INTERIM FINANCIAL REPORT OF THE PIQUADRO GROUP AS AT 31 DECEMBER 2010

Disclaimer

This Interim Financial Report at 31 December 2010 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.

Corporate details

Piquadro S.p.A.

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

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

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

Silla di Gaggio Montano, località Sassuriano (BO)	*Headquarters, logistics and Offices*
Guangdong, The People's Republic of China (registered office of Uni Best Leather Goods Zhongshan Co. Ltd)	*Production plant*

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

38. Frankfurt am Main – Steinweg, 12 (Piquadro Deutschland)	*Point of sale*
39. Agira (EN) – Sicily Fashion Outlet (Piquadro S.p.A.)	*Retail outlet*
40. Rome, Fiumicino Airport Terminal 2 (Piquadro S.p.A.)	*Point of sale*
41. Shanghai - IFC Mall Beijing (Piquadro Shenzhen)	*Point of sale*
42. Taiwan – Taipei Sogo DunHua Shop (Piquadro Taiwan)	*Point of sale*
43. Shenyang – MOI Dept. Store (Piquadro Shenzhen)	*Point of sale*

INTERIM FINANCIAL REPORT

Introduction

The consolidated interim financial report as at 31 December 2010 was prepared in compliance with Article 154-*ter* of Legislative Decree no. 58/1998, as amended, as well as with the Issuers' Regulation issued by Consob (*Commissione Nazionale per le Società e la Borsa,* Italian Securities and Exchange Commission).
This Interim financial report was prepared by the Directors in relation to the attached consolidated interim financial statements of Piquadro S.p.A. (hereinafter also referred to as the "Company") and its subsidiaries ("Piquadro Group") relating to the nine-month period ended 31 December 2010. The financial statements 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. The interim financial report must therefore be read together with the accounting statements and the related Explanatory Notes.

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

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

A) CORPORATE BODIES HOLDING OFFICE AT 31 DECEMBER 2010

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

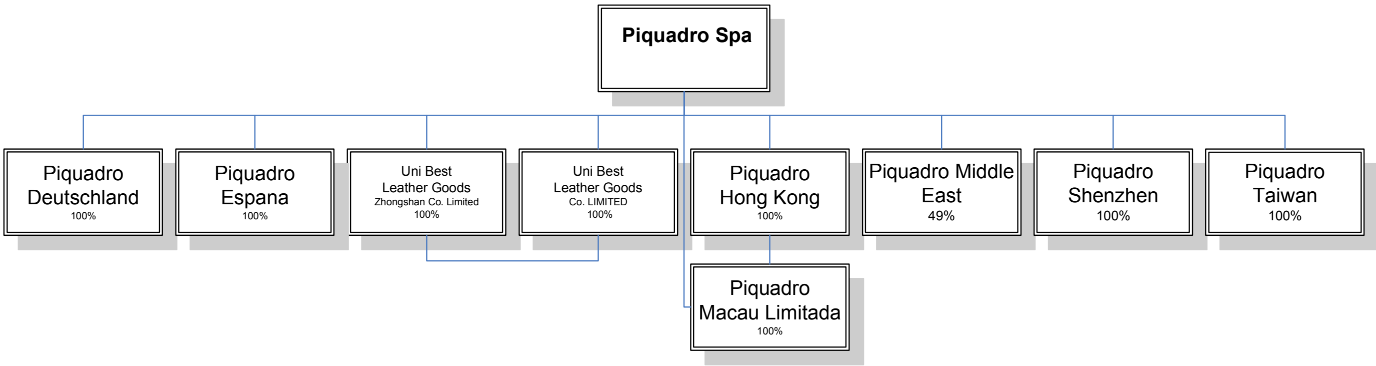
- **INDEPENDENT AUDITORS**
  (holding office for nine years until the approval of the financial statements as at 31 March 2016)
  PricewaterhouseCoopers S.p.A.

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

- **SUPERVISORY BOARD**
  Mario Panzeri

B) THE GROUP STRUCTURE

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



C) INFORMATION ON OPERATIONS

Significant events for the nine months ended 31 December 2010

On 14 June 2010 the Board of Directors of Piquadro SpA approved the financial statements ended 31 March 2010 and proposed to distribute a dividend for a total of Euro 4,000,000 equal to Euro 0.080 per share. At the same time, the Board of Directors of Piquadro SpA took steps to call the Company's Extraordinary 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 in line with the current regulations for listed companies.

On 22 June 2010, the Parent Company completed the acquisition of the residual stake held by the Chinese partners in Uni Best Leather Goods Co. Limited, a company based in Hong Kong which, in turn, holds 50% of the joint venture Uni Best Leather Goods (Zhongshan) Co. Ltd – a company incorporated under Chinese law which is responsible for about 40% of the production of the Piquadro Group and of which the Parent Company holds the remaining 50%. Specifically, the Chinese partners held no. 500 shares, equal to 50% of the share capital of Uni Best Leather Goods Co. Limited, while Piquadro S.p.A. directly held the residual 50%. Through this transaction, Piquadro S.p.A. directly holds 100% of Uni Best Leather Goods Co. Limited, and indirectly holds, through the latter, 100% of Uni Best Leather Goods (Zhongshan).
The acquisition described above has entailed a disbursement for Piquadro S.p.A. equal to about HKD 1.6 million (corresponding to about Euro 170 thousand).

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

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

The Group's business

Operations

In the first nine months of the 2010/2011 financial year ended 31 December 2010, the Group reported, at the revenue level, an excellent growing performance compared to the same period in the 2009/2010 financial year.

In the first nine months of the financial year ended 31 December 2010, the Piquadro Group reported net sales revenues equal to Euro 43,985 thousand, showing an increase equal to about 19.1% compared to the same period in the 2009/2010 financial year (net sales revenues equal to Euro 36,938 thousand). In the first nine months ended 31 December 2010, sales volumes, in terms of quantities sold in the relevant period, showed an increase of about 7.8% compared to the same period in the 2009/2010 financial year. The product families that recorded the most significant increase in terms of sales revenues were those of women's bags (about +29%), accessories (about +112%) and travel articles (about +16%).

In the first nine months of the financial year ended 31 December 2010, the Piquadro Group reported average selling prices showing an increase of about 4% compared to the same period in the year 2009/2010, mainly attributable to the growth in sales in the DOS channel over the total Group sales, and, in any case, in line with the management's expectations.

In the first nine months of the financial year ended 31 December 2010, the Piquadro Group reported, in terms of profitability, EBITDA[1] equal to Euro 11.78 million (equal to 26.80% of net sales revenues), up by about 21.19% compared to the value recorded in the same period of the 2008/2009 financial year (Euro 9.72 million, equal to 26.33% of net sales revenues). This performance was positively affected by the income deriving from the assignment of the lease agreement relating to the Frankfurt shop, non-recurring income classified under item "Other income" in the income statement. The performance in terms of EBITDA, net of this effect, is equal to an increase of about 18.1% (Euro 11.48 million, with the net sales revenues accounting for 26.12%).

The Group's EBIT[2] came to about Euro 10.44 million (23.74% of net sales revenues), up by about 26.67% compared to the first nine months of the financial year ended 31 December 2009 (Euro 8.24 million, equal to 22.31% of net sales revenues). The performance at EBIT level, net of the non-recurring effect indicated above, is equal to an increase of about 23.03% (Euro 10.14 million, with the net sales revenues accounting for 23.05%).

As at 31 December 2010 the Group net profit was equal to Euro 6,523 thousand, up by about 33.51% compared to the same period ended 31 December 2009 (net profit of Euro 4,885 thousand).

Net sales revenues

As at 31 December 2010 the Piquadro Group recorded net sales revenues equal to about Euro 43,985 thousand, up by about 19.1% compared to 31 December 2009. Below is reported the breakdown of revenues by distribution channel and geographical area:

Breakdown of revenues by distribution channel

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:

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1 - EBITDA (which is an acronym for 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.

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

(i) a direct channel which, as at 31 December 2010, included 43 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 and distributors who then resell the articles in specialist multi-brand shops.

The table below reports the breakdown of net consolidated revenues by distribution channel:

Sales channel *(in thousands of Euro)*	**Net revenues as at 31 December 2010**	**%**	**Net revenues as at 31 December 2009**	**%**	**% change 2011/2010**
DOS	10,629	24.2%	8,250	22.3%	28.8%
Wholesale	33,356	75.8%	28,688	77.7%	16.3%
Total	**43,985**	**100.0%**	**36,938**	**100.0%**	**19.1%**

The revenues reported by the DOS channel showed an increase of about 28.8% compared to the same period in the 2009/2010 financial year; this increase was determined by both the marginal increase in the quantities sold in the already existing shops also in the first nine months ended 31 December 2010 ("*comparable shops*") and the contribution given by the opening of 11 new shops that were not present as at 31 December 2009, and that are listed below:

Month of opening	**Location**	**Channel**
January 2010	Hong Kong – Kowloon – I Square	DOS
January 2010	Hong Kong – Seibu Pacific Place	DOS
February 2010	Marcianise (CE) - c/o "Factory Outlet Centre"	DOS
July 2010	Hong Kong - Citygate Outlet Store	DOS *Outlet Store*
July 2010	Taiwan – Taipei The Mall	DOS
September 2010	Hong Kong - Sogo Causeway Bay	DOS
September 2010	Shanghai (China) - IFC Mall Beijing	DOS
November 2010	Taiwan – Taipei Sogo DunHua Shop	DOS
December 2010	Shenyang (China) – MOI Dept. Store	DOS
December 2010	Agira c/o "Sicilia Fashion Outlet"	DOS *Outlet Store*
December 2010	Rome Fiumicino Airport Terminal 2	DOS

The Same Store Sales Growth (SSSG), which is calculated as a world average of growth rates of the revenues recorded by the DOS existing at 1 April 2009, was positive and equal to 10.8% at current rates of exchange (9.6% assuming an equal number of days of opening and constant rates of exchange).

