong Kong – Queen's Road Central 57	DOS
September 2011	Shanghai (China) – Jiu Guang Dept. Store	DOS
September 2011	Suzhou (China) – Jiu Guang Dept. Store	DOS
December 2011	Assago (MI) – Shopping Centre "Milanofiori"	DOS
December 2011	Roermond (The Netherlands) – Outlet Center	DOS Outlet Store

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 2012 and 31 March 2011:

	Sales revenues as at 31 March 2012	**%[(a)]**	**Sales revenues as at 31 March 2011**	**%[(a)]**	**% change 2012/2011**
Italy	48,761	75.7%	46,816	75.7%	4.2%
Europe	10,250	15.9%	9,720	15.7%	5.5%
Rest of the world	5,436	8.4%	5,278	8.5%	3.0%
Total	**64,447**	**100.0%**	**61,814**	**100.0%**	**4.3%**

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

Italy

Sales revenues achieved in Italy in the financial year ended 31 March 2012 reported an increase of 4.2% compared to the financial year ended 31 March 2011, passing from Euro 46,816 thousand to Euro 48,761 thousand; the Italian market accounts for 75.7% of the Group's total turnover in the financial year ended 31 March 2012 (75.7% of the total turnover in the financial year ended 31 March 2011).

Assuming that the perimeter remained unchanged in the DOS Channel in Italy, the financial year ended 31 March 2012 reported an increase of about 6.7% compared to the financial year ended 31 March 2011.

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 0.98% of the Group's consolidated turnover in the financial year ended 31 March 2012.

The sales in the Wholesale Channel in Italy remained substantially stable (-0.3% compared to 31 March 2011), despite the unfavourable economic trend that has significantly affected the Italian wholesale clients, which is mainly made up of multi-brands shops.

Europe

Sales revenues achieved in Europe, in the financial year ended 31 March 2012, reported an increase of about 5.5% compared to the financial year ended 31 March 2011, passing from Euro 9,720 thousand to Euro 10,250 thousand; as a whole, the European market accounts for 15.9% of the total turnover in the financial year ended 31 March 2012 (up compared to the impact of 15.7% on the consolidated sales reported in the financial year ended 31 March 2011).

The first three most significant European countries in terms of impact of the Group's total turnover are Russia, Spain and Germany, which overall account for about 7.9% of the Group's turnover and about 50.1% 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 2012 the Group reported in Countries such as Spain, Germany, France and Russia, an increase in the sales equal to about 0.6% compared to the previous financial year. Specifically, Russia, which has always represented a strategic point of development of the Group also thanks to its ten franchise points of sale through the most significant customer in the Wholesale channel, reported an increase of about 7.4%. The contribution from the DOS sales in Europe is still not much significant by reason of the presence as at 31 March 2012 of only 5 direct points of sale in Ingolstadt (Germany), Barcelona (3 points of sale - Spain) and Roermond (The Netherlands).

The impact of the sales in the European market on the total sales increased by 20 basis points (from 15.7% to 15.9%), reporting an increase in sales in the financial year ended 31 March 2012 equal to Euro 530 thousand in absolute terms compared to the financial year ended 31 March 2011.

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 2012, an increase of 3% compared to the financial year ended 31 March 2011, passing from Euro 5,278 thousand to Euro 5,436 thousand in the financial year ended 31 March 2012. The market of the Rest of the World accounts for 8,4% of the total turnover in the financial year ended 31 March 2012 (8.5% in the financial year ended 31 March 2011).

Other income

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

	31 March 2012				**31 March 2011**				
(*in thousands of Euro*)	**DOS**	**Wholesale**	**Total**	**% Impact (*)**	**DOS**	**Wholesale**	**Total**	**% Impact (*)**	**% change 2012/2011**
Charge-backs of transportation costs and collection	-	212	212	0.3%	-	219	219	0.4%	(3.2%)
Insurance and legal refunds	-	5	5	0.01%	-	119	119	0.2%	(95.8%)

Sales revenues from corners	-	127	127	0.2%	-	279	279	0.5%	(54.5%)
Charge-backs of advertising and marketing costs	-	0	0	0.0%	-	76	76	0.1%	(100.0%)
Other sundry income	104	265	369	0.6%	475	274	749	1.2%	(50.7%)
Other income	**104**	**609**	**713**	**1.1%**	**475**	**967**	**1,442**	**2.3%**	**(50.6%)**

(*) Percentage impact compared to sales revenues.

In the financial year ended 31 March 2012 other income decreased by 50.6%, passing from Euro 1,442 thousand in the financial year ended 31 March 2011 to Euro 713 thousand in the financial year ended 31 March 2012. The item "Other sundry income" of the financial statements ended 31 March 2011 included a non-recurring revenue of Euro 300 thousand realised by Piquadro Deutschland GmbH. This amount arose from the assignment of the lease agreement relating to the shop located in Frankfurt, 60313, at Goethestrasse 32 to third parties.

Consumption of materials

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

	31 March 2012				**31 March 2011**				
(in thousands of Euro)	**DOS**	**Wholesale**	**Total**	**% Impact (*)**	**DOS**	**Wholesale**	**Total**	**% Impact (*)**	**% change 2012/2011**
Costs for consumption of materials	1,945	8,463	10,408	16.1%	1,553	7,795	9,348	15.2%	11.3%

(*) Percentage impact compared to sales revenues.

In the financial year ended 31 March 2012, costs for consumption of materials reported an increase equal to 11.3%, passing from Euro 9,348 thousand in the financial year ended 31 March 2011 to Euro 10,408 thousand in the financial year ended 31 March 2012.

According to the analyses carried out by the Parent Company as to the performance of the purchase costs of raw materials (mainly leather, accessories, fabrics), procurement costs incurred in the financial year ended 31 March 2012 increased by about 2% compared to the costs incurred in the financial year ended 31 March 2011. The cost of both leather and other materials did not undergo changes such as to affect the impact of the costs for consumption on the total cost of sales. Furthermore, costs of raw materials incurred by the production company Unibest Leather Goods Zhongshang enjoyed a worsened exchange rate Euro/US dollar and Euro/renminbi on average compared to the financial year ended 31 March 2011.

DOS channel

According to the breakdown by sales channel, the DOS Channel passed from Euro 1,553 thousand in the financial year ended 31 March 2011 to Euro 1,945 thousand in the financial year ended 31 March 2012; the increase, equal to Euro 392 thousand (+25.2%), is attributable to the higher number of shops and to the increase in sales volumes compared to the financial year ended 31 March 2011.

Wholesale channel

According to the breakdown by sales channel, the Wholesale Channel passed from Euro 7,795 thousand in the financial year ended 31 March 2011 to Euro 8,463 thousand in the financial year ended 31 March 2012; the increase, equal to Euro 668 thousand (+8.6%), is mainly attributable to the product mix sold in the wholesale channel compared to the financial year ended 31 March2011.

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 2012 and 31 March 2011:

31 March 2012	**31 March 2011**

(in thousands of Euro)	**DOS**	**Wholesale**	**Total**	**% Impact (*)**	**DOS**	**Wholesale**	**Total**	**% Impact (*)**	**% change 2012/2011**
Cost for leases and rentals	4,788	449	5,237	8.1%	3,730	435	4,165	6.7%	25.7%
External Production	1,286	7,429	8,715	13.5%	1,358	8,386	9,744	15.8%	(10.6%)
Advertising and Marketing	269	2,856	3,125	4.8%	451	2,785	3,236	5.2%	(3.4%)
Administration Services	663	981	1,644	2.6%	592	670	1,262	2.0%	30.3%
Commercial Services	31	3,216	3,247	5.0%	80	3,490	3,570	5.7%	(9.0%)
Production services	1,739	1,037	2,776	4.3%	1,323	635	1,958	3.1%	41.8%
Transport services	495	3,057	3,552	5.5%	538	3,305	3,843	6.2%	(7.5%)
Costs for services and leases and rentals	**9,271**	**19,025**	**28,296**	**43.9%**	**8,072**	**19,706**	**27,778**	**44.9%**	**1.9%**

(*) Percentage impact compared to sales revenues.

As at 31 March 2012, costs for services and leases and rentals increased by 1.9% compared to the previous financial year, and the percentage impact on sales revenues decreased compared to the financial year ended 31 March 2011, passing from 44.9% in the financial year ended 31 March 2011 to 43.9% in the financial year ended 31 March 2012.

It should be pointed out that, in order to provide a more correct representation of the Group results, some reclassifications of some costs were made to the items “costs for services” and “personnel costs”. For comparative purposes, the data of the financial statements as at 31 March 2011 have been reclassified consistently.

Breakdown by sales channel

DOS

Costs in the DOS Channel reported an increase of 14.9%, passing from Euro 8,072 thousand in the financial year ended 31 March 2011 to Euro 9,271 thousand in the financial year ended 31 March 2012. The main increase in costs refers to costs for leases and rentals which reported an increase equal to 28.4% in the financial year ended 31 March 2012. This increase was mainly due to the opening of 9 Company-owned shops in the course of the financial year ended 31 March 2012 for which, as at 31 March 2012 the Company owned 47 shops in operation at the related rental costs of the premises of the shops.

Wholesale

Costs for services and leases and rentals in the Wholesale Channel reported a decrease of 3.5%, passing from Euro 19,706 thousand in the financial year ended 31 March 2011 to Euro 19,025 thousand in the financial year ended 31 March 2012.

Personnel costs

The table below reports the Group’s personnel costs broken down by sales channel for the financial years ended 31 March 2012 and 31 March 2011:

(in thousands of Euro)	**31 March 2012**				**31 March 2011**			
	DOS	**Wholesale**	**Total**	**% Impact (*)**	**DOS**	**Wholesale**	**Total**	**% Impact (*)**
Wages and salaries	4,331	5,418	9,749	15.1%	3,059	4,724	7,783	12.6%

Social security contributions	635	794	1,429	2.2%	495	770	1,265	2.0%
TFR	167	210	377	0.6%	120	178	298	0.5%
Total personnel costs	**5,133**	**6,422**	**11,555**	**17.9%**	**3,674**	**5,672**	**9,346**	**15.1%**

(*) Percentage impact compared to sales revenues.

The table below reports the number of staff employed by the Group as at 31 March 2012 and 31 March 2011:

	31 March 2012	**31 March 2011**
Executives	8	7
Office workers	279	254
Manual workers	478	428
Total for the Group	**765**	**689**

In the financial year ended 31 March 2012, personnel costs reported an increase of 23.6%, passing from Euro 9,346 thousand in the financial year ended 31 March 2011 to Euro 11,555 thousand in the financial year ended 31 March 2012. The increase in personnel costs is due to the increase in staff employed by both Piquadro S.p.A. and some subsidiary companies operating in the retail business occurred in the course of the financial year ended 31 March 2012, 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 39.7%, passing from Euro 3,674 thousand in the financial year ended 31 March 2011 to Euro 5,133 thousand in the financial year ended 31 March 2012. The increase is mainly due to the opening of 9 new Company-owned points of sale, which entailed an increase in the retail workforce, which passed from 173 employees as at 31 March 2011 to 182 employees as at 31 March 2012.

Wholesale channel

According to the breakdown by sales channel, the Wholesale Channel reported an increase in personnel costs of 13.2%, passing from Euro 5,672 thousand to Euro 6,422 thousand in the financial year ended 31 March 2012; this increase was partially due to an increase in direct costs and partially due to a higher allocation of indirect personnel costs to the wholesale channel.

Provisions

The table below reports the Group's provisions for the financial years ended 31 March 2012 and 31 March 2011:

(in thousands of Euro)	**31 March 2012**				**31 March 2011**			
	DOS	**Wholesale**	**Total**	**% Impact (*)**	**DOS**	**Wholesale**	**Total**	**% Impact (*)**
Total provisions	**-**	**441**	**441**	**0.7%**	**-**	**127**	**127**	**0.2%**

(*) Percentage impact compared to sales revenues.

The amount of Euro 441 thousand allocated in the financial year ended 31 March 2012 (Euro 127 thousand in the financial year ended 31 March 2011) 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.

Amortisation, depreciation and write-downs

The table below reports the Group's costs for amortisation and depreciation for the financial years ended 31 March 2012 and 31 March 2011:

(in thousands of Euro)	**31 March 2012**	**(*) %**	**31 March 2011**	**(*) %**	**% Change 2012/2011**
Amortisation of intangible assets	403	0.6%	319	0,5%	26.3%
Depreciation of property, plant and equipment	1,626	2.5%	1,496	2.4%	8.8%
Impairment losses of assets	421	0.7%	27	0.0%	1,416.1%
Total amortisation, depreciation and write-downs	**2,450**	**3.8%**	**1,842**	**2.9%**	**33.0%**

(*) Percentage impact compared to sales revenues.

In the financial year ended 31 March 2012 amortization, depreciation and write-downs reported an increase of 33.0%, passing from Euro 1,842 thousand in the financial year ended 31 March 2011 to Euro 2,450 thousand in the financial year ended 31 March 2012, of which Euro 403 thousand relate to amortisation of intangible assets, Euro 1,626 thousand relate to property, plant and equipment and Euro 421 thousand relate to impairment losses of assets relating to the closing of some DOS shops in the Europe and Far East areas.

Amortisation of intangible assets increased by 26.3% compared to the previous financial year passing from Euro 319 thousand as at 31 March 2011 to Euro 403 thousand at 31 March 2012.

The increase in costs for depreciation of property, plant and equipment, which passed from Euro 1,496 thousand as at 31 March 2011 to Euro 1,626 thousand as at 31 March 2012, was mainly due to the new investments in fittings for the opening of the new points of sale of the Group.

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 2012 and 31 March 2011:

	31 March 2012				**31 March 2011**			
(*in thousands of Euro*)	**DOS**	**Wholesale**	**Total**	**% Impact (*)**	**DOS**	**Wholesale**	**Total**	**% Impact (*)**
Capital losses on disposals of fixed assets	-	0	0	0.0%	-	2	2	0.0%
Taxes other than income taxes	106	107	213	0.3%	31	99	130	0.2%
Other write-downs	-	-	-	0.0%	-	-	-	0.0%
Donations	-	43	43	0.1%	-	75	75	0.1%
Other operating costs	**106**	**150**	**256**	**0.4%**	**31**	**176**	**207**	**0.3%**

(*) Percentage impact compared to sales revenues.

As at 31 March 2012 other operating costs, equal to Euro 256 thousand, increased by Euro 49 thousand compared to 31 March 2011, mainly as a result of higher taxes other than income taxes for Euro 83 thousand.

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 2011 and 31 March 2012, the reasons for the relative increase in EBITDA can be linked both to the positive performance in terms of SSSG of the DOS segment, and to the increase in revenues from the wholesale channel. The positive performance of the DOS segment were counterbalanced by the new openings, above all in those countries in which the brand awareness has not yet been fully completed, with margins which are not always in line with the average ones of the already existing shops. The wholesale channel generated, thanks to the substantial margins that characterise them, an operating leverage in a situation in which overheads substantially remained the same, which were offset by a significant growth in marketing costs.
The table below reports the data relating to the EBITDA, broken down by sales channel, and to the Group's operating result, for the financial years ended 31 March 2012 and 31 March 2011:

	31 March 2012	**% Impact**	**31 March 2011**	**% Impact**	**Change**	**Change**

		(*)		(*)	2012/2011	2012/2011
EBITDA	**14,203**	**22.0%**	**16,450**	**26.6%**	**(2,247)**	**(13.7)%**
Breakdown by channel:						
DOS	1,153	1.8%	1,954	3.2%	(801)	(50.0%)
Wholesale	13,050	20.2%	14,496	23.4%	(1,446)	10.0%
Operating result	**11,754**	**18.2%**	**14,608**	**23.6%**	**(2,854)**	**(19.5%)**
Total	**11,754**	**18.2%**	**14,608**	**23.6%**	**(2,854)**	**(19.5%)**

(*) Percentage impact compared to sales revenues.

Specifically, while EBITDA passed from Euro 16,450 thousand (26.6% of revenues) in the financial year ended 31 March 2011 to Euro 14,203 thousand (22.0% of revenues) in the financial year ended 31 March 2012, the operating result passed from Euro 14,608 thousand (23.6% as a percentage impact on revenues) in the financial year ended 31 March 2011 to Euro 11,754 thousand (18.2% as a percentage impact on revenues) in the financial year ended 31 March 2012.

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

Financial Income and Charges

The table below reports the Group's financial income and charges for the financial years ended 31 March 2012 and 31 March 2011:

(*in thousands of Euro*)	**31 March 2012**	**% Impact (*)**	**31 March 2011**	**% Impact (*)**	**Change 2012/2011**	**Change 2012/2011**
Financial income	986	1.5%	562	0.9%	424	75.4%
Financial charges	(1,089)	1.7%	(1,140)	1.8%	51	(4.5%)
Total	**(103)**	**0.2%**	**(578)**	**0.9%**	**475**	**(82.2%)**

(*) 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 2011, passing from Euro 578 thousand in the financial year ended 31 March 2011 to Euro 103 thousand in the financial year ended 31 March 2012.

The decrease in financial charges as at 31 March 2012 compared to 31 March 2011 was mainly attributable to the change in the negative exchange rate differences, both realised and estimated, which passed from Euro 688 thousand in the financial year ended 31 March 2011 to Euro 497 thousand reported in the financial year ended 31 March 2012, which was offset by a change in the financial charges on leases and bank loans which passed from Euro 254 thousand in the financial year ended 31 March 2011 to Euro 288 thousand in the financial year ended 31 March 2012, 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 851 thousand as at 31 March 2012 against Euro 462 thousand as at 31 March 2011) commented on above, in addition to interest income on current bank accounts in the financial year ended 31 March 2012 (Euro 135 thousand).

Income tax expenses

The table below reports the percentage impact of taxes on pre-tax profit for the financial years ended 31 March 2012 and 31 March 2011:

(in thousands of Euro)	**31 March 2012**	**31 March 2011**	**% Change 2012/2011**
Pre-tax profit	11,651	14,030	(17.0%)
Income taxes	(3,872)	(4,933)	(21.5%)
Average tax rate	**33.2%**	**35.2%**	**(1.9%)**

The table below reports the breakdown of the Group's taxes for the financial years ended 31 March 2012 and 31 March 2011:

(in thousands of Euro)	**31 March 2012**	**% Change (*)**	**31 March 2011**	**% Change (*)**	**Change 2012/2011**
IRES tax	3,332	5.2%	4,232	6.8%	(21.3%)
IRAP tax	731	1.1%	856	1.4%	(14.6%)
Deferred tax liabilities	106	0.2%	54	0.1%	96.3%
Deferred tax assets	(297)	(0.5%)	(209)	(0.3%)	(42.1%)
Total	**3,872**	**6.0%**	**4,933**	**8.0%**	**(21.5%)**

(*) Percentage impact compared to sales revenues.

In the financial year ended 31 March 2012, income tax expenses decreased by about 21.5% passing from Euro 4,933 thousand in the financial year ended 31 March 2011 to Euro 3,872 thousand in the financial year ended 31 March 2012.

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 2012 and 31 March 2011:

(*in thousands of Euro)*	**31 March 2012**	**% Impact (*)**	**31 March 2011**	**% Impact (*)**	**% Change**
Net result	7,779	12.1%	9,097	14.7%	(14.5%)

(*) Percentage impact compared to sales revenues.

The net result for the financial year ended 31 March 2012 reported a decrease of about 14.5%, passing from Euro 9,097 thousand in the financial year ended 31 March 2011 to Euro 7,779 thousand in the financial year ended 31 March 2012.

In the financial year ended 31 March 2012, the percentage impact on sales revenues was equal to 12.1% (14.7% at 31 March 2011).

Silla di Gaggio Montano (Province of Bologna), 18 June 2012

FOR THE BOARD OF DIRECTORS

THE CHAIRMAN
(Marco Palmieri)

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	**Notes**	**31 March 2012**	**31 March 2011**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	1,528	790
Property, plant and equipment	(2)	12,132	12,064
Receivables from others	(3)	977	872
Deferred tax assets	(4)	1,461	1,349
TOTAL NON-CURRENT ASSETS		**16,098**	**15,075**
CURRENT ASSETS			
Inventories	(5)	11,911	10,104
Trade receivables	(6)	23,113	21,418
Other current assets	(7)	1,437	2,526
Tax receivables	(8)	714	-
Derivative assets	(9)	-	-
Cash and cash equivalents	(10)	12,813	10,727
TOTAL CURRENT ASSETS		**49,988**	**44,775**
TOTAL ASSETS		**66,086**	**59,850**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	Notes	31 March 2012	31 March 2011
LIABILITIES			
EQUITY			
Share Capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		512	404
Retained earnings		18,499	14,402
Group profit for the period		7,779	9,097
Total equity attributable to the Group		**28,790**	**25,903**
Capital and Reserves attributable to minority interests		-	-
Profit/(loss) attributable to minority interests		-	-
Total share attributable to minority interests		**-**	**-**
EQUITY	(11)	**28,790**	**25,903**
NON-CURRENT LIABILITIES			
Borrowings	(12)	2,628	5,266
Payables to other lenders for lease agreements	(13)	3,706	4,469
Provision for employee benefits	(14)	261	258
Provisions for risks and charges	(15)	785	852
Deferred tax liabilities	(16)	327	470
TOTAL NON-CURRENT LIABILITIES		**7,707**	**11,315**
CURRENT LIABILITIES			
Borrowings	(17)	11,997	3,805
Payables to other lenders for lease agreements	(18)	709	865
Derivative liabilities	(19)	3	38
Trade payables	(20)	13,856	13,301
Other current liabilities	(21)	3,024	3,887
Current income tax liabilities	(22)	-	736
TOTAL CURRENT LIABILITIES		**29,589**	**22,632**
TOTAL LIABILITIES		**37,296**	**33,947**
TOTAL EQUITY AND LIABILITIES		**66,086**	**59,850**

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	**Notes**	**31 March 2012**	**31 March 2011**
Revenues from sales	(23)	64,447	61,814
Other income	(24)	713	1,442
- *of which impact of non-recurring items*		-	380
OPERATING COSTS			
Change in inventories	(25)	(1,548)	(2,578)
Costs for purchases	(26)	11,956	11,926
Costs for services and leases and rentals	(27)	28,296	27,778
Personnel costs	(28)	11,555	9,346
Amortisation, depreciation and write-downs	(29)	2,891	1,969
Other operating costs	(30)	256	207
TOTAL OPERATING COSTS		**53,406**	**48,648**
OPERATING PROFIT		**11,754**	**14,608**
- *of which impact of non-recurring items*		-	380
FINANCIAL INCOME AND CHARGES			
Financial income	(31)	986	562
Financial charges	(32)	(1,089)	(1,140)
TOTAL FINANCIAL INCOME AND CHARGES		**(103)**	**(578)**
PRE-TAX RESULT		**11,651**	**14,030**
INCOME TAX EXPENSES	(33)	**(3,872)**	**(4,933)**
PROFIT FOR THE PERIOD		**7,779**	**9,097**
attributable to:			
EQUITY HOLDERS OF THE COMPANY		7,779	9,097
MINORITY INTERESTS		-	-
EARNINGS PER SHARE	(34)		
(Basic) EARNINGS PER SHARE		0.156	0.182
(Diluted) EARNINGS PER SHARE		0.151	0.176

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	31 March 2012	31 March 2011
Profit (Loss) for the period (A)	**7,779**	**9,097**
Profit/ (Losses) arising from the translation of financial statements of foreign companies	54	89
Profit/ (Losses) on hedging instruments of cash flows (cash flow hedge)	14	(28)
Total Profits/(Losses) recognised in equity (B)	**68**	**61**
Total comprehensive Income/(Losses) for the period (A) + (B)	**7,847**	**9,158**
Attributable to		
- the Group	7,847	9,158
- Minority interests	-	-

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

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

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 attributable to the Group and minority interests
			Translation reserve	Fair value reserve	Other reserves	Total Other Reserves						
Balances as at 31.03.2011	**1,000**	**1,000**	**12**	**(16)**	**408**	**404**	**14,402**	**9,097**	**25,903**	**0**	**0**	**25,903**
Profit for the period								7,779	**7,779**			**7,779**
Other components of the comprehensive result as at 31 March 2012												
Exchange differences from translation of financial statements in foreign currency			54			**54**			**54**			**54**
Fair value of financial instruments				14		**14**			**14**			**14**
Total Comprehensive Income for the period			**54**	**14**	**0**	**68**		**7,779**	**7,847**			**7,847**
Allocation of the result for the period as at 31 March 2011												
-to dividends								(5,000)	**(5,000)**			**(5,000)**
-to reserves							4,097	(4,097)	**0**			**0**
Fair value of Stock Option Plans					40	**40**			**40**			**40**
Balances as at 31.03.2012	**1,000**	**1,000**	**66**	**(2)**	**448**	**512**	**18,499**	**7,779**	**28,790**	**0**	**0**	**28,790**

CONSOLIDATED STATEMENT OF CASH FLOWS

(*in thousands of Euro*)	**31 March 2012**	**31 March 2011**
Pre-tax profit	**11,651**	**14,030**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	2,028	1,842
Write-downs of property, plant and equipment/intangible assets	421	-
Provision for bad debts	441	127
Adjustment to the provision for employee benefits	18	11
Net financial charges/(income), including exchange rate differences	103	538
Cash flow from operating activities before changes in working capital	**14,662**	**16,548**
Change in trade receivables (net of the provision)	(1,695)	(1,163)
Change in inventories	(1,807)	(2,486)
Change in other current assets	375	(974)
Change in trade payables	555	452
Change in provisions for risks and charges	(63)	124
Change in other current liabilities	(863)	1,224
Cash flow from operating activities after changes in working capital	**11,164**	**13,725**
Payment of taxes	(5,391)	(4,253)
Interest paid	(152)	(452)
Cash flow generated from operating activities (A)	**5,621**	**9,020**
Investments in intangible assets	(1,196)	(492)
Investments in property, plant and equipment	(1,991)	(2,600)
Changes generated from investing activities (B)	**(3,187)**	**(3,092)**
Financing activities		
Absorption of short- and medium/long-term borrowings	(3,446)	(2,446)
Raising of short- and medium/long-term loans	9,000	2,700
Changes in financial instruments	(35)	90
Leasing instalments paid	(867)	(862)
Payment of dividends	(5,000)	(4,000)
Cash flow generated from/(absorbed by) financing activities (C)	**(348)**	**(4,518)**
Net increase (decrease) in cash and cash equivalents (A+B+C)	2,086	1,410
Cash and cash equivalents at the beginning of the period	**10,727**	**9,317**
Cash and cash equivalents at the end of the period	**12,813**	**10,727**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2012

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 S.p.A., which is 100% owned. Piqubo S.p.A., in fact, holds 93.34% of the share capital of Piquadro Holding S.p.A., which in its turn holds 68.3% 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.

