# INTERIM FINANCIAL REPORT OF THE PIQUADRO GROUP
# AS AT 30 SEPTEMBER 2013

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

**Corporate details**

Piquadro S.p.A

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

Authorised share capital: Euro 1,099,998

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

Number of ordinary shares of no par value: 50,000,000

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

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

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

| | |
|---|---|
| Shanghai (China) – Jiu Guang Dept. Store (Piquadro Shenzhen) | *Point of sale* |
| Suzhou (China) – Jiu Guang Dept. Store (Piquadro Shenzhen) | *Point of sale* |
| Assago (MI) – Shopping Mall “Milanofiori” (Piquadro S.p.A) | *Point of sale* |
| Pescara – Via Trento 10 (Piquadro S.p.A) | *Point of sale* |
| Mantova – Shopping Mall “Fashion District” (Piquadro S.p.A) | *Retail outlet* |
| Rozzano (MI) – Shopping Mall “Fiordaliso” (Piquadro S.p.A.) | *Point of sale* |
| Rome – Via Frattina 149 (Piquadro S.p.A.) | *Point of sale* |
| Mendrisio (Switzerland) – Fox Town Outlet Centre (Piquadro Swiss) | *Retail outlet* |
| Barcelona (Spain) – El Corte Ingles, Placa Catalunya 14 (Piquadro España) | *Point of sale* |
| Taipei (Taiwan) – Eslite Xin Ban Store (Piquadro Taiwan) | *Point of sale* |
| Verona – Piazza delle Erbe 10 (Piquadro S.p.A.) | *Point of sale* |
| Milan - Malpensa Airport - Terminal 1 - Area Tulipano (Piquadro S.p.A.) | *Point of sale* |
| Paris (France) – Rue Saint Honorè 330/332 (Piquadro France) | *Point of sale* |
| Chongqing (China) – Chongqing Time Square (Piquadro Shenzhen) | *Point of sale* |
| Castelromano (RM) – c/o “Factory Outlet Centre” (Piquadro S.p.A.) | *Retail outlet* |
| Venice – Mercerie del Capitello 4940 (Piquadro S.p.A.) | *Point of sale* |
| Turin – Via Roma 330/332 (Piquadro S.p.A.) | *Point of sale* |
| Florence – Via Calimala 7/r (Piquadro S.p.A.) | *Point of sale* |
| Forte dei Marmi (LU) – Via Mazzini 15/b | *Point of sale* |
| Beijing (China) – China World Shopping Mall (Piquadro Shenzen) | *Point of sale* |
| Valencia (Spain) – El Corte Ingles, Calle Pintor Sorolla (Piquadro España) | *Point of sale* |
| Tainan City (Taiwan) – Mitsukoshi (Piquadro Taiwan) | *Point of sale* |

**INTERIM MANAGEMENT REPORT**
**AS AT 30 SEPTEMBER 2013**

**Introduction**

The consolidated interim financial report as at 30 September 2013 (the "Report") was prepared in compliance with article 154-*ter* of Legislative Decree no. 58/1998, as amended, as well as with the Issuers' Regulation issued by Consob (*Commissione Nazionale per le Società e la Borsa,* Italian Securities and Exchange Commission).
This Interim management report was prepared by the Directors in relation to the attached consolidated condensed interim financial statements of Piquadro S.p.A. (hereinafter also referred to as the "Company" or the "Parent Company") and its subsidiaries (hereinafter collectively referred to as the "Piquadro Group") relating to the half-year ended 30 September 2013. The financial statements were prepared in compliance with IAS/IFRS (International Accounting Standards and International Financial Reporting Standards) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and were prepared according to the provisions under IAS 34 – Interim financial reporting. The Interim management report must therefore be read together with the accounting statements and the related Explanatory Notes.

