ANNUAL FINANCIAL REPORT ON OPERATIONS AT 31 MARCH 2013

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NOTICE OF CALL OF THE SHAREHOLDERS' MEETING

The ordinary Shareholders' Meeting of Piquadro S.p.A. is hereby called, on 26 July 2013, at 11:00 a.m., on first call, at the registered office, Località Sassuriano, 246, Silla di Gaggio Montano (Province of Bologna), and, if required, on second call, on 29 July 2013, in the same place and at the same time, in order to discuss and resolve on the following

Agenda

1) Approval of the financial statements and presentation of the consolidated financial statements relating to the financial year ended 31 March 2013; proposed allocation of profits; Board of Directors' Report on operations; Independent Auditors' Report; Report of the Board of Statutory Auditors; inherent and consequent resolutions.
2) Appointment of Directors for the financial years 2013/2014, 2014/2015 and 2015/2016, subject to the pior determination of the number, and appointment of the Chairman; determination of the overall amount of fees due to all Directors; inherent and consequent resolutions.
3) Appointment of the Board of Statutory Auditors and of the Chairman for the financial years 2013/2014, 2014/2015 and 2015/2016; determination of fees due to the Board of Statutory Auditors; inherent and consequent resolutions.
4) Presentation of the Annual report on remuneration and consultative vote of the Shareholders' Meeting on the Section 1 of the Report on Remuneration pursuant to article 123-*ter* of Legislative Decree no. 58/1998.
5) Proposed authorisation submitted to the Board for the purchase and sale of treasury shares; inherent and consequent resolutions.

Share capital and voting rights

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

Attendance to the Shareholders' Meeting

Pursuant to law and to article 13 of the Company's By-Laws, the right to attend the Shareholders' Meeting and to exercise voting rights is certified by a special notice to be given to the Company by an authorised intermediary, pursuant to law and according to its accounting records, in favour of the person who is entitled to vote on the basis of the records relating to the end of the accounting session of the seventh open-market day prior to the date set for the Shareholders' Meeting, falling on 17 July 2013.
Those who will become holders of shares after that date will not be entitled to attend and vote at the Shareholders' Meeting. Therefore, the credit and debit entries entered in the accounts after this date are not relevant for the purposes of the right to exercise voting rights at the Shareholders' Meeting.
In order to facilitate the assessment of the right, the entitled persons are invited to produce a copy of the notice given to the Company by the intermediary which, in accordance with the regulations in force, is required to make available to them.
The abovementioned notices shall be sent to the Company by the intermediary within the time limits set out by the regulations in force, i.e. by the end of the third open-market day prior to the date set for the Shareholders' Meeting. This provision shall apply without prejudice to the right to attend the meeting and to vote in the event of the notices being received by the Company after the time limits specified, provided they are received by the beginning of the meeting's proceedings. The attendance by the shareholders at the Shareholders' Meeting is regulated by the relevant laws and regulations.
Each Shareholder who is entitled to attend the Shareholders' Meeting may be represented by others, by a written proxy pursuant to the current provisions of law. A proxy form is also available on the Company's website: www.piquadro.com, in the section Investor Relations, as well as at the registered office. The proxy may be notified to the Company, by registered letter to be sent to the registered office of the Company or by e-mail to be sent to the e-mail address investor.relator@piquadro.com. The preliminary notification (if any) does not exempt the proxy from the obligation to certify, at the time of the accreditation to access the meeting's proceedings, the compliance by the notified copy with the original document and the identity of the appointing party.

Pursuant to article 135-*undecies* of Legislative Decree no. 58/1998 ("TUF", *Testo Unico della Finanza*, Consolidated Act on Finance), the Company has appointed Società per Amministrazioni Fiduciarie "SPAFID" S.p.A. as Representative of the Shareholders. The Representative may be granted a written proxy on the proposals in the Agenda of the Shareholders' Meetings, provided that it is sent to the aforesaid Company, by courier or by registered letter with return receipt, to the address in Milan (20121), Foro Buonaparte no. 10, by the end of the second open-market day prior to the date set for the Shareholders' Meeting (i.e. by 24 July 2013, or, should the

Shareholdes' Meeting be held on second call, by 25 July 2013). The related proxy form can be found on the Company's website www.piquadro.com, in the section Investor Relations, and at the Company's registered office.
The voting right may be exercised for the sole proposals in relation to which voting instructions have been given.
The proxies and voting instructions granted to the Representative of Shareholders may be revoked by the same time limit as specified above (i.e. by 24 July 2013, or, should the Shareholdes' Meeting be held on second call, by 25 July 2013).
Pursuant to article 127-*ter* of the T.U.F., the Shareholders may make questions on the issues on the agenda, also before the Shareholders' Meeting, by sending the same to the Company's registered office by registered letter or by e-mail to the e-mail address investor.relator@piquadro.com; the questions received before the Shareholders' Meetings will be given a reply at the latest during the same. The Company may provide a single reply to the questions having the same content.
Voting procedures may not be carried out by correspondence or by electronic means.

Additions to the agenda

Pursuant to article 126-*bis* of the TUF, the Shareholders who represent, also jointly, at least a fortieth of the share capital, may ask, within 10 days of the publication of this notice (i.e. by 25 June 2013), to make additions to the list of issues to be discussed, specifying the additional proposed issues in the request. With reference to the limits, the procedures and/or the time limits for these additions, reference is made to the current laws and regulations and section 12.5 of the Company's By-Laws.

Appointment of corporate bodies

With reference to the appointment of the Board of Directors, which may take place on the basis of lists submitted by the Shareholders, reference is made to section 17.2 of the Company's By-Laws and to the information published in the Company's website. In particular, it should be noted that lists may be submitted only by the Shareholders who will represent, either individually or together with other Shareholders, at least an overall percentage of 2.5% of the capital represented by ordinary shares, corresponding to no. 1,250,000 ordinary shares, on the date of submission of the lists at the Company. The lists, accompanied by the documentation required by the Company's By-Laws and by the applicable regulations, must be filed at the Company's registered office by 1 July 2013, except for the certifications of the authorized intermediaries that attest to the overall stake held, as at the date of filing of the list, which may be sent to the Company by 5 July 2013. Any registrations made on the Shareholders' accounts who has submitted the list after the date of submission of the list are not relevant for the purposes of the entitlement to exercise the right.
The lists that submit a number of candidates equal to or higher than three shall also include candidates of different gender so as to ensure a composition of the Board of Directors complying with the current regulations governing gender equality.
With reference to the appointment of the Board of Statutory Auditors, which may take place on the basis of lists submitted by the shareholders, reference is made to section 26.4 of the Company's By-Laws and to the information published in the Company's website. In particular, it should be noted that lists may be submitted only by the Shareholders who will represent, either individually or together with other Shareholders, at least an overall percentage of 2.5% of the capital represented by ordinary shares, corresponding to no. 1,250,000 ordinary shares, on the date of submission of the lists at the Company. The lists, accompanied by the documentation required by the Company's By-Laws and by the applicable regulations, must be sent to the Company by 1 July 2013, except for the certifications of the authorized intermediaries that attest to the overall stake held, as at the date of filing of the list, which may be sent to the Company by 5 July 2013. Any registrations made on the Shareholders' accounts who has submitted the list after the date of submission of the list are not relevant for the purposes of the entitlement to exercise the right. If only a single list or lists submitted by Shareholders linked by relevant relations of connection on the basis of the current provisions of law and regulations have been filed as at the date of expiry of the time limit for the filing, lists may be submitted up to the third day after said time limit and the participation thresholds required for the submission of lists are reduced by half.
In compliance with the current regulations governing gender equality, any lists that, considering both sections, submit a number of candidates equal to or higher than three shall also include, candidates of different gender both at the first two positions of the section of the list realting to standing auditors, and at the first two positions of the section of the list relating to alternate auditors.
The documentation may be submitted by filing it at the Company's registered office or sending it to the e-mail address investor.relator@piquadro.com or via fax to no. +39 0534 409090, together with the information that allow the identification of the person that proceeds with the filing or transmission of lists.
With reference to the appointment of the members of the corporate bodies, reference is made to the recommendations under Consob Communication no. DEM/9017893 of 26 February 2009.

Documentation

The Company's By-Laws, whose current text is available to the Shareholders at the registered office, may be

perused on the Company's website www.piquadro.com, in the section Investor Relations.
The documentation relating to the issues on the agenda required by the current regulations, the full texts of the proposed resolutions, together with the explanatory reports required by the current regulations and any other information under article 125-*quater* of the TUF are made available to the public at the registered office and published on the Company's website www.piquadro.com, in the section Investor Relations, within the time limits set out by law and according to the procedures envisaged by the current regulations.
The annual financial report (including the draft financial statements, the consolidated financial statements, the report on operations and the certification required by article 154-*bis*, paragraph 5, of the TUF), the independent auditors' report, as well as the Board of Statutory Auditors' report will be made available to the public, at the registered office and made available on the Company's website www.piquadro.com, in the section Investor Relations, within the time limits set out by law and according to the procedures envisaged by the current regulations.
The Shareholders are entitled to obtain a copy thereof.

The Shareholders' Meeting may be attended by experts, financial analysts and journalists who are invited to send, for this purpose, a request for participation at least two days before the meeting on first call to the following fax number: fax +39 0534 409090.
Silla di Gaggio Montano, 14 June 2013

The Chairman of the Board of Directors
Marco Palmieri

Corporate details

Piquadro S.p.A

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

Authorised Share Capital: Euro 1,099,998

Subscribed and paid-up Share Capital: Euro 1,000,000

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

Production plants, offices and directly operated stores ("DOS") through which the Group operates

Silla di Gaggio Montano, località Sassuriano (BO)	*Headquarters, logistics and Offices*
Guangdong, The People's Republic of China (registered office of Uni Best Leather Goods Zhongshan Co. Ltd)	*Production plant*
Milan - Via della Spiga 33 (Piquadro S.p.A.)	*Point of sale*
Milan - Linate Airport (Piquadro S.p.A.)	*Point of sale*
Milan - Malpensa Airport (Piquadro S.p.A.)	*Point of sale*
Barcelona (Spain) - Paseo de Gracia 11, Planta Baja (Piquadro España)	*Point of sale*
Rome - Galleria Colonna (Piquadro S.p.A.)	*Point of sale*
Bologna - Piazza Maggiore 4/B (Piquadro S.p.A.)	*Point of sale*
Barberino del Mugello (FI) – "Factory Outlet Centre" (Piquadro S.p.A.)	*Retail outlet*
Fidenza (PR) - "Fidenza Village" (Piquadro S.p.A.)	*Retail outlet*
Rome - c/o Centro Commerciale Cinecittà (Piquadro S.p.A.)	*Point of sale*
Rome - c/o Galleria N. Commerciale di "Porta Roma"(Piquadro S.p.A.)	*Point of sale*
Macau - Venetian Mall (Piquadro Macau Limitada)	*Point of sale*
Vicolungo (NO) - Parco Commerciale (Piquadro S.p.A.)	*Retail outlet*
Rome - Euroma 2 (Piquadro S.p.A.)	*Point of sale*
Valdichiana (AR) - "Valdichiana Outlet Village" (Piquadro S.p.A.)	*Retail outlet*
Noventa di Piave (VE) - "Factory Outlet Centre" (Piquadro S.p.A.)	*Retail outlet*
Rome - Fiumicino Airport (Piquadro S.p.A.)	*Point of sale*
Milan - Via Dante 9 (Piquadro S.p.A.)	*Point of sale*
Bologna - "G. Marconi" Airport (Piquadro S.p.A.)	*Point of sale*
Barcelona (Spain) - "La Roca Village" (Piquadro España)	*Retail outlet*
Shanghai (China) - Shanghai Int. Golden Eagle Square (Piquadro Shenzhen)	*Point of sale*
Taipei (Taiwan) Eslite Dun Nan (Piquadro Taiwan)	*Point of sale*
Taipei (Taiwan) Xin Yin Shop (Piquadro Taiwan)	*Point of sale*
Hong Kong - Kowloon – I Square Shopping Mall (Piquadro Hong Kong Ltd)	*Point of sale*
Marcianise (CE) - c/o "Factory Outlet Centre" (Piquadro S.p.A.)	*Retail outlet*
Hong Kong - Sogo Causeway Bay (Piquadro Hong Kong Ltd)	*Point of sale*
Agira (EN) - Sicilia Fashion Outlet Centre (Piquadro S.p.A.)	*Retail outlet*
Rome - Fiumicino Airport Terminal 3 (Piquadro S.p.A.)	*Point of sale*
Rimini - Shopping Mall "Le Befane" (Piquadro S.p.A.)	*Point of sale*
Hong Kong – Elements Shopping Mall (Piquadro Hong Kong Ltd)	*Point of sale*
Hong Kong - Times Square Shopping Mall (Piquadro Hong Kong Ltd)	*Point of sale*
Milan – Corso Buenos Aires 10 (Piquadro S.p.A)	*Point of sale*
Hong Kong – Queen's Road Central 57 (Piquadro Hong Kong Ltd)	*Point of sale*
Roermond (The Netherlands) – Outlet Centre (Piquadro BV)	*Retail outlet*
Kaohsiung City (Taiwan) - Shopping Mall "Dream Mall" (Piquadro Taiwan)	*Point of sale*
Shanghai (China) – Jiu Guang Dept. Store (Piquadro Shenzhen)	*Point of sale*
Suzhou (Cina) – Jiu Guang Dept. Store (Piquadro Shenzhen)	*Point of sale*
Assago (MI) – Shopping Mall "Milanofiori" (Piquadro S.p.A)	*Point of sale*
Pescara – Via Trento 10 (Piquadro S.p.A)	*Point of sale*
Mantova – Shopping Mall "Fashion District" (Piquadro S.p.A)	*Retail outlet*
Taipei (Taiwan) - Sogo Zhongxiao Shop (Piquadro Taiwan)	*Point of sale*
Rozzano (MI) – Shopping Mall "Fiordaliso" (Piquadro S.p.A.)	*Point of sale*

Rome – Via Frattina 149 (Piquadro S.p.A.)	*Point of sale*
Mendrisio (Switzerland) – Fox Town Outlet Centre (Piquadro Swiss)	*Retail outlet*
Barcelona (Spain) – El Corte Ingles, Placa Catalunya 14 (Piquadro España)	*Point of sale*
Taipei (Taiwan) – Eslite Xin Ban Store (Piquadro Taiwan)	*Point of sale*
Verona – Piazza delle Erbe 10 (Piquadro S.p.A.)	*Point of sale*
Milan - Malpensa Airport Terminal 1 - Area Tulipano (Piquadro S.p.A.)	*Point of sale*
Paris (France) – Rue Saint Honorè	*Point of sale*

REPORT ON OPERATIONS
AS AT 31 MARCH 2013

Introduction

This Management Report (or the "Report") relates to the consolidated financial statements and annual accounts of Piquadro S.p.A. (hereinafter also referred to as the "Company" or the "Parent Company") and its Subsidiaries ("Piquadro Group" or the "Group") as at 31 March 2013, as prepared in accordance with IAS/IFRS ("International Accounting Standards" and "International Financial Reporting Standards") issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The Report must be read together with the Financial Statements and the related Notes, which make up the financial statements relating to the financial year 1 April 2012 – 31 March 2013 (the "FY 2012/2013").

The financial year under consideration is compared to the data for the 2011/2012 financial year (the "FY 2011/2012"), which includes the period from 1 April 2011 to 31 March 2012.

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

CORPORATE BODIES HOLDING OFFICE AT 31 MARCH 2013

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

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

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

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

LEAD INDEPENDENT DIRECTOR
Gianni Lorenzoni

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

Regular members
Pietro Michele Villa *Chairman*
Alessandro Galli
Vittorio Melchionda

Substitute members
Matteo Rossi
Giacomo Passaniti

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

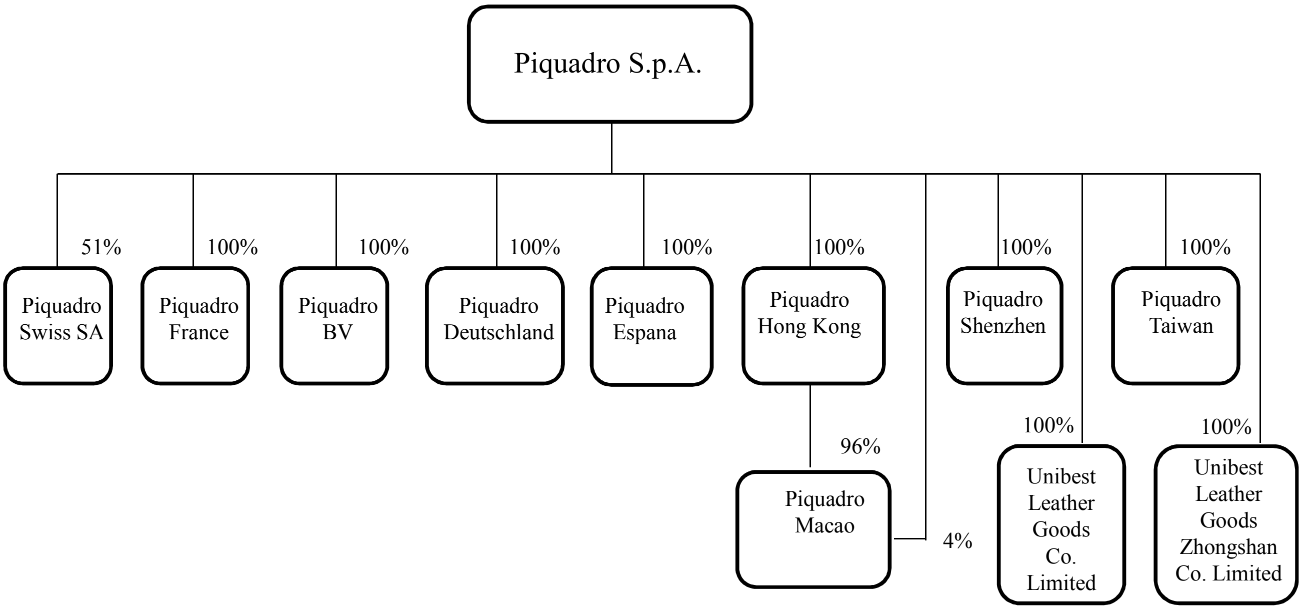
PricewaterhouseCoopers S.p.A.

MANAGER RESPONSIBLE FOR THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS
Roberto Trotta

SUPERVISORY BOARD
Mario Panzeri

THE GROUP STRUCTURE

The chart below shows the structure of the Piquadro Group as at 31 March 2013:



INFORMATION ON OPERATIONS

The Group's business

The Piquadro Group operates in the leather goods market and it designs, manufactures and markets goods under its own brand name; these goods are distinguished by a focus on design and on technical and functional innovation, which is then transferred to the manufacture of bags, suitcases and accessories.
The flexibility of the business model adopted by the Group allows it to maintain control over all of the critical phases of the production and distribution chain. Indeed, the Group carries out the design, planning, production, purchasing, quality, marketing, communication and distribution phases wholly within the confines of its organisation and it only resorts to outsourcing for a part of the production activities, although it also retains control over the quality and efficiency of the phases that are currently outsourced.
As of 31 March 2013, part of the small leather goods and of some lines of briefcases, which accounts for about 46% of the Group's turnover, were produced internally, through the Subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. at the plant located in Zhongshan in the region of Guangdong (People's Republic of China). Production activities that are partially carried out by companies outside the Group are outsourced to external workshops of proven competence, reliability and quality located in the areas of China, Hong Kong and Taiwan. This activity is carried out on the basis of prototypes that are engineered and supplied by the Group, whose own employees then carry out direct checks of the quality of the manufactured products.
Piquadro products are sold through a network of specialist stores that are able to enhance the prestige of the Piquadro brand. For this purpose, the Group makes use of a distribution network focused on two channels:

(i) a direct channel which, as at 31 March 2013, included 48 directly operated single-brand stores (the so-called "Directly Operated Stores" or "DOS");
(ii) an indirect channel (Wholesale), which is represented by multi-brand shops/department stores, single-brand shops run by third parties linked to the Group by franchise agreements (45 shops as at 31 March 2013) and by distributors who then resell the articles in specialist multi-brand shops.

In the financial year ended 31 March 2013, about 33.4% of the Group's consolidated revenues were achieved through the direct channel (27.2% as at 31 March 2012), while the remaining 66.6% of consolidated revenues was achieved through the indirect channel (72.8% in the financial year ended 31 March 2012).

Operations

In the financial year ended 31 March 2013 the Piquadro Group, within a macro-economic context which was still dominated by the uncertainty of the growth dynamics, recorded, at revenue level, lower performance compared to the 2011/2012 financial year.
In fact, the Piquadro Group reported net sales revenues equal to Euro 56,267 thousand compared to Euro 64,447 thousand recorded in the previous year (-12.7%). The decrease in revenues, which is commented on in detail below

in this Report, was mainly attributable to reduced sales to independent distributors in Italy, which accounted for 74% of the consolidated turnover.
Sales volumes, in terms of quantities sold during the financial year ended 31 March 2013, were equal to about 866 thousand units, down by about 17.0% comapred to the value posted in the financial year ended 31 March 2012 (about 1,044 thousand units sold). The product families of briefcases, women's bags and small leather goods also represent, in terms of volumes, more than 85% of the Group's consolidated sales. As regards average selling prices, the financial year ended 31 March 2013 reported an increase equal to about 6.1% compared to the previous year, mainly attributable to the growth in sales in the DOS channel over the total Group sales.

Sales revenues

In the financial year ended 31 March 2013, the Piquadro Group reported sales revenues equal to Euro 56,267 thousand, down by 12.7% compared to the financial year ended 31 March 2012. The decrease in revenues is mainly attributable to the negative performance recorded in the Wholesale channel of the Italian market, which recorded a reduction equal to 23.5%, also by reason of an important streamlining of independent distribution. Below are reported the breakdowns of revenues by distribution channel and geographical area.

Breakdown of revenues by distribution channel

The table below reports the breakdown of consolidated sales revenues by distribution channel, expressed in thousands of Euro for the financial year ended 31 March 2013 and compared to the financial year ended 31 March 2012:

Sales channel (In thousands of Euro)	**Sales revenues as at 31 March 2013**	**%**	**Sales revenues as at 31 March 2012**	**%**	**% change 2013/2012**
DOS	18,809	33.4%	17,506	27.2%	7.4%
Wholesale	37,458	66.6%	46,941	72.8%	(20.2%)
Total	**56,267**	**100.0%**	**64,447**	**100.0%**	**(12.7%)**

The revenues reported by the DOS channel increased by about 7.4% compared to the financial year ended 31 March 2012; this increase was determined both by the marginal increase in the quantities sold in the already existing shops in the previous year and by the contribution given by the opening of 12 new shops, 6 of which were opened in Italy (*Pescara - Via Trento 10*, in May 2012; *Mantova - Shopping Centre "Fashion District",* in June 2012; *Rome – Via Frattina 149,* in September 2012; *Rozzano, MI – Shopping Centre "Fiordaliso",* in September 2012; *Verona – Piazza delle Erbe 7,* in November 2012; *Varese –Malpensa Airport "Tulipano"*, in December 2012), 3 in Europe (*Mendrisio, Switzerland – Outlet Center "Fox Town"*, in October 2012; *Barcelona, Spain – El Corte Ingles*, in November 2012; *Paris, France – Rue Saint Honorè*, in February 2013) and 3 in Far East (*Kaohsiung City, Taiwan – Shopping Centre "Dream Mall"*, in April 2012; *Taipei, Taiwan – Sogo Zhongxiao*, in September 2012; *Taipei, Taiwan – Eslite Xin Ban* Store, in November 2012). These points of sale, which were opened by the Group in the course of the financial year, added to the already existing Company-owned 36 shops, 6 of which in Rome, 6 in Milan, 5 in Hong Kong, 3 in China, 2 in Taiwan, 2 in Barcelona and 2 in Bologna, in addition to 1 in Barberino del Mugello, Fidenza, Vicolungo, Valdichiana, Noventa di Piave, Marcianise, Agira, Rimini, Macau and Roermond, respectively. In the course of the 2012/13 tax year, 10 shops were closed, 1 of which in Italy, 2 in Europe and 7 in the geographical area that includes Hong Kong, Taiwan and China.
Assuming that the perimeter remained unchanged and then deducted the sales recorded by the shops which were not present in the previous financial year, the sales revenues reported by the DOS channel recorded an increase equal to about 5.3% (assuming an equal number of days of opening and constant rates of exchange, the Same Store Sales Growth – SSSG- reported an increase equal to about 3.9%).

The strategy planned by the Group is aimed at developing sales activities through the DOS shops in view of the capacity to maximise the prestige of the Piquadro brand, in addition allowing distribution to be controlled more directly and greater attention to be paid to satisfying the end consumer. Sales reported by the Wholesale channel, which represent 66.6% of the Group's total turnover, recorded a decrease equal to 20.2% compared to the financial year ended 31 March 2012 and were mainly affected by the reorganisation of independent distribution that took place particularly in the Italian market.

Breakdown of revenues by geographical area

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

(in thousands of Euro)	Sales revenues as at 31 March 2013	%	Sales revenues as at 31 March 2012	%	% change 2013/2012
Italy	41,726	74.2%	48,761	75.7%	(14.4%)
Europe	10,143	18.0%	10,250	15.9%	(1.0%)
Rest of the world	4,398	7.8%	5,436	8.4%	(19.1%)
Total	**56,267**	**100.0%**	**64,447**	**100.0%**	**(12.7%)**

As to the breakdown of turnover by geographical area, the Group's revenues for the FY 2012/2013 show that the Italian market still accounts for a very significant percentage of the Group's total turnover (74.2%), even if recording a decrease of 14.4% compared to the financial year ended 31 March 2012. In the FY 2012/2013, the Group opened, in the domestic market, 7 points of sale, including DOSs (6 points of sale) and franchise shops (1 point of sale).
Despite the negative performance of the Italian market, the SSSG data relating to the Italian shops was positive and equal to 2.5% (assuming an equal number of days of opening and constant rates of exchange, the Same Store Sales Growth – SSSG- data was equal to about 2.2%). The Group operates through the two DOS and Wholesale sales channels in 30 European Countries. Within the European market, the Group achieved a turnover equal to Euro 10,143 thousand, equal to 18.0% of consolidated sales, down by about 1%. In the non-European geographical area (named "Rest of the World"), where the Group sells in 21 Countries, turnover was equal to Euro 4,398 thousand, down by 19.1%.
To complete the analysis of turnover reported above, the Management believes that the main factors which had a significant impact on the Group's volume of sales revenues in the current financial year are linked to the following:

(i) decreased quantities sold, in particular in the Wholesale channel in Italy, totalling about 17.0% mainly as a result of the crisis in the Italian market;
(ii) increase in average prices, including the mix effect, equal to about 6.1% in the financial year ended 31 March 2013 compared to the financial year ended 31 March 2012;
(iii) opening of new points of sale, both in the DOS channel (12 shops opened in the financial year 31 March 2013) and the Wholesale channel (5 franchise points of sale opened in the financial year ended 31 March 2013);
(iv) closing down of 10 shops (of which 1 in Italy, 2 in Europe and 7 in the geographical area which includes Hong Kong, Taiwan and China), which accounted for about 10.2% compared to the turnover of the previous financial year.

Below is reported the list of the 17 single-brand shops (12 DOSs and 5 franchise shops) opened in the course of the financial year ended 31 March 2013:

Month of opening	Location	Channel
April 2012	Kaohsiung City (Taiwan) Shopping Mall "Dream Mall"	DOS
April 2012	Odessa (Ukraine), Shopping Mall "Srednefontanskiy"	Franchising(Wholesale)
April 2012	Indija (Serbia), Fashion Park- Outlet Center Indija	Franchising(Wholesale)
May 2012	Pescara – Via Trento 10	DOS
June 2012	Mantova - Shopping Mall "Fashion District"	DOS Outlet Store
August 2012	Madrid (Spain), Barajas Airport, Terminal 1	Franchising(Wholesale)
September 2012	Rome – Via Frattina	DOS
September 2012	Rozzano (MI) - Shopping Mall "Fiordaliso"	DOS
September 2012	Taipei (Taiwan) Sogo Zhongxiao Shop	DOS
October 2012	Mendrisio (Switzerland) – Fox Town Outlet Centre	DOS Outlet Store
November 2012	Bucharest (Romania), Baneasa Shopping City	Franchising(Wholesale)
November 2012	Erbusco (Brescia), Shopping Mall "Le Porte Franche"	Franchising(Wholesale)
November 2012	Barcelona (Spain) – El Corte Ingles, Placa Catalunya 14	DOS
November 2012	Taipei (Taiwan) – Eslite Xin Ban Store	DOS
November 2012	Verona – Piazza delle Erbe 10	DOS
December 2012	Milan –Malpensa Airport Tulipano Term. 1	DOS
February 2013	Paris – rue Saint Honoré	DOS

As indicated above, the Wholesale channel includes the shops run by the Group through franchise agreements; in the financial year ended 31 March 2013, this type of customers represented about 7.3% of the Group's turnover (9.2% in the financial year ended 31 March 2012), down by about 31.0%. The reasons for this decrease were mainly attributable to the situation of the Italian market, which was penalised both by the problems relating to the credit crunch, which particularly affected independent dealers, and, more in general, by recession trends in consumption.

The financial statements for the year ended 31 March 2013 saw a decrease in the performance of the Group's profitability compared to the same period in the previous year, with an operating result down by 55.3% compared to the FY 2011/2012 (from Euro 11,754 thousand – equal to 18.2% of total sales revenues - in the financial year ended 31 March 2012 to Euro 5,247 thousand - equal to 9.3% of total sales revenues - in the financial year ended 31 March 2013).

At pre-tax result level, the Group recorded a decrease of about 57.0%, passing from Euro 11,651 thousand at 31 March 2012 to Euro 5,011 thousand recorded in the financial year ended 31 March 2013.

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

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

In general, the decrease in the operating result took place particularly following the negative trends in some of the most important outlet markets of the Group (specifically Italy and Spain) above all at the level of Wholesale distribution, which was triggered by the financial crisis that affected independent distribution in some countries in a more significant manner.

Summary economic-financial data

Below are reported the Group's main economic-financial indicators as at 31 March 2013:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Revenues from sales	56,267	64,447
EBITDA (a)	7,950	14,203
EBIT (b)	5,247	11,754
Pre-tax result	5,011	11,651
Profit for the period	3,243	7,779
Net Financial Position (c)	(8,482)	(6,228)
Shareholders' equity	29,273	28,790
Amortisation and depreciation of fixed assets and write-downs of receivables	3,120	2,891
Financial absorption (Group net profit, amortisation and depreciation, write-downs)	6,362	10,670

a) *EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation, or Gross Operating Margin) is an economic indicator that is not defined by the International Accounting Standards. EBITDA is a unit of measurement utilised by the Management to monitor and assess the Group's operational performance. The Management believes that EBITDA is an important parameter for the measurement of the Group's performance, as it is not affected by the volatility due to the effects of the various criteria for the determination of taxable income, by the amount and characteristics of the capital employed, as well as by the amortisation and depreciation policies. EBITDA is defined as the Earnings for the period before depreciation of property, plant and equipment and amortisation of intangible assets, financial income and charges and the income taxes for the period.*
b) *Operating result (EBIT – Earnings Before Interest and Taxes) is the Earnings for the period before financial income and charges and income taxes.*
c) *The Net Financial Position ("NFP") utilised as a financial indicator of borrowing, is represented as the sum of the following positive and negative components of the Statement of Financial Position, as required by CONSOB notice no. 6064293 of 28 July 2006. Positive components: cash and cash equivalents, liquid*

securities under current assets, short-term financial receivables. Negative components: payables to banks, payables to other lenders, leasing and factoring companies.

EBITDA for the period came to Euro 7.9 million, against Euro 14.2 million recorded in the financial year ended 31 March 2012 and as at 31 March 2013 it represented 14.1% of consolidated revenues (22.0% in the financial year ended 31 March 2012).
In the financial year ended 31 March 2013, the Group used about Euro 2.5 million for marketing and communication activities (Euro 3.1 million as at 31 March 2012) in order to develop and promote the Piquadro brand.

Amortisation and depreciation were equal to Euro 2,206 thousand and related to the depreciation of the building where the Company operates for about Euro 196 thousand, the depreciation of plant and machinery for Euro 88 thousand, the depreciation of industrial and business equipment for Euro 1,324 thousand (including fittings for shops for about Euro 1,139 thousand), the depreciation of other assets for Euro 8 thousand, the amortisation of the key moneys paid out for Euro 307 thousand, the amortisation of software for 220 thousand, the amortization of patent rights for Euro 6 thousand and the amortization of trademarks for Euro 57 thousand.
Write-downs, equal to Euro 497 thousand, related to the write-down of furniture and fittings for the disposal of some shops in Europe and in the Far East area.

EBIT came to Euro 5.2 million, equal to 9.3% of net sales revenues, down by 55.3% compared to the value recorded in the financial year ended 31 March 2012 (18.2% in the financial year ended 31 March 2012).

The result from financial operations, which was negative for a value equal to Euro 236 thousand (negative and equal to Euro 103 thousand as at 31 March 2012), was attributable to the net financial debt dynamics, in addition to the differential between foreign exchange gains and losses (compared to a positive value of about Euro 313 thousand as at 31 March 2013).

The pre-tax result recorded by the Group in the financial year ended 31 March 2013 came to about Euro 5,011 thousand (down by about 57.0% against the value recorded in the financial year ended 31 March 2012), and was affected by income taxes, including the effects of deferred taxation, equal to Euro 1,768 thousand, for an overall tax rate amounting to 35.3% (33.2% for the financial year ended 31 March 2012).

The results obtained in the last financial year were positive, despite being adversely affected by the performance of the Italian economy, which was hit by the economic and financial crisis more than other economies. Nevertheless, the results supported the Management about the soundness of the process of development and attention to costs that were pursued. These results were achieved through increased efficiency in the design, manufacturing and distribution processes, as a result of constant and ever increasing research to optimise the flow of the entire process (from product development to distribution to the end consumer) and through the strengthening of the typical consumer's brand perception.

Profitability ratios

Below are reported the main profitability ratios relating to the FYs ended 31 March 2013 and as at 31 March 2012:

Profitability ratio	**Composition of the ratio**	**31 March 2013**	**31 March 2012**
Return on sales (R.O.S.)	EBIT/ Net sales revenues	9.3%	18.2%
Return on Investment (R.O.I.)	EBIT/ Net invested capital	13.9%	33.6%
Return on Equity (R.O.E.)	Profit for the period/Shareholders' equity	11.1%	27.0%

The change recorded in the ratios reported above is to be mainly attributed to decreased sales recorded in the Wholesale channel, in addition to the higher impact of sales in the DOS channel recorded in the financial year ended 31 March 2013, whose average margins were lower than those currently recorded in the Wholesale channel.

Investments

Investments in intangible assets, property, plant and equipment and financial fixed assets were equal to Euro 5,476 thousand in the financial year ended 31 March 2013 (Euro 3,187 thousand in the financial year ended 31 March 2012), as reported below:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Investments		
Intangible assets	3,019	1,196
Property, plant and equipment	2,457	1,991
Financial fixed assets	-	-
Total	**5,476**	**3,187**

Increases in intangible assets, equal to Euro 3,019 thousand in the financial year ended 31 March 2013 (Euro 1,196 thousand as at 31 March 2012) related for Euro 193 thousand to investments in software and IT products, for Euro 22 thousand to trademarks, for Euro 5 thousand to industrial patent rights, for Euro 2,752 thousand to key moneys mainly paid for the openings of the new shops in Paris – Rue Saint Honoré (Euro 2,291 thousand), Pescara (Euro 30 thousand), Rozzano –Fiordaliso Shopping Mall (for Euro 130 thousand), Verona – P.zza delle Erbe (Euro 275 thousand) and for Euro 47 thousand relating to intangible assets under development (relating to the advance for the key money paid for the opening of the new shop in Venice for Euro 44 thousand).

On the contrary, increases in property, plant and equipment, equal to Euro 2,457 thousand in the financial year ended 31 March 2013 (Euro 1,991 thousand as at 31 March 2012), were mainly attributable to the purchases of moulds relating to new products for Euro 91 thousand, to furniture and fittings for Euro 1,928 thousand and to sundry equipment purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro 2 thousand, to the purchase of electronic machines for Euro 222 thousand and to property, plant and equipment under construction (relating to furniture and fittings paid for the opening of new shops) for Euro 214 thousand.

Balance Sheet

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

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Trade receivables	21,517	23,113
Inventories	14,227	11,911
(Trade payables)	(15,030)	(13,856)
Total net current trade assets	20,714	21,168
Other current assets	870	1,437
Tax receivables	1,447	714
(Other current liabilities)	(2,695)	(3,024)
(Tax payables)	-	-
A) Working capital	***20,336***	***20,295***
Intangible assets	3,951	1,528
Property, plant and equipment	12,684	12,132
Receivables from others beyond 12 months	877	977
Deferred tax assets	1,424	1,461
B) Fixed assets	***18,936***	***16,098***
C) Non-current provisions and non-financial liabilities	***(1,517)***	***(1,375)***
Net invested capital (A+B+C)	**37,755**	**35,018**
FINANCED BY:		
D) Net financial debt	8,482	6,228
E) Equity attributable to minority interests	20	-
F) Equity attributable to the Group	29,253	28,790
Total financial payables and Shareholders' Equity (D+E+F)	**37,755**	**35,018**

Net financial position

Below is the statement showing the Net Financial Position of the Piquadro Group:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
(A)Cash	102	66
(B) Other cash and cash equivalents (available current bank accounts)	20,374	12,747

(C) Liquidity (A) + (B)	**20,476**	**12,813**
(D) Finance leases	(562)	(709)
(E) Current bank debt	(1,000)	(9,000)
(F) Current portion of non-current debt	(6,796)	(2,998)
(G) Current financial debt (D) + (E) + (F)	**(8,358)**	**(12,707)**
(H) Short-term net financial position (C) + (G)	**12,118**	**106**
(I) Non-current bank debt	(17,420)	(2,628)
(L) Finance leases	(3,180)	(3,706)
(M) Non-current financial debt (I) + (L)	**(20,600)**	**(6,334)**
(N) Net Financial Position (H) + (M)	**(8,482)**	**(6,228)**

As at 31 March 2013, the Net Financial Position posted a negative value of about Euro 8.5 million, showing a deterioration of about Euro 2.3 million compared to the debt of Euro 6.2 million recorded as at 31 March 2012.
The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- investments in property, plant and equipment and intangible assets for about Euro 5.5 million;
- dividends relating to the profit recorded for the FY 2011/2012 for Euro 3.0 million (with a payout equal to about 41.4% of the profit resulting from the annual accounts of the Parent Company);
- a decrease in the net current assets of about Euro 0.5 million, which was mostly due to the decrease in trade receivables, as a result of the declines in the business volume in the Wholesale channel.

Reconciliation of the Parent Company's Shareholders' Equity and result for the period and the corresponding consolidated values

Below is reported the statement of reconciliation of the Shareholders' Equity and the result for the period resulting from the financial statements of the Parent Company and the corresponding consolidated values as at 31 March 2013 attributable to the Group:

(in thousands of Euro)	**Result as at 31 March 2013**	**Equity as at 31 March 2013**	**Result as at 31 March 2012**	**Equity as at 31 March 2012**
Equity and result for the period as reported in the annual accounts of Piquadro S.p.A.	**3,182**	**29,578**	**7,254**	**29,273**
Derecognition of the book value of consolidated equity investments	27	328	87	244
Derecognition of the effects of transactions effected between consolidated companies:	-	-	-	-
Profits included in closing inventories	(43)	(785)	118	(742)
Other minor	38	(58)	(32)	(116)
Write-downs and impairment	59	190	352	131
Equity and result for the period attributable to the Group	**3,263**	**29,253**	**7,779**	**28,790**
Profits (Losses) and Equity attributable to minority interests	(20)	20	-	-
Equity and consolidated profit for the period	**3,243**	**29,273**	**7,779**	**28,790**

Human Resources

The products that the Group offers are conceived, manufactured and distributed according to the guidelines of an organisational model whose feature is that it monitors all the most critical phases of the chain, from conception and manufacturing to subsequent distribution. This entails great care with the correct management of human resources, which, while respecting the different local environments in which the Group operates, must necessarily lead to intense personal involvement, above all in what the Group considers the strategic phases for the success of the brand.
As at 31 March 2013 the Group had 693 members of staff compared to 765 units as at 31 March 2012. Below is reported the breakdown of staff by Country:

Country	31 March 2013	31 March 2012
Italy	200	179
China	422	504
Hong Kong	30	44
Macau	6	7
Germany	-	4
Spain	9	12
The Netherlands	3	5
UAE	-	-
Taiwan	16	10
France	2	-
Switzerland	5	-
Total	**693**	**765**

With reference to the Group's organisational structure, as at 31 March 2013 45.6% of staff operated in the production area, 25.4% in the retail area, 17.6% in the support functions (Administration, IT Systems, Purchasing, Human Resources, etc.), 8.1% in the Research and Development area and 3.3% in the sales area.

