

**INTERIM FINANCIAL REPORT OF THE PIQUADRO GROUP**  
**AS AT 30 JUNE 2012**



---

## TABLE OF CONTENTS

---

CORPORATE BODIES HOLDING OFFICE AS AT 30 JUNE 2012	Page	7
THE GROUP STRUCTURE	Page	8
INFORMATION ON OPERATIONS	Page	8
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Page	12
CONSOLIDATED NET FINANCIAL POSITION	Page	13
OTHER INFORMATION	Page	14
<b>CONSOLIDATED CONDENSED QUARTERLY FINANCIAL STATEMENTS AS AT 30 JUNE 2012</b>	Page	17-23
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Page	18
CONSOLIDATED INCOME STATEMENT	Page	20
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Page	21
STATEMENT OF CHANGES IN CONSOLIDATED EQUITY	Page	22
CONSOLIDATED STATEMENT OF CASH FLOWS	Page	23
<b>NOTES TO THE CONSOLIDATED CONDENSED QUARTERLY FINANCIAL STATEMENTS AS AT 30 JUNE 2012</b>	Page	24-46
GENERAL INFORMATION	Page	25
CRITERIA FOR THE PREPARATION OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS, THE GROUP STRUCTURE AND THE SCOPE OF CONSOLIDATION	Page	25
COMMENT ON THE MAIN ITEMS IN THE STATEMENT OF FINANCIAL POSITION	Page	32
COMMENT ON THE MAIN INCOME STATEMENT ITEMS	Page	40
OTHER INFORMATION	Page	43
CERTIFICATION PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2, OF THE TUF	Page	47

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

## **Corporate details**

Piquadro S.p.A

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

Authorised share capital: Euro 1,050,000

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

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

## **Production plants, Offices and Directly operated stores (“DOS”) through which the Group operates**

Silla di Gaggio Montano, località Sassuriano (BO)

*Headquarters, logistics and Offices*

Guangdong, The People’s Republic of China  
(registered office of Uni Best Leather Goods Zhongshan Co. Ltd)

*Production plant*

Milan - Via della Spiga 33 (Piquadro S.p.A.)

*Point of sale*

Milan - Linate Airport (Piquadro S.p.A.)

*Point of sale*

Milan - Malpensa Airport (Piquadro S.p.A.)

*Point of sale*

Barcelona - Paseo de Gracia 11, Planta Baja (Piquadro España)

*Point of sale*

Rome - Galleria Colonna (Piquadro S.p.A.)

*Point of sale*

Bologna - Piazza Maggiore 4/B (Piquadro S.p.A.)

*Point of sale*

Barberino del Mugello (FI) – “Factory Outlet Centre” (Piquadro S.p.A.)

*Retail outlet*

Fidenza (PR) - “Fidenza Village” (Piquadro S.p.A.)

*Retail outlet*

Rome - c/o Centro Commerciale Cinecittà (Piquadro S.p.A.)

*Point of sale*

Rome - Galleria N. Commerciale di “Porta Roma”(Piquadro S.p.A.)

*Point of sale*

Hong Kong - Kowloon Harbour City (Piquadro Hong Kong Ltd)

*Point of sale*

Macau - Venetian Mall (Piquadro Macau Limitada)

*Point of sale*

Vicolungo (NO) - Parco Commerciale (Piquadro S.p.A.)

*Retail outlet*

Rome - Euroma 2 (Piquadro S.p.A.)

*Point of sale*

Valdichiana (AR) - “Valdichiana Outlet Village” (Piquadro S.p.A.)

*Retail outlet*

Noventa di Piave (VE) - “Factory Outlet Centre” (Piquadro S.p.A.)

*Retail outlet*

Rome - Fiumicino Airport (Piquadro S.p.A.)

*Point of sale*

Milan - Via Dante 9 (Piquadro S.p.A.)

*Point of sale*

Ingolstadt - “Ingolstadt Village” (Piquadro Deutschland)

*Retail outlet*

Bologna - “G. Marconi” Airport (Piquadro S.p.A.)

*Point of sale*

Barcelona - “La Roca Village” (Piquadro España)

*Retail outlet*

Shanghai (China) - Shanghai Int. Golden Eagle Square (Piquadro Shenzhen)

*Point of sale*

Taipei (Taiwan) Eslite Dun Nan (Piquadro Taiwan)

*Point of sale*

Taipei (Taiwan) Xin Yin Shop (Piquadro Taiwan)

*Point of sale*

Hong Kong - Kowloon – I Square Shopping Mall (Piquadro Hong Kong Ltd)

*Point of sale*

Marcianise (CE) - c/o “Factory Outlet Centre” (Piquadro S.p.A.)

*Retail outlet*

Hong Kong - Sogo Causeway Bay (Piquadro Hong Kong Ltd)

*Point of sale*

Agira (EN) - Sicilia Fashion Outlet (Piquadro S.p.A.)

*Retail outlet*

Rome - Fiumicino Airport - Terminal 3 (Piquadro S.p.A.)

*Point of sale*

Taipei (Taiwan) Sogo DunHua Shop (Piquadro Taiwan)

*Point of sale*

Rimini - Shopping Centre “Le Befane” (Piquadro S.p.A.)

*Point of sale*

Barcelona - Shopping Centre “Las Arenas” (Piquadro España)

*Point of sale*

Hong Kong – Elements Shopping mall (Piquadro Hong Kong Ltd)

*Point of sale*

Hong Kong - Times Square (Piquadro Hong Kong Ltd)

*Point of sale*

Milan – Corso Buenos Aires 10 (Piquadro S.p.A.)

*Point of sale*

Hong Kong – Queen’s Road Central 57 (Piquadro Hong Kong Ltd)

*Point of sale*

Roermond (Netherlands) – Outlet Center (Piquadro BV)

*Retail outlet*

Shanghai (China) – Jiu Guang Dept. Store (Piquadro Shenzhen)

*Point of sale*

Suzhou (China) – Jiu Guang Dept. Store (Piquadro Shenzhen)

*Point of sale*

Assago (MI) – Shopping Centre “Milanofiori” (Piquadro S.p.A.)  
Pescara – Via Trento 10 (Piquadro S.p.A.)  
Mantova – Shopping Centre “Fashion District” (Piquadro S.p.A.)

*Point of sale*  
*Point of sale*  
*Retail outlet*

**REPORT ON OPERATIONS**  
**AS AT 30 JUNE 2012**



## **Introduction**

The quarterly report as at 30 June 2012 (Consolidated interim quarterly financial statements pursuant to article 154-*ter* of Legislative Decree no. 58/1998) was prepared in compliance with the mentioned Legislative Decree, as amended, as well as with the Issuers' Regulation issued by Consob.

This Report on Operations (or the "Report") relates to the consolidated and separate financial statements of Piquadro S.p.A. (hereinafter also referred to as the "Company" or the "Parent Company") and its subsidiaries ("Piquadro Group" or the "Group") as at 30 June 2012, as prepared in accordance with IAS/IFRS ("International Accounting Standards" and "International Financial Reporting Standards") issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The Report must be read together with the Financial Statements and the related Notes, which make up the consolidated interim quarterly financial statements relating to the period 1 April 2012 – 30 June 2012.

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

## **CORPORATE BODIES HOLDING OFFICE AT 30 JUNE 2012**

---

➤ **BOARD OF DIRECTORS**

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

Marco Palmieri	<i>Chairman and CEO</i>
Marcello Piccioli	<i>Managing director</i>
Roberto Trotta	<i>Managing director</i>
Pierpaolo Palmieri	<i>Managing director</i>
Roberto Tunioli	<i>Director</i>
Gianni Lorenzoni	<i>Director</i>
Sergio Marchese	<i>Director</i>

➤ **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	<i>Chairman</i>
Sergio Marchese	<i>Non-executive director</i>
Roberto Tunioli	<i>Independent non-executive director</i>

➤ **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	<i>Chairman</i>
Alessandro Galli	
Vittorio Melchionda	

**Substitute members**

Matteo Rossi  
Giacomo Passaniti

➤ **INDEPENDENT AUDITORS**

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

PricewaterhouseCoopers S.p.A.

➤ **MANAGER RESPONSIBLE FOR THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS**

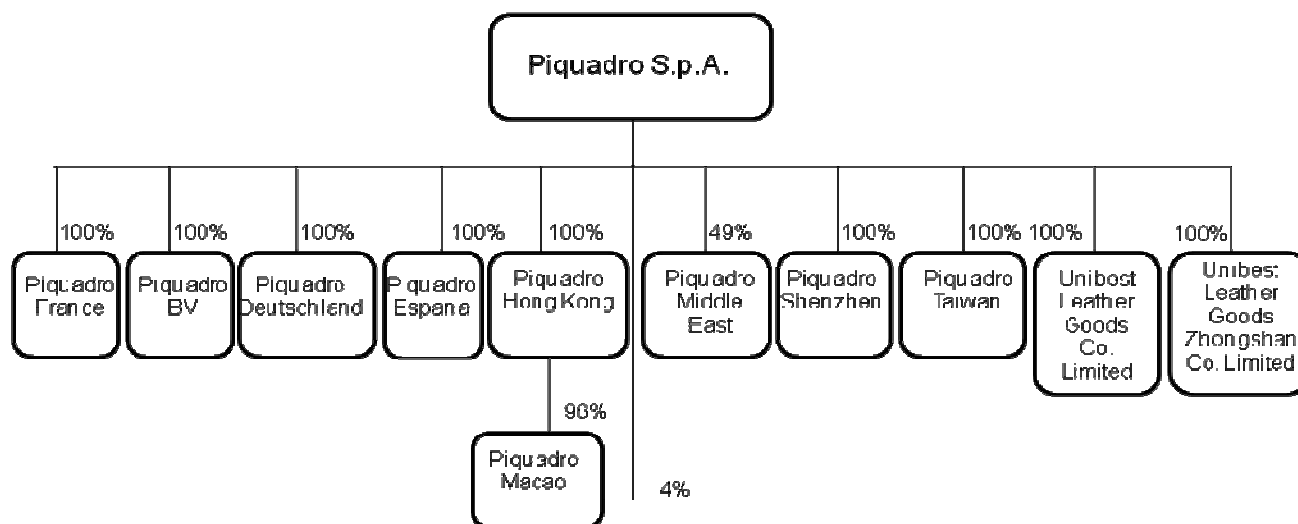
Roberto Trotta

➤ **SUPERVISORY BOARD**

Mario Panzeri

## THE GROUP STRUCTURE

The chart below shows the structure of the Piquadro Group as at 30 June 2012:



## INFORMATION ON OPERATIONS

### Significant events for the three months ended 30 June 2012

On 7 June 2012, the Company's Board of Directors resolved to approve the guidelines of a new stock option plan for the 2012-2017 period.

The New 2012-2017 Plan was reserved for certain directors, executives with strategic responsibilities, employees and collaborators of Piquadro S.p.A. and of other companies owned by it, which will be identified by the Board of Directors, subject to the opinion of the Remuneration Committee. A capital increase is expected to serve the New 2012-2017 Plan, excluding the right of option of the current shareholders, up to a maximum amount of Euro 93,998, with an issue of up to a maximum amount of 4,699,900 ordinary shares of the Company. The new shares will be offered at a subscription price - to be determined by the Board of Directors, with the opinion of the Remuneration Committee - that will be not less than the accounting par value, equal to the higher of (i) Euro 1.53 per share and (ii) the average of official closing prices of the Piquadro shares on the stock exchange in the last 30 days before the grant date of the options.

