TABLE OF CONTENTS

Piquadro S.p.A.
Registered office: Località Sassuriano, 246 - 40041 Silla di Gaggio Montano (Province of Bologna)
Authorised Share Capital: Euro 1,093,998
Subscribed and paid-up Share Capital: Euro 1,000,000
Bologna Register of Companies, Fiscal Code and VAT no. 02554531208

NOTICE OF CALL OF THE SHAREHOLDERS' MEETING

The Ordinary Shareholders' Meeting of Piquadro S.p.A. is hereby called, on 26 July 2016 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 28 July 2016, in the same place and at the same time, in order to discuss and resolve on the following

Agenda

1. Approval of the financial statements and presentation of the consolidated financial statements relating to the financial year ended 31 March 2016; proposed allocation of profits; Board of Directors' Report on operations; Independent Auditors' Report; Report of the Board of Statutory Auditors; inherent and consequent resolutions.
2. Appointment of Directors for the 2016/2017, 2017/2018 and 2018/2019 financial years, subject to prior determination of the number, and appointment of the Chairman; determination of the overall amount of fees due to all the Directors; inherent and consequent resolutions.
3. Appointment of the Board of Statutory Auditors and Chairman for the 2016/2017, 2017/2018 and 2018/2019 financial years; determination of the fees due to the Board of Statutory Auditors; inherent and consequent resolutions.
4. Appointment of independent auditors for the statutory audit of accounts relating to the 2016/2017 – 2024/2025 financial years.
5. 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.
6. Proposed authorisation submitted to the Board for the purchase and sale of treasury shares; inherent and consequent resolutions.

Share Capital and Voting rights

The current Share Capital of Piquadro S.p.A., subscribed and paid up, is Euro 1,000,000 and is divided into no. 50,000,000 ordinary shares of no par value; each ordinary share is entitled to one vote at the ordinary and extraordinary shareholders' meetings of the Company.
As of today the Company does not hold treasury shares.
Any information about the composition of the Share Capital is available in the Investor Relations section on the Company's website at the address: www.piquadro.com.

Attendance to the Shareholders' Meeting

Pursuant to law, article 13 of the Company's By-Laws and Article 83-*sexies* of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented ("TUF", *Testo Unico della Finanza*, Consolidated Act on Finance), 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 15 July 2016.
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 (i.e. 21 July 2016). 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 the TUF, 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 22 July 2016, or, should the Shareholders' Meeting be held on second call, by 26 July 2016). 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 22 July 2016, or, should the Shareholders' Meeting be held on second call, by 26 July 2016).

Questions

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, provided this occurs by 23 July 2016, 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 shall be accompanied by an appropriate notice issued by the authorised intermediary, proving the entitlement to exercise the voting right. 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 24 June 2016), to make additions to the list of issues to be discussed, specifying the additional proposed issues in the request.
The questions, together with the certification proving the ownership of the shareholding, shall be sent in writing, by registered office with return receipt, to the registered office or by email sent to the address: investor.relator@piquadro.com.
The applicant Shareholders shall deliver, by the time limit set out for the submission of request for additions, a report to the Board of Directors on the proposed issues for discussion. Additions to the agenda are not allowed for issues on which the Shareholders' Meeting resolves, pursuant to law, at the proposal of the Board of Directors or based on a project or report prepared by the same, other than the reports that are usually prepared by the Board of Directors on the issues on the agenda.
With reference to the limits, the procedures and/or the time limits for these additions, reference is made to the current laws and regulations and section 12.5 of the Company's By-Laws.

Appointment of the Board of Directors

With reference to the appointment of the Board of Directors, which may take place on the basis of lists submitted by the Shareholders, reference is made to section 17.2 of the Company's By-Laws and to the information published in the Company's website. In particular, it should be noted that lists may be submitted only by the Shareholders who will represent, either individually or together with other Shareholders, at least an overall percentage of 2.5% of the capital represented by ordinary shares, corresponding to no. 1,250,000 ordinary shares, on the date of submission of the lists at the Company. The lists, accompanied by the documentation required by the Company's By-Laws and by the applicable regulations, must be filed at the Company's registered office at least 25 (twenty-five) days before that set for the Shareholders' Meeting (by 1 July 2016), except for the certifications of the authorised intermediaries that attest to the overall stake held, as at the date of filing of the list, which may be sent to the Company by 5 July 2016. Any registrations made on the accounts of the Shareholder who has submitted the list after the date of submission of the list are not relevant for the purposes of the entitlement to exercise the right.
The lists that submit a number of candidates equal to or higher than three shall also include candidates of different gender so as to ensure a composition of the Board of Directors complying with the current regulations governing gender equality. As this is the second application of the rule, pursuant to the law mentioned above, a percentage equal at least to one third of elected directors shall be reserved for the less represented gender.
The Shareholders submitting a "minority list" are required to peruse the recommendations set out in CONSOB Communication No. DEM/9017893 of 26 February 2009, concerning the "Appointment of the members of governing and control bodies" and, in particular, to file, together with the list, a declaration attesting that no investment relationships exist, either directly or indirectly, as referred to in Article 147-*ter*, paragraph 3, of the TUF and in Article 144-*quinquies* of the Issuers' Regulation, with the Shareholders who hold, both individually and collectively, a controlling or relative majority relationship, where these can be identified on the basis of the notices on significant shareholdings referred to in Article 120 of the TUF or of the publication of shareholders' agreement pursuant to Article

122 of the TUF.
This declaration shall also specify such relationships as may be existing, if significant, with those Shareholders who hold, both individually and collectively, a controlling or relative majority relationship, where these can be identified, as well as the reasons for which these relationships have not been regarded as decisive for the existence of the abovementioned investment relationships, or it shall be declared that the relationships referred to above do not exist.
For any other information relating to the procedures for the preparation, submission and voting of the lists for the appointment of the Board of Directors, reference should be made to Section 17.2 of the By-Laws, which are available at the registered office and are published in the Investor Relations Section on the Company's website, at the address: www.piquadro.com.

Appointment of the Board of Statutory Auditors

With reference to the appointment of the Board of Statutory Auditors, which may take place on the basis of lists submitted by the Shareholders, reference is made to section 26.4 of the Company's By-Laws and to the information published in the Company's website. In particular, it should be noted that lists may be submitted only by the Shareholders who will represent, either individually or together with other Shareholders, at least an overall percentage of 2.5% of the capital represented by ordinary shares, corresponding to no. 1,250,000 ordinary shares, on the date of submission of the lists at the Company. The lists, accompanied by the documentation required by the Company's By-Laws and by the applicable regulations, must be sent to the Company at least 25 (twenty-five) days before that set for the Shareholders' Meeting (by 1 July 2016), except for the certifications of the authorised intermediaries that attest to the overall stake held, as at the date of filing of the list, which may be sent to the Company by 5 July 2016. Any registrations made on the accounts of the Shareholder who has submitted the list after the date of submission of the list are not relevant for the purposes of the entitlement to exercise the right.
If only a single list or lists submitted by Shareholders linked by significant relations of connection on the basis of the current provisions of law and regulations have been filed as at the date of expiry of the time limit for the filing, lists may be submitted up to the third day after said time limit and the thresholds of participation in the Share Capital required for the submission of lists are reduced by half.
In compliance with the current regulations governing gender equality, any lists that, considering both sections, submit a number of candidates equal to or higher than three shall also include candidates of different gender both at the first two positions of the section of the list relating to Standing Auditors, and at the first two positions of the section of the list relating to Alternate Auditors.
For any other information relating to the procedures for the preparation, submission and voting of the lists for the appointment of the Board of Statutory Auditors, reference should be made to Section 26.4 of the By-Laws, which are available at the registered office and are published in the Investor Relations Section on the Company's website, at the address: www.piquadro.com.
With reference to the appointment of the members of corporate bodies, reference is made to the recommendations under CONSOB Communication no. DEM/9017893 of 26 February 2009.
In order to allow the Company to identify the applicant entities, the lists may be filed, together with the related documentation, according to the following procedures: *(i)* by registered letter to be sent to the registered office or *(ii)* by certified email to be sent to the address: investor.relator@piquadro.com or to the fax number: +39 0534 409090.
The lists shall be made available to the public through the publication in the Investor Relations Sector on the Company' website at the address: www.piquadro.com, and at the authorized storage system named "NIS-Storage", which can be accessed from the address: www.emarketstorage.com by the 21st day prior to the date set for the Shareholder's Meeting (i.e. by 5 July 2016).

Appointment of the independent auditors for the statutory audit of the accounts relating to the 2016/2017 – 2024/2025 financial years

With reference to the fourth item on the agenda, it should be noted that the mandate granted to the Independent Auditors PricewaterhouseCoopers S.p.A. will expire at the same time as the approval of the financial statements at 31 March 2016, as a result of the expiry of the related term of office.
Pursuant to Article 17, paragraph 1, of Legislative Decree no. 10 of 27 January 2010, this appointment may not be renewed, nor granted once again, unless at least three financial years have passed from the date of termination of the previous appointment. Therefore, according to Section 27 of the Company's By-Laws, a new appointment will be made for the statutory audit of accounts.
Article 13 of Legislative Decree no. 10 of 27 January 2010 provides that the Shareholders' Meeting is responsible for making the appointment relating to the statutory audit of accounts and setting the fees payable to the independent auditors for the entire term of office and any possible criteria for adjusting these fees during the performance of the engagement, at the reasoned proposal of the Board of Statutory Auditors.
The appointment will have a term of nine financial years, with effect from the date of the financial statements for the year that will end on 31 March 2017 and until the approval of the financial statements for the year that will end on 31 March 2025.

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, and at the authorised storage system named “NIS-Storage” that can be accessed from the address: www.emarketstorage.com, 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, and at the authorised storage system named “NIS-Storage” that can be accessed from the address: www.emarketstorage.com, within the time limits set out by law and according to the procedures envisaged by the current regulations. The Shareholders are entitled to obtain a copy thereof.
The Shareholders’ Meeting may be attended by experts, financial analysts and journalists who are invited to send, for this purpose, a request for participation at least two days before the meeting on first call to the following fax number: fax +39 0534 409090.

Silla di Gaggio Montano, 14 June 2016

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 1,093,998

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 ("DOSs") 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*
Rome - Galleria Alberto Sordi (Piquadro S.p.A.)	*Point of sale*
Barcelona - Paseo de Gracia 11, Planta Baja (Piquadro España SLU)	*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*
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) - "McArthurGlen Designer Outlets" (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*
Taipei (Taiwan) - Eslite Dun Nan (Piquadro Taiwan Co. Ltd.)	*Point of sale*
Taipei (Taiwan) - Xin Yin Shop (Piquadro Taiwan Co. Ltd.)	*Point of sale*
Marcianise (CE) - c/o "Factory Outlet Centre" (Piquadro S.p.A.)	*Retail outlet*
Hong Kong - Kowloon – I Square Shopping Mall (Piquadro Taiwan Co. Ltd)	*Point of sale*
Agira (EN) - Sicilia Fashion Outlet Centre (Piquadro S.p.A.)	*Retail outlet*
Rimini - Shopping Mall "Le Befane" (Piquadro S.p.A.)	*Point of sale*
Milan – Corso Buenos Aires 10 (Piquadro S.p.A)	*Point of sale*
Assago (MI) – Shopping Mall "Milanofiori" (Piquadro S.p.A)	*Point of sale*
Kaohsiung City (Taiwan) - Shopping Mall "Dream Mall" (Piquadro Taiwan Co. Ltd.)	*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*
Rome – Via Frattina 149 (Piquadro S.p.A.)	*Point of sale*
Rozzano (MI) – Shopping Mall "Fiordaliso" (Piquadro S.p.A.)	*Point of sale*
Taipei (Taiwan) – Sogo Zhongxiao Shop (Piquadro Taiwan Co. Ltd.)	*Point of sale*
Mendrisio (Switzerland) – Fox Town Outlet Centre (Piquadro Swiss SA)	*Retail outlet*
Barcelona (Spain) – El Corte Ingles, Plaza Catalunya 14 (Piquadro España SLU)	*Point of sale*
Verona – Piazza delle Erbe 10 (Piquadro S.p.A.)	*Point of sale*
Milan - Malpensa Airport, Tulipano Terminal 1 (Piquadro S.p.A.)	*Point of sale*
Paris (France) – Rue Saint Honorè 330/332 (Piquadro France SARL)	*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*
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*
Turin – Via Roma 330/332 (Piquadro S.p.A.)	*Point of sale*
Valencia (Spain) – El Corte Ingles, Calle Pintor Sorolla (Piquadro España SLU)	*Point of sale*
Tainan City (Taiwan) – Mitsukoshi (Piquadro Taiwan Co. Ltd.)	*Point of sale*

Barcelona (Spain) – El Corte Ingles Diagonal, Av. Diagonal (Piquadro España SLU)	*Point of sale*
London (Great Britain) – Regent Street 67 (Piquadro UK Limited)	*Point of sale*
Taipei City (Taiwan) – Mitsukoshi Taipei Xinyi (Piquadro Taiwan Co. Ltd.)	*Point of sale*
Rome - Fiumicino Airport, Terminal 1 (Piquadro S.p.A.)	*Point of sale*
Castelguelfo (BO) - ”The Style Outlets” (Piquadro S.p.A.)	*Point of sale*
New York (USA) - New York Madison Avenue (Piquadro LLC)	*Point of sale*
Milan –Malpensa Airport (Piquadro S.p.A.)	*Point of sale*
Serravalle Scrivia (AL) - ”Serravalle Designer Outlet” (Piquadro S.p.A.)	*Retail outlet*
Barcelona (Spain) - “La Roca Village” (Piquadro España SLU)	*Retail outlet*
Rome –Fiumicino Airport, Area D (Piquadro S.p.A.)	*Point of sale*
Milan - Malpensa Airport, Terminal 2 - Ferno (VA) (Piquadro S.p.A.)	*Point of sale*
Moscow (Russia) – Afimall (Piquadro S.p.A.)	*Point of sale*
Moscow (Russia) – Metropolis (Piquadro S.p.A.)	*Point of sale*
Moscow (Russia) – Mega (Piquadro S.p.A.)	*Point of sale*
Moscow (Russia) – Atrium (Piquadro S.p.A.)	*Point of sale*
Moscow (Russia) – Europejsky (Piquadro S.p.A.)	*Point of sale*

Introduction

This Report on Operations (or the "Report") relates to the consolidated and separate financial statements of Piquadro S.p.A. (hereinafter also referred to as the "Company" or the "Parent Company") and its Subsidiaries ("Piquadro Group" or the "Group") at 31 March 2016, 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 explanatory Notes, which make up the financial statements relating to the financial year 1 April 2015 – 31 March 2016 (the "FY 2015/2016").

The financial year under consideration is compared to the data for the 2014/2015 financial year (the "FY 2014/2015"), which relates to the period from 1 April 2014 to 31 March 2015.

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

CORPORATE BODIES HOLDING OFFICE AT 31 MARCH 2016

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

Regular members

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

Substitute members
Giacomo Passaniti
Maria Stefania Sala

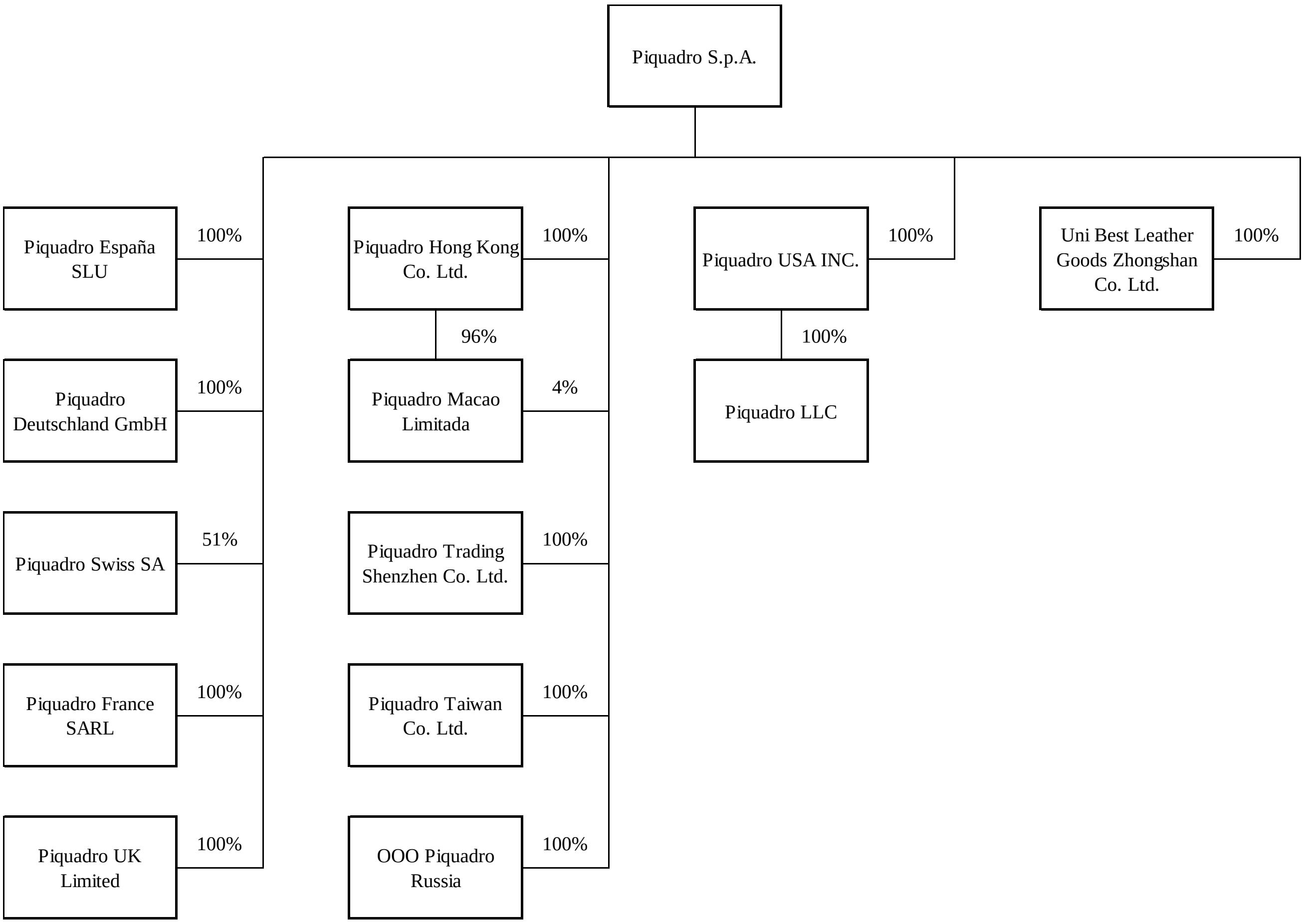
- **INDEPENDENT AUDITORS**
  (holding office for nine years until the date of the Shareholders' Meeting called to approve the financial statements at 31 March 2016)
  PricewaterhouseCoopers S.p.A.

- **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 at 31 March 2016:



The Group's business

The Piquadro Group operates in the leather goods market and 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 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 2016, part of the small leather goods and of some lines of briefcases, which accounts for about 41.4% 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, at 31 March 2016, included 58 directly operated single-brand stores (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 (42 shops at 31 March 2016) and by distributors who then resell the articles in specialist multi-brand shops.

In the financial year ended 31 March 2016, about 37.0% of the Group's consolidated revenues were achieved through the direct channel (+1.0% compared to the financial year ended 31 March 2015), while the remaining 63.0% of consolidated revenues was achieved through the indirect channel (+1.0% compared to the financial year ended 31 March 2015).

Operations

In the financial year ended 31 March 2016 the Piquadro Group recorded, at revenue level, an increasing performance of 3.1% compared to the FY 2014/2015. In fact, the Piquadro Group reported net sales revenues equal to Euro 69,311 thousand compared to Euro 67,209thousand recorded in the previous year. The increase in revenues, which is commented on in detail below in this Report, was attributable both to an increase in sales to independent distributors and an increase in sales in the DOS channel, in addition to an 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 2015, were equal to about 1,031 thousand units, up by about 5.4% compared to the value posted in the financial year ended 31 March 2015 (about 978 thousand units sold). As regards average selling prices, the financial year ended 31 March 2016 reported an increase equal to about 0.4% compared to the previous year, including the mix effect.

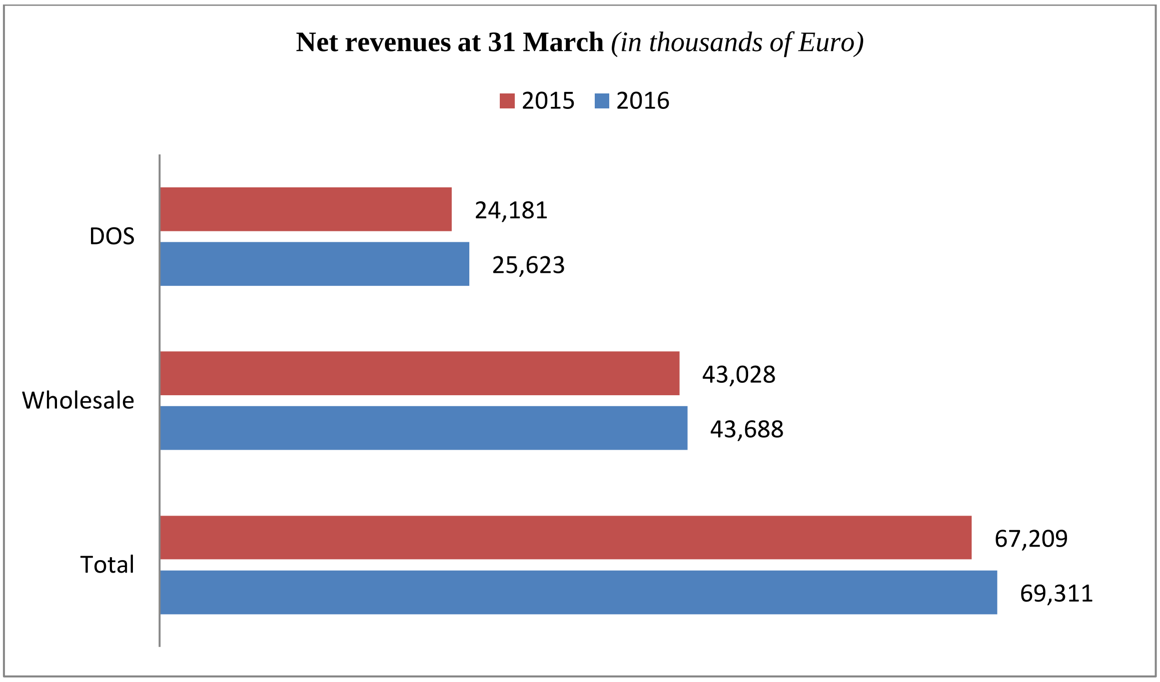
Sales revenues

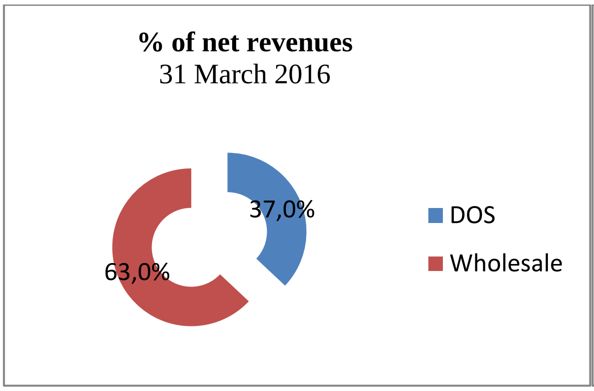
In the financial year ended 31 March 2016, the Piquadro Group reported sales revenues equal to Euro 69,311 thousand, up by 3.1% compared to the financial year ended 31 March 2015. The increase in the turnover was determined by the growth in both DOS and Wholesale channels. The DOS channel also included the sales generated from the e-commerce website of the Group, up by 37.5% compared to the financial year ended 31 March 2015.
Below are reported the breakdowns of revenues by distribution channel and geographical area.

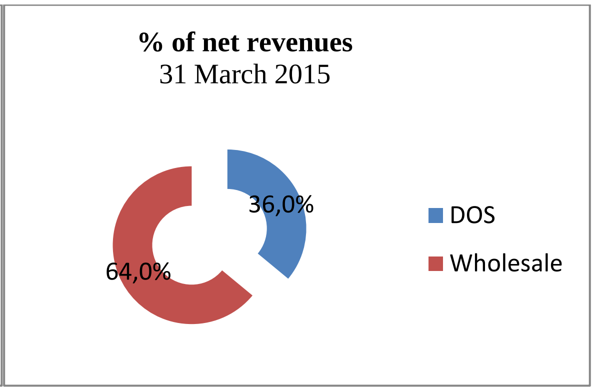
Breakdown of revenues by distribution channel

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 2016 and compared to the financial year ended 31 March 2015:

Sales channel *(in thousands of Euro)*	**Sales revenues at 31 March 2016**	**%**	**Sales revenues at 31 March 2015**	**%**	**% change 2016/2015**
DOSs	25,623	37.0%	24,181	36.0%	6.0%
Wholesale	43,688	63.0%	43,028	64.0%	1.5%
Total	**69,311**	**100.0%**	**67,209**	**100.0%**	**3.1%**







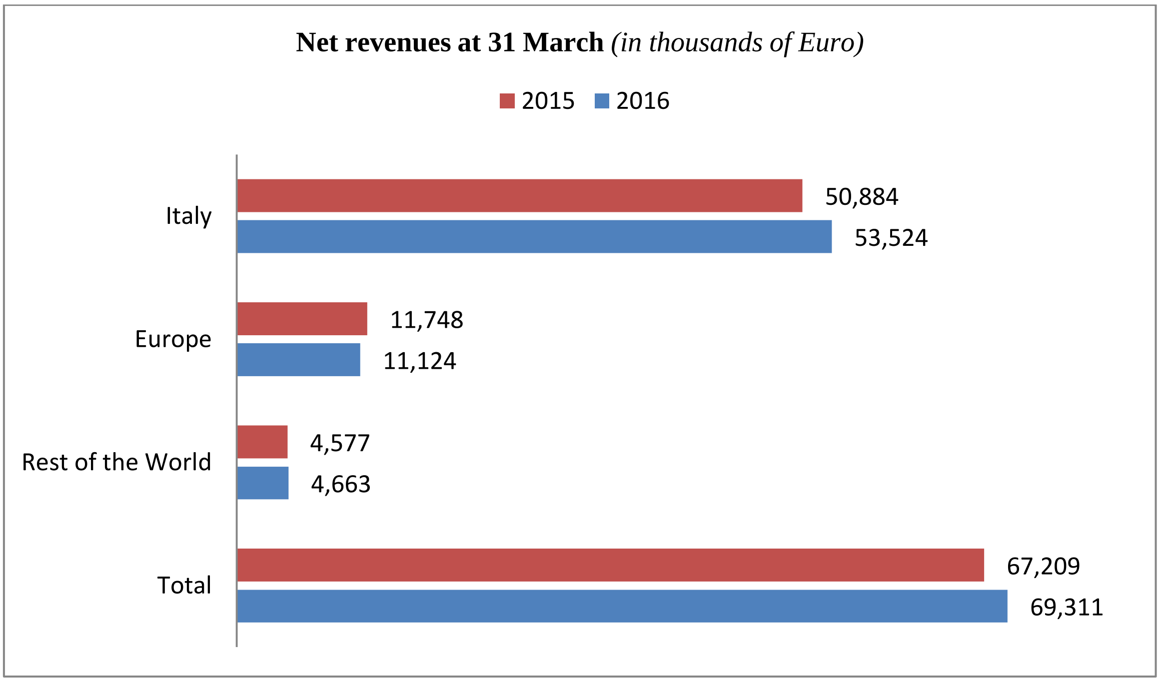
The revenues reported by the DOS channel increased by 6.0% compared to the financial year ended 31 March 2016; this increase was determined both by the marginal increase in the quantities sold in the already existing shops in the previous year and by the contribution given by the opening of 12 new shops, net of the closures of 5 shops. The DOS channel also included the sales from the Group's e-commerce website, which showed an increase of 37.5%. 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 6.7% (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 6.0%).
The strategy planned by the Group is aimed at also 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 63.0% of the Group's total turnover at 31 March 2016, recorded an increase of 1.5% compared to the FY 2014/2015. This growth was driven by sales on the domestic and non-EU market. Sales reported by the Wholesale channel in the European market, at 31 March 2016, accounted for 16.9% of the Wholesale sales of the Piquadro Group. At 31 March 2016, sales reported by the

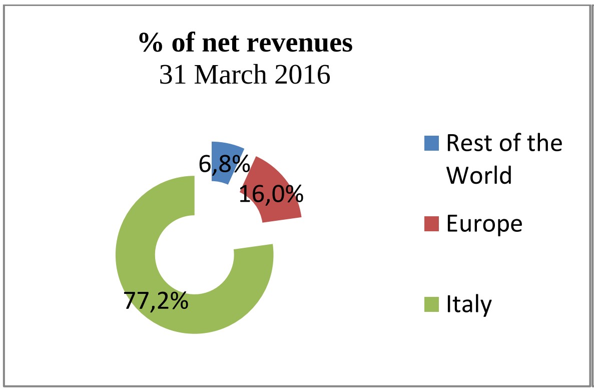
Wholesale channel in the foreign market (which includes Europe and the non-European geographical area named "Rest of the World") accounted for 14.5% of the consolidated turnover (15.1% at 31 March 2015). On the contrary, sales reported by the Wholesale channel in the domestic market accounted for 48.5% of the consolidated turnover (48.9% at 31 March 2015), up by 2.2%.

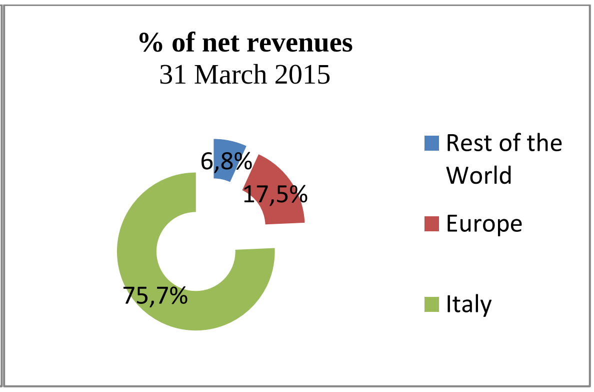
Breakdown of revenues by geographical area

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

(in thousands of Euro)	**Sales revenues at 31 March 2016**	**%**	**Sales revenues at 31 March 2015**	**%**	**% Change 2016/2015**
Italy	53,524	77.2%	50,884	75.7%	5.2%
Europe	11,124	16.0%	11,748	17.5%	(5.3%)
Rest of the World	4,663	6.8%	4,577	6.8%	1.8%
Total	**69,311**	**100.0%**	**67,209**	**100.0%**	**3.1%**







From a geographical point of view, at 31 March 2016, the Group's revenues showed an increase of 5.2% in the sales on the Italian market, which accounts for a percentage of the Group's total turnover which is still high, equal to 77.2%. On the contrary, in the European market, the Group recorded a turnover of Euro 11.1 million, equal to 16.0% of consolidated sales (17.5% of consolidated sales at 31 March 2015), down by 5.3% compared to the FY 2014/2015. In the non-European geographical area (named "Rest of the World"), where the Group sells in 33 Countries, turnover increased by 1.8% compared to the FY 2014/2015, mainly as a result of the turnover in new markets such as the United States and Mexico.