Corporate social responsibility

From about three years the Piquadro Group is committed to corporate social responsibility. Starting from 2010, the Parent Company started its first solidarity initiative in support of local areas, the "Happy Box" project implemented in cooperation with the Palmieri Family Foundation established by Marco Palmieri, Chairman of Piquadro, and by his wife Beatrice in order to give continuity to their philanthropic activity through the enhancement of diversities. As an acknowledgment of its value to local areas, the project obtained the Sponsorship of the Municipality of Bologna.

Health, safety and environment

For the Piquadro Group, safety and working environments are protected by complying with the regulations in force in the individual countries. In the course of the financial year ended 31 March 2013, the Parent Company took steps to establish, in order to monitor safety issues in a widespread and systematic manner, a system of relations and communication flows between the Prevention and Protection Service and the contact persons of the points of sales located all over the country. In view of the compliance with policies aimed at continuous improvement, the Parent Company Piquadro started, as early as from the end of 2012, a process aimed at establishing a workers' health and safety management system. The management system provides for the active involvement of the Parent Company's internal functions at various levels and with different procedures of operation, from the employer to executives, staff in charge, etc., and of external services, such as for example the Prevention and Protection Service and other forms of specialist consultancy. The synergistic integration of these resources contributed to increase collective sensibility, leading it to levels of excellence. To this end, it was certainly important to carry out activities aimed at workers' training and information, which took place between 2012 and 2013 and which were aimed, as per the legislation, at improving the working culture of individuals and of the entire working staff. In order to make this system actually applicable and efficient, in consideration of the company's complex and structured organisation spread all over the country, the first actions will be necessarily taken in the course of 2013, starting from the head office at which a procedure system is being implemented and tested. Furthermore, a plan of internal audits has been envisaged which will be aimed at identifying all possible residual areas for improvement and therefore the definition of additional contributions and prevention measures.

As regards the local corporate social responsibility, the Piquadro Group maintains high safety and environmental protection levels which are also found in the absence of events with a potential adverse impact on the Parent Company and the Group. It is confirmed that the Piquadro Group's activity has no impact on the environment and does not present characteristics such as to be capable of causing events with negative effects on the territory and the environment.

In relation to the issues relating to safety and management of personal data, the Group operates in full compliance with the regulations which are still in force.

RESEARCH AND DEVELOPMENT ACTIVITY

The Piquadro Group's Research and Development activity is carried out by the Parent Company in house through a dedicated team that currently consists of 11 persons mainly engaged in the product Research and Development department and the style office at the Head Office of the Company. Furthermore, the plants of the Chinese subsidiary employ a team of 34 people dedicated to prototyping and the implementation of new models according to the instructions defined by the central organisation. Products are conceived within the Group and occasionally in collaboration with outside industrial designers, taking account of the information regarding market trends supplied by the Group's internal departments (Product Management and sales departments). In this manner, the Group develops its collections trying to meet the needs of end customers that are not yet satisfied by the market. The internal unit dedicated to the design of products manages operating activities and also coordinates the external consultants of which the Group makes use. In some cases, in fact, the Group only uses external designers for the product design phase, while the development and implementation phase is in any case carried out in house.
In the financial year ended 31 March 2013, the Group's Research & Development activity was aimed at the completion of a new continuous *Signo* line of leather and fabric briefcases. The peculiarity of this line is a colourful leather detail that the end consumers can customize, free of charge, through the website and receive directly at their houses, choosing among a wide range of colours and characters. This project has certainly strengthened the online customization service that was implemented with the UNICA line in the previous financial year.
The intention of Piquadro to establish itself as a reference brand, not only in the premium market, was confirmed by the collaboration with the stylist Antonio Marras, which has led to a collection of articles inspired by travellers, singers, writers, painters, real icons of the last century. The collaboration, which started for the season fall/winter 2013/2014, will also continue in the subsequent financial year for the season spring/summer 2014. Within seasonal lines, the Research & Development activity led to the creation of thirteen new seasonal lines: these lines included two collections, Bellini and Vespucci, produced in Italy, which reconfirmed the intention of Piquadro to emphasise its Italian style (a process that started with the Sartoria line in the previous year) at a more accessible price than that of the previous collection Made in Italy.
Furthermore, the year also saw the expansion of both the range and the colours of other four lines for the season spring/summer 2013 and three lines for the season fall/winter 2013/2014. These lines were accompanied by three new collections of technology accessories/containers for the season spring/summer 2013, a new line of small POP leather goods for the season fall/winter and the new lines of accessories (belts and gloves) and the expansion of the range of diaries and stationery.
Furthermore, two multi-functional backpacks of the Coleos line were also introduced in the market for the season fall/winter 2012/2013 to emphasis the intention of Piquadro to establish itself as a brand of innovation, functionality and design. This collection was awarded the prestigious Wallpaper ® Design Awards 2013.

RELATIONS WITH RELATED PARTIES

The "Regulation bearing provisions governing transactions with related parties" was adopted by CONSOB resolution no. 17221 of 12 March 2010, as amended by CONSOB resolution no. 17389 of 23 June 2010. On 18 November 2010 the Board of Directors of Piquadro S.p.A. adopted the procedure concerning related parties which was also drawn up by taking account of the instructions subsequently provided by CONSOB for the application of the new regulations by DEM/10078683 notice of 24 September 2010.
The said procedure, which is published on the website of Piquadro (www.piquadro.com), has the purpose to determine the criteria to be complied with for the approval of the transactions with related parties to be effected by Piquadro or its subsidiaries, in order to ensure transparency, as well as the material and procedural correctness of the transactions themselves. The identification of transactions with related parties is made as required by the CONSOB regulation referred to.
As to relations with related parties, these are largely commented on in the consolidated financial statements and in the annual accounts and in the Notes to the Financial Statements.

PERFORMANCE OF PIQUADRO S.p.A.

In reporting the performance of the Group, the main events were already implicitly illustrated in relation to the Parent Company whose revenues, including relations with Group companies, represent about 95% of consolidated revenues.

Operations

The financial year ended 31 March 2013 saw a decrease in sales revenues of 12.6% compared to the financial year ended 31 March 2012. The performance of revenues, which is commented on in detail below in this Report, still mainly derives from the domestic market, where the Company holds a leadership position. As regards average selling prices, the financial year ended 31 March 2013 reported an increase equal to about 6.1%, including the mix effect. The increase specifically relates to the increase in the sales lists which the Company usually applies at the beginning of each calendar year (in January). In the financial year ended 31 March 2013, the increase in the average list prices was equal to about 3%.

Sales revenues

In the financial year ended 31 March 2013, the Company reported net sales revenues equal to Euro 53,188 thousand, down by 12.6% compared to the revenues reported in the financial year ended 31 March 2012. The performance of revenues is attributable to the negative performances recorded in the domestic market (about -14.6% for a decreasing counter-value of about Euro 7,113 thousand) mainly in the Wholesale channel; Europe substantially reported revenues in line with the previous financial year, while the Rest of the World recorded a decrease of about 19.0% (in absolute terms, equal to a decrease of Euro 508 thousand).

Breakdown of revenues by distribution channel

The table below reports the breakdown of sales revenues of Piquadro S.p.A. by distribution channel, expressed in thousands of Euro for the financial year ended 31 March 2013 and compared to the financial year ended 31 March 2012:

Sales channel (in thousands of Euro)	**Sales revenues as at 31 March 2013**	**%**	**Sales revenues as at 31 March 2012**	**%**	**% change 2013/2012**
DOS	15,793	29.7%	13,945	22.9%	13.3%
Wholesale	37,395	70.3%	46,902	77.1%	(20.3%)
Total	**53,188**	**100.0%**	**60,847**	**100%**	**(12.6%)**

The revenues reported by the DOS channel increased by 13.3% compared to the financial year ended 31 March 2013; this increase was also determined by the opening of 12 new shops, 6 of which in Italy (*Pescara - Via Trento 10*, in May 2012; *Mantova - Shopping Centre "Fashion District",* in June 2012; *Rome – Via Frattina 149,* in September 2012; *Rozzano, MI – Shopping Centre "Fiordaliso",* in September 2012; *Verona – Piazza delle Erbe 7,* in November 2012; *Varese –Malpensa Airport "Tulipano"*, in December 2012), 3 in Europe (*Mendrisio, Switzerland – Outlet Center "Fox Town"*, in October 2012; *Barcelona, Spain – El Corte Ingles*, in November 2012; *Paris, France – Rue Saint Honorè*, in February 2013) and 3 in Far East (*Kaohsiung City, Taiwan – Shopping Centre "Dream Mall"*, in April 2012; *Taipei, Taiwan – Sogo Zhongxiao*, in September 2012; *Taipei, Taiwan – Eslite Xin Ban* Store, in November 2012). These points of sale, which were opened by the Group in the course of the financial year, added to the already existing Company-owned 36 shops, 6 of which in Rome, 6 in Milan, 5 in Hong Kong, 3 in China, 2 in Taiwan, 2 in Barcelona and 2 in Bologna, in addition to 1 in Barberino del Mugello, Fidenza, Vicolungo, Valdichiana, Noventa di Piave, Marcianise, Agira, Rimini, Macau and Roermond. In the course of the 2012/13 tax year, 10 shops were closed, 1 of which in Italy, 2 in Europe and 7 in the geographical area that includes Hong Kong, Taiwan and China.
The strategy planned by the Company is aimed at developing sales activities through the DOS shops in view of the capacity to maximise the prestige of the Piquadro brand, in addition allowing distribution to be controlled more directly and greater attention to be paid to satisfying the end consumer. Sales reported by the Wholesale channel, which represent about 70.3% of the Company's total turnover, recorded a decrease of 20.3% compared to the

financial year ended 31 March 2012 and were mainly affected by the reorganisation of independent distribution, particularly in the Italian market.

Below are reported the breakdowns of revenues by geographical area.

	Sales revenues as at 31 March 2013	%	Sales revenues as at 31 March 2012	%	% change 2013/2012
Italy	41,712	78.4%	48,825	80.2%	(14.6%)
Europe	9,310	17.5%	9,348	15.4%	(0.4%)
Rest of the World	2,166	4.1%	2,674	4.4%	(19.0%)
Total	**53,188**	**100.0%**	**60,847**	**100.0%**	**(12.6%)**

The Company's revenues for the FY 2012/2013 show that the Italian market still accounts for a very significant percentage of the total turnover (78.4%). In the FY 2012/2013, the Company opened, in the domestic market, 7 points of sale, including DOSs (6 points of sale) and franchise shops (1 point of sale). Within the European market, the Company achieved a turnover equal to Euro 9,310 thousand, which remained substantially stable compared to the financial year ended 31 March 2012, which is equal to 17.5% in terms of percentage impact of the total turnover of the year 2012/2013. In the geographical area named "Rest of the World", where the Company sells in 21 Countries, the Company reported a decrease in the turnover of about 19.0%, also by reason of the closing of 7 shops in the area.

Summary economic-financial data

Below are reported the results of Piquadro S.p.A. as at 31 March 2013 compared to the same indicators as at 31 March 2012:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Revenues from sales	53,188	60,847
EBITDA	8,219	13,994
EBIT	6,225	12,043
After-tax result	3,182	7,254
Depreciation of property, plant and equipment, amortisation of intangible assets and write-downs	2,413	2,343
Cash Flow (net result before amortisation, depreciation and write-downs)	5,595	9,597

In the FY 2012/2013 the Company reported, as regards Gross Margin[1], a performance equal to 61.7% of the turnover, down by about 110 basis points compared to the FY 2011/2012 (a Gross Margin equal to 62.8%). In a difficult economic context and with tensions, both from a commercial and a production point of view, the slight reduction in the Gross Margin demonstrates the Company' ability to offset growth trends in manufacturing costs.

EBITDA for the period came to Euro 8.2 million against about Euro 14.0 million reported in the FY 2011/2012, accounting for 15.5% of the Company's revenues as at 31 March 2013 (22.9% in the financial year ended 31 March 2012).

In the FY 2012/2013, the Company used Euro 2.3 million for marketing and communication activities, in order to develop and promote the Piquadro brand (Euro 2.9 million in the FY 2011/2012).

Amortisation and depreciation were equal to Euro 1,711 thousand and mainly related to the depreciation of the building where the Company operates (Euro 196 thousand), the depreciation of plant and machinery for Euro 63 thousand, industrial and business equipment for Euro 989 thousand (including the depreciation of fittings for shops for Euro 903 thousand), the amortisation of the key moneys paid out for the opening of shops in Bologna, Milan, Rome, Pescara and Verona (Euro 180 thousand), the amortisation of software (Euro 220 thousand), the amortisation of trademarks (Euro 57 thousand) and the amortisation of patent rights (Euro 6 thousand).

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

EBIT came to around Euro 6.2 million, equal to about 11.7% of sales revenues, down by about 48.3% compared to the value recorded in the FY 2011/2012 (a percentage equal to 19.8%).

The result from financial operations, which was negative for a value equal to about Euro 330 thousand, was mainly attributable to the net financial debt dynamics, net of exchange differences. The differential between foreign exchange gains and losses was positive for a value equal to Euro 174 thousand (positive for a value of Euro 159 thousand as at 31 March 2012). Furthermore, the financial operations were affected by the write-downs of equity investments and by provisions for risks in Subsidiaries equal to Euro 987 thousand (Euro 802 thousand as at 31 March 2012).

The pre-tax result recorded by the Company in the financial year ended 31 March 2013 came to about Euro 4,907 thousand (compared to Euro 10,985 thousand as at 31 March 2012) and was affected by income taxes, including the effects of deferred taxation, equal to Euro 1,725 thousand for an overall tax rate amounting to 35.2% (34.0% for the financial year ended 31 March 2012).

The net result recorded by the Company in the financial year ended 31 March 2013 recorded a decrease of 56.2%, passing from Euro 7,254 thousand in the financial year ended 31 March 2012 to Euro 3,182 thousand in the financial year ended 31 March 2013.

Profitability ratios

Below are reported the main profitability ratios relating to the FYs ended 31 March 2013 and 31 March 2012:

Profitability ratio	**Composition of the ratio**	**31 March 2013**	**31 March 2012**
Return on sales (R.O.S.)	EBIT/ Net sales revenues	11.7%	19.8%
Return on Investment (R.O.I.)	EBIT/ Net invested capital	15.8%	32.3%
Return on Equity (R.O.E.)	Profit for the period/Shareholders' equity	10.8%	24.8%

The change recorded in the ratios reported above is to be mainly attributed to decreased sales recorded in the Wholesale channel, in addition to the higher impact of sales in the DOS channel recorded in the financial year ended 31 March 2013, whose average margins were lower than those currently recorded in the Wholesale channel.

Gross investments

Gross investments in fixed assets concerning the Company's operations were equal to Euro 6,113 thousand in the financial year ended 31 March 2013 (Euro 4,541 thousand in the financial year ended 31 March 2012).
Below is reported the breakdown by type:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Investments		
Intangible assets	727	1,195
Property, plant and equipment	1,338	1,662
Financial fixed assets	4,048	1,684
Total	**6,113**	**4,541**

Increases in intangible assets, equal to Euro 727 thousand in the financial year ended 31 March 2013 (Euro 1,195 thousand as at 31 March 2012) related to investments in software and IT products for Euro 193 thousand, trademarks for Euro 22 thousand, industrial patent rights for Euro 5 thousand, the key moneys mainly paid for the opening of the new shops located in Pescara (Euro 30 thousand), Milan – Fiordaliso Shopping Mall (Euro 130 thousand) and Verona – P.zza delle Erbe (Euro 275 thousand) for Euro 460 thousand, and to intangible assets under development (mainly relating to the advance paid on the key money paid for the opening of new shop in Venice – via Mercerie for Euro 44 thousand) for Euro 47 thousand.

Increases in property, plant and equipment, equal to Euro 1,338 thousand in the financial year ended 31 March 2013 (Euro 1,662 thousand as at 31 March 2012) were mainly attributable to furniture, fittings and sundry equipment purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro 945 thousand, the purchases of moulds relating to new products for Euro 9 thousand, the purchase of electronic office machines for Euro 146 thousand, workshop equipment and machinery for Euro 67 thousand and property, plant and equipment under construction (furniture and fittings purchased for the new opening of shops) for Euro 171 thousand.

The increases in financial fixed assets of Euro 4,048 thousand (Euro 1,684 thousand as at 31 March 2012) were broken down as follows:

- Euro 700 thousand related to the payment on account of capital in favour of the Subsidiary Piquadro España SLU paid up on 27 April 2012, to provide the necessary funds in order to develop the local market;
- Euro 806 thousand relating to the payment on account of capital in favour of the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. made on 30 May 2012 to cover losses;
- Euro 2,500 thousand related to the payment on account of capital in favour of the Subsidiary Piquadro France SARL established on 21 June 2012;
- Euro 42 thousand related to the payment on account of capital in favour of the Subsidiary Piquadro Swiss SA established on 7 September 2012.

Balance sheet

Below is reported the performance of the Company's equity structure as at 31 March 2013:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Trade receivables	27,739	29,148
Inventories	10,783	9,361
(Trade payables)	(15,463)	(14,315)
Total net current trade assets	*23,059*	*24,194*
Other current assets	756	1,139
Tax receivables	1,209	714
(Other current liabilities)	(2,124)	(2,262)
(Tax payables)	-	-
A) Working capital	***22,900***	***23,785***
Intangible assets	1,785	1,526
Property, plant and equipment	10,878	11,074
Financial fixed assets	4,999	1,793
Receivables from others beyond 12 months	256	176
Deferred tax assets	965	957
B) Fixed assets	***18,883***	***15,526***
C) Non-current provisions and non-financial liabilities	***(2,272)***	***(2,075)***
Net invested capital (A+B+C)	**39,511**	**37,236**
FINANCED BY:		
D) Net financial debt	*9,933*	*7,963*
E) Equity	*29,578*	*29,273*
Total financial payables and Shareholders' Equity (D+E)	**39,511**	**37,236**

Net Financial Position

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
(A) Cash	64	44
(B) Other cash and cash equivalents (available current bank accounts)	18,609	10,676
(C) Liquidity (A) + (B)	**18,673**	**10,720**
(D) Finance leases	(562)	(709)
(E) Current bank debt	(1,000)	(9,000)
(F) Current portion of non-current debt	(6,445)	(2,640)
(G) Current financial debt (D) + (E) + (F)	**(8,007)**	**(12,349)**
(H) Short-term Net Financial Position (C) + (G)	**10,666**	**(1,629)**
(I) Non-current bank debt	(17,420)	(2,628)
(L) Finance leases	(3,180)	(3,706)

(M) Non-current financial debt (I) + (L)	**(20,600)**	**(6,334)**
(N) Net Financial Position (H) + (N)	**(9,934)**	**(7,963)**

As at 31 March 2013, the Net Financial Position of Piquadro S.p.A. posted a negative value of Euro 9.9 million, showing a deterioration by Euro 1.9 million compared to the debt of about Euro 8.0 million as at 31 March 2012. The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- investments in property, plant and equipment, intangible assets and financial fixed assets for about Euro 6.1 million;
- dividends in relation to the FY 2011/2012 for Euro 3.0 million (with a payout equal to about 41.4% of the operating profit of the Company);
- decrease in the Net current assets of Euro 1.1 million, which was mostly due to the decrease in trade receivables following the decline in the business volume of the Wholesale channel.

Human Resources

The products that the Group offers are conceived, manufactured and distributed according to the guidelines of an organisational model whose feature is that it monitors all the most critical phases of the chain, from conception and manufacturing to subsequent distribution. This entails great care with the correct management of human resources, which, while respecting the different local environments in which the Group operates, must necessarily lead to intense personal involvement, above all in what the Group considers the strategic phases for the success of the brand.
As at 31 March 2013 the Group had 200 members of staff compared to 179 units as at 31 March 2012. Below is reported the breakdown of staff by Country:

Organisational Areas	31 March 2013	31 March 2012
Production Area/Supply Chain	21.5%	20.7%
R&D Area	6.5%	7.3%
Retail Area	50.5%	49.7%
Sales Area	13.0%	10.1%
Supporting Areas	8.5%	12.2%
Total	**100%**	**100%**

Health, safety and environment

The founding principles of the policy of Piquadro SpA rest on the protection of the workers' health and safety.
This element of attention goes beyond the mere regulatory compliance, but rather takes the form of a corporate feature that manifests itself in different stages of decision-making and planning of work activities and in the continuous monitoring of the conditions of possible risk. In order to monitor safety issues in a widespread and systematic manner, the Company took steps to establish a system of relations and communication flows between the Prevention and Protection Service and the contact persons of the points of sales located all over the country. In view of the compliance with policies aimed at continuous improvement, Piquadro started, as early as from the end of 2012, a process aimed at establishing a workers' health and safety management system. In order to make this system actually applicable and efficient, in consideration of the company's complex and structured organisation spread all over the country, the first actions will be necessarily taken in the course of 2013, starting from the head office at which a procedure system is being implemented and tested. Furthermore, a plan of internal audits has been envisaged which will be aimed at identifying all possible residual areas for improvement and therefore the definition of additional contributions and prevention measures.
The management system provides for the active involvement of the Company's internal functions at various levels and with different procedures of operation, from the employer to executives, staff in charge, etc., and of external services, such as for example the Prevention and Protection Service and other forms of specialist consultancy. The synergistic integration of these resources contributed to increase collective sensibility, leading it to levels of excellence. To this end, it was certainly important to carry out activities aimed at workers' training and information, which took place between 2012 and 2013 and which were aimed, as per the legislation, at improving the working culture of individuals and of the entire working staff.
The same attention paid to the workers' health and safety was also confirmed in relation to the environmental issues. It is confirmed that Piquadro's activity has no impact on the environment and does not present characteristics such as to be capable of causing events with negative effects on the territory and the environment.

In relation to the issues relating to the management of personal data, Piquadro ensures full compliance with the regulations in force and the implementation of the provisions reported in the security policy statement (*Documento Programmatico sulla Sicurezza*).

Relations with related parties

The "Regulation bearing provisions governing transactions with related parties", which was adopted by CONSOB resolution no. 17221 of 12 March 2010, as amended by CONSOB resolution no. 17389 of 23 June 2010, implemented article 2391-*bis* of the Italian Civil Code. On 18 November 2010 the Board of Directors of the Company adopted the procedure concerning related parties which was also drawn up by taking account of the instructions subsequently provided by CONSOB for the application of the new regulations by DEM/10078683 notice of 24 September 2010.
The said procedure, which is published on the website of Piquadro (www.piquadro.com), has the purpose to determine the criteria to be complied with for the approval of the transactions with related parties to be effected by Piquadro or its subsidiaries, in order to ensure transparency, as well as the material and procedural correctness of the transactions themselves. The identification of the transactions with related parties is made as required by the CONSOB regulation referred to.
In the financial year ended 31 March 2013, several intergroup transactions were effected, all of which were implemented within the ordinary course of business and at arm's length. Intergroup relations concerned both production activities (Piquadro S.p.A. directly controls companies which produce leather goods for the Group) and commercial activities (Piquadro S.p.A. directly and indirectly controls all foreign companies in the retail chain which manage Piquadro-branded shops). The companies in the Piquadro Group also maintain financial relations which were also established within the ordinary course of business and at arm's length.
As to relations with related parties, these are largely commented on in the annual accounts under Note 38 of the Notes to the Financial Statements.

SIGNIFICANT EVENTS AFTER THE YEAR-END

In addition to the information indicated above, no significant events were reported at Company or Group level from 1 April 2013 up to today's date.

OUTLOOK

The economic and financial growth dynamics of the Piquadro Group in the 2013/2014 period will be affected by the development of the relevant economic situation in the countries in which the Group mainly operates. In this context, the performance of the Italian economy, a market in which the Group, due to its leadership position, still achieves about 70% of its business volume, may prove to be a significant element in determining the Group's performance expectations. The expectations for the 2013/2014 financial year, in terms of both turnover and profitability, will be then also influenced by whether Wholesale clients, particular those in Italy, are able to restore normal conditions for accessing credit, which would allow them to carry out a more regular procurement activity, despite a plan, which has been scheduled in relation to the Italian market only for some time, to reduce customers of independent distribution. Nevertheless and in contrast with the abovementioned trends, the performance of sales in directly-operated stores, both as regards the 2012/2013 financial year and the results of the first two months of the 2013/2014 year, which recorded positive results both in Italy and abroad, provides comfort to management regarding the growth strategy, which hinges on the opening of DOS shops also with a view to improving and reorganising distribution. The Group is focusing on global growth of the brand and is consistently pursuing a strategy to increase the visibility and awareness of the Piquadro brand internationally. In this perspective the opening of the Paris shop, at rue Saint Honoré, which took place in February 2013, was an important step of the strategy of internationalisation of the brand. To this must be added the opening of shops in Venice – May 2013 – Florence and Turin, the last two openings having been all planned in summer 2013, where the concentration of the target consumers (travel and business) is higher and where the flow of Asian, Russian, Middle-Eastern and American tourists is constantly increasing; these areas should represent the greatest areas of expansion for the Group in the immediate future and, in any case, key places in order to increase visibility and awareness at global level for the Piquadro brand. The attention paid by the Group to the international growth obviously reflects on the organization, which has been redesigned in a more segmented manner, particularly as regards the sales structure dedicated to export markets.
Therefore, the forecasts for the 2013/2014 financial year will then depend particularly on the development of the economic situation in Italy and therefore on the solidity of the main relevant market of Piquadro, with specific regard to the Wholesale channel, as well as on the ability to rapidly gain positions in the relevant foreign markets, increasing the points of sales served, and to develop the brand in new markets in which the group has already started to operate. In this context, the Management will be engaged in constantly monitoring operating costs in

order to maintain gross profit margins higher than the averages in the sector that can allow greater commitments in Research and Development and, in particular, in marketing expenses, above all at international level, in order to further increase visibility of the trademark and its knowledge at world level.

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

OTHER INFORMATION

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

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

Liquidity risk

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

Credit risk

The credits of the Group, particularly in Italy, are rather fragmented as a result of sales being to a diverse clientele that is made up of leather goods retailers, stationery retailers and international distributors or, through the sales of the DOS channel, end consumers. Receivables outstanding at the end of the financial year were mainly trade receivables, as resulting from the explanatory notes to the statement of financial position to which reference is made.
Historically there have not been any significant or particularly problematic situations regarding the solvency of customers, insomuch as it is the Group's policy to sell to customers after assessing their credit rating and therefore remaining within prefixed credit limits and to periodically monitor the situation of expired loans.
Accordingly, the credit risk to which the Group is exposed is considered to be limited as a whole.

Foreign exchange risk

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

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

During the financial year ended 31 March 2013 the Parent Company carried out currency (USD) forward purchases in order to hedge expected payments of invoices of foreign subcontractors and of the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. If these derivative financial instruments have fulfilled all the conditions laid down for

the accounting treatment of hedging derivatives (hedge accounting), they are accounted for at fair value against an entry in the Statement of comprehensive income.
As at 31 March 2013, there were no open positions of currency forward purchases in USD.

Interest rate risk

Interest rate risk is the risk of an uncontrolled increase in charges arising from the payment of real floating interest rate on medium- to long-term loans raised by the Group.
The purpose of the interest risk management is to limit and stabilise payable flows due to interest paid on such loans.
Hedging activities were carried out on every occasion that it was considered useful with regard to the taking out of loans. The Group uses derivative financial instruments to hedge the exposure to interest rate risks. However, in cases in which the derivative financial instruments do not fulfil all the conditions laid down for the accounting treatment of hedging derivatives (hedge accounting), these have been accounted for at fair value against an entry in the Income Statement.
The forecast outflows, connected with the repayment of the liability, are determined by making reference to the provisions laid down in the loan agreement (amortisation schedule).
As at 31 March 2013 there were no open positions relating to interest rate hedges.

LEGISLATIVE DECREE NO. 231/2001

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

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

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

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

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

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

CORPORATE GOVERNANCE AND SELF-REGULATORY CODE

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

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

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

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

[(1)] At the end of the FY 2012/2013, the Chairman of the Board of Directors and CEO of Piquadro S.p.A., Marco Palmieri, owned a stake equal to 93.34% of the Share Capital of Piquadro Holding S.p.A., through Piqubo S.p.A., a company wholly owned by the latter. Piquadro Holding S.p.A., in turn, owns 68.37% of the Share Capital of Piquadro S.p.A..
[(2)] At the end of the FY 2012/2013, the Vice-Chairman of the Board of Directors of Piquadro S.p.A., Pierpaolo Palmieri, owned a stake equal to 6.66% of the Share Capital of Piquadro Holding S.p.A., which in turn, owns 68.37% of the Share Capital of Piquadro S.p.A..

INFORMATION REQUIRED BY ARTICLE 123-BIS OF THE TUF

Below is provided information on ownership structures as required by article 123-bis of the TUF (*Testo Unico della Finanza*, Consolidation Act on Finance)

Structure of the Share Capital

The amount of the subscribed and paid-up Share Capital is equal to Euro 1,000,000, divided into 50,000,000 ordinary shares, without any indication of their par value.

Categories of shares making up the Share Capital:

	NO. OF SHARES	% COMPARED TO THE SHARE CAPITAL	LISTED	RIGHTS AND OBLIGATIONS
Ordinary shares	50,000,000	100	STANDARD 1	The shares are registered and confer the right of voting at ordinary and extraordinary shareholders' Meetings, as well as the right to profit sharing.

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

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

Piquadro Holding S.p.A., in its turn, owns 68.37% of the share capital of Piquadro.

* * *

The 2008-2013 Plan

On 20 December 2007, the Board of the Company, in the implementation of the delegated powers granted to it by the extraordinary Shareholders' Meeting of 14 June 2007, approved the essential guidelines of a stock option plan named "2008-2013 Stock Option Plan of Piquadro S.p.A." (the "**2008-2013 Plan**").

By resolution of 31 January 2008, the Board approved: *(i)* the final regulation of the 2008-2013 Plan; and *(ii)* the list of beneficiaries of the 2008-2013 Plan and the number of options allocated to each of them.

Finally, on 28 February 2008, the Board, in the implementation of the delegated powers granted to it by the Shareholders' Meeting of 14 June 2007, resolved, *inter alia*: *(i)* an increase in the share capital of the Company, to be made against payment, in a divisible manner and also in more than one solution – excluding the right of option of the current shareholders, pursuant to article 2441, paragraph 5, of the Italian Civil Code – up to an overall maximum amount of Euro 50,000, through the issue of a maximum amount of 2,500,000 ordinary shares of no par value; 1,600,000 shares of them will serve the 2008-2013 Plan while the remaining 900,000 shares will serve one or more subsequent incentive plans to be resolved by the competent bodies by 1 March 2011; *(ii)* to establish that such ordinary shares may be subscribed, as regards the 1,600,000 shares serving the 2008-2013 Plan, within the time limits set out in the regulation of the 2008-2013 Plan, at an overall subscription price of Euro 2.20 per share, or, in the case of subsequent reallocation of all or part of the 1,600,000 options allocated in the implementation of the 2008-2013 Plan or in the case of new allocations of additional 900,000 shares, at a subscription price which will be determined by the Board, subject to the prior opinion of the Remuneration Committee, to an extent equal to the higher value of *(a)* Euro 2.20 per share and *(b)* the average of the official closing prices of the Company's shares recorded in the month prior to the date of reallocation (if any) or of each new allocation.

Within the framework of the New 2012-2017 Plan (as described below), the Company's Board of Directors, in the meeting held on 7 June 2012, resolved to submit a proposal to the Shareholders' Meeting, called on 24 July 2012, for the partial cancellation, for a nominal amount of Euro 44,000, of the capital increase of the Company resolved by the Board of Directors on 28 February 2008 to serve the 2008-2013 Plan described above.

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

On 24 July 2012 the Company's Shareholders' Meeting resolved to approve the partial cancellation and the consequent amendment to section 6 of the By-Laws and, as a result of this partial cancellation, the abovementioned capital increase of Euro 50,000 remained in place for a nominal amount of Euro 6,000, to be implemented through the issue of a maximum number of 300,000 ordinary shares serving said 2008-2013 Plan.

As at the date of the Report, the executive directors Marco Palmieri, Pierpaolo Palmieri, Marcello Piccioli and Roberto Trotta, which were initially the beneficiaries of the 2008-2013 Plan, had fully waived, on 5 June 2012, the options assigned to them within the framework of the 2008-2013 Plan.

Some employees and collaborators of Piquadro, which have been identified by the Board, having heard the opinion of the Remuneration Committee, are still the beneficiaries of the 2008-2013 Plan.

As at the date of this Report, no option assigned by virtue of the 2008-2013 Plan had accrued and, therefore, no option has been exercised.

The Information Document and the Regulation of the 2008-2013 Plan have been filed with the registered office of the Issuer and can be perused on the website www.piquadro.com in the section *Investor Relations*.

* * *

The New 2012-2017 Plan

On 7 June 2012, the Board, subject to the favourable opinion of the Remuneration Committee – with the objective of introducing incentives aimed at increasing the commitment by the key managers of the Piquadro Group for the attainment of the corporate purposes, also in consideration of the fact that none of the options assigned under the 2008-2013 Plan had accrued and that the 2008-2013 Plan, because of the difficult conditions of the capital market in the last years, had been and still is ineffective to attain the set targets - approved the guidelines of a new stock option plan for the 2012-2017 period, which was again intended for the "key managers" of the Company and of the

Group, to be selected from among executive directors, executives with strategic responsibilities, employees and collaborators of the Company and of its subsidiaries (the "**New 2012-2017 Plan**").

On 7 June 2012 the Board then resolved to submit the following proposal to the Shareholders' Meeting called on 24 July 2012: (i) in the ordinary session, to approve the guidelines of the New 2012-2017 Plan; and (ii) in an extraordinary session, to resolve the capital increase against payment to serve the New 2012-2017 Plan.

The Shareholders' Meeting of Piquadro, which was held on 24 July 2012, resolved (a) in the ordinary session, (i) to approve the New 2012-2017 Plan, as per the guidelines proposed by the Board, for the purposes of the allocation, free of charge, of a maximum number of 4,699,900 options for the subscription, against payment, of an equivalent number of ordinary shares of the Company in favour of persons to be selected by the Board from among Executive Directors, Executives with strategic responsibilities, employees and collaborators of Piquadro and of other companies owned by it; (ii) to grant the Board the power to approve: (x) the final text of the Regulation of the New 2012-2017 Plan; and (y) having heard the opinion of the Remuneration Committee, the list of the plan's beneficiaries and the number of options to be assigned by virtue of the same; and (b) in an extraordinary session, (i) to increase the Company's share capital, against payment, serving the New 2012-2017 Plan, up to an overall maximum value equal to Euro 93,998, with an issue of up to a maximum amount of 4,699,900 ordinary shares, of no par value, having the same features and enjoyment as the outstanding shares, excluding the right of option of the current shareholders, pursuant to article 2441, paragraph 5, of the Italian Civil Code, establishing that said ordinary shares may be subscribed, within the time limits set out in the related regulation, with an issue price – to be determined by the Board of Directors -, having heard the opinion of the Remuneration Committee, in accordance with article 2441, paragraph 6, of the Italian Civil Code – of not less than their accounting par value, equal to the higher of (x) Euro 1.53 per share and (y) the average of the official closing prices of the Company shares recorded on the stock exchange in the last 30 days before the grant date of the options, and also establishing that this capital increase may be also implemented in more than one instalment and is divisible and setting the ultimate deadline for the subscription at 31 December 2018; at the expiry date of this time limit, the capital shall be deemed to have been increased by an amount equal to the subscriptions made and (ii) to grant the Board the right to implement the capital increase.

Finally, on 26 September 2012, the Board, in the implementation of the powers delegated to it by the Shareholders' Meeting, resolved (i) to approve the final text of the Regulation of the New 2012-2017 Plan; (ii) to determine the subscription price of the ordinary shares of Piquadro, to be paid by the beneficiaries at the time of the subscription of the shares arising from the exercise of the options to the amount of Euro 1.53 per shares; (iii) to set the overall number of the rights of option to be assigned to the respective beneficiaries at 3,600,000; and (iv) to approve the list of persons involved in the New 2012-2017 Plan, specifying the number of rights of option assigned to each of them.

On 11 February 2013, the Board - in accordance with section 14.2 of the Regulation of the New 2012-2017 Plan, which provides that the regulation may be amended by a resolution of the Board itself – approved some amendments to the Regulation of the New 2012-2017 Plan, in order to better specify the vesting conditions of options. These amendments were also approved, again in accordance with the Regulation, with the consent of a number of beneficiaries that – at the time when the amendments were resolved – were the beneficiaries of a number of options higher than the majority of the options in place and were notified by Piquadro to all the beneficiaries.

The beneficiaries of the New 2012-2017 Plan, as at the date of the Report, were the following executive directors:

- Marco Palmieri
- Pierpaolo Palmieri
- Marcello Piccioli
- Roberto Trotta.

The beneficiaries of the New 2012-217 Plan also include some employees and collaborators of Piquadro identified by the Board, subject to the opinion of the Remuneration Committee.

For the details and reasons behind the New 2012-2017 Plan, reference is made to the Information Document prepared pursuant to article 114-*bis*, paragraph 1, of the TUF and of article 84-*bis* of the Issuers' Regulation and in accordance with the indications reported in the Table 7 of Annex 3A attached to the regulation itself, as approved by the Board on 7 June 2012 and as updated following the amendments adopted by the Board on 11 February 2013.

The Information Document and the Regulation of the New 2012-2017 Plan (as amended following the Board's meeting of 11 February 2013) have been filed at the registered office of the Issuer and may be perused on the website www.piquadro.com, in the section *Investor Relations*.

Restrictions on the transfer of securities

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

Significant stakes held in the Capital

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

SIGNIFICANT STAKES HELD IN THE CAPITAL			
Declarant	**Direct shareholders**	**% share on ordinary capital**	**% share on voting capital**
Palmieri Marco	Piquadro Holding S.p.A.	68.37%	68.37%
Fil Limited	Fil Limited	2.1%	2.1%
Mediobanca S.p.A.	Mediobanca S.p.A.	6.328%	6.328%
Cattolica Popolare S.c.a.r.l.	Cattolica Partecipazioni S.p.A	2.02%	2.02%

Securities which confer special rights

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

Employee share ownership: exercise of voting rights

There is no employee share ownership system.

Restrictions on voting rights

The By-Laws do not provide for any restrictions on voting rights.

Shareholders' agreements

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

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

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

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

With reference to the Application Criterion 6.C.1 of the code, it should be noted that, pursuant to section 17 of the By-Laws of Piquadro S.p.A., directors are appointed on the basis of lists. The lists of candidates as directors must be deposited with the registered office of the Parent Company at least 25 (twenty-five) days before the date set for the Shareholders' Meeting called to resolve the appointment of the members of the Board of Directors, and made available to the public at the registered office, on the website and according to other procedures envisaged by Consob by regulation at least 21 (twenty-one) days before the date of the Shareholders' Meeting.
Shareholders, who, either alone or together with others, hold an overall number of shares representing at least 2.5% of the Share Capital or the different share required by the provisions of law or regulations in force at the time of the appointment, are entitled to submit lists of candidates.

Directors are appointed as follows:
a) all members, except one, of the Board, as resolved from time to time by the Meeting, are taken from the list that has obtained the highest number of votes at the Meeting, based on the progressive order in which they appear in the list;

b) one member of the Board is taken from the list that has obtained the second highest number of votes at the Meeting (and which is not connected in any way, directly or indirectly, with the shareholders who have submitted and voted for the list with the highest number of votes) and is the first candidate, as indicated on the basis of the progressive order in which the candidates appear on such list, provided that the candidate meets the requirements prescribed by the current regulations for the respective office;
c) should the gender equality principle under article 147-ter, paragraph 1-ter, of the TUF be not ensured with the candidates elected according to the procedures specified above, the representatives of the most represented gender that have been the last candidates elected within the progressive order envisaged by the list that has reported the highest number of votes will be replaced, in a number sufficient to restore compliance with the aforesaid criterion and according to the progressive order of the same list, by the representatives of the less represented gender that have not been elected.

In the event of list votes being equal and the quotient still being equal, a new vote will be held by the whole Shareholders' Meeting and the candidate obtaining a simple majority of votes will be appointed. Should only one list be submitted, or rather be admitted to voting, the candidates on this list will be appointed as Directors according to the progressive order in which the candidates appear in the list itself, in the respective sections, provided that this list receives a relative majority of votes and the presence of the minimum number of independent directors is ensured which is required by the current legislative and regulatory provisions, as well as provided that the current regulations governing gender equality are complied with.
In the event that no lists are submitted or rather if it is not possible to appoint one or more directors using the method of list voting, the Meeting will resolve with the majorities required by law and so as to ensure the presence of the minimum number of independent directors required by the current legislative and regulatory provisions, as well as the compliance with the current regulations governing gender equality. The Directors are required to immediately notify the Chairman of the occurrence of one of the causes that entails the disqualification from the office. If this occurrence of cases concerns the Chairman, the notice itself must be given to the Vice-Chairman or, alternatively, to the Chairman of the Board of Statutory Auditors. If over the course of the financial year one or more Directors cease to hold office, then steps will be taken to replace them pursuant to article 2386 of the Italian Civil Code, as indicated below:
(i) the Board appoints replacements from among those belonging to the same list to which the outgoing Directors belonged and the Shareholders' Meeting resolves with the majorities required by law, complying with the same principle and taking care to ensure, in any case, that the Board is made up of the necessary number of members who meet the independence requirements prescribed by the legislative and regulatory provisions in force, as well as ensuring compliance with the current regulations governing gender equality;
(ii) if there are no candidates left on the aforementioned list who have not been previously appointed, the Board will take steps to appoint a replacement without complying with the provisions under point (a) in the same way as the Shareholders' Meeting, again with the majorities required by law, and taking care to ensure, in any case, that the Board is made up of the necessary number of members who meet the independence requirements prescribed by the legislative and regulatory provisions in force, as well as ensuring compliance with the current regulations governing gender equality.