The data of these financial statements can be compared to the same of the previous financial year, except as reported below.
It should be pointed out that, in order to provide a more correct representation of the Group result, some reclassifications of some costs were made to the items "costs for services" and "personnel costs". For comparative purposes, the data of the financial statements as at 31 March 2011 were reclassified consistently.

This document was prepared by the Board of Directors on 18 June 2012 and will be submitted to the shareholders' meeting called for 24 July 2012.

Main events that occurred in the course of the financial year ended 31 March 2012 and related significant accounting effects

On 13 June 2011 the Board of Directors of Piquadro S.p.A. approved the financial statements ended 31 March 2011 and proposed to distribute a dividend for a total of Euro 5,000,000, equal to Euro 0.10 per share. At the same time, the Board of Directors of Piquadro S.p.A. took steps to call the Extraordinary Shareholders' Meeting for the approval of amendments to sections 12, 13, 17, 19, 25 and 26 of the Company's By-Laws in order to bring them into line with the current regulations for listed companies.

1 April 2011 saw the introduction of a new contractual model that regulates relationships between the Parent Company and the subsidiaries that manage the Piquadro-branded flagship stores in the world. This model, which allows the enhancement of the contribution made by these companies to the Group in terms of brand awareness in the countries where they operate, provides for the acknowledgment by the Parent Company of a contribution determined on the basis of a benchmark analysis and of statistic confidence intervals (interquartile range) of the EBIT/Turnover ratio of the Group companies concerned. This benchmark analysis, which is the calculation basis of the contribution, will be updated on an annual basis.

21 May 2011 saw the recapitalisation of the subsidiary Piquadro Trading Shenzhen, equal to Euro 700 thousand, to cover losses, as well as to meet the financial requirements connected to future commercial operations and to potential new openings of shops.

On 27 June 2011 the Parent Company executed a contract for the purchase of a branch of business, made up of the lease agreement of the shop located in Milan, at corso Buenos Aires, the fittings, equipment and any other related real property, whose selling price was equal to Euro 840 thousand.

21 November 2011 saw the establishment of a new company in the Netherlands, named Piquadro BV and with registered office in Zoetermeer, in order to manage a new directly-operated point of sale at the Design Outlet Centre in Roermond, through the subscription of a share capital of Euro 300 thousand.

28 November 2011 saw the recapitalisation of the subsidiary Piquadro Taiwan Co. Ltd., equal to Euro 496 thousand, to cover losses, as well as to meet the financial requirements connected to future commercial operations and to potential new openings of shops.

On 25 October 2011 the competent Chinese authorities authorised the transfer to the Parent Company by Unibest Leather Goods Co. Limited of the equity investment held by the latter in Unibest Leather Goods (Zhongshang) Co. Limited, equal to 50% of the share capital of the same; on 13 February 2012, the related agreement was signed between Piquadro S.p.A. and Unibest Leather Goods Co. Limited, which provides for a purchase price of US$ 250 thousand, corresponding to the capital paid by Unibest Leather Goods Co. Limited at the time of the establishment of this company.

On 26 March 2012 the Board of Directors resolved to put the subsidiaries Unibest Leather Goods Co. Limited and Piquadro Middle East Leather Products LLC in liquidation.

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

In compliance with EU Regulation no. 1606/2002, the consolidated financial statements of Piquadro S.p.A as at 31 March 2012 were prepared in accordance with International Accounting Standards IAS/IFRS (International Accounting Standards and International Financial Reporting Standards) issued by the International Accounting Standards Board and endorsed by the European Union and the related interpretations (SIC/IFRIC)

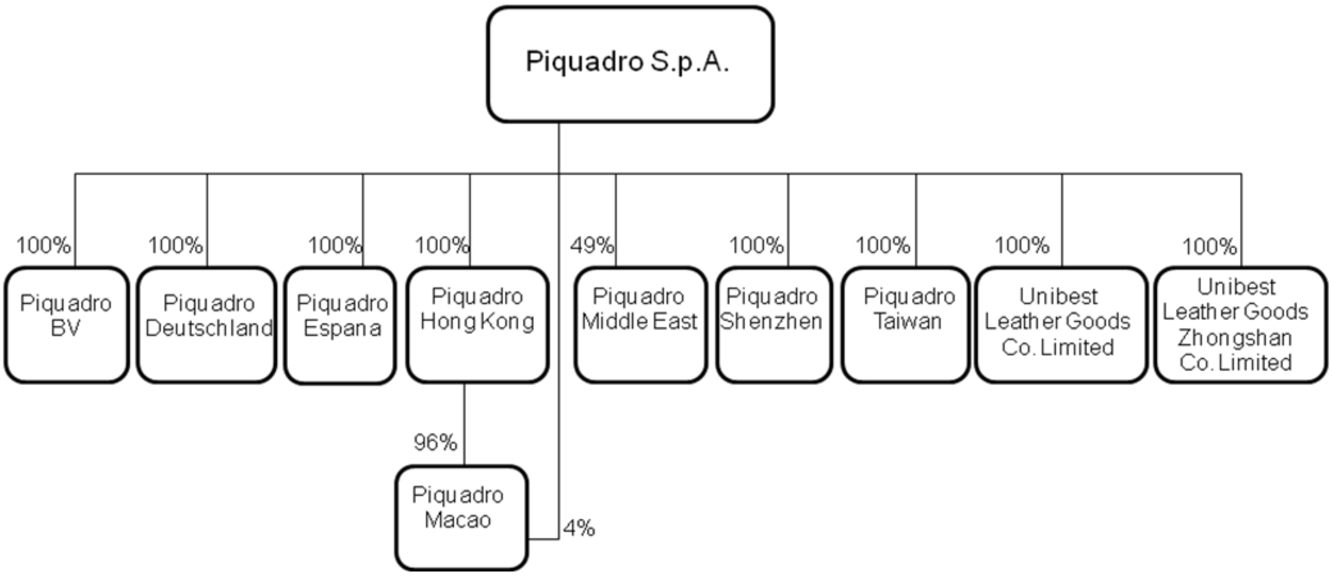
Basis of preparation

a) This document reports the Consolidated Financial Statements, including the consolidated statements of financial position, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of cash flows and the statements of changes in consolidated equity for the financial years ended 31 March 2012 and 31 March 2011 and the related explanatory notes.
b) IFRS means all the "International Financial Reporting Standards", all the International Accounting Standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously named Standing Interpretations Committee (SIC).
c) Specifically, it should be noted that IFRS were consistently applied to all periods presented in this document.
d) Recently IFRS have been applied in Italy and at the same time in other Countries and they include a number of standards recently published or revised, for which there is still not a well-established practice to which we could make reference for the purposes of interpretation and application. Therefore, the Consolidated Financial Statements have been prepared on the basis of the best knowledge of the IFRS and taking account of the best doctrine on the subject; any future interpretational directions and updates will be reflected in later financial years, according to the procedures laid down from time to time in the relevant accounting standards.
e) As to the procedures for presentation of financial statement schedules, the Company adopted the distinction "current/non-current" for the financial balance sheet, the single-step scheme for the income statement, classifying costs by nature and the indirect method of representation for the statement of cash flows. The statement of comprehensive income is presented in a separate document, as permitted by IAS 1 (revised) compared to the income statement.
f) The Consolidated Financial Statements were prepared in Euro, i.e. the current money used in the economies in which the Group mainly operates.
g) All amounts included in the tables of the following notes, except as otherwise indicated, are expressed in thousands of Euro.

Except as previously specified in the report, the management believes that no additional significant non-recurring events or transactions occurred either in the FY 2011/2012 or in the FY 2010/2011 nor any additional atypical or unusual transactions.

Chart of the Group structure

For the purpose of provide a clear representation, below is reported the chart of the Group structure as at 31 March 2012:



Scope of consolidation

The consolidated financial statements as at 31 March 2012 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 2012, 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 2012 and 31 March 2011, 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 2012

Name	HQ	Country	Currency	Share Capital (local currency/000)	Shareholders' equity (Euro/000)	Control %
Piquadro S.p.A.	Gaggio Montano (BO)	Italy	Euro	1,000	29,273	Parent Company
Uni Best Leather Goods Co. Limited	Kowloon	Hong Kong	HKD	1	90	100%
Piquadro España Slu	Barcelona	Spain	Euro	198	2	100%
Piquadro Deutschland Gmbh	Munich	Germany	Euro	25	(45)	100%
Piquadro BV	Zoetermeer	The Netherlands	Euro	300	303	100%
Uni Best Leather Goods Zhongshan Co Limited	Guangdong	People's Republic of China	RMB	3,576	(672)	100%
Piquadro Hong Kong Limited	Hong Kong	Hong Kong	HKD	2,000	(10)	100%
Piquadro Macau Limitada	Macau	Macau	HKD	25	89	100%
Piquadro Trading (Shenzhen) Co. Ltd.	Shenzhen	People's Republic of China	RMB	13,799	1,078	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	NTD	25,000	491	100%
Piquadro Middle East Leather Products LLC*	Abu Dhabi	United Arab Emirates	AED	150	(903)	49%

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

Scope of consolidation as at 31 March 2011

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

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

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

Compared to the financial year ended 31 March 2011, in the financial year ended 31 March 2012 a new company, named Piquadro BV, with registered office in Zoetermeer (The Netherlands) was included in the scope of consolidation. Piquadro BV is the company that manages the first directly-operated store of the Group in the Netherlands at the Designer Outlet Centre in Roermond.

As previously illustrated, on 25 October 2011 the competent Chinese authorities authorised the transfer to Piquadro S.p.A. by Unibest Leather Goods Co. Limited of the equity investment held by the latter in Unibest Leather Goods (Zhongshang) Co. Limited (equal to 50% of the share capital of the same). Therefore, at the closing date of these financial statements, this company was directly wholly owned by the Parent Company. This transaction has had no effects on the consolidated financial statements of the Group.

Accounting policies

The accounting policies used in preparing the consolidated financial statements as at 31 March 2012, 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 2011/2012 (foreign currency corresponding to Euro 1):

Foreign currency	Average*		Closing*	
	2012	2011	2012	2011
Hong Kong Dollar	10.72	10.28	10.37	11.06
Renminbi (Yuan)	8.81	8.87	8.41	9.30
Arab Emirates Dirham (AED)	5.06	4.86	4.91	5.22
Taiwan Dollar	40.60	40.74	39.42	41.79

* **e**xchange rates are rounded up to the second decimal place

Intangible assets

Intangible assets purchased or internally produced are entered under assets when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset may be determined reliably. These assets are valued at their purchase or production cost.
Intangible assets relate to assets without an identifiable physical substance, which are controlled by the company and are able to generate future economic benefits, as well as any possible goodwill.

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

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

(i) Research and development costs

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

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

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

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

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

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

(iii) Key money

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

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

Property, plant and equipment

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

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

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

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

Land	Unlimited useful life
Buildings	3%
Leaseholds 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%

*Or over the term of the lease agreement should the same be lower and there is not reasonable certainty of the renewal of the same at the natural expiry of the contract.

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

Ordinary maintenance costs are fully charged to the income statement. Costs for improvements, renewal and transformation increasing the value of property, plant and equipment are charged as an increase in the relevant assets and depreciated separately.
Financial charges directly attributable to the construction or production of a tangible fixed asset are capitalised as an increase in the asset under construction, up to the time when it is available for use.

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

Business combinations

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

Business combinations of entities under common control

Business combinations of entities under common control (in this regard, see OPI [Orientamento Preliminare in tema di IFRS, Preliminary guideline on IFRS] no. 1 issued by Assirevi) are business combinations of entities which are ultimately controlled by the same persons both before and after the business combination and the control is not of a temporary nature. The presence of minority interests in each of the entities being combined before or after the combination transaction is not significant in order to determine whether the combination involves entities under common control.
Business combinations of entities under common control are accounted for so that the net assets of the acquired entity and of the acquiring entity are recognised at the book values they had in the respective accounts before the transaction (continuity of values), without recognising, in the consolidated financial statements, surplus values (if any) arising from these combinations and accounted for in the separate financial statements of the Company.

Equity investments in associated companies and other companies

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

Receivables and other non-current and current assets

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

Inventories

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

Cash and cash equivalents

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

Impairment losses of assets

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

Equity

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

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

Entries are made in the translation reserve at the time of recognition of the exchange rate differences relating to the consolidation of the companies which prepare the financial statements in a currency other than the Euro.

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

Stock Option plans

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

Hedging financial instruments

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

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

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

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

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

If the hedge accounting cannot be applied, the profits or losses arising from the measurement at fair value of the derivative financial instrument are immediately entered in the income statement.

Earnings per share

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

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

Financial liabilities

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

Financial instruments and IFRS 7

The category of financial instruments

As required by the accounting standard IFRS 7**,** below is reported the breakdown of the financial instruments by category relating to the financial years ended 31 March 2012 and 31 March 2011, 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)	31/03/2012	FVTPL	LAR	AFS	FLAC	IAS 17 leasing	Measurement at fair value	Effect through P&L
Trade receivables	23,113		23,113				23,113	
Assets for financial instruments	-							
Cash and cash equivalents	12,813		12,813				12,813	
Assets	**35,926**		**35,926**				**35,926**	
Non-current borrowings	2,628				2,628		2,628	-
Payables to other lenders for non-current lease agreements	3,706					3,706		136
Current borrowings	11,997				11,997		11,997	162
Payables to other lenders for current lease agreements	709					709		-
Trade payables	13,856		13,856				13,856	
Liabilities for financial instruments	3		3				3	-
Liabilities	**32,899**		**13,859**		**14,625**	**4,415**	**28,484**	**298**

(in thousands of Euro)	31/03/2011	FVTPL	LAR	AFS	FLAC	IAS 17 leasing	Measurement at fair value	Effect through P&L
Trade receivables	21,418	-	21,418	-	-	-	21,418	-
Assets for financial instruments	-	-	-	-	-	-	-	-
Cash and cash equivalents	10,727	-	10,727	-	-	-	10,727	-
Assets	**32,145**	**-**	**32,145**	**-**	**-**	**-**	**32,145**	**-**
Non-current borrowings	5,266	-	-	-	5,266	-	5,266	-
Payables to other lenders for non-current lease agreements	4,469	-	-	-	-	4,469	-	116
Current borrowings	3,805	-	-	-	3,805	-	3,805	148
Payables to other lenders for current lease agreements	865	-	-	-	-	865	-	-
Trade payables	13,301	-	13,301	-	-	-	13,301	-
Liabilities for financial instruments	38	12	26	-	-	-	38	12
Liabilities	**27,744**	**12**	**13,327**	**-**	**9,071**	**5,334**	**22,410**	**276**

Key
FVTPL: Fair value through Profit and Loss
LAR: Loans and Receivables
AFS: Available for Sale
FLAC: Financial Liabilities measured at Amortized Cost

Risk factors

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

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

Credit risk

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

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

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

(in thousands of Euro)	**Provision as at 31 March 2011**	**Use**	**Provision**	**Provision as at 31 March 2012**
Provision for bad debts	1,016	(227)	441	1,230
Total provision	**1,016**	**(227)**	**441**	**1,230**

Position of the loans

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

(in thousands of Euro)		Loans falling due	Expired loans			Provision for bad debts
31/03/2012	Amount in the accounts		1-60 days	61-120 days	Over 120 days	
Dos	-	-	-	-	-	-
Wholesale	23,113	19,469	1,440	739	2,695	(1,230)
Total	**23,113**	**19,469**	**1,440**	**739**	**2,695**	**(1,230)**

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

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 2012 and 31 March 2011:

	31/03/2012	***31/03/2011***
Cash ratio(*)	*0.43*	*0.47*
Quick ratio (**)	*1.29*	*1.53*
Current ratio(***)	*1.69*	*1.98*
Net financial debt/Ebitda	*0.44*	*0.22*
Interest coverage ratio(****)	*114.12*	*25.32*

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

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

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

Liquidity schemes

Type of instruments	Amount in the accounts	Within 1 year	From 1 year to 5 years	Beyond 5 years	Total
31/03/2012					
Payables to banks for Loans	5,625	3,074	2,690	-	5,764
Payables to banks for credit lines	9,000	9,000	-	-	9,000
Trade payables	13,856	13,856			13,856
Other borrowings (leasing)	4,415	841	2,254	1,541	4,636
Derivative liabilities for IRS contract	1	16	4		20
Derivative liabilities for USD forward contracts	2	2			2
Total	**32,899**	**26,789**	**4,948**	**1,541**	**33,278**

Type of instruments	Amount in the accounts	Within 1 year	From 1 year to 5 year	Beyond 5 years	Total
31/03/2011					
Payables to banks for Loans	9,071	3,939	5,407	-	9,346
Payables to banks for credit lines	-	-	-	-	-
Trade payables	13,301	13,301	-	-	13,301
Other borrowings (leasing)	5,334	1,032	3,418	1,594	6,044
Derivative liabilities for IRS contract	7	16	20	-	36
Derivative liabilities for USD forward contracts	31	31	-	-	31
Total	**27,744**	**18,319**	**8,845**	**1,594**	**28,758**

Below are reported the main assumptions for the table above:

- Loans payable: the future cash flows have been provided directly by the banks concerned;
- 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 March 2012 the payment spread has been calculated for the instrument, by assuming that the 3-month Euribor rate (equal to 0.78%) 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 2012, the Group could rely on about Euro 38,257 thousand of unused credit lines (about Euro 29,928 thousand as at 31 March 2011) and on liquid assets of about Euro 12,813 thousand (Euro 10,727 thousand as at 31 March 2011). 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 23,113 thousand as at 31 March 2012 (Euro 21,418 thousand as at 31 March 2011).

Market risk

Foreign exchange risk

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

During the FY 2011/2012 ended 31 March 2012, the Parent Company executed currency forward contracts for USD 16,250 thousand, equal to an aggregate counter-value of Euro 11,707 thousand, with an average exchange rate of USD 1.3881.

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

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

	Book value	Of which subject to FER	Foreign exchange risk (FER) +10% Euro/Usd Profits and (Losses)	+10% Euro/Usd Other changes in Equity	-10% Euro/Usd Profits and (Losses)	-10% Euro/Usd Other changes in Equity
Financial assets						
Cash and cash equivalents	12,813	11	(1)		1	
Trade receivables	23,113					
Derivative financial instruments	-	-	-	-	-	-
			(1)		1	
Financial liabilities						
Borrowings	14,625	-	-	-	-	-
Payables to other lenders for lease agreements	4,415	-	-	-	-	-
Trade payables	13,856	1,808	164		(201)	
Derivative financial instruments	3	2		312		(384)
			164	312	(201)	(384)
Total increases (decreases) as at 31/03/2012			**163**	**312**	**(200)**	**(384)**

	Book value	Of which subject to FER	Foreign exchange risk (FER) +10% Euro/Usd Profits and (Losses)	+10% Euro/Usd Other changes in Equity	-10% Euro/Usd Profits and (Losses)	-10% Euro/Usd Other changes in Equity
Financial assets						
Cash and cash equivalents	10,727	1,880	(171)	-	209	-
Trade receivables	21,418	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
			(171)	-	209	-
Financial liabilities						
Borrowings	9,071	-	-	-	-	-
Payables to other lenders for lease agreements	5,334	-	-	-	-	-
Trade payables	13,301	3,014	193	-	(236)	-
Derivative financial instruments	38	31	84	132	(144)	(226)
			277	132	(380)	(226)
Total increases (decreases) as at 31/03/2011			**106**	**132**	**(171)**	**(226)**

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 2012, the amount of Euro 2 thousand in the liabilities represented the fair value of the forward contracts hedging foreign exchange risks for a notional amount of USD 4,600 thousand.

Interest rate risk

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

The transaction has the following characteristics

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

It follows that the company has hedged the risk of increases in the interest rate linked to the performance of the 3-month Euribor; the cost of the transaction is represented by the fixed spread equal to 0.30%.
In these financial statements, on 31 March 2012 the Group accounted for "financial liabilities for derivative instruments" for Euro 1 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	12,813	12,813	64		(64)	
Trade receivables	23,113					
Derivative financial instruments						
			64		(64)	
Financial liabilities						
Borrowings	5,625	5,625	(28)		28	
Payables to banks for credit lines	9,000	9,000	(45)	-	45	-
Trade payables	13,856					
Other borrowings (leasing)	4,415	4,415	(22)	-	22	-
Derivative financial instruments	3	1		(4)		4
			(95)	(4)	95	4
Total increases (decreases) as at 31/03/2012			**(31)**	**(4)**	**31**	**4**

			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	10,727	10,727	54	-	(54)	-
Trade receivables	21,418	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
			54	-	(54)	-
Financial liabilities						
Payables to banks for Loans	9,071	9,071	(45)	-	45	-
Payables to banks for credit lines	-	-	-	-	-	-
Trade payables	13,301	-	-	-	-	-
Other borrowings (leasing)	5,334	5,334	(27)	-	27	-

Derivative financial instruments	7	7	-	(12)	-	12
			(72)	(12)	72	12
Total increases (decreases) as at 31/03/2011			**(18)**	**(12)**	**18**	**12**

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 2012	31 March 2011
Net financial position	6,228	3,678
Equity	28,790	25,903
Total capital	35,018	29,581
Gearing ratio	**17.8%**	**12.4%**

Fair Value

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

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

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

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

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

Employee benefits

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

Law no. 296 of 27 December 2006, the 2007 Finance Law, introduced considerable amendments as regards the allocation of funds of the provision for TFR . Until 31 December 2006, TFR was included within the scope of post-employment benefit plans, of the “defined benefit” type of plans and was measured according to IAS 19, using the

Projected Unit Credit method made by independent actuaries. This calculation consists in estimating the amount of the benefit that an employee will receive on the alleged date of termination of the employment relationship using demographic and financial assumptions. The amount that is thus calculated is then discounted back and re-proportioned on the basis of the length of service built up against the total length of service and it is a reasonable estimate of the benefits that each employee has already accrued with respect to the work performed. Actuarial gains and losses arising from changes in the actuarial assumptions used are recognised in the income statement.
As a result of the reform of supplementary pension schemes, the provision for TFR, as regards the portion accrued from 1 January 2007, is to be considered as being substantially assimilated to a "defined contribution plan". In particular, these amendments introduced the possibility for workers to choose where to allocate the TFR that is accruing. In companies with more than 50 employees, the new TFR flows may be allocated by the worker to selected pension schemes or kept in the company and transferred to INPS (Istituto Nazionale di Previdenza Sociale, National Social Security Institute).