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 5.4% compared to the financial year ended 31 March 2015;
(ii) a positive SSSG data in the comparable shops, equal to about 6.7% at current exchange rates;
(iii) an increase in average prices, including the mix effect, equal to about 0.4% in the financial year ended 31 March 2016 compared to the financial year ended 31 March 2015;
(iv) opening of new points of sale, in the DOS channel (12 shops opened in the financial year ended 31 March 2016), which accounted for 7.6% compared to the consolidated DOS turnover.

The financial statements for the year ended 31 March 2016 saw a decrease in the performance of the Group's profitability compared to the same period in the previous year, with an operating result down by 3.5% compared to the FY 2014/2015 (from Euro 5,958 thousand – equal to 8.9% of total sales revenues - in the financial year ended 31 March 2015 to Euro 5,751 thousand - equal to 8.3% of total sales revenues - in the financial year ended 31 March 2016). The decrease in the operating result was mainly attributable to higher marketing and production costs that increased, in particular, in the last quarter of the year because of an appreciation of the US Dollar, which was largely offset by the forward hedges entered into by the Parent Company, the effects of which have been recognised under financial income/costs and, consequently, under the pre-tax result.

At pre-tax result level, the Group recorded a decrease of 1.7%, passing from Euro 5,942 thousand at 31 March 2015 to Euro 5,842 thousand recorded in the financial year ended 31 March 2016.

Summary economic-financial data

Below are reported the Group's main economic-financial indicators at 31 March 2016:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Revenues from sales	69,311	67,209
EBITDA (a)	8,360	8,796
EBIT (b)	5,716	5,958
Pre-tax result	5,842	5,942
Group's profit for the period	3,878	4,079
Amortisation and depreciation of fixed assets and write-downs of receivables	2,914	3,224
Financial absorption (Group net profit, amortisation and depreciation, write-downs)	6,792	7,303
Net Financial Position (c)	(6,749)	(7,012)
Shareholders' equity	36,790	35,411

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 8,360 thousand, against Euro 8,796 thousand recorded in the financial year ended 31 March 2015 and at 31 March 2016 it accounted for 12.1% of consolidated revenues (13.1% in the financial year ended 31 March 2015).

In the financial year ended 31 March 2016, the Group used about Euro 4.1 million for marketing and communication activities (Euro 3.7 million at 31 March 2015) in order to develop and promote the Piquadro brand.

Amortisation and depreciation were equal to Euro 2,472 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 74 thousand, the depreciation of industrial and business equipment for Euro 1,523 thousand (including fittings for shops for about Euro 1,315 thousand), the depreciation of other assets for Euro 6 thousand, the amortisation of the key moneys paid out for Euro 461 thousand, the amortisation of software for 205 thousand, the amortisation of patent rights for Euro 3 thousand and the amortisation of trademarks for Euro 56 thousand.
Net write-downs, equal to Euro 173 thousand, mainly related to the write-down of furniture and fittings for the disposal of the shop in Aeroville in France.

EBIT came to Euro 5,716 thousand, equal to 8.2% of net sales revenues, down by 4.1% compared to the value recorded in the financial year ended 31 March 2015 (Euro 5,958 thousand, equal to 8.9% of net sales revenues). In general, the relative decrease in the EBIT was attributable to higher marketing costs (up by Euro 339 thousand, passed from Euro 3.7 million at 31 March 2015 to Euro 4.1 million at 31 March 2016, 5.4% and 5.8%, respectively, of the annual turnover) and higher production costs, which increased because of an appreciation of the US Dollar, which was largely offset by the forward hedges entered into by the Parent Company, the effects of which have been recognised under financial income/costs and, consequently, under the pre-tax result.
The result from financial operations, which posted a positive value of Euro 127 thousand (against a negative value of Euro 16 thousand at 31 March 2015), was attributable to the net financial debt dynamics, in relation to which attention should be paid to the differential between foreign exchange gains and losses (which was positive for Euro 593 thousand at 31 March 2016, against a positive value of Euro 774 thousand at 31 March 2015).

The pre-tax result recorded by the Group in the financial year ended 31 March 2016 came to about Euro 5,842 thousand (down by 1.7% against the value recorded in the financial year ended 31 March 2015, equal to Euro 5,942 thousand) and was affected by income taxes, including the effects of deferred taxation, equal to Euro 1,964 thousand, for an overall tax rate amounting to 33.6% (31.4% for the financial year ended 31 March 2015).

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 flows 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 2016 and at 31 March 2015:

Profitability Ratio	Composition of the ratio	31 March 2016	31 March 2015
Return on sales (R.O.S.)	EBIT/Net sales revenues	8.2%	8.9%
Return on Investment (R.O.I.)	EBIT/Net invested capital	13.1%	13.5%
Return on Equity (R.O.E.)	Profit for the period/Shareholders’ Equity	10.5%	11.6%

Investments

Investments in intangible assets, property, plant and equipment and non-current financial assets were equal to Euro 2,410 thousand in the financial year ended 31 March 2016 (Euro 1,581 thousand at 31 March 2015), as reported below:

(in thousands of Euro)	31 March 2016	31 March 2015
Investments		
Intangible assets	225	213
Property, plant and equipment	2,185	1,368
Non-current financial assets	0	0
Total	**2,410**	**1,581**

Increases in intangible assets, equal to Euro 225 thousand in the financial year ended 31 March 2016 (Euro 213 thousand at 31 March 2015) mainly related to investments in software and IT products for Euro 163 thousand and to trademarks for Euro 20 thousand.
Increases in property, plant and equipment, equal to Euro 2,185 thousand in the financial year ended 31 March 2016 (Euro 1,368 thousand at 31 March 2015), were mainly attributable to the purchases of moulds relating to new products for Euro 97 thousand, to furniture and fittings for Euro 1,843 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 17 thousand, to the purchase of electronic machines for Euro 120 thousand and to the purchase of minor assets for Euro 12 thousand.

Balance Sheet

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

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Trade receivables	23,801	23,185
Inventories	16,344	15,962
(Trade payables)	(12,521)	(13,657)
Total net current trade assets	*27,624*	*25,490*
Other current assets	1,893	1,537
Tax receivables	328	908
(Other current liabilities)	(3,078)	(3,266)
(Tax payables)	(458)	(163)
A) Working capital	***26,309***	***24,506***
Intangible assets	4,107	4,608
Property, plant and equipment	12,618	12,624
Receivables from others beyond 12 months	700	682
Deferred tax assets	1,182	1,338
B) Fixed assets	***18,608***	***19,252***
C) Non-current provisions and non-financial liabilities	***(1,378)***	***(1,335)***
Net invested capital (A+B+C)	**43,539**	**42,423**
FINANCED BY:		
D) Net financial debt	***6,749***	***7,012***
E) Equity attributable to minority interests	***(105)***	***(40)***
F) Equity attributable to the Group	***36,895***	***35,451***
Total borrowings and Shareholders' Equity (D+E+F)	**43,539**	**42,423**

Net Financial Position

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

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
(A) Cash	93	86
(B) Other cash and cash equivalents (available current bank accounts)	10,121	12,619
(C) Liquidity (A) + (B)	**10,214**	**12,705**
(D) Finance leases	(606)	(625)
(E) Current bank debt	0	0
(F) Current portion of current debt	(7,881)	(9,695)
(G) Current financial debt (D) + (E) + (F)	**(8,487)**	**(10,320)**
(H) Short-term net financial position (C) + (G)	**1,728**	**2,385**
(I) Non-current bank debt	(7,046)	(7,312)
(L) Finance leases	(1,431)	(2,085)
(M) Non-current financial debt (I) + (L)	**(8,477)**	**(9,397)**
(N) Net Financial Position (H) + (M)	**(6,749)**	**(7,012)**

As at 31 March 2016, the Net Financial Position posted a negative value of about Euro 6.7 million, improved by about Euro 263 thousand compared to the debt of about Euro 7.0 million recorded at 31 March 2015.
The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- a free cash flow from operating activities equal to about Euro 6.8 million;
- dividends paid in relation to the profit for the FY 2014/2015 for Euro 2.0 million (with a payout equal to about 66.7% of the profit resulting from the separate financial statements of the Parent Company);
- investments in property, plant and equipment and intangible assets for about Euro 2.4 million;
- an increase in the net current assets of about Euro 2.1 million, which was mostly due to an increase in trade receivables, an increase in the Wholesale turnover and to a decrease in trade payables, a change arising from reduced purchases during the last quarter of the year.

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 at 31 March 2016:

(in thousands of Euro)	**Result at 31 March 2016**	**Equity at 31 March 2016**	**Result at 31 March 2015**	**Equity at 31 March 2015**
Equity and result for the period as reported in the separate financial statements of Piquadro S.p.A.	**3,818**	**35,990**	**3,022**	**34,112**
Derecognition of the book value of consolidated equity investments	60	913	434	1,416
Derecognition of the effects of transactions effected between consolidated companies:				
Profits included in closing inventories	55	(400)	402	(456)
Other minor items	41	213	256	172
Write-downs and impairment	(28)	179	4	206
Equity and result for the period attributable to the Group	**3,946**	**36,895**	**4,119**	**35,451**
Profits (Losses) and Equity attributable to minority interests	(68)	(105)	(40)	(40)
Equity and consolidated profit	**3,878**	**36,790**	**4,079**	**35,411**

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 2016 the Group had 687 members of staff compared to 656 units at 31 March 2015. Below is reported the breakdown of staff by Country:

Country	**31 March 2016**	**31 March 2015**
Italy	247	233
China	351	346
Hong Kong	7	15
Macau	0	0
Germany	1	2
Spain	17	16
Taiwan	24	27
France	3	7
Switzerland	7	5
United Kingdom	4	5

Russia	23	0
USA	3	0
Total	**687**	**656**

With reference to the Group's organisational structure, at 31 March 2016, 41.0% of staff operated in the Production area, 32.8% in the Retail area, 15.6% in the support functions (Administration, IT Systems, Purchasing, Human Resources, Marketing, etc.), 7.1% in the Research and Development area and 3.5% in the Sales area.

Corporate social responsibility

The Piquadro Group has been committed to corporate social responsibility starting from 2010, when 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 2016, the Parent Company implemented a system of measures aimed at improving health and safety at work on an ongoing basis. The final objective of this programme is the implementation of a documentary system that can be certified. The purpose of the certification is to objectively prove the quality of the safety standards achieved and constitutes an element of exemption from the liability and obligations defined under Legislative Decree no. 231. The Piquadro Group believes that the desired benefits can be multiplied only through the implementation of a shared system and the main tool to achieve these objectives is the general adoption of a safety policy aimed at complying with the regulatory obligations through spontaneous improvement actions. The documentary system has also been integrated by considering the risks of interference that can arise inside the points of sales and training course requirements have been met within the retail system.
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 (*Documento Programmatico sulla Sicurezza*).

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 14 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 35 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 2016, the Group's Research and Development activity was aimed at the completion of three new continuous lines: *CELION*, *PULSE P16* and *MOVE2*. Specifically, a leather case was designed, which contained a customised technological device named *CONNEQU* for the *PULSE P16*, *MOVE2* collections and for 3 small accessories of the Blue Square collection. This device and the related App developed by Piquadro allow the communication via smartphones with the object to which it has been matched, showing whether the object is near or far. A large amount of research and commitment was devoted to setting up a wide range of materials used in the new lines *Move2, Pulse P16 and Coleos*. During the year work also continued on the Made in Italy production with the collection *IT5-Archimede*, thus confirming 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.

Great commitment in terms of product development was shown in preparing the seasonal collections autumn-winter 2015-2016 and spring-summer 2016, in particular for the lines designed and created in collaboration with the designer Giancarlo Petriglia. This collaboration has given rise to lines capable of melting the technological and functional essence of Piquadro and a special creativeness in terms of materials, forms and colour combination.

Furthermore, the Group's Research and Development activity also involved the creation of new lines of accessories (belts and gloves), the enlargement of the range of small leather goods, specifically by setting up the *EDGE* collection, as well as the completion of slipcases for the new and most important technology devices presented in the market.

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, in the separate financial statements and in the Notes to the Financial Statements

In reporting the performance of the Group, the main events were already implicitly illustrated in relation to the Parent Company whose revenues from the separate financial statements, including relations with Group Companies, account for about 96% of consolidated revenues.

Operations

The financial year ended 31 March 2016 saw an increase in sales revenues equal to 4.6% compared to the financial year ended 31 March 2015. The performance of revenues, which is commented on in detail below in this Report, mainly derives from the domestic market, where the Company holds a leadership position. As regards average selling prices, the financial year ended 31 March 2016 reported an increase equal to about 0.37%, including the mix effect.

Sales revenues

In the financial year ended 31 March 2016, the Company reported net sales revenues equal to Euro 66,734 thousand, up by 4.6% compared to the revenues reported in the financial year ended 31 March 2015 (Euro 63,733 thousand). The performance of revenues is attributable to the positive performances recorded in the domestic market (about +5.2% for an increasing counter-value of Euro 2,640 thousand) mainly in the DOS channel; Europe reported a decrease in revenues of 5.2% compared to the previous financial year, due to a decline in the orders in Russia, while the Rest of the World recorded an increase of 29.1%.

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 2016 and compared to the financial year ended 31 March 2015:

Sales channel *(in thousands of Euro)*	**Sales revenues at 31 March 2016**	**%**	**Sales revenues at 31 March 2015**	**%**	**% change 2016/2015**
DOS	23,046	34.5%	20,745	32.5%	11.1%
Wholesale	43,688	65.5%	43,028	67.5%	1.5%
Total	**66,734**	**100.0%**	**63,773**	**100.0%**	**4.6%**

The revenues reported by the DOS channel increased by 11.1% compared to the financial year ended 31 March 2015; this increase was determined by the opening of 10 new shops, of which 5 in Russia (opened between February 2016 and March 2016) and 5 in Italy (Milan Malpensa Airport, opened in June 2015; Serravalle Scrivia (AL) - ”Serravalle Designer Outlet”, opened in August 2015; Rome, Roma Termini station, opened in November 2015; Rome –Fiumicino Airport, Area D, opened in December 2015; Milan - Malpensa Airport, Terminal 2 - Ferno (VA), opened in December 2015).
The strategy planned by the Company is also 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 65.5% of the Company’s total turnover, recorded an increase of 1.5% compared to the financial year ended 31 March 2015 and were mainly affected by the growth in the domestic market.

Below are reported the breakdowns of revenues by geographical area:

(in thousands of Euro)	**Sales revenues at 31 March 2016**	**%**	**Sales revenues at 31 March 2015**	**%**	**% Change 2016-2015**
Italy	53,524	80.2%	50,884	79.8%	5.2%
Europe	9,467	14.2%	9,990	15.7%	(5.2%)
Rest of the World	3,743	5.6%	2,899	4.5%	29.1%
Total	**66,734**	**100.0%**	**63,773**	**100.0%**	**4.6%**

The Company's revenues for the FY 2015/2016 show that the Italian market still accounts for a very significant percentage of the total turnover (80.2%). In the FY 2015/2016, the Company opened, in the domestic market, 12 DOS points of sale. Within the European market, the Company achieved a turnover equal to Euro 9,467 thousand, down by 5.2% compared to the financial year ended 31 March 2015, which is equal to 14.2% in terms of percentage impact of the total turnover of the year 2015/2016. In the geographical area named "Rest of the World", where the Company sells in 33 Countries, the Company reported an increase in the turnover of about 29.1%.

Summary economic-financial data

Below are reported the results of Piquadro S.p.A. at 31 March 2016 compared to the same indicators at 31 March 2015:

Economic and financial ratios *(in thousands of Euro)*	**31 March 2016**	**31 March 2015**
Revenues from sales	66,734	63,773
EBITDA (a)	7,416	6,589
EBIT (b)	5,562	4,814
After-tax result	3,818	3,022
Depreciation of property, plant and equipment, amortisation of intangible assets and write-downs of receivables	2,123	2,205
Cash flow (net result before amortisation, depreciation and write-downs)	5,941	5,227

EBITDA for the period came to Euro 7.4 million against Euro 6.6 million reported in the FY 2014/2015, accounting for 11.1% of the Company's revenues at 31 March 2016 (10.3% in the financial year ended 31 March 2015).

In the FY 2015/2016, the Company used Euro 4.1 million for marketing and communication activities, in order to develop and promote the Piquadro brand (Euro 3.6 million in the FY 2014/2015).

Amortisation and depreciation were equal to Euro 1,806 thousand and mainly related to the depreciation of the building where the Company operates (Euro 196 thousand), the depreciation of plant and machinery (Euro 59 thousand), industrial and business equipment (Euro 1,117 thousand) (including the depreciation of fittings for shops for Euro 973 thousand), the amortisation and depreciation of other assets (Euro 6 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 218 thousand), the amortisation of software (Euro 150 thousand), the amortisation of trademarks (Euro 55 thousand) and the amortisation of patent rights (Euro 3 thousand).

EBIT came to around Euro 5.6 million, equal to 8.3% of sales revenues, up by 15.5% compared to the value recorded in the FY 2014/2015 (a percentage equal to 7.5% of sales revenues).

The result from financial operations, which posted a positive value equal to about Euro 154 thousand, was mainly attributable to the net financial debt dynamics, net of exchange differences. The differential between foreign exchange gains and losses posted a positive value equal to Euro 510 thousand (against a positive value equal to Euro 469 thousand at 31 March 2015).

The pre-tax result recorded by the Company in the financial year ended 31 March 2016 came to Euro 5.7 million (Euro 4.6 million at 31 March 2015) and was affected by income taxes, including the effects of deferred taxation, equal to about Euro 1.9 million for an overall tax rate amounting to 33.2% (34.0% for the financial year ended 31 March 2015).

The net result recorded by the Company in the financial year ended 31 March 2016 recorded an increase of 26.3%, passing from Euro 3.0 million in the financial year ended 31 March 2015 to Euro 3.8 million in the financial year ended 31 March 2016.

Profitability ratios

Below are reported the main Profitability ratios relating to the FYs ended 31 March 2016 and 31 March 2015:

Profitability ratios	Composition of the ratio	31 March 2016	31 March 2015
Return on sales (R.O.S.)	EBIT/Net sales revenues	8.3%	7.6%
Return on Investment (R.O.I.)	EBIT/Net invested capital	12.6%	10.9%
Return on Equity (R.O.E.)	Profit for the period/Shareholders' Equity	10.6%	8.9%

The changes recorded in the ratios reported above are to be mainly attributed to increased sales recorded in the DOS channel, recorded in the financial year ended 31 March 2016.

Gross investments

Gross investments in fixed assets concerning the Company's operations were equal to Euro 2,381 thousand in the financial year ended 31 March 2016 (Euro 2,585 thousand in the financial year ended 31 March 2015).
Below is reported the breakdown by type:

(in thousands of Euro)	31 March 2016	31 March 2015
Investments		
Intangible assets	225	251
Property, plant and equipment	1,209	1,077
Non-current financial assets	947	1,257
Total	**2,381**	**2,585**

Increases in intangible assets, equal to Euro 225 thousand in the financial year ended 31 March 2016 (Euro 251 thousand at 31 March 2015), mainly related to software and IT products for Euro 163 thousand and trademarks for Euro 20 thousand.

Increases in property, plant and equipment, equal to Euro 1,209 thousand in the financial year ended 31 March 2016 (Euro 1,077 thousand at 31 March 2015) were mainly attributable to workshop equipment and machinery for Euro 129 thousand, to furniture and fittings for Euro 932 thousand and sundry equipment purchased for new DOSs opened in the period under consideration and to the refurbishment of some existing shops for Euro 17 thousand, the purchase of electronic office machines for Euro 91 thousand, to the purchase of minor assets for Euro 12 thousand and to the purchase of motor vehicles for Euro 20 thousand.

The main increase in non-current financial assets for Euro 947 thousand (Euro 1,257 thousand at 31 March 2015) related to the payment on account of capital in favour of the Subsidiary Piquadro UK Limited for Euro 358 thousand, to the payment on account of capital in favour of the Subsidiary Piquadro USA INC. for Euro 450 thousand and to the payment on account of capital in favour of the Associate OOO Piquadro Russia for Euro 140 thousand.

Balance sheet

Below is reported the performance of the Company's equity structure at 31 March 2016:

(in thousands of Euro)	31 March 2016	31 March 2015

Trade receivables	29,783	29,141
Inventories	13,793	13,334
(Trade payables)	(16,439)	(17,403)
Total net current trade assets	*27,137*	*25,072*
Other current assets	1,306	1,077
Tax receivables	102	819
(Other current liabilities)	(2,598)	(2,648)
(Tax payables)	(403)	(5)
A) Working capital	***25,544***	***24,315***
Intangible assets	1,909	2,112
Property, plant and equipment	10,109	10,340
Non-current financial assets	7,143	6,195
Receivables from others beyond 12 months	308	310
Deferred tax assets	780	872
B) Fixed assets	***20,249***	***19,829***
C) Non-current provisions and non-financial liabilities	***(1,502)***	***(1,438)***
Net invested capital (A+B+C)	**44,292**	**42,706**
FINANCED BY:		
D) Net financial debt	***8,302***	***8,595***
E) Equity	***35,990***	***34,112***
Total borrowings and Shareholders' Equity (D+E)	**44,291**	**42,706**

Net Financial Position

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
(A) Cash	60	52
(B) Other cash and cash equivalents (available current bank accounts)	8,418	10,502
(C) Liquidity (A) + (B)	**8,478**	**10,554**
(D) Finance leases	(606)	(625)
(E) Current bank debt	0	0
(F) Current portion of current debt	(7,698)	(9,127)
(G) Current financial debt (D) + (E) + (F)	**(8,304)**	**(9,751)**
(H) Short-term Net Financial Position (C) + (G)	**175**	**803**
(I) Non-current bank debt	(7,046)	(7,312)
(L) Finance leases	(1,431)	(2,085)
(M) Non-current financial debt (I) + (L)	**(8,477)**	**(9,397)**
(N) Net Financial Position (H) + (M)	**(8,302)**	**(8,595)**

As at 31 March 2016, the Net Financial Position of Piquadro S.p.A. posted a negative value of Euro 8.3 million, showing an improvement of about Euro 293 thousand compared to the debt of about Euro 8.6 million at 31 March 2015. The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- a Free cash flow of about Euro 5.9 million generated in the year;
- dividends paid in relation to the profit for the FY 2014/2015 equal to Euro 2.0 million (with a pay-out equal to about 66.7% of the operating profit of the Company);
- investments in property, plant and equipment, intangible assets and non-current financial assets for about Euro 2.4 million.

Human Resources

The products that the Company 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 must necessarily lead to intense personal involvement, above all in what the Company considers the strategic phases for the success of the brand.
As at 31 March 2016 Piquadro S.p.A. had 247 members of staff, compared to 233 units at 31 March 2015. Below is reported the breakdown of staff by area:

Organisational Areas	31 March 2016	31 March 2015
R&D Area	5.7%	6.9%
Retail Area	56.7%	53.6%
Sales Area	8.5%	9.9%
Supporting Areas	29.1%	29.6%
Total	**100.0%**	**100.0%**

Health, safety and environment

Piquadro S.p.A. pursues high standards for the protection of the its workers' health and safety at work.
In the course of the financial year ended 31 March 2016, a system of measures was implemented, which was aimed at improving health and safety at work on an ongoing basis. The final objective of this programme is the implementation of a documentary system that can be certified. The purpose of the certification is to objectively prove the quality of the safety standards achieved and constitutes an element of exemption from the liability and obligations defined under Legislative Decree no. 231. Piquadro believes that the desired benefits can be multiplied only through the implementation of a shared system and the main tool to achieve these objectives is the general adoption of a safety policy aimed at complying with the regulatory obligations through spontaneous improvement actions. The documentary system has also been integrated by considering the risks of interference that can arise inside the points of sales and training course requirements have been met within the retail system.
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 Company's Board of Directors 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 2016, 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 or 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 separate financial statements under Note 38 of the Notes to the Financial Statements.

SIGNIFICANT EVENTS AFTER THE YEAR-END

No significant events were reported at Company or Group level from 1 April 2016 up to today's date.

OUTLOOK

The development dynamics of the Piquadro Group in the 2016/2017 financial year will be affected by a renewed ability to continue the process of international expansion, which has been started and driven by the investments made in the last years and linked to a more glamorous repositioning of the Brand.
The Management expects that in the 2016/2017 financial year the Group will be able to continue to grow at the same rates as, or even higher than, those already recorded in the course of the 2015/2016 financial year. As regards the profitability, the Management expect increased margins, also as a result of the benefits arising from increased gross margins, while the EUR/USD exchange rate remains in line with the previous year and as a result of the full reorganisation of some less profitable geographical business areas. In this context, the Management will be engaged in monitoring operating margins and costs in order to increase commitments in Research and Development and Marketing at international level, in order to increase visibility of the trademark and its knowledge.

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

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 carefully their credit rating and therefore remaining within prefixed credit limits, periodically monitoring 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 2016, 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 2016 the open positions of currency forward purchases were equal to USD 4,700 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).

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 Mario Panzeri as single member who has been granted the powers and duties under Legislative Decree no. 231/2001.

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 CORPORATE BODIES

Below is reported the chart containing the equity investments held by the Directors, Statutory Auditors, General Managers, Key Executives 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 Key Executives, 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 held at the end of the current financial year
Marco Palmieri	Chairman CEO(1)	Piquadro S.p.A.	31,909,407	0	0	31,909,407
Pierpaolo Palmieri	Vice-Chairman – Executive Director(2)	Piquadro S.p.A.	2,276,801	0	0	2,276,801
Roberto Trotta	Executive Director	Piquadro S.p.A.	3,000	0	0	3,000

(1) At the end of the FY 2015/2016, 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) (2) At the end of the FY 2015/2016, 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 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.

Except for the stock options issued within the framework of the New 2012 -2017 Plan described below, 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., 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., 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 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 previous 2008-2013 stock option plan had accrued (the plan is now closed) and that said 2008-2013 plan, because of the difficult conditions of the capital market in the last years, had been 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, Key Executives, 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, pursuant to Article 114-bis of the TUF, granting the Board the power to identify the beneficiaries of the same and the number of Stock Options to be awarded to each of them and the approval of the Regulation 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, up to a maximum overall value equal to Euro 93,998, with a subscription price – to be set by the Board itself in accordance with Article 2441, paragraph 6, of the Italian Civil Code, having heard the opinion of the Remuneration Committee – of not less than the accounting par value, equal to the higher of (x) Euro 1.53 per share and (y) the average of the official closing stock exchange prices of the Piquadro shares in the last 30 days before the grant date of the options.

The New 2012-2017 Plan provides for the award, free of charge, of a maximum number of options, equal to 4,699,900, in favour of the beneficiaries and for any option awarded under the same to grant the latter the right to subscribe to 1 (one) newly-issued share of Piquadro.

The New 2012-2017 Plan will have a term of five years and provides for vesting the Rights of option awarded to an extent of: *(i)* 30%, as at the date of approval of the financial statements for the 2014/2015 financial year; *(ii)* an additional 30%, as at the date of approval of the financial statements for the 2015/2016 financial year; and *(iii)* the remaining 40%, as at the date of approval of the financial statements for the 2016/2017 financial year, upon the fulfilment of the following conditions: (x) the permanence of the relationship of administration, subordinate employment or collaboration, as the case may be, of the beneficiary, except for some cases of termination of the relationship, as detailed in the Regulation of the New 2012-2017 Plan; (y) the achievement by the Piquadro Group of certain EBIT targets, expected respectively for the related vesting period, with a normalised positive NFP; and (z) the circumstance that the Piquadro shares as at the vesting date were still listed in an Italian regulated market.

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, Key Executives, 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 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, 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 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, also through more than one issue, within the maximum quantity and time limits set out above and, with reference to each issue, the power to determine the subscription price of the shares, with the opinion of the Remuneration Committee, and within the limits of the criteria specified above.

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 share; (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 of the plan 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.

As at the date of this Report no option granted under the New 2012 -2017 Plan had accrued and therefore no option had been exercised.

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 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 shareholder**	**% share on ordinary capital**	**% share on voting capital**
Palmieri Marco	Piquadro Holding S.p.A.	68.4%	68.4%
Mediobanca Banca di credito Finanziario S.p.A.	Mediobanca Banca di credito Finanziario S.p.A.	5.01%	5.01%

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

Except as described above, with reference to the 2012-2017 Plan, no delegated powers to increase the Share Capital had been granted as at the date of this Report.

The Shareholders' Meeting of Piquadro held on 23 July 2015 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 treasury shares held directly and to those held by Subsidiary companies.

The authorisation to purchase treasury shares was granted up to the approval of the financial statements at 31 March 2016, while the authorisation to dispose of them was granted without any time limit.

The plan to purchase treasury 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 them 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 legislative, regulatory provisions or permitted market practices, within a minimum and maximum number that can be determined according to the following criteria:

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;

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 in the plans themselves, the consideration for any other sale of treasury 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.

Piquadro, in accordance with the terms and conditions and according to the procedures set out in the regulations in force, is required to notify the competent Authorities of the transactions of purchase or sale carried out, in terms of number of shares acquired/sold, average price, total number of shares acquired/sold as at the date of the notice and the amount invested on the same date.

As at the date of this Report, no transaction had been carried out for the purchase of treasury shares on the part of the Company.

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 ACTIVITY

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 Article 36 of the Markets' Regulation, the Piquadro Group declares that the Group Companies as of today that meet the significance requirements under title VI, chapter II, of the Issuers' Regulation, are the Subsidiaries Uni Best Leather Goods Zhongshan Co. Ltd., Piquadro España SLU, Piquadro Taiwan Co. Ltd. and Piquadro France SARL.
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 it with the registered office or by publishing it 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 (DOSs and Wholesale), in relation to the financial years ended 31 March 2016 and 31 March 2015. Economic segment data are monitored by the Company's Management until EBITDA.

	31 March 2016				31 March 2015				
	Business Segment				Business Segment				% Change 2016-2015
(in thousands of Euro)	DOS	Wholesale	Total for the Group	% Impact (*)	DOS	Wholesale	Total for the Group	% Impact (*)	
Sales revenues	**25,623**	**43,688**	**69,311**	**100%**	**24,181**	**43,028**	**67,209**	**100%**	**3.1%**
Other income	444	797	1,241	1.8%	220	654	874	1.3%	42.0%
Costs for purchases of raw materials	(3,704)	(9,289)	(12,993)	(18.7%)	(3,272)	(9,202)	(12,474)	(18.6%)	4.2%
Costs for services and leases and rentals	(12,818)	(20,539)	(33,357)	(48.1%)	(12,132)	(19,693)	(31,825)	(47.3%)	4.8%
Personnel costs	(8,120)	(7,190)	(15,310)	(22,1%)	(7,555)	(6,748)	(14,303)	(21.3%)	7.0%
Provisions and write-downs	0	(269)	(269)	(0.4%)	0	(386)	(386)	(0.6%)	(30.3%)
Other operating costs	(94)	(168)	(262)	(0.4%)	(98)	(202)	(300)	(0.4%)	(12.6%)
EBITDA	**1,331**	**7,029**	**8,360**	**12.1%**	**1,344**	**7,452**	**8,796**	**13.1%**	**(5.0%)**
Amortisation, depreciation and write-downs			(2,644)	(3,8%)			(2,838)	(4.2%)	(6.8%)
Operating result			**5,716**	**8,2%**			**5,958**	**8,9%**	**(4.1%)**
Financial income and charges			127	0.2%			(16)	(0.02%)	(895.3%)
Pre-tax result			**5,842**	**8.4%**			**5,942**	**8,8%**	**(1.7%)**
Income tax expenses			(1,964)	(2.8%)			(1,863)	(2.8%)	5.4%
Profit for the period			**3,878**	**5.6%**			**4,079**	**6.1%**	**(4.9%)**
Group net result			**3,878**	**5.6%**			**4,079**	**6.1%**	**(4.9%)**

(*)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 2016 and 31 March 2015:

	31 March 2016				31 March 2015			
	Business Segment				Business Segment			
(in thousands of Euro)	**DOS**	**Wholesale**	**Unallocated**	**Total**	**DOS**	**Wholesale**	**Unallocated**	**Total**
Assets	11,175	46,849	13,164	71,188	10,808	46,338	16,403	73,549
Liabilities	5,702	13,769	14,927	34,398	5,543	15,588	17,007	38,138
Fixed asset	6,430	10,295	0	16,725	6,359	10,873	0	17,232

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	Sales revenues at	%(*)	Sales revenues at	% (*)	% change

(in thousands of Euro)	31 March 2016		31 March 2015		2016/2015
DOS	25,623	37.0%	24,181	36.0%	6.0%
Wholesale	43,688	63.0%	43,028	64.0%	1.5%
Total	**69,311**	**100.0%**	**67,209**	**100.0%**	**3.1%**

(*)Percentage impact compared to sales revenues.