Delegated powers to increase Share Capital and authorisations to purchase treasury shares

As described in detail in point "*Structure of the Share Capital"* above, on 14 June 2007 and on 24 July 2012, the extraordinary shareholders' Meeting of the Company delegated all powers to the Board of Directors to determine the form and features of one or more stock option Plans to be reserved for certain directors, executives, employees and collaborators of the Company and of other companies controlled by the latter, as well as to resolve, *inter alia*, the Capital increase serving the Plans.

The Shareholders' Meeting of Piquadro held on 24 July 2012 resolved to authorize a plan for the purchase of the Company's ordinary shares, in one or more instalments, up to the maximum number permitted by law, having regard to the own shares held directly and to those held by subsidiary companies. The authorization to purchase and dispose of own shares was granted up to the approval of the financial statements at 31 March 2013. As at the date of this report no purchase of own shares had been carried out on the part of the Company.
The plan to purchase shares pursues the following objectives:
(a) to support stabilisation of the stock performance and liquidity, and, in this framework, to acquire the Company's shares at prices lower than their actual value, based on the income prospects of the business, with the consequent enhancement of the Company;
(b) to establish an "inventory of securities" so that the Issuer may maintain and dispose of the shares for a possible use of the same as consideration in extraordinary operations, including in exchange of equity investments, with other parties within transactions of interest to the Company itself.

The purchase price of the shares will be identified from time to time, having regard to the methods selected toc arry out the transaction and in accordance with the regulatory, prescribed provisions or permitted market practices, within a minimum and maximum number that can be determined according to the following criteria:

(i) in any case, the minimum consideration for the purchase shall not be less, by 20%, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction;

(ii) in any case, the maximum consideration for the purchase shall not be higher, by 10%, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction.

Except for the implementation of the distribution plans, with or without payment, of options on shares or shares, which will take place at the prices set by the plans themselves, the consideration for any other sale of own shares, which will be set by the Board with the right of sub-delegating powers to one or more directors, may not be less, by 20% at least, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction. Purchases may take place according to methods other than those specified above pursuant to article 132, paragraph 3, of the TUF or other provisions applicable from time to time at the time of the transaction. The disposal of the shares may take place according to the most appropriate methods in the interests of the Company, and in any case in accordance with the applicable regulations and the permitted market practices.

Clauses of Change of control

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

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

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

The information referred to above is available on the website www.piquadro.com in the section *Investor Relations.*

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

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

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

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

I. as regards the requirement of obtaining from the Subsidiaries the By-Laws and the details of the composition and powers of the corporate bodies, Piquadro already has information and documents available on a continuing basis in relation to the composition of the corporate bodies of all its Subsidiaries, showing the corporate positions held;

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

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

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

The table below illustrates the segment data of the Piquadro Group as broken down by sales channel (DOS and Wholesale), in relation to the financial years ended 31 March 2013 and 31 March 2012. Economic segment data are monitored by the Company's Management until EBITDA:

(in thousands of Euro)	**31 March 2013**				**31 March 2012**				
	DOS	***Wholesale***	**Total for the Group**	**%Impact (*)**	***DOS***	***Wholesale***	**Total for the Group**	**% Impact (*)**	**% Change 2013-2012**
Sales revenues	**18,809**	**37,458**	**56,267**	**100%**	**17,506**	**46,941**	**64,447**	**100%**	**(12.7%)**
Other income	145	586	731	1.3%	104	609	713	1.1%	2.5%
Costs for purchases of raw materials	(2,384)	(7,431)	(9,815)	(17.4%)	(1,945)	(8,463)	(10,408)	(16.1%)	(5.7%)
Costs for services and leases and rentals	(9,868)	(16,118)	(25,986)	(46.2%)	(9,272)	(19,025)	(28,297)	(43.9%)	(8.2%)
Personnel costs	(5,803)	(6,727)	(12,530)	(22.3%)	(5,134)	(6,421)	(11,555)	(17.9%)	8.4%
Provisions and write-downs	-	(417)	(417)	(0.7%)	-	(441)	(441)	(0.7%)	(5.4%)
Other operating costs	(85)	(215)	(300)	(0.5%)	(106)	(150)	(256)	(0.4%)	17.2%
EBITDA	**814**	**7,136**	**7,950**	**14.1%**	**1,153**	**13,050**	**14,203**	**22.0%**	**(44.0%)**
Amortisation and depreciation and write-downs			(2,703)	(4.8%)	-	-	(2,449)	(3.8%)	10.4%
Operating result			**5,247**	**9.3%**	**-**	**-**	**11,754**	**18.2%**	**(55.4%)**
Financial income and charges			(236)	(0.4%)	-	-	(103)	(0.2%)	129.1%
Pre-tax result			**5,011**	**8.9%**	**-**	**-**	**11,651**	**18.1%**	**(57.0%)**
Income tax expenses			(1,768)	(3.1%)	-	-	(3,872)	(6.0%)	(54.3%)
Profit for the period			**3,243**	**5.8%**	**-**	**-**	**7,779**	**12.1%**	**(58.3%)**
Group net result			**3,243**	**5.8%**	**-**	**-**	**7,779**	**12.1%**	**(58.3%)**

(*)percentage impact compared to the total sales revenues

As a segment analysis of the balance sheet, below are reported the assets, liabilities and fixed assets broken down by sales channel in the financial years ended 31 March 2013 and 31 March 2012:

	31 March 2013				31 March 2012			
	Business Segment				Business Segment			
(in thousands of Euro)	**DOS**	**Wholesale**	**Unallocated**	**Total**	**DOS**	**Wholesale**	**Unallocated**	**Total**
Assets	10,534	42,824	24,115	77,473	5,550	44,174	16,362	66,086
Liabilities	5,536	17,252	25,412	48,200	4,175	18,166	14,955	37,296
Fixed assets	5,416	11,219	-	16,635	2,063	11,597	-	13,660

The assets allocated to the segments include property, plant and equipment, intangible assets, trade receivables, inventories, cash and other receivables other than tax receivables. Segment assets do not include loans receivable, tax or fiscal receivables, deferred tax liabilities and cash and cash equivalents.

The liabilities allocated to the segments include trade payables, Provisions for risks and charges, Provisions for personnel, payables to other lenders and other payables other than loans payable to credit institutions and tax and fiscal payables. Segment liabilities do not include loans payable to credit institutions, current accounts payable, tax or fiscal payables and deferred tax liabilities.

Sales revenues

Below is reported a breakdown of sales revenues by sales channel, geographical area and product family.

Breakdown of revenues by sales channel

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

Sales channel *(in thousands of Euro)*	**Net revenues as at 31 March 2013**	**% (*)**	**Net revenues as at 31 March 2012**	**% (*)**	**% change 2013/2012**
Wholesale	37,458	66.6%	46,941	72.8%	(20.2%)
DOS	18,809	33.4%	17,506	27.2%	7.4%
Total	**56,267**	**100.0%**	**64,447**	**100.0%**	**(12.7%)**

(*)Percentage impact compared to sales revenues.

Sales revenues achieved in the financial year ended 31 March 2013 reported a decrease of 12.7% compared to the financial year ended 31 March 2012, passing from Euro 64,447 thousand in the financial year ended 31 March 2012 to Euro 56,267 thousand in the financial year ended 31 March 2013.
The decrease in sales revenues mainly arises from the negative performance recorded in the Wholesale channel of the Italian market, which reported a reduction of 23.5%, also by reason of an important streamlining of independent distribution.
Below are reported the breakdowns of revenues by distribution channel:

<u>Wholesale</u>
Sales revenues achieved in the Wholesale channel in the financial year ended 31 March 2013 reported a decrease equal to 20.2%, passing from Euro 46,941 thousand in the financial year ended 31 March 2012 to Euro 37,458 thousand in the financial year ended 31 March 2013.
In terms of impact on the total sales revenues, the Wholesale channel shows a decrease in percentage terms of 6.2%, passing from an impact of 72.8% in the financial year ended 31 March 2012 to an impact of 66.6% in the financial year ended 31 March 2013.
The decrease in the turnover of the Wholesale channel, equal in absolute terms to Euro 9,483 thousand, was mainly due to the following combined factors:

(i) decrease in sales volumes, equal to about 22.1%;

(ii) decrease in sales in some main markets such as Italy (a decrease of about 23.5%), Spain (a decrese of about 27.7%), as a result of both the financial crisis, which has affected the independent distribution in a more significant manner, and of weaker consumption dynamics.

In the financial year ended 31 March 2013, the Group opened 5 new franchise shops (as at 31 March 2013, the franchise shops opened were 45), as described below:

Month of opening	Location	Channel
April 2012	Odessa (Ukraine), Shopping Mall "Srednefontanskiy"	Franchising(Wholesale)
April 2012	Indija (Serbia), Fashion Park- Outlet Center Indija	Franchising(Wholesale)
August 2012	Madrid (Spain), Barajas Airport, Terminal 1	Franchising(Wholesale)
November 2012	Bucharest (Romania), Baneasa Shopping City	Franchising(Wholesale)
November 2012	Erbusco (Brescia), Shopping Mall "Le Porte Franche"	Franchising(Wholesale)

In the financial year ended 31 March 2013 the Group took steps to close 6 franchise shops (of which 2 in Italy, 2 in Europe and 2 in the Rest of the World).

DOS

Sales revenues achieved in the DOS Channel in the financial year ended 31 March 2013 reported an increase of 7.4%, passing from Euro 17,506 thousand in the financial year ended 31 March 2012 to Euro 18,809 thousand in the financial year ended 31 March 2013.
In terms of impact on the total sales revenues, the DOS channel shows an increase of 620 basis point, basis points, passing from an impact of 27.2% in the financial year ended 31 March 2012 to an impact of 33.4% in the financial year ended 31 March 2013. The increase, which is equal to Euro 1,303 thousand in absolute terms, is also due to the following factors:

(i) increase in the quantities sold, equal to about 7.7%;
(ii) increase in the price list equal to about 3%;
(iii) SSSG, which recorded an increase, in the tax year ended 31 March 2013, equal to 5.3% (assuming an equal number of days of opening and constant rates of exchange, the Same Store Sales Growth – SSSG- reported an increase equal to about 3.9%);
(iv) the opening by the Group of 12 new DOS shops (as detailed below), which entailed an increased turnover equal to Euro 1,938 thousand (corresponding to a growth of about 11.1% in the total turnover);
(v) chiusura di n. 10 n
(vi) 10 shops were closed (1 of which in Italy, 2 in Europe and 7 in the geographical area that includes Hong Kong, Taiwan and China), which accounted for about Euro 1,780 thousand, equal to about 10.2% of the turnover of the previous year.

Month of opening	Location	Channel
April 2012	Kaohsiung City (Taiwan) Shopping Mall "Dream Mall"	DOS
May 2012	Pescara – Via Trento 10	DOS
June 2012	Mantova - Shopping Mall "Fashion District"	DOS Outlet Store
September 2012	Rome – Via Frattina	DOS
September 2012	Rozzano (MI) - Shopping Mall "Fiordaliso"	DOS
September 2012	Taipei (Taiwan) Sogo Zhongxiao Shop	DOS
October 2012	Mendrisio (Switzerland) – Fox Town Outlet Centre	DOS Outlet Store
November 2012	Barcelona (Spain) – El Corte Ingles, Placa Catalunya 14	DOS
November 2012	Taipei (Taiwan) – Eslite Xin Ban Store	DOS
November 2012	Verona – Piazza delle Erbe 10	DOS
December 2012	Milan –Malpensa Airport Tulipano Term. 1	DOS
February 2013	Paris – rue Saint Honoré	DOS

In general, it should be noted that in the DOS channel one of the significant factors for achieving high volumes of sales is the position of the outlets. Indeed, the Group tries to open its points of sale in the main streets (business and/or shopping ways) of each city in which it operates; such strategy has had a positive effect in terms of increase in sales revenues. Placing stores in strategic areas involves higher initial costs in some cases (with the payment, in some cases, of key money, especially in Europe) and subsequently higher rental charges compared to less central locations; however, these costs are subsequently recovered thanks to the higher sales volumes that the strategic

position allows to achieve. During the FY 2012/2013 the Group paid out key moneys totalling Euro 2,752 thousand relating to the shops located in Paris – Rue Saint Honoré (Euro 2,291 thousand), Pescara (Euro 30 thousand), Rozzano –Fiordaliso Shopping Mall (Euro 130 thousand), Verona – P.zza delle Erbe (Euro 275 thousand) and Euro 47 thousand relating to the inatngible assets under development (relating to the advance paid for the key money paid for the opening of the shop in Venice for Euro 44 thousand).
The opening of the DOSs in outlets allows the Group to dispose of those product stock which, for a variety of reasons (change in colour fashions, end of range etc.), could be difficult to sell at the full selling price, in this way solving the problems linked to possible obsolescence of inventories of finished products.
On the basis of the data processed by the Company in relation to the turnover per individual shop, the perimeter remaining unchanged (Same Store Sales Growth analysis, "SSSG", or considering the same DOS points of sale existing as at both 1 April 2012 and 31 March 2013), the trend in the turnover of the DOS channel showed an increase of about 5.3% (assuming an equal number of days of opening and constant rates of exchange, the Same Store Sales Growth – SSSG- reported an increase equal to about 3.9%).
The growth determined by the opening of new points of sale affects total sales revenues in the DOS Channel by about 1.5%.
For a better understanding of the DOS channel, below are reported the 48 shops which were opened as at 31 March 2013, together with the month of the start of operations:

Month of opening	**Location**	**Channel**
November 2000	Milan, Via della Spiga n. 33	DOS
November 2002	Milan, Linate Airport	DOS
December 2003	Rome, Galleria Alberto Sordi	DOS
July 2004	Milan, Malpensa Airport	DOS
September 2004	Barcelona, Paseo dee Gracia n. 11	DOS
November 2004	Bologna, Piazza Maggiore n. 4/B	DOS
March 2006	Barberino del Mugello presso l' "Outlet Centre"	DOS (Outlet)
March 2007	Comune di Fidenza presso il "Fidenza Village"	DOS (Outlet)
May 2007	Rome, Centro Commerciale Cinecittà n. 2, Via Vittoria Colonna n.39	DOS
July 2007	Rome Galleria Nuova Commerciale di "Porta di Roma"	DOS
August 2007	Macau, The Venetian Macao - Resort-Hotel Casino	DOS
April 2008	Novara, "Vicolungo Outlet"	DOS (Outlet)
June 2008	Rome, Centro Commerciale "EUROMA2", Via C. Colombo	DOS
August 2008	Foiano della Chiana (Arezzo), "Valdichiana Outlet Village"	DOS (Outlet)
September 2008	Noventa di Piave (VE), "Veneto Designer Outlet"	DOS (Outlet)
December 2008	Milan, Via Dante 9	DOS
December 2008	Rome, Fiumicino Airport	DOS
December 2008	Monaco di Baviera (Germania), "Ingolstadt Village"	DOS (Outlet)
December 2008	Barcelona (Spain), "La Roca Village"	DOS (Outlet)
March 2009	Bologna, "G. Marconi" Airport	DOS
April 2009	Taiwan – Taipei Eslite Dun Nan	DOS
May 2009	Shanghai (China) – Shanghai International Golden Eagle Square	DOS
May 2009	Hong Kong – Time Square	DOS
October 2009	Taiwan – Taipei Xin Yin Shop	DOS
January 2010	Hong Kong – Kowloon – Isquare	DOS
February 2010	Marcianise (CE) – c/o "Outlet Centre"	DOS (Outlet)
September 2010	Hong Kong - Sogo Causeway Bay	DOS
December 2010	Agira c/o "Sicilia Fashion Outlet"	DOS (Outlet)
December 2010	Rome Fiumicino Airport Terminal 2	DOS
February 2011	Rimini, "Le Befane"	DOS
June 2011	Hong Kong - Elements	DOS
September 2011	Milan – Corso Buenos Aires 10	DOS
September 2011	Hong Kong – Queen's Road Central 57	DOS
September 2011	Shanghai (China) – Jiu Guang Dept. Store	DOS
September 2011	Suzhou (China) – Jiu Guang Dept. Store	DOS
December 2011	Assago (MI) – Shopping Centre "Milanofiori"	DOS
December 2011	Roermond (The Netherlands) – Outlet Centre	DOS Outlet Store
April 2012	Kaohsiung City (Taiwan) Shopping Mall "Dream Mall"	DOS

May 2012	Pescara – Via Trento 10	DOS
June 2012	Mantova - Shopping Mall “Fashion District”	DOS Outlet Store
September 2012	Rome – Via Frattina	DOS
September 2012	Rozzano (MI) - Shopping Mall “Fiordaliso”	DOS
September 2012	Taipei (Taiwan) Sogo Zhongxiao Shop	DOS
October 2012	Mendrisio (Switzerland) – Fox Town Outlet Centre	DOS Outlet Store
November 2012	Barcelona (Spain) – El Corte Ingles, Placa Catalunya 14	DOS
November 2012	Taipei (Taiwan) – Eslite Xin Ban Store	DOS
November 2012	Verona – Piazza delle Erbe 10	DOS
December 2012	Milan –Malpensa Airport Tulipano Term. 1	DOS
February 2013	Paris – rue Saint Honoré	DOS

Breakdown of revenues by geographical area

The geographical areas in which the Piquadro Group operates, as defined by the Management as a secondary segment of segment reporting, have been defined as Italy, Europe and Rest of the World.
The table below reports the Group’s sales revenues broken down by geographical area, for the financial years ended 31 March 2013 and 31 March 2012:

	Sales revenues as at 31 March 2013	**%(*)**	**Sales revenues as at 31 March 2012**	**%(*)**	**% change 2013/2012**
Italy	41,726	74.2%	48,761	75.7%	(14.4%)
Europe	10,143	18.0%	10,250	15.9%	(1.0%)
Rest of the World	4,398	7.8%	5,436	8.4%	(19.1%)
Total	**56,267**	**100.0%**	**64,447**	**100.0%**	**(12.7%)**

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

Italy

Sales revenues achieved in Italy in the financial year ended 31 March 2013 reported a decrease of 14.4%% compared to the financial year ended 31 March 2012, passing from Euro 48,761 thousand to Euro 41,726 thousand; the Italian market accounts for 74.2% of the Group’s total turnover in the financial year ended 31 March 2013 (75.7% of the total turnover in the financial year ended 31 March 2012).
Assuming that the perimeter remained unchanged in the DOS channel in Italy, the financial year ended 31 March 2013 reported an increase of 15.6% compared to the financial year ended 31 March 2012.
In relation to the growth for new openings of DOS shops, note that the impact of the turnover of the new points of sale opened in the DOS channel in Italy is equal to about 2.2% of the Group’s consolidated turnover in the financial year ended 31 March 2013.
The sales in the Wholesale Channel in Italy decreased by 23.5% compared to 31 March 2012, mainly due to the unfavourable economic trend that has significantly affected the Italian independent distribution which is mainly made up of multi-brands shops.

Europe

Sales revenues achieved in Europe, in the financial year ended 31 March 2013, reported a decrease of 1.0% compared to the financial year ended 31 March 2012, passing from Euro 10,250 thousand to Euro 10,143 thousand; as a whole, the European market accounts for 18.0% of the total turnover in the financial year ended 31 March 2013 (up compared to the impact of 2.1% on the consolidated sales reported in the financial year ended 31 March 2012).
The first three most significant European countries in terms of impact of the Group’s total turnover are Russia, Spain and Germany, which overall account for about 11.5% of the Group’s turnover and about 64% of the turnover relating to the geographical area Europe.
The Group operates through the two sales DOS and Wholesale channels in 30 European countries. In the financial year ended 31 March 2013 the Group reported in Countries such as Spain and France a decrease in the sales equal to about 30% compared to the previous financial year. Both germany and Russia – the latter has always represented a strategic point of development of the Group also thanks to its ten franchise points of sale through the most significant customer in the Wholesale channel – recorded positive performance equal to a growth of 8% and 12% comapred to the same period in the previous year. The contribution from the DOS sales in Europe is still not much

significant by reason of the presence as at 31 March 2013 of only 6 direct points of sale in Paris (1 point of sale), Barcelona (3 point of sales - Spain), Roermond (the Netherlands) and Mendrisio (Switzerland).
The impact of the sales in the European market on the total sales of the Group increased by 210 basis points (from 15.9% to 18%), despite reporting a decrease of 1%, even if limited, and equal to Euro 107 thousand in absolute terms compared to the financial year ended 31 March 2012.
Sales revenues achieved in the Rest of the World (a geographical area which for Piquadro mainly represents the Countries in the Far East) reported, in the financial year ended 31 March 2013 a decrease of 19.1% compared to the financial year ended 31 March 2012, passing from Euro 5,436 thousand to Euro 4,398 thousand in the financial year ended 31 March 2013. The market of the Rest of the World accounts for 7.8% of the total turnover in the financial year ended 31 March 2013 (8.4% in the financial year ended 31 March 2012).

Other income

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

(in thousands of Euro)	**31 March 2013**				**31 March 2012**				
	DOS	**Wholesale**	**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**% change 2013/2012**
Charge-backs of transportation costs and collection	-	170	170	0.3%	-	212	212	0.3%	(19.8%)
Insurance and legal refunds	-	-	-	-	-	5	5	0.01%	(100%)
Sales revenues from corners	-	113	113	0.2%	-	127	127	0.2%	(11.0%)
Other sundry income	145	303	448	0.8%	104	265	369	0.6%	21.4%
Total Other income	**145**	**586**	**731**	**1.3%**	**104**	**609**	**713**	**1.1%**	**2.5%**

(*)Percentage impact compared to sales revenues.

In the financial year ended 31 March 2013 other income increased of 2.5%, passing from Euro 713 thousand in the financial year ended 31 March 2012 to Euro 731 thousand in the financial year ended 31 March 2013.

Consumption of materials

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

(in thousands of Euro)	**31 March 2013**				**31 March 2012**				
	DOS	**Wholesale**	**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**% change 2013/2012**
Costs for consumption of	2,384	7,431	9,815	17.4%	1,945	8,463	10,408	16.1%	

materials									(5.7%)
Total Costs for consumption of materials	**2,384**	**7,431**	**9,815**	**17.4%**	**1,945**	**8,463**	**10,408**	**16.1%**	**(5.7%)**

(*)Percentage impact compared to sales revenues.

In the financial year ended 31 March 2013, costs for consumption of materials reported a decrease equal to 5.7%, passing from Euro 10,408 thousand in the financial year ended 31 March 2012 to Euro 9,815 thousand in the financial year ended 31 March 2013.
According to the analyses carried out by the Parent Company as to the performance of the purchase costs of raw materials (mainly leather, accessories, fabrics), procurement costs incurred in the financial year ended 31 March 2013 increased by about 22% compared to the costs incurred in the financial year ended 31 March 2012. The cost of both leather and other materials did not undergo changes such as to affect the impact of the costs for consumption on the total cost of sales. Furthermore, costs of raw materials incurred by the production Company Uni Best Leather Goods Zhongshan Co. Ltd. enjoyed a worsened exchange rate Euro/USD and Euro/Renminbi on average compared to the financial year ended 31 March 2012.

DOS channel

According to the breakdown by sales channel, the DOS Channel passed from Euro 1,945 thousand in the financial year ended 31 March 2012 to Euro 2,384 thousand in the financial year ended 31 March 2013; the increase, equal to Euro 439 thousand (+22.6%) reflects the trends in procurement costs and is attributable to the higher number of shops and to the increase in sales volumes recorded in the channel compared to the financial year ended 31 March 2012.

Wholesale channel

According to the breakdown by sales channel, the Wholesale channel passed from Euro 8,463 thousand in the financial year ended 31 March 2012 to Euro 7,431 thousand in the financial year ended 31 March 2013; the decrease equal to Euro 1,032 thousand (down by 12.2%) is mainly attributable to lower sales volumes recorded in the wholesale channel compared to the financial year ended 31 March 2012.

Costs for services and leases and rentals

The table below reports the Group’s costs for services and leases and rentals broken down by sales channel for the financial years ended 31 March 2013 and 31 March 2012:

(in thousands of Euro)	**31 March 2013**				**31 March 2012**				
	DOS	**Wholesale**	**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**% change 2013/2012**
Cost for leases and rentals	5,358	626	5,984	10.6%	4,788	449	5,237	8.1%	14.3%
External Production	1,647	5,386	7,033	12.5%	1,286	7,429	8,715	13.5%	(19.3%)
Advertising and Marketing	320	2,224	2,544	4.5%	269	2,856	3,125	4.8%	(18.6%)
Administration	503	1,072	1,575	2.8%	663	981	1,644	2.6%	(4.2%)

Commercial Services	34	2,511	2,545	4.5%	31	3,216	3,247	5.0%	(21.6%)
Production services	1,344	1,545	2,889	5.1%	1,739	1,037	2,776	4.3%	4.1%
Transport services	663	2,753	3,416	6.1%	495	3,057	3,552	5.5%	(3.8%)
Costs for services and leases and rentals	**9,869**	**16,117**	**25,986**	**46.2%**	**9,271**	**19,025**	**28,296**	**43.9%**	**(8.2%)**

(*)Percentage impact compared to sales revenues.

As at 31 March 2013 costs for services and leases and rentals decreased by 8.2% compared to the previous financial year, and the percentage impact on sales revenues increased passing from 43.9% in the financial year ended 31 March 2012 to 46.2% in the financial year ended 31 March 2013.

Breakdown by sales channel

DOS

Costs in the DOS channel reported an increase of 6.5%, passing from Euro 9,271 thousand in the financial year ended 31 March 2012 to Euro 9,869 thousand in the financial year ended 31 March 2013. The main increase in costs refers to costs for leases and rentals which reported an increase equal to 11.9% in the financial year ended 31 March 2013. This increase was mainly due to the opening of 12 Company-owned shops in the course of the financial year ended 31 March 2013 for which, as at 31 March 2013, the Company owned 48 shops. It should be noted that, in the course of the financial year, the Group also took steps to close 10 shops, thus partially offsetting the increasing effects specified above.

Wholesale

Costs for services and leases and rentals in the Wholesale channel reported a decrease of 15.3%, passing from Euro 19,025 thousand in the financial year ended 31 March 2012 to Euro 16,117 thousand in the financial year ended 31 March 2013. The reason for this change was mainly attributable to the lower sales volumes that were recorded in the Wholesale channel and that are closely correlated to the categories such as business services, external manufacturing, transport and production services.

Personnel costs

The table below reports the Group's personnel costs broken down by sales channel for the financial years ended 31 March 2013 and 31 March 2012:

(in thousands of Euro)	**31 March 2013**				**31 March 2012**				
	DOS	**Wholesale**	**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**% Change 2013-2012**
Wages and salaries	4,837	5,608	10,445	18.6%	4,331	5,418	9,749	15.1%	7.1%
Social security contributions	785	911	1,696	3.0%	635	794	1,429	2.2%	18.7%
TFR	180	209	389	0.7%	167	210	377	0.6%	

									3.2%
Total personnel costs	**5,802**	**6,728**	**12,530**	**22.3%**	**5,133**	**6,422**	**11,555**	**17.9%**	**8.4%**

(*)Percentage impact compared to sales revenues.

The table below reports the number of staff employed by the Group as at 31 March 2013 and 31 March 2012:

	31 March 2013	**31 March 2012**
Executives	8	8
Office workers	273	279
Manual workers	412	478
Total for the Group	**693**	**765**

In the financial year ended 31 March 2013, personnel costs reported an increase of 8.4%, passing from Euro 11,555 thousand in the financial year ended 31 March 2012 to Euro 12,530 thousand in the financial year ended 31 March 2013. The increase in personnel costs is mainly due to the increase in staff employed by the Parent Company, mainly for the opneing of new points of sales, to the increase in the labour cost of the Chinese subsidiary Unibest Zhongshan, also by reason of an average exchange rate EUR/RMB decreased by about 10%, in addition to the related increase of the effects of the stock option plan referred to in the resolution passed by the Board of Directors of 26 September 2012.

Breakdown by sales channel

DOS channel

According to the breakdown by sales channel, the DOS channel reported an increase in personnel costs of 13.0%, passing from Euro 5,133 thousand in the financial year ended 31 March 2012 to Euro 5,802 thousand in the financial year ended 31 March 2013. The increase is mainly due to the opening of 12 new Company-owned points of sale, the msot of which were opened in Italy and Europe, despite a decrease in the number of the staff members employed in the retail areas (which passed from 192 at 31 March 2012 to 176 at 31 March 2013) as a result of the closing of 10 points of sales concentrated in the Far East region where personnel costs are lower.

Wholesale channel

According to the breakdown by sales channel, the Wholesale channel reported an increase in personnel costs of 4.8%, passing from Euro 6,422 thousand in the financial year ended 31 March 2012 to Euro 6,728 thousand in the financial year ended 31 March 2013; this increase was partially due to the strengthening of the Group's sales structure for the purposes of the internationalisation strategy.

Provisions

The table below reports the Group's provisions for the financial years ended 31 March 2013 and 31 March 2012:

(in thousands of Euro)	**31 March 2013**				**31 March 2012**				
	DOS	**Wholesale**	**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**% Change 2013-2012**
Provisions	-	417	417	0.7%	-	441	441	0.7%	(5.4%)
Total provisions	**-**	**417**	**417**	**0.7%**	**-**	**441**	**441**	**0.7%**	**(5.4%)**

(*)Percentage impact compared to sales revenues.

The amount of Euro 417 thousand in the financial year ended 31 March 2013 (Euro 441 thousand in the financial year ended 31 March 2012) relates to the provision for bad debts which has been fully allocated to the Wholesale channel, as the sales in the DOS segment generate almost exclusively instant receipts.

Amortisation, depreciation and write-downs

The table below reports the Group's costs for amortisation and depreciation for the financial years ended 31 March 2013 and 31 March 2012:

(in thousands of Euro)	**31 March 2013**	**(*) %**	**31 March 2012**	**(*) %**	**% Change 2013-2012**
Amortisation of intangible assets	590	1.0%	403	0.6%	46.4%
Depreciation of property, plant and equipment	1,616	2.9%	1,626	2.5%	(0.6%)
Impairment losses of assets	497	0.9%	421	0.7%	18.1%
Total amortisation, depreciation and write-downs	**2,703**	**4.8%**	**2,450**	**3.8%**	**10.3%**

(*)Percentage impact compared to sales revenues.

In the financial year ended 31 March 2013 amortization, depreciation and write-downs reported an increase of 10.3%, passing from Euro 2,450 thousand in the financial year ended 31 March 2012 to Euro 2,703 thousand in the financial year ended 31 March 2013, of which Euro 590 thousand relate to amortisation of intangible assets, Euro 1,616 thousand relate to property, plant and equipment and Euro 497 thousand relate to the closing of some DOS shops in the Europe and Far East areas.
Amortisation of intangible assets increased by 46.4% compared to the previous financial year passing from Euro 403 thousand as at 31 March 2012 to Euro 590 thousand at 31 March 2013 as a result of the investments in key money for the new shops opened both in Italy and in Europe.
The costs for depreciation of property, plant and equipment remained substantially stable and passed from Euro 1,626 thousand as at 31 March 2012 to Euro 1,616 thousand as at 31 March 2013.

Write-downs, equal to Euro 497 thousand, related to the write-down of furniture and fittings for the disposal of some shops in Europe and in the Far East region.

Other operating costs

The table below reports the Group's other operating costs broken down by sales channel for the financial years ended 31 March 2013 and 31 March 2012:

(in thousands of Euro)	**31 March 2013**				**31 March 2012**				
	DOS	**Wholesale**	**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**% Change 2013-2012**
Taxes other than income taxes	85	215	300	0.5%	106	107	213	0.3%	40.8%
Donations	-	-	-	-	-	43	43	0.1%	(100%)
Total	**85**	**215**	**300**	**0.5%**	**106**	**150**	**256**	**0.4%**	

Other operating costs	**17.2%**

(*)Percentage impact compared to sales revenues.

As at 31 March 2013 other operating costs, equal to Euro 300 thousand, increased by Euro 44 thousand compared to 31 March 2012, mainly as a result of higher taxes other than income taxes.

EBITDA and operating result

As per the details provided in the previous paragraphs as to the changes that occurred in any individual income statement item in the financial years ended 31 March 2012 and 31 March 2013, the reasons for the relative decrease in EBITDA can be essentially linked to the fall in the revenues recorded in the Wholesale channel, specifically in Italy, where the independent distribution was strongly affected by the crisis. The performance recorded in the DOS segment was also affected by higher costs allocated, which accounted for about 2.1% of the turnover achieved in the segment, by reason of the higher impact of DOS sales on the Group's total turnover. The profitability in the Wholesale channel was instead affected by the sale in the sales mainly recorded in the Italian market.

The table below reports the data relating to the EBITDA, broken down by sales channel, and to the Group's operating result, for the financial years ended 31 March 2013 and 31 March 2012:

(in thousands of Euro)	31 March 2013	Inc %(*)	31 March 2012	% Impact (*)	Change 2013 /2012	% Change 2013 / 2012
EBITDA	**7,950**	**14.1%**	**14,203**	**22.0%**	**(6,253)**	**(44.0%)**
Breakdown by channel:						
DOS	814	1.4%	1,153	1.8%	(339)	(29.4%)
Wholesale	7,136	12.7%	13,050	20.2%	(5,914)	(45.3%)
Operating result	**5,247**	**9.4%**	**11,754**	**18.2%**	**(6,507)**	**(55.4%)**
Total	**5,247**	**9.4%**	**11,754**	**18.2%**	**(6,507)**	**(55.4%)**

(*)Percentage impact compared to sales revenues.

Specifically, while EBITDA passed from Euro 14,203 thousand (22.0% d of revenues) in the financial year ended 31 March 2012 to Euro 7,950 thousand (14.1% of revenues) in the financial year ended 31 March 2013, the operating result passed from Euro 11,754 thousand (18.2% as a percentage impact on revenues) in the financial year ended 31 March 2012 to Euro 5,247 thousand (9.3% as a percentage impact on revenues) in the financial year ended 31 March 2013.
The decrease in the operating result is mainly attributable, as previously noted, to the significant reduction in the Wholesale turnover, which was counterbalanced by an increase of 10.3% in amortisation, depreciation and write-downs of mainly arising from major investments that the Group has made in the retail business.

Financial income and charges

The table below reports the Group's financial income and charges for the financial years ended 31 March 2013 and 31 March 2012:

(*in thousands of Euro*)	31 March 2013	% Impact (*)	31 March 2012	% Impact (*)	Change 2013-2012	% Change 2013-2012
Financial income	904	1.6%	986	1.5%	(82)	(8.3%)
Financial charges	(1,140)	2.0%	(1,089)	1.7%	(51)	4.7%
Total	**(236)**	**0.4%**	**(103)**	**0.2%**	**(133)**	**129.1%**

(*)Percentage impact compared to sales revenues.

This item includes the total of interest expense, commissions and net charges payable to banks and to other lenders and the effect of exchange fluctuations (gains and losses, both realised and estimated).
Net financial income and charges reported an increase compared to the financial year ended 31 March 2012, passing from Euro 103 thousand in the financial year ended 31 March 2012 to Euro 236 thousand in the financial year ended 31 March 2013.

The increase in financial charges as at 31 March 2013 compared to 31 March 2012 was mainly attributable to the change in the financial charges on bank loans as a result of the increase in the Group's average indebtedness.
Financial income mainly related to the positive exchange rate differences, both realised and estimated (equal to about Euro 702 thousand as at 31 March 2013 against Euro 851 thousand as at 31 March 2012) commented on above, in addition to interest income on current bank accounts in the financial year ended 31 March 2013 (Euro 202 thousand).

Income tax expenses

The table below reports the percentage impact of taxes on pre-tax profit for the financial years ended 31 March 2013 and 31 March 2012:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**	**% Change 2013-2012**
Pre-tax profit	5,011	11,651	(57.0%)
Income taxes	(1,768)	(3,872)	(54.3%)
Average tax rate	**35.3%**	**33.2%**	**(6.3%)**

The table below reports the breakdown of the Group's taxes for the financial years ended 31 March 2013 and 31 March 2012:

(in thousands of Euro)	**31 March 2013**	**% Impact (*)**	**31 March 2012**	**% Impact (*)**	**% Change 2013-2012**
IRES tax	1,451	2.6%	3,332	5.2%	(56.5%)
IRAP tax	518	0.9%	731	1.1%	(29.1%)
Deferred tax liabilities	(131)	(0.2%)	106	0.2%	(223.6%)
Deferred tax assets	(70)	(0.1%)	(297)	(0.5%)	(76.4%)
Total	**1,768**	**3.1**	**3,872**	**6.0%**	**(54.3%)**

(*)Percentage impact compared to sales revenues.

In the financial year ended 31 March 2013, income tax expenses decreased by 54.3% passing from Euro 3,872 thousand in the financial year ended 31 March 2012 to Euro 1,768 thousand in the financial year ended 31 March 2013.

Current taxes (IRES [*Imposta sul Reddito delle Società*, Corporate Income Tax] and IRAP [*Imposta Regionale sulle Attività Produttive*, Local Tax on Production Activities] taxes for the Parent Company and the equivalent income taxes for foreign subsidiaries) relate to the tax burden calculated on the respective taxable bases.

Net result

The table below reports the net result for the period for the financial years ended 31 March 2013 and 31 March 2012:

(in thousands of Euro)	**31 March 2013**	**% Impact (*)**	**31 March 2012**	**% Impact (*)**	**% Change**
Net result	3,243	5.8%	7,779	12.1%	(58.3%)

(*)Percentage impact compared to sales revenues.

The net result for the financial year ended 31 March 2013 reported a decrease of 58.3%, passing from Euro 7,779 thousand in the financial year ended 31 March 2012 to Euro 3,243 thousand in the financial year ended 31 March 2013.
In the financial year ended 31 March 2013, the percentage impact on sales revenues was equal to 5.8% (12.1% at 31 March 2012).

