ANNUAL FINANCIAL REPORT ON OPERATIONS AT 31 MARCH 2014

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NOTICE OF CALL OF THE SHAREHOLDERS' MEETING

The ordinary and extraordinary Shareholders' Meeting of Piquadro S.p.A. is hereby called, on 23 July 2014 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 25 July 2014, in the same place and at the same time, in order to discuss and resolve on the following

Agenda

Ordinary shareholders' meeting

1. Approval of the financial statements and presentation of the consolidated financial statements relating to the financial year ended 31 March 2014; proposed allocation of profits; Board of Directors' Report on operations; Independent Auditors' Report; Report of the Board of Statutory Auditors; inherent and consequent resolutions.

2. Presentation of the Annual report on remuneration and consultative vote of the Shareholders' Meeting on the Section 1 of the Report on Remuneration pursuant to article 123-*ter* of Legislative Decree no. 58/1998.

3. Proposed authorisation submitted to the Board for the purchase and sale of treasury shares; inherent and consequent resolutions.

Extraordinary shareholders' Meeting

1. Proposed approval of the full cancellation of the capital increase of Piquadro S.p.A., which was resolved upon by the Board of Directors on 28 February 2008 to serve the "2008-2013 Stock Option Plan of Piquadro S.p.A." – Consequent amendments to the By-Laws – 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 14 July 2014.

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 on 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 21 July 2014, or, should the Shareholders' Meeting be held on second call, by 23 July 2014). The related proxy form can be found on the Company's website www.piquadro.com, in the Section on 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 21 July 2014, or, should the Shareholders' Meeting be held on second call, by 23 July 2014).
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 30 June 2014), to make additions to the list of issues to be discussed, specifying the additional proposed issues in the request. With reference to the limits, the procedures and/or the time limits for these additions, reference is made to the current laws and regulations and section 12.5 of the Company's By-Laws.

Documentation

The Company's By-Laws, whose current text is available to the Shareholders at the registered office, may be perused on the Company's website www.piquadro.com, in the Section on 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 on 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 on 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, 20 June 2014

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 (Province of Bologna)	*Headquarters, logistics and Offices*
Guangdong, The People's Republic of China (registered office of Uni Best Leather Goods Zhongshan Co. Ltd)	*Production plant*
Milan - Via della Spiga 33 (Piquadro S.p.A.)	*Point of sale*
Milan - Linate Airport (Piquadro S.p.A.)	*Point of sale*
Milan - Malpensa Airport (Piquadro S.p.A.)	*Point of sale*
Barcelona - Paseo de Gracia 11, Planta Baja (Piquadro España)	*Point of sale*
Rome - Galleria Colonna (Piquadro S.p.A.)	*Point of sale*
Bologna - Piazza Maggiore 4/B (Piquadro S.p.A.)	*Point of sale*
Barberino del Mugello (FI) – "Factory Outlet Centre" (Piquadro S.p.A.)	*Retail outlet*
Fidenza (PR) - "Fidenza Village" (Piquadro S.p.A.)	*Retail outlet*
Rome - c/o Centro Commerciale Cinecittà (Piquadro S.p.A.)	*Point of sale*
Rome - 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 - c/o 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*
Milan - Via Dante 9 (Piquadro S.p.A.)	*Point of sale*
Bologna - "G. Marconi" Airport (Piquadro S.p.A.)	*Point of sale*
Barcelona - "La Roca Village" (Piquadro España)	*Retail outlet*
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*
Agira (EN) - Sicilia Fashion Outlet Centre (Piquadro S.p.A.)	*Retail outlet*
Rome - Fiumicino Airport Terminal 3 (Piquadro S.p.A.)	*Point of sale*
Taipei (Taiwan) - Sogo DunHua Shop (Piquadro Taiwan)	*Point of sale*
Rimini - Shopping Mall "Le Befane" (Piquadro S.p.A.)	*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*
Kaohsiung City (Taiwan) - Shopping Mall "Dream Mall" (Piquadro Taiwan)	*Point of sale*
Suzhou (China) – 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*
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 330/332 (Piquadro France)	*Point of sale*
Chongqing (China) – Chongqing Time Square (Piquadro Shenzhen)	Point of sale
Castelromano (RM) – “Factory Outlet Centre” (Piquadro S.p.A.)	*Retail outlet*
Venice – Mercerie del Capitello 4940 (Piquadro S.p.A.)	*Point of sale*
Turin – Via Roma 330/332 (Piquadro S.p.A.)	*Point of sale*
Florence – Via Calimala 7/r (Piquadro S.p.A.)	*Point of sale*
Forte dei Marmi (LU) – Via Mazzini 15/b (Piquadro S.p.A.)	*Point of sale*
Beijing (China) – China World Shopping Mall (Piquadro Shenzhen)	*Point of sale*
Valencia (Spain) – El Corte Ingles, Calle Pintor Sorolla (Piquadro España)	*Point of sale*
Tainan City (Taiwan) – Mitsukoshi (Piquadro Taiwan)	*Point of sale*
Taichung City (Taiwan) – Mitsukoshi Taichung (Piquadro Taiwan)	*Point of sale*
Barcelona (Spain) – El Corte Ingles Diagonal, Av. Diagonal (Piquadro España)	*Point of sale*
Roissy en France (France) – Aeroville (Piquadro France)	*Point of sale*
Shenyang City (China) – Shenyang Jiu Guang Dep. Store (Piquadro Shenzhen)	*Point of sale*
London (United Kingdom) – Regent Street 67 (Piquadro UK Limited)	*Point of sale*
Milan – Coin Milan – Piazza 5 Giornate 1/a (Piquadro S.p.A.)	*Point of sale*

REPORT ON OPERATIONS
AS AT 31 MARCH 2014

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 2014, 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 2013 – 31 March 2014 (the "FY 2013/2014").

The financial year under consideration is compared to the data for the 2012/2013 financial year (the "FY 2012/2013"), which includes the period from 1 April 2012 to 31 March 2013.

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 2014

- **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 2016)

Marco Palmieri	*Chairman and CEO*
Marcello Piccioli	*Managing director*
Roberto Trotta	*Managing director*
Pierpaolo Palmieri	*Managing director*
Anna Gatti	*Director*
Paola Bonomo	*Director*
Gianni Lorenzoni	*Director*

- **AUDIT AND RISK COMMITTEE**
  (holding office for three years until the date of the Shareholders' Meeting called to approve the financial statements as at 31 March 2016)

Gianni Lorenzoni	*Chairman*
Paola Bonomo	*Independent non-executive director*
Anna Gatti	*Independent non-executive director*

- **REMUNERATION COMMITTEE**
  (holding office for three years until the date of the Shareholders' Meeting called to approve the financial statements as at 31 March 2016)

Paola Bonomo	*Chairman*
Gianni Lorenzoni	*Independent non-executive director*
Anna Gatti	*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 2016)

Regular members

Giuseppe Fredella	*Chairman*
Pietro Michele Villa	
Patrizia Lucia Maria Riva	

Substitute members
Giacomo Passaniti
Maria Stefania Sala

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

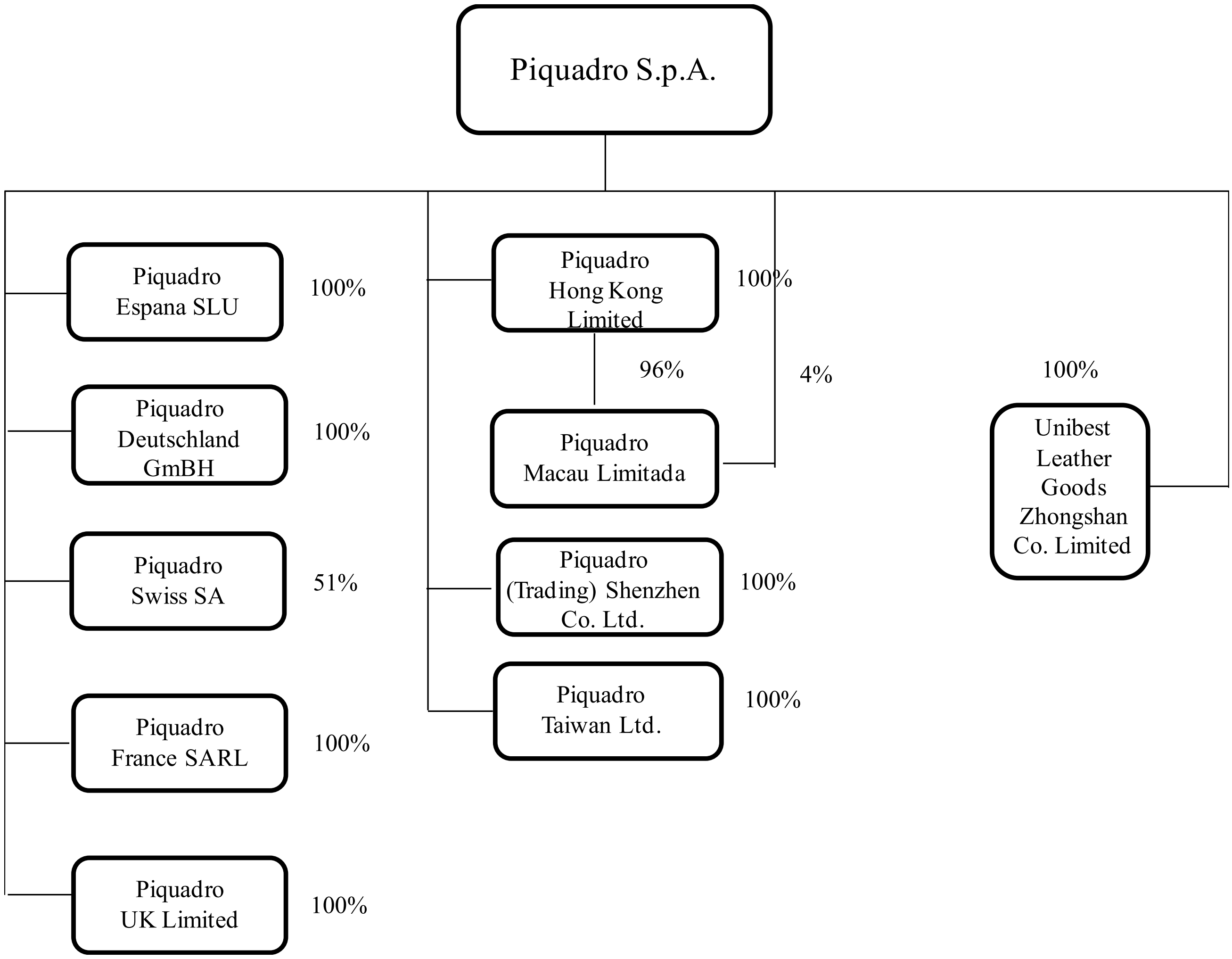
  PricewaterhouseCoopers S.p.A.

- **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 2014:



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 2014, part of the small leather goods and of some lines of briefcases, which accounts for about 41.6% 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 2014, included 57 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 2014) and by distributors who then resell the articles in specialist multi-brand shops.

In the financial year ended 31 March 2014, about 36.0% of the Group's consolidated revenues were achieved through the direct channel (35.0% as at 31 March 2013), while the remaining 64.0% of consolidated revenues was achieved through the indirect channel (65.0% in the financial year ended 31 March 2013).

Operations

In the financial year ended 31 March 2014 the Piquadro Group, recorded, at revenue level, an increasing performance of more than 12% compared to the FY 2012/2013.

In fact, the Piquadro Group reported net sales revenues equal to Euro 63,053 thousand compared to Euro 56,267 thousand recorded in the previous year (+12.1%). The increase in revenues, which is commented on in detail below in this Report, was mainly attributable to the increase in sales to independent distributors, above all in Europe and to the increase in sales in the DOS channel due to opening of new shops both on the domestic market and abroad, as well as to the increase in sales generated from the e-commerce website of the Group.

Sales volumes, in terms of quantities sold during the financial year ended 31 March 2014, were equal to about 924 thousand units, up by about 6.7% compared to the value posted in the financial year ended 31 March 2013 (about 866 thousand units sold). As regards average selling prices, the financial year ended 31 March 2014 reported an increase equal to about 3.6% compared to the previous year, including the mix effect.

Sales revenues

In the financial year ended 31 March 2014, the Piquadro Group reported sales revenues equal to Euro 63,053 thousand, up by 12.1% compared to the financial year ended 31 March 2013. The increase in the turnover was determined by the growth in both DOS and Wholesale channels. The DOS channel also included the sales generated from the e-commerce website of the Group, up by 23.9% compared to the financial year ended 31 March 2013.

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 2014 and compared to the financial year ended 31 March 2013:

Sales channel (In thousands of Euro)	**Sales revenues as at 31 March 2014**	**%**	**Sales revenues as at 31 March 2013**	**%**	**% change 2014/2013**
DOS	22,677	36.0%	19,685	35.0%	15.2%
Wholesale	40,376	64.0%	36,582	65.0%	10.4%
Total	**63,053**	**100.0%**	**56,267**	**100.0%**	**12.1%**

The revenues reported by the DOS channel increased by 15.2% compared to the financial year ended 31 March 2013; 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 15 new shops, 6 of which were opened in Italy (Castelromano (RM) - Factory Outlet Centre, in April 2013;Venice – Via Mercerie del Capitello 4940, in May 2013; Florence – Via Calimala 7/r, in July 2013; Forte dei Marmi (LU) – Via Mazzini 15/b, in July 2013; Turin– Via Roma 330/332, in September 2013; Coin Milan – Piazza 5 Giornate 1/a, in February 2014), 4 in Europe (Valencia (Spain) – El Corte Ingles, Calle Pintor Sorolla, in September 2013; Barcelona (Spain) – El Corte Ingles Diagonal, Av. Diagonal, in October 2013; Roissy en France (France) – Aeroville, in October 2013; London (United Kingdom) – Regent Street 67, in March 2014) and 5 in the Far East (Chongqing (China) – Chongqing Time Square, in April 2013; Beijing China World Shopping Mall, in August 2013; Tainan City (Taiwan) – Mitsukoshi Taichung City, in September 2013;–Mitsukoshi Taichung, in December 2013; Shenyang City - Shenyang Jiu Guang Dep. Store, in October 2013). These points of sale, which were opened by the Group in the course of the financial year, added to the already existing Company-owned 42 shops, 7 of which in Rome, 8 in Milan, 3 in Hong Kong, 1 in China, 5 in Taiwan, 3 in Barcelona, 1 in Paris and 2 in Bologna in addition to 1 in Barberino del Mugello, Fidenza, Vicolungo, Valdichiana, Noventa di Piave, Marcianise, Agira, Rimini, Pescara, Verona, Mendrisio and Macau,

respectively. In the course of the 2013/2014 tax year, 6 shops were closed, 1 of which in Italy, 1 in Europe and 4 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 1.0% (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 1.7%).

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 accounted for 64.0% of the Group's total turnover at 31 March 2014, recorded an increase of 10.4% compared to the FY 2012/2013. This growth was driven by sales in the foreign market, which recorded an increase of 29.4%. Sales reported by the Wholesale channel in the European market increased by 22.6% and at 31 March 2014 they accounted for 24.3% of the Wholesale sales of the Piquadro Group. At 31 March 2014, sales reported by the Wholesale channel in the foreign market (which includes Europe and the non-European geographical area named "Rest of the World") accounted for 17.5% of the consolidated turnover (15.1% as at 31 March 2013). On the contrary, sales reported by the Wholesale channel in the domestic market accounted for 46.6% of the consolidated turnover (49.9% as at 31 March 2013), up by 4.6%.

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 2014**	**%**	**Sales revenues as at 31 March 2013**	**%**	**% change 2014/2013**
Italy	45,526	72.2%	41,727	74.2%	9.1%
Europe	12,713	20.2%	10,132	18.0%	25.5%
Rest of the World	4,814	7.6%	4,408	7.8%	9.2%
Total	**63,053**	**100.0%**	**56,267**	**100.0%**	**12.1%**

From a geographical point of view, at 31 March 2014, the Group's revenues showed an increase of 9.1% in the sales on the Italian market, which accounts for a percentage of the Group's total turnover which is still high (equal to 72.2%) and which benefits from the opening of 6 new DOS and 2 franchise shops. Within the European market, the Group achieved growth of 25.5% compared to the same period in the FY 2012/2013, with a turnover equal to Euro 12.7 million, equal to 20.2% of consolidated sales (18.0% of consolidated sales at 31 March 2013). In the non-European geographical area (named "Rest of the World"), where the Group sells in 19 Countries, the turnover increased by 9.2% compared to the same period in the FY 2012/2013.

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) increased quantities sold equal to 6.7% compared to the financial year ended 31 March 2013;
(ii) an increase in average prices, including the mix effect, equal to about 3.6% in the financial year ended 31 March 2014 compared to the financial year ended 31 March 2013;
(iii) opening of new points of sale, in the DOS channel (15 shops opened in the financial year ended 31 March 2014), which accounted for about 4.1%;
(iv) the closing down of 6 shops (of which 1 in Italy, 1 in Europe and 4 in the geographical area which includes Hong Kong, Taiwan and China), which accounted for about 1.8% compared to the turnover of the previous financial year.

Below is reported the list of the 17 single-brand shops (15 DOSs and 2 franchise shops) opened in the course of the financial year ended 31 March 2014:

Month of opening	**Location**	**Channel**
April 2013	Chongqing (China) – Chongqing Time Square	DOS
April 2013	Castelromano (RM) – "Factory Outlet Centre"	DOS Outlet Store
May 2013	Venice – Mercerie del Capitello 4940	DOS

July 2013	Florence – Via Calimala 7/r	DOS
July 2013	Forte dei Marmi (LU) – Via Mazzini 15/b	DOS
August 2013	Beijing (China) – China World Shopping Mall	DOS
September 2013	Turin – Via Roma 330/332	DOS
September 2013	Valencia (Spain) – El Corte Ingles, Calle Pintor Sorolla	DOS
September 2013	Tainan City (Taiwan) – Mitsukoshi Tainan	DOS
October 2013	Barcelona (Spain) – El Corte Ingles Diagonal, Av. Diagonal	DOS
October 2013	Roissy en France (France) – Aeroville	DOS
October 2013	Shenyang City (China) – Shenyang Jiu Guang Dep. Store	DOS
December 2013	Taichung City (Taiwan) – Mitsukoshi Taichung	DOS
February 2014	Milan – Coin Milan – Piazza 5 Giornate 1/a	DOS
March 2014	London (United Kingdom) – Regent Street 67	DOS
December 2013	Outlet Franciacorta	Franchising(Wholesale)
March 2014	Palmanova Outlet Village	Franchising(Wholesale)

The financial statements for the year ended 31 March 2014 saw a considerable increase in the performance of the Group's profitability compared to the same period in the previous year, with an operating result up by 22.5% compared to the FY 2012/2013 (from Euro 5,255 thousand – equal to 9.3% of total sales revenues - in the financial year ended 31 March 2013 to Euro 6,439 thousand - equal to 10.2 of total sales revenues - in the financial year ended 31 March 2014).

At pre-tax result level, the Group recorded an increase of 9.3%, passing from Euro 5,005 thousand at 31 March 2013 to Euro 5,468 thousand recorded in the financial year ended 31 March 2014.

In the opinion of the management, the increase in the operating result was also attributable to the following factors:

(i) an increase in revenues from the Wholesale channel, above all in Europe, that has then generated, thanks to the substantial margins that characterise them, a significant operating leverage;
(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 some new openings with margins which are not always 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.

Summary economic-financial data

Below are reported the Group's main economic-financial indicators as at 31 March 2014:

(in thousands of Euro)	**31 March 2014**	**31 March 2013 Restated**
Revenues from sales	63,053	56,267
EBITDA (a)	8,912	7,957
EBIT (b)	6,439	5,255
Pre-tax result	5,468	5,005
Profit for the period	3,510	3,239
Net Financial Position (c)	(10,209)	(8,482)
Shareholders' equity	31,664	29,273
Amortisation and depreciation of fixed assets and write-downs of receivables	2,903	3,120
Financial absorption (Group net profit, amortisation and depreciation, write-downs)	6,413	6,359

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 8,912 thousand, against Euro 7,957 thousand recorded in the financial year ended 31 March 2013 and as at 31 March 2014 it accounted for 14.1% of consolidated revenues (14.1% in the financial year ended 31 March 2013).
In the financial year ended 31 March 2014, the Group used about Euro 3.3 million for marketing and communication activities (Euro 2.5 million as at 31 March 2013) in order to develop and promote the Piquadro brand.

Amortisation and depreciation were equal to Euro 2,352 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 79 thousand, the depreciation of industrial and business equipment for Euro 1,319 thousand (including fittings for shops for about Euro 1,153 thousand), the depreciation of other assets for Euro 4 thousand, the amortisation of the key moneys paid out for Euro 470 thousand, the amortisation of software for 222 thousand, the amortization of patent rights for Euro 5 thousand and the amortization of trademarks for Euro 57 thousand.
Write-downs, equal to Euro 121 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 6,439 thousand, equal to 10.2% of net sales revenues, up by 22.5% compared to the value recorded in the financial year ended 31 March 2013 (Euro 5,255 thousand in the financial year ended 31 March 2013, equal to 9.3% of net sales revenues).

The result from financial operations, which posted a negative value of Euro 971 thousand (against a negative value of Euro 250 thousand as at 31 March 2013), was attributable to the net financial debt dynamics, in addition to the differential between foreign exchange gains and losses (a negative value of Euro 225 thousand as at 31 March 2014, against a positive value of Euro 313 thousand at 31 March 2013).

The pre-tax result recorded by the Group in the financial year ended 31 March 2014 came to about Euro 5,468 thousand (up by 9.3% against the value recorded in the financial year ended 31 March 2013, equal to Euro 5,005 thousand) and was affected by income taxes, including the effects of deferred taxation, equal to Euro 1,958 thousand, for an overall tax rate amounting to 35.8% (35.3% for the financial year ended 31 March 2013).

The results obtained in the last financial year were positive and 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 2014 and as at 31 March 2013:

Profitability ratio	Composition of the ratio	31 March 2014	31 March 2013
Return on sales (R.O.S.)	EBIT/ Net sales revenues	10.2%	9.3%
Return on Investment (R.O.I.)	EBIT/ Net invested capital	15.4%	13.9%
Return on Equity (R.O.E.)	Profit for the period/Shareholders' equity	11.1%	11.1%

The change recorded in the ratios reported above is to be mainly attributed to increased 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 2014.

Investments

Investments in intangible assets, property, plant and equipment and financial fixed assets were equal to Euro 3,917 thousand in the financial year ended 31 March 2014 (Euro 5,476 thousand as at 31 March 2013), as reported below:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Investments		
Intangible assets	1,823	3,019
Property, plant and equipment	2,094	2,457
Financial fixed assets	-	-
Total	**3,917**	**5,476**

Increases in intangible assets, equal to Euro 1,823 thousand in the financial year ended 31 March 2014 (Euro 3,019 thousand as at 31 March 2013) related for Euro 7 thousand to industrial patent rights, for Euro 100 thousand to investments in software and IT products, for Euro 20 thousand to trademarks, for Euro 1,617 thousand to key moneys mainly paid for the openings of the new shops in London – Regent Street (Euro 673 thousand), Venice (Euro 412 thousand), Forte dei Marmi (Euro 62 thousand), Florence (Euro 470 thousand) and for Euro 79 thousand to intangible assets under development.

On the contrary, increases in property, plant and equipment, equal to Euro 2,094 thousand in the financial year ended 31 March 2014 (Euro 2,457 thousand as at 31 March 2013), were mainly attributable to the purchases of moulds relating to new products for Euro 80 thousand, to furniture and fittings for Euro 1,781 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 1 thousand, to the purchase of electronic machines for Euro 112 thousand, to the purchase of minor assets for Euro 4 thousand and to property, plant and equipment under construction (relating to furniture and fittings paid for the opening of new shops) for Euro 116 thousand.

Balance Sheet

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

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Trade receivables	21,095	21,517
Inventories	15,836	14,227
(Trade payables)	(12,887)	(15,030)
Total net current trade assets	24,044	20,714
Other current assets	1,480	870
Tax receivables	256	1,447
(Other current liabilities)	(3,088)	(2,695)
(Tax payables)	-	-
A) Working capital	***22,692***	***20,336***
Intangible assets	5,020	3,951
Property, plant and equipment	13,059	12,684
Receivables from others beyond 12 months	849	877
Deferred tax assets	1,571	1,424
B) Fixed assets	***20,499***	***18,936***
C) Non-current provisions and non-financial liabilities	***(1,318)***	***(1,517)***
Net invested capital (A+B+C)	**41,873**	**37,755**
FINANCED BY:		
D) Net financial debt	10,209	8,482
E) Equity attributable to minority interests	4	20
F) Equity attributable to the Group	31,660	29,253
Total financial payables and Shareholders' Equity (D+E+F)	**41,873**	**37,755**

Net financial position

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

(in thousands of Euro)	**31 March 2014**	**31 March 2013**

(A) Cash	95	102
(B) Other cash and cash equivalents (available current bank accounts)	10,890	20,374
(C) Liquidity (A) + (B)	**10,985**	**20,476**
(D) Finance leases	(576)	(562)
(E) Current bank debt	(3)	(1,000)
(F) Current portion of non-current debt	(7,694)	(6,796)
(G) Current financial debt (D) + (E) + (F)	**(8,273)**	**(8,358)**
(H) Short-term net financial position (C) + (G)	**2,712**	**12,118**
(I) Non-current bank debt	(10,317)	(17,420)
(L) Finance leases	(2,604)	(3,180)
(M) Non-current financial debt (I) + (L)	**(12,921)**	**(20,600)**
(N) Net Financial Position (H) + (M)	**(10,209)**	**(8,482)**

As at 31 March 2014, the Net Financial Position posted a negative value of Euro 10.2 million, showing an increase of about Euro 1.7 million compared to the debt of Euro 8.5 million recorded as at 31 March 2013.
The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- dividends paid in relation to the profit for the FY 2012/2013 for Euro 1.0 million (with a payout equal to about 31.4% of the profit resulting from the annual accounts of the Parent Company);
- investments in property, plant and equipment and intangible assets for about Euro 4.0 million;
- an increase in the net current assets of about Euro 3.3 million, which was mostly due to an increase in closing inventories and to a decrease in trade payables.

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 2014 attributable to the Group:

(in thousands of Euro)	**Result as at 31 March 2014**	**Equity as at 31 March 2014**	**Result as at 31 March 2013**	**Equity as at 31 March 2013**
Equity and result for the period as reported in the annual accounts of Piquadro S.p.A.	**3,611**	**32,198**	**3,182**	**29,578**
Derecognition of the book value of consolidated equity investment	(53)	149	27	328
Derecognition of the effects of transactions effected between consolidated companies:	-	-	-	-
Profits included in closing inventories	(73)	(858)	(43)	(785)
Other minor	28	(30)	38	(58)
Write-downs and impairment	12	202	59	190
Equity and result for the period attributable to the Group	**3,526**	**31,660**	**3,263**	**29,253**
Profits (Losses) and Equity attributable to minority interests	(16)	4	(20)	20

Equity and consolidated profit for the period	**3,510**	**31,664**	**3,243**	**29,273**

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 2014 the Group had 795 members of staff compared to 693 units as at 31 March 2013. Below is reported the breakdown of staff by Country:

Country	**31 March 2014**	**31 March 2013**
Italy	231	200
China	474	422
Hong Kong	22	30
Macau	5	6
Germany	1	-
Spain	21	9
The Netherlands	-	3
Taiwan	24	16
France	7	2
Switzerland	5	5
UK	5	-
Total	**795**	**693**

With reference to the Group's organisational structure, as at 31 March 2014, 43.9% of staff operate in the production area, 28.3% in the retail area, 15.5% in the support functions (Administration, IT Systems, Purchasing, Human Resources, etc.), 9.1% 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 2014, the Parent 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, the Parent Company implemented a project aimed at establishing a workers' health and safety management system, with the objective of also improving the integration with the offices located all over the country. For this purpose, a system was implemented to monitor safety requirements at the points of sales, through the direct involvement of Area Managers and Store Managers¸ under the supervision of the Prevention and Protection Service. Thanks to the use of audits and appropriate check lists, it was possible to provide a larger and complete overview of the situation concerning health and safety within the network of points of sales. These tools allow criticalities to be identified more rapidly and a more effective action to be taken by the Company Management in relation to safety issues. In addition to representing a regulatory formality, the achievement of important targets regarding staff training in health and safety issues may allow the implementation of more flexible procedures to communicate and collaborate with important local players, such as for example airport infrastructures and business groups.