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

Provisions for risks and charges

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

Income taxes

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

Currency translation

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

Revenue recognition

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

Cost recognition

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

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

Use of estimates

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

Main estimates adopted by the Management

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

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

- Amortisation and depreciation of fixed assets: the cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the related assets. The useful economic life of the Group's fixed assets is determined by the Directors at the time when the fixed asset has been purchased; it is based on past experience for similar fixed assets, market conditions and expectations regarding future events which could have an impact on the useful life, including changes in technology. Therefore, the actual economic life may differ from the estimated useful life. The Group periodically evaluates technological and sector changes in order to update the residual useful life. This periodical update could involve a variation in the depreciation period and therefore also in the depreciation rate for future financial years.
- Deferred taxes: deferred tax assets are accounted for on the basis of the income expected in the future financial years. The measurement of the expected income for the purposes of accounting for deferred taxes depends on factors which can vary over time and determine significant effects on the measurement of deferred tax assets.
- Provisions for legal and tax risks: provisions are made for legal and tax risks, if required, which represent the risk of being the losing party. The amount of the provisions (if any) entered in the accounts statements relating to such risks represents the best estimate at that time made by Management. This estimate entails the adoption of assumptions which depend on factors which can vary over time and which could therefore have effects compared to the current estimated made by the Directors for the preparation of the financial statements.

Below are reported the critical accounting estimates of the process of drawing up the financial statements for which the Management has availed itself of the support and valuations of independent third-party experts (actuaries and financial advisors). Please note that future amendments (if any) to the conditions underlying the judgments, assumptions and estimates adopted could have an impact on the results of financial years after 2011/2012:

- 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**
2.5% for 2012 and 2.00% for 2011	7.5% frequency both for 2012 and 2011	3% for 2012 and 3% for 2011

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

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

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

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

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

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

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

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

- IFRS 3 (improved) – "Business combinations": the amendment clarifies that the components of minority interests, which do not entitle the holders to receive a proportional portion of net assets of the subsidiary, must be measured at fair value or as required by the applicable accounting standards. Furthermore, the improvement carries out an in-depth analysis of share-based payment plans which are replaced within a business combination, adding specific guidelines to clarify the relevant accounting treatment.

- IFRS 7 (improved) – "Improved Disclosures about Financial Instruments": the amendment provides clarifications on the interaction between additional qualitative and quantitative information disclosure relating to the risks inherent in financial instruments. Furthermore, the amendment eliminates the requests for information disclosure about expired financial assets which appear to be renegotiated or written down.

- IAS 1 (improved) – "Presentation of financial statements": the amendment provides for the presentation of the reconciliation of any changes in the individual components of equity in the notes to or the formats of financial statements.

- IAS 34 (improved) – "Interim Financial Reporting": the amendment concerns clarifications about any additional information required for the purposes of the preparation of interim financial statements.

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

Starting from 1 April 2012, the following amendments to the accounting standards will be applicable on a compulsory basis, as the EU endorsement process has already been concluded:

- IFRS 7 (amended) – "*Financial instruments: Disclosures*": the amendment, which is applicable to the financial statements of the financial years that began after 1 July 2011, promotes transparent disclosures, in the accounts, on the transfer (derecognition) of financial assets in the portfolio, thus improving the disclosures relating to the risks retained by the entity that has made the transfer and the effects on the financial position, in particular in the event that these transfers have been made at the end of an accounting period.

- IAS 1 – "*Presentation of financial statements*", which was published by the IASB on 16 June 2011 and which will be applicable from 1 July 2012, amends the presentation of the statement of comprehensive income, requiring the separate indication of components, regardless of whether they may be subsequently reclassified to the income statement.

- IAS 19 – "*Employee benefits*", which was published by the IASB on 16 June 2011 and which will be applicable from 1 January 2013, eliminates the possibility of applying the corridor method, requiring the recognition of the cost of the work performance and of financial interest in the income statement and the recognition of the entire amount of actuarial gains/losses in the statement of comprehensive income. Furthermore, it also amends the procedure to determine the interest cost.

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

Accounting standards being adopted by the European Union

The following updates of the IFRS standards (as already approved by the IASB), as well as the following interpretations and amendments, are being approved by the competent bodies of the European Union:

- IFRS 1 (amended) – "*First-time Adoption of International Financial Reporting Standards*", which was published by the IASB on 20 December 2010 and which will be applicable from 1 July 2011.

- IFRS 7 (amended) – "*Financial instruments: Disclosures*", which was published by the IASB on 16 December 2011 and which will be applicable from 1 January 2013. This standard requires more disclosures on the effects of setoffs of financial assets and liabilities on the statement of financial position.

- IFRS 9 "*Financial instruments*": the standard was published by the IASB on 12 November 2009 and was subsequently amended on 28 October 2010. The standard, which will be applicable from 1 January 2015, represents the first part of a multi-phase process aimed at replacing IAS 39 and introduces new criteria for the classification of financial assets and liabilities and for the derecognition of financial assets.

- IFRS 10 – "*Consolidated Financial Statements*", which was published by the IASB on 12 My 2011 and which will be applicable from 1 January 2013, establishes new standards for preparing consolidated financial statements.

- IFRS 11 – "*Joint arrangements*", which was published by the IASB on 12 May 2011 and which will be applicable from 1 January 2013, redefines the procedures to account for jointly-controlled equity investments in the consolidated financial statements.

- IFRS 12 – "*Disclosure of Interests in Other Entities*", which was issued by the IASB on 12 May 2011 and which will be applicable from 1 January 2013, extends the disclosures required in relation to the various types of equity investments.

- IFRS 13 – “*Fair Value Measurement*”, which was issued by the IASB on 12 May 2011 and which will be applicable from 1 January 2013, provides a univocal definition of the concept of fair value and clarifies the procedures to determine it for the purposes of the financial statements.

- IAS 12 (amended) – “*Income taxes – Recovery of Revalued Non-Depreciable Asset*”, which was published by the IASB on 20 December 2010 and which will be applicable from 1 January 2012, clarifies the procedure to determine deferred taxes in the case of investment properties measured at fair value according to IAS 40.

- IAS 27 (revised) – “S*eparate Financial Statements*”, which was issued by the IASB on 12 May 2011 and which will be applicable from 1 January 2013.

- IAS 28 (revised) – “*Investments in associates*”, which was issued by the IASB on 12 May 2011 and which will be applicable from 1 January 2013.

- IFRIC 20 – “*Stripping costs in the production phase of a surface mine*”, which was published by the IASB on 19 October 2011 and which will be applicable from 1 January 2013.

- IAS 32 (amended) – “*Financial instruments: presentation*”, which was published by the IASB on 16 December 2011 and which will be applicable from 1 January 2014.

- IFRS 1 (amended) – *First-time Adoption of International Financial Reporting Standards*” – Government Loans, which was published by the IASB on 13 March 2012 and which will be applicable from 1 January 2013.

- Improvements to IFRSs (2009-2011) (amendments), which was published by the IASB on 13 May 2012 and which will be applicable from 1 January 2013.

As at the date of this annual financial report, it is not deemed that the amendments listed above may have potential significant impacts on the equity, financial and economic position of the Group.

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION

ASSETS

Non-current assets

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

Nota 1 – Intangible assets

The table below reports the opening balance, the changes that occurred in the FY 2010/2011 and FY 2011/2012 and the final balance of intangible assets:

(in thousands of Euro)	Development costs	Industrial patent rights	Software, licences, trademarks and other similar rights	Other fixed assets	Fixed assets under development	Total
Gross value	592	36	999	1,620	86	3,333
Amortisation fund	(462)	(26)	(791)	(1,406)	-	(2,685)
Net value as at 31/03/2010	**130**	**10**	**208**	**214**	**86**	**648**
Increase for the period	-	3	389	100	-	492
Decrease for the period	-	-	-	-	-	-
Reclassifications	-	-	86	-	(86)	-
Amortisation	(78)	(5)	(147)	(89)	-	(319)
Write-downs	-	-	-	(27)	-	(27)
Other changes	-	-	(4)	-	-	(4)
Exchange differences	-	-	-	-	-	
Gross value	592	39	1,470	1,259	-	3,363
Amortisation fund	(540)	(31)	(938)	(1,061)	-	(2,573)
Net value as at 31/03/2011	**52**	**8**	**532**	**198**	**-**	**790**
Increase for the period	-	6	266	924	-	1,196
Decrease for the period						
Reclassifications	-	-	-	-	-	-
Amortisation	(52)	(6)	(234)	(111)	-	(403)
Write-downs	-	-	(17)	(38)	-	(55)
Other changes	-	-	-	-	-	
Exchange differences	-	-	-	-	-	
Gross value	592	45	1,719	2,145	-	4,501
Amortisation fund	(592)	(37)	(1,172)	(1,172)	-	(2,973)
Net value as at 31/03/2012	**-**	**8**	**547**	**973**	**-**	**1,528**

In the financial year ended 31 March 2012, the increases in intangible assets, equal to Euro 1,196 thousand (Euro 492 thousand as at 31 March 2011), related to industrial patent rights for Euro 6 thousand, investments in software and IT products for Euro 199 thousand, trademarks for Euro 67 thousand and the key moneys paid for the openings of the new shops located in Milan at C.so Buenos Aires and Assago (equal to Euro 844 thousand and Euro 80 thousand, respectively) for Euro 924 thousand.
No intangible assets with an indefinite useful life are reported in the accounts.

In the course of the FY 2011/2012 no trigger events occurred as to the key moneys paid for the opening of shops (Rome, Milan – Via della Spiga, Bologna, Assago and Milan – Corso Buenos Aires), 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 2010/2011 and FY 2011/2012 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	2,542	7,512	343	178	17,665
Depreciation fund	-	(745)	(1,893)	(3,211)	(299)	-	(6,148)
Net value as at 31/03/2010	**878**	**5,467**	**649**	**4,301**	**44**	**178**	**11,517**
Increase for the period	-	71	221	1,828	-	17	2,137
Sales and derecognitions	-	-	(4)	(36)	(13)	(41)	(94)
Depreciation	-	(188)	(310)	(977)	(21)	-	(1,496)
Write-downs	-	-	-	-	-	-	-
Reclassification of historical cost for the year	-	-	-	22	57	(79)	-
Other reclassifications	-	-	-	44	(44)	-	-
Exchange differences	-	-	-	-	-	-	-
Gross value	878	6,283	2,703	9,284	336	74	19,562
Depreciation fund	-	(933)	(2,147)	(4,101)	(313)	-	(7,498)
Net value as at 31/03/2011	**878**	**5,350**	**556**	**5,183**	**23**	**74**	**12,064**
Increase for the period	-	-	56	1,935	-	-	1,991
Sales and derecognitions	-	-	-		-	-	
Depreciation	-	(196)	(241)	(1,178)	(11)	-	(1,626)
Write-downs	-	-	-	(366)	-	-	(366)
Reclassification of historical cost for the year	-	-	(168)	168	-	-	-
Other reclassifications	-	-	-	74	-	(74)	-
Exchange differences	-	-	4	65			69
Gross value	878	6,283	2,595	11,159	336	-	21,256
Depreciation fund	-	(1,129)	(2,388)	(5,279)	(324)	-	(9,120)
Net value as at 31/03/2012	**878**	**5,154**	**207**	**5,881**	**12**	**-**	**12,132**

On the contrary, increases in property, plant and equipment, equal to Euro 1,991 thousand in the financial year ended 31 March 2012 (Euro 2,137 thousand as at 31 March 2011), were mainly attributable to furniture and fittings for Euro 1,738 thousand and to sundry equipment purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro 46 thousand, to the purchases of moulds relating to new products for Euro 56 thousand and to the purchase of electronic machines for Euro 151 thousand.

Write-downs, equal to Euro 366 thousand, related to the write-down of furniture and fittings for the disposal of some points of sale in Italy (Euro 116 thousand), Spain (Euro 76 thousand), China (Euro 109 thousand), Taiwan (Euro 19 thousand) and Arab Emirates (Euro 46 thousand).

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

(in thousands of Euro)	31 March 2012	31 March 2011
Land	878	878
Buildings	5,154	5,350
Plant and equipment	-	151
Industrial and business equipment	374	689
Total	**6,406**	**7,068**

Note 3 – Receivables from others

Receivables from others (equal to Euro 977 thousand as at 31 March 2012 compared to Euro 872 thousand as at 31 March 2011) 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 2012	31 March 2011
Deferred tax assets:		
- within 12 months	353	241
- beyond 12 months	1,108	1,108
	1,461	**1,349**
Deferred tax liabilities		
- within 12 months	129	187
- beyond 12 months	198	283
	327	**470**
Net position	**1,134**	**879**

Below are reported the relevant changes:

(in thousands of Euro)	31 March 2012	31 March 2011
Net opening position	**879**	**686**
Credit/(Debit) to the income statement	185	186
Credit/(Debit) to equity	70	7
Total	**1,134**	**879**

(in thousands of Euro)	Provisions	Amortisation	Derivatives measured at fair value	Lease	Other	Total
Balances as at 31.03.10	**629**		**8**	**(147)**	**196**	**686**
Effect on the income statement	79		11		103	193
Effect on the equity						
Balances as at 31.03.11	**708**		**19**	**(147)**	**299**	**879**
Effect on the income statement	188	2	(18)	147	(134)	185
Effect on the equity					70	70
Balances as at 31.03.12	**896**	**2**	**1**	**-**	**235**	**1,134**

The amount of deferred tax assets (equal to Euro 1,461 thousand as at 31 March 2012 against Euro 1,349 thousand as at 31 March 2011) is mainly made up of temporary tax differences relating to Piquadro S.p.A. (Euro 957 thousand as at 31 March 2012 against Euro 1,247 thousand as at 31 March 2011), 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 340 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 2012	Provision for write-down	Net value as at 31 March 2012	Net value as at 31 March 2011
Raw Materials	1,699	(151)	1,548	1,657
Semi-finished products	434	-	434	459
Finished products	10,116	(187)	9,929	7,988
Inventories	**12,249**	**(338)**	**11,911**	**10,104**

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 2011	Use	Allocation	Provision as at 31 March 2012
Provision for write-down of raw materials	151		-	151
Provision for write-down of finished products	337	(150)	-	187

Total provision for write-down of inventories	**488**	**(150)**	**-**	**338**

31 March 2012 saw the recognition of an increase of Euro 1,807 thousand in inventories compared to the corresponding values at 31 March 2011. This increase is attributable both to the growth in the Group's turnover and to the increases in the stock quantities aimed at meeting the requirements arising from the growth in the turnover and the orders in progress. Also note an increase in the average stock held at the Company-owned shops also in order to seize sales opportunities which otherwise could not be achieved.

Note 6 – Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	31 March 2012	31 March 2011
Receivables from customers	24,343	22,434
Provision for bad debts	(1,230)	(1,016)
Current trade receivables	**23,113**	**21,418**

Gross trade receivables at 31 March 2012 increased, compared to 31 March 2011 (Euro 1,909 thousand, up by about 8.5%), despite a stable wholesale compared to 31 March 2011.

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 2012	Provision as at 31 March 2011
Balance at the beginning of the year	1,016	933
Effect through P&L	441	127
Uses	(227)	(44)
Total provision for bad debts	**1,230**	**1,016**

Note 7 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	31 March 2012	31 March 2011
Other assets	644	1,429
Accrued income and prepaid expenses	793	1,097
Other current assets	**1,437**	**2,526**

Accrued income and prepaid expenses include prepaid expenses on leases of the Parent Company (Euro 182 thousand as at 31 March 2012 against Euro 103 thousand as at 31 March 2011) and prepaid expenses on set of samples relating to the clothing collection for autumn/winter 2012 and spring/summer 2012 for Euro 153 thousand (Euro 335 thousand at 31 March 2011).

Note 8 – Tax receivables

As at 31 March 2012 tax receivables were equal to Euro 714 thousand and fully referred to the advances paid by the Parent Company for IRES and IRAP taxes, net of current taxes. As at 31 March 2011 the group had recorded tax payables equal to Euro 736 thousand.

Note 9 – Derivative assets

Both at 31 March 2012 and at 31 March 2011, there were no assets relating to the currency forward purchases, nor assets relating to hedging of financial instruments.

Note 10 – 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 2012	31 March2011
Available current bank accounts	12,747	10,617
Cash, cash on hand and cheques	66	110
Cash and cash equivalents	**12,813**	**10,727**

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

LIABILITIES

Note 11 – Shareholders' Equity

Share capital

As at 31 March 2012, 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 Parent 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 2012 no. 160,000 options assigned had expired, as they had not been exercised, and no option had been vested out of the remaining 1,440,000 initially assigned.

Share premium reserve

This reserve, which remained unchanged compared to the previous financial year, was equal to Euro 1,000 thousand.

Translation reserve

As at 31 March 2012 the reserve was positive for Euro 66 thousand (it reported a positive balance of Euro 12 thousand as at 31 March 2011). 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 and Piquadro Macau (the relevant currency being the Hong Kong Dollar), Uni Best Leather Goods (Zhongshan) Co. Ltd and Piquadro Trading (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 7,779 thousand as at 31 March 2012.

During the financial year ended 31 March 2012, the Parent Company's profit for the period, as resulting from the annual accounts as at 31 March 2011, was allocated as follows:

- Euro 5,000 thousand to dividends, corresponding to earnings per share equal to about Euro 0.1 per share to n. 50,000,000 outstanding shares and to a payout of about 55.0% of the profit for the period.

- Euro 4,097 thousand to Profits carried forward.

Equity attributable to minority interests

Equity attributable to minority interests, as in the previous financial year, was equal to zero.

It should be noted that, by virtue of specific provisions of the by-laws and separate agreements, the Parent Company is entitled to the totality of corporate quotas and the profits of Piquadro Middle East Leather Products LLC., in addition to retaining full control of the corporate governance.

Non-current liabilities

Note 12 – Borrowings

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

(in thousands of Euro)	31 March 2012	31 March 2011
Borrowings from 1 to 5 years	2,628	5,266
Borrowings beyond 5 years	-	-
Medium/long-term borrowings	**2,628**	**5,266**

As at 31 march 2012, borrowings mainly related to Piquadro S.p.A. and included:

1. Euro 800 thousand for the fully short-term loan granted on 16 January 2008 by Carisbo SpA (for an initial amount of Euro 5,300 thousand); this loan included a two-year pre-amortisation;

2. Euro 448 thousand for the 60-month unsecured loan disbursed by Carisbo S.p.A. on 1 September 2008 (for an initial amount of Euro 1,500 thousand), of which a current portion of Euro 300 thousand and a non-current portion of Euro 148 thousand; this loan was disbursed to partly finance the opening of new points of sales in Italy and abroad and to partly meet the group's financial requirements;

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

4. Euro 2,020 thousand for the unsecured loan granted by Carisbo S.p.A. in 22 November 2010 (for an initial amount of Euro 2,700 thousand), of which a current portion of Euro 540 thousand and a non-current portion of Euro 1,480 thousand, aimed at financing the Group's investment policy.

Below is reported the breakdown of the loans:

(in thousands of Euro)	Date of granting of the loan	Initial amount	Currency	Current borrowings	Non-current borrowings	Total
Carisbo loan	16 January 2008	5,300	Euro	800	-	800
Carisbo loan	1 September 2008	1,500	Euro	300	148	448
Carisbo loan	28 February 2009	3,500	Euro	1,000	1,000	2,000
Carisbo loan	22 November 2010	2,700	Euro	540	1,480	2,020
Currency loan – Unicredit	Piquadro Trading Shenzhen	900	CNY	357	-	357
				2,997	**2,628**	**5,625**

Note 13– Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	31 March 2012	31 March 2011
Non-current portion:		
Payables to leasing companies	3,706	4,469
Current portion:		
Payables to leasing companies	709	865
Payables to other lenders for lease agreements	**4,415**	**5,334**

Below is reported the following additional breakdown:

(in thousands of Euro)	31 March 2012	31 March 2011
Payables to other lenders for lease agreements:		
Due within 1 year	841	1,032
Due from 1 to 5 years	2,554	3,418
Due beyond 5 years	1,541	1,594
Financial interest to be paid	(521)	(710)
Present Value of payables to other lenders for lease agreements	**4,415**	**5,334**

As at 31 March 2012, payables to other lenders due beyond 12 months were equal to Euro 3,706 thousand and related to payables to leasing companies, and specifically to the residual debt of Euro 3,706 thousand relating to the lease agreement initially entered into by Piqubo Servizi S.r.l., which was merged by incorporation into Piquadro S.p.A. by deed of 24 October 2008, with Centro Leasing S.p.A. in relation to the plant, land and the automated warehouse located in Sassuriano, Silla di Gaggio Montano (Province of Bologna) (Euro 4,235 thousand as at 31 March 2011). Furthermore, it should be noted that, effective from 1 August 2006, Centro Leasing S.p.A. has transferred to Cassa di Risparmio di Pistoia e Pescia S.p.A. a share equal to 50% of the receivables relating to finance lease rentals arising from the said lease agreement.

Note 14 – 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 2010	**287**
Financial charges	9
Net actuarial Losses (Gains) accounted for in the period	(10)
Indemnities paid in the financial year	(28)

Balance as at 31 March 2011	**258**
Financial charges	12
Net actuarial Losses (Gains) accounted for in the period	30
Indemnities paid in the financial year	(39)
Balance as at 31 March 2012	**261**

The value of the provision as at 31 March 2012 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 15 – 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 March 2011**	Use	Allocation	**Provision as at 31 March 2012**
Provision for supplementary clientele indemnity	625	(171)	48	502
Other provisions for risks	227	(63)	120	284
Total	**852**	**(234)**	**168**	**786**

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 284 thousand mainly relate to other provisions for risks on returns on sales equal to Euro 70 thousand, Euro 10 thousand for provision for risks on repairs and Euro 204 thousand for other provisions for risks on potential liabilities generated by current operations.

Note 16 – Deferred tax liabilities

The amount of deferred tax liabilities, equal to Euro 327 thousand (Euro 470 thousand as at 31 March 2011) fully refers to the Parent Company; reference is made to the information reported in Note 4.

Current liabilities

Note 17 – Borrowings

As at 31 March 2012 borrowings were equal to Euro 11,997 thousand compared to Euro 3,805 thousand as at 31 March 2011 (for the breakdown, reference is made to Note 12). The balance related to a current portion of payables to banks for loans for Euro 2,997 thousand and payables to banks for credit lines for Euro 9,000 thousand.

Note 18 - Payables to other lenders for lease agreements

As at 31 March 2012 they were equal to Euro 709 thousand (Euro 865 thousand as at 31 March 2011) 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 19 thousand) and of the building, plant and equipment of the operational headquarters (Euro 690 thousand).

Note 19 – Derivative liabilities

As at 31 March 2012, liabilities relating to the hedging of derivative financial instruments (IRS) were equal to Euro 1 thousand (Euro 7 thousand as at 31 March 2011).

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

This transaction is accounted for according to the hedge accounting criteria (IAS 39). The valuation of this hedging contract entailed the recognition of a liability of Euro 1 thousand (Euro 7 thousand of financial liabilities as at 31 March 2011) which has been accounted for against an entry in the statement of comprehensive income.

At 31 March 2012 the liabilities relating to currency forward purchases (USD) were equal to Euro 2 thousand (at 31 March 2011 there were assets equal to Euro 31 thousand).
The Company hedges the exchange risk connected to purchases of raw materials in US dollars and for contract work done in China. In consideration for this risk, the Company makes use of instruments to hedge the risk attached to the related rate, trying to fix and crystallise the exchange rate at a level that is in line with the budget forecast. Only some of the derivative financial instruments have met all the conditions laid down for hedge accounting, accounting for at fair value again an entry in the statement of comprehensive income, and classified under an appropriate equity reserve for a value equal to Euro 1 thousand (net of deferred tax liabilities equal to Euro 0.4 thousand), while the remaining part has been accounted for in the income statement.

NET FINANCIAL POSITION

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

(in thousands of Euro)	**31 March 2012**	**31 March 2011**
(A) Cash	66	110
(B) Other cash and cash equivalents (available current bank accounts)	12,747	10,617
(C) Liquidity (A) + (B)	**12,813**	**10,727**
(D) Finance leases	(709)	(865)
(E) Current bank debt	(9,000)	-
(F) Current portion of non-current debt	(2,998)	(3,805)
(G) Current financial debt (D) + (E) + (F)	**(12,707)**	**(4,670)**
(H) Short-term net financial position (C) + (G)	**106**	**6,057**
(I) Non-current bank debt	(2,628)	(5,266)
(L) Finance leases	(3,706)	(4,469)
(M) Non-current financial debt (I) + (L)	**(6,334)**	**(9,735)**
(N) Net Financial Debt (H) + (M)	**(6,228)**	**(3,678)**

As at 31 March 2012, the Net Financial Position posted a negative value of about Euro 6.2 million, showing a deterioration of about Euro 2.6 million compared to the debt of Euro 3.6 million, recorded as at 31 March 2011. The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- investments in property, plant and equipment and intangible assets for about 3.2 million;
- dividends in relation to the FY 2010/2011 for Euro 5 million (with a payout equal to about 55.0% of the profit resulting from the annual accounts of the Parent Company);
- increase in the net current assets of about Euro 3 million, which was mostly due to the increase in inventories and trade receivables, as a result, for the latter, of a higher extension of the conditions for collection from customers.