Silla di Gaggio Montano (Province of Bologna), 14 June 2013

FOR THE BOARD OF DIRECTORS
THE CHAIRMAN
(Marco Palmieri)

CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	**Notes**	**31 March 2013**	**31 March 2012**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	3,951	1,528
Property, plant and equipment	(2)	12,684	12,132
Receivables from others	(3)	877	977
Deferred tax assets	(4)	1,424	1,461
TOTAL NON-CURRENT ASSETS		**18,936**	**16,098**
CURRENT ASSETS			
Inventories	(5)	14,227	11,911
Trade receivables	(6)	21,517	23,113
Other current assets	(7)	870	1,437
Tax receivables	(8)	1,447	714
Cash and cash equivalents	(9)	20,476	12,813
TOTAL CURRENT ASSETS		**58,537**	**49,988**
TOTAL ASSETS		**77,473**	**66,086**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	Notes	31 March 2013	31 March 2012
LIABILITIES			
EQUITY			
Share Capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		712	512
Retained earnings		23,278	18,499
Group profit for the period		3,263	7,779
Total equity attributable to the Group		**29,253**	**28,790**
Capital and Reserves attributable to minority interests		40	-
Profit/(loss) attributable to minority interests		(20)	-
Total share attributable to minority interests		**20**	**-**
EQUITY	(10)	**29,273**	**28,790**
NON-CURRENT LIABILITIES			
Borrowings	(11)	17,420	2,628
Payables to other lenders for lease agreements	(12)	3,180	3,706
Provision for employee benefits	(13)	252	261
Provisions for risks and charges	(14)	1,069	785
Deferred tax liabilities	(15)	196	327
TOTAL NON-CURRENT LIABILITIES		**22,117**	**7,707**
CURRENT LIABILITIES			
Borrowings	(16)	7,796	11,997
Payables to other lenders for lease agreements	(17)	562	709
Derivative liabilities	(18)	-	3
Trade payables	(19)	15,030	13,856
Other current liabilities	(20)	2,695	3,024
Current income tax liabilities	(21)	-	-
TOTAL CURRENT LIABILITIES		**26,083**	**29,589**
TOTAL LIABILITIES		**48,200**	**37,296**
TOTAL EQUITY AND LIABILITIES		**77,473**	**66,086**

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	**Notes**	**31 March 2013**	**31 March 2012**
Revenues from sales	(22)	56,267	64,447
Other income	(23)	731	713
OPERATING COSTS			
Change in inventories	(24)	(2,136)	(1,548)
Costs for purchases	(25)	11,951	11,956
Costs for services and leases and rentals	(26)	25,986	28,296
Personnel costs	(27)	12,530	11,555
Amortisation, depreciation and write-downs	(28)	3,120	2,891
Other operating costs	(29)	300	256
TOTAL OPERATING COSTS		**51,751**	**53,406**
OPERATING PROFIT		**5,247**	**11,754**
FINANCIAL INCOME AND CHARGES			
Financial income	(30)	904	986
Financial charges	(31)	(1,140)	(1,089)
TOTAL FINANCIAL INCOME AND CHARGES		**(236)**	**(103)**
PRE-TAX RESULT		**5,011**	**11,651**
INCOME TAX EXPENSES	(32)	**(1,768)**	**(3,872)**
- *of which non-recurring*		*270*	-
PROFIT FOR THE PERIOD		**3,243**	**7,779**
attributable to:			
EQUITY HOLDERS OF THE COMPANY		3,263	7,779
MINORITY INTERESTS		(20)	-
		3,243	**7,779**
EARNINGS PER SHARE	(33)		
(Basic) EARNINGS PER SHARE		0.065	0.156
(Diluted) EARNINGS PER SHARE		0.063	0.151

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	31 March 2013	31 March 2012
Profit (Loss) for the period (A)	**3,243**	**7,779**
Profit/ (Losses) arising from the translation of financial statements of foreign companies	77	54
Profit/ (Losses) on hedging instruments of cash flows (cash flow hedge)	2	14
Total Profits/(Losses) recognised in equity (B)	**79**	**68**
Total comprehensive Income/(Losses) for the period (A) + (B)	**3,322**	**7,847**
Attributable to the Group	3,342	7,847
Minority interests	(20)	-

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

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

Description	Share capital	Share premium reserve	Translation reserve (Other reserves)	Fair value reserve (Other reserves)	Other reserves (Other reserves)	Total Other Reserves (Other reserves)	Retained earnings	Group profit	Equity attributable to the Group	Capital and Reserves attributable to minority interests	Profit/ (Loss) attributable to minority interests	Total Equity attributable to the Group and minority interests
Balances as at 31.03.2012	**1,000**	**1,000**	**66**	**-2**	**448**	**512**	**18,499**	**7,779**	**28,790**	**0**	**0**	**28,790**
Profit for the period								3,263	**3,263**		-20	**3,243**
Other components of the comprehensive result as at 31 March 2013												
-Exchange differences from translation of financial statements in foreign currency			77			**77**			**77**			**77**
-Fair value of financial instruments				2		**2**			**2**			**2**
Total Comprehensive Income for the period			**77**	**2**	**0**	**79**		**3,263**	**3,342**		**-20**	**3,322**
Allocation of the result for the period as at 31 March 2012												
-to dividends								-3,000	**-3,000**			**-3,000**
-to reserves							4,779	-4,779	**0**			**0**
Fair value of Stock Option Plans					121	**121**			**121**			**121**
Change in the area of consolidation										40		**40**
Balances as at 31.03.2013	**1,000**	**1,000**	**143**	**0**	**569**	**712**	**23,278**	**3,263**	**29,253**	**40**	**-20**	**29,273**

CONSOLIDATED STATEMENT OF CASH FLOWS

(*in thousands of Euro*)	**31 March 2013**	**31 March 2012**
Pre-tax profit	**5,011**	**11,651**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	2,207	2,028
Write-downs of property, plant and equipment/intangible assets	497	421
Provision for bad debts	417	441
Adjustment to the provision for employee benefits	(26)	18
Net financial charges/(income), including exchange rate differences	236	103
Cash flow from operating activities before changes in working capital	**8,342**	**14,662**
Change in trade receivables (net of the provision)	1,179	(1,695)
Change in inventories	(2,316)	(1,807)
Change in other current assets	567	375
Change in trade payables	1,174	555
Change in provisions for risks and charges	218	(63)
Change in other current liabilities	(257)	(863)
Cash flow from operating activities after changes in working capital	**8,907**	**11,164**
Payment of taxes	(2,702)	(5,391)
Interest paid	(207)	(152)
Cash flow generated from operating activities (A)	**5,998**	**5,621**
Investments in intangible assets	(3,014)	(1,196)
Investments in property, plant and equipment	(2,457)	(1,991)
Changes generated from investing activities (B)	**(5,471)**	**(3,187)**
Financing activities		
Absorption of short- and medium/long-term borrowings	(12,273)	(3,446)
Raising of short- and medium/long-term loans	22,913	9,000
Changes in financial instruments	(3)	(35)
Leasing instalments paid	(741)	(867)
Other minor changes	240	-
Payment of dividends	(3,000)	(5,000)
Cash flow generated from/(absorbed by) financing activities (C)	**7,136**	**(348)**
Net increase (decrease) in cash and cash equivalents A+B+C	7,663	2,086
Cash and cash equivalents at the beginning of the period	**12,813**	**10,727**
Cash and cash equivalents at the end of the period	**20,476**	**12,813**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2013

The Group’s business

Piquadro S.p.A. (hereinafter also referred to as “Piquadro”, the “Company” or “the Parent Company”) and its Subsidiaries (“the Piquadro Group” or “the Group”) design, produce and market leather goods - bags, suitcases and accessories - characterised by attention to design and functional and technical innovation.
The Company was established on 26 April 2005. The Share Capital has been subscribed through the contribution of the branch of business relating to operating activities on the part of the former Piquadro S.p.A (now Piqubo S.p.A., the ultimate company controlling the Company), which became effective for legal, accounting and tax purposes on 2 May 2005.
Effective from 14 June 2007, the registered office of Piquadro S.p.A. was moved from Riola di Vergato (Bologna), via Canova no. 123/O-P-Q-R to Località Sassuriano 246, Silla di Gaggio Montano (Bologna).
As of today’s date, the Company is owned by Marco Palmieri through Piqubo S.p.A., which is 100% owned. Piqubo S.p.A., in fact, holds 93.34% of the Share Capital of Piquadro Holding S.p.A., which in its turn holds 68.37% of the Share Capital of Piquadro S.p.A., a Company which is listed on the Milan Stock Exchange since 25 October 2007.
Furthermore, it should be noted that for a better understanding of the economic performance of the Company, reference is made to the extensive information reported in the Report on operations prepared by the directors.
The data of these financial statements can be compared to the same of the previous financial year, except as reported below.

This document was prepared by the Board of Directors on 14 June 2013 and will be submitted to the Shareholders’ Meeting called for 26 July 2013.

Main events that occurred in the course of the financial year ended 31 March 2013 and related significant accounting effects.

On 25 June 2012, Piquadro France SARL was set up by means of the subscription of share capital of Euro 2,500 thousand, in order to manage the Group’s first point of sale in Paris, at Rue Saint Honorè, which was opened at the end of February 2013.

On 24 July 2012, the Shareholders’ Meeting of the Parent Company approved the Financial Statements for the financial year ended 31 March 2012 and the distribution of a unit dividend of Euro 0.06 to the Shareholders, for a total amount of Euro 3 million. The dividend was paid starting from 2 August 2012 with coupon no. 5 being detached on 30 July 2012.

On the same date, the Shareholders’ Meeting of the Parent Company approved the Report on Remuneration illustrating the Company Policy concerning the remuneration of Company Directors, members of the Board of Statutory Auditors and executives with strategic responsibilities. In this context, in order to reflect the new Remuneration Policy adopted, the Board resolved to redefine the total fixed fees of Directors, according to the new amount of Euro 845,000, until the approval of the financial statements as at 31 March 2013 and to award additional variable fees to any Directors holding special offices.

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

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

The Shareholders’ Meeting, again on the same date, also resolved to approve the guidelines of a new stock option plan for the 2012-2017 period, which is reserved for certain directors, executives with strategic responsibilities, employees and collaborators of Piquadro S.p.A. and of other companies owned by it. The new stock option plan will have a term of five years and the accrual of options, to the extent of 30% by 30 September 2015, 30% by 30 September 2016 and 40% by 30 September 2017, is subject to:

(i) the permanence of the relationship of administration, subordinate employment or collaboration, as the case may be,

(ii) the achievement by the Piquadro Group of certain EBIT targets, expected respectively for the related financial year, with a normalized positive NFP,

(iii) the circumstance that the Piquadro shares as at the date of accrual were still listed in an Italian regulated market.

Against this new plan, the Shareholders' Meeting also resolved the proposed partial cancellation, for a nominal amount of Euro 44,000, of the Company's capital increase of Euro 50,000, through the issue of a maximum number of 2,500,000 ordinary shares, as resolved by the Board of Directors on 28 February 2008 in order to serve the 2008-2013 stock option plan, which is currently in place.
In particular, the partial cancellation concerns no. 2,200,000 shares, of which no. 1,300,000 shares relate to options that have already been assigned and that have been the object of a waiver by the respective beneficiaries or have been forfeited and no. 900,000 shares related to potential new allocations for subsequent incentive plans that should have been resolved within the ultimate deadline of 1 March 2011. As a result of this partial cancellation, the abovementioned 2008-2013 stock option plan remained in place for potential 300,000 ordinary shares, equal to a capital increase in nominal amount of Euro 6,000.

In consideration of the above, the Shareholders' Meeting of the Parent Company also resolved to increase share capital with the exception of the option right of current shareholders, as part of the new 2012-2017 plan, up to an overall maximum value equal to Euro 93,998, through the issue of a maximum number of 4,699,900 ordinary shares of Piquadro SpA, of no par value, having the same features and enjoyment as the outstanding shares; this capital increase may be also implemented in more than one payment and is divisible by 31 December 2018.

On 26 September 2012, the Board of Directors of the Parent Company resolved to determine the subscription price of the Piquadro ordinary shares, to be paid by the beneficiaries at the time of the subscription of the shares deriving from the exercise of the options, for an amount of Euro 1.53 per share, thus determining an overall number of 3,600,000 rights of option to be assigned to the respective beneficiaries. Furthermore, subject to the opinion of the Remuneration Committee, the list of the plan's beneficiaries was approved, specifying the number of rights of option assigned to each of them. The Board of Directors decided not to make use of its right to assign all the 4,699,900 shares included in the new plan, also considering that the global macro-economic situation is still uncertain and it could be necessary to take steps, in next years, to also assign options to new key persons of the Group, other than the current beneficiaries; it is acknowledged that, once the global macro-economic situation is stable, the Board may consider new proposals (if any) for management incentive plans to be submitted to the Shareholders' Meeting.

13 September 2012 saw the establishment of Piquadro Swiss SA, which will manage the first retail outlet of the Group in Switzerland, of which the Parent Company holds 51% of the share capital, through the subscription of a share capital of Euro 42 thousand.

6 December 2012 saw the de-registration of the Subsidiary Piquadro Middle East Leather LLC.

Structure and content of the consolidated financial statements and the relevant Accounting Standards

In compliance with EU Regulation no. 1606/2002, the consolidated financial statements of Piquadro S.p.A as at 31 March 2013 were prepared in accordance with International Accounting Standards IAS/IFRS (International Accounting Standards and International Financial Reporting Standards) issued by the International Accounting Standards Board and endorsed by the European Union and the related Interpretations (SIC/IFRIC)

Basis of preparation

This document reports the consolidated financial statements, including the consolidated statements of Financial Position, consolidated Income Statements, consolidated statements of Comprehensive Income, consolidated statements of Cash Flows and the statements of changes in consolidated Equity for the financial years ended 31 March 2013 and 31 March 2012 and the related explanatory Notes.

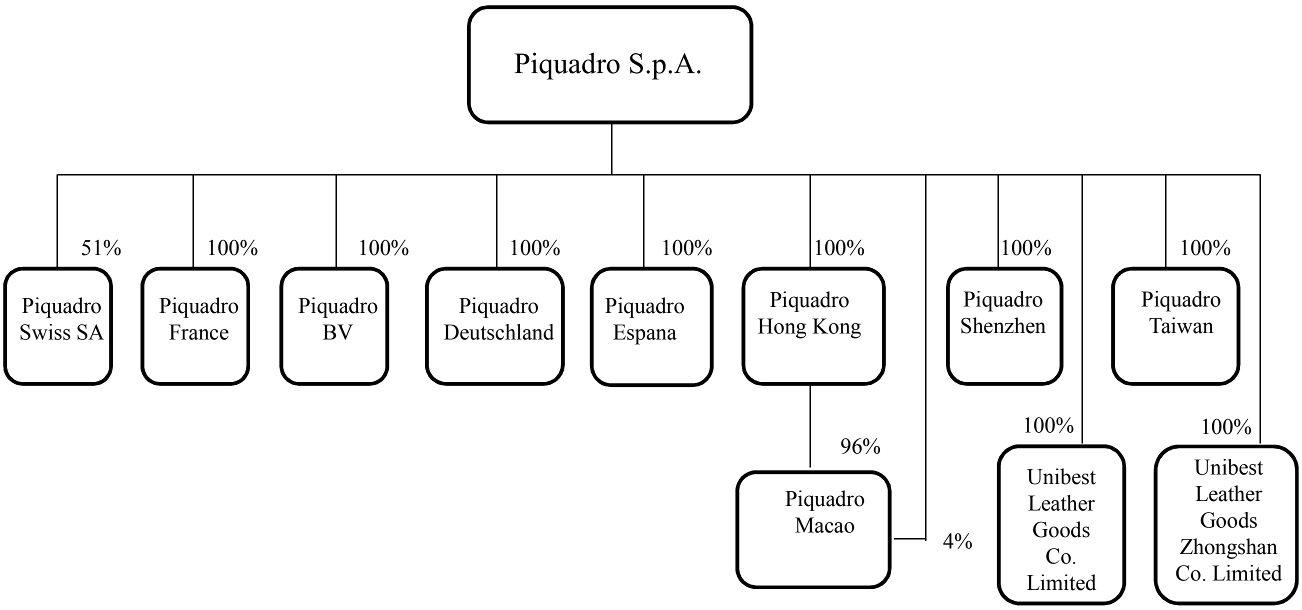
IFRS means all the "International Financial Reporting Standards", all the International Accounting Standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously named Standing Interpretations Committee (SIC).
Specifically, it should be noted that IFRS were consistently applied to all periods presented in this document.

Recently IFRS have been applied in Italy and at the same time in other Countries and they include a number of standards recently published or revised, for which there is still not a well-established practice to which we could make reference for the purposes of interpretation and application. Therefore, the consolidated financial statements have been prepared on the basis of the best knowledge of the IFRS and taking account of the best doctrine on the subject; any future interpretational directions and updates will be reflected in later financial years, according to the procedures laid down from time to time in the relevant Accounting Standards.
As to the procedures for presentation of financial statement schedules, the Company adopted the distinction "current/non-current" for the Financial Balance Sheet, the single-step scheme for the Income Statement, classifying costs by nature and the indirect method of representation for the statement of Cash Flows. The statement of comprehensive Income is presented in a separate document, as permitted by IAS 1 (revised) compared to the Income Statement.
The consolidated financial statements were prepared in Euro, i.e. the current money used in the economies in which the Group mainly operates.
All amounts included in the tables of the following notes, except as otherwise indicated, are expressed in thousands of Euro.

Except as previously specified in the report and except for the refund of the IRES tax following the acknowledged deductibility of the IRAP tax relating to costs for subordinate employees and staff treated as such, pursuant to Decree Law 201/2001 and Decree Law 16/2012, the Management believes that no additional significant non-recurring events or transactions occurred either in the FY 2012/2013 or in the FY 2011/2012 nor any additional atypical or unusual transactions.

Chart of the Group structure

For the purpose of provide a clear representation, below is reported the chart of the Group structure as at 31 March 2013:



Scope of consolidation

The consolidated financial statements as at 31 March 2013 include the annual accounts of the Parent Company Piquadro S.p.A. and the financial statements of all the Companies in which it retains control, either directly or indirectly.

The financial statements being consolidated were prepared as at 31 March 2013, i.e. the reporting date of the consolidated financial statements, and include those especially prepared and approved by the Boards of Directors of the individual Companies, as appropriately adjusted, if required, in order to be brought in line with the Accounting Standards of the Parent Company.

The complete list of the equity investments included in the scope of consolidation as at 31 March 2013 and 31 March 2012, with the related Shareholders' Equity and Share Capital recognised according to local Accounting Standards (as the Subsidiary companies have prepared their annual accounts according to local regulations and Accounting Standards, and have prepared the consolidation file according to IFRS functionally to the consolidation into Piquadro) are reported in the tables below:

Scope of consolidation as at 31 March 2013

Name	**HQ**	**Country**	**Currency**	**Share Capital (local currency /000)**	**Shareholders' equity (Euro /000)**	**Control %**
Piquadro S.p.A.	Gaggio Montano (BO)	Italy	Euro	1,000	29,578	Parent Company
Uni Best Leather Goods Co. Limited*	Kowloon	Hong Kong	HKD	1	-	100%
Piquadro España Slu	Barcelona	Spain	Euro	898	713	100%
Piquadro Deutschland Gmbh	Munich	Germany	Euro	25	(44)	100%
Uni Best Leather Goods Zhongshan Co Limited	Guangdong	People's Republic of China	RMB	9,891	(840)	100%
Piquadro Hong Kong Limited	Hong Kong	Hong Kong	HKD	2,000	52	100%
Piquadro Macau Limitada	Macau	Macau	HKD	25	100	100%
Piquadro Trading (Shenzhen) Co. Ltd.	Shenzhen	People's Republic of China	RMB	13,799	1,105	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	NTD	25,000	562	100%
Piquadro BV	Zoetermeer	The Netherlands	EUR	300	310	100%
Piquadro France SARL	Paris	France	EUR	2,500	2,585	100%
Piquadro Swiss SA	Mendrisio	Switzerland	CHF	100	42	51%

* Companies in liquidation.

Scope of consolidation as at 31 March 2012

Name	**HQ**	**Country**	**Currency**	**Share Capital (local currency /000)**	**Shareholders' equity (Euro /000)**	**Control %**
Piquadro S.p.A.	Gaggio Montano (BO)	Italy	Euro	1,000	29,273	Parent Company
Uni Best Leather Goods Co. Ltd*.	Kowloon	Hong Kong	HKD	1	90	100%
Piquadro España SLU	Barcelona	Spain	Euro	198	2	100%
Piquadro Deutschland GmbH	Munich	Germany	Euro	25	(45)	100%
Piquadro BV	Zoetermeer	The Netherlands	Euro	300	303	100%
Uni Best Leather Goods	Guangdong	People's	RMB	3,576	(672)	100%

Zhongshan Co. Ltd.		Republic of China				
Piquadro Hong Kong Co. Ltd.	Hong Kong	Hong Kong	HKD	2,000	(10)	100%
Piquadro Macau Limitada	Macau	Macau	HKD	25	89	100%
Piquadro Trading Shenzhen Co. Ltd.	Shenzhen	People's Republic of China	RMB	13,799	1,078	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	NTD	25,000	491	100%
Piquadro Middle East Leather Products LLC**	Abu Dhabi	United Arab Emirates	AED	150	(903)	49%

* Companies in liquidation.

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

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

Compared to the financial year ended 31 March 2012, in the financial year ended 31 March 2013 two new companies, named Piquadro France SARL and Piquadro Swiss SA, were included in the scope of consolidation. Piquadro France SARL, with registered office in Paris, is the company that will manage the Group's first direct point of sale in Paris, located at rue Saint – Honoré. Piquadro Swiss SA, with registered office in Mendrisio, is the company that will manage the first retail outlet of the Group in Switzerland.

In the financial year ended 31 March 2013, the Subsidiary Piquadro Middle East Leather Products LLC was put into liquidation (6 December 2012); furthermore, the liquidation process continued for the Subsidiary Unibest Leather Goods Co. Limited, which had already started on 31 March 2012.

Accounting policies

The accounting policies used in preparing the consolidated financial statements as at 31 March 2013, which do not differ from those used in the previous financial year, are indicated below.

Consolidation criteria and techniques

The consolidated financial statements include the financial statements of the Company and of the Companies over which it exercises control, either directly or indirectly, starting from the date when the control was acquired up to the date when control ceases. In this case, control is exercised both by virtue of the direct or indirect possession of the majority of voting shares and as a result of the exercise of a dominant influence expressed by the power to affect, also indirectly by virtue of contractual or legal agreements, the financial and operational decisions of the entities, obtaining the relative benefits thereof, also regardless of shareholding relations. The existence of potential voting rights exercisable as at the balance sheet date is taken into account for the purposes of determining control.

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

The main consolidation criteria adopted for the application of the line-by-line method are the following:

(i) Subsidiary companies are consolidated starting from the date when control is actually transferred to the Group and cease to be consolidated on the date when control is transferred outside the Group;
(ii) if required, adjustments are made to the financial statements of subsidiary companies in order to bring the accounting criteria used in line with those adopted by the Group;
(iii) assets and liabilities, income and charges of companies consolidated on a line-by-line basis are fully recognised in the consolidated financial statements; the book value of the equity investments is derecognised against the corresponding portion of Equity of the investee companies, entering the

individual elements of balance sheet assets and liabilities at their current value at the date of acquisition of control. Any residual difference, if positive, is entered under the asset item "Goodwill"; if negative, in the Income Statement;

(iv) debt and credit relationships, costs and revenues, financial income and charges between Companies consolidated on a line-by-line basis, as well as the effects of all transactions effected between the same are derecognised;

(v) the portions of Equity and of the result for the period attributable to minority interests are indicated separately in consolidated Equity and Income Statement, respectively.

Financial statements expressed in currencies other than that of the Group's consolidated financial statements, i.e. the Euro, are consolidated following the methodology described above after translating them into Euro. The translation is made as follows:

(i) assets and liabilities are translated using the exchange rates prevailing at the reporting date of the consolidated financial statements;
(ii) costs and revenues are translated at the average exchange rate of the financial year;
(iii) exchange rate differences generated by the translation of the economic values at a rate other than the closing rate and those generated by the translation of the opening Equity at an exchange rate other than the closing rate of the reporting period are classified under a special Equity item up to the sale of the equity investment;
(iv) goodwill and fair value adjustments generated by the acquisition of a foreign company are recognised in the related currency as assets and liabilities of the foreign entity and are translated using the period-end exchange rate.

The financial statements expressed in a foreign currency other than that of the Countries which have adopted the Euro are translated into Euro by applying the rules indicated above. Below are reported the exchange rates applied for the FY 2012/2013 (foreign currency corresponding to Euro 1):

Foreign currency	Average*		Closing*	
	2013	2012	2013	2012
Hong Kong Dollar (HKD)	9.98	10.72	9.94	10.37
Renminbi (RMB)	8.09	8.81	7.96	8.41
Arab Emirates Dirham (AED)	4.73	5.06	-	4.91
Taiwan Dollar (TWD)	38.01	40.60	38.27	39.42
Swiss Franc (CHF)	1.21	-	1.21	-

* Exchange rates are rounded up to the second decimal place

Intangible assets

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

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

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

(i) Research and Development costs

Research costs are charged to the Income Statement in the financial year in which they are incurred. Development costs are instead entered under intangible assets where all the following conditions are fulfilled:

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

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

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

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

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

(iii) Key money

Amortisation of the key money (that is payments to third parties to obtain the rights to take over lease agreements for points of sale) is calculated on a straight-line basis according to the lease term of the points of sale.
The recoverability of the entry value of intangible assets, including goodwill, is verified by adopting the criteria indicated in point “Impairment losses of assets”.

Property, plant and equipment

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

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

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

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

Land	Unlimited useful life
Buildings	3%
Leaseholds improvements (shops)	17.5%*
Machinery and moulds	17.5%
General systems	17.5%
Industrial and business equipment	25%
Office electronic machines	20%
Fittings	12%
Motor vehicles and internal means of transport	20%
Cars	25%

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

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

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

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

Business combinations

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

Business combinations of entities under common control

Business combinations of entities under common control are business combinations of entities which are ultimately controlled by the same persons both before and after the business combination and the control is not of a temporary nature. The presence of minority interests in each of the entities being combined before or after the combination transaction is not significant in order to determine whether the combination involves entities under common control.

Business combinations of entities under common control are accounted for so that the net assets of the acquired entity and of the acquiring entity are recognised at the book values they had in the respective accounts before the transaction (continuity of values), without recognising, in the consolidated financial statements, surplus values (if any) arising from these combinations and accounted for in the separate financial statements of the Company.

Equity investments in Associated companies and other companies

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

Receivables and other non-current and current assets

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

Inventories

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

Cash and cash equivalents

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

Impairment losses of assets

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

made at the lower of the recoverable value and the entry value, including the write-downs previously made and reduced by the amortisation rates which would have been allocated had no write down been made.

Equity

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

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

Entries are made in the translation reserve at the time of recognition of the exchange rate differences relating to the consolidation of the companies which prepare the financial statements in a currency other than the Euro.
Entries are made in the legal reserve through provisions recognised pursuant to article 2430 of the Italian Civil Code, or the reserve is increased to an extent equal to the 20^{th} part of the net profits achieved by the Parent Company until the reserve in question reaches a fifth of the Share Capital of the Parent Company. Once a fifth of the Share Capital is reached, if for whatever reason the reserve is decreased, it shall be replenished with the minimum annual provisions as indicated above.

Stock Option plans

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

Hedging financial instruments

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

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

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

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

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

Earnings per share

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

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

Financial liabilities

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

Financial instruments and IFRS 7

The category of financial instruments

As required by the Accounting Standard IFRS 7**,** below is reported the breakdown of the financial instruments by category relating to the financial years ended 31 March 2013 and 31 March 2012.

(in thousands of Euro)	**31/03/2013**	**FVTPL**	**LAR**	**AFS**	**FLAC**	**IAS 17 leasing**	**Measurement at fair value**
Trade receivables	21,517	-	21,517	-	-	-	21,517
Assets for financial instruments	-	-	-	-	-	-	-
Cash and cash	20,476	-	20,476	-	-	-	20,476

equivalents							
Assets	**41,993**	**-**	**41,993**	**-**	**-**	**-**	**41,993**
Non-current borrowings	17,420	-	-	-	17,420	-	17,420
Payables to other lenders for non-current lease agreements	3,180	-	-	-	-	3,180	-
Current borrowings	7,796	-	-	-	7,796	-	7,796
Payables to other lenders for current lease agreements	562	-	-	-	-	562	-
Trade payables	15,030	-	15,030	-	-	-	15,030
Liabilities for financial instruments	-	-	-	-	-	-	-
Liabilities	**43,988**	**-**	**15,030**	**-**	**25,216**	**3,742**	**40,246**

(in thousands of Euro)	**31/03/2012**	***FVTPL***	**LAR**	**AFS**	**FLAC**	***IAS* 17 leasing**	**Measurement at fair value**
Trade receivables	23,113	-	23,113	-	-	-	23,113
Assets for financial instruments	-	-	-	-	-	-	-
Cash and cash equivalents	12,813	-	12,813	-	-	-	12,813
Assets	**35,926**	**-**	**35,926**	**-**	**-**	**-**	**35,926**
Non-current borrowings	2,628	-	-	-	2,628	-	2,628
Payables to other lenders for non-current lease agreements	3,706	-	-	-	-	3,706	-
Current borrowings	11,997	-	-	-	11,997	-	11,997
Payables to other lenders for current lease agreements	709	-	-	-	-	709	-
Trade payables	13,856	-	13,856	-	-	-	13,856
Liabilities for financial instruments	3		3	-	-	-	3
Liabilities	**32,899**		**13,859**	**-**	**14,625**	**4,415**	**28,484**

Key

FVTPL: Fair Value through Profit and Loss
LAR: Loans And Receivables
AFS: Available For Sale
FLAC: Financial Liabilities Amortized Costs

Risk factors

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

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

Credit risk

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

(i) assessing the credit standing of the customers;
(ii) monitoring the related expected incoming flows;
(iii) the appropriate payment reminder actions;
(iv) debt collection actions, if any.

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

(in thousands of Euro)	**Provision as at 31 March 2012**	**Use**	**Provision**	**Provision as at 31 March 2013**
Provision for bad debts	1,230	(270)	417	1,377
Total provision	**1,230**	**(270)**	**417**	**1,377**

Position of the loans

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

(in thousands of Euro)		Loans falling due	Expired loans			Provision for bad debts
31/03/2013	Amount in the accounts		1-60days	61-120 days	Over 120 days	
Dos	280	280	-	-	-	-
Wholesale	21,237	16,265	1,981	859	3,509	(1,377)
Total	**21,517**	**16,545**	**1,981**	**859**	**3,509**	**(1,377)**

(in thousands of Euro)		Loans falling due	Expired loans			Provision for bad debts
31/03/2012	Amount in the accounts		1-60days	61-120 days	Over 120 days	
Dos	182	182	-	-	-	-
Wholesale	22,931	19,287	1,440	739	2,695	(1,230)
Total	**23,113**	**19,469**	**1,440**	**739**	**2,695**	**(1,230)**

Liquidity risk

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

In support of the above, below are reported the main ratios of financial management relating to 31 March 2013 and 31 March 2012:

	31 March 2013	**31 March 2012**
Cash Ratio(*)	0.79	0.43
Quick Ratio (**)	1.70	1.29

Current Ratio(***)	2.24	1.69
Net financial debt/Ebitda	1.07	0.44
Interest coverage ratio(****)	22.23	114.12

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

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

(i) maintaining an adequate level of available funds;
(ii) obtaining adequate credit lines;
(iii) monitoring the perspective liquidity conditions, in relation to the corporate process.

Liquidity schemes

Type of instruments	Amount in the accounts	Within 1 year	From 1 year to 5 years	Beyond 5 years	Total
31/03/2013					
Payables to banks for Loans	24,216	7,405	18,334	-	25,739
Payables to banks for credit lines	1,000	1,000	-	-	1,000
Trade payables	15,030	15,030	-	-	15,030
Other borrowings (leasing)	3,742	675	3,455	-	4,130
Derivative liabilities for IRS contract	-	-	-	-	-
Derivative liabilities for USD forward contracts	-	-	-	-	-
Total	**43,988**	**24,110**	**21,789**	**-**	**45,899**

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

Below are reported the main assumptions for the table above:

(i) Loans payable: the future cash flows have been provided directly by the banks concerned;
(ii) Current bank accounts: by virtue of the worst case in which the worst scenario is equal to the repayment on demand of the use of the credit line, the related cash out has been charged to the first time band;
(iii) Irs Cap Spread: the measurement of the IRS has been made for the sole analysis of the cash flows as at 31 March 2012 and the payment spread has been calculated for the instrument, by assuming the 3-month Euribor rate (equal to 0.78%). As the relevant rate is lower than the fixed cap, the cost of the contract (equal to 0.30%) was multiplied by the hedged notional value (Euro 5,300 thousand). There were no effects on the tax year at 31 March 2013, as the contract was terminated on 31 July 2012;

(iv) Foreign exchange forwards: the cash out in Euro has been reported which has been envisaged as per contract at the time of the execution of the derivative instruments;
(v) Finance leases: instalments, plus interest, have been reported.

As at 31 March 2013, the Group could rely on about Euro 38,778 thousand of unused credit lines (about Euro 38,257 thousand as at 31 March 2012) and on liquid assets of about Euro 20,476 thousand (Euro 12,813 thousand as at 31 March 2012). As regards the balance of Current Assets, and specifically the coverage of payables to suppliers, it is also ensured by the amount of net trade receivables, which amounted to Euro 21,517 thousand as at 31 March 2013 (Euro 23,113 thousand as at 31 March 2012).

Market risk

Foreign exchange risk

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

During the FY 2012/2013 ended 31 March 2013, the Parent Company executed currency forward contracts for USD 5,992 thousand, equal to an aggregate counter-value of Euro 4,504 thousand, with an average exchange rate of USD 1.3305.
During the FY 2011/2012 ended 31 March 2012, the Parent Company executed currency forward contracts for USD 16,250 thousand, equal to an aggregate counter-value of Euro 11,707 thousand, with an average exchange rate of USD 1.3881.

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

			Foreign exchange risk (FER)			
			+10% Euro/USD		-10% Euro/USD	
	Book value	Of which subject to FER	Profits and (Losses)	Other changes in Equity	Profits and (Losses)	Other changes in Equity
Financial assets						
Cash and cash equivalents	20,476	1,805	(164)	-	201	-
Trade receivables	21,517	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
			(164)	-	201	-

Financial liabilities						
Borrowings	25,216	-	-	-	-	-
Payables to other lenders for lease agreements	3,742	-	-	-	-	-
Trade payables	15,030	1,794	(163)	-	199	-
Derivative financial instruments	-	-	-	-	-	-
			(163)	-	199	-
Total increases (decreases) as at 31/03/2013			**(327)**	**-**	**400**	**-**

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

The variability parameters applied were identified in the context of changes that are reasonably possible on exchange rates with all other variables being equal.
As at 31 March 2013, there were no forward contracts hedging foreign exchange risks.

Interest rate risk

In September 2005, the Parent Company executed, for hedging purposes on the BNL loan of Euro 5,300 thousand as renegotiated with Cassa di Risparmio di Bologna on 16 January 2008, a derivative contract IRS (Interest Rate Swap) CAP SPREAD. For accounting purposes, this derivative was treated as a financial instrument hedging future cash flows until 31 March 2012 (and then accounted for through hedge accounting – cash flow hedge) and then accounted for at fair value against an entry in the Statement of Comprehensive Income. The contract was terminated on 31 July 2012.

In these financial statements, on 31 March 2013 there were no “financial assets/ liabilities for derivative instruments” relating to the fair value connected to the Interest Rate Swap contract described above.

			Interest rate risk (IRR)			
			+50 bps on IRR		-50 bps on IRR	
	Book value	**Of which subject to IRR**	**Profits and (Losses)**	**Other changes in Equity**	**Profits and (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	20,476	20,476	102	-	(102)	-
Trade receivables	21,517	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
			102	-	(102)	-
Financial liabilities						
Borrowings	24,216	24,216	(120)	-	120	-
Payables to banks for credit lines	1,000	1,000	(5)	-	5	-
Trade payables	15,030	-	-	-	-	-
Other borrowings (leasing)	3,742	3,742	(19)	-	19	-
Derivative financial instruments	-	-	-	-	-	-
			(144)	-	144	-
Total increases (decreases) as at 31/03/2013			**(42)**	**-**	**42**	**-**

			Interest rate risk (IRR)			
			+ 50 bps on IRR		-50 bps on IRR	
	Book value	**Of which subject to IRR**	**Profits and (Losses)**	**Other changes in Equity**	**Profits and (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	12,813	12,813	64	-	(64)	-
Trade receivables	23,113	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
			64		(64)	
Financial liabilities						
Payables to banks for loans	5,625	5,625	(28)	-	28	-
Payables to banks for credit lines	9,000	9,000	(45)	-	45	-
Trade payables	13,856	-	-	-	-	-
Other borrowings (leasing)	4,415	4,415	(22)	-	22	-
Derivative financial instruments	3	1		(4)		4
			(95)	(4)	95	4
Total increases (decreases) as at 31/03/2012			**(31)**	**(4)**	**31**	**4**

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

Capital risk management

The group manages the Capital with the objective of supporting the core business and optimising the value for shareholders, while maintaining a correct structure of the Equity and reducing its cost.
The Group monitors the Capital on the basis of the gearing ratio, which is calculated as the ratio between net debt and total Capital.

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Net Financial Position	8,482	6,228
Equity	29,273	28,790
Total capital	37,755	35,018
Gearing ratio	**22.5%**	**17.8%**

Fair Value
At 31 March 2013 there were no financial assets and liabilities measured at fair value.

Employee benefits

Employee benefits substantially include the Provisions for Severance Pay (TFR, *Trattamento di Fine Rapporto*) of the Italian company of the Group and pension funds.

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

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

Provisions for risks and charges

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

Income taxes

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

Currency translation

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

Revenue recognition

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

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

Cost recognition

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

Use of estimates

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

Main estimates adopted by the Management

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

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

Amortisation and depreciation of fixed assets: the cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the related assets. The useful economic life of the Group's fixed assets is determined by the directors at the time when the fixed asset has been purchased; it is based on past experience for similar fixed assets, market conditions and expectations regarding future events which could have an impact on the useful life, including changes in technology. Therefore, the actual economic life may differ from the estimated useful life. The Group periodically evaluates technological and sector changes in order to update the residual useful life. This periodical update could involve a variation in the depreciation period and therefore also in the depreciation rate for future financial years.

Deferred taxes: deferred tax assets are accounted for on the basis of the income expected in the future financial years. The measurement of the expected income for the purposes of accounting for deferred taxes depends on factors which can vary over time and determine significant effects on the measurement of deferred tax assets.

Provisions for legal and tax risks: provisions are made for legal and tax risks, if required, which represent the risk of being the losing party. The amount of the Provisions (if any) entered in the accounts statements relating to such risks represents the best estimate at that time made by Management. This estimate entails the adoption of assumptions which depend on factors which can vary over time and which could therefore have effects compared to the current estimated made by the directors for the preparation of the financial statements.

Below are reported the critical accounting estimates of the process of drawing up the financial statements for which the Management has availed itself of the support and valuations of independent third-party experts (actuaries and financial advisors). Please note that future amendments (if any) to the conditions underlying the judgments, assumptions and estimates adopted could have an impact on the results of financial years after 2012/2013.

Actuarial calculation of defined benefit pension plans: the estimates, demographic and economic-financial assumptions adopted, with the support of the valuations of an actuarial expert, in the actuarial calculation for the determination of defined benefit plans within post-employment benefits are broken down as follows:

Annual rate of inflation	Probability of exit of the employee from the Group	Probability of advance payments of the TFR
2.0% for 2013 and 2.5% for 2012	7.5% frequency both for 2013 and 2012	3% both for 2013 and for 2012

Segment reporting – breakdown of segments by divisions

In order to provide disclosures regarding the economic, financial and equity position by segment (segment reporting), the Group has chosen the distinction by distribution channel as the primary model for presenting segment data. This method of representation reflects how the Group's business is organised and the structure of its internal reporting on the basis of the consideration that risks and rewards are influenced by the distribution channels used by the Group.

The distribution channels selected as those being presented are the following ones:
(i) *DOS* channel*;*
(ii) Wholesale channel.

In fact, the Group distributes its products through two distribution channels: (i) a direct channel, which includes single-brand stores directly operated by the Group (the so-called "Directly Operated Stores" or "DOSs"); (ii) an indirect channel ("Wholesale"), which is represented by multi-brand shops/department stores, single-brand shops run by third parties linked to the Group by franchise agreements and distributors.
All of the shops are, directly or indirectly, selected (through agents and importers) on the basis of their coherence with the positioning of the Piquadro brand, their location, the level of service guaranteed to the end customer, the visibility that they are able to guarantee the Group's products and, finally, the soundness of their equity and financial position.
These consolidated financial statements provide segment information as reported above.

Amendments to Accounting Standards

Accounting Standards, amendments and interpretations

Starting from 1 April 2012, the following amendments to the international accounting standards were applied, which were issued by the IASB and endorsed by the European Union:

- IFRS 7 (amendments) – "*Financial Instruments: Disclosures*" – *Transfers of financial assets* (*Regulation 1205/2011*). The amendments promote transparent disclosures, in the accounts, on the transfer (derecognition) of financial assets in the portfolio, thus improving the disclosures relating to the risks retained by the entity that has made the transfer (continuing involvement) and the effects on the financial position, in particular in the event that these transfers have been made at the end of an accounting period.

- IAS 12 (amendments) – "*Income taxes: Recovery of underlying assets* (*Regulation 1255/2012*)". The amendments simplify the assessment of the recoverability of deferred tax assets, introducing the presumption that a deferred tax asset will be recovered through the sale. These amendments also allow to overcome the interpretation SIC 21– Income taxes: Recovery of Revalued Non-Depreciable Assets. The application is expected to be carried out on a retrospective basis.

These amendments did not entail significant effects on the disclosure provided in this annual financial report and on the valuation of the related balance sheet items.

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

Starting from 1 April 2013, the following accounting standards, interpretations and amendments to the accounting standards will be applicable on a compulsory basis, as the EU endorsement process has already been concluded:

- IFRS 1 (amendments) – "*First-time Adoption of International Financial Reporting Standards*" (*Regulation 1255/2012*). The amendments provide for simplifications for first-time adopters and for companies that could not have adopted the IFRS accounting standards as a result of hyperinflation. It is expected that the adoption of these amendments will not entail effects on the financial statements of the Group.

- IAS 1 (amendments) – "*Presentation of financial statements*" (*Regulation 475/2012*). The amendment, which was issued by the IASB on 16 June 2011, requires the aggregation of the elements of the statement of comprehensive income into two categories, according to their nature, or that may be, in the future, reclassified or not reclassified to the income statement. The application is expected to be carried out on a retrospective basis. This amendment will not entail any effect on the valuation of the items of the financial statements.

