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**INTERIM FINANCIAL REPORT OF THE PIQUADRO GROUP**  
**AS AT 30 SEPTEMBER 2009**

PIQUADRO

*Disclaimer*

*This Half-Year Financial Report at 30 June 2009 has been translated into English solely for the convenience of the international reader. In the event of conflict or inconsistency between the terms used in the Italian version of the report and the English version, the Italian version shall prevail, as the Italian version constitutes the official document.*

## Corporate details

Piquadro S.p.A.

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

Authorised share capital: Euro 1,050,000

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

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

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

Silla di Gaggio Montano, località Sassuriano (BO)

*Headquarters, logistics and Offices*

Guangdong, The People’s Republic of China

(registered office of Uni Best Leather Goods Zhongshan Co. Ltd)

*Production plant*

1. Milan, Via della Spiga 33 (Piquadro S.p.A.) *Point of sale*
2. Milan, Linate Airport (Piquadro S.p.A.) *Point of sale*
3. Milan, Malpensa Airport (Piquadro S.p.A.) *Point of sale*
4. Barcelona, Paseo de Gracia 11, Planta Baja (Piquadro España) *Point of sale*
5. Rome, Galleria Colonna (Piquadro S.p.A.) *Point of sale*
6. Bologna, Piazza Maggiore 4/B (Piquadro S.p.A.) *Point of sale*
7. Frankfurt, 60313, Goethestrasse 32 (Piquadro Deutschland) *Point of sale*
8. Barberino del Mugello (FI), c/o ‘Factory Outlet Centre’ (Piquadro S.p.A.) *Retail outlet*
9. Hong Kong, IFC Central (Piquadro Hong Kong Ltd.) *Point of sale*
10. Fidenza (PR) c/o “Fidenza Village” (Piquadro S.p.A.) *Retail outlet*
11. Rome – c/o Centro Commerciale Cinecittà (Piquadro S.p.A.) *Point of sale*
12. Rome – c/o Galleria N. Commerciale di “Porta Roma”(Piquadro S.p.A.) *Point of sale*
13. Hong Kong, Kowloon Harbour City (Piquadro Hong Kong Ltd) *Point of sale*
14. Macao, Venetian Mall (Piquadro Macau Limitada) *Point of sale*
15. Vicolungo (NO) c/o Parco Commerciale (Piquadro S.p.A.) *Retail outlet*
16. Abu Dhabi, c/o Khalidiyah Mall (Piquadro Middle East Leather Products LLC) *Point of sale*
17. Hong Kong – Kowloon The Peninsula Hotel (Piquadro Hong Kong Ltd) *Point of sale*
18. Rome – c/o Euroma 2 (Piquadro S.p.A.) *Point of sale*
19. Valdichiana (AR), c/o “Valdichiana Outlet Village” (Piquadro S.p.A.) *Retail outlet*
20. Noventa di Piave (VE), c/o “Factory Outlet Centre” (Piquadro S.p.A.) *Retail outlet*
21. Dubai, c/o Burjuman Mall (Piquadro Middle East Leather Products LLC) *Point of sale*
22. Rome, Fiumicino Airport (Piquadro S.p.A.) *Point of sale*
23. Milan, Via Dante 9 (Piquadro S.p.A.) *Point of sale*
24. Ingolstadt, c/o “Ingolstadt Village” (Piquadro Deutschland) *Retail outlet*
25. Bologna, “G. Marconi” Airport (Piquadro S.p.A.) *Point of sale*
26. Barcelona, c/o “La Roca Village” (Piquadro España) *Retail outlet*
27. Shanghai – Shanghai International Golden Eagle Square (Piquadro Shenzhen) *Point of sale*
28. Beijing – Beijing Jinbao Place (Piquadro Shenzhen) *Point of sale*
29. Taiwan – Taipei Eslite Dun Nan (Piquadro Taiwan) *Point of sale*
30. Hong Kong – Time Square (Piquadro Hong Kong Ltd) *Point of sale*

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## INTERIM MANAGEMENT REPORT

### Introduction

The consolidated interim financial report as at 30 September 2009 was prepared in compliance with Article 154-ter of Legislative Decree no. 58/1998, as amended, as well as with the Issuers' Regulation issued by Consob (*Commissione Nazionale per le Società e la Borsa*, Italian Securities and Exchange Commission).

This Interim management report was prepared by the Directors in relation to the attached consolidated condensed interim financial statements of Piquadro S.p.A. (hereinafter also referred to as the "Company") and its subsidiaries ("Piquadro Group") relating to the six-month period ended 30 September 2009. The financial statements were prepared in accordance with IAS/IFRS (International Accounting Standards and International Financial Reporting Standards) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The Interim management report must therefore be read together with the accounting statements and the related Explanatory Notes.

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

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

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## A) CORPORATE BODIES HOLDING OFFICE AT 30 SEPTEMBER 2009

### ✍ **BOARD OF DIRECTORS**

(holding office for three years until the date of the Shareholders' Meeting called to approve the financial statements as at 31 March 2010)

Marco Palmieri	<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 2010)

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 2010)

#### **Regular members**

Pietro Michele Villa	<i>Chairman</i>
Alessandro Galli	<i>Auditor</i>
Vittorio Melchionda	<i>Auditor</i>

#### **Substitute members**

Fabio Massimo Micaludi	<i>Auditor</i>
Matteo Rossi	<i>Auditor</i>

### ✍ **INDEPENDENT AUDITORS**

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

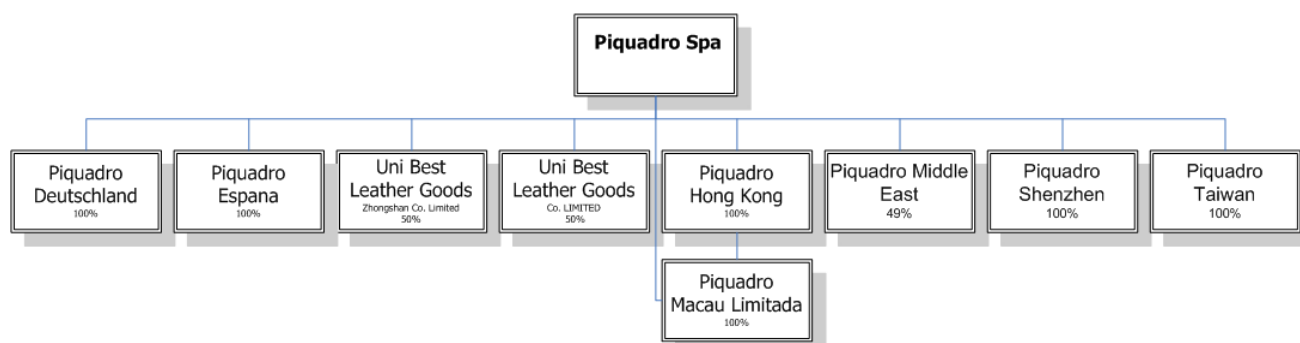
### ✍ **MANAGER RESPONSIBLE FOR THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS**

Roberto Trotta

## B) THE GROUP STRUCTURE

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The chart below shows the structure of the Piquadro Group as at 30 September 2009:



## C) INFORMATION ON OPERATIONS

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### Significant events for the half-year

On 18 June 2009 the Board of Directors of Piquadro SpA approved the financial statements ended 31 March 2009 and proposed to distribute a dividend equal to Euro 0.062 per share for a total of Euro 3,100,000. At the same time, the Board of Directors of Piquadro SpA took steps to call the Extraordinary Shareholders' Meeting for the approval of amendments to sections 12, 13, 14, 17, 19, 22, 25, 28 and 29 of the Company's By-Laws in order to bring them in line with the current regulations for listed companies.

The Board of Directors of Piquadro SpA has also approved the appointment of and the assignment given, on 19 May 2009 by the Chairman of the Board of Directors, to Mr. Alberto Oliva as internal audit manager, to replace Mrs. Romboli, who had resigned effective from 31 March 2009.

On 30 June 2009 the Company terminated the lease agreement for the branch of business relating to the DOS located in Busnago (Province of Milan), at the Shopping Centre "Il Globo" and at the same time it executed the related franchise agreement for the same point of sale entrusting it to a well-known retail management company.

Within the development plan for foreign markets, and in particular in the Far East region, on 7 September 2009 the Company established Piquadro Taiwan Co Ltd., 100% owned, for the purpose of managing the two Company-owned shops which had been opened in Taiwan at the date of this report.

### The Group's business

#### Operations

In the first six months of the 2009/2010 financial year ended 30 September 2009, the Group, within a context of objective inconsistency, reported a performance slightly lower than the same period in the 2008/2009 financial year, but in line with both the management's expectations and the forecasts contained in the sector analyses, up compared to the value recorded in the first quarter of the 2009/2010 financial year.

In the half-year ended 30 September 2009, the Piquadro Group reported net sales revenues equal to Euro 23,021 thousand, showing a decrease equal to about 0.5% compared to the same period in the 2008/2009 financial year (net sales revenues equal to Euro 23,132 thousand). In the half-year ended 30 September 2009, sales volumes, in terms of quantities sold in the relevant period, showed an increase of about 0.7% compared to the same period in the 2008/2009 financial year. The product families that recorded the most significant increase in terms of sales

revenues were those of travel articles (about +13%) and women's bags (about +11%), while the product families of briefcases (about -8%) and organisers/notepad holders (about -32%) showed a reduction.

In the half-year ended 30 September 2009, the Piquadro Group reported average selling prices showing an increase of about 7% compared to the half-year ended 30 September 2008, mainly attributable to the growth in sales in the DOS channel over the total Group sales, and, in any case, in line with the management's expectations.

In the half-year ended 30 September 2009, the Piquadro Group reported, in terms of profitability, EBITDA<sup>1</sup> equal to Euro 5.85 million (equal to 25.42% of net sales revenues), down by about 9.0% compared to the value recorded in the first half of the 2008/2009 financial year (Euro 6.43 million, equal to 27.82% of net sales revenues).

The Group's EBIT<sup>2</sup> came to about Euro 4.87 million (21.16% of net sales revenues), down by about 12.9% compared to the half-year ended 30 September 2008 (Euro 5.59 million, equal to 24.19% of net sales revenues).

As at 30 September 2009 the Group net profit was equal to Euro 2,841 thousand, down by about 14.4% compared to the half-year ended 30 September 2008 (net profit of Euro 3,318 thousand).