Note 20 – Trade payables

Below is the breakdown of current trade liabilities:

(in thousands of Euro)	31 March 2012	31 March 2011
Payables to suppliers	13,856	13,301

As at 31 March 2012, the increase in payables to suppliers, equal to Euro 555 thousand (+4.2%), 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 2012.

Note 21 – Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	31 March 2012	31 March 2011
Payables to social security institutions	338	286
Payables to Pension funds	18	28
Other payables	531	1,303
Payables to employees	524	423
Advances from customers	44	43
Accrued expenses and deferred income	207	439
Payables for VAT	1,067	1,084
IRPEF tax payables and other tax payables	295	281
Other current liabilities	**3,024**	**3,887**

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, equal to Euro 524 thousand, included the Company's payables for remunerations to be paid and deferred charges with respect to employees (Euro 423 thousand as at 31 March 2011).

Note 22 – Tax payables

Below is the breakdown of tax payables:

(in thousands of Euro)	31 March 2012	31 March 2011
IRES tax (income taxes)	-	629
IRAP tax	-	107
Tax payables	**-**	**736**

At the reporting date IRES and IRAP tax payables were equal to zero (Euro 736 thousand as at 31 March 2012). In the course of the financial year ended 31 March 2012, the advances paid by the Parent Company were equal to Euro 4,692 thousand, compared to the current IRES and IRAP taxes referred to the tax burden calculated on the taxable income, equal to Euro 4,004 thousand. For this reason, the Group recorded tax receivables equal to Euro 714 thousand.

COMMENTS ON THE INCOME STATEMENT ITEMS

Note 23 – 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 2012	31 March 2011
Italy	48,761	46,816
Europe	10,250	9,720
Rest of the world	5,436	5,278
Revenues from sales	**64,447**	**61,814**

Note 24 – Other income

(in thousands of Euro)	31 March 2012	31 March 2011
Charge-backs of transport cost and collection	212	219
Legal and insurance refunds	5	119
Revenues from sales at the corners	127	279
Other sundry income	369	825
Other sundry income	**713**	**1.442**

Other income mainly relates to the Parent Company and is made up of Euro 127 thousand (Euro 279 thousand as at 31 March 2011) of revenues for charging back Corners and Euro 212 thousand (Euro 219 thousand as at 31 March 2011) from chargebacks of transport costs and collection to customers.
Sundry income, equal to Euro 369 thousand, mainly related to the Parent Company for Euro 335 thousand; the decrease compared to 31 March 2011 arises from the fact that the balance, in the FY 2010/2011, was positively affected by the sum of Euro 300 thousand obtained as goodwill for the assignment of the lease agreement relating to the Frankfurt shop.

Note 25 – Change in inventories

The change in inventories of raw materials was negative for Euro 18 thousand (positive for Euro 274 thousand as at 31 March 2011); the change in semi-finished and finished products was positive for Euro 1,566 thousand (positive for Euro 2,304 thousand in the FY 2010/2011).

Note 26 - 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 2012	31 March 2011
Piquadro S.p.A.	9,724	10,138
Uni Best Leather Goods Co. Ltd	2,232	1,788
Costs for purchases	**11,956**	**11,926**

The item “costs for raw materials” essentially includes the cost of materials used for the production of the Company’s goods and of consumables.

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

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

	Currency amount	Average exchange rate	Amount in thousands of Euro	Currency amount	Average exchange rate	Amount in thousands of Euro
		31 March 2012			**31 March 2011**	
Hong Kong Dollar	967,007	10.72	90	682,310	10.28	66
Renminbi	15,064,321	8.81	1,710	11,281,493	8.87	1,272
US Dollars	13,937,543	1.38	10,100	14,281,909	1.32	10,820
Total operating costs incurred in foreign currency			**11,900**			**12,158**

Overall, the Piquadro Group incurred, in the FY 2011/2012 operating costs denominated in a currency other than the Euro for an equivalent amount of about Euro 11.9 million, equal to 22.3% of the total operating costs (Euro 53,406 thousand), while in the financial year ended 31 March 2011 operating costs were borne for Euro 12.2 million equal to 25.0%.
During the financial year ended 31 March 2012, the Group reported a foreign exchange loss of Euro 497 thousand (Euro 688 thousand as at 31 March 2011), as a result of the dynamics of the foreign exchange market, as well as of the mentioned hedging transactions made by Piquadro S.p.A. through forward purchases of US Dollars.

In the FY 2011/2012, Piquadro made forward purchases of US Dollars for an overall amount of USD 16.3 million (USD 19.0 million in the FY 2010/2011) 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 11,707 thousand at the average exchange rate prevailing in the FY 2011/2012 (Euro 14,332 thousand at the average exchange rate prevailing in the FY 2010/2011); therefore 81.6% of the purchases in US Dollars made by the Parent Company was covered (in relation to the FY 2010/2011 the entire requirements of the purchases in US Dollars were covered).

Note 27 - Costs for services and leases and rentals

Below is reported the breakdown of costs for services:

(in thousands of Euro)	31 March 2012	31 March 2011
Costs for leases and rentals	5,237	4,165
External production	8,715	9,744
Advertising and marketing	3,125	3,236
Administrative services	1,644	1,262
Business services	3,247	3,570
Services for production	2,776	1,958
Transport services	3,552	3,843
Costs for services and leases and rentals	**28,296**	**27,778**

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

Note 28 - Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	31 March 2012	31 March 2011
Wages and salaries	9,749	7,783
Social security contributions	1,429	1,265
TFR	377	298
Personnel costs	**11,555**	**9,346**

The table below reports the exact number of the staff employed by the Group as at 31 March 2012 and 31 March 2011:

Units	31 March 2012	31 March 2011
Executives	8	7
Office workers	279	254
Manual workers	478	428
Total for the Group	**765**	**689**

In the financial year ended 31 March 2012, personnel costs reported an increase of 23.6%, passing from Euro 9,346 thousand in the financial year ended 31 March 2011 to Euro 11,555 thousand in the financial year ended 31 March 2012. The increase in personnel costs is due to the increase in staff of Piquadro S.p.A. and of subsidiaries that occurred in the course of the financial year ended 31 March 2012, mainly due to the opening of the new points of sales, in addition to growth dynamics of the internal organisation.

Furthermore, it should be noted that the impact of the number of staff employed for production activities (no. 391) over the total reported, equal to 765 people, is equal to 51.1%, while the impact of the cost of the same (Euro 1,417 thousand) on the total personnel costs (Euro 11,555 thousand) is equal to about 12.3%.

To supplement the information provided, below is also reported the average number of employees for the financial years ended 31 March 2012 and 31 March 2011:

Average unit	31 March 2012	31 March 2011
Executives	7	6
Office workers	280	225
Manual workers	480	359
Total for the Group	**767**	**590**

Note 29 - Amortisation, depreciation and write-downs

In the FY 2011/2012, amortisation and depreciation were equal to Euro 2,028 thousand (Euro 1,815 thousand as at 31 March 2011). Write-downs, equal to Euro 863 thousand, related to the provision for bad debts from customers for Euro 441 thousand (Euro 127 thousand as at 31 March 2011), and to the impairment loss of assets for Euro 421 thousand in relation to the write-down of some trademarks (for Euro 17 thousand), to the write-down of furniture and fittings of the shops located in Italy (Euro 116 thousand), Spain (Euro 114 thousand), China (Euro 109 thousand), Taiwan (Euro 19 thousand) and Arab Emirates (Euro 46 thousand).

Note 30 - Other operating costs

In the FY 2011/2012, other operating costs, equal to Euro 256 thousand, mainly related to charges connected with the use of the plant of the Parent Company (Euro 207 thousand as at 31 March 2011).

Note 31 - Financial income

The amount of Euro 986 thousand in the FY 2011/2012 (Euro 562 thousand as at 31 March 2011) mainly related for Euro 135 thousand (Euro 100 thousand as at 31 March 2011) to interest receivable on current accounts held by the Parent Company and for Euro 851 thousand of foreign exchange gains either realised or estimated (Euro 462 thousand as at 31 march 2011).

Note 32 - Financial charges

Below is the breakdown of financial charges:

(in thousands of Euro)	31 March 2012	31 March 2011
Interest payable on current accounts	22	16
Interest and expense subject to final payment	44	27
Financial charges on loans	152	138
Lease financial charges	136	116
Commissions on credit cards	68	33
Other charges	170	122
Foreign Exchange losses (both realised and estimated)	497	688
Financial Charges	**1,089**	**1,140**

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 33 - Income tax expenses

Below is reported the breakdown of income tax expenses:

(in thousands of Euro)	31 March 2012	31 March 2011
IRES tax (income taxes)	3,332	4,232
IRAP tax	731	856
Deferred tax liabilities	106	54
Deferred tax assets	(297)	(209)
Total taxes	**3,872**	**4,933**

Current taxes mainly relate to the tax burden calculated on the Parent Company's taxable income (Euro 3,977 thousand).

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

(in thousands of Euro)	31 March 2012	31 march 2011
Pre-tax result	11,651	14,030
Taxes calculated at the tax rate applicable in the individual Countries	3,612	4,347
Tax effect of income not subject to taxation	(3,797)	(4,526)
Tax effect of non-deductible costs	3,328	4,264
IRAP tax	729	848
Total	**3,872**	**4,933**

Note 34 - Earnings per share

As at 31 March 2012 diluted earnings per share amounted to Euro 0.151 (basic earnings per share amounted to Euro 0.156 as at 31 March 2012); they are calculated on the basis of the consolidated net profit attributable to the Group, equal to Euro 7,779 thousand, divided by the weighted average number of ordinary shares outstanding in the financial year, equal to 51,440,000 shares, including potential shares relating to the stock option plan resolved and granted on 31 January 2008. As at 31 March 2012, no. 160,000 options assigned expired in relation to the stock option plan named "2008 – 2013 Stock Option Plan of Piquadro S.p.A."
As at 31 March 2011, diluted earnings per share were equal to Euro 0.176 (basic earnings of Euro 0.182).

	31 March 2012	**31 March 2011**
Group net profit (in thousands of Euro)	7,779	9,097
Average number of outstanding ordinary shares (in thousands of shares) for the purposes of the calculation of diluted earnings per share	51,440	51,600
Diluted earnings per share (in Euro)	**0.151**	**0.176**
Group net profit (in thousands of Euro)	7,779	9,097
Average number of outstanding ordinary shares (in thousands of shares)	50,000	50,000
Basic earnings per share (in Euro)	**0.156**	**0.182**

Note 35 – Segment reporting

In the FY 2011/2012, about 27.2% of the Group's consolidated revenues was realised through the direct channel, while the remaining 72.8% of consolidated revenues was realised through the wholesale channel.

The table below illustrates the segment data of the Piquadro Group broken down by sales channel (DOSs and Wholesale), in relation to the financial years ended 31 March 2012 and 31 March 2011:

(in thousands of Euro)	**31 March 2012**				**31 March 2011**				
	DOS	**Wholesale**	**Total for the Group**	**% impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% impact (*)**	**% change 2012-2011**
Revenues from sales	**17,506**	**46,941**	**64,447**	**100%**	**14,809**	**47,005**	**61,814**	**100%**	**4.3%**
Other income	104	609	713	1.1%	475	967	1,442	2.3%	(50.5%)
Costs for purchases of materials	(1,945)	(8,463)	(10,408)	(16.1%)	(1,553)	(7,795)	(9,348)	(15.2%)	11.3%
Cost for services and leases and rentals	(9,272)	(19,025)	(28,297)	(43.9%)	(7,947)	(19,831)	(27,778)	(44.9%)	1.9%
Personnel costs	(5,134)	(6,421)	(11,555)	(17.9%)	(3,798)	(5,548)	(9,346)	(15.1%)	23.6%
Provisions and write-downs	-	(441)	(441)	(0.7%)	-	(127)	(127)	(0.2%)	247.6%
Other operating	(106)	(150)	(256)	(0.4%)	(31)	(176)	(207)	(0.3%)	(23.7%)

costs									
EBITDA	**1,153**	**13,050**	**14,203**	**22.0%**	**1,955**	**14,495**	**16,450**	**26.6%**	**(13.7%)**
Amortisation and depreciation			(2,449)	(3.8%)			(1,842)	(2.9%)	(33.0%)
Operating result			**11,754**	**18.2%**			**14,608**	**23.6%**	**(19.5%)**
Financial income and charges			(103)	(0.2%)			(578)	(0.9%)	(82.2%)
Pre-tax result			**11,651**	**18.1%**			**14,030**	**22.7%**	**(17.0%)**
Income taxes			(3,872)	(6.0%)			(4,933)	(7.9%)	(21.5%)
Profit for the period			**7,779**	**12.1%**			**9,097**	**14.7%**	**(14.5%)**
Result attributable to minority interests			-	-%			-	-%	(100%)
Group net result			**7,779**	**12.1%**			**9,097**	**14.7%**	**(14.5%)**

(*) Percentage impact compared to sales revenues.

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 2012 and 31 March 2011:

	31 March 2012				**31 March 2011**			
	Business Segment				**Business Segment**			
(in thousands of Euro)	**DOS**	**Wholesale**	**Unallocated**	**Total**	**DOS**	**Wholesale**	**Unallocated**	**Total**
Assets	5,550	44,174	16,362	66,086	6,790	39,968	13,092	59,850
Liabilities	4,175	18,166	14,955	37,296	4,214	20,154	9,579	33,947
Fixed assets	2,063	11,597	-	13,660	1,817	11,037	-	12,854

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 36 – Commitments

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

As at 31 March 2012, the Group had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2011/2012.

b) Commitments on operating lease agreements

As at 31 March 2012, 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 2011/2012, 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 2012			
(In thousands of Euro)	Within 12 months	From 1 to 5 years	Beyond 5 years	Total
Property lease	204	85	-	289
Factory lease	-	-	-	-
Other leases	4,023	7,851	922	12,796
Total	**4,227**	**7,936**	**922**	**13,085**

Note 37 – Relations with related parties

Piquadro S.p.A., the Parent Company of the Piquadro Group, operates in the leather goods market and designs, produces and markets articles under its own brand. The subsidiaries mainly carry out activities of distribution of products (Piquadro España SLU, Piquadro Deutschland GmbH, Piquadro BV, Piquadro Middle East Leather Products LLC, Piquadro Hong Kong Ltd, Piquadro Macau Limitada, Piquadro Trading (Shenzhen) Ltd. and Piquadro Taiwan Co. Ltd.), or production (Uni Best Leather Goods Hong Kong Co Ltd. and Uni Best Leather Goods Zhongsanhg Co. Ltd.).
The relations with Group companies are based on the organisational structure by which the Group itself is organised and the intergroup transactions, which are mainly commercial, are regulated at arm's length. There are also financial relations (inter-group loans) between the Parent Company and some subsidiaries, conducted at arm's length.

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

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

(in thousands of Euro)	**Receivables**		**Payables**	
	31 March 2012	**31 March 2011**	**31 March 2012**	**31 March 2011**
Financial relations with Piqubo S.p.A.	-	-	-	-
Total Receivables from and Payables to controlling companies	**-**	**-**	**-**	**-**

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

In the FY 2011/2012 no transactions were effected with Palmieri Family Foundation which is a non-profit foundation, whose founder is Marco Palmieri and which has the purpose of promoting activities aimed at the study, research, training, innovation in the field for the creation of jobs and employment opportunities for needy persons.

During the FY 2011/2012, Piqubo S.p.A., the ultimate parent company, charged Piquadro S.p.A. the rent (whose amount is reported in the table below) relating to the use of the plant located in Riola di Vergato (Province of Bologna) as a warehouse.

(in thousands of Euro)	Revenues		Costs	
	31 March 2012	**31 March 2011**	**31 March 2012**	**31 March 2011**
Costs for rents due to Piqubo S.p.A.	-	-	30	30
Total Revenues and Costs to controlling companies	**-**	**-**	**30**	**30**

In the FY 2011/2012 and FY 2010/2011, no economic transactions occurred with the majority Shareholder, Piquadro Holding S.p.A..

In the absence of economic relations, below are reported the following financial relations with Piquadro Holding S.p.A.:

- during the FY 2011/2012, Piquadro S.p.A. distributed dividends of Euro 3,415 thousand to the controlling company Piquadro Holding S.p.A., relating to the portion of profits relating to 68.307% of the share capital and concerning the profit for the FY 2010/2011, as per the resolution passed by the Shareholders' Meeting of 21 July 2011;
- during the FY 2010/2011, Piquadro S.p.A. distributed dividends of Euro 2,719 thousand to the controlling company Piquadro Holding S.p.A., relating to the portion of profits relating to 67.98% of the share capital and concerning the profit for the FY 2009/2010, as per the resolution passed by the Shareholders' Meeting of 22 July 2010.

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 2011/2012, 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 2012, Directors had not identified executives with strategic responsibilities):

First and last name	Position Held	Period in which the position was held	Term of office 1)	Fees for the position	Non-monetary benefits	Bonuses and other incentives	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/11-31/03/12	2013	400	7			407
PierpaoloPalmieri	Managing director	01/04/11-31/03/12	2013	200	4			204
Marcello Piccioli	Managing director	01/04/11-31/03/12	2013	273	3		4	280
Roberto Trotta	Managing director	01/04/11-31/03/12	2013	-2)	3	26	134 3)	163
Roberto Tunioli	Director	01/04/11-31/03/12	2013	25				25
Gianni Lorenzoni	Director	01/04/11-31/03/12	2013	25				25
Sergio Marchese	Director	01/04/11-31/03/12	2013	8				8
				931	**17**	**26**	**138**	**1,112**

1) up to the approval of the financial statements at 31 March
2) He waived the emolument for the period from 01/04/11 to 31/03/12
3) Fees relating to the remuneration from subordinate employment-executive

Fees due to the Board of Directors

(in thousands of Euro)

First and last name	Position held	Period in which the position was held	Term of office	Fees in Piquadro (in thousands of Euro)	Other fees	Total
Pietro Michele Villa	Chairman of the Board of Statutory Auditors	01/04/11-31/03/12	2013	24		24
Alessandro Galli	Regular Member	01/04/11-31/03/12	2013	17		17
Vittorio Melchionda	Regular Member	01/04/11-31/03/12	2013	17		17
				58		**58**

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

Type of services	**Entity performing the service**	**Fees (in thousands of Euro)**
Auditing	Parent Company's Auditors	97
Other services	Parent Company's Auditors and network of the Parent Company's Auditors	74
Supporting services to the manager responsible (Law no. 262)	Network of the Parent Company's Auditors	7
Auditing of subsidiaries	Network of the Parent Company's Auditors	76

Note 38 – Events after the year end

On 7 June 2012 the Parent Company's Board of Directors resolved to approve the guidelines of a new stock option plan for the 2012-2017 period.
The New 2012-2017 Plan will be reserved for certain directors, executives with strategic responsibilities, employees and collaborators of Piquadro S.p.A. and of other companies owned by it, which will be identified by the Board of Directors, subject to the opinion of the Remuneration Committee. A capital increase is expected to serve the New 2012-2017 Plan, excluding the right of option of the current shareholders, up to a maximum amount of Euro 93,998, with an issue of up to a maximum amount of 4,699,900 ordinary shares of the Company, of no par value, having the same features and enjoyment as the outstanding shares; it should be pointed out that this capital increase may be also implemented in more than one payment and is divisible; the ultimate deadline for collecting subscriptions is 31 December 2018; upon expiry of this deadline, the capital will be deemed to have been increased by an amount equal to the subscriptions made. The new shares will be offered at a subscription price - to be determined by the Board of Directors, with the opinion of the Remuneration Committee – that will be not less than

the accounting par value, equal to the higher of (i) Euro 1.53 per share and (ii) the average of official closing prices of the Piquadro shares on the stock exchange in the last 30 days before the grant date of the options.
The New 2012-2017 Plan will have a term of five years and the options assigned may be exercised only in the periods of exercise and according to the procedures that will be specified in the regulation of the New 2012-2017 Plan. The accrual of the options is subject to (i) the permanence of the relationship of administration, subordinate employment or collaboration, as the case may be (ii) the achievement by the Piquadro Group of certain EBIT targets, expected respectively for the related financial year, with a normalized positive NFP, as detailed in the regulation of the New 2012-2017 Plan and (iii) the circumstance that the Piquadro shares as at the date of accrual were listed in an Italian regulated market.
Therefore, the Board of Directors has resolved to submit the following proposal to the Shareholders' Meeting: (i) at the ordinary meeting, to approve the guidelines of the New 2012-2017 Plan, pursuant to article 114-bis of legislative decree no. 58 of 24 February 1998, delegating to the Board of Directors the power to identify the beneficiaries of the same and the number of rights of option to be assigned to each of them and the approval of the final regulation of the plan; and (ii) at the extraordinary meeting, to resolve the related capital increase, against payment, serving the New 2012-2017 Plan, up to an overall maximum value equal to Euro 93,998, with a subscription price to be determined by the Board itself in accordance with article 2441, paragraph 6, of the Italian Civil Code, having heard the opinion of the Remuneration Committee.
On the same date, the Board of Directors also resolved to submit a proposal to the Shareholders' Meeting for the partial cancellation, for a nominal amount of Euro 44,000, of the Company's capital increase of Euro 50,000, through the issue of a maximum number of 2,500,000 ordinary shares, as resolved by the Board of Directors on 28 February 2008 in order to serve the 2008-2013 stock option plan, which is currently in place.
In particular the partial cancellation concerns no. 2,200,000 shares, of which no. 1,300,000 shares relate to options that have already been assigned and that have been the object of a waiver by the respective beneficiaries or have been forfeited and no. 900,000 shares issued to serve new allocations in the framework of subsequent incentive plans to be resolved within the ultimate deadline of 1 March 2011, as no new allocation had been made within this time limit. As a result of this partial cancellation, the abovementioned capital increase will remain in place for a nominal amount of Euro 6,000, to be implemented through the issue of no. 300,000 ordinary shares serving the 2008-2013 stock option plan.

In addition to the information indicated above, no significant events were reported at Group level from 1 April 2012 up to today's date.

Note 39 – Other information

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

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

First and last name	Position	Investee company	Number of shares owned at the end of the previous financial year	Number of shares purchased	Number of shares sold	Number of shares owned at the end of the current financial year
Marco Palmieri	Chairman - CEO (1)	Piquadro S.p.A.	31,909,407	-	-	31,909,407
Pierpaolo Palmieri	Vice-Chairman, Executive Director(2)	Piquadro S.p.A.	2,276,801	-	-	2,276,801
Marcello Piccioli	Executive Director	-	-	-	-	-
Roberto Trotta	Executive Director	Piquadro S.p.A.	3,000	-	-	3,000

(1) At the end of the FY 2011/2012, the Chairman of the Board of Directors and CEO of Piquadro S.p.A., Marco Palmieri, owned a stake equal to 93.34% of the share capital of Piquadro Holding S.p.A., through Piqubo S.p.A., a company wholly owned by the latter. Piquadro Holding S.p.A., in turn, owns 68.37% of the share capital of Piquadro S.p.A..

(2) At the end of the FY 2011/2012, the Vice-Chairman of the Board of Directors of Piquadro S.p.A., Pierpaolo Palmieri, owned a stake equal to 6.66% of the share capital of Piquadro Holding S.p.A., which in turn, owns 68.37% of the share capital of Piquadro S.p.A..

b) Sale transactions with a reconveyance obligation

As at 31 March 2012, the Group had no sale transactions in place subject to an obligation of reconveyance or repurchase of its own assets sold with third-party customers.

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

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

d) Shareholder loans to the Company

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

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

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

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

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

- adequacy in relation to the characteristics of the Company and
- actual application of administrative and accounting procedures for the preparation of the consolidated financial statements in the course of the period 1 April 2011-31 March 2012.

It is also certified that the consolidated financial statements as at 31 March 2012:

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

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

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

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

Silla di Gaggio Montano (Province of Bologna) 18 June 2012

/F/ Marco Palmieri
Chief Executive Officer

Marco Palmieri

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

INDIPENDENT AUDITORS' REPORT
AT 31 MARCH 2012

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

To the shareholders of
Piquadro SpA

1 We have audited the consolidated financial statements of Piquadro SpA and its subsidiaries (hereinafter also "Piquadro Group") as of 31 March 2012 which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes. The directors of Piquadro SpA are responsible for the preparation of these consolidated financial statements in compliance with the International Financial Reporting Standards 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, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria 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 consolidated 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.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 20 June 2011.

3 In our opinion, the consolidated financial statements of Piquadro Group as of 31 March 2012 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Piquadro Group for the period then ended.

4 The directors of Piquadro SpA are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure published in section *Investor relations – Corporate governance* of the website of Piquadro SpA in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the report on corporate governance and ownership structure, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required

PricewaterhouseCoopers SpA

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under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by the CONSOB. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of Piquadro Group as of 31 March 2012.