Sales revenues achieved in the financial year ended 31 March 2016 reported an increase of 3.1% compared to the financial year ended 31 March 2015, passing from Euro 67,209 thousand in the financial year ended 31 March 2015 to Euro 69,311 thousand in the financial year ended 31 March 2016.
The increase in sales revenues arises from the positive performance recorded both in the Wholesale channel and in the DOS channel.
Below are reported the breakdowns of revenues by distribution channel:

Wholesale channel

Sales revenues achieved in the Wholesale channel in the financial year ended 31 March 2016 reported an increase equal to 1.5%, passing from Euro 43,028thousand in the financial year ended 31 March 2015 to Euro 43,688 thousand in the financial year ended 31 March 2016.
In terms of impact on the total sales revenues, the values from the Wholesale channel changed by one percentage point with respect to those posted in the financial year ended 31 March 2015 (an impact of 63% at 31 March 2016 against a percentage of 64% in the FY 2014/2015).
The increase in the turnover of the Wholesale channel, equal in absolute terms to Euro 660 thousand, was mainly due to the following combined factors:

(i) an increase in sales volumes, equal to about 4.3%;
(ii) an increase in sales in some main markets such as Italy, Benelux and France (up by 2.2%, 56.0% and 6.1%, respectively), which was offset by the relative decrease in sales in Russia (down by 25.3%).

In the financial year ended 31 March 2016, the Group opened 4 new franchise shops (as at 31 March 2016, the franchise shops opened were 42), of which three shops in Asia and one in Italy.

DOSs

Sales revenues achieved in the DOS Channel - which includes sales generated from the e-commerce website of the Group, showing an increase of 37.5% – in the financial year ended 31 March 2016 reported an increase of 6.0%, passing from Euro 24,181 thousand in the financial year ended 31 March 2015 to Euro 25,623 thousand in the financial year ended 31 March 2016.
In terms of impact on the total sales revenues, the values in the DOS channel changed by one percentage point with respect to those posted in the financial year ended 31 March 2015 (an impact of 37% at 31 March 2016 against a percentage of 36% in the FY 2014/2015).
The increase, which is equal to Euro 1,442 thousand in absolute terms, is also due to the following factors:

(i) an increase in the quantities sold, equal to about 5.4%;
(ii) an increase in the price list equal to about 0.4%;
(iii) SSSG, which recorded an increase, in the tax year ended 31 March 2015, equal to 6.7% (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 6.0%);
(iv) the opening by the Group of 12 new DOS shops (as detailed below), which entailed an increased turnover equal to Euro 1,940 thousand (corresponding to a growth of about 7.6% in the total turnover from the DOS channel);
(v) 5 shops were closed (2 of which in Italy, 1 in France and one in Spain), which accounted for Euro 1,321 thousand, equal to about 5.2% of the turnover in the DOS channel of the previous year.

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 2015/2016 the Group did not pay any key money.

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 2015 and 31 March 2016), the trend in the turnover of the DOS channel showed an increase of about 6.7% (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 6.0%).
For a better understanding of the DOS channel, below are reported the 58 shops which were opened as at 31 March 2016, together with the month of the start of operations:

Month of opening	**Location**	**Channel**
November 2000	Milan - Via della Spiga 33	DOS
December 2002	Milan – Linate Airport	DOS
December 2003	Rome - Galleria Alberto Sordi	DOS
September 2004	Barcelona - Paseo de Gracia 11, Planta Baja	DOS
December 2004	Bologna - Piazza Maggiore 4/B	DOS
March 2006	Barberino del Mugello (FI) – “Factory Outlet Centre"	DOS (Outlet)
March 2007	Fidenza (PR) – “Fidenza Village"	DOS (Outlet)
May 2007	Rome - Centro Commerciale Cinecittà	DOS
July 2007	Rome - Galleria N. Commerciale di "Porta di Roma"	DOS
April 2008	Vicolungo (NO) – Parco Commerciale	DOS (Outlet)
June 2008	Rome – Euroma 2	DOS
August 2008	Valdichiana (AR) - “Valdichiana Outlet Village”	DOS (Outlet)
September 2008	Noventa di Piave (VE) - “McArthurGlen Designer Outlets”	DOS (Outlet)
December 2008	Milan - Via Dante 9	DOS
March 2009	Bologna – “G. Marconi” Airport	DOS
April 2009	Taipei (Taiwan) - Eslite Dun Nan	DOS
October 2009	Taipei (Taiwan) – Taipei Xin Yin Shop	DOS
February 2010	Marcianise (CE) – c/o “Outlet Centre”	DOS (Outlet)
February 2010	Hong Kong – Kowloon – I Square Shopping Mall	DOS
November 2010	Agira (EN) - c/o “Sicilia Fashion Outlet”	DOS (Outlet)
February 2011	Rimini – Shopping Mall “Le Befane”	DOS
September 2011	Milan – Corso Buenos Aires 10	DOS
December 2011	Assago (MI) – Shopping Mall “Milanofiori”	DOS
April 202	Kaohsiung City (Taiwan) - Shopping Mall “Dream Mall”	DOS
May 2012	Pescara – Via Trento 10	DOS
June 2012	Mantova - Shopping Mall “Fashion District”	DOS (Outlet)
September 2012	Rome – Via Frattina 149	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)
November 2012	Barcelona (Spain) – El Corte Ingles, Plaza Catalunya 14	DOS
November 2012	Verona – Piazza delle Erbe 10	DOS
December 2012	Milan –Malpensa Airport, Tulipano Terminal 1	DOS
February 2013	Paris (France) – Rue Saint Honorè 330/332	DOS
April 2013	Castelromano (RM) – “Factory Outlet Centre”	DOS (Outlet)
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
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
March 2014	London (Great Britain) – Regent Street 67	DOS
April 2014	Taipei City (Taiwan) – Mitsukoshi Taipei Xinyi	DOS
April 2014	Rome –Fiumicino Airport, Terminal 1	DOS
December 2014	Castelguelfo (BO) - "The Style Outlets"	DOS (Outlet)
December 2014	Tainan City (Taiwan) – Dream Mall Tainan	DOS
June 2015	New York (USA) – New York Madison Avenue	DOS
June 2015	Milan –Malpensa Airport	DOS
August 2015	Serravalle Scrivia (AL) – "Serravalle Designer Outlet"	DOS (Outlet)
September 2015	Barcelona (Spain) - "La Roca Village"	DOS (Outlet)
December 2015	Rome –Fiumicino Airport, Area D	DOS
December 2015	Milan –Malpensa Airport, Terminal 2 – Ferno (VA)	DOS
February 2016	Moscow (Russia) – Afimall	DOS
February 2016	Moscow (Russia) – Metropolis	DOS
February 2016	Moscow (Russia) – Mega	DOS
February 2016	Moscow (Russia) – Atrium	DOS
March 2016	Moscow (Russia) – Europejsky	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 2016 and 31 March 2015:

(in thousands of Euro)	**Sales revenues at 31 March 2016**	**%(*)**	**Sales revenues at 31 March 2015**	**%(*)**	**% change 2016/2015**
Italy	53,524	77.2%	50,884	75.7%	5.2%
Europe	11,124	16.0%	11,748	17.5%	(5.3%)
Rest of the World	4,663	6.8%	4,577	6.8%	1.9%
Total	**69,311**	**100.0%**	**67,209**	**100.0%**	**3.1%**

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

Italy

Sales revenues achieved in Italy in the financial year ended 31 March 2016 reported an increase of 5.2% compared to the financial year ended 31 March 2015, passing from Euro 50,884 thousand to Euro 53,524 thousand; the Italian market accounts for 77.2% of the Group's total turnover in the financial year ended 31 March 2016 (75.7% of the total turnover in the financial year ended 31 March 2015).
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 7.6% of the Group's turnover in the DOS channel in the financial year ended 31 March 2016.
The sales in the Wholesale Channel in Italy increased by 2.2% compared to 31 March 2015.

Europe

Sales revenues achieved in Europe, in the financial year ended 31 March 2016, reported a decrease of 5.3% compared to the financial year ended 31 March 2015, passing from Euro 11,748 thousand to Euro 11,124 thousand owing to a shrinkage, mainly in Russia. As a whole, the European market accounts for 16.0% of the total turnover in the financial year ended 31 March 2016 (down compared to the impact of 17.5% on the consolidated sales reported in the financial year ended 31 March 2015).
The first three most significant European countries in terms of impact of the Group's total turnover are Spain, Germany and Russia, which overall account for 8.1% of the Group's turnover and 53.2% of the turnover relating to the geographical area Europe.

The Group operates through the two sales DOS and Wholesale channels in 35 European countries. Sales reported by the Wholesale channel in Europe recorded a decrease of 9.5%.

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 2016, an increase of 1.9% compared to the financial year ended 31 March 2015, passing from Euro 4,579 thousand to Euro 4,663 thousand in the financial year ended 31 March 2016. The market of the Rest of the World accounts for 6.8% of the total turnover in the financial year ended 31 March 2016 (6.8% in the financial year ended 31 March 2015).
Sales reported by the Wholesale channel showed an increase of 35.2%, passing from Euro 1,990 thousand in the financial year ended 31 March 2015 to Euro 2,691 thousand in the financial year ended 31 March 2016.

Other income

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

	31 March 2016				31 March 2015				
	Business Segment				Business Segment				
(in thousands of Euro)	DOS	Wholesale	Total for the Group	% Impact (*)	DOS	Wholesale	Total for the Group	% Impact (*)	% Change 2016-2015
Charge-backs of transportation and collection costs	0	172	172	0.2%	0	182	182	0.3%	(5.5%)
Insurance and legal refunds	170	41	211	0.3%	0	142	142	0.2%	47.8%
Sales revenues from corners	0	13	13	0.02%	0	38	38	0.1%	(66.5%)
Other sundry income	274	571	845	1.2%	220	291	511	0.8%	65.3%
Total Other income	**444**	**797**	**1,241**	**1.8%**	**220**	**654**	**874**	**1.3%**	**42.0%**

(*)Percentage impact compared to sales revenues.

In the financial year ended 31 March 2016 other income increased by 42.0%, passing from Euro 874 thousand in the financial year ended 31 March 2015 to Euro 1,241 thousand in the financial year ended 31 March 2016.

Consumption of materials

The table below reports the Group’s costs for consumption of materials, net of changes in inventories, broken down by sales channel:

	31 March 2016				31 March 2015				
	Business Segment				Business Segment				
(in thousands of Euro)	DOS	Wholesale	Total for the Group	% Impact (*)	DOS	Wholesale	Total for the Group	% Impact (*)	% Change 2016-2015
Costs for consumption of materials	3,704	9,289	12,993	18.8%	3,272	9,202	12,474	18.6%	4.2%
Total Costs for consumption of materials	**3,704**	**9,289**	**12,993**	**18.8%**	**3,272**	**9,202**	**12,474**	**18.6%**	**4.2%**

(*)Percentage impact compared to sales revenues.

The change in consumption must be read together with the change in external manufacturing, as specified in the item “Costs for services and leases and rentals” and relating to production costs.

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 2016 and 31 March 2015:

	31 March 2016				31 March 2015				
	Business Segment				Business Segment				
(in thousands of Euro)	DOS	Wholesale	Total for the Group	% Impact (*)	DOS	Wholesale	Total for the Group	% Impact (*)	% Change 2016-2015
Cost for leases and rentals	6,173	727	6,900	10.0%	6,025	786	6,811	10.1%	1.3%

External Production	3,006	8,216	11,222	16.2%	2,632	7,401	10,033	14.9%	11.9%
Advertising and marketing	707	3,370	4,077	5.9%	732	3,007	3,739	5.6%	9.0%
Administration	370	906	1,276	1.8%	336	1,200	1,536	2.3%	(16.9%)
Commercial services	4	2,970	2,974	4.3%	26	2,954	2,980	4.4%	(0.2%)
Production services	1,708	1,391	3,099	4.5%	1,609	1,177	2,786	4.1%	11.2%
Transport services	850	2,959	3,809	5.5%	772	3,168	3,940	5.9%	(3.3%)
Costs for services and leases and rentals	**12,818**	**20,539**	**33,357**	**48.1%**	**12,132**	**19,693**	**31,825**	**47.3%**	**4.8%**

(*)Percentage impact compared to sales revenues.

As at 31 March 2016 costs for services and leases and rentals increased by 4.8% compared to the previous financial year, and the percentage impact on sales revenues passed from 47.3% in the financial year ended 31 March 2015 to 48.1%.

Breakdown by sales channel

DOSs

Costs in the DOS channel reported an increase of 5.7%, passing from Euro 12,132 thousand in the financial year ended 31 March 2015 to Euro 12,818 thousand in the financial year ended 31 March 2016. The increase in costs refers, in particular, to costs for leases and rentals for the opening of new points of sales, net of the effect of the closures, and to the higher impact of manufacturing costs in the channel due to increased sales volumes.

Wholesale channel

Costs for services and leases and rentals in the Wholesale channel reported an increase of 4.3%, passing from Euro 19,693 thousand in the financial year ended 31 March 2015 to Euro 20,539 thousand in the financial year ended 31 March 2016. The reason for this change was mainly attributable to increased external production linked to higher sales volumes that were recorded in the Wholesale channel and to higher marketing investments.

Personnel costs

The table below reports the Group's personnel costs broken down by sales channel for the financial years ended 31 March 2016 and 31 March 2015:

	31 March 2016				**31 March 2015**				
	Business Segment				**Business Segment**				
(in thousands of Euro)	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**% Change 2016-2015**
Wages and salaries	6,557	5,806	12,363	17.8%	6,119	5,465	11,584	17.2%	6.7%
Social security contributions	1,297	1,149	2,446	3.5%	1,201	1,073	2,274	3.4%	7.6%
TFR	265	235	501	0.7%	235	210	445	0.7%	12.5%
Total personnel costs	**8,120**	**7,190**	**15,310**	**22.1%**	**7,555**	**6,748**	**14,303**	**21.3%**	**7.0%**

(*)Percentage impact compared to sales revenues.

The table below reports the number of staff employed by the Group at 31 March 2016 and 31 March 2015:

	31 March 2016	**31 March 2015**
Executives	4	4
Office workers	324	298
Manual workers	359	354
Total for the Group	**687**	**656**

In the financial year ended 31 March 2016, personnel costs reported an increase of 7.0%, passing from Euro 14,303 thousand in the financial year ended 31 March 2015 to Euro 15,310 thousand in the financial year ended 31 March 2016. The increase in personnel costs is mainly due to a slight increase in the number of staff members employed by the Parent Company, due to the opening of new shops and the appointment of new professionals.

Breakdown by sales channel

DOSs

According to the breakdown by sales channel, the DOS channel reported an increase in personnel costs of 7.5%, passing from Euro 7,555 thousand in the financial year ended 31 March 2015 to Euro 8,120 thousand in the financial year ended 31 March 2016. The increase is mainly due to the effect of the opening of shops in Italy in the course of the financial year ended 31 March 2015, which remained operational for the entire 2015/2016 financial year and for the opening of new shops during the financial year ended 31 March 2016.

Wholesale channel

According to the breakdown by sales channel, the Wholesale channel recorded an increase due to the appointment of new professionals.

Provisions

The table below reports the Group's provisions for the financial years ended 31 March 2016 and 31 March 2015:

	31 March 2016				31 March 2015				
	Business Segment				Business Segment				
(in thousands of Euro)	DOS	Wholesale	Total for the Group	% Impact (*)	DOS	Wholesale	Total for the Group	% Impact (*)	% Change 2016-2015
Provisions	0	269	269	0.4%	0	386	386	0.6%	(30.3%)
Total Provisions	**0**	**269**	**269**	**0.4%**	**0**	**386**	**386**	**0.6%**	**(30.3%)**

(*)Percentage impact compared to sales revenues.

The amount of Euro 269 thousand in the financial year ended 31 March 2016 (Euro 386 thousand in the financial year ended 31 March 2015) 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 2016 and 31 March 2015:

(in thousands of Euro)	31 March 2016	(*) %	31 March 2015	(*) %	% Change 2016-2015
Amortisation of intangible assets	672	1.0%	700	1.0%	(4.0%)
Depreciation of property, plant and equipment	1,800	2.6%	1,714	2.6%	5.0%
Impairment losses of assets	173	0.2%	424	0.6%	(59.2%)
Total amortisation, depreciation and write-downs	**2,645**	**3.8%**	**2,838**	**4.2%**	**(6.8%)**

(*)Percentage impact compared to sales revenues.

In the financial year ended 31 March 2016 amortisation, depreciation and write-downs reported a decrease of 6.8%, passing from Euro 2,838 thousand in the financial year ended 31 March 2015 to Euro 2,645 thousand in the financial year ended 31 March 2016, of which Euro 672 thousand relate to amortisation of intangible assets, Euro 1,800 thousand relate to property, plant and equipment and Euro 173 thousand relate to the write-downs of fixed assets.
Amortisation of intangible assets decreased by 4.0% compared to the previous financial year, passing from Euro 700 thousand at 31 March 2015 to Euro 672 thousand at 31 March 2016.

The costs for depreciation of property, plant and equipment increased, passing from Euro 1,714 thousand at 31 March 2015 to Euro 1,800 thousand at 31 March 2016, mainly for the full application of depreciation for the shops opened by the Parent Company and by Piquadro LLC.

Net write-downs, equal to Euro 173 thousand, and mainly related to the write-down of furniture and fittings for the disposal of the shop located in Aeroville in France.

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 2016 and 31 March 2015:

	31 March 2016				31 March 2015				
	Business Segment				Business Segment				
(in thousands of Euro)	DOS	Wholesale	Total for the Group	% Impact (*)	DOS	Wholesale	Total for the Group	% Impact (*)	% Change 2016-2015
Taxes other than income taxes	94	167	261	0.4%	98	154	252	0.4%	3.7%
Donations	0	1	1	0.0%	0	48	48	0.1%	(97.9%)
Total Other operating costs	**94**	**168**	**262**	**0.4%**	**98**	**202**	**300**	**0.5%**	**(12.6%)**

(*)Percentage impact compared to sales revenues.

As at 31 March 2016 other operating costs, equal to Euro 262 thousand, decreased by Euro 38 thousand compared to 31 March 2015.

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 2015 and 31 March 2016, in general the decrease in EBITDA was attributable to higher marketing costs (up by Euro 339 thousand, passed from Euro 3.7 million at 31 March 2015 to Euro 4.1 million at 31 March 2016, 5.4% and 5.8% of annual turnover, respectively) and to higher production costs, which increased due to an appreciation of the US Dollar that was largely offset by the forward hedges entered into by the Parent Company, the effects of which have been recognised under financial income/costs, as well as under the pre-tax result.

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 2016 and 31 March 2015:

(in thousands of Euro)	**31 March 2016**	**% Impact (*)**	**31 March 2015**	**% Impact (*)**	**Change 2016-2015**	**% Change 2016-2015**
EBITDA	**8,360**	**12.1%**	**8,796**	**13.1%**	**(436)**	**(5.0%)**
Breakdown by channel:						
DOS	1,331	1.9%	1,344	2.0%	(13)	(1.0%)
Wholesale	7,029	10.2%	7,452	11.1%	(423)	(5.7%)
Operating result	**5,716**	**8.3%**	**5,958**	**8.9%**	**(242)**	**(4.1%)**
Total	**5,716**	**8.3%**	**5,958**	**8.9%**	**(242)**	**(4.1%)**

(*)Percentage impact compared to sales revenues.

Specifically, while EBITDA passed from Euro 8,796 thousand (13.1% of revenues) in the financial year ended 31 March 2015 to Euro 8,360 thousand (12.1% of revenues) in the financial year ended 31 March 2016, the operating result passed from Euro 5,958 thousand (8.9% as a percentage impact on revenues) in the financial year ended 31 March 2015 to Euro 5,716 thousand (8.3% as a percentage impact on revenues) in the financial year ended 31 March 2016.
The reduction in EBITDA was mainly attributable to higher marketing and production costs that increased due to an appreciation of the US Dollar, as well as by the write-down of fixed assets arising from the closure of some shops in the Europe region.

Financial income and charges

The table below reports the Group's financial income and charges for the financial years ended 31 March 2016 and 31 March 2015:

(*in thousands of Euro*)	**31 March 2016**	**% Impact (*)**	**31 March 2015**	**% Impact (*)**	**Change 2016-2015**	**% Change 2016-2015**
Financial income	938	1.4%	1,910	2.8%	(972)	(50.9%)
Financial charges	(811)	1.2%	(1,926)	2.9%	1,115	(57.9%)

Total	127	0.2%	(16)	0.1%	143	(893.8%)

(*)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 improvement compared to the financial year ended 31 March 2015, passing from Euro (16) thousand in the financial year ended 31 March 2015 to Euro 127 thousand in the financial year ended 31 March 2016.
The decrease in financial charges at 31 March 2016 compared to 31 March 2015 was mainly attributable to lower negative exchange rate differences, both realised an estimated (equal to about Euro 393 thousand at 31 March 2016 against Euro 1,054 thousand at 31 March 2015) and to lower financial charges on bank loans of the Group for Euro 327 thousand.
The decrease in financial income mainly related to the positive exchange rate differences, both realised and estimated (equal to about Euro 894 thousand at 31 March 2016 against Euro 1,799 thousand at 31 March 2015), in addition to interest income on current bank accounts in the financial year ended 31 March 2016 (Euro 44 thousand).

Income tax expenses

The table below reports the percentage impact of taxes on pre-tax profit for the financial years ended 31 March 2015 and 31 March 2016:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Pre-tax profit	5,842	5,942
Income taxes	(1,964)	(1,863)
Average tax rate	**33.6%**	**31.4%**

The table below reports the breakdown of the Group's taxes for the financial years ended 31 March 2016 and 31 March 2015:

(in thousands of Euro)	**31 March 2016**	**% Impact (*)**	**31 March 2015**	**% Impact (*)**
IRES tax and other foreign taxes	1,631	2.4%	1,287	1.9%
IRAP tax	343	0.5%	440	0.7%
Deferred tax liabilities	(70)	(0.1%)	294	(0.4%)
Deferred tax assets	60	0.1%	(83)	(0.1%)
Total	**1,964**	**2.8%**	**1,863**	**2.8%**

(*)Percentage impact compared to sales revenues.

In the financial year ended 31 March 2016, income tax expenses increased by 5.4% passing from Euro 1,863 thousand in the financial year ended 31 March 2015 to Euro 1,964 thousand in the financial year ended 31 March 2016.

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 2016 and 31 March 2015:

(*in thousands of Euro)*	**31 March 2016**	**% Impact (*)**	**31 March 2015**	**% Impact (*)**
Net result	3,878	5.6%	4,079	6.1%

(*)Percentage impact compared to sales revenues.

The net result for the financial year ended 31 March 2016 reported a decrease of 4.9%, passing from Euro 4,079 thousand in the financial year ended 31 March 2015 to Euro 3,878 thousand in the financial year ended 31 March 2016.
In the financial year ended 31 March 2016, the percentage impact on sales revenues was equal to 5.6% (6.1% at 31 March 2015).

Silla di Gaggio Montano (Bologna), 13 June 2016

FOR THE BOARD OF DIRECTORS

THE CHAIRMAN
(Marco Palmieri)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	**Notes**	**31 March 2016**	**31 March 2015**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	4,107	4,608
Property, plant and equipment	(2)	12,618	12,624
Receivables from others	(3)	700	682
Deferred tax assets	(4)	1,182	1,339
TOTAL NON-CURRENT ASSETS		**18,607**	**19,253**
CURRENT ASSETS			
Inventories	(5)	16,344	15,962
Trade receivables	(6)	23,801	23,185
Other current assets	(7)	1,823	1,538
Derivative assets	(8)	70	0
Tax receivables	(9)	328	907
Cash and cash equivalents	(10)	10,214	12,705
TOTAL CURRENT ASSETS		**52,581**	**54,297**
TOTAL ASSETS		**71,188**	**73,550**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	**Notes**	**31 March 2016**	**31 March 2015**
LIABILITIES			
EQUITY			
Share Capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		737	1,239
Retained earnings		30,212	28,093
Group profit for the period		3,946	4,119
Total equity attributable to the Group		**36,895**	**35,451**
Capital and reserves attributable to minority interests		(37)	0
Profit/(loss) attributable to minority interests		(68)	(40)
Total equity attributable to minority interests		**(105)**	**(40)**
EQUITY	(11)	**36,790**	**35,411**
NON-CURRENT LIABILITIES			
Borrowings	(12)	7,046	7,312
Payables to other lenders for lease agreements	(13)	1,431	2,085
Provision for employee benefits	(14)	291	295
Provisions for risks and charges	(15)	1,087	1,040
Deferred tax liabilities	(16)	0	0
TOTAL NON-CURRENT LIABILITIES		**9,854**	**10,732**
CURRENT LIABILITIES			
Borrowings	(17)	7,881	9,695
Payables to other lenders for lease agreements	(18)	606	625
Trade payables	(19)	12,521	13,657
Other current liabilities	(20)	3,078	3,267
Current income tax liabilities	(21)	458	163
TOTAL CURRENT LIABILITIES		**24,544**	**27,407**
TOTAL LIABILITIES		**34,398**	**38,139**
TOTAL EQUITY AND LIABILITIES		**71,188**	**73,550**

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	Notes	31 March 2016	31 March 2015
REVENUES			
Revenues from sales	(22)	69,311	67,209
Other income	(23)	1,241	874
TOTAL REVENUES		**70,552**	**68,083**
OPERATING COSTS			
Change in inventories	(24)	(574)	460
Costs for purchases	(25)	13,568	12,014
Costs for services and leases and rentals	(26)	33,357	31,825
Personnel costs	(27)	15,310	14,302
Amortisation, depreciation and write-downs	(28)	2,914	3,224
Other operating costs	(29)	262	300
TOTAL OPERATING COSTS		**64,837**	**62,125**
OPERATING PROFIT		**5,716**	**5,958**
FINANCIAL INCOME AND CHARGES			
Financial income	(30)	938	1,909
Financial charges	(31)	(811)	(1,925)
TOTAL FINANCIAL INCOME AND CHARGES		**127**	**(16)**
PRE-TAX RESULT		**5,842**	**5,942**
INCOME TAX EXPENSES	(32)	(1,964)	(1,863)
PROFIT FOR THE PERIOD		**3,878**	**4,079**
Attributable to:			
EQUITY HOLDERS OF THE PARENT COMPANY		3,946	4,119
MINORITY INTERESTS		(68)	(40)
(Diluted) Earnings per share in Euro	(33)	0.072	0.076
(Basic) Earnings per share in Euro	(33)	0.078	0.082

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	31 March 2016	31 March 2015
Profit/(Loss) for the period (A)	**3,878**	**4,079**
Components that can be reclassified to the Income Statement:		
Profit/(Loss) arising from the translation of financial statements of foreign companies	(559)	776
Profit/(Loss) on hedging instruments of cash flows (cash flow hedge)	51	48
Components that cannot be reclassified to the Income Statement:		
Actuarial gains (losses) on defined-benefit plans	9	(26)
Total Profits/(Losses) recognised in Equity (B)	**(499)**	**798**
Total comprehensive Income/(Losses) for the period (A) + (B)	**3,379**	**4,877**
Attributable to:		
- the Group	3,444	4,921
- Minority interests	(65)	(44)

It should be noted that the items of the consolidated Statement of Comprehensive Income are reported net of the related tax effect. For more details, reference should be made to Note 4.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Description	Share capital	Share premium reserve	Other reserves: Translation reserve	Other reserves: Fair value reserve	Other reserves: Reserve for Employee Benefits	Other reserves: Other reserves	Other reserves: Total Other Reserves	Retained earnings	Group profit	Equity attributable to the Group	Capital and Reserves attributable to minority interests	Profit/ (Loss) attributable to minority interests	Total Equity attributable to the Group and minority interests
Balances at 31.03.2014	**1,000**	**1,000**	**16**	**-48**	**-28**	**627**	**567**	**25,567**	**3,526**	**31,660**	**20**	**-16**	**31,664**
Profit for the period									4,119	**4,119**		(40)	**4,079**
Other components of the comprehensive result at 31 March 2015:													
-Exchange differences from translation of financial statements in foreign currency			780				**780**			**780**	**(4)**		**776**
- Reserve for actuarial gain (losses) on defined-benefit plans					(26)		**(26)**			**(26)**			**(26)**
- Fair value of financial instruments				48			**48**			**48**			**48**
Total Comprehensive Income for the period							**802**		**4,119**	**4,921**	**(4)**	**40)**	**4,877**
- Distribution of dividends to shareholders									(1,000)	**(1,000)**			**(1,000)**
-Allocation of the result for the year ended 31.03.2014 to reserves								2,526	2,526)	**0**	(16)	16	**0**
Fair value of Stock Option Plans						(130)	**(130)**			**(130)**			**(130)**
Balances as at 31.03.2015	**1,000**	**1,000**	**796**	**0**	**(54)**	**497**	**1,239**	**28,093**	**4,199**	**35,451**	**0**	**(40)**	**35,411**

Description	Share capital	Share premium reserve	Other reserves: Translation reserve	Other reserves: Fair value reserve	Other reserves: Reserve for Employee Benefits	Other reserves: Other reserves	Other reserves: Total Other Reserves	Retained earnings	Group profit	Equity attributable to the Group	Capital and Reserves attributable to minority interests	Profit/ (Loss) attributable to minority interests	Total Equity attributable to the Group and minority interests
Balances as at 31.03.2015	**1,000**	**1,000**	**796**	**0**	**(54)**	**497**	**1,239**	**28,093**	**4,199**	**35,451**	**0**	**(40)**	**35,411**
Profit for the period									3,946	**3,946**		(68)	**3,878**
Other components of the comprehensive result as at 31 March 2016:													
-Exchange differences from translation of financial statements in foreign currency			(562)				**(562)**			**(562)**	3		**(559)**
- Reserve for actuarial gain (losses) on defined-benefit plans					9		**9**			**9**			**9**
- Fair value of financial instruments				51			**51**			**51**			**51**
Total Comprehensive Income for the period							**(502)**		**3,946**	**3,444**	**3**	**(68)**	**3,379**
- Distribution of dividends to shareholders									(2,000)	**(2,000)**			**(2,000)**
-Allocation of the result for the year ended 31.03.2015 to reserves								2,119	(2,119)	**0**	(40)	40	**0**
Fair value of Stock Option Plans							**0**			**0**			**0**
Balances as at 31.03.2016	**1,000**	**1,000**	**234**	**51**	**(45)**	**497**	**737**	**30,212**	**3,946**	**36,895**	**(37)**	**(68)**	**36,790**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Pre-tax profit	**5,842**	**5,941**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	2,472	2,414
Write-downs of property, plant and equipment/intangible assets	173	424
Provision for bad debts	269	58
Adjustment to the provision for employee benefits	0	0
Net financial charges/(income), including exchange rate differences	(127)	16
Cash flows from operating activities before changes in working capital	**8,629**	**8,853**
Change in trade receivables (gross of the provision)	(885)	(2,148)
Change in inventories	(382)	(126)
Change in other current assets	(303)	88
Change in trade payables	(1,136)	770
Change in provisions for risks and charges	207	119
Change in other current liabilities	(189)	268
Change in tax receivables/payables	874	(488)
Cash flows from operating activities after changes in working capital	**6,816**	**7,336**
Payment of taxes	(1,975)	(1,727)
Interest paid	383	690
Cash flow generated from operating activities (A)	**5,224**	**6,299**
Investments in intangible assets	(225)	(1,368)
Investments in property, plant and equipment	(2,185)	(213)
Investments in non-current financial assets	0	0
Changes generated from investing activities (B)	**(2,410)**	**(1,581)**
Financing activities		
Change in long-term financial receivables	0	0
Change in short- and medium/long-term borrowings	(2,307)	(1,672)
Changes in financial instruments	(70)	(66)
Leasing instalments paid	(700)	(519)
Other minor changes	(228)	259
Payment of dividends	(2,000)	(1,000)
Cash flow generated from/(absorbed by) financing activities (C)	**(5,305)**	**(2,998)**
Net increase (decrease) in cash and cash equivalents A+B+C	(2,491)	1,720
Cash and cash equivalents at the beginning of the period	**12,705**	**10,985**
Cash and cash equivalents at the end of the period	**10,214**	**12,705**

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.
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.