The New 2012-2017 Plan will have a term of five years and the options assigned may be exercised only in the periods of exercise and according to the procedures that will be specified in the regulation of the New 2012-2017 Plan. The accrual of the options is subject to (i) the permanence of the relationship of administration, subordinate employment or collaboration, as the case may be (ii) the achievement by the Piquadro Group of certain EBIT targets, expected respectively for the related financial year, with a normalized positive NFP, as detailed in the regulation of the New 2012-2017 Plan and (iii) the circumstance that the Piquadro shares as at the date of accrual were listed in an Italian regulated market.

On 18 June 2012 the Board of Directors of Piquadro S.p.A. approved the financial statements as at 31 March 2012 and proposed to distribute a dividend of Euro 0.06 per share, for a total amount of Euro 3 million.

On 25 June 2012, Piquadro France Sarl was set up by means of the subscription of share capital of Euro 2,500 thousand, in order to open the Group's first point of sale in Paris, on Rue Saint Honoré; the opening is planned for the end of 2012.

### The Group's business

#### Operations



In the first three months of the 2012/2013 financial year ended 30 June 2012, the Group reported lower performance compared to the same period in the 2011/2012 financial year.

The Piquadro Group reported net sales revenues equal to Euro 11,331 thousand (-8.6%) compared to Euro 12,395 thousand reported in the corresponding period in the 2011/2012 financial year. In the first three months of the 2012/2013 financial year, sales volumes, in terms of quantities sold in the relevant period, showed a decrease of about 3.2% compared to the same period in the 2011/2012. The product families that recorded the most significant increase in terms of sales revenues were those of women's bags (about +45%) and small leather goods (about +43%).

As at 30 June 2012, the Piquadro Group reported, in terms of profitability, EBITDA<sup>1</sup> equal to Euro 1,772 thousand (with the net sales revenues accounting for 15.6%), down by about 28.7% compared to the value recorded in the same period of the 2011/2012 financial year (Euro 2,486 thousand, equal to 20.1% of net sales revenues).

The Group's EBIT<sup>2</sup> came to about Euro 1,312 thousand (11.6% of net sales revenues), down by about 34.5% compared to 30 June 2011 (Euro 2,005 thousand, equal to 16.2% of net sales revenues).

As at 30 June 2012 the Group net profit was equal to Euro 882 thousand, down by about 26.1% compared to 30 June 2011 (net profit equal to Euro 1,194 thousand).

### Net sales revenues

As at 30 June 2012 the Piquadro Group recorded net sales revenues equal to about Euro 11,331 thousand, a decrease of 8.6% compared to 30 June 2011. 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:

- (i) a direct channel which, as at 30 June 2012, 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 (51 shops as at 30 June 2012) and by 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	Net revenues as at 30 June 2012	%	Net revenues as at 30 June 2011	%	% change 2012/2011
<i>(In thousands of Euro)</i>					
DOS	3,670	32.4%	3,317	26.8%	10.6%
Wholesale	7,661	67.6%	9,078	73.2%	(15.6%)
<b>Total</b>	<b>11,331</b>	<b>100.0%</b>	<b>12,395</b>	<b>100.0%</b>	<b>(8.6%)</b>

The revenues reported by the DOS channel showed an increase of about 10.6% compared to the same period in the 2011/2012 financial year; this increase was determined by both the increase in the quantities sold in the already existing shops, where this occurred, also in the first three months ended 30 June 2011 ("comparable shops") and the contribution given by the opening of 9 new shops that were not present as at 30 June 2011, and that are listed below (note, on the other hand, that 14 shops were closed that were present in the first three months ended 30 June 2011: 2 in the Arab Emirates, 3 in Hong Kong, 5 in China, 3 in Spain and 1 in Taiwan).

<sup>1</sup> 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.

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

<b>Month of opening</b>	<b>Location</b>	<b>Channel</b>
September 2011	Milan, Corso Buenos Aires 10	DOS
September 2011	Hong Kong – Queen’s Road Central 57	DOS
September 2011	Shanghai (China) – Jiu Guang Dept. Store	DOS
September 2011	Suzhou (China) – Jiu Guang Dept. Store	DOS
December 2011	Roermond (Netherlands) – Outlet Center	DOS Outlet Store
December 2011	Assago (MI) – Shopping Centre “Milanofiori”	DOS
April 2012	Taiwan - Kaohsiung City - “Dream Mall” Dept. Store	DOS
May 2012	Pescara – Via Trento 10	DOS
June 2012	Mantova – Shopping Centre “Fashion District”	DOS Outlet Store

Assuming that the perimeter remained unchanged and then deducted the sales recorded by the shops which were not yet opened as at 1 April 2011, the performance of sales revenues reported by the DOS channel was equal to about 6.7%.

The Same Store Sales Growth (SSSG) (assuming an equal number of days of opening and constant rates of exchange) reported a change equal to 4.1% in the three months under consideration. The SSSG registered in the Italian stores has been positive during the quarter.

Sales reported by the Wholesale channel, which as at 30 June 2012 represented 67.6% of the Group’s total turnover, showed a decrease of 15.6%, also by reason of the closing of 5 franchise shops, of which 2 in Italy and 3 in Europe, which were offset, compared to the same period in the 2011/2012 financial year, by the opening of 3 additional franchise shops, as listed below:

<b>Month of opening</b>	<b>Location</b>	<b>Channel</b>
July 2011	Stezzano (BG) – Centro Commerciale “Le Due Torri”	Franchising (Wholesale)
September 2011	Moscow (Russia), TC “Vegas”	Franchising (Wholesale)
November 2011	Peschiera Borromeo (MI) – Centro Commerciale “Galleria Borromea”	Franchising (Wholesale)

### **Breakdown of revenues by geographical area**

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

<b>Geographical area</b>	<b>Net revenues as at</b>	<b>%</b>	<b>Net revenues as at</b>	<b>%</b>	<b>% change</b>
<i>(in thousands of Euro)</i>	<b>30 June 2012</b>		<b>30 June 2011</b>		<b>2012/2011</b>
Italy	7,966	70.3%	9,443	76.2%	(15.6%)
Europe	2,228	19.7%	1,925	15.5%	15.7%
Rest of the world	1,137	10.0%	1,027	8.3%	10.7%
<b>Total</b>	<b>11,331</b>	<b>100.0%</b>	<b>12,395</b>	<b>100.0%</b>	<b>(8.6%)</b>

As at 30 June 2012, the Group’s revenues showed that the Italian market, which still accounts for a high percentage of the Group’s total turnover (equal to about 70.3%), recorded a contraction equal to about 15.6% compared to the same period in the 2011/2012 financial year, even if it benefitted from the opening, compared to the same period in 2011, of 4 new DOS (Milan - Corso Buenos Aires, Assago (MI) – Centro Commerciale “Milanofiori”, Pescara and Mantova) and of 2 franchise shops (Stezzano (BG) - Centro Commerciale “Le due torri”, Peschiera Borromeo (MI) – Centro Commerciale “Galleria Borromea”).

The Group operates through the two DOS and Wholesale sales channels in 22 European Countries. Within the European market, the Group achieved a turnover equal to Euro 2,228 thousand, equal to about 19.7% of consolidated sales, up by 15.7% compared to the same period in the year 2011/2012. In the European region, the Group has been able to benefit from the opening of 1 new DOS (Roermond) and of 1 new franchise shop (Moscow – TC “Vegas”), although the closures of 3 DOS in Spain and 2 franchise shops in Bulgaria and Austria must be

subtracted from this. The countries which reported the better performance were Russia (about +51.7%) and Ukraine (about +33.0%).

In the non-European geographical area (named “Rest of the world”), where the Group sells in 12 Countries, turnover rose by about 10.7%, also benefitting from the opening of 4 new DOS (1 shop in Hong Kong, 2 shops in China and 1 in Taiwan). The revenues generated in this geographical area, in absolute terms, are not yet able to significantly affect the total turnover.

At the same time as the increase in sales revenues, there was, in the first three months of the financial year ended 30 June 2012, a reduction in EBITDA of around 28.7% compared to the same figure posted as at 30 June 2011 and in the operating result, which also decreased by around 34.5% compared to the same period in 2011 (from Euro 2,005 thousand – equal to about 16.2% of total sales revenues - in the first three months of the financial year ended 30 June 2011 to Euro 1,312 thousand in the first three months of the financial year ended 30 June 2012 - equal to about 11.6 % of total sales revenues).

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

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

In general, the decrease in the operating result took place particularly following the negative trends in some of the most important outlet markets of the Group (specifically Italy, Spain and Europe) - which were unfortunately recorded in the second half of the tax year ended 31 March 2012 - above all at the level of wholesale distribution; therefore, this also affected the return on investments for internationalisation already made both in those countries and in other geographical areas in which the Group operates.

### Summary economic-financial data

Below are reported the Group’s main economic-financial indicators as at 30 June 2012 and 30 June 2011:

<i>(In thousands of Euro)</i>	<b>Quarter ended 30 June 2012</b>	<b>Quarter ended 30 June 2011</b>
Revenues from sales	11,331	12,395
EBITDA (a)	1,772	2,486
EBIT (b)	1,312	2,005
Pre-tax result	1,360	1,920
Net Financial Position (c)	8,030	4,147
Group’s profit for the period	882	1,194
Amortisation and depreciation of fixed assets and write-down of receivables	510	531
Financial absorption (Group net profit, amortisation and depreciation, write-downs)	1,392	1,725

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

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

c) *The Net Financial Position (“NFP”) utilised as a financial indicator of borrowing, is represented as the sum of the following positive and negative components of the 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.*

EBITDA for the period came to Euro 1,772 thousand, against Euro 2,486 thousand recorded in the same period ended 30 June 2011 and as at 30 June 2012 it accounted for 15.6% of consolidated revenues (against 20.1% recorded as at 30 June 2011).

As at 30 June 2012, the Group's amortisation and depreciation were equal to Euro 460 thousand and related to property, plant and equipment for Euro 363 thousand (depreciation of the building where the Company operates for Euro 49 thousand; depreciation of business equipment, including automated warehouse and fittings for shops, for Euro 257 thousand; depreciation of general systems for Euro 3 thousand), intangible assets for Euro 97 thousand (of which Euro 47 thousand for software, Euro 34 thousand for key money, Euro 13 thousand for trademarks and Euro 2 thousand for rights and patents).

As at 30 June 2012 EBIT came to Euro 1,312 thousand, equal to about 11.6% of net sales revenues, down by about 34.5% compared to the value recorded as at 30 June 2011 (for a percentage equal to 16.2%).

The result from financial operations as at 30 June 2012, which was positive for a value equal to about Euro 48 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 30 June 2012 came to about Euro 1,360 thousand and was affected by income taxes, including the effects of deferred taxation, equal to Euro 478 thousand.

### **Investments**

Investments in intangible assets, property, plant and equipment and financial assets in the three months ended 30 June 2012 were equal to Euro 504 thousand (Euro 770 thousand as at 30 June 2011), as reported below:

<i>(in thousands of Euro)</i>	<b>Quarter ended 30 June 2012</b>	<b>Quarter ended 30 June 2011</b>
<b>Investments</b>		
Intangible assets	81	133
Property, plant and equipment	423	637
Financial fixed assets	-	-
<b>Total</b>	<b>504</b>	<b>770</b>

Increases in intangible assets, equal to Euro 81 thousand in the quarter ended 30 June 2012, related to trademarks for Euro 8 thousand, investments in software for Euro 17 thousand and to the key money paid for the opening of the new shop in Pescara for Euro 30 thousand.

On the contrary, increases in property, plant and equipment, equal to Euro 423 thousand in the quarter ended 30 June 2012, 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 406 thousand, and to the purchase of equipment for Euro 15 thousand.