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

## CORPORATE BODIES HOLDING OFFICE AT 30 SEPTEMBER 2013

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

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

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

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

- **LEAD INDEPENDENT DIRECTOR**
  Gianni Lorenzoni

- **BOARD OF STATUTORY AUDITORS**
  (holding office for three years until the approval of the financial statements as at 31 March 2016)

**Regular members**

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

**Substitute members**

Giacomo Passaniti
Maria Stefania Sala

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

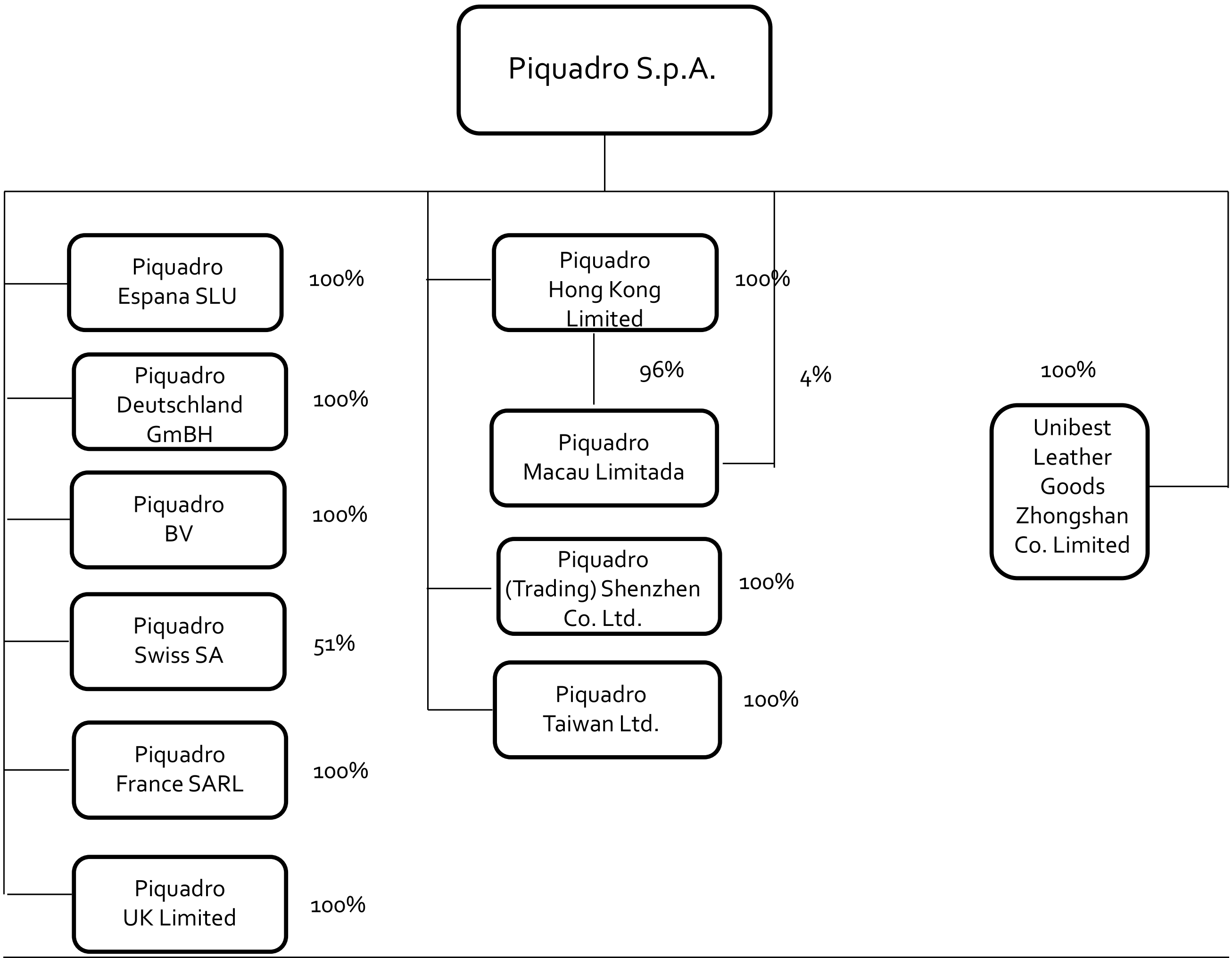
  PricewaterhouseCoopers S.p.A.

- **MANAGER RESPONSIBLE FOR THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS**
  Roberto Trotta

- **SUPERVISORY BOARD**
  Mario Panzeri

## THE GROUP STRUCTURE

The chart below shows the structure of the Piquadro Group as at 30 September 2013:




## INFORMATION ON OPERATIONS

**Significant events for the half-year ended 30 September 2013**

No significant events occurred in the course of the half-year. The Board of Directors' meeting held on 26 July 2013 approved the consolidated financial statements as at 31 March 2013 and proposed to distribute a dividend of Euro 0.02 per share, for a total amount of Euro 1 million. The dividend was paid starting from 8 August 2013 with coupon no. 6 being detached on 5 August 2013. The new Board was confirmed as being made up of 7 members, including Marco Palmieri, Pierpaolo Palmieri, Marcello Piccioli, Roberto Trotta, Gianni Lorenzoni, Paola Bonomo and Anna Gatti. The Shareholders' Meeting also confirmed the appointment of Marco Palmieri as Chairman of the Board of Directors and set overall annual fees of Euro 845,000 due to the Directors, to be apportioned by the Board to all the Directors, including those holding special offices, without prejudice to the right of the Board itself to grant further variable fees to any Directors holding special offices.
The new Board of Statutory Auditors is made up of the standing auditors Giuseppe Fredella, Pietro Michele Villa and Patrizia Lucia Maria Riva, and of the alternate auditors Giacomo Passaniti and Maria Stefania Sala. Finally the Shareholders' Meeting set the fees due to the entire Board of Statutory Auditors at a maximum amount of Euro 58,000 per year, in addition to the supplementary contribution prescribed by law and to the reimbursement of any expenses incurred to perform said duties.

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

Furthermore, on the same date the Shareholders' Meeting approved the authorisation of the Board of Directors to acquire and dispose of treasury shares, in compliance with the regulatory provisions and regulations in force, and it authorised the Board of Directors to acquire the maximum number of treasury shares permitted by law, for a period of 12 months from the date of authorisation – that is until the Shareholders' Meeting which will approve the financial statements as at 31 March 2014 – by using the reserves available according to the last financial statements as duly approved.
Furthermore, the Shareholders' Meeting authorised the Board of Directors to sell any treasury shares acquired, in one or more transactions, for the consideration set by the Board, at a minimum of not less, by 20%, than the reference price that the share recorded in the Stock Exchange session of the day preceding each individual transaction.

**The Group's business**

**Operations**

In the first six months of the 2013/2014 financial year, the Group, even within a macro-economic context which was still dominated by the uncertainty reported an improved performance compared to the same period in the 2012/2013 financial year.
In the half-year ended 30 September 2013, the Piquadro Group reported net sales revenues equal to Euro 29,892 thousand (+9.1%) compared to Euro 27,395 thousand recorded in the same period of the 2012/2013 financial year. In the half-year ended 30 September 2013 sales volumes, in terms of quantities sold in the relevant period, were substantially in line with the values posted in the same period in the 2012/2013 financial year.
In the half-year ended 30 September 2013, the Piquadro Group reported, in terms of profitability, EBITDA[1] equal to Euro 4.6 million (equal to 15.3% of net sales revenues), down by 9.6% compared to the value recorded in the first half of the 2012/2013 financial year (Euro 5.1 million, equal to 18.5% of net sales revenues).
The Group's EBIT[2] came to Euro 3.4 million (11.45% of net sales revenues), down by 11.9% compared to the half-year ended 30 September 2012 (Euro 3.8 million, equal to 14.1% of net sales revenues).
As at 30 September 2013 the Group net profit was equal to Euro 1.97 million, down by 18.9% compared to the value posted at 30 September 2012 (net profit equal to Euro 2.4 million).

***Net sales revenues***

As at 30 September 2013 the Piquadro Group recorded net sales revenues equal to about Euro 29,892 thousand, up by 9.1% compared to 30 September 2012. Below is reported the breakdown of revenues by distribution channel and geographical area.

Breakdown of revenues by distribution channel

Piquadro products are sold through a network of specialist stores that are able to enhance the prestige of the Piquadro brand. For this purpose, the Group makes use of a distribution network focused on two channels:

(i) a direct channel which, as at 30 September 2013, included 56 directly operated single-brand stores (the so-called "Directly Operated Stores" or "DOS");

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

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

(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 (43 shops as at 30 September 2013) and distributors who then resell the articles to specialist multi-brand shops.