### Net sales revenues

As at 30 September 2009 the Piquadro Group recorded net sales revenues equal to about Euro 23,021 thousand, down by about 0.5% compared to 30 September 2008. 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 September 2009, included 30 directly operated single-brand stores (the so-called "Directly Operated Stores" or "DOS");
- (ii) an indirect channel (Wholesale), which is represented by multi-brand shops/department stores, single-brand shops run by third parties linked to the Group by franchise agreements and distributors who then resell the articles in specialist multi-brand shops.

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

<b>Sales channel</b> <i>(in thousands of Euro)</i>	<b>Net revenues as at</b> <b>30 September</b> <b>2009</b>	<b>%</b>	<b>Net revenues as at</b> <b>30 September</b> <b>2008</b>	<b>%</b>	<b>% change</b> <b>2009/2008</b>
DOS	4,752	20.6%	2,998	13.0%	58.5%
Wholesale	18,269	79.4%	20,134	87.0%	-9.3%
<b>Total</b>	<b>23,021</b>	<b>100.0%</b>	<b>23,132</b>	<b>100.0%</b>	<b>-0.5%</b>

The revenues reported by the DOS channel showed an increase of about 58.5% compared to the same period in the 2008/2009 financial year; this increase was determined by both the increase in the quantities sold in the already existing shops also in the first six months ended 30 September 2008 ("comparable shops") and the contribution given by the opening of 10 new shops that were not present as at 30 September 2008, and that are listed below:

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

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

October 2008	Dubai (UAE), Burjuman Center, Level 1	DOS
December 2008	Milan, Via Dante 9	DOS
December 2008	Rome, Fiumicino Airport	DOS
December 2008	Ingolstadt (Germany), “Ingolstadt Village”	DOS
February 2009	Barcelona (Spain), “La Roca Village”	DOS
March 2009	Bologna, “G. Marconi” Airport	DOS
April 2009	Taiwan – Taipei Eslite Dun Nan	DOS
May 2009	Shanghai – Shanghai International Golden Eagle Square	DOS
May 2009	Hong Kong – Time Square	DOS
June 2009	Beijing - Beijing Jinbao Place	DOS

The Same Store Sales Growth (SSSG), which is calculated as a world average of growth rates of the revenues recorded by the DOSs existing at 1 April 2008, was equal to 5.9% at current rates of exchange (1.8% assuming an equal number of days of opening and constant rates of exchange). The 2<sup>nd</sup> quarter (July-September 2009) saw a significant increase, equal to a 12.6% growth at current rates of exchange (6.7% assuming constant rates of exchange and an equal number of days of opening).

Sales reported by the Wholesale channel, which as at 30 September 2009 represented 79.4% of the Group’s total turnover, showed a 9.3% decrease notwithstanding the fact that they had benefited, compared to the same period in the 2008/2009 financial year, from the opening of 19 additional franchise shops, of which 13 in Italy and 6 in Europe, as listed below (as at 30 September 2009 there were 36 franchise shops, of which 24 in Italy and 12 in Europe):

Month of opening	Location	Channel
October 2008	Cagliari, Via Alghero	Franchising (Wholesale)
October 2008	Catania, Viale Ionio	Franchising (Wholesale)
October 2008	Palermo, Via Sciuti	Franchising (Wholesale)
October 2008	Palermo, Via Libertà	Franchising (Wholesale)
November 2008	Salerno, Galleria del Corso	Franchising (Wholesale)
December 2008	Turin, Piazza San Carlo	Franchising (Wholesale)
January 2009	Jeddah (Saudi Arabia), “Red Sea Mall”	Franchising (Wholesale)
February 2009	Moscow (Russia), TC Atrium, Zemlianoi Val 33	Franchising (Wholesale)
February 2009	Moscow (Russia), TC Metropolis, Leningradski Avenue 16	Franchising (Wholesale)
March 2009	Belgrade (Serbia), USCE Center Bulevar Mihajla Pupina 4	Franchising (Wholesale)
March 2009	Rome, Viale Europa 1	Franchising (Wholesale)
March 2009	Treviso, Viale Martiri della Libertà 66	Franchising (Wholesale)
April 2009	Rome, Viale Marconi 6	Franchising (Wholesale)
April 2009	Sarajevo (Bosnia), BBI Center	Franchising (Wholesale)
June 2009	Barcelona (Spain), Airport	Franchising (Wholesale)
July 2009	Busnago (Mi), Centro Commerciale “Il Globo”	Franchising (Wholesale)
July 2009	Modena, Centro Commerciale “Grand Emilia”	Franchising (Wholesale)
September 2009	Bergamo, Via Sant’Alessandro 4/A	Franchising (Wholesale)
September 2009	Naples, Via Carducci 32	Franchising (Wholesale)

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

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

Geographical area	Net revenues as at	%	Net revenues as at	%	% change
<i>(in thousands of Euro)</i>	<b>30 September 2009</b>		<b>30 September 2008</b>		<b>2009/2008</b>



Italy	18,924	82.2%	18,011	77.9%	5.1%
Europe	2,762	12.0%	4,265	18.4%	-35.3%
Rest of the world	1,335	5.8%	856	3.7%	55.9%
<b>Total</b>	<b>23,021</b>	<b>100.0%</b>	<b>23,132</b>	<b>100.0%</b>	<b>-0.48%</b>

As at 30 September 2009, the Group's revenues showed that the Italian market accounts for a percentage of the Group's total turnover which is still very high (equal to about 82.2%), up by about 5.1% compared to the same period in the 2008/2009 financial year, also benefiting from the opening of 3 new DOSs (Milan Via Dante, Bologna Marconi Airport, Rome Fiumicino Airport) and 13 franchise shops (Catania, Cagliari, Rome – Viale Marconi, Rome – Viale Europa, Palermo – Via Sciuti, Palermo – Via Libertà, Treviso, Turin, Busnago (MI), Modena, Salerno, Bergamo, Naples).

The Group operates through the two DOS and Wholesale sales channels in 30 European Countries. Within the European market, the Group achieved a turnover equal to Euro 2,762 thousand, equal to about 12.0% of consolidated sales (-35.3% compared to Euro 4,265 thousand for the 1<sup>st</sup> half of 2008). The most significant reductions in the turnover were recorded in countries such as Russia (-66%), France (-84%) and The Netherlands (-58%). In the European region, the Group has opened 2 new points of sale (Munich-Ingolstadt in December 2008 and Barcelona-La Roca Village in March 2009) and 5 new franchise shops (Belgrade in March 2009, Sarajevo in April 2009, Barcelona in June 2009, Moscow TC ATRIUM in February 2009 and Moscow TC METROPOLIS in February 2009).

In the non-European geographical area (named "Rest of the world"), where the Group sells in 19 Countries, turnover rose by about 55.9%. The higher rises were recorded in Hong Kong (+64%), which also benefited from the opening of a new DOS in May 2009, in the Emirates (+94%), which also benefited from the opening of a new shop in Dubai in October 2008, even if revenues generated by these countries are not yet able, in absolute terms, to significantly affect the total turnover.

Against substantial stability in sales revenues, the half-year ended 30 September 2009 saw a lower performance of the Group's profitability compared to the same period in the previous year, with an operating result down by 12.94% compared to the same period in 2008 (from Euro 5.6 million - equal to 24.19% of total sales revenues - in the half-year ended 30 September 2008 to Euro 4.8 million - equal to about 21.16% of total sales revenues - in the half-year ended 30 September 2009).

In the opinion of the management, the reduction in the operating result for the half-year ended 30 September 2009 was mainly attributable to the following factors:

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

### Summary economic-financial data

Below are reported the Group's main economic-financial indicators as at 30 September 2009 and 30 September 2008 (financial indicators are also compared to the similar values inferred from the consolidated financial statements ended 31 March 2009):

<b>Economic and financial indicators</b> <i>(in thousands of Euro)</i>	<b>Half-year ended</b> <b>30 September 2009</b>	<b>Half-year ended</b> <b>30 September 2008</b>
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Revenues from sales	23,021	23,132
EBITDA	5,853	6,434
EBIT	4,872	5,595
Pre-tax result	4,507	5,147
Group's profit for the period	2,850	3,318
Amortisation and depreciation of fixed assets and write-downs	981	884
Financial absorption (Group net profit, amortisation and depreciation, write-downs)	3,831	4,202

<b>Financial indicators</b> <i>(in thousands of Euro)</i>	<b>As at 30 September 2009</b>	<b>As at 31 March 2009</b>
Net Financial Position <sup>3</sup>	(10,454)	(10,468)
Shareholders' equity	(16,559)	(16,926)

EBITDA for the period came to Euro 5.9 million, against Euro 6.4 million recorded in the same period ended 30 September 2008 and as at 30 September 2009 it represented 25.4% of consolidated revenues (against 27.8% recorded in the half-year ended 30 September 2008). The reasons for the relative decrease in EBITDA lie in both the absence of the benefit of operational leverage owing to the negative performance of the turnover from the wholesale business segment and the greater impact of the turnover from the DOS segment, whose margins, at EBITDA level, were lower, particularly in the first half of the period, than those in the wholesale segment.

In the half-year ended 30 September 2009, the Group's amortisation and depreciation were equal to Euro 941 thousand and were broken down as follows: Euro 647 thousand relating to property, plant and equipment (mainly connected to the depreciation of the building where the Company operates for Euro 93 thousand; of business equipment, including automated warehouse and fittings for shops, for Euro 368 thousand; of general systems for Euro 147 thousand and other assets for Euro 39 thousand), and Euro 294 thousand relating to intangible assets (of which Euro 113 thousand for software and patent rights, Euro 131 thousand for key money of shops and Euro 50 thousand for development costs). Write-downs, equal to Euro 40 thousand, were related to the Key money for the shops run by the subsidiary Piquadro Middle East.

As at 30 September 2009 EBIT came to Euro 4.9 million, equal to about 21.2% of net sales revenues, down by about 300 basis points compared to the value recorded in the half-year ended 30 September 2008 (for a percentage equal to 24.19%).

The result from financial operations as at 30 September 2009, which was negative for a value equal to about Euro 0.4 million, 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 in the half-year ended 30 September 2009 came to about Euro 2.8 million (down by about 14.7% against the value of Euro 3.3 million recorded in the half-year ended 30 September 2008) and was affected by income taxes, including the effects of deferred taxation, equal to Euro 1.7 million.

## Investments

<sup>3</sup> - 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.