These financial statements were prepared by the Board of Directors on 13 June 2016 and will be submitted to the Shareholders' Meeting called on first call for 26 July 2016.

Main events that occurred in the course of the financial year ended 31 March 2016 and related significant accounting effects

On 13 January 2016 OOO Piquadro Russia was established, which is wholly owned by Piquadro S.p.A.. This Company manages five flagship stores located in Moscow.

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

In compliance with Regulation (EU) no. 1606/2002, the consolidated financial statements of Piquadro S.p.A. at 31 March 2016 were prepared in accordance with the 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.

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 statement of changes in consolidated equity for the financial years ended 31 March 2016 and 31 March 2015 and the related explanatory notes.
IFRS means all the "International Financial Reporting Standards" (IFRS), 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.

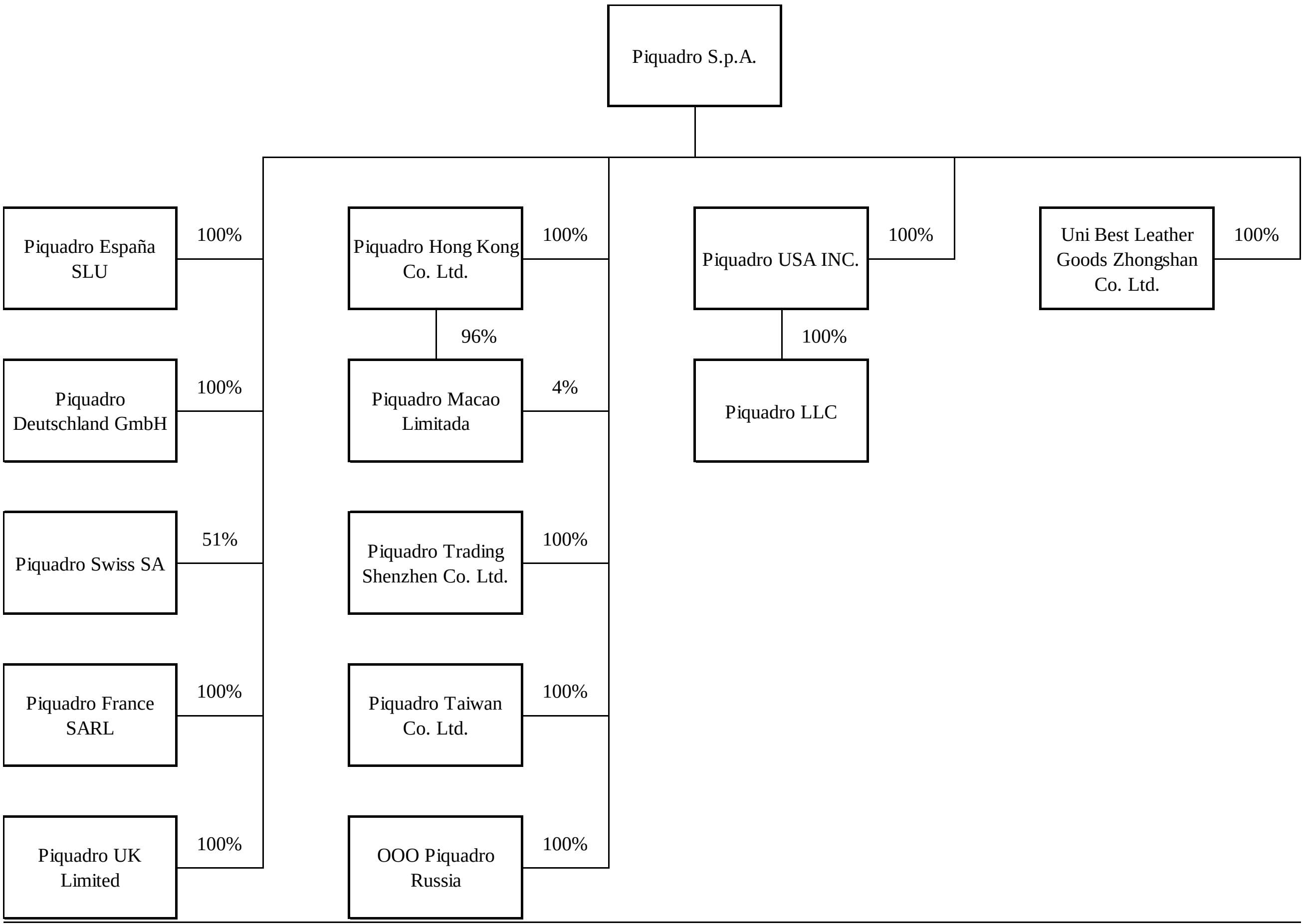
As to the procedures for presentation of the financial statements' schedules, the Company adopted the distinction "current/non-current" for the statement of financial position, the single-step scheme for the Income Statement, classifying costs by nature and the indirect method of representation for the Statement of Cash Flows. The Statement of Comprehensive Income is presented in a separate document, as permitted by IAS 1 (revised) with respect to the Income Statement. The consolidated financial statements were prepared in Euro, i.e. the current money used in the economies in which the Group mainly operates.

All amounts included in the tables of the following notes, except as otherwise indicated, are expressed in thousands of Euro.

The Management believes that no significant non-recurring events or transactions occurred either in the FY 2015/2016 or in the FY 2014/2015 nor any 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 at 31 March 2016:



Scope of consolidation

The consolidated financial statements at 31 March 2016 include the separate financial statements 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 2016, 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 at 31 March 2016 and 31 March 2015, with the related Shareholders' Equity and Share Capital recognised according to local Accounting Standards (as the Subsidiary Companies have prepared their separate financial statements 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 at 31 March 2016

Name	HQ	Country	Currency	Share Capital (local currency /000)	Shareholders' equity (local currency/000)	Control %
Piquadro S.p.A.	Gaggio Montano (BO)	Italy	Euro	1,000	35,990	Parent Company
Piquadro España SLU	Barcelona	Spain	Euro	898	774	100%
Piquadro Deutschland GmbH	Munich	Germany	Euro	25	23	100%
Uni Best Leather Goods Zhongshan Co. Ltd.	Guangdong	People's Republic of China	CNY	22,090	4,492	100%
Piquadro Hong Kong Co. Ltd.	Hong Kong	Hong Kong	HKD	2,000	915	100%
Piquadro Macau Limitada	Macau	Macau	HKD	25	198	100%
Piquadro Trading Shenzhen Co. Ltd.	Shenzhen	People's Republic of China	CNY	13,799	8,614	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	TWD	25,000	29,319	100%
Piquadro France SARL	Paris	France	EUR	2,500	2,535	100%
Piquadro Swiss SA	Mendrisio	Switzerland	CHF	100	(235)	51%
Piquadro UK Limited	London	United Kingdom	GBP	1,000	1,007	100%
Piquadro USA INC.	Delaware	USA	USD	1,000	1,000	100%
Piquadro LLC	Delaware	USA	USD	995	982	100%
OOO Piquadro Russia	Moscow	Russia	RUB	10	13,235	100%

Scope of consolidation at 31 March 2015

Name	HQ	Country	Currency	Share Capital (local currency /000)	Shareholders' equity (local currency /000)	Control %
Piquadro S.p.A.	Gaggio Montano (BO)	Italy	Euro	1,000	35,464	Parent Company
Piquadro España SLU	Barcelona	Spain	Euro	898	762	100%
Piquadro Deutschland GmbH	Munich	Germany	Euro	25	(33)	100%
Uni Best Leather Goods Zhongshan Co. Ltd.	Guangdong	People's Republic of China	CNY	22,090	580	100%
Piquadro Hong Kong Co. Ltd.	Hong Kong	Hong Kong	HKD	2,000	154	100%
Piquadro Macau Limitada	Macau	Macau	HKD	25	127	100%
Piquadro Trading Shenzhen Co. Ltd.	Shenzhen	People's Republic of China	CNY	13,799	1,279	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	TWD	25,000	785	100%
Piquadro France SARL	Paris	France	EUR	2,500	2,534	100%

Piquadro Swiss SA	Mendrisio	Switzerland	CHF	100	(82)	51%
Piquadro UK Limited	London	United Kingdom	GBP	700	964	100%
Piquadro USA INC.	Delaware	USA	USD	500	465	100%
Piquadro LLC	Delaware	USA	USD	497	462	100%

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

Compared to the financial year ended 31 March 2015, the financial year ended 31 March 2016 saw the establishment of OOO Piquadro Russia, which operates five of the Group's flagship DOSs in Moscow.

Accounting policies

The accounting policies used in preparing the consolidated financial statements at 31 March 2016, 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 reporting 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 asset and liability 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 2015/2016 (foreign currency corresponding to Euro 1):

Foreign Currency	Average exchange rate (*)		Final exchange rate (*)	
	2016	2015	2016	2015
Hong Kong Dollar (HKD)	8.56	9.83	8.83	8.34
Renminbi (RMB)	7.02	7.86	7.35	6.67
Taiwan Dollar (TWD)	35.48	38.78	36.60	33.65
Swiss Franc (CHF)	1.07	1.18	1.09	1.05
Great britain Pound (GBP)	0.73	0.79	0.79	0.73
Russian Rouble (RUB)	82.66 (**)	n.a.	76.31	n.a.
US Dollar (USD)	1.10	1.27	1.14	1.08

(*) Exchange rates are rounded up to the second decimal place.
(**) The Subsidiary company OOO Piquadro Russia was established on 13 January 2016, for which the average rate used makes reference to the period that starts form said date.

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 assets, 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 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 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, if any, 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 any 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 disposal group) and activities have been started to identify a purchaser and to complete the plan. Furthermore, the asset (or the disposal group) 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.

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 means of internal transport	20%
Cars	25%

***** or over the term of the lease 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, refurbishment 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 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, all 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 reporting 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 reinstated and the adjustment is charged as a revaluation (reinstatement of value) in the Income Statement. The revaluation is made at the lower of the recoverable value and the entry value, including the write-downs previously made and reduced by the amortisation rates which would have been allocated had no write down been made.

Equity

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

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

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

Stock Option plans

The Group acknowledges additional benefits to some Directors, Executives, employees and collaborators of the Parent Company and of other Group Companies through stock option plans. As required by IFRS 2 – *Share-based payments*, they must be considered based on equity settlement; therefore, the overall amount of the current value of the stock options 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 reporting 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 IFRS 7**,** below is reported the breakdown of the financial instruments by category relating to the financial years ended 31 March 2016 and 31 March 2015.

(in thousands of Euro)	**31/03/2016**	**FVTPL**	**LAR**	**AFS**	**FLAC**	**IAS 17 Leases**	**Measurement at fair value**
Trade receivables	23,801	0	23,801	0	0	0	23,801
Assets for financial instruments	70	0	70	0	0	0	70
Cash and cash equivalents	10,214	0	10,214	0	0	0	10,214
Assets	**34,085**	**0**	**34,085**	**0**	**0**	**0**	**34,085**
Non-current borrowings	7,046	0	0	0	7,046	0	7,046
Payables to other lenders for non-current lease agreements	1,431	0	0	0	0	1,431	0
Current borrowings	7,881	0	0	0	7,881	0	7,881
Payables to other lenders for current lease agreements	606	0	0	0	0	606	0
Trade payables	12,521	0	12,521	0	0	0	12,521
Liabilities for financial instruments	0	0	0	0	0	0	0
Liabilities	**29,485**	**0**	**12,521**	**0**	**14,927**	**2,037**	**27,448**

(in thousands of Euro)	**31/03/2015**	**FVTPL**	**LAR**	**AFS**	**FLAC**	**IAS 17 Leases**	**Measurement at fair value**
Trade receivables	23,185	0	23,184	0	0	0	23,184
Assets for financial instruments	0	0	0	0	0	0	0

Cash and cash equivalents	12,705	0	12,705	0	0	0	12,705
Assets	**35,890**	**0**	**35,890**	**0**	**0**	**0**	**35,890**
Non-current borrowings	7,312	0	0	0	7,312	0	7,312
Payables to other lenders for non-current lease agreements	2,085	0	0	0	0	2,085	0
Current borrowings	9,695	0	0	0	9,695	0	9,695
Payables to other lenders for current lease agreements	625	0	0	0	0	625	0
Trade payables	13,657	0	13,657	0	0	0	13,657
Liabilities for financial instruments	0	0	0	0	0	0	0
Liabilities	**33,374**	**0**	**13,657**	**0**	**17,007**	**2,710**	**30,664**

Key

FVTPL: Fair value Through Profit and Loss
LAR: Loans And Receivables
AFS: Available For Sale
FLAC: Financial Liabilities at Amortised 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;
- o Foreign exchange risk, relating to operations in currencies other than currencies of denomination;
- o Interest rate risk, relating to the Group's exposure on financial instruments which bear 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 at 31 March 2015**	**Use**	**Accrual**	**Provision at 31 March 2016**
Provision for bad debts	1,231	(196)	269	1,304
Total Provision	**1,231**	**(196)**	**269**	**1,304**

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
31/03/2016	Amount in the accounts		1-60 days	61-120 days	Over 120 days	
DOSs	226	226	0	0	0	0
Wholesale	23,575	16,371	2,091	969	5,447	(1,304)
Total	**23,801**	**16,597**	**2,091**	**969**	**5,447**	**(1,304)**

(in thousands of Euro)		Loans falling due	Expired loans			Provision for bad debts
31/03/2015	Amount in the accounts		1-60 days	61-120 days	Over 120 days	
DOSs	280	280	0	0	0	0
Wholesale	22,905	17,364	1,763	812	4,197	(1,231)
Total	**23,185**	**17,644**	**1,763**	**812**	**4,197**	**(1,231)**

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 variable average 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:

	31 March 2016	**31 March 2015**
Cash Ratio (*)	0.42	0.46
Quick Ratio (**)	1.48	1.40
Current Ratio (***)	2.14	1.98
Net financial debt/EBITDA	0.81	0.80
Interest coverage ratio (****)	(45.10)	372.4

(*) 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 Ratios) 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
31/03/2016					
Payables to banks for loans	14,927	7,967	7,152	0	15,119
Payables to banks for credit lines	0	0	0	0	0
Trade payables	12,521	12,521	0	0	12,521
Other borrowings (leases)	2,037	669	1,477	0	2,146
Derivative liabilities	0	0	0	0	0
Total	**29,485**	**21,157**	**8,629**	**0**	**29,786**

Type of instruments	Amount in the accounts	Within 1 year	From 1 year to 5 years	Beyond 5 years	Total
31/03/2015					
Payables to banks for loans	17,007	9,872	7,481	0	17,353
Payables to banks for credit lines	0	0	0	0	0
Trade payables	13,657	13,657	0	0	13,657
Other borrowings (leases)	2,710	670	2,170	0	2,840
Derivative liabilities	0	0	0	0	0
Total	**33,374**	**24,199**	**9,651**	**0**	**33,850**

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 subscription of the derivative instruments;
(iv) Finance leases: instalments, plus interest, have been reported.

As at 31 March 2016, the Group could rely on about Euro 36,456 thousand of credit lines (about Euro 34,906 thousand at 31 March 2015), of which unused lines of about Euro 21,499 thousand (about Euro 17,849 thousand at 31 March 2015) and on cash and cash equivalents of about Euro 10,211 thousand (Euro 12,705 thousand at 31 March 2015). 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 23,801 thousand at 31 March 2016 (Euro 23,185 thousand at 31 March 2015).

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 Uni Best Leather Goods in Zhongshan Co. Ltd. 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 "hedge accounting policy". 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 2016, the Parent Company executed currency forward contracts for USD 17,300 thousand, equal to an aggregate counter-value of Euro 15,252 thousand, with an average exchange rate of USD 1.134.
During the financial year ended 31 March 2015, the Parent Company executed currency forward contracts for USD 19,700 thousand, equal to an aggregate counter-value of Euro 14,359 thousand, with an average exchange rate of USD 1.372.

Furthermore, it should be noted that some Group Companies are located in Countries which do not belong to the European Monetary Union, i.e. China, Hong Kong, Macau, Taiwan, the United Kingdom, Russia and the United States of America. 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 (Losses)**	**Other changes in Equity**	**Profits (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	10,214	901	(82)	0	100	0
Trade receivables	23,801	312	(28)	0	35	0
Derivative financial instruments	70	0	0	445	0	(388)
			(110)	**445**	**135**	**(388)**
Financial liabilities						
Borrowings	14,927	0	0	0	0	0
Payables to other lenders for lease agreements	2,037	0	0	0	0	0
Trade payables	12,521	1,767	(161)	0	196	0
Derivative financial instruments						
			(161)	**0**	**196**	**0**
Total effect at 31/03/2016			**(271)**	**445**	**331**	**(388)**

			Foreign exchange risk (FER)			
			+10% Euro/USD		**-10% Euro/USD**	
	Book value	**Of which subject to FER**	**Profits (Losses)**	**Other changes in Equity**	**Profits (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	12,705	61	(6)	0	7	0
Trade receivables	23,185	78	(7)	0	9	0
Derivative financial instruments	0	0	0	0	0	0

			(13)	**0**	**15**	**0**
Financial liabilities						
Borrowings	17,007	0	0	0	0	0
Payables to other lenders for lease agreements	2,710	0	0	0	0	0
Trade payables	13,657	2,064	(188)	0	229	0
Derivative financial instruments	0	0	0	0	0	0
			(188)	0	229	0
Total effect at 31/03/2015			**(201)**	**0**	**244**	**0**

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

			Interest rate risk (IRR)			
			+50 bps on IRR		**-50 bps on IRR**	
	Book value	**Of which subject to IRR**	**Profits (Losses)**	**Other changes in Equity**	**Profits (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	10,214	10,214	51	0	(51)	0
Trade receivables	23,801	0	0	0	0	0
Derivative financial instruments	70	0	0	0	0	0
			51	**0**	**(51)**	**0**
Financial liabilities						
Borrowings	14,927	14,927	(75)	0	75	0
Payables to banks for credit lines	0	0	0	0	0	0
Trade payables	12,521	0	0	0	0	0
Other borrowings (leases)	2,037	2,037	(10)	0	10	0
Derivative financial instruments						
			(85)	**0**	**85**	**0**
Total effect at 31/03/2016			**(34)**	**0**	**34**	**0**

			Interest rate risk (IRR)			
			+50 bps on IRR		**-50 bps on IRR**	
	Book value	**Of which subject to IRR**	**Profits (Losses)**	**Other changes in Equity**	**Profits (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash	12,705	12,705	64	0	(64)	0

equivalents						
Trade receivables	23,185	0	0	0	0	0
Derivative financial instruments	0	0	0	0	0	0
			64	**0**	**(64)**	**0**
Financial liabilities						
Borrowings	17,007	17,007	(85)	0	85	0
Payables to banks for credit lines	0	0	0	0	0	0
Trade payables	13,657	0	0	0	0	0
Other borrowings (leases)	2,710	2,710	(14)	0	14	0
Derivative financial instruments	0	0	0	0	0	0
			(99)	**0**	**99**	**0**
Total effect at 31/03/2015			**(35)**	**0**	**35**	**0**

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 Capital 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 net Invested Capital.

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Net Financial Position	6,749	7,012
Equity	36,790	35,411
Net invested capital	43,539	42,423
Gearing ratio	**15.5%**	**16.5%**

Employee benefits

Employee benefits substantially include the Provisions for Staff 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 is a reasonable estimate of the benefits that each employee has already accrued with respect to the work performed. Actuarial gains and losses arising from changes in the actuarial assumptions used are recognised in the Income Statement.
As a result of the reform of supplementary pension schemes, the Provision for TFR, as regards the portion accrued from 1 January 2007, is to be considered as being substantially assimilated to a “defined contribution plan”. In particular, these amendments introduced the possibility for workers to choose where to allocate the TFR that is accruing. In companies with more than 50 employees, the new TFR flows may be allocated by the worker to selected pension schemes or kept in the company and transferred to INPS (*Istituto Nazionale di Previdenza Sociale*, National Social Security Institute).

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

Provisions for risks and charges

Provisions for risk and charges cover certain or probable costs and charges of a fixed nature, whose timing or amount was uncertain at the closing date of the financial year. Provisions are recognised when:

(i) it is probable that a current obligation (legal or constructive) exists as a result of paste events;

(ii) it is probable that the fulfilment of the obligation will require the payment of a consideration;

(iii) the amount of the obligation can be estimated reliably.

Provisions are entered at the value representing the best estimate of the amount that the Group would rationally pay to discharge the obligation or to transfer it to third parties at the closing date of the period. When the financial effect of time is significant and the payment dates of the obligations can be estimated reliably, the provision is discounted back; the increase in the Provision connected with the passage of time is charged to the Income Statement under item “Financial income (Charges)”. The Provision for supplementary clientele indemnity, as well as any other Provisions for risks and charges, is set aside on the basis of a reasonable estimate of the future probable liability, taking account of the available elements and also taking account of the estimates 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 current tax debt, 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.

Furthermore, for a better representation of the rules laid down under “IAS 12 – Income Taxes” in relation to the offsetting of deferred taxation, the Group has deemed it appropriate to reclassify portions of deferred tax assets and liabilities where there is a legal right to setoff current tax assets and the corresponding current tax liabilities.

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

Revenue recognition

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

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

Cost recognition

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

Use of estimates

The process of drawing up the financial statements involves the Group’s 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 aspects which, more than others, require greater subjectivity on the part of the Directors in working out the estimates and for which a change in the conditions underlying the assumptions applied could have a significant impact on the consolidated financial data:

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

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

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

Provisions for legal and tax risks: provisions are made for legal and tax risks, if required, which represent the risk of being the losing party. The amount of the Provisions (if any) entered in the accounts 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 estimates 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 2015/2016.

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
1.5% for 2016 and 1.5 for 2015	Frequency of 2.14% for 2016 and 3.51% for 2015	4.17% for 2016 and 4.63% for 2015

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 2015, the following accounting standard issued by the IASB and endorsed by the European Union was applied obligatorily:

IFRIC 21 – "*Levies (Regulation 634/2014*)". This interpretation was issued by IFRS IC on 20 May 2013 and will be applicable, on a retrospective basis, starting from financial years that will commence on or after 17 June 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.

On 12 December 2013 the International Accounting Standards Board (IASB) published a document named "Improvements to International Financial Reporting Standards (2011-2013 Cycle)", as subsequently adopted by the European Union by Regulation 1361/2014. These improvements, which will be applicable from the financial years that will commence on or after 1 July 2014, include amendments to the following existing international accounting standards:

- IFRS 1 (*Improvement*) – "*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 (*Improvement*) – "*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 (*Improvement*) – "*Fair value measurement: Scope of paragraph 52 (portfolio exception) (par. 52)*". 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 (*Improvement*) – "*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.

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 2016, 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:

Amendments to IAS 19 - "*Employee Benefits: Defined Benefit Plans- Employee Contributions (Regulation 29/2015)*". 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)", as subsequently adopted by the European Union by Regulation 28/2015. These improvements include amendments to the following existing international Accounting Standards:

- *IFRS* 2 (*Improvement*) – "*Share-based Payment: Definition of vesting conditions".* Amendments have been made to the definitions of "vesting conditions" and "market condition" and the definitions of "performance condition" and "service condition" have been added.
- *IFRS* 3 (*Improvement*) – "*Business Combinations: Accounting for contingent consideration in a business combination".* It is clarified 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 it is a financial instrument regulated by IFRS 9 or by IAS 39 or a non-financial asset or liability.
- *IFRS* 8 (*Improvement*) – "*Operating Segments: Aggregation of operating segments".* These amendments require the disclosure of the judgements made by the Management in aggregating operating segments.
- *IFRS* 8 (*Improvement*) – *"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 obligatorily only if a measurement of the total assets of operating segments is regularly provided to the Management.
- *IFRS* 13 (*Improvement*) – *"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 (*Improvement*) – "*Property, Plant and Equipment & Improvement IAS 38 – Intangible assets": Revaluation method".* These 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 (*Improvement*) – "*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.

Amendments to *IFRS* 11 - "*Joint arrangements: Acquisitions of Interests in Joint Operations*" *(Regulation 2173/2015).* These amendments were issued by the IASB on 6 May 2014 and will be applicable from the financial years that will commence on or after 1 January 2016, with early application permitted. The document states that the principles in IFRS 3 – *Business Combinations* – regarding the recognition of the effects of a business combination must be applied in order to recognise the acquisition of a joint operation whose activity is represented by a business.

Amendments to *IAS* 16 and *IAS* 38 – "*Clarification of Acceptable Methods of Depreciation and Amortisation*" *(Regulation 2231/2015).* These amendments were issued by the IASB on 12 May 2014 and will be applicable from the financial years that will commence on or after 1 January 2016. The document states that, except in certain limited circumstances, a method of amortisation/depreciation correlated to revenues may not be considered acceptable for both property, plant and equipment and intangible assets.

Amendments to *IAS* 16 and *IAS* 41 - "*Agriculture. Bearer Plants*" *(Regulation 2113/2015).* These amendments were issued by the IASB on 30 June 2014 and will be applicable from the financial years that will commence on or after 1 January 2016. The document states that the accounting treatment of some specific types of biological activities (fruit trees) must be as laid down in IAS 16.

Amendments to *IAS* 27 - "*Separate Financial Statements*" *(Regulation 2441/2015).* The document was issued by the IASB on 12 August 2014. These amendments, which will be applicable from the financial years that will commence on or after 1 January 2016, allow the equity method to be used to account for investments in subsidiaries, associates and joint ventures in separate financial statements. The aim is to reduce management complexity and relative costs for Companies that operate under legal systems in which IFRS also apply to separate financial statements.

On 25 September 2014 the International Accounting Standards Board (IASB) published a document named "Improvements to International Financial Reporting Standards (2012-2014 Cycle)", which was subsequently adopted by the European Union by Regulation 2343/2015. These improvements, which will be applicable from the financial years that will commence on or after 1 January 2016, include amendments to the following existing international Accounting Standards:

- *IFRS* 5 *(Improvement)* – "*Non-current Assets Held for Sale and discontinued operations: change of disposal method*". The amendment provides guidelines to apply when an entity reclassifies an asset (or a disposal group) from "held for sale" to "held for distribution" (or vice versa), or when the requirements for the classification of an asset as "held for distribution" are no longer met.
- *IFRS* 7 *(Improvement)* – "*Financial instruments: disclosures*". The document regulates the introduction of additional guidelines to clarify whether a servicing contract constitutes a residual involvement in a transferred business for the purposes of the required disclosures. Furthermore, in relation to the offsetting of financial assets and liabilities, the document clarifies that the disclosures are not expressly required for all interim financial statements. However, these disclosures could be required in order to meet the requirements set out under IAS 34, when they are significant disclosures.
- *IAS* 19 *(Improvement)* – "*Employee benefits: discount rate*". The document introduces amendments to IAS 19 in order to clarify that the high quality corporate bonds used to determine the discount rate of post-employment benefits should be issued in the same currency as that used to pay the benefits. The amendments specify that the extent of the high quality corporate bonds market must be considered at currency level.
- *IAS* 34 *(Improvement)* – "*Interim financial reporting: disclosure of information elsewhere in the interim financial report*". The document introduces amendments in order to clarify the requirements to apply when the required disclosures are presented in the interim financial report, but not in the sections of the financial statements. The amendment specifies that these disclosures must be included through cross-references between the two documents, provided that both of them are available to the users of the financial statements in the same manners and within the same time limits.

Amendments to *IAS 1* - "*Presentation of financial statements*" *(Regulation 2406/2015).* The document was issued by the IASB on 18 December 2014. The amendments, which will be applicable starting from the financial years that will commence on or after 1 January 2016, are aimed at making the preparation of the financial statements more clear and intelligible. The amendments relate to:

materiality and aggregation: clarifies that an entity should not obscure useful information by aggregating or disaggregating information; and that materiality considerations apply to the primary statements, explanatory notes and any specific disclosure requirements in IFRSs, i.e. disclosures specifically required by IFRSs need to be provided only if the information is material;

statement of financial position and statement of comprehensive income: clarifies that the list of line items specified by IAS 1 for these statements can be disaggregated and aggregated as relevant. Additional guidance has been added on the presentation of subtotals in these statements;

presentation of other comprehensive income ("OCI"): clarifies that an entity's share of OCI of associates and joint ventures consolidated according to the equity method should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;

explanatory notes: clarifies that entities have flexibility when designing the structure of the explanatory notes and provides guidance on how to determine a systematic order of the notes.

It is believed that these standards and amendments will not entail any significant effect on the Group's financial statements.

Accounting Standards, amendments and interpretations not yet endorsed by the European Union

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

IFRS 9 – "*Financial instruments*". This standard was published by the IASB, in its final version, on 24 July 2014 at the end of a long-term process aimed at replacing the current IAS 39. The standard, the application of which is expected on 1 January 2018, introduces new criteria for the classification of financial assets and liabilities, for the derecognition and impairment of financial assets and the management and accounting for hedging transactions.

IFRS 15 – "*Revenue from Contracts with Customers*". This standard was published by the IASB on 28 May 2014. This standard replaces IAS 18 – *Revenue*, IAS 11 – *Construction Contracts*, the interpretations SIC 31, IFRIC 13 and IFRIC 15. The new standard applies to any and all contracts with customers, except for any contracts that fall under the scope of application of IAS 17 – *Leases*, insurance contracts and financial instruments. The new standard lays down a process consisting of five steps which determine the timing and the amount of the revenues to recognise (identification of contracts with customers, identification of the performance obligations laid down as per contract, determination of the transaction price, allocation of the transaction price, recognition of revenues upon the fulfilment of the performance obligation). The adoption of this standard is expected to be obligatory starting from 1 January 2018, with early adoption permitted. It is planned to apply the new standard retrospectively, with the possibility of choosing whether to restate the financial years presented in the comparative disclosures or recognise the effects of its adoption under the opening equity of the first-time application financial year.