Furthermore, an increased collective awareness of the importance of workers' health and safety may also allow a further decrease in the statistical data on accidents. Work continued on the project to implement a system of procedures that may be the basis for a safety management system and that may constitute, in the future, the main documentation of a model that can be certified according to the international standards defined by the OSHAS 18001:1999 rule.
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. 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 Group'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. For this purpose, training courses were implemented which were aimed at the staff in charge, with the objective of improving the control over the functions that collaborate with the Company Management in relation to safety issues.
The same attention paid to workers' health and safety issues was also confirmed in relation to environment. 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 the management of personal data, the Piquadro Group ensures full compliance with the regulations in force and the implementation of the provisions laid down in the security policy statement.

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 12 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 2014, the Group's Research & Development activity was aimed at the completion of three new continuous lines, *Aki*, *Signo2* and *Relyght* (the latter two lines are dedicated to travels) and at enlarging the Vespucci collection that is fully produced in Italy, thus reconfirming the intention of Piquadro to emphasise its Italian style, a path the Group had already embarked on with the Sartoria line in previous financial years. Furthermore, the Group's Research & Development activity involved the creation of a new *Oskar* collection of small leather goods for the autumn/winter 2014/2015, new lines of accessories (belts and gloves), the enlargement of the range of notepad holders, as well as the completion of slipcases for the new and most important technology devices presented in the market.
The intention of Piquadro to establish itself as a reference brand, not exclusively in the premium market, was confirmed by continuing a successful collaboration with the stylist Antonio Marras, which led to a collection for the season spring/summer 2014 of articles inspired in the vintage sailor style.

RELATIONS WITH RELATED PARTIES

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

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

PERFORMANCE OF PIQUADRO S.p.A.

In reporting the performance of the Group, the main events were already implicitly illustrated in relation to the Parent Company whose revenues, including relations with Group companies, represent about 94.2% of consolidated revenues.

Operations

The financial year ended 31 March 2014 saw an increase in sales revenues of 11.7% compared to the financial year ended 31 March 2013. 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 2014 reported an increase equal to about 3.6%, 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 2014, the increase in the average list prices was equal to about 3%.

Sales revenues

In the financial year ended 31 March 2014, the Company reported net sales revenues equal to Euro 59,418 thousand, up by 11.7% compared to the revenues reported in the financial year ended 31 March 2013. The performance of revenues is attributable to the positive performances recorded in the domestic market (about +9.3% for an increasing counter-value of Euro 3,863 thousand) mainly in the Wholesale channel; Europe reported an increase in revenues of 22.8% compared to the previous financial year, while the Rest of the World recorded an increase of 11.0%.

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 2014 and compared to the financial year ended 31 March 2013:

Sales channel (in thousands of Euro)	**Sales revenues as at 31 March 2014**	**%**	**Sales revenues as at 31 March 2013**	**%**	**% change 2014/2013**
DOS	19,286	32.5%	16,669	31.3%	15.7%
Wholesale	40,132	67.5%	36,519	68.7%	9.9%
Total	**59,418**	**100.0%**	**53,188**	**100.0%**	**11.7%**

The revenues reported by the DOS channel increased by 15.7% compared to the financial year ended 31 March 2013; this increase was determined by the opening of 6 new shops (Castelromano (RM) - Factory Outlet Centre in April 2013;Venice – Via Mercerie del Capitello 4940 in May 2013; Florence– Via Calimala 7/r in July 2013; Forte dei Marmi (LU) – Via Mazzini 15/b in July 2013; Turin– Via Roma 330/332 in September 2013; Coin Milan – Piazza 5 Giornate 1/a in February 2014).
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 account for about 67.5% of the Company's total turnover, recorded an increase of 9.9% compared to the financial year ended 31 March 2013 and were mainly affected by the growth in the foreign markets, particularly in the European market.

Below are reported the breakdowns of revenues by geographical area.

	Sales revenues as at 31 March 2014	%	Sales revenues as at 31 March 2013	%	% change 2014/2013
Italy	45,575	76.7%	41,712	78.4%	9.3%
Europe	11,437	19.2%	9,310	17.5%	22.8%
Rest of the World	2,406	4.0%	2,166	4.1%	11.1%
Total	**59,418**	**100.0%**	**53,188**	**100.0%**	**11.7%**

The Company's revenues for the FY 2013/2014 show that the Italian market still accounts for a very significant percentage of the total turnover (76.7%). In the FY 2013/2014, the Company opened, in the domestic market, 8 points of sale, including DOSs (6 points of sale) and franchise shops (2 points of sale). Within the European market, the Company achieved a turnover equal to Euro 11,437 thousand, up by 22.8% compared to the financial year ended 31 March 2013, which is equal to 19.2% in terms of percentage impact of the total turnover of the year 2013/2014. In the geographical area named "Rest of the World", where the Company sells in 21 Countries, the Company reported an increase in the turnover of about 11.1%, despite the closing of 4 shops in the area.

Summary economic-financial data

Below are reported the results of Piquadro S.p.A. as at 31 March 2014 compared to the same indicators as at 31 March 2013:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Revenues from sales	59,418	53,188
EBITDA	8,629	8,228
EBIT	6,760	6,232
After-tax result	3,611	3,177
Depreciation of property, plant and equipment, amortisation of intangible assets and write-downs	2,299	2,413
Cash Flow (net result before amortisation, depreciation and write-downs)	5,910	5,590

EBITDA for the period came to Euro 8.6 million against Euro 8.2 million reported in the FY 2012/2013, accounting for 14.5% of the Company's revenues as at 31 March 2014 (15.5% in the financial year ended 31 March 2013).

In the FY 2013/2014, the Company used Euro 3.2 million for marketing and communication activities, in order to develop and promote the Piquadro brand (Euro 2.4 million in the FY 2012/2013).

Amortisation and depreciation were equal to Euro 1,837 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 68 thousand, industrial and business equipment for Euro 1,027 thousand (including the depreciation of fittings for shops for Euro 934 thousand), the amortisation and depreciation of other assets for Euro 3 thousand, the amortisation of the key moneys paid out for the opening of shops in Bologna, Milan, Rome, Pescara, Verona, Venice, Forte dei Marmi and Florence (Euro 260 thousand), the amortisation of software (Euro 222 thousand), the amortisation of trademarks (Euro 57 thousand) and the amortisation of patent rights (Euro 4 thousand).

EBIT came to around Euro 6.8 million, equal to 11.4% of sales revenues, up by 8.5% compared to the value recorded in the FY 2012/2013 (a percentage equal to 11.7%).

The result from financial operations, which was negative for a value equal to about Euro 745 thousand, was mainly attributable to the net financial debt dynamics, net of exchange differences. The differential between foreign exchange gains and losses was negative for a value equal to Euro 32 thousand (positive for a value of Euro 174 thousand as at 31 March 2013). Furthermore, the financial operations were affected by the write-downs of equity investments and by provisions for risks in Subsidiaries equal to Euro 412 thousand (Euro 987 thousand as at 31 March 2013).

The pre-tax result recorded by the Company in the financial year ended 31 March 2014 came to Euro 5.6 million (Euro 4.9 million as at 31 March 2013) and was affected by income taxes, including the effects of deferred taxation, equal to about Euro 2.0 million for an overall tax rate amounting to 35.5% (35.2% for the financial year ended 31 March 2013).

The net result recorded by the Company in the financial year ended 31 March 2014 recorded an increase of 13.7%, passing from Euro 3.2 million in the financial year ended 31 March 2013 to Euro 3.6 million in the financial year ended 31 March 2014.

Profitability ratios

Below are reported the main profitability ratios relating to the FYs ended 31 March 2014 and 31 March 2013:

Profitability ratio	**Composition of the ratio**	**31 March 2014**	**31 March 2013**
Return on sales (R.O.S.)	EBIT/ Net sales revenues	11.4%	11.7%
Return on Investment (R.O.I.)	EBIT/ Net invested capital	15.4%	15.8%
Return on Equity (R.O.E.)	Profit for the period/Shareholders' equity	11.2%	10.8%

The change recorded in the ratios reported above is to be mainly attributed to increased 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 2014.

Gross investments

Gross investments in fixed assets concerning the Company's operations were equal to Euro 3,732 thousand in the financial year ended 31 March 2014 (Euro 6,113 thousand in the financial year ended 31 March 2013).
Below is reported the breakdown by type:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Investments		
Intangible assets	1,157	727
Property, plant and equipment	1,122	1,338
Financial fixed assets	1,453	4,048
Total	**3,732**	**6,113**

Increases in intangible assets, equal to Euro 1,157 thousand in the financial year ended 31 March 2014 (Euro 727 thousand as at 31 March 2013) related to industrial patent rights for Euro 7 thousand, software and IT products for Euro 98 thousand, trademarks for Euro 22 thousand, the key moneys mainly paid for the opening of the new shops located in Venice (Euro 412 thousand), Forte dei Marmi (Euro 62 thousand) and Florence (Euro 470 thousand) for Euro 951 thousand and to intangible assets under development for Euro 79 thousand.

Increases in property, plant and equipment, equal to Euro 1,122 thousand in the financial year ended 31 March 2014 (Euro 1,338 thousand as at 31 March 2013) were mainly attributable to workshop equipment and machinery for Euro 57 thousand, to furniture and fittings for Euro 984 thousand and sundry equipment purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro 2 thousand, the purchase of electronic office machines for Euro 72 thousand and to the purchase of minor assets for Euro 7 thousand.

The main increase in financial fixed assets for Euro 1,453 thousand (Euro 4,048 thousand as at 31 March 2013) related to the payment on account of capital in favour of the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. made on 8 January 2014 to cover losses.

Balance sheet

Below is reported the performance of the Company's equity structure as at 31 March 2014:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Trade receivables	28,441	27,739
Inventories	12,991	10,783
(Trade payables)	(14,032)	(15,463)
Total net current trade assets	*27,400*	*23,059*
Other current assets	798	756
Tax receivables	326	1,209
(Other current liabilities)	(2,606)	(2,124)
(Tax payables)	-	-
A) Working capital	***25,918***	***22,900***
Intangible assets	2,399	1,785
Property, plant and equipment	10,674	10,878
Financial fixed assets	4,938	4,999
Receivables from others beyond 12 months	255	256
Deferred tax assets	1,046	965
B) Fixed assets	***19,312***	***18,883***
C) Non-current provisions and non-financial liabilities	***(1,340)***	***(2,272)***
Net invested capital (A+B+C)	**43,890**	**39,511**
FINANCED BY:		
D) Net financial debt	*11,692*	*9,933*
E) Equity	*32,198*	*29,578*
Total financial payables and Shareholders' Equity (D+E)	**43,890**	**39,511**

Net Financial Position

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
(A) Cash	60	64
(B) Other cash and cash equivalents (available current bank accounts)	8,855	18,609
(C) Liquidity (A) + (B)	**8,915**	**18,673**
(D) Finance leases	(576)	(562)
(E) Current bank debt	(3)	(1,000)
(F) Current portion of non-current debt	(7,107)	(6,445)
(G) Current financial debt (D) + (E) + (F)	**(7,686)**	**(8,007)**
(H) Short-term Net Financial Position (C) + (G)	**1,229**	**10,666**
(I) Non-current bank debt	(10,317)	(17,420)
(L) Finance leases	(2,604)	(3,180)
(M) Non-current financial debt (I) + (L)	**(12,921)**	**(20,600)**
(N) Net Financial Position (H) + (N)	**(11,692)**	**(9,934)**

As at 31 March 2014, the Net Financial Position of Piquadro S.p.A. posted a negative value of Euro 11.7 million, showing a deterioration by about Euro 1.8 million compared to the debt of about Euro 9.9 million as at 31 March 2013. The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- dividends paid in relation to the profit for the FY 2012/2013 equal to Euro 1.0 million (with a payout equal to about 31.4% of the operating profit of the Company);
- investments in property, plant and equipment, intangible assets and financial fixed assets for about Euro 3.7 million;
- an increase in the net current assets of about Euro 4.3 million, which was mostly due to an increase in inventories and a decrease in trade payables.

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 2014 the Group had 231 members of staff compared to 200 units as at 31 March 2013. Below is reported the breakdown of staff by Country:

Organisational Areas	31 March 2014	31 March 2013
Production Area/Supply Chain	17.7%	21.5%
R&D Area	6.5%	6.5%
Retail Area	53.2%	50.5%
Sales Area	13.4%	13.0%
Supporting Areas	9.1%	8.5%
Total	**100%**	**100%**

Health, safety and environment

The founding principles of the policy of Piquadro S.p.A. 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 implemented a project aimed at establishing a workers' health and safety management system, with the objective of also improving the integration with the offices located all over the country. For this purpose, a system was implemented to monitor safety requirements at the points of sales, through the direct involvement of Area Managers and Store Managers¸ under the supervision of the Prevention and Protection Service. Thanks to the use of audits and appropriate check lists, it was possible to provide a larger and complete overview of the situation concerning health and safety within the network of points of sales. These tools allow criticalities to be identified more rapidly and a more effective action to be taken by the Company Management in relation to safety issues.
In addition to representing a regulatory formality, the achievement of important targets regarding staff training in health and safety issues may allow the implementation of more flexible procedures to communicate and collaborate with important local players, such as for example airport infrastructures and business groups.
Furthermore, an increased collective awareness of the importance of workers' health and safety may also allow a further decrease in the statistical data on accidents.
Work continued on the project to implement a system of procedures that may be the basis for a safety management system and that may constitute, in the future, the main documentation of a model that can be certified according to the international standards defined by the OSHAS 18001:1999 rule.
The documentation system implemented up to now 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. For this purpose, training courses were implemented, which were aimed at the staff in charge, with the objective of improving control over the functions that collaborate with the Company Management in relation to safety issues.
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 2014, 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 2014 up to today’s date.

OUTLOOK

The development of the Piquadro Group in the 2014/2015 financial year will be affected by both the stability of the economic situation in the relevant markets, and the Group’s ability to continue the process of international expansion. The increase in the turnover recorded at 31 March 2014 attests that the Group’s investments linked to a more glamorous repositioning of the brand are producing the results expected by the Management. The management expects that in the 2014/2015 financial year the growth achieved up to now will continue, although with slightly lower percentage rates compared to 31 March 2014, also by reason of a slowdown in the growth trends in Eastern Europe markets, where the Group achieves about 7.4% of the overall turnover. In terms of profitability, the Management expect to be able to benefit both from the reorganisation of some less profitable business areas and from the operating leverage that could increase the operating result more than proportionally with respect to the expected growth in the turnover.
In this context, the Management will be engaged in constantly monitoring operating costs in order to increase commitments both in Research and Development and 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 2014 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 2014, the open positions of currency forward purchases were equal to USD 19,850 thousand.

Interest rate risk

Interest rate risk is the risk of an uncontrolled increase in charges arising from the payment of real floating interest rate on medium- to long-term loans raised by the Group.
The purpose of the interest risk management is to limit and stabilise payable flows due to interest paid on such loans.
Hedging activities were carried out on every occasion that it was considered useful with regard to the taking out of loans. The Group uses derivative financial instruments to hedge the exposure to interest rate risks. However, in cases in which the derivative financial instruments do not fulfil all the conditions laid down for the accounting treatment of hedging derivatives (hedge accounting), these have been accounted for at fair value against an entry in the Income Statement.
The forecast outflows, connected with the repayment of the liability, are determined by making reference to the provisions laid down in the loan agreement (amortisation schedule).
As at 31 March 2014 there were no open positions relating to interest rate hedges.

LEGISLATIVE DECREE NO. 231/2001

Starting from June 2008, the Company adopted 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.

In the course of the financial year ended 31 March 2013, the Board of Directors' meeting held on 7 August 2013 took steps to supplement (i) the Code of Ethics in order to better specify the supervisory board's duties and (ii) the special part of the Organisational Model, in order to make the operating instructions reported in the "Special Part D – Market abuses" relating to article 25-sexies of Legislative Decree no. 231/2001 more consistent with the Company's environment.

The organisational, management and control model of Piquadro and the Code of Ethics can be found on the Company's website, www.piquadro.com, in the Section on Investor Relations.

EQUITY INVESTMENTS HELD BY THE MEMBERS OF THE CORPORATE BODIES

Below is reported the chart containing the equity investments held by the Directors, statutory auditors, general managers, executives with strategic responsibilities and their spouses and minor children in Piquadro S.p.A. and its subsidiaries, which is contained in Section II of the Report on Remuneration prepared pursuant to article 123-*ter* of Legislative Decree no. 58/1998 and article 84-*quater* of the Issuers' Regulation, as adopted by Consob by resolution no. 11971 of 14 May 1999, and in accordance with Annex 3A Charts 7-*bis* and 7-*ter* of the same Regulation.
For more information, including any information on the fees due to the Directors, statutory auditors and executives with strategic responsibilities, reference is expressly made to said Report on Remuneration, which can be found on the Company's website, www.piquadro.com, in the Section on Investor Relations.

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 2013/2014, 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 2013/2014, 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..

CORPORATE GOVERNANCE AND SELF-REGULATORY CODE

The Company applies the Self-Regulatory Code promoted by Borsa Italiana S.p.A, which was approved by the Corporate Governance Committee in December 2011.
In making use of the right laid down in article 123-*bis*, paragraph 3, of the TUF, the Company has taken steps to prepare the Report on Corporate Governance and ownership structures separately from the Report on Operations.
Therefore, as regards the information on the Company's corporate governance system and ownership structures and the application of the Self-Regulatory Code, reference should be made to the Report on Corporate Governance and ownership structures that can be found on the Company's website, www.piquadro.com, in the Section on Investor Relations.

Below is provided some of the main information disclosed in the abovementioned Report on Corporate Governance and ownership structures.

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.

* * *

Stock option Plans

The 2008-2013 Plan

As at the date of this Report, the 2008-2013 Plan has been settled and no option assigned by virtue of the same is or 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 on 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 on 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.

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

For a description of the delegated powers to increase share capital granted to the Board by the Company's Extraordinary Shareholders' Meeting of 14 June 2007, reference should be made to the paragraph on "*Structure of the Share Capital"* above.

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 to carry 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 the 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 disclosed in the Report on Corporate Governance and ownership structures, which is available on the website www.piquadro.com, in the Section on Investor Relations.

DIRECTION AND COORDINATION ACTIVITIES

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.

TRANSACTIONS WITH RELATED PARTIES

In compliance with the Consob Regulation on Related Parties, the Board's meeting held on 18 November 2010 adopted the "Regulation governing transactions with Related Parties". This document is available on the website of Piquadro, www.piquadro.com, in the Section on Investor Relations.

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, 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..
Specifically, the Parent Company certifies that, with regard to said subsidiaries:

a) it makes available to the public the subsidiaries' accounting positions prepared for the purposes of drawing up the consolidated accounts, including at least the balance sheet and the income statement. These accounting positions are made available to the public by filing them with the registered office or by publishing them on the website of the controlling company;
a) it gathers from the subsidiaries the by-laws and the composition and powers of the corporate bodies;
b) it ensures that the subsidiaries: (i) provide the controlling company's independent auditors with the information they require to conduct their audit of annual and interim accounts of the controlling company itself; (ii) are equipped with an administrative and accounting system that is suitable to allow the information on financial data, results of operations and cash flows required for preparing consolidated accounts to be regularly received by the management and the independent auditors of the controlling company. The controlling company's control body will timely notify Consob and the market management company of any facts and circumstances as a result of which said system would be no longer suitable to satisfy the conditions referred to above.

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 2014 and 31 March 2013. Economic segment data are monitored by the Company's Management until EBITDA.
Compared to the analysis by business segments and of the operational performance reported in the financial statements at 31 March 2013, the DOS channel includes revenues from sales generated from the Group's e-commerce website and related direct and indirect costs. Accordingly, the information by business segments and the analysis of the performance of the Group's operations at 31 March 2013 have been reclassified for the purpose of a correct comparison with the data at 31 March 2014.

(in thousands of Euro)	**31 March 2014**				**31 March 2013**				
	DOS	**Wholesale**	**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**% Change 2014-2013**
Sales revenues	**22,677**	**40,376**	**63,053**	**100%**	**19,685**	**36,582**	**56,267**	**100%**	**12.1%**
Other income	185	624	809	1.3%	150	581	731	1.3%	10.7%
Costs for purchases of raw materials	(2,346)	(6,806)	(9,152)	(14.5%)	(2,485)	(7,330)	(9,815)	(17.4%)	(6.8%)
Costs for services and leases and rentals	(12,470)	(18,753)	(31,223)	(49.5%)	(10,060)	(15,914)	(25,974)	(46.2%)	20.2%
Personnel costs	(7,051)	(6,848)	(13,899)	(22.0%)	(5,950)	(6,584)	(12,534)	(22.3%)	10.9%
Provisions and write-downs	-	(430)	(430)	(0.7%)	-	(417)	(417)	(0.7%)	3.1%
Other operating costs	(85)	(161)	(246)	(0.4%)	(87)	(213)	(300)	(0.5%)	(18.0%)
EBITDA	**910**	**8,002**	**8,912**	**14.1%**	**1,253**	**6,704**	**7,957**	**14.1%**	**12.0%**
Amortisation and depreciation and write-downs	-	.	(2,473)	(3.9%)	-	-	(2,702)	(4.8%)	(8.5%)
Operating result	**-**	**-**	**6,439**	**10.2%**	**-**	**-**	**5,255**	**9.3%**	**22.5%**
Financial income and charges	-	-	(971)	(1.5%)	-	-	(249)	(0.4%)	289.4%
Pre-tax result	**-**	**-**	**5,468**	**8.7%**	**-**	**-**	**5,005**	**8.9%**	**9.3%**
Income tax expenses	-	-	(1,958)	(3.1%)	-	-	(1,766)	(3.1%)	10.9%
Profit for the period	**-**	**-**	**3,510**	**5.6%**	**-**	**-**	**3,239**	**5.8%**	**8.4%**
Group net result	**-**	**-**	**3,510**	**5.6%**	**-**	**-**	**3,239**	**5.8%**	**8.4%**

(*)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 2014 and 31 March 2013:

(in thousands of Euro)	31 March 2014				31 March 2013			
	Business Segment				Business Segment			
	DOS	Wholesale	Unallocated	Total	DOS	Wholesale	Unallocated	Total
Assets	11,751	44,203	14,215	70,169	10,534	42,824	24,115	77,473
Liabilities	5,203	15,095	18,194	38,492	5,536	17,252	25,412	48,200
Fixed assets	6,659	11,420	-	18,079	5,416	11,219	-	16,635

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)	**Sales revenues as at 31 March 2014**	**%**	**Sales revenues as at 31 March 2013**	**%**	**% change 2014/2013**
DOS	22,677	36.0%	19,685	35.0%	15.2%
Wholesale	40,376	64.0%	36,582	65.0%	10.4%
Total	**63,053**	**100.0%**	**56,267**	**100.0%**	**12.1%**

(*)Percentage impact compared to sales revenues.

Sales revenues achieved in the financial year ended 31 March 2014 reported an increase of 12.1% compared to the financial year ended 31 March 2013, passing from Euro 56,267 thousand in the financial year ended 31 March 2013 to Euro 63,053 thousand in the financial year ended 31 March 2014.
The increase in sales revenues mainly arises from the positive performance recorded in the Wholesale channel, in particular in the European market which reported an increase of about 22.6%.
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 2014 reported an increase equal to 10.4%, passing from Euro 36,582 thousand in the financial year ended 31 March 2013 to Euro 40,376 thousand in the financial year ended 31 March 2014.
In terms of impact on the total sales revenues, the Wholesale channel showed a decrease in percentage terms of 1.0%, passing from an impact of 65.0% in the financial year ended 31 March 2013 to an impact of 64.0%, in the financial year ended 31 March 2014.
The increase in the turnover of the Wholesale channel, equal in absolute terms to Euro 3,794 thousand, was mainly due to the following combined factors:

(i) an increase in sales volumes, equal to about 2.7%;

(ii) an increase in sales in some main markets such as Germany and France (up by 87.3% and 108.5%, respectively), which was offset by the relative decrease in sales in Spain (equal to about 7.5%). However, the domestic market showed a growth of 4.6%.

In the financial year ended 31 March 2014, the Group opened 2 new franchise shops (as at 31 March 2014, the franchise shops opened were 45), as described below:

Month of opening	**Location**	**Channel**
December 2013	Outlet Franciacorta	Franchising(Wholesale)
March 2014	Palmanova Outlet Village	Franchising(Wholesale)

In the financial year ended 31 March 2014 the Group took steps to close 2 franchise shops in Italy.

DOS

Sales revenues achieved in the DOS Channel - which includes sales generated from the e-commerce website of the Group, showing an increase of 23.9% – in the financial year ended 31 March 2014 reported an increase of 15.2%, passing from Euro 19,685 thousand in the financial year ended 31 March 2013 to Euro 22,677 thousand in the financial year ended 31 March 2014.
In terms of impact on the total sales revenues, the DOS channel showed an increase of 100 basis point, passing from an impact of 35.0% in the financial year ended 31 March 2013 to an impact of 36.0% in the financial year ended 31 March 2014. The increase, which is equal to Euro 2,992 thousand in absolute terms, is also due to the following factors:

(i) an increase in the quantities sold, equal to about 10.7%;
(ii) an increase in the price list equal to about 3.0%;
(iii) SSSG, which recorded an increase, in the tax year ended 31 March 2014, equal to 1.0% (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 1.7%);
(iv) the opening by the Group of 15 new DOS shops (as detailed below), which entailed an increased turnover equal to Euro 2,333 thousand (corresponding to a growth of about 11.9% in the total turnover from the DOS channel);
(v) 6 shops were closed (1 of which in Italy, 1 in Europe and 4 in the geographical area that includes Hong Kong, Taiwan and China), which accounted for about Euro 1,028 thousand, equal to about 5.2% of the turnover in the DOS channel of the previous year.