- IAS 19 (amendments) – "*Employee benefits*" (*Regulation 475/2012*). These amendments, which were issued by the IASB on 16 June 2011, concern significant issues such as: the elimination of the option of the "corridor method" for the recognition of actuarial gains and losses; the presentation and recognition of changes in assets and liabilities related to employee benefit plans in the income statement and in the statement of comprehensive income; the strengthening of the disclosure requirements on the characteristics of benefit plans and the risks to which the entity is exposed. The amendments are applicable on a retrospective basis.

- IAS 32 (amendments) – "*Financial Instruments: Presentation*" and amendments to IFRS 7 – "*Financial Instruments: Disclosures*" (*Regulation 1256/2012*). The amendment, which was issued by the IASB on 16 December 2011, concerns the rules for the offsetting of financial assets and liabilities and the related disclosure obligation within specific financial instruments. As to IAS 32, the amendments are applicable retroactively starting from the financial statements for the financial year commencing after 1 April 2014. As to IFRS 7, the amendments will be applicable from 1 April 2013. The required information must be provided on a retrospective basis.

- IFRS 1 (amendments) – "*First-time Adoption of International Financial Reporting Standards*" (*Regulation 183/2013*). The amendment was issued by the IASB on 19 March 2011. With reference to the loans granted to the entity by a public institution, with a rate below the market rate, the amendment allows a first-time adopter to apply IAS 20 on a prospective basis, without changing the initial entry value of the payable itself if it had not been accounted for in accordance to IAS 39.

- IFRS 13 – "*Fair Value Measurement*" (*Regulation 1255/2012)*. The amendment, which was issued by the IASB on 12 May 2011, defines the concept of fair value, provides guidance for its determination and introduces qualitative and quantitative disclosure common to all balance sheet items measured at fair value, in order to ensure greater consistency and to reduce complexity. The amendment is expected to be applied on a prospective basis and will not entail significant effects on the Group's financial statement.

- Ifric 20 – "*Stripping Costs in the Production Phase of a Surface Mine*" (*Regulation 1255/2012)*. The interpretation, which was published by the IASB on 19 October 2011, is applicable with prospective effect and will not entail significant effects on the Group's financial statement.

On 17 May 2012, the International Accounting Standards Board (IASB) issued "*Improvements to International Financial Reporting Standards* (2009 – 2011 Cycle)" (*Regulation 301/2013*). These improvements include amendments to the following existing international accounting standards:

- IFRS 1 (improvement) – "*First Time Adoption of International Financial Statements*: *Repeated Application*". The improvement clarifies that IFRS 1 must be re-applied in the event of a new transition to IFRS, if the entity had previously applied different accounting standards.

- IFRS 1 (improvement) – “*First Time Adoption of International Financial Statements: capitalized borrowing costs*”. The improvement clarifies that the entity, at the date of transition, may capitalise the borrowing costs in the value of an asset and IAS 23 shall be applied after the transition.

- IFRS 1 (improvement) – “*Presentation Financial Statements: Comparative Information*”. The amendment clarifies that any additional comparative information must be submitted in accordance with IAS/IFRS. Furthermore, in the event of retrospective amendments, the entity must present a balance sheet at the beginning of the comparative period (the third balance sheet), without providing full information for this new scheme, but only for the items concerned.

- IAS 16 (improvement) – “*Property, Plant and Equipment: Classification of servicing equipment*”. The amendment clarifies that the service equipment must be classified under Property, Plant and equipment if used for more than one financial years, under inventories if used for only one financial year.

- IAS 32 (improvement) – “*Financial Instrument Presentation: Tax effects of distributions to holders of equity instruments and on transaction costs of the equity instruments*”. The amendment clarifies that direct taxes relating to such case must apply the requirements under IAS 12.

- IAS 34 (improvement) – “*Interim Financial reporting: Total assets for a segment*”. The amendment clarifies that the total of the assets must be disclosed only if it is used by the management and a change in the total amount occurred compared to the last annual financial statements for that segment.

Therefore, starting from 1 April 2014, the following amendments to the accounting standards will be applied:

- IFRS 10 – “*Consolidated Financial Statements*” (*Regulation 1254/2012*). The amendment, which was issued by the IASB on 12 May 2011, replaces IAS 27 “*Consolidated Financial Statements*” and SIC 12 “*Consolidation – Special Purpose Entities*”. The new standard introduces a new definition of control, it clarifies the concept of *de facto* control (control with less than the majority of voting rights) and clarifies the link between control and agency relationship. The amendment is expected to be applied with retrospective effect.

- IFRS 11 – “*Joint arrangements*”(*Regulation 1254/2012*). The amendment, which was issued by the IASB on 12 May 2011, replaces IAS 31 “*Interests in Joint Ventures*” and SIC 13 “*Jointly Controlled Entities — Non-Monetary Contributions by Ventures*”. The new standard provides for the distinction between joint operation and joint ventures, focusing on the rights and obligations of participants rather than on the legal form of the agreement; furthermore, the consolidation on a proportional basis in case of joint ventures is abolished. The amendment is expected to be applied with retrospective effect.

- IFRS 12 – “*Disclosure of Interests in Other Entities*” (*Regulation 1254/2012*). The amendment, which was issued by the IASB on 12 May 2011, is a newly introduced standard which must be applied when an entity has interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The amendment requires to disclosure information on judgments and significant assumptions carried out to determine the existence of the control, joint control or connection relationship.

- IFRS 10 – IFRS 11 and IFRS 12 (amendments) – “*Transition guidance*” (*Regulation 313/2013*). The amendment, which was issued by the IASB on 28 June 2012, clarifies the time of the first application of IFRS 10 and provides operational guidelines in the event that the application of IFRS 10 determines the entry or the exit of an entity from the scope of consolidation. The amendment also introduces simplifications concerning the initial application of IFRS 11 and IFRS 12.

- IAS 27 (revised) – “*Separate Financial Statements*” (*Regulation 1254/2012*). The standard was issued by the IASB on 12 May 2011 as a result of the issue of IFRS 10; the scope of application of IAS 27 is limited to separate financial statements. The standard regulates the accounting treatment of investments in subsidiaries, associates and joint ventures in separate financial statements.

- IAS 28 (revised) – "*Investments in Associates and Joint Ventures*" (*Regulation 1254/2012*). The standard, which was issued by the IASB on 12 May 2011, as a result of the issue of IFRS 10 and IFRS 11, regulates the accounting treatment of investments in associates and joint ventures and the criteria for the application of the equity method.

Accounting Standards being adopted by the European Union

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

- IFRS 9 – "*Financial instruments*". The standard was published by the IASB on 12 November 2009 and was subsequently amended. The standard, the application of which has been postponed to 1 January 2015, falls within the scope of a large multi-phase process aimed at replacing IAS 39 and introduces new criteria for the classification of financial assets and liabilities and for the derecognition of financial assets and the management and accounting for hedging transactions.

- IFRS 10, IFRS 12 and IAS 27 – "*Investment entities*" – Amendments issued by the IASB on 31 October 2012. The document introduces the exemption for any entities that measure their investments at fair value (investment entities) from the consolidation obligations laid down under IFRS 10, as the board has deemed it appropriate that, as regards these entities, the information arising from the measurement of investments at fair value is more significant that that arising from the consolidation of assets and liabilities. Furthermore, it is specified that an investment entity must not apply IFRS 3 at the time of the acquisition of control over an entity, but it must proceed with the measurement at fair value as required by IFRS 9 or by IAS 39. Finally, instructions are provided on the accounting treatment in the separate financial statements and on the type of information to be provided.

- IAS 36 (amendment) – *"Recoverable amount disclosures for non-financial assets"*. This amendment, which was published by the IASB on 29 May 2013, clarifies that the information to be provided on the recoverable value of assets that have reported an impairment loss only concerns those assets the recoverable value of which is based on the fair value, net of selling costs.

- Ifric 21 – "*Levies*". The interpretation, which was published by the IASB on 20 May 2013, clarifies the accounting treatment of liabilities for the payment of levies imposed by the Government other than income taxes.

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

COMMENTS ON THE ITEMS IN THE STATEMENT OF FINANCIAL POSITION

ASSETS

Non-current assets

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

Note 1 – Intangible assets

The table below reports the opening balance, the changes that occurred in the FY 2011/2012 and FY 2012/2013 and the final balance of intangible assets:

(in thousands of Euro)	**Development costs**	**Industrial patent rights**	**Software, licences, trademarks and other rights**	**Other fixed assets**	**Fixed assets under development**	**Total**
Gross value	592	39	1,470	1,259	-	3,360
Amortisation fund	(540)	(31)	(938)	(1,061)	-	(2,570)
Net value as at 31/03/2011	**52**	**8**	**532**	**198**	**-**	**790**
Increase for the period	-	6	266	924	-	1,196
Decrease for the period						
Reclassifications	-	-	-	-	-	-
Amortisation	(52)	(6)	(234)	(111)	-	(403)
Write-downs	-	-	(17)	(38)	-	(55)
Other changes	-	-	-	-	-	
Exchange differences	-	-	-	-	-	
Gross value	592	45	1,719	2,419	-	4,775
Amortisation fund	(592)	(37)	(1,172)	(1,446)	-	(3,247)
Net value as at 31/03/2012	**-**	**8**	**547**	**973**	**-**	**1.528**
Increase for the period	-	5	215	2,752	47	3,019
Decrease for the period	-	-	(6)	-	-	(6)
Reclassifications	-	-	-	-	-	-
Amortisation	-	(6)	(277)	(307)	-	(590)
Write-downs	-	-	-	-	-	-
Other changes in the historical cost	-	-	-	-	-	-
Other changes in the amortisation fund						-
Exchange differences						
Gross value	592	50	1,921	5,171	47	7,781
Amortisation	(592)	(43)	(1,442)	(1,753)	-	(3,830)

(in thousands of Euro)	**Development costs**	**Industrial patent rights**	**Software, licences, trademarks and other rights**	**Other fixed assets**	**Fixed assets under development**	**Total**
fund						
Net value as at 31/03/2013	**-**	**7**	**479**	**3,418**	**47**	**3,951**

Increases in intangible assets, equal to Euro 3,019 thousand in the financial year ended 31 March 2013 (Euro 1,196 thousand as at 31 March 2012) related for Euro 193 thousand to investments in software and IT products, for Euro 22 thousand to trademarks, for Euro 5 thousand to industrial patent rights, for Euro 2,752 thousand to key moneys mainly paid for the openings of the new shops in Paris – Rue Saint Honoré (Euro 2,291 thousand), Pescara (Euro 30 thousand), Rozzano –Fiordaliso Shopping Mall (for Euro 130 thousand), Verona – P.zza delle Erbe (Euro 275 thousand) and for Euro 47 thousand relating to intangible assets under development (relating to the advance for the key money paid for the opening of the new shop in Venice for Euro 44 thousand).

In the course of the FY 2012/2013 no trigger events occurred as to the key moneys (Milan – Via della Spiga, Bologna - P.zza Maggiore, Rome – Cinecittà, Milan – Corso Buenos Aires, Milan - Assago, Pescara, Milan – Fiordaliso Shopping Mall, Verona and Paris), which could indicate potential impairment losses of the same.

Note 2 – Property, plant and equipment

The table below reports the opening balance, the changes that occurred in the FY 2011/2012 and FY 2012/2013 and the final balance of property, plant and equipment:

(in thousands of Euro)	**Land**	**Buildings**	**Plant and equipment**	**Industrial and business equipment**	**Other assets**	**Fixed assets under construction and advances**	**Total**
Gross value	878	6,283	2,703	9,284	336	74	19,558
Depreciation fund	-	(933)	(2,147)	(4,101)	(313)	-	(7,494)
Net value as at 31/03/2011	**878**	**5,350**	**556**	**5,183**	**23**	**74**	**12,064**
Increase for the period	-	-	56	1,935	-	-	1,991
Sales and derecognitions	-	-	-		-	-	
Depreciation	-	(196)	(241)	(1,178)	(11)	-	(1,626)
Write-downs	-	-	-	(366)	-	-	(366)
Reclassification of historical cost for the year	-	-	(168)	168	-	-	-
Other reclassifications	-	-	-	74	-	(74)	-
Exchange differences	-	-	4	65			69
Gross value	878	6,283	2,595	11,160	336	-	21,252
Depreciation fund	-	(1,129)	(2,388)	(5,279)	(324)	-	(9,120)

(in thousands of Euro)	**Land**	**Buildings**	**Plant and equipment**	**Industrial and business equipment**	**Other assets**	**Fixed assets under construction and advances**	**Total**
Net value as at 31/03/2012	**878**	**5,154**	**207**	**5,881**	**12**	**-**	**12,132**
Increase for the period	-	-	91	2,152	-	214	2,457
Sales and derecognitions	-	-	-	-	-	-	-
Depreciation	-	(196)	(88)	(1,324)	(8)	-	(1,616)
Write-downs	-	-	-	(497)	-	-	(497)
Other reclassifications historical cost	-	-	(17)	165	-	-	148
Other reclassifications amortisation fund		17					17
Exchange differences	-	-	2	41	-	-	43
Gross value	878	6,283	2,671	12,124	336	214	22,506
Depreciation fund	-	(1,325)	(2,459)	(5,706)	(332)	-	(9,822)
Net value as at 31/03/2013	**878**	**4,958**	**212**	**6,418**	**4**	**214**	**12,684**

On the contrary, increases in property, plant and equipment, equal to Euro 2,457 thousand in the financial year ended 31 March 2013 (Euro 1,991 thousand as at 31 March 2012), were mainly attributable to the purchases of moulds relating to new products for Euro 91 thousand, to furniture and fittings for Euro 1,928 thousand and to sundry equipment purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro 2 thousand, to the purchase of electronic machines for Euro 222 thousand and to property, plant and equipment under construction (relating to furniture and fittings paid for the opening of new shops) for Euro 214 thousand.

Write-downs, equal to Euro 497 thousand, related to the write-down of furniture and fittings for the disposal of some points of sale in Italy (Euro 285 thousand), Spain (Euro 76 thousand), China (Euro 126 thousand) and Taiwan (Euro 10 thousand).

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

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Land	878	878
Buildings	4,958	5,154
Industrial and business equipment	301	374
Total	**6,137**	**6,406**

Note 3 - Receivables from others

Receivables from others (equal to Euro 877 thousand as at 31 March 2013 compared to Euro 977 thousand as at 31 March 2012) relate to both guarantee deposits paid both for various utilities, including those relating to the operation of Company-owned shops, and deposits relating to the lease of Company-owned shops that are not yet operating.

Note 4 – Deferred tax assets

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Deferred tax assets:		
- within 12 months	365	353
- beyond 12 months	1,059	1,108
	1,424	**1,461**
Deferred tax liabilities		
- within 12 months	2	129
- beyond 12 months	194	198
	196	**327**
Net position	**1,228**	**1,134**

Below are reported the relevant changes:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Net opening position	**1,134**	**879**
Credit/(Debit) to the Income Statement	196	185
Credit/(Debit) to Equity	(102)	70
Total	**1,228**	**1,134**

Below are reported the main elements that make up receivables for deferred tax assets and deferred tax liabilities and their changes in the financial year ended 31 March 2013 and 31 March 2012:

(in thousands of Euro)	**Provisions**	**Provision for bad debts**	**Amortisation**	**Derivatives measured at fair value**	**Lease**	**Actuarial valuation**	**Other**	**Total**
Balances as at 31.03.2011	**708**	**-**	**-**	**19**	**(147)**	**-**	**299**	**879**
Effect on the income statement	(25)	251	2	(18)	147	(38)	(134)	185
Effect on the Equity							70	70
Balances as at 31.03.2012	**683**	**251**	**2**	**1**	**-**	**(38)**	**235**	**1,134**
Effect on the income statement	81	(216)	54	(1)	-	28	250	196
Effect on the Equity							(102)	(102)
Balances as at 31.03.2013	**764**	**35**	**56**	**-**	**-**	**(10)**	**383**	**1,228**

The amount of deferred tax assets (equal to Euro 1,424 thousand as at 31 March 2013 against Euro 1,461 thousand as at 31 March 2012) is mainly made up of temporary tax differences relating to Piquadro S.p.A. (Euro 964 thousand as at 31 March 2013 against Euro 957 thousand as at 31 March 2012), relating to the IRES and IRAP tax effect on taxed funds, in addition to adjustments made at the time of the preparation of the consolidated financial statements (including the reversal of the intercompany profit with an advanced tax effect equal to about Euro 360 thousand).

Current assets

Note 5 - Inventories

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

(in thousands of Euro)	**Gross value as at 31 March 2013**	**Provision for write-down**	**Net value as at 31 March 2013**	**Net value as at 31 March 2012**
Raw materials	3,147	(151)	2,996	1,548
Semi-finished products	690	-	690	434
Finished products	10,840	(299)	10,541	9,929
Inventories	**14,677**	**(450)**	**14,227**	**11,911**

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

(in thousands of Euro)	**Provision as at 31 March 2012**	**Use**	**Allocation**	**Provision as at 31 March 2013**
Provision for write-down of raw materials	151	-	-	151
Provision for write-down of finished products	187	-	112	299
Total provision for write-down of inventories	**338**	-	**112**	**450**

31 March 2013 saw the recognition of an increase of Euro 2,316 thousand in inventories compared to the corresponding values at 31 March 2012. This increase is attributable both to the advances on the women collections and small leather goods, and to the new openings of DOSs. Also note an increase in the average stock held at the Company-owned shops also in order to seize sales opportunities which otherwise could not be achieved.

Note 6 - Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Receivables from customers	22,894	24,343
Provision for bad debts	(1,377)	(1,230)
Current trade receivables	**21,517**	**23,113**

Gross trade receivables at 31 March 2013 decreased compared to 31 March 2012 (Euro 1,449 thousand, down by 6.0%), following the decline in the business volume in the Wholesale channel.

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

(in thousands of Euro)	Provision as at 31 March 2013	Provision as at 31 March 2012
Balance at the beginning of the year	1,230	1,016
Provision	417	441
Uses	(270)	(227)
Total provision for bad debts	**1,377**	**1,230**

Note 7 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	31 March 2013	31 March 2012
Other assets	195	644
Accrued income and prepaid expenses	675	793
Other current assets	**870**	**1,437**

Other assets related to advances to suppliers of the Parent Company for Euro 63 thousand, INAIL advances of Euro 49 thousand and VAT credits related to subsidiaries (Euro 48 thousand).
Accrued income and prepaid expenses mainly related to the Parent Company for prepaid expenses on rents (equal to Euro 227 thousand) and advertising (Euro 283 thousand).

Note 8 – Tax receivables

As at 31 March 2013 tax receivables were equal to Euro 1,447 thousand (Euro 714 thousand at 31 March 2012) and related to the excess advances paid by the Parent Company for IRES and IRAP taxes with respect to the payable for current taxes for the period. The balance also includes "Receivable for IRES tax refund" (equal to Euro 270 thousand), relating to the refund of the IRES tax due following the deductibility of the IRAP tax relating to the cost of subordinate employment and employment treated as such referred to in Decree Law 201/2011 and Decree Law 16/2012 for the years 2007- 2011. This amount must be considered as a receivable due beyond 12 months.

(in thousands of Euro)	31 March 2013	31 March 2012
Receivables for income taxes	1,177	714
Receivable for IRES tax refund	270	-
Other current assets	**1,447**	**714**

Note 9 – Cash and cash equivalents

Below is reported the breakdown of cash and cash equivalents (mainly relating to the Parent Company):

(in thousands of Euro)	31 March 2013	31 March 2012
Available current bank accounts	20,374	12,747
Cash, cash on hand and cheques	102	66
Cash and cash equivalents	**20,476**	**12,813**

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

LIABILITIES

Note 10 – Shareholders' Equity

a) Share Capital

As at 31 March 2013, the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by no. 50,000,000 of ordinary shares, fully subscribed and paid up, with regular enjoyment, with no indication of their par value.

As described more in detail in the paragraph "Significant events after the year-end" of the Interim Report on Operations, during the financial year ended 31 March 2013, the Shareholders' Meeting approved the guidelines of a new stock option plan for the 2012-2017 period, which is reserved for certain directors, executives with strategic responsibilities, employees and collaborators of Piquadro S.p.A. and of other companies owned by it, and resolved to approve the consequent capital increase, excluding the right of option serving the plan, up to a maximum amount of Euro 93,998, through the issue of a maximum number of 4,699,900 ordinary shares of Piquadro SpA, of no par value, having the same features and enjoyment as the outstanding shares; this capital increase may be also implemented in more than one payment and is divisible by 31 December 2018.
On 26 September 2012, the Board of Directors resolved to determine the subscription price of the Piquadro ordinary shares, to be paid by the beneficiaries at the time of the subscription of the shares deriving from the exercise of the options, for an amount of Euro 1.53 per share, thus determining an overall number of 3,600,000 rights of option to be assigned to the respective beneficiaries. Furthermore, subject to the opinion of the Remuneration Committee, the list of the plan's beneficiaries was approved, specifying the number of rights of option assigned to each of them.

The new stock option plan will have a term of five years and the accrual of options, to the extent of 30% by 30 September 2015, 30% by 30 September 2016 and 40% by 30 September 2017, is subject to:

(i) the permanence of the relationship of administration, subordinate employment or collaboration, as the case may be;
(ii) the achievement by the Piquadro Group of certain EBIT targets, expected respectively for the related financial year, with a normalized positive NFP;
(iii) the circumstance that the Piquadro shares as at the date of accrual were still listed in an Italian regulated market.

Against this new plan, the Shareholders' Meeting also resolved the proposed partial cancellation of the Company's capital increase as resolved by the Board of Directors on 28 February 2008 in order to serve the 2008-2013 stock option plan. In particular, the partial cancellation concerns no. 2,200,000 shares, of which no. 1,300,000 shares relate to options that have already been assigned and that have been the object of a waiver by the respective beneficiaries or have been forfeited and no. 900,000 shares related to potential new allocations for subsequent incentive plans that should have been resolved within the ultimate deadline of 1 March 2011.

Below is reported some condensed information about the 2008-2013 stock option plan:

2008 – 2013 Stock Option Plan	**Number of options**
Options originally granted	1,600,000
Options subject to waiver by beneficiaries or forfeited	1,350,000
Options expired, as they were not exercised	87,500
Options in place as at 31 March 2013	162,500

This stock option plan provides for a subscription price of Euro 2.20 and an accrual 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. Currently, against the trend in the stock market of the quotations of the Piquadro stock, this plan may not be exercised by the beneficiaries.

The criterion adopted to measure the 2012-2017 stock option plans is based on the Black – Scholes model, which has been properly amended in order to be able to include the conditions of accrual of the options. Therefore, the calculation model has been created specifically in order to take account of the characteristics envisaged in the rules of the plan.

As at 31 March 2013 none of the 3,600,000 options granted against the new stock option plan had accrued.

In the financial year ended 31 March 2013 the abovementioned stock option plans entailed the recognition of a cost of Euro 121 thousand in the income statement.

b) Share premium reserve

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

c) Translation reserve

As at 31 March 2013 the reserve was positive for Euro 143 thousand (it reported a positive balance of Euro 66 thousand as at 31 March 2012). This item is referred to the exchange rate differences due to the consolidation of the Companies with a relevant currency other than the Euro, i.e. Uni Best Co. Ltd., Piquadro Hong Kong Co. Ltd. and Piquadro Macau Limitada (the relevant currency being the Hong Kong Dollar), Uni Best Leather Goods Zhongshan Co. Ltd. and Piquadro Trading Shenzhen Co. Ltd. (the relevant currency being the Chinese Renminbi), Piquadro Taiwan Co. Ltd. (the relevant currency being the Taiwan Dollar) and Piquadro Swiss SA (the relevant currency being the Swiss Franc).

d) Group net profit

This item relates to the recognition of the Group profit recorded, equal to Euro 3,263 thousand as at 31 March 2013.

During the financial year ended 31 March 2013, the Parent Company's profit for the period, as resulting from the annual accounts as at 31 March 2012, was allocated as follows:

- Euro 3,000 thousand to dividends, corresponding to earnings per share equal to about Euro 0.06 per share to n. 50,000,000 outstanding shares and to a payout of about 41.4% of the profit for the period;
- Euro 4,779 thousand to Profits carried forward.

e) Profit and reserves attributable to minority interests

The item refers to the portions of reserves and profit, equal to Euro 20 thousand (at 31 March 2012 there were no profits and reserves attributable to the minority interests), which are attributable to the minority interests of Piquadro Swiss SA, which was established in the course of the financial year ended 31 March 2013 and of which the Parent Company owns 51% of the share capital.

Non-current liabilities

Note 11 – Borrowings

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

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Borrowings from 1 to 5 years	17,420	2,628
Borrowings beyond 5 years	-	-
Medium/long-term borrowings	**17,420**	**2,628**

As at 31 march 2013, borrowings mainly related to the Parent Company. Below is the summary of the capital quotas still to be repaid as at the balance sheet date:

1. Euro 150 thousand for the 60-month unsecured loan disbursed by Carisbo S.p.A. on 1 September 2008 (for an initial amount of Euro 1,500 thousand) fully related to the current portion;
2. Euro 1,000 thousand for the unsecured loan granted by Carisbo S.p.A. on 28 February 2009 (for an initial amount of Euro 3,500 thousand), fully related to the current portion. In relation to this loan, it is specified that, following an amendment to the relevant agreement entered into on 31 May 2010, the Parent Company is no longer required to comply with any covenants;
3. Euro 1,485 thousand for the unsecured loan granted by Carisbo S.p.A. in 22 November 2010 (for an initial amount of Euro 2,700 thousand), of which a current portion of Euro 540 thousand and a non-current portion of Euro 945 thousand;

4. Euro 4,414 thousand relating to the unsecured loan granted by UBI – Banca Popolare Commercio & Industria on 25 July 2012 (against an initial amount of Euro 5,000 thousand), of which a current portion of Euro 1,205 thousand and a non-current portion of Euro 3,209 thousand;
5. Euro 2,824 thousand relating to the unsecured loan granted by Credem – Gruppo Emiliano on 5 October 2012 (against an initial amount of Euro 3,000 thousand), of which a current portion of Euro 718 thousand and a non-current portion of Euro 2,106 thousand;
6. Euro 5,646 thousand relating to the unsecured loan granted by Unicredit on 31 October 2012 (against an initial amount of Euro 6,000 thousand), of which a current portion of Euro 1,440 thousand and a non-current portion of Euro 4,206 thousand;
7. Euro 3,529 thousand relating to the unsecured loan granted by ICCREA – Banca Impresa S.p.A. on 11 December 2012 (against an initial amount of Euro 3,750 thousand), of which a current portion of Euro 899 thousand and a non-current portion of Euro 2,630 thousand;
8. Euro 5,000 thousand relating to the unsecured loan granted by Mediocredito Italiano S.p.A. on 28 February 2013, of which a current portion of Euro 556 thousand and a non-current portion of Euro 4,444 thousand;.
9. Euro 188 thousand fully relating to the short-term portion and to the Unicredit loan (Shanghai branch) granted to the subsidiary Piquadro Trading Shenzhen;
10. Euro 163 thousand fully relating to the short-term portion and related to the Minority shareholders loan of the subsidiary Piquadro Swiss SA, which was entered into on 16 October 2012 for an initial amount of 196 thousand Swiss Francs.

The increase in borrowings at 31 March 2013 is aimed at financing the investment policy of the Group.

Below is reported the breakdown of the loans:

(in thousands of Euro)	**Date of granting of the loan**	**Initial amount**	**Currency**	**Current borrowings**	**Amort. cost (S/T)**	**Non-current borrowings**	**Amort. Cost (L/T)**	**Total**
Carisbo loan	1 September 2008	1,500	Euro	150	-	-	-	150
Carisbo loan	28 February 2009	3,500	Euro	1,000	-	-	-	1,000
Carisbo loan	22 November 2010	2,700	Euro	540	-	945	(5)	1,480
UBI loan	25 July 2012	5,000	Euro	1,205	(16)	3,209	(20)	4,378
Credem loan	5 October 2012	3,000	Euro	718	(5)	2,106	(6)	2,813
Unicredit loan	31 October 2012	6,000	Euro	1,440	(26)	4,206	(34)	5,586
ICCREA loan	11 December 2012	3,750	Euro	899	(11)	2,630	(15)	3,503
Mediocredito loan	28 February 2013	5,000	Euro	556	(5)	4,444	(40)	4,955
Currency loan Unicredit	–Piquadro Trading Shenzhen	900	CNY	188				188
Currency loan Unicredit	–Piquadro Swiss SA	196	CHF	163				163
				6,859	**(63)**	**17,540**	**(120)**	**24,216**

Note 12 – Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Non-current portion:		
Payables to leasing companies	3,180	3,706
Current portion:		

Payables to leasing companies	562	709
Payables to other lenders for lease agreements	**3,742**	**4,415**

Below is reported the following additional breakdown:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Payables to other lenders for lease agreements:		
Due within 1 year	675	841
Due from 1 to 5 years	3,455	2,554
Due beyond 5 years	-	1,541
Financial interest to be paid	(388)	(521)
Present value of payables to other lenders for lease agreements	**3,742**	**4,415**

As at 31 March 2013, payables to other lenders due beyond 12 months were equal to Euro 3,180 thousand, and mainly related 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 (Euro 3,706 thousand at 31 March 2012). Furthermore, it should be noted that, effective from 1 August 2006, Centro Leasing S.p.A. has transferred to Cassa di Risparmio di Pistoia e Pescia S.p.A. a lease share equal to 50% of the receivables relating to finance lease rentals arising from the said lease agreement.

Note 13 – Provision for Employee Benefits

This item includes post-employment benefits measured by using the actuarial valuation method of projected unit credit applied by an independent actuary according to IAS 19.

Below are reported the changes that occurred in the course of the last two financial years in the provision for TFR (which represents the entire value of the provision for employee benefits), including the effects of the actuarial valuation:

(in thousands of Euro)	**Provision for TFR**
Balance as at 31 March 2011	**258**
Financial charges	12
Net actuarial Losses (Gains) accounted for in the period	30
Indemnities paid in the financial year	(39)
Balance as at 31 March 2012	**261**
Financial charges	13
Net actuarial Losses (Gains) accounted for in the period	4
Indemnities paid in the financial year /Other	(26)
Balance as at 31 March 2013	**252**

The value of the Provision as at 31 March 2013 has been determined by an independent actuary; the actuarial criteria and assumptions used for calculating the Provision are indicated in the paragraph *Accounting Standards – Provision for employee benefits* in these Notes.

Note 14 – Provisions for risks and charges

Below are the changes of Provisions for risks and charges during the financial year:

(in thousands of Euro)	**Provision as at 31 March 2012**	Reclassification	Use	Allocation	**Provision as at 31 March 2013**
Provision for supplementary clientele indemnity	502		(5)	241	738

Other Provisions for risks	283	70	(63)	41	331
Total	**785**	**70**	**(68)**	**282**	**1,069**

The "Provision for agents' supplementary indemnity" represents the potential liability with respect to agents in the event of Group companies' terminating agreements or agents retiring. The amount of the liability has been calculated by an independent actuary as at the balance sheet date.
"Other Provisions for risks" equal to Euro 331 thousand mainly relate to provision for risks on returns on sales equal to Euro 79 thousand, Euro 10 thousand for Provision for risks on repairs and Euro 242 thousand for other Provisions for risks on potential liabilities generated by current operations.
The reclassification under "Other provisions for risks" (equal to Euro 70 thousand) related to the provision for risks on customs operations of the subsidiary Unibest Zhongshan, which had been previously classified under "Other current liabilities".

Note 15 – Deferred tax liabilities

The amount of deferred tax liabilities, equal to Euro 196 thousand (Euro 327 thousand as at 31 March 2012) fully refers to the Parent Company; reference is made to the information reported in Note 4.

Current liabilities

Note 16 – Borrowings

As at 31 March 2013 borrowings were equal to Euro 7,796 thousand compared to Euro 11,998 thousand as at 31 March 2012 (for the breakdown, reference is made to Note 11). The balance related to a current portion of payables to banks for loans for Euro 6,796 thousand and payables to banks for credit lines for Euro 1,000 thousand.

Note 17 - Payables to other lenders for lease agreements

As at 31 March 2013 they were equal to Euro 562 thousand (Euro 709 thousand as at 31 March 2012) and related to the current portion of Payables to leasing companies in relation to agreements for the financial lease mainly of furniture, fittings and equipment for the shops (Euro 36 thousand) and of the building of the operational headquarters (Euro 526 thousand).

Note 18 – Derivative liabilities

As at 31 March 2013, there were no liabilities relating to the hedging of derivative financial instruments - IRS (Euro 1 thousand as at 31 March 2012).

At 31 March 2013, therefore, there were no liabilities relating to currency forward purchases - USD (at 31 March 2012 there were assets equal to Euro 2 thousand).

NET FINANCIAL POSITION

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

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
(A)Cash	102	66
(B) Other cash and cash equivalents (available current bank accounts)	20,374	12,747
(C) Liquidity (A) + (B)	**20,476**	**12,813**
(D) Finance leases	(562)	(709)
(E) Current bank debt	(1,000)	(9,000)
(F) Current portion of non-current debt	(6,796)	(2,998)
(G) Current financial debt (D) + (E) + (F)	**(8,358)**	**(12,707)**

(H) Short-term Net Financial Position (C) + (G)	**12,118**	**106**
(I) Non-current bank debt	(17,420)	(2,628)
(L) Finance leases	(3,180)	(3,706)
(M) Non-current financial debt (I) + (L)	**(20,600)**	**(6,334)**
(N) Net Financial Position (H) + (M)	**(8,482)**	**(6,228)**

As at 31 March 2013, the Net Financial Position posted a negative value of about Euro 8.5 million, showing a deterioration of about Euro 2.2 million compared to the debt of Euro 6.2 million, recorded as at 31 March 2012. The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- investments in property, plant and equipment and intangible assets for about Euro 5.5 million;
- dividends in relation to the profit recorded in the FY 2011/2012 for Euro 3 million (with a payout equal to about 41.4% of the profit resulting from the annual accounts of the Parent Company);
- decrease in the net current assets of about Euro 0.5 million, which was mostly due to the decrease in trade receivables following the decline in the business volume of the Wholesale channel.

Note 19 – Trade payables

Below is the breakdown of current trade liabilities:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Payables to suppliers	15,030	13,856

As at 31 March 2013, the increase in payables to suppliers, equal to Euro 1,174 thousand (+7.8%), compared to the previous financial year, was mainly attributable to the higher impact of the business dynamics linked to the seasonal collections to the detriment of the continuous lines, reporting effects at the level of payables to suppliers as at the closing date of 31 March 2013.

Note 20 – Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Payables to social security institutions	338	338
Payables to Pension funds	24	18
Other payables	454	531
Payables to employees	554	524
Advances from customers	42	44
Accrued expenses and deferred income	197	207
Payables for VAT	815	1,067
IRPEF tax payables and other tax payables	271	295
Other current liabilities	**2,695**	**3,024**

Payables to social security institutions mainly relate to the Parent Company's payables due to INPS as at the balance sheet date. Payables to employees, equal to Euro 554 thousand, included the payables for remunerations to be paid with respect to employees of the Group (Euro 524 thousand as at 31 March 2012).

Note 21 – Tax payables

Both at 31 March 2012 and at 31 March 2013 the advances paid by the Group (equal to Euro 2,032 thousand and Euro 2,297 thousand, respectively) were higher than the actual tax charge for IRES and IRAP tax (equal to Euro 4,063 thousand and Euro 1,969 thousand, respectively). For this reason, the Group recorded tax receivables equal to Euro 714 thousand and equal to Euro 1,447 thousand, respectively.

COMMENTS ON THE INCOME STATEMENT ITEMS

Note 22 – Revenues from sales

In relation to the breakdown of revenues from sales by commodity category, reference is made to the Report on Operations.

The Group's revenues are mainly realised in Euro.

Below is the breakdown of revenues by geographical area:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Italy	41,726	48,761
Europe	10,143	10,250
Rest of the world	4,398	5,436
Revenues from sales	**56,267**	**64,447**

Note 23 – Other income

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Charge-backs of transport cost and collection	170	212
Legal and insurance refunds	-	5
Revenues from sales at the corners	113	127
Other sundry income	448	369
Other sundry income	**731**	**713**

Other income mainly relates to the Parent Company and is made up of Euro 113 thousand (Euro 127 thousand as at 31 March 2012) of revenues for charging back corners and Euro 170 thousand (Euro 212 thousand as at 31 March 2012) from chargebacks of transport costs and collection to customers.
Sundry income, equal to Euro 448 thousand (Euro 369 thousand as at 31 March 2012) related to the Parent Company for Euro 393 thousand.

Note 24 – Change in inventories

The change in inventories of raw materials was positive for Euro 1,377 thousand (negative for Euro 18 thousand as at 31 March 2012); the change in semi-finished and finished products was positive for Euro 759 thousand (positive for Euro 1,566 thousand in the FY ended 31 March 2012).

Note 25 - Costs for purchases and information on purchases in foreign currency

Below is reported the breakdown by Company of the costs for purchases (the Parent Company and Uni Best Leather Goods Zhongshan Co. Ltd. are the Companies that purchase raw materials aimed at production):

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Piquadro S.p.A.	9,194	9,724
Uni Best Leather Goods Zhongshan Co. Ltd.	2,757	2,232
Costs for purchases	**11,951**	**11,956**

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

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

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

	Currency amount	**Average exchange rate**	**Amount in thousands of Euro**	**Currency amount**	**Average exchange rate**	**Amount in thousands of Euro**
		31 March 2013			**31 March 2012**	
Hong Kong Dollar	581,948	9.99	58	967,007	10.72	90
Renminbi	17,735,699	8.09	2,192	15,064,321	8.81	1,710
US Dollars	8,919,780	1.28	6,969	13,937,543	1.38	10,100
Total operating costs incurred in foreign currency			**9,219**			**11,900**

Overall, the Piquadro Group incurred, in the FY 2012/2013 operating costs denominated in a currency other than the Euro for an equivalent amount of about Euro 9.2 million, equal to 17.8% of the total operating costs (Euro 51,751 thousand), while in the financial year ended 31 March 2012 operating costs were borne for Euro 11.9 million equal to 22.3%.

During the financial year ended 31 March 2013, the Group reported a foreign exchange loss of Euro 389 thousand (Euro 497 thousand as at 31 March 2012), as a result of the dynamics of the foreign exchange market, as well as of the mentioned hedging transactions made by Piquadro S.p.A. through forward purchases of US Dollars.

In the FY 2012/2013, Piquadro made forward purchases of US Dollars for an overall amount of USD 5.9 million (USD 16.3 million in the FY 2011/2012) including purchases in dollars made against Uni Best Leather Goods Zhongshan Co. Ltd. (net of the sale of leather made by the Company to the Chinese subsidiary) equal to a counter-value of Euro 4.5 million at the average exchange rate prevailing in the FY 2012/2013 (Euro 11.7 million at the average exchange rate prevailing in the FY 2011/2012); therefore 36.1% of the purchases in US Dollars made by the Company was covered (in relation to the FY 2011/2012 81.6% of the purchases in US Dollars made by the Company was covered).

Note 26 - Costs for services and leases and rentals

Below is reported the breakdown of costs for services:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Costs for leases and rentals	5,984	5,237
External production	7,033	8,715
Advertising and marketing	2,544	3,125
Administrative services	1,575	1,644
Business services	2,545	3,247
Services for production	2,889	2,776
Transport services	3,416	3,552
Costs for services and leases and rentals	**25,986**	**28,296**

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

Note 27 - Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	31 March 2013	31 March 2012
Wages and salaries	10,445	9,749
Social security contributions	1,696	1,429
TFR	389	377
Personnel costs	**12,530**	**11,555**

The table below reports the exact number of the staff employed by the Group as at 31 March 2013 and 31 March 2012:

Units	31 March 2013	31 March 2012
Executives	8	8
Office workers	273	279
Manual workers	412	478
Total for the Group	**693**	**765**

In the financial year ended 31 March 2013, personnel costs reported an increase of 8.4%, passing from Euro 11,555 thousand in the financial year ended 31 March 2012 to Euro 12,530 thousand in the financial year ended 31 March 2013. The increase in personnel costs is mainly due to the increase in staff of the Parent Company, due to the opening of the new points of sales, the increase in the labour cost of the Chinese subsidiary Unibest Zhongshan, also by reason of the average exchange rate EUR/RMB decreased by about 10%, in addition to the related increase of the efefcts of the stock option plant under the resolution apssed by the Board of Directors on 26 September 2012. Furthermore, it should be noted that the impact of the number of staff employed for production activities (no. 316) over the total reported, equal to 693 people, is equal to 45.6%, while the impact of the cost of the same (Euro 1,518 thousand) on the total personnel costs (Euro 12,530 thousand) is equal to about 12.1%.

To supplement the information provided, below is also reported the average number of employees for the financial years ended 31 March 2013 and 31 March 2012:

Average unit	31 March 2013	31 March 2012
Executives	8	7
Office workers	283	280
Manual workers	434	480
Total for the Group	**725**	**767**

Note 28 - Amortisation, depreciation and write-downs

In the FY ended 31 March 2013, amortisation and depreciation were equal to Euro 2,206 thousand (Euro 2,028 thousand as at 31 March 2012). Write-downs, equal to Euro 914 thousand, related to the Provision for bad debts from customers for Euro 417 thousand (Euro 441 thousand as at 31 March 2012), and to the impairment loss of assets for Euro 497 thousand in relation to the write-down of furniture and fittings of the shops located in Italy (Euro 285 thousand), Spain (Euro 76 thousand), China (Euro 124 thousand), Taiwan (Euro 10 thousand), Hong Kong (Euro 1 thousand) and Arab Emirates (Euro 1 thousand).