Bologna, 27 June 2012

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

FINANCIAL STATEMENTS OF PIQUADRO S.P.A.
AS AT 31 MARCH 2012

STATEMENT OF FINANCIAL POSITION

(in Euro units)	Notes	31 March 2012	31 March 2011
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	1,526,112	740,307
Property, plant and equipment	(2)	11,073,814	10,907,824
Equity investments in subsidiaries	(3)	1,793,320	302,139
Receivables from others	(4)	176,130	155,811
Deferred tax assets	(5)	956,818	853,041
TOTAL NON-CURRENT ASSETS		**15,526,194**	**12,959,122**
CURRENT ASSETS			
Inventories	(6)	9,360,813	7,760,897
Trade receivables	(7)	22,930,501	21,178,374
Receivables from subsidiaries	(8)	6,217,184	8,222,054
Other current assets	(9)	1,139,297	1,510,544
Tax receivables	(10)	713,676	-
Derivative assets	(11)	-	-
Cash and cash equivalents	(12)	10,720,395	9,089,973
TOTAL CURRENT ASSETS		**51,081,866**	**47,761,842**
TOTAL ASSETS		**66,608,060**	**60,720,964**

STATEMENT OF FINANCIAL POSITION

(in Euro units)	**Notes**	**31 March 2012**	**31 March 2011**
LIABILITIES			
EQUITY			
Share capital		1,000,000	1,000,000
Share premium reserve		1,000,000	1,000,000
Other reserves		1,238,552	1,183,385
Retained earnings		18,781,108	14,755,322
Profit for the period		7,253,643	9,025,786
EQUITY	(13)	**29,273,303**	**26,964,493**
NON-CURRENT LIABILITIES			
Borrowings	(14)	2,628,400	5,265,826
Payables to other loenders for lease agreements	(15)	3,706,327	4,468,825
Provision for employee benefits	(16)	260,794	258,268
Provisions for risks and charges	(17)	1,487,029	1,990,215
Deferred tax liabilities	(18)	327,365	469,542
TOTAL NON-CURRENT LIABILITIES		**8,409,914**	**12,452,676**
CURRENT LIABILITIES			
Borrowings	(19)	11,640,000	3,340,000
Payables to other lenders for lease agreements	(20)	709,441	865,186
Derivative liabilities	(21)	2,532	37,633
Trade payables	(22)	12,999,072	12,716,062
Payables to subsidiaries	(23)	1,315,472	1,364,135
Other current liabilities	(24)	2,258,325	2,246,476
Tax payables	(25)	-	734,303
TOTAL CURRENT LIABILITIES		**28,924,843**	**21,303,795**
TOTAL LIABILITIES		**37,334,757**	**33,756,471**
TOTAL EQUITY AND LIABILITIES		**66,608,060**	**60,720,964**

INCOME STATEMENT

(in Euro units)	**Notes**	**31 March 2012**	**31 March 2011**
Revenues from sales	(26)	60,846,869	59,120,042
Other income	(27)	721,509	1,053,756
OPERATING COSTS			
Change in inventories	(28)	(1,599,917)	(2,074,305)
Costs for purchases	(29)	14,920,587	13,656,972
Costs for services and leases and rentals	(30)	25,919,871	24,123,160
Personnel costs	(31)	7,686,256	6,963,848
Amortisation, depreciation and write-downs	(32)	2,342,762	1,729,878
Other operating costs	(33)	256,068	205,595
OPERATING PROFITS		**12,042,751**	**15,568,650**
Shares of profits (losses) from investee companies	(34)	(801,711)	(1,179,000)
Financial income	(35)	678,037	657,814
Financial charges	(36)	(933,600)	(963,379)
PRE-TAX RESULT		**10,985,477**	**14,084,085**
INCOME TAXES	(37)	(3,731,834)	(5,058,299)
PROFIT FOR THE PERIOD		**7,253,643**	**9,025,786**

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)	**31 March 2012**	**31 March 2011**
Profit/ (Loss) for the period (A)	**7,254**	**9,026**
Profit/ (loss) on hedging instruments of cash flows (cash flow hedge)	14	(28)
Total Profits/(Losses) not recognised through P&L (B)	**14**	**(28)**
Total comprehensive income/(Loss) for the period (A) + (B)	**7,268**	**8,998**

STATEMENT OF CHANGES IN EQUITY

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

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

Description	Share capital	Share premium reserve	Fair value reserve	Other reserves	Total Other Reserves	Retained earnings	Profit for the period	Equity
Balances as at 31.03.11	**1,000**	**1,000**	**(16)**	**1,199**	**1,183**	**14,755**	**9,026**	**26,964**
Profit for the period							7,254	**7,254**
Other components of the comprehensive result as at 31 March 2011								
Fair value of financial instruments			14		**14**			**14**
Total Comprehensive Income for the period			**14**	0	**14**	**0**	**7,254**	**7,268**
Distribution of the result for the period as at 31 March 2011								
-to dividends					**0**		(5,000)	**(5,000)**
-to reserves					**0**	4,026	(4,026)	**0**
Fair value of Stock Option Plans				41	**41**			**41**
Balances as at 31.03.12	**1,000**	**1,000**	**(2)**	**1,240**	**1,238**	**18,781**	**7,254**	**29,273**

STATEMENT OF CASH FLOWS

(*in thousands of Euro*)	31 March 2012	31 March 2011
Pre-tax profit	**10,985**	**14,084**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,768	1,603
Write-downs of property, plant and equipment and intangible assets	133	-
Losses (income) from equity investments	801	800
Provision for bad debts	441	127
Adjustment to the provision for employee benefits	18	11
Net financial charges/(income), including exchange rate differences	256	266
Cash flow from operating activities before changes in working capital	**14,402**	**16,891**
Change in trade receivables (net of the provision)	(1,752)	(982)
Change in receivables from subsidiaries	2,005	(2,920)
Change in inventories	(1,600)	(2,074)
Change in other current assets	(114)	(414)
Change in trade payables	283	879
Change in payables to subsidiaries	(49)	234
Change in provisions for risks and charges	(501)	504
Change in other current liabilities	(722)	16
Cash flow from operating activities after changes in working capital	**11,952**	**12,134**
Payment of taxes	(5,391)	(4,253)
Interest paid	(151)	(438)
Cash flow generated from operating activities (A)	**6,410**	**7,443**
Investments in intangible assets	(1,195)	(388)
Investments in property, plant and equipment	(1,662)	(1,349)
Investments in financial fixed assets	(1,684)	(686)
Changes generated from investing activities (B)	**(4,541)**	**(2,423)**
Financing activities		
Absorption of short- and medium/long-term loans	(3,337)	(2,446)
Raising of new short- and medium/long-term loans	9,000	2,700
Changes in financial instruments	(35)	90
Lease instalments paid	(867)	(862)
Payment of dividends	(5,000)	(4,000)
Cash flow generated from/(absorbed by) financing activities (C)	**(239)**	**(4,518)**
Net increase (decrease) in cash and cash equivalents A+B+C	1,630	502
Cash and cash equivalents at the beginning of the period	**9,090**	**8,588**
Cash and cash equivalents at the end of the period	**10,720**	**9,090**

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

Statement of financial position

(in thousands of Euro)	**31 March 2012**	**Related Parties**	**Subsidiaries**	**31 March 2011**	**Related Parties**	**Subsidiaries**
ASSETS						
NON-CURRENT ASSETS						
Intangible assets	1,526			740		
Property, plant and equipment	11,074			10,908		
Equity investments in subsidiaries	1,793		1,792	302		302
Receivables from others	176			156		
Deferred tax assets	957			853		
TOTAL NON-CURRENT ASSETS	**15,526**	**-**	**1,792**	**12,959**	**-**	**302**
CURRENT ASSETS						
Inventories	9,361			7,761		
Trade receivables	22,931			21,178		
Receivables from subsidiaries	6,217		6,217	8,222		8,222
Other current assets	1,139			1,511		
Tax receivables	714			-		
Derivative assets	-			-		
Cash and cash equivalents	10,720			9,090		
TOTAL CURRENT ASSETS	**51,082**	**-**	**6,217**	**47,762**	**-**	**8,222**
TOTAL ASSETS	**66,608**	**-**	**8,009**	**60,721**	**-**	**8,524**

Statement of financial position

(in thousands of Euro)	31 March 2012	Related parties	Subsidiaries	31 March 2011	Related parties	Subsidiaries
EQUITY						
Share capital	1,000			1,000		
Share premium reserve	1,000			1,000		
Other reserves	1,238			1,183		
Retained earnings	18,781			14,755		
Profit for the period	7,254			9,026		
EQUITY	**29,273**	**-**	**-**	**26,964**	**-**	**-**
NON-CURRENT LIABILITIES						
Borrowings	2,628			5,266		
Payables to other lenders for lease agreements	3,706			4,469		
Provision for employee benefits	261			258		
Provisions for risks and charges	1,488		701	1,990		1,138
Deferred tax liabilities	327			470		
TOTAL NON-CURRENT LIABILITIES	**8,410**		**701**	**12,453**		**1,138**
CURRENT LIABILITIES						
Borrowings	11,640			3,340		
Payables to other lenders for lease agreements	709			865		
Derivative liabilities	3			38		
Trade payables	12,999			12,716		
Payables to subsidiaries	1,315		1,315	1,364		1,364
Other current liabilities	2,259			2,247		
Tax payables	-			734		
TOTAL CURRENT LIABILITIES	**28,925**		**1,315**	**21,304**		**1,364**
TOTAL LIABILITIES	**37,335**		**2,016**	**33,757**		**2,502**
TOTAL EQUITY AND LIABILITIES	**66,608**		**2,016**	**60,721**		**2,502**

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

Income Statement

(in thousands of Euro)	**31 March 2012**	**Related parties**	**Subsidiaries**	**31 March 2011**	**Related parties**	**Subsidiaries**
Revenues from sales	60,847		4,892	59,120		4,338
Other income	722		28	1,054		7
OPERATING COSTS						
Change in inventories	(1,600)			(2,074)		
Costs for purchases	14,921		7,457	13,657		4,912
Costs for services and leases and rentals	25,920	30	2,919	24,123	30	525
Personnel costs	7,686		46	6,964	1,027	
Amortisation, depreciation and write-downs	2,343			1,730		
Other operating costs	256			206		
OPERATING PROFIT	**12,043**	**30**	**(5,502)**	**15,569**	**1,057**	**(1,092)**
Shares of profits (losses) from investee companies	(802)			(1,179)		
Financial income	678		19	658		20
Financial charges	(934)		(1)	(964)		
PRE-TAX RESULT	**10,985**	**30**	**(5,484)**	**14,084**	**1,057**	**(1,072)**
INCOME TAXES	(3.731)			(5.058)		
PROFIT FOR THE PERIOD	**7,254**	**30**	**(5,484)**	**9,026**	**1,057**	**(1,072)**

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

(*in thousands of Euro*)	31 March 2012	Related parties	Subsidiaries	31 March 2011	Related parties	Subsidiaries
Pre-tax profit	**10,985**			**14,084**		
Adjustments for:						
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,768			1,603		
Write-downs of property, plant and equipment and intangible assets	133			-		
Losses (income) from equity investments	801		801	800		800
Provision for bad debts	441			127		
Adjustment to the provision for employee benefits	18			11		
Net financial charges/(income), including exchange rate differences	256		19	266		20
Cash flow from operating activities before changes in working capital	**14,402**			**16,891**		
Change in trade receivables (net of the provision)	(1,752)			(982)		
Change in receivables from subsidiaries	2,005		2,005	(2,920)		(2.920)
Change in inventories	(1,600)			(2,074)		
Change in other current assets	(114)			(414)		
Change in trade payables	283			879		
Change in payables to subsidiaries	(49)		(49)	234		234
Change in provisions for risks and charges	(501)		(437)	504		379
Change in other current liabilities	(722)			16		
Cash flow from operating activities after changes in working capital	**11,952**			**12,134**		
Payment of taxes	(5,391)			(4,253)		
Interest paid	(151)			(438)		
Cash flow generated from operating activities (A)	**6,410**			**7,443**		
Investments in intangible assets	(1,195)			(388)		
Investments in property, plant and equipment	(1,662)			(1,349)		
Investments in financial fixed assets	(1,684)			(686)		
Changes generated from investing activities (B)	**(4,541)**			**(2,423)**		
Financing activities						
Absorption of short- and medium/long term loans	(3,337)			(2,446)		
Raising of new short- and medium/long-term loans	9,000			2,700		
Changes in financial instruments	(35)			90		
Lease instalments paid	(867)			(862)		
Payment of dividends	(5,000)		(3,415)	(4,000)	(2.719)	
Cash flow generated from/(absorbed by) financing activities (C)	**(239)**			**(4,518)**		
Net increase (decrease) in cash and cash equivalents A+B+C	1,630			502		
Cash and cash equivalents at the beginning of	**9,090**			**8,588**		

the period		
Cash and cash equivalents at the end of the period	**10,720**	**9,090**

NOTES TO THE FINANCIAL STATEMENTS OF PIQUADRO S.P.A.
AS AT 31 MARCH 2012

General information

These financial statements of Piquadro S.p.A. relate to the financial year ended 31 March 2012; they have been prepared in compliance with the IFRS adopted by the European Union. Piquadro S.p.A. is a joint-stock company established in Italy and registered in the Register of Companies of Bologna, with registered and administrative office in Silla di Gaggio Montano (Bologna).
The financial statements are presented in Euro and all values reported therein are presented in Euro, unless otherwise specified.
The Company is not subject to any direction and coordination activity pursuant to article 2497 and ff. of the Italian Civil Code. In fact, despite article 2497-sexies of the Italian Civil Code provides that “it is presumed, unless evidence to the contrary is provided, that the direction and coordination activity of companies is carried out by the company or entity which is required to consolidate their financial statements or which in any case controls them pursuant to article 2359”, neither Piqubo S.p.A. nor Piquadro Holding S.p.A., which are the controlling companies of Piquadro S.p.A., carry out any direction and coordination activity towards the Company, as (i) they do not give instructions to their subsidiary and (ii) there is no significant organizational-functional connection between these companies and Piquadro S.p.A..
Piquadro S.p.A., in turn, directly carries out operating activities, as well as direction and coordination activities towards the companies controlled by it, pursuant to articles 2497 and ff. of the Italian Civil Code.

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

The data of these financial statements can be compared to the same of the previous financial year, except as reported below.
It should be pointed out that, in order to provide a more correct representation of the Group results, some reclassifications of some costs were made to the items “costs for services” and “personnel costs”. For comparative purposes, the data of the financial statements as at 31 March 2011 were reclassified consistently.

This document was prepared by the Board of Directors on 18 June 2012 and will be submitted to the approval by the shareholders’ meeting called for 24 July 2012.

The Company’s business

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

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

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

As of today’s date, the Company is owned by Marco Palmieri through Piqubo S.p.A., which is 100% owned. Piqubo S.p.A., in fact, holds 93.34% of the share capital of Piquadro Holding S.p.A., which in its turn holds 68.3% of the share capital of Piquadro S.p.A., a company which is listed on the Milan Stock Exchange since 25 October 2007.

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

The Company makes use of a delocalised production model at the Chinese plant which is currently leased to the subsidiary Uni Best Leather Goods Zhongshan Co. Limited (hereinafter "Uni Best 2"), located in the region of Guangdong, China and at third-party workshops located abroad (mainly in China), which are generally divided on the basis of the type of product. About 30% of production is carried out internally within the Piquadro Group, at the Chinese plant of Zhongshang-Guangdong, while the residual part is outsourced. This model, in the opinion of the management, ensures flexibility and efficiency of the production cycle, thus reducing fixed costs, while retaining control over the critical phases of the value chain, also for the purpose of ensuring product quality.

Main events that occurred in the course of the financial year ended 31 March 2012 and related significant accounting effects

On 13 June 2011 the Board of Directors of Piquadro S.p.A. approved the financial statements ended 31 March 2011 and proposed to distribute a dividend for a total of Euro 5,000,000, equal to Euro 0.10 per share. At the same time, the Board of Directors of Piquadro S.p.A. took steps to call the Extraordinary Shareholders' Meeting for the approval of amendments to sections 12, 13, 17, 19, 25 and 26 of the Company's By-Laws in order to bring them into line with the current regulations for listed companies.

1 April 2011 saw the introduction of a new contractual model that regulates relationships between the Parent Company and the subsidiaries that manage the Piquadro-branded flagship stores in the world. This model, which allows the enhancement of the contribution made by these companies to the Group in terms of brand awareness in the countries where they operate, provides for the acknowledgment by the Parent Company of a contribution determined on the basis of a benchmark analysis and of statistic confidence intervals (interquartile range) of the EBIT/Turnover ratio of the Group companies concerned. This benchmark analysis, which is the calculation basis of the contribution, will be updated on an annual basis.

21 May 2011 saw the recapitalisation of the subsidiary Piquadro Trading Shenzhen, equal to Euro 700 thousand, to cover losses, as well as to meet the financial requirements connected to future commercial operations and to potential new openings of shops.

On 27 June 2011 the Parent Company executed a contract for the purchase of a branch of business, made up of the lease agreement of the shop located in Milan, at corso Buenos Aires, the fittings, equipment and any other related real property, whose selling price was equal to Euro 840 thousand.

21 November 2011 saw the establishment of a new company in the Netherlands, named Piquadro BV and with registered office in Zoetermeer, in order to manage a new directly-operated point of sale at the Design Outlet Centre in Roermond, through the subscription of a share capital of Euro 300 thousand.

28 November 2011 saw the recapitalisation of the subsidiary Piquadro Taiwan Co. Ltd., equal to Euro 499 thousand, to cover losses, as well as to meet the financial requirements connected to future commercial operations and to potential new openings of shops.

On 25 October 2011 the competent Chinese authorities authorised the transfer to the Parent Company by Unibest Leather Goods Co. Limited of the equity investment held by the latter in Unibest Leather Goods (Zhongshang) Co. Limited, equal to 50% of the share capital of the same; on 13 February 2012, the related agreement was signed between Piquadro S.p.A. and Unibest Leather Goods Co. Limited, which provides for a purchase price of US$ 250 thousand, corresponding to the capital paid by Unibest Leather Goods Co. Limited at the time of the establishment of this company.

On 26 March 2012 the Board of Directors resolved to put the subsidiaries Unibest Leather Goods Co. Limited and Piquadro Middle East Leather Products LLC in liquidation.

Financial statements formats adopted and reporting currency

At the time of the preparation of the financial statements as at 31 March 2011 and as at 31 March 2012, the Management of Piquadro S.p.A. selected the following formats from among those specified under IAS 1 (revised), as it considered them to be more suitable to represent the Company's equity, economic and financial position:

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

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

The reporting currency of these financial statements is the Euro.
The management believes that no significant non-recurring events or transactions occurred either in the FY 2011/2012 or in the FY 2010/2011 nor any atypical or unusual transactions.

In compliance with Regulation (EC) no. 1606/2002, the Financial Statements of Piquadro S.p.A. as at 31 March 2012 were prepared in accordance with IAS/IFRS ("International Accounting Standards" and "International Financial Reporting Standards") issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and the related interpretations (SIC/IFRIC).

Accounting policies

The accounting policies used in preparing the financial statements as at 31 March 2012, which do not differ from those used in the previous financial year, are indicated below:

Intangible assets

Intangible assets purchased or internally produced are entered under assets when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset may be determined reliably. These assets are valued at their purchase or production cost.
Intangible assets relate to assets without an identifiable physical substance, which are controlled by the company and are able to generate future economic benefits, as well as any possible goodwill.

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

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

(i) Research and development costs

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

(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 and classified under current assets under item “current assets available for sale” and measured at the lower of the book value and the related fair value, net of estimated selling costs. The sale of an asset classified under non-current assets is highly probable when the management has defined, by a formal resolution, a plan for the disposal of the asset (or of the group being disposed of) and activities have been started to identify a purchaser and to complete the plan. Furthermore, the asset (or the group being disposed of) has been offered for sale at a reasonable price compared to its current fair value. Furthermore, the sale is expected to be completed within a year of the date of classification and the actions required to complete the sale plan show that it is improbable that the plan can be significantly amended or cancelled.

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

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

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

Land	Unlimited useful life
Buildings	3%
Leasehold improvements (shops)	17,5%*
Machinery and moulds	17,5%
General systems	17,5%
Industrial and business equipment	25%
Office electronic machines	20%
Fittings	12%
Motor vehicles and internal means of transport	20%
Cars	25%

* Or over the term of the lease agreement should the same be lower and there is not reasonable certainty of the renewal of the same at the natural expiry of the contract.

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

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

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

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

Equity investments

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

Receivables and other non-current and current assets

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

Inventories

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

Cash and cash equivalents

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

Impairment losses of assets

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

Equity

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

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

Reserve for financial assets/liabilities at fair value

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

Legal reserve

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

Stock Option plans

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

Hedging financial instruments

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

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

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

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

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

Financial liabilities

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

Financial instruments and IFRS 7

The category of financial instruments

As required by the accounting standard IFRS 7**,** below is reported the breakdown of the financial instruments by category relating to the financial years ended 31 March 2012 and 31 March 2011, 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)	31/03/2012	FVTPL	LAR	AFS	FLAC	IAS 17 leasing	Measurement at fair value	Effect through P&L
Trade receivables	22,931	-	22,931	-	-	-	22,931	-
Receivables from subsidiaries	6,217	-	6,217	-	-	-	6,217	-
Assets for financial instruments	-	-	-	-	-	-	-	-
Cash and cash equivalents	10,720	-	10,720	-	-	-	10,720	-
Assets	**39,868**	**-**	**39,868**	**-**	**-**	**-**	**39,868**	**-**
Non-current borrowings	2,628	-	-	-	2,628	-	2,628	-
Payables to other lenders for non-current lease agreements	3,706	-	-	-	-	3,706	-	136
Current borrowings	11,640	-	-	-	11,640	-	11,640	152
Payables to other lenders for current lease agreements	709	-	-	-	-	709	-	-
Trade payables	12,999	-	12,999	-	-	-	12,999	-
Payables to subsidiaries	1,315	-	1,315	-	-	-	1,315	-
Liabilities for financial instruments	3	-	3	-	-	-	3	-
Liabilities	**33,000**	**-**	**14,317**	**-**	**14,268**	**4,415**	**28,585**	**288**

(in thousands of Euro)	31/03/2011	FVTPL	LAR	AFS	FLAC	IAS 17 leasing	Measurement at fair value	Effect through P&L
Trade receivables	21,178	-	21,178	-	-	-	21,178	-
Receivables from subsidiaries	8,222	-	8,222	-	-	-	8,222	-
Assets for financial instruments	-	-	-	-	-	-	-	-
Cash and cash equivalents	9,090	-	9,090	-	-	-	9,090	-
Assets	**38,490**	**-**	**38,490**	**-**	**-**	**-**	**38,490**	**-**
Non-current borrowings	5,266	-	-	-	5,266	-	5,266	-
Payables to other lenders for non-current lease agreements	4,469	-	-	-	-	4,469	-	166
Current borrowings	3,340	-	-	-	3,340	-	3,340	128
Payables to other lenders for current lease agreements	865	-	-	-	-	865	-	-
Trade payables	12,716	-	12,716	-	-	-	12,716	-
Payables to subsidiaries	1,364	-	1,364	-	-	-	1,364	-
Liabilities for financial instruments	38	12	26	-	-	-	38	12
Liabilities	**28,058**	**12**	**14,106**	**-**	**8,606**	**5,334**	**22,724**	**306**

Key
FVTPL: Fair value through Profit and Loss
LAR: Loans and Receivables
AFS: Available for Sale

FLAC: Financial Liabilities measured at Amortized Cost

Risk factors

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

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

Credit risk

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

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

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

(in thousands of Euro)	**Provision as at 31 March 2011**	**Use**	**Provision**	**Provision as at 31 March 2012**
Provision for bad debts	1,016	(227)	1,487	2,276
Total provision	**1,016**	**(227)**	**1,487**	**2,276**

Position of the loans

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

(in thousands Euro)		Loans falling due	Expired loans			Provision for bad debts
31/03/2012	Amount in the accounts		1-60days	61-120 days	Over 120 days	
Dos	-	-	-	-	-	-
Wholesale	22,931	19,287	1,440	739	2,695	(1,230)
Subsidiaries	6,217	1,665	580	1,151	3,867	(1,046)
Total	**29,148**	**20,952**	**2,020**	**1,890**	**6,562**	**(2,276)**

(in thousands Euro)		Loans falling due	Expired loans			Provision for bad debts
31/03/2011	Amount in the accounts		1-60days	61-120 days	Over 120 days	
Dos	-	-	-	-	-	-
Wholesale	21,178	17,906	1,436	665	2,187	(1,016)
Subsidiaries	8,222	1,872	531	1,051	4,768	-
Total	**29,400**	**19,778**	**1,967**	**1,716**	**6,955**	**(1,016)**

Liquidity risk

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

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

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

Liquidity schemes

Type of instruments	Amount in the accounts	Within 1 year	From 1 to 5 years	Beyond 5 years	Total
31/03/2012					
Payables to banks for Loans	5,268	2,717	2,690	-	5,407
Payables to banks for credit lines	9,000	9,000			9,000
Trade payables	12,999	12,999			12,999
Trade payables to subsidiaries	1,315	1,315			1,315
Other borrowings (leasing)	4,415	841	2,254	1,541	4,636
Derivative liabilities for IRS contract	1	16	4		20
Derivative liabilities for USD forward contracts	2	2			2
Total	**33,000**	**26,890**	**4,948**	**1,541**	**33,379**

Type of instruments	Amount in the accounts	Within 1 year	From1 year to 5 years	Beyond 5 years	Total
31/03/2011					
Payables to banks for Loans	8,606	3,474	5,408	-	8,882
Payables to banks for credit lines	-	-	-	-	-
Trade payables	12,716	12,716	-	-	12,716
Trade payables to subsidiaries	1,364	1,364			1,364
Other borrowings (leasing)	5,334	1,032	3,418	1,594	6,044
Derivative liabilities for IRS contract	7	16	20	-	36
Derivative liabilities for USD forward contracts	31	31	-	-	-
Total	**28,058**	**18,633**	**8,846**	**1,594**	**29,042**

Below are reported the main assumptions for the table above:

- Loans payable: the future cash flows have been provided directly by the banks concerned;
- 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 March 2012, the payment spread has been calculated for the instrument, by assuming that the 3-month Euribor rate (equal to 0.78%) 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 2012, Piquadro S.p.A. could rely on about Euro 38,517 thousand of unused credit lines (about Euro 29,928 thousand as at 31 March 2011) and on liquid assets of about Euro 10,720 thousand (Euro 9,090 thousand as at 31 March 2011). As regards the balance of current assets, and specifically the coverage of payables to suppliers, it is also ensured by the amount of net trade receivables, which amounted to Euro 29,148 thousand as at 31 March 2012 (Euro 29,400 thousand as at 31 March 2011).