Month of opening	**Location**	**Channel**
April 2013	Chongqing (China) – Chongqing Time Square	DOS
April 2013	Castelromano (RM) – “Factory Outlet Centre”	DOS Outlet Store
May 2013	Venice – Mercerie del Capitello 4940	DOS
July 2013	Florence – Via Calimala 7/r	DOS
July 2013	Forte dei Marmi (LU) – Via Mazzini 15/b	DOS
August 2013	Beijing (China) – China World Shopping Mall	DOS
September 2013	Turin – Via Roma 330/332	DOS
September 2013	Valencia (Spain) – El Corte Ingles, Calle Pintor Sorolla	DOS
September 2013	Tainan City (Taiwan) – Mitsukoshi	DOS
October 2013	Barcelona (Spain) – El Corte Ingles Diagonal, Av. Diagonal	DOS
October 2013	Roissy en France (France) – Aeroville	DOS
October 2013	Shenyang City (China) – Shenyang Jiu Guang Dep. Store	DOS
December 2013	Taichung City (Taiwan) – Mitsukoshi Taichung	DOS
February 2014	Milan – Coin Milan – Piazza 5 Giornate 1/a	DOS
March 2014	London (United Kingdom) – Regent Street 67	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 2013/2014 the Group paid out key moneys totalling Euro 1,617 thousand relating to the shops located in London – Regent Street (Euro 673 thousand), Venice (Euro 412 thousand), Forte dei Marmi (Euro 62 thousand), Florence (Euro 470 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 2013 and 31 March 2014), the trend in the turnover of the DOS channel showed an increase of about 1.0% (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 1.7%).
For a better understanding of the DOS channel, below are reported the 57 shops which were opened as at 31 March 2014, 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 de Gracia no. 11	DOS
November 2004	Bologna, Piazza Maggiore no. 4/B	DOS
March 2006	Barberino del Mugello - Outlet Centre	DOS (Outlet)
March 2007	Fidenza - "Fidenza Village"	DOS (Outlet)
May 2007	Rome, Cinecittà Shopping Mall no. 2, Via Vittoria Colonna no.39	DOS
July 2007	Rome, Galleria Nuova Commerciale "Porta di Roma"	DOS
August 2007	Macau, The Venetian Macao - Resort-Hotel Casino	DOS
April 2008	Novara, "Vicolungo Outlet"	DOS (Outlet)
June 2008	Rome, "EUROMA2" Shopping Mall, 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	Barcelona (Spain), "La Roca Village"	DOS (Outlet)
March 2009	Bologna, "G. Marconi" Airport	DOS
April 2009	Taiwan – Taipei Eslite Dun Nan	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) – "Outlet Centre"	DOS (Outlet)
December 2010	Agira, "Sicilia Fashion Outlet"	DOS (Outlet)
December 2010	Rome, Fiumicino Airport Terminal 2	DOS
February 2011	Rimini, "Le Befane"	DOS
September 2011	Milan – Corso Buenos Aires 10	DOS
September 2011	Hong Kong – Queen's Road Central 57	DOS
September 2011	Suzhou (China) – Jiu Guang Dept. Store	DOS
December 2011	Assago (MI) – Shopping Centre "Milanofiori"	DOS
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
April 2013	Chongqing (China) – Chongqing Time Square	DOS
April 2013	Castelromano (RM) – "Factory Outlet Centre"	DOS Outlet Store
May 2013	Venice – Mercerie del Capitello 4940	DOS
July 2013	Florence – Via Calimala 7/r	DOS
July 2013	Forte dei Marmi (LU) – Via Mazzini 15/b	DOS
August 2013	Beijing (China) – China World Shopping Mall	DOS
September 2013	Turin – Via Roma 330/332	DOS
September 2013	Valencia (Spain) – El Corte Ingles, Calle Pintor Sorolla	DOS
September 2013	Tainan City (Taiwan) – Mitsukoshi	DOS
October 2013	Barcelona (Spain) – El Corte Ingles Diagonal, Av. Diagonal	DOS
October 2013	Roissy en France (France) – Aeroville	DOS
October 2013	Shenyang City (China) – Shenyang Jiu Guang Dep. Store	DOS
December 2013	Taichung City (Taiwan) – Mitsukoshi Taichung	DOS
February 2014	Milan – Coin Milan – Piazza 5 Giornate 1/a	DOS
March 2014	London (United Kingdom) – Regent Street 67	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 2014 and 31 March 2013:

	Sales revenues as at 31 March 2014	%(*)	Sales revenues as at 31 March 2013	%(*)	% change 2014/2013
Italy	45,526	72.2%	41,727	74.2%	9.1%
Europe	12,713	20.2%	10,132	18.0%	25.5%
Rest of the World	4,814	7.6%	4,408	7.8%	9.2%
Total	**63,053**	**100%**	**56,267**	**100.0%**	**12.1%**

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

Italy

Sales revenues achieved in Italy in the financial year ended 31 March 2014 reported an increase of 9.1% compared to the financial year ended 31 March 2013, passing from Euro 41,727 thousand to Euro 45,526 thousand; the Italian market accounts for 72.2% of the Group's total turnover in the financial year ended 31 March 2014 (74.2% of the total turnover in the financial year ended 31 March 2013).
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 3.0% of the Group's consolidated turnover in the financial year ended 31 March 2014.
The sales in the Wholesale Channel in Italy increased by 4.6% % compared to 31 March 2013.

Europe

Sales revenues achieved in Europe, in the financial year ended 31 March 2014 reported an increase of 25.5% compared to the financial year ended 31 March 2013, passing from Euro 10,132 thousand to Euro 12,713 thousand; as a whole, the European market accounts for 20.2% of the total turnover in the financial year ended 31 March 2014 (up compared to the impact of 18.0% on the consolidated sales reported in the financial year ended 31 March 2013).
The first three most significant European countries in terms of impact of the Group's total turnover are Russia, Germany and Spain, which overall account for about 9.4% of the Group's turnover and about 46.5% of the turnover relating to the geographical area Europe.
The Group operates through the two sales DOS and Wholesale channels in 30 European countries. 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 87.3% and 7.3% compared 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 2014 of 10 direct points of sale of which 2 in France, 5 in Spain, 1 in Switzerland and 1 in the United Kingdom (London), the latter was opened in March 2014.
The impact of the sales in the European market on the total sales of the Group increased by 220 basis points (from 18.0% to 20.2%) compared to the financial year ended 31 March 2013.

Rest of the World
Sales revenues achieved in the Rest of the World (a geographical area which for Piquadro mainly represents the Countries in the Far East) reported, in the financial year ended 31 March 2014, an increase of 9.2% compared to the financial year ended 31 March 2013, passing from Euro 4,408 thousand to Euro 4,814 thousand in the financial year ended 31 March 2014. The market of the Rest of the World accounts for 7.6 of the total turnover in the financial year ended 31 March 2014 (7.8% in the financial year ended 31 March 2013).

Other income

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

(in thousands of Euro)	**31 March 2014**				**31 March 2013**				
	DOS	**Wholesale**	**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**% change 2014-2013**
Charge-backs of transportation and collection costs	-	245	245	0.4%	-	170	170	0.3%	43.7%
Insurance and legal refunds	-	12	12	0.02%	-	-	-	-	
Sales revenues from corners	-	58	58	0.1%	-	113	113	0.2%	(48.5%)
Other sundry income	185	309	494	0.8%	150	298	448	0.8%	10.5%
Total Other income	**185**	**624**	**809**	**1.3%**	**150**	**581**	**731**	**1.3%**	**10.7%**

(*)Percentage impact compared to sales revenues.

In the financial year ended 31 March 2014 other income increased by 10.7%, passing from Euro 731 thousand in the financial year ended 31 March 2013 to Euro 809 thousand in the financial year ended 31 March 2014.

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 2014				31 March 2013				
	DOS	**Wholesale**	**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**% change 2014-2013**
Costs for consumption of materials	2,346	6,806	9,152	14.5%	2,384	7,431	9,815	17.4%	(6.8%)
Total Costs for consumption of materials	**2,346**	**6,806**	**9,152**	**14.5%**	**2,384**	**7,431**	**9,815**	**17.4%**	**(6.8%)**

(*)Percentage impact compared to sales revenues.

In the financial year ended 31 March 2014, costs for consumption of materials reported a decrease equal to 6.8%, passing from Euro 9,815 thousand in the financial year ended 31 March 2013 to Euro 9,152 thousand in the financial year ended 31 March 2014.
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 2014 decreased by about 6.8% compared to the costs incurred in the financial year ended 31 March 2013. 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.

DOS channel

According to the breakdown by sales channel, the DOS Channel passed from Euro 2,384 thousand in the financial year ended 31 March 2013 to Euro 2,346 thousand in the financial year ended 31 March 2014, substantially stable compared to the financial year ended 31 March 2013.

Wholesale channel

According to the breakdown by sales channel, the Wholesale channel passed from Euro 7,431 thousand in the financial year ended 31 March 2013 to Euro 6,806 thousand in the financial year ended 31 March 2014; the decrease equal to Euro 625 thousand (down by 8.4%) is mainly attributable to the higher use of external production that affected the cost of sales.

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 2014 and 31 March 2013:

(in thousands of Euro)	31 March 2014				31 March 2013				
	DOS	**Wholesale**	**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**% change 2014-2013**
Cost for leases and rentals	6,433	711	7,144	11.3%	5,358	626	5,984	10.6%	19.4%
External	2,498	7,250	9,748	15.5%	1,647	5,386	7,033	12.5%	38.6%

Production									
Advertising and Marketing	494	2,840	3,334	5.3%	320	2,224	2,544	4.5%	31.0%
Administration	451	1,214	1,665	2.6%	503	1,072	1,575	2.8%	5.7%
Commercial Services	291	2,143	2,434	3.9%	225	2,320	2,545	4.5%	(4.4%)
Production services	1,573	1,638	3,211	5.1%	1,344	1,545	2,889	5.1%	11.1%
Transport services	731	2,956	3,687	5.8%	663	2,753	3,416	6.1%	33.9%
Costs for services and leases and rentals	**12,471**	**18,752**	**31,223**	**49.5%**	**10,060**	**15,926**	**25,986**	**46.2%**	**20.2%**

(*)Percentage impact compared to sales revenues.

As at 31 March 2014 costs for services and leases and rentals increased by 20.2% compared to the previous financial year, and the percentage impact on sales revenues increased passing from 46.2% in the financial year ended 31 March 2013 to 49.5% in the financial year ended 31 March 2014.

Breakdown by sales channel

DOS

Costs in the DOS channel reported an increase of 23.9%, passing from Euro 10,060 thousand in the financial year ended 31 March 2013 to Euro 12,471 thousand in the financial year ended 31 March 2014. The main increase in costs refers to costs for leases and rentals which reported an increase equal to 19.4% in the financial year ended 31 March 2014. This increase was mainly due to the opening of 15 Company-owned shops in the course of the financial year ended 31 March 2014 for which, as at 31 March 2014, the Company owned 57 shops. It should be noted that, in the course of the financial year, the Group also took steps to close 6 shops, thus partially offsetting the increasing effects specified above.

Wholesale

Costs for services and leases and rentals in the Wholesale channel reported an increase of 17.8%, passing from Euro 15,926 thousand in the financial year ended 31 March 2013 to Euro 18,752 thousand in the financial year ended 31 March 2014. The reason for this change was mainly attributable to the higher 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 2014 and 31 March 2013:

(in thousands of Euro)	**31 March 2014**				**31 March 2013 Restated**				
	DOS	**Wholesale**	**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**% Change 2014-2013**

Wages and salaries	5,750	5,584	11,334	18.0%	4,960	5,489	10,449	18.6%	8.5%
Social security contributions	1,093	1,062	2,155	3.4%	805	891	1,696	3.0%	27.1%
TFR	208	202	410	0.7%	185	204	389	0.7%	5.4%
Total personnel costs	**7,051**	**6,848**	**13,899**	**22.0%**	**5,950**	**6,584**	**12,534**	**22.3%**	**10.9%**

(*)Percentage impact compared to sales revenues.

The table below reports the number of staff employed by the Group as at 31 March 2014 and 31 March 2013:

	31 March 2014	31 March 2013
Executives	5	8
Office workers	395	273
Manual workers	395	412
Total for the Group	**795**	**693**

In the financial year ended 31 March 2014, personnel costs reported an increase of 10.9%, passing from Euro 12,534 thousand in the financial year ended 31 March 2013 to Euro 13,899 thousand in the financial year ended 31 March 2014. The increase in personnel costs is mainly due to the increase in staff employed by the Parent Company, mainly for the opening of new points of sales, as well as to the increase in the labour cost of the Chinese subsidiary Unibest Zhongshan.

Breakdown by sales channel

DOS channel

According to the breakdown by sales channel, the DOS channel reported an increase in personnel costs of 18.5%, passing from Euro 5,950 thousand in the financial year ended 31 March 2013 to Euro 7,051 thousand in the financial year ended 31 March 2014. The increase is mainly due to the opening of 15 new Company-owned points of sale, the most of which were opened in Italy and Europe, despite the closing of 4 points of sales.

Wholesale channel

According to the breakdown by sales channel, the Wholesale channel reported an increase in personnel costs of 3.9%, passing from Euro 6,584 thousand in the financial year ended 31 March 2013 to Euro 6,848 thousand in the financial year ended 31 March 2014; 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 2014 and 31 March 2013:

(in thousands of Euro)	**31 March 2014**				**31 March 2013**				
	DOS	**Wholesale**	**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**% Change 2014-2013**

Provisions	-	430	430	0.7%	-	417	417	0.7%	3.1%
Total provisions	**-**	**430**	**430**	**0.7%**	**-**	**417**	**417**	**0.7%**	**3.1%**

(*)Percentage impact compared to sales revenues.

The amount of Euro 430 thousand in the financial year ended 31 March 2014 (Euro 417 thousand in the financial year ended 31 March 2013) 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 2014 and 31 March 2013:

(in thousands of Euro)	**31 March 2014**	**(*) %**	**31 March 2013**	**(*) %**	**% Change 2014-2013**
Amortisation of intangible assets	754	1.2%	590	1.0%	27.8%
Depreciation of property, plant and equipment	1,598	2.5%	1,616	2.9%	(1.2%)
Impairment losses of assets	121	0.2%	497	0.9%	(75.7%)
Total amortisation, depreciation and write-downs	**2,473**	**3.9%**	**2,703**	**4.8%**	**(8.5%)**

(*)Percentage impact compared to sales revenues.

In the financial year ended 31 March 2014 amortisation, depreciation and write-downs reported a decrease of 8.5%, passing from Euro 2,703 thousand in the financial year ended 31 March 2013 to Euro 2,473 thousand in the financial year ended 31 March 2014, of which Euro 754 thousand relate to amortisation of intangible assets, Euro 1,598 thousand relate to property, plant and equipment and Euro 121 thousand relate to the closing of some DOS shops in the Europe and Far East areas.
Amortisation of intangible assets increased by 27.8% compared to the previous financial year passing from Euro 590 thousand as at 31 March 2013 to Euro 754 thousand at 31 March 2014 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 decreased, passing from Euro 1,616 thousand as at 31 March 2013 to Euro 1,598 thousand as at 31 March 2014.

Write-downs, equal to Euro 121 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 2014 and 31 March 2013:

(in thousands of Euro)	**31 March 2014**				**31 March 2013**				
	DOS	**Wholesale**	**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**% Change 2014-2013**
Taxes other than income taxes	85	161	246	0.4%	87	213	300	0.5%	(18.0%)
Donations	-	-	-		-	-	-	-	

Total Other operating costs	**85**	**161**	**246**	**0.4%**	**87**	**213**	**300**	**0.5%**	**(18.0%)**

(*)Percentage impact compared to sales revenues.

As at 31 March 2014 other operating costs, equal to Euro 246 thousand, decreased by Euro 54 thousand compared to 31 March 2013, mainly as a result of lower 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 2013 and 31 March 2014, the reasons for the increase in EBITDA can be essentially linked to the increase recorded in the DOS and Wholesale channels, respectively. The performance recorded in the DOS segment was affected by higher costs allocated, which accounted for about 1.2% of the turnover achieved in the segment, by reason of the higher impact of DOS sales on the Group's total turnover, as well as by the start-up relating to the opening of the new points of sales. The increase in profitability in the Wholesale channel was instead affected by the increase in the sales mainly recorded in the European 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 2014 and 31 March 2013:

(in thousands of Euro)	**31 March 2014**	**% Impact (*)**	**31 March 2013**	**% Impact (*)**	**Change 2014-2013**	**% Change 2014-2013**
EBITDA	**8,912**	**14.1%**	**7,957**	**14.1%**	**955**	**12.0%**
Breakdown by channel:						
DOS	910	1.4%	1,253	2.2%	(343)	(27.4%)
Wholesale	8,002	12.7%	6,704	11.9%	1,298	19.4%
Operating result	**6,439**	**10.2%**	**5,255**	**9.3%**	**1,184**	**22.5%**
Total	**6,439**	**10.2%**	**5,255**	**9.3%**	**1,184**	**22.5%**

(*)Percentage impact compared to sales revenues.

Specifically, while EBITDA passed from Euro 7,957 thousand (14.1% of revenues) in the financial year ended 31 March 2013 to Euro 8,912 thousand (14.1% of revenues) in the financial year ended 31 March 2014, the operating result passed from Euro 5,255 thousand (9.3% as a percentage impact on revenues) in the financial year ended 31 March 2013 to Euro 6,439 thousand (10.2%% as a percentage impact on revenues) in the financial year ended 31 March 2014.
The increase in the operating result is mainly attributable, as previously noted, to the increase in the Group' Wholesale turnover.

Financial income and charges

The table below reports the Group's financial income and charges for the financial years ended 31 March 2014 and 31 March 2013:

(*in thousands of Euro*)	**31 March 2014**	**% Impact (*)**	**31 March 2013 Restated**	**% Impact (*)**	**Change 2014-2013**	**% Change 2014-2013**
Financial income	535	0.8%	904	1.6%	(369)	(40.8%)
Financial charges	(1,506)	2.4%	(1,154)	2.0%	(351)	30.4%
Total	**(971)**	**1.5%**	**(250)**	**0.4%**	**(720)**	**289.2%**

(*)Percentage impact compared to sales revenues.

This item includes the total of interest expense, commissions and net charges payable to banks and to other lenders and the effect of exchange fluctuations (gains and losses, both realised and estimated).

Net financial income and charges reported an increase compared to the financial year ended 31 March 2013, passing from Euro 250 thousand in the financial year ended 31 March 2013 to Euro 971 thousand in the financial year ended 31 March 2014.
The increase in financial charges as at 31 March 2014 compared to 31 March 2013 was mainly attributable to the change in the financial charges on bank loans as a result of the Group's average indebtedness and to the change in foreign exchange losses.
Financial income mainly related to the positive exchange rate differences, both realised and estimated (equal to about Euro 335 thousand as at 31 March 2014 against Euro 702 thousand as at 31 March 2013) commented on above, in addition to interest income on current bank accounts in the financial year ended 31 March 2014 (Euro 177 thousand).

Income tax expenses

The table below reports the percentage impact of taxes on pre-tax profit for the financial years ended 31 March 2014 and 31 March 2013:

(in thousands of Euro)	**31 March 2014**	**31 March 2013 Restated**	**% Change 2014-2013**
Pre-tax profit	5,468	5,005	9.2%
Income taxes	(1,958)	(1,766)	9.9%
Average tax rate	**35.8%**	**35.3%**	

The table below reports the breakdown of the Group's taxes for the financial years ended 31 March 2014 and 31 March 2013:

(in thousands of Euro)	**31 March 2014**	**% Impact (*)**	**31 March 2013 Restated**	**% Impact (*)**	**% Change 2014-2013**
IRES tax	1,683	2.6%	1,449	2.6%	16.1%
IRAP tax	562	0.9%	518	0.9%	8.5%
Deferred tax liabilities	(105)	(0.2%)	(131)	(0.2%)	(19.8%)
Deferred tax assets	(182)	(0.3%)	(70)	(0.1%)	160.0%
Total	**1,958**	**3.1%**	**1,766**	**3.1%**	**10.9%**

(*)Percentage impact compared to sales revenues.

In the financial year ended 31 March 2014, income tax expenses increased by 10.9% passing from Euro 1,766 thousand in the financial year ended 31 March 2013 to Euro 1,958 thousand in the financial year ended 31 March 2014.

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 2014 and 31 March 2013:

(in thousands of Euro)	**31 March 2014**	**% Impact (*)**	**31 March 2013 Restated**	**% Impact (*)**	**% Change 2014-2013**
Net result	3,510	5.6%	3,239	5.8%	8.4%

(*)Percentage impact compared to sales revenues.

The net result for the financial year ended 31 March 2014 reported an increase of 8.4%, passing from Euro 3,239 thousand in the financial year ended 31 March 2013 to Euro 3,510 thousand in the financial year ended 31 March 2014.
In the financial year ended 31 March 2014, the percentage impact on sales revenues was equal to 5.6% (5.8% at 31 March 2013).

Silla di Gaggio Montano (Province of Bologna), 18

June 2014

FOR THE BOARD OF DIRECTORS
THE CHAIRMAN
(Marco Palmieri)

CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 MARCH 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	**Notes**	**31 March 2014**	**31 March 2013 Restated***
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	5,020	3,951
Property, plant and equipment	(2)	13,059	12,684
Receivables from others	(3)	849	877
Deferred tax assets	(4)	1,571	1,424
TOTAL NON-CURRENT ASSETS		**20,499**	**18,936**
CURRENT ASSETS			
Inventories	(5)	15,836	14,227
Trade receivables	(6)	21,095	21,517
Other current assets	(7)	1,457	870
Derivative assets	(8)	23	-
Tax receivables	(9)	256	1,447
Cash and cash equivalents	(10)	10,985	20,476
TOTAL CURRENT ASSETS		**49,652**	**58,537**
TOTAL ASSETS		**70,151**	**77,473**

(*) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	Notes	31 March 2014	31 March 2013 Restated*
LIABILITIES			
EQUITY			
Share Capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		567	684
Retained earnings		25,567	23,310
Group profit for the period		3,526	3,259
Total equity attributable to the Group		**31,660**	**29,253**
Capital and Reserves attributable to minority interests		20	40
Profit/(loss) attributable to minority interests		(16)	(20)
Total share attributable to minority interests		**4**	**20**
EQUITY	(11)	**31,664**	**29,273**
NON-CURRENT LIABILITIES			
Borrowings	(12)	10,317	17,420
Payables to other lenders for lease agreements	(13)	2,604	3,180
Provision for employee benefits	(14)	254	252
Provisions for risks and charges	(15)	973	1,069
Deferred tax liabilities	(16)	91	196
TOTAL NON-CURRENT LIABILITIES		**14,239**	**22,117**
CURRENT LIABILITIES			
Borrowings	(17)	7,697	7,796
Payables to other lenders for lease agreements	(18)	576	562
Derivative liabilities	(19)	89	-
Trade payables	(20)	12,887	15,030
Other current liabilities	(21)	2,999	2,695
Current income tax liabilities	(22)	-	-
TOTAL CURRENT LIABILITIES		**24,248**	**26,083**
TOTAL LIABILITIES		**38,487**	**48,200**
TOTAL EQUITY AND LIABILITIES		**70,151**	**77,473**

(*) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised*

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	Notes	31 March 2014	31 March 2013 Restated*
Revenues from sales	(23)	63,053	56,267
Other income	(24)	809	731
OPERATING COSTS			
Change in inventories	(25)	(1,961)	(2,136)
Costs for purchases	(26)	11,113	11,951
Costs for services and leases and rentals	(27)	31,223	25,974
Personnel costs	(28)	13,899	12,534
Amortisation, depreciation and write-downs	(29)	2,903	3,120
Other operating costs	(30)	246	300
TOTAL OPERATING COSTS		**57,423**	**51,743**
OPERATING PROFIT		**6,439**	**5,255**
FINANCIAL INCOME AND CHARGES			
Financial income	(31)	535	904
Financial charges	(32)	(1,506)	(1,154)
TOTAL FINANCIAL INCOME AND CHARGES		**(971)**	**(250)**
PRE-TAX RESULT		**5,468**	**5,005**
INCOME TAX EXPENSES	(33)	**(1,958)**	**(1,766)**
- *of which non-recurring*		-	*270*
PROFIT FOR THE PERIOD		**3,510**	**3,239**
attributable to:			
EQUITY HOLDERS OF THE COMPANY		3,526	3,259
MINORITY INTERESTS		(16)	(20)
		3,510	**3,239**
EARNINGS PER SHARE	(34)		
(Basic) EARNINGS PER SHARE		0.070	0.065
(Diluted) EARNINGS PER SHARE		0.067	0.062

(*) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	31 March 2014	31 March 2013 Restated*
Profit (Loss) for the period (A)	**3,510**	**3,239**
Components that can be reclassified to the income statement:		
Profit/ (Losses) arising from the translation of financial statements of foreign companies	(127)	77
Profit/ (Losses) on hedging instruments of cash flows (cash flow hedge)	(48)	2
Components that cannot be reclassified to the income statement:		
Actuarial gain (losses) on defined-benefit plans	(2)	4
Total Profits/(Losses) recognised in equity (B)	**(177)**	**83**
Total comprehensive Income/(Losses) for the period (A) + (B)	**3,333**	**3,322**
Attributable to the Group	3,349	3,342
Minority interests	(16)	(20)

(*) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised, as well as the amendments envisaged under IAS 1 Revised as illustrated in the paragraph on the "Basis of preparation".*

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Description	Share capital	Share premium reserve	Other reserves: Translation reserve	Fair value reserve	Employee Benefits reserve	Other reserves	Total Other reserves	Retained earnings	Profit attributable to the Group	Equity attributable to the Group	Minority interests' capital and reserves	Profit/(Loss) attributable to minority interests	Equity attributable to the Group and to minority interests
Balances as at 31.03.2012	**1.000**	**1.000**	**66**	**-2**	**0**	**448**	**512**	**18.499**	**7.779**	**28.790**	**0**	**0**	**28.790**
Retrospective application of IAS 19 Revised					(32)		**(32)**	32		**0**			**0**
Balances as at 31.03.2012 (restated)*	**1.000**	**1.000**	**66**	**-2**	**-32**	**448**	**480**	**18.531**	**7.779**	**28.790**	**0**	**0**	**28.790**
Profit for the period									3.259	**3.259**		-20	**3.239**
Other comprehensive income as at 31 March 2013:													
- Exchange differences from translation of financial statements in foreign currency			77				**77**			**77**			**77**
- Reserve for actuarial gains (losses) on defined benefit plans					4		**4**			**4**			**4**
- Fair value of financial instruments				2			**2**			**2**			**2**
Comprehensive income for the period			**77**	**2**	**4**	**0**	**83**		**3.259**	**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 consolidation area											40		**40**
Balances as at 31.03.2013 (restated)*	**1.000**	**1.000**	**143**	**0**	**-28**	**569**	**684**	**23.310**	**3.259**	**29.253**	**40**	**-20**	**29.273**

Description	Share capital	Share premium reserve	Other reserves: Translation reserve	Fair value reserve	Employee Benefits reserve	Other reserves	Total Other reserves	Retained earnings	Profit attributable to the Group	Equity attributable to the Group	Minority interests' capital and reserves	Profit/(Loss) attributable to minority interests	Equity attributable to the Group and to minority interests
Balances as at 31.03.2013 (restated)*	**1.000**	**1.000**	**143**	**0**	**-26**	**569**	**686**	**23.310**	**3.257**	**29.253**	**40**	**-20**	**29.273**
Profit for the period									3.526	**3.526**		-16	**3.510**
Other comprehensive income as at 31 March 2014:													
- Exchange differences from translation of financial statements in foreign currency			-127				**-127**			**-127**			**-127**
- Reserve for actuarial gains (losses) on defined benefit plans					-2		**-2**			**-2**			**-2**
- Fair value of financial instruments				-48			**-48**			**-48**			**-48**
Comprehensive income for the period			**-127**	**-48**	**-2**	**0**	**-177**		**3.526**	**3.349**		**-16**	**3.333**
Allocation of the result for the period as at 31 March 2013:													
- to dividends									-1.000	**-1.000**			**-1.000**
- to reserves								2.257	-2.257	**0**	-20	20	**0**
Fair value of Stock Option Plans						58	**58**			**58**			**58**
Balances as at 31.03.2014	**1.000**	**1.000**	**16**	**-48**	**-28**	**627**	**567**	**25.567**	**3.526**	**31.660**	**20**	**-16**	**31.664**

(*) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised.*

CONSOLIDATED STATEMENT OF CASH FLOWS

(*in thousands of Euro*)	**31 March 2014**	**31 March 2013 Restated***
Pre-tax profit	**5,468**	**5,005**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	2,352	2,206
Write-downs of property, plant and equipment/intangible assets	121	497
Provision for bad debts	430	417
Net financial charges/(income), including exchange rate differences	971	250
Cash flow from operating activities before changes in working capital	**9,342**	**8,375**
Change in trade receivables (net of the provision)	(8)	1,179
Change in inventories	(1,609)	(2,316)
Change in other current assets	(559)	667
Change in trade payables	(2,143)	1,174
Change in provisions for risks and charges	(55)	386
Change in other current liabilities	(304)	(329)
Change in tax receivables/payables	1,191	(733)
Cash flow from operating activities after changes in working capital	**6,463**	**8,403**
Payment of taxes	(2,245)	(1,969)
Interest paid	(260)	(103)
Cash flow generated from operating activities (A)	**3,958**	**6,331**
Investments in intangible assets	(1,823)	(3,019)
Investments in property, plant and equipment	(2,094)	(2,457)
Changes generated from investing activities (B)	**(3,917)**	**(5,476)**
Financing activities		
Absorption of short- and medium/long-term borrowings	(7,866)	(12,617)
Raising of short- and medium/long-term loans		22,913
Changes in financial instruments	66	(3)
Leasing instalments paid	(611)	(727)
Other minor changes	(121)	242
Payment of dividends	(1,000)	(3,000)
Cash flow generated from/(absorbed by) financing activities (C)	**(9,532)**	**6,808**
Net increase (decrease) in cash and cash equivalents A+B+C	(9,491)	7,663
Cash and cash equivalents at the beginning of the period	**20,476**	**12,813**
Cash and cash equivalents at the end of the period	**10,985**	**20,476**

(*) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2014

The Group's business

Piquadro S.p.A. (hereinafter also referred to as "Piquadro", the "Company" or "the Parent Company") and its subsidiaries (collectively "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 and of the Group, 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 18 June 2014 and will be submitted to the Shareholders' Meeting called for 23 July 2014.