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

| **Sales channel** *(in thousands of Euro)* | **Net revenues as at 30 September 2013** | **%** | **Net revenues as at 30 September 2012** | **%** | **% change 2013/2012** |
|---|---|---|---|---|---|
| DOS | 9,877 | 33.0% | 8,415 | 30.7% | 17.4% |
| Wholesale | 20,015 | 67.0% | 18,980 | 69.3% | 5.5% |
| **Total** | **29,892** | **100.0%** | **27,395** | **100.0%** | **9.1%** |

The revenues reported by the DOS channel showed an increase of about 17.4% compared to the same period in the 2012/2013 financial year; this increase was determined by both the increase (if any) in the quantities sold in the already existing shops also in the first six months of the 2012/2013 financial year ("comparable shops") and the contribution given by the opening of 15 new shops that were not present as at 30 September 2012, and that are listed below:

| **Month of opening** | **Location** | **Channel** |
|---|---|---|
| October 2012 | Mendrisio (Switzerland) – Fox Town Outlet Centre | DOS Outlet Store |
| November 2012 | Barcelona (Spain) – El Corte Ingles, Placa Catalunya 14 | DOS |
| November 2012 | Taipei (Taiwan) – Eslite Xin Ban Store | DOS |
| November 2012 | Verona – Piazza delle Erbe 10 | DOS |
| December 2012 | Milan - Malpensa Airport - Terminal 1 - Area Tulipano | DOS |
| February 2013 | Paris (France) – Rue Saint Honorè 330/332 | DOS |
| April 2013 | Chongqing (China) – Chongqing Time Square | DOS |
| April 2013 | Castelromano (RM) – "Factory Outlet Centre" | DOS Outlet Store |
| May 2013 | Venice - Mercerie del Capitello 4940 | DOS |
| July 2013 | Florence - via Calimala 7/r | DOS |
| July 2013 | Forte dei Marmi (LU) - via Mazzini 15/b | DOS |
| August 2013 | Beijing (China) - China World Shopping Mall | DOS |
| September 2013 | Turin - via Roma 330/332 | DOS |
| September 2013 | Valencia (Spain) – Calle Pintor Sorolla | DOS |
| September 2013 | Tainan City (Taiwan) – Mitsukoshi | DOS |

The Same Store Sales Growth (SSSG), which is calculated as a world average of growth rates of the revenues recorded by the DOS existing at 1 April 2013, was positive and equal, in the six-month period, to a 2.0% growth at current rates of exchange (assuming an equal number of days of opening and constant rates of exchange, was equal to a 2.9% growth).
Sales reported by the Wholesale channel, which as at 30 September 2013 accounted for 67.0% of the Group's total turnover, showed an increase of 5.5%. This growth was driven by sales in the foreign market, which recorded a 34% increase. Sales reported by the Wholesale channel in the European market increased by 25% and at 30 September 2013 they accounted for 25.7% of the Wholesale sales of the Piquadro Group. At 30 September 2013 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 19.3% of the consolidated turnover

(15.7% as at 30 September 2012). Sales reported by the Wholesale channel in the domestic market accounted for 47.7% of the consolidated turnover (53.6% as at 30 September 2012), showing a decrease of about Euro 400 thousand.

**Breakdown of revenues by geographical area**

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

| **Geographical area** *(in thousands of Euro)* | **Net revenues as at 30 September 2013** | **%** | **Net revenues as at 30 September 2012** | **%** | **% change 2013/2012** |
|---|---|---|---|---|---|
| Italy | 21,200 | 70.9% | 20,220 | 73.8% | 4.8% |
| Europe | 6,311 | 21.1% | 4,941 | 18.0% | 27.7% |
| Rest of the world | 2,381 | 8.0% | 2,234 | 8.2% | 6.6% |
| **Total** | **29,892** | **100.0%** | **27,395** | **100.0%** | **9.1%** |

From a geographical point of view, the Group's revenues as at 30 September 2013 showed a 4.8% increase in the sales in the Italian market, which accounts for a percentage of the Group's total turnover which is still very high equal to 70.9% and which benefitted from the opening of 7 directly-operated points of sales and 1 franchise shop. Within the European market, the Group achieved growth of 27.7% compared to the same period in the 2012/2013 financial year, with a turnover equal to Euro 6,311 thousand, equal to 21.1% of consolidated sales (18.0% at 30 September 2012). In the non-European geographical area (named "Rest of the world"), where the Group sells in 16 Countries, turnover increased by 6.6% compared to the same period in the 2012/2013 financial year.

In the opinion of the Management, the relative decrease in the operating result, despite the increase reported in sales both in the Wholesale channel and much more in the DOS channel, was attributable to the following factors:

(i) higher structure costs, also in order to meet the requirements of the more complex operations of both retail activities and sales structure and foreign operations;

(ii) positive performances in the DOS segment, in terms of SSSG, counterbalanced by new openings with margins which are not always in line with the average ones of the already existing shops, even because they are located in very prestigious areas and with significantly high rentals;

(iii) an increase in investments, which entailed increased amortisation and depreciation for the period, mainly due to higher investments in the retail sector, both at the level of intangible assets (key money) and property, plant and equipment (furnishings).