Sales reported by the Wholesale channel, which as at 31 December 2010 represented 75.8% of the Group's total turnover, showed a 16.3% increase, as they also benefitted, compared to the same period in the 2009/2010 financial year, from the opening of 11 additional franchise shops, of which 5 in Italy and 6 in Europe, as listed below (as at 31 December 2010 there were 53 franchise shops, of which 33 in Italy, 19 in Europe and 1 in China):

Month of opening	**Location**	**Channel**
January 2010	Moscow, Flagship Store Petrovskie	Franchising (Wholesale)
March 2010	Moscow, Mega Belaja Dacha Commercial Center	Franchising (Wholesale)
June 2010	Verona, Piazza delle Erbe	Franchising (Wholesale)

June 2010	Verona, Centro Commerciale “La Grande Mela”	Franchising (Wholesale)
July 2010	Wien, International Airport	Franchising (Wholesale)
September 2010	Kiev (Ukraine), Shopping Mall “Ukraina”	Franchising (Wholesale)
October 2010	Astana (Kazakhstan), Keruen Trade Center	Franchising (Wholesale)
November 2010	Beirut (Lebanon), Ayyas Sector - Beirut Souks	Franchising (Wholesale)
November 2010	Limbiate, Centro Commerciale “Carrefour”	Franchising (Wholesale)
November 2010	Lecce, Via Trinchese 69	Franchising (Wholesale)
December 2010	Palermo, Viale Strasburgo 108	Franchising (Wholesale)

Breakdown of revenues by geographical area

The table below reports the breakdown of net revenues by geographical area:

Geographical area *(in thousands of Euro)*	**Net revenues as at 31 December 2010**	**%**	**Net revenues as at 31 December 2009**	**%**	**% change 2011/2010**
Italy	33,328	75.8%	29,444	79.7%	13.2%
Europe	7,042	16.0%	5,268	14.3%	33.7%
Rest of the world	3,615	8.2%	2,226	6.0%	62.4%
Total	**43,985**	**100.00**	**36,938**	**100.00**	**19.1%**

As at 31 December 2010, the Group’s revenues showed that the Italian market accounts for a percentage of the Group’s total turnover which is still very high (equal to about 75.8%), up by about 13.2% compared to the same period in the 2009/2010 financial year, also benefiting from the opening of 3 new DOS (Marcianise (CE), Agira (EN), Rome - Fiumicino Airport Terminal 2) and 5 franchise shops (Verona-Piazza delle Erbe, Verona-Centro Commerciale “La Grande Mela”, Limbiate – Centro commerciale “Carrefour”, Lecce-Via Trinchese 69, Palermo-Viale Strasburgo 108).

The Group operates through the two DOS and Wholesale sales channels in 29 European Countries. Within the European market, the Group achieved a turnover equal to Euro 7,042 thousand, equal to about 16% of consolidated sales (+33,7% compared to Euro 5,268 thousand for the first nine months of the 2009/2010 financial year). The most significant growths in the turnover were recorded in countries such as Russia (206%), The Netherlands (81%) and France (6%). In the European region, the Group has opened 5 new franchise shops: 2 in Moscow; 1 in Kiev; 1 in Astana (Kazakhstan), 1 in Beirut (Lebanon) and 1 in Wien.

In the non-European geographical area (named “Rest of the world”), where the Group sells in 21 Countries, turnover rose by about 62.4%. The higher rises were recorded in Hong Kong (+84.9%), which also benefited from the opening of 4 new DOS and in China (+78.4%), which also benefited from the opening of 2 new DOS and in Taiwan (+173.3%), which also benefited from the opening of 2 new DOS.

Against significant increase in sales revenues, the first nine months ended 31 December 2010, net of the non-recurring income relating to the assignment of the lease agreement of the Frankfurt shop previously commented, saw a performance of the Group’s profitability up compared to the same period in the previous year, with an operating result up by 23.03% compared to the same period of the 2009 financial year (from Euro 8.2 million – equal to 22.31% of total sales revenues – in the first nine months ended 31 December 2009 to Euro 10.14 million – equal to about 23.05% of total sales revenues - in the first nine months ended 31 December 2010).

In the opinion of the management, the growth in the operating result, net of non-recurring income, in the first nine months of the 2010/2011 financial year was also attributable to the following factors:

- positive performances in the DOS segment, in terms of SSSG, even if counterbalanced by new openings with margins which are not yet in line with the expected ones;
- an increase in revenues from the wholesale channel that have then generated, thanks to the substantial margins that characterised them, an operational leverage in a situation in which overheads substantially remained the same, which was offset by a growth dynamic in marketing costs that already started in the first half-year.

Summary economic-financial data

Below are reported the Group's main economic-financial indicators as at 31 December 2010 and 31 December 2009 (financial indicators are also compared to the similar values inferred from the consolidated financial statements ended 31 March 2010):

Economic and financial indicators *(in thousands of Euro)*	**31 December 2010**	**31 December 2009**
Revenues from sales	43,985	36,938
EBITDA	11,788	9,727
EBIT	10,440	8,242
Pre-tax result	10,165	7,691
Group's profit for the period	6,523	4,885
Amortisation and depreciation of fixed assets and write-downs	1,398	1,535
Financial absorption (Group net profit, amortisation and depreciation, write-downs)	7,921	6,420

Financial indicators *(in thousands of Euro)*	**As at 31 December 2010**	**As at 31 March 2010**
Net Financial Position[3]	(9,266)	(5,334)
Shareholders' equity	(23,356)	(20,967)

EBITDA for the period came to Euro 11.78 million, against Euro 9.7 million recorded in the same period ended 31 December 2009 and as at 31 December 2010 it represented 26.80% of consolidated revenues (against 26.33% recorded in the first nine months ended 31 December 2009).

As at 31 December 2010, the Group's amortisation and depreciation were equal to Euro 1,348 thousand and were broken down as follows: Euro 1,129 thousand relating to property, plant and equipment (mainly connected to the depreciation of the building where the Company operates for Euro 133 thousand; of business equipment, including automated warehouse and fittings for shops, for Euro 819 thousand; of general systems for Euro 159 thousand and other assets for Euro 18 thousand), and Euro 219 thousand relating to intangible assets (of which Euro 103 thousand for software and patent rights, Euro 59 thousand for key money of some shops and Euro 57 thousand for development costs).

[3] - 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 Balance Sheet, as required by CONSOB notice no. 6064293 of 28 July 2006. Positive components: cash and cash equivalents, liquid securities under current assets, short-term financial receivables and derivative instruments. Negative components: payables to banks, payables to other lenders, leasing and factoring companies and derivative instruments.

As at 31 December 2010 EBIT came to Euro 10.44 million, equal to about 23.74% of net sales revenues, up by about 142 basis points compared to the value recorded as at 31 December 2009 (for a percentage equal to 22.31%).

The result from financial operations as at 31 December 2010, which was negative for a value equal to about Euro 275 thousand, was attributable to the net financial debt dynamics, in addition to the differential between foreign exchange gains and losses.

The pre-tax result recorded by the Group as at 31 December 2010 came to about Euro 10.16 million (up by about 32.16% against the value of Euro 7.69 million recorded in the nine months ended 31 December 2009), and was affected by income taxes, including the effects of deferred taxation, equal to Euro 3.6 million.

Investments

Investments in intangible assets, property, plant and equipment and financial assets in the nine months ended 31 December 2010 and 31 December 2009 were equal to Euro 1,773 thousand and Euro 1,080 thousand, respectively, as reported below:

(in thousands of Euro)	**31 December 2010**	**31 December 2009**
Investments		
Intangible assets	443	84
Property, plant and equipment	1,330	996
Financial fixed assets	-	-
Total	**1,773**	**1,080**

As at 31 December 2010, increases in intangible assets mainly related to trademarks for Euro 78 thousand, software investments for Euro 263 thousand, patent rights for Euro 2 thousand, the Key money paid by Piquadro Deutschland GmbH and Piquadro España for the opening of 2 points of sale for Euro 100 thousand.

On the contrary, increases in property, plant and equipment, were mainly attributable to fittings purchased for new DOS opened in the period under consideration and to the refurbishment of some existing shops for Euro 1,179 thousand, to purchases of electric and electronic office machines for Euro 24 thousand, to the purchases of moulds relating to new products for Euro 58 thousand and to the purchase of equipment for Euro 36 thousand.