Main events that occurred in the course of the financial year ended 31 March 2014 and related significant accounting effects.

The Shareholders' meeting held on 26 July 2013 confirmed the new Board of Directors as being made up of 7 members, including Marco Palmieri, Pierpaolo Palmieri, Marcello Piccioli, Roberto Trotta, Gianni Lorenzoni, Paola Bonomo and Anna Gatti. The Shareholders' Meeting also confirmed the appointment of Marco Palmieri as Chairman of the Board of Directors and set overall annual fees of Euro 845,000 due to the Directors, to be apportioned by the Board to all the Directors, including those holding special offices, without prejudice to the right of the Board itself to grant further variable fees to any Directors holding special offices.
The new Board of Statutory Auditors is made up of the standing auditors Giuseppe Fredella (Chairman), Pietro Michele Villa and Patrizia Lucia Maria Riva, and of the alternate auditors Giacomo Passaniti and Maria Stefania Sala. Finally the Shareholders' Meeting set the fees due to the entire Board of Statutory Auditors at a maximum amount of Euro 58,000 per year, in addition to the supplementary contribution prescribed by law and to the reimbursement of any expenses incurred to perform said duties.

On the same date, the Shareholders' Meeting approved the Report on Remuneration illustrating the Company Policy concerning the remuneration of Company Directors, members of the Board of Statutory Auditors and executives with strategic responsibilities.

Furthermore, on the same date the Shareholders' Meeting approved the authorisation of the Board of Directors to acquire and dispose of treasury shares, in compliance with the regulatory provisions and regulations in force, and it authorised the Board of Directors to acquire the maximum number of treasury shares permitted by law, for a period of 12 months from the date of authorization - that is until the Shareholders' Meeting which approves the financial statements as at 31 March 2014 - 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.

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 2014 were prepared in accordance with the International Accounting Standards IAS/IFRS (International Accounting Standards and International Financial Reporting Standards, hereinafter also referred to as “IFRS”) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union, as supplemented by the related interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC), which was previously named Standing Interpretations Committee (SIC), as well as by the related rules issued in the implementation of article 9 of Legislative Decree no. 38/2005.

Basis of preparation

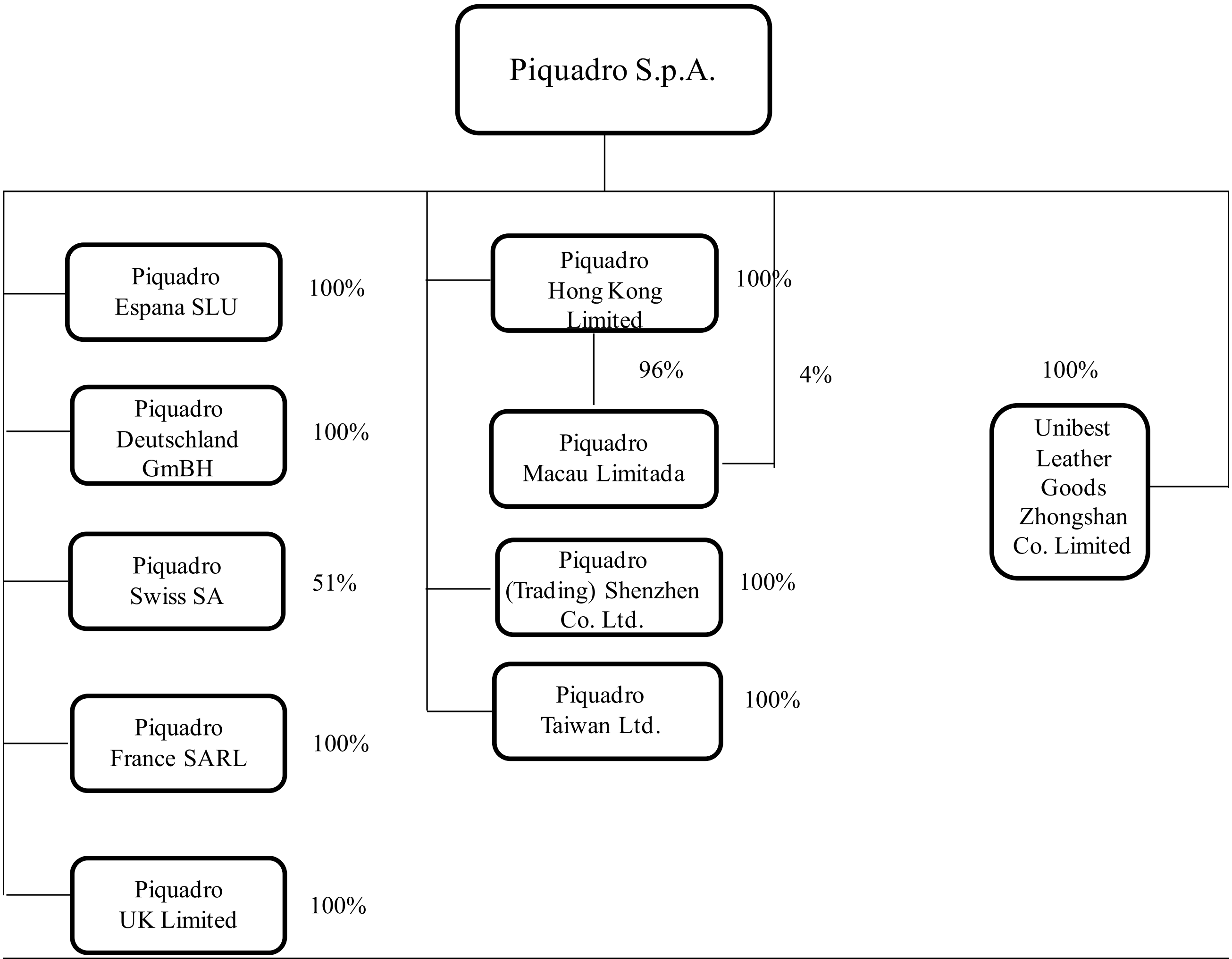
This document reports the consolidated financial statements, including the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the statements of changes in consolidated equity for the financial years ended 31 March 2014 and 31 March 2013 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 format of the consolidated statement of comprehensive income has been amended in order to reflect the breakdown into components that can be reclassified and components that cannot be reclassified through profit and loss, as required by the amendments to IAS 1 introduced by Regulation (EC) no. 475/2012 (as illustrated in the paragraph on “Accounting standards, amendments and interpretations”).
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, the Management believes that no additional significant non-recurring events or transactions occurred either in the FY 2013/2014 or in the FY 2012/2013 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 2014:



Scope of consolidation

The consolidated financial statements as at 31 March 2014 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 2014, 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 2014 and 31 March 2013, 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 2014

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	32,198	Parent Company

Piquadro España Slu	Barcelona	Spain	Euro	898	742	100%
Piquadro Deutschland Gmbh	Munich	Germany	Euro	25	(31)	100%
Uni Best Leather Goods Zhongshan Co Limited	Guangdong	People's Republic of China	RMB	22,090	258	100%
Piquadro Hong Kong Limited	Hong Kong	Hong Kong	HKD	2,000	6	100%
Piquadro Macau Limitada	Macau	Macau	HKD	25	60	100%
Piquadro Trading (Shenzhen) Co. Ltd.	Shenzhen	People's Republic of China	RMB	13,799	1,007	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	NTD	25,000	530	100%
Piquadro France SARL	Paris	France	EUR	2,500	2,556	100%
Piquadro Swiss SA	Mendrisio	Switzerland	CHF	100	8	51%
Piquadro UK Limited	London	United Kingdom	GBP	-	3	100%

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

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

Compared to the financial year ended 31 March 2013, in the financial year ended 31 March 2014 a new company, named Piquadro UK Limited, was included in the scope of consolidation. Piquadro UK Limited, which has its registered office in London and was established on 2 August 2013, is the company that manages the Group's first direct point of sale in London, located at 67 Regent Street.

In the financial year ended 31 March 2014, the Subsidiary Piquadro BV was wound up (on 1 July 2013), without any significant effects on the Group's income statement and statement of financial position.

Accounting policies

The accounting policies used in preparing the consolidated financial statements as at 31 March 2014, 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 2013/2014 (foreign currency corresponding to Euro 1 Euro):

Foreign currency	Average *		Closing*	
	2014	2013	2014	2013
Hong Kong Dollar (HKD)	10.40	9.98	10.70	9.94
Renminbi (RMB)	8.20	8.09	8.58	7.96
Taiwan Dollar (TWD)	40.07	38.01	42.01	38.27
Swiss Franc (CHF)	1.23	1.21	1.22	1.21
Great Britain Pound (GBP*)*	0.84	-	0.83	-

* 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 20th part of the net profits achieved by the Parent Company until the reserve in question reaches a fifth of the Share Capital of the Parent Company. Once a fifth of the Share Capital is reached, if for whatever reason the reserve is decreased, it shall be replenished with the minimum annual provisions as indicated above.

Stock Option plans

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

Hedging financial instruments

The Group 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 2014 and 31 March 2013.

(in thousands of Euro)	**31/03/2014**	**FVTPL**	**LAR**	**AFS**	**FLAC**	**IAS 17 leasing**	**Measurement at fair value**
Trade receivables	21,095		21,095				21,095
Assets for financial instruments	23			23			23
Cash and cash equivalents	10,985		10,985				10,985
Assets	**32,103**		**32,080**	**23**			**32,103**
Non-current borrowings	10,317				10,317		10,317
Payables to other lenders for non-current lease agreements	2,604					2,604	
Current borrowings	7,697				7,697		7,697
Payables to other lenders for current lease agreements	576					576	
Trade payables	12,887		12,887				12,887
Liabilities for financial instruments	89		-	89			89
Liabilities	**34,170**		**12,887**	**89**	**18,014**	**3,180**	**30,990**

(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 equivalents	20,476	-	20,476	-	-	-	20,476
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**

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 2013**	**Use**	**Provision**	**Provision as at 31 March 2014**
Provision for bad debts	1,377	(634)	430	1,173
Total provision	**1,377**	**(634)**	**430**	**1,173**

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
31/03/2014	Amount in the accounts		1-60 days	61-120 days	Over 120 days	
Dos	276	276				
Wholesale	20,819	16,146	1,336	1,039	3,471	(1,173)
Total	**21,095**	**16,422**	**1,336**	**1,039**	**3,471**	**(1,173)**

(in thousands of 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	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)**

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 2014 and 31 March 2013:

	31 March 2014	**31 March 2013 Restated**
Cash Ratio(*)	0.45	0.79
Quick Ratio (**)	1.39	1.70
Current Ratio(***)	2.04	2.24
Net financial debt/EBITDA	1.15	1.07
Interest coverage ratio(****)	6.57	21.02

(*)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
31/03/2014					
Payables to banks for Loans	18,011	7,078	11,861	-	18,939
Payables to banks for credit lines	3	3	-	-	3
Trade payables	12,887	12,887		-	12,887
Other borrowings (leasing)	3,180	671	2,787	-	3,458
Derivative liabilities	89	89	-	-	89
Total	**34,170**	**20,728**	**14,648**	**-**	**35,376**

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	-	-	-	-	-
Total	**43,988**	**24,110**	**21,789**	**-**	**45,899**

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) 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;

(iv) Finance leases: instalments, plus interest, have been reported.

As at 31 March 2014, the Group could rely on about Euro 36,052 thousand of unused credit lines (about Euro 38,778 thousand as at 31 March 2013) and on liquid assets of about Euro 10,985 thousand (Euro 20,476 thousand as at 31 March 2013). 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 21,095 thousand as at 31 March 2014 (Euro 21,517 thousand as at 31 March 2013).

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 financial year ended 31 March 2014, the Parent Company executed currency forward contracts for USD 17,400 thousand, equal to an aggregate counter-value of Euro 12,911 thousand, with an average exchange rate of USD 1.3476.
During the financial year 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.

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 (sensitivity analysis):

			Foreign exchange risk (FER)			
			+10% Euro/USD		**-10% Euro/USD**	
	Book value	**Of which subject to FER**	**Profits and (Losses)**	**Other changes in Equity**	**Profits and (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	10,985	1,736	(158)	-	193	-
Trade receivables	21,095	60	(5)	-	7	-
Derivative financial instruments	23	-	-	394	-	(432)
			(163)	394	200	(432)
Financial liabilities						
Borrowings	18,014	-	-	-	-	-
Payables to other lenders for lease agreements	3,180	-	-	-	-	-
Trade payables	12,898	2,144	(195)	-	238	-
Derivative financial instruments	89	-	-	861	-	(1,249)
			(195)	861	238	(1,249)
Total effect as at 31/03/2014			**(358)**	**1,255**	**438**	**(1,681)**

			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 effect as at 31/03/2013			**(327)**		**400**	

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

Interest rate risk

In these financial statements, on 31 March 2014 there were no derivative financial instruments to hedge interest rate risks.

			Interest rate risk (IRR)			
			+50 bps on IRR		**-50 bps on IRR**	
	Book value	**Of which subject to IRR**	**Profits and (Losses)**	**Other changes in Equity**	**Profits and (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	10,985	10,985	55	-	(55)	-
Trade receivables	21,095	-	-	-	-	-
Derivative financial instruments	23	-	-	-	-	-
			55	-	(55)	-
Financial liabilities						
Borrowings	18,011	18,011	(90)	-	90	-
Payables to banks for credit lines	3	3	-	-	-	-
Trade payables	12,898	-	-	-	-	-
Other borrowings (leasing)	3,180	3,180	(16)	-	16	-
Derivative financial instruments	89	-	-	-	-	-
			(106)	-	106	-
Total effect as at 31/03/2014			**(51)**	**-**	**51**	**-**

			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	20,476	20,476	102	-	(102)	-

equivalents						
Trade receivables	21,517	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-
			102		(102)	
Financial liabilities						
Payables to banks for loans	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 effect as at 31/03/2013			**(42)**		**42**	

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 2014**	**31 March 2013**
Net Financial Position	10,209	8,482
Equity	31,664	29,273
Total capital	41,873	37,755
Gearing ratio	**24.4%**	**22.5%**

Fair Value

The table below reports assets and liabilities measured at fair value as classified on the basis of a 3-level hierarchy, which considers the different variables used for valuation purposes.

(in thousands of Euro)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Derivative assets	-	23	-	23
Total assets	**-**	**23**		**23**
Liabilities				
Derivative liabilities	-	89	-	89
Total liabilities	**-**	**89**	**-**	**89**

Level 1 inputs include financial instruments for which the fair value is made up of (unadjusted) quoted prices in active markets at the measurement date.
Level 2 inputs include financial instruments for which the fair value is determined by using specific valuation techniques; specifically:

- The fair value of derivatives on interest rates is calculated at the present value of the future cash flows estimated on the basis of the curves of observable inputs;
- The fair value of derivatives on exchange rates is calculated by using the forward exchange rates as at the reporting date and then by discounting the value back.

Level 3 inputs include financial instruments for which the fair value is linked to variables that are based on unobservable inputs.
No significant value differences arose from the comparison between the book value of the financial instruments held by the Company and their 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 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.

June 2012 saw the issue of Regulation (EC) no. 475/2012, which adopted, at EU level, the revised version of IAS 19 (Employee benefits), which will be applicable effective from 1 April 2013 on a mandatory and retrospective basis, as required by IAS 8 (accounting policies, changes in accounting estimates and errors).
As required by this standard, the Parent Company applied said changes starting from the 2012/2013 consolidated financial statements. Specifically, IAS 19 revised provides for the recognition of changes in actuarial gains/losses ("re-measurements") for defined-benefit plans (e.g. the Staff Severance Pay [*Trattamento di Fine Rapporto* – TFR]) under other comprehensive income, thus eliminating any other options previously envisaged (including that adopted by the Piquadro Group, which recognised said components under personnel costs in the income statement). Any cost relating to work performance, as well as any interest expense relating to the time value component in actuarial calculations (reclassified under financial charges) remained in the income statement.
Below are the effects of the retrospective application of said changes:

- the reclassification for Euro 32 thousand from the reserve of "Retained earnings" to the reserve for "Employee benefits" (classified under Other reserves), against actuarial effects recognised before 31 March 2013;
- the reclassification of actuarial effects relating to the FY 2012/2013, equal to Euro 6 thousand (including the related tax effect) from the profit for the period to the statement of comprehensive income.

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 the 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 Group	Probability of advance payments of the TFR
2.0% both for 2014 and 2013	Frequency of 3.78% for 2014 and 7.5% for 2013	4.72% for 2014 and 3% for 2013

Finally, it is specified that the actuarial valuations have been made by using the curve of the interest rates of the corporate securities with rating AA.

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 2013, the following amendments were applied to the international accounting standards issued by the IASB and endorsed by the European Union:

- 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. The adoption of these amendments did 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 did not entail any effect on the valuation of the items of the financial statements. However, the statement of comprehensive income was restated according to the new provisions.

- 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. The effects of the application of this amendment to IAS 19, which are irrelevant, are illustrated in the paragraph on "Employee benefits".

- 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 obligations within specific financial instruments. As to IAS 32, the amendments are applicable retroactively starting from 1 April 2014. As to IFRS 7, the amendments will come into force from 1 April 2013. The required information must be provided on a retrospective basis.

- 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 was expected to be applied on a prospective basis and it has not entailed significant effects on the Group's financial statements.

- IFRIC 20 – "*Stripping Costs in the Production Phase of a Surface Mine (Regulation 1255/2012)"*. This interpretation, which was published by the IASB on 19 October 2011, is applicable on a prospective basis and is not applicable to the sector in which the Group operates: accordingly, it has not entailed any effects on the financial statements.

- Amendments to IFRS 1 – *"First-time Adoption of International Financial Reporting Standards: Government loans (Regulation 183/2013)"*. This document was issued by the IASB on 19 March 2011. As regards the loans granted to an entity by a public body at a below-market rate of interest, this amendment allows a first-time adopter to apply IAS 20 on a prospective basis, without changing the value on initial recognition of the debt itself if this had not been accounted for in accordance with IAS 39.

On 17 May 2012, the International Accounting Standards Board (IASB) issued "Improvements to International Financial Reporting Standards (2009 – 2011 Cycle)", which was subsequently adopted by the European Union by Regulation 301/2013. These improvements include amendments to the following existing International Accounting Standards:

- IFRS 1 (amendments) – "*First Time Adoption of International Financial Reporting Standards: 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 (amendments) – *"First Time Adoption of International Financial Reporting Standards: 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.

- IAS 1 – *"Presentation of 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 (amendments) – *"Property, Plant & 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 year, under inventories if used for only one financial year.

- IAS 32 – *"Financial Instruments Presentation: Tax effects of distributions to holders of equity instruments and on transaction costs on equity instruments"*. The amendment clarifies that direct taxes relating to such cases must apply the requirements under IAS 12.

- IAS 34 – *"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.

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 2014, the following accounting standards and amendments to the accounting standards will be applicable on a compulsory basis, as the EU endorsement process has already been concluded:

- 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.

- 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.

- 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.

- IFRS 10, IFRS 12 and IAS 27 (amendments) – *"Investment Entities (Regulation 1174/2013)"*. 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 (amendments) – *"Recoverable Amount Disclosures for Non-Financial Assets (Regulation 1374/2013)"*. These amendments were issued by the IASB on 29 May 2013 and will be applicable, on a retrospective basis, starting from financial years that will commence on or after 1 January 2014. The document provides that the disclosure obligation relating to the recoverable value of assets or CGUs arises only in the cases when an impairment or a reversal of a previous write-down has been accounted for. It also provides clarifications as to the information to be provided in the case of impairment of an asset, when the recoverable value has been determined by using the fair value method, net of selling costs.

- IAS 39 (amendments) – *"Novation of derivatives and Continuation of Hedge Accounting (Regulation 1375/2013)"*. These amendments were issued by the IASB on 27 June 2013 and will be applicable, on a retrospective basis, starting from financial years that will commence on or after 1 January 2014, permitting an early adoption. The document specifies some exemptions from the hedge accounting requirements defined by IAS 39 in the case that an existing derivative must be replaced by a new derivative that has a central counterparty, either directly or indirectly, pursuant to law or regulations. Specifically, this document acknowledges that, if some specific conditions are fulfilled, the novation of a hedging derivative instrument shall not be considered as an expiry or termination of the instrument, generating the prospective discontinuation of hedge accounting.

Accounting Standards being adopted by the European Union

The following updates of the IFRS accounting 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 project aimed at replacing IAS 39. It 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.

- IFRIC 21 – *"Levies"*. This interpretation was issued by IFRS IC on 20 May 2013 and will be applicable, on a retroactive basis, starting from financial years that will commence on or after 1 January 2014. The interpretation was issued to identify the methods to account for levies, i.e. the payments to a government body for which the entity does not receive specific goods or services. The document identifies various types of levies and specifies the event that gives rise to the obligation, which in turn determines, pursuant to IAS 37, the recognition of a liability.

- IAS 19 (amendments) – *"Employee Benefits: Defined Benefit Plans - Employee Contributions*". This document was issued by the IASB on 21 November 2013 and will be applicable from the financial years that will commence on 1 July 2014. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, such as, for example, employee contributions that are calculated according to a fixed percentage of salary.

On 12 December 2013 the International Accounting Standards Board (IASB) published a document named "Improvements to International Financial Reporting Standards (2010-2012 Cycle)". These improvements, which will be applicable from the financial years that commence on or after 1 July 2014, include amendments to the following existing international accounting standards:

- IFRS 2 (amendments) – *"Share-based Payment: Definition of vesting conditions".* Amendments have been made to the definitions of "vesting conditions" and of "market condition" and the definitions of "performance condition" and "service condition" have been added.

- IFRS 3 (amendments) – *"Business Combinations: Accounting for contingent consideration in a business combination".* The amendments clarify that a contingent consideration in a business combination classified as an asset or liability must be measured at fair value through profit or loss at each reporting date, regardless of whether the contingent consideration is a financial instrument regulated by IFRS 9 or by IAS 39 or a non-financial asset or liability.

- IFRS 8 (amendments) – *"Operating Segments: Aggregation of operating segments".* The amendments require the disclosure of the judgements made by the Management in aggregating operating segments.

- IFRS 8 (amendments) – *"Operating Segments: Reconciliation of the total of the reportable segments' assets to the entity's assets".* The amendment requires that the reconciliation should be provided only if a measurement of the total assets of operating segments is regularly provided to the Management.

- IFRS 13 (amendments) – *"Fair value Measurement: short-term Receivables and Payables".* The improvement clarifies that issuing IFRS 13 does not remove the ability to measure short-term receivables and payables without applying the discounting-back, should these effects have not been significant.

- IAS 16 (amendments) – *"Property, Plant and Equipment & Improvement IAS 38 – Intangible assets": Revaluation method*". The amendments eliminate some inconsistencies in recognising amortisation and depreciation funds when a tangible or intangible asset is subject to revaluation. Specifically, it is clarified that the gross book value must be adjusted consistently with the revaluation of the net value of the asset and that the amortisation and depreciation fund must be equal to the difference between gross value and net value, less any impairment losses previously recognised.

- IAS 24 (amendments) – *"Related Party Transactions: Key management personnel services".* Some provisions are clarified in relation to the identification of related parties and to the information to be provided with reference to key management personnel.

On 12 December 2013 the International Accounting Standards Board (IASB) published a document named "Improvements to International Financial Reporting Standards (2011-2013 Cycle)". These improvements, which will be applicable from the financial years that commence on or after 1 July 2014, include amendments to the following existing international accounting standards:

- IFRS 1 (amendments) – *"First-time Adoption of IFRS: Meaning of effective IFRSs".* The amendment clarifies that, upon first-time adoption of IFRS, it is possible to opt for the early application of a new standard aimed at replacing the standard in force, as an alternative to the application of a standard in force as at the transition date.

- IFRS 3 (amendments) – *"Business Combinations: Scope exception for joint ventures".* The improvement excludes all types of joint arrangements from the scope of application of IFRS 3.

- IFRS 13 (amendments) – *"Fair value measurement: Scope of paragraph 52 (portfolio exception)"*. This amendment clarifies that the possibility of measuring a group of assets and liabilities at fair value also refers to contracts within the scope of application of IAS 39 (or IFRS 9), but that do not meet the definition of financial assets and liabilities provided by IAS 32 (such as, for example, any contracts for the purchase and sale of commodities that can be settled in cash at their net value).

- IAS 40 (amendments) – *"Investment Property – Clarifying the interrelationship of IFRS 3 and IAS 40"*. It is clarified that, in order to determine whether the purchase of an investment property falls within the scope of application of IFRS 3, it is necessary to make reference to IFRS 3, while, in order to determine whether the purchase falls within the scope of application of IAS 40, it is necessary to make reference to the specific instructions under said standard.

- IFRS 14 – *"Regulatory deferral accounts"*. The standard was issued by the IASB on 30 January 2014. The standard permits first-time adopters only to continue to recognise any amounts related to rate regulation in accordance with their previous GAAP requirements. Its application is expected to start from 1 January 2016, with early application permitted.

- IFRS 15 – *"Revenue from Contracts with Customers"*. This standard, which was published by the IASB on 28 May 2014, will replace IAS 18 and IAS 11 effective from the financial years that will commence on or after 1 January 2017.

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 2012/2013 and FY 2013/2014 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	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**
Increases 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	-	-	-	-	-	
Exchange differences	-	-	-	-	-	
Gross value	592	50	1,921	5,171	47	7,781
Amortisation fund	(592)	(43)	(1,442)	(1,753)	-	(3,830)
Net value as at 31/03/2013	**-**	**7**	**479**	**3,418**	**47**	**3,951**
Increases for the period	-	7	120	1,617	79	1,823
Decrease for the period	-	-	-	-	-	-
Reclassifications	-	-	3	44	(47)	-
Amortisation	-	(5)	(279)	(470)	-	(754)
Write-downs	-	-	-	-	-	-
Other reclassifications of historical cost	-	-	-	(266)	-	(266)
Other reclassifications of amortisation fund	-	-	-	266	-	266
Exchange differences on historical cost	-	-	-	21	-	21
Exchange	-	-	-	(21)	-	(21)

(in thousands of Euro)	**Development costs**	**Industrial patent rights**	**Software, licences, trademarks and other rights**	**Other fixed assets**	**Fixed assets under development**	**Total**
differences on amortisation fund						
Gross value	592	57	2,044	6,545	79	9,317
Amortisation fund	(592)	(48)	(1,721)	(1,936)	-	(4,297)
Net value as at 31/03/2014	**-**	**9**	**323**	**4,609**	**79**	**5,020**

Increases in intangible assets, equal to Euro 1,823 thousand in the financial year ended 31 March 2014 (Euro 3,019 thousand as at 31 March 2013) related for Euro 7 thousand to industrial patent rights, for Euro 100 thousand to investments in software and IT products, for Euro 20 thousand to trademarks, for Euro 1,617 thousand to key moneys mainly paid for the openings of the new shops in London – Regent Street (Euro 673 thousand), Venice (Euro 412 thousand), Forte dei Marmi (Euro 62 thousand), Florence (Euro 470 thousand) and for Euro 79 thousand to intangible assets under development.