The EBIT achieved by the Group in the half-year 2013/2014 was affected by the performances commented on above, to which must be added amortization and depreciation of Euro 1,152 thousand, relating to sharp increase in the Group's investments and write-downs equal to Euro 37 thousand linked to the early closure of some shops as the related performances were not in line with the management's expectations.

**Summary economic-financial data**

Below are reported the Group's main economic-financial indicators as at 30 September 2013 and 30 September 2012 (financial indicators are also compared to the similar values inferred from the consolidated annual financial statements as at 31 March 2013):

| **Economic and financial indicators** *(in thousands of Euro)* | **30 September 2013** | **30 September 2012** |
|---|---|---|

| | | |
|---|---|---|
| Revenues from sales | 29,892 | 27,395 |
| EBITDA | 4,582 | 5,071 |
| EBIT | 3,393 | 3,853 |
| Pre-tax result | 3,055 | 3,869 |
| Group's profit for the period | 1,970 | 2,430 |
| Amortisation and depreciation of fixed assets and write-downs | 1,496 | 1,368 |
| Financial absorption (Group net profit, amortisation and depreciation, write-downs) | 3,466 | 3,798 |

| **Financial indicators** *(in thousands of Euro)* | **30 September 2013** | **31 March 2013** |
|---|---|---|
| Net Financial Position [3] | (14,288) | (8,482) |
| Shareholders' equity | 30,240 | 29,273 |

Starting from the Half-year financial report as at 30 September 2013, the Piquadro Group applied, on a mandatory and retrospective basis, the revised version of IAS 19 – Employee benefits, in relation to the financial statements of the financial years that commenced from 1 April 2013; therefore, the 2012/2013 comparative data were re-determined consistently. The effects of the retrospective application of said changes entailed the failure to recognize an actuarial loss, reported for an amount of Euro 6 thousand, in the income statement of the first half of 2012/2013, with an increase in the net profit for the abovementioned period, including the related tax effect of Euro 3 thousand.

EBITDA for the period came to Euro 4.6 million, against Euro 5.1 million recorded in the same period ended 30 September 2012 and as at 30 September 2013 it represented 15.3% of consolidated revenues (against 18.5% recorded in the half-year ended 30 September 2012).

In the half-year ended 30 September 2013, the Group's amortisation and depreciation were equal to Euro 1,152 thousand and were broken down as follows: Euro 773 thousand relating to property, plant and equipment (mainly connected to the depreciation of the building where the Company operates for Euro 98 thousand; of business equipment, including automated warehouse and fittings for shops, for Euro 628 thousand; of plant and equipment for Euro 39 thousand and other assets for Euro 8 thousand), and Euro 379 thousand relating to intangible assets (of which Euro 115 thousand for software, Euro 3 thousand for patent rights, Euro 27 thousand for trademarks, Euro 234 thousand for key money of some shops).

As at 30 September 2013 EBIT came to Euro 3.4 million, equal to about 11.4% of net sales revenues, showing a slight fall compared to the value recorded in the half-year ended 30 September 2012 (equal to 14.1%), also as a result of higher amortisation and depreciation in the period, due to the significant investments made by the Group during the half-year and of the write-downs connected to early closures of some shops whose performances were not in line with the initial expectations.

The result from financial operations as at 30 September 2013, which was negative for a value equal to about Euro 338 thousand, was attributable to the net financial debt dynamics, in addition to the differential between foreign exchange gains and losses.

The pre-tax result recorded by the Group in the half-year ended 30 September 2013 came to about Euro 3.1 million (down by 21.0% against the value of Euro 3.9 million recorded in the half-year ended 30 September 2012) and was affected by income taxes, including the effects of deferred taxation, equal to Euro 1.1 million.

[3] – The Net Financial Position ("NFP") utilised as a financial indicator of borrowing, is represented as the sum of the following positive and negative components of the Balance Sheet, as required by CONSOB notice no. 6064293 of 28 July 2006. Positive components: cash and cash equivalents, liquid securities under current assets, short-term financial receivables and derivative instruments. Negative components: payables to banks, payables to other lenders, leasing and factoring companies and derivative instruments.