CONSOLIDATED BALANCE SHEET

Below is summarised the Group’s consolidated equity and financial structure as at 31 December 2010 (compared to the corresponding structure as at 31 March 2010 and 31 December 2009):

(in thousands of Euro)	**31 December 2010**	**31 March 2010**	**31 December 2009**
Trade receivables	26,405	20,255	23,109
Inventories	12,423	7,618	9,163
(Trade payables)	(16,607)	(12,849)	(12,297)
Total net current trade assets	*22,221*	*15,024*	*19,975*
Other current assets	1,936	1,565	1,147
(Other current liabilities)	(1,708)	(2,663)	(1,698)
(Tax payables)	(2,549)	0	(1,752)
A) Working capital	***19,900***	***13,926***	***17,672***
Intangible assets	813	648	699
Property, plant and equipment	11,671	11,517	11,522
Receivables from others beyond 12 months	626	539	512
Deferred tax assets	1,210	1,112	997
B) Fixed assets	***14,320***	***13,816***	***13,730***
C) Non-current provisions and non-financial liabilities	***(1,598)***	***(1,441)***	***(1,387)***
Net invested capital (A+B+C)	**32,622**	**26,301**	**30,015**
FINANCED BY:			
D) Net financial debt	*(9,266)*	*(5,334)*	*(11,327)*
E) Equity attributable to Minority interests	*-*	*(81)*	*(162)*
F) Equity attributable to the Group	*(23,356)*	*(20,886)*	*(18,526)*
Total financial payables and Shareholders' Equity (D+E+F)	**(32,622)**	**(26,301)**	**(30,015)**

CONSOLIDATED NET FINANCIAL POSITION

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

(Values expressed in thousands of Euro)	**31 December 2010**	**31 March 2010**	**31 December 2009**
Cash	89	58	426
Other cash and cash equivalents (available current bank accounts)	8,273	9,259	6,801
Liquidity	**8,362**	**9,317**	**7,227**
Finance leases	(896)	(948)	(948)
Current bank debt	-	-	(2,852)
Current portion of non-current debt	(5,667)	(2,409)	(2,157)
Current financial debt	**(6,563)**	**(3,357)**	**(5,957)**
Short-term net financial position	**1,799**	**5,960**	**1,270**
Non-current bank debt	(6,482)	(6,046)	(7,120)
Finance leases	(4,583)	(5,248)	(5,477)
Non-current financial debt	**(11,065)**	**(11,294)**	**(12,597)**
Net financial debt	**(9,266)**	**(5,334)**	**(11,327)**

As at 31 December 2010 the Net Financial Position was negative for about Euro 9.2 million. The negative change compared to 31 March 2010 was due to the seasonality trends of the net current assets which achieves its peak just in the third quarter of the financial year, as well as to the investments made by the Group and to the payment of the dividend of Euro 4,000 thousand relating to the financial year ended 31 March 2010, which was distributed at the end of July 2010. Net financial debt as at 31 December 2010, compared to that recorded as at 31 December 2009, showed an improvement equal to about Euro 2,061 thousand, and showed, even if within a context of growth which in itself drains funds, the Company's very strong capacity to generate cash by means of solid profits hand in hand with careful management of working capital and of the Group's investment policy.

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 December 2010 the Group had 656 members of staff compared to 545 units as at 31 December 2009. Below is reported the breakdown of staff by country:

Country	**31 December 2010**	**31 December 2009**
Italy	165	145
China	409	350
Hong Kong	43	26
Macau	6	5
Germany	6	5
Spain	11	4
UAE	4	5
Taiwan	12	5
Total	**656**	**545**

With reference to the Group's organisational structure, as at 31 December 2010 47.7% of staff operated in the production area, 26.2% in the retail area, 15.9% in the support functions (Administration, IT Systems, Purchasing, Quality, Human Resources, etc.), 7.9% in the Research and Development area and 2.3% in the sales area.

OTHER INFORMATION

D) RESEARCH AND DEVELOPMENT ACTIVITY

The Piquadro Group's Research and Development activity is carried out by the Parent Company in house through a dedicated team that currently consists of 13 persons mainly engaged in the product research and development department and the style office of the Headquarter. Products are conceived within the Group and occasionally in collaboration with outside industrial designers, taking account of the information regarding market trends supplied by the Group's internal departments (Product Management and sales departments). In this manner, the Group develops its collections trying to meet the needs of end customers that are not yet satisfied by the market. The internal unit dedicated to the design of products manages operating activities and also coordinates the external consultants of which the Company makes use. In some cases, in fact, the Group only uses external designers for the product design phase, while the research and development phase is in any case carried out in house. As required by IFRS (IAS 38), the Piquadro Group has capitalised, over the years, the development costs, relating to some new product lines put onto the market on a continuing basis, which generated turnover in the financial year after that in which they were designed as prototypes; these costs are amortised on the basis of the residual useful life of the product which is estimated by the management at four years. As at 31 December 2010, the residual net value of capitalised development costs relating to the new continuous product lines are equal to Euro 86 thousand.

E) 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), with reference to the subsidiaries Unibest Leather Goods Zhongshan Co. Ltd. and Piquadro Hong Kong Ltd., the only Group companies as of today that meet the significance requirements under title VI, chapter II, of the Issuers' Regulation, the Piquadro Group declares that:

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

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

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

G) SIGNIFICANT EVENTS AFTER THE QUARTER

Subsequent to 31 December 2010, within the framework of its development and distribution mix plan mainly in the Far East region, the Group opened, in January 2011, 2 new DOS (China – Shenzhen Surprise outlet and Season Place), and 1 new franchise shop in Toronto (Canada).

In addition to the above, no significant events are reported which occurred at Group level from 1 January 2011 to the date of this Report.

H) OUTLOOK

The results achieved in the first nine months of the financial year ended 31 December 2010 have further confirmed the management's expectations in terms of turnover growth. The data relating to order collection, relating to the sales campaigns to be delivered in the next months, continue to show a positive performance of the relevant market for the Piquadro Group, even if in a situation which is yet unstable and scattered in geographical terms and within a context which is currently still affected by the financial crisis and which appears not to be fully terminated. The Group is committed to developing the brand internationally, paying particular attention to the strategic areas of the Far East where the initial positive effects of economic recovery can already be felt and through the development of the network of single-brand, DOS and Franchise shops at worldwide level. The expectations for the whole financial year, which will end on 31 March 2011, are always connected to the confirmation of the extent of the recovery which is taking place in the various markets in which the Group operates and holds important positions. The upturn in consumption in some foreign countries, including Russia mainly, where the company operates through eight franchise shops, should continue to help the rate of development abroad. However, on the basis of current indications from the market and from the performance of the current sales campaigns, the management is expecting a growth in the turnover generated by the DOS channel by the end of March 2011, mainly as a result of new openings (including those opened in the course of the previous financial year), and a trend of improvement, compared to the previous year, in the dynamics of sales in the wholesale segment, also due only to restocking by the multi-brand customers and the recovery of historical markets where the Group has always held leading positions. In this context, the management is always constantly committed to monitoring and exploiting all the recovery dynamics (if any) and maintaining above-average profit margins in the relevant sector that can allow it to undertake such greater commitments in research and development activities and commitments to marketing as to further develop awareness of the Piquadro brand all over the world.

Silla di Gaggio Montano (BO), 10 February 2011

FOR THE BOARD OF DIRECTORS
THE CHAIRMAN
(Marco Palmieri)

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2010

PIQUADRO

Financial balance sheet - Assets

(in thousands of Euro)	**Notes**	**31 December 2010**	**31 March 2010**
ASSETS			
Non-current assets			
Intangible assets	(1)	813	648
Property, plant and equipment	(2)	11,671	11,517
Receivables from others	(3)	626	539
Deferred tax assets	(4)	1,210	1,112
Total non-current assets		**14,320**	**13,816**
Current assets			
Inventories	(5)	12,423	7,618
Trade receivables	(6)	26,405	20,255
Other current assets	(7)	1,701	1,513
Derivative financial assets	(8)	235	69
Cash and cash equivalents	(9)	8,362	9,317
Total current assets		**49,126**	**38,772**
TOTAL ASSETS		**63,446**	**52,588**

* The effects of relations with related parties on the consolidated financial balance sheet are reported in Note 35 Relations with related parties.

Financial balance sheet - Liabilities

TOTAL EQUITY AND LIABILITIES			
(in thousands of Euro)	**Notes**	**31 December 2010**	**31 March 2010**
EQUITY			
Share capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		472	484
Retained earnings		14,361	11,159
Group profit for the period		6,523	7,243
Total equity attributable to the Group		**23,356**	**20,886**
Capital and reserves attributable to minority interests		-	201
Profit/(loss) for the period attributable to minority interests		-	(120)
Total equity attributable to minority interests		**-**	**81**
TOTAL EQUITY	(10)	**23,356**	**20,967**
NON-CURRENT LIABILITIES			
Borrowings	(11)	6,482	6,046
Payables to other lenders for lease agreements	(12)	4,583	5,248
Provision for employee benefits	(13)	266	287
Provisions for risks and charges	(14)	906	728
Deferred tax liabilities	(15)	426	426
TOTAL NON-CURRENT LIABILITIES		**12,663**	**12,735**
CURRENT LIABILITIES			
Borrowings	(16)	5,667	2,409
Payables to other lenders for lease agreements	(17)	896	948
Derivative financial liabilities	(18)	9	17
Trade payables	(19)	16,607	12,849
Other current liabilities	(20)	1,699	2,663
Current income tax liabilities	(21)	2,549	-
TOTAL CURRENT LIABILITIES		**27,427**	**18,886**
TOTAL LIABILITIES		**40,090**	**31,621**
TOTAL EQUITY AND LIABILITIES		**63,446**	**52,588**

* The effects of relations with related parties on the consolidated financial balance sheet are reported in Note 35 Relations with related parties.