In the course of the FY 2013/2014 no trigger events occurred as to the key moneys (Milan – via della Spiga, Bologna - Piazza Maggiore, Rome – Cinecittà, Milan – Corso Buenos Aires, Milan - Assago, Pescara, Milan – Fiordaliso Shopping Mall, Verona – Piazza delle Erbe, Venice, Forte dei Marmi, Florence, Paris and London), 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 2012/2013 and FY 2013/2014 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	2,595	11,160	336	-	21,252
Depreciation fund	-	(1,129)	(2,388)	(5,279)	(324)	-	(9,120)
Net value as at 31/03/2012	**878**	**5,154**	**207**	**5,881**	**12**	**-**	**12,132**
Increases 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 of historical cost	-	-	(17)	165	-	-	148
Other reclassifications of depreciation fund	-	-	17		-	-	17
Exchange differences	-	-	2	41			43

(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	2,671	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**
Increases for the period	-	-	80	1,898	-	116	2,094
Sales and derecognitions (gross value)	-	-	-	(26)	-	-	(26)
Sales and derecognitions (depreciation fund)	-	-	-	17	-	-	17
Depreciation	-	(196)	(79)	(1,319)	(4)	-	(1,598)
Write-down of gross value	-	-	-	(337)	-	-	(337)
Write-down of depreciation fund	-	-	-	216	-	-	216
Reclassifications	-	-	-	214	-	(214)	-
Other reclassifications of historical cost	-	-	-	9	-	-	9
Other reclassifications of depreciation fund	-	-	-	(9)	-	-	(9)
Exchange differences on historical cost	-	-	(10)	(56)	-	-	(66)
Exchange differences on depreciation fund	-	-	12	63	-	-	75
Gross value	878	6,283	2,741	13,826	336	116	24,180
Depreciation fund	-	(1,521)	(2,526)	(6,738)	(336)	-	(11,121)
Net value as at 31/03/2014	**878**	**4,762**	**215**	**7,088**	**-**	**116**	**13,059**

On the contrary, increases in property, plant and equipment, equal to Euro 2,094 thousand in the financial year ended 31 March 2014 (Euro 2,457 thousand as at 31 March 2013), were mainly attributable to the purchases of moulds relating to new products for Euro 80 thousand, to furniture and fittings for Euro 1,781 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 1 thousand, to the purchase of electronic machines for Euro 112 thousand, to the purchase of minor assets for Euro 4 thousand and to property, plant and equipment under construction (relating to furniture and fittings for new shops being opened) for Euro 116 thousand.

Write-downs, equal to Euro 121 thousand, related to the write-down of furniture and fittings for the disposal of some points of sale in Italy (Euro 32 thousand), China (9 thousand) and Hong Kong (Euro 80 thousand).

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

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Land	878	878
Buildings	4,762	4,958
Industrial and business equipment	180	301
Total	**5,820**	**6,137**

Note 3 - Receivables from others

Receivables from others (equal to Euro 849 thousand as at 31 March 2014 compared to Euro 877 thousand as at 31 March 2013) 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 2014**	**31 March 2013**
Deferred tax assets:		
- within 12 months	381	365
- beyond 12 months	1,190	1,059
	1,571	**1,424**
Deferred tax liabilities		
- within 12 months	29	2
- beyond 12 months	62	194
	91	**196**
Net position	**1,480**	**1,228**

Below are reported the relevant changes:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Net opening position	**1,228**	**1,134**
Credit/(Debit) to the Statement of Comprehensive Income	234	196
Credit/(Debit) to Equity	18	(102)
Total	**1,480**	**1,228**

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 2014 and 31 March 2013:

Deferred tax assets	**31 March 2014**		**31 March 2013**	
(in thousands of Euro)	**Temporary differences**	**Tax effect (IRES+IRAP)**	**Temporary differences**	**Tax effect (IRES+IRAP)**
Deferred tax assets with effect to P&L:				
Provision for bad debts	1,040	286	805	221
Provision for obsolescence of inventories	450	124	449	123
Provisions for risks and charges	260	61	1,086	69
Amortisation and depreciation	628	201	478	153
Effects of consolidation	1,251	393	1,145	360
Others	1,628	482	1,604	498
Total	**5,257**	**1,547**	**5,567**	**1,424**

Amount credited (debited) to P&L		*124*		*70*
Deferred tax assets with effect to comprehensive income:				
Hedging transactions (cash flow hedge)	89	24	-	-
Total	**89**	**24**	**-**	**-**
Amount credited (debited) to comprehensive income	-	*24*	-	-
Total tax effect	**5,346**	**1,571**	**5,567**	**1,424**

Deferred tax liabilities	**31 March 2014**		**31 March 2013**	
(in thousands of Euro)	**Temporary differences**	**Tax effect (IRES+IRAP)**	**Temporary differences**	**Tax effect (IRES+IRAP)**
Deferred tax liabilities with effect to P&L:				
Others	303	83	700	193
Total	**303**	**83**	**700**	**193**
Amount credited (debited) to P&L		*(110)*		*(131)*
Deferred tax liabilities with effect to comprehensive income:				
Hedging transactions (cash flow hedge)	23	6	-	-
Defined-benefit plans	6	2	16	3
Total	**29**	**8**	**16**	**3**
Amount credited (debited) to comprehensive income	-	*6*	-	*5*
Total tax effect	**332**	**91**	**716**	**196**

The amount of deferred tax assets (equal to Euro 1,571 thousand as at 31 March 2014 against Euro 1,424 thousand as at 31 March 2013) is mainly made up of temporary tax differences relating to Piquadro S.p.A. (Euro 1,046 thousand as at 31 March 2014 against Euro 964 thousand as at 31 March 2013), 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 393 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 2014**	**Provision for write-down**	**Net value as at 31 March 2014**	**Net value as at 31 March 2013**
Raw materials	2,872	(151)	2,721	2,996
Semi-finished products	589		589	690
Finished products	12,825	(299)	12,526	10,541

Inventories	**16,286**	**(450)**	**15,836**	**14,227**

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 2013**	**Use**	**Allocation**	**Provision as at 31 March 2014**
Provision for write-down of raw materials	151	-		151
Provision for write-down of finished products	299	(100)	100	299
Total provision for write-down of inventories	**450**	**(100)**	**100**	**450**

31 March 2014 saw the recognition of an increase of Euro 1,609 thousand in inventories compared to the corresponding values at 31 March 2013. This increase is mainly attributable to seasonal trends and to an increase in the number of shops opened in the FY 2013/2014.

Note 6 - Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Receivables from customers	22,268	22,894
Provision for bad debts	(1,173)	(1,377)
Current trade receivables	**21,095**	**21,517**

Despite an increase of 10.4% in the sales recorded in the Wholesale channel, gross trade receivables at 31 March 2014 decrease by Euro 626 thousand compared to 31 March 2013 (down by 2.7%) following an improved credit management, above all in relation to the Italian customers, which is also the result of the distribution reorganisation that has been carried out in recent years.

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 2014**	**Provision as at 31 March 2013**
Balance at the beginning of the period	1,377	1,230
Provision	430	417
Uses	(634)	(270)
Total Provision for bad debts	**1,173**	**1,377**

Note 7 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Other assets	485	195
Accrued income and prepaid expenses	972	675
Other current assets	**1,457**	**870**

Other assets related to advances to suppliers of the Parent Company for Euro 83 thousand, INAIL advances of Euro 22 thousand and VAT credits related to subsidiaries (Euro 346 thousand).
Accrued income and prepaid expenses mainly related to the Parent Company for prepaid expenses on rents (equal to Euro 245 thousand) and advertising (Euro 194 thousand).

Nota 8 – Derivative assets

As at 31 March 2014 assets relating to currency forward purchases (USD) were equal to Euro 23 thousand (as at 31 March 2013 there were no derivative assets).
The Group hedges the exchange risk connected to purchases of raw materials in US dollars and for contract work done in China. In consideration for this risk, the Group makes use of instruments to hedge the risk attached to the related rate, trying to fix and crystallise the exchange rate at a level that is in line with the budget forecasts.
In the course of the financial year there were no transfers between the various fair value levels. Furthermore, the effect on the measurement at fair value following the application of IFRS 13 that requires the inclusion of non-performance risks was not significant.

Note 9 – Tax receivables

As at 31 March 2014 tax receivables were equal to Euro 256 thousand (Euro 1,447 thousand at 31 March 2013) 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 2014**	**31 March 2013**
Receivables for income taxes	(14)	1,177
Receivable for IRES tax refund	270	270
Tax receivables	**256**	**1,447**

Note 10 – 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 2014**	**31 March 2013**
Available current bank accounts	95	102
Cash, cash on hand and cheques	10,890	20,374
Cash and cash equivalents	**10,985**	**20,476**

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

LIABILITIES

Note 11 – Shareholders’ Equity

a) Share Capital

As at 31 March 2014, the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by no. 50,000,000 of ordinary shares, fully subscribed and paid up, with regular enjoyment, with no indication of their par value.

On 24 July 2012, 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.

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 2014 the abovementioned stock option plans entailed the recognition of a cost of Euro 58 thousand in the income statement.

As at the date of this Report, the 2008-2013 Stock Option Plan, as approved by the Board of Directors of Piquadro S.p.A. on 31 January 2008, has been settled and no option assigned by virtue of the same is or has been exercised.

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 2014 the reserve was positive for Euro 16 thousand (it reported a positive balance of Euro 143 thousand as at 31 March 2013). 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), Piquadro Swiss SA (the relevant currency being the Swiss Franc) and Piquadro UK Limited (the relevant currency being the Great Britain Pound).

d) Group net profit

This item relates to the recognition of the Group profit recorded, equal to Euro 3,526 thousand as at 31 March 2014.

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 2013, was allocated as follows:
- Euro 1,000 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 2,263 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 4 thousand (at 31 March 2013 profits and reserves attributable to the minority interests were equal to Euro 20 thousand), 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 12 – Borrowings

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

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Borrowings from 1 to 5 years	10,317	17,420
Borrowings beyond 5 years	-	-
Medium/long-term borrowings	**10,317**	**17,420**

As at 31 march 2014, 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 945 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 405 thousand;
2. Euro 3,209 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 1,249 thousand and a non-current portion of Euro 1,960 thousand;
3. Euro 2,106 thousand relating to the unsecured loan granted by Credem – Credito Emiliano on 5 October 2012 (against an initial amount of Euro 3,000 thousand), of which a current portion of Euro 743 thousand and a non-current portion of Euro 1,363 thousand;
4. Euro 4,206 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 1,487 thousand and a non-current portion of Euro 2,719 thousand;
5. Euro 2,630 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 929 thousand and a non-current portion of Euro 1,701 thousand;
6. Euro 4,444 thousand relating to the unsecured loan granted by Mediocredito Italiano S.p.A. on 28 February 2013, of which a current portion of Euro 2,222 thousand and a non-current portion of Euro 2,222 thousand;
7. Euro 422 thousand fully relating to the short-term portion and to the Unicredit loan (Shanghai branch) granted to the subsidiary Piquadro Trading Shenzhen;
8. Euro 165 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.

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	22 November 2010	2,700	Euro	540	(1)	405	-	944
UBI loan	25 July 2012	5,000	Euro	1,249	(12)	1,960	(8)	3,189
Credem loan	5 October 2012	3,000	Euro	743	(4)	1,363	(2)	2,100
Unicredit loan	31October 2012	6,000	Euro	1,487	(19)	2,719	(15)	4,172
ICCREA loan	11 December 2012	3,750	Euro	929	(8)	1,701	(7)	2,615
Loan Mediocredito loan	28 February 2013	5,000	Euro	2,222	(19)	2,222	(21)	4,404
Currency loan Unicredit	Piquadro Trading Shenzhen	4,150	CNY	422				422

Currency loan	Piquadro Swiss SA	196	CHF	165				165
				7,757	**(63)**	**10,370**	**(53)**	**18,011**

Note 13 – Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Non-current:		
Payables to leasing companies	2,604	3,180
Current:		
Payables to leasing companies	576	562
Payables to other lenders for lease agreements	**3,180**	**3,742**

Below is reported the following additional breakdown:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Payables to other lenders for lease agreements:		
Due within 1 year	670	675
Due from 1 to 5 years	2,786	3,455
Due beyond 5 years		-
Financial interest to be paid	(276)	(388)
Present value of payables to other lenders for lease agreements	**3,180**	**3,742**

As at 31 March 2014, payables to other lenders due beyond 12 months were equal to Euro 2,604 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 3,180 thousand at 31 March 2013).

Note 14 – 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 2012	**261**
Financial charges	13
Net actuarial Losses (Gains) accounted for in the period	4
Indemnities paid in the financial year	(26)
Balance as at 31 March 2013	**252**
Financial charges	7
Net actuarial Losses (Gains) accounted for in the period	(5)
Indemnities paid in the financial year /Others	-
Balance as at 31 March 2014	**254**

The value of the Provision as at 31 March 2014 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.

From the sensitivity analysis, some changes in the provision arise, at the same time as the main actuarial assumptions vary, which are not significant.

Note 15 – Provisions for risks and charges

Below are the changes in provisions for risks and charges during the financial year:

(in thousands of Euro)	**Provision as at 31 March 2013**	Reclassification	Use	Allocation	**Provision as at 31 March 2014**
Provision for supplementary clientele indemnity	738	-	(96)	94	736
Other Provisions for risks	331	-	(109)	15	237
Total	**1,069**	**-**	**(205)**	**109**	**973**

The "Provision for supplementary clientele indemnity" represents the potential liability with respect to agents in the event of Group companies' terminating agreements or agents retiring. 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 237 thousand, mainly relate to the provision for risks on returns on sales equal to Euro 77 thousand, the provision for risks on repairs for Euro 10 thousand and to other Provisions for risks on potential liabilities generated by current operations for Euro 150 thousand.

Note 16 – Deferred tax liabilities

The amount of deferred tax liabilities, equal to Euro 91 thousand (Euro 196 thousand as at 31 March 2013) fully refers to the Parent Company; reference is made to the information reported in Note 4 above.

Current liabilities

Note 17 – Borrowings

As at 31 March 2014 borrowings were equal to Euro 7,697 thousand compared to Euro 7,796 thousand as at 31 March 2013 (for the breakdown, reference is made to Note 11 above). The balance related to a current portion of payables to banks for loans for Euro 7,694 thousand and to bank overdrafts for Euro 3 thousand.

Note 18 - Payables to other lenders for lease agreements

As at 31 March 2014 they were equal to Euro 576 thousand (Euro 562 thousand as at 31 March 2013) 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 32 thousand) and of the building of the operational headquarters (Euro 544 thousand).

Note 19 – Derivative liabilities

As at 31 March 2014 liabilities relating to currency forward purchases (USD) were equal to Euro 89 thousand (as at 31 March 2013 there were no derivative liabilities).
Reference is made to Note 8.

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 2014**	**31 March 2013**
(A)Cash	95	102
(B) Other cash and cash equivalents (available current bank accounts)	10,890	20,374

(C) Liquidity (A) + (B)	**10,985**	**20,476**
(D) Finance leases	(576)	(562)
(E) Current bank debt	(3)	(1,000)
(F) Current portion of non-current debt	(7,694)	(6,796)
(G) Current financial debt (D) + (E) + (F)	**(8,273)**	**(8,358)**
(H) Short-term Net Financial Position (C) + (G)	**2,712**	**12,118**
(I) Non-current bank debt	(10,317)	(17,420)
(L) Finance leases	(2,604)	(3,180)
(M) Non-current financial debt (I) + (L)	**(12,921)**	**(20,600)**
(N) Net Financial Position (H) + (M)	**(10,209)**	**(8,482)**

As at 31 March 2014, the Net Financial Position posted a negative value of Euro 10.2 million, showing an increase of about Euro 1.7 million compared to the debt of Euro 8.5 million recorded as at 31 March 2013.
The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- dividends paid in relation to the profit for the FY 2012/2013 equal to Euro 1.0 million (with a payout equal to about 31.4% of the profit resulting from the annual accounts of the Parent Company);
- investments in property, plant and equipment and intangible assets for about Euro 4.0 million;
- an increase in the net current assets of about Euro 3.4 million, which was mostly due to an increase in closing inventories and a decrease in trade payables.

Note 20 – Trade payables

Below is the breakdown of current trade liabilities:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Payables to suppliers	12,887	15,030

As at 31 March 2014 payables to suppliers showed a decrease of 14.3% compared to 31 March 2013 (equal to Euro 15,030 thousand), mainly as a result of seasonal trends relating to the purchases of goods, services and to investments.

Note 21 – Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Payables to social security institutions	360	338
Payables to Pension funds	24	24
Other payables	396	454
Payables to employees	732	554
Advances from customers	53	42
Accrued expenses and deferred income	176	197
Payables for VAT	977	815
IRPEF tax payables and other tax payables	286	271
Other current liabilities	**3,004**	**2,695**

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 732 thousand, included the payables for remunerations to be paid with respect to employees of the Group (Euro 554 thousand as at 31 March 2013).

Note 22 – Tax payables

Both at 31 March 2014 and at 31 March 2013 the IRES and IRAP tax advances paid by the Group (equal to Euro 1,576 thousand and Euro 531 thousand, respectively) were higher than the actual IRES and IRAP tax charge (equal to Euro 1,683 thousand and Euro 562 thousand, respectively). For this reason, the Group recorded tax receivables equal to Euro 1,447 thousand as at 31 March 2013 and equal to Euro 256 thousand as at 31 March 2014.

COMMENTS ON THE INCOME STATEMENT ITEMS

Note 23 – Revenues from sales

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

The Group's revenues are mainly realised in Euro.

Below is the breakdown of revenues by geographical area:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Italy	45,526	41,727
Europe	12,713	10,132
Rest of the World	4,814	4,408
Revenues from sales	**63,053**	**56,267**

Note 24 – Other income

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Charge-backs of transport and collection costs	244	170
Legal and insurance refunds	12	-
Revenues from sales at the corners	58	113
Other sundry income	495	448
Other sundry income	**809**	**731**

Other income mainly relates to the Parent Company and is made up of Euro 58 thousand (Euro 113 thousand as at 31 March 2013) of revenues for charging back corners and Euro 244 thousand (Euro 170 thousand as at 31 March 2013) from chargebacks of transport and collection costs to customers.
Sundry income, equal to Euro 495 thousand (Euro 448 thousand as at 31 March 2013) related to the Parent Company for Euro 483 thousand.

Note 25 – Change in inventories

The change in inventories of raw materials was negative for Euro 124 thousand (positive for Euro 1,377 thousand as at 31 March 2013); the change in semi-finished and finished products was positive for Euro 2,085 thousand (positive for Euro 759 thousand in the financial year ended 31 March 2013).

Note 26 - Costs for purchases and information on purchases in foreign currency

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

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Piquadro S.p.A.	8,963	9,194
Uni Best Leather Goods Zhongshan Co. Ltd.	2,150	2,757
Costs for purchases	**11,113**	**11,951**

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 (a portion of these costs is classified under costs for services) 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 2014			**31 March 2013**	
Hong Kong Dollar	108,046	10.40	10	581,948	9.99	58
Renminbi	13,797,103	8.20	1,683	17,735,699	8.09	2,192
US Dollars	12,907,324	1.34	9,629	8,919,780	1.28	6,969
Total operating costs incurred in foreign currency			**11,322**			**9,219**

Overall, the Piquadro Group incurred, in the FY 2013/2014 operating costs denominated in a currency other than the Euro for an equivalent amount of about Euro 11.3 million, equal to 19.7% of the total operating costs (Euro 57,423 thousand), while in the financial year ended 31 March 2013 operating costs were borne for Euro 9.2 million equal to 17.8%.

During the financial year ended 31 March 2014, the Group reported a foreign exchange loss of Euro 560 thousand (Euro 389 thousand as at 31 March 2013), 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 2013/2014, the Parent Company made forward purchases of US Dollars for an overall amount of USD 17.4 million (USD 5.9 million in the FY 2012/2013) including purchases in dollars made for the supplies of 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 12.9 million at the average exchange rate prevailing in the FY 2013/2014 (Euro 4.5 million at the average exchange rate prevailing in the FY 2012/2013); therefore 90.0% of the purchases in US Dollars made by the Company was covered (in relation to the FY 2012/2013 36.1% of the purchases in US Dollars made by the Company was covered).

Note 27 - Costs for services and leases and rentals

Below is reported the breakdown of these costs:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Costs for leases and rentals	7,144	5,984
External production	9,748	7,033
Advertising and marketing	3,334	2,544
Administrative services	1,665	1,575
Business services	2,434	2,545
Services for production	3,211	2,889
Transport services	3,687	3,416
Costs for services and leases and rentals	**31,223**	**25,986**

External production showed an increase compared to the previous year following a higher recourse to external suppliers to cope with the growth in the sales. Costs for leases and rentals mainly relate to lease rentals relating to the Parent Company's shops.

Note 28 - Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	31 March 2014	31 March 2013 Restated
Wages and salaries	11,334	10,449
Social security contributions	2,155	1,696
TFR	410	389
Personnel costs	**13,899**	**12,534**

As previously commented on in the section "Accounting standards and policies", the Parent Company has applied the IAS 19 revised on a retrospective basis; this entailed the recalculation of the income statement values of the comparative twelve months.

The table below reports the exact number of the staff employed by the Group as at 31 March 2014 and 31 March 2013:

Units	31 March 2014	31 March 2013
Executives	5	8
Office workers	395	273
Manual workers	395	412
Total for the Group	**795**	**693**

In the financial year ended 31 March 2014, personnel costs reported an increase of 10.9%, passing from Euro 12,534 thousand in the financial year ended 31 March 2013 to Euro 13,899 thousand in the financial year ended 31 March 2014. 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. Furthermore, it should be noted that the impact of the number of staff employed for production activities (no. 349) over the total reported, equal to 795 people, is equal to 43.9%, while the impact of the cost of the same (Euro 1,630 thousand) on the total personnel costs (Euro 13,960 thousand) is equal to about 11.7%.

To supplement the information provided, below is also reported the average number of employees for the financial years ended 31 March 2014 and 31 March 2013:

Average unit	31 March 2014	31 March 2013
Executives	6	8
Office workers	327	283
Manual workers	429	434
Total for the Group	**762**	**725**

Note 29 - Amortisation, depreciation and write-downs

In the FY ended 31 March 2014, amortisation and depreciation were equal to Euro 2,352 thousand (Euro 2,206 thousand as at 31 March 2013). Write-downs, equal to Euro 551 thousand, related to the provision for bad debts from customers for Euro 430 thousand (Euro 417 thousand as at 31 March 2013), and to the impairment loss of assets for Euro 121 thousand in relation to the write-down of furniture and fittings of the shops located in Italy (Euro 32 thousand), China (Euro 9 thousand) and Hong Kong (Euro 80 thousand).

Note 30 - Other operating costs

In the financial year ended 31 March 2014, other operating costs were equal Euro 246 thousand (Euro 300 thousand as at 31 March 2013) 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 82 thousand at 31 March 2014).

Note 31 - Financial income

The amount of Euro 535 thousand in the financial year ended 31 March 2014 (Euro 904 thousand as at 31 March 2013) mainly related for Euro 177 thousand to interest receivable on current accounts held by the Parent Company (Euro 182 thousand as at 31 March 2013) and for Euro 335 thousand to foreign exchange gains either realised or estimated (Euro 702 thousand as at 31 March 2013).

Note 32 - Financial charges

Below is the breakdown of financial charges:

(in thousands of Euro)	**31 March 2014**	**31 March 2013 Restated**
Interest payable on current accounts	34	113
Interest and expense subject to final payment	29	30
Financial charges on loans	664	386
Lease financial charges	49	67
Commissions on credit cards	72	64
Other charges	91	93
Net financial charges on defined-benefit plans	7	12
Foreign Exchange losses (either realised or estimated)	560	389
Financial Charges	**1,506**	**1,154**

Note 33 - Income tax expenses

Below is reported the breakdown of income tax expenses:

(in thousands of Euro)	**31 March 2014**	**31 march 2013 Restated**
IRES tax (income taxes)	1,683	1,449
IRAP tax	562	518
Deferred tax liabilities	(105)	(131)
Deferred tax assets	(182)	(70)
Total taxes	**1,958**	**1,766**

Current taxes mainly relate to the tax burden calculated on the Parent Company’s taxable income (Euro 1,990 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 2014**	**31 March 2013 Restated**
Pre-tax result	5,468	5,011
Taxes calculated at the tax rate applicable in the individual Countries	1,717	1,573
Tax effect of income not subject to taxation	(1,954)	(1,737)
Tax effect of non-deductible costs	1,640	1,412
IRAP tax	555	518
Total	**1,958**	**1,766**

Note 34 - Earnings per share

As at 31 March 2014 diluted earnings per share amounted to Euro 0.067 Euro (whereas basic earnings per share amounted to Euro 0.070 as at 31 March 2014); diluted earnings per share are calculated on the basis of the consolidated net profit attributable to the Group, equal to Euro 3,526 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, diluted earnings per share were equal to Euro 0.062, whereas basic earnings per share were equal to Euro 0.065.

	31 March 2014	31 March 2013 Restated
Group net profit (*in thousands of Euro)*	3,526	3,239
Average number of outstanding ordinary shares (in thousands of shares) for the purposes of the calculation of diluted earnings per share	52,156	52,156
Diluted earnings per share (in Euro)	**0.067**	**0.062**
Group net profit (*in thousands of Euro)*	3,526	3,239
Average number of outstanding ordinary shares (in thousands of shares)	50,000	50,000
Basic earnings per share (in Euro)	**0.070**	**0.065**

Note 35 – Segment reporting

In the financial year ended 31 March 2014, about 36.0% of the Group's consolidated revenues was realised through the DOS direct channel, while the remaining 64.0% 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 2014 and 31 March 2013:

(in thousands of Euro)	**31 March 2014**				**31 March 2013 Restated****				
	DOS	**Wholesale**	**Total for the Group**	**% impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% impact (*)**	**% change 2014-2013**
Revenues from sales	**22,677**	**40,376**	**63,053**	**100%**	**19,685**	**36,582**	**56,267**	**100%**	**12.1%**
Other income	185	624	809	1.3%	150	581	731	1.3%	10.7%
Costs for purchases of materials	(2,346)	(6,806)	(9,152)	(14.5%)	(2,485)	(7,330)	(9,815)	(17.4%)	(6.8%)
Cost for services and leases and rentals	(12,470)	(18,753)	(31,223)	(49.5%)	(10,060)	(15,914)	(25,974)	(46.2%)	20.2%
Personnel costs	(7,051)	(6,848)	(13,899)	(22.0%)	(5,950)	(6,584)	(12,534)	(22.3%)	10.9%
Provisions and write-downs	-	(430)	(430)	(0.7%)	-	(417)	(417)	(0.7%)	3.1%
Other operating costs	(85)	(161)	(246)	(0.4%)	(87)	(213)	(300)	(0.5%)	(18.0%)
EBITDA	**910**	**8,002**	**8,912**	**14.1%**	**1,253**	**6,704**	**7,957**	**14.1%**	**12.0%**
Amortisation and depreciation	-	,	(2,473)	(3.9%)	-	-	(2,702)	(4.8%)	(8.5%)
Operating result	**-**	**-**	**6,439**	**10.2%**	**-**	**-**	**5,255**	**9.3%**	**22.5%**
Financial income and charges	-	-	(971)	(1.5%)	-	-	(249)	(0.4%)	289.4%

Pre-tax result	**-**	**-**	**5,468**	**8.7%**	**-**	**-**	**5,005**	**8.9%**	**9.3%**
Income taxes	-	-	(1,958)	(3.1%)	-	-	(1,766)	(3.1%)	10.9%
Profit for the period	**-**	**-**	**3,510**	**5.6%**	**-**	**-**	**3,239**	**5.8%**	**8.4%**
Group net result	**-**	**-**	**3,510**	**5.6%**	**-**	**-**	**3,239**	**5.8%**	**8.4%**

(*)percentage impact compared to the total sales revenues
(**) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised*

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 2014 and 31 March 2013:

	31 March 2014				**31 march 2013**			
	Business Segment				**Business Segment**			
(in thousands of Euro)	**DOS**	**Wholesale**	**Unallocated**	**Total**	**DOS**	**Wholesale**	**Unallocated**	**Total**
Assets	11,751	44,203	14,215	70,169	10,534	42,824	24,115	77,473
Liabilities	5,203	15,095	18,194	38,492	5,536	17,252	25,412	48,200
Fixed assets	6,659	11,420	-	18,079	5,416	11,219	-	16,635

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 36 – Commitments

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

As at 31 March 2014, the Group had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2013/2014.

b) *Commitments on operating lease agreements*

As at 31 March 2014, 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 2014/2015, 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 2014			
(in thousands of Euro)	Within 12 months	From 1 to 5 years	Beyond 5 years	Total

Property lease	223	74		297
Other leases	5,862	14,589	5,991	26,442
Total	**6,085**	**14,663**	**5,991**	**26,739**

Note 37 – Relations with related parties

Piquadro S.p.A., the Parent Company of the Piquadro Group, operates in the leather goods market and designs, produces and markets articles under its own brand. The subsidiaries mainly carry out activities of distribution of products (Piquadro España SLU, Piquadro Hong Kong Ltd, Piquadro Macau Limitada, Piquadro Deutschland GmbH, Piquadro Trading –Shenzhen- Ltd., Piquadro Taiwan Co. Ltd., Piquadro France SARL, Piquadro Swiss SA and Piquadro UK Limited, or production activities (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 2014**	**31 March 2013**	**31 March 2014**	**31 March 2013**
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 2014**	**31 March 2013**	**31 March 2014**	**31 March 2013**
Economic relations with Piqubo S.p.A.	-	-	39	30
Economic relations with Piquadro Holding S.p.A.	-	-	296	180
Economic relations with Fondazione Famiglia Palmieri	-	-		-
Total Receivables from and Payables to controlling companies	**-**	**-**	**335**	**210**

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 2013/2014 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 2013/2014 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 2013/2014, Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 683,724 relating to the profit for the FY 2012/2013;
- 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.