***Investments***

Investments in intangible assets, property, plant and equipment and financial assets in the half-years ended 30 September 2013 and 30 September 2012 were equal to Euro 1,984 thousand and Euro 3,698 thousand, respectively, as reported below:

| *(in thousands of Euro)* | **30 September 2013** | **30 September 2012** |
|---|---|---|
| **Investments** | | |
| Intangible assets | 977 | 2,612 |
| Property, plant and equipment | 1,007 | 1,086 |
| Financial fixed assets | - | - |
| **Total** | **1,984** | **3,698** |

Increases in intangible assets, equal to Euro 977 thousand in the half-year ended 30 September 2013, mainly related to investments in software and IT products for Euro 9 thousand, to investments in trademarks for Euro 13 thousand and to the Key money (Euro 1,143 thousand) paid for the opening of the new points of sale in Venice (Euro 412 thousand), Florence (Euro 470 thousand), Forte dei Marmi (Euro 61 thousand).

On the contrary, increases in property, plant and equipment, equal to Euro 1,007 thousand in the half-year ended 30 September 2013, were mainly attributable to plant and equipment for Euro 29 thousand, to industrial and business equipment for Euro 925 thousand (including fittings purchased for new DOS opened in the period under consideration for Euro 855 thousand, electric and electronic office machines for Euro 68 thousand, and minor assets for Euro 4 thousand), to the property, plant and equipment under construction mainly related to the new opening in Shenyang Jiuguang, in China, expected in October 2013, for Euro 53 thousand.

## CONSOLIDATED BALANCE SHEET

Below is summarised the Group's consolidated equity and financial structure as at 30 September 2013 (compared to the corresponding structure as at 31 March 2013 and 30 September 2012):

| *(in thousands of Euro)* | **30 September 2013** | **31 March 2013** | **30 September 2012** |
|---|---|---|---|
| Trade receivables | 23,281 | 21,517 | 26,027 |
| Inventories | 16,246 | 14,227 | 13,040 |
| (Trade payables) | (11,904) | (15,030) | (13,682) |
| *Total net current trade assets* | *27,623* | *20,714* | *25,385* |
| Other current assets | 1,515 | 870 | 1,678 |
| Tax receivables | 1,226 | 1,447 | 847 |
| (Other current liabilities) | (2,888) | (2,695) | (3,380) |
| (Tax payables) | (1,273) | - | (1,522) |
| ***A) Working capital*** | ***26,203*** | ***20,336*** | ***23,008*** |
| | | | |
| Intangible assets | 4,552 | 3,951 | 3,894 |
| Property, plant and equipment | 12,883 | 12,684 | 12,461 |
| Receivables from others beyond 12 months | 871 | 877 | 960 |
| Deferred tax assets | 1,489 | 1,424 | 1,476 |
| ***B) Fixed assets*** | ***19,795*** | ***18,936*** | ***18,791*** |
| ***C) Non-current provisions and non-financial liabilities*** | ***(1,475)*** | ***(1,517)*** | ***(1,439)*** |
| **Net invested capital (A+B+C)** | **44,523** | **37,755** | **40,360** |
| FINANCED BY: | | | |
| *D) Net financial position* | *14,288* | 8,482 | *11,992* |
| *E) Equity attributable to Minority interests* | *10* | 20 | *40* |
| *F) Equity attributable to the Group* | *30,225* | 29,253 | *28,328* |
| **Total borrowings and Shareholders' Equity (D+E+F)** | **44,523** | **37,755** | **40,360** |

## CONSOLIDATED NET FINANCIAL POSITION

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

| *(in thousands of Euro)* | **30 September 2013** | **31 March 2013** | **30 September 2012** |
|---|---|---|---|
| (A) Cash | 83 | 102 | 102 |
| (B) Other cash and cash equivalents (available current bank accounts) | 14,102 | 20,374 | 9,833 |
| **(C) Liquidity (A) + (B)** | **14,185** | **20,476** | **9,935** |
| (D) Finance leases | (567) | (562) | (606) |
| (E) Current bank debt | (4,000) | (1,000) | (9,000) |
| (F) Current portion of non-current debt | (6,577) | (6,796) | (3,372) |
| **(G) Current financial debt (D) + (E) + (F)** | **(11,144)** | **(8,358)** | **(12,978)** |
| **(H) Short-term net financial position (C) + (G)** | **3,041** | **12,118** | **(3,043)** |
| (I) Non-current bank debt | (14,435) | (17,420) | (5,500) |
| (L) Finance leases | (2,894) | (3,180) | (3,449) |
| **(M) Non-current financial debt (I) + (L)** | **(17,329)** | **(20,600)** | **(8,949)** |
| **(N) Net financial position (H) + (M)** | **(14,288)** | **(8,482)** | **(11,992)** |

As at 30 September 2013 the consolidated net financial position was negative for about Euro 14.3 million.