### **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Below is summarised the Group's consolidated statement of financial position as at 30 June 2012 (compared to the corresponding statement as at 31 March 2012 and 30 June 2011):

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>31 March 2012</b>	<b>30 June 2011</b>
Trade receivables	20,636	23,113	20,743
Inventories	13,836	11,911	13,414
(Trade payables)	(10,253)	(13,856)	(13,826)
Total net current trade assets	24,219	21,168	20,331
Other current assets	1,510	1,437	2,576
Tax receivables	236	714	-
(Other current liabilities)	(3,070)	(3,024)	(3,770)
(Tax payables)	-	-	(1,488)
<b>A) Working capital</b>	<b>22,895</b>	<b>20,295</b>	<b>17,649</b>
Intangible assets	1,524	1,528	809
Property, plant and equipment	12,157	12,132	12,308
Receivables from others beyond 12 months	1,064	977	792
Deferred tax assets	1,458	1,461	1,313
<b>B) Fixed assets</b>	<b>16,203</b>	<b>16,098</b>	<b>15,222</b>
<b>C) Non-current provisions and non-financial liabilities</b>	<b>(1,352)</b>	<b>(1,375)</b>	<b>(1,596)</b>
<b>Net invested capital (A+B+C)</b>	<b>37,746</b>	<b>35,018</b>	<b>31,275</b>
FINANCED BY:			
D) Net financial debt	8,030	6,228	4,147
E) Equity attributable to Minority interests	-	-	-
F) Equity attributable to the Group	29,716	28,790	27,128
<b>Total borrowings and Shareholders' Equity (D+E+F)</b>	<b>37,746</b>	<b>35,018</b>	<b>31,275</b>

## CONSOLIDATED NET FINANCIAL POSITION

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

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>31 March 2012</b>	<b>30 June 2011</b>
(A) Cash	64	66	441
(B) Other cash and cash equivalents (available current bank accounts)	10,426	12,747	9,067
<b>(C) Liquidity (A) + (B)</b>	<b>10,490</b>	<b>12,813</b>	<b>9,508</b>
(D) Finance leases	(663)	(709)	(831)
(E) Current bank debt	(9,091)	(9,000)	-
(F) Current portion of non-current debt	(3,015)	(2,998)	(3,804)
<b>(G) Current financial debt (D) + (E) + (F)</b>	<b>(12,769)</b>	<b>(12,707)</b>	<b>(4,635)</b>
<b>(H) Short-term net financial position (C) + (G)</b>	<b>(2,279)</b>	<b>106</b>	<b>4,873</b>
(I) Non-current bank debt	(2,169)	(2,628)	(4,806)
(L) Finance leases	(3,582)	(3,706)	(4,214)
<b>(M) Non-current financial debt (I) + (L)</b>	<b>(5,751)</b>	<b>(6,334)</b>	<b>(9,020)</b>
<b>(N) Net Financial Debt (H) + (M)</b>	<b>(8,030)</b>	<b>(6,228)</b>	<b>(4,147)</b>

As at 30 June 2012 the net financial position posted a negative value of Euro 8,030 thousand, showing a deterioration of about Euro 1,802 thousand compared to the debt recorded as at 31 March 2012 and of about Euro 3,883 thousand compared to 30 June 2011, mainly due to the trends in the growth of stock and partly of trade receivables.

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

- investments in property, plant and equipment and intangible assets for about Euro 504 thousand;
- increase in the net current assets of about Euro 3 million, which was mostly due to the increase in inventories and to the decrease in trade payables.

## OTHER INFORMATION

### *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 30 June 2012 the Group had 735 members of staff compared to 772 units as at 30 June 2011. Below is reported the breakdown of staff by country:

<b>Country</b>	<b>30 June 2012</b>	<b>30 June 2011</b>
Italy	191	196
China	457	489
Hong Kong	45	40
Macau	6	6
Germany	4	4
Spain	13	18
Netherlands	4	-
UAE	0	5
Taiwan	15	14
<b>Total</b>	<b>735</b>	<b>772</b>

With reference to the Group's organisational structure, as at 30 June 2012 49.5% of staff operated in the production area, 25.6% in the retail area, 15.0% in the support functions (Administration, IT Systems, Purchasing, Human Resources, etc.), 7.1% in the Research and Development area and 2.9% in the sales area.

### **Research and development activity**

The Piquadro Group's Research and Development activity is carried out by the Parent Company in house through a dedicated team that currently consists of 13 persons mainly engaged in the product research and development department and the style office at the head office of the Company. Furthermore, the plants of the Chinese subsidiary employ a team of 27 people dedicated to prototyping and the implementation of new models according to the instructions defined by the central organisation. Products are conceived within the Group and occasionally in collaboration with outside industrial designers, taking account of the information regarding market trends supplied by the Group's internal departments (Product Management and sales departments). In this manner, the Group develops its collections trying to meet the needs of end customers that are not yet satisfied by the market. The internal unit dedicated to the design of products manages operating activities and also coordinates the external consultants of which the Company makes use. In some cases, in fact, the Group only uses external designers for the product design phase, while the development and implementation phase is in any case carried out in house.

### **Relations with related parties**

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

The said procedure, which is published on the website of Piquadro ([www.piquadro.com](http://www.piquadro.com)), has the purpose to determine the criteria to be complied with for the approval of the transactions with related parties to be effected by Piquadro or its subsidiaries, in order to ensure transparency, as well as the material and procedural correctness of

the transactions themselves. The identification of transactions with related parties is made as required by the CONSOB regulation referred to.

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

### **Direction and Coordination activities (pursuant to Article 37, paragraph 2, of the Markets' Regulation)**

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

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

### **Significant events after the quarter**

On 24 July 2012, the ordinary and extraordinary Shareholders' Meetings of Piquadro S.p.A. approved the Financial Statements for the financial year ended 31 March 2012 and the distribution of a unit dividend of Euro 0.06 to the Shareholders, for a total amount of Euro 3 million. The dividend was paid starting from 2 August 2012 with coupon no. 5 being detached on 30 July 2012.

On the same date, the Shareholders' Meeting approved the Report on Remuneration illustrating the Company Policy concerning the remuneration of Company Directors, members of the Board of Statutory Auditors and executives with strategic responsibilities. In this context, since, on the basis of the Remuneration Policy for the 2012/2013 period, approved by the Board on 18 June 2012 as proposed by the Remuneration Committee, the total amount of fixed fees to be awarded to Directors, including those holding special offices, was redefined as Euro 845,000 and is therefore higher by Euro 89,000 than the total amount of Euro 756,000 resolved upon by the Shareholders' Meeting on 22 July 2010, the current Shareholders' Meeting also resolved to redefine the total fixed fees of Directors, including those holding special offices and until the approval of the financial statements as at 31 March 2013, to be apportioned by the Board to all Directors including those holding special offices, according to the new amount of Euro 845,000, in order to reflect the new Remuneration Policy adopted, again without preventing the Board of Directors from granting further variable fees to Directors holding special offices.

Furthermore, the Shareholders' Meeting approved the authorisation of the Board of Directors to acquire and dispose of treasury shares, in compliance with the regulatory provisions and regulations in force, and it authorised the Board of Directors to acquire the maximum number of treasury shares permitted by law, for a period of 12 months from the date of authorisation – that is until the Shareholders' Meeting which approves the financial statements as at 31 March 2013 – by using the reserves available according to the last financial statements as duly approved.

Furthermore, the Shareholders' Meeting authorised the Board of Directors to sell any treasury shares acquired, in one or more transactions, for the consideration set by the Board, at a minimum of not less, by 20%, of the reference price that the share recorded in the stock exchange session of the day preceding each individual transaction.

The Shareholders' Meeting also resolved to approve the guidelines of a new stock option plan for the 2012-2017 period (the New 2012-2017 Plan). The New 2012-2017 Plan will be reserved for certain directors, executives with strategic responsibilities, employees and collaborators of Piquadro S.p.A. and of other companies owned by it, which will be identified by the Board of Directors, subject to the opinion of the Remuneration Committee.

The New 2012-2017 Plan will have a term of five years and the options assigned may be exercised only in the periods of exercise and according to the procedures that will be specified in the regulation of the New 2012-2017 Plan.

Therefore, the Shareholders' Meeting delegated to the Board of Directors the power to identify the beneficiaries of the same and the number of rights of option to be assigned to each of them and the approval of the final regulation of the plan.

In an extraordinary session, the Shareholders' Meeting resolved, as part of the New 2012-2017 Plan, to increase share capital with the exception of the option right of current shareholders, up to an overall maximum value equal to Euro 93,998, through the issue of a maximum number of 4,699,900 ordinary shares of the Company, of no par value, having the same features and enjoyment as the outstanding shares; it should be pointed out that this capital

increase may be also implemented in more than one payment and is divisible and the ultimate deadline for collecting subscriptions is 31 December 2018; upon expiry of this deadline, the capital will be deemed to have been increased by an amount equal to the subscriptions made. The new shares will be offered at a subscription price - to be determined by the Board of Directors, with the opinion of the Remuneration Committee – that will be not less than the accounting par value, equal to the higher of (i) Euro 1.53 per share and (ii) the average of official closing prices of the Piquadro shares on the stock exchange in the last 30 days before the grant date of the options.

Again in an extraordinary session, the Shareholders' Meeting finally resolved the proposed partial cancellation, for a nominal amount of Euro 44,000, of the Company's capital increase of Euro 50,000, through the issue of a maximum number of 2,500,000 ordinary shares, as resolved by the Board of Directors on 28 February 2008 in order to serve the 2008-2013 stock option plan, which is currently in place.

In particular the partial cancellation concerns no. 2,200,000 shares, of which no. 1,300,000 shares relate to options that have already been assigned and that have been the object of a waiver by the respective beneficiaries or have been forfeited and no. 900,000 shares issued to serve new allocations in the framework of subsequent incentive plans to be resolved within the ultimate deadline of 1 March 2011, as no new allocation had been made within this time limit. As a result of this partial cancellation, the abovementioned capital increase will remain in place for a nominal amount of Euro 6,000, to be implemented through the issue of no. 300,000 ordinary shares serving the 2008-2013 stock option plan.

In addition to the above, no significant events are reported which occurred at Group level from 1 July 2012 to the date of this Report.

## **Outlook**

In the financial year 2012/13 the development dynamics of the Piquadro Group will be influenced by the economic scenario in which it operates, mainly Italy in which the Group reports over 70% of its revenues. The expectations for the 2012/2013 financial year, in terms of both turnover and profitability, will also be influenced by whether wholesale clients are able to restore normal conditions for accessing credit, which would allow them to carry out a more regular procurement activity. The results achieved in directly-operated shops in the first quarter go against the negative trend described above and provide comfort to management regarding its growth strategy which hinges on the opening of directly-operated shops also with a view to improving distribution and positioning. The Group is also focusing on global development and is consistently pursuing a strategy to increase the visibility and awareness of the Piquadro brand internationally. In this perspective, the plan to open the Paris shop on Rue Saint Honoré by the end of 2012 is an important aspect which is to be followed by the flagship store in London; these are places where there is the greatest concentration of the target consumers (travel and business) and where the flow of Asian, Russian, Middle-Eastern and American tourists is constantly increasing; these will represent the greatest areas of expansion for the Group in the immediate future.

Therefore, the forecasts for the 2012/2013 financial year will depend particularly on the development of the economic situation in Italy and therefore on the solidity of the main relevant market of Piquadro as well as on the speed of obtaining returns from the foreign investments. In this context, the management will be and is engaged in constantly monitoring operating costs in order to maintain gross profit margins higher than the averages in the sector, which will allow the Company to make greater commitments to research and development as well as marketing and in retail, with the aim of further raising awareness of the Piquadro brand around the world.