Amendments to *IFRS* 10*, IFRS 11 and IAS 28 - "Investment Entities: Applying the Consolidation Exception*". The document, which was published by the IASB on 18 December 2014, introduces the following amendments:

- the exemption from preparing consolidated financial statements for a sub-holding company also applies to a parent entity that is a subsidiary of an investment entity;
- a subsidiary that provides services that support the investment entity's investment activities: the amendments clarify that only a subsidiary that is not an investment entity itself is consolidated;
- the application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: the amendments allow the investor to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries;
- an investment entity that measures its subsidiaries at fair value must provide the disclosures required by IFRS 12.

IFRS 16 – "*Leases*". This standard was published by the IASB on 13 January 2016, intended to replace IAS 17 – *Leases*, as well as the interpretations IFRIC 4 - *Determining Whether an Arrangement Contains a Lease*, SIC 15 – *Operating Leases – Incentives* and SIC 27 – *Evaluating the substance of Transactions in the Legal Form of a Lease.* The new standard provides a new definition of lease and introduces a criterion based on the control (rights of use) over an asset to distinguish leases from service contracts, identifying the following distinguishing features: the identification of the asset, the right to replace the same, the right to substantially obtain all the economic benefits arising from the use of the asset and the right to manage the use of the asset underlying the contract. It is expected to be applied from 1 January 2019. Early adoption will be permitted for those entities which also apply IFRS 15.

Amendments to IAS 12 – *Recognition of Deferred Tax Assets for Unrealised Losses*. This document was issued by the IASB on 19 January 2016. The amendments, which will be applicable from the financial years commencing on 1 January 2017, clarify how to account for a deferred tax asset relating to a financial liability measured at fair value. Early adoption is permitted.

Amendments to IAS 7 – *Disclosure Initiative*. This document was issued by the IASB on 29 January 2016. The amendments, which will be applicable from the financial years commencing on 1 January 2017, require the entities to provide information on the changes in their financial liabilities, so as to allow the users to better understand the reasons behind the changes in the entity's debt.

For the following standards and interpretations, the EU endorsement process is postponed to an indefinite date:

IFRS 14 – *Regulatory Deferral Accounts*. The document 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 be obligatory starting from 1 January 2016, with early application permitted.

Amendments to IFRS 10 and IAS 28 – "*Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*". The document was issued by the IASB on 11 September 2014 in order to solve a conflict between the two mentioned standards in relation to the disposal of an asset or of a Subsidiary to an associate or to a joint venture, and will be applicable from 1 January 2016. The amendments provide that, in the case of a disposal or contribution of assets or of a Subsidiary to an associate or to a joint venture, the value of the profit or loss to be recognised in the accounts of the transferring/contributing company must be related to the classification of the assets or of the Subsidiary that have been transferred/contributed as a business, as defined under IFRS 3. In the event that the disposal/contribution constitutes a business, the entity must recognise the profit or loss in relation to the entire portion previously held; while, otherwise, the entity must recognise the portion of profit or loss relating to the portion still held by the entity that must be derecognised.

As at the date of this annual financial Report, it was not deemed that the Accounting Standards, interpretations and amendments to Accounting Standards listed above may have potential significant impacts on the Group's equity, financial and economic position.

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 2014/2015 and FY 2015/2016 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	57	2,044	6,545	79	9,317
Amortisation fund	(592)	(48)	(1,721)	(1,936)	0	(4,297)
Net value at 31/03/2014	**0**	**9**	**323**	**4,609**	**79**	**5,020**
Increases for the period	0	1	138	74	0	213
Decrease for the period	0	0	0	0	(13)	(13)
Reclassifications	0	0	66	0	(66)	0
Amortisation	0	(5)	(238)	(457)	0	(700)
Write-downs	0	0	0	0	0	
Other reclassifications of historical cost	0	0	0	0	0	0
Other reclassifications of amortisation fund	0	0	0	0	0	0
Exchange differences on gross value	0	0	0	53	0	53
Exchange differences on amortisation fund	0	0	0	(7)	0	(7)
Gross value	592	57	2,293	6,672	0	9,615
Amortisation fund	(592)	(52)	(1,959)	(2,405)	0	(5,007)
Net value at 31/03/2015	**0**	**5**	**335**	**4,267**	**0**	**4,608**
Increases for the period	0	0	207	0	17	224
Decrease for the period	0	0	0	0	0	0
Reclassifications	0	0	17	0	(17)	0
Amortisation	0	(3)	(207)	(462)	0	(672)
Write-downs	0	0	0	0	0	0

(in thousands of Euro)	Development costs	Industrial patent rights	Software, licences, trademarks and other rights	Other fixed assets	Fixed assets under development	Total
Other reclassifications of historical cost	0	0	0	0	0	0
Other reclassifications of amortisation fund	0	0	0	0	0	0
Exchange differences on gross value	0	0	0	(227)	0	(227)
Exchange differences on amortisation fund	0	0	0	175	0	175
Gross value	592	57	2,517	6,445	0	9,611
Amortisation fund	(592)	(55)	(2,165)	(2,692)	0	(5,504)
Net value at 31/03/2016	**0**	**2**	**352**	**3,753**	**0**	**4,107**

Increases in intangible assets, equal to Euro 224 thousand in the financial year ended 31 March 2016 (Euro 213 thousand at 31 March 2015) mainly related for Euro 207 thousand to investments in software and IT products.

In the course of the FY 2015/2016 no trigger events occurred as to the key moneys outstanding at the year-end (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 2014/2015 and FY 2015/2016 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	2,741	13,826	0	116	23,844
Depreciation fund	0	(1,521)	(2,526)	(6,738)	0	0	(10,785)
Net value at 31/03/2014	**878**	**4,762**	**215**	**7,088**	**0**	**116**	**13,059**
Increases for the period	0	0	48	1,242	30	48	1,368
Sales and derecognitions (gross value)	0	0	(5)	(312)	0	0	(317)
Sales and derecognitions (depreciation fund)	0	0	5	261	0	0	266

(in thousands of Euro)	**Land**	**Buildings**	**Plant and equipment**	**Industrial and business equipment**	**Other assets**	**Fixed assets under construction and advances**	**Total**
Depreciation	0	(195)	(74)	(1,446)	(3)	0	(1,718)
(Write-down of gross value)	0	0	0	(722)	0	0	(722)
Write-down of depreciation fund	0	0	0	303	0	0	303
Reclassifications	0	0	0	116	0	(116)	0
Other reclassifications of historical cost	0	0	0	0	0	0	0
Other reclassifications of depreciation fund	0	0	0	0	0	0	0
Exchange differences on gross value	0	0	64	473	0	9	546
Exchange differences on depreciation fund	0	0	(48)	(114)	0	0	(162)
Gross value	878	6,283	2,848	14,624	30	57	24,719
Depreciation fund	0	(1,716)	(2,643)	(7,734)	(3)	0	(12,096)
Net value at 31/03/2015	**878**	**4,567**	**205**	**6,890**	**27**	**57**	**12,624**
Increases for the period	0	27	161	1,997	0	0	2,185
Sales and derecognitions (gross value)	0	0	(3)	(91)	0	0	(94)
Sales and derecognitions (depreciation fund)	0	0	2	17	0	0	19
Depreciation	0	(196)	(74)	(1,523)	(6)	0	(1,799)
Write-down of gross value	0	0	0	(455)	0	0	(455)
Write-down of depreciation fund	0	0	0	323	0	0	323
Reclassifications	0	0	0	0	0	0	0
Other reclassifications of historical cost	0	0	0	55	0	(55)	0
Other	0	0	0	0	0	0	0

(in thousands of Euro)	Land	Buildings	Plant and equipment	Industrial and business equipment	Other assets	Fixed assets under construction and advances	Total
reclassifications of depreciation fund							
Exchange differences on gross value	0	0	(28)	(96)	0	(3)	(127)
Exchange differences on depreciation fund	0	0	21	(80)	0	1	(58)
Gross value	878	6,310	2,978	16,034	30	0	26,230
Depreciation fund	0	(1,912)	(2,694)	(8,997)	(9)	0	(13,612)
Net value at 31/03/2016	**878**	**4,398**	**284**	**7,037**	**21**	**0**	**12,618**

Increases in property, plant and equipment, equal to Euro 2,185 thousand in the financial year ended 31 March 2016 (Euro 1,368 thousand at 31 March 2015), were mainly attributable to the purchases of moulds relating to new products for Euro 97 thousand, to furniture and fittings for Euro 1,843 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 17 thousand, to the purchase of electronic machines for 120 Euro thousand, to the purchase of minor assets for Euro 12 thousand.

Net write-downs, equal to Euro 133 thousand, related to the write-down of furniture and fittings for the disposal of the shop located in Aeroville in France (Euro 85 thousand) for the fire that occurred at the Rome Fiumicino T3 shop in July 2015 and for a theft that occurred at Piquadro S.p.A. (for a total of Euro 48 thousand).

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

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Land	878	878
Buildings	4,166	4,318
Industrial and business equipment	39	80
Total	**5,083**	**5,276**

Note 3 - Receivables from others

Receivables from others (equal to Euro 700 thousand at 31 March 2016 compared to Euro 682 thousand at 31 March 2015) relate to guarantee deposits paid both for various utilities, including those relating to the operation of Company-owned shops, and deposits relating to the lease of shops that are not yet operating.

Note 4 – Deferred tax assets

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Deferred tax assets:		
- within 12 months	581	603
- beyond 12 months	759	1,121

	1,340	**1,724**
Deferred tax liabilities		
- within 12 months	96	323
- beyond 12 months	62	62
	158	**385**
Net Position	**1,182**	**1,339**

Below are reported the relevant changes:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Opening Net Position	**1,339**	**1,480**
Credit/(Debit) to the Statement of Comprehensive Income	(73)	(167)
Credit/(Debit) to Equity	(84)	26
Total	**1,182**	**1,339**

Below are reported the main elements that make up deferred tax assets and deferred tax liabilities and their changes in the last two financial years:

Deferred tax assets	**31 March 2016**		**31 March 2015**	
(in thousands of Euro)	**Temporary differences**	**Tax effect (IRES+IRAP)**	**Temporary differences**	**Tax effect (IRES+IRAP)**
Deferred tax assets with effect through P&L:				
Provision for bad debts	1,141	286	1,057	291
Provision for obsolescence of inventories	611	168	479	132
Provisions for risks and charges	268	43	243	42
Amortisation and depreciation	741	202	517	162
Effects of consolidation	416	326	800	251
Others	1,083	315	2,706	846
Total	**4,260**	**1,340**	**5,802**	**1,724**
Amount credited (debited) to P&L	*0*	*(169)*	*0*	*158*
Deferred tax assets with effect through comprehensive income:				
Hedging transactions (cash flow hedge)	0	0	0	0
Total	**0**	**0**	**0**	**0**
Amount credited (debited) to comprehensive income	*0*	*0*	*0*	*0*
Total tax effect	**4,260**	**1,340**	**5,707**	**1,724**

Deferred tax liabilities	**31 March 2016**		**31 March 2015**	
(in thousands of Euro)	**Temporary differences**	**Tax effect (IRES+IRAP)**	**Temporary differences**	**Tax effect (IRES+IRAP)**
Deferred tax liabilities with effect through P&L:				
Others	325	163	1,394	383
Total	**325**	**163**	**1,394**	**383**
Amount credited (debited) to P&L	*0*	*96*	*0*	*(294)*
Deferred tax liabilities with effect				

through comprehensive income:				
Hedging transactions (cash flow hedge)	0	0	0	0
Defined-benefit plans	(21)	(6)	7	2
Total	**(21)**	**(6)**	**7**	**2**
Amount credited (debited) to comprehensive income	*0*	*0*	*0*	*0*
Total tax effect	**304**	**158**	**1,401**	**385**

The amount of deferred tax assets (equal to Euro 1,340 thousand at 31 March 2016 against Euro 1,724 thousand at 31 March 2015) is mainly made up of temporary tax differences relating to Piquadro S.p.A. (Euro 928 thousand at 31 March 2016 against Euro 1,116 thousand at 31 March 2015), 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 25 thousand).
In calculating deferred tax assets, account was taken of the Bill in Parliament no. 3444 (2016 Stability Law), which reduced the IRES tax rate from 27.5% to 24% starting from the 2017/2018 financial year.

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 at 31 March 2016**	**Provision for write-down**	**Net value at 31 March 2016**	**Net value at 31 March 2015**
Raw materials	2,141	(89)	2,052	2,344
Semi-finished products	700	0	700	661
Finished products	14,114	(522)	13,592	12,957
Inventories	**16,955**	**611**	**16,344**	**15,962**

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

(in thousands of Euro)	**Provision at 31 March 2015**	**Use**	**Accrual**	**Provision at 31 March 2016**
Provision for write-down of raw materials	151	(62)	0	89
Provision for write-down of finished products	327	0	195	522
Total Provision for write-down of inventories	**478**	**(62)**	**195**	**611**

At 31 March 2016 an increase of Euro 382 thousand was recognised in inventories compared to the corresponding values at 31 March 2015. This increase is mainly attributable to seasonal trends and to the growth in the Group's turnover.

Note 6 - Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Receivables from customers	25,105	24,416

Provision for bad debts	(1,304)	(1,231)
Current trade receivables	**23,801**	**23,185**

Gross trade receivables amounted to Euro 25,105 thousand at 31 March 2016, showing an increase of Euro 689 thousand compared to the balance at 31 March 2015. The increase was mainly attributable to an increase recorded in the sales in the Wholesale channel, mainly on the domestic market and to operators active in the business to business.

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 at 31 March 2016**	**Provision at 31 March 2015**
Balance at the beginning of the period	1,231	1,173
Accrual	269	386
Uses	(196)	(328)
Total Provision for bad debts	**1,304**	**1,231**

Note 7 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Other assets	395	280
Accrued income and prepaid expenses	1,428	1,258
Other current assets	**1,823**	**1,538**

Other assets related to advances to suppliers of the Parent Company for Euro 89 thousand, INAIL advances of Euro 61 thousand and VAT credits related to Subsidiaries for Euro 133 thousand.
Accrued income and prepaid expenses mainly related to the Parent Company for prepaid expenses on rents (equal to Euro 391 thousand) and advertising (Euro 531 thousand).

Nota 8 – Derivative assets

As at 31 March 2016 there were assets relating to currency forward purchases (USD) equal to Euro 70 thousand (at 31 March 2015 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 governing the inclusion of non-performance risks was not significant.

Note 9 – Tax receivables

As at 31 March 2016 tax receivables were equal to Euro 328 thousand (Euro 907 thousand at 31 March 2015) and mainly 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.

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Receivables for income taxes	323	9
Other tax receivables	5	898
Tax receivables	**328**	**907**

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 2016**	**31 March 2015**
Available current bank accounts	10,121	12,619
Money, cash on hand and cheques	93	86
Cash and cash equivalents	**10,214**	**12,705**

The balance represents cash and cash equivalents and the existence of money 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 2016, the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by 50,000,000 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, Key Executives, 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 S.p.A. 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 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 are 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. The calculation model has been created specifically in order to take account of the characteristics envisaged in the rules of the plan.

As regards the 2012-2017 Stock Option Plan, it should be noted that, on the basis of the results achieved by the Group from the approval of the stock option plan up to today and on the basis of the new plans prepared by the Management, it is emerged that the chances of attaining the EBITDA and Net Financial Position targets set out in the plan are very close to zero. As they are "non-market conditions" and taking account of these chances in accounting for the plan, the amount that had been previously accounted for under the "Stock Option Reserve" in previous financial years was consequently taken to the Income Statement in the year ended 31 March 2015 (as the plan had become "out of the money").

Based on the results of this Annual Financial Report and the most recent budget forecasts, no elements arise which can modify the approach referred to above. Accordingly, no effects through profit or loss were recognised in relation to the 2012-2017 Stock Option Plan.

As at the date of the current Annual Financial Report, the 2008-2013 Stock Option Plan, approved by the Board of Directors of Piquadro S.p.A. on 31 January 2008, had been closed and no option awarded under the same had 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 2016 the reserve was positive for Euro 234 thousand (it reported a positive balance of Euro 796 thousand at 31 March 2015). 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. 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), Piquadro UK Limited (the relevant currency being the Great Britain Pound), Piquadro USA Inc., Piquadro LLC (the relevant currency being the US Dollar), OOO Piquadro Russia (the relevant currency being the Russian Rouble).

d) Group net profit

This item relates to the recognition of the profit recorded by the Group, equal to Euro 3,946 thousand at 31 March 2016.

During the financial year ended 31 March 2016, the Parent Company's profit for the period, as resulting from the separate financial statements at 31 March 2015, was allocated as follows:

(i) Euro 2,000 thousand to dividends, corresponding to earnings per share equal to about Euro 0.04 per share to 50,000,000 outstanding shares;
(ii) Euro 2,119 thousand to Profits carried forward, as the legal reserve had reached one fifth of the Share Capital.

e) Profits and reserves attributable to minority interests

The item refers to the portions of reserves and profits, equal to a negative value of Euro 68 thousand (at 31 March 2015 profits and reserves attributable to minority interests were equal to Euro 40 thousand), which are attributable to the minority interests of Piquadro Swiss SA.

Non-current liabilities

Note 12 – Borrowings

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

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Borrowings from 1 to 5 years	7,046	7,312
Borrowings beyond 5 years	0	0
Medium/long-term borrowings	**7,046**	**7,312**

As at 31 march 2016, borrowings mainly related to the Parent Company. Below is the summary of the capital quotas still to be repaid as at the reporting date:

1. Euro 1,015 thousand relating to the unsecured loan granted by UBI – Banca Popolare Commercio & Industria on 30 July 2014 (for an initial amount of Euro 2,000 thousand), of which a current portion of Euro 673 thousand and a non-current portion of Euro 342 thousand;
2. Euro 2,500 thousand relating to the unsecured loan granted by UBI – Banca Popolare Commercio & Industria on 1 February 2016 (for an initial amount of Euro 2,500 thousand), of which a current portion of Euro 1,666 thousand and a non-current portion of Euro 834 thousand;
3. Euro 1,151 thousand relating to the unsecured loan granted by Credem – Credito Emiliano on 30 July 2015 (for an initial amount of Euro 2,300 thousand), due and payable within twelve months;
4. Euro 2,751 thousand relating to the unsecured loan granted by Credem – Credito Emiliano on 12 November 2015 (for an initial amount of Euro 3,300 thousand), of which a current portion of Euro 2,200 thousand and a non-current portion of Euro 551 thousand;
5. Euro 1,677 thousand relating to the unsecured loan granted by ICCREA – Banca Impresa S.p.A. on 26 March 2015 (for an initial amount of Euro 2,500 thousand), of which a current portion of Euro 833 thousand and a non-current portion of Euro 844 thousand;
6. Euro 5,700 thousand relating to the unsecured loan granted by Mediocredito Italiano S.p.A. on 29 January 2016 of which a current portion of Euro 1,200 thousand and a non-current portion of Euro 4,500 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**
UBI Loan	30 July 2014	2,000	Euro	673	0	342	0	1,015
UBI Stand By Loan	1 February 2016	2,500	Euro	1,666	0	834	0	2,500
Credem Loan	30 July 2015	2,300	Euro	1,151	(4)	0	0	1,147
Credem Loan	12 November 2015	3,300	Euro	2,200	(2)	551	0	2,749
ICCREA Loan	26 March 2015	2,500	Euro	834	(6)	845	(2)	1,671
Mediocredito Loan	29 January 2016	6,000	Euro	1,200	(14)	4,500	(24)	5,662
Payables to banks			Euro	183	0	0	0	183
				7,907	**(26)**	**7,072**	**(26)**	**14,927**

Note 13 – Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Non-current:		
Payables to leasing companies	1,431	2,085
Current:		
Payables to leasing companies	606	625
Payables to other lenders for lease agreements	**2,037**	**2,710**

Below is reported the following additional breakdown:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Payables to other lenders for lease agreements:		
Due within 1 year	670	704
Due from 1 to 5 years	1,477	2,194
Due beyond 5 years	0	0

Financial interest to be paid	(110)	(188)
Present value of payables to other lenders for lease agreements	**2,037**	**2,710**

As at 31 March 2016, payables to other lenders were equal to Euro 2,037 thousand (Euro 2,710 thousand at 31 March 2015), 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 Località Sassuriano, Silla di Gaggio Montano (Province of Bologna), as well as to the new lease agreement entered into on 28 February 2015 in relation to corporate software for a total of Euro 22 thousand.

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 at 31 March 2014	**254**
Financial charges	15
Net actuarial Losses (Gains) accounted for in the period	26
Indemnities paid in the financial year	0
Balance at 31 March 2015	**295**
Financial charges	5
Net actuarial Losses (Gains) accounted for in the period	(9)
Indemnities paid in the financial year/Others	0
Balance at 31 March 2016	**291**

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 carried out on this item, 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 year:

(in thousands of Euro)	**Provision at 31 March 2015**	Reclassification	Use	Accrual	**Provision at 31 March 2016**
Provision for supplementary clientele indemnity	901	0	(23)	65	943
Other Provisions for risks	139	0	0	5	144
Total	**1,040**	**0**	**(23)**	**70**	**1,087**

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 reporting date.
"Other Provisions for risks", equal to Euro 144 thousand, mainly relate to the provision for risks on returns on sales equal to Euro 61 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 73 thousand. The provisions were adjusted in line with the actual risk.

Note 16 – Deferred tax liabilities

The amount of deferred tax liabilities, equal to Euro 158 thousand (Euro 385 thousand at 31 March 2015) 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 2016 borrowings were equal to Euro 7,881 thousand compared to Euro 9,695 thousand at 31 March 2015 (for the breakdown, reference is made to Note 12 above). The balance related to a current portion of payables to banks for loans.

Note 18 - Payables to other lenders for lease agreements

As at 31 March 2016 they were equal to Euro 606 thousand (Euro 625 thousand at 31 March 2015) and related to the current portion of Payables to leasing Companies in relation to agreements for the finance lease mainly of furniture, fittings, equipment and software for the shops (Euro 23 thousand) and of the building hosting the Parent Company's operational headquarters (Euro 583 thousand).

NET FINANCIAL POSITION

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

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
(A)Cash	93	86
(B) Other cash and cash equivalents (available current bank accounts)	10,121	12,619
(C) Liquidity (A) + (B)	**10,214**	**12,705**
(D) Finance leases	(606)	(625)
(E) Current bank debt	0	0
(F) Current portion of current debt	(7,881)	(9,695)
(G) Current financial debt (D) + (E) + (F)	**(8,487)**	**(10,320)**
(H) Short-term Net Financial Position (C) + (G)	**1,727**	**2,385**
(I) Non-current bank debt	(7,046)	(7,312)
(L) Finance leases	(1,431)	(2,085)
(M) Non-current financial debt (I) + (L)	**(8,476)**	**(9,397)**
(N) Net Financial Position (H) + (M)	**(6,749)**	**(7,012)**

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

- a free cash flow from operating activities equal to about Euro 6.8 million;
- dividends paid in relation to the profit for the FY 2014/2015 equal to Euro 2.0 million (with a payout equal to about 66.7% of the profit resulting from the separate financial statements of the Parent Company);
- investments in property, plant and equipment and intangible assets for about Euro 2.4 million;
- an increase in the net current assets of about Euro 2.1 million, which was mostly due to an increase in trade receivables, an increase in the Wholesale turnover and a decrease in trade payables, a change linked to reduced purchased in the last quarter of the financial year.

Note 19 – Trade payables

Below is the breakdown of current trade liabilities:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Payables to suppliers	12,521	13,657

As at 31 March 2016 payables to suppliers showed a decrease of 8.3% compared to 31 March 2015 (equal to Euro 13,657 thousand), mainly as a result of seasonal trends relating to the purchases of goods and services and against higher sales recorded.

Note 20 – Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Payables to social security institutions	409	400
Payables to Pension funds	29	26
Other payables	67	75
Payables to employees	861	955
Advances from customers	66	52
Payables for VAT	1,123	1,254
IRPEF tax payables and other tax payables	362	285
Accrued expenses and deferred income	161	220
Other current liabilities	**3,078**	**3,267**

Payables to social security institutions mainly relate to the Parent Company’s payables due to INPS as at the reporting date. Payables to employees, equal to Euro 861 thousand, included the payables for remuneration to be paid with respect to the Group’s employees (Euro 955 thousand at 31 March 2015).

Note 21 – Tax payables

As at 31 March 2016 the IRES tax advances paid by the Group were lower than the actual IRES tax charge. For this reason, the Group recorded tax payables equal to Euro 458 thousand at 31 March 2016.

COMMENTS ON THE INCOME STATEMENT ITEMS

Note 22 – Revenues from sales

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

The Group's revenues are mainly realised in Euro.

Below is the breakdown of revenues by geographical area:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Italy	53,524	50,884
Europe	11,124	11,748
Rest of the World	4,663	4,577
Revenues from sales	**69,311**	**67,209**

Note 23 – Other income

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Charge-backs of transport and collection costs	149	151
Insurance and legal refunds	211	142
Revenues from sales at the corners	13	38
Other sundry income	868	542
Other income	**1,241**	**874**

Other income mainly relates to the Parent Company and is made up of Euro 13 thousand (Euro 38 thousand at 31 March 2015) of revenues for charging back corners and Euro 149 thousand (Euro 151 thousand at 31 March 2015) from chargebacks of transport and collection costs to customers.
Sundry income, equal to Euro 868 thousand (Euro 542 thousand at 31 March 2015) only related to the Parent Company and mainly related to repairs and replacements made for the customers.

Note 24 – Change in inventories

The change in inventories of raw materials was positive for Euro 1,046 thousand (negative for Euro 575 thousand at 31 March 2015); the change in semi-finished and finished products was negative for Euro 472 thousand (positive for Euro 115 thousand in the financial year ended 31 March 2015).

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

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

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Piquadro S.p.A.	11,298	10,054
Uni Best Leather Goods Zhongshan Co. Ltd.	2,270	1,960
Costs for purchases	**13,568**	**12,014**

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 2016			31 March 2015	
Hong Kong Dollar	0	8.56	0	12,113	9.83	1
Renminbi	15,933,589	7.02	2,270	13,651,125	7.86	1,738
US Dollars	8,910,533	1.10	8,100	15,000,885	1.29	11,629
Total operating costs incurred in foreign currency			**10,370**			**13,368**

Overall, the Piquadro Group incurred, in the FY 2015/2016, operating costs denominated in a currency other than the Euro for an equivalent amount of about Euro 10.4 million, equal to 16.0% of the total operating costs (Euro 64,837 thousand), while in the financial year ended 31 March 2015 corresponding costs were borne for about Euro 13.4 million equal to 22.2% of operating costs.

During the financial year ended 31 March 2016, the Group reported a Net foreign exchange Gain of Euro 501 thousand (Euro 745 thousand at 31 March 2015), as a result of the dynamics of the foreign exchange market.

In the FY 2015/2016, the Parent Company made forward purchases of US Dollars for an overall amount of USD 17.3 million (USD 19.7 million in the FY 2014/2015), 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 about Euro 15.7 million at the average exchange rate prevailing in the FY 2015/2016 financial year (about Euro 14.3 million at the average exchange rate prevailing in the FY 2014/2015); therefore 92.0% of the purchases in US Dollars made by the Company was covered (in relation to the FY 2014/2015, 80.4% of the purchases in US Dollars made by the Company was covered).

Note 26 - Costs for services and leases and rentals

Below is reported the breakdown of these costs:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Costs for leases and rentals	6,900	6,811
External production	11,222	10,033
Advertising and marketing	4,077	3,739
Administrative services	1,276	1,273
Business services	2,974	2,986
General services	1,488	1,595
Production services	1,611	1,368
Transport services	3,809	4,020
Costs for services and leases and rentals	**33,357**	**31,825**

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 shops. The Group increased advertising and marketing costs (by about Euro 399 thousand) in order to develop and promote the Piquadro brand.

Note 27 - Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Wages and salaries	12,365	11,583
Social security contributions	2,446	2,274
TFR	499	445
Personnel costs	**15,310**	**14,303**

The table below reports the exact number of the staff members employed by the Group at 31 March 2016 and 31 March 2015:

Units	**31 March 2016**	**31 March 2015**
Executives	4	4
Office workers	324	298
Manual workers	359	354
Total Group employees	**687**	**656**

In the financial year ended 31 March 2016, personnel costs reported an increase of 7.1%, passing from about Euro 14,303 thousand in the financial year ended 31 March 2015 to about Euro 15,310 thousand in the financial year ended 31 March 2016. The increase in personnel costs is mainly due to the increase in staff costs of the Parent Company as a result of the appointment of some new professionals in the Retail, Research and Development, Human Resources areas and the opening of new shops.

To supplement the information provided, below is also reported the average number of employees for the last two financial years:

Average unit	**31 March 016**	**31 March 2015**
Executives	4	5
Office workers	314	323
Manual workers	391	404
Total Group employees	**708**	**732**

Note 28 – Amortisation, depreciation and write-downs

In the financial year ended 31 March 2016, amortisation and depreciation were equal to about Euro 2,914 thousand (about Euro 2,414 thousand at 31 March 2015). Write-downs, equal to Euro 442 thousand, related to the provision for bad debts from customers for Euro 269 thousand (Euro 386 thousand at 31 March 2015) and to the impairment of assets for Euro 173 thousand (Euro 424 thousand at 31 March 2015) in relation to the write-down of furniture and fittings connected to the closure of a shop located in France (Euro 85 thousand), the write-down of assets of the Rome Fiumicino T3 corner, which were burn because of a fire that occurred at the airport and the write-down of an *asset* involved in a theft at Piquadro S.p.A. (Euro 48 thousand Euro).

Note 29 - Other operating costs

In the financial year ended 31 March 2016, other operating costs were equal Euro 262 thousand (Euro 300 thousand at 31 March 2015) 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. (for about Euro 73 thousand).

Note 30 - Financial income

The amount of Euro 938 thousand in the financial year ended 31 March 2016 (Euro 1,909 thousand at 31 March 2015) mainly related for Euro 16 thousand to interest receivable on current accounts held by the Parent Company (Euro 85 thousand at 31 March 2015) and for Euro 893 thousand to foreign exchange gains either realised or estimated (Euro 1,799 thousand at 31 March 2015).

Note 31 - Financial charges

Below is the breakdown of financial charges:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Interest payable on current accounts	79	35
Interest and expense subject to final payment	26	21
Financial charges on loans	242	596
Lease financial charges	26	40
Other charges	42	171
Net financial charges on defined-benefit plans	3	8
Foreign exchange losses (either realised or estimated)	393	1,054
Financial charges	**811**	**1,925**

Note 32 - Income tax expenses

Below is reported the breakdown of income tax expenses:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
IRES tax (and income taxes of foreign subsidiaries)	1,631	1,287
Parent Company's IRAP tax	343	440
Deferred tax liabilities	(70)	294
Deferred tax assets	60	(158)
Total income taxes	**1,964**	**1,863**

Current taxes mainly relate to the tax burden calculated on the Parent Company's taxable income (Euro 1,898 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 2016**	**31 March 2015**
Pre-tax result	5,842	5,942
Taxes calculated at the tax rate applicable in the individual Countries	1,834	1,866
Tax effect of income not subject to taxation	(1,733)	(1,744)
Tax effect of non-deductible costs	1,520	1,301
IRAP tax	343	440
Total	**1,964**	**1,863**

Note 33 - Earnings per share

As at 31 March 2016 diluted earnings per share amounted to Euro 0.072 (basic earnings per share amounted to Euro 0.078); diluted earnings are calculated on the basis of the consolidated Net Profit for the period attributable to the Group, equal to Euro 3,878 thousand, divided by the weighted average number of ordinary shares outstanding in the half-year, equal to 53,600,000 shares, including potential shares relating to the stock option plan resolved and granted on 31 January 2008.