The main reasons for the trend in the Net Financial Position, compared to 31 March 2013, are attributable to the following factors:

- the distribution of a dividend of Euro 1 million that took place in August 2013;
- investments in property, plant and equipment and intangible assets of about Euro 2.0 million;
- an increase in working capital by about Euro 6.0 million, mainly due to the various seasonality trends.

The consolidated net financial position at 30 September 2013, compared to the value posted as at 30 September 2012, showed an increase of about Euro 2.3 million, mainly as a result of the increase in the Group's working capital.

## OTHER INFORMATION

### Human Resources

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

As at 30 September 2013 the Group had 771 members of staff compared to 703 units as at 30 September 2012. Below is reported the breakdown of staff by Country:

| **Country** | **30 September 2013** | **30 September 2012** |
|---|---|---|
| Italy | 234 | 224 |
| China | 457 | 409 |
| Hong Kong | 30 | 31 |
| Macau | 5 | 7 |

| | | |
|---|---|---|
| Germany | 1 | - |
| Spain | 16 | 13 |
| Taiwan | 20 | 15 |
| Netherlands | - | 4 |
| France | 3 | - |
| Switzerland | 5 | - |
| **Total** | **771** | **703** |

With reference to the Group's organisational structure, as at 30 September 2013 44.7% of staff operated in the production area, 27.1% in the retail area, 17.9% in the support functions (Administration, IT Systems, Purchasing, Quality, Human Resources, etc.), 6.7% in the Research and Development area and 3.6% in the wholesale area.

**Research and development activity**

The Piquadro Group's Research and Development activity is carried out by the Parent Company in house through a dedicated team (currently consists of 15 people) 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 Company makes use. In some cases, in fact, the Group only uses external designers for the product design phase, while the development and implementation phase is carried out in house

**Information required by articles 36 and 39 of the Markets' Regulation**

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

I. as regards the requirement of obtaining from the subsidiaries the by-laws and the details of the composition and powers of the corporate bodies, Piquadro already has information and documents available on a continuing basis in relation to the composition of the corporate bodies of all its subsidiaries, showing the corporate positions held;
II. the administrative, accounting and reporting systems currently in place in the Piquadro Group already essentially allow it to comply with the requirements of this provision, both in that the accounting statements prepared for the purposes of drawing up consolidated accounts are made available to the public and in that these systems are suitable to allow the data required for the preparation of the consolidated accounts themselves to be regularly received by the Management and the Independent auditors of Piquadro;
III. by means of the present process of communication with the Independent Auditors, Piquadro complies efficiently with the requirement to control the flow of information to the main Auditor that is functional to the auditing of annual and interim accounts of Piquadro itself.

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

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

**Significant events after half-year end**

No significant events are reported which occurred at Group level from 1 October 2013 to the date of this Report.

**Outlook**

The growth dynamic of the Piquadro Group in the 2013/2014 financial year will be affected by both the evolution of the economic situation in the markets where the Group operates – with the domestic market still accounting for a significant percentage -, and the ability to continue the process of international expansion, the first results of which have already been seen in the first half of the current financial year. In fact, the increase in the turnover recorded as at 30 September 2013 demonstrates that the investments made in support of the strategy and of a more glamorous repositioning of the brand are producing the results expected by the Management. The positive trend of the DOSs, which are also achieving positive performance at domestic level within a market context that is certainly difficult, further supports and attests to the effectiveness of the development strategy through the retail channel. The Group is increasingly focused on the global development of the brand and is consistently pursuing a strategy to increase the visibility and awareness of the Piquadro brand internationally. In this regard, the opening of single-brand stores in Paris, Venice, Florence, Forte dei Marmi, Turin and Beijing, to which should be added the London store in the short term, represents an important step forward in the brand development and internationalisation strategy.
Therefore, the final forecasts for the 2013/2014 financial year will be affected by the development of the economic situation in Italy, which is still the main relevant market of Piquadro, as well as by the ability to quickly and successfully continue the process of internationalisation and development of the brand, which has already been undertaken, in any new markets in which the Group has already started to operate. In this context, the Group Management will be also engaged in constantly monitoring the operational management, in order to maintain gross profit margins such as to allow greater commitments both in Research and Development and marketing in order to further increase visibility of the brand and its knowledge at world level.