Income statement

(in thousands of Euro)	Notes	31 December 2010	31 December 2009
REVENUES			
Revenues from sales	(22)	43,985	36,938
Other income	(23)	868	549
- *of which: non-recurring income*		*300*	
TOTAL REVENUES (A)		**44,853**	**37,487**
OPERATING COSTS			
Change in inventories	(24)	(4,625)	(1,435)
Costs for purchases	(25)	10,334	7,022
Costs for services and leases and rentals	(26)	20,745	16,221
Personnel costs	(27)	6,465	5,616
Amortisation, depreciation and write-downs	(28)	1,398	1,535
Other operating costs		96	286
TOTAL OPERATING COSTS (B)		**34,413**	**29,245**
OPERATING PROFIT (A-B)		**10,440**	**8,242**
FINANCIAL INCOME AND CHARGES			
Financial income	(29)	93	305
Financial charges	(30)	(368)	(856)
TOTAL FINANCIAL INCOME AND CHARGES		**(275)**	**(551)**
PRE-TAX RESULT		**10,165**	**7,691**
Income tax expenses	(31)	3,642	2,837
PROFIT FOR THE PERIOD		**6,523**	**4,854**
attributable to:			
EQUITY HOLDERS OF THE COMPANY		6,523	4,885
MINORITY INTERESTS		-	(31)
(Basic) Earnings per share in Euro		0.1304	0.0977
(Diluted) Earnings per share in Euro	(32)	0.1264	0.0947

* The effects of relations with related parties on the consolidated income statement are reported in Note 35 Relations with related parties.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	31 December 2010	31 December 2009
Group profit and loss for the period (A)	**6,523**	**4,845**
Profits (losses) arising from the translation of financial statements of foreign companies	(10)	(85)
Effect of IAS 39 fair value of derivative contracts	118	60
Total other profits/(losses) not recognised through P&L (B)	**108**	**(25)**
Total comprehensive income/(losses) (A) + (B)	**6,631**	**4,820**
Attributable to		
- the Group	6,631	4,851
- Minority interests		(31)

Statement of changes in consolidated equity

(in thousands of Euro)

			Other reserves									
Description	**Share capital**	**Share premium reserve**	**Translation reserve**	**Fair value reserve**	**Other reserves**	**Total Other reserves**	**Undivided profit**	**Group profit**	**Equity attributable to the Group**	**Capital and reserves attributable to minority interests**	**Profit/(Loss) attributable to minority interests**	**Equity attributable to the Group and to minority interests**
Balances as at 31.03.2009	**1,000**	**1,000**	**(12)**	**(34)**	**508**	**462**	**6,726**	**7,533**	**16,721**	**224**	**(19)**	**16,926**
Allocation of the result for the period as at 31 March 2009												
- to dividends						0		(3,100)	(3,100)			(3,100)
- to reserves					4,433	4,433		(4,433)	0	(19)	19	0
Fair value of the Stock Option Plan					31	31			31			31
Change in consolidation scope						0			0	2		2
Fair value of financial instruments				60		60			60			60
Currency translation differences			(71)			(71)			(71)	(14)		(85)
Other changes						0			0			0
Profit for the period						0		4,885			(31)	4,854
Balances as at 31.12.2009	**1,000**	**1,000**	**(83)**	**26**	**4,972**	**4,915**	**6,726**	**4,885**	**18,526**	**193**	**(31)**	**18,688**

Statement of changes in consolidated equity

(in thousands of Euro)

			Other reserves									
Description	**Share capital**	**Share premium reserve**	**Translation reserve**	**Fair value reserve**	**Other reserves**	**Total Other reserves**	**Undivided profit**	**Group profit**	**Equity attributable to the Group**	**Capital and reserves attributable to minority interests**	**Profit/(Loss) attributable to minority interests**	**Equity attributable to the Group and to minority interests**
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**		6,523	**6,523**			**6,523**
Other components of the comprehensive income as at 30 September 2010:												
Foreign exchange differences from translation			(10)			**(10)**			**(10)**			**(10)**
Fair value of financial instruments				118		**118**			**118**			**118**
Total comprehensive income for the period			**(10)**	**118**	**0**	**108**	**0**	**6,523**	**6,631**	**0**	**0**	**6,631**
Allocation of the result for the period as at 31 March 2010:												
- to dividends						**0**		(4,000)	**(4,000)**			**(4,000)**
- to reserves						**0**	3,243	(3,243)	**0**	(120)	120	**0**
Acquisition of Unibest Leather Goods Hong King					(182)	**(182)**			**(182)**	(81)		**(263)**
Fair Value of the Stock Option Plan					21	**21**			**21**			**21**
Other changes						**0**			**0**			**0**
Balances as at 31.12.10	**1,000**	**1,000**	**(87)**	**130**	**388**	**431**	**14,402**	**6,523**	**23,356**	**0**	**0**	**23,356**

CONSOLIDATED CASH FLOW STATEMENT

(*in thousands of Euro*)	31 December 2010	31 December 2009
Pre-tax profit	**10,165**	**7,691**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,348	1,485
Provision for bad debts	50	50
Adjustment to the provision for employee benefits	(11)	7
Net financial charges/(income), including exchange rate differences	275	551
Cash flow from operating activities before changes in working capital	**11,827**	**9,784**
Change in trade receivables (net of the provision)	(6,150)	(3,632)
Change in inventories	(4,805)	(1,339)
Change in other current assets	(1,384)	79
Change in trade receivables	(3,758)	1,001
Change in provisions for risks and charges	178	149
Change in other current liabilities	(964)	(780)
Cash flow from operating activities after changes in working capital	**2,460**	**5,262**
Payment of taxes	(1,093)	(1,194)
Interest paid	(321)	(681)
Cash flow generated from operating activities (A)	**1,046**	**3,388**
Investments in intangible assets	(184)	(60)
Investment in property, plant and equipment	(456)	(843)
Investment in fixed financial assets	(164)	-
Changes generated from investing activities (B)	**(804)**	**(903)**
Financing activities		
Change in long-term financial receivables		
Registering/(Repayment) of short- and medium/long-term borrowings	3,694	1,954
Changes in financial instruments	(174)	(130)
Lease instalments paid	(717)	(879)
Payment of dividends	(4,000)	(3,100)
Cash flow generated from/(absorbed by) financing activities (C)	**(1,197)**	**(2,155)**
Net increase (decrease) in cash and cash equivalents (A+B+C)	(955)	330
Cash and cash equivalents at the beginning of the period	**9,317**	**6,897**
Cash and cash equivalents at the end of the period	**8,362**	**7,227**

* The effects of relations with related parties are reported in Note 35 Relations with related parties.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 31 DECEMBER 2010

1. GENERAL INFORMATION

1.1 The Company and the Group

Piquadro SpA (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.

As of today's date, the Company is owned by Marco Palmieri through Piqubo SpA, which is 100% owned. Piqubo SpA, in fact, holds 93.34% of the share capital of Piquadro Holding SpA, which in its turn holds, as at 31 December 2010, 68.072% of the share capital of Piquadro S.p.A., a company which is listed on the Milan Stock Exchange since 25 October 2007.

These consolidated condensed financial statements were approved by the Board of Directors on 10 February 2011.

1.2 Seasonality

The Piquadro Group operates in a seasonal market that is typical of the sector to which it belongs.

Historically, the Group's sales revenues achieved in the first nine months of the financial year (i.e. from April to December 2010) about 70.7% (a percentage calculated on the basis of consolidated revenues of Euro 36,938 thousand as at 31 December 2009 compared to revenues of Euro 52,218 thousand as at 31 March 2010), with a consequent impact on margins.

Accordingly, it should be noted that, even if expressing the Group's economic and financial performance, the result as at 31 December 2010 does not fully represent the result that the Group expects to achieve in the financial year that will end on 31 March 2011.

2. CRITERIA FOR THE PREPARATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS, THE GROUP STRUCTURE AND THE SCOPE OF CONSOLIDATION

2.1 Accounting standards and policies

These consolidated condensed interim financial statements as at 31 December 2010 were prepared pursuant to Article 154-*ter* of Legislative Decree no. 58/98 and in accordance with International Accounting Standards (IAS/IFRS) adopted by the European Union and in particular with the accounting standard applicable to interim financial reporting (IAS 34).

IAS 34 allows interim financial statements to be prepared in a "condensed" form, i.e. on the basis of minimum disclosures substantially less detailed than required by IFRS as a whole, provided that a complete set of financial statements prepared on the basis of IFRS has been previously made available to the public.

These condensed interim financial statements have been prepared in a "condensed" form and they must therefore be read together with the Group's consolidated financial statements ended 31 March 2010 prepared in accordance with IFRS adopted by the European Union, to which reference is made for a better understanding of the Group's business and structure and of the accounting standards and criteria adopted.

The preparation of interim financial statements in accordance with IAS 34 – Interim Financial Reporting requires judgments, estimates and assumptions that impact on assets, liabilities, costs and revenues. It should be noted that the final results may prove different from those obtained as a result of these estimates.

The Accounting statements of income statement, balance sheet, changes in equity and cash flow statement are prepared in an extended form and are the same as those adopted for the consolidated financial statements ended 31 March 2009.

The accounting standards and policies adopted in preparing the condensed consolidated interim financial statements are the same as those used in preparing the consolidated financial statements of Piquadro S.p.A. ended 31 March 2009, to which reference is made for a description of the same.

These consolidated condensed interim financial statements are made up of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Cash Flow Statement, the Statements of Changes in Equity and these Explanatory Notes. Economic data, changes in equity and cash flows for the first nine months of the financial year ended 31 December 2010 are compared with the first nine months ended 31 December 2009. Financial data as at 31 December 2010 are compared with the corresponding values as at 31 March 2010 (relating to the last consolidated annual accounts).

For a better description, accounting data are reported in thousands of Euro in both the accounting statements and these Notes.

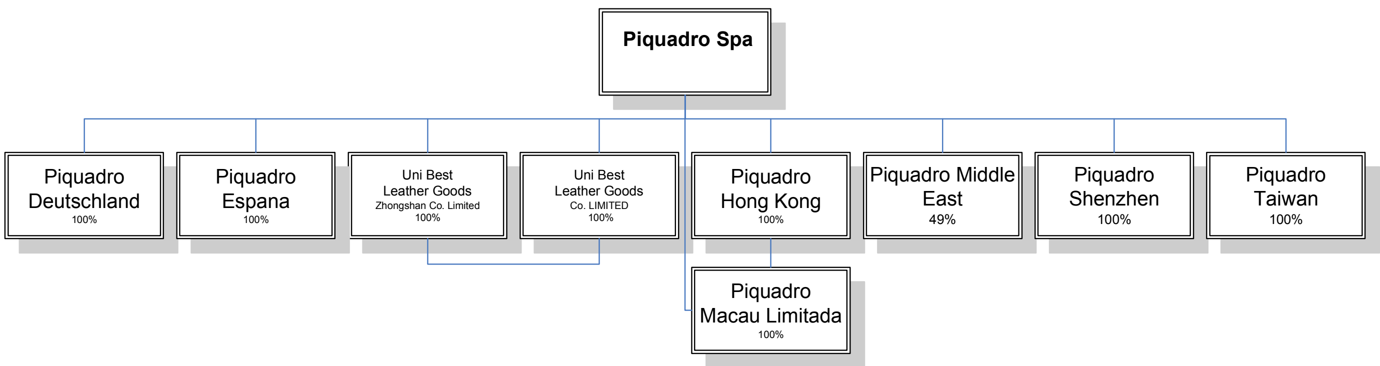
The reporting currency of these consolidated financial statements is the Euro, since this currency prevails in the economies of the countries where the Piquadro Group companies conduct their business.