	31 March 2016	**31 March 2015**
Group Net Profit (*in thousands of Euro)*	3,878	4,079
Average number of outstanding ordinary shares (in thousands of shares) for the purposes of the calculation of diluted earnings per share	53,600	53,600
Diluted earnings per share (in Euro)	**0.072**	**0.076**
Group Net Profit (*in thousands of Euro)*	3,878	4,079
Average number of outstanding ordinary shares (in thousands of shares)	50,000	50,000
Basic earnings per share (in Euro)	**0.078**	**0.082**

Note 34 – Segment reporting

In the financial year ended 31 March 2016, about 37.0% of the Group's consolidated revenues was realised through the DOS direct channel, while the remaining 63.0% 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 2016 and 31 March 2015:

	31 March 2016				31 March 2015				
	Business Segment				Business Segment				
(in thousands of Euro)	DOS	Wholesale	Total for the Group	% Impact (*)	DOS	Wholesale	Total for the Group	% Impact (*)	% Change 2016-2015
Revenues from sales	**25,623**	**43,688**	**69,311**	**100%**	**24,181**	**43,028**	**67,209**	**100%**	**3.1%**
Other income	444	797	1,241	1.8%	220	654	874	1.3%	42.0%
Costs for purchases of materials	(3,704)	(9,289)	(12,993)	(18.7%)	(3,272)	(9,202)	(12,474)	(18.6%)	4.2%
Cost for services and leases and rentals	(12,818)	(20,539)	(33,357)	(48.1%)	(12,132)	(19,693)	(31,825)	(47.3%)	4.8%
Personnel costs	(8,120)	(7,190)	(15,310)	(22.1%)	(7,555)	(6,748)	(14,303)	(21.3%)	7.0%
Provisions and write-downs	0	(269)	(269)	(0.4%)	0	(386)	(386)	(0.6%)	(30.3%)
Other operating costs	(94)	(168)	(262)	(0.4%)	(98)	(202)	(300)	(0.4%)	(12.6%)
EBITDA	**1,331**	**7,029**	**8,360**	**12.1%**	**1,344**	**7,452**	**8,796**	**13.1%**	**(5.0%)**
Amortisation, depreciation and write-downs			(2,644)	(3.8%)			(2,838)	(4.2%)	(6.8%)
Operating result			**5,716**	**8.2%**			**5,958**	**8.9%**	**(4.1%)**
Financial income and charges			127	(0.2%)			(16)	(0.02%)	(895.3%)
Pre-tax result			**5,842**	**8.4%**			**5,942**	**8.8%**	**(1.7%)**
Income taxes			(1,964)	(2.8%)			(1,863)	(2.8%)	5.4%
Profit for the period			**3,878**	**(5.6%)**			**4,079**	**6.1%**	**(4.9%)**
Group Net Result			**3,878**	**(5.6%)**			**4,079**	**6.1%**	**(4.9%)**

(*)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 2016 and 31 March 2015:

	31 March 2016				31 March 2015			
	Business Segment				Business Segment			
(in thousands of Euro)	DOS	Wholesale	Unallocated	Total	DOS	Wholesale	Unallocated	Total
Assets	11,175	46,849	13,164	71,188	10,808	46,338	16,403	73,549
Liabilities	5,702	13,769	14,927	34,398	5,543	15,588	17,007	38,138
Fixed assets	6,430	10,295	0	16,725	6,359	10,873	0	17,232

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 "Other information".

Note 35 – Commitments

a) *Commitments for purchases (if any) of property, plant and equipment and intangible assets*
As at 31 March 2016, the Group had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2016/2017.

b) *Commitments on operating lease agreements*

As at 31 March 2016, the Group had executed contractual commitments which will entail future costs for rents and operating leases which will be charged to the Income Statement on an accruals basis from the FY 2016/2017 onwards, 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:

	At 31 March 2016			
(in thousands of Euro)	Within 12 months	From 1 to 5 years	Beyond 5 years	Total
Property lease	251	910	0	1,161
Other leases	4,205	12,800	3,725	20,730
Total	**4,456**	**13,710**	**3,725**	**21,891**

Note 36 – Relations with related parties

Piquadro S.p.A., the Parent Company of the Piquadro Group, operates in the leather goods market and designs, produces and markets articles under its own brand. The Subsidiaries mainly carry out activities of distribution of products (Piquadro España SLU, Piquadro Hong Kong Co. Ltd., Piquadro Macau Limitada, Piquadro Deutschland GmbH, Piquadro Trading –Shenzhen Co. Ltd., Piquadro Taiwan Co. Ltd., Piquadro France SARL, Piquadro Swiss SA, Piquadro UK Limited, Piquadro LLC and OOO Piquadro Russia), or production activities (Uni Best Leather Goods Zhongshan Co. Ltd.).
The relations with Group companies are mainly commercial at regulated at arm’s length. There are also financial relations (intergroup 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 2016**	**31 March 2015**	**31 March 2016**	**31 March 2015**
Financial relations with Piqubo S.p.A.	0	0	0	0
Financial relations with Piquadro Holding S.p.A.	0	0	0	0
Financial relations with Palmieri Family Foundation	0	0	0	0
Total Receivables from and Payables to Controlling Companies	**0**	**0**	**0**	**0**

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 2016**	**31 March 2015**	**31 March 2016**	**31 March 2015**
Economic relations with Piqubo S.p.A.	0	0	75	66
Economic relations with Piquadro Holding S.p.A.	0	0	244	243

Economic relations with Palmieri Family Foundation	0	0	0	0
Total Revenues from and Costs to Controlling Companies	**0**	**0**	**319**	**309**

The Directors report that, in addition to Piqubo S.p.A., Piquadro Holding S.p.A. and the Palmieri Family Foundation, there are no other related parties (pursuant to IAS 24) of the Piquadro Group. The Directors identify the Key Management as the members of the Board of Directors, as summarised in the table reported below.

In the FY 2015/2016 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 no. 5, which is used as a show-room of Piquadro S.p.A. and whose lease costs are reported in the table below. This lease agreement has been entered into at arm’s length.

During the FY 2015/2016 no transactions were effected with the 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 FY 2015/2016, Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 1,367,448 relating to the profit for the FY 2014/2015;
- in the FY 2014/2015, 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 2013/2014.

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 2015/2016, for the performance of their duties in the Parent Company and other Group Companies, and the fees accrued by any Key Executives (as at 31 March 2016, Directors had not identified Key Executives):

(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-cash benefits	Bonuses and other incentives	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/15-31/03/16	2016	400	7	0	0	407
Pierpaolo Palmieri	Vice–Chairman and Executive Director	01/04/15-31/03/16	2016	200	4	0	0	204
Marcello Piccioli	Executive Director	01/04/15-31/03/16	2016	180	3	0	4	187
Roberto Trotta	Executive Director	01/04/15-31/03/16	2016	1)	3	0	136	139
Gianni Lorenzoni	Lead Independent Director	01/04/15-31/03/16	2016	18	0	0	2	20
Paola Bonomo	Independent Director	01/04/15-31/03/16	2016	18	0	0	2	20
Anna Gatti	Independent Director	01/04/15-31/03/16	2016	18	0	0	2	20
				834	**17**	**0**	**146**	**997**

1) He waived the emolument for the period from 01/04/2015 to 31/03/2016.

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
Giuseppe Fredella	Regular Member - Chairman	01/04/15-31/03/16	2016	24.8	0	24.8
Pietro Michele Villa	Regular Member	01/04/15-31/03/16	2016	16.5	0	16.5
Patrizia Riva	Regular Member	01/04/15-31/03/16	2016	16.5	0	16.5
				57.8	**0**	**57.8**

The Statutory Auditors are also entitled to receive the reimbursement of expenses incurred for the reasons of their position, which amounted to Euro 1,844 in the last financial year 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 service	**Entity performing the service**	**Fees** *(in thousands of Euro)*
Statutory audit of annual and half-year accounts	Parent Company's Independent Auditors	128
Other services	Parent Company's Independent Auditors and network of the Parent Company's Independent Auditors	20
Auditing of Subsidiaries	Parent Company's Independent Auditors and network of the Parent Company's Independent Auditors	67

Note 37 – Events after the year end

No significant events were reported at Group level from 1 April 2016 up to today's date.

Note 38 – Other information

a) Shares of Piquadro S.p.A. owned by its Directors or Statutory Auditors

Below is reported the chart containing the equity investments (if any) held by Directors, Statutory Auditors, General Managers, Key Executives and their spouses and minor children in Piquadro S.p.A. and its subsidiaries.

First and last name	**Position**	**Investee company**	**Number of shares owned at the end of the previous financial year**	**Number of shares purchased**	**Number of shares sold**	**Number of shares owned at the end of the current financial year**
Marco Palmieri	Chairman - CEO (1)	Piquadro S.p.A.	31,909,407	0	0	31,909,407
Pierpaolo Palmieri	Vice-Chairman, Executive Director (2)	Piquadro S.p.A.	2,276,801	0	0	2,276,801
Roberto	Executive	Piquadro	3,000	0	0	3,000

Trotta	Director	S.p.A.				

[1] At the end of the FY 2015/2016, 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 2015/2016, 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 2016, the Group had no sale transactions in place subject to an obligation of reconveyance or repurchase of its own assets sold to 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 has it raised loans intended for a specific business.

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

We, 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 business and
- actual application of administrative and accounting procedures for the preparation of the consolidated financial statements in the course of the period from 1 April 2015 to 31 March 2016.

It is also certified that the consolidated financial statements at 31 March 2016:

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 (Bologna), 13 June 2016

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 IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No. 39 DATED 27 JANUARY 2010

To the Shareholders of Piquadro SpA

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Piquadro SpA (hereinafter also the "Company") and its subsidiaries (hereinafter also the "Piquadro Group"), which comprise the statement of financial position as of 31 March 2016, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree no. 39 dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers SpA

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Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Piquadro Group as of 31 March 2016 and of the result of its operations and cash flows for the year then ended in compliance with 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.

Report on compliance with other laws and regulations

Opinion on the consistency with the consolidated financial statements of the Report on operations and of certain information set out in the Report on corporate governance and ownership structure

We have performed the procedures required under auditing standard (SA Italia) no. 720B in order to express an opinion, as required by law, on the consistency of the Report on operations and of the information set out in the Report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree no. 58/98, which are the responsibility of the Directors of Piquadro SpA, with the consolidated financial statements of the Piquadro Group as of 31 March 2016. In our opinion, the Report on operations and the information in the Report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Piquadro Group as of 31 March 2016.

Bologna, 24 June 2016

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. Reference in this report to the financial statements refer to the financial statements in original Italian and not to any their translation."

STATEMENT OF FINANCIAL POSITION

(in Euro units)	**Notes**	**31 March 2016**	**31 March 2015**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	1,909,069	2,111,761
Property, plant and equipment	(2)	10,109,057	10,340,150
Equity investments in subsidiaries	(3)	7,142,746	6,195,263
Receivables from others	(4)	307,881	309,670
Deferred tax assets	(5)	780,328	872,430
TOTAL NON-CURRENT ASSETS		**20,249,081**	**19,829,274**
CURRENT ASSETS			
Inventories	(6)	13,793,407	13,333,913
Trade receivables	(7)	23,570,322	22,706,387
Receivables from subsidiaries	(8)	6,213,160	6,434,986
Other current assets	(9)	1,235,697	1,076,704
Derivative assets	(10)	70,340	0
Tax receivables	(11)	101,576	818,732
Cash and cash equivalents	(12)	8,477,766	10,554,031
TOTAL CURRENT ASSETS		**53,462,268**	**54,924,753**
TOTAL ASSETS		**73,711,349**	**74,754,027**

STATEMENT OF FINANCIAL POSITION

(in Euro units)	Notes	31 March 2016	31 March 2015
LIABILITIES			
EQUITY			
Share Capital		1,000,000	1,000,000
Share premium reserve		1,000,000	1,000,000
Other reserves		1,294,369	1,233,592
Retained earnings		28,877,211	27,856,343
Profit for the period		3,817,974	3,021,814
EQUITY	(13)	**35,989,554**	**34,111,749**
NON-CURRENT LIABILITIES			
Borrowings	(14)	7,045,569	7,311,966
Payables to other lenders for lease agreements	(15)	1,430,646	2,085,420
Provision for employee benefits	(16)	290,924	294,992
Provisions for risks and charges	(17)	1,210,712	1,142,964
Deferred tax liabilities	(18)	0	0
TOTAL NON-CURRENT LIABILITIES		**9,977,851**	**10,835,342**
CURRENT LIABILITIES			
Borrowings	(19)	7,697,717	9,126,575
Payables to other lenders for lease agreements	(20)	605,915	624,596
Trade payables	(21)	11,870,849	12,942,214
Payables to subsidiaries	(22)	4,568,599	4,461,159
Other current liabilities	(23)	2,598,130	2,647,657
Tax payables	(24)	402,734	4,735
TOTAL CURRENT LIABILITIES		**27,743,944**	**29,806,936**
TOTAL LIABILITIES		**37,721,795**	**40,642,278**
TOTAL EQUITY AND LIABILITIES		**73,711,349**	**74,754,027**

INCOME STATEMENT

(in Euro units)	Notes	31 March 2016	31 March 2015
REVENUES			
Revenues from sales	(25)	66,733,862	63,772,830
Other income	(26)	1,010,977	882,518
TOTAL REVENUES		**67,744,839**	**64,655,348**
OPERATING COSTS			
Change in inventories	(27)	(459,494)	(342,973)
Costs for purchases	(28)	18,596,008	16,813,385
Costs for services and leases and rentals	(29)	31,386,120	31,335,481
Personnel costs	(30)	10,346,533	9,640,417
Amortisation, depreciation and write-downs	(31)	2,123,092	2,204,947
Other operating costs	(32)	190,461	189,595
TOTAL OPERATING COSTS		**62,182,720**	**59,840,852**
OPERATING PROFIT		**5,562,119**	**4,814,496**
FINANCIAL INCOME AND CHARGES			
Shares of profits (losses) from investee Companies	(33)	0	0
Financial income	(34)	761,651	1,488,738
Financial charges	(35)	(607,828)	(1,721,808)
TOTAL FINANCIAL INCOME AND CHARGES		**153,823**	**(233,070)**
PRE-TAX RESULT		**5,715,942**	**4,581,426**
Income Taxes	(36)	(1,897,968)	(1,559,612)
PROFIT FOR THE PERIOD		**3,817,974**	**3,021,814**

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Profit/ (Loss) for the period (A)	**3,818**	**3,022**
Components that can be reclassified to the Income Statement:		
Profit/ (Loss) on hedging instruments of cash flows (cash flow hedge)	51	48
Components that cannot be reclassified to the Income Statement:		
Actuarial gains (losses) on defined-benefit plans	9	(26)
Total Profits/(Losses) not recognised through P&L (B)	**60**	**22**
Total Comprehensive Income/(Loss) for the period (A) + (B)	**3,878**	**3,044**

It should be noted that the items recognised in the Statement of Comprehensive Income are reported net of the related tax effect.
For more details, reference should be made to Note 5.

STATEMENT OF CHANGES IN EQUITY

(in thousands of Euro)

Description	Share capital	Share premium reserve	Other reserves: Fair value reserve	Other reserves: Reserve for Employee Benefits	Other reserves: Other reserves	Other reserves: Total Other Reserves	Retained earnings	Profit for the period	Equity
Balances as at 31.03.2014	**1,000**	**1,000**	**(48)**	**(28)**	**1,418**	**1,342**	**25,244**	**3,612**	**32,198**
Profit for the period								3,022	**3,022**
Other components of the comprehensive result at 31 March 2015:									
- Reserve for actuarial gains (losses) on defined-benefit plans				(26)		**(26)**			**(26)**
- Fair value of financial instruments			48			**48**			**48**
Comprehensive Income for the period						**22**		**3,022**	**3,044**
- Distribution of dividends to shareholders								(1,000)	**(1,000)**
-Allocation of the result for the year ended 31.03.2014 to reserves						**0**	2,612	(2,612)	**0**
Fair value of Stock Option Plans					(130)	**(130)**			**130**
Balances as at 31.03.2015	**1,000**	**1,000**	**0**	**(54)**	**1,288**	**1,234**	**27,856**	**3,022**	**34,112**

Description	Share capital	Share premium reserve	Other reserves: Fair value reserve	Other reserves: Reserve for Employee Benefits	Other reserves: Other reserves	Other reserves: Total Other Reserves	Retained earnings	Profit for the period	Equity
Balances as at 31.03.2015	**1,000**	**1,000**	**0**	**(54)**	**1,288**	**1,234**	**27,856**	**3,022**	**34,112**
Profit for the period								3,818	**3,818**
Other components of the comprehensive result at 31 March 2015:									
- Reserve for actuarial gains (losses) on defined-benefit plans				9		**9**			**9**
- Fair value of financial instruments			51			**51**			**51**
Comprehensive Income for the period						**60**		**3,818**	**3,878**
- Distribution of dividends to shareholders								(2,000)	**(2,000)**
-Allocation of the result for the year ended 31.03.2015 to reserves							1,022	(1.022)	**0**
Fair value of Stock Option Plans						**0**			**0**
Balances as at 31.03.2016	**1,000**	**1,000**	**51**	**(45)**	**1,288**	**1,294**	**28,878**	**3,818**	**35,990**

CASH FLOW STATEMENT

(in thousands of Euro)	31 March 2016	31 March 2015
Pre-tax profit	**5,716**	**4,582**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,806	1,819
Write-downs of property, plant and equipment and intangible assets	48	0
Other accruals	21	0
Accrual to the provision for bad debts	269	386
Adjustment to the provision for employee benefits	0	0
Net financial charges/(income), including exchange rate differences	(154)	233
Cash flows from operating activities before changes in working capital	**7,706**	**7,020**
Change in trade receivables (gross of the provision)	(1,133)	(2,273)
Change in receivables from subsidiaries	222	1,187
Change in inventories	(459)	(343)
Change in other current assets	(157)	(356)
Change in trade payables	(1,071)	2,307
Change in payables to subsidiaries	107	1,064
Change in provisions for risks and charges	83	210
Change in other current liabilities	(50)	130
Change in tax receivables/payables	1,115	(488)
Cash flows from operating activities after changes in working capital	**6,363**	**8,458**
Payment of taxes	(1,825)	(1,490)
Interest paid	154	365
Cash flow generated from operating activities (A)	**4,692**	**7,333**
Investments in intangible assets	(225)	(1,025)
Investments in property, plant and equipment	(1,209)	(173)
Investments in non-current financial assets	(947)	(1,257)
Changes generated from investing activities (B)	**(2,381)**	**(2,455)**
Financing activities		
Change in short- and medium/long-term borrowings	(1,695)	(1,554)
Changes in financial instruments	70	(66)
Lease instalments paid	(673)	(510)
Other minor changes	(89)	(108)
Payment of dividends	(2,000)	(1,000)
Cash flow generated from/(absorbed by) financing activities (C)	**(4,387)**	**(3,238)**
Net increase (decrease) in cash and cash equivalents (A+B+C)	(2,076)	1,640
Cash and cash equivalents at the beginning of the period	**10,554**	**8,915**
Cash and cash equivalents at the end of the period	**8,478**	**10,554**

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

(in thousands of Euro)	**31 March 2016**	**Related parties**	**Subsidiaries**	**31 March 2015**	**Related parties**	**Subsidiaries**
ASSETS						
NON-CURRENT ASSETS						
Intangible assets	1,909			2,112		
Property, plant and equipment	10,109			10,340		
Equity investments	7,143		7,143	6,195		6,195
Receivables from others	308			310		
Deferred tax assets	780			872		
TOTAL NON-CURRENT ASSETS	**20,249**		**7,143**	**19,829**		**6,195**
CURRENT ASSETS						
Inventories	13,793			13,334		
Trade receivables	23,570			22,706		
Receivables from subsidiaries	6,213		6,213	6,435		6,435
Other current assets	1,236			1,077		
Assets for financial instruments	70			0		
Tax receivables	102			819		
Cash and cash equivalents	8,478			10,554		
TOTAL CURRENT ASSETS	**53,462**		**6,213**	**54,925**		**6,435**
TOTAL ASSETS	**73,711**		**13,356**	**74,754**		**12,630**

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

(in thousands of Euro)	**31 March 2016**	**Related parties**	**Subsidiaries**	**31 March 2015**	**Related parties**	**Subsidiaries**
LIABILITIES						
EQUITY						
Share Capital	1,000			1,000		
Share premium reserve	1,000			1,000		
Other reserves	1,294			1,234		
Retained earnings	28,878			27,856		
Profit for the period	3,818			3,022		
EQUITY	**35,990**			**34,112**		
NON-CURRENT LIABILITIES						
Borrowings	7,046			7,312		
Payables to other lenders for lease agreements	1,431			2,085		
Provision for employee benefits	291			295		
Provisions for risks and charges	1,211		124	1,143		103
Deferred tax liabilities	0			0		
TOTAL NON-CURRENT LIABILITIES	**9,978**		**124**	**10,835**		**103**
CURRENT LIABILITIES						
Borrowings	7,698			9,127		
Payables to other lenders for lease agreements	606			625		
Trade payables	11,871			12,942		
Payables to subsidiaries	4,569		4,569	4,461		4,461
Other current liabilities	2,598			2,648		
Tax payables	403			5		
TOTAL CURRENT LIABILITIES	**27,744**		**4,569**	**29,807**		**4,461**
TOTAL LIABILITIES	**37,722**		**4,693**	**40,642**		**4,564**
TOTAL EQUITY AND LIABILITIES	**73,711**		**4,593**	**74,754**		**4,564**

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

(in thousands of Euro)	**31 March 2016**	**Related parties**	**Subsidiaries**	**31 March 2015**	**Related parties**	**Subsidiaries**
REVENUES						
Revenues from sales	66,734		4,436	63,772		2,410
Other income	1,011		20	883		52
TOTAL REVENUES	**67,745**		**4,456**	**64,655**		**2,462**
OPERATING COSTS						
Change in inventories	(459)			(343)		
Costs for purchases	18,596		9,327	16,813		6,254
Costs for services and leases and rentals	31,386	319	2,653	31,335	308	3,810
Personnel costs	10,347			9,640		
Amortisation, depreciation and write-downs	2,123			2,205		
Other operating costs	190			190		
TOTAL OPERATING COSTS	**62,183**	**319**	**11,980**	**59,841**	**308**	**10,064**
OPERATING PROFIT	**5,562**	**(319)**	**(7,524)**	**4,815**	**308**	**(7,602)**
FINANCIAL INCOME AND CHARGES						
Shares of profits (losses) from investee Companies	0			0		
Financial income	762		9	1,489		21
Financial charges	(608)			(1,722)		
TOTAL FINANCIAL INCOME AND CHARGES	**154**		**9**	**(233)**		**21**
PRE-TAX RESULT	**5,716**	**(319)**	**(7,515)**	**4,582**	**308**	**(7,581)**
Income Taxes	(1,898)			(1,560)		
PROFIT FOR THE PERIOD	**3,818**	**(319)**	**(7,515)**	**3,022**	**308**	**(7,581)**

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

(*in thousands of Euro*)	31 marzo 2016	Parti correlate	Società controllate	31 marzo 2015	Parti correlate	Società controllate
Pre-tax profit	**5,716**			**4,582**		
Adjustments for:						
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,806			1,819		
Write-downs of property, plant and equipment and intangible assets	48			0		
Other accruals	21			0		
Accrual to the provision for bad debts	269			386		
Adjustment to the provision for employee benefits	0			0		
Net financial charges/(income), including exchange rate differences	(154)			233		21
Cash flows from operating activities before changes in working capital	**7,706**			**7,020**		
Change in trade receivables (gross of the provision)	(1,133)			(2,273)		
Change in receivables from subsidiaries	222		222	1,187		1,187
Change in inventories	(459)			(343)		
Change in other current assets	(157)			(356)		
Change in trade payables	(1,071)		1,071	2,307		
Change in payables to subsidiaries	107			1,064		1,064
Change in provisions for risks and charges	83			210		
Change in other current liabilities	(50)			130		
Change in tax receivables/payables	1,115			(488)		
Cash flows from operating activities after changes in working capital	**6,363**			**8,458**		
Payment of taxes	(1,825)			(1,490)		
Interest paid	154			365		
Cash flow generated from operating activities (A)	**4,692**			**7,333**		
Investments in intangible assets	(225)			(1,025)		
Investments in property, plant and equipment	(1,209)			(173)		
Investments in non-current financial assets	(947)			(1,257)		
Changes generated from investing activities (B)	**(2,381)**			**(2,455)**		
Financing activities						
Change in short- and medium/long-term borrowings	(1,695)			(1,554)		
Changes in financial instruments	70			(66)		
Lease instalments paid	(673)			(510)		
Other minor changes	(89)			(108)		
Payment of dividends	(2,000)	(1,368)		(1,000)	(684)	
Cash flow generated from/(absorbed by) financing activities (C)	**(4,387)**			**(3,238)**		
Net increase (decrease) in cash and cash equivalents (A+B+C)	(2,076)			1,640		
Cash and cash equivalents at the beginning of the period	**10,554**			**8,915**		
Cash and cash equivalents at the end of the period	**8,478**			**10,554**		
Pre-tax profit	**5,716**			**4,582**		

General information

These separate financial statements of Piquadro S.p.A. (hereinafter also referred to as the "Company") relate to the financial year ended 31 March 2016 and have been prepared by applying the IFRS adopted by the European Union. Piquadro S.pA. 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 separate 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 13 June 2016 and will be submitted for approval by the Shareholders' Meeting called, on first call, for 26 July 2016.

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 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 68.3% 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 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 2016 and related significant accounting effects

On 13 January 2016 OOO Piquadro Russia was established, which is wholly owned by Piquadro S.p.A.. This Company manages five flagship stores located in Moscow.

Financial statements formats adopted and reporting currency

At the time of the preparation of the separate financial statements at 31 March 2015 and at 31 March 2016, 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 separate financial statements is the Euro.

The Management believe that no significant non-recurring events or transactions occurred either in the FY 2015/2016 or in the FY 2014/2015, nor any atypical or unusual transactions.

In compliance with Regulation (EU) no. 1606/2002, the separate financial statements of Piquadro S.p.A at 31 March 2016 were prepared in accordance with 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 separate financial statements at 31 March 2015, 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 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 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 any 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 disposal group) and activities have been started to identify a purchaser and to complete the plan. Furthermore, the asset (or the disposal group) 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.

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 means of internal transport	20%
Cars	25%

***** Or over the term of the lease 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, refurbishment 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 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, all 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 reinstated 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 reporting 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 reinstated 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 reinstated 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 under 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 options 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 transactions 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, while 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 reporting 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 IFRS 7**,** below is reported the breakdown of the financial instruments by category relating to the financial years ended 31 March 2016 and 31 March 2015, as well as their measurement at fair value.

(in thousands of Euro)	**31/03/2016**	**FVTPL**	**LAR**	**AFS**	**FLAC**	**IAS 17 Leases**	**Measurement at fair value**
Trade receivables	23,570	0	23,570	0	0	0	23,570
Receivables from subsidiaries	6,213	0	6,213	0	0	0	6,213
Assets for financial instruments	70	0	70	0	0	0	70
Cash and cash equivalents	8,478	0	8,478	0	0	0	8,478
Assets	**38,331**	**0**	**38,331**	**0**	**0**	**0**	**38,331**
Non-current borrowings	7,046	0	0	0	7,046	0	7,046
Payables to other lenders for non-	1,431	0	0	0	0	1,431	0

current lease agreements							
Current borrowings	7,698	0	0	0	7,698	0	7,698
Payables to other lenders for current lease agreements	606	0	0	0	0	606	0
Trade payables	11,871	0	11,871	0	0	0	11,871
Payables to subsidiaries	4,569	0	4,569	0	0	0	4,569
Liabilities for financial instruments		0	0	0	0	0	0
Liabilities	**33,221**	**0**	**16,440**	**0**	**14,744**	**2,037**	**31,184**

(in thousands of Euro)	31/03/2015	FVTPL	LAR	AFS	FLAC	IAS 17 Leases	Measurement at fair value
Trade receivables	22,706	0	22,706	0	0	0	22,706
Receivables from subsidiaries	6,435	0	6,435	0	0	0	6,435
Assets for financial instruments	0	0	0	0	0	0	0
Cash and cash equivalents	10,554	0	10,554	0	0	0	10,554
Assets	**39,695**	**0**	**39,695**	**0**	**0**	**0**	**39,695**
Non-current borrowings	7,312	0	0	0	7,312	0	7,312
Payables to other lenders for non-current lease agreements	2,085	0	0	0	0	2,085	0
Current borrowings	9,127	0	0	0	9,127	0	9,127
Payables to other lenders for current lease agreements	625	0	0	0	0	625	0
Trade payables	12,942	0	12,942	0	0	0	12,942
Payables to subsidiaries	4,461	0	4,461	0	0	0	4,461
Liabilities for financial instruments	0	0	0	0	0	0	0
Liabilities	**36,552**	**0**	**17,403**	**0**	**16,439**	**2,710**	**33,842**

Key

FVTPL: Fair Value Through Profit and Loss
LAR: Loans And Receivables
AFS: Available For Sale
FLAC: Financial Liabilities at Amortised Cost

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 bear 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 at 31 March 2015**	**Use**	**Accrual**	**Provision at 31 March 2016**
Provision for bad debts	1,231	(196)	269	1,304
Total Provision	**1,231**	**(196)**	**269**	**1,304**

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
31/03/2016	Amount in the accounts		1-60 days	61-120 days	Over 120 days	
DOSs	0	0	0	0	0	0
Wholesale	23,570	16,366	2,091	969	5,447	(1,304)
Subsidiaries	6,213	664	815	753	3,982	0
Total	**29,783**	**17,030**	**2,906**	**1,722**	**9,429**	**(1,304)**

(in thousands of Euro)		Loans falling due	Expired loans			Provision for bad debts
31/03/2015	Amount in the accounts		1-60 days	61-120 days	Over 120 days	
DOSs	0	0	0	0	0	0
Wholesale	22,706	17,165	1,763	812	4,197	(1,231)
Subsidiaries	6,435	1,548	666	587	3,634	0
Total	**29,141**	**18,713**	**2,429**	**1,399**	**7,831**	**(1,231)**

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 variable average 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
31/03/2016					
Payables to banks for Loans	14,744	7,967	7,152	0	15,119
Payables to banks for credit lines	0	0	0	0	0
Trade payables	11,871	11,871	0	0	11,871
Trade payables to Subsidiaries	4,569	4,569	0	0	4,569
Other borrowings (leasing)	2,037	669	1,477	0	2,146
Derivative liabilities as per IRS contract	0	0	0	0	0
Derivative liabilities as per USD forward contracts	0	0	0	0	0
Total	**33,221**	**25,076**	**8,629**	**0**	**33,705**

Type of instruments	Amount in the accounts	Within 1 year	From 1 to 5 years	Beyond 5 years	Total
31/03/2015					
Payables to banks for loans	16,439	9,309	7,481	0	16,790
Payables to banks for credit lines	0	0	0	0	
Trade payables	12,942	12,942	0	0	12,942
Trade payables to Subsidiaries	4,461	4,461	0	0	4,461
Other borrowings (leasing)	2,710	671	2,787	0	3,458
USD derivative liabilities	0	0	0	0	0
Total	**36,552**	**27,383**	**10,268**	**0**	**37,651**

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 subscription of the derivative instruments;
(iv) Finance leases: instalments, plus interest, have been reported.