Silla di Gaggio Montano (BO), 7 August 2012

FOR THE BOARD OF DIRECTORS  
THE CHAIRMAN  
(Marco Palmieri)



**CONSOLIDATED CONDENSED QUARTERLY FINANCIAL STATEMENTS  
AS AT 30 JUNE 2012**

PIQUADRO

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<i>(in thousands of Euro)</i>	<b>Notes</b>	<b>30 June 2012</b>	<b>31 March 2012</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	(1)	1,524	1,528
Property, plant and equipment	(2)	12,157	12,132
Receivables from others	(3)	1,064	977
Deferred tax assets	(4)	1,458	1,461
<b>TOTAL NON-CURRENT ASSETS</b>		<b>16,203</b>	<b>16,098</b>
<b>CURRENT ASSETS</b>			
Inventories	(5)	13,836	11,911
Trade receivables	(6)	20,636	23,113
Other current assets	(7)	1,510	1,437
Tax receivables	(8)	236	714
Derivative assets	(9)	0	-
Cash and cash equivalents	(10)	10,490	12,813
<b>TOTAL CURRENT ASSETS</b>		<b>46,708</b>	<b>49,988</b>
<b>TOTAL ASSETS</b>		<b>62,911</b>	<b>66,086</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>( in thousands of Euro )</i>	Notes	30 June 2012	31 March 2012
<b>LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		556	512
Retained earnings		26,278	18,499
Group profit for the period		882	7,779
<b>TOTAL EQUITY ATTRIBUTABLE TO THE GROUP</b>		<b>29,716</b>	<b>28,790</b>
Capital and Reserves attributable to minority interests		-	-
Profit/(loss) for the period attributable to minority interests		-	-
<b>TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS</b>		<b>-</b>	<b>-</b>
<b>EQUITY</b>	(11)	<b>29,716</b>	<b>28,790</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	(12)	2,169	2,628
Payables to other lenders for lease agreements	(13)	3,582	3,706
Provision for employee benefits	(14)	239	261
Provisions for risks and charges	(15)	786	785
Deferred tax liabilities	(16)	327	327
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,103</b>	<b>7,707</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	(17)	12,106	11,997
Payables to other lenders for lease agreements	(18)	663	709
Derivative liabilities	(19)	1	3
Trade payables	(20)	10,253	13,856
Other current liabilities	(21)	3,069	3,024
Tax payables	(22)	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>26,092</b>	<b>29,589</b>
<b>TOTAL LIABILITIES</b>		<b>33,195</b>	<b>37,296</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>62,911</b>	<b>66,086</b>

## CONSOLIDATED INCOME STATEMENT

<i>(in thousands of Euro)</i>	Notes	30 June 2012	30 June 2011
<b>REVENUES</b>			
Revenues from sales	(23)	11,331	12,395
Other income	(24)	113	66
<b>TOTAL REVENUES (A)</b>		<b>11,444</b>	<b>12,461</b>
<b>OPERATING COSTS</b>			
Change in inventories	(25)	(1,741)	(3,114)
Costs for purchases	(26)	3,052	3,861
Costs for services and leases and rentals	(27)	5,345	6,495
Personnel costs	(28)	2,923	2,662
Amortisation, depreciation and write-downs	(29)	510	531
Other operating costs		43	21
<b>TOTAL OPERATING COSTS (B)</b>		<b>10,132</b>	<b>10,456</b>
<b>OPERATING PROFIT (A-B)</b>		<b>1,312</b>	<b>2,005</b>
Financial income	(30)	424	263
Financial charges	(31)	(376)	(348)
<b>TOTAL FINANCIAL INCOME AND CHARGES</b>		<b>48</b>	<b>(85)</b>
<b>PRE-TAX RESULT</b>		<b>1,360</b>	<b>1,920</b>
Income tax expenses	(32)	(478)	(726)
<b>PROFIT FOR THE PERIOD</b>		<b>882</b>	<b>1,194</b>
attributable to:			
EQUITY HOLDERS OF THE COMPANY		882	1,194
MINORITY INTERESTS		-	-
(Basic) Earnings per share in Euro	(33)	0.018	0.024
(Diluted) Earnings per share in Euro		0.017	0.023

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	30 June 2012	30 June 2011
<b>Profit (Loss) for the period (A)</b>	<b>882</b>	<b>1,194</b>
Profit/(Losses) arising from the translation of financial statements of foreign companies	34	188
Profit/(Losses) on hedging instruments of cash flows (cash flow hedge)	2	15
<b>Total Profits/(Losses) recognised in equity (B)</b>	<b>36</b>	<b>203</b>
<b>Total comprehensive Income/(Losses) for the period (A) + (B)</b>	<b>918</b>	<b>1,397</b>
Attributable to		
- the Group	918	1,397
- Minority interests		

**STATEMENT OF CHANGES IN CONSOLIDATED EQUITY**  
(in thousands of Euro)

Description	Other reserves						Retained earnings	Group profit	Equity attributable to the Group	Capital and Reserves attributable to minority interests	Profit/(Loss) attributable to minority interests	Total Equity attributable to the Group and minority interests
	Share capital	Share premium reserve	Translation reserve	Fair value reserve	Other reserves	Total Other Reserves						
<b>Balances as at 31.03.2011</b>	1,000	1,000	12	(16)	408	404	14,402	9,097	25,903	0	0	25,903
Profit for the period								1,194	1,194			1,194
<u>Other components of the comprehensive result as at 30 June 2011:</u>												
Exchange differences from translation of financial statements in foreign currency			188			188			188			188
Fair value of financial instruments				15		15			15			15
<b>Total Comprehensive Income for the period</b>			188	15	0	203		1,194	1,397			1,397
<u>Allocation of the result for the period as at 31 March 2011:</u>												
-to dividends								(5,000)	(5,000)			(5,000)
-to reserves							9,097	(4,097)	5,000			5,000
Acquisition of Unibest Leather Goods Hong Kong					(182)	(182)			(182)			(182)
Fair value of Stock Option Plans					10	10			10			10
<b>Balances as at 30.06.2011</b>	1,000	1,000	200	(1)	236	435	23,499	1,194	27,128	0	0	27,128

Description	Other reserves						Retained earnings	Group profit	Equity attributable to the Group	Capital and Reserves attributable to minority interests	Profit/(Loss) attributable to minority interests	Total Equity attributable to the Group and minority interests
	Share capital	Share premium reserve	Translation reserve	Fair value reserve	Other reserves	Total Other Reserves						
<b>Balances as at 31.03.2012</b>	1,000	1,000	66	(2)	448	512	18,499	7,779	28,790	0	0	28,790
Profit for the period								882	882			882
<u>Other components of the comprehensive result as at 30 June 2012:</u>												
Exchange differences from translation of financial statements in foreign currency			34			34			34			34
Fair value of financial instruments				2		2			2			2
<b>Total Comprehensive Income for the period</b>			34	2	0	36		882	918			918
<u>Allocation of the result for the period as at 31 March 2012:</u>												
-to dividends									0			0
-to reserves							(7,779)	(7,779)	0			0
Fair value of Stock Option Plans					8	8			8			8
<b>Balances as at 30.06.2012</b>	1,000	1,000	100	0	456	556	26,278	882	29,716	0	0	29,716

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>30 June 2011</b>
<b>Pre-tax profit</b>	<b>1,360</b>	<b>1,920</b>
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	460	480
Provision for bad debts	50	50
Adjustment to the provision for employee benefits	(56)	10
Net financial charges/(income), including exchange rate differences	(48)	85
<b>Cash flow from operating activities before changes in working capital</b>	<b>1,766</b>	<b>2,545</b>
Change in trade receivables (net of the provision)	2,477	675
Change in inventories	(1,925)	(3,310)
Change in other current assets	322	99
Change in trade payables	(3,703)	526
Change in provisions for risks and charges	22	24
Change in other current liabilities	43	(123)
<b>Cash flow from operating activities after changes in working capital</b>	<b>(1,042)</b>	<b>436</b>
Payment of taxes	-	-
Interest paid	(144)	(48)
<b>Cash flow generated from operating activities (A)</b>	<b>(1,186)</b>	<b>484</b>
Investments in intangible assets	(81)	(133)
Investments in property, plant and equipment	(423)	(637)
Investments in fixed financial assets	-	-
<b>Changes generated from investing activities (B)</b>	<b>(504)</b>	<b>(770)</b>
<b>Financing activities</b>		
Change in long-term financial receivables	-	-
Repayment of short- and medium/long-term borrowings	(460)	(461)
Registering of short- and medium/long-term borrowings	-	-
Changes in financial instruments	(2)	(183)
Lease instalments paid	(171)	(289)
Payment of dividends	-	-
<b>Cash flow generated from/(absorbed by) financing activities (C)</b>	<b>(633)</b>	<b>(933)</b>
Net increase (decrease) in cash and cash equivalents (A+B+C)	(2,323)	(1,219)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>12,813</b>	<b>10,727</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>10,490</b>	<b>9,508</b>

### Note to the statement of cash flows:

As required by IAS 7, paragraph 44 (a), the items “investments in property, plant and equipment” and “registering of borrowings” do not include the effects of financial changes relating to the recognition of finance leases according to IAS 17 as they are non-monetary items (the disbursements relating to the payment of lease rentals, including the related financial charges, have also been considered).

**NOTES TO THE CONSOLIDATED CONDENSED  
QUARTERLY FINANCIAL STATEMENTS  
AS AT 30 JUNE 2012**





## **GENERAL INFORMATION**

### **1.1 The Group's business**

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

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

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

As of today's date, the Company is owned by Marco Palmieri through Piquubo S.p.A., which is 100% owned. Piquubo S.p.A., in fact, holds 93.34% of the share capital of Piquadro Holding SpA, which in its turn holds 68.37% of the share capital of Piquadro S.p.A., a company which is listed on the Milan Stock Exchange since 25 October 2007.

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

These consolidated condensed quarterly financial statements relating to the first three months of the financial year were prepared by the Board of Directors on 7 August 2012.

### **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 three months of the financial year (i.e. from April to June) account for about 19.23% of the consolidated turnover of the financial year (a percentage calculated on the basis of consolidated revenues as at 30 June 2011 compared to consolidated revenues as at 31 March 2012) 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 30 June 2012, does not fully represent the result that the Group expects to achieve in the financial year that will end on 31 March 2013.

## **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 quarterly financial statements as at 30 June 2012 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 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 2012 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 statement of cash flows are prepared in an extended form and are the same as those adopted for the consolidated financial statements ended 31 March 2012.

The accounting standards and policies adopted in preparing consolidated interim financial statements are the same as those used in preparing the consolidated financial statements of Piquadro S.p.A. ended 31 March 2012, to which reference is made for a description of the same.