Investments in intangible assets, property, plant and equipment and financial assets in the half-years ended 30 September 2009 and 30 September 2008 were equal to Euro 614 thousand and Euro 1,744 thousand, respectively, as reported below:

<i>(in thousands of Euro)</i>	<b>Half-year ended 30 September 2009</b>	<b>Half-year ended 30 September 2008</b>
<b>Investments</b>		
Intangible assets	48	555
Property, plant and equipment	566	1,189
Financial fixed assets	-	-
<b>Total</b>	<b>614</b>	<b>1,744</b>

As at 30 September 2009, increases in intangible assets mainly related to trademarks for Euro 4 thousand and to software for Euro 42 thousand.

On the contrary, increases in property, plant and equipment mainly related to fittings purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro 500 thousand and to the purchases of moulds relating to new products for Euro 49 thousand.

## CONSOLIDATED BALANCE SHEET

Below is summarised the Group's consolidated equity and financial structure as at 30 September 2009 (compared to the corresponding structure as at 31 March 2009 and 30 September 2008):

<i>(in thousands of Euro)</i>	<b>30 September 2009</b>	<b>31 March 2009</b>	<b>30 September 2008</b>
Trade receivables	20,610	19,477	19,218
Inventories	8,465	7,824	9,860
(Trade payables)	(11,961)	(11,296)	(11,980)
<i>Total net current trade assets</i>	<i>17,114</i>	<i>16,005</i>	<i>17,098</i>
Other current assets	1,275	1,154	1,059
(Other current liabilities)	(2,346)	(2,461)	(2,476)
(Tax payables)	(1,449)	(124)	(2,211)
<b>A) Working capital</b>	<b>14,594</b>	<b>14,574</b>	<b>13,470</b>
Intangible assets	824	1,195	1,446
Property, plant and equipment	11,412	11,513	10,851
Receivables from others beyond 12 months	477	435	296
Deferred tax assets	986	862	692
<b>B) Fixed assets</b>	<b>13,699</b>	<b>14,005</b>	<b>13,285</b>
<b>C) Non-current provisions and non-financial liabilities</b>	<b>(1,280)</b>	<b>(1,185)</b>	<b>(1,129)</b>
<b>Net invested capital (A+B+C)</b>	<b>27,013</b>	<b>27,394</b>	<b>25,626</b>
FINANCED BY:			
D) Net financial debt	(10,454)	(10,468)	(12,758)
E) Equity attributable to Minority interests	(163)	(205)	(227)
F) Equity attributable to the Group	(16,396)	(16,721)	(12,641)
<b>Total financial payables and Shareholders' Equity (D+E+F)</b>	<b>(27,013)</b>	<b>(27,394)</b>	<b>(25,626)</b>

## CONSOLIDATED NET FINANCIAL POSITION

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

<i>(Values expressed in thousands of Euro)</i>	<b>30 September 2009</b>	<b>31 March 2009</b>	<b>30 September 2008</b>
Cash	62	26	61
Other cash and cash equivalents (available current bank accounts)	5,634	6,871	2,998
<b>Liquidity</b>	<b>5,696</b>	<b>6,897</b>	<b>3,059</b>
Assets for derivative financial instruments	-	-	206
<b>Current financial receivables</b>	<b>-</b>	<b>-</b>	<b>206</b>
Finance leases	(948)	(948)	(966)
Current bank debt	-	-	(2,687)
Current portion of non-current debt	(1,955)	(1,820)	-
Liabilities for derivative financial instruments	(104)	(75)	-
<b>Current financial debt</b>	<b>(3,007)</b>	<b>(2,843)</b>	<b>(3,653)</b>
<b>Short-term net financial position</b>	<b>2,689</b>	<b>4,054</b>	<b>(388)</b>
Non-current bank debt	(7,445)	(8,355)	(5,750)
Finance leases	(5,698)	(6,167)	(6,620)
Non-current financial debt	<b>(13,143)</b>	<b>(14,522)</b>	<b>(12,370)</b>
<b>Net Financial Debt</b>	<b>(10,454)</b>	<b>(10,468)</b>	<b>(12,758)</b>

As at 30 September 2009 the Net Financial Position was negative for about Euro 10.5 million. Compared to 31 March 2009, Net Financial Position did not undergo any material change, even in a scenario of financial difficulty that still persists and of the seasonality of the business segment in which Piquadro is active. Net financial debt as at 30 September 2009, compared to that recorded as at 30 September 2008, showed a positive improvement equal to about Euro 2.4 million, after paying dividends of about Euro 3.1 million, and showed the Company's capacity to generate cash by means of solid profits hand in hand with careful management of working capital and of the Group's investment policy.

### Human Resources

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

As at 30 September 2009 the Group had 511 members of staff compared to 656 units as at 30 September 2008. Below is reported the breakdown of staff by country:

<b>Country</b>	<b>30 September 2009</b>	<b>30 September 2008</b>
Italy	143	134
China	331	499

Hong Kong	16	12
Macau	5	4
Germany	5	2
Spain	4	2
UAE	5	3
Taiwan	2	-
<b>Total</b>	<b>511</b>	<b>656</b>

With reference to the Group's organisational structure, as at 30 September 2009 49.1% of staff operated in the production area, 19.2% in the retail area, 18.6% in the support functions (Administration, IT Systems, Purchasing, Quality, Human Resources, etc), 10% in the Research and Development area and 3.1% in the sales area.

## OTHER INFORMATION

### D) RESEARCH AND DEVELOPMENT ACTIVITY

The Piquadro Group's Research and Development activity is carried out by the Parent Company in house through a dedicated team that currently consists of 13 persons mainly engaged in the product research and development department and the style office. Products are conceived within the Group and occasionally in collaboration with outside industrial designers, taking account of the information regarding market trends supplied by the Group's internal departments (Product Management and sales departments). In this manner, the Group develops its collections trying to meet the needs of end customers that are not yet satisfied by the market. The internal unit dedicated to the design of products manages operating activities and also coordinates the external consultants of which the Company makes use. In some cases, in fact, the Group only uses external designers for the product design phase, while the research and development phase is in any case carried out in house. As required by IFRS (IAS 38), the Piquadro Group has capitalised, over the years, the development costs of some new product lines put onto the market on a continuing basis, which generated turnover in the financial year after that in which they were designed as prototypes; these costs are amortised on the basis of the residual useful life of the product which is estimated by the management at four years. As at 30 September 2009, the residual net value of capitalised development costs relating to the new continuous product lines are equal to Euro 180 thousand.

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

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

- I. as regards the requirement of obtaining from the subsidiaries the by-laws and the details of the composition and powers of the corporate bodies, Piquadro already has information and documents available on a continuing basis in relation to the composition of the corporate bodies of all its subsidiaries, showing the corporate positions held;
- II. the administrative, accounting and reporting systems currently in place in the Piquadro Group already

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essentially allow it to comply with the requirements of this provision, both in that the accounting statements prepared for the purposes of drawing up consolidated accounts are made available to the public and in that these systems are suitable to allow the data required for the preparation of the consolidated accounts themselves to be regularly received by the management and the independent auditors of Piquadro;

- III. by means of the present process of communication with the independent auditors, Piquadro complies efficiently with the requirement to control the flow of information to the main auditor that is functional to the auditing of annual and interim accounts of Piquadro itself.

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

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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 Piquadro SpA nor Piquadro Holding SpA, i.e. the companies controlling Piquadro S.p.A., carries out direction and coordination activities in relation to the Company, in that (i) they do not give their subsidiary instructions; and (ii) there is no significant organisational/functional connection between these companies and Piquadro S.p.A..

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

#### G) SIGNIFICANT EVENTS AFTER THE HALF-YEAR END

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Within the framework of its development and distribution mix plan mainly in the Far East region, the Group opened, subsequent to 30 September 2009, 2 new DOSs (Taiwan - Eslite Xin Yi and Hong Kong - New Town Plaza) in October and 6 new franchise shops, of which 4 in Italy (Trieste and Ravenna in October, Turin and Bari in November), 1 in Europe (Barcelona - Calle Rosselò - in October) and 1 in the area "Rest of the World" (China - Ningbo Zhejiang - in October).

In addition to the above, no significant events are reported which occurred at Group level from 1 October 2009 to the date of this Report.

#### H) OUTLOOK

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The results achieved in the first six months of the financial year ended 30 September 2009 have confirmed the management's expectations in a scenario severely affected by the financial crisis that is still making its effect felt in the economy and in particular at the level of consumer goods. The situation of uncertainty that has now lasted for more than a year and that makes future visibility more unstable day after day does not allow one to fully assess the possibilities of recovery and growth, which the Group has continued to pursue, in particular as regards the DOS channel, above all in some strategic areas such as the Far East region. The expectations for the entire financial year strictly depend on whether the present economic and financial crisis ceases, or at least becomes less severe, as well as on the resumption of historical consumption trends and models previously experienced. The management expects a rise, even if it will be a small one, in the turnover generated by the DOS channel mainly as a result of the new outlets opened (including those opened during the previous financial year). As already recorded in the first half of the financial year, this should be counter-balanced by a downsizing of the wholesale channel, mainly in some countries in which the Group does not hold a leading position and in which, for different reasons, consumption is more affected than in other regions. In this scenario, the management's objective is to monitor recovery trends wherever they should appear, constantly trying to maintain above-average profit margins that can allow it to undertake greater commitments in

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research and development activities and at the same time commitments to marketing which are able to further develop awareness of the Piquadro brand.

Silla di Gaggio Montano (BO), 19 November 2009

FOR THE BOARD OF DIRECTORS  
THE CHAIRMAN  
(Marco Palmieri)

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**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**AS AT 30 SEPTEMBER 2009**

PIQUADRO



## CONSOLIDATED BALANCE SHEET

<i>(in thousands of Euro)</i>	Notes	30 September 2009	31 March 2009
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	(1)	824	1,195
Property, plant and equipment	(2)	11,412	11,513
Receivables from others	(3)	477	435
Deferred tax assets	(4)	986	862
<b>Total non-current assets</b>		<b>13,699</b>	<b>14,005</b>
<b>Current assets</b>			
Inventories	(5)	8,465	7,824
Trade receivables	(6)	20,610	19,477
Other current assets	(7)	1,275	1,154
Cash and cash equivalents	(8)	5,696	6,897
<b>Total current assets</b>		<b>36,046</b>	<b>35,352</b>
<b>TOTAL ASSETS</b>		<b>49,745</b>	<b>49,357</b>

\* The effects of relations with related parties on the consolidated income statement are reported in Note 34 Relations with related parties.