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 2013/2014, 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 2014, 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	Fees for the position	Non-monetary benefits	Bonuses and other incentives	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/13-26/07/13	2013	128	2	-	-	130
Marco Palmieri	Chairman and CEO	26/07/13-31/03/14	2016	272	5	-	-	277
Pierpaolo Palmieri	Vice–Chairman and Executive Director	01/04/13-26/07/13	2013	64	1	-	-	65
Pierpaolo Palmieri	Vice–Chairman and Executive Director	26/07/13-31/03/14	2016	136	3	-	-	139
Marcello Piccioli	Executive Director	01/04/13-26/07/13	2013	58	1	-	1	60
Marcello Piccioli	Executive Director	26/07/13-31/03/14	2016	122	2	-	3	127
Roberto Trotta	Executive Director	01/04/13-26/07/13	2013	-1)	1	-	39	40
Roberto Trotta	Executive Director	26/07/13-31/03/14	2016	-1)	2	-	83	85
Gianni Lorenzoni	Lead Independent Director	01/04/13-26/07/13	2013	7.9	-	-	-	7.9
Gianni Lorenzoni	Lead Independent Director	26/07/13-31/03/14	2016	12.1	-	-	1.4	13.5
Paola Bonomo	Independent Director	26/07/13-31/03/14	2016	12.1	-	-	1.4	13.5
Anna Gatti	Independent Director	26/07/13-31/03/14	2016	12.1	-	-	1.4	13.5
Sergio Marchese	Non-executive Director	01/04/13-26/07/13	2013	2.5	-	-	-	2.5

Roberto Tunioli	Independent Director	01/04/13-26/07/13	2013	7.9	-	-	-	7.9
				834.6	**17**	**-**	**130.2**	**981.8**

[1] He waived the emolument for the period from 01/04/13 to 31/03/14.

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	Regular Member - Chairman	01/04/13-26/07/13	2013	7.8	-	7.8
Pietro Michele Villa	Regular Member	26/07/13-31/03/14	2016	11.2	-	11.2
Alessandro Galli	Regular Member	01/04/13-26/07/13	2013	9.2	-	9.2
Vittorio Melchionda	Regular Member	01/04/13-26/07/13	2013	9.5	-	9.5
Giuseppe Fredella	Regular Member - Chairman	26/07/13-31/03/14	2016	16.7	-	16.7
Patrizia Riva	Regular Member	26/07/13-31/03/14	2016	11.2	-	11.2
				65.6	**-**	**65.6**

The Statutory Auditors are also entitled to receive the reimbursement of expenses incurred for the reasons of their position, which amounted to Euro 2,440 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	128
Other services	Parent Company's Auditors and network of the Parent Company's Auditors	20
Auditing of subsidiaries	Parent Company's Auditors and network of the Parent Company's Auditors	67

Note 38 – Events after the year end

In addition to the information indicated above, no significant events were reported at Group level from 1 April 2014 up to today's date.

Note 39 – Other information

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

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

First and	**Position**	**Investee**	**Number of**	**Number of**	**Number of**	**Number of**

last name		company	shares owned at the end of the previous financial year	shares purchased	shares sold	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 2013/2014, 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 2013/2014, 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 2014, 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.

****

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 2013-31 March 2014.

It is also certified that the consolidated financial statements as at 31 March 2014:

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), 18 June 2014

Marco Palmieri
Chief Executive Officer

Signed: Marco Palmieri

Roberto Trotta
Manager responsible for the preparation of corporate accounting documents
Signed: Roberto Trotta

INDEPENDENT AUDITORS' REPORT
AT 31 MARCH 2014

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE NO.39 DATED 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 2014, which comprise statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and 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 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 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 2 July 2013.

3 In our opinion, the consolidated financial statements of Piquadro Group as of 31 March 2014 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 the 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 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 SpA as of 31 March 2014.

Bologna, 26 June 2014

PricewaterhouseCoopers SpA

signed by

Gianni Bendandi
(Partner)

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

PIQUADRO S.P.A. FINANCIAL STATEMENTS
AT 31 MARCH 2014

STATEMENT OF FINANCIAL POSITION

(in Euro units)	**Notes**	**31 March 2014**	**31 March 2013 Restated***
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	2,399,749	1,785,393
Property, plant and equipment	(2)	10,673,696	10,878,037
Equity investments in subsidiaries	(3)	4,938,185	4,999,258
Receivables from others	(4)	255,143	255,589
Deferred tax assets	(5)	1,046,376	964,106
TOTAL NON-CURRENT ASSETS		**19,313,149**	**18,882,383**
CURRENT ASSETS			
Inventories	(6)	12,990,940	10,783,181
Trade receivables	(7)	20,819,060	21,236,775
Receivables from subsidiaries	(8)	7,621,792	6,502,445
Derivative assets	(9)	22,547	-
Other current assets	(10)	775,170	756,141
Tax receivables	(11)	326,079	1,208,608
Cash and cash equivalents	(12)	8,915,000	18,672,616
TOTAL CURRENT ASSETS		**51,470,588**	**59,159,766**
TOTAL ASSETS		**70,783,737**	**78,042,149**

(*) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised*

STATEMENT OF FINANCIAL POSITION

(in Euro units)	**Notes**	**31 March 2014**	**31 March 2013 Restated***
LIABILITIES			
EQUITY			
Share capital		1,000,000	1,000,000
Share premium reserve		1,000,000	1,000,000
Other reserves		1,342,517	1,333,733
Retained earnings		25,244,035	23,066,545
Profit for the period		3,611,464	3,177,490
EQUITY	(13)	**32,198,016**	**29,577,768**
NON-CURRENT LIABILITIES			
Borrowings	(14)	10,317,341	17,419,662
Payables to other lenders for lease agreements	(15)	2,603,932	3,179,847
Provision for employee benefits	(16)	253,881	251,565
Provisions for risks and charges	(17)	995,391	1,823,786
Deferred tax liabilities	(18)	91,110	196,501
TOTAL NON-CURRENT LIABILITIES		**14,261,655**	**22,871,361**
CURRENT LIABILITIES			
Borrowings	(19)	7,109,776	7,446,070
Payables to other lenders for lease agreements	(20)	575,915	561,694
Derivative liabilities	(21)	88,870	-
Trade payables	(22)	11,878,507	13,207,095
Payables to subsidiaries	(23)	2,153,599	2,255,553
Other current liabilities	(24)	2,517,399	2,122,608
Tax payables	(25)	-	-
TOTAL CURRENT LIABILITIES		**24,324,066**	**25,593,020**
TOTAL LIABILITIES		**38,585,721**	**48,464,381**
TOTAL EQUITY AND LIABILITIES		**70,783,737**	**78,042,149**

(*) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised*

INCOME STATEMENT

(in Euro units)	Notes	31 March 2014	31 March 2013 Restated*
Revenues from sales	(26)	59,417,696	53,188,352
Other income	(27)	797,701	876,797
OPERATING COSTS			
Change in inventories	(28)	(2,207,758)	(1,422,368)
Costs for purchases	(29)	14,923,425	14,510,689
Costs for services and leases and rentals	(30)	28,974,082	23,885,632
Personnel costs	(31)	9,326,256	8,374,998
Amortisation, depreciation and write-downs	(32)	2,298,758	2,413,434
Other operating costs	(33)	140,749	71,159
OPERATING PROFIT		**6,759,885**	**6,231,605**
Shares of profits (losses) from investee companies	(34)	(412,617)	(987,949)
Financial income	(35)	527,141	639,805
Financial charges	(36)	(1,272,548)	(983,063)
PRE-TAX RESULT		**5,601,861**	**4,900,398**
INCOME TAXES	(37)	(1,990,397)	(1,722,908)
- *of which non-recurring*		-	*270,396*
PROFIT FOR THE PERIOD		**3,611,464**	**3,177,490**

(*) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised*

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)	**31 March 2014**	**31 March 2013 Restated***
Profit/ (Loss) for the period (A)	**3,612**	**3,177**
Components that can be reclassified to the income statement:		
Profit/ (loss) on hedging instruments of cash flows (cash flow hedge)	(48)	2
Components that cannot be reclassified to the income statement:		
Actuarial gain (losses) on defined-benefit plans	(2)	6
Total Profits/(Losses) not recognised through P&L (B)	**(50)**	**8**
Total comprehensive income/(Loss) for the period (A) + (B)	**3,562**	**3,185**

(*) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised*

STATEMENT OF CHANGES IN EQUITY

(in thousands of Euro)

Description	Share capital	Share premium reserve	Other reserves: Fair value reserve	Other reserves: Employee benefits reserve	Other reserves: Other reserves	Other reserves: Total Other reserves	Retained earnings	Profit for the period	Equity
Balances as at 31.03.2012	**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						**2**		**-3,000**	**-3,000**
-to reserves						**0**	4,254	-4,254	**0**
Fair value of Stock Option Plans					121	**121**			**121**
Balances as at 31.03.2013	**1,000**	**1,000**	**0**	**0**	**1,361**	**1,361**	**23,035**	**3,182**	**29,578**

Description	Share capital	Share premium reserve	Other reserves: Fair value reserve	Other reserves: Employee benefits reserve	Other reserves: Other reserves	Other reserves: Total Other reserves	Retained earnings	Profit for the period	Equity
Balances as at 31.03.2013	**1,000**	**1,000**	**0**	**0**	**1,361**	**1,361**	**23,035**	**3,182**	**29,578**
Retrospective application of IAS 19 Revised				-35		**-35**	35		
Balances as at 31.03.2013	**1,000**	**1,000**	**0**	**-35**	**1,361**	**1,326**	**23,070**	**3,182**	**29,578**
Profit for the period								3,612	**3,612**
Other components of the comprehensive result as at 31 March 2014:									
-Fair value of financial instruments			-48			**-48**			**-48**
Total Comprehensive Income for the period			**-48**	**0**	**0**	**-48**	**0**	**3,612**	**3,564**
Distribution of the result for the period as at 31 March 2013:									
-to dividends						**0**		-1,000	**-1,000**
-to reserves						**0**	2,182	-2,182	**0**
Fair value of Stock Option Plans					58	**58**			**58**
Reserve for actuarial gains (losses) on defined-benefit plans					-2	**-2**			**-2**
Balances as at 31.03.2014	**1,000**	**1,000**	**-48**	**-35**	**1,417**	**1,334**	**25,252**	**3,612**	**32,198**

(*) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised*

STATEMENT OF CASH FLOWS

(*in thousands of Euro*)	**31 March 2014**	**31 March 2013 Restated***
Pre-tax profit	**5,602**	**4,900**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,837	1,712
Write-downs of property, plant and equipment and intangible assets	32	285
Losses (Income) from equity investments	413	832
Provision for bad debts	430	417
Other accruals	(5)	-
Net financial charges/(income), including exchange rate differences	1,465	330
Cash flow from operating activities before changes in working Capital	**9,774**	**8,476**
Change in trade receivables (net of the provision)	(12)	1,277
Change in receivables from subsidiaries	(1,120)	(283)
Change in inventories	(2,208)	(1,422)
Change in other current assets	(17)	304
Change in trade payables	(1,329)	208
Change in payables to subsidiaries	(102)	940
Change in Provisions for risks and charges	(16)	341
Change in other current liabilities	395	(134)
Cash flow from operating activities after changes in working Capital	**5,365**	**9,707**
Payment of taxes	(2,107)	(2,358)
Interest paid	(720)	(300)
Cash flow generated from operating activities (A)	**2,538**	**7,049**
Investments in intangible assets	(1,157)	(727)
Investments in property, plant and equipment	(1,122)	(1,338)
Investments in financial fixed assets	(1,453)	(4,048)
Changes generated from investing activities (B)	**(3,732)**	**(6,113)**
Financing activities		
Absorption of short- and medium/long-term loans	(7,438)	(12,103)
Raising of new short- and medium/long-term loans	-	22,750
Changes in financial instruments	66	(3)
Lease instalments paid	(562)	(741)
Payment of dividends	(1,000)	(3,000)
Other minor changes	367	114
Cash flow generated from/(absorbed by) financing activities (C)	**(8,566)**	**7,017**
Net increase (decrease) in cash and cash equivalents (A+B+C)	(9,759)	7,953
Cash and cash equivalents at the beginning of the period	**18,673**	**10,720**
Cash and cash equivalents at the end of the period	**8,915**	**18,673**

(*) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised*

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

Statement of financial position

(in thousands of Euro)	**31 March 2014**	**Related Parties**	**Subsidiaries**	**31 March 2013 Restated***	**Related Parties**	**Subsidiaries**
ASSETS						
NON-CURRENT ASSETS						
Intangible assets	2,399			1,785		
Property, plant and equipment	10,674			10,878		
Equity investments in subsidiaries	4,938		4,937	4,999		4,998
Receivables from others	255			256		
Deferred tax assets	1,046			964		
TOTAL NON-CURRENT ASSETS	**19,312**		**4,937**	**18,882**	**-**	**4,998**
CURRENT ASSETS						
Inventories	12,991			10,783		
Trade receivables	20,819			21,237		
Receivables from subsidiaries	7,622		7,622	6,502		6,502
Assets for financial instruments	23					
Other current assets	775			756		
Tax receivables	326			1,209		
Cash and cash equivalents	8,915			18,673		
TOTAL CURRENT ASSETS	**51,471**		**7,622**	**59,160**	**-**	**6,502**
TOTAL ASSETS	**70,783**		**12,559**	**78,042**	**-**	**11,500**

(*) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised*

Statement of financial position

(in thousands of Euro)	31 March 2014	Related parties	Subsidiaries	31 March 2013 Restated*	Related parties	Subsidiaries
EQUITY						
Share capital	1,000			1,000		
Share premium reserve	1,000			1,000		
Other reserves	1,342			1,334		
Retained earnings	25,244			23,067		
Profit for the period	3,612			3,177		
EQUITY	**32,198**			**29,578**	**-**	**-**
NON-CURRENT LIABILITIES						
Borrowings	10,317			17,420		
Payables to other lenders for lease agreements	2,604			3,180		
Provision for employee benefits	254			252		
Provisions for risks and charges	995		55	1,824		857
Deferred tax liabilities	91			196		
TOTAL NON-CURRENT LIABILITIES	**14,261**		**55**	**22,872**		**857**
CURRENT LIABILITIES						
Borrowings	7,110			7,445		
Payables to other lenders for lease agreements	576			562		
Derivative liabilities	89			-		
Trade payables	11,878			13,207		
Payables to subsidiaries	2,154		2,154	2,256		2,256
Other current liabilities	2,517			2,122		
Tax payables	-			-		
TOTAL CURRENT LIABILITIES	**24,324**		**2,154**	**25,592**		**2,256**
TOTAL LIABILITIES	**38,585**		**2,209**	**48,464**		**3,113**
TOTAL EQUITY AND LIABILITIES	**70,783**		**2,209**	**78,042**		**3,113**

(*) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised*

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

Income Statement

(in thousands of Euro)	**31 March 2014**	**Related parties**	**Subsidiaries**	**31 March 2013 Restated ***	**Related parties**	**Subsidiaries**
Revenues from sales	59,418		2,812	53,188		5,675
Other income	798		16	877		3
OPERATING COSTS						
Change in inventories	(2,208)			(1,422)		
Costs for purchases	14,923		6,106	14,511		8,332
Costs for services and leases and rentals	28,974	335	3,406	23,886	210	3,445
Personnel costs	9,327			8,375	-	35
Amortisation, depreciation and write-downs	2,299			2,413		
Other operating costs	141			71		
OPERATING PROFIT	**6,760**	**335**	**(6,684)**	**6,232**	**210**	**(6,134)**
Shares of profits (losses) from investee companies	(413)			(987)		
Financial income	527		12	639		16
Financial charges	(1,272)			(983)		
PRE-TAX RESULT	**5,602**	**335**	**(6,672)**	**4,900**	**210**	**(6,118)**
INCOME TAXES	(1,990)			(1,723)		
- of which non-recurring	-			*270*		
PROFIT FOR THE PERIOD	**3,612**			**3,177**		

(*) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised*

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

(*in thousands of Euro*)	**31 March 2014**	**Related parties**	**Subsidiaries**	**31 March 2013 Restated***	**Related parties**	**Subsidiaries**
Pre-tax profit	**5,602**			**4,900**		
Adjustments for:						
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,837			1,712		
Write-downs of property, plant and equipment/ intangible assets	32			285		
Losses (Income) from equity investments	413		413	832		832
Provision for bad debts	430			417		
Adjustment to the Provision for employee benefits	-			-		
Net financial charges/(Income), including exchange rate differences	1,465		12	330		16
Cash flow from operating activities before changes in working Capital	**9,774**			**8,476**		
Change in trade receivables (net of the provision)	(12)			1,277		
Change in receivables from subsidiaries	(1,120)		(1.120)	(283)		(283)
Change in inventories	(2,208)			(1,422)		
Change in other current assets	(17)			304		
Change in trade payables	(1,329)			208		
Change in payables to subsidiaries	(102)		(102)	940		940
Change in Provisions for risks and charges	(16)		55	341		156
Change in other current liabilities	395			(134)		
Cash flow from operating activities after changes in working Capital	**5,365**			**9,707**		
Payment of taxes	(2,107)			(2,358)		
Interest paid	(720)			(300)		
Cash flow generated from operating activities (A)	**2,358**			**7,049**		
Investments in intangible assets	(1,157)			(727)		
Investments in property, plant and equipment	(1,122)			(1,338)		
Investments in financial fixed assets	(1,453)			(4,048)		
Changes generated from investing activities (B)	**(3,732)**			**(6,113)**		
Financing activities						
Absorption of short- and medium/long term loans	(7,438)			(12,103)		
Raising of new short- and medium/long-term loans	-			22,750		
Changes in financial instruments	66			(3)		
Lease instalments paid	(562)			(741)		
Payment of dividends	(1,000)	(684)		(3,000)	(2,051)	
Other minor changes	367			114		
Cash flow generated from/(absorbed by) financing activities (C)	**(8,566)**			**7,017**		
Net increase (Decrease) in cash and cash equivalents A+B+C	(9,759)			7,953		
Cash and cash equivalents at the beginning of the period	**18,673**			**10,720**		
Cash and cash equivalents at the end of the period	**8,915**			**18,673**		

(*) *The comparative data have been adjusted in order to adopt the retrospective amendments arising from the first application of IAS 19 Revised*

NOTES TO THE FINANCIAL STATEMENTS OF PIQUADRO SPA AS AT 31 MARCH 2014

General information

These financial statements of Piquadro S.p.A. (hereinafter also referred to as the "Company") relate to the financial year ended 31 March 2014 and have been prepared by applying 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.

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 18 June 2014 (on first call) and will be submitted to the approval by the Shareholders' Meeting called for 23 July 2014.

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 (then renamed 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., the shares of which are 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 leased to the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd., 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 2014 and related significant accounting effects

In the course of the financial year no significant events occurred. As regards the corporate aspects, the following is reported.
The Shareholders' Meeting held on 26 July 2013 confirmed the new Board as being made up of 7 members, including Marco Palmieri, Pierpaolo Palmieri, Marcello Piccioli, Roberto Trotta, Gianni Lorenzoni, Paola Bonomo e Anna Gatti. The Shareholders' Meeting also confirmed the appointment of Marco Palmieri as Chairman of the Board of Directors and set overall annual fees of Euro 845,000 due to the Directors, to be apportioned by the Board

to all the Directors, including those holding special offices, without prejudice to the right of the Board itself to grant further variable fees to any Directors holding special offices.
The new Board of Statutory Auditors is made up of the standing auditors Giuseppe Fredella, Pietro Michele Villa and Patrizia Lucia Maria Riva, and of the alternate auditors Giacomo Passaniti and Maria Stefania Sala. Finally the Shareholders' Meeting set the fees due to the entire Board of Statutory Auditors at a maximum amount of Euro 58,000 per year, in addition to the supplementary contribution prescribed by law and to the reimbursement of any expenses incurred to perform said duties.

On the same date, the Shareholders' Meeting approved the Report on Remuneration illustrating the Company Policy concerning the remuneration of Company Directors, members of the Board of Statutory Auditors and executives with strategic responsibilities.

Furthermore, on the same date the Shareholders' Meeting approved the authorisation of the Board of Directors to acquire and dispose of treasury shares, in compliance with the regulatory provisions and regulations in force, and it authorised the Board of Directors to acquire the maximum number of treasury shares permitted by law, for a period of 12 months from the date of authorization - that is until the Shareholders' Meeting which approves the financial statements as at 31 March 2014 - 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.

Financial statements formats adopted and reporting currency

At the time of the preparation of the financial statements as at 31 March 2013 and as at 31 March 2014, 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.

The format of the statement of comprehensive income has been amended in order to reflect the breakdown into components that can be reclassified and components that cannot be reclassified through profit and loss, as required by the amendments to IAS 1 introduced by Regulation (EC) no. 475/2012 (as illustrated in the paragraph on "Accounting standards, amendments and interpretations").

For a better recognition and ease of reading, 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 2013/2014 or in the FY 2012/2013 nor any atypical or unusual transactions.

In compliance with EU Regulation no. 1606/2002, the financial statements of Piquadro S.p.A as at 31 March 2014 were prepared in accordance with International Accounting Standards IAS/IFRS (International Accounting Standards and International Financial Reporting Standards, hereinafter also referred to as "IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, as supplemented by the related interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC), which was previously named Standing Interpretations Committee (SIC), as well as by the related measures issued in the implementation of article 9 of Legislative Decree no. 38/2005.

Accounting policies

The accounting policies used in preparing the financial statements as at 31 March 2014, 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 Company, 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.

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

Equity investments in subsidiaries are accounted for at cost, which is possibly 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. Any 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 2014 and 31 March 2013, 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)	***31/03/2014***	**FVTPL**	**LAR**	**AFS**	**FLAC**	**IAS 17 leasing**	**Measurement at fair value**
Trade receivables	20,819	-	20,819	-	-	-	20,819
Receivables from subsidiaries	7,622	-	7,622	-	-	-	7,622
Assets for financial instruments	23	-	-	23	-	-	23
Cash and cash equivalents	8,915	-	8,915	-	-	-	8,915
Assets	**37,379**	**-**	**37,356**	**23**	**-**	**-**	**37,379**
Non-current borrowings	10,317	-	-	-	10,317	-	10,317
Payables to other lenders for non-current lease agreements	2,604	-	-	-		2,604	
Current borrowings	7,110	-	-	-	7,110	-	7,110
Payables to other lenders for current lease agreements	576	-	-	-		576	
Trade payables	11,878	-	11,878	-	-	-	11,878
Payables to subsidiaries	2,154	-	2,154	-	-	-	2,154
Liabilities for financial instruments	89	-		89	-	-	89
Liabilities	**34,728**	**-**	**14,032**	**89**	**17,427**	**3,180**	**31,548**

(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	562	-	-	-	-	562	-

lease agreements							
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**

Key

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 2013**	**Use**	**Provision**	**Provision as at 31 March 2014**
Provision for bad debts	1,377	(634)	430	1,173
Total provision	**1,377**	**(634)**	**430**	**1,173**

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
31/03/2014	Amount in the accounts		1-60 days	61-120 days	Over 120 days	
Dos	-	-	-	-	-	-

Wholesale	20,819	16,146	1,336	1,039	3,471	(1,173)
Subsidiaries	7,622	2,836	736	3,894	156	
Total	**28,441**	**18,982**	**2,072**	**4,933**	**3,627**	**(1,173)**

(in thousands of 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)**

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	Beyond 5 years	Total
31/03/2014					
Payables to banks for loans	17,424	6,471	11,861		18,332
Payables to banks for credit lines	3	3			3
Trade payables	11,878	11,878			11,878
Trade payables to subsidiaries	2,154	2,154			2,154
Other borrowings (leasing)	3,180	671	2,787		3,458
Derivative liabilities	89	89			89
Total	**34,728**	**21,266**	**14,648**		**35,914**

Type of instruments	Amount in the accounts	Within 1 year	From1 year to 5 years	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	-	-	-	-	-

Total	44,070	24,156	21,789	-	45,945

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;
- 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 2014, Piquadro S.p.A. could rely on about Euro 36,052 thousand of unused credit lines (Euro 38,778 thousand as at 31 March 2013) and on liquid assets of about Euro 8,915 thousand (Euro 18,673 thousand as at 31 March 2013). 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 28,441 thousand as at 31 March 2014 (Euro 27,739 thousand as at 31 March 2013).

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 financial year ended 31 March 2014, Piquadro S.p.A. executed currency forward contracts for USD 17,400 thousand, equal to an aggregate counter-value of Euro 12,911 thousand, with an average exchange rate of USD 1.3476.

During the financial year 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.

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

			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	8,915	1,736	(158)		193	
Trade receivables	20,819	60	(5)		7	
Receivables from subsidiaries	7,622	2,226	(202)		247	
Derivative financial instruments	23			394		(432)
			(365)	394	447	(432)

Financial liabilities

	Book value	Of which subject to FER	Profits and (Losses)	Other changes in Equity	Profits and (Losses)	Other changes in Equity
Borrowings	17,424					
Payables to other lenders for lease	3,180					
Trade payables	11,878	2,144	(195)		238	
Payables to subsidiaries	2,154	1,719	(156)		191	
Derivative financial instruments	89			861		(1,249)
			(351)	861	429	(1,249)
Total effect as at 31/03/2014			**(716)**	**1,255**	**876**	**(1,681)**

			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	-
Derivative financial instruments						
			(400)		490	
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 effect as at 31/03/2013			**(662)**	**-**	**810**	**-**

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

Interest rate risk

In these financial statements at 31 March 2014 there were no derivative financial instruments to hedge interest rate risks.

			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	8,915	8,915	45		(45)	

Trade receivables	20,825					
Receivables from subsidiaries	7,622					
Derivative financial instruments						
			45		(45)	
Financial liabilities						
Payables to banks for loans	17,424	17,424	(87)		87	
Payables to banks for credit lines	3	3	-		-	
Trade payables	11,878					
Payables to subsidiaries	2,154					
Other borrowings (leasing)	3,180	3,180	(16)		16	
Derivative financial instruments	89					
			(103)		103	
Total effect as at 31/03/2014			**(58)**		**58**	

			Interest rate risk (IRR)			
			+ 50 bps su RT		**-50 bps su 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 credit lines	1,000	1,000	(5)	-	5	-
Trade payables	13,207					
Payables to subsidiaries	2,556			-		
Other borrowings (leasing)	3,742	3,742	(19)	-	19	-
Derivative financial instruments						
			(143)	-	143	-
Total effect as at 31/03/2013			**(50)**	**-**	**50**	**-**

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 2014**	**31 March 2013**
Net Financial Position	11,692	9,934
Equity	32,153	29,578
Total capital	43,845	39,511
Gearing ratio	**26.7%**	**25.1%**

Fair Value
The table below reports assets and liabilities measured at fair value as classified on the basis of a 3-level hierarchy, which considers the different variables used for valuation purposes.