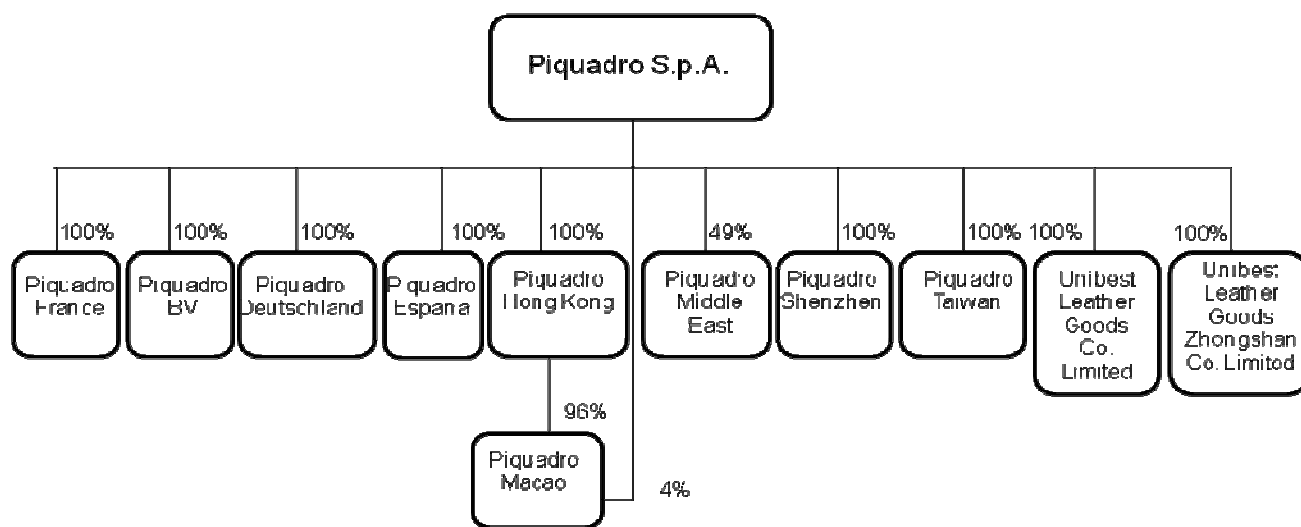
The consolidated interim financial statements are made up of the Balance Sheet, the Income Statement, the Statement of Cash Flows, the Statements of Changes in Equity and these Explanatory Notes. Economic data, changes in equity and cash flows for the quarter ended 30 June 2012 are compared with the quarter ended 30 June 2011. Financial data as at 30 June 2012 are compared with the corresponding values as at 31 March 2012 (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.

## 2.2 The Group structure

For the purpose of provide a clear representation, below is reported the chart of the Group structure as at 30 June 2012:



## **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 30 June 2012 and 30 June 2011 include the interim financial statements of the Parent Company Piquadro S.p.A. and those of all companies over which it exercises control, either directly or indirectly.

Compared to the financial year ended 31 March 2012, during the quarter ended 30 June 2012, a new Company, named Piquadro France SARL, with registered office in Paris, was included in the scope of consolidation. Piquadro France SARL is the company that manages the first directly-operated store of the Group in Paris, located at 91 rue du Faubourg Saint – Honoré.

The complete list of the companies included in the scope of consolidation as at 30 June 2012 and 30 June 2011, 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 30 June 2012**

Name	HQ	Country	Currency	Share Capital (local currency /000)	Shareholders' equity (Euro /000)	Control %
Piquadro S.p.A.	Gaggio Montano (BO)	Italy	Euro	1,000	30,190	Parent Company
Uni Best Leather Goods Co. Limited	Kowloon	Hong Kong	HKD	1	97	100%
Piquadro España Slu	Barcelona	Spain	Euro	898	702	100%
Piquadro Deutschland Gmbh	Munich	Germany	Euro	25	(53)	100%
Piquadro BV	Zoetermeer	Netherlands	Euro	300	301	100%
Piquadro France	Paris	France	Euro	2,500	2,500	100%
Uni Best Leather Goods Zhongshan Co Limited	Guangdong	People's Republic of China	RMB	3,576	(101)	100%
Piquadro Hong Kong Limited	Hong Kong	Hong Kong	HKD	2,000	97	100%
Piquadro Macau Limitada	Macau	Macau	HKD	25	98	100%
Piquadro Trading (Shenzhen) Co. Ltd.	Shenzhen	People's Republic of China	RMB	13,799	1,184	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	NTD	25,000	541	100%
Piquadro Middle East Leather Products LLC*	Abu Dhabi	United Arab Emirates	AED	150	(916)	49%

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

**Scope of consolidation as at 30 June 2011**

Name	HQ	Country	Currency	Share Capital (local currency /000)	Shareholders' equity (Euro/000)	Control %
Piquadro S.p.A.	Gaggio Montano (BO)	Italy	Euro	1,000	28,512	Parent Company
Uni Best Leather Goods Co. Limited	Kowloon	Hong Kong	HKD	1	10	100%
Piquadro España Slu	Barcelona	Spain	Euro	198	(151)	100%
Piquadro Deutschland Gmbh	Munich	Germany	Euro	25	(89)	100%
Uni Best Leather Goods Zhongshan Co Limited	Guangdong	People's Republic of China	RMB	3,576	(150)	100%
Piquadro Hong Kong Limited	Hong Kong	Hong Kong	HKD	2,000	(218)	100%
Piquadro Macau Limitada	Macau	Macau	HKD	25	20	100%
Piquadro Trading (Shenzhen) Co. Ltd.	Shenzhen	People's Republic of China	RMB	13,799	844	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	NTD	5,000	(51)	100%
Piquadro Middle East Leather Products LLC*	Abu Dhabi	United Arab Emirates	AED	150	(754)	49%

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

The companies that the Parent Company Piquadro S.p.A. controls, either directly or indirectly, and either legally or in practice, are consolidated according to the line-by-line consolidation method, which consists in reporting all the assets and liabilities items in their entirety from the date on which control 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 quarters ended 30 June 2012 and 30 June 2011 (foreign currency corresponding to Euro 1):

Foreign currency	Average		Closing	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Hong Kong Dollar (HKD)	9.95	11.19	9.77	11.25
Renminbi (Yuan)	8.11	9.35	8.00	9.34
Arab Emirates Dirham (AED)	4.71	5.29	4.62	5.31
Taiwan Dollar	37.99	41.52	37.60	41.55

## 2.5 Amendments to accounting standards

### Accounting standards, amendments and interpretations

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

- IAS 32 (amended) - *“Financial instruments: disclosure and presentation”* - Presentation of financial statements: the standard has been amended in order to allow, under certain conditions, financial instruments puttable at fair value to be classified under equity items, rather than under financial liabilities.
- IFRS 1 (amended): exemption limited by the comparative information required by IFRS 7 for the new users.
- IAS 24 (amended): *“Related Party Disclosures”*: the amendments simplify the definition of *“related party”* and at the same time eliminate some inconsistencies and exempt public bodies from some disclosure requirements relating to transactions with related parties.
- IFRIC 14 (amended) – *“The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interact project”*: the objective of the amendments is to eliminate an undesired consequence of IFRIC 14 in the cases when an entity, which is subject to a provision for minimum funding requirements, makes an advance payment of contributions for which in certain circumstances the entity which makes this payment would be required to account for an expense. In the case that a defined-benefit plan is subject to a provision for minimum funding requirements, the amendment to IFRIC 14 imposes to treat this advance payment as an assets in the same way as any other advance payment.
- IFRIC 19 (amended) – *“Extinguishing Financial Liabilities with Equity Instruments”*: the purpose of the interpretation is to provide guidelines on accounting by the debtor of equity instruments issued to fully or partially extinguish a financial liability following the renegotiation of the related conditions.

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

- IFRS 3 (improved) – *“Business combinations”*: This amendment clarifies that third party equity interests which do not give the holders the right to receive a proportional share of the subsidiary’s shareholders’ equity must be measured at fair value or as required by the applicable accounting standards. The issue of share based payments which are replaced as part of a business combination is also further clarified, with a specific guide for their accounting treatment.

- IFRS 7 (improved) – “*Improved Disclosures about Financial Instruments*”: the amendment provides clarifications on the interaction between disclosures of a qualitative and of a quantitative nature in regard to the risks inherent in financial instruments. Furthermore the requirement for disclosure of expired financial assets that have been renegotiated or written-down has been eliminated.
- IAS 1 (improved) – “*Presentation of financial statements*”: the amendment provides for the presentation of the reconciliation of any changes in the individual components of equity in the notes to or the formats of financial statements.
- IAS 34 (improved) – “*Interim Financial Reporting*”: the amendment concerns clarifications about any additional information required for the purposes of the preparation of interim financial statements.

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

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

- IFRS 7 (amended) – “*Financial instruments: Disclosures*”: the amendment, which is applicable to the financial statements of the financial years that began after 1 July 2011, promotes transparent disclosures, in the accounts, on the transfer (derecognition) of financial assets in the portfolio, thus improving the disclosures relating to the risks retained by the entity that has made the transfer and the effects on the financial position, in particular in the event that these transfers have been made at the end of an accounting period.
- IAS 1 – “*Presentation of financial statements*”, which was published by the IASB on 16 June 2011 and which will be applicable from 1 July 2012, amends the presentation of the statement of comprehensive income, requiring the separate indication of components, regardless of whether they may be subsequently reclassified to the income statement.
- IAS 19 – “*Employee benefits*”, which was published by the IASB on 16 June 2011 and which will be applicable from 1 January 2013, eliminates the possibility of applying the corridor method, requiring the recognition of the cost of the work performance and of financial interest in the income statement and the recognition of the entire amount of actuarial gains/losses in the statement of comprehensive income. Furthermore, it also amends the procedure to determine the interest cost.

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

**Accounting standards being adopted by the European Union**

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

- IFRS 1 (amended) – “*First-time Adoption of International Financial Reporting Standards*”, which was published by the IASB on 20 December 2010 and which will be applicable from 1 July 2011.
- IFRS 7 (amended) – “*Financial instruments: Disclosures*”, which was published by the IASB on 16 December 2011 and which will be applicable from 1 January 2013. This standard requires more disclosures on the effects of setoffs of financial assets and liabilities on the statement of financial position.
- IFRS 9 “*Financial instruments*”: the standard, which was published by the IASB on 12 November 2009, as amended on 28 October 2010. The standard, which will be applicable from 1 January 2015, represents the first part of a multi-phase process aimed at replacing IAS 39 and introduces new criteria for the classification of financial assets and liabilities and for the derecognition of financial assets.
- IFRS 10 – “*Consolidated Financial Statements*”, which was published by the IASB on 12 May 2011 and which will be applicable from 1 January 2013, establishes new standards for preparing consolidated financial statements.

- IFRS 11 – “*Joint arrangements*”, which was published by the IASB on 12 May 2011 and which will be applicable from 1 January 2013, redefines the procedures to account for jointly-controlled equity investments in the consolidated financial statements.
- IFRS 12 – “*Disclosure of Interests in Other Entities*”, which was issued by the IASB on 12 May 2011 and which will be applicable from 1 January 2013, extends the disclosures required in relation to the various types of equity investments.
- IFRS 13 – “*Fair Value Measurement*”, which was issued by the IASB on 12 May 2011 and which will be applicable from 1 January 2013, provides a univocal definition of the concept of fair value and clarifies the procedures to determine it for the purposes of the financial statements.
- IAS 12 (amended) – “*Income taxes – Recovery of Revalued Non-Depreciable Asset*”, which was published by the IASB on 20 December 2010 and which will be applicable from 1 January 2012, clarifies the procedure to determine deferred taxes in the case of investment properties measured at fair value according to IAS 40.
- IAS 27 (revised) – “*Separate Financial Statements*”, which was issued by the IASB on 12 May 2011 and which will be applicable from 1 January 2013.
- IAS 28 (revised) – “*Investments in associates*”, which was issued by the IASB on 12 May 2011 and which will be applicable from 1 January 2013.
- IFRIC 20 – “*Stripping costs in the production phase of a surface mine*”, which was published by the IASB on 19 October 2011 and which will be applicable from 1 January 2013.
- IAS 32 (amended) – “*Financial instruments: presentation*”, which was published by the IASB on 16 December 2011 and which will be applicable from 1 January 2014.
- IFRS 1 (amended) – “*First-time Adoption of International Financial Reporting Standards*” – Government Loans, which was published by the IASB on 13 March 2012 and which will be applicable from 1 January 2013.
- Improvements to IFRSs (2009-2011) (amendments), which was published by the IASB on 13 May 2012 and which will be applicable from 1 January 2013.