As at 31 March 2016, the Group could rely on credit lines of about Euro 36,456 thousand (about Euro 34,906 thousand at 31 March 2015), of which unused lines of about Euro 21,499 thousand (about Euro 17,849 thousand at 31 March 2015) and on cash and cash equivalents of about Euro 8,478 thousand (Euro 10,554 thousand at 31 March 2015). 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 29,783 thousand at 31 March 2016 (Euro 29,141 thousand at 31 March 2015).

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 "hedge accounting policy". 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 2016, Piquadro S.p.A. executed currency forward contracts for USD 17,300 thousand, equal to an aggregate counter-value of Euro 15,252 thousand, with an average exchange rate of USD 1.134. During the financial year ended 31 March 2015, the Parent Company executed currency forward contracts for USD 19,700 thousand, equal to an aggregate counter-value of Euro 14,359 thousand, with an average exchange rate of USD 1.372.

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 (Losses)**	**Other changes in Equity**	**Profits (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	8,478	740	(67)	0	82	0
Trade receivables	23,570	312	(28)	0	35	0
Receivables from subsidiaries	6,213	3,291	(299)	0	366	0
Derivative financial instruments	70	0	0	445	0	(388)
			(394)	**445**	**483**	**(388)**
Financial liabilities						
Borrowings	14,744	0	0	0	0	0
Payables to other lenders for lease	2,037	0	0	0	0	0
Trade payables	11,871	1,767	(161)	0	196	0
Payables to subsidiaries	4,569	3,184	(289)	0	354	0
Derivative financial instruments	0	0	0	0	0	0
			(450)	**0**	**550**	**0**
Total effect at 31/03/2016			**(845)**	**445**	**1,033**	**(388)**

			Foreign exchange risk (FER)			
			+10% Euro/USD		-10% Euro/USD	
	Book value	**Of which subject to FER**	**Profits (Losses)**	**Other changes in Equity**	**Profits (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	10,554	61	(6)	0	7	0
Trade receivables	22,706	78	(7)	0	9	0
Receivables from subsidiaries	6,435	3,442	(313)	0	382	0
Derivative financial instruments	0	0	0	0	0	0
			(326)	0	398	0

Financial liabilities						
Borrowings	16,439	0	0	0	0	0
Payables to other lenders for lease	2,710	0	0	0	0	0
lease	0	0	0	0	0	0
Trade payables	12,942	2,064	(188)	0	229	0
Payables to subsidiaries	4,461	1,719	(289)	0	353	0
Derivative financial instruments	0	0	0	0	0	0
			(477)	0	582	0
Total effect at 31/03/2015			**(802)**	**0**	**980**	**0**

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

			Interest rate risk (IRR)			
			+ 50 bps on IRR		**- 50 bps on IRR**	
	Book value	**Of which subject to IRR**	**Profits (Losses)**	**Other changes in Equity**	**Profits (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	8,478	8,478	42	0	(42)	0
Trade receivables	23,570	0	0	0	0	0
Receivables from subsidiaries	6,213	0	0	0	0	0
Derivative financial instruments	70	0	0	0	0	0
			42	**0**	**(42)**	**0**
Financial liabilities						
Payables to banks for loans	14,744	14,744	(74)	0	74	0
Payables to banks for credit lines	0	0	0	0	0	0
Trade payables	11,871	0	0	0	0	0
Payables to subsidiaries	4,569	0	0	0	0	0
Other borrowings (leasing)	2,037	2,037	(10)	0	10	0
Derivative financial instruments	0	0	0	0	0	0
			(84)	**0**	**84**	**0**
Total effect at 31/03/2016			**(42)**	**0**	**42**	**0**

			Interest rate risk (IRR)			
			+ 50 bps on IRR		**- 50 bps on IRR**	
	Book value	**Of which subject to**	**Profits (Losses)**	**Other changes in Equity**	**Profits (Losses)**	**Other changes in Equity**

		IRR				
Financial assets						
Cash and cash equivalents	10,554	10,554	53	0	(53)	0
Trade receivables	22,706	0	0	0	0	0
Receivables from subsidiaries	6,435	0	0	0	0	0
Derivative financial instruments	0	0	0	0	0	0
			53	**0**	**(53)**	**0**
Financial liabilities						
Payables to banks for loans	16,439	16,439	(82)	0	82	0
Payables to banks for credit lines	0	0	0	0	0	0
Trade payables	12,942	0	0	0	0	0
Payables to subsidiaries	4,461	0	0	0	0	0
Other borrowings (leasing)	2,710	2,710	(14)	0	14	0
Derivative financial instruments	0	0	0	0	0	0
			(96)	**0**	**96**	**0**
Total effect at 31/03/2015			**(43)**	**0**	**43**	**0**

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 Capital 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 Net Invested Capital.

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Net Financial Position	8,302	8,595
Equity	35,990	34,111
Net invested capital	44,292	42,707
Gearing ratio	**18.7%**	**20.1%**

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 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 in previous financial statements:

- 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 past 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 estimates 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.
Furthermore, for a better representation of the provisions laid down under "IAS 12 – Income Taxes" in relation to the offsetting of deferred taxation, the Group has deemed it appropriate to reclassify portions of deferred tax assets and liabilities where there is a legal right to setoff current tax assets and the corresponding current tax liabilities.

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 goods - 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 goods to the customers, when all the risks are substantially transferred. Sales are usually collected directly or through credit cards.
Sales of goods - Wholesale segment. The Company distributes products in the Wholesale market. The related revenues are accounted for at the time of the shipment of the goods, 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 goods, while reversing the value of the sold goods from the assets. As at the reporting date, revenues and receivables are reversed on the basis of the sales made by the buyer in relation to the sold goods. 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 reporting 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 net 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 rates 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 2015/2016.

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
1.5% for 2016 and 1.5 for 2015	Frequency of 2.14% for 2016 and 3.51% for 2015	4.17% for 2016 and 4.63% for 2015

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 2015, the following accounting standard issued by the IASB and endorsed by the European Union was applied obligatorily:

IFRIC 21 – "*Levies (Regulation 634/2014*)". This interpretation was issued by IFRS IC on 20 May 2013 and will be applicable, on a retrospective basis, starting from financial years that will commence on or after 17 June 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.

On 12 December 2013 the International Accounting Standards Board (IASB) published a document named "Improvements to International Financial Reporting Standards (2011-2013 Cycle)", as subsequently adopted by the European Union by Regulation 1361/2014. These improvements, which will be applicable from the financial years that will commence on or after 1 July 2014, include amendments to the following existing international accounting standards:

- IFRS 1 (*Improvement*) – "*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 (*Improvement*) – "*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 (*Improvement*) – "*Fair value measurement: Scope of paragraph 52 (portfolio exception) (par. 52)*". 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 (*Improvement*) – "*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.

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 2016, 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:

Amendments to *IAS 19 (Amendments)* – "*Employee Benefits: Defined Benefit Plans- Employee Contributions (Regulation 29/2015)*". 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)", as subsequently adopted by the

European Union by Regulation 28/2015. These improvements include amendments to the following existing international Accounting Standards:

- *IFRS* 2 (*Improvement*) – "*Share-based Payment: Definition of vesting conditions".* Amendments have been made to the definitions of "vesting conditions" and "market condition" and the definitions of "performance condition" and "service condition" have been added.
- *IFRS* 3 (*Improvement*) – "*Business Combinations: Accounting for contingent consideration in a business combination".* It is clarified 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 it is a financial instrument regulated by IFRS 9 or by IAS 39 or a non-financial asset or liability.
- *IFRS* 8 (*Improvement*) – "*Operating Segments: Aggregation of operating segments".* These amendments require the disclosure of the judgements made by the Management in aggregating operating segments.
- *IFRS* 8 (*Improvement*) – *"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 obligatorily only if a measurement of the total assets of operating segments is regularly provided to the Management.
- *IFRS* 13 (*Improvement*) – *"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 (*Improvement*) – "*Property, Plant and Equipment & Improvement IAS 38 – Intangible assets": Revaluation method".* These 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 (*Improvement*) – "*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.

Amendments to *IFRS* 11 - "*Joint arrangements: Acquisitions of Interests in Joint Operations*" *(Regulation 2173/2015).* These amendments were issued by the IASB on 6 May 2014 and will be applicable from the financial years that will commence on or after 1 January 2016, with early application permitted. The document states that the principles in IFRS 3 – *Business Combinations* – regarding the recognition of the effects of a business combination must be applied in order to recognise the acquisition of a joint operation whose activity is represented by a business.

Amendments to *IAS* 16 and *IAS* 38 – "*Clarification of Acceptable Methods of Depreciation and Amortisation*" *(Regulation 2231/2015).* These amendments were issued by the IASB on 12 May 2014 and will be applicable from the financial years that will commence on or after 1 January 2016. The document states that, except in certain limited circumstances, a method of amortisation/depreciation correlated to revenues may not be considered acceptable for both property, plant and equipment and intangible assets.

Amendments to *IAS* 16 and *IAS* 41 - "*Agriculture. Bearer Plants*" *(Regulation 2113/2015).* These amendments were issued by the IASB on 30 June 2014 and will be applicable from the financial years that will commence on or after 1 January 2016. The document states that the accounting treatment of some specific types of biological activities (fruit trees) must be as laid down in IAS 16.

Amendments to *IAS* 27 - "*Separate Financial Statements*" *(Regulation 2441/2015).* The document was issued by the IASB on 12 August 2014. These amendments, which will be applicable from the financial years that will commence on or after 1 January 2016, allow the equity method to be used to account for investments in subsidiaries, associates and joint ventures in separate financial statements. The aim is to reduce management complexity and relative costs for Companies that operate under legal systems in which IFRS also apply to separate financial statements.

On 25 September 2014 the International Accounting Standards Board (IASB) published a document named "Improvements to International Financial Reporting Standards (2012-2014 Cycle)", which was subsequently adopted by the European Union by Regulation 2343/2015. These improvements, which will be applicable from the financial years that will commence on or after 1 January 2016, include amendments to the following existing international Accounting Standards:

- *IFRS* 5 *(Improvement) –* "*Non-current Assets Held for Sale and discontinued operations: change of disposal method*". The amendment provides guidelines to apply when an entity reclassifies an asset (or a disposal group) from "held for sale" to "held for distribution" (or vice versa), or when the requirements for the classification of an asset as "held for distribution" are no longer met.
- *IFRS* 7 *(Improvement) –* "*Financial instruments: disclosures*". The document regulates the introduction of additional guidelines to clarify whether a servicing contract constitutes a residual involvement in a transferred business for the purposes of the required disclosures. Furthermore, in relation to the offsetting of financial assets and liabilities, the document clarifies that the disclosures are not expressly required for all interim financial statements. However, these disclosures could be required in order to meet the requirements set out under IAS 34, when they are significant disclosures.
- *IAS* 19 *(Improvement) –* "*Employee benefits: discount rate*". The document introduces amendments to IAS 19 in order to clarify that the high quality corporate bonds used to determine the discount rate of post-employment benefits should be issued in the same currency as that used to pay the benefits. The amendments specify that the extent of the high quality corporate bonds market must be considered at currency level.
- *IAS* 34 *(Improvement) –* "*Interim financial reporting: disclosure of information elsewhere in the interim financial report*". The document introduces amendments in order to clarify the requirements to apply when the required disclosures are presented in the interim financial report, but not in the sections of the financial statements. The amendment specifies that these disclosures must be included through cross-references between the two documents, provided that both of them are available to the users of the financial statements in the same manners and within the same time limits.

Amendments to *IAS 1* - "*Presentation of financial statements*" *(Regulation 2406/2015).* The document was issued by the IASB on 18 December 2014. The amendments, which will be applicable starting from the financial years that will commence on or after 1 January 2016, are aimed at making the preparation of the financial statements more clear and intelligible. The amendments relate to:

materiality and aggregation: clarifies that an entity should not obscure useful information by aggregating or disaggregating information; and that materiality considerations apply to the primary statements, explanatory notes and any specific disclosure requirements in IFRSs, i.e. disclosures specifically required by IFRSs need to be provided only if the information is material;

statement of financial position and statement of comprehensive income: clarifies that the list of line items specified by IAS 1 for these statements can be disaggregated and aggregated as relevant. Additional guidance has been added on the presentation of subtotals in these statements;

presentation of other comprehensive income ("OCI"): clarifies that an entity's share of OCI of associates and joint ventures consolidated according to the equity method should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;

explanatory notes: clarifies that entities have flexibility when designing the structure of the explanatory notes and provides guidance on how to determine a systematic order of the notes.

It is believed that these standards and amendments will not entail any significant effect on the Group's financial statements.

Accounting Standards, amendments and interpretations not yet endorsed by the European Union

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

IFRS 9 – "*Financial instruments*". This standard was published by the IASB, in its final version, on 24 July 2014 at the end of a long-term process aimed at replacing the current IAS 39. The standard, the application of which is expected on 1 January 2018, introduces new criteria for the classification of financial assets and liabilities, for the derecognition and impairment of financial assets and the management and accounting for hedging transactions.

IFRS 15 – "*Revenue from Contracts with Customers*". This standard was published by the IASB on 28 May 2014. This standard replaces IAS 18 – *Revenue*, IAS 11 – *Construction Contracts*, the interpretations SIC 31, IFRIC 13 and IFRIC 15. The new standard applies to any and all contracts with customers, except for any contracts that fall under the scope of application of IAS 17 – *Leases*, insurance contracts and financial instruments. The new standard lays down a process consisting of five steps which determine the timing and the amount of the revenues to recognise (identification of contracts with customers, identification of the performance obligations laid down as per contract, determination of the transaction price, allocation of the transaction price, recognition of revenues upon the fulfilment of the performance obligation). The adoption of this standard is expected to be obligatory starting from 1 January 2018, with early adoption permitted. It is planned to apply the new standard retrospectively, with the possibility of choosing whether to restate the financial years presented in the comparative disclosures or recognise the effects of its adoption under the opening equity of the first-time application financial year.

Amendments to *IFRS* 10*, IFRS 11 and IAS 28 - "Investment Entities: Applying the Consolidation Exception*". The document, which was published by the IASB on 18 December 2014, introduces the following amendments:

- the exemption from preparing consolidated financial statements for a sub-holding company also applies to a parent entity that is a subsidiary of an investment entity;
- a subsidiary that provides services that support the investment entity's investment activities: the amendments clarify that only a subsidiary that is not an investment entity itself is consolidated;
- the application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity: the amendments allow the investor to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries;
- an investment entity that measures its subsidiaries at fair value must provide the disclosures required by IFRS 12.

IFRS 16 – "*Leases*". This standard was published by the IASB on 13 January 2016, intended to replace IAS 17 – *Leases*, as well as the interpretations IFRIC 4 - *Determining Whether an Arrangement Contains a Lease*, SIC 15 – *Operating Leases – Incentives* and SIC 27 – *Evaluating the substance of Transactions in the Legal Form of a Lease.* The new standard provides a new definition of lease and introduces a criterion based on the control (rights of use) over an asset to distinguish leases from service contracts, identifying the following distinguishing features: the identification of the asset, the right to replace the same, the right to substantially obtain all the economic benefits arising from the use of the asset and the right to manage the use of the asset underlying the contract. It is expected to be applied from 1 January 2019. Early adoption will be permitted for those entities which also apply IFRS 15.

Amendments to IAS 12 – *Recognition of Deferred Tax Assets for Unrealised Losses*. This document was issued by the IASB on 19 January 2016. The amendments, which will be applicable from the financial years commencing on 1 January 2017, clarify how to account for a deferred tax asset relating to a financial liability measured at fair value. Early adoption is permitted.

Amendments to IAS 7 – *Disclosure Initiative*. This document was issued by the IASB on 29 January 2016. The amendments, which will be applicable from the financial years commencing on 1 January 2017, require the entities to provide information on the changes in their financial liabilities, so as to allow the users to better understand the reasons behind the changes in the entity's debt.

For the following standards and interpretations, the EU endorsement process is postponed to an indefinite date:

IFRS 14 – *Regulatory Deferral Accounts*. The document 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 be obligatory starting from 1 January 2016, with early application permitted.

Amendments to IFRS 10 and IAS 28 – "*Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*". The document was issued by the IASB on 11 September 2014 in order to solve a conflict between the two mentioned standards in relation to the disposal of an asset or of a Subsidiary to an associate or to a joint venture, and will be applicable from 1 January 2016. The amendments provide that, in the case of a disposal or contribution of assets or of a Subsidiary to an associate or to a joint venture, the value of the profit or loss to be recognised in the accounts of the transferring/contributing company must be related to the classification of the assets or of the Subsidiary that have been transferred/contributed as a business, as defined under IFRS 3. In the event that the disposal/contribution constitutes a business, the entity must recognise the profit or loss in relation to the entire portion previously held; while, otherwise, the entity must recognise the portion of profit or loss relating to the portion still held by the entity that must be derecognised.

As at the date of this annual financial Report, it was not deemed that the Accounting Standards, interpretations and amendments to Accounting Standards listed above may have potential significant impacts on the Group's equity, financial and economic position.

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 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 2014/2015 and FY 2015/2016 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	57	2,038	3,538	79	6,304
Amortisation fund	(592)	(47)	(1,719)	(1,547)	0	(3,905)
Net value at 31/03/2014	**0**	**10**	**319**	**1,991**	**79**	**2,399**
Increases for the period	0	0	183	0	0	183
Sales	0	0	0	0	(13)	(13)
Reclassifications	0	0	66	0	(66)	0
Write-downs	0	0	0	0	0	0
Amortisation	0	(5)	(237)	(218)	0	(460)
Gross value	592	57	2,287	3,538	0	6,474
Amortisation fund	(592)	(52)	(1,953)	(1,765)	0	(4,362)
Net value at 31/03/2015	**0**	**5**	**334**	**1,773**	**0**	**2,112**
Increases for the period	0	0	207	0	17	224
Sales	0	0	0	0	0	0
Reclassifications	0	0	17	0	(17)	0
Write-downs	0	0	0	0	0	0
Amortisation	0	(3)	(207)	(218)	0	(428)
Gross value	592	57	2,511	3,538	0	6,698
Amortisation fund	(592)	(55)	(2,160)	(1,983)	0	(4,790)
Net value at 31/03/2016	**0**	**2**	**351**	**1,555**	**0**	**1,909**

Increases in intangible assets, equal to Euro 224 thousand in the financial year ended 31 March 2016 (Euro 183 thousand at 31 March 2015), related to investments in software and IT products for Euro 163 thousand and to trademarks for Euro 20 thousand.
No intangible assets with an indefinite useful life are reported in the accounts.

In the course of the FY 2015/2016 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 – P.zza delle Erbe, Venice, Forte dei Marmi and Florence), which may provide evidence of 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 2014/2015 and 2015/2016 and 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	2,535	10,818	336	0	20,850
Depreciation fund	0	(1,521)	(2,367)	(5,952)	(336)	0	(10,176)
Net value at 31/03/2014	**878**	**4,762**	**168**	**4,866**	**0**	**0**	**10,674**
Increases for the period	0	0	29	1,016	30	0	1,075
Sales	0	0	0	0	0	0	0
Depreciation	0	(196)	(59)	(1,101)	(3)	0	(1,359)
Write-down of gross value	0	0	0	0	0	0	0
Write-down of depreciation fund	0	0	0	0	0	0	0
Other changes in historical cost	0	0	(2)	(312)	0	0	(314)
Other changes in depreciation fund	0	0	2	261	0	0	263
Reclassifications	0	0	0	0	0	0	-
Gross value	878	6,284	2,563	11,519	366	0	21,610
Depreciation fund	0	(1,717)	(2,424)	(6,790)	(339)	0	(11,270)
Net value at 31/03/2015	**878**	**4,567**	**138**	**4,730**	**27**	**0**	**10,340**
Increases for the period	0	27	129	1,053	0	0	1,209
Sales	0	0	0	(14)	0	0	(14)
Depreciation	0	(196)	(59)	(1,117)	(6)	0	(1,378)
Write-down of gross value	0	0	(3)	(98)	0	0	(101)
Write-down of depreciation fund	0	0	2	51	0	0	53
Other changes in historical cost	0	0	0	0	0	0	0
Other changes in depreciation fund	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Gross value	878	6,311	2,689	12,460	366	0	22,704
Depreciation fund	0	(1,913)	(2,482)	(7,855)	(345)	0	(12,595)

(in thousands of Euro)	**Land**	**Building**	**Plant and equipment**	**Industrial and business equipment**	**Other assets**	**Fixed assets under constructio n and advances**	**Total**
Net value at 31/03/2016	**878**	**4,398**	**207**	**4,605**	**21**	**0**	**10,109**

Increases in property, plant and equipment, equal to Euro 1,209 thousand in the financial year ended 31 March 2016 (Euro 1,075 thousand as at 31 March 2015), were mainly attributable to workshop equipment and machinery for Euro 129 thousand, to furniture and fittings for Euro 932 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 17 thousand, to the purchase of electronic office machines for Euro 91 thousand.

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

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Land	878	878
Buildings	4,167	4,318
Industrial and business equipment	39	80
Total	**5,084**	**5,276**

Note 3 – Equity investments in subsidiaries

Below is the breakdown of the item:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Piquadro España SLU	700	700
Piquadro Deutschland GmbH	0	0
Piquadro Hong Kong Co. Ltd.	0	0
Uni Best Leather Goods Zhongshan Co. Ltd.	258	258
Piquadro Macau Limitada (*)	0	0
Piquadro Trading Shenzhen Co. Ltd.	990	990
Piquadro Taiwan Co. Ltd.	491	491
Piquadro France SARL	2,495	2,495
Piquadro Swiss SA	3	3
Piquadro UK Limited	1,174	817
Piquadro USA INC.	890	440
OOO Piquadro Russia (**)	140	0
Total equity investments in subsidiaries	**7,142**	**6,194**
Equity investments in other companies	1	1
Total equity investments	**7,143**	**6,195**

(*) Company indirectly owned by Piquadro Hong Kong Co. Ltd.
(**) Company established on 13 January 2016.

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**
Piquadro España SLU	Barcelona	100%	700	774	0
Piquadro Deutschland GmbH	Munich	100%	0	23	0
Piquadro Hong Kong Co. Ltd.	Hong Kong	100%	0	104	0
Uni Best Leather Goods Zhongshan Co. Ltd.	Zhongshan	100%	258	611	0

Piquadro Macau Limitada (*)	Macau	100%	0	22	0
Piquadro Trading Shenzhen Co. Ltd.	Shenzhen	100%	990	1,172	0
Piquadro Taiwan Co. Ltd.	Taipei	100%	491	801	0
Piquadro France SARL	Paris	100%	2,495	2,535	0
Piquadro Swiss SA	Mendrisio	51%	3	(110)	112
Piquadro UK Limited	London	100%	1,174	1,273	0
Piquadro USA INC.	New York	100%	890	878	12
OOO Piquadro Russia (**)	Moscow	100%	140	173	0

(*) Company indirectly owned by Piquadro Hong Kong Co. Ltd.
(**) Company established on 13 January 2016.

Below is the breakdown of changes in the value of equity investments:

(in thousands of Euro)	Book value 31/03/2015	Increases	Write-downs	Other changes	Book value 31/03/2016
Piquadro España SLU	700	0	0	0	700
Piquadro Deutschland GmbH	0	0	0	0	0
Piquadro Hong Kong Co. Ltd.	0	0	0	0	0
Uni Best Leather Goods Zhongshan Co. Ltd.	258	0	0	0	258
Piquadro Macau Limitada (*)	0	0	0	0	0
Piquadro Trading Shenzhen Co. Ltd.	990	0	0	0	990
Piquadro Taiwan Co. Ltd.	491	0	0	0	491
Piquadro France SARL	2,495	0	0	0	2,495
Piquadro Swiss SA	3	0	0	0	3
Piquadro UK Limited	817	357	0	0	1,174
Piquadro USA INC	440	450	0	0	890
OOO Piquadro Russia (**)	0	140	0	0	140
Total equity investments in subsidiaries	**6,194**	**947**	**0**	**0**	**7,193**
Equity investments in other companies	1	0	0	0	1
Total equity investments	**6,195**	**947**	**0**	**0**	**7,194**

(*) Company indirectly owned by Piquadro Hong Kong Co. Ltd.
(**) Company established on 13 January 2016.

The increase in non-current financial assets related to the payments on account of capital made in favour of the Subsidiaries Piquadro UK Limited, Piquadro USA INC. and OOO Piquadro Russia.

Note 4 - Receivables from others

Receivables from others (equal to Euro 308 thousand as at 31 March 2016 compared to Euro 310 thousand as at 31 March 2015) relate to 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 2016	31 March 2015
Deferred tax assets:		
- within 12 months	169	329
- beyond 12 months	759	787
	928	**1,116**
Deferred tax liabilities		
- within 12 months	86	182
- beyond 12 months	62	62
	148	**244**
Net Position	**780**	**872**

Below is reported the relevant change:

(in thousands of Euro)	31 March 2016	31 March 2015
Opening Net Position	**872**	**955**
Credit/(Debit) to the Income Statement	(73)	(83)
Credit/(Debit) to Equity	19	0
Total	**780**	**872**

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 2016 and 31 March 2015:

Deferred tax assets	**31 March 2016**		**31 March 2015**	
(in thousands of Euro)	**Temporary differences**	**Tax effect (IRES+IRAP)**	**Temporary differences**	**Tax effect (IRES+IRAP)**
Deferred tax assets with effect through P&L:				
Provision for bad debts	1,141	286	1,057	291
Provision for obsolescence of inventories	611	168	479	132
Provisions for risks and charges	268	43	243	42
Amortisation and depreciation	550	139	470	148
Others	1,043	292	1,677	505
Total	**3,613**	**928**	**3,925**	**1,116**
Amount credited (debited) to P&L	*0*	*(169)*	*0*	*83*
Deferred tax assets with effect through Comprehensive Income:				
Hedging transactions (cash flow hedge)	0	0	0	0
Total				
Amount credited (debited) to Comprehensive Income	*0*	*0*	*0*	*0*
Total tax effect	**3,613**	**928**	**3,925**	**1,116**

Deferred tax liabilities	**31 March 2016**		**31 March 2015**	
(in thousands of Euro)	**Temporary differences**	**Tax effect (IRES+IRAP)**	**Temporary differences**	**Tax effect (IRES+IRAP)**
Deferred tax liabilities with effect through P&L:				
Others	407	134	879	244
Total		**134**	**879**	**244**
Amount credited (debited) to P&L	*0*	*96*	*0*	*(153)*
Deferred tax liabilities with effect through Comprehensive Income:				
Hedging transactions (cash flow hedge)	70	19	0	0
Defined-benefit plans	(21)	(6)	7	2
Total				
Amount credited (debited) to	*0*	*0*	*0*	*0*

Comprehensive Income				
Total tax effect	**456**	**147**	**886**	**246**

In calculating deferred tax assets, account was taken of the Bill in Parliament no. 3444 (2016 Stability Law), which reduced the IRES tax rate from 27.5% to 24% starting from the 2017/2018 financial year.

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 at 31 March 2016**	**Provision for write-down**	**Net value at 31 March 2016**	**Net value at 31 March 2015**
Raw materials	1,593	(89)	1,504	1,426
Semi-finished products	100	0	100	36
Finished products	12,711	(522)	12,189	11,872
Inventories	**14,404**	**611**	**13,793**	**13,334**

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 2015**	**Use**	**Accrual**	**Provision as at 31 March 2016**
Provision for write-down of raw materials	151	(62)	0	89
Provision for write-down of finished products	327	0	195	522
Total Provision for write-down of inventories	**478**	**(62)**	**195**	**611**

As at 31 March 2016 there was the recognition of an increase of Euro 459 thousand in inventories compared to the corresponding values at 31 March 2015. This increase is mainly attributable to the growth trends in the Group's turnover.

Note 7 - Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Receivables from customers	24,874	23,937
Provision for bad debts	(1,304)	(1,231)
Current trade receivables	**23,570**	**22,706**

Gross trade receivables showed a balance of Euro 24,874 thousand at 31 March 2016, showing an increase of Euro 937 thousand compared to the balance as at 31 March 2015, which was mainly attributable to the increase recorded in the sales in the Wholesale channel on the domestic market and towards operators active in the business to business.

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

(in thousands of Euro)	**Provision at 31 March 2016**	**Provision at 31 March 2015**
Balance at the beginning of the period	1,231	1,173
Accrual	269	386
Uses	(196)	(328)
Total Provision for bad debts	**1,304**	**1,231**

Note 8 – Receivables from subsidiaries

Below is the breakdown of receivables from subsidiaries:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Piquadro España SLU	599	309
Piquadro Deutschland GmbH	348	195
Piquadro Hong Kong Co. Ltd.	305	438
Uni Best Leather Goods Zhongshan Co. Ltd.	3,291	3,442
Piquadro Macau Limitada (*)	0	183
Piquadro Trading Shenzhen Co. Ltd.	0	304
Piquadro Taiwan Co. Ltd.	755	738
Piquadro Swiss SA	327	207
Piquadro France SARL	7	248
Piquadro UK Limited	7	371
OOO Piquadro Russia (**)	491	0
Piquadro LLC	82	0
Receivables from subsidiaries	**6,213**	**6,435**

(*) Company indirectly owned by Piquadro Hong Kong Co. Ltd.
(**) Company established on 13 January 2016.

The decrease in receivables from Subsidiaries was mainly due to the offset of credit and debit items among the Group Companies.

Note 9 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Other assets	229	148
Accrued income and prepaid expenses	1,007	929
Other current assets	**1,236**	**1,077**

Other assets related to advances to suppliers for Euro 84 thousand and INAIL advances of Euro 61 thousand.
Accrued income and prepaid expenses mainly related to prepaid expenses on rents (equal to Euro 327 thousand at 31 March 2016 against Euro 363 thousand at 31 March 2015) and advertising (Euro 531 thousand at 31 March 2016 against Euro 388 thousand at 31 March 2015).

Nota 10 – Derivative assets

As at 31 March 2015 the assets relating to currency forward purchases (USD) amounted to Euro 70 thousand (as at 31 March 2015 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 governing the inclusion of the non-performance risk was not significant.

Nota 11 – Tax receivables

As at 31 March 2016 tax receivables were equal to Euro 102 thousand (Euro 819 thousand at 31 March 2015) 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.

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 2016**	**31 March 2015**
Available current bank accounts	8,418	10,502
Money, cash on hand and cheques	60	52
Cash and cash equivalents	**8,478**	**10,554**

The balance represents cash and cash equivalents and the existence of money 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 2016, the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by 50,000,000 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 some Directors, Key Executives, 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 S.p.A., 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 S.p.A. 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 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 regards the 2012-2017 Stock Option Plan, it should be noted that, on the basis of the results achieved by the Group from the approval of the stock option plan up to today and on the basis of the new plans prepared by the Management, it is emerged that the chances of attaining the EBITDA and Net Financial Position targets set out in the plan are very close to zero. As they are "non-market conditions" and taking account of these chances in accounting for the plan, the amount that had been previously accounted for under the "Stock Option Reserve" in previous financial years was consequently taken to the Income Statement (as the plan had become "out of the money") during the financial year ended 31 March 2015.

Based on the results of this Annual Financial Report and the most recent budget forecasts, no elements arise which can modify the approach referred to above. Accordingly, no effects through profit or loss were recognised in relation to the 2012-2017 Stock Option Plan.
As at the date of the current Annual Financial Report, the 2008-2013 Stock Option Plan, approved by the Board of Directors of Piquadro S.p.A. on 31 January 2008, had been closed and no option awarded under the same had been exercised.