(in thousands of Euro)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Derivative assets	-	23	-	23
Total assets	**-**	**23**		**23**
Liabilities				
Derivatives liabilities	-	89	-	89
Total liabilities	**-**	**89**	**-**	**89**

Level 1 inputs include financial instruments for which the fair value is made up of (unadjusted) quoted prices in active markets at the measurement date.
Level 2 inputs include financial instruments for which the fair value is determined by using specific valuation techniques; specifically:
- The fair value of derivatives on interest rates is calculated at the present value of the future cash flows estimated on the basis of the curves of observable inputs;
- The fair value of derivatives on exchange rates is calculated by using the forward exchange rates as at the measurement date and then by discounting the value back.

Level 3 inputs include financial instruments for which the fair value is linked to variables that are based on unobservable inputs.
No significant value differences arose from the comparison between the book value of the financial instruments held by the Company and their fair value.

Employee benefits

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

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

June 2012 saw the issue of Regulation (EC) no. 475/2012, which adopted, at EU level, the revised version of IAS 19 (Employee benefits), which will be applicable effective from 1 April 2013 on a mandatory and retrospective basis, as required by IAS 8 (accounting policies, changes in accounting estimates and errors).
As required by this standard, the Company applied said changes starting from the 2012/2013 consolidated financial statements. Specifically, IAS 19 revised provides for the recognition of changes in actuarial gains/losses ("re-measurements") for defined-benefit plans (e.g. the Staff Severance Pay [*Trattamento di Fine Rapporto* – TFR]) under other comprehensive income, thus eliminating any other options previously envisaged (including that adopted by the Piquadro Group, which recognised said components under personnel costs in the income statement). Any cost relating to work performance, as well as any interest expense relating to the time value component in actuarial calculations (reclassified under financial charges) remained in the income statement.
Below are the effects of the retrospective application of said changes:

- the reclassification for Euro 32 thousand from the reserve of "Retained earnings" to the reserve for "Employee benefits" (classified under Other reserves), against actuarial effects recognised before 31 March 2013;
- the reclassification of actuarial effects relating to the FY 2012/2013, equal to Euro 6 thousand (including the related tax effect) from the profit for the period to the statement of comprehensive income.

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 2013/2014.

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% both for 2014 and 2013	Frequency of 3.78% for 2014 and 7.5% for 2013	4.72% for 2014 and 3% for 2013

Finally, it is specified that the actuarial valuations have been made by using the curve of the interest rates of the corporate securities with rating AA.

Amendments to Accounting Standards

Accounting Standards, amendments and interpretations

Starting from 1 April 2013, the following amendments to the international accounting standards were applied, which were issued by the IASB and endorsed by the European Union:

- 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. The adoption of these amendments did 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 did not entail any effect on the valuation of the items of the financial statements. However, the statement of comprehensive income was restated according to the new provisions.

- 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. The effects of the application of this amendment to IAS 19, which are irrelevant, are illustrated in the paragraph on "Employee benefits".

- 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 obligations within specific financial instruments. As to IAS 32, the amendments are applicable retroactively starting from 1 April 2014. As to IFRS 7, the amendments will come into force from 1 April 2013. The required information must be provided on a retrospective basis.

- 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 was expected to be applied on a prospective basis and it has not entailed significant effects on the Company's financial statements.

- IFRIC 20 – "*Stripping Costs in the Production Phase of a Surface Mine (Regulation 1255/2012)"*. This interpretation, which was published by the IASB on 19 October 2011, is applicable on a prospective basis and is not applicable to the sector in which the Company operates: accordingly, it has not entailed any effects on the financial statements.

- Amendments to IFRS 1 – *"First-time Adoption of International Financial Reporting Standards: Government loans (Regulation 183/2013)"*. This document was issued by the IASB on 19 March 2011. As regards the loans granted to an entity by a public body at a below-market rate of interest, this amendment allows a first-time adopter to apply IAS 20 on a prospective basis, without changing the value on initial recognition of the debt itself if this had not been accounted for in accordance with IAS 39.

On 17 May 2012, the International Accounting Standards Board (IASB) issued "Improvements to International Financial Reporting Standards (2009 – 2011 Cycle)", which was subsequently adopted by the European Union by Regulation 301/2013. These improvements include amendments to the following existing International Accounting Standards:

- IFRS 1 (amendments) – "*First Time Adoption of International Financial Reporting Standards: 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 (amendments) – *"First Time Adoption of International Financial Reporting Standards: 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.

- IAS 1 – *"Presentation of 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 (amendments) – *"Property, Plant & 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 year, under inventories if used for only one financial year.

- IAS 32 – *"Financial Instruments Presentation: Tax effects of distributions to holders of equity instruments and on transaction costs on equity instruments"*. The amendment clarifies that direct taxes relating to such cases must apply the requirements under IAS 12.

- IAS 34 – *"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.

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

Starting from 1 April 2014, the following accounting standards and amendments to the accounting standards will be applicable on a compulsory basis, as the EU endorsement process has already been concluded:

- 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.

- 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.

- 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.

- IFRS 10, IFRS 12 and IAS 27 (amendments) – *"Investment Entities (Regulation 1174/2013)"*. 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 (amendments) – *"Recoverable Amount Disclosures for Non-Financial Assets (Regulation 1374/2013)"*. These amendments were issued by the IASB on 29 May 2013 and will be applicable, on a retrospective basis, starting from financial years that will commence on or after 1 January 2014. The document provides that the disclosure obligation relating to the recoverable value of assets or CGUs arises only in the cases when an impairment or a reversal of a previous write-down has been accounted for. It also provides clarifications as to the information to be provided in the case of impairment of an asset, when the recoverable value has been determined by using the fair value method, net of selling costs.

- IAS 39 (amendments) – *"Novation of derivatives and Continuation of Hedge Accounting (Regulation 1375/2013)"*. These amendments were issued by the IASB on 27 June 2013 and will be applicable, on a retrospective basis, starting from financial years that will commence on or after 1 January 2014, permitting an early adoption. The document specifies some exemptions from the hedge accounting requirements defined by IAS 39 in the case that an existing derivative must be replaced by a new derivative that has a central counterparty, either directly or indirectly, pursuant to law or regulations. Specifically, this document acknowledges that, if some specific conditions are fulfilled, the novation of a hedging derivative instrument shall not be considered as an expiry or termination of the instrument, generating the prospective discontinuation of hedge accounting.

Accounting Standards being adopted by the European Union

The following updates of the IFRS accounting 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 project aimed at replacing IAS 39. It 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.

- IFRIC 21 – *"Levies"*. This interpretation was issued by IFRS IC on 20 May 2013 and will be applicable, on a retroactive basis, starting from financial years that will commence on or after 1 January 2014. The interpretation was issued to identify the methods to account for levies, i.e. the payments to a government body for which the entity does not receive specific goods or services. The document identifies various types of levies and specifies the event that gives rise to the obligation, which in turn determines, pursuant to IAS 37, the recognition of a liability.

- IAS 19 (amendments) – *"Employee Benefits: Defined Benefit Plans - Employee Contributions*". This document was issued by the IASB on 21 November 2013 and will be applicable from the financial years that will commence on 1 July 2014. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, such as, for example, employee contributions that are calculated according to a fixed percentage of salary.

On 12 December 2013 the International Accounting Standards Board (IASB) published a document named "Improvements to International Financial Reporting Standards (2010-2012 Cycle)". These improvements, which will be applicable from the financial years that commence on or after 1 July 2014, include amendments to the following existing international accounting standards:

- IFRS 2 (amendments) – *"Share-based Payment: Definition of vesting conditions"*. Amendments have been made to the definitions of "vesting conditions" and of "market condition" and the definitions of "performance condition" and "service condition" have been added.

- IFRS 3 (amendments) – *"Business Combinations: Accounting for contingent consideration in a business combination"*. The amendments clarify that a contingent consideration in a business combination classified as an asset or liability must be measured at fair value through profit or loss at each reporting date, regardless of whether the contingent consideration is a financial instrument regulated by IFRS 9 or by IAS 39 or a non-financial asset or liability.

- IFRS 8 (amendments) – *"Operating Segments: Aggregation of operating segments"*. The amendments require the disclosure of the judgements made by the Management in aggregating operating segments.

- IFRS 8 (amendments) – *"Operating Segments: Reconciliation of the total of the reportable segments' assets to the entity's assets"*. The amendment requires that the reconciliation should be provided only if a measurement of the total assets of operating segments is regularly provided to the Management.

- IFRS 13 (amendments) – *"Fair value Measurement: short-term Receivables and Payables"*. The improvement clarifies that issuing IFRS 13 does not remove the ability to measure short-term receivables and payables without applying the discounting-back, should these effects have not been significant.

- IAS 16 (amendments) – *"Property, Plant and Equipment & Improvement IAS 38 – Intangible assets": Revaluation method*". The amendments eliminate some inconsistencies in recognising amortisation and depreciation funds when a tangible or intangible asset is subject to revaluation. Specifically, it is clarified that the gross book value must be adjusted consistently with the revaluation of the net value of the asset and that the amortisation and depreciation fund must be equal to the difference between gross value and net value, less any impairment losses previously recognised.

- IAS 24 (amendments) – *"Related Party Transactions: Key management personnel services"*. Some provisions are clarified in relation to the identification of related parties and to the information to be provided with reference to key management personnel.

On 12 December 2013 the International Accounting Standards Board (IASB) published a document named "Improvements to International Financial Reporting Standards (2011-2013 Cycle)". These improvements, which will be applicable from the financial years that commence on or after 1 July 2014, include amendments to the following existing international accounting standards:

- IFRS 1 (amendments) – *"First-time Adoption of IFRS: Meaning of effective IFRSs"*. The amendment clarifies that, upon first-time adoption of IFRS, it is possible to opt for the early application of a new standard aimed at replacing the standard in force, as an alternative to the application of a standard in force as at the transition date.

- IFRS 3 (amendments) – *"Business Combinations: Scope exception for joint ventures"*. The improvement excludes all types of joint arrangements from the scope of application of IFRS 3.

- IFRS 13 (amendments) – *"Fair value measurement: Scope of paragraph 52 (portfolio exception)"*. This amendment clarifies that the possibility of measuring a group of assets and liabilities at fair value also refers to contracts within the scope of application of IAS 39 (or IFRS 9), but that do not meet the definition of financial assets and liabilities provided by IAS 32 (such as, for example, any contracts for the purchase and sale of commodities that can be settled in cash at their net value).

- IAS 40 (amendments) – *"Investment Property – Clarifying the interrelationship of IFRS 3 and IAS 40"*. It is clarified that, in order to determine whether the purchase of an investment property falls within the scope of application of IFRS 3, it is necessary to make reference to IFRS 3, while, in order to determine whether the purchase falls within the scope of application of IAS 40, it is necessary to make reference to the specific instructions under said standard.

- IFRS 14 – *"Regulatory deferral accounts"*. The standard was issued by the IASB on 30 January 2014. The standard permits first-time adopters only to continue to recognise any amounts related to rate regulation in accordance with their previous GAAP requirements. Its application is expected to start from 1 January 2016, with early application permitted.

- IFRS 15 – *"Revenue from Contracts with Customers"*. This standard, which was published by the IASB on 28 May 2014, will replace IAS 18 and IAS 11 effective from the financial years that will commence on or after 1 January 2017.

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 2012/2013 and FY 2013/2014 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	45	1,714	2,083	-	4,434
Amortisation fund	(592)	(37)	(1,172)	(1,107)	-	(2,908)
Net value as at 31/03/2012	**-**	**8**	**542**	**976**	**-**	**1,526**
Increases 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 for the period	-	7	120	951	79	1,157
Sales	-	-	-	-	-	-
Reclassifications	-	-	3	44	(47)	-
Write-downs	-	-	-	-	-	-
Amortisation	-	(4)	(279)	(260)	-	543
Gross value	592	57	2,038	3,538	79	6,304
Amortisation fund	(592)	(47)	(1,719)	(1,547)	-	(3,905)
Net value as at 31/03/2014	**-**	**10**	**319**	**1,991**	**79**	**2,399**

Increases in intangible assets, equal to Euro 1,157 thousand in the financial year ended 31 March 2014 (Euro 727 thousand as at 31 March 2013) related to industrial patent rights for Euro 7 thousand, to investments in software and IT products for Euro 98 thousand, to trademarks for Euro 22 thousand, the key moneys mainly paid for the opening of the new shops located in Venice (Euro 412 thousand), Forte dei Marmi (Euro 62 thousand) and Florence (Euro 470 thousand) for Euro 951 thousand and to intangible assets under development for 79 thousand.

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

In the course of the FY 2013/2014 no trigger events occurred as to the key moneys paid for the opening of shops (Milan – via della Spiga, Bologna - Piazza Maggiore, Rome – Cinecittà, Milan – Corso Buenos Aires, Milan -

Assago, Pescara, Milan – Fiordaliso Shopping Mall, Verona – P.zza delle Erbe, Venice, Forte dei Marmi and Florence).

Note 2 - Property, plant and equipment

The table below reports the opening balance, the changes that occurred in the FY 2012/2013 and FY 2013/2014and the final balance of property, plant and equipment:

(in thousands of Euro)	**Land**	**Building**	**Plant and equipment**	**Industrial and business equipment**	**Other assets**	**Fixed assets under construction and advances**	**Total**
Gross value	878	6,283	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**
Increases for the period	-	-	75	1,092	-	171	1,338
Sales	-	-	-	-	-	-	-
Depreciation	-	(196)	(63)	(981)	(8)	-	(1,248)
Write-downs	-	-	-	(285)	-	-	(285)
Other changes in historical cost	-	-	(3)	-	(7)	-	-
Other changes in 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 for the period	-	-	57	1,065	-	-	1,122
Sales	-	-	-	-	-	-	-
Depreciation	-	(196)	(68)	(1,027)	(3)	-	(1,294)
Write-down of gross value	-	-	-	(64)	-	-	(64)
Write-down of depreciation fund	-	-	-	32	-	-	32
Other changes in historical cost	-	-	-	-	-	-	-
Other changes in depreciation fund	-	-	-	-	-	-	-
Reclassifications	-	-	-	171	-	(171)	-
Gross value	878	6,283	2,535	10,818	336	-	20,850
Depreciation fund	-	(1,521)	(2,367)	(5,952)	(336)	-	(10,176)
Net value as at 31/03/2014	**878**	**4,762**	**168**	**4,866**	**-**	**-**	**10,674**

Increases in property, plant and equipment, equal to Euro 1,122 thousand in the financial year ended 31 March 2014 (Euro 1,338 thousand as at 31 March 2013) were mainly attributable to workshop equipment and machinery for Euro 57 thousand, to furniture and fittings for Euro 984 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 office machines for Euro 72 thousand and to the purchase of minor assets for Euro 7 thousand.

Write-downs, equal to Euro 32 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 2014**	**31 March 2013**
Land	878	878
Buildings	4,762	4,958
Industrial and business equipment	180	301
Total	**5,820**	**6,137**

Note 3 – Equity investments in subsidiaries

Below is the breakdown of the item:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Piquadro España SLU	700	700
Piquadro Deutschland GmbH	-	-
Piquadro BV*	-	300
Piquadro Hong Kong Co. Ltd.	-	-
Uni Best Leather Goods Zhongshan Co. Ltd.	258	-
Piquadro Macau Limitada	-	-
Piquadro Trading Shenzhen Co. Ltd.	990	990
Piquadro Taiwan Co. Ltd.	490	490
Piquadro France SARL	2,496	2,496
Piquadro Swiss SA	3	22
Piquadro UK Limited	-	-
Total equity investments in subsidiaries	**4,937**	**4,998**
Equity investments in other companies	1	1
Total equity investments	**4,938**	**4,999**

* Company wound up on 1 July 2013.

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	742	-	42
Piquadro Deutschland GmbH	Munich	100%	-	(31)	31	-
Piquadro Hong Kong Co. Ltd.	Hong Kong	100%	-	(25)	25	-
Uni Best Leather Goods Zhongshan Co. Ltd.	Zhongshan	100%	258	258	-	-
Piquadro Macau Limitada*	Macau	100%	-	58	-	58
Piquadro Trading Shenzhen Co. Ltd.	Shenzhen	100%	990	1,003	-	13
Piquadro Taiwan Co. Ltd.	Taipei	100%	490	530	-	40
Piquadro France SARL	Paris	100%	2,496	2,556	-	60
Piquadro Swiss SA	Mendrisio	51%	3	5	-	2
Piquadro UK Limited	London	100%	-	3	-	3

* Company indirectly owned by Piquadro Hong Kong Co. Ltd.

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 31/03/2013**	**Increases**	**Write-downs**	**Other changes**	**Book value 31/03/2014**
Piquadro España SLU	700	-	-	-	700
Piquadro Deutschland GmbH	-	-	-	-	-
Piquadro BV*	300	-	-	(300)	-
Piquadro Hong Kong Co. Ltd.	-	-	-	-	-
Uni Best Leather Goods Zhongshan Co. Ltd.	-	1,453	(1,195)	-	258
Piquadro Macau Limitada	-	-	-	-	-
Piquadro Trading Shenzhen Co. Ltd.	990	-	-	-	990
Piquadro Taiwan Co. Ltd.	490	-	-	-	490
Piquadro France SARL	2,496	-	-	-	2,496
Piquadro Swiss SA	22	-	(19)	-	3
Piquadro UK Limited					
Total equity investments in subsidiaries	**4,998**	**1,453**	**(1,214)**	**(300)**	**4,937**
Equity investments in other companies	1	-	-	-	1
Total equity investments	**4,999**	**-**	**-**	**-**	**4,938**

* Company wound up on 1 July 2013.

The increase in financial fixed assets related to the payment on account of capital made on 8 January 2014 in favour of the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd., which was aimed at covering previous losses, against which a provision of Euro 813 thousand had been set aside on 31 March 2013, and to the recapitalisation of the same. The equity investment was then adjusted by the related portion of equity, representing the recoverable value of the same.

Note 4 - Receivables from others

Receivables from others (equal to Euro 255 thousand as at 31 March 2014 compared to Euro 256 thousand as at 31 March 2013) 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 2014**	**31 March 2013**
Deferred tax assets:		
- within 12 months	148	173
- beyond 12 months	898	791
	1,046	**964**
Deferred tax liabilities		
- within 12 months	29	2
- beyond 12 months	62	194
	91	**196**
Net position	**955**	**768**

Below is reported the relevant change:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Net opening position	**768**	**630**
Credit/(Debit) to the Income Statement	169	138
Credit/(Debit) to Equity	18	-

Total	**955**	**768**

Below are reported the main elements that make up deferred tax assets and deferred tax liabilities and their changes in the financial years ended 31 March 2014 and 31 March 2013:

Deferred tax assets	31 March 2014		31 March 2013	
(in thousands of Euro)	**Temporary differences**	**Tax effect (IRES+IRAP)**	**Temporary differences**	**Tax effect (IRES+IRAP)**
Deferred tax assets with effect to P&L:				
Provision for bad debts	1,040	286	805	221
Provision for obsolescence of inventories	450	124	449	123
Provisions for risks and charges	260	61	1,086	69
Amortisation and depreciation	437	137	349	110
Others	1,327	413	1,420	441
Total	**3,514**	**1,022**	**4,109**	**964**
Amount credited (debited) to P&L		*59*		*8*
Deferred tax assets with effect to comprehensive income:				
Hedging transactions (cash flow hedge)	89	24	-	-
Total	**89**	**24**	**-**	**-**
Amount credited (debited) to comprehensive income	-	*24*	-	-
Total tax effect	**3,603**	**1,046**	**4,109**	**964**

Deferred tax liabilities	31 March 2014		31 March 2013	
(in thousands of Euro)	**Temporary differences**	**Tax effect (IRES+IRAP)**	**Temporary differences**	**Tax effect (IRES+IRAP)**
Deferred tax liabilities with effect to P&L:				
Others	303	83	700	193
Total	**303**	**83**	**700**	**193**
Amount credited (debited) to P&L		*(110)*		*(130)*
Deferred tax liabilities with effect to comprehensive income:				
Hedging transactions (cash flow hedge)	23	6	-	-
Defined-benefit plans	6	2	16	3
Total	**29**	**8**	**16**	**3**
Amount credited (debited) to comprehensive income	-	*6*	-	*5*
Total tax effect	**332**	**91**	**716**	**196**

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 2014**	**Provision for write-down**	**Net value as at 31 March 2014**	**Net value as at 31 March 2013**
Raw materials	1,962	(151)	1,811	1,839
Semi-finished products	42		42	27
Finished products	11,437	(299)	11,138	8,917
Inventories	**13,441**	**(450)**	**12,991**	**10,783**

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 2013**	**Use**	**Allocation**	**Provision as at 31 March 2014**
Provision for write-down of raw materials	151	-		151
Provision for write-down of finished products	299	(100)	100	299
Total Provision for write-down of inventories	**450**	**(100)**	**100**	**450**

31 March 2014 saw the recognition of an increase of Euro 2,208 thousand in inventories compared to the corresponding values at 31 March 2013. This increase is mainly attributable to seasonal trends and to an increase in the number of shops opened in the course of the FY 2013/2014.

Note 7 - Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Receivables from customers	21,992	22,614
Provision for bad debts	(1,173)	(1,377)
Current trade receivables	**20,819**	**21,237**

Despite an increase of 9.9% in the sales recorded in the Wholesale channel, gross trade receivables at 31 March 2014 decrease by Euro 418 thousand compared to 31 March 2013 (down by 6.4%), following an improved credit management, above all in relation to the Italian customers, which is also the result of the distribution reorganisation that has been carried out in recent years.

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 2014**	**Provision as at 31 March 2013**
Balance at the beginning of the period	1,377	1,230
Allocation	430	417
Uses	(634)	(270)
Total Provision for bad debts	**1,173**	**1,377**

Note 8 – Receivables from subsidiaries

Below is the breakdown of receivables from subsidiaries:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Piquadro España SLU	461	253
Piquadro Deutschland GmbH	243	165
Piquadro BV*	-	19
Piquadro Hong Kong Co. Ltd.	1,367	1,589
Uni Best Leather Goods Zhongshan Co. Ltd.	2,226	2,600
Piquadro Macau Limitada	277	303
Piquadro Trading Shenzhen Co. Ltd.	279	165
Piquadro Taiwan Co. Ltd.	829	609
Piquadro Swiss SA	269	315
Piquadro France SARL	373	484
Piquadro UK Limited	1,298	-
Receivables from subsidiaries	**7,622**	**6,502**

* Company wound up on 1 July 2013.

The increase in receivables from subsidiaries was mainly due to the effect of the incorporation of the new subsidiary Piquadro UK Limited, as the controlling company has provided the new subsidiary with the necessary financial resources to meet the expected investments, to start operations.

Note 9 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	**31 March 2014**	**31 march 2013**
Other assets	114	132
Accrued income and prepaid expenses	661	624
Other current assets	**775**	**756**

Other assets related to advances to suppliers for Euro 84 thousand and INAIL advances of Euro 50 thousand.
Accrued income and prepaid expenses mainly related to prepaid expenses on rents (equal to Euro 245 thousand as at 31 March 2014 against Euro 227 thousand as at 31 March 2013).

Nota 10 – Derivative assets

As at 31 March 2014 assets relating to currency forward purchases (USD) were equal to Euro 23 thousand (as at 31 March 2013 there were no derivative assets).
The Company hedges the exchange risk connected to purchases of raw materials in US dollars and for contract work done in China. In consideration for this risk, the Company makes use of instruments to hedge the risk attached to the related rate, trying to fix and crystallise the exchange rate at a level that is in line with the budget forecasts.
In the course of the financial year there were no transfers between the various fair value levels. Furthermore, the effect on the measurement at fair value following the application of IFRS 13 that requires the inclusion of the non-performance risk was not significant

Nota 11 – Tax receivables

As at 31 March 2014 tax receivables were equal to Euro 326 thousand (Euro 1,209 thousand at 31 March 2013) 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 2014**	**31 March 2013**
Receivables for income taxes	56	939
Receivable for IRES tax refund	270	270
Tax receivables	**326**	**1,209**

Note 12 – Cash and cash equivalents

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

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Available current bank accounts	8,828	18,609
Cash, cash on hand and cheques	60	64
Cash and cash equivalents	**8,888**	**18,673**

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

LIABILITIES

Note 13 – Shareholders' Equity

a) Share capital

As at 31 March 2014, 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 some 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.

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 2014 none of the 3,600,000 options granted against the new stock option plan had accrued.

In the financial year ended 31 March 2014 the abovementioned stock option plans entailed the recognition of a cost of Euro 58 thousand in the income statement.

As of today, the 2008-2013 Plan, as approved by the Board of Directors of Piquadro S.p.A. on 31 January 2008, has been settled and no option assigned by virtue of the same has been exercised.

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	274	-			
Reserve from merger	(92)	-			
Other reserves on account of capital	1,160	A,B,C			
	1,342		**1,342**		
Revenue reserves					
Undivided profits					
Legal reserve	200	B	**200**		
Reserve of undivided profits	25,044	A,B,C	**25,044**		
	25,244				

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

Other reserves were equal to Euro 1,336 thousand and mainly included the negative fair value reserve (equal to Euro 48 thousand), the positive reserve of stock options (equal to Euro 352 thousand), the reserve for actuarial gains (losses) on defined-benefit plans (negative and equal to Euro 33 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 3,611 thousand as at 31 March 2014.
During the financial year ended 31 March 2013, the Company's profit for the period, as resulting from the annual accounts as at 31 March 2014, was allocated as follows:

- Euro 1,000 thousand to dividends, corresponding to earnings per share equal to about Euro 0.02 per share to n. 50,000,000 outstanding shares and to a payout of about 31.4% of the profit for the period.

- Euro 2,182 thousand to profits carried forward.

Non-current liabilities

Note 14 – Borrowings

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

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Borrowings from 1 to 5 years	10,317	17,420
Borrowings beyond 5 years		-
Medium/long-term borrowings	**10,317**	**17,420**

Below is the summary of the capital quotas still to be repaid at 31 March 2014:

i. Euro 945 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 405 thousand;
ii. Euro 3,209 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 1,249 thousand and a non-current portion of Euro 1,960 thousand;
iii. Euro 2,106 thousand relating to the unsecured loan granted by Credem – Credito Emiliano on 5 October 2012 (against an initial amount of Euro 3,000 thousand), of which a current portion of Euro 743 thousand and a non-current portion of Euro 1,363 thousand;
iv. Euro 4,206 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 1,487 thousand and a non-current portion of Euro 2,719 thousand;
v. Euro 2,630 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 929 thousand and a non-current portion of Euro 1,701 thousand;
vi. Euro 4,444 thousand relating to the unsecured loan granted by Mediocredito Italiano S.p.A. on 28 February 2013, of which a current portion of Euro 2,222 thousand and a non-current portion of Euro 2,222 thousand.