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

## COMMENT ON THE MAIN ITEMS IN THE STATEMENT OF FINANCIAL POSITION

### ASSETS

#### NON-CURRENT ASSETS

##### Note 1 – Intangible assets

As at 30 June 2012 the value of intangible assets was equal to Euro 1,524 thousand (Euro 1,528 thousand as at 31 March 2012).

Below is reported the statement of changes of this item:

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>
Balance as at 31 March 2012	1,528
Investments in intangible assets	81
Other changes	(12)
Amortisation and write-downs	(97)
<b>Total</b>	<b>1,524</b>

In the quarter ended 30 June 2012, the increases in intangible assets, equal to Euro 81 thousand, related to trademarks for Euro 8 thousand, investments in software for Euro 17 thousand and to the key money paid for the opening of the new shop in Pescara for Euro 30 thousand.

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

In the course of the quarter, no trigger events occurred as to the key money for the shops located in Rome, Milan, Bologna, Pescara, which could indicate potential impairment losses of the same.

##### Note 2 – Property, plant and equipment

As at 30 June 2012, the value of property, plant and equipment was equal to Euro 12,157 thousand (Euro 12,132 thousand as at 31 March 2012).

Below is reported the statement of changes of this item:

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>
Balance as at 31 March 2012	12,132
Investments in assets entered into operation	423
Other Changes	(35)
Depreciation and write-downs	(363)
<b>Total</b>	<b>12,157</b>

On the contrary, increases in property, plant and equipment, equal to Euro 423 thousand in the quarter ended 30 June 2012, are mainly attributable to fittings purchased for the new DOS opened in the period under consideration and for refurbishments of some existing shops for Euro 406 thousand and to the purchase of equipment for Euro 15 thousand.

Below is reported the net book value as at 30 June 2012 of the assets used by the Group by virtue of finance lease agreements:

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>
Land	878
Buildings	5,106
Plant and equipment	61
Industrial and business equipment	355
<b>Total</b>	<b>6,400</b>



### Note 3 – Receivables from others

Receivables from others, equal to Euro 1,064 thousand as at 30 June 2012 (against Euro 977 thousand as at 31 March 2012) relate to the 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 30 June 2012, the amount of deferred tax assets was equal to Euro 1,458 thousand (Euro 1,461 thousand as at 31 March 2012) and was mainly made up of Euro 956 thousand of temporary tax differences relating to Piquadro S.p.A. (Euro 957 thousand as at 31 March 2012) relating to the IRES and IRAP tax effect on taxed funds, in addition to adjustments made at the time of the preparation of the consolidated financial statements (including the reversal of the intercompany profit with an advanced tax effect equal to Euro 340 thousand against about Euro 340 thousand as at 31 March 2012).

## 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:

<i>(in thousands of Euro)</i>	<b>Gross value as at 30 June 2012</b>	<b>Provision for write-down</b>	<b>Net value as at 30 June 2012</b>	<b>Net value as at 31 March 2012</b>
Raw Materials	3,125	(151)	2,974	1,548
Semi-finished products	647	-	647	434
Finished products	10,402	(187)	10,215	9,929
<b>Inventories</b>	<b>14,173</b>	<b>(338)</b>	<b>13,836</b>	<b>11,911</b>

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

<i>(in thousands of Euro)</i>	<b>Provision as at 31 March 2012</b>	<b>Use</b>	<b>Allocation</b>	<b>Provision as at 30 June 2012</b>
Provision for write-down of raw materials	151	-	-	151
Provision for write-down of finished products	187	-	-	187
<b>Total provision for write-down of inventories</b>	<b>338</b>	<b>-</b>	<b>-</b>	<b>338</b>

As at 30 June 2012, inventories showed an increase compared to the corresponding values as at 31 March 2012. This increase is mainly attributable both to the growth in the Group's turnover and to the increases in the stock quantities aimed at meeting the requirements arising from the growth in the turnover and the orders in progress.

### Note 6 – Trade receivables

As at 30 June 2012, trade receivables were equal to Euro 20,636 thousand compared to Euro 23,113 thousand as at 31 March 2012. The decrease, equal to Euro 2,477 thousand, is mainly attributable to seasonal trends.

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 in the quarter under consideration are showed in the table below:

<i>(in thousands of Euro)</i>	<b>Provision as at 30 June 2012</b>	<b>Provision as at 31 March 2012</b>
Balance at the beginning of the	1,230	1,016

year		
Effect through P&L	50	441
Uses	-	(227)
<b>Total Provision for bad debts</b>	<b>1,280</b>	<b>1,230</b>

#### Note 7 – Other current assets

Below is reported the breakdown of other current assets:

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>31 March 2012</b>
Other assets	465	644
Accrued income and prepaid expenses	1,045	793
<b>Other current assets</b>	<b>1,510</b>	<b>1,437</b>

#### Note 8 – Tax receivables

As at 30 June 2012 tax receivables were equal to Euro 236 thousand and fully referred to the advances paid by the Parent Company for IRES and IRAP taxes, net of current taxes (Euro 714 thousand as at 31 March 2012).

#### Note 9 - Derivative assets

Both at 30 June 2012 and at 31 March 2012, there were no assets relating to the currency forward purchases, nor assets relating to hedging of financial instruments.

#### Note 10 – Cash and cash equivalents

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

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>31 March 2012</b>
Available current bank accounts	10,426	12,747
Cash, cash on hand and cheques	64	66
<b>Cash and cash equivalents</b>	<b>10,490</b>	<b>12,813</b>

The balance represents cash and cash equivalents and the existence of cash and cash on hand at the closing dates of the periods. For a better understanding of the dynamics in the Company's liquidity, reference is made to the statement of cash flows and the breakdown of net financial position.

## LIABILITIES

### NON-CURRENT LIABILITIES

#### Note 11 – Equity

##### *Share capital*

As at 30 June 2012, the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by no. 50,000,000 of ordinary shares, fully subscribed and paid up, with regular enjoyment, with no indication of their par value.

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

Vesting of options, to the extent of 20% at any time during the fourth year in the term of the plan, 30% at any time during the fifth year in the term of the Plan and 50% at any time during the sixth year in the term of the Plan, respectively, is subject not only to condition that the directors, executives, subordinate employees or collaborators

concerned are still serving the Company, but to the official Piquadro share price reaching certain arithmetic mean targets as specified in the Plan's regulations. The Group has no obligation to repurchase the shares or liquidate them.

The criterion used for measurement is based on the Monte Carlo simulation. The model created for the valuation of stock options takes account of all the operating characteristics reported in the plan's regulations. 50,000 scenarios have been developed for the purpose of valuation. In estimating expected volatility, as required in the Operational guidance (appendix B) to point B26 of IFRS 2, reference was made to stocks from the same commodity sector that have been listed for a longer period of time. On 30 June 2012, 1,300,000 total options were cancelled, of which 1,150,000 options following renunciation by the respective assignees and 150,000 options assigned to employees who then left without cause. Furthermore, as at 30 June 2012, no. 30,000 options assigned expired, as they were not exercised, and none of the remaining 270,000 options of those originally granted reached maturity.

### ***Share premium reserve***

This reserve, which remained unchanged compared to the financial year ended 31 March 2012, was equal to Euro 1,000 thousand.

### ***Translation reserve***

As at 30 June 2012 the reserve was positive for Euro 100 thousand (while it reported a positive balance equal to Euro 66 thousand as at 31 March 2012). This item is referred to the exchange rate differences due to the consolidation of companies having a reporting currency other than the Euro, i.e. Uni Best Hong Kong Ltd., Piquadro Hong Kong and Piquadro Macau (the relevant currency being the Hong Kong Dollar), Uni Best Leather Goods (Zhongshan) Co. Ltd and Piquadro Trading Shenzhen (the relevant currency being the Chinese Renminbi), Piquadro Middle East (the relevant currency being the AED) 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, equal to Euro 882 thousand, in the first three months ended 30 June 2012.

### ***Equity attributable to minority interests***

Equity attributable to minority interests, as in the financial year ended 31 March 2012, was equal to zero.

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

## **Note 12 – Borrowings**

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

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>31 March 2012</b>
Borrowings from 1 to 5 years	2,169	2,628
Borrowings beyond 5 years	-	-
<b>Medium/long-term borrowings</b>	<b>2,169</b>	<b>2,628</b>

As at 30 June 2012, borrowings mainly related to Piquadro S.p.A. and included:

1. Euro 800 thousand for the fully short-term loan granted on 16 January 2008 by Carisbo S.p.A. (for an initial amount of Euro 5,300 thousand); this loan includes a two-year pre-amortisation;
2. Euro 374 thousand for the 60-month unsecured loan disbursed by Carisbo S.p.A. on 1 September 2008 (for an initial amount of Euro 1,500 thousand) of which a current portion of Euro 300 thousand and a non-current portion of Euro 74 thousand; this loan was disbursed to partly finance the opening of new points of sales in Italy and abroad and to partly meet the Company's financial requirements;

3. Euro 1,750 thousand for the unsecured loan granted by Carisbo S.p.A. on 28 February 2009 (for an initial amount of Euro 3,500 thousand), of which a current portion of Euro 1,000 thousand and a non-current portion of Euro 750 thousand. In relation to this loan, it is specified that, following an amendment to the relevant agreement entered into on 31 May 2010, the Parent Company is no longer required to comply with any covenants;
4. Euro 1,885 thousand for the unsecured loan granted by Carisbo S.p.A. in 22 November 2010 (for an initial amount of Euro 2,700 thousand), of which a current portion of Euro 540 thousand and a non-current portion of Euro 1,345 thousand, aimed at financing the Group's investment policy.

*Below is reported the breakdown of the loans:*

<i>(in thousands of Euro)</i>	<b>Date of granting of the loan</b>	<b>Initial amount</b>	<b>Currency</b>	<b>Current borrowings</b>	<b>Non-current borrowings</b>	<b>Total</b>
Carisbo loan	16 January 2008	5,300	Euro	800	-	800
Carisbo loan	1 September 2008	1,500	Euro	300	74	374
Carisbo loan	28 February 2009	3,500	Euro	1,000	750	1,750
Carisbo loan	22 November 2010	2,700	Euro	540	1,345	1,885
Currency loan - Unicredit	Piquadro Trading Shenzhen	900	CNY	375	-	375
				<b>3,015</b>	<b>2,169</b>	<b>5,184</b>

### **Note 13 – Payables to other lenders for lease agreements**

Below is reported the following breakdown:

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>31 March 2012</b>
<b>Non-current portion:</b>		
Payables to leasing companies	3,582	3,706
<b>Current portion:</b>		
Payables to leasing companies	663	709
<b>Payables to other lenders for lease agreements</b>	<b>4,245</b>	<b>4,415</b>

As at 30 June 2012, payables to other lenders due beyond 12 months were equal to Euro 3,582 thousand and related to payables to leasing companies and entirely to the residual debt relating to the lease agreement initially entered into by Piquubo 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). Furthermore, it should be noted that, effective from 1 August 2006, Centro Leasing S.p.A. has transferred to Cassa di Risparmio di Pistoia e Pescia S.p.A. a share equal to 50% of the receivables relating to finance lease rentals arising from the said lease agreement.

### **Note 14 – Provision for Employee Benefits**

As at 30 June 2012, the value of the provision was equal to Euro 239 thousand (Euro 261 thousand as at 31 March 2012) and has been 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 these Notes to the Financial Statements as at 31 March 2012.