Note 29 - Other operating costs

In the financial year ended 31 March 2013, other operating costs were equal Euro 300 thousand (Euro 256 thousand as at 31 March 2012) and mainly related to charges connected with the use of the plant of the Parent Company ad to taxes other than income taxes incurred by the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. (equal to Euro 102 thousand at 31 March 2013).

Note 30 - Financial income

The amount of Euro 904 thousand in the FY 2012/2013 (Euro 986 thousand as at 31 March 2012) mainly related for Euro 182 thousand to interest receivable on current accounts held by the Parent Company (Euro 135 thousand as at 31 March 2012) and for Euro 702 thousand of foreign exchange gains either realised or estimated (Euro 851 thousand as at 31 March 2012).

Note 31 - Financial charges

Below is the breakdown of financial charges:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Interest payable on current accounts	54	22
Interest and expense subject to final payment	30	44
Financial charges on loans	325	152
Lease financial charges	67	136
Commissions on credit cards	64	68
Other charges	211	170
Foreign Exchange losses (both realised and estimated)	389	497
Financial Charges	**1,140**	**1,089**

Note 32 - Income tax expenses

Below is reported the breakdown of income tax expenses:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
IRES tax (income taxes)	1,451	3,332
IRAP tax	518	731
Deferred tax liabilities	(131)	106
Deferred tax assets	(70)	(297)
Total taxes	**1,768**	**3,872**

Current taxes mainly relate to the tax burden calculated on the Parent Company's taxable income (Euro 1,725 thousand).

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

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Pre-tax result	5,011	11,651
Taxes calculated at the tax rate applicable in the individual Countries	1,573	3,612
Tax effect of income not subject to taxation	(1,736)	(3,797)
Tax effect of non-deductible costs	1,413	3,328
IRAP tax	518	729
Total	**1,768**	**3,872**

Note 33 - Earnings per share

As at 31 March 2013 diluted earnings per share amounted to Euro 0.063 Euro (basic earnings per share amounted to Euro 0.065 as at 31 March 2013); they are calculated on the basis of the consolidated net profit attributable to the Group, equal to Euro 3,263 thousand, divided by the weighted average number of ordinary shares outstanding in the financial year, equal to 52,156,065 shares, including potential shares relating to the stock option plan resolved and granted on 31 January 2008. As at 31 March 2013, no. 87,500 options assigned expired in relation to the stock option Plan named "2008 – 2013 Stock Option Plan of Piquadro S.p.A.".
As at 31 March 2012, diluted earnings per share were equal to Euro 0.151 Euro (basic earnings of Euro 0.156).

	31 March 2013	**31 March 2012**
Group net profit (*in thousands of Euro)*	3,263	7,779
Average number of outstanding ordinary shares (in	52,156	51,440

thousands of shares) for the purposes of the calculation of diluted earnings per share		
Diluted earnings per share (in Euro)	**0.063**	**0.151**
Group net profit (*in thousands of Euro)*	3.263	7.779
Average number of outstanding ordinary shares (in thousands of shares)	50,000	50,000
Basic earnings per share (in Euro)	**0.065**	**0.156**

Note 34 – Segment reporting

In the FY ended 31 March 2013, about 33.4% of the Group's consolidated revenues was realised through the direct channel, while the remaining 66.6% of consolidated revenues was realised through the Wholesale channel.

The table below illustrates the segment data of the Piquadro Group broken down by sales channel (DOSs and Wholesale), in relation to the financial years ended 31 March 2013 and 31 March 2012:

(in thousands of Euro)	**31 March 2013**				**31 March 2012**				
	DOS	**Wholesale**	**Total for the Group**	**% impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% impact (*)**	**% change 2013-2012**
Revenues from sales	**18,809**	**37,458**	**56,267**	**100%**	**17,506**	**46,941**	**64,447**	**100%**	**(12.7%)**
Other income	145	586	731	1.3%	104	609	713	1.1%	2.5%
Costs for purchases of materials	(2,384)	(7,431)	(9,815)	(17.4%)	(1,945)	(8,463)	(10,408)	(16.1%)	(5.7%)
Cost for services and leases and rentals	(9,868)	(16,118)	(25,986)	(46.2%)	(9,272)	(19,025)	(28,297)	(43.9%)	(8.2%)
Personnel costs	(5,803)	(6,727)	(12,530)	(22.3%)	(5,134)	(6,421)	(11,555)	(17.9%)	8.4%
Provisions and write-downs	-	(417)	(417)	(0.7%)	-	(441)	(441)	(0.7%)	(5.4%)
Other operating costs	(85)	(215)	(300)	(0.5%)	(106)	(150)	(256)	(0.4%)	17.2%
EBITDA	**814**	**7,136**	**7,950**	**14.1%**	**1,153**	**13,050**	**14,203**	**22.0%**	**(44.0%)**
Amortisation and depreciation	-	-	(2,703)	(4.8%)	-	-	(2,449)	(3.8%)	10.4%
Operating result	**-**	**-**	**5,247**	**9.3%**	**-**	**-**	**11,754**	**18.2%**	**(55.4%)**
Financial income and charges	-	-	(236)	(0.4%)	-	-	(103)	(0.2%)	129.1%
Pre-tax result	**-**	**-**	**5,011**	**8.9%**	**-**	**-**	**11,651**	**18.1%**	**(57.0%)**

Income taxes	-	-	(1,768)	(3.1%)	-	-	(3,872)	(6.0%)	(54.3 %)
Profit for the period	**-**	**-**	**3,243**	**5.8%**	**-**	**-**	**7,779**	**12.1%**	**(58.3 %)**
Group net result			**3,243**	**5.8%**	**-**	**-**	**7,779**	**12.1%**	**(58.3 %)**

(*)percentage impact compared to the total sales revenues

As a segment analysis of the balance sheet, below are reported the assets, liabilities and fixed assets broken down by sales channel in the financial years ended 31 March 2013 and 31 March 2012:

	31 March 2013				**31 March 2012**			
	Business Segment				**Business Segment**			
(in thousands of Euro)	***DOS***	**Wholesale**	**Unallocated**	**Total**	**DOS**	**Wholesale**	**Unallocated**	**Total**
Assets	10,534	42,824	24,115	77,473	5,550	44,174	16,362	66,086
Liabilities	5,536	17,252	25,412	48,200	4,175	18,166	14,955	37,296
Fixed assets	5,416	11,219	-	16,635	2,063	11,597	-	13,660

The assets allocated to the segments include property, plant and equipment, intangible assets, trade receivables, inventories, cash and other receivables other than tax receivables. Segment assets do not include loans receivable, tax or fiscal receivables, deferred tax liabilities and cash and cash equivalents.

The liabilities allocated to the segments include trade payables, Provisions for risks and charges, Provisions for personnel, payables to other lenders and other payables other than loans payable to credit institutions and tax and fiscal payables. Segment liabilities do not include loans payable to credit institutions, current accounts payable, tax or fiscal payables and deferred tax liabilities.

As to a breakdown of the Income Statement by segments, reference is made to the information reported in the Report on Operations in paragraph H "Other information".

Note 35 – Commitments

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

As at 31 March 2013, the Group had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2012/2013.

b) *Commitments on operating lease agreements*

As at 31 March 2013, the Group had executed contractual commitments which will entail future costs for leases of factories and operating leases which will be charged to the Income Statement on an accruals basis starting from the FY 2013/2014, mainly for the lease of the Chinese factory of Uni Best Leather Goods Zhongshan Co. Ltd. and the leases of DOS shops, as summarised in the table below:

	As at 31 March 2013			
(in thousands of Euro)	Within 12 months	From 1 to 5 years	Beyond 5 years	Total

Property lease	229	308	-	537
Other leases	5,606	12,627	4,025	22,258
Total	**5,835**	**12,935**	**4,025**	**22,795**

Note 36 – Relations with related parties

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

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

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

	Receivables		**Payables**	
(in thousands of Euro)	**31 March 2013**	**31 March 2012**	**31 March 2013**	**31 March 2012**
Financial relations with Piqubo S.p.A.	-	-	-	-
Financial relations with Piquadro Holding S.p.A.	-	-	-	
Financial relations with Fondazione Famiglia Palmieri	-	-	-	-
Total Receivables from and Payables to controlling companies	**-**	**-**	**-**	**-**

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

	Revenues		**Costs**	
(in thousands of Euro)	**31 March 2013**	**31 March 2012**	**31 March 2013**	**31 March 2012**
Economic relations with Piqubo S.p.A.	-	-	30	30
Economic relations with Piquadro Holding S.p.A.	-	-	180	-
Economic relations with Fondazione Famiglia Palmieri	-	-	-	-
Total Receivables from and Payables to controlling companies	**-**	**-**	**210**	**30**

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

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

On 29 June 2012, a lease agreement was entered into between Piquadro Holding S.p.A. and Piquadro S.p.A., concerning the lease of a property for office purposes located in Milan, Piazza San Babila n. 5, which is used as a show-room of Piquadro S.p.A. and whose amounts are reported in the following table. This lease agreement has been entered into at arm's length.

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

Below are reported the following financial relations with Piquadro Holding S.p.A.:

- in the first half-year 2012/2013, Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 2,050,872 relating to the profit for the FY 2011/2012;
- in the first half-year 2011/2012, Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 3,415,370 relating to the profit for the FY 2010/2011.

Fees due to the Board of Directors

The table below reports the fees (including emoluments as Directors and current and deferred remuneration, including in kind, as employees) due to Directors and to the members of the Board of Statutory Auditors of Piquadro S.p.A., in relation to the FY 2012/2013, for the performance of their duties in the Parent Company and other Group Companies, and the fees accrued by any executives with strategic responsibilities (as at 31 March 2013, Directors had not identified executives with strategic responsibilities):

(in thousands of Euro)

First and last name	Position Held	Period in which the position was held	Term of office 1)	Fees for the position	Non-monetary benefits	Bonuses and other incentives	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/12-31/03/13	2013	400	7	-	-	407
Pierpaolo Palmieri	Managing director	01/04/12-31/03/13	2013	200	4	-	-	204
Marcello Piccioli	Managing director	01/04/12-31/03/13	2013	180	3	-	4	187
Roberto Trotta	Managing director	01/04/12-31/03/13	2013	-2)	3	5	138 3)	146
Roberto Tunioli	Director	01/04/12-31/03/13	2013	25	-	-	-	25
Gianni Lorenzoni	Director	01/04/12-31/03/13	2013	25	-	-	-	25
Sergio Marchese	Director	01/04/12-31/03/13	2013	8	-	-	-	8
				838	**17**	**5**	**142**	**1,002**

1) Up to the approval of the financial statements at 31 March;
2) 2) He waived the emolument for the period from 01/04/12 to 31/03/13;
3) Fees relating to the remuneration from subordinate employment-executive.

Fees due to the Board of Directors

(in thousands of Euro)

First and last name	Position held	Period in which the position was held	Term of office	Fees in Piquadro	Other fees	Total
Pietro Michele Villa	Chairman of the Board of Statutory Auditors	01/04/12-31/03/13	2013	23		23
Alessandro Galli	Regular Member	01/04/12-31/03/13	2013	17		17

Vittorio Melchionda	Regular Member	01/04/12-31/03/13	2013	17	17
				57	**57**

The Statutory Auditors are also entitled to receive the reimbursement of expenses incurred for the reasons of their position, which amounted to Euro 3,293 and the reimbursement of any charges relating to the National Social Security Fund.

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

Type of services	**Entity performing the service**	**Fees** *(in thousands of Euro)*
Auditing	Parent Company's Auditors	98
Other services	Parent Company's Auditors and network of the Parent Company's Auditors	81
Auditing of subsidiaries	Parent Company's Auditors and network of the Parent Company's Auditors	80

Note 37 – Events after the year end

In addition to the information indicated above, no significant events were reported at Group level from 1 April 2013 up to today's date.

Note 38 – Other information

a) Shares of Piquadro S.p.A. owned by its Directors or statutory auditors

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

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

[1] At the end of the FY 2012/2013, the Chairman of the Board of Directors and CEO of Piquadro S.p.A., Marco Palmieri, owned a stake equal to 93.34% of the Share Capital of Piquadro Holding S.p.A., through Piqubo S.p.A., a company wholly owned by the latter. Piquadro Holding S.p.A., in turn, owns 68.37% of the Share Capital of Piquadro S.p.A.

[2] At the end of the FY 2012/2013, the Vice-Chairman of the Board of Directors of Piquadro S.p.A., Pierpaolo Palmieri, owned a stake equal to 6.66% of the Share Capital of Piquadro Holding S.p.A., which in turn, owns 68.37% of the Share Capital of Piquadro S.p.A.

b) Sale transactions with a reconveyance obligation

As at 31 March 2013, the Group had no sale transactions in place subject to an obligation of reconveyance or repurchase of its own assets sold with third-party customers.

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

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

d) Shareholder loans to the Company

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

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

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

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

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

- adequacy in relation to the characteristics of the Company and
- actual application of administrative and accounting procedures for the preparation of the consolidated financial statements in the course of the period 1 April 2012-31 March 2013.

It is also certified that the consolidated financial statements as at 31 March 2013:

a) have been prepared in accordance with the applicable International Accounting Standards acknowledged by the European Union pursuant to EC regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
b) correspond to the results in the accounting books and records;
c) are suitable to give a true and correct representation of the equity, economic and financial position of the issuer and of all the companies included in the scope of consolidation.

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

Silla di Gaggio Montano (Province of Bologna), 14 June 2013

Marco Palmieri
Chief Executive Officer

Marco Palmieri

Roberto Trotta
Manager responsible for the preparation of corporate accounting documents

Roberto Trotta

INDIPENDENT AUDITOR’S REPORT ON CONSOLIDATED FINANCIAL STATEMENT AT 31 MARCH 2013

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

To the shareholders of
Piquadro SpA

1 We have audited the consolidated financial statements of Piquadro SpA and its subsidiaries (hereinafter also "Piquadro Group") as of 31 March 2013 which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes. The directors of Piquadro SpA are responsible for the preparation of these consolidated financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 27 June 2012.

3 In our opinion, the consolidated financial statements of Piquadro Group as of 31 March 2013 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Piquadro Group for the period then ended.

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

under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by the CONSOB. In our opinion, the Report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the Report on corporate governance and ownership structure are consistent with the consolidated financial statements of Piquadro Group as of 31 March 2013.

Bologna, 2 July 2013

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

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

PIQUADRO S.P.A. FINANCIAL STATEMENTS AT 31 MARCH 2013

STATEMENT OF FINANCIAL POSITION

(in Euro units)	**Notes**	**31 March 2013**	**31 March 2012**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	1,785,393	1,526,112
Property, plant and equipment	(2)	10,878,037	11,073,814
Equity investments in subsidiaries	(3)	4,999,258	1,793,320
Receivables from others	(4)	255,589	176,130
Deferred tax assets	(5)	964,106	956,818
TOTAL NON-CURRENT ASSETS		**18,882,383**	**15,526,194**
CURRENT ASSETS			
Inventories	(6)	10,783,181	9,360,813
Trade receivables	(7)	21,236,775	22,930,501
Receivables from subsidiaries	(8)	6,502,445	6,217,184
Other current assets	(9)	756,141	1,139,297
Tax receivables	(10)	1,208,608	713,676
Cash and cash equivalents	(11)	18,672,616	10,720,395
TOTAL CURRENT ASSETS		**59,159,766**	**51,081,866**
TOTAL ASSETS		**78,042,149**	**66,608,060**

STATEMENT OF FINANCIAL POSITION

(in Euro units)	**Notes**	**31 March 2013**	**31 March 2012**
LIABILITIES			
EQUITY			
Share capital		1,000,000	1,000,000
Share premium reserve		1,000,000	1,000,000
Other reserves		1,361,136	1,238,552
Retained earnings		23,034,751	18,781,108
Profit for the period		3,181,881	7,253,643
EQUITY	(12)	**29,577,768**	**29,273,303**
NON-CURRENT LIABILITIES			
Borrowings	(13)	17,419,662	2,628,400
Payables to other lenders for lease agreements	(14)	3,179,847	3,706,327
Provision for employee benefits	(15)	251,565	260,794
Provisions for risks and charges	(16)	1,823,786	1,487,029
Deferred tax liabilities	(17)	196,501	327,365
TOTAL NON-CURRENT LIABILITIES		**22,871,361**	**8,409,915**
CURRENT LIABILITIES			
Borrowings	(18)	7,446,070	11,640,000
Payables to other lenders for lease agreements	(19)	561,694	709,441
Derivative liabilities	(20)	-	2,532
Trade payables	(21)	13,207,095	12,999,072
Payables to subsidiaries	(22)	2,255,553	1,315,472
Other current liabilities	(23)	2,122,608	2,258,325
Tax payables	(24)	-	-
TOTAL CURRENT LIABILITIES		**25,593,020**	**28,924,842**
TOTAL LIABILITIES		**48,464,381**	**37,334,757**
TOTAL EQUITY AND LIABILITIES		**78,042,149**	**66,608,060**

INCOME STATEMENT

(in Euro units)	Notes	31 March 2013	31 March 2012
Revenues from sales	(25)	53,188,352	60,846,869
Other income	(26)	876,797	721,509
OPERATING COSTS			
Change in inventories	(27)	(1,422,368)	(1,599,917)
Costs for purchases	(28)	14,510,689	14,920,587
Costs for services and leases and rentals	(29)	23,885,632	25,919,871
Personnel costs	(30)	8,381,866	7,686,256
Amortisation, depreciation and write-downs	(31)	2,413,434	2,342,762
Other operating costs	(32)	71,159	256,068
OPERATING PROFITS		**6,224,737**	**12,042,751**
Shares of profits (losses) from investee Companies	(33)	(987,949)	(801,711)
Financial income	(34)	639,805	678,037
Financial charges	(35)	(970,138)	(933,600)
PRE-TAX RESULT		**4,906,455**	**10,985,477**
INCOME TAXES	(36)	(1,724,574)	(3,731,834)
- *of which non-recurring*		*270,396*	-
PROFIT FOR THE PERIOD		**3,181,881**	**7,253,643**

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Profit/ (Loss) for the period (A)	**3,182**	**7,254**
Profit/ (loss) on hedging instruments of cash flows (cash flow hedge)	2	14
Total Profits/(Losses) not recognised through P&L (B)	**2**	**14**
Total comprehensive income/(Loss) for the period (A) + (B)	**3,184**	**7,268**

STATEMENT OF CHANGES IN EQUITY

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

(in thousands of Euro)

Description	Share capital	Share premium reserve	Fair value reserve	Other reserves	Total Other reserves	Retained earnings	Profit for the period	Equity
Balances as at 31.03.11	**1.000**	**1.000**	**-16**	**1.199**	**1.183**	**14.755**	**9.026**	**26.964**
Profit for the period							7.254	**7.254**
Other components of the comprehensive result as at 31 March 2012								
-Fair value of financial instruments			14		**14**			**14**
Total Comprehensive Income for the period			**14**	**0**	**14**	**0**	**7.254**	**7.268**
Distribution of the result for the period as at 31 March 2011								
-to dividends					**0**		-5,000	**-5,000**
-to reserves					**0**	-4,026	-4,026	**0**
Fair value of Stock Option Plans				41	**41**			**41**
Balances as at 31.03.12	**1.000**	**1.000**	**-2**	**1.240**	**1.238**	**18.781**	**7.254**	**29.273**

Description	Share capital	Share premium reserve	Fair value reserve	Other reserves	Total Other Reserves	Retained earnings	Profit for the period	Equity
Balances as at 31.03.12	**1.000**	**1.000**	**-2**	**1.240**	**1.238**	**18.781**	**7.254**	**29.273**
Profit for the period							3.182	**3.182**
Other components of the comprehensive result as at 31 March 2013								
-Fair value of financial instruments			2		**2**			**2**
Total Comprehensive Income for the period			**2**	**0**	**2**	**0**	**3.182**	**3.184**
Distribution of the result for the period as at 31 March 2012								
-to dividends					**0**		-3,000	**-3,000**
-to reserves					**0**	4.254	-4,254	**0**
Fair value of Stock Option Plans				121	**121**			**121**
Balances as at 31.03.13	**1.000**	**1.000**	**0**	**1.361**	**1.361**	**23.035**	**3.182**	**29.578**

STATEMENT OF CASH FLOWS

(*in thousands of Euro*)	**31 March 2013**	**31 March 2012**
Pre-tax profit	**4,907**	**10,985**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,712	1,768
Write-downs of property, plant and equipment and intangible assets	285	133
Losses (Income) from equity investments	832	801
Provision for bad debts	417	441
Adjustment to the Provision for employee benefits	(26)	18
Net financial charges/(income), including exchange rate differences	330	256
Cash flow from operating activities before changes in working Capital	**8,457**	**14,402**
Change in trade receivables (net of the provision)	1,277	(1,752)
Change in receivables from subsidiaries	(283)	2,005
Change in inventories	(1,422)	(1,600)
Change in other current assets	304	(114)
Change in trade payables	208	283
Change in payables to subsidiaries	940	(49)
Change in Provisions for risks and charges	341	(501)
Change in other current liabilities	(134)	(722)
Cash flow from operating activities after changes in working Capital	**9,688**	**11,952**
Payment of taxes	(2,358)	(5,391)
Interest paid	(300)	(151)
Cash flow generated from operating activities (A)	**7,030**	**6,410**
Investments in intangible assets	(727)	(1,195)
Investments in property, plant and equipment	(1,338)	(1,662)
Investments in financial fixed assets	(4,048)	(1,684)
Changes generated from investing activities (B)	**(6,113)**	**(4,541)**
Financing activities		
Absorption of short- and medium/long-term loans	(12,103)	(3,337)
Raising of new short- and medium/long-term loans	22,750	9,000
Changes in financial instruments	(3)	(35)
Lease instalments paid	(741)	(867)
Payment of dividends	(3,000)	(5,000)
Other minor changes	133	-
Cash flow generated from/(absorbed by) financing activities (C)	**7,036**	**(239)**
Net increase (decrease) in cash and cash equivalents A+B+C	7,953	1,630
Cash and cash equivalents at the beginning of the period	**10,720**	**9,090**
Cash and cash equivalents at the end of the period	**18,673**	**10,720**

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

Statement of financial position

(in thousands of Euro)	**31 March 2013**	**Related Parties**	**Subsidiaries**	**31 March 2012**	**Related Parties**	**Subsidiaries**
ASSETS						
NON-CURRENT ASSETS						
Intangible assets	1,785			1,526		
Property, plant and equipment	10,878			11,074		
Equity investments in subsidiaries	4,999		4,998	1,793		1,792
Receivables from others	256			176		
Deferred tax assets	964			957		
TOTAL NON-CURRENT ASSETS	**18,882**		**4,998**	**15,526**	**-**	**1,792**
CURRENT ASSETS						
Inventories	10,783			9,361		
Trade receivables	21,237			22,931		
Receivables from subsidiaries	6,502		6,502	6,217		6,217
Other current assets	756			1,139		
Tax receivables	1,209			714		
Cash and cash equivalents	18,673			10,720		
TOTAL CURRENT ASSETS	**59,160**		**6,502**	**51,082**	**-**	**6,217**
TOTAL ASSETS	**78,042**		**11,500**	**66,608**	**-**	**8,009**

Statement of financial position

(in thousands of Euro)	31 March 2013	Related parties	Subsidiaries	31 March 2012	Related parties	Subsidiaries
EQUITY						
Share capital	1,000			1,000		
Share premium reserve	1,000			1,000		
Other reserves	1,361			1,238		
Retained earnings	23,035			18,781		
Profit for the period	3,182			7,254		
EQUITY	**29,578**			**29,273**	**-**	**-**
NON-CURRENT LIABILITIES						
Borrowings	17,420			2,628		
Payables to other lenders for lease agreements	3,180			3,706		
Provision for employee benefits	252			261		
Provisions for risks and charges	1,824		857	1,488		701
Deferred tax liabilities	196			327		
TOTAL NON-CURRENT LIABILITIES	**22,872**		**857**	**8,410**		**701**
CURRENT LIABILITIES						
Borrowings	7,445			11,640		
Payables to other lenders for lease agreements	562			709		
Derivative liabilities	-			3		
Trade payables	13,207			12,999		
Payables to subsidiaries	2,256		2,256	1,315		1,315
Other current liabilities	2,122			2,259		
Tax payables	-			-		
TOTAL CURRENT LIABILITIES	**25,592**		**2,256**	**28,925**		**1,315**
TOTAL LIABILITIES	**48,464**		**3,113**	**37,335**		**2,016**
TOTAL EQUITY AND LIABILITIES	**78,042**		**3,113**	**66,608**		**2,016**

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

Income Statement

(in thousands of Euro)	31 March 2013	Related parties	Subsidiaries	31 March 2012	Related parties	Subsidiaries
Revenues from sales	53,188		5,675	60,847		4,892
Other income	877		3	722		28
OPERATING COSTS						
Change in inventories	(1,422)			(1,600)		
Costs for purchases	14,511		8,332	14,921		7,457
Costs for services and leases and rentals	23,886	210	3,445	25,920	30	2,919
Personnel costs	8,381		35	7,686	-	46
Amortisation, depreciation and write-downs	2,413			2,343		
Other operating costs	71			256		
OPERATING PROFIT	**6,225**	**210**	**(6,134)**	**12,043**	**30**	**(5,502)**
Shares of profits (losses) from investee companies	(987)			(802)		
Financial income	639		16	678		19
Financial charges	(970)			(934)		(1)
PRE-TAX RESULT	**4,907**	**210**	**(6,118)**	**10,985**	**30**	**(5,484)**
INCOME TAXES	(1,725)			(3,731)		
- of which non-recurring	*270*			-		
PROFIT FOR THE PERIOD	**3,182**	**210**	**(6,118)**	**7,254**	**30**	**(5,484)**

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

(*in thousands of Euro*)	**31 March 2013**	**Related parties**	**Subsidiaries**	**31 March 2012**	**Related parties**	**Subsidiaries**
Pre-tax profit	**4,097**			**10,985**		
Adjustments for:						
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,712			1,768		
Write-downs of property, plant and equipment/ intangible assets	285			133		
Losses (Income) from equity investments	832		832	801		801
Provision for bad debts	417			441		
Adjustment to the Provision for employee benefits	(26)			18		
Net financial charges/(Income), including exchange rate differences	330		16	256		19
Cash flow from operating activities before changes in working Capital	**8,457**			**14,402**		
Change in trade receivables (net of the provision)	1,277			(1,752)		
Change in receivables from subsidiaries	(283)		(283)	2,005		2,005
Change in inventories	(1,422)			(1,600)		
Change in other current assets	304			(114)		
Change in trade payables	208			283		
Change in payables to subsidiaries	940		940	(49)		(49)
Change in Provisions for risks and charges	341		156	(501)		(437)
Change in other current liabilities	(134)			(722)		
Cash flow from operating activities after changes in working Capital	**9,688**			**11,952**		
Payment of taxes	(2,358)			(5,391)		
Interest paid	(300)			(151)		
Cash flow generated from operating activities (A)	**7,030**			**6,410**		
Investments in intangible assets	(727)			(1,195)		
Investments in property, plant and equipment	(1,338)			(1,662)		
Investments in financial fixed assets	(4,048)			(1,684)		
Changes generated from investing activities (B)	**(6,113)**			**(4,541)**		
Financing activities						
Absorption of short- and medium/long term loans	(12,103)			(3,337)		
Raising of new short- and medium/long-term loans	22,750			9,000		
Changes in financial instruments	(3)			(35)		
Lease instalments paid	(741)			(867)		
Payment of dividends	(3,000)	(2,051)		(5,000)	(3,415)	
Other minor changes	133			-		
Cash flow generated from/(absorbed by) financing activities (C)	**7,036**			**(239)**		
Net increase (Decrease) in cash and cash equivalents A+B+C	7,953			1,630		
Cash and cash equivalents at the beginning of the period	**10,720**			**9,090**		
Cash and cash equivalents at the end of the period	**18,673**			**10,720**		

NOTES TO THE FINANCIAL STATEMENTS OF PIQUADRO SPA AS AT 31 MARCH 2013

General information

These financial statements of Piquadro Spa relate to the financial year ended 31 March 2013 and have been prepared in compliance with the IFRS adopted by the European Union. Piquadro SpA is a Joint-stock Company established in Italy and registered in the Register of Companies of Bologna, with registered and administrative office in Silla di Gaggio Montano (Bologna).
The financial statements are presented in Euro and all values reported therein are presented in Euro, unless otherwise specified.
The Company is not subject to any direction and coordination activity pursuant to article 2497 and ff. of the Italian Civil Code. In fact, despite article 2497-sexies of the Italian Civil Code provides that "it is presumed, unless evidence to the contrary is provided, that the direction and coordination activity of Companies is carried out by the Company or entity which is required to consolidate their financial statements or which in any case controls them pursuant to article 2359", neither Piqubo SpA nor Piquadro Holding SpA, which are the controlling companies of Piquadro S.p.A., carry out any direction and coordination activity towards the Company, as (i) they do not give instructions to their subsidiary and (ii) there is no significant organizational-functional connection between these Companies and Piquadro S.p.A..
Piquadro SpA, in turn, directly carries out operating activities, as well as direction and coordination activities towards the Companies controlled by it, pursuant to articles 2497 and ff. of the Italian Civil Code.

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

The data of these financial statements can be compared to the same of the previous financial year, except as reported below.

This document was prepared by the Board of Directors on 14 June 2013 and will be submitted to the approval by the Shareholders' Meeting called for 26 July 2013.

The Company's business

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

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

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

As of today's date, the Company is owned by Marco Palmieri through Piqubo SpA, which is 100% owned. Piqubo SpA, in fact, holds 93.34% of the Share Capital of Piquadro Holding SpA, which in its turn holds 68.3% of the Share Capital of Piquadro S.p.A., a company which is listed on the Milan Stock Exchange since 25 October 2007.
The flexibility of the business model adopted by the Company allows it to maintain control over all of the critical phases of the production and distribution chain. Indeed, the Company carries out the design, planning, purchasing, quality, marketing, communication and distribution phases wholly within the confines of its organisation and it only resorts to outsourcing for a part of the production activities, although it also retains control over the quality and efficiency of the phases that are currently outsourced. The Company is particularly focused on the activity of design, planning and development of the product, which is carried out by an internal team whose commitment is aimed at maintaining quality and style innovation which have always characterised the Company's products. In this regard, the design team, in light of the well-established experience of the persons who compose it, represents a fundamental resource for the Company.
The Company makes use of a delocalised production model at the Chinese plant which is currently leased to the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. (hereinafter "Uni Best 2"), located in the region of Guangdong, China and at third-party workshops located abroad (mainly in China), which are generally divided on the basis of the type of product. About 30% of production is carried out internally within the Piquadro Group, at the Chinese plant of Zhongshan - Guangdong, while the residual part is outsourced. This model, in the opinion of the

Management, ensures flexibility and efficiency of the production cycle, thus reducing fixed costs, while retaining control over the critical phases of the value chain, also for the purpose of ensuring product quality.

Main events that occurred in the course of the financial year ended 31 March 2013 and related significant accounting effects

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

On the same date, the Shareholders' Meeting of the Company approved the Report on Remuneration illustrating the Company Policy concerning the remuneration of Company Directors, members of the Board of Statutory Auditors and executives with strategic responsibilities. In this context, in order to reflect the new Remuneration Policy adopted, the Board resolved to redefine the total fixed fees of Directors, according to the new amount of Euro 845,000, until the approval of the financial statements as at 31 March 2013 and to award additional variable fees to any Directors holding special offices.

Furthermore, on the same date the Shareholders' Meeting of the Company approved the authorisation of the Board of Directors to acquire and dispose of treasury shares, in compliance with the regulatory provisions and regulations in force, and it authorised the Board of Directors to acquire the maximum number of treasury shares permitted by law, for a period of 12 months from the date of authorization - that is until the Shareholders' Meeting which approves the financial statements as at 31 March 2013 - by using the reserves available according to the last financial statements as duly approved.
Furthermore, the Shareholders' Meeting authorised the Board of Directors to sell any treasury shares acquired, in one or more transactions, for the consideration set by the Board of Directors, at a minimum of not less 20%, of the reference price that the share recorded in the Stock Exchange session of the day preceding each individual transaction.

The Shareholders' Meeting of the Company, again on the same date, also resolved to approve the guidelines of a new stock option plan for the 2012-2017 period, which is reserved for certain directors, executives with strategic responsibilities, employees and collaborators of Piquadro S.p.A. and of other companies owned by it. The new stock option plan will have a term of five years and the accrual of options, to the extent of 30% by 30 September 2015, 30% by 30 September 2016 and 40% by 30 September 2017, is subject to:

(i) the permanence of the relationship of administration, subordinate employment or collaboration, as the case may be,

(ii) the achievement by the Piquadro Group of certain EBIT targets, expected respectively for the related financial year, with a normalized positive NFP,

(iii) the circumstance that the Piquadro shares as at the date of accrual were still listed in an Italian regulated market.

Against this new plan, the Shareholders' Meeting of the Company also resolved the proposed partial cancellation, for a nominal amount of Euro 44,000, of the Company's capital increase of Euro 50,000, through the issue of a maximum number of 2,500,000 ordinary shares, as resolved by the Board of Directors on 28 February 2008 in order to serve the 2008-2013 stock option plan, which is currently in place.
In particular, the partial cancellation concerns no. 2,200,000 shares, of which no. 1,300,000 shares relate to options that have already been assigned and that have been the object of a waiver by the respective beneficiaries or have been forfeited and no. 900,000 shares related to potential new allocations for subsequent incentive plans that should have been resolved within the ultimate deadline of 1 March 2011. As a result of this partial cancellation, the abovementioned 2008-2013 stock option plan remained in place for potential 300,000 ordinary shares, equal to a capital increase in nominal amount of Euro 6,000.

In consideration of the above, the Shareholders' Meeting of the Company also resolved to increase share capital with the exception of the option right of current shareholders, as part of the new 2012-2017 plan, up to an overall maximum value equal to Euro 93,998, through the issue of a maximum number of 4,699,900 ordinary shares of Piquadro SpA, of no par value, having the same features and enjoyment as the outstanding shares; this capital increase may be also implemented in more than one payment and is divisible by 31 December 2018.

On 26 September 2012, the Board of Directors of the Company resolved to determine the subscription price of the Piquadro ordinary shares, to be paid by the beneficiaries at the time of the subscription of the shares deriving from the exercise of the options, for an amount of Euro 1.53 per share, thus determining an overall number of 3,600,000 rights of option to be assigned to the respective beneficiaries. Furthermore, subject to the opinion of the Remuneration Committee, the list of the plan's beneficiaries was approved, specifying the number of rights of option assigned to each of them. The Board of Directors decided not to make use of its right to assign all the 4,699,900 shares included in the new plan, also considering that the global macro-economic situation is still uncertain and it could be necessary to take steps, in next years, to also assign options to new key persons of the Group, other than the current beneficiaries; it is acknowledged that, once the global macro-economic situation is stable, the Board may consider new proposals (if any) for management incentive plans to be submitted to the Shareholders' Meeting.

Financial statements formats adopted and reporting currency

At the time of the preparation of the financial statements as at 31 March 2012 and as at 31 March 2013, the Management of Piquadro S.p.A. selected the following formats from among those specified under IAS 1 (revised), as it considered them to be more suitable to represent the Company's equity, economic and financial position:

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

For a better recognition, except as regards the statement of financial position and the Income Statement, the Accounting Data both in the Financial Statements Formats and in these Notes to the Financial Statements, are reported in thousands of Euro.

The reporting currency of these financial statements is the Euro.

The Management believe that no significant non-recurring events or transactions occurred either in the FY 2012/2013 or in the FY 2011/2012 nor any atypical or unusual transactions.

In compliance with Regulation (EC) no. 1606/2002, the financial statements of Piquadro SpA as at 31 March 2013 were prepared in accordance with IAS/IFRS ("International Accounting Standards" and "International Financial Reporting Standards") issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and the related Interpretations (SIC/IFRIC).

Accounting policies

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

Intangible assets

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

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

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

(i) Research and Development costs

Research costs are charged to the Income Statement in the financial year in which they are incurred. Development costs entered under intangible assets where all the following conditions are fulfilled:

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

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

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

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

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

(iii) Key money

Amortisation of the key money (that is payments to third parties to obtain the rights to take over lease agreements for points of sale) is calculated on a straight-line basis according to the lease term of the points of sale.
The recoverability of the entry value of intangible assets, including goodwill, is verified by adopting the criteria indicated in point “Impairment losses of assets”.

Property, plant and equipment

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

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

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

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

Land	Unlimited useful life
Buildings	3%
Leasehold improvements (shops)	17.5%*
Machinery and moulds	17.5%
General systems	17.5%
Industrial and business equipment	25%
Office electronic machines	20%
Fittings	12%
Motor vehicles and internal means of transport	20%
Cars	25%

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

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

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

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

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

Equity investments

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

Receivables and other non-current and current assets

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

Inventories

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

Cash and cash equivalents

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

Impairment losses of assets

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

Equity

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

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

Reserve for financial assets/liabilities at fair value

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

Legal reserve

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

Stock Option plans

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

Hedging financial instruments

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

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

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

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

Cash flow hedge - If a derivative financial instrument is designated as a hedge of the exposure to changes in future cash flows of an asset or liability entered in the accounts or of a forecast transaction which is highly probable and

which could have effects on the Income Statement, changes in fair value of the hedging instrument are taken to the statement of comprehensive income, the ineffective portion (if any) is recognised in the Income Statement.
If a hedging instrument or a hedging relationship are terminated, but the transaction being hedged has not yet been effected, the combined profits and losses, which have been entered under the statement of Comprehensive Income up to that time, are recognised in the Income Statement at the time when the related transaction is carried out.
If the transaction being hedged is no longer deemed probable, the profits or losses not yet realised and deferred to Equity are immediately recognised in the Income Statement.
If the hedge accounting cannot be applied, the profits or losses arising from the measurement at fair value of the derivative financial instrument are immediately entered in the Income Statement.

Financial liabilities

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

Financial instruments and IFRS 7

The category of financial instruments

As required by the Accounting Standard IFRS 7**,** below is reported the breakdown of the financial instruments by category relating to the financial years ended 31 March 2013 and 31 March 2012, as well as their measurement at fair value and the impact they have generated through Profit or Loss in the financial years indicated above.