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	22 November 2010	2,700	Euro	540	(1)	405	-	944
UBI loan	25 July 2012	5,000	Euro	1,249	(12)	1,960	(8)	3,189
Credem loan	5 October 2012	3,000	Euro	743	(4)	1,363	(2)	2,100
Unicredit loan	31 October 2012	6,000	Euro	1,487	(19)	2,719	(15)	4,172
ICCREA loan	11 December 2012	3,750	Euro	929	(8)	1,701	(7)	2,615
Mediocredito loan	28 February 2013	5,000	Euro	2,222	(19)	2,222	(21)	4,404
				7,170	**(63)**	**10,370**	**(53)**	**17,424**

Note 15 – Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Non-current:		

Payables to leasing companies	2,604	3,180
Current:		
Payables to leasing companies	576	562
Payables to other lenders for lease agreements	**3,180**	**3,742**

Below is reported the following additional breakdown:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Payables to other lenders for lease agreements:		
Due within 1 year	670	675
Due from 1 to 5 years	2,786	3,455
Due beyond 5 years		-
Financial interest to be paid	(276)	(388)
Present Value of payables to other lenders for lease agreements	**3,180**	**3,742**

As at 31 March 2014, payables to other lenders due beyond 12 months were equal to Euro 2,604 thousand, relating to the lease agreement initially entered into by Piqubo Servizi S.r.l., which was merged by incorporation into Piquadro S.p.A. by deed of 24 October 2008, with Centro Leasing S.p.A. in relation to the plant, land and the automated warehouse located in Sassuriano, Silla di Gaggio Montano (Province of Bologna) (Euro 3,180 thousand as at 31 March 2013).

Note 16 – 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 2012	**261**
Financial charges	13
Net actuarial Losses (Gains) accounted for in the period	4
Indemnities paid in the financial year	(26)
Balance as at 31 March 2013	**252**
Financial charges	7
Net actuarial Losses (Gains) accounted for in the period	(5)
Indemnities paid in the financial year	-
Balance as at 31 March 2014	**254**

The value of the Provision as at 31 March 2014 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.

From the sensitivity analysis, some changes in the provision arise, at the same time as the actuarial assumptions vary, which are not significant.

Note 17 – Provisions for risks and charges

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

(in thousands of Euro)	**Provision as at 31 March 2013**	**Use**	**Allocation**	**Provision as at 31 March 2014**
Provision for clientele supplementary	738	(96)	94	736

indemnity				
Provision for risks on equity investments	857	(826)	24	55
Other provisions for risks	229	(40)	15	204
Total	**1,824**	**(962)**	**133**	**995**

The "Provision for clientele 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 55 thousand, relates to the subsidiary Piquadro Deutschland GmbH for Euro 31 thousand and to the subsidiary Piquadro Hong Kong Co. Ltd. for Euro 24 thousand. The decrease in the provision compared to the previous financial year is mainly attributable to the use of the provision set aside in the previous financial year to cover the final losses reported by the subsidiary Uni Best of Zhongshan, which were covered through the recapitalisation carried out in January 2014.
Other provisions for risks, equal to Euro 204 thousand mainly relate to other provision for risks on returns on sales equal to Euro 77 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 117 thousand.

Note 18 – Deferred tax liabilities

The amount of deferred tax liabilities, equal to Euro 91 thousand (Euro 196 thousand as at 31 March 2013) fully refers to the Parent Company; for the breakdown of the item, reference is made to the information reported in Note 5 above.

Current liabilities

Note 19 – Borrowings

As at 31 March 2014 borrowings were equal to Euro 7,110 thousand compared to Euro 7,445 thousand as at 31 March 2013, for the breakdown, reference is made to Note 13 above. The balance is made up of Euro 7,107 thousand for the current portion of Payables to banks for loans and Euro 3 thousand for Payables to banks for current account overdrafts.

Note 20 - Payables to other lenders for lease agreements

As at 31 March 2014, they were equal to Euro 576 thousand (Euro 562 thousand as at 31 March 2013) 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 32 thousand) and of the building of the operational headquarters (Euro 544 thousand).

Note 21 – Derivative liabilities

As at 31 March 2014 liabilities relating to currency forward purchases (USD) were equal to Euro 66 thousand (as at 31 March 2013 there were no derivative liabilities).
Reference is made to Note 10.

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 2014**	**31 March 2013**
(A) Cash	60	64
(B) Other cash and cash equivalents (available current bank accounts)	8,855	18,609
(C) Liquidity (A) + (B)	**8,915**	**18,673**
(D) Finance leases	(576)	(562)

(E) Current bank debt	(3)	(1,000)
(F) Current portion of non-current debt	(7,107)	(6,445)
(G) Current financial debt (D) + (E) + (F)	**(7,686)**	**(8,007)**
(H) Short-term Net Financial Position (C) + (G)	**1,229**	**10,666**
(I) Non-current bank debt	(10,317)	(17,420)
(L) Finance leases	(2,604)	(3,180)
(M) Non-current financial debt (I) + (L)	**(12,921)**	**(20,600)**
(N) Net Financial Position (H) + (N)	**(11,692)**	**(9,934)**

As at 31 March 2014, the Net Financial Position of Piquadro S.p.A. posted a negative value of Euro 11.7 million, showing a deterioration of Euro 1.8 million compared to the debt of about Euro 9.9 million recorded as at 31 March 2013. The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- dividends paid in relation to the profit for the FY 2012/2013 for Euro 1.0 million (with a payout equal to about 31.4% of the Company's profit);
- investments in property, plant and equipment and intangible assets for about Euro 3.8 million;
- an increase in the net current assets of about Euro 4.4 million, which was mostly due to an increase in inventories and to a decrease in trade payables.

Note 22 – Trade payables

Below is the breakdown of current trade liabilities (including invoices to be received from suppliers):

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Payables to suppliers	11,878	13,207

As at 31 March 2014 payables to suppliers showed a decrease of 10.1% compared to 31 March 2013, mainly as a result of seasonal trends relating to purchases of goods, services and to investments.

Note 23 – Payables to subsidiaries

Below is the breakdown of liabilities to subsidiaries (including invoices to be received from suppliers):

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Piquadro España SLU	38	69
Piquadro Deutschland GmbH	23	11
Piquadro BV*	-	46
Piquadro Hong Kong Co. Ltd.	345	454
Uni Best Leather Goods Zhongshan Co. Ltd.	1,319	1,081
Piquadro Macau Limitada	18	-
Piquadro Trading Shenzhen Co. Ltd.	61	244
Piquadro Taiwan Co. Ltd.	108	105
Piquadro France SARL	125	246
Piquadro UK Limited	116	-
Payables to subsidiaries	**2,153**	**2,256**

*Company wound up on 1 July 2013.

Note 24 – Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Payables to social security institutions	360	332
Payables to Pension funds	24	19
Other payables	184	150

Payables to employees	467	310
Advances from customers	53	42
Accrued expenses and deferred income	176	196
Payables for VAT	968	804
IRPEF tax payables and other tax payables	285	270
Other current liabilities	**2,517**	**2,123**

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 467 thousand) included payables for remunerations and bonuses to be paid with respect to employees of the Company (Euro 310 thousand as at 31 March 2013).

Note 25 – Tax payables

Both at 31 March 2014 and at 31 March 2013 the advances paid by the Company for IRES and IRAP tax (equal to Euro 1,576 thousand and Euro 531 thousand, respectively) were higher than the actual IRES and IRAP tax charge. For this reason, the Company recorded tax receivables equal to Euro 326 thousand and Euro 1,209 thousand, respectively.

COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

Note 26 – Revenues from sales

The breakdown of revenues from sales according to categories of activities is not reported as it is considered not to be significant for the understanding of and the opinion on the economic results.

The Company's revenues are mainly realised in Euro.

Below is the breakdown of revenues by geographical area:

(in thousands of Euro)	**Net revenues as at 31 March 2014**	**%**	**Net revenues as at 31 March 2013**	**%**	**% change 2014/2013**
Italy	45,575	76.7%	41,712	78.4%	9.3%
Europe	11,437	19.2%	9,310	17.5%	22.8%
Rest of the World	2,406	4.0%	2,166	4.1%	11.1%
Total	**59,418**	**100.0%**	**53,188**	**100.0%**	**11.7%**

Note 27 – Other income

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Charge-backs of transport and collection costs	162	133
Insurance and legal refunds	12	-
Revenues from sales at the corners	58	113
Other sundry income	566	631
Other income	**797**	**877**

Other income mainly relates for Euro 58 thousand (Euro 113 thousand as at 31 March 2013) to charging back Corners and Euro 162 thousand (Euro 133 thousand as at 31 March 2013) to chargebacks of transport and collection costs to customers.

Note 28 – Change in inventories

The change in inventories of raw materials was negative for Euro 27 thousand (positive for Euro 919 thousand as at 31 March 2013), the change in inventories of semi-finished and finished products was positive for Euro 2,235 thousand (positive for Euro 503 thousand as at 31 March2013).

Note 29 - Costs for purchases

The item essentially includes the cost of materials used for the production of the Company's goods and of consumables. As at 31 March 2014 costs for purchases were equal to Euro 14,923 thousand (Euro 14,511 thousand as at 31 March 2013).

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 (a portion of these costs is classified under costs for services), 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 2014			**31 March 2013**	
US Dollars	23,282,152	1.34	17,369	18,939,740	1.29	14,682
Total operating costs incurred in foreign currency			**17,369**			**14,682**

Overall, Piquadro S.p.A. incurred, in the FY 2013/2014, operating costs denominated in a currency other than the Euro for an equivalent amount of Euro 17,369 thousand, equal to 43.2% of the total operating costs (equal to Euro 53,456 thousand).

In the FY 2013/2014, Piquadro S.p.A. made forward purchases of US Dollars for an overall amount of USD 17.4 million (USD 5.9 million in the FY 2012/2013) including purchases in dollars made for the supplies of 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 12.9 million at the average exchange rate prevailing in the FY 2013/2014 (Euro 4.5 million at the average exchange rate prevailing in the FY 2012/2013); therefore 90.0% of the purchases in US Dollars made by the Company was covered (in relation to the FY 2012/2013 36.1% of the purchases in US Dollars made by the Company were covered).

Note 30 - Costs for services and leases and rentals

Below is reported the breakdown of these costs:

(in thousands of Euro)	**31 March 2014**	**31 March 2013***
Costs for leases and rentals	4,070	3,118
External production	9,191	6,065
Advertising and marketing	3,177	2,414
Administrative services	986	1,068
Business services	2,411	2,528
Production services	5,687	5,508
Transport services	3,452	3,185
Costs for services and leases and rentals	**28,974**	**23,886**

External production showed an increase compared to the previous year following a higher recourse to external suppliers to cope with the growth in the sales. Costs for leases and rentals mainly relate to lease rentals relating to the Company's shops (the number of which increased in the course of the financial year).

Note 31 - Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	**31 March 2014**	**31 March 2013 Restated**
Wages and salaries	7,022	6,393
Social security contributions	1,894	1,627
TFR	411	355
Personnel costs	**9,327**	**8,375**

The table below reports the exact number of the staff employed by the Company as at 31 March 2014 and 31 March 2013:

Units	**31 March 2014**	**31 March 2013**
Executives	5	7

Office workers	195	162
Manual workers	31	31
Total	**231**	**200**

Note 32 - Amortisation, depreciation and write-downs

In the FY 2013/2014, amortisation and depreciation were equal to Euro 1,837 thousand (Euro 1,692 thousand in the FY 2012/2013). Write-downs related to Euro 430 thousand, as already commented in Note 7, for the Provision for bad debts from customers and to Euro 32 thousand for the write-down of furniture and fittings for the disposal of some corners.

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Amortisation of intangible assets	543	463
Depreciation of property, plant and equipment	1,294	1,248
Provision for bad debts	430	417
Write-down of other non-current assets	32	285
Amortisation, depreciation and write-downs	**2,299**	**2,413**

Note 33 - Other operating costs

In the FY 2013/2014, other operating costs, equal to Euro 141 thousand (Euro 71 thousand in the FY 2012/2013) mainly related to charges generated from current operations.

Note 34 – Shares of profits (losses) from investee companies

Write-downs of equity investments in subsidiaries, for Euro 387 thousand, mainly related to the write-down of the subsidiary Piquadro Swiss for Euro 19 thousand and to the subsidiary Uni Best Zhongshan Co. Ltd.; for the latter company, the amount was then netted by the use, for Euro 802 thousand, of the provision for loss coverage that had been previously set aside.

(in thousands of Euro)	**31 March 2014**	**31 March 2013**
Write-down of equity investments in Subsidiaries	387	831
Revaluation of equity investments in Subsidiaries		-
Provision for risks on equity investments in Subsidiaries	25	156
Shares of profits (losses) from investee companies	**412**	**987**

Note 35 - Financial income

The amount of Euro 527 thousand in the FY 2013/2014 (Euro 639 thousand as at 31 March 2013) mainly related to interest receivable on active current accounts for Euro 176 thousand, interest receivable from customers for Euro 32 thousand and foreign exchange gains either realised or estimated for Euro 317 thousand (foreign exchange gains either realised or estimated as at 31 march 2013 were equal to Euro 438 thousand).

Note 36 - Financial charges

Below is the breakdown of financial charges:

(in thousands of Euro)	**31 March 2014**	**31 March 2013 Restated**
Interest payable on current accounts	27	13
Interest and expenses subject to final payment	29	30
Financial charges on loans	645	325
Lease charges	49	67
Commissions on credit cards	72	64
Other charges	94	209
Net financial charges on defined-benefit plans	7	12
Foreign exchange losses (either realised or estimated)	349	263

Financial Charges	1,272	983

Note 37 - Income tax expenses

Below is reported the breakdown of income tax expenses:

(in thousands of Euro)	31 March 2014	31 March 2013 Restated
IRES tax	1,597	1,343
IRAP tax	562	518
Total current taxes	**2,159**	**1,861**

Current taxes relate to the tax burden calculated on the Company's taxable income.

(in thousands of Euro)	31 March 2014	31 March 2013
Deferred tax liabilities	(105)	(130)
Deferred tax assets	(64)	(8)
Total Deferred tax assets and liabilities	**(169)**	**(138)**

Below is reported the reconciliation between theoretical and actual tax charge as at 31 March 2014:

(in thousands of Euro)	31 March 2014	31 March 2013
Pre-tax result	5,602	4,907
Theoretical tax	27.5%	27.5%
Theoretical income taxes	1,541	1,349
Tax effect of permanent differences	(113)	(144)
Other changes	-	-
Total	**1,428**	**1,205**
IRAP tax	562	518
Current and deferred taxes in the accounts	**1,990**	**1,723**

Note 38 – Commitments

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

As at 31 March 2014, the Group had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2013/2014.

b) *Commitments on operating lease agreements*

As at 31 March 2014, 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 2014/2015, 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 2014			
(in thousands of Euro)	Within 12 months	From 1 to 5 years	Beyond 5 years	Total
Property lease				
Other leases	3,135	11,025	3,320	17,480
Total	**3,135**	**11,025**	**3,320**	**17,480**

Note 39 – Relations with related parties

Piquadro S.p.A., the Parent Company of the Piquadro Group, operates in the leather goods market and designs, produces and markets articles under its own brand. The subsidiaries mainly carry out activities of distribution of products (Piquadro España SLU, Piquadro Hong Kong Ltd, Piquadro Macau Limitada, Piquadro Deutschland

GmbH, Piquadro Middle East Leather Products LLC, Piquadro Trading –Shenzhen- Ltd. , Piquadro Taiwan Co. Ltd., Piquadro France SARL, Piquadro Swiss (SA) and Piquadro UK Limited, or production (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 Piquadro S.p.A. 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 subsidiaries:

Financial receivables *(in thousands of Euro)*	**31 March 2014**	**31 March 2013**
Controlling company		
Piqubo S.p.A.		-
Piquadro Holding S.p.A.		-
Subsidiaries		
Piquadro España SLU	63	63
Piquadro Deutschland GmbH	150	151
Piquadro Macau Limitada	31	31
Piquadro Taiwan Co. Ltd.	75	75
Piquadro Swiss SA	172	170
Piquadro Hong Kong Co. Ltd.	153	-
Piquadro UK Limited	1,177	-
Provision for write-down of receivables from subsidiaries		-
Total financial receivables from subsidiaries	**1,821**	**490**
Total Financial receivables	**1,821**	**490**
% Impact	**100%**	**100%**

The table below provides the breakdown of trade receivables from subsidiaries, included in the items "Receivables from subsidiaries" as commented on in Note 8:

Trade receivables *(in thousands of Euro)*	**31 March 2014**	**31 March 2013**
Controlling company		
Piqubo S.p.A.	-	-
Piquadro Holding S.p.A.	-	-
Subsidiaries		
Piquadro España SLU	398	191
Piquadro Deutschland GmbH	93	14
Piquadro BV*	-	19
Piquadro Hong Kong Co. Ltd.	1,213	1,589
Piquadro Macau Limitada	246	272
Piquadro Trading Shenzhen Co. Ltd.	279	165
Piquadro Taiwan Co. Ltd.	754	534
Uni Best Leather Goods Zhongshan Co. Ltd.	2,226	2,600
Piquadro Swiss SA	97	144
Piquadro France SARL	373	484
Piquadro UK Limited	122	-

Total trade receivables from subsidiaries	**5,801**	**6,012**
Total trade receivables	**28,441**	**27,739**
% impact	**20.4%**	**21.7%**

* Company wound up on 1 July 2013

Trade receivables from 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, to the sale of raw materials (leather) purchased directly from the Company and then to be used in manufacturing processes.

The table below provides the breakdown of trade payables to subsidiaries, included in the item "Payables to subsidiaries", as commented on in Note 22:

Trade payables	**31 March 2014**	**31 March 2013**
(in thousands of Euro)		
Controlling company		
Piqubo S.p.A.	-	-
Piquadro Holding S.p.A.	-	-
Subsidiaries		
Piquadro España SLU	38	69
Piquadro Deutschland GmbH	23	11
Piquadro BV*	-	46
Piquadro Hong Kong Co. Ltd.	345	454
Piquadro Macau Limitada	18	-
Piquadro Trading Shenzhen Co. Ltd.	61	244
Piquadro Taiwan Co. Ltd.	108	105
Uni Best Leather Goods Zhongshan Co. Ltd.	1,320	1,081
Piquadro France SARL	125	246
Piquadro UK Limited	116	-
Total trade payables to subsidiaries	**2,154**	**2,256**
Total trade payables	**14,032**	**15,463**
% impact	**15.3%**	**14.6%**

* Company wound up on 1 July 2013

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 France SARL, Piquadro Hong Kong Co. Ltd., Piquadro Trading Shenzhen Co. Ltd., Piquadro Taiwan Co. Ltd. and Piquadro UK Limited, 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 2014**	**31 March 2013**
(in thousands of Euro)		
Controlling company		
Piqubo S.p.A.		-
Piquadro Holding S.p.A.		-
Subsidiaries		
Piquadro España SLU	712	564
Piquadro Deutschland GmbH	87	27
Piquadro BV*	(34)	164

Piquadro Hong Kong Co. Ltd.	534	724
Piquadro Macau Limitada	97	128
Piquadro Trading Shenzhen Co. Ltd.	371	243
Piquadro Taiwan Co. Ltd.	395	554
Uni Best Leather Goods Zhongshan Co. Ltd.	2,162	2,974
Piquadro Swiss SA	304	202
Piquadro France SARL	251	98
Piquadro UK Limited	109	-
Total revenues from subsidiaries	**4,988**	**5,678**
Total revenues	**59,418**	**53,188**
% impact	**8.4%**	**10.7%**

* Company wound up on 1 July 2013

Revenues from subsidiaries 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 subsidiaries:

Costs	31 March 2014	31 March 2013
(in thousands of Euro)		
Controlling company		
Piqubo S.p.A.	39	30
Piquadro Holding S.p.A.	296	180
Subsidiaries		
Piquadro España SLU	123	506
Piquadro Deutschland GmbH	164	119
Piquadro BV*	46	107
Piquadro Hong Kong Co. Ltd.	1,520	1,491
Piquadro Macau Limitada	69	26
Piquadro Trading Shenzhen Co. Ltd.	636	846
Piquadro Taiwan Co. Ltd.	402	250
Uni Best Leather Goods Zhongshan Co. Ltd.	8,152	8,147
Piquadro Swiss SA		-
Piquadro France SARL	445	245
Piquadro UK Limited	116	-
Total costs towards subsidiaries	**12,008**	**12,022**
Total Operating costs	**53,456**	**47,834**
% impact	**22.5%**	**25.1%**

* Company wound up on 1 July 2013

Operating costs towards subsidiaries mainly relate to the purchase of finished products made by the Company towards the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. and to the 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 UK Limited, Piquadro Hong Kong Co. Ltd., Piquadro Macau Limitada, Piquadro Trading Shenzhen Co. Ltd. e Piquadro Taiwan Co. Ltd., carried out on the basis of market values.

During the FY 2013/2014 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 subsidiaries:

Financial income	31 March 2014	31 March 2013
(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	2
Piquadro Middle East Leather Products LLC*	-	11
Piquadro Macau Limitada	1	1
Piquadro Swiss SA	3	1
Piquadro Hong Kong Co. Ltd.	3	-
Piquadro UK Limited	2	-
Total financial income from subsidiaries	**12**	**16**
Total financial income	**527**	**639**
% impact	**2.3%**	**2.5%**

* Company wound up on 6 December 2012

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 2013/2014, Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 683,724 relating to the profit for the FY 2012/2013;
- 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 FY 2013/2014 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 2013/2014 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 2014, the 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	Fees for the position	Non-monetary benefits	Bonuses and other incentives	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/13-26/07/13	2013	128	2	-	-	130
Marco Palmieri	Chairman and CEO	26/07/13-31/03/14	2016	272	5	-	-	277
Pierpaolo Palmieri	Vice–	01/04/13-	2013	64	1	-	-	65

	Chairman and Executive Director	26/07/13						
Pierpaolo Palmieri	Vice – Chairman and Executive Director	26/07/13-31/03/14	2016	136	3	-	-	139
Marcello Piccioli	Executive Director	01/04/13-26/07/13	2013	58	1	-	1	60
Marcello Piccioli	Executive Director	26/07/13-31/03/14	2016	122	2	-	3	127
Roberto Trotta	Executive Director	01/04/13-26/07/13	2013	-[1]	1	-	39	40
Roberto Trotta	Executive Director	26/07/13-31/03/14	2016	-[1]	2	-	83	85
Gianni Lorenzoni	Lead Independent Director	01/04/13-26/07/13	2013	7.9	-	-	-	7.9
Gianni Lorenzoni	Lead Independent Director	26/07/13-31/03/14	2016	12.1	-	-	1.4	13.5
Paola Bonomo	Independent Director	26/07/13-31/03/14	2016	12.1	-	-	1.4	13.5
Anna Gatti	Independent Director	26/07/13-31/03/14	2016	12.1	-	-	1.4	13.5
Sergio Marchese	Non-executive Director	01/04/13-26/07/13	2013	2.5	-	-	-	2.5
Roberto Tunioli	Independent Director	01/04/13-26/07/13	2013	7.9	-	-	-	7.9
				834.6	**17**	**-**	**130.2**	**981.8**

1) He waived the emolument for the period from 01/04/2013 to 31/03/2014.

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	Other fees	Total
Pietro Michele Villa	Regular member – Chairman	01/04/13-26/07/13	2013	7.8	-	7.8
Pietro Michele Villa	Regular member	26/07/13-31/03/14	2016	11.2	-	11.2
Alessandro Galli	Regular member	01/04/13-26/07/13	2013	9.2	-	9.2
Vittorio Melchionda	Regular member	01/04/13-26/07/13	2013	9.5	-	9.5
Giuseppe Fredella	Regular member – Chairman	26/07/13-31/03/14	2016	16.7	-	16.7
Patrizia Riva	Regular member	26/07/13-31/03/14	2016	11.2	-	11.2
				65.6	**-**	**65.6**

The Statutory Auditors are also entitled to receive the reimbursement of expenses incurred for the reasons of their position, which amounted to Euro 2,440 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	128
Other services	Parent Company's Auditors and network of the Parent Company's Auditors	20
Subsidiary's Auditing	Parent Company's Auditors and network of the Parent Company's Auditors	67

Note 39 – Events after the year end

In addition to the information indicated above, no significant events were reported from 1 April 2014 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 2013/2014, 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 2013/2014, 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 2014, 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 2013 – 31 March 2014.

It is also certified that the consolidated financial statements as at 31 March 2014:

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), 18 June 2014

Marco Palmieri
Chief Executive Officer

Signed: Marco Palmieri

Roberto Trotta
Manager responsible for the preparation of corporate accounting documents
Signed: Roberto Trotta

KEY DATA OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES
AT 31 MARCH 2014

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	1,683	233	51
Operating costs	(1,633)	(215)	(362)
Operating result	50	18	(311)
Financial income (charges)	-	(2)	1
Pre-tax operating result	50	16	(310)
Income taxes	(12)	(3)	-
Result for the period	**38**	**13**	**(310)**

Balance Sheet *(in thousands of Euro)*	**Piquadro España SLU**	**Piquadro Deutschland GmbH**	**Piquadro BV**
Assets			
Non-current assets	259	1	-
Current assets	1,077	232	-
Total assets	**1,336**	**233**	**-**
Equity and liabilities			
Equity	742	(31)	-
Non-current liabilities	32	-	-
Current liabilities	562	264	-
Total Equity and Liabilities	**1,336**	**233**	**-**

Income Statement *(in thousands of Euro)*	**Piquadro Swiss SA (d)**	**Piquadro France SARL**	**Piquadro UK Limited**
Revenues and other income	559	853	129
Operating costs	(591)	(834)	(123)
Operating result	(32)	19	6
Financial income (charges)	(4)	-	(2)
Pre-tax result	(36)	19	4
Income taxes	3	31	(1)
Result for the period	**(33)**	**50**	**3**

Balance Sheet *(in thousands of Euro)*	**Piquadro Swiss SA (d)**	**Piquadro France SARL**	**Piquadro UK Limited**
Assets			
Non-current assets	135	2,602	865
Current assets	332	433	692
Total assets	**467**	**3,035**	**1,557**
Equity and liabilities			
Equity	8	2,556	3
Non-current liabilities	-	-	-
Current liabilities	459	479	1,554
Total Equity and Liabilities	**467**	**3,035**	**1,557**

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	3,557	427	1,193	1,301
Operating costs	(3,503)	(422)	(1,185)	(1,288)
Operating result	54	5	8	13
Financial income (charges)	(118)	(33)	(26)	(4)
Pre-tax result	(64)	(28)	(18)	9
Income taxes	13	3	5	(2)
Result for the period	**(51)**	**(25)**	**(13)**	**7**

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	599	153	512	330
Current assets	916	203	1,267	1,082
Total assets	**1,515**	**356**	**1,779**	**1,412**
Equity and liabilities				
Equity	6	60	1,007	530
Non-current liabilities	-	-	-	-
Current liabilities	1,529	296	772	882
Total Equity and Liabilities	**1,515**	**356**	**1,779**	**1,412**

Production companies

Income Statement *(in thousands of Euro)*	**Uni Best Leather Goods Zhongshan Co. Ltd. (b)**
Revenues and other income	8,216
Operating costs	(8,579)
Operating result	(363)
Financial income (charges)	(7)
Pre-tax result	(370)
Income taxes	(36)
Result for the period	**(406)**

Balance Sheet *(in thousands of Euro)*	**Uni Best Leather Goods Zhongshan Co. Ltd. (b)**
Assets	
Non-current assets	172
Current assets	3,052
Total Assets	**3,224**
Equity and Liabilities	
Equity	258
Non-current liabilities	-
Current liabilities	2,966
Total Equity and Liabilities	**3,224**

Currency	Average exchange rate *	Final exchange rate *
	2014	2014
(a) Hong Kong Dollar (HKD)	10.40	10.70
(b) Renminbi (RMB)	8.20	8.58
(c) Taiwan Dollar (TWD)	40.07	42.01
(d) Swiss Franc (CHF)	1.23	1.22
(e) Great Britain Pound (GBP)	0.84	0.83

INDIPENDENT AUDITOR'S REPORT
AT 31 MARCH 2014

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

To the Shareholders of Piquadro SpA

1 We have audited the separate financial statements of Piquadro SpA (hereinafter also the "Company") as of 31 March 2014, which comprise statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and 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 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 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 2 July 2013.

3 In our opinion, the separate financial statements of Piquadro SpA as of 31 March 2014 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 the Company 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 the 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

PricewaterhouseCoopers SpA

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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 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 2014.

Bologna, 26 June 2014

PricewaterhouseCoopers SpA

signed by

Gianni Bendandi
(Partner)

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