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	Distributable share	Other reserves Profit (Loss) for the period	
					Coverage	**Other**
Share Capital	1,000	B	0	0		
Capital reserves						
Share premium reserve	1,000	A,B,C	1,000	1,000		
Other reserves						
Fair value reserve	51		51	0		
Reserve for Employee Benefits	(45)		(45)	0		
Stock Option reserve	222		222	0		
Reserve from merger	(92)		(92)	0		
Other reserves on account of capital	958	A,B,C	958	958		
	1,094		**1,094**	**958**		
Revenue reserves						
Undivided profits						
Legal reserve	200	B	200	0		
Reserve of undivided profits	28,878	A,B,C	28,878	28,878		
	29,078		**29,078**	**28,878**		

KEY: "A" for capital increase; "B" for loss coverage; "C" for distribution to shareholders.

b) Share premium reserve

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

c) Other reserves

Other reserves were equal to Euro 1,094 thousand and included the fair value reserve for derivative instruments (positive and equal to Euro 51 thousand), the reserve for actuarial gains (losses) on defined-benefit plans (negative and equal to Euro 54 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).

d) Profit for the period

This item relates to the recognition of the Company profit recorded, equal to Euro 3,818 thousand as at 31 March 2016.
During the financial year ended 31 March 2015, the Company's profit for the period, as resulting from the separate financial statements as at 31 March 2015, was allocated as follows:

- Euro 2,000 thousand to dividends, corresponding to earnings per share equal to about Euro 0.04 per share to 50,000,000 outstanding shares;
- Euro 1,022 thousand to profits carried forward as the legal reserve had achieved one fifth of the Share Capital.

Non-current liabilities

Note 14 – Borrowings

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

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Borrowings from 1 to 5 years	7,046	7,312
Borrowings beyond 5 years	0	0
Medium/long-term borrowings	**7,046**	**7,312**

Below is the summary of the capital quotas still to be repaid at 31 March 2015:

1. Euro 1,015 thousand relating to the unsecured loan granted by UBI – Banca Popolare Commercio & Industria on 30 July 2014 (against an initial amount of Euro 2,000 thousand), of which a current portion of Euro 673 thousand and a non-current portion of Euro 342 thousand;
2. Euro 2,500 thousand relating to the unsecured loan granted by UBI – Banca Popolare Commercio & Industria on 1 February 2016 (for an initial amount of Euro 2,500 thousand), of which a current portion of Euro 1,666 thousand and a non-current portion of Euro 834 thousand;
3. Euro 1,151 thousand relating to the unsecured loan granted by Credem – Credito Emiliano on 30 July 2015 (for an initial amount of Euro 2,300 thousand), all due and payable within twelve months;
4. Euro 2,751 thousand relating to the unsecured loan granted by Credem – Credito Emiliano on 12 November 2015 (for an initial amount of Euro 3,300 thousand), of which a current portion of Euro 2,200 thousand and a non-current portion of Euro 551 thousand;
5. Euro 1,677 thousand relating to the unsecured loan granted by ICCREA – Banca Impresa S.p.A. on 26 March 2015 (for an initial amount of Euro 2,500 thousand), of which a current portion of Euro 833 thousand and a non-current portion of Euro 844 thousand;
6. Euro 5,700 thousand relating to the unsecured loan granted by Mediocredito Italiano S.p.A. on 29 January 2016, of which a current portion of Euro 1,200 thousand and a non-current portion of Euro 4,500 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**
UBI Loan	30 July 2014	2,000	Euro	673	0	342	0	1,015
UBI Stand By Loan	1 February	2,500	Euro	1,666	0	834	0	2,500

	2016							
Credem Loan	30 July 2015	2,300	Euro	1,151	(4)	0	0	1,147
Credem Loan	12 November 2015	3,300	Euro	2,200	(2)	551	0	2,749
ICCREA Loan	26 March 2015	2,500	Euro	834	(6)	845	(2)	1,671
Mediocredito Loan	29 January 2016	6,000	Euro	1,200	(14)	4,500	(24)	5,662
				7,724	**(26)**	**7,072**	**(26)**	**14,744**

Note 15 – Payables to other lenders for lease agreements

Below is the related breakdown:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Non-current:		
Payables to leasing companies	1,431	2,085
Current:		
Payables to leasing companies	606	625
Payables to other lenders for lease agreements	**2,037**	**2,710**

Below is reported the following additional breakdown:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Payables to other lenders for lease agreements:		
Due within 1 year	670	625
Due from 1 to 5 years	1,477	2,085
Due beyond 5 years	0	0
Financial interest to be paid	(110)	(188)
Present value of payables to other lenders for lease agreements	**2,037**	**2,710**

As at 31 March 2016, payables to other lenders due beyond 12 months were equal to Euro 2,037 thousand (Euro 2,710 thousand at 31 March 2015), mainly relating to the lease agreement initially entered into by Piqubo Servizi S.r.l., which was merged by incorporation into Piquadro S.p.A. by deed of 24 October 2008, with Centro Leasing S.p.A. in relation to the plant, land and the automated warehouse located in Località Sassuriano, Silla di Gaggio Montano (Province of Bologna), as well as to the new lease agreement entered into on 28 February 2015 in relation to corporate software for a total of Euro 22 thousand.

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 at 31 March 2014	**254**
Financial charges	8
Net actuarial Losses (Gains) accounted for in the period	33
Indemnities paid in the financial year/Others	0
Balance at 31 March 2015	**295**
Financial charges	3
Net actuarial Losses (Gains) accounted for in the period	(7)
Indemnities paid in the financial year/Others	0

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 at 31 March 2015**	**Use**	**Accrual**	**Provision at 31 March 2016**
Provision for clientele supplementary indemnity	901	(23)	65	943
Provision for risks on equity investments	103	(57)	78	124
Other Provisions for risks	139	0	5	144
Total	**1,143**	**(80)**	**148**	**1,211**

The “Provision for clientele supplementary indemnity” represents the potential liability with respect to agents in the event of the Company terminating agreements or agents retiring. The amount of the liability has been calculated by an independent actuary as at the reporting date.

The Provision for risks on equity investments, equal to Euro 124 thousand, relates to the Subsidiary Piquadro Swiss SA for Euro 112 thousand and to the Subsidiary Piquadro USA INC. for Euro 12 thousand.
Other provisions for risks, equal to Euro 144 thousand mainly relate to the provision for risks on returns on sales equal to Euro 61 thousand, 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 73 thousand.

Note 18 – Deferred tax liabilities

Deferred tax liabilities amounted to Euro 148 thousand (Euro 244 thousand as at 31 March 2015); 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 2016 borrowings were equal to Euro 7,698 thousand compared to Euro 9,127 thousand at 31 March 2015, for the breakdown, reference is made to Note 14 above. The balance is fully made up for the current portion of Payables to banks for loans.

Note 20 - Payables to other lenders for lease agreements

As at 31 March 2016 the amount of Euro 606 thousand (Euro 625 thousand at 31 March 2015) related to the current portion of Payables to leasing Companies in relation to agreements for the finance lease mainly of furniture, fittings, equipment and software for the shops (Euro 23 thousand) and of the building of the Parent Company’s operational headquarters (Euro 583 thousand).

NET FINANCIAL POSITION

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

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
(A) Cash	60	52
(B) Other cash and cash equivalents (available current bank accounts)	8,418	10,502
(C) Liquidity (A) + (B)	**8,478**	**10,554**
(D) Finance leases	(606)	(625)
(E) Current bank debt	0	0
(F) Current portion of current debt	(7,698)	(9,127)
(G) Current financial debt (D) + (E) + (F)	**(8,304)**	**(9,751)**
(H) Short-term Net Financial Position (C) + (G)	**175**	**803**
(I) Non-current bank debt	(7,046)	(7,312)
(L) Finance leases	(1,431)	(2,085)
(M) Non-current financial debt (I) + (L)	**(8,477)**	**(9,397)**
(N) Net Financial Position (H) + (M)	**(8,302)**	**(8,595)**

As at 31 March 2016, the Net Financial Position of Piquadro S.p.A. posted a negative value of Euro 8.3 million, showing an improvement of about Euro 293 thousand compared to the debt of about Euro 8.6 million recorded at 31 March 2015. The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- A free cash flow equal to about Euro 5.9 million generated in the year;
- dividends paid in relation to the profit for the 2014/2015 for Euro 2.0 million (with a payout equal to about 66.7% of the Company's profit);
- investments in property, plant and equipment, intangible assets and non-current financial assets for about Euro 2.4 million.

Note 21 – Trade payables

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

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Payables to suppliers	11,871	12,942

As at 31 March 2016 payables to suppliers showed a decrease of 8.3% compared to 31 March 2015, mainly as a result of seasonal trends relating to purchases of goods, services and investments and increased sales.

Note 22 – Payables to subsidiaries

Below is the breakdown of liabilities to Subsidiaries (including invoices to be received and a credit note to be received):

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Piquadro España SLU	63	34
Piquadro Deutschland GmbH	163	12
Piquadro Hong Kong Co. Ltd.	(70)	192
Uni Best Leather Goods Zhongshan Co. Ltd.	2,783	2,780
Piquadro Macau Limitada (*)	0	40
Piquadro Trading Shenzhen Co. Ltd.	714	869
Piquadro Taiwan Co. Ltd.	200	196
Piquadro France SARL	318	133
Piquadro UK Limited	246	205
OOO Piquadro Russia (**)	72	0

Piquadro LLC	80	0
Payables to subsidiaries	**4,569**	**4,461**

(*) Company indirectly owned by Piquadro Hong Kong Co. Ltd.
(**) Company established on 13 January 2016.

The increase in payables to Subsidiaries was mainly attributable to the recognition of balances towards subsidiaries OOO Piquadro Russia (established at the beginning of 2016) and Piquadro LLC (operational from the second half of 2015).

Note 23 – Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Payables to social security institutions	395	391
Payables to Pension funds	28	26
Other payables	3	1
Payables to employees	567	560
Advances from customers	65	52
Accrued expenses and deferred income	161	220
Payables for VAT	0	0
IRPEF tax payables and other tax payables	1,379	1,399
Other current liabilities	**2,598**	**2,648**

Payables to social security institutions (Euro 395 thousand) mainly relate to the payables due to INPS (equal to Euro 319 thousand). Payables to employees (equal to Euro 567 thousand) mainly included payables for remuneration and bonuses to be paid with respect to employees of the Company.

Note 24 – Tax payables

As at 31 March 2016 the advances paid by the Company for IRES tax were less than the actual IRES tax charge. For this reason, the Company recorded tax payables equal to Euro 403 thousand at 31 March 2016.

COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

Note 25 – Revenues from sales

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

The Company's revenues are mainly realised in Euro.

Below is the breakdown of revenues by geographical area:

(in thousands of Euro)	Net revenues at 31 March 2016	%	Net revenues at 31 March 2015	%	% change 2016/2015
Italy	53,524	80.2%	50,884	79.8%	5.2%
Europe	9,467	14.2%	9,990	15.7%	(5.2)%
Rest of the World	3,743	5.6%	2,899	4.5%	29.1%
Total	**66,734**	**100.0%**	**63,773**	**100.0%**	**4.6%**

Nota 26 – Other income

(in thousands of Euro)	31 March 2016	31 March 2015
Charge-backs of transport and collection costs	149	151
Insurance and legal refunds	210	142
Revenues from sales at the corners	13	38
Other sundry income	639	551
Other income	**1,011**	**883**

Other income mainly relates for Euro 13 thousand (Euro 38 thousand at 31 March 2015) to charging back Corners and Euro 149 thousand (Euro 151 thousand at 31 March 2015) to chargebacks of transport and collection costs to customers. Insurance refunds were mainly attributable to the fire that occurred at the Rome Fiumicino T3 corner for Euro 170 thousand.

Note 27 – Change in inventories

The change in inventories of raw materials was positive for Euro 116 thousand (positive for Euro 386 thousand as at 31 March 2015), while the change in inventories of semi-finished and finished products was negative for Euro 575 thousand (negative for Euro 729 thousand as at 31 March 2015).

Note 28 - 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 2016 costs for purchases were equal to Euro 18,596 thousand (Euro 16,813 thousand at 31 March 2015).

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 2016			**31 March 2015**	
US Dollars	18,798,591	1.10	17,090	18,722,405	1.27	14,764

Total operating costs incurred in foreign currency	**17,090**	**14,764**

Overall, Piquadro S.p.A. incurred, in the FY 2015/2016, operating costs denominated in a currency other than the Euro for an equivalent amount of Euro 17,090 thousand, equal to 27.5% of the total operating costs (equal to Euro 62,183 thousand).

In the FY 2015/2016, Piquadro S.p.A. made forward purchases of US Dollars for an overall amount of USD 17.3 million (USD 19.7 million in the FY 2014/2015) 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 about Euro 14.3 million at the average exchange rate prevailing in the FY 2015/2016 (about Euro 15.5 million at the average exchange rate prevailing in the FY 2014/2015); therefore 92.0% of the purchases in US Dollars made by the Company was covered (in relation to the FY 2014/2015 80.4% of the purchases in US Dollars made by the Company was covered).

Note 29 - Costs for services and leases and rentals

Below is reported the breakdown of these costs:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Costs for leases and rentals	4,278	4,275
External production	10,756	9,812
Advertising and marketing	4,034	3,619
Administrative services	797	789
Business services	2,974	2,960
Production services	5,127	6,155
Transport services	3,420	3,725
Costs for services and leases and rentals	**31,386**	**31,335**

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

The Company increased advertising and marketing costs and commercial services (about Euro 415 thousand and Euro 14 thousand, respectively) in order to develop and promote the Piquadro brand. Production services decreased by about Euro 1,028 thousand, mainly following a lower amount recognised to Subsidiaries in consideration of the agreements relating to the “Intercompany Service Fee”.

Note 30- Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Wages and salaries	7,743	7,207
Social security contributions	2,116	1,988
TFR	488	445
Personnel costs	**10,347**	**9,640**

The table below reports the exact number of the staff members employed by the Company as at 31 March 2016 and 31 March 2015:

Units	**31 March 2016**	**31 March 2015**
Executives	4	4
Office workers	212	198
Manual workers	31	31

Total	247	233

Note 31 - Amortisation, depreciation and write-downs

In the FY 2015/2016, amortisation and depreciation were equal to Euro 1,806 thousand (Euro 1,819 thousand in the FY 2014/2015). Write-downs fully related to the Provision for bad debts from customers, as already commented in Note 7.

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Amortisation of intangible assets	428	460
Depreciation of property, plant and equipment	1,378	1,359
Provision for bad debts	269	386
Write-down of other non-current assets	48	0
Amortisation, depreciation and write-downs	**2,123**	**2,205**

Note 32 - Other operating costs

In the FY 2015/2016, other operating costs, equal to Euro 190 thousand (Euro 190 thousand in the FY 2014/2015) mainly related to charges generated from current operations.

Note 33 – Shares of profits (losses) from investee Companies

The net accrual to the Provision for risks on equity investments related to the adjustment to the value of the equity investments held in Piquadro Deutschland GmbH, Piquadro Hong Kong Co. Ltd., Piquadro Swiss SA and Piquadro USA INC.. This item is classified under other operating costs.

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Write-down of equity investments in subsidiaries	0	0
Revaluation of equity investments in subsidiaries	0	0
Accrual to the Provision for risks on equity investments in subsidiaries	21	48
Shares of profits (losses) from investee companies	**21**	**48**

Note 34 - Financial income

The amount of Euro 762 thousand in the FY 2015/2016 (Euro 1,489 thousand as at 31 March 2015) mainly related to interest receivable on active current accounts for Euro 20 thousand, interest receivable from customers for Euro 25 thousand and foreign exchange gains either realised or estimated for Euro 712 thousand (foreign exchange gains either realised or estimated at 31 march 2015 were equal to Euro 1,359 thousand).

Note 35 - Financial charges

Below is the breakdown of financial charges:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Interest payable on current accounts	75	26
Interest and expenses subject to final payment	26	21
Financial charges on loans	233	565
Lease charges	26	40
Other charges	43	172
Net financial charges on defined-benefit plans	3	8
Foreign exchange losses (either realised or estimated)	202	890
Financial charges	**608**	**1,722**

Note 36 – Income taxes

Below is reported the breakdown of income tax:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
IRES tax	1,482	1,050
IRAP tax	343	440
Total current taxes	**1,825**	**1,490**

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

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Deferred tax liabilities	(96)	153
Deferred tax assets	169	(83)
Total deferred tax assets and liabilities	**73**	**69**

Below is reported the reconciliation between theoretical and actual tax charge:

(in thousands of Euro)	**31 March 2016**	**31 March 2015**
Pre-tax result	5,716	4,581
Theoretical tax charge	27.5%	27.5%
Theoretical income taxes	1,572	1,260
Tax effect of permanent differences	(90)	(210)
Other changes	0	0
Total	**1,482**	**1,050**
IRAP tax	343	440
Current and deferred taxes in the accounts	**1,825**	**1,490**

Note 37 – Commitments

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

As at 31 March 2016, the Company had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2016/2017.

b) *Commitments on operating lease agreements*

As at 31 March 2016, the Company had executed contractual commitments which will entail future costs for rentals and operating leases which will be charged to the Income Statement on an accruals basis from the FY 2016/2017 onwards, mainly for the leases of DOS shops, as summarised in the table below:

	At 31 March 2016			
(in thousands of Euro)	Within 12 months	From 1 to 5 years	Beyond 5 years	Total
Property lease				
Other leases	3,417	10,203	2,100	15,720
Total	**3,417**	**10,203**	**2,100**	**15,720**

Note 38 – Relations with related parties

Piquadro S.p.A., the Parent Company of the Piquadro Group, operates in the leather goods market and designs, produces and markets articles under its own brand. The Subsidiaries mainly carry out activities of distribution of products (Piquadro España SLU, Piquadro Hong Kong Co. Ltd., Piquadro Macau Limitada, Piquadro Deutschland GmbH, Piquadro Trading –Shenzhen Co. Ltd., Piquadro Taiwan Co. Ltd., Piquadro France SARL, Piquadro Swiss SA and Piquadro UK Limited, Piquadro LLC and OOO Piquadro Russia), or production (Uni Best Leather Goods Zhongshan Co. Ltd.).

The relations with Group companies are mainly commercial and regulated at arm's length. There are also financial relations (intergroup 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 2016**	**31 March 2015**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	36	35
Piquadro Deutschland GmbH	125	125
Piquadro Taiwan Co. Ltd.	75	75
Piquadro Hong Kong Co. Ltd.	3	0
Piquadro Swiss SA	169	169
Piquadro UK Limited	0	358
OOO Piquadro Russia	200	0
Provision for write-down of receivables from subsidiaries	0	0
Total financial receivables from subsidiaries	**608**	**762**
Total financial receivables	**608**	**762**
% Impact	**100.0%**	**100.0%**

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 2016**	**31 March 2015**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	563	274
Piquadro Deutschland GmbH	224	70
Piquadro Hong Kong Co. Ltd.	302	438
Piquadro Macau Limitada	0	183
Piquadro Trading Shenzhen Co. Ltd.	0	304
Piquadro Taiwan Co. Ltd.	680	662
Uni Best Leather Goods Zhongshan Co. Ltd.	3,291	3,442
Piquadro Swiss SA	158	38
Piquadro France SARL	7	248
Piquadro UK Limited	7	13
Piquadro LLC	82	0
OOO Piquadro Russia	291	0

Total trade receivables from subsidiaries	**5,605**	**5,673**
Total trade receivables	**29,783**	**29,141**
% Impact	**18.8%**	**19.5%**

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 *(in thousands of Euro)*	**31 March 2016**	**31 March 2015**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	63	34
Piquadro Deutschland GmbH	163	12
Piquadro Hong Kong Co. Ltd.	(70)	192
Piquadro Macau Limitada	0	40
Piquadro Trading Shenzhen Co. Ltd.	714	869
Piquadro Taiwan Co. Ltd.	200	196
Uni Best Leather Goods Zhongshan Co. Ltd.	2,783	2,780
Piquadro France SARL	318	133
Piquadro UK Limited	246	205
Piquadro LLC	80	0
OOO Piquadro Russia	72	0
Total trade payables to Subsidiaries	**4,569**	**4,461**
Total trade payables	**16,439**	**17,403**
% impact	**27.8%**	**25.6%**

Trade payables partly derive from the services rendered in relation to the Service Agreements executed with the subsidiaries Piquadro España SLU, Piquadro Deutschland GmbH, Piquadro France SARL, Piquadro Hong Kong Co. Ltd., Piquadro Trading Shenzhen Co. Ltd., Piquadro Taiwan Co. Ltd., Piquadro UK Limited, Piquadro LLC and OOO Piquadro Russia 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 *(in thousands of Euro)*	**31 March 2016**	**31 March 2015**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	642	850

Piquadro Deutschland GmbH	154	109
Piquadro Hong Kong Co. Ltd.	243	261
Piquadro Macau Limitada	(45)	82
Piquadro Trading Shenzhen Co. Ltd.	0	79
Piquadro Taiwan Co. Ltd.	567	491
Uni Best Leather Goods Zhongshan Co. Ltd.	1,866	1,809
Piquadro Swiss SA	239	278
Piquadro France SARL	113	159
Piquadro UK Limited	199	159
Piquadro LLC	196	0
OOO Piquadro Russia	291	0
Total revenues from Subsidiaries	**4,465**	**4,276**
Total revenues	**66,734**	**63,773**
% impact	**6.7%**	**6.7%**

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 *(in thousands of Euro)*	**31 March 2016**	**31 March 2015**
Controlling companies		
Piqubo S.p.A.	75	66
Piquadro Holding S.p.A.	244	246
Subsidiaries		
Piquadro España SLU	310	173
Piquadro Deutschland GmbH	150	146
Piquadro Hong Kong Co. Ltd.	322	931
Piquadro Macau Limitada	2	147
Piquadro Trading Shenzhen Co. Ltd.	94	1,080
Piquadro Taiwan Co. Ltd.	560	619
Uni Best Leather Goods Zhongshan Co. Ltd.	8,969	7,192
Piquadro Swiss SA	0	0
Piquadro France SARL	512	477
Piquadro UK Limited	295	438
Piquadro LLC	694	0
OOO Piquadro Russia	72	0
Total costs towards Subsidiaries	**12,299**	**11,515**
Total operating costs	**62,183**	**59,840**
% impact	**19.8%**	**19.2%**

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., Piquadro Taiwan Co. Ltd., Piquadro LLC and OOO Piquadro Russia, carried out on the basis of market values. All transactions were carried out at arm's length.

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 no. 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 *(in thousands of Euro)*	**31 March 2016**	**31 March 2015**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	0	1
Piquadro Deutschland GmbH	1	1
Piquadro Macau Limitada	0	1
Piquadro Swiss SA	4	5
Piquadro Hong Kong Co. Ltd.	3	3
Piquadro UK Limited	0	10
OOO Piquadro Russia	1	0
Total financial income from Subsidiaries	**9**	**21**
Total financial income	**762**	**1,489**
% Impact	**1.1%**	**1.4%**

The Directors report that, in addition to Piqubo S.p.A., Piquadro Holding S.p.A. and the 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 FY 2015/2016, Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 1,367,448 relating to the profit for the FY 2014/2015;
- in the FY 2014/2015, Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 683,724 724 relating to the profit for the FY 2013/2014.

In the FY 2015/2016 no transactions were effected with the 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 2015/2016 for the performance of their duties in the Parent Company and other Group Companies, and the fees accrued by any Key Executives (as at 31 March 2016, the Directors had not identified Key Executives):

(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-cash benefits	Bonuses and other incentives	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/15-31/03/16	2016	400	7	0	0	407
Pierpaolo Palmieri	Vice - Chairman and Executive Director	01/04/15-31/03/16	2016	200	4	0	0	204
Marcello Piccioli	Executive Director	01/04/15-31/03/16	2016	180	3	0	4	187
Roberto Trotta	Executive Director	01/04/15-31/03/16	2016	[1]	3	0	136	139
Gianni Lorenzoni	Lead Independent Director	01/04/15-31/03/16	2016	18	0	0	2	20
Paola Bonomo	Independent Director	01/04/15-31/03/16	2016	18	0	0	2	20
Anna Gatti	Independent Director	01/04/15-31/03/16	2016	18	0	0	2	20
				834	**17**	**0**	**146**	**997**

1) He waived the emolument for the period from 01/04/2015 to 31/03/2016.

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
Giuseppe Fredella	Regular member – Chairman	01/04/15-31/03/16	2016	24.8	0	24.8
Pietro Michele Villa	Regular member	01/04/15-31/03/16	2016	16.5	0	16.5
Patrizia Riva	Regular member	01/04/15-31/03/16	2016	16.5	0	16.5
				57.8	**0**	**57.8**

The Statutory Auditors are also entitled to receive the reimbursement of expenses incurred for the reasons of their position, which amounted to Euro 1,844 in the last financial year 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 service	Entity performing the service	Fees *(in thousands of Euro)*
Auditing	Parent Company's Independent Auditors	128
Other services	Parent Company's Independent Auditors and network of the Parent Company's Independent Auditors	20
Subsidiary's Auditing	Parent Company's Independent Auditors and network of the Parent Company's Independent Auditors	67

Note 39 – Events after the year end

In addition to the information indicated above, no significant events were reported from 1 April 2016 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, Key Executives 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	0	0	31,909,407
Pierpaolo Palmieri	Vice-Chairman-Executive Director [(2)]	Piquadro S.p.A.	2,276,801	0	0	2,276,801
Roberto Trotta	Executive Director	Piquadro S.p.A.	3,000	0	0	3,000

[(1)] At the end of the FY 2015/2016, 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 2015/2016, 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 2016, the Company had no sale transactions in place subject to an obligation of reconveyance or repurchase of its own assets sold to 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 has it 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 SEPARATE 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 separate financial statements in the course of the period from 1 April 2015 to 31 March 2016.

It is also certified that the separate financial statements as at 31 March 2016:

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.

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, together with a description of the main risks and uncertainties to which they are exposed.

Silla di Gaggio Montano (Bologna), 13 June 2016

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 2016

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

Distribution companies

Income Statement *(in thousands of Euro)*	**Piquadro España SLU**	**Piquadro Deutschland GmbH**	**OOO Piquadro Russia (g)**
Revenues and other income	1,990	330	189
Operating costs	(1,973)	(259)	188
Operating result	17	71	1
Financial income (charges)	0	(1)	19
Pre-tax operating result	17	70	20
Income taxes	(5)	(14)	(4)
Result for the period	**12**	**56**	**16**

Balance Sheet *(in thousands of Euro)*	**Piquadro España SLU**	**Piquadro Deutschland GmbH**	**OOO Piquadro Russia (g)**
Assets			
Non-current assets	452	0	126
Current assets	1,048	403	629
Total assets	**1,500**	**403**	**755**
Equity and liabilities			
Equity	774	23	173
Non-current liabilities	0	0	0
Current liabilities	726	380	582
Total Equity and liabilities	**1,500**	**403**	**755**

Income Statement *(in thousands of Euro)*	**Piquadro Swiss SA (d)**	**Piquadro France SARL**	**Piquadro UK Limited**
Revenues and other income	422	810	879
Operating costs	(563)	(808)	(873)
Operating result	(141)	2	6
Financial income (charges)	(10)	0	2
Pre-tax result	(151)	2	8
Income taxes	12	0	(2)
Result for the period	**(139)**	**2**	**6**

Balance Sheet *(in thousands of Euro)*	**Piquadro Swiss SA (d)**	**Piquadro France SARL**	**Piquadro UK Limited**
Assets			
Non-current assets	120	1,972	793
Current assets	216	636	511
Total assets	**336**	**2,608**	**1,304**
Equity and liabilities			
Equity	(215)	2,535	1,273

Non-current liabilities	0	0	0
Current liabilities	551	73	31
Total Equity and liabilities	**336**	**2,608**	**1,304**

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	1,210	53	96	1,576
Operating costs	(1,194)	(133)	(143)	(1,500)
Operating result	16	(80)	(47)	26
Financial income (charges)	(91)	(21)	63	63
Pre-tax result	(75)	(101)	16	89
Income taxes	12	10	(4)	(15)
Result for the period	**(63)**	**(91)**	**12**	**74**

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	211	0	306	377
Current assets	238	26	872	1,298
Total assets	**449**	**26**	**1,178**	**1,675**
Equity and liabilities				
Equity	104	22	1,172	801
Non-current liabilities	0	0	0	10
Current liabilities	345	4	6	864
Total Equity and liabilities	**449**	**26**	**1,178**	**1,675**

Income Statement *(in thousands of Euro)*	**Piquadro LLC (f)**	**Piquadro USA INC. (f)**
Revenues and other income	934	0
Operating costs	(931)	0
Operating result	3	0
Financial income (charges)	(6)	0
Pre-tax result	(3)	0
Income taxes	1	0
Result for the period	**(2)**	**0**

Balance Sheet *(in thousands of Euro)*	**Piquadro LLC (f)**	**Piquadro USA INC. (f)**
Assets		
Non-current assets	679	874
Current assets	267	4
Total assets	**946**	**878**
Equity and liabilities		
Equity	862	878

Non-current liabilities	0	0
Current liabilities	84	0
Total Equity and liabilities	**946**	**878**

Production companies

Income Statement *(in thousands of Euro)*	**Uni Best Leather Goods Zhongshan Co. Ltd. (b)**
Revenues and other income	8,803
Operating costs	(8,731)
Operating result	72
Financial income (charges)	46
Pre-tax result	118
Income taxes	(31)
Result for the period	**87**

Balance Sheet *(in thousands of Euro)*	**Uni Best Leather Goods Zhongshan Co. Ltd. (b)**
Assets	
Non-current assets	132
Current assets	4,495
Total assets	**4,627**
Equity and liabilities	
Equity	611
Non-current liabilities	0
Current liabilities	4,016
Total Equity and liabilities	**4,627**

Currency	Average exchange rate *		Final exchange rate *	
	2016	2015	2016	2015
Hong Kong Dollar (HKD)	8.56	9.83	8.83	8.34
Renminbi (RMB)	7.02	7.86	7.35	6.67
Taiwan Dollar (TWD)	35.48	38.78	36.60	33.65
Swiss Franc (CHF)	1.07	1.18	1.09	1.05
Great Britain Pound (GBP)	0.73	0.79	0.79	0.73
Russian Rouble (RUB)	82.66 (**)	n.a.	76.31	n.a.
US Dollar (USD)	1.10	1.27	1.14	1.08

* The exchange rates have been rounded up to the second decimal figure.

** The Subsidiary OOO Piquadro Russia was established on 13 January 2016, for which the average exchange rate used makes reference to the period that starts from that date.

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

To the Shareholders of Piquadro SpA

Report on the financial statements

We have audited the accompanying financial statements of Piquadro SpA (hereinafter also the "Company"), which comprise the statement of financial position as of 31 March 2016, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in compliance with 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree no. 39 dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers SpA

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Piquadro SpA as of 31 March 2016 and of the result of its operations and cash flows for the year then ended in compliance with 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.

Report on compliance with other laws and regulations

Opinion on the consistency with the financial statements of the Report on operations and of certain information set out in the Report on corporate governance and ownership structure

We have performed the procedures required under auditing standard (SA Italia) no. 720B in order to express an opinion, as required by law, on the consistency of the Report on operations and of the information set out in the Report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree no. 58/98, which are the responsibility of the Directors of Piquadro SpA, with the financial statements of the Company as of 31 March 2016. In our opinion, the Report on operations and the information in the Report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Piquadro SpA as of 31 March 2016.

Bologna, 24 June 2016

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. Reference in this report to the financial statements refer to the financial statements in original Italian and not to any their translation."