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

Except as indicated above, the management believes that no other significant non-recurring events or transactions occurred either in the quarter (nine months) ended 31 December 2010 or in the quarter (nine months) ended 31 December 2009, nor did any atypical or unusual transactions significantly affect the operating result.

2.2 The Group structure

For the purpose of provide a clear representation, below is reported the chart of the Group structure as at 31 December 2010:



2.3 Principles of consolidation

Subsidiaries

Companies are defined as subsidiaries when the Parent Company, either directly or indirectly, has the power to operate them in such a way as to obtain the benefits from conducting this business. Control is presumed to exist when the Group holds the majority of the voting rights. Potential voting rights that can be exercised or are convertible at the time are also taken into consideration in defining control.

The criteria adopted in applying the method of consolidation on a line-by-line basis are mainly the following:

- the book value of the equity investments held by the Parent Company or by the other companies being consolidated is eliminated against the related equity in consideration of the assumption of assets and liabilities of the investee companies;
- the surplus, if any, of the total cost of the businesses acquired with respect to the portion in the fair value pertaining to identifiable assets and liabilities and potential liabilities is recognised under item Goodwill, under Intangible Assets;
- significant transactions occurred between consolidated companies are also eliminated, as well as credit and debt items and profits not yet realised which arise from transactions between Group companies;
- the portion of Total Equity pertaining to minority shareholders is recognised under a special item, while the portion of result for the period pertaining to minority interests is recognised separately in the consolidated income statement;
- the companies acquired or sold in the course of the financial year are consolidated for the period in which control was exercised.

2.4 Scope of consolidation

The consolidated interim financial statements ended 31 December 2010 and 31 December 2009 include the interim financial statements of the Parent Company Piquadro SpA and those of all companies over which it exercises control, either directly or indirectly.

Compared to the financial year ended 31 March 2010 and to the first nine months of the financial year ended 31 December 2009, no new company was included in the scope of consolidation as at 31 December 2010.

It should be noted that, on 22 June 2010, the Parent Company completed the acquisition of the residual stake held by the Chinese partners in Uni Best Leather Goods Co. Limited, a company based in Hong Kong which, in turn, holds 50% of the joint venture Uni Best Leather Goods (Zhongshan) Co. Ltd – a company incorporated under Chinese law which is responsible for about 40% of the production of the Piquadro Group and of which the Parent Company holds the remaining 50%. Specifically, the Chinese partners held no. 500 shares, equal to 50% of the share capital of Uni Best Leather Goods Co. Limited, while Piquadro S.p.A. directly held the residual 50%. Through this transaction, Piquadro S.p.A. directly holds 100% of Uni Best Leather Goods Co. Limited, and indirectly holds, through the latter, 100% of Uni Best Leather Goods (Zhongshan).

The complete list of the companies included in the scope of consolidation as at 31 December 2010 and 31 December 2009, with the related shareholders' equity and share capital recognised according to Italian or foreign accounting standards (as the Group companies have prepared their interim financial statements according to the Italian or foreign regulations and accounting standards, and have only 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 December 2010

Name	HQ	Country	Currency	Share Capital (local currency /000)	Shareholders' equity (Euro/000)	Control %
Piquadro SpA	Gaggio Montano (BO)	Italy	Euro	1,000	25,008	Parent Company
Uni Best Leather Goods Co. Limited	Kowloon	Hong Kong	HKD	1	127	100%
Piquadro España Slu	Barcelona	Spain	Euro	198	(25)	100%
Piquadro Deutschland Gmbh	Munich	Germany	Euro	25	(63)	100%
Uni Best Leather Goods Zhongshan Co Limited	Guangdong	People's Republic of China	RMB	3,576	12	100%
Piquadro Hong Kong Limited	Hong Kong	Hong Kong	HKD	2,000	(99)	100%
Piquadro Macau Limitada	Macau	Macau	HKD	25	5	100%
Piquadro Trading (Shenzhen) Co. Ltd.	Shenzhen	People's Republic of China	RMB	7,403	512	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	NTD	5,000	(12)	100%
Piquadro Middle East Leather Products LLC [a]	Abu Dhabi	United Arab Emirates	AED	150	(506)	49%

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

Scope of consolidation as at 31 December 2009

Name	HQ	Country	Currency	Share Capital (local currency /000)	Shareholders' equity (Euro/000)	Control %
Piquadro SpA	Gaggio Montano (BO)	Italy	Euro	1,000	20,063	Parent Company
Uni Best Leather Goods Co. Limited	Kowloon	Hong Kong	HKD	1	188	50%
Piquadro España Slu	Barcelona	Spain	Euro	198	(45)	100%
Piquadro Deutschland Gmbh	Munich	Germany	Euro	25	(246)	100%
Uni Best Leather Goods Zhongshan Co Limited	Guangdong	People's Republic of China	RMB	1,542	137	50%
Piquadro Hong Kong Limited	Hong Kong	Hong Kong	HKD	2,000	88	100%
Piquadro Macau Limitada	Macau	Macau	HKD	25	(89)	100%
Piquadro Trading (Shenzhen) Co. Ltd.	Shenzhen	People's Republic of China	RMB	4,031	247	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	NTD	5,000	74	100%
Piquadro Middle East Leather Products LLC [a]	Abu Dhabi	United Arab Emirates	AED	150	(391)	49%

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

The companies that the Parent Company Piquadro SpA 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 has been acquired up to the date control ceases.

The financial statements expressed in a foreign currency other than the Euro are translated into Euro by applying the exchange rates applied below for the first nine months ended 31 December 2010 and 31 December 2009 (foreign currency corresponding to Euro 1):

Foreign currency	Average		Closing	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Hong Kong Dollar (HKD)	10,1613	11.0334	10.3856	11.1709
Renminbi (Yuan)	8.8238	9.7219	8.822	9.8350
Arab Emirates Dirham (AED)	4.8030	5.2285	40.9078	5.2914
Taiwan Dollar (NTD)	40.9736	46.5621	39.0438	46.1304

2.5 Accounting standards, amendments and interpretations

The accounting standards adopted in preparing these consolidated condensed interim financial statements as at 31 December 2010 comply with those adopted in the previous consolidated financial statements ended 31 March 2010, except for the adoption, as from 1 April 2010, of the new standards and interpretations listed below:

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

IFRS 2 (amended) - Share-based payments. The standard has been amended in order to clarify the definition of vesting conditions and to prescribe the accounting treatment in the case of a plan effectively cancelled following the non-fulfilment of a non-vesting condition.

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

IFRIC 9 and IAS 39 (amended) – Reassessment of embedded derivatives and Financial Instruments: Recognition and Measurement. It specifies the accounting treatment to be adopted for derivatives embedded in financial assets being reclassified.

IFRIC 15 – Agreements for the construction of real estate: it identifies the cases in which revenues for the construction of real estate are to be considered as a sale of goods (IAS 18) or construction services (IAS 11).

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

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

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

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

Improvements to IFRS (2009): minor amendments to 12 IFRS.

The following standards, amendments and interpretations, which will be applicable from 1 April 2011, have not been adopted by the Group in advance.

IFRS 2 (amended) – Share-based payments: the amendments specifies the accounting treatment of the share-based payment transactions in which the supplier of goods or services receives cash payments and the obligation is undertaken by another Group entity (cash-settled share-based payment transactions within a Group).

IAS 32 (amended) – Financial instruments: presentation: the standard has been amended in order to allow the rights issued (warrants and options) to be better classified in the accounts.

IAS 38 (amended) – Intangible assets: the amendments made to the standard will be adopted starting from the date of application of IFRS 3 (revised). It specifies the guidelines to determine the fair value of an intangible asset acquired within a business combination.

IAS 24 (amended): it simplifies disclosure requirements concerning related parties including public bodies and provides a new definition of related parties.

IFRIC 19: it deals with the cases in which a lender reaches an agreement with a debtor company to extinguish one of its financial liability through equity instruments.

IFRIC 14 (amended): it deals with the case in which a company must comply with minimum funding requirements of defined benefit plans and makes advance payments in order to ensure compliance with such requirements.

IFRS 1 (amended): it provides for the partial exemption in preparing the comparative disclosures required by IFRS 7 for the new users.

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

- IFRS 9: it reports new criteria for the classification of financial assets.
- IFRS 7 (disclosures): financial instruments.
- Improvements to IFRS (2010): minor amendments to 7 IFRS

3. COMMENT ON THE MAIN FINANCIAL BALANCE SHEET ITEMS

ASSETS

Non-current assets

Note 1 – Intangible assets

As at 31 December 2010 the value of intangible assets was equal to Euro 813 thousand (Euro 648 thousand as at 31 March 2010).

Below is reported the statement of changes of this item:

(in thousands of Euro)	**31 December 2010**
Balance as at 31 March 2010	648
Investments	443
Sales and disposals	-
Other changes	(59)
Amortisation	(219)
Write-downs	-
Total	**813**

As at 31 December 2010, increases in intangible assets mainly related to trademarks for Euro 78 thousand, software investments for Euro 263 thousand, for patent rights for Euro 2 thousand, the Key money paid by Piquadro Deutschland GmbH and Piquadro España for the opening of 2 points of sale for Euro 100 thousand.

Note 2 – Property, plant and equipment

As at 31 December 2010, the value of property, plant and equipment was equal to Euro 11,671 thousand (Euro 11,517 thousand as at 31 March 2010).