Market risk

Foreign exchange risk

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

During the FY 2011/2012 ended 31 March 2012, Piquadro S.p.A. executed currency forward contracts for USD 16,250 thousand, equal to an aggregate counter-value of Euro 11,707 thousand, with an average exchange rate of USD 1.3881.

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

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

			Foreign exchange risk (FER)			
			+10% Euro/Usd		**-10% Euro/Usd**	
	Book value	**Of which subject to FER**	**Profits and (Losses)**	**Other changes in Equity**	**Profits and (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	10,720	11	(1)	-	1	-
Trade receivables	22,931	-	-	-	-	-
Receivables from subsidiaries	6,217	1,490	(135)	-	165	-
Derivatives financial instruments						
			(136)		166	
Financial liabilities						
Borrowings	14,268	-	-	-	-	-
Payables to other lenders for lease agreements	4,415	-	-	-	-	-
Trade payables	12,999	1,808	164	-	(201)	-
Payables to subsidiaries	1,315	198	18	-	(22)	-
Derivative financial instruments	3	2		312		(384)
			182	312	(223)	(384)
Total increases (decreases) as at 31/03/2012			**46**	**312**	**(57)**	**(384)**

			Foreign exchange risk (FER)			
			+10% Euro/Usd		**-10% Euro/Usd**	
	Book value	**Of which subject**	**Profits and**	**Other changes in**	**Profits and**	**Other changes in**

		to FER	(Losses)	Equity	(Losses)	Equity
Financial assets						
Cash and cash equivalents	9,090	1,880	(171)	-	209	-
Trade receivables	21,178	-	-	-	-	-
Receivables from subsidiaries	8,222	1,062	(137)	-	167	-
Derivative financial instruments	-	-	-	-	-	-
			(308)	-	376	-
Financial liabilities						
Borrowings	8,606	-	-	-	-	-
Payables to other lenders for lease agreements	5,334	-	-	-	-	-
Trade payables	12,716	3,014	193	-	(236)	-
Receivables from subsidiaries	1,364	1,163	88	-	(108)	
Derivative financial instruments	38	31	84	132	(144)	(226)
			365	132	(488)	(226)
Total increases (decreases) as at 31/03/2011			**57**	**132**	**(112)**	**(226)**

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 2012, the amount of Euro 2 thousand in the liabilities represented the fair value of the forward contracts hedging foreign exchange risks for a notional amount of USD 4,600 thousand.

Interest rate risk

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

The transaction has the following characteristics

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

It follows that the company has hedged the risk of increases in the interest rate linked to the performance of the 3-month Euribor; the cost of the transaction is represented by the fixed spread equal to 0.30%.
In these financial statements, on 31 March 2012 the Company accounted for “financial liabilities for derivative instruments” for Euro 1 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	10,720	10,720	54		(54)	
Trade receivables	22,931					
Receivables from subsidiaries	6,217					
Derivative financial instruments						
			54		(54)	
Financial liabilities						
Borrowings	5,268	5,268	(26)		26	
Payables to banks for credit lines	9,000	9,000	(45)	-	45	-
Trade payables	12,999					
Payables to subsidiaries	1,315			-		
Other borrowings (leasing)	4,415	4,415	(22)	-	22	-
Derivatives financial instruments	3	1		(4)		4
			(93)	(4)	93	4
Total increases (decreases) as at 31/03/2012			**(39)**	**(4)**	**39**	**4**

			Interest rate risk (IRR)			
			+50 bps on IRR		**- 50 bps on IRR**	
	Book value	**Of which subject to IRR**	**Profits and (Losses)**	**Other changes in Equity**	**Profits and (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	9,090	9,090	45	-	(45)	-
Trade receivables	21,178	-	-	-	-	-
Receivables from subsidiaries	8,222	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
			45	-	(45)	-
Financial liabilities						
Payables to banks for Loans	8,606	8,606	(43)	-	43	-
Payables to banks for credit lines	-	-	-	-	-	-
Trade payables	12,716	-	-	-	-	-
Payables from subsidiaries	1,364	-	-	-	-	-
Other borrowings (leasing)	5,334	5,334	(27)	-	27	-
Derivative financial instruments	7	7	-	(12)	-	12
			(70)	(12)	70	12
Total increases (decreases) as at 31/03/2011			**(25)**	**(12)**	**25**	**12**

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

Capital risk management

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

(in thousands of Euro)	**31 March 2012**	**31 March 2011**
Net financial position	7,963	4,850
Equity	29,273	26,964
Total capital	37,236	31,814
Gearing ratio	**21.4%**	**15.2%**

Fair Value

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

(in thousands of Euro)	**Level 1**	**Level 2**	**Level 3**	**Total**

Assets				
Derivative assets	-	-	-	-
Total assets	**-**	**-**		**-**
Liabilities				
Derivative liabilities	-	3	-	3
Total liabilities	**-**	**3**	**-**	**3**

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

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

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

Employee benefits

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

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

Provisions for risks and charges

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

Income taxes

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

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

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

Currency translation

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

Revenue recognition

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

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

Cost recognition

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

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

Use of estimates

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

Main estimates adopted by the Management

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

- Impairment of assets: property, plant and equipment and intangible assets with a definite life are subject to verification in order to ascertain if an impairment has occurred. This impairment shall be recognised by means of a write-down when indicators exist that could lead to an expectation of difficulties in recovering the relative book value through usage of the asset. Verifying that the abovementioned indicators exist requires directors to exercise subjective valuations based on information available and inferable from the market, as well as using past experience. Moreover, should the likelihood of a potential impairment be ascertained, the Company will set about calculating this using the evaluation techniques that it considers appropriate. Correctly identifying the items that indicate the existence of a potential impairment and the estimates used for calculating the same depend on factors which can vary over time and affect the valuations and estimates carried out by the Directors;
- Amortisation and depreciation of fixed assets: the amortisation and depreciation of fixed assets constitute a significant cost for the Company. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the related assets. The useful economic life of the Company's fixed assets is determined by the Directors at the time when the fixed asset has been purchased; it is based on past experience for similar fixed assets, market conditions and expectations regarding future events which could have an impact on the useful life, including changes in technology. Therefore, the actual economic life may differ from the estimated useful life. The Company periodically evaluates technological and sector changes in order to update the residual useful life. This periodical update could involve a variation in the depreciation period and therefore also in the depreciation rate for future financial years.
- Deferred taxes: deferred tax assets are accounted for on the basis of the income expected in the future financial years. The measurement of the expected income for the purposes of accounting for deferred taxes depends on factors which can vary over time and determine significant effects on the measurement of deferred tax assets.
- Provisions for legal and tax risks: provisions are made for legal and tax risks, if required, which represent the risk of being the losing party. The amount of the provisions (if any) entered in the accounts statements relating to such risks represents the best estimate at that time made by Management. This estimate entails the adoption of assumptions which depend on factors which can vary over time and which could therefore have effects compared to the current estimated made by the Directors for the preparation of the financial statements.

Below are reported the critical accounting estimates of the process of drawing up the financial statements for which the Management has availed itself of the support and valuations of independent third-party experts (actuaries and financial advisors). Please note that future amendments (if any) to the conditions underlying the judgments, assumptions and estimates adopted could have an impact on the results of financial years after 2011/2012:

- 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
2.5% for 2012 and 2.0% for 2011	7.5% frequency both for 2012 and 2011	3% both for 2012 and 2011

Amendments to accounting standards

Accounting standards, amendments and interpretations

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

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

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

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

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

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

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

- IFRS 3 (improved) – "*Business combinations*": the amendment clarifies that the components of minority interests, which do not entitle the holders to receive a proportional portion of net assets of the subsidiary, must be measured at fair value or as required by the applicable accounting standards. Furthermore, the improvement carries out an in-depth analysis of share-based payment plans which are replaced within a business combination, adding specific guidelines to clarify the relevant accounting treatment.

- IFRS 7 (improved) – "*Improved Disclosures about Financial Instruments*": the amendment provides clarifications on the interaction between additional qualitative and quantitative information disclosure relating to the risks inherent in financial instruments. Furthermore, the amendment eliminates the requests for information disclosure about expired financial assets which appear to be renegotiated or written down.

- IAS 1 (improved) – "*Presentation of financial statements*": the amendment provides for the presentation of the reconciliation of any changes in the individual components of equity in the notes to or the formats of financial statements.

- IAS 34 (improved) – "*Interim Financial Reporting*": the amendment concerns clarifications about any additional information required for the purposes of the preparation of interim financial statements.

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

Starting from 1 April 2012, the following amendments to the accounting standards will be applicable on a compulsory basis, as the EU endorsement process has already been concluded:

- IFRS 7 (amended) – "*Financial instruments: Disclosures*": the amendment, which is applicable to the financial statements of the financial years that began after 1 July 2011, promotes transparent disclosures, in the accounts, on the transfer (derecognition) of financial assets in the portfolio, thus improving the disclosures relating to the risks retained by the entity that has made the transfer and the effects on the financial position, in particular in the event that these transfers have been made at the end of an accounting period.

- IAS 1 – "*Presentation of financial statements*", which was published by the IASB on 16 June 2011 and which will be applicable from 1 July 2012, amends the presentation of the statement of comprehensive income, requiring the separate indication of components, regardless of whether they may be subsequently reclassified to the income statement.

- IAS 19 – "*Employee benefits*", which was published by the IASB on 16 June 2011 and which will be applicable from 1 January 2013, eliminates the possibility of applying the corridor method, requiring the recognition of the cost of the work performance and of financial interest in the income statement and the recognition of the entire amount of actuarial gains/losses in the statement of comprehensive income. Furthermore, it also amends the procedure to determine the interest cost.

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

Accounting standards being adopted by the European Union

The following updates of the IFRS standards (as already approved by the IASB), as well as the following interpretations and amendments, are being approved by the competent bodies of the European Union:

- IFRS 1 (amended) – "*First-time Adoption of International Financial Reporting Standards*", which was published by the IASB on 20 December 2010 and which will be applicable from 1 July 2011.

- IFRS 7 (amended) – "*Financial instruments: Disclosures*", which was published by the IASB on 16 December 2011 and which will be applicable from 1 January 2013. This standard requires more disclosures on the effects of setoffs of financial assets and liabilities on the statement of financial position.

- IFRS 9 "*Financial instruments*": the standard was published by the IASB on 12 November 2009 and was subsequently amended on 28 October 2010. The standard, which will be applicable from 1 January 2015, represents the first part of a multi-phase process aimed at replacing IAS 39 and introduces new criteria for the classification of financial assets and liabilities and for the derecognition of financial assets.

- IFRS 10 – "*Consolidated Financial Statements*", which was published by the IASB on 12 My 2011 and which will be applicable from 1 January 2013, establishes new standards for preparing consolidated financial statements.

- IFRS 11 – “*Joint arrangements*”, which was published by the IASB on 12 May 2011 and which will be applicable from 1 January 2013, redefines the procedures to account for jointly-controlled equity investments in the consolidated financial statements.

- IFRS 12 – “*Disclosure of Interests in Other Entities*”, which was issued by the IASB on 12 May 2011 and which will be applicable from 1 January 2013, extends the disclosures required in relation to the various types of equity investments.

- IFRS 13 – “*Fair Value Measurement*”, which was issued by the IASB on 12 May 2011 and which will be applicable from 1 January 2013, provides a univocal definition of the concept of fair value and clarifies the procedures to determine it for the purposes of the financial statements.

- IAS 12 (amended) – “*Income taxes – Recovery of Revalued Non-Depreciable Asset*”, which was published by the IASB on 20 December 2010 and which will be applicable from 1 January 2012, clarifies the procedure to determine deferred taxes in the case of investment properties measured at fair value according to IAS 40.

- IAS 27 (revised) – “S*eparate Financial Statements*”, which was issued by the IASB on 12 May 2011 and which will be applicable from 1 January 2013.

- IAS 28 (revised) – “*Investments in associates*”, which was issued by the IASB on 12 May 2011 and which will be applicable from 1 January 2013.

- IFRIC 20 – “*Stripping costs in the production phase of a surface mine*”, which was published by the IASB on 19 October 2011 and which will be applicable from 1 January 2013.

- IAS 32 (amended) – “*Financial instruments: presentation*”, which was published by the IASB on 16 December 2011 and which will be applicable from 1 January 2014.

- IFRS 1 (amended) – *First-time Adoption of International Financial Reporting Standards*” – Government Loans, which was published by the IASB on 13 March 2012 and which will be applicable from 1 January 2013.

- Improvements to IFRSs (2009-2011) (amendments), which was published by the IASB on 13 May 2012 and which will be applicable from 1 January 2013.

As at the date of this annual financial report, it is not deemed that the amendments listed above may have potential significant impacts on the equity, financial and economic position of the Company.

COMMENTS ON THE ITEMS IN THE STATEMENT OF FINANCIAL POSITION

ASSETS

Non-current assets

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

Note 1 – Intangible assets

The table below reports the opening balance, the changes that occurred in the FY 2010/2011 and FY 2011/2012 and the final balance of intangible assets:

(in thousands of Euro)	Development costs	Industrial patent rights	Software, licences, trademarks and other rights	Other fixed assets	Fixed assets under development	Total
Gross value	592	36	996	1,169	-	2,879
Amortisation fund	(462)	(26)	(790)	(955)	-	(2,233)
Net value as at 31/03/2010	**130**	**10**	**206**	**214**	**-**	**646**
Increase for the period	-	3	385	-	-	388
Sales	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-
Amortisation	(78)	(5)	(150)	(61)		(294)
Gross value	592	39	1,467	1,159	-	3,257
Amortisation fund	(540)	(31)	(940)	(1,006)	-	(2,517)
Net value as at 31/03/2011	**52**	**8**	**527**	**153**	**-**	**740**
Increase for the period	-	6	265	924	-	1,195
Sales	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Write-downs	-	-	(18)	-	-	(18)
Amortisation	(52)	(6)	(232)	(101)		(391)
Gross value	592	45	1,714	2,083	-	4,434
Amortisation fund	(592)	(37)	(1,172)	(1,107)	-	(2,908)
Net value as at 31/03/2012	**-**	**8**	**542**	**976**	**-**	**1,526**

Increases in intangible assets, equal to Euro 1,195 thousand in the financial year ended 31 March 2012 (Euro 388 thousand as at 31 March 2011) related for Euro 199 thousand to investments in software and IT products, for Euro 66 thousand to trademarks, for Euro 6 thousand to industrial patent rights and for Euro 924 thousand to key moneys paid for the opening of the new shops located in Milan at C.so Buenos Aires and Assago (for Euro 844 thousand and Euro 80 thousand, respectively).

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

In the course of the FY 2011/2012, no trigger events occurred as to the key moneys (Rome, Milan – Via della Spiga, Bologna, Assago and Milan – Corso Buenos Aires) 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 2010/2011 and FY 2011/2012 and the final balance of property, plant and equipment:

(in thousands of Euro)	Land	Buildings	Plant and equipment	Industrial and business equipment	Other assets	Fixed assets under constructions and advances	Total
Gross value	878	6,212	2,318	6,935	343	178	16,864
Depreciation fund	-	(745)	(1,753)	(3,079)	(299)	-	(5,876)
Net value as at 31/03/2010	**878**	**5,467**	**565**	**3,856**	**44**	**178**	**10,988**
Increase for the period	-	71-	45	1,176	-	-	1,292
Sales	-	-	-	(10)	(13)	(41)	(64)
Depreciation	-	(188)	(273)	(826)	(21)	-	(1,308)
Write-downs	-	-	-	-	-	-	-
Other changes	-	-	-	44	(44)		-
Reclassifications	-	-	-	22	57	(79)	-
Gross value	878	6,283	2,363	8,167	343	58	18,092
Depreciation fund	-	(933)	(2,026)	(3,905)	(320)	-	(7,184)
Net value as at 31/03/2011	**878**	**5,350**	**337**	**4,262**	**23**	**58**	**10,908**
Increase for the period	-	-	43	1,619	-	-	1,662
Sales	-	-	-	(4)	-	-	(4)
Depreciation	-	(196)	(213)	(957)	(12)	-	(1,378)
Write-downs	-	-	-	(114)	-	-	(114)
Other changes	-	-	-	-	-	-	-
Reclassifications			-	58	-	(58)	-
Gross value	878	6,283	2,406	9,726	343	-	19,636
Depreciation fund	-	(1,129)	(2,239)	(4,862)	(332)	-	(8,562)
Net value as at 31/03/2012	**878**	**5,154**	**167**	**4,863**	**11**	**-**	**11,074**

On the contrary, increases in property, plant and equipment, equal to Euro 1,662 thousand in the financial year ended 31 March 2012 (Euro 1,292 thousand as at 31 March 2011) were mainly attributable to furniture, fittings and sundry equipment purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro 1,501 thousand, the purchases of moulds relating to new products for Euro 36 thousand and the purchase of electronic office machines for Euro 76 thousand and workshop equipment and machinery for Euro 43 thousand.

Write-downs, equal to Euro 114 thousand, related to the impairment losses of assets relating to the closing of some DOSs.

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

(in thousands of Euro)	31 March 2012	31 March 2011
Land	878	878
Buildings	5,154	5,350
Plant and equipment	-	151
Industrial and business equipment	374	689

Total		**6,406**	**7,068**

Note 3 – Equity investments

The following statements specify the equity investments, as well as any additional information required by article 2427, paragraph 1, number 5), of the Italian Civil Code.

Below is the breakdown of the item:

(in thousands of Euro)	31 March 2012	31 March 2011
Piquadro España SLU	-	-
Piquadro Deutschland Gmbh	-	-
Piquadro BV	300	-
Piquadro Hong Kong Co. Ltd	-	-
Uni Best leather Goods (Zhongshan) Ltd	-	-
Piquadro Macau Limitada	-	-
Piquadro Middle East Leather Products LLC	-	-
Piquadro Trading Shenzhen	990	290
Piquadro Taiwan	490	-
Uni Best leather Goods Co. Ltd.	12	12
Total equity investments in subsidiaries	**1,792**	**301**
Equity investments in other companies	1	1
Total equity investments	**1,793**	**302**

The following statements specify the equity investments relating to subsidiaries, as well as any additional information required by article 2427 of the Italian Civil Code. The values refer to the last approved financial statements, where possible.

Company name	HQ	Ownership %	Book value	Equity	Provision for risks on equity investments	Delta
Piquadro España SLU	Barcelona	100%	-	2	-	-
Uni Best Leather Goods Co. Ltd	Hong Kong	100%	12	90	-	-
Piquadro Deutschland Gmbh	Munich	100%	-	(45)	45	-
Piquadro BV	Zoetermeer	100%	300	303		
Piquadro Hong Kong	Hong Kong	100%	-	(10)	10	-
Piquadro Macau Limitada	Macau	96%	-	89	-	-
Uni Best Leather Goods (Zhongshan) Ltd	Zhongshang	100%	-	(672)	646	-
Piquadro Middle East Leather Products LLC (*)	Abu Dhabi	49%(*)	-	(903)	1,949	-
Piquadro Trading (Shenzhen) Co. Ltd.	Shenzhen	100%	990	1,078	-	-
Piquadro Taiwan	Taipei	100%	490	491	-	-

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

Below is the breakdown of changes in the value of equity investments and of the related provisions for risks on equity investments:

(in thousands of Euro)	Book value 31/03/2011	2012 Increase	2012 write-down	Book value 31/03/2012
Piquadro España SLU	-	-	-	-
Piquadro BV	-	300	-	300
Unibest Leather Goods Co. Ltd	12	-	-	12
Piquadro Deustchland GmbH	-	-	-	-
Piquadro Hong Kong Ltd.	-	-	-	-
Unibest Leather Goods Co. Ltd (Zhongshang)	-	188	(188)	-
Piquadro Middle East Leather Products LLC	-	-	-	-
Piquadro Trading (Shenzhen) Co. Ltd.	290	700	-	990
Piquadro Taiwan Ltd.	-	496	(5)	491
	302	**1,684**	**(193)**	**1,793**

Below is the breakdown of increases in financial fixed assets for Euro 1,684 thousand (Euro 686 thousand as at 31 March 2011):

- Euro 300 thousand related to the payment on account of capital in favour of the subsidiary Piquadro BV established on 26 November 2011;
- Euro 700 thousand related to the payment on account of capital in favour of the subsidiary Piquadro Trading (Shenzhen) paid up on 21 May 2011;
- Euro 496 thousand related to the payment on account of capital in favour of the subsidiary Piquadro Taiwan paid up on 28 November 2011;
- Euro 188 thousand related to the increase in the equity investment in Unibest Leather Goods (Zhongshang). On 25 October 2011 the competent Chinese authorities authorised the transfer to the Parent Company by Unibest Leather Goods Co. Limited of the equity investment held by the latter in Unibest Leather Goods (Zhongshang) Co. Limited, equal to 50% of the share capital of the same; on 13 February 2012, the related agreement was signed between Piquadro S.p.A. and Unibest Leather Goods Co. Limited, which provides for a purchase price of US$ 250 thousand, corresponding to the capital paid by Unibest Leather Goods Co. Limited into this company.

Note 4 - Receivables from others

Receivables from others (equal to Euro 176 thousand as at 31 March 2012 compared to Euro 156 thousand as at 31 March 2011) relate to both guarantee deposits paid by the Company for various utilities, including those relating to the operation of Company-owned shops.

Note 5 – Deferred tax assets

(in thousands of Euro)	31 March 2012	31 March 2011
Deferred tax assets:		
- within 12 months	155	241
- beyond 12 months	802	612
	957	**853**

Deferred tax liabilities		
- within 12 months	129	187
- beyond 12 months	198	283
	327	**470**
Net position	**630**	**383**

Below is reported the relevant change:

(in thousands of Euro)	31 March 2012	31 March 2011
Net opening position	**383**	**388**
Credit/(Debit) to the income statement	236	(12)
Credit/(Debit) to equity	10	7
Total	**630**	**383**

(in thousands of Euro)	Provisions	Amortisation	Derivatives measured at fair value	Finance lease	Others	Total
Balances as at 31.03.10	**524**		**8**	**(152)**	**8**	**388**
Effect on the income statement					(95)	
Effect on the equity						
Balances as at 31.03.11	**603**		**19**	**(152)**	**(87)**	**383**
Effect on the income statement	188	2	(18)	152	(88)	236
Effect on the equity					11	11
Balances as at 31.03.12	**791**	**2**	**1**	**-**	**(164)**	**630**

Note 6 - Inventories

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

(in thousands of Euro)	Gross value as at 31 March 2012	Provision for write-down	Net value as at 31 March 2012	Net value as at 31 March 2011
Raw materials	1,071	(151)	920	1,110
Semi-finished products	65	-	65	72
Finished products	8,563	(187)	8,376	6,580
Inventories	**9,699**	**(338)**	**9,361**	**7,762**

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 2011**	**Use**	**Allocation**	**Provision as at 31 March 2012**
Provision for write-down of raw materials	151		-	151
Provision for write-down of finished products	337	(150)	-	187
Total provision for write-down	**488**	**(150)**	**-**	**338**

31 March 2012 saw the recognition of an increase of Euro 1,599 thousand in inventories compared to the corresponding values at 31 March 2011. This increase is attributable both to the growth in the Company's turnover and to the increases in the stock quantities aimed at meeting the requirements arising from the growth in the turnover and the orders in progress. Also note an increase in the average stock held at the Company-owned shops also in order to seize sales opportunities which otherwise could not be achieved.