<b>TOTAL EQUITY AND LIABILITIES</b>			
<i>(in thousands of Euro)</i>	<b>Notes</b>	<b>30 September 2009</b>	<b>31 March 2009</b>
<b>EQUITY</b>			
Share capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		4,820	462
Retained earnings		6,726	6,726
Group profit for the period		2,850	7,533
<b>Total equity attributable to the Group</b>		<b>16,396</b>	<b>16,721</b>
Capital and reserves attributable to minority interests		191	224
Profit/(loss) for the period attributable to minority interests		(28)	(19)
<b>Total equity attributable to minority interests</b>		<b>163</b>	<b>205</b>
<b>TOTAL EQUITY</b>	(9)	<b>16,559</b>	<b>16,926</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	(10)	7,445	8,355
Payables to other lenders for lease agreements	(11)	5,698	6,167
Provision for employee benefits	(12)	284	291
Provisions for risks and charges	(13)	610	548
Deferred tax liabilities	(14)	376	346
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>14,413</b>	<b>15,707</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	(15)	1,955	1,820
Payables to other lenders for lease agreements	(16)	948	948
Liabilities for derivative financial instruments	(17)	104	75
Trade payables	(18)	11,971	11,296
Other current liabilities	(19)	2,346	2,461
Current income tax liabilities	(20)	1,449	124
<b>TOTAL CURRENT LIABILITIES</b>		<b>18,773</b>	<b>16,724</b>
<b>TOTAL LIABILITIES</b>		<b>33,186</b>	<b>32,341</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>49,745</b>	<b>49,357</b>

\* The effects of relations with related parties on the consolidated income statement are reported in Note 34 Relations with related parties.

## CONSOLIDATED INCOME STATEMENT

<i>(in thousands of Euro)</i>	Notes	1 <sup>st</sup> half of 2009	1 <sup>st</sup> half of 2008
<b>REVENUES</b>			
Revenues from sales	(21)	23,021	23,132
Other income	(22)	427	419
<b>TOTAL REVENUES (A)</b>		<b>23,448</b>	<b>23,551</b>
<b>OPERATING COSTS</b>			
Change in inventories	(23)	(761)	(1,458)
Costs for purchases	(24)	3,852	5,144
Costs for services and leases and rentals	(25)	10,725	9,928
Personnel costs	(26)	3,686	3,283
Amortisation, depreciation and write-downs	(27)	981	884
Other operating costs		93	175
<b>TOTAL OPERATING COSTS (B)</b>		<b>18,576</b>	<b>17,956</b>
<b>OPERATING PROFIT (A-B)</b>		<b>4,872</b>	<b>5,595</b>
<b>FINANCIAL INCOME AND CHARGES</b>			
Financial income	(28)	253	201
Financial charges	(29)	(618)	(649)
<b>TOTAL FINANCIAL INCOME AND CHARGES</b>		<b>(365)</b>	<b>(448)</b>
<b>PRE-TAX RESULT</b>		<b>4,507</b>	<b>5,147</b>
Income tax expenses	(30)	(1,685)	(1,851)
<b>PROFIT FOR THE PERIOD</b>		<b>2,822</b>	<b>3,296</b>
attributable to:			
EQUITY HOLDERS OF THE COMPANY		2,850	3,318
MINORITY INTERESTS		(28)	(22)
(Basic) Earnings per share in Euro		0.05700	0.06636
(Diluted) Earnings per share in Euro	(31)	0.05523	0.06430

\* The effects of relations with related parties on the consolidated income statement are reported in Note 34 Relations with related parties.

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	30-Sep-09	30-Sep-08
<b>Group profit and loss for the period (A)</b>	<b>2,822</b>	<b>3,296</b>
Profits/(losses) arising from the translation of financial statements of foreign companies	(72)	42
Effect of IAS 39 fair value of derivative contracts	(40)	251
Other changes	2	(20)
<b>Total other profits/(losses) not recognised through P&amp;L (B)</b>	<b>(110)</b>	<b>273</b>
<b>Total comprehensive income/(losses) (A) + (B)</b>	<b>2,712</b>	<b>3,569</b>
Attributable to:		
- the Group	2,740	3,591
- Minority interests	(28)	(22)

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## Statements of changes in consolidated equity

(in thousands of Euro)

Description	Share capital	Share premium reserve	Other reserves				Retained earnings	Group profit	Equity attributable to the Group	Capital and reserves attributable to minority interests	Profit/(Loss) attributable to minority interests	Total Equity
			Translation reserve	Fair value reserve	Other reserves	Total Other reserves						
<b>Balances as at 31.03.2008</b>	<b>1.000</b>	<b>1.000</b>	<b>(53)</b>	<b>(101)</b>	<b>466</b>	<b>312</b>	<b>3.380</b>	<b>6.446</b>	<b>12.138</b>	<b>194</b>	<b>39</b>	<b>12.371</b>
Allocation of the result for the period as at 31 March 2008												
- to dividends							0	(3,100)	(3,100)			(3,100)
- to reserves							0	3,346	(3,346)	39	(39)	0
Fair value of the Stock Option Plan					28	28			28			28
Fair value of financial instruments				251		251			251			251
Currency translation differences			26			26			26	16		42
Other changes					(20)	(20)			(20)			(20)
<b>Profit for the period</b>						<b>0</b>	<b>3.318</b>	<b>3.318</b>			<b>(22)</b>	<b>3.296</b>
<b>Balances as at 30.09.2008</b>	<b>1.000</b>	<b>1.000</b>	<b>(27)</b>	<b>150</b>	<b>474</b>	<b>597</b>	<b>6.726</b>	<b>3.318</b>	<b>12.641</b>	<b>249</b>	<b>(22)</b>	<b>12.868</b>

Description	Share capital	Share premium reserve	Other reserves				Retained earnings	Group profit	Equity attributable to the Group	Capital and reserves attributable to minority interests	Profit/(Loss) attributable to minority interests	Total Equity
			Translation reserve	Fair value reserve	Other reserves	Total Other reserves						
<b>Balances as at 31.03.2009</b>	1.000	1.000	(12)	(34)	508	462	6.726	7.533	16.721	224	(19)	16.926
Allocation of the result for the period as at 31 March 2009												
- to dividends						0		(3.100)	(3.100)			(3.100)
- to reserves					4.433	4.433		(4.433)	0	(19)	19	0
Fair value of the Stock Option Plan					21	21			21			21
Change in consolidation scope						0			0	2		2
Fair value of financial instruments				(40)		(40)			(40)			(40)
Currency translation differences			(56)			(56)			(56)	(16)		(72)
Other changes						0			0			0
Profit for the period						0		2.850	2.850		(28)	2.822
<b>Balances as at 30.09.2009</b>	1.000	1.000	(68)	(74)	4.962	4.820	6.726	2.850	16.396	191	(28)	16.559

## CONSOLIDATED CASH FLOW STATEMENT

<i>(in thousands of Euro)</i>	<b>30 September 2009</b>	<b>30 September 2008</b>
<b>Pre-tax profit</b>	<b>4,507</b>	<b>5,147</b>
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	981	839
Provision for bad debts	-	45
Adjustment to the provision for employee benefits	10	(31)
Net financial charges/(income), including exchange rate differences	365	448
<b>Cash flow from operating activities before changes in working capital</b>	<b>5,863</b>	<b>6,448</b>
Change in trade receivables (net of the provision)	(1,133)	(1,627)
Change in inventories	(641)	(1,570)
Change in other current assets	(121)	(143)
Change in trade receivables	675	1,009
Change in provisions for risks and charges	62	74
Change in other current liabilities	(116)	303
<b>Cash flow from operating activities after changes in working capital</b>	<b>4,589</b>	<b>4,494</b>
Payment of taxes	(327)	(573)
Interest paid	(441)	(506)
<b>Cash flow generated from operating activities (A)</b>	<b>3,822</b>	<b>3,415</b>
Investments in intangible assets	(48)	(555)
Investments in property, plant and equipment	(531)	(568)
<b>Changes generated from investing activities (B)</b>	<b>(579)</b>	<b>(1,123)</b>
<b>Financing activities</b>		
Change in long-term financial receivables		
Registering/(Repayment) of borrowings	(775)	2,647
Changes in derivative financial instruments	29	(54)
Lease instalments paid	(597)	(977)
Payment of dividends	(3,100)	(3,100)
<b>Cash flow generated from/(absorbed by) financing activities (C)</b>	<b>(4,443)</b>	<b>(1,484)</b>
Net increase (decrease) in cash and cash equivalents (A+B+C)	(1,201)	808
<b>Cash and cash equivalents at the beginning of the period</b>	<b>6,897</b>	<b>2,251</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5,696</b>	<b>3,059</b>

\* The effects of relations with related parties on the consolidated income statement are reported in Note 34 Relations with related parties.

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## **NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

#### **1.1 The Company and the Group**

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

As of today’s date, the Company is owned by Marco Palmieri through Piquubo SpA, which is 100% owned. Piquubo SpA, in fact, holds 93.34% of the share capital of Piquadro Holding SpA, which in its turn holds, as at 30 September 2009, 67.58% of the share capital of Piquadro S.p.A., a company which is listed on the Milan Stock Exchange since 25 October 2007 and is currently included in the MTA Standard segment class I.

The consolidated condensed interim financial statements as at 30 September 2009 apply a different classification of financial income and charges compared to the same period in the previous financial year; for the purposes of a better comparability, balances as at 30 September 2008 were also reclassified.

These consolidated condensed interim financial statements were approved by the Board of Directors on 19 November 2009.

#### **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 half of the financial year (i.e. from April to September) are less than those realised in the subsequent half-year, with a consequent impact on margins. Also as a result of the above, revenues for the half-year ended 30 September 2008 (equal to Euro 23,132 thousand) represented a share of about 44.7% of the consolidated revenues for the financial year ended 31 March 2009 (equal to Euro 51,701 thousand).

Accordingly, it should be noted that, even if expressing the Group’s economic and financial performance, the result as at 30 September 2009 does not fully represent the result that the Group expects to achieve in the financial year that will end on 31 March 2010.

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

#### **2.1 Accounting standards and policies**

These consolidated condensed interim financial statements as at 30 September 2009 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 consolidated 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 2009 prepared in accordance



with IFRS adopted by the European Union, to which reference is made for a better understanding of the Group's business and structure and of the accounting standards and criteria adopted.