Below is reported the statement of changes of this item:

(in thousands of Euro)	**31 December 2010**
Balance as at 31 March 2010	11,517
Investments in assets entered into operation	1,330
Depreciation and write-downs	(1,176)
Total	**11,671**

On the contrary, increases in property, plant and equipment, were mainly attributable to fittings purchased for new DOS opened in the period under consideration and to the refurbishment of some existing shops for Euro 1,179 thousand, to the purchase of electric and electronic office machines for Euro 24 thousand, to the purchase of moulds relating to new products for Euro 58 thousand and to the purchase of equipment for Euro 36 thousand.

Below is reported the net book value as at 31 December 2010 of the assets used by the Group by virtue of finance lease agreements:

(in thousands of Euro)	**31 December 2010**

Land	878
Buildings	5,070
Plant and equipment	204
Industrial and business equipment	755
Total	**6,907**

Note 3 – Receivables from others

Receivables from others, equal to Euro 626 thousand as at 31 December 2010 (compared to Euro 539 thousand as at 31 March 2010) relate to both guarantee deposits paid 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

As at 31 December 2010, deferred tax assets amounted to Euro 1,210 thousand (Euro 1,112 thousand as at 31 March 2010). The balance is mainly made up of temporary fiscal differences relating to Piquadro S.p.A. for Euro 1,074 thousand (Euro 1,084 thousand as at 31 March 2010) referred to the IRES (*Imposta sul Reddito delle Società*, Corporate Income Tax) and IRAP (*Imposta Regionale sulle Attività Produttive*, Local Tax on Production Activities) 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 anticipated tax effect equal to Euro 351 thousand against about Euro 263 thousand as at 31 March 2010).

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 December 2010**	**Provision for write-down**	**Net value as at 31 December 2010**	**Net value as at 31 March 2010**
Raw Materials	3,424	(151)	3,273	1,330
Semi-finished products	591	-	591	358
Finished products	8,896	(337)	8,559	5,930
Inventories	**12,911**	**(488)**	**12,423**	**7,618**

(in thousands of Euro)	**Provision as at 31 March 2010**	**Use**	**Allocation**	**Provision as at 31 December 2010**
Provision for write-down of raw materials	151	-	-	151
Provision for write-down of finished products	297	-	40	337

Total provision for write-down of inventories	**448**	**-**	**-**	**488**

As at 31 December 2010, inventories showed an increase compared to the corresponding values as at 31 March 2010. This increase is mainly attributable to seasonal trends, in addition to the increases in the quantities stored to meet the needs deriving from the growth in turnover and of the orders under development.

Note 6 – Trade receivables

As at 31 December 2010, trade receivables were equal to Euro 26,405 thousand compared to Euro 20,255 thousand as at 31 March 2010. The increase over 31 March 2010 is attributable to both seasonal trends in sales and the growth dynamics.
The adjustment to the face value of receivables from customers at their presumed realisable value is obtained through a special provision for bad debts, whose changes are showed in the table below:

(in thousands of Euro)	**Provision as at 31 March 2010**	**Use**	**Allocation**	**Provision as at 31 December 2010**
Provision for bad debts	933	-	50	983

Note 7 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	**31 December 2010**	**31 March2010**
Other assets	1,037	970
Accrued income and prepaid expenses	664	543
Other current assets	**1,701**	**1,513**

Other current assets mainly include advances to suppliers of the Parent Company (Euro 420 thousand as at 31 December 2010 against Euro 306 thousand as at 31 March 2010), other sundry receivables of Uni Best Leather Goods (Zhongshang) Co. Ltd. (Euro 203 thousand as at 31 December 2010 against Euro 174 thousand as at 31 March 2010) and other sundry receivables of Piquadro España SLU (Euro 133 thousand as at 31 December 2010 against Euro 30 thousand as at 31 March 2010) and VAT credits for Euro 111 thousand.

Accrued income and prepaid expenses mainly include prepaid expenses on set of samples relating to the clothing collection for spring/summer 2011 for a total of Euro 664 thousand.

Note 8 – Derivative financial assets

As at 31 December 2010, the Group had derivative financial assets equal to Euro 235 thousand (as at 31 March 2010 the Group had reported assets of Euro 69 thousand relating to forward exchange contracts).
The Company hedges the exchange risk connected to purchases of raw materials in US dollars and for contract work done in China. In consideration for this risk, the Company makes use of instruments to hedge the risk attached to the related rate, trying to fix and crystallise the exchange rate at a level that is in line with the budget forecast. Only some of the derivative financial instruments have met all the conditions laid down for hedge accounting, accounting for a value equal to Euro 186 thousand at fair value against an entry in the equity reserve (including deferred taxes equal to Euro 51 thousand), while the residual portion has been directly accounted for in the income statement.

Note 9 – Cash and cash equivalents

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

(in thousands of Euro)	**31 December 2010**	**31 March 2010**
Available current bank accounts	8,273	9,259
Cash, cash on hand and cheques	89	58
Cash and cash equivalents	**8,362**	**9,317**

The balance represents cash and cash equivalents and the existence of cash and cash on hand at the closing date of the periods. For a better understanding of the dynamics in the Company's liquidity, reference is made to the Cash flow statement and the breakdown of Net Financial Position.

LIABILITIES

Note 10 – TOTAL EQUITY

Share capital

As at 31 December 2010 the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by no. 50,000,000 of ordinary shares, fully subscribed and paid up, with regular enjoyment, with no indication of their par value.

On 31 January 2008, following the resolution of 20 December 2007, the Company's Board of Directors resolved to approve a stock option plan named "Stock Option Plan of Piquadro S.p.A. 2008-2013", for a maximum of 1,600,000 shares, setting the price for the subscription of Piquadro ordinary shares at Euro 2.20, to be paid by the beneficiaries at the time of subscription of the shares. The Plan is reserved for certain directors, executives, employees and collaborators of Piquadro S.p.A. and of other companies under its control that have been selected by the Board of Directors in consultation with the Remuneration Committee.

Vesting of options, to the extent of 20% at any time during the fourth year in the term of the plan, 30% at any time during the fifth year in the term of the Plan and 50% at any time during the sixth year in the term of the Plan, respectively, is subject not only to condition that the directors, executives, subordinate employees or collaborators concerned are still serving the Company, but to the official Piquadro share price reaching certain arithmetic mean targets as specified in the Plan's regulations. The Group has no obligation to repurchase the shares or liquidate them.

The criterion used for measurement is based on the Monte Carlo simulation. The model created for the valuation of stock options takes account of all the operating characteristics reported in the plan's regulations. 50,000 scenarios have been developed for the purpose of valuation. In estimating expected volatility, as required in the Operational guidance (appendix B) to point B26 of IFRS 2, reference was made to stocks from the same commodity sector that have been listed for a longer period of time.

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

Share premium reserve

This reserve, which as at 31 December 2010 was equal to Euro 1,000 thousand, has not undergone changes compared to 31 March 2010.

Translation reserve

As at 31 December 2010 the translation reserve was negative for Euro 10 thousand (while was negative for Euro 77 thousand as at 31 March 2010). This item is referred to the exchange rate differences due to the consolidation of the companies with a relevant currency other than the Euro, i.e. Uni Best Hong Kong Ltd, Piquadro Hong Kong (the relevant currency being the Hong Kong Dollar) and Uni Best Leather Goods (Zhongshan) Co. Ltd and Piquadro Shenzhen (the relevant currency being the Chinese Renminbi), Piquadro Middle East (the relevant currency being the Dirham) and Piquadro Taiwan Co. Ltd (the relevant currency being the Taiwan Dollar).

Group net profit

This item relates to the recognition of the Group profit recorded, equal to Euro 6,523 thousand in the first nine months ended 31 December 2010.

Equity attributable to minority interests

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

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

Non-current liabilities

Note 11 – Borrowings

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

(in thousands of Euro)	**31 December 2010**	**31 March 2010**
Financial payables from 1 to 5 years	6,482	6,046
Financial payables beyond 5 years		-
Medium/long-term financial payables	**6,482**	**6,046**

As at 31 December 2010, non-current borrowings mainly related to Piquadro SpA and included:

1. the loan granted by Carisbo SpA on 31 January 2008 for an amount of Euro 3,050 thousand (against an initial amount of Euro 5,300 thousand), of which the non-current portion is equal to Euro 1,550 thousand, with a two-year pre-amortisation;

2. the 60-month unsecured loan disbursed by Carisbo SpA on 1 September 2008 for an amount of Euro 822 thousand (against an initial amount of Euro 1,500 thousand), of which the non-current portion is equal to Euro 522 thousand, aimed partly at financing the opening of new points of sale in Italy and abroad and partly at meeting the Company's financial requirements;

3. the unsecured loan granted by Carisbo SpA on 28 February 2009 for an amount of Euro 3,250 thousand, of which the non-current portion is equal to Euro 2,250 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. the unsecured loan granted by Carisbo SpA in 2010 for an amount of Euro 2,700 thousand, of which the non-current portion is equal to Euro 2,160 thousand, aimed at financing the Group's investment policy;

5. the credit line granted by Carisbo SpA was used by the Parent Company to meet temporary cash requirements and to pay part of the dividend distributed on 26 July 2010.