Note 7 - Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	**31 March 2012**	**31 March 2011**
Receivables from customers	24,161	22,194
Provision for bad debts	(1,230)	(1,016)
Current trade receivables	**22,931**	**21,178**

Gross trade receivables as at 31 March 2012 increased compared to 31 March 2011 (Euro 1,967 thousand, equal to about 8.7%), despite a stable wholesale compared to 31 March 2011.

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 2012**	**Provision as at 31 March 2011**
Balance at the beginning of the period	1,016	933
Effect on the income statement	441	127
Uses	(227)	(44)
Total provision for bad debts	**1,230**	**1,016**

Note 8 – Receivables from subsidiaries

Below is the breakdown of receivables from subsidiaries:

(in thousands of Euro)	**31 March 2012**	**31 March 2011**
Piquadro España SLU	1,275	1,306
Piquadro Deutschland Gmbh	274	832
Piquadro BV	17	
Piquadro Hong Kong Co. Ltd	1,983	2,227
Uni Best Leather Goods (Zhongshan) Ltd	1,490	1,387
Piquadro Macau Limitada	266	342
Piquadro Middle East Leather Products LLC	1,046	1,022
Piquadro Trading Shenzhen	667	571
Piquadro Taiwan	245	418
Uni Best Leather Goods Co. Ltd	-	117

Provision for write-down of receivables from subsidiaries	(1,046)	-
Receivables from subsidiaries	**6,217**	**8,222**

Reeivables from subsidiaries decreased compared to the previous financial year following the setoff between reeivables and following the full write-down of the receivables from the subsidiary Piquadro Middle East put in liquidation.

Note 9 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	31 March 2012	31 March 2011
Other assets	482	784
Accrued income and prepaid expenses	657	726
Other current assets	**1,139**	**1,510**

Other current assets include advances to the Company's suppliers (Euro 420 thousand as at 31 March 2012 against Euro 515 thousand as at 31 March 2011).

Accrued income and prepaid expenses include prepaid expenses on leases (Euro 182 thousand as at 31 March 2012 against Euro 103 thousand as at 31 March 2011) and prepaid expenses on set of samples relating to the clothing collection for autumn/winter 2012 for Euro 153 thousand.

Note 10 – Tax receivables

As at 31 March 2012 tax receivables were equal to Euro 714 thousand and fully referred to the advances paid by the Company for IRES and IRAP taxes (Euro 4,692 thousand), net of current taxes (Euro 4,004 thousand). As at 31 March 2011 the Company had recorded tax payables equal to Euro 734 thousand.

Note 11 – Derivative assets

Both as at 31 March 2012 and as at 31 March 2011 there were no assets relating to the currency forward purchases, nor assets relating to hedging of financial instruments.

Note 12 – Cash and cash equivalents

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

(in thousands of Euro)	31 March 2012	31 March 2011
Available current bank accounts	10,676	9,031
Cash, cash on hand and cheques	44	59
Cash and cash equivalents	**10,720**	**9,090**

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

LIABILITIES

Note 13 – Shareholders' Equity

Share capital

As at 31 March 2012, the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by no. 50,000,000 of ordinary shares, fully subscribed and paid up, with regular enjoyment, with no indication of their par value.
The tables below summarise the information required by points 4) and 7-bis of article 2427 of the Italian Civil Code as to the changes in the equity items during the financial year, their origin, possible use and distributability, as well as to their possible use in previous financial years.
On 31 January 2008, following the resolution of 20 December 2007, the Company's Board of Directors resolved to approve a stock option plan named "Stock Option Plan of Piquadro S.p.A. 2008-2013", for a maximum of 1,600,000 shares, setting the price for the subscription of Piquadro ordinary shares at Euro 2.20, to be paid by the beneficiaries at the time of subscription of the shares. The Plan is reserved for certain directors, executives, employees and collaborators of Piquadro S.p.A. and of other companies under its control that have been selected by the Board of Directors in consultation with the Remuneration Committee.
Vesting of options, to the extent of 20% at any time during the fourth year in the term of the plan, 30% at any time during the fifth year in the term of the Plan and 50% at any time during the sixth year in the term of the Plan, respectively, is subject not only to condition that the directors, executives, subordinate employees or collaborators concerned are still serving the Company, but to the official Piquadro share price reaching certain arithmetic mean targets as specified in the Plan's regulations. The Company has no obligation to repurchase the shares or liquidate them.
The criterion used for measurement is based on the Monte Carlo simulation. The model created for the valuation of stock options takes account of all the operating characteristics reported in the plan's regulations. 50,000 scenarios have been developed for the purpose of valuation. In estimating expected volatility, as required in the Operational guidance (appendix B) to point B26 of IFRS 2, reference was made to stocks from the same commodity sector that have been listed for a longer period of time. As at 31 March 2012 no. 160,000 options assigned had expired, as they had not been exercised, and no option had been vested out of the remaining 1,440,000 initially assigned.

Other information on Equity

Below is the statement concerning equity items, as broken down on the basis of their origin, distributability and availability, in compliance with the provisions under paragraph 7-bis), of article 2427 of the Italian Civil Code.

Description	Amount	Possible use	Available share	Other reserves Profit (loss) for the period	
				Coverage	**Other**
Share capital	1,000	B	-		
Capital reserves					
Share premium reserve	1,000	A,B,C	**1,000**		
Other Reserves					
Fair Value reserve	(2)	-			
Stock Option reserve	172	-			
Reserve from merger	(92)	-			
Other reserves on account of capital	1,160	A,B,C			
	1,238		**1,238**		
Revenue reserves					
Undivided profits					
Legal reserve	200	B	**200**		
Reserve of undivided profits	18,581	A,B,C	**14,657**		
	18,781				

KEY: "A" for capital increase; "B" for loss coverage; "C" for distribution to shareholders.

Share premium reserve

This reserve, which remained unchanged compared to the previous financial year, was equal to Euro 1,000 thousand.

Other reserves – with a separate recognition

Other reserves were equal to about Euro 1,238 thousand and mainly included the negative fair value reserve equal to about Euro 2 thousand, net of tax effect, the positive Stock Option reserve equal to Euro 172 thousand and the reserve, equal to Euro 1,157 thousand, which arose at the time of the contribution of the branch of business made on 2 May 2005.

Profit for the period

This item relates to the recognition of the Company profit recorded, equal to Euro 7,254 thousand as at 31 March 2012.

During the financial year ended 31 March 2012, the Company's profit for the period, as resulting from the annual accounts as at 31 March 2011, was allocated as follows:

- Euro 5,000 thousand to dividends, corresponding to earnings per share equal to about Euro 0.1 per share to n. 50,000,000 outstanding shares and to a payout of about 55.4% of the profit for the period.
- Euro 4,097 thousand to Profits carried forward.

Non-current liabilities

Note 14 – Borrowings

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

(in thousands of Euro)	31 March 2012	31 March 2011
Borrowings from 1 to 5 years	2,628	5,266
Borrowings beyond 5 years	-	-
Medium/long-term borrowings	**2,628**	**5,266**

As at 31 march 2012, borrowings included:

1. Euro 800 thousand for the fully current loan granted on 16 January 2008 by Carisbo SpA (for an initial amount of Euro 5,300 thousand); this loan included a two-year pre-amortisation;

2. Euro 448 thousand for the 60-month unsecured loan disbursed by Carisbo S.p.A. on 1 September 2008 (for an initial amount of Euro 1,500 thousand), of which a current portion of Euro 300 thousand and a non-current portion of Euro 148 thousand; this loan was disbursed to partly finance the opening of new points of sales in Italy and abroad and to partly meet the group Companies' financial requirements;

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

4. Euro 2,020 thousand for the unsecured loan granted by Carisbo S.p.A. in 22 November 2010 (for an initial amount of Euro 2,700 thousand), of which a current portion of Euro 540 thousand and a non-current portion of Euro 1,480 thousand, aimed at financing the Group's investment policy.

Below is reported the breakdown of the loans:

(in thousands of Euro)	Date of granting of the loan	Initial amount	Currency	Current borrowings	Non-current borrowings	Total
Carisbo loan	16 January 2008	5,300	Euro	800	-	800
Carisbo loan	1 September 2008	1,500	Euro	300	148	448
Carisbo loan	28 February 2009	3,500	Euro	1,000	1,000	2,000
Carisbo loan	22 November 2010	2,700	Euro	540	1,480	2,020
				2,640	**2,628**	**5,268**

Note 15 – Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	31 March 2012	31 March 2011
Non-current portion:		
Payables to leasing companies	3,706	4,469
Current portion:		
Payables to leasing companies	709	865
Payables to other lenders for lease agreements	**4,415**	**5,334**

Below is reported the following additional breakdown:

(in thousands of Euro)	31 March 2012	31 March 2011
Payables to other lenders for lease agreements:		
Due within 1 year	841	1,032
Due from 1 to 5 years	2,554	3,418
Due beyond 5 years	1,541	1,594
Financial interest to be paid	(521)	(710)
Present Value of payables to other lenders for lease agreements	**4,415**	**5,334**

As at 31 March 2012, payables to other lenders due beyond 12 months were equal to Euro 3,706 thousand and related to payables to leasing companies, and specifically to the residual debt of Euro 3,706 thousand relating to the lease agreement initially entered into by Piqubo Servizi S.r.l., which was merged by incorporation into Piquadro S.p.A. by deed of 24 October 2008, with Centro Leasing S.p.A. in relation to the plant, land and the automated warehouse located in Sassuriano, Silla di Gaggio Montano (Province of Bologna) (Euro 4,235 thousand as at 31 March 2011). Furthermore, it should be noted that, effective from 1 August 2006, Centro Leasing S.p.A. 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 16 – 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 2010	**287**
Financial charges	9
Net actuarial Losses (Gains) accounted for in the period	(10)
Indemnities paid in the financial year	(28)

Balance as at 31 March 2011	**258**
Financial charges	12
Net actuarial Losses (Gains) accounted for in the period	30
Indemnities paid in the financial year	(39)
Balance as at 31 March 2012	**261**

The value of the provision as at 31 March 2012 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 17 – 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 March 2011**	**Use**	**Allocation**	**Provision as at 31 March 2012**
Provision for supplementary clientele indemnity	625	(171)	48	502
Provision for risks on equity investments	1,138	(1,027)	590	701
Other provisions for risks	227	(63)	120	284
Total	**1,990**	**(1,261)**	**758**	**1,487**

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.
The provision for risks on equity investments, equal to Euro 701 thousand, relates to the subsidiary Piquadro Deutschland GmbH for Euro 45 thousand, to the subsidiary Unibest Zhongshan for Euro 646 thousand and to the subsidiary Piquadro Hong Kong for Euro 10 thousand. The reduction in the provision compared to the previous financial year is mainly attributable to the release of the provision set aside in previous financial years for the subsidiary Piquadro Middle East, aimed at covering its operating losses and financing its revival. On the contrary, against the change recorded in the international situation in the course of the financial year, it was deemed appropriate to put this company into liquidation.
Other provisions of Euro 284 thousand mainly relate to other provisions for risks on returns on sales equal to Euro 70 thousand and to provision for risks on repairs for Euro 10 thousand and to other provisions for risks on potential liabilities generated by current operations for Euro 204 thousand.

Note 18 – Deferred tax liabilities

The amount of deferred tax liabilities, equal to Euro 327 thousand (Euro 470 thousand as at 31 March 2011) fully refers to the Parent Company; for the breakdown of the item, reference is made to the information reported in Note 5.

Current liabilities

Note 19 – Borrowings

As at 31 March 2012 borrowings were equal to Euro 11,640 thousand compared to Euro 3,340 thousand as at 31 March 2011; for the breakdown, reference is made to Note 14. The balance is made up of Euro 2,640 thousand for the current portion of payables to banks for loans and Euro 9,000 thousand for payables to banks for credit lines.

Note 20 - Payables to other lenders for lease agreements

As at 31 March 2012 they were equal to Euro 709 thousand (Euro 865 thousand as at 31 March 2011) 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 19 thousand) and of the building, plant and equipment of the operational headquarters (Euro 690 thousand).

Note 21 – Derivative liabilities

As at 31 March 2012, liabilities relating to the hedging of derivative financial instruments (IRS) were equal to Euro 1 thousand (Euro 7 thousand as at 31 March 2011).

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

This transaction is accounted for according to the hedge accounting criteria (IAS 39). The valuation of this hedging contract entailed the recognition of a liability of Euro 1 thousand (Euro 7 thousand of financial liabilities as at 31 March 2011) which has been accounted for against an entry in the net statement of comprehensive income.

At 31 March 2012 the liabilities relating to currency forward purchases (USD) were equal to Euro 2 thousand (at 31 March 2011 there were liabilities equal to Euro 31 thousand).
The Company hedges the exchange risk connected to purchases of raw materials in US dollars and for contract work done in China. In consideration for this risk, the Company makes use of instruments to hedge the risk attached to the related rate, trying to fix and crystallise the exchange rate at a level that is in line with the budget forecast. Only some of the derivative financial instruments have met all the conditions laid down for hedge accounting, accounting for at fair value against an equity in the statement of comprehensive income for a value equal to Euro 1 thousand (gross of deferred tax liabilities equal to Euro 0.4 thousand), while the remaining part has been accounted for in the income statement.

NET FINANCIAL POSITION

The statement below shows the Net Financial Position of Piquadro S.p.A. as a summary of what is detailed in the Notes above:

(in thousands of Euro)	**31 March 2012**	**31 March 2011**
(A) Cash	44	59
(B) Other cash and cash equivalents (available current bank accounts)	10,676	9,031
(C) Liquidity (A) + (B)	**10,720**	**9,090**
(D) Finance leases	(709)	(865)
(E) Current bank debt	(9,000)	-
(F) Current portion of non-current debt	(2,640)	(3,340)
(G) Current financial debt (D) + (E) + (F)	**(12,349)**	**(4,205)**
(H) Short-term net financial position (C) + (G)	**(1,629)**	**4,885**
(I) Non-current bank debt	(2,628)	(5,266)
(L) Finance leases	(3,706)	(4,469)
(M) Non-current financial debt (I) + (L)	**(6,334)**	**(9,735)**
(N) Net financial position (H) + (N)	**(7,963)**	**(4,850)**

As at 31 March 2012, the Net Financial Position of Piquadro S.p.A. posted a negative value of about Euro 8 million, showing a deterioration of Euro 3.1 million compared to the debt of Euro 4.8 million recorded as at 31 March 2011. The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- investments in property, plant and equipment and intangible assets for about Euro 4.5 million;
- dividends relating to the FY 2010/2011 for Euro 5 million (with a payout equal to about 55.0% of the operating profit of the Company);
- increase in the net current assets of about Euro 1 million, which was mostly due to the increase in inventories.

Note 22 – Trade payables

Below is the breakdown of current trade liabilities (including invoices to be received from suppliers):

(in thousands of Euro)	31 March 2012	31 March 2011
Payables to suppliers	12,999	12,716

As at 31 March 2012, the increase in payables to suppliers, compared to the previous year, equal to Euro 283 thousand (+2.2%), 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 2012.

Note 23 – Payables to subsidiaries

Below is the breakdown of liabilities to subsidiaries (including invoices to be received from suppliers):

(in thousands of Euro)	31 March 2012	31 March 2011
Piquadro España SLU	294	227
Piquadro Deutschland Gmbh	31	91
Piquadro BV	17	-
Piquadro Hong Kong Co. Ltd	411	-
Uni Best Leather Goods (Zhongshan) Ltd	198	953
Piquadro Macau Limitada	5	-
Piquadro Middle East Leather Products LLC	-	77
Piquadro Trading Shenzhen	224	-
Piquadro Taiwan	45	-
Uni Best leather Goods Co. Ltd.	90	16
Payables to subsidiaries	**1,315**	**1,364**

Note 24 – Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	31 March 2012	31 March 2011
Payables to social security institutions	333	278
Payables to Pension funds	18	18
Other payables	147	207
Payables to employees	291	245
Advances from customers	44	42
Accrued expenses and deferred income	155	326
Payables for VAT	976	865
IRPEF tax payables and other tax payables	295	266
Other current liabilities	**2,259**	**2,247**

Payables to social security institutions mainly relate to the payables due to INPS as at the balance sheet date. Payables to employees included Euro 291 thousand of the Company's payables for remunerations to be paid and deferred charges with respect to employees (Euro 245 thousand as at 31 March 2011).

Note 25 – Tax payables

Below is the breakdown of tax payables:

(in thousands of Euro)	31 March 2012	31 March 2011
IRES tax	-	627
IRAP tax	-	107
Tax payables	**-**	**734**

At the reporting date IRES and IRAP tax payables were equal to zero (Euro 734 thousand as at 31 March 2011). In the course of the financial year ended 31 March 2012, the advances paid by the Company were equal to Euro 4,692 thousand, compared to the current IRES and IRAP taxes referred to the tax burden calculated on the taxable income, equal to Euro 4,004 thousand. For this reason, the Company recorded tax receivables equal to Euro 714 thousand.

Comments on the main Income Statement items

Note 26– Revenues from sales

The breakdown of revenues from sales according to categories of activities is not reported as it is considered not to be significant for the understanding of and the opinion on the economic results.

The Company's revenues are mainly realised in Euro.

Below is the breakdown of revenues by geographical area:

	Net revenues as at 31 March 2012	%	Net revenues as at 31 March 2011	%	% change 2012/2011
Italy	48,825	80.2%	46,817	79.2%	4.3%
Europe	9,348	15.4%	9,108	15.4%	2.6%
Rest of the world	2,674	4.4%	3,195	5.4%	(16.3)%
Total	**60,847**	**100.0%**	**59,120**	**100.0%**	**2.9%**

Note 27 – Other income

(in thousands of Euro)	31 March 2012	31 March 2011
Charge-backs of transport cost and collection	212	219
Insurance and legal refunds	5	119
Revenues from sales at the corners	127	279
Other sundry income	378	437
Other income	**722**	**1,054**

Other income mainly relates for Euro 127 thousand (Euro 279 thousand as at 31 March 2011) to charging back Corners and Euro 212 thousand (Euro 219 thousand as at 31 March 2011) to chargebacks of transport costs and collection to customers.

Note 28 – Change in inventories

The change in inventories of raw materials was negative for Euro 38 thousand (positive for Euro 318 thousand as at 31 March 2011), while the change in semi-finished and finished products was positive for Euro 1,638 thousand (positive for Euro 1,756 thousand as at 31 March 2011).

Note 29 - Costs for purchases and information on purchases in foreign currency

The item “costs for raw materials” essentially includes the cost of materials used for the production of the Company’s goods and of consumables. As at 31 March 2012 costs for purchases were equal to Euro 14,921 thousand (Euro 13,657 thousand as at 31 March 2011)

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 2012			31 March 2011	
US Dollars	20,865,055	1.38	15,120	20,215,911	1.3225	15,286
Total operating costs incurred in foreign currency			**15,120**			**15,286**

Overall, Piquadro S.p.A. incurred, in the FY 2011/2012, operating costs denominated in a currency other than the Euro for an equivalent amount of Euro 15,120 thousand, equal to 30.5% of the total operating costs, equal to Euro 49,526 thousand.

In order to reduce the effects of fluctuations in exchange rates in the period between the execution date of the agreement with the suppliers and the date of payment of the goods, the Company frequently resorts to the purchase of foreign currency at the execution date of the agreement.

In the FY 2011/2012, Piquadro made forward purchases of US Dollars for an overall amount of USD 16.3 million (USD 19.0 million in the FY 2010/2011), including purchases in dollars made against Uni Best Leather Goods (Zhongshang) Co. Ltd (net of the sale of leather made by the Company towards the Chinese subsidiary), equal to a counter-value of Euro 11,707 thousand at the average exchange rate prevailing in the FY 2011/2012 (Euro 14,332 thousand at the average exchange rate prevailing in the FY 2010/2011); therefore 81.6% of the purchases in US Dollars made by the Company was covered (in relation to the FY 2010/2011 the entire requirements of the purchases in US Dollars made by the Company were covered).

Note 30 - Costs for services and leases and rentals

Below is reported the breakdown of costs for services:

(in thousands of Euro)	31 March 2012	31 March 2011
Costs for leases and rentals	2,423	1,866
External production	8,335	9,416
Advertising and marketing	2,933	3,236
Administrative services	1,910	1,501
Business services	3,198	3,265
Services for production	5,013	1,160
Transport services	2,108	3,679
Costs for services and leases and rentals	**25,920**	**24,123**

Costs for leases and rentals mainly relate to lease rentals relating to the DOS shops.

Note 31 - Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	31 March 2012	31 March 2011
Wages and salaries	5,927	5,447
Social security contributions	1,409	1,240
TFR	350	276
Personnel costs	**7,686**	**6,963**

The table below reports the exact number of the staff employed by the Company as at 31 March 2012 and 31 March 2011:

Units	31 March 2012	31 March 2011
Executives	7	6
Office workers	149	131
Manual workers	23	35
Total	**179**	**172**

Note 32 - Amortisation, depreciation and write-downs

In the FY 2011/2012, amortisation and depreciation were equal to Euro 1,769 thousand (Euro 1,603 thousand in the FY 2010/2011). Write-downs related to Euro 441 thousand, as already commented in Note 7, for the provision for bad debts from customers, to Euro 17 thousand for the write-down of some trademarks and to Euro 116 thousand for the write-down of furniture and fittings for the disposal of some corners.

(in thousands of Euro)	31 March 2012	31 March 2011
Amortisation of intangible assets	391	294
Depreciation of property, plant and equipment	1,378	1,309
Provision for bad debts	441	127
Write-down of other non-current assets	133	
Amortisation, depreciation and write-downs	**2,343**	**1,730**

Note 33 - Other operating costs

In the FY 2011/2012, other operating costs, equal to Euro 256 thousand (Euro 206 thousand in the FY 2010/2011) mainly related to charges generated from current operations.

Note 34 – Shares of profits (losses) from investee companies

Write-downs of equity investments in subsidiaries, for Euro 193 thousand (Euro 800 thousand as at 31 March 2011) related to the write-downs of equity investments of Unibest Zhongshan for Euro 188 thousand and Piquadro Taiwan for Euro 5 thousand.
The revaluations of equity investments in subsidiaries, for Euro 1,027 thousand, related to the revaluations of equity investments of the subsidiaries Piquadro España SLU (Euro 21 thousand), Piquadro Hong Kong (Euro 37 thousand), Piquadro Taiwan (Euro 24 thousand) and Piquadro Middle East (Euro 945 thousand).

(in thousands of Euro)	31 March 2012	31 March 2011
Write-down of equity investments in subsidiaries	193	800
Revaluation of equity investments in subsidiaries	(1,027)	(297)
Provision for write-down of receivables from subsidiaries	1,046	
Provision for risks on equity investments in subsidiaries	590	676
Shares of profits (losses) from investee companies	**802**	**1,179**

Note 35 - Financial income

The amount of Euro 678 thousand in the FY 2011/2012 (Euro 658 thousand as at 31 March 2011) mainly related to interest receivable on current accounts held for Euro 113 thousand, interest receivable from customers for Euro 39 thousand and foreign exchange gains either realised or estimated for Euro 526 thousand (foreign exchange gains either realised or estimated as at 31 march 2011 were equal to Euro 539 thousand).

Note 36 - Financial charges

Below is the breakdown of financial charges:

(in thousands of Euro)	31 March 2012	31 March 2011
Interest payable on current accounts	18	16
Interest and expenses subject to final payment	44	27
Financial charges on loans	152	128
Lease charges	136	116
Commissions on credit cards	68	33
Other charges	148	118
Foreign exchange losses (both realised and estimated)	368	526
Financial Charges	**934**	**964**

Financial charges relate to financial charges on loans and financial charges on lease agreements (mainly relating to the use of the plant in Silla di Gaggio Montano (Province of Bologna)) and the automated warehouse.