(in thousands of Euro)	***31/03/2013***	**FVTPL**	**LAR**	**AFS**	**FLAC**	**IAS 17 leasing**	**Measurement at fair value**
Trade receivables	21,237	-	21,237	-	-	-	21,237
Receivables from subsidiaries	6,502	-	6,502	-	-	-	6,502
Assets for financial instruments	-	-	-	-	-	-	-
Cash and cash equivalents	18,674	-	18,674	-	-	-	18,674
Assets	**46,413**	**-**	**46,413**	**-**	**-**	**-**	**46,413**
Non-current borrowings	17,420	-	-	-	17,420	-	17,420
Payables to other lenders for non-current lease agreements	3,180	-	-	-	-	3,180	-
Current borrowings	7,445	-	-	-	7,445	-	7,445
Payables to other lenders for current lease agreements	562	-	-	-	-	562	-
Trade payables	13,207	-	13,207	-	-	-	13,207
Payables to subsidiaries	2,256	-	2,256	-	-	-	2,256
Liabilities for financial instruments	-	-	-	-	-	-	-
Liabilities	**44,070**	**-**	**15,463**	**-**	**24,865**	**3,742**	**40,328**

(in thousands	***31/03/2012***	**FVTPL**	**LAR**	**AFS**	**FLAC**	**IAS 17**	**Measurement**

of Euro)						**leasing**	**at fair value**
Trade receivables	22,931	-	22,931	-	-	-	22,931
Receivables from subsidiaries	6,217	-	6,217	-	-	-	6,217
Assets for financial instruments	-	-	-	-	-	-	-
Cash and cash equivalents	10,720	-	10,720	-	-	-	10,720
Assets	**39,868**	**-**	**39,868**	**-**	**-**	**-**	**39,868**
Non-current borrowings	2,628	-	-	-	2,628	-	2,628
Payables to other lenders for non-current lease agreements	3,706	-	-	-	-	3,706	-
Current borrowings	11,640	-	-	-	11,640	-	11,640
Payables to other lenders for current lease agreements	709	-	-	-	-	709	-
Trade payables	12,999	-	12,999	-	-	-	12,999
Payables to subsidiaries	1,315	-	1,315	-	-	-	1,315
Liabilities for financial instruments	3	-	3	-	-	-	3
Liabilities	**33,000**	**-**	**14,317**	**-**	**14,268**	**4,415**	**28,585**

Legenda

FVTPL: Fair Value Through Profit and Loss
LAR: Loans And Receivables
AFS: Available For Sale
FLAC: Financial Liabilities Amortized Costs

Risk factors

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

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

Credit risk

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

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

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

(in thousands of Euro)	**Provision as at 31 March 2012**	**Use**	**Provision**	**Provision as at 31 March 2013**
Provision for bad debts	2,276	(1,316)	417	1,377
Total provision	**2,276**	**(1,316)**	**417**	**1,377**

Position of the loans

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

(in thousands Euro)		Loans falling due	Expired loans			Provision for bad debts
31/03/2013	Amount in the accounts		1-60 days	61-120 days	Over 120 days	
Dos	-	-	-	-	-	-
Wholesale	21,237	16,265	1,981	859	3,509	(1,377)
Subsidiaries	6,502	2,130	417	1,078	2,877	-
Total	**27,739**	**18,395**	**2,398**	**1,937**	**6,386**	**(1,377)**

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

Liquidity risk

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

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

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

Liquidity schemes

Type of instruments	Amount in the accounts	Within 1 year	From 1 to 5 years anni	Beyond 5 years	Total
31/03/2013					
Payables to banks for loans	23,865	7,018	18,334	-	25,352
Payables to banks for credit lines	1,000	1,000	-	-	1,000
Trade payables	13,207	13,207	-	-	13,207
Trade payables to Subsidiaries	2,256	2,256	-	-	2,256
Other borrowings (leasing)	3,742	675	3,455	-	4,130
Derivative liabilities for IRS contract	-	-	-	-	-
Derivative liabilities for forward contracts	-	-	-	-	-
Total	**44,070**	**24,156**	**21,789**	**-**	**45,945**

Type of instruments	Amount in the accounts	Within 1 year	From1 year to 5 years	Beyond 5 years	Total
31/03/2012					
Payables to banks for loans	5,268	2,717	2,690	-	5,407
Payables to banks for credit lines	9,000	9,000			9,000
Trade payables	12,999	12,999			12,999
Trade payables to Subsidiaries	1,315	1,315			1,315
Other borrowings (leasing)	4,415	841	2,254	1,541	4,636
Derivative liabilities for IRS contract	1	16	4		20
Derivative liabilities for forward contracts	2	2			2
Total	**33,000**	**26,890**	**4,948**	**1,541**	**33,379**

Below are reported the main assumptions for the table above:

- Loans payable: the future cash flows have been provided directly by the banks concerned;
- Current bank accounts: by virtue of the worst case in which the worst scenario is equal to the repayment on demand of the use of the credit line, the related cash out has been charged to the first time band;
- Irs Cap Spread: the measurement of IRS was made for the sole analysis of the cash flows as at 31 March 2012 and has been calculated for the instrument, by assuming that the 3-month Euribor rate (equal to 0.78%). As the relevant rate is lower than the fixed cap, the cost of the contract (equal to 0.30%) was multiplied by the hedged notional value (Euro 5,300 thousand). There were no effects on the tax year at 31 March 2013 as the contract was terminated on 31 July 2012;
- Foreign exchange forwards: the cash out in Euro has been reported which has been envisaged as per contract at the time of the execution of the derivative instruments;
- Finance leases: instalments, plus interest, have been reported.

As at 31 March 2013, Piquadro S.p.A. could rely on about Euro 38,778 thousand of unused credit lines (Euro 38,517 thousand as at 31 March 2012) and on liquid assets of about Euro 18,673 thousand (Euro 10,720 thousand as at 31 March 2012). As regards the balance of Current Assets, and specifically the coverage of payables to suppliers, it is also ensured by the amount of net trade receivables, which amounted to Euro 27,739 thousand as at 31 March 2013 (Euro 29,148 thousand as at 31 March 2012).

Market risk

Foreign exchange risk

The Company is subject to market risks arising from fluctuations in the exchange rates of the currencies, as it operates in an international context in which transactions, mainly those with suppliers, are settled in US Dollars (USD). It

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

During the FY 2012/2013 ended 31 March 2013, Piquadro S.p.A. executed currency forward contracts for USD 5,992 thousand, equal to an aggregate counter-value of Euro 4,504 thousand, with an average exchange rate of USD 1.3305.

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

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

			Foreign exchange risk (FER)			
			+10% Euro/Usd		**-10% Euro/Usd**	
	Book value	**Of which subject to FER**	**Profits and (Losses)**	**Other changes in Equity**	**Profits and (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	18,674	1,805	(164)	-	201	-
Trade receivables	21,237	-	-	-	-	-
Receivables from subsidiaries	6,502	2,600	(236)	-	289	-
Derivatives financial instruments	-	-	-	-	-	-
			(400)	-	489	-
Financial liabilities						
Borrowings	24,865	-	-	-	-	-
Payables to other lenders for lease	3,742	-	-	-	-	-
Trade payables	13,207	1,794	(163)	-	199	-
Payables to subsidiaries	2,256	1,085	(99)	-	121	-
Derivative financial instruments	-	-	-	-	-	-
			(262)	-	320	-
Total increases (decreases) as at 31/03/2013			**(662)**	**-**	**809**	**-**

			Foreign exchange risk (FER)			
			+10% Euro/Usd		**-10% Euro/Usd**	
	Book value	**Of which subject to FER**	**Profits and (Losses)**	**Other changes in Equity**	**Profits and (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash	10,720	11	(1)	-	1	-

equivalents						
Trade receivables	22,931	-	-	-	-	-
Receivables from subsidiaries	6,217	1,490	(135)	-	165	-
Derivative financial instruments						
			(136)		166	
Financial liabilities						
Borrowings	14,268	-	-	-	-	-
Payables to other lenders for lease	4,415	-				
Trade payables	12,999	1,808	164	-	(201)	-
Receivables from subsidiaries	1,315	198	18	-	(22)	-
Derivative financial instruments	3	2	-	312	-	(384)
			182	312	(223)	(384)
Total increases (decreases) as at 31/03/2012			**46**	**312**	**(57)**	**(384)**

The variability parameters applied were identified in the context of changes that are reasonably possible on exchange rates with all other variables being equal.
As at 31 March 2013, there were no forward contracts hedging foreign exchange risks.

Interest rate risk

In September 2005, the Company executed, for hedging purposes on the BNL loan of Euro 5,300 thousand as renegotiated with Cassa di Risparmio di Bologna on 16 January 2008, a derivative contract I.R.S. (Interest Rate Swap) CAP SPREAD. For accounting purposes, this derivative was treated until 31 March 2012 as a financial instrument hedging future cash flows (and then accounted for through hedge accounting – cash flow hedge) and then accounted for at fair value against an entry in the statement of Comprehensive Income. The contract was terminated on 31 July 2012.

In these financial statements at 31 March 2013 there were no financial liabilities for derivative instruments relating to the fair value connected to the Interest Rate Swap contract described above.

			Interest rate risk (IRR)			
			+ 50 bps on RT		**-50 bps on RT**	
	Book value	**Of which subject to IRR**	**Profits and (Losses)**	**Other changes in Equity**	**Profits and (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	18,674	18,674	93	-	(93)	-
Trade receivables	21,237	-	-	-	-	-
Receivables from subsidiaries	6,502	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
			93	-	(93)	-
Financial liabilities						
Payables to banks for loans	23,865	23,865	(119)	-	119	-
Payables to banks for	1,000	1,000	(5)	-	5	-

credit lines						
Trade payables	13,207	-	-	-	-	-
Payables to subsidiaries	2,256	-	-	-	-	-
Other borrowings (leasing)	3,742	3,742	(19)	-	19	-
Derivative financial instruments						
			(143)	-	143	-
Total increases (decreases) as at 31/03/2013			**(50)**	**-**	**50**	**-**

			Interest rate risk (IRR)			
			+ 50 bps on RT		-50 bps on RT	
	Book value	**Of which subject to IRR**	**Profits and (Losses)**	**Other changes in Equity**	**Profits and (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	10,720	10,720	54		(54)	
Trade receivables	22,931					
Receivables from subsidiaries	6,217					
Derivative financial instruments						
			54		(54)	
Financial liabilities						
Payables to banks for loans	5,268	5,268	(26)		26	
Payables to banks for credit lines	9,000	9,000	(45)	-	45	-
Trade payables	12,999					
Payables to subsidiaries	1,315			-		
Other borrowings (leasing)	4,415	4,415	(22)	-	22	-
Derivative financial instruments	3	1		(4)		4
			(93)	(4)	93	4
Total increases (decreases) as at 31/03/2012			**(39)**	**(4)**	**39**	**4**

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

Capital risk management

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

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Net Financial Position	9,933	7,963
Equity	29,578	29,273
Total capital	39,511	37,236
Gearing ratio	**25.1%**	**21.4%**

Fair Value
At 31 March 2013 there were no financial assets and liabilities measured at fair value.

Employee benefits

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

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

Provisions for risks and charges

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

Income taxes

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

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

Deferred tax assets and liabilities are calculated on the temporary differences between the values of assets and liabilities entered in the accounts and the corresponding values recognised for tax purposes. Deferred tax assets are entered when it is probable that they will be recovered. Deferred tax assets and liabilities are classified under non-current assets and liabilities and are offset if they refer to taxes that can be offset. The balance of the set-off is entered under item "Deferred tax assets" if positive and under item "Deferred tax liabilities" if negative".

Both current and deferred taxes are recognised under item "Income tax expenses" in the Income Statement, except when these taxes are originated from transactions whose effects are recognised directly in Equity. In this case, the contra-entry of the recognition of the debt for current taxes, of deferred tax assets and liabilities is charged as a reduction in the Equity item from which the effect being recorded originated.
Deferred tax assets and liabilities are calculated on the basis of the tax rates which are expected to be applied in the tax year when these assets will be realised or these liabilities will be discharged.

Currency translation

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

Revenue recognition

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

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

Cost recognition

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

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

Use of estimates

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

Main estimates adopted by the Management

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

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

Amortisation and depreciation of fixed assets: the amortisation and depreciation of fixed assets constitute a significant cost for the Company. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the related assets. The useful economic life of the Company's fixed assets is determined by the Directors at the time when the fixed asset has been purchased; it is based on past experience for similar fixed assets, market conditions and expectations regarding future events which could have an impact on the useful life, including changes in technology. Therefore, the actual economic life may differ from the estimated useful life. The Company periodically evaluates technological and sector changes in order to update the residual useful life. This periodical update could involve a variation in the depreciation period and therefore also in the depreciation rate for future financial years.

Deferred taxes: deferred tax assets are accounted for on the basis of the income expected in the future financial years. The measurement of the expected income for the purposes of accounting for deferred taxes depends on factors which can vary over time and determine significant effects on the measurement of deferred tax assets.

Provisions for legal and tax risks: provisions are made for legal and tax risks, if required, which represent the risk of being the losing party. The amount of the Provisions (if any) entered in the accounts statements relating to such risks represents the best estimate at that time made by Management. This estimate entails the adoption of assumptions which depend on factors which can vary over time and which could therefore have effects compared to the current estimated made by the Directors for the preparation of the financial statements.

Below are reported the critical accounting estimates of the process of drawing up the financial statements for which the Management has availed itself of the support and valuations of independent third-party experts (actuaries and financial advisors). Please note that future amendments (if any) to the conditions underlying the judgments, assumptions and estimates adopted could have an impact on the results of financial years after 2012/2013:

Actuarial calculation of defined benefit pension plans: the estimates, demographic and economic-financial assumptions adopted, with the support of the valuations of an actuarial expert, in the actuarial calculation for the determination of defined benefit plans within post-employment benefits are broken down as follows:

Annual rate of inflation	**Probability of exit of the employee from the Company**	**Probability of advance payments of the TFR**
2.0% for 2013 and 2.5% for 2012	7.5% frequency both for 2013 and 2012	3% both for 2013 for 2012

Amendments to Accounting Standards

Accounting Standards, amendments and interpretations

Starting from 1 April 2012, the following amendments to the international accounting standards were applied, which were issued by the IASB and endorsed by the European Union:

- IFRS 7 (amendments) – "*Financial Instruments: Disclosures*" – *Transfers of financial assets* (*Regulation 1205/2011*). The amendments promote transparent disclosures, in the accounts, on the transfer (derecognition) of financial assets in the portfolio, thus improving the disclosures relating to the risks retained by the entity that has made the transfer (continuing involvement) and the effects on the financial position, in particular in the event that these transfers have been made at the end of an accounting period.

- IAS 12 (amendments) – "*Income taxes: Recovery of underlying assets* (*Regulation 1255/2012*)". The amendments simplify the assessment of the recoverability of deferred tax assets, introducing the presumption that a deferred tax asset will be recovered through the sale. These amendments also allow to overcome the interpretation SIC 21– Income taxes: Recovery of Revalued Non-Depreciable Assets. The application is expected to be carried out on a retrospective basis.

These amendments did not entail significant effects on the disclosure provided in this annual financial report and on the valuation of the related balance sheet items.

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

Starting from 1 April 2013, the following accounting standards, interpretations and amendments to the accounting standards will be applicable on a compulsory basis, as the EU endorsement process has already been concluded:

- IFRS 1 (amendments) – "*First-time Adoption of International Financial Reporting Standards*" (*Regulation 1255/2012*). The amendments provide for simplifications for first-time adopters and for companies that could not have adopted the IFRS accounting standards as a result of hyperinflation. It is expected that the adoption of these amendments will not entail effects on the financial statements of the Company.

- IAS 1 (amendments) – "*Presentation of financial statements*" (*Regulation 475/2012*). The amendment, which was issued by the IASB on 16 June 2011, requires the aggregation of the elements of the statement of comprehensive income into two categories, according to their nature, or that may be, in the future, reclassified or not reclassified to the income statement. The application is expected to be carried out on a retrospective basis. This amendment will not entail any effect on the valuation of the items of the financial statements.

- IAS 19 (amendments) – "*Employee benefits*" (*Regulation 475/2012*). These amendments, which were issued by the IASB on 16 June 2011, concern significant issues such as: the elimination of the option of the "corridor method" for the recognition of actuarial gains and losses; the presentation and recognition of changes in assets and liabilities related to employee benefit plans in the income statement and in the statement of comprehensive income; the strengthening of the disclosure requirements on the characteristics of benefit plans and the risks to which the entity is exposed. The amendments are applicable on a retrospective basis.

- IAS 32 (amendments) – "*Financial Instruments: Presentation*" and amendments to IFRS 7 – "*Financial Instruments: Disclosures*" (*Regulation 1256/2012*). The amendment, which was issued by the IASB on 16 December 2011, concerns the rules for the offsetting of financial assets and liabilities and the related disclosure obligation within specific financial instruments. As to IAS 32, the amendments are applicable retroactively starting from the financial statements for the financial year commencing after 1 April 2014. As to IFRS 7, the amendments will be applicable from 1 April 2013. The required information must be provided on a retrospective basis.

- IFRS 1 (amendments) – "*First-time Adoption of International Financial Reporting Standards*" (*Regulation 183/2013*). The amendment was issued by the IASB on 19 March 2011. With reference to the loans granted to the entity by a public institution, with a rate below the market rate, the amendment allows a first-time adopter to apply IAS 20 on a prospective basis, without changing the initial entry value of the payable itself if it had not been accounted for in accordance to IAS 39.

- IFRS 13 – "*Fair Value Measurement*" (*Regulation 1255/2012)*. The amendment, which was issued by the IASB on 12 May 2011, defines the concept of fair value, provides guidance for its determination and introduces qualitative and quantitative disclosure common to all balance sheet items measured at fair value, in order to ensure greater consistency and to reduce complexity. The amendment is expected to be applied on a prospective basis and will not entail significant effects on the Company's financial statement.

- Ifric 20 – "*Stripping Costs in the Production Phase of a Surface Mine*" (*Regulation 1255/2012)*. The interpretation, which was published by the IASB on 19 October 2011, is applicable with prospective effect and will not entail significant effects on the Company's financial statement.

On 17 May 2012, the International Accounting Standards Board (IASB) issued "*Improvements to International Financial Reporting Standards* (2009 – 2011 Cycle)" (*Regulation 301/2013*). These improvements include amendments to the following existing international accounting standards:

- IFRS 1 (improvement) – "*First Time Adoption of International Financial Statements*: *Repeated Application*". The improvement clarifies that IFRS 1 must be re-applied in the event of a new transition to IFRS, if the entity had previously applied different accounting standards.

- IFRS 1 (improvement) – "*First Time Adoption of International Financial Statements: capitalized borrowing costs*". The improvement clarifies that the entity, at the date of transition, may capitalise the borrowing costs in the value of an asset and IAS 23 shall be applied after the transition.

- IFRS 1 (improvement) – "*Presentation Financial Statements: Comparative Information*". The amendment clarifies that any additional comparative information must be submitted in accordance with IAS/IFRS. Furthermore, in the event of retrospective amendments, the entity must present a balance sheet at the beginning of the comparative period (the third balance sheet), without providing full information for this new scheme, but only for the items concerned.

- IAS 16 (improvement) – "*Property, Plant and Equipment: Classification of servicing equipment*". The amendment clarifies that the service equipment must be classified under Property, Plant and equipment if used for more than one financial years, under inventories if used for only one financial year.

- IAS 32 (improvement) – "*Financial Instrument Presentation: Tax effects of distributions to holders of equity instruments and on transaction costs of the equity instruments*". The amendment clarifies that direct taxes relating to such case must apply the requirements under IAS 12.

- IAS 34 (improvement) – "*Interim Financial reporting: Total assets for a segment*". The amendment clarifies that the total of the assets must be disclosed only if it is used by the management and a change in the total amount occurred compared to the last annual financial statements for that segment.

Therefore, starting from 1 April 2014, the following amendments to the accounting standards will be applied:

- IFRS 10 – "*Consolidated Financial Statements*" (*Regulation 1254/2012*). The amendment, which was issued by the IASB on 12 May 2011, replaces IAS 27 "*Consolidated Financial Statements*" and SIC 12 "*Consolidation – Special Purpose Entities*". The new standard introduces a new definition of control, it clarifies the concept of *de facto* control (control with less than the majority of voting rights) and clarifies the link between control and agency relationship. The amendment is expected to be applied with retrospective effect.

- IFRS 11 – "*Joint arrangements*"(*Regulation 1254/2012*). The amendment, which was issued by the IASB on 12 May 2011, replaces IAS 31 "*Interests in Joint Ventures*" and SIC 13 "*Jointly Controlled Entities — Non-Monetary Contributions by Ventures*". The new standard provides for the distinction between joint operation and joint ventures, focusing on the rights and obligations of participants rather than on the legal form of the agreement; furthermore, the consolidation on a proportional basis in case of joint ventures is abolished. The amendment is expected to be applied with retrospective effect.

- IFRS 12 – "*Disclosure of Interests in Other Entities*" (*Regulation 1254/2012*). The amendment, which was issued by the IASB on 12 May 2011, is a newly introduced standard which must be applied when an entity has interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The amendment requires to disclosure information on judgments and significant assumptions carried out to determine the existence of the control, joint control or connection relationship.

- IFRS 10 – IFRS 11 and IFRS 12 (amendments) – "*Transition guidance*" (*Regulation 313/2013*). The amendment, which was issued by the IASB on 28 June 2012, clarifies the time of the first application of IFRS 10 and provides operational guidelines in the event that the application of IFRS 10 determines the entry or the exit of an entity from the scope of consolidation. The amendment also introduces simplifications concerning the initial application of IFRS 11 and IFRS 12.

- IAS 27 (revised) – "*Separate Financial Statements*" (*Regulation 1254/2012*). The standard was issued by the IASB on 12 May 2011 as a result of the issue of IFRS 10; the scope of application of IAS 27 is limited to separate financial statements. The standard regulates the accounting treatment of investments in subsidiaries, associates and joint ventures in separate financial statements.

- IAS 28 (revised) – "*Investments in Associates and Joint Ventures*" (*Regulation 1254/2012*). The standard, which was issued by the IASB on 12 May 2011, as a result of the issue of IFRS 10 and IFRS 11, regulates the accounting treatment of investments in associates and joint ventures and the criteria for the application of the equity method.

Accounting Standards being adopted by the European Union

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

- IFRS 9 – "*Financial instruments*". The standard was published by the IASB on 12 November 2009 and was subsequently amended. The standard, the application of which has been postponed to 1 January 2015, falls within the scope of a large multi-phase process aimed at replacing IAS 39 and introduces new criteria for the classification of financial assets and liabilities and for the derecognition of financial assets and the management and accounting for hedging transactions.

- IFRS 10, IFRS 12 and IAS 27 – "*Investment entities*" – Amendments issued by the IASB on 31 October 2012. The document introduces the exemption for any entities that measure their investments at fair value (investment entities) from the consolidation obligations laid down under IFRS 10, as the board has deemed it appropriate that, as regards these entities, the information arising from the measurement of investments at fair value is more significant that that arising from the consolidation of assets and liabilities. Furthermore, it is specified that an investment entity must not apply IFRS 3 at the time of the acquisition of control over an entity, but it must proceed with the measurement at fair value as required by IFRS 9 or by IAS 39. Finally, instructions are provided on the accounting treatment in the separate financial statements and on the type of information to be provided.

- IAS 36 (amendment) – *"Recoverable amount disclosures for non-financial assets"*. This amendment, which was published by the IASB on 29 May 2013, clarifies that the information to be provided on the recoverable value of assets that have reported an impairment loss only concerns those assets the recoverable value of which is based on the fair value, net of selling costs.

- Ifric 21 – "*Levies*". The interpretation, which was published by the IASB on 20 May 2013, clarifies the accounting treatment of liabilities for the payment of levies imposed by the Government other than income taxes.

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

COMMENTS ON THE ITEMS IN THE STATEMENT OF FINANCIAL POSITION

ASSETS

Non-current assets

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

Note 1 – Intangible assets

The table below reports the opening balance, the changes that occurred in the FY 2011/2012 and FY 2012/2013 and the final balance of intangible assets:

(in thousands of Euro)	**Development costs**	**Industrial patent rights**	**Software, licences, trademarks and other rights**	**Other fixed assets**	**Fixed assets under development**	**Total**
Gross value	592	39	1,467	1,159	-	3,257
Amortisation fund	(540)	(31)	(940)	(1,006)	-	(2,517)
Net value as at 31/03/2011	**52**	**8**	**527**	**153**	**-**	**740**
Increase for the period	-	6	265	924	-	1,195
Sales	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Write-downs	-	-	(18)	-	-	(18)
Amortisation	(52)	(6)	(232)	(101)		(391)
Gross value	592	45	1,714	2,083	-	4,434
Amortisation fund	(592)	(37)	(1,172)	(1,107)	-	(2,908)
Net value as at 31/03/2012	**-**	**8**	**542**	**976**	**-**	**1,526**
Increase for the period	-	5	215	460	47	727
Sales	-	-	(5)	-	-	(5)
Reclassifications	-	-	-	-	-	-
Write-downs	-	-	-	-	-	-
Amortisation	-	(6)	(277)	(180)	-	(463)
Gross value	592	50	1,915	2,543	47	5,147
Amortisation fund	(592)	(43)	(1,440)	(1,287)	-	(3,362)
Net value as at 31/03/2013	**-**	**7**	**475**	**1,256**	**47**	**1,785**

Increases in intangible assets, equal to Euro 727 thousand in the financial year ended 31 March 2013 (Euro 1,195 thousand as at 31 March 2012) related to investments in software and IT products for Euro 193 thousand, trademarks for Euro 22 thousand, industrial patent rights for Euro 5 thousand, the key moneys mainly paid for the opening of the new shops located in Pescara (Euro 30 thousand), Milan – Fiordaliso Shopping Mall (Euro 130 thousand) and Verona – P.zza delle Erbe (Euro 275 thousand) for Euro 460 thousand, and to intangible assets under development (mainly relating to the advance paid on the key money paid for the opening of new shop in Venice – via Mercerie for Euro 44 thousand) for Euro 47 thousand.

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

In the course of the FY 2012/2013 no trigger events occurred as to the key moneys paid for the opening of shops (Milan – Via della Spiga, Bologna - P.zza Maggiore, Rome – Cinecittà, Milan – Corso Buenos Aires, Milan - Assago, Pescara, Milan –Fiordaliso Shopping Mall and Verona).

Note 2 - Property, plant and equipment

The table below reports the opening balance, the changes that occurred in the FY 2011/2012 and FY 2012/2013and the final balance of property, plant and equipment:

(in thousands of Euro)	**Land**	**Building**	**Plant and equipment**	**Industrial and business equipment**	**Other assets**	**Fixed assets under constructio n and advances**	**Total**
Gross value	878	6,283	2,363	8,167	343	58	18,092
Depreciation fund	-	(933)	(2,026)	(3,905)	(320)	-	(7,184)
Net value as at 31/03/2011	**878**	**5,350**	**337**	**4,262**	**23**	**58**	**10,908**
Increase for the period	-	-	43	1,619	-	-	1,662
Sales	-	-	-	(4)	-	-	(4)
Depreciation	-	(196)	(213)	(957)	(12)	-	(1,378)
Write-downs	-	-	-	(114)	-	-	(114)
Other changes	-	-	-	-	-	-	-
Reclassifications			-	58	-	(58)	-
Gross value	878	6,283	2,406	9,726	343	-	19,636
Depreciation fund	-	(1,129)	(2,239)	(4,863)	(332)	-	(8,562)
Net value as at 31/03/2012	**878**	**5,154**	**167**	**4,863**	**11**	**-**	**11,074**
Increase for the period	-	-	75	1,092	-	171	1,338
Sales	-	-	-	-	-	-	-
Depreciation	-	(196)	(63)	(981)	(8)	-	(1,248)
Write-downs	-	-	-	(285)	-	-	(285)
Other changes historical cost	-	-	(3)	-	(7)	-	-
Other changes depreciation fund			3		7		
Reclassifications	-	-	-	-	-	-	-
Gross value	878	6,283	2,478	9,646	336	171	19,792
Depreciation fund	-	(1,325)	(2,299)	(4,957)	(333)	-	(8,914)
Net value as at 31/03/2013	**878**	**4,958**	**179**	**4,689**	**3**	**171**	**10,878**

Increases in property, plant and equipment, equal to Euro 1,338 thousand in the financial year ended 31 March 2013 (Euro 1,662 thousand as at 31 March 2012) were mainly attributable to furniture, fittings and sundry equipment purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro 945 thousand, the purchases of moulds relating to new products for Euro 9 thousand, the purchase of electronic office machines for Euro 146 thousand, workshop equipment and machinery for Euro 67 thousand and property, plant and equipment under construction (furniture and fittings purchased for the new opening of shops) for Euro 171 thousand.

Write-downs, equal to Euro 285 thousand, related to the impairment losses of assets relating to the closing of some DOSs.

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

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Land	878	878
Buildings	4,958	5,154
Industrial and business equipment	301	374
Total	**6,137**	**6,406**

Note 3 – Equity investments in subsidiaries

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

Below is the breakdown of the item:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Piquadro España SLU	700	-
Piquadro Deutschland GmbH	-	-
Piquadro BV	300	300
Piquadro Hong Kong Co. Ltd.	-	-
Uni Best Leather Goods Zhongshan Co. Ltd.	-	-
Piquadro Macau Limitada	-	-
Piquadro Middle East Leather Products LLC*	-	-
Piquadro Trading Shenzhen Co. Ltd.	990	990
Piquadro Taiwan Co. Ltd.	490	490
Uni Best Leather Goods Co. Ltd.**	-	12
Piquadro France SARL	2,496	-
Piquadro Swiss SA	22	-
Total equity investments in subsidiaries	**4,998**	**1,792**
Equity investments in other companies	1	1
Total equity investments	**4,999**	**1,793**

*Company wound up on 6 December 2012.
**Company put into liquidation.

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

Company name	**HQ**	**Ownership %**	**Book value**	**Equity**	**Provision for risks on equity investments**	**Delta**
Piquadro España SLU	Barcelona	100%	700	706	-	6
Piquadro Deutschland GmbH	Munich	100%	-	(44)	44	-
Piquadro BV	Zoetemeer	100%	300	310	-	10
Piquadro Hong Kong Co. Ltd.	Hong Kong	100%	-	259	-	259
Uni Best Leather Goods Zhongshan Co. Ltd.	Zhongshan	100%	-	(813)	813	-
Piquadro Macau Limitada*	Macau	100%	-	103	-	103
Piquadro Trading Shenzhen Co. Ltd.	Shenzhen	100%	990	1,105	-	115

Piquadro Taiwan Co. Ltd.	Taipei	100%	490	562	-	72
Uni Best Leather Goods Co. Ltd.**	Hong Kong	100%	-	-	-	-
Piquadro France SARL	Paris	100%	2,496	2,495	-	(1)
Piquadro Swiss SA	Mendrisio	51%	22	42	-	20

*Company indirectly owned by Piquadro Hong Kong Co. Ltd.
**Company put into liquidation.

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

(in thousands of Euro)	**Book value 31/03/2012**	**Increases**	**Write-downs**	**Other changes**	**Book value 31/03/2013**
Piquadro España SLU	-	700	-	-	700
Piquadro Deutschland GmbH	-	-	-	-	-
Piquadro BV	300	-	-	-	300
Piquadro Hong Kong Co. Ltd.	-	-	-	-	-
Uni Best Leather Goods Zhongshan Co. Ltd.	-	806	(806)	-	-
Piquadro Macau Limitada	-	-	-	-	-
Piquadro Middle East Leather Products LLC*	-	-	-	-	-
Piquadro Trading Shenzhen Co. Ltd.	990	-	-	-	990
Piquadro Taiwan Co. Ltd.	490	-	-	-	490
Uni Best Leather Goods Co. Ltd.**	12	-	-	(12)	-
Piquadro France SARL	-	2,500	(4)	-	2.496
Piquadro Swiss SA	-	42	(20)	-	22
Total equity investments in subsidiaries	**1,792**	**4,048**	**(830)**	**(12)**	**4,998**
Equity investments in other companies	1	-	-	-	1
Total equity investments	**1,793**	**-**	**-**	**-**	**4,999**

*Company wound up on 6 December 2012.
**Company put into liquidation.

The increases in financial fixed assets of Euro 4,048 thousand (Euro 1,684 thousand as at 31 March 2012) were broken down as follows:

- Euro 700 thousand related to the payment on account of capital in favour of the Subsidiary Piquadro España paid up on 27 April 2012, to provide the necessary funds in order to develop the local market;
- Euro 806 thousand relating to the payment on account of capital in favour of the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. made on 30 May 2012 to cover losses;
- Euro 2,500 thousand related to the payment on account of capital in favour of the Subsidiary Piquadro France SARL established on 25 June 2012;
- Euro 42 thousand related to the payment on account of capital in favour of the Subsidiary Piquadro Swiss SA established on 13 September 2012.

Note 4 - Receivables from others

Receivables from others (equal to Euro 256 thousand as at 31 March 2013 compared to Euro 176 thousand as at 31 March 2012) relate to both guarantee deposits paid by the Company for various utilities, including those relating to the operation of Company-owned shops.

Note 5 – Deferred tax assets

(in thousands of Euro)	**31 March 2013**	**31 March 2012**

Deferred tax assets:		
- within 12 months	173	155
- beyond 12 months	791	802
	964	**957**
Deferred tax liabilities		
- within 12 months	2	129
- beyond 12 months	194	198
	196	**327**
Net position	**768**	**630**

Below is reported the relevant change:

(in thousands of Euro)	31 March 2013	31 March 2012
Net opening position	**630**	**383**
Credit/(Debit) to the Income Statement	138	236
Credit/(Debit) to Equity	-	10
Total	**768**	**630**

Below are reported the main elements that make up receivables for deferred tax assets and deferred tax liabilities and their changes in the financial year ended 31 March 2013 and 31 March 2012:

(in thousands of Euro)	Provisions	Provision for bad debts	Amortisation	Derivatives measured at fair value	Lease	Actuarial valuation	Others	Total
Balances as at 31.03.2011	**603**	**-**	**-**	**19**	**(152)**	**-**	**(87)**	**383**
Effect on the Income Statement	(25)	251	2	(18)	152	(38)	(88)	236
Effect on the Equity							11	11
Balances as at 31.03.2012	**578**	**251**	**2**	**1**	**-**	**(38)**	**(164)**	**630**
Effect on the Income Statement	81	(216)	12	(1)	-	28	234	138
Effect on the Equity								
Balances as at 31.03.2013	**659**	**35**	**14**	**-**	**-**	**(10)**	**70**	**768**

Note 6 - Inventories

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

(in thousands of Euro)	Gross value as at 31 March 2013	Provision for write-down	Net value as at 31 March 2013	Net value as at 31 March 2012
Raw materials	1,990	(151)	1,839	920

Semi-finished products	27	-	27	65
Finished products	9,216	(299)	8,917	8,376
Inventories	**11,233**	**450**	**10,783**	**9,361**

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

(in thousands of Euro)	**Provision as at 31 March 2012**	**Use**	**Allocation**	**Provision as at 31 March 2013**
Provision for write-down of raw materials	151	-	-	151
Provision for write-down of finished products	187	-	112	299
Total provision for write-down	**338**	**-**	**112**	**450**

31 March 2013 saw the recognition of an increase of Euro 1,422 thousand in inventories compared to the corresponding values at 31 March 2012. This increase is attributable both to the advances on the women collections and small leather goods, and to the new openings of DOSs. Also note an increase in the average stock held at the Company-owned shops also in order to seize sales opportunities which otherwise could not be achieved.

Note 7 - Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Receivables from customers	22,614	24,161
Provision for bad debts	(1,377)	(1,230)
Current trade receivables	**21,237**	**22,931**

Gross trade receivables as at 31 March 2013 decreased compared to 31 March 2012 (Euro 1,547 thousand, equal to 6.4%), following the decline in the business volume in the Wholesale channel.

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

(in thousands of Euro)	**Provision as at 31 March 2013**	**Provision as at 31 March 2012**
Balance at the beginning of the period	1,230	1,016
Allocation	417	441
Uses	(270)	(227)
Total Provision for bad debts	**1,377**	**1,230**

Note 8 – Receivables from subsidiaries

Below is the breakdown of receivables from subsidiaries:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Piquadro España SLU	253	1,275
Piquadro Deutschland GmbH	165	274
Piquadro BV	19	17
Piquadro Hong Kong Co. Ltd.	1,589	1,983
Uni Best Leather Goods Zhongshan Co. Ltd.	2,600	1,490
Piquadro Macau Limitada	303	266
Piquadro Middle East Leather Products LLC*	-	1,046
Piquadro Trading Shenzhen Co. Ltd.	165	667
Piquadro Taiwan Co. Ltd.	609	245

Uni Best Leather Goods Co. Ltd.**	-	-
Piquadro Swiss SA	315	-
Piquadro France SARL	484	-
Provision for write-down of receivables from subsidiaries	-	(1,046)
Receivables from subsidiaries	**6,502**	**6,217**

*Company wound up on 6 December 2012.
**Company put into liquidation

The increase in receivables from Subsidiaries was mainly due to the effect of the two new subsidiaries Piquadro Swiss SA and Piquadro France SARL.
The year saw the use of the provision set aside on 31 March 2012 in relation to receivables from Piquadro Middle East Leather Products LLC following the winding-up procedure, which was completed on 6 December 2012.

Note 9 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Other assets	132	482
Accrued income and prepaid expenses	624	657
Other current assets	**756**	**1,139**

Other assets related to advances to suppliers for Euro 63 thousand and INAIL advances of Euro 49 thousand.
Accrued income and prepaid expenses mainly related to prepaid expenses on rents (equal to Euro 227 thousand as at 31 March 2013 against Euro 182 thousand as at 31 March 2012) and prepaid expenses on advertising equal to Euro 283 thousand (Euro 169 thousand at 31 March 2012).

Note 10 – Tax receivables

As at 31 March 2013 tax receivables were equal to Euro 1,209 thousand (Euro 714 thousand at 31 March 2012) and related to the excess advances paid by the Company for IRES and IRAP taxes with respect to the payable for current taxes for the period. The balance also includes “Receivable for IRES tax refund” (equal to Euro 270 thousand), relating to the refund of the IRES tax due following the deductibility of the IRAP tax relating to the cost of subordinate employment and employment treated as such referred to in Decree Law 201/2011 and Decree Law 16/2012 for the years 2007- 2011. This amount must be considered as a receivable due beyond 12 months

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Receivables for income taxes	939	714
Receivable for IRES tax refund	270	-
Tax receivables	**1,209**	**714**

Note 11 – Cash and cash equivalents

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

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Available current bank accounts	64	10,676
Cash, cash on hand and cheques	18,609	44
Cash and cash equivalents	**18,673**	**10,720**

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

LIABILITIES

Note 12 – Shareholders' Equity

a) *Share capital*

As at 31 March 2013, the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by no. 50,000,000 of ordinary shares, fully subscribed and paid up, with regular enjoyment, with no indication of their par value.

During the financial year ended 31 March 2013, the Shareholders' Meeting approved the guidelines of a new stock option plan for the 2012-2017 period, which is reserved for certain directors, executives with strategic responsibilities, employees and collaborators of Piquadro S.p.A. and of other companies owned by it, and resolved to approve the consequent capital increase, excluding the right of option serving the plan, up to a maximum amount of Euro 93,998, through the issue of a maximum number of 4,699,900 ordinary shares of Piquadro SpA, of no par value, having the same features and enjoyment as the outstanding shares; this capital increase may be also implemented in more than one payment and is divisible by 31 December 2018.
On 26 September 2012, the Board of Directors resolved to determine the subscription price of the Piquadro ordinary shares, to be paid by the beneficiaries at the time of the subscription of the shares deriving from the exercise of the options, for an amount of Euro 1.53 per share, thus determining an overall number of 3,600,000 rights of option to be assigned to the respective beneficiaries. Furthermore, subject to the opinion of the Remuneration Committee, the list of the plan's beneficiaries was approved, specifying the number of rights of option assigned to each of them.

The new stock option plan will have a term of five years and the accrual of options, to the extent of 30% by 30 September 2015, 30% by 30 September 2016 and 40% by 30 September 2017, is subject to:

i. the permanence of the relationship of administration, subordinate employment or collaboration, as the case may be;
ii. the achievement by the Piquadro Group of certain EBIT targets, expected respectively for the related financial year, with a normalized positive NFP;
iii. the circumstance that the Piquadro shares as at the date of accrual were still listed in an Italian regulated market.

Against this new plan, the Shareholders' Meeting also resolved the proposed partial cancellation of the Company's capital increase as resolved by the Board of Directors on 28 February 2008 in order to serve the 2008-2013 stock option plan. In particular, the partial cancellation concerns no. 2,200,000 shares, of which no. 1,300,000 shares relate to options that have already been assigned and that have been the object of a waiver by the respective beneficiaries or have been forfeited and no. 900,000 shares related to potential new allocations for subsequent incentive plans that should have been resolved within the ultimate deadline of 1 March 2011.

Below is reported some condensed information about the 2008-2013 stock option plan:

2008 – 2013 Stock Option Plan	**Number of options**
Options originally granted	1,600,000
Options subject to waiver by beneficiaries or forfeited	1,350,000
Options expired, as they were not exercised	87,500
Options in place as at 31 December 2013	162,500

This stock option plan provides for a subscription price of Euro 2.20 and an accrual 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. Currently, against the trend in the stock market of the quotations of the Piquadro stock, this plan may not be exercised by the beneficiaries.

The criterion adopted to measure the 2012-2017 stock option plans is based on the Black – Scholes model, which has been properly amended in order to be able to include the conditions of accrual of the options. Therefore, the calculation model has been created specifically in order to take account of the characteristics envisaged in the rules of the plan.

As at 31 March 2013 none of the 3,600,000 options granted against the new stock option plan had accrued.

In the financial year ended 31 March 2013 the abovementioned stock option plans entailed the recognition of a cost of Euro 121 thousand in the income statement.

b) Other information on Equity

Below is the statement concerning Equity items, as broken down on the basis of their origin, distributability and availability, in compliance with the provisions under paragraph 7-bis), of article 2427 of the Italian Civil Code.

Description	Amount	Possible use	Available share	Other reserves Profit (loss) for the period	
				Coverage	**Other**
Share Capital	1,000	B	-		
Capital reserves					
Share premium reserve	1,000	A,B,C	**1,000**		
Other Reserves					
Fair Value reserve	-	-			
Stock Option reserve	293	-			
Reserve from merger	(92)	-			
Other reserves on account of capital	1,160	A,B,C			
	1,361		**1,361**		
Revenue reserves					
Undivided profits					
Legal reserve	200	B	**200**		
Reserve of undivided profits	22,835	A,B,C	**22,835**		
	23,035				

KEY: “A” for capital increase; “B” for loss coverage; “C” for distribution to shareholders.

c) Share premium reserve

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

d) Other reserves – with a separate recognition

Other reserves were equal to about Euro 1,361 thousand and mainly included the positive reserve of stock options (equal to Euro 293 thousand), the positive reserve which arose at the time of the contribution of the branch of business made on 2 May 2005 (equal to Euro 1,157 thousand) and the negative merger reserve (equal to Euro 92 thousand).

e) Profit for the period

This item relates to the recognition of the Company profit recorded, equal to Euro 3,182 thousand as at 31 March 2013.
During the financial year ended 31 March 2012, the Company’s profit for the period, as resulting from the annual accounts as at 31 March 2013, was allocated as follows:

- Euro 3,000 thousand to dividends, corresponding to earnings per share equal to about Euro 0.06 per share to n. 50,000,000 outstanding shares and to a payout of about 41.4% of the profit for the period.