(in thousands of)	**Company**	**Date of granting of the loan**	**Currency**	**Initial amount** *(in currency /1000)*	**Current financial payables** (*Euro/1000*)	**Non-current financial payables** (*Euro/1000*)	**Total** (*Euro/1000*)
Carisbo loan	Piquadro SpA	31.01.2008	Euro	5,300	1,500	1,550	3,050
Carisbo loan	Piquadro SpA	01.09.2008	Euro	1,500	300	522	822
Carisbo loan	Piquadro SpA	28.02.2009	Euro	3,500	1,000	2,250	3,250
Carisbo loan	Piquadro SpA	22.11.2010	Euro	2,700	540	2,160	2,700
Currency loan – Unicredit	Piquadro Trading Shenzhen	04.06.2009	CNY	900	264	-	264
Use of Carisbo credit line	Piquadro SpA		Euro		2,063	-	2,063
					5,667	**6,482**	**12,149**

Note 12 – Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	**31 December 2010**	**31 March 2010**
Non-current portion:		
Payables to leasing companies	4,583	5,248
Current portion:		
Payables to leasing companies	896	948
Payables to other lenders for lease agreements	**5,479**	**6,196**

As at 31 December 2010 payables to other lenders due beyond 12 months were equal to Euro 4,583 thousand and related to payables to leasing companies, and specifically to the residual debt of Euro 4,318 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 5,030 thousand as at 31 March 2010). Furthermore, it should be noted that, effective from 1 August 2006, Centro Leasing SpA has transferred to Cassa di Risparmio di Pistoia e Pescia SpA a share equal to 50% of the receivables relating to finance lease rentals arising from the said lease agreement. The residual amount of Euro 265 thousand (Euro 218 thousand as at 31 March 2010) relates to payables for lease agreements related to equipment, furniture and fittings of shops run by the Company.

Note 13 – Provision for Employee Benefits

As at 31 December 2010 the value of the provision was equal to Euro 266 thousand (Euro 287 thousand as at 31 March 2010) as determined by an independent actuary. The actuarial assumptions used for calculating the provision are not changed compared to the information reported in the paragraph *Accounting standards – Provision for employee benefits* in the Notes to the Financial Statements as at 31 March 2010).

Note 14 – Provision for risks and charges

Below are the changes of provisions for risks and charges as at 31 December 2010:

(in thousands of Euro)	**Provision as at 31 March 2010**	Use	Allocation	**Provision as at 31 December 2010**
Provision for supplementary clientele indemnity	511	(34)	123	600
Other provisions for risks	217	-	89	306
Total	**728**	**(34)**	**213**	**906**

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.

Note 15 – Deferred tax liabilities

As at 31 December 2010, deferred tax liabilities amounted to Euro 426 thousand (Euro 426 thousand as at 31 March 2010), fully referable to the Parent Company.

Current liabilities

Note 16 – Borrowings

As at 31 December 2010 borrowings were equal to Euro 5,667 thousand compared to Euro 2,409 thousand as at 31 March 2010; for the breakdown, reference is made to Note 11.

Note 17 – Payables to other lenders for lease agreements

As at 31 December 2010 they were equal to Euro 896 thousand (Euro 948 thousand as at 31 March 2010) and related to the current portion of payables to leasing companies in relation to agreements for the lease of furniture, fittings and equipment for the shops and of the building, plant and equipment of the operational headquarters.

NET FINANCIAL POSITION

The statement below shows the Net Financial Position of the Piquadro Group as a summary of what is detailed in the Notes above:

(Values expressed in thousands of Euro)	**31 December 2010**	**31 March 2010**	**31 December 2009**
Cash	89	58	426
Other cash and cash equivalents (available current bank accounts)	8,273	9,259	6,801

Liquidity	**8,362**	**9,317**	**7,227**
Finance leases	(896)	(948)	(948)
Current bank debt		-	(2,852)
Current portion of non-current debt	(5,667)	(2,409)	(2,157)
Current financial debt	**(6,563)**	**(3,357)**	**(5,957)**
Short-term net financial position	**1,799**	**5,960**	**1,270**
Non-current bank debt	(6,482)	(6,046)	(7,120)
Finance leases	(4,583)	(5,248)	(5,477)
Non-current financial debt	**(11,065)**	**(11,294)**	**(12,597)**
Net financial debt	**(9,266)**	**(5,334)**	**(11,327)**

As at 31 December 2010 the Net Financial Position was negative for about Euro 9.2 million. The negative change compared to 31 March 2010 was due to the seasonality trends of the net current assets, which achieves its peak just in the third quarter of the financial year, as well as to the investments made by the Group and to the payment of the dividend of Euro 4,000 thousand relating to the financial year ended 31 March 2010, which was distributed at the end of July 2010. Net financial debt as at 31 December 2010, compared to that recorded as at 31 December 2009 showed an improvement equal to about Euro 2,061 million, and showed, even if within a context of growth which in itself drains funds, the Company's very strong capacity to generate cash by means of solid profits hand in hand with careful management of working capital and of the Group's investment policy.

Note 18 – Derivative financial liabilities

As at 31 December 2010, the Company reported liabilities relative to the hedging of derivative financial instruments equal to about Euro 9 thousand (Euro 17 thousand as at 31 March 2010).

The Company has taken steps to hedge the risk of increases in interest rates linked to the performance of the 3-month Euribor rate; this derivative was entered into to hedge the variable portion of interest due on the loan raised with Banca Cassa di Risparmio di Bologna on 16 January 2008 for an 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 9 thousand (a financial liability of Euro 17 thousand as at 31 March 2010) which has been accounted for against an entry in equity.

Note 19 – Trade payables

Below is the breakdown of current trade liabilities:

(in thousands of euro)	**31 December 2010**	**31 March 2010**
Payables to suppliers	16.607	12.849

As at 31 December 2010 the increase in payables to suppliers, equal to Euro 3,758 thousand, compared to 31 March 2010, was mainly attributable to the seasonality trends in the Group's business, which are also reflected in the inventory dynamics.

Note 20 – Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	31 December 2010	31 March 2010
Payables to social security institutions	356	319
Payables to pension funds	21	12
Other payables	221	554
Payables to employees	503	339
Advances from customers	77	49
Deferred income	119	215
Payables for VAT	-	950
IRPEF* tax payables and other tax payables	402	225
Other current liabilities	**1,699**	**2,663**

* IRPEF, *Imposta sul reddito delle persone fisiche* = Personal Income Tax.

Payables to social security institutions mainly relate to the Parent Company's payables due to INPS. Payables to employees as at 31 December 2010 mainly included the Company's payables for remunerations to be paid and deferred charges with respect to employees.

Note 21 – Tax payables

Below is the breakdown of tax payables:

(in thousands of Euro)	31 December 2010	31 March 2010
IRES tax (income taxes)	2,111	-
IRAP tax	438	-
Tax payables	**2,549**	**-**

Current income tax liabilities for IRES and IRAP tax (reported after tax advances paid in the course of the period under consideration) relate to the obligations with respect to the Tax Office existing at the date of these condensed consolidated financial statements, and fully refer to the Parent Company.

4. COMMENT ON THE MAIN INCOME STATEMENT ITEMS

Note 22 – Revenues from sales

In relation to the breakdown of revenues from sales by distribution channel, reference is made to the Directors' Report on the performance of operations.

The Group's revenues are mainly realised in Euro.
Below is the breakdown of revenues by geographical area:

(in thousands of Euro)	31 December 2010 (April-December)	31 December 2009 (April-December)

Italy	33,328	29,444
Europe	7,042	5,268
Rest of the world	3,615	2,226
Revenues from sales	**43,985**	**36,938**

In the first nine months ended 31 December 2010, revenues from sales reported an increase equal to Euro 7,047 thousand compared to the corresponding revenues realised in the nine months ended 31 December 2009 (+19.1%). The increase compared to the period ended 31 December 2009 is mainly attributable to higher sales recorded in Italy and in Rest of the world, due to the introduction of new product lines and as a result of the opening of new shops.

Note 23 – Other income

In the first nine months ended 31 December 2010, other income amounted to Euro 868 thousand (Euro 549 thousand as at 31 December 2009). These revenues are mainly attributable to the recognition of non-recurring income of Euro 300 thousand on the part of Piquadro Deutschland GmbH. This sum derives from the assignment of the lease agreement to third parties relating to the shop located in Frankfurt, 60313, Goethestrasse 32.
Furthermore, it should be noted that the remaining amount of Euro 568 thousand, mainly attributable to the Parent Company, is made up of Euro 308 thousand (Euro 206 thousand as at 31 December 2009) of revenues for charging back customers for transport costs, collection and Corners, in addition to Euro 260 thousand for other chargebacks.

Note 24 – Change in inventories

The change in inventories was positive in both the nine months ended 31 December 2010 (Euro 4,625 thousand) and the nine months ended 31 December 2009 (Euro 1,435 thousand); this positive change is mainly attributable to the seasonality of the Group's business which realises more than half of its turnover in the second half of the financial year.

Note 25 – Costs for purchases

This item essentially includes the cost of materials used for the production of the Company's goods and of consumables.
In the nine months ended 31 December 2010, costs for purchases were equal to Euro 10,334 thousand (Euro 7,022 thousand as at 31 December 2009).

Note 26 – Costs for services and leases and rentals

Below is the breakdown of costs for services:

(in thousands of Euro)	**31 December 2010**	**31 December 2009**
External production	7,378	5,349
Advertising and marketing	2,555	1,888
Transport services	2,744	1,956
Business services	2,271	2,087
Administrative services	870	596
General services	684	946
Services for production	93	63
Others	1,180	1,082
Total Costs for services	**17,775**	**13,967**

Costs for leases and rentals	**2,970**	**2,254**
Costs for services and leases and rentals	**20,745**	**16,221**

The increase in costs for external production (from Euro 5,349 thousand as at 31 December 2009 to Euro 7,378 thousand as at 31 December 2010) related to the increase in closing inventories and is mainly attributable to the increased turnover recorded in the period under consideration.

Costs for leases and rentals mainly relate to lease rentals relating to the Parent Company's shops and of some Group companies that are active in the retail sector, and increased as a result of the new shops opened during the period.