Note 37 - Income tax expenses

Below is reported the breakdown of income tax expenses:

(in thousands of Euro)	31 March 2012	31 March 2011
IRES tax	3,246	4,224
IRAP tax	731	856
Total current taxes	**3,977**	**5,080**

Current taxes relate to the tax burden calculated on the Company's taxable income

(in thousands of Euro)	31 March 2012	31 March 2011
Deferred tax liabilities	105	55
Deferred tax assets	(351)	(77)
Total Deferred tax assets and liabilities	**(246)**	**(22)**

Below is reported the reconciliation between theoretical and actual tax charge as at 31 March 2012:

(in thousands of Euro)	31 March 2012	31 March 2011
Pre-tax result	10,985	14,084
Theoretical tax	27.5%	27.5%
Theoretical income taxes	3,021	3,873
Tax effect of permanent differences	(49)	381
Other changes	32	(43)
Total	**3,003**	**4,211**
IRAP tax	729	847
Current and deferred taxes in the accounts	**3,732**	**5,058**

Note 38 – Commitments

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

As at 31 March 2012, the Company had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2011/2012.

b) Commitments on operating lease agreements

As at 31 March 2012, the Company had executed contractual commitments which will entail future costs for leases of factories and operating leases which will be charged to the income statement on an accruals basis starting from the FY 2011/2012, mainly for the leases of DOS shops, as summarised in the table below:

	At 31 March 2012			
(In thousands of Euro)	Within 12 months	From 1 to 5 years	Beyond 5 years	Total
Property lease	-	-	-	-
Factory lease	-	-	-	-
Other leases	1,903	5,326	728	7,957
Total	**1,903**	**5,326**	**728**	**7,957**

Note 39 – Relations with related parties

Piquadro S.p.A., the Parent Company of the Piquadro Group, operates in the leather goods market and designs, produces and markets articles under its own brand. The subsidiaries mainly carry out activities of distribution of products (Piquadro España SLU, Piquadro Deutschland GmbH, Piquadro BV, Piquadro Middle East Leather Products LLC, Piquadro Hong Kong Ltd, Piquadro Macau Limitada, Piquadro Trading (Shenzhen) Ltd. and Piquadro Taiwan Co. Ltd.), or production (Uni Best Leather Goods Hong Kong Co Ltd. and Uni Best Leather Goods Zhongsanhg Co. Ltd.).
The relations with Group companies are based on the organisational structure of the Company and the intergroup transactions, which are mainly commercial, are regulated at arm's length. There are also financial relations (inter-group loans) between the Parent Company and some subsidiaries, conducted at arm's length.

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

Below is reported the breakdown of financial receivables from controlling companies and subsidiaries (thousands of Euro):

Financial receivables (in thousands of Euro)	**31 March 2012**	**31 March 2011**
Controlling company		
Piqubo S.p.A.	-	-
Piquadro Holding	-	-
Subsidiaries		
Piquadro España SLU	63	80
Piquadro Deutschland Gmbh	246	259
Piquadro BV	-	-
Piquadro Middle East Leather Products LLC	799	711
Piquadro Hong Kong Ltd.	-	-
Piquadro Macau Limitada	-	-

Piquadro Trading Shenzhen Co. Ltd	-	-
Piquadro Taiwan Ltd.	75	-
Uni Best Leather Goods Hong Kong Co. Ltd	-	117
Uni Best Leather Goods (Zhongshan) Ltd	-	-
Provision for write-down of receivables from subsidiaries	(799)	-
Total financial receivables from controlling companies and subsidiaries	**384**	**1,167**
Total Financial receivables	**384**	**1,167**
% Impact	**100%**	**100%**

Financial receivables from controlling companies and subsidiaries relate to loans disbursed at arm's length.

The table below provides the breakdown of trade receivables from controlling companies and subsidiaries, included in the items "trade receivables" as commented on in Note 8 (thousands of Euro):

Trade receivables (in thousands of Euro)	**31 March 2012**	**31 March 2011**
Controlling company		
Piqubo S.p.A.	-	-
Piquadro Holding	-	-
Subsidiaries		
Piquadro España SLU	1,211	1,226
Piquadro Deutschland Gmbh	28	573
Piquadro BV	18	-
Piquadro Middle East Leather Products LLC	247	311
Piquadro Hong Kong Ltd.	1,983	2,227
Piquadro Macau Limitada	266	342
Piquadro Trading Shenzhen Co. Ltd	667	571
Piquadro Taiwan Ltd.	170	418
Uni Best Leather Goods Hong Kong Co. Ltd	-	-
Uni Best Leather Goods (Zhongshan) Ltd	1,490	1,387
Provision for write-down of receivables from subsidiaries	(247)	-
Total receivables from controlling companies and subsidiaries	**5,833**	**7,055**
Total receivables from controlling companies and subsidiaries	**5,833**	**7,055**
Total Trade receivables	**28,764**	**29,915**
% impact	**20.3%**	**23.6%**

Trade receivables from controlling companies and subsidiaries mainly relate to the sale of products for the subsequent distribution by directly-operated stores, and specifically of Uni Best Leather Goods (Zhongshan) Ltd, for the sale of leather raw materials purchased directly from the Company and then to be used in manufacturing processes.

Below is reported the breakdown of borrowings from controlling companies and subsidiaries (in thousands of Euro):

Borrowings	31 March 2012	31 March 2011
(in thousands of Euro)		
Controlling company		
Piqubo S.p.A.	-	-
Piquadro Holding	-	-
Subsidiaries		
Piquadro España SLU	-	-
Piquadro Deutschland Gmbh	-	-
Piquadro BV		
Piquadro Middle East Leather Products LLC	-	-
Piquadro Hong Kong Ltd.	-	-
Piquadro Macau Limitada	-	-
Piquadro Trading Shenzhen Co. Ltd	-	-
Piquadro Taiwan Ltd.	-	-
Uni Best Leather Goods Hong Kong Co. Ltd	90	-
Uni Best Leather Goods (Zhongshan) Ltd	-	-
Total borrowings from controlling companies and subsidiaries	**91**	**-**
Total borrowings	**90**	**-**
% impact	**100%**	**-**

Borrowings from controlling companies and subsidiaries refer to loans disbursed under current market conditions.

The table below provides the breakdown of trade payables from controlling companies and subsidiaries, included in the item "trade payables" as commented on in Note 23 (thousands of Euro):

Trade payables	31 March 2012	31 March 2011
(in thousands of Euro)		
Controlling company		
Piqubo S.p.A.	-	-
Piquadro Holding	-	-
Subsidiaries		
Piquadro España SLU	294	227
Piquadro Deutschland Gmbh	31	91
Piquadro BV	17	-
Piquadro Middle East Leather Products LLC	-	77
Piquadro Hong Kong Ltd.	411	-
Piquadro Macau Limitada	5	-
Piquadro Trading Shenzhen Co. Ltd	224	-
Piquadro Taiwan Ltd.	45	-
Uni Best Leather Goods Hong Kong Co. Ltd	-	16
Uni Best Leather Goods (Zhongshan) Ltd	198	953
Total	**1,225**	**1,364**
Total Trade payables	**14,314**	**14,080**
% impact	**8.6%**	**9.7%**

Trade payables partly derive from the services rendered in relation to the so-called Service Agreements executed with the subsidiaries Piquadro Espana SLU, Piquadro Deutschland GmbH, Piquadro BV, Piquadro Hong Kong Ltd., Piquadro Macau Limitada, Piquadro Trading (Shenzhen) Ltd. and Piquadro Taiwan Co. Ltd., carried out on the basis of market values, and partly from the purchase of finished products realised by the subsidiaries Uni Best Leather Goods Hong Kong Co Ltd. and Uni Best Leather Goods Zhongshan Co. Ltd.

Below is the breakdown of revenues from direct and indirect controlling companies and from subsidiaries (in thousands of Euro):

Revenues	**31 March 2012**	**31 March 2011**
(in thousands of Euro)		
Controlling company		
Piqubo S.p.A.	-	-
Piquadro Holding	-	-
Subsidiaries		
Piquadro España SLU	583	662
Piquadro Deutschland Gmbh	87	217
Piquadro BV	97	-
Piquadro Middle East Leather Products LLC	12	112
Piquadro Hong Kong Ltd.	1,257	1,196
Piquadro Macau Limitada	85	118
Piquadro Trading Shenzhen Co. Ltd	300	425
Piquadro Taiwan Ltd.	240	234
Uni Best Leather Goods Hong Kong Co. Ltd	-	-
Uni Best Leather Goods (Zhongshan) Ltd	2,260	1,381
Total revenues from controlling companies and subsidiaries	**4,921**	**4,345**
Total Revenues	**60,847**	**59,120**
% impact	**8.1%**	**7.3%**

Revenues from group companies essentially relate to the sale of leather products by the Company and the transactions were carried out at arm's length.

Below are reported the operating costs towards controlling companies and subsidiaries (thousands of Euro):

Costs	**31 March 2012**	**31 March 2011**
(in thousands of Euro)		
Controlling company		
Piqubo S.p.A.	30	30
Piquadro Holding	-	-
Subsidiaries		
Piquadro España SLU	747	160
Piquadro Deutschland Gmbh	210	128
Piquadro BV	45	-
Piquadro Middle East Leather Products LLC	-	79
Piquadro Hong Kong Ltd.	1,409	-
Piquadro Macau Limitada	34	-
Piquadro Trading Shenzhen Co. Ltd	891	150
Piquadro Taiwan Ltd.	158	-
Uni Best Leather Goods Hong Kong Co. Ltd	-	-
Uni Best Leather Goods (Zhongshan) Ltd	6,928	4,920
Total costs towards controlling companies and subsidiaries	**10,452**	**5,467**
Total Operating costs	**49,526**	**44,605**

% impact	21.1%	12.3%

Operating costs towards controlling companies and subsidiaries mainly relate both to services rendered in relation to the so-called Service Agreements executed with the subsidiaries Piquadro Espana SLU, Piquadro Deutschland GmbH, Piquadro BV, Piquadro Hong Kong Ltd., Piquadro Macau Limitada, Piquadro Trading (Shenzhen) Ltd. and Piquadro Taiwan Co. Ltd., carried out on the basis of market values, and to the purchase of finished products made by the Company towards the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. All transactions were carried out at arm's length.
During the FY 2011/2012, 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.

Below is reported the financial income from controlling companies and subsidiaries (thousands of Euro):

Financial income	**31 March 2012**	**31 March 2011**
(in thousands of Euro)		
Controlling company		
Piqubo S.p.A.	-	-
Subsidiaries		
Piquadro España SLU	1	2
Piquadro Deutschland Gmbh	6	5
Piquadro Middle East Leather Products LLC	12	10
Piquadro Hong Kong Ltd.	-	-
Piquadro Macau Limitada	-	-
Piquadro Trading Shenzhen Co. Ltd	-	-
Piquadro Taiwan Ltd.	-	-
Uni Best Leather Goods Hong Kong Co. Ltd	-	3
Uni Best Leather Goods (Zhongshan) Ltd	-	-
Total financial income from controlling companies and subsidiaries	**19**	**20**
Total Financial income	**678**	**658**
% impact	**2.80%**	**3.04%**

Financial charges	**31 March 2012**	**31 March 2011**
(in thousands of Euro)		
Controlling company		
Piqubo S.p.A.	-	-
Subsidiaries		
Piquadro España SLU	-	-
Piquadro Deutschland Gmbh	-	-
Piquadro Middle East Leather Products LLC	-	-
Piquadro Hong Kong Ltd.	-	-
Piquadro Macau Limitada	-	-
Piquadro Trading Shenzhen Co. Ltd	-	-
Piquadro Taiwan Ltd.	-	-
Uni Best Leather Goods Hong Kong Co. Ltd	1	-
Uni Best Leather Goods (Zhongshan) Ltd	-	-
Total financial charges towards controlling companies and subsidiaries	**1**	**-**
Total Financial charges	**934**	**963**

% impact	0.10%	-

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

In the FY 2011/2012 no transactions were effected with Palmieri Family Foundation which is a non-profit foundation, whose Founder is Marco Palmieri and which has the purpose of promoting activities aimed at the study, research, training, innovation in the field for the creation of jobs and employment opportunities for needy persons.
In the FY 2011/2012 and FY 2010/2011, no economic transactions occurred with the majority Shareholder, Piquadro Holding S.p.A.

In the FY 2011/2012 and FY 2010/2011, 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 S.p.A.:

- during the FY 2011/2012, Piquadro S.p.A distributed dividends of Euro 3,415 thousand to the controlling company Piquadro Holding S.p.A., relating to the portion of profits relating to 68.307% of the share capital and concerning the profit for the FY 2010/2011, as per the resolution passed by the Shareholders' Meeting of 21 July 2011;
- during the FY 2010/2011, Piquadro S.p.A. distributed dividends of Euro 2,719 thousand to the controlling company Piquadro Holding S.p.A., relating to the portion of profits relating to 67.98% of the share capital and concerning the profit for the FY 2009/2010, as per the resolution passed by the Shareholders' Meeting of 22 July 2010;

Fees due to the Board of Directors

Below are indicated the fees by name (including emoluments due to Directors and current and deferred remuneration, also in kind, by subordinate employment) due to the Directors and to the members of the Board of Statutory Auditors of Piquadro S.p.A. for the FY 2011/2012 for the performance of their duties in the Company and other Group companies, and the fees accrued by any executives with strategic responsibilities (as at 31 March 2012, Directors had not identified executives with strategic responsibilities):

First and last name	Position held	Period in which the position was held	Term of office 1)	Fees for the position	Non-monetary benefits	Bonuses and other incentives	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/11-31/03/12	2013	400	7			407
Pierpaolo Palmieri	Managing director	01/04/11-31/03/12	2013	200	4			204
Marcello Piccioli	Managing director	01/04/11-31/03/12	2013	273	3		4	280
Roberto Trotta	Managing director	01/04/11-31/03/12	2013	-2)	3	26	134 3)	163
Roberto Tunioli	Director	01/04/11-31/03/12	2013	25				25
Gianni Lorenzoni	Director	01/04/11-31/03/12	2013	25				25
Sergio Marchese	Director	01/04/11-31/03/12	2013	8				8
				931	**17**	**26**	**138**	**1,112**

1) up to the approval of the financial statements at 31 March
2) He waived the emolument for the period from 01/04/11 to 31/03/12
3) Fees relating to the remuneration from subordinate employment-executive

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	01/04/2011-31/03/2012	2013	24	-	24
Alessandro Galli	Regular member	01/04/2011-31/03/2012	2013	17	-	17
Vittorio Melchionda	Regular member	01/04/2011-31/03/2012	2013	17	-	17
				58		**58**

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

Type of services	**Entity performing the service**	**Fees (in thousands of Euro)**
Auditing	Company's Auditors	97
Other services	Company's Auditors and network of the Company's Auditors	74
Supporting services to the manager responsible (Law no. 262)	Network of the Company's Auditors	7

Note 40 – Events after the year end

On 7 June 2012 the Company's Board of Directors resolved to approve the guidelines of a new stock option plan for the 2012-2017 period.
The New 2012-2017 Plan will be reserved for certain directors, executives with strategic responsibilities, employees and collaborators of Piquadro S.p.A. and of other companies owned by it, which will be identified by the Board of Directors, subject to the opinion of the Remuneration Committee. A capital increase is expected to serve the New 2012-2017 Plan, excluding the right of option of the current shareholders, up to a maximum amount of Euro 93,998, with an issue of up to a maximum amount of 4,699,900 ordinary shares of the Company, of no par value, having the same features and enjoyment as the outstanding shares; it should be pointed out that this capital increase may be also implemented in more than one payment and is divisible; the ultimate deadline for collecting subscriptions is 31 December 2018; upon expiry of this deadline, the capital will be deemed to have been increased by an amount equal to the subscriptions made. The new shares will be offered at a subscription price - to be determined by the Board of Directors, with the opinion of the Remuneration Committee – that will be not less than the accounting par value, equal to the higher of (i) Euro 1.53 per share and (ii) the average of official closing prices of the Piquadro shares on the stock exchange in the last 30 days before the grant date of the options.
The New 2012-2017 Plan will have a term of five years and the options assigned may be exercised only in the periods of exercise and according to the procedures that will be specified in the regulation of the New 2012-2017 Plan. The accrual of the options is subject to (i) the permanence of the relationship of administration, subordinate employment or collaboration, as the case may be (ii) the achievement by the Piquadro Group of certain EBIT targets, expected respectively for the related financial year, with a normalized positive NFP, as detailed in the regulation of the New 2012-2017 Plan and (iii) the circumstance that the Piquadro shares as at the date of accrual were listed in an Italian regulated market.

Therefore, the Board of Directors has resolved to submit the following proposal to the Shareholders' Meeting: (i) at the ordinary meeting, to approve the guidelines of the New 2012-2017 Plan, pursuant to article 114-bis of legislative decree no. 58 of 24 February 1998, delegating to the Board of Directors the power to identify the beneficiaries of the same and the number of rights of option to be assigned to each of them and the approval of the final regulation of the plan; and (ii) at the extraordinary meeting, to resolve the related capital increase, against payment, serving the New 2012-2017 Plan, up to an overall maximum value equal to Euro 93,998, with a subscription price to be determined by the Board itself in accordance with article 2441, paragraph 6, of the Italian Civil Code, having heard the opinion of the Remuneration Committee.
On the same date, the Board of Directors also resolved to submit a proposal to the Shareholders' Meeting for the partial cancellation, for a nominal amount of Euro 44,000, of the Company's capital increase of Euro 50,000, through the issue of a maximum number of 2,500,000 ordinary shares, as resolved by the Board of Directors on 28 February 2008 in order to serve the 2008-2013 stock option plan, which is currently in place.
In particular the partial cancellation concerns no. 2,200,000 shares, of which no. 1,300,000 shares relate to options that have already been assigned and that have been the object of a waiver by the respective beneficiaries or have been forfeited and no. 900,000 shares issued to serve new allocations in the framework of subsequent incentive plans to be resolved within the ultimate deadline of 1 March 2011, as no new allocation had been made within this time limit. As a result of this partial cancellation, the abovementioned capital increase will remain in place for a nominal amount of Euro 6,000, to be implemented through the issue of no. 300,000 ordinary shares serving the 2008-2013 stock option plan.

In addition to the information indicated above, no significant events were reported from 1 April 2012 up to today's date at the Company level.

Note 41 – Other information

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

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

First and last name	Position	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
Marco Palmieri	Chairman CEO(1)	Piquadro S.p.A.	31,909,407	-	-	31,909,407
Pierpaolo Palmieri	Vice-Chairman – Executive Director (2)	Piquadro S.p.A.	2,276,801	-	-	2,276,801
Marcello Piccioli	Executive Director	-	-	-	-	-
Roberto Trotta	Executive Director	Piquadro S.p.A.	3,000	-	-	3,000

(1) At the end of the FY 2011/2012, the Chairman of the Board of Directors and CEO of Piquadro S.p.A., Marco Palmieri, owned a stake equal to 93.34% of the share capital of Piquadro Holding S.p.A., through Piqubo S.p.A., a company wholly owned by the latter. Piquadro Holding S.p.A., in turn, owns 68.37% of the share capital of Piquadro S.p.A.
(2) At the end of the FY 2011/2012, the Vice-Chairman of the Board of Directors of Piquadro S.p.A., Pierpaolo Palmieri, owned a stake equal to 6.66% of the share capital of Piquadro Holding S.p.A., which in turn, owns 68.37% of the share capital of Piquadro S.p.A..

b) Sale transactions with a reconveyance obligation

As at 31 March 2012, the Group had no sale transactions in place subject to an obligation of reconveyance or repurchase of its own assets sold with third-party customers.

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

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

d) Shareholder loans to the Company

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

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

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

f) Indication of the controlling entity and information on the direction and coordination activity pursuant to article 2497 of the Italian Civil Code

Piquadro S.p.A. 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 S.p.A. nor Piquadro Holding S.p.A., i.e. the companies controlling Piquadro S.p.A., carries out direction and coordination activities in relation to Piquadro S.p.A., in that (i) they do not give instructions to their subsidiary; and (ii) there is no significant organisational/functional connection between these companies and Piquadro S.p.A.
In addition to directly carrying out operating activities, Piquadro S.p.A., in its turn, also carries out direction and coordination activities in relation to the companies it controls, pursuant to Articles 2497 and ff. of the Italian Civil Code

CERTIFICATION ON THE 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 2011-31 March 2012.

It is also certified that the consolidated financial statements as at 31 March 2012:

a) have been prepared in accordance with the applicable International Accounting Standards acknowledged by the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
b) correspond to the results in the accounting books and records;
c) are suitable to give a true and correct representation of the equity, economic and financial position of the issuer and of all the companies included in the scope of consolidation.

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

Silla di Gaggio Montano (Province of Bologna) 18 June 2012

/F/ Marco Palmieri
Chief Executive Officer

Marco Palmieri

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

KEY DATA OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES
AT 31 MARCH 2012

Below are reported, pursuant to article 2429, last paragraph, of the Italian Civil Code, the key data of the financial statements of the subsidiaries included in the scope of consolidation

Distributing companies

Income statement (thousands of Euro)	**Piquadro España SLU**	**Piquadro Deutschland GmbH**	**Piquadro BV**	**Piquadro Middle East LLC (c)**
Revenues and other	2,047	466	140	205
income	(2,023)	(461)	(138)	(424)
Operating costs	24	5	2	(219)
Operating profit	(1)	(6)	2	43
Financial income (charges)	23	(1)	4	(176)
Pre-tax result	(3)	-	(1)	-
Income taxes				
Profit for the year	**20**	**(1)**	**3**	**(176)**

Balance sheet (thousands of Euro)	**Piquadro España SLU**	**Piquadro Deutschland GmbH**	**Piquadro BV**	**Piquadro Middle East LL (c)**
Assets				
Non-current assets	375	2	3	19
Current assets	984	322	344	132
Total assets	**1,359**	**324**	**347**	**151**
Equity and liabilities				
Equity				
Non-current liabilities	2	(45)	303	(903)
Current liabilities	-	-	44	-
	1,357	369		1,054
Total Equity and Liabilities	**1,359**	**324**	**347**	**151**

Distributing companies

Income statement (thousands of Euro)	**Piquadro Hong Kong Ltd (a)**	**Piquadro Macau Limitada (a)**	**Piquadro Trading (Shenzhen) (b)**	**Piquadro Taiwan Ltd (d)**
Revenues and other income	4,561	342	1,421	562
Operating costs	(4,676)	(283)	(1,365)	(559)
Operating profit	(115)	59	56	3
Financial income (charges)	154	13	(10)	16
Pre-tax result	39	72	46	19
Income taxes	-	(7)	(50)	-
Profit for the year	**39**	**65**	**(4)**	**19**

Balance sheet (thousands of Euro)	**Piquadro Hong Kong Ltd (a)**	**Piquadro Macau Limitada (a)**	**Piquadro Trading (Shenzhen) (b)**	**Piquadro Taiwan Ltd (d)**
Assets				
Non-current assets	912	65	297	40
Current assets	1,233	313	1,726	747
Total assets	**2,145**	**378**	**2,023**	**787**

Equity and liabilities				
Equity	(10)	89	1,078	491
Non-current liabilities	-	-	-	-
Current liabilities	2,155	289	945	296
Total Equity and Liabilities	**2,145**	**378**	**2,023**	**787**

Production companies

Income statement (thousands of Euro)	**Unibest Leather Goods Co. Limited (a)**	**Unibest Leather Goods Co. Limited (Zhongshang) (b)**
Revenues and other income	182	7,007
Operating costs	(104)	(7,590)
Operating profit	78	(583)
Financial income (charges)	(2)	41
Pre-tax result	76	(542)
Income taxes	-	(25)
Profit for the year	**76**	**(567)**

Balance Sheet (thousands of Euro)	**Unibest Leather Goods Co. Limited (a)**	**Unibest leather Goods Co. Limited (Zhongshang) (b)**
Assets		
Non-current assets	-	228
Current assets	90	1,656
Total Assets	**90**	**1,884**
Equity and Liabilities		
Equity	90	(672)
Non-current liabilities	-	-
Current liabilities	-	2,556
Total Equity and Liabilities	**90**	**1,884**

Foreign currency	**Average exchange rate 31/03/2012**	**Final exchange rate 31/03/2012**
(a) initial amounts in Hong Kong Dollar (HK$) translated into Euro	10.72	10.37
(b) initial amounts in Renbimbi (CNY) translated into Euro	8.81	8.41
(c) initial amounts in UAE Dirham (AED) translated into Euro	5.06	4.91
(d) initial amounts in Taiwan Dollar (NTD) translated into Euro	40.60	39.42

INDEPENDENT AUDITORS' REPORT AT 31 MARCH 2012

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

To the shareholders of
Piquadro SpA

1 We have audited the separate financial statements of Piquadro SpA as of 31 March 2012 which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes. The directors of Piquadro SpA are responsible for the preparation of these separate financial statements in compliance with the International Financial Reporting Standards 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 separate financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate 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 separate 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.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 20 June 2011.

3 In our opinion, the separate financial statements of Piquadro SpA as of 31 March 2012 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Piquadro SpA for the period then ended.

4 The directors of Piquadro SpA are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure published in section *Investor relations – Corporate governance* of the website of Piquadro SpA in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the report on corporate governance and ownership structure, with the separate financial statements, as required by law. For this purpose, we have performed the procedures required under Italian

Auditing Standard No. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by the CONSOB. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the report on corporate governance and ownership structure are consistent with the separate financial statements of Piquadro SpA as of 31 March 2012.

Bologna, 27 June 2012

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.