- Euro 4,254 thousand to profits carried forward.

Non-current liabilities

Note 13 – Borrowings

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

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Borrowings from 1 to 5 years	17,420	2,628
Borrowings beyond 5 years	-	-
Medium/long-term borrowings	**17,420**	**2,628**

Below is the summary of the capital quotas still to be repaid at 31 March 2013:

i. Euro 150 thousand for the 60-month unsecured loan disbursed by Carisbo S.p.A. on 1 September 2008 (for an initial amount of Euro 1,500 thousand) fully related to the current portion;
ii. Euro 1,000 thousand for the unsecured loan granted by Carisbo S.p.A. on 28 February 2009 (for an initial amount of Euro 3,500 thousand), fully related to the current portion. In relation to this loan, it is specified that, following an amendment to the relevant agreement entered into on 31 May 2010, the Company is no longer required to comply with any covenants;
iii. Euro 1,485 thousand for the unsecured loan granted by Carisbo S.p.A. in 22 November 2010 (for an initial amount of Euro 2,700 thousand), of which a current portion of Euro 540 thousand and a non-current portion of Euro 945 thousand;
iv. Euro 4,414 thousand relating to the unsecured loan granted by UBI – Banca Popolare Commercio & Industria on 25 July 2012 (against an initial amount of Euro 5,000 thousand), of which a current portion of Euro 1,205 thousand and a non-current portion of Euro 3,209 thousand;
v. Euro 2,824 thousand relating to the unsecured loan granted by Credem – Gruppo Emiliano on 5 October 2012 (against an initial amount of Euro 3,000 thousand), of which a current portion of Euro 718 thousand and a non-current portion of Euro 2,106 thousand;
vi. Euro 5,646 thousand relating to the unsecured loan granted by Unicredit on 31 October 2012 (against an initial amount of Euro 6,000 thousand), of which a current portion of Euro 1,440 thousand and a non-current portion of Euro 4,206 thousand;
vii. Euro 3,529 thousand relating to the unsecured loan granted by ICCREA – Banca Impresa S.p.A. on 11 December 2012 (against an initial amount of Euro 3,750 thousand), of which a current portion of Euro 899 thousand and a non-current portion of Euro 2,630 thousand;
viii. Euro 5,000 thousand relating to the unsecured loan granted by Mediocredito Italiano S.p.A. on 28 February 2013, of which a current portion of Euro 556 thousand and a non-current portion of Euro 4,444 thousand.

The increase in borrowings at 31 March 2013 is aimed at financing the investment policy of the Company.

Below is reported the breakdown of the loans:

(in thousands of Euro)	**Date of granting of the loan**	**Initial amount**	**Currency**	**Current borrowings**	**Amort. cost (S/T)**	**Non-current borrowings**	**Amort. Cost (L/T)**	**Total**
Carisbo loan	1 September 2008	1,500	Euro	150	-	-	-	150
Carisbo loan	28 February 2009	3,500	Euro	1,000	-	-	-	1,000
Carisbo loan	22 November 2010	2,700	Euro	540	-	945	(5)	1,480
UBI loan	25 July 2012	5,000	Euro	1,205	(16)	3,209	(20)	4,378
Credem loan	5 October 2012	3,000	Euro	718	(5)	2,106	(6)	2,813
Unicredit loan	31 October 2012	6,000	Euro	1,440	(26)	4,206	(34)	5,586

ICCREA loan	11 December 2012	3,750	Euro	899	(11)	2,630	(15)	3,503
Mediocredito loan	28 February 2013	5,000	Euro	556	(5)	4,444	(40)	4,955
				6,508	**(63)**	**17,540**	**(120)**	**23,865**

Note 14 – Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Non-current portion:		
Payables to leasing companies	3,180	3,706
Current portion:		
Payables to leasing companies	562	709
Payables to other lenders for lease agreements	**3,742**	**4,415**

Below is reported the following additional breakdown:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Payables to other lenders for lease agreements:		
Due within 1 year	675	841
Due from 1 to 5 years	3,455	2,554
Due beyond 5 years	-	1,541
Financial interest to be paid	(388)	(521)
Present Value of payables to other lenders for lease agreements	**3,742**	**4,415**

As at 31 March 2013, payables to other lenders due beyond 12 months were equal to Euro 3,180 thousand, mainly 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 3,706 thousand as at 31 March 2012). Furthermore, it should be noted that, effective from 1 August 2006, Centro Leasing S.p.A. has transferred to Cassa di Risparmio di Pistoia e Pescia SpA a lease share equal to 50% of the receivables relating to finance lease rentals arising from the said lease agreement.

Note 15 – Provision for Employee Benefits

This item includes post-employment benefits measured by using the actuarial valuation method of projected unit credit applied by an independent actuary according to IAS 19.

Below are reported the changes that occurred in the course of the last two financial years in the provision for TFR (which represents the entire value of the provision for employee benefits), including the effects of the actuarial valuation:

(in thousands of Euro)	**Provision for TFR**
Balance as at 31 March 2011	**258**
Financial charges	12
Net actuarial Losses (Gains) accounted for in the period	30
Indemnities paid in the financial year	(39)
Balance as at 31 March 2012	**261**
Financial charges	13
Net actuarial Losses (Gains) accounted for in the period	4
Indemnities paid in the financial year /Other	(26)
Balance as at 31 March 2013	**252**

The value of the Provision as at 31 March 2013 has been determined by an independent actuary; the actuarial criteria and assumptions used for calculating the Provision are indicated in the paragraph *Accounting Standards – Provision for employee benefits* in these Notes.

Note 16 – Provisions for risks and charges

Below are the changes of provisions for risks and charges during the financial year:

(in thousands of Euro)	**Provision as at 31 March 2012**	**Use**	**Allocation**	**Provision as at 31 March 2013**
Provision for supplementary clientele indemnity	502	(5)	241	738
Provision for risks on equity investments	701	(657)	813	857
Other provisions for risks	284	(64)	9	229
Total	**1,487**	**(726)**	**1,063**	**1,824**

The "Provision for agents' supplementary indemnity" represents the potential liability with respect to agents in the event of Group companies' terminating agreements or agents retiring. The amount of the liability has been calculated by an independent actuary as at the balance sheet date.
The provision for risks on equity investments, equal to Euro 857 thousand, relates to the Subsidiary Piquadro Deutschland GmbH for Euro 44 thousand and to the Subsidiary Uni Best of Zhongshan for Euro 813 thousand. The increase in the provision compared to the previous financial year is mainly attributable to the provision set aside in the financial year for the subsidiary Uni Best of Zhongshan, aimed at covering its operating losses.
Other provisions for risks, equal to Euro 229 thousand mainly relate to other provision for risks on returns on sales equal to Euro 79 thousand and to provision for risks on repairs for Euro 10 thousand and to other provisions for risks on potential liabilities generated by current operations for Euro 140 thousand.

Note 17 – Deferred tax liabilities

The amount of deferred tax liabilities, equal to Euro 196 thousand (Euro 327 thousand as at 31 March 2012) fully refers to the Parent Company; for the breakdown of the item, reference is made to the information reported in Note 5.

Current liabilities

Note 18 – Borrowings

As at 31 March 2013 borrowings were equal to Euro 7,445 thousand compared to Euro 11,640 thousand as at 31 March 2012, for the breakdown, reference is made to Note 13. The balance is made up of Euro 6,445 thousand for the current portion of payables to banks for loans and Euro 1,000 thousand for Payables to banks for credit lines.

Note 19 - Payables to other lenders for lease agreements

As at 31 March 2013 they were equal to Euro 562 thousand (Euro 709 thousand as at 31 March 2012) and related to the current portion of Payables to leasing companies in relation to agreements for the financial lease mainly of furniture, fittings and equipment for the shops (Euro 36 thousand) and of the building of the operational headquarters (Euro 526 thousand).

Note 20 – Derivative liabilities

As at 31 March 2013, there were no liabilities relating to the hedging of derivative financial instruments – IRS (Euro 1 thousand as at 31 March 2012).

As at 31 March 2013 there were no liabilities relating to currency forward purchases - USD (at 31 March 2012 there were liabilities equal to Euro 2 thousand).

NET FINANCIAL POSITION

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

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
(A) Cash	64	44
(B) Other cash and cash equivalents (available current bank accounts)	18,610	10,676
(C) Liquidity (A) + (B)	**18,674**	**10,720**
(D) Finance leases	(562)	(709)
(E) Current bank debt	(1,000)	(9,000)
(F) Current portion of non-current debt	(6,445)	(2,640)
(G) Current financial debt (D) + (E) + (F)	**(8,007)**	**(12,349)**
(H) Short-term net financial position (C) + (G)	**10,667**	**(1,629)**
(I) Non-current bank debt	(17,420)	(2,628)
(L) Finance leases	(3,180)	(3,706)
(M) Non-current financial debt (I) + (L)	**(20,600)**	**(6,334)**
(N) Net Financial Position (H) + (N)	**(9,933)**	**(7,963)**

As at 31 March 2013, the Net Financial Position of Piquadro S.p.A. posted a negative value of Euro 9.9 million, showing a deterioration of Euro 1.9 million compared to the debt of about Euro 8.0 million recorded as at 31 March 2012. The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- investments in property, plant and equipment and intangible and financial assets for about Euro 6.1 million;
- dividends relating to the FY 2011/2012 for Euro 3.0 million (with a payout equal to about 41.4% of the operating profit of the Company);
- a decrease in the net current assets of about Euro 1.1 million, which was mostly due to the decrease in trade receivables, as a result of the declines in the business volume in the Wholesale channel.

Note 21 – Trade payables

Below is the breakdown of current trade liabilities (including invoices to be received from suppliers):

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Payables to suppliers	13,207	12,999

As at 31 March 2013, the increase in payables to suppliers, compared to the previous year, equal to Euro 208 thousand (+1.6%), was mainly attributable to the higher impact of the business dynamics linked to the seasonal collections to the detriment of the continuous lines, reporting effects at the level of payables to suppliers as at the closing date of 31 March 2013.

Note 22 – Payables to subsidiaries

Below is the breakdown of liabilities to Subsidiaries (including invoices to be received from suppliers):

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Piquadro España SLU	69	294
Piquadro Deutschland GmbH	11	31
Piquadro BV	46	17

Piquadro Hong Kong Co. Ltd.	454	411
Uni Best Leather Goods Zhongshan Co. Ltd.	1,081	198
Piquadro Macau Limitada	-	5
Piquadro Trading Shenzhen Co. Ltd.	244	224
Piquadro Taiwan Co. Ltd.	105	45
Uni Best Leather Goods Co. Ltd.*	-	90
Piquadro France SARL	246	-
Payables to subsidiaries	**2,256**	**1,315**

*Company put into liquidation.

Note 23 – Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Payables to social security institutions	332	333
Payables to Pension funds	19	18
Other payables	150	147
Payables to employees	310	291
Advances from customers	42	44
Accrued expenses and deferred income	196	155
Payables for VAT	804	976
IRPEF tax payables and other tax payables	270	295
Other current liabilities	**2,123**	**2,259**

Payables to social security institutions mainly relate to the payables due to INPS as at the balance sheet date. Payables to employees (equal to Euro 310 thousand) included payables for remunerations to be paid with respect to employees of the Company (Euro 291 thousand as at 31 March 2012).

Note 24 – Tax payables

Both at 31 March 2012 and at 31 March 2013 the advances paid by the Company (equal to Euro 2,032 thousand and Euro 2,297 thousand, respectively) were higher than the actual tax charge for IRES and IRAP tax (equal to Euro 3,977 thousand and Euro 1,864 thousand, respectively). For this reason, the Company recorded tax receivables equal to Euro 714 thousand and equal to Euro 1,209 thousand, respectively

COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

Note 25 – Revenues from sales

The breakdown of revenues from sales according to categories of activities is not reported as it is considered not to be significant for the understanding of and the opinion on the economic results.

The Company's revenues are mainly realised in Euro.

Below is the breakdown of revenues by geographical area:

(in thousands of Euro)	**Net revenues as at 31 March 2013**	**%**	**Net revenues as at 31 March 2012**	**%**	**% change 2013/2012**
Italy	41,712	78.4%	48,825	80.2%	(14.4%)
Europe	9,310	17.5%	9,348	15.4%	(1.0%)
Rest of the world	2,166	41%	2,674	4.4%	(19.0%)
Total	**53,188**	**100.0%**	**60,847**	**100.0%**	**(12.6%)**

Note 26 – Other income

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Charge-backs of transport cost and collection	133	212
Insurance and legal refunds	-	5
Revenues from sales at the corners	113	127
Other sundry income	631	378
Other income	**877**	**722**

Other income mainly relates for Euro 113 thousand (Euro 127 thousand as at 31 March 2012) to charging back Corners and Euro 133 thousand (Euro 212 thousand as at 31 March 2012) to chargebacks of transport costs and collection to customers. The increase in "other revenues" was mainly due to the extraordinary items generated from the winding up of the subsidiary Uni Best Leather Goods Co. Limited (for about Euro 80 thousand) and from the de-registration of the subsidiary Piquadro Middle East Leather Products LLC (for about Euro 104 thousand).

Note 27 – Change in inventories

The change in inventories of raw materials was positive for Euro 919 thousand (negative for Euro 188 thousand as at 31 March 2012), the change in inventories of semi-finished and finished products was positive for Euro 503 thousand (positive for Euro 1,788 thousand as at 31 March 2012).

Note 28 - Costs for purchases

The item "costs for raw materials" essentially includes the cost of materials used for the production of the Company's goods and of consumables. As at 31 March 2013 costs for purchases were equal to Euro 14,511 thousand (Euro 14,921 thousand as at 31 March 2012).

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

	Currency amount	**Average exchange rate**	**Amount in thousands of Euro**	**Currency amount**	**Average exchange rate**	**Amount in thousands of Euro**
		31 March			**31 March**	

		2013			2012	
US Dollars	18,939,740	1.29	14,682	20,865,055	1.38	15,120
Total operating costs incurred in foreign currency			**14,682**			**15,120**

Overall, Piquadro S.p.A. incurred, in the FY 2012/2013, operating costs denominated in a currency other than the Euro for an equivalent amount of Euro 14,682 thousand, equal to 30.7% of the total operating costs (Euro 47,841 thousand).

In order to reduce the effects of fluctuations in exchange rates in the period between the execution date of the agreement with the suppliers and the date of payment of the goods, the Company frequently resorts to the purchase of foreign currency at the execution date of the agreement.

In the FY 2012/2013, Piquadro made forward purchases of US Dollars for an overall amount of USD 5.9 million (USD 16.3 million in the FY 2011/2012) including purchases in dollars made against Uni Best Leather Goods Zhongshan Co. Ltd. (net of the sale of leather made by the Company towards the Chinese subsidiary), equal to a counter-value of Euro 4.5 million at the average exchange rate prevailing in the FY 2012/2013 (Euro 11.7 million at the average exchange rate prevailing in the FY 2011/2012); therefore 36.1% of the purchases in US Dollars made by the Company was covered (in relation to the FY 2011/2012 81.6% of the purchases in US Dollars made by the Company were covered).

Note 29 - Costs for services and leases and rentals

Below is reported the breakdown of Costs for services:

(in thousands of Euro)	31 March 2013	31 March 2012
Costs for leases and rentals	3,118	2,423
External production	6,110	8,335
Advertising and marketing	2,334	2,933
Administrative services	711	728
Business services	2,746	3,198
Production services	6,721	6,195
Transport services	2,146	2,108
Costs for services and leases and rentals	**23,886**	**25,920**

Costs for leases and rentals mainly relate to lease rentals relating to the DOS shops.

Note 30 - Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	31 March 2013	31 March 2012
Wages and salaries	6,399	5,927
Social security contributions	1,627	1,409
TFR	355	350
Personnel costs	**8,381**	**7,686**

The table below reports the exact number of the staff employed by the Company as at 31 March 2013 and 31 March 2012:

Units	31 March 2013	31 March 2012
Executives	7	7
Office workers	162	149
Manual workers	31	23
Total	**200**	**179**

Note 31 - Amortisation, depreciation and write-downs

In the FY 2012/2013, amortisation and depreciation were equal to Euro 1,692 thousand (Euro 1,769 thousand in the FY 2011/2012). Write-downs related to Euro 417 thousand, as already commented in Note 7, for the Provision for bad debts from customers and to Euro 285 thousand for the write-down of furniture and fittings for the disposal of some corners.

(in thousands of Euro)	**31 March 2013**	**31 march 2012**
Amortisation of intangible assets	463	391
Depreciation of property, plant and equipment	1,248	1,378
Provision for bad debts	417	441
Write-down of other non-current assets	285	133
Amortisation, depreciation and write-downs	**2,413**	**2,343**

Note 32 - Other operating costs

In the FY 2012/2013, other operating costs, equal to Euro 71 thousand (Euro 256 thousand in the FY 2011/2012) mainly related to charges generated from current operations.

Note 33 – Shares of profits (losses) from investee Companies

Write-downs of equity investments in Subsidiaries, for Euro 831 thousand (Euro 193 thousand as at 31 March 2012) related to the write-downs of equity investments of Uni Best Zhongshan Co. Ltd. For Euro 806 thousand, of Piquadro Swiss SA for Euro 20 thousand and of Piquadro France SARL for Euro 5 thousand.

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Write-down of equity investments in Subsidiaries	831	193
Revaluation of equity investments in Subsidiaries	-	(1,027)
Provision for write-down of receivables from Subsidiaries	-	1,046
Provision for risks on equity investments in Subsidiaries	156	590
Shares of profits (losses) from investee companies	**987**	**802**

Note 34 - Financial income

The amount of Euro 639 thousand in the FY 2012/2013 (Euro 678 thousand as at 31 March 2012) mainly related to interest receivable on current accounts held for Euro 177 thousand, interest receivable from customers for Euro 22 thousand and foreign exchange gains either realised or estimated for Euro 438 thousand (foreign exchange gains either realised or estimated as at 31 march 2012 were equal to Euro 526 thousand).

Note 35 - Financial charges

Below is the breakdown of financial charges:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Interest payable on current accounts	13	18
Interest and expenses subject to final payment	30	44
Financial charges on loans	325	152
Lease charges	67	136
Commissions on credit cards	64	68
Other charges	208	148
Foreign exchange losses (both realised and estimated)	263	368
Financial Charges	**970**	**934**

Note 36 - Income tax expenses

Below is reported the breakdown of income tax expenses:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
IRES tax	1,346	3,246
IRAP tax	518	731
Total current taxes	**1,864**	**3,977**

Current taxes relate to the tax burden calculated on the Company's taxable income.

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Deferred tax liabilities	(131)	105
Deferred tax assets	(8)	(351)
Total Deferred tax assets and liabilities	**(139)**	**(246)**

Below is reported the reconciliation between theoretical and actual tax charge as at 31 March 2013:

(in thousands of Euro)	**31 March 2013**	**31 March 2012**
Pre-tax result	4,907	10,985
Theoretical tax	27.5%	27.5%
Theoretical income taxes	1,349	3,021
Tax effect of permanent differences	(142)	(49)
Other changes	-	32
Total	**1,207**	**3,003**
IRAP tax	518	729
Current and deferred taxes in the accounts	**1,725**	**3,732**

Note 37 – Commitments

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

As at 31 March 2013, the Company had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2012/2013.

b) *Commitments on operating lease agreements*

As at 31 March 2013, the Company had executed contractual commitments which will entail future costs for leases of factories and operating leases which will be charged to the Income Statement on an accruals basis starting from the FY 2012/2013, mainly for the leases of DOS shops, as summarised in the table below:

	At 31 March 2013			
(in thousands of Euro)	Within 12 months	From 1 to 5 years	Beyond 5 years	Total
Property lease	-	-	-	-
Other leases	2,930	10,342	3,385	16,657
Total	**2,930**	**10,342**	**3,385**	**16,657**

Note 38 – 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 Macau Limitada, Piquadro Deutschland GmbH, Piquadro Trading Shenzhen Ltd., Piquadro Taiwan Co. Ltd., Piquadro France SARL and Piquadro Swiss (SA), or production (Uni Best Leather Goods Hong Kong Co Ltd. e Uni Best Leather Goods Zhongsanhg Co. Ltd.). The relations with Group companies are mainly commercial and regulated at arm's length. There are also financial relations (inter-group loans) between the Parent Company and some subsidiaries, conducted at arm's length.

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

Below is reported the breakdown of financial receivables from Controlling companies and Subsidiaries:

Financial receivables *(in thousands of Euro)*	**31 March 2013**	**31 March 2012**
Controlling company		
Piqubo S.p.A.	-	-
Piquadro Holding S.p.A.	-	-
Subsidiaries		
Piquadro España SLU	63	63
Piquadro Deutschland GmbH	151	246
Piquadro Middle East Leather Products LLC*	-	799
Piquadro Macau Limitada	31	-
Piquadro Taiwan Co. Ltd.	75	75
Piquadro Swiss SA	170	-
Provision for write-down of receivables from subsidiaries	-	(799)
Total financial receivables from controlling companies and subsidiaries	**490**	**384**
Total Financial receivables	**490**	**384**
% Impact	**100%**	**100%**

***Company wound up on 6 December 2012**

Financial receivables from Subsidiaries relate to loans disbursed at arm’s length.

The table below provides the breakdown of trade receivables from controlling companies and subsidiaries, included in the items Receivables from subsidiaries as commented on in Note 8:

Trade receivables *(in thousands of Euro)*	**31 March 2013**	**31 March 2012**
Controlling company		
Piqubo S.p.A.	-	-
Piquadro Holding S.p.A.	-	-
Subsidiaries		
Piquadro España SLU	191	1,211
Piquadro Deutschland GmbH	14	28
Piquadro BV	19	18
Piquadro Middle East Leather Products LLC*	-	247
Piquadro Hong Kong Co. Ltd.	1,589	1,983
Piquadro Macau Limitada	272	266
Piquadro Trading Shenzhen Co. Ltd.	165	667
Piquadro Taiwan Co. Ltd.	534	170
Uni Best Leather Goods Hong Kong Co. Ltd.	-	-
Uni Best Leather Goods Zhongshan Co. Ltd.	2,600	1,490
Piquadro Swiss SA	144	
Piquadro France SARL	484	
Provision for write-down of receivables from	-	(247)

subsidiaries		
Total receivables from controlling companies and subsidiaries	**6,012**	**5,833**
Total Trade receivables	**27,248**	**28,764**
% impact	**22.1%**	**20.3%**

***Company wound up on 6 December 2012**

Trade receivables from Controlling companies and subsidiaries mainly relate to the sale of products for the subsequent distribution by directly-operated stores, and specifically of Uni Best Leather Goods Zhongshan Ltd, for the sale of leather raw materials purchased directly from the Company and then to be used in manufacturing processes.

Below is reported the breakdown of borrowings from Controlling companies and Subsidiaries:

Borrowings *(in thousands of Euro)*	**31 March 2013**	**31 March 2012**
Controlling company		
Piqubo S.p.A.	-	-
Piquadro Holding S.p.A.	-	-
Subsidiaries		
Uni Best Leather Goods Hong Kong Co. Ltd.	-	91
Total borrowings from controlling companies and subsidiaries	**-**	**91**
Total borrowings	**-**	**91**
% impact	**100%**	**100%**

Borrowings from Controlling companies and Subsidiaries refer to loans disbursed under current market conditions.

The table below provides the breakdown of Trade payables to Controlling companies and Subsidiaries, included in the item Payables to subsidiaries, as commented on in Note 22:

Trade payables *(in thousands of Euro)*	**31 March 2013**	**31 March 2012**
Controlling company		
Piqubo S.p.A.	-	-
Piquadro Holding S.p.A.	-	-
Subsidiaries		
Piquadro España SLU	69	294
Piquadro Deutschland GmbH	11	31
Piquadro BV	46	17
Piquadro Hong Kong Co. Ltd.	454	411
Piquadro Macau Limitada	-	5
Piquadro Trading Shenzhen Co. Ltd.	244	224
Piquadro Taiwan Co. Ltd.	105	45
Uni Best Leather Goods Zhongshan Co. Ltd.	1,081	198
Piquadro France SARL	246	-
Total trade payables to controlling companies and subsidiaries	**2,256**	**1,225**

Total trade payables	**15,463**	**14,314**
% impact	**14.6%**	**8.6%**

Trade payables partly derive from the services rendered in relation to the Service Agreements executed with the subsidiaries Piquadro España SLU, Piquadro Deutschland GmbH, Piquadro BV, Piquadro France SARL, Piquadro Hong Kong Co. Ltd., Piquadro Trading Shenzhen Co. Ltd. and Piquadro Taiwan Co. Ltd., carried out on the basis of market values, and partly from the purchase of finished products realised by the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd.

Below is the breakdown of revenues from direct and indirect Controlling companies and from Subsidiaries:

Revenues	**31 March 2013**	**31 March 2012**
(in thousands of Euro)		
Controlling company		
Piqubo S.p.A.	-	-
Piquadro Holding S.p.A.	-	-
Subsidiaries		
Piquadro España SLU	564	583
Piquadro Deutschland GmbH	27	87
Piquadro BV	164	97
Piquadro Middle East Leather Products LLC*	-	12
Piquadro Hong Kong Co. Ltd.	724	1,257
Piquadro Macau Limitada	128	85
Piquadro Trading Shenzhen Co. Ltd.	243	300
Piquadro Taiwan Co. Ltd.	554	240
Uni Best Leather Goods Hong Kong Co. Ltd.	-	-
Uni Best Leather Goods Zhongshan Co. Ltd.	2,974	2,260
Piquadro Swiss SA	202	-
Piquadro France SARL	98	-
Total revenues from controlling companies and subsidiaries	**5,678**	**4,921**
Total Revenues	**53,188**	**60,847**
% impact	**10.7%**	**8.1%**

***Company wound up on 6 December 2012**

Revenues from Group Companies essentially relate to the sale of leather products by the Company and the transactions were carried out at arm's length.

Below are reported the operating costs towards Controlling companies and Subsidiaries:

Costs	31 March 2013	31 March 2012
(in thousands of Euro)		
Controlling company		
Piqubo S.p.A.	30	30
Piquadro Holding S.p.A.	180	-
Subsidiaries		
Piquadro España SLU	506	747
Piquadro Deutschland GmbH	119	210
Piquadro BV	107	45
Piquadro Middle East Leather Products LLC	75	-
Piquadro Hong Kong Co. Ltd.	1,491	1,409
Piquadro Macau Limitada	26	34
Piquadro Trading Shenzhen Co. Ltd.	846	891
Piquadro Taiwan Co. Ltd.	250	158
Uni Best Leather Goods Hong Kong Co. Ltd.	-	-
Uni Best Leather Goods Zhongshan Co. Ltd.	8,147	6,928
Piquadro Swiss SA	-	-
Piquadro France SARL	245	-
Total costs towards controlling companies and subsidiaries	**12,022**	**10,452**
Total Operating costs	**47,841**	**50,898**
% impact	**25.1%**	**20.5%**

Operating costs towards Subsidiaries mainly relate to services rendered in relation to the so-called Service Agreements executed with the subsidiaries Piquadro España SLU, Piquadro Deutschland GmbH, Piquadro BV, Piquadro France SARL, Piquadro Hong Kong Co. Ltd., Piquadro Macau Limitada, Piquadro Trading Shenzhen Co. Ltd. and Piquadro Taiwan Co. Ltd., carried out on the basis of market values, and to the purchase of finished products made by the Company towards the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. All transactions were carried out at arm’s length.

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

On 29 June 2012, a lease agreement was entered into between Piquadro Holding S.p.A. and Piquadro S.p.A., concerning the lease of a property for office purposes located in Milan, Piazza San Babila n. 5, which is used as a show-room of Piquadro S.p.A.. This lease agreement has been entered into at arm’s length.

Below is reported the financial income from Controlling companies and Subsidiaries:

Financial income	31 March 2013	31 March 2012
(in thousands of Euro)		
Controlling company		
Piqubo S.p.A.	-	-
Piquadro Holding S.p.A.	-	-
Subsidiaries		
Piquadro España SLU	1	1
Piquadro Deutschland GmbH	2	6
Piquadro Middle East Leather Products LLC*	11	12
Piquadro Macau Limitada	1	-
Piquadro Swiss SA	1	-

Total financial income from controlling companies and subsidiaries	**16**	**19**
Total financial income	**639**	**678**
% impact	**2.5%**	**2.8%**

***Company wound up on 6 December 2012**

Below is reported the financial charges from Controlling companies and Subsidiaries:

Financial charges	**31 March 2013**	**31 March 2012**
(in thousands of Euro)		
Controlling company		
Piqubo S.p.A.	-	-
Piquadro Holding S.p.A.	-	-
Subsidiaries		
Uni Best Leather Goods Hong Kong Co. Ltd.	-	1
Total financial charges towards controlling companies and subsidiaries	**-**	**1**
Total Financial charges	**970**	**934**
% impact	**0.0%**	**0.1%**

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

Below are reported the following financial relations with Piquadro Holding S.p.A.:

- in the first half-year 2012/2013, Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 2,051,172 relating to the profit for the FY 2011/2012;
- in the first half-year 2011/2012, Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 3,415,370 relating to the profit for the FY 2010/2011.

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

Fees due to the Board of Directors

Below are indicated the fees by name (including emoluments due to Directors and current and deferred remuneration, also in kind, by subordinate employment) due to the Directors and to the members of the Board of Statutory Auditors of Piquadro S.p.A. for the FY 2012/2013 for the performance of their duties in the Company and other Group Companies, and the fees accrued by any executives with strategic responsibilities (as at 31 March 2013, directors had not identified executives with strategic responsibilities):

(in thousands of Euro)

First and last name	**Position held**	**Period in which the position was held**	**Term of office [1)]**	**Fees for the position**	**Non-monetary benefits**	**Bonuses and other incentives**	**Other fees**	**Total**
Marco Palmieri	Chairman and CEO	01/04/12-31/03/13	2013	400	7	-	-	407
Pierpaolo Palmieri	Managing director	01/04/12-31/03/13	2013	200	4	-	-	204
Marcello Piccioli	Managing director	01/04/12-31/03/13	2013	180	3	-	4	187

Roberto Trotta	Managing director	01/04/12-31/03/13	2013	-[2)]	3	5	138[3)]	146
Roberto Tunioli	Director	01/04/12-31/03/13	2013	25	-	-	-	25
Gianni Lorenzoni	Director	01/04/12-31/03/13	2013	25	-	-	-	25
Sergio Marchese	Director	01/04/12-31/03/13	2013	8	-	-	-	8
				838	**17**	**5**	**142**	**1,002**

1) Up to the approval of the financial statements at 31 March;
2) He waived the emolument for the period from 01/04/12 to 31/03/13;
3) Fees relating to the remuneration from subordinate employment-executive.

Fees due to the Board of Statutory Auditors

(in thousands of Euro)

First and last name	Position held	Period in which the position was held	Term of office	Fees in Piquadro (in thousands of Euro)	Other fees	Total
Pietro Michele Villa	Chairman of the Board of Statutory Auditors	01/04/12-31/03/13	2013	23	-	23
Alessandro Galli	Regular member	01/04/12-31/03/13	2013	17	-	17
Vittorio Melchionda	Regular member	01/04/12-31/03/13	2013	17	-	17
				57		**57**

The Statutory Auditors are also entitled to receive the reimbursement of expenses incurred for the reasons of their position, which amounted to Euro 3,293 and the reimbursement of any charges relating to the National Social Security Fund.

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

Type of services	**Entity performing the service**	**Fees** *(in thousands of Euro)*
Auditing	Parent Company's Auditors	98
Other services	Parent Company's Auditors and network of the Parent Company's Auditors	81
Subsidiary's Auditing	Parent Company's Auditors and network of the Parent Company's Auditors	80

Note 39 – Events after the year end

In addition to the information indicated above, no significant events were reported from 1 April 2013 up to today's date at the Company level.

Note 40 – Other information

a) **Shares of Piquadro S.p.A. owned by its Directors or statutory auditors**

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

First and last name	**Position**	**Investee company**	**No. of shares owned at the end of the previous financial year**	**No. of shares purchased**	**No. of shares sold**	**No. of shares owned at the end of the current financial year**
Marco Palmieri	Chairman CEO [1]	Piquadro S.p.A.	31,909,407	-	-	31,909,407
Pierpaolo Palmieri	Vice-Chairman – Executive Director [2]	Piquadro S.p.A.	2,276,801	-	-	2,276,801
Marcello Piccioli	Executive Director	-	-	-	-	-
Roberto Trotta	Executive Director	Piquadro S.p.A.	3,000	-	-	3,000

[1] At the end of the FY 2012/2013, the Chairman of the Board of Directors and CEO of Piquadro S.p.A., Marco Palmieri, owned a stake equal to 93.34% of the Share Capital of Piquadro Holding S.p.A., through Piqubo S.p.A., a Company wholly owned by the latter. Piquadro Holding S.p.A., in turn, owns 68.37% of the Share Capital of Piquadro S.p..

[2] At the end of the FY 2012/2013, the Vice-Chairman of the Board of Directors of Piquadro S.p.A., Pierpaolo Palmieri, owned a stake equal to 6.66% of the Share Capital of Piquadro Holding S.p.A., which in turn, owns 68.37% of the Share Capital of Piquadro S.p.A...

b) Sale transactions with a reconveyance obligation

As at 31 March 2013, the Group had no sale transactions in place subject to an obligation of reconveyance or repurchase of its own assets sold with third-party customers.

c) Information on the financial instruments issued by the Company

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

d) Shareholder loans to the Company

The Company has no payables to Shareholders for loans.

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

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

f) Indication of the controlling entity and information on the direction and coordination activity pursuant to article 2497 of the Italian Civil Code

Piquadro S.p.A. is not subject to direction and coordination activities pursuant to Article 2497 and ff. of the Italian Civil Code. In fact, although under Article 2497-sexies of the Italian Civil Code “it is presumed, unless there is evidence to the contrary, that the activity of direction and coordination of Companies is carried out by the Company or entity that is required to consolidate their financial statements or that controls them in any way pursuant to Article 2359”, neither Piqubo S.p.A. nor Piquadro Holding S.p.A., i.e. the companies controlling Piquadro S.p.A., carries out direction and coordination activities in relation to Piquadro S.p.A., in that (i) they do not give

instructions to their subsidiary; and (ii) there is no significant organisational/functional connection between these Companies and Piquadro S.p.A.
In addition to directly carrying out operating activities, Piquadro S.p.A., in its turn, also carries out direction and coordination activities in relation to the Companies it controls, pursuant to Articles 2497 and ff. of the Italian Civil Code.

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

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

- adequacy in relation to the characteristics of the Company and
- actual application,

of administrative and accounting procedures for the preparation of the consolidated financial statements in the course of the period 1 April 2012-31 March 2013.

It is also certified that the consolidated financial statements as at 31 March 2013:

a) have been prepared in accordance with the applicable International Accounting Standards acknowledged by the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
b) correspond to the results in the accounting books and records;
c) are suitable to give a true and correct representation of the equity, economic and financial position of the issuer and of all the companies included in the scope of consolidation.

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

Silla di Gaggio Montano (BO), 14 June 2013

Marco Palmieri	Roberto Trotta
Chief Executive Officer	**Manager responsible for the preparation of corporate accounting documents**
Marco Palmieri	**Roberto Trotta**

KEY DATA OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES AT 31 MARCH 2013

Below are reported, pursuant to art. 2429, last paragraph, of the Italian Civil Code, the key data of the financial statements of the Subsidiaries included in the scope of consolidation

Distributing companies

Income Statement *(in thousands of Euro)*	**Piquadro España SLU**	**Piquadro Deutschland GmbH**	**Piquadro BV**
Revenues and other income	1,740	247	374
Operating costs	(1,715)	(244)	(369)
Operating profit	25	3	5
Financial income (charges)	(1)	(2)	4
Pre-tax result	24		9
Income taxes	(8)	-	(2)
Profit for the year	**16**	**1**	**7**

Balance Sheet *(in thousands of Euro)*	**Piquadro España SLU**	**Piquadro Deutschland GmbH**	**Piquadro BV**
Assets			
Non-current assets	259	1	2
Current assets	837	137	365
Total assets	**1,096**	**138**	**367**
Equity and liabilities			
Equity			
Non-current liabilities	713	(44)	310
Current liabilities	32	-	-
	351	182	57
Total Equity and Liabilities	**1,096**	**138**	**367**

Income Statement *(in thousands of Euro)*	**Piquadro Swiss SA (d)**	**Piquadro France SARL**
Revenues and other income	218	281
Operating costs	(257)	(159)
Operating profit	(39)	122
Financial income (charges)	(1)	-
Pre-tax result	(40)	122
Income taxes	-	(37)
Profit for the year	**(40)**	**85**

Balance Sheet *(in thousands of Euro)*	**Piquadro Swiss SA (d)**	**Piquadro France SARL**
Assets		
Non-current assets	143	2,707
Current assets	382	430
Total assets	**525**	**3,137**
Equity and liabilities		
Equity		
Non-current liabilities	42	2,585
Current liabilities	-	-
	483	552
Total Equity and Liabilities	**525**	**3,137**

Distributing companies

Income Statement *(in thousands of Euro)*	**Piquadro Hong Kong Co. Ltd. (a)**	**Piquadro Macau Limitada (a)**	**Piquadro Trading Shenzhen Co. Ltd. (b)**	**Piquadro Taiwan Co. Ltd. (c)**
Revenues and other income	3,960	372	1,219	993
Operating costs	(3,916)	(366)	(1,213)	(935)
Operating profit	44	6	6	58
Financial income (charges)	30	-	(32)	10
Pre-tax result	74	6	(26)	68
Income taxes	(12)	(1)	(7)	(12)
Profit for the year	**62**	**5**	**(33)**	**56**

Balance Sheet *(in thousands of Euro)*	**Piquadro Hong Kong Co. Ltd. (a)**	**Piquadro Macau Limitada (a)**	**Piquadro Trading Shenzhen Co. Ltd. (b)**	**Piquadro Taiwan Co. Ltd. (c)**
Assets				
Non-current assets	805	177	137	231
Current assets	982	255	1,384	1,021
Total assets	**1,787**	**432**	**1,521**	**1,252**
Equity and liabilities				
Equity	52	100	1,105	562
Non-current liabilities	-	-	-	-
Current liabilities	1,735	332	416	690
Total Equity and Liabilities	**1,787**	**432**	**1,521**	**1,252**

Production companies

Income Statement *(in thousands of Euro)*	**Uni Best Leather Goods Co. Ltd. (a)**	**Uni Best Leather Goods Zhongshan Co. Ltd. (b)**
Revenues and other income	-	8,205
Operating costs	(94)	(9,054)
Operating profit	(94)	(849)
Financial income (charges)	-	(32)
Pre-tax result	(94)	(881)
Income taxes	-	(27)
Profit for the year	**(94)**	**(908)**

Balance Sheet *(in thousands of Euro)*	**Uni Best Leather Goods Co. Ltd. (a)**	**Uni Best Leather Goods Zhongshan Co. Ltd. (b)**
Assets		
Non-current assets	-	205
Current assets	-	3,527
Total Assets	**-**	**3,732**
Equity and Liabilities		
Equity	-	(840)
Non-current liabilities	-	-
Current liabilities	-	4,572
Total Equity and Liabilities	**-**	**3,732**

Foreign currency	Average exchange rate 31/03/2013	Final exchange rate 31/03/2013
(a) initial amounts in Hong Kong Dollar (HK$) translated into Euro	9.98	9.94
(b) initial amounts in Renbimbi (CNY) translated into Euro	8.09	7.96
(c) initial amounts in Taiwan Dollar (NTD) translated into Euro	38.01	38.27
(d) initial amounts in Swiss Franc (CHF) translated into Euro	1.21	1.21

INDIPENDENT AUDITOR'S REPORT ON DRAFT SEPARATE FINANCIAL STATEMENT AT 31 MARCH 2013

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

To the shareholders of
Piquadro SpA

1 We have audited the separate financial statements of Piquadro SpA as of 31 March 2013 which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes. The directors of Piquadro SpA are responsible for the preparation of these separate financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these separate financial statements based on our audit.

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

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 27 June 2012.

3 In our opinion, the separate financial statements of Piquadro SpA as of 31 March 2013 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Piquadro SpA for the period then ended.

4 The directors of Piquadro SpA are responsible for the preparation of the Report on operations and the Report on corporate governance and ownership structure published in section *Investor relations – Corporate governance* of the website of Piquadro SpA in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the Report on corporate governance and ownership structure, with the separate financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei

Dottori Commercialisti e degli Esperti Contabili) and recommended by the CONSOB. In our opinion, the Report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the Report on corporate governance and ownership structure are consistent with the separate financial statements of Piquadro SpA as of 31 March 2013.

Bologna, 2 July 2013

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

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