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

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

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

These consolidated condensed interim financial statements are made up of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Cash Flow Statement, the Statements of Changes in Equity and these Explanatory Notes. Economic data, changes in equity and cash flows for the half-year ended 30 September 2009 are compared with the half-year ended 30 September 2008. Financial data as at 30 September 2009 are compared with the corresponding values as at 31 March 2009 (relating to the last consolidated annual accounts).

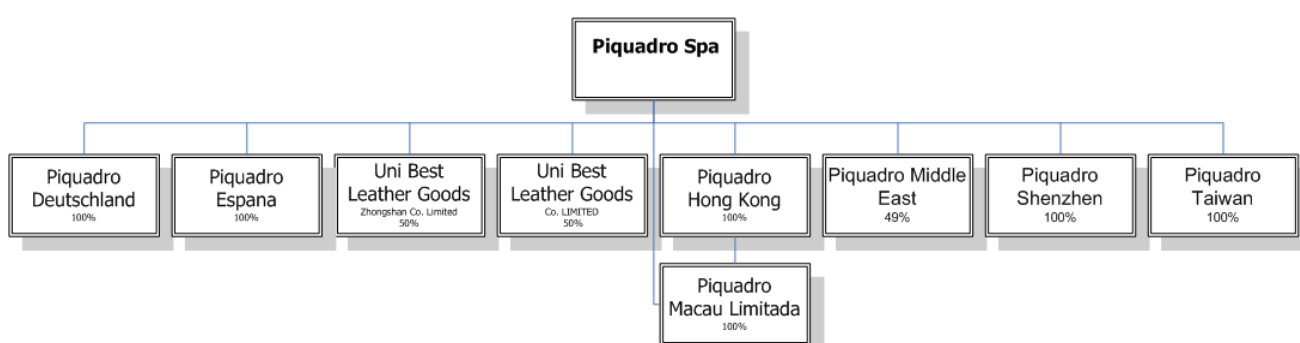
For a better description, accounting data are reported in thousands of Euro in both the accounting statements and these Notes.

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

The management believes that no other significant non-recurring events or transactions occurred either in the half-year ended 30 September 2009 or in the half-year ended 30 September 2008, nor did any atypical or unusual transactions significantly affect the operating result.

## 2.2 The Group structure

For the purpose of provide a clear representation, below is reported the chart of the Group structure as at 30 September 2009:



## 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 condensed interim financial statements ended 30 September 2009 and 30 September 2008 include the interim financial statements of the Parent Company Piquadro SpA and those of all companies over which it exercises control, either directly or indirectly.

Compared to the financial year ended 31 March 2009, the half-year ended 30 September 2009 saw the consolidation of Piquadro Taiwan Co. Ltd..

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

Compared to the half-year ended 30 September 2008, the scope of consolidation as at 30 September 2009 saw the entry of the abovementioned Piquadro Taiwan Co. Ltd, while Piquadro Servizi Srl is no longer existing by reason of the merger by incorporation into Piquadro SpA following the deed of merger of 24 October 2008.

The complete list of the companies included in the scope of consolidation as at 30 September 2009 and 30 September 2008, 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 September 2009

Name	HQ	Country	Currency	Share Capital (local currency /000)	Shareholders' equity (Euro/000)	Control %
Piquadro SpA	Gaggio Montano	Italy	Euro	1,000	17,723	Parent Company

PIQUADRO GROUP

(BO)						
Uni Best Leather Goods Co. Limited	Kowloon	Hong Kong	HKD	1	184	50%
Piquadro España Slu	Barcelona	Spain	Euro	198	(122)	100%
Piquadro Deutschland Gmbh	Munich	Germany	Euro	25	(226)	100%
Uni Best Leather Goods Zhongshan Co Limited	Guangdong	People's Republic of China	RMB	1,542	143	50%
Piquadro Hong Kong Limited	Hong Kong	Hong Kong	HKD	2,000	93	100%
Piquadro Macau Limitada	Macau	Macau	HKD	25	(115)	100%
Piquadro Trading (Shenzhen) Co. Ltd.	Shenzhen	People's Republic of China	RMB	4,031	267	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	NTD	5,000	110	100%
Piquadro Middle East Leather Products LLC <sup>a</sup>	Abu Dhabi	United Arab Emirates	AED	150	(316)	49%

<sup>a</sup> 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 September 2008

Name	HQ	Country	Currency	Share Capital (local currency /000)	Shareholders' equity (Euro/000)	Control %
Piquadro SpA	Gaggio Montano (BO)	Italy	Euro	1,000	13,504	Parent Company
Uni Best Leather Goods Co. Limited	Kowloon	Hong Kong	HKD	1	218	50%
Piquadro España Slu	Barcelona	Spain	Euro	198	(105)	100%
Piquadro Deutschland Gmbh	Munich	Germany	Euro	25	(133)	100%
Uni Best Leather Goods Zhongshan Co Limited	Guangdong	People's Republic of China	RMB	1,542	200	50%
Piquadro Hong Kong Limited	Hong Kong	Hong Kong	HKD	2,000	109	70%
Piquadro Macau Limitada	Macau	Macau	HKD	25	(77)	96%
Piquubo Servizi Srl	Riola di Vergato	Italy	Euro	100	151	100%
Piquadro Trading (Shenzhen) Co. Ltd.	Shenzhen	People's Republic of China	RMB	1,650	129	100%
Piquadro Middle East Leather Products LLC <sup>a</sup>	Abu Dhabi	United Arab Emirates	AED	150	(27)	49%

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

The companies that the Parent Company Piquadro SpA controls, either directly or indirectly, and either legally or in practice, are consolidated according to the line-by-line consolidation method, which consists in reporting all the assets and liabilities items in their entirety from the date on which control has been acquired up to the date control ceases.

The financial statements expressed in a foreign currency other than the Euro are translated into Euro by applying the exchange rates applied below for the half-years ended 30 September 2009 and 30 September 2008 (foreign currency corresponding to Euro 1):

Foreign currency	Average		Closing	
	30 September 2009	30 September 2008	30 September 2009	30 September 2008
Hong Kong Dollar (HKD)	10.8217	11.9556	11.3485	11.1124
Renminbi (Yuan)	9.5369	10.5776	9.9958	9.7954
Arab Emirates Dirham (AED)	5.1282	5.6303	5.7384	5.2538

## 2.5 Accounting standards, amendments and interpretations

The accounting standards adopted in preparing these consolidated condensed interim financial statements are the same as those adopted in preparing the Group's consolidated annual accounts for the financial year ended 31 March 2009, except for those amendments required by IAS 1 and reported below.

In addition to introducing some new names for accounting statements, IAS 1, as revised in 2007, has also introduced the obligation to present the profit/(loss) components for the period and the income and charges recognised directly in equity for transactions other than those effected by the shareholders in a single statement (named statement of comprehensive income) or in two separate statements (separate income statement and statement of comprehensive income). Transactions with shareholders, together with the result of the statement of comprehensive income, are instead presented in the statement of changes in equity. Piquadro SpA has opted to present two separate statements named "consolidated income statement" and "consolidated statement of comprehensive income".

As to the other standards, either recently-issued or revised, applicable from 1 April 2009, it is notified that:

- a) The adoption of IFRS 8 – Operating Segment has not entailed a review of the reporting, nor the identification of new operating segments, or a different aggregation of these segments for the purposes of segment reporting.
- b) IAS 23 – Borrowing costs, as revised in 2007, has eliminated the option that allowed financial charges to be recognised as a cost in the income statement, even if referred to the acquisition, construction or production of "qualifying" assets, i.e. assets that would have allowed these costs to be capitalised. The amendment to the standard has had no effects on the Group.
- c) Amendments to IFRS 2 - Share-based payments: vesting conditions and cancellations. The standard has been amended in order to clarify the definition of vesting conditions and to prescribe the accounting treatment in the case of a plan effectively cancelled following the non-fulfilment of a non-vesting condition. This standard has had no effects on the Group.
- d) IFRIC 13 – Customer loyalty programmes: this interpretation clarifies that the goods or services that are free of charge or discounted within a customer loyalty programme must be recognised as a separate component of the related sale transaction in which points or premiums have been assigned. Part of the fair value of the consideration arising from the sale must therefore be allocated to the bonus points and deferred. This component will be subsequently recognised as a revenue in the period of time in which points are redeemed. The adoption of this amendment is not applicable to the Group.
- e) Amendments to IAS 32 – Financial instruments: disclosure and presentation and IAS 1 – Presentation of financial statements: Puttable financial instruments and obligations arising on liquidation: the standards have been amended in order to allow, under certain conditions, financial instruments puttable at fair value to be classified under equity items, rather than under financial liabilities. The adoption of this amendment is not applicable to the Group.

### 3. COMMENT ON THE MAIN BALANCE SHEET ITEMS

#### ASSETS

##### Non-current assets

##### Note 1 – Intangible assets

As at 30 September 2009 the value of Intangible assets was equal to Euro 824 thousand (Euro 1,195 thousand as at 31 March 2009).

Below is reported the statement of changes of this item:

<i>(in thousands of Euro)</i>	<b>30 September 2009</b>
Balance as at 31 March 2009	1,195
Investments	48
Sales and disposals	(66)
Other changes	(19)
Amortisation	(294)
Write-downs	(40)
<b>Total</b>	<b>824</b>

As at 30 September 2009, increases in intangible assets mainly related to costs of registration of trademarks for Euro 4 thousand and to software for Euro 42 thousand. Decreases of Euro 66 thousand related to the sale of the retail outlet in Busnago (Milan) transferred to QUANTUM RETAIL S.R.L. which is running it under franchise from 1 July 2009.

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

As at 30 September 2009, the value of Property, plant and equipment was equal to Euro 11,412 thousand (Euro 11,513 thousand as at 31 March 2009).

Below is reported the statement of changes of this item:

<i>(in thousands of Euro)</i>	<b>30 September 2009</b>
Balance as at 31 March 2009	11,513
Investments in assets entered into operation	566
Other changes	(20)
Depreciation and write-downs	(647)
<b>Total</b>	<b>11,412</b>

Increases in property, plant and equipment mainly relate to fittings for the new DOSs opened in the period under consideration and refurbishments of existing shops for Euro 500 thousand and to the purchases of moulds relating to new products for Euro 49 thousand.