### **Note 15 – Provisions for risks and charges**

Below are the changes in provisions for risks and charges as at 30 June 2012:

<i>(in thousands of Euro)</i>	<b>Provision as at 31 March 2012</b>	<b>Use</b>	<b>Allocation</b>	<b>Provision as at 30 June 2012</b>
Provision for supplementary clientele indemnity	502	-	-	502

Other provisions for risks	284	-	-	284
<b>Total</b>	<b>786</b>	<b>-</b>	<b>-</b>	<b>786</b>

The “provision for supplementary clientele indemnity” represents the potential liability with respect to agents in the event of Group companies’ terminating agreements or agents retiring.

Other provisions of Euro 284 thousand mainly relate to other provisions for risks on returns on sales equal to Euro 70 thousand and to other provisions for risks on potential liabilities generated by current operations equal to Euro 214 thousand.

#### Note 16 – Deferred tax liabilities

As at 30 June 2012 the amount of deferred tax liabilities was equal to Euro 327 thousand (Euro 327 thousand as at 31 March 2012) and was fully referable to the Parent Company.

#### CURRENT LIABILITIES

#### Note 17 – Borrowings

As at 30 June 2012 borrowings were equal to Euro 12,106 thousand against Euro 11,997 thousand as at 31 March 2012; for the breakdown, reference is made to Note 12. The balance related to a current portion of payables to banks for loans for Euro 3,015 thousand and payables to banks for credit lines for Euro 9,091 thousand.

#### Note 18 - Payables to other lenders for lease agreements

As at 30 June 2012 they were equal to Euro 663 thousand (Euro 709 thousand as at 31 March 2012) 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:

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>31 March 2012</b>	<b>30 June 2011</b>
(A) Cash	64	66	441
(B) Other cash and cash equivalents (available current bank accounts)	10,426	12,747	9,067
<b>(C) Liquidity (A) + (B)</b>	<b>10,490</b>	<b>12,813</b>	<b>9,508</b>
(D) Finance leases	(663)	(709)	(831)
(E) Current bank debt	(9,091)	(9,000)	-
(F) Current portion of non-current debt	(3,015)	(2,998)	(3,804)
<b>(G) Current financial debt (D) + (E) + (F)</b>	<b>(12,769)</b>	<b>(12,707)</b>	<b>(4,635)</b>
<b>(H) Short-term net financial position (C) + (G)</b>	<b>(2,279)</b>	<b>106</b>	<b>4,873</b>
(I) Non-current bank debt	(2,169)	(2,628)	(4,806)
(L) Finance leases	(3,582)	(3,706)	(4,214)
<b>(M) Non-current financial debt (I) + (L)</b>	<b>(5,751)</b>	<b>(6,334)</b>	<b>(9,020)</b>
<b>(N) Net Financial Debt (H) + (M)</b>	<b>(8,030)</b>	<b>(6,228)</b>	<b>(4,147)</b>

As at 30 June 2012 the net financial position posted a negative value of Euro 8,030 thousand, showing a deterioration of about Euro 1,802 thousand compared to the debt recorded as at 31 March 2012 and of about Euro

3,883 thousand compared to 30 June 2011, mainly due to the trends in the growth of stock and partly of trade receivables.

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

- investments in property, plant and equipment and intangible assets for about Euro 504 thousand;
- increase in the net current assets of about Euro 3 million, which was mostly due to the increase in inventories and to the decrease in trade payables.

#### **Note 19 – Derivative liabilities**

As at 30 June 2012, liabilities relating to the hedging of derivative financial instruments (IRS) were equal to Euro 1 thousand (Euro 1 thousand as at 31 March 2012).

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

This transaction is accounted for according to the hedge accounting criteria (IAS 39). The valuation of this hedging contract entailed the recognition of a liability of Euro 1 thousand (Euro 1 thousand of financial liabilities as at 31 March 2012) which has been accounted for against an entry in the statement of comprehensive income.

At 30 June 2012 there were no liabilities relating to currency forward purchases. As at 31 March 2012 liabilities relating to currency forward purchases (USD) were equal to Euro 2 thousand.

#### **Note 20 – Trade payables**

Below is the breakdown of current trade liabilities:

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>31 March 2012</b>
Payables to suppliers	10,253	13,856

As at 30 June 2012, the decrease in payables to suppliers, equal to Euro 3,603 thousand, compared to 31 March 2012, was mainly attributable to the Group's seasonality dynamics.

#### **Note 21 – Other current liabilities**

Below is the breakdown of other current liabilities:

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>31 March 2012</b>
Payables to social security institutions	536	338
Payables to Pension funds	23	18
Other payables	292	531
Payables to employees	729	524
Advances from customers	53	44
Accrued expenses and deferred income	281	207
Payables for VAT	489	1,067
IRPEF tax payables and other tax payables	666	295
<b>Other current liabilities</b>	<b>3,069</b>	<b>3,024</b>

Payables to social security institutions mainly relate to the Parent Company's payables due to INPS. Payables to employees as at 30 June 2012 mainly included the Company's payables for remunerations to be paid and deferred charges with respect to employees.

#### **Note 22 – Tax payables**

Below is the breakdown of tax payables:

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>31 March 2012</b>
IRES tax (income taxes)	-	-
IRAP tax	-	-
<b>Tax payables</b>	-	-

On both 30 June 2012 and 31 March 2012 IRES and IRAP tax payables were equal to zero. In the course of the quarter ended 31 March 2012, the Group recorded tax receivables equal to Euro 263 thousand (as at 31 March 2012 the Group had recorded tax receivables equal to Euro 714 thousand).

## COMMENT ON THE MAIN INCOME STATEMENT ITEMS

### Note 23 – 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 the quarter ended 30 June 2012 compared with the data recorded in the same period ended 30 June 2011:

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>30 June 2011</b>
Italy	7,966	9,443
Europe	2,228	1,925
Rest of the world	1,137	1,027
<b>Revenues from sales</b>	<b>11,331</b>	<b>12,395</b>

In the quarter ended 30 June 2012, revenues from sales reported a decrease by about 8.6%, equal to Euro 1,064 thousand compared to the corresponding revenues achieved in the quarter ended 30 June 2011.

### Note 24 – Other income

In the quarter ended 30 June 2012, other income amounted to Euro 113 thousand (Euro 66 thousand in the quarter ended 30 June 2011).

### Note 25 – Change in inventories

The change in inventories was positive in both the quarter ended 30 June 2012 (equal to Euro 1,741 thousand) and the quarter ended 30 June 2011 (a positive value of Euro 3,114 thousand); this positive change is due to the higher inventories existing at the closing dates of the various accounting periods in relation to the seasonality of the Group's businesses.

### Note 26 - 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 quarter ended 30 June 2012, costs for purchases were equal to Euro 3,052 thousand (Euro 3,861 thousand in the quarter ended 30 June 2011).

### Note 27 - Costs for services and leases and rentals

Below is the breakdown of costs for services:

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>30 June 2011</b>
External production	1,305	2,058
Advertising and marketing	568	768
Transport services	796	1,020
Business services	434	655
Administrative services	307	289
General services	534	624
Others	-	40
<b>Total Costs for services</b>	<b>3,944</b>	<b>5,454</b>



<b>Costs for leases and rentals</b>	<b>1,401</b>	<b>1,041</b>
<b>Costs for services and leases and rentals</b>	<b>5,345</b>	<b>6,495</b>

Costs for leases and rentals mainly related to lease rentals relating to the shops of the Parent Company and of the Group companies that are responsible for the distribution of products, and significantly increased as a result of the new openings of DOS.

#### Note 28 - Personnel costs

Below is reported the breakdown of personnel costs:

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>30 June 2011</b>
Wages and salaries	2,509	2,274
Social security contributions	379	318
TFR	35	70
<b>Personnel costs</b>	<b>2,923</b>	<b>2,662</b>

The table below reports the exact number by category of employees as at 30 June 2012, 30 June 2011 and 31 March 2012:

<b>Category</b>	<b>30 June 2012</b>	<b>30 June 2011</b>	<b>31 March 2012</b>
Executives	8	8	8
Office workers	279	288	279
Manual workers	448	480	478
<b>Total</b>	<b>735</b>	<b>776</b>	<b>765</b>

The number of employees as at 30 June 2012 decreased of 41 units compared to the number of employees reported as at 30 June 2011 mainly as a result of the closing of some DOS shops in the Far East areas .

In the quarter ended 30 June 2012, personnel costs reported an increase of about 9.6%, passing from Euro 2,662 thousand in the quarter ended 30 June 2011 to Euro 2,923 thousand in the quarter ended 30 June 2012. The change is mainly due to the increase in staff commented on above as a result of the new openings of DOS in Italy and abroad and to the increase in production staff for the Chinese subsidiary, and was slightly higher than the growth dynamics of the turnover.

To supplement the information provided, below is also reported the average number of employees for the quarters ended 30 June 2012 and 30 June 2011.

<i>Average unit</i>	<b>30 June 2012</b>	<b>30 June 2011</b>
Executives	8	8
Office workers	279	271
Manual workers	464	454
<b>Total for the Group</b>	<b>751</b>	<b>733</b>

#### Note 29 - Amortisation, depreciation and write-downs

In the quarter ended 30 June 2012, amortisation and depreciation were equal to Euro 460 thousand (Euro 481 thousand in the quarter ended 30 June 2011). Write-downs, equal to Euro 50 thousand in the quarter ended 30 June 2012 (Euro 50 thousand in the quarter ended 30 June 2011) relate to the provision for bad debts.

### Note 30 - Financial income

The amount of Euro 424 thousand as at 30 June 2012 (Euro 263 thousand as at 30 June 2011) mainly related for Euro 11 thousand to interest receivable on current accounts held by the Parent Company and for Euro 413 thousand of foreign exchange gains either realised or estimated (Euro 254 thousand as at 30 June 2011).

### Note 31 - Financial charges

Below is the breakdown of financial charges:

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>30 June 2011</b>
Interest payable on current accounts	17	19
Interest and expense subject to final payment	8	7
Financial charges on loans	38	44
Lease charges	21	41
Commissions on credit cards	5	5
Other charges	55	-
Foreign exchange losses (both realised and estimated)	232	232
<b>Financial Charges</b>	<b>376</b>	<b>348</b>

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

### Note 32 - Income tax expenses

Below is reported the breakdown of income tax expenses:

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>30 June 2011</b>
IRES tax	380	526
IRAP tax	98	126
<b>Total current taxes</b>	<b>478</b>	<b>652</b>

Current taxes relate to the tax burden calculated on the Parent Company's taxable income, as the majority of the subsidiaries closed the half-year periods with negative taxable incomes.

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>30 June 2011</b>
Deferred tax liabilities	-	74
Deferred tax assets	-	-
<b>Total deferred tax assets and liabilities</b>	<b>-</b>	<b>74</b>

### Note 33 - Earnings per share

As at 30 June 2012 diluted earnings per share amounted to Euro 0.017 Euro (basic earnings per share amounted to Euro 0.018 as at 30 June 2012 and 0.024 as at 30 June 2011); they are calculated on the basis of the consolidated net profit for the period attributable to the Group, equal to Euro 882 thousand, divided by the weighted average number of ordinary shares outstanding in the quarter, equal to 50,855,000 shares, including potential shares relating to the stock option plan resolved and granted on 31 January 2008. As at 30 June 2012, 1,300,000 total options were cancelled, of which 1,150,000 options following renunciation by the respective assignees and 150,000 options assigned to employees who then left without cause. Furthermore, as at 30 June 2012, no. 30,000 options assigned expired, as they were not exercised, and none of the remaining 270,000 options of those originally granted reached maturity. As at 30 June 2011, diluted earnings per share were equal to Euro 0.023.