Note 27 – Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	**31 December 2010**	**31 December 2009**
Wages and salaries	5,454	4,720
Social security contributions	799	727
TFR	212	169
Personnel costs	**6,465**	**5,616**

The table below reports the exact number by category of employees as at 31 December 2010 and 31 December 2009:

Category	**31 December 2010**	**31 December 2009**	**31 March 2010**
Executives	2	1	1
Office workers	247	186	202
Manual workers	407	358	339
Total	**656**	**545**	**542**

In the first nine months ended 31 December 2010, personnel costs reported an increase of about 15.2%, passing from Euro 5,616 thousand in the nine months ended 31 December 2009 to Euro 6,465 thousand as at 31 December 2010. The increase in personnel costs is mainly due to the increase in staff of Piquadro Spa and of some subsidiaries that run shops and is attributable to the increased number of employees as a result of the new openings of DOS.

To supplement the information provided, below is also reported the average number of employees for the first nine months ended 31 December 2010 and 31 December 2009.

Average unit	**31 December 2010**	**31 December 2009**
Executives	1	1
Office workers	221	173
Manual workers	341	350
Total for the Group	**564**	**524**

Note 28 – Amortisation, depreciation and write-downs

In the first nine months of the financial year ended 31 December 2010, amortisation and depreciation were equal to Euro 1,348 thousand (Euro 1,475 thousand as at 31 December 2009). Write-downs, equal to 50 thousand (Euro 60 thousand as at 31 December 2009), related to the provision for bad debts.

Note 29 – Financial income

In the first nine months of the financial year ended 31 December 2010, financial income was equal to Euro 323 thousand (Euro 305 thousand as at 31 December 2009) and mainly related to Euro 44 thousand of interest receivable on current accounts held by the Parent Company and to Euro 230 thousand of foreign exchange gains either realised or estimated (Euro 175 thousand as at 31 December 2009).

Note 30 – Financial charges

In the first nine months ended 31 December 2010, financial charges were equal to Euro 598 thousand (Euro 856 thousand as at 31 December 2009); this amount includes charges recognised on lease agreements for an amount of Euro 149 thousand in the first nine months ended 31 December 2010 (Euro 192 thousand as at 31 December 2009) and mainly referred to the charges for the finance lease of the plant located in Silla di Gaggio Montano, in addition to foreign exchange losses either realised or estimated for Euro 239 thousand (Euro 325 thousand as at 31 December 2009).

Note 31 – Income tax expenses

Below is reported the breakdown of income tax expenses:

(in thousands of Euro)	**31 December 2010**	**31 December 2009**
IRES tax	3,098	2,483
IRAP tax	622	455
Total current taxes	**3,720**	**2,938**

Current taxes relate to the tax burden calculated on the Parent Company's taxable income, as the majority of the subsidiaries closed the period as at 31 December 2010 with negative taxable incomes.

(in thousands of Euro)	**31 December 2010**	**31 December 2009**
Deferred tax liabilities	273	192
Deferred tax assets	(351)	(293)
Total deferred tax assets and liabilities	**(78)**	**(101)**

Nota 32 - Earnings per share

As at 31 December 2010 diluted earnings per share amounted to Euro 0.1264 (basic earnings per share amounted to Euro 0.1304 as at 31 December 2010 and Euro 0.977 as at 31 December 2009); they are calculated on the basis of the consolidated net profit for the period attributable to the Group, equal to Euro 6,523 thousand, divided by the weighted average number of ordinary shares outstanding in the quarter, equal to 51,600,000 shares, including potential shares relating to the stock option plan resolved and granted on 31 January 2008. As at 31 December 2009, diluted earnings per share were equal to Euro 0.0947.

	31 December 2010	31 December 2009
Group net profit (in thousands of Euro)	6,523	4,885
Average number of outstanding ordinary shares (in thousands of shares)	51,600	51,600
Diluted earnings per share (in Euro)	**0.1264**	**0.0947**

5. OTHER INFORMATION

Note 33– Segment reporting

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:

- a direct channel, which as at 31 December 2010, included no. 43 single-brand stores directly operated by the Group (the so-called "Directly Operated Stores" or "DOS");
- 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 who then resell the articles in specialist multi-brand shops.

As shown below, as at 31 December 2010, approximately 24.2% of the Group's consolidated revenues was realised through the direct channel, while 75.8% of consolidated revenues was realised through the indirect channel.

The table below illustrates the segment data of the Piquadro Group broken down by sales channel (DOS and Wholesale), in relation to the nine months ended 31 December 2010 and 31 December 2009, respectively.

Segment economic performance is monitored by the Company's Management up to the "Segment result before amortisation and depreciation". DOS channel's performance in the first nine months ended 31 December 2010, compared to the results recorded as at 31 December 2009, shows that margins are increasing, the following factors having impacts:

- Same Store Sales Growth (SSSG), assuming constant exchange rates and perimeter, reported in the period equal to 9.6%;
- new shops opened with performance not yet in line with the management's expectations and with the Company's benchmark;

The DOS channel was positively affected by the assignment of the lease agreement relating to the Frankfurt shop, an assignment which generated non-recurring income of Euro 300 thousand. Furthermore, profits from the DOS channel as at 31 December 2010 were adversely affected by higher indirect costs passed through which affect the turnover from the channel recorded as at 31 December 2010 by about *184 basis point*.

The performance of the wholesale channel in the half-year ended 31 December 2010, compared with the results recorded as at 31 December 2009, shows that margins are slightly improving in percentage terms and is attributable to the excellent performance of sales which was slightly offset by the increase in costs, particularly in marketing, also by reason of the first TV advertising campaign carried out by the Company.

Segment economic performance is monitored by the Company's Management up to the "Segment result before amortisation and depreciation":

(*in thousands of Euro*)	**31 December 2010 (April-December)**				**31 December 2009 (April-December)**				
	DOS	Wholesale	Total for the Group (including non-allocated items)	% Impact	DOS	Wholesale	Total for the Group (including non-allocated items)	% Impact	% Change
Revenues from sales	**10,629**	**33,356**	**43,985**	**100%**	**8,250**	**28,688**	**36,938**	**100%**	**19.1%**
Segment result before amortisation and depreciation	1,745	10,043	11,788	26.80%	1,177	8,550	9,727	26.33%	21.2%
Amortisation and depreciation			(1,348)	(3.06%)			(1,485)	(4.02%)	(9.2%)
Financial income and charges			(275)	(0.63%)			(551)	(1.49%)	(50.1%)
Pre-tax result			**10,165**	**23.11%**			**7,691**	**20.82%**	**32.2%**
Income taxes			(3,642)	(8.28%)			(2,837)	(7.68%)	28.4%
Profit for the first nine months			**6,523**	**14.83%**			**4.854**	**13.14%**	**34.4%**
Result attributable to minority interests			-	-			(31)	0.08%	
Group net profit			**6,523**	**14.83%**			**4,885**	**13.22%**	**33.5%**

Note 34 – Commitments

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

Note 35 – Relations with related parties

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

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

During the first nine months of the 2010/2011 financial year Piqubo S.p.A., the ultimate parent company, charged Piquadro the rent (whose amounts are reported in the table below) relating to the use of the plant located in Riola di Vergato (Province of Bologna) as a warehouse.
The table below reports the breakdown of the economic and financial relations with these related companies in the first nine months of the 2010/2011 and 2009/2010 financial years:

	Costs	
(in thousands of euro)	**31 December 2010**	**31 December 2009**
Costs for rents due to Piqubo S.p.A.	24	23
Total costs towards controlling companies	**24**	**23**

In the first nine months of the 2010/2011 and 2009/2010 financial years, no economic transactions occurred with the majority Shareholder, Piquadro Holding SpA.

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

- during the first nine months of the 2010/2011 financial year, Piquadro SpA distributed dividends of Euro 2,719,196, relating to the profit for the 2009/2010 financial year, to the majority shareholder Piquadro Holding S.p.A.;
- during the first nine months of the 2009/2010 financial year, Piquadro SpA distributed dividends of Euro 2,091,169, relating to the profit for the 2008/2009 financial year, to the majority shareholder Piquadro Holding S.p.A..

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 first nine months of the 2010/2011 financial year, 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 December 2010, Directors had not identified executives with strategic responsibilities):

First and last Name	Position held	Period in which the position was held	Term of office	Fees in Piquadro (in thousands of Euro)	Pays for subordinate employment	**Total**
Marco Palmieri	Chairman and CEO	01/04/10-31/12/10	31/03/2011	300	-	300
Pierpaolo Palmieri	Managing director	01/04/10-31/12/10	31/03/2011	150	-	150
Marcello Piccioli	Managing director	01/04/10-31/12/10	31/03/2011	177	-	174
Roberto Trotta*	Managing director	01/04/10-31/12/10	31/03/2011	-	99	99
Roberto Tunioli	Director	01/04/10-31/12/10	31/03/2011	19	-	19
Gianni Lorenzoni	Director	01/04/10-31/12/10	31/03/2011	19	-	19
Sergio Marchese	Director	01/04/10-31/12/10	31/03/2011	6	-	6
				671	**99**	**767**

*It should be noted that, in addition to the pay as an employee, the Company will pay the executive, as per contract, a variable portion of remuneration equal to 20% of the annual gross remuneration if certain Group and Company targets are achieved.

Note 37 – Events after the period end

Subsequent to 31 December 2010, within the framework of its development and distribution mix plan mainly in the Far East region, the Group opened, in January 2011, 2 new DOS (China – Shenzhen Surprise outlet and Season Place) and 1new franchise shop in Toronto (Canada).

In addition to the above, no significant events are reported which occurred at Group level from 1 January 2011 to the date of this Report.

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Certification pursuant to Article 154-*bis,* paragraph 2, TUF

The Manager responsible for the preparation of corporate accounting documents, Roberto Trotta, hereby certifies, pursuant to Article 154-*bis*, paragraph 2, of the TUF that the accounting information contained in this document corresponds to the documentary findings and to the accounting books and records.

The Manager responsible for the preparation of corporate accounting documents
Roberto Trotta