Below is reported the net book value as at 30 September 2009 of the assets used by the Group by virtue of finance lease agreements:

<i>(in thousands of Euro)</i>	<b>30 September 2009</b>
-------------------------------	--------------------------

Land	878
Buildings	5,560
Plant and equipment	469
Industrial and business equipment	1,108
<b>Total</b>	<b>8,015</b>

### Note 3 – Receivables from others

Receivables from others, equal to Euro 477 thousand as at 30 September 2009 (compared to Euro 435 thousand as at 31 March 2009) relate to both guarantee deposits paid for various utilities, including those relating to the operation of Company-owned shops, and deposits relating to the lease of Company-owned shops that are not yet operating.

### Note 4 – Deferred tax assets

As at 30 September 2009, deferred tax assets amounted to Euro 986 thousand (Euro 862 thousand as at 31 March 2009); they are mainly made up of deferred tax assets relating to Piquadro S.p.A. for Euro 727 thousand (Euro 669 thousand as at 31 March 2009) referred to the IRES (*Imposta sul Reddito delle Società*, Corporate Income Tax) and IRAP (*Imposta Regionale sulle Attività Produttive*, Local Tax on Production Activities) tax effect on taxed funds, on the reversal of the inter-company profit on stock (Euro 239 thousand), in addition to IFRS adjustments made at the time of the preparation of the consolidated condensed interim financial statements. This item also includes deferred tax assets relating to subsidiaries amounting to about Euro 20 thousand (Euro 13 thousand as at 31 March 2009).

### 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 September 2009</b>	<b>Provision for write-down</b>	<b>Net value as at 30 September 2009</b>	<b>Net value as at 31 March 2009</b>
Raw Materials	1,473	(249)	1,224	1,352
Semi-finished products	295		295	203
Finished products	7,145	(199)	6,946	6,269
<b>Inventories</b>	<b>8,913</b>	<b>448</b>	<b>8,465</b>	<b>7,824</b>

<i>(in thousands of Euro)</i>	<b>Provision as at 31 March 2009</b>	<b>Use</b>	<b>Allocation</b>	<b>Provision as at 30 September 2009</b>
Provision for write-down of raw materials	202	-	47	249
Provision for write-down of finished products	246	(47)	-	199

products

<b>Total provision for write-down of inventories</b>	<b>448</b>	<b>(47)</b>	<b>47</b>	<b>448</b>
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As at 30 September 2009, inventories showed an increase compared to the corresponding values as at 31 March 2009. This increase is mainly attributable to seasonal trends in sales, associated with the average lead time for the products to arrive from the area in which they are manufactured. Inventories are more than 14% lower than at 30 September 2008 as a result of a more efficient management of closing inventories.

#### Note 6 – Trade receivables

As at 30 September 2009, trade receivables were equal to Euro 20,610 thousand compared to Euro 19,477 as at 31 March 2009. The increase over 31 March 2009 is mainly attributable to seasonal trends in sales and is affected, also owing to the continuing financial crisis, by less predictable operations in the purchasing cycle and a tendency to longer average collection times.

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

	<b>Provision as at 31 March 2009</b>	<b>Use</b>	<b>Allocation</b>	<b>Provision as at 30 September 2009</b>
<i>(in thousands of Euro)</i>				
Provision for bad debts	933	-	-	933

#### Note 7 – Other current assets

Below is reported the breakdown of other current assets:

	<b>30 September 2009</b>	<b>31 March 2009</b>
<i>(in thousands of Euro)</i>		
Other assets	963	755
Prepaid expenses	312	399
<b>Other current assets</b>	<b>1,275</b>	<b>1,154</b>

Other current assets mainly include advances to suppliers by the Company (Euro 445 thousand as at 30 September 2009 compared to Euro 322 thousand as at 31 March 2009); they also include other sundry receivables held by subsidiaries, mainly by Piquadro España Slu (Euro 59 thousand as at 30 September 2009 compared to Euro 70 thousand as at 31 March 2009) and Unibest Leather Goods Co. Zhongshang Ltd. (Euro 78 thousand as at 30 September 2009 compared to Euro 115 thousand as at 31 March 2009).

#### Note 8 – Cash and cash equivalents

Below is reported the breakdown of cash and cash equivalents (mainly relating to Piquadro SpA):

	<b>30 September 2009</b>	<b>31 March 2009</b>
<i>(in thousands of Euro)</i>		
Available current bank accounts	5,634	6,871

Cash, cash on hand and cheques	62	26
<b>Cash an cash equivalents</b>	<b>5,696</b>	<b>6,897</b>

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

## **LIABILITIES**

### **Note 9 – TOTAL EQUITY**

#### **Share capital**

As at 30 September 2009 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 the ir par value.

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

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

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

As at 30 September 2009, no option had been vested out of no. 1,600,000 options assigned.

#### **Share premium reserve**

This reserve, which as at 30 September 2009 was equal to Euro 1,000 thousand, has not undergone changes compared to 31 March 2009.

#### **Translation reserve**

As at 30 September 2009 the translation reserve was negative for Euro 61 thousand (while was negative for Euro 12 thousand as at 31 March 2008). This item is referred to the exchange rate differences due to the consolidation of the companies Uni Best Leather Goods Co. Ltd, Piquadro Hong Kong Ltd. and Piquadro Macau Limitada (the relevant currency being the Hong Kong Dollar), Uni Best Leather Goods Zhongshan Co. Ltd (the relevant currency being the Chinese Renminbi) and Piquadro Middle East Leather Products LLC (the relevant currency being the AED).

#### **Group net profit**



This item relates to the recognition of the Group profit recorded for the half-year, equal to Euro 2,850 thousand in the half-year ended 30 September 2009.

### Equity attributable to minority interests

Equity attributable to minority interests, equal to Euro 163 thousand (Euro 205 thousand as at 31 March 2009), includes the portions of equity and of the result for the period attributable to minority shareholders of some subsidiaries. As indicated in the Group's Organisation chart, reference is made to minority shareholders of Uni Best Leather Goods Co. Ltd. and Uni Best Leather Goods Zhongshang Co. Ltd..

### Non-current liabilities

#### Note 10 – Borrowings

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

	30 September 2009	31 March 2009
<i>(in thousands of Euro)</i>		
Financial payables from 1 to 5 years	7,445	8,355
Financial payables beyond 5 years	-	-
<b>Medium/long-term financial payables</b>	<b>7,445</b>	<b>8,355</b>

As at 30 September 2009, non-current borrowings mainly related to Piquadro SpA and included:

1. the loan granted by Carisbo SpA on 31 January 2008 for an amount of Euro 3,050 thousand (against an initial amount of Euro 5,300 thousand), with a two-year pre-amortisation;
2. the 60-month unsecured loan disbursed by Carisbo SpA on 1 September 2008 for an amount of Euro 897 thousand (against an initial amount of Euro 1,500 thousand), aimed partly at financing the opening of new points of sale in Italy and abroad and partly at meeting the Company's financial requirements;
3. the unsecured loan granted by Carisbo SpA on 25 February 2009 for an amount of Euro 3,498 thousand, with a 18-month pre-amortisation, providing for the compliance with the financial covenants to be calculated annually on the consolidated financial statements of the Piquadro Group (and that, as at 31 March 2009, i.e. the date of the last annual accounts, had all been complied with).

	Company	Date of granting of the loan	Currency	Initial amount	Current financial payables	Non-current financial payables	Total
<i>(in thousands of)</i>				<i>(in currency/1000)</i>		<i>(Euro/1000)</i>	
					(Euro/1000)	(Euro/1000)	(Euro/1000)
Carisbo loan	Piquadro SpA	31.01.2008	Euro	5,300	1,500	3,050	4,550
Carisbo loan	Piquadro SpA	01.09.2008	Euro	1,500	300	897	1,197
Carisbo loan	Piquadro SpA	28.02.2009	Euro	3,500	-	3,498	3,498
Carimini loan	Piquadro SpA	26.10.2005	Euro	88	21	-	21
Currency loan – Unicredit	Piquadro Trading Shenzhen	04.06.2009	CNY	900	90	-	90
Bank of China	Piquadro Macau		HK\$		44	-	44
					<b>1,955</b>	<b>7,445</b>	<b>9,400</b>

PIQUADRO GROUP

## Note 11 – Payables to other lenders for lease agreements

Below is reported the following breakdown:

<i>(in thousands of Euro)</i>	30 September 2009	31 March 2009
Due within 12 months – current	948	948
Due beyond 12 months - non-current	5,698	6,167
<b>Payables to other lenders for lease agreements</b>	<b>6,646</b>	<b>7,115</b>

As at 30 September 2009 payables to other lenders due beyond 12 months were equal to Euro 5,698 thousand and related to payables to leasing companies, and specifically to the residual debt of Euro 5,406 thousand relating to the lease agreement initially entered into by Piqubo Servizi S.r.l., which was merged by incorporation into Piquadro S.p.A. by deed of 24 October 2008, with Centro Leasing S.p.A. in relation to the plant, land and the automated warehouse located in Sassuriano, Silla di Gaggio Montano (Province of Bologna) (Euro 5,742 thousand as at 31 March 2009). The residual amount of Euro 292 thousand (Euro 425 thousand as at 31 March 2009) relates to payables for lease agreements related to equipment, furniture and fittings of shops run by the Company

## Note 12 – Provision for Employee Benefits

As at 30 September 2009 the value of the provision was equal to Euro 284 thousand (Euro 291 thousand as at 31 March 2009) as determined by an independent actuary.

It should be noted that, since 1 January 2007, the Finance Law and related implementing decrees have been introducing substantial amendments to the regulations governing the severance pay (*Trattamento di Fine Rapporto*, hereinafter referred to as TFR, which represents the total Provision for employee benefits), among which one whereby workers can choose where the TFR that they are accruing should be directed. Specifically, workers may either have their TFR flows paid into selected pension schemes or retained with their company (in this case the Company shall pay the TFR contributions into a treasury account held with INPS (*Istituto Nazionale di Previdenza Sociale*, National Social Security Institute)).

## Note 13 – Provision for risks and charges

Below are the changes of provisions for risks and charges as at 30 September 2009:

<i>(in thousands of Euro)</i>	Provision as at 31 March 2009	Use	Allocation	Provision as at 30 September 2009
Provision for supplementary clientele indemnity	451	(51)	73	473
Other provisions for risks	97	-	40	137
<b>Total</b>	<b>548</b>	<b>(51)</b>	<b>123</b>	<b>610</b>

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

## Note 14 – Deferred tax liabilities

As at 30 September 2009, deferred tax liabilities amounted to Euro 376 thousand (Euro 346 thousand as at 31 March 2009), fully referable to the Parent Company.