<i>(in thousands of Euro)</i>	<b>30 June 2012</b>	<b>30 June 2011</b>
Group net profit (in thousands of Euro)	882	1,194
Weighted average number of outstanding ordinary shares (in thousands of shares)	51,118	51,600
<b>Diluted earnings per share (in Euro)</b>	<b>0.017</b>	<b>0.023</b>

## OTHER INFORMATION

### 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 30 June 2012, included 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 (51 shops as at 30 June 2012) and by distributors who then resell the articles in specialist multi-brand shops.

As shown below, as at 30 June 2012, approximately 32.4% of the Group's consolidated revenues was realised through the direct channel, while 67.6% 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 three months ended 30 June 2012 and 30 June 2011, 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 quarter ended 30 June 2012, compared to the results recorded as at 30 June 2011, was affected by the following factors:

- positive performance in terms of SSSG of the DOS segment, equal to +4.1% with unchanged exchange rates and perimeter, which was counterbalanced by new openings with margins which are not in line with the average ones of the already existing shops, even because they are located in very prestigious areas and with significantly high rentals;
- greater absorption of indirect costs due to higher sales in terms of volumes.

The decrease in EBITDA in the DOS channel in the quarter ended 30 June 2012, compared to 30 June 2011, is around 573 bps, equal to Euro 201 thousand (negative by Euro 67 thousand as at 30 June 2012 against a positive value of Euro 133 thousand as at 30 June 2011).

There was a slight percentage decrease in margins as regards the performance of the wholesale channel in the quarter ended 30 June 2012, compared with the results recorded as at 30 June 2011, in spite of the lower allocation of costs directly attributable to the wholesale channel.

In general, the decrease in the operating result took place following the negative trends in some of the most important outlet markets of the Group (specifically Italy, Spain and Europe) - which were unfortunately recorded in the second half of the tax year ended 31 March 2012 - above all at the level of wholesale distribution; therefore, this also affected the return on investments for internationalisation already made both in those countries and in other geographical areas in which the Group operates.

<i>(in thousands of Euro)</i>	<b>30 June 2012 (three months)</b>				<b>30 June 2011 (three months)</b>				<b>% Change</b>
	DOS	Wholesale	Total for the Group (including non-allocated items)	% Impact	DOS	Wholesale	Total for the Group (including non-allocated items)	% Impact	
<b>Revenues from sales</b>	<b>3,670</b>	<b>7,661</b>	<b>13,331</b>	<b>100.0%</b>	<b>3,317</b>	<b>9,078</b>	<b>12,395</b>	<b>100.0%</b>	<b>(8.6%)</b>
Segment result before amortisation and depreciation	(67)	1,839	1,772	15.64%	133	2,353	2,486	20.06%	(28.7%)
Amortisation, depreciation and write-downs			(460)	(4.06%)			(481)	(3.88%)	(4.3%)
Financial income and charges			48	(0.42%)			(85)	(0.69%)	
<b>Pre-tax result</b>			<b>1,360</b>	<b>12.00%</b>			<b>1,920</b>	<b>15.49%</b>	<b>(29.2%)</b>
Income taxes			(478)	(4.21%)			(726)	(5.86%)	(34.2%)
<b>Profit</b>			<b>882</b>	<b>7.79%</b>			<b>1,194</b>	<b>9.63%</b>	<b>(26.1%)</b>
Result attributable to minority interests			-	-			-	-	-
<b>Group net profit</b>			<b>882</b>	<b>7.79%</b>			<b>1,194</b>	<b>9.63%</b>	<b>(26.1%)</b>

### Commitments

As at 30 June 2012, the Group had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the 2012/2013 financial year.

### 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 Zhongshan Co. Ltd., Piquadro BV and Piquadro France SARL).

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.

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

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

In the first quarter of the 2012/2013 financial year, no transactions were effected with Palmieri Family Foundation which is a non-profit foundation, whose Founder is Marco Palmieri and which has the purpose of promoting activities aimed at the study, research, training, innovation in the field for the creation of jobs and employment opportunities for needy persons.

In the first quarter of the 2012/2013 financial year, Piqubo S.p.A., the ultimate parent company, charged Piquadro the rent relating to the use of the plant located in Riola di Vergato (Province of Bologna) as a warehouse.

In the first quarter of the 2012/2013 financial year, a lease agreement was entered into between Piquadro Holding S.p.A. and Piquadro S.p.A., which was executed on 29 June 2012, concerning the lease of a property to be used as offices and located in Milan, Piazza San Babila n. 5; it will be ready for use by the end of September and will be used as a show-room of Piquadro S.p.A..

Below is reported the breakdown of the main financial relations maintained with related companies (thousands of Euro).

<i>(in thousands of Euro)</i>	Receivables		Payables	
	30 June 2012	31 March 2012	30 June 2012	31 March 2012
Financial relations with Piqubo S.p.A.	-	-	-	-
Financial relations with Piquadro Holding S.p.A.	-	-	-	-
<b>Total Receivables from and Payables to controlling companies</b>	-	-	-	-

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

<i>(in thousands of Euro)</i>	Revenues		Costs	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Costs for rents due to Piqubo S.p.A.	-	-	7.5	7.5
Costs for rents due to Piquadro Holding S.p.A.	-	-	-	-
<b>Total Revenues and Costs to controlling companies</b>	-	-	7.5	7.5

### 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 of Piquadro S.p.A., in relation to the first quarter of the 2012/2013 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 30 June 2012, Directors had not identified executives with strategic responsibilities):

First and last name	Position held	Period in which the position was held	Term of office <sup>1)</sup>	Fees due for the position	Non-monetary benefits	Bonuses and other incentives	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/12-30/06/12	2013	100	2			102
Pierpaolo Palmieri	Managing Director	01/04/12-30/06/12	2013	50	1			51
Marcello Piccioli	Managing Director	01/04/12-30/06/12	2013	45	2		1	48
Roberto Trotta	Managing Director	01/04/12-30/06/12	2013	<sup>2)</sup>	1		34 <sup>3)</sup>	35
Roberto Tunioi	Director	01/04/12-30/06/12	2013	6				6
Gianni Lorenzoni	Director	01/04/12-30/06/12	2013	6				6
Sergio Marchese	Director	01/04/12-30/06/12	2013	2				2
				<b>209</b>	<b>6</b>	<b>-</b>	<b>35</b>	<b>250</b>

<sup>1)</sup> up to the approval of the financial statements at 31 March;

<sup>2)</sup> He waived the emolument for the period from 01/04/12 to 30/06/12;

<sup>3)</sup> 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.

## Events after the period end

On 24 July 2012, the ordinary and extraordinary Shareholders' Meetings of Piquadro S.p.A. approved the Financial Statements for the financial year ended 31 March 2012 and the distribution of a unit dividend of Euro 0.06 to the Shareholders, for a total amount of Euro 3 million. The dividend was paid starting from 2 August 2012 with coupon no. 5 being detached on 30 July 2012.

On the same date, the Shareholders' Meeting approved the Report on Remuneration illustrating the Company Policy concerning the remuneration of Company Directors, members of the Board of Statutory Auditors and executives with strategic responsibilities. In this context, since, on the basis of the Remuneration Policy for the 2012/2013 period, approved by the Board on 18 June 2012 as proposed by the Remuneration Committee, the total amount of fixed fees to be awarded to Directors, including those holding special offices, was redefined as Euro 845,000 and is therefore higher by Euro 89,000 than the total amount of Euro 756,000 resolved upon by the Shareholders' Meeting on 22 July 2010, the current Shareholders' Meeting also resolved to redefine the total fixed fees of Directors, including those holding special offices and until the approval of the financial statements as at 31 March 2013, to be apportioned by the Board to all Directors including those holding special offices, according to the new amount of Euro 845,000, in order to reflect the new Remuneration Policy adopted, again without preventing the Board of Directors from granting further variable fees to Directors holding special offices.

Furthermore, the Shareholders' Meeting approved the authorisation of the Board of Directors to acquire and dispose of treasury shares, in compliance with the regulatory provisions and regulations in force, and it authorised the Board of Directors to acquire the maximum number of treasury shares permitted by law, for a period of 12 months from the date of authorisation – that is until the Shareholders' Meeting which approves the financial statements as at 31 March 2013 – by using the reserves available according to the last financial statements as duly approved.

Furthermore, the Shareholders' Meeting authorised the Board of Directors to sell any treasury shares acquired, in one or more transactions, for the consideration set by the Board, at a minimum of not less by 20%, of the reference price that the share recorded in the stock exchange session of the day preceding each individual transaction.

The Shareholders' Meeting also resolved to approve the guidelines of a new stock option plan for the 2012-2017 period (the New 2012-2017 Plan). The New 2012-2017 Plan will be reserved for certain directors, executives with strategic responsibilities, employees and collaborators of Piquadro S.p.A. and of other companies owned by it, which will be identified by the Board of Directors, subject to the opinion of the Remuneration Committee.

The New 2012-2017 Plan will have a term of five years and the options assigned may be exercised only in the periods of exercise and according to the procedures that will be specified in the regulation of the New 2012-2017 Plan.

Therefore, the Shareholders' Meeting delegated to the Board of Directors the power to identify the beneficiaries of the same and the number of rights of option to be assigned to each of them and the approval of the final regulation of the plan.

In an extraordinary session, the Shareholders' Meeting resolved, as part of the New 2012-2017 Plan, to increase share capital with the exception of the option right of current shareholders, up to an overall maximum value equal to Euro 93,998, through the issue of a maximum number of 4,699,900 ordinary shares of the Company, of no par value, having the same features and enjoyment as the outstanding shares; it should be pointed out that this capital increase may be also implemented in more than one payment and is divisible and the ultimate deadline for collecting subscriptions is 31 December 2018; upon expiry of this deadline, the capital will be deemed to have been increased by an amount equal to the subscriptions made. The new shares will be offered at a subscription price - to be determined by the Board of Directors, with the opinion of the Remuneration Committee – that will be not less than the accounting par value, equal to the higher of (i) Euro 1.53 per share and (ii) the average of official closing prices of the Piquadro shares on the stock exchange in the last 30 days before the grant date of the options.

Again in an extraordinary session, the Shareholders' Meeting finally resolved the proposed partial cancellation, for a nominal amount of Euro 44,000, of the Company's capital increase of Euro 50,000, through the issue of a maximum number of 2,500,000 ordinary shares, as resolved by the Board of Directors on 28 February 2008 in order to serve the 2008-2013 stock option plan, which is currently in place.

In particular the partial cancellation concerns no. 2,200,000 shares, of which no. 1,300,000 shares relate to options that have already been assigned and that have been the object of a waiver by the respective beneficiaries or have been forfeited and no. 900,000 shares issued to serve new allocations in the framework of subsequent incentive plans to be resolved within the ultimate deadline of 1 March 2011, as no new allocation had been made within this time limit. As a result of this partial cancellation, the abovementioned capital increase will remain in place for a

nominal amount of Euro 6,000, to be implemented through the issue of no. 300,000 ordinary shares serving the 2008-2013 stock option plan.

In addition to the above, no significant events are reported which occurred at Group level from 1 July 2012 to the date of this Report.

\*\*\*\*\*

**CERTIFICATION PURSUANT TO ARTICLE 154-*bis*, PARAGRAPH 2, of the TUF**

The Manager responsible for the preparation of corporate accounting documents declares, pursuant to article 154-*bis*, paragraph 2, of the Consolidation Act on Finance, that the accounting information contained in this document corresponds to the documentary results, as well as to the results in the accounting books and records.

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