## Current liabilities

## Note 15 – Borrowings

As at 30 September 2009 borrowings were equal to Euro 1,955 thousand compared to Euro 1,820 thousand as at 31 March 2009; for the breakdown, reference is made to Note 10.

## Note 16 – Payables to other lenders for lease agreements

As at 30 September 2009 they were equal to Euro 948 thousand (Euro 948 thousand as at 31 March 2009) and related to the current portion of payables to leasing companies in relation to agreements for the lease of furniture, fittings and equipment for the shops 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>(Values expressed in thousands of Euro)</i>	<b>30 September 2009</b>	<b>31 March 2009</b>	<b>30 September 2008</b>
Cash	62	26	61
Other cash and cash equivalents (available current bank accounts)	5,634	6,871	2,998
<b>Liquidity</b>	<b>5,696</b>	<b>6,897</b>	<b>3,059</b>
Assets for derivative financial instruments	-	-	206
<b>Current financial receivables</b>	<b>-</b>	<b>-</b>	<b>206</b>
Finance leases	(948)	(948)	(966)
Current bank debt	-	-	(1,937)
Current portion of non-current debt	(1,955)	(1,820)	(750)
Liabilities for derivative financial instruments	(104)	(75)	-
<b>Current financial debt</b>	<b>(3,007)</b>	<b>(2,843)</b>	<b>(3,653)</b>
<b>Short-term net financial position</b>	<b>2,689</b>	<b>4,054</b>	<b>(388)</b>
Non-current bank debt	(7,445)	(8,355)	(5,750)
Finance leases	(5,698)	(6,167)	(6,620)
Non-current financial debt	<b>(13,143)</b>	<b>(14,522)</b>	<b>(12,370)</b>
<b>Net financial debt</b>	<b>(10,454)</b>	<b>(10,468)</b>	<b>(12,758)</b>

As at 30 September 2009 the Net Financial Position was negative for about Euro 10.5 million. Compared to 31 March 2009, Net Financial Position did not undergo any material change, even in a scenario of financial difficulty that still persists and of the seasonality of the business segment in which Piquadro is active. Net financial debt as at 30 September 2009, compared to that recorded as at 30 September 2008, showed a positive improvement equal to about Euro 2.4 million, after paying dividends of about Euro 3.1 million, and showed

the Company's capacity to generate cash by means of solid profits hand in hand with careful management of working capital and of the investment policy.

#### Note 17 – Liabilities for derivative financial instruments

As at 30 September 2009 liabilities relating to the hedging of derivative financial instruments were equal to Euro 104 thousand compared to liabilities of Euro 75 thousand as at 31 March 2009.

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

This transaction is accounted for according to the hedge accounting criteria (IAS 39). The valuation of this hedging contract entailed the recognition of a liability of Euro 19 thousand (Euro 29 thousand as at 31 March 2009) which, in accordance with IFRS, has been accounted for against an entry in equity.

As at 30 September 2009, liabilities relating to forward exchange contracts were equal to Euro 85 thousand (Euro 46 thousand as at 31 March 2009).

The Company hedges the exchange risk connected to purchases of raw materials in US dollars and for contract work done in China. In consideration for this risk, the Company makes use of instruments to hedge the risk attached to the related rate, trying to fix and crystallise the exchange rate at a level that is in line with the budget forecast. Only some of the derivative financial instruments have met all the conditions laid down for hedge accounting, accounting for a value equal to Euro 33 thousand at fair value against an entry in the equity reserve.

#### Note 18 – Trade payables

Below is the breakdown of current trade liabilities:

<i>(in thousands of euro)</i>	30 September 2009	31 March 2009
Payables to suppliers	11,971	11,296

As at 30 September 2009 the increase in payables to suppliers, equal to Euro 675 thousand, compared to 31 March 2009, was mainly attributable to the seasonality trends in the Group's business.

#### Note 19 – Other current liabilities

Below is the breakdown of other current liabilities:

<i>(in thousands of Euro)</i>	30 September 2009	31 March 2009
Payables to social security institutions	241	273
Payables to Pension funds	11	9
Other payables	343	372
Payables to employees	175	402
Advances from customers	27	22

Deferred income	268	161
Payables for VAT	1,035	1,019
IRPEF* tax payables and other tax payables	246	203
<b>Other current liabilities</b>	<b>2,346</b>	<b>2,461</b>

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

Payables to social security institutions mainly relate to the Parent Company's payables due to INPS. Payables to employees as at 30 September 2009 mainly included the Company's payables for remunerations to be paid and deferred charges with respect to employees.

## Note 20 – Tax payables

Below is the breakdown of tax payables:

	30 September 2009	31 March 2009
<i>(in thousands of Euro)</i>		
IRES tax (income taxes)	1,211	121
IRAP tax	238	3
<b>Tax payables</b>	<b>1,449</b>	<b>124</b>

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

## 4. COMMENT ON THE MAIN INCOME STATEMENT ITEMS

### Note 21 – 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:

	Half-year ended 30 September 2009	Half-year ended 30 September 2008
<i>(in thousands of Euro)</i>		
Italy	18,924	18,011
Europe	2,762	4,265
Rest of the world	1,335	856
<b>Revenues from sales</b>	<b>23,021</b>	<b>23,132</b>

In the half-year ended 30 September 2009, revenues from sales reported a decrease equal to Euro 111 thousand compared to the corresponding revenues realised in the half-year ended 30 September 2008 (-0.48%). The related decrease is mainly attributable to lower sales in the geographical area of Europe, in which the Group has not yet attained a leading position comparable with that achieved on the domestic market.

#### **Note 22 – Other income**

In the half-year ended 30 September 2009, other income amounted to Euro 427 thousand (Euro 419 thousand in the half-year ended 30 September 2008). These revenues, mainly attributable to the Parent Company, are made up of Euro 111 thousand of insurance reimbursements in consideration of two thefts of goods that occurred during the half-year, Euro 155 thousand of revenues for charging back customers for transport costs, collection and Corners and, finally, Euro 136 thousand for other chargebacks.

#### **Note 23 – Change in inventories**

The change in inventories was positive in both the half-year ended 30 September 2009 (Euro 761 thousand) and the half-year ended 30 September 2008 (Euro 1,458 thousand); this positive change is mainly attributable to the seasonality of the Group's business which realises more than half of its turnover in the second half of the financial year.

#### **Note 24 – 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 half-year ended 30 September 2009, costs for purchases were equal to Euro 3,852 thousand (Euro 5,144 thousand in the half-year ended 30 September 2008).

#### **Note 25 – Costs for services and leases and rentals**

Below is the breakdown of costs for services:

<i>(in thousands of Euro)</i>	<b>30 September 2009</b>	<b>30 September 2008</b>
External production	4,103	2,924
Advertising and marketing	912	1,370
Transport services	1,299	1,399
Business services	1,403	1,426
Administrative services	410	483
General services	529	615
Services for production	-	111
Others	585	568
<b>Total Costs for services</b>	<b>9,241</b>	<b>8,896</b>
<b>Costs for leases and rentals</b>	<b>1,484</b>	<b>1,032</b>
<b>Costs for services and leases and rentals</b>	<b>10,725</b>	<b>9,928</b>

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

#### **Note 26 – Personnel costs**

Below is reported the breakdown of personnel costs:

<i>(in thousands of Euro)</i>	<b>Half-year ended 30 September 2009</b>	<b>Half-year ended 30 September 2008</b>
Wages and salaries	3,115	2,801
Social security contributions	476	421
TFR	95	61
<b>Personnel costs</b>	<b>3,686</b>	<b>3,283</b>

In the half-year ended 30 September 2009, personnel costs reported an increase of about 12.27%, passing from Euro 3,283 thousand in the half-year ended 30 September 2008 to Euro 3,686 thousand in the half-year ended 30 September 2009. The increase in personnel costs is mainly due to the increase in staff of Piquadro Spa and is attributable to the increased number of employees as a result of the new openings of DOSs.

The table below reports the exact number by category of employees as at 30 September 2009 and 30 September 2008:

<b>Category</b>	<b>30 September 2009</b>	<b>30 September 2008</b>	<b>31 March 2009</b>
Executives	1	1	1
Office workers	171	139	130
Manual workers	339	516	558
<b>Total</b>	<b>511</b>	<b>656</b>	<b>689</b>

The reduction in the staff is directly attributable to the China region and more specifically to the subsidiary Uni Best Leather Goods in Zhongshan, which has suffered a downsizing in production volumes in order to obtain greater efficiency.

#### **Note 27 – Amortisation, depreciation and write-downs**

In the half-year ended 30 September 2009, amortisation and depreciation were equal to Euro 941 thousand (Euro 839 thousand in the half-year ended 30 September 2008). Write-downs, equal to Euro 40 thousand in the half-year ended 30 September 2009 (Euro 45 thousand in the half-year ended 30 September 2008), related to the partial write-down relating to the key money paid out for the Dubai shop.

#### **Note 28 – Financial income**

In the half-year ended 30 September 2009, financial income was equal to Euro 253 thousand (Euro 201 thousand in the half-year ended 30 September 2008) and mainly related to Euro 31 thousand of interest receivable on current accounts held by the Parent Company and to Euro 177 thousand of foreign exchange gains either realised or estimated (Euro 173 thousand as at 30 September 2008).

#### **Note 29 – Financial charges**

In the half-year ended 30 September 2009, financial charges were equal to Euro 618 thousand (Euro 649 thousand in the half-year ended 30 September 2008); this amount includes charges recognised on lease agreements for an amount of Euro 130 thousand in the half-year ended 30 September 2009 (Euro 145 as at 30 September 2008) and

mainly referred to the charges for the finance lease of the plant located in Silla di Gaggio Montano, in addition to foreign exchange losses either realised or estimated for Euro 230 thousand (Euro 262 thousand as at 30 September 2008).

### Note 30 – Income tax expenses

Below is reported the breakdown of income tax expenses :

<i>(in thousands of Euro)</i>	<b>Half-year ended 30 September 2009</b>	<b>Half-year ended 30 September 2008</b>
IRES tax	1,484	1,526
IRAP tax	280	333
<b>Total current taxes</b>	<b>1,764</b>	<b>1,859</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>Half-year ended 30 September 2009</b>	<b>Half-year ended 30 September 2008</b>
Deferred tax liabilities	264	214
Deferred tax assets	(185)	(222)
<b>Total deferred tax assets and liabilities</b>	<b>79</b>	<b>(8)</b>

### Note 31 - Earnings per share

As at 30 September 2009 diluted earnings per share amounted to Euro 0.05534 (basic earnings per share amounted to Euro 0.057 as at 30 September 2009, compared to Euro 0.0643 as at 30 September 2008); they are calculated on the basis of the consolidated net profit for the period attributable to the Group, equal to Euro 2,850 thousand, divided by the weighted average number of ordinary shares outstanding in the quarter, equal to 51,600,000 shares, including potential shares relating to the stock option plan resolved and granted on 31 January 2008. As at 30 September 2008, diluted earnings per share were equal to Euro 0.0643.

	<b>30 September 2009</b>	<b>30 September 2008</b>
Group net profit (in thousands of Euro)	2,850	3,318
Average number of outstanding ordinary shares (in x\x thousands of shares)	51,600	51,600
<b>Diluted earnings per share (in Euro)</b>	<b>0.0553</b>	<b>0.0643</b>

## 5. OTHER INFORMATION



## Note 32– 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 September 2009, included 30 single-brand stores directly operated by the Group (the so-called “Directly Operated Stores” or “DOSs”);
- ? an indirect channel (“Wholesale”), which is represented by multi-brand shops/department stores, single-brand shops run by third parties linked to the Group by franchise agreements and distributors who then resell the articles in specialist multi-brand shops.

As shown below, as at 30 September 2009, approximately 20.6% of the Group’s consolidated revenues was realised through the direct channel, while 79.4% of consolidated revenues was realised through the indirect channel.

The table below illustrates the segment data of the Piquadro Group broken down by sales channel (DOSs and Wholesale), in relation to the six months ended 30 September 2009 and 30 September 2008, 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 half-year ended 30 September 2009, compared to the results recorded as at 30 September 2008, shows that margins are slightly higher, the following factors having impacts:

- ? Same Store Sales Growth (SSSG) reported in the period equal to 5.9%;
- ? new shops opened with performance not yet in line with the management’s expectations.

There was a slight percentage decrease in margins as regards the performance of the wholesale channel in the half-year ended 30 September 2009, compared with the results recorded as at 30 September 2008, mainly attributable to the fall in the segment’s turnover and the consequent negative operating leverage effect.

Segment economic performance is monitored by the Company’s Management up to the “Segment result before amortisation and depreciation”:

<i>(in thousands of Euro)</i>	Half-year ended 30 September 2009				Half-year ended 30 September 2008				
	DOS	Wholesale	Total for the Group (including non-allocated items)	% Impact	DOS	Wholesale	Total for the Group (including non-allocated items)	% Impact	% Change
<b>Revenues from sales</b>	<b>4,752</b>	<b>18,269</b>	<b>23,021</b>	<b>100.0%</b>	<b>2,998</b>	<b>20,134</b>	<b>23,132</b>	<b>100.0%</b>	<b>(0.5%)</b>
Segment result before amortisation and depreciation	257	5,596	5,853	25.4%	162	6,273	6,434	27.8%	(9.0%)
Amortisation and depreciation			(981)	(4.3%)			(839)	(3.6%)	+16.9%

Financial income and charges	(365)	(1.6%)	(448)	(1.9%)	(18.5%)
<b>Pre-tax result</b>	<b>4,507</b>	<b>19.58%</b>	<b>5,147</b>	<b>22.25%</b>	<b>(12.45%)</b>
Income taxes	(1,685)	(7.3%)	(1,851)	(8.0%)	(8.9%)
<b>Profit for the half-year</b>	<b>2,822</b>	<b>12.26%</b>	<b>3,296</b>	<b>14.24%</b>	<b>(14.40%)</b>
Result attributable to minority interests	(28)	(0.12%)	(22)	(0.10%)	27.3%
<b>Group net profit</b>	<b>2,850</b>	<b>12.38%</b>	<b>3,318</b>	<b>14.34%</b>	<b>(14.13%)</b>

### Note 33 – Commitments

As at 30 September 2009, the Group had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the 2008/2009 financial year.

### Note 34 – 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.).

The relations with Group companies are mainly commercial and are regulated at arm's length. There are also financial relations (inter-group loans) between the Parent Company and some subsidiaries, conducted at arm's length.

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

During the first half of the 2009/2010 financial year, Piquadro S.p.A., the ultimate parent company, charged Piquadro the rent (whose amounts are reported in the table below) relating to the use of the plant located in Riola di Vergato (Province of Bologna) as a warehouse.

The table below reports the breakdown of the economic and financial relations with these related companies in the first half of the 2009/2010 and 2008/2009 financial year:

<i>(in thousands of euro)</i>	Costs	
	30 September 2009	30 September 2008
Costs for rents due to Piquadro S.p.A.	15	10
<b>Total costs towards controlling companies</b>	<b>15</b>	<b>10</b>

In the 2009/2010 and 2008/2009 half-year, no economic transactions occurred with the majority Shareholder, Piquadro Holding SpA.

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

- ? during the 2009/2010 half-year, Piquadro SpA distributed dividends of Euro 2,091,169, relating to the profit for the 2008/2009 financial year, to the majority shareholder Piquadro Holding S.p.A.;
- ? during the 2008/2009 half-year, Piquadro SpA distributed dividends of Euro 2,015,000, relating to the profit for the 2007/2008 financial year, to the majority shareholder Piquadro Holding S.p.A..

### Fees due to the Board of Directors

The table below reports the fees (including emoluments as Directors and current and deferred remuneration, including in kind, as employees) due to Directors and to the members of the Board of Statutory Auditors of Piquadro S.p.A., in relation to the first half of 2009/2010, for the performance of their duties in the Parent Company and other Group companies, and the fees accrued by any executives with strategic responsibilities (as at 30 September 2009, Directors had not identified executives with strategic responsibilities):

First and last Name	Position held	Period in which the position was held	Term of office	Fees in Piquadro (in thousands of Euro)	Pays for subordinate employment	Total
Marco Palmieri	Chairman and CEO	01/04/09-30/09/09	31/03/2010	200	-	200
Pierpaolo Palmieri	Director	01/04/09-30/09/09	31/03/2010	100	-	100
Marcello Piccioli	Managing director	01/04/09-30/09/09	31/03/2010	120.5	-	120.5
Roberto Trotta*	Managing director	01/04/09-30/09/09	31/03/2010	-	65	65
Roberto Tunioli	Director	01/04/09-30/09/09	31/03/2010	12.5	-	12.5
Gianni Lorenzoni	Director	01/04/09-30/09/09	31/03/2010	12.5	-	12.5
Sergio Marchese	Director	01/04/09-30/09/09	31/03/2010	4	-	4
				<b>449.5</b>	<b>65</b>	<b>514.5</b>

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

### Note 36 – Events after the period end

Within the framework of its development and distribution mix plan mainly in the Far East region, the Group opened, subsequent to 30 September 2009, 2 new DOSs (Taiwan - Eslite Xin Yi and Hong Kong – New Town Plaza) in October and 6 new franchise shops, of which 4 in Italy (Trieste and Ravenna in October, Turin and Bari in November), 1 in Europe (Barcelona – Calle Rosselò – in October) and 1 in the area “Rest of the World” (China – Ningbo Zhejiang – in October).

In addition to the above, no significant events are reported which occurred at Group level from 1 October 2009 to the date of this Report.

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

- 1) The undersigned Marco Palmieri, in his capacity as Chief Executive Officer, and Roberto Trotta, in his capacity as Manager responsible for the preparation of corporate accounting documents of Piquadro S.p.A., certify, also taking account of the provisions under Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
  - adequacy in relation to the characteristics of the Company and
  - actual application of administrative and accounting procedures for the preparation of the consolidated financial statements in the course of the half-year April 2009-September 2009.
  
- 2) The evaluation of the adequacy of administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements as at 30 September 2009 has been based on a process defined by Piquadro S.p.A. consistently with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission which represents a reference framework generally accepted at international level.
  
- 3) It is also certified that:
  - 3.1 the condensed consolidated half-year financial statements as at 30 September 2009:
    - a) have been prepared in accordance with the applicable international accounting standards acknowledged by the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and in particular with IAS 34 – Interim Financial Reporting, as well as with the measures issued to implement Article 9 of Legislative Decree no. 38/2005;
  
    - b) correspond to the results in the accounting books and records;
  
    - c) have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union, as well as with the measures issued to implement Article 9 of Legislative Decree no. 38/2005, and, as far as we know, are suitable to give a true and correct representation of the equity, economic and financial position of the issuer and of all the companies included in the scope of consolidation.
  
  - 3.2. The interim report on operations includes a reliable analysis of the references to the significant events that occurred during the first six months of the financial year and of their impact on the condensed consolidated half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year. The interim report on operations also includes a reliable analysis of the information on significant transactions with related parties.

Silla di Gaggio Montano (BO) 19 November 2009

/F/ Marco Palmieri  
**Chief Executive Officer**

**Marco Palmieri**

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

**AUDITORS' REPORT ON THE REVIEW OF CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009**

To the Shareholders of  
Piquadro SpA

- 1 We have reviewed the consolidated condensed interim financial statements comprising the statement of financial position, the income statement and the statement of comprehensive income, statements of changes in shareholders' equity and cash flows and related selected explanatory notes as at 30 September 2009 of Piquadro SpA and subsidiaries (hereinafter also "Piquadro Group"). Piquadro SpA's Directors are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard (IAS 34), applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.
- 2 Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the consolidated condensed interim financial statements and about the consistency of the accounting principles utilised therein as well as the application of analytical review procedures on the data contained in the above mentioned consolidated condensed interim financial statements. The review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express a professional audit opinion on the consolidated condensed interim financial statements.

Regarding the amounts of the consolidated financial statements of the prior year and the consolidated condensed interim financial statements of the prior year presented for comparative purposes, reclassified to take into account the amendments introduced by IAS 1 (2007) to the financial statements presentation, reference should be made to our reports dated 26 June 2009 and dated 28 November 2008, respectively.

- 3 Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of Piquadro Group as at 30 September 2009 have not been prepared, in all material respects, in accordance with the international accounting standard (IAS 34), applicable to interim financial reporting, as adopted by the European Union.

Bologna, 19 November 2009

PricewaterhouseCoopers SpA

Signed by  
Roberto Sollevanti  
(Partner)

**This report has been translated into the English language solely for the convenience of international readers.**