Silla di Gaggio Montano (BO), 21 November 2013

FOR THE BOARD OF DIRECTORS
THE CHAIRMAN
(Marco Palmieri)

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**
**AS AT 30 SEPTEMBER 2013**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

| *(in thousands of Euro)* | **Notes** | **30 September 2013** | **31 March 2013 Restated** |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Intangible assets | (1) | 4,552 | 3,951 |
| Property, plant and equipment | (2) | 12,883 | 12,684 |
| Receivables from others | (3) | 871 | 877 |
| Deferred tax assets | (4) | 1,489 | 1,424 |
| **TOTAL NON-CURRENT ASSETS** | | **19,795** | **18,936** |
| **CURRENT ASSETS** | | | |
| Inventories | (5) | 16,246 | 14,227 |
| Trade receivables | (6) | 23,281 | 21,517 |
| Other current assets | (7) | 1,514 | 870 |
| Derivative assets | (8) | 1 | - |
| Tax receivables | (9) | 1,226 | 1,447 |
| Cash and cash equivalents | (10) | 14,185 | 20,476 |
| **TOTAL CURRENT ASSETS** | | **56,453** | **58,537** |
| **TOTAL ASSETS** | | **76,248** | **77,473** |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| *( in thousands of Euro )* | **Notes** | **30 September 2013** | **31 March 2013 Restated*** |
|---|---|---|---|
| **EQUITY** | | | |
| Share capital | | 1,000 | 1,000 |
| Share premium reserve | | 1,000 | 1,000 |
| Other reserves | | 670 | 678 |
| Retained earnings | | 25,575 | 23,312 |
| Group profit for the period | | 1,980 | 3,263 |
| **TOTAL EQUITY ATTRIBUTABLE TO THE GROUP** | | **30,225** | **29,253** |
| Capital and reserves attributable to minority interests | | 20 | 40 |
| Profit/(loss) for the period attributable to minority interests | | (10) | (20) |
| **TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS** | | **10** | **20** |
| **TOTAL EQUITY** | (11) | **30,235** | **29,273** |
| | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Borrowings | (12) | 14,435 | 17,420 |
| Payables to other lenders for lease agreements | (13) | 2,894 | 3,180 |
| Provision for employee benefits | (14) | 247 | 252 |
| Provisions for risks and charges | (15) | 1,103 | 1,069 |
| Deferred tax liabilities | (16) | 125 | 196 |
| **TOTAL NON-CURRENT LIABILITIES** | | **18,804** | **22,117** |
| | | | |
| **CURRENT LIABILITIES** | | | |
| Borrowings | (17) | 10,577 | 7,796 |
| Payables to other lenders for lease agreements | (18) | 567 | 562 |
| Trade payables | (19) | 11,904 | 15,030 |
| Other current liabilities | (20) | 2,888 | 2,695 |
| Tax payables | (21) | 1,273 | - |
| **TOTAL CURRENT LIABILITIES** | | **27,209** | **26,083** |
| **TOTAL LIABILITIES** | | **46,013** | **48,200** |
| **TOTAL EQUITY AND LIABILITIES** | | **76,248** | **77,473** |

* The Equity items were restated following the retrospective application of IAS 19 Revised.

## CONSOLIDATED INCOME STATEMENT

| *(in thousands of Euro)* | **Notes** | **6 months at 30 September 2013** | **6 months at 30 September 2012 Restated** |
|---|---|---|---|
| **REVENUES** | | | |
| Revenues from sales | (22) | 29,892 | 27,395 |
| Other income | (23) | 405 | 357 |
| **TOTAL REVENUES (A)** | | **30,297** | **27,752** |
| **OPERATING COSTS** | | | |
| Change in inventories | (24) | (2,246) | (859) |
| Costs for purchases | (25) | 5,890 | 5,389 |
| Costs for services and leases and rentals | (26) | 14,958 | 11,981 |
| Personnel costs | (27) | 6,713 | 6,003 |
| Amortisation, depreciation and write-downs | (28) | 1,496 | 1,368 |
| Other operating costs | | 93 | 17 |
| **TOTAL OPERATING COSTS (B)** | | **26,904** | **23,899** |
| **OPERATING PROFIT (A-B)** | | **3,393** | **3,853** |
| Financial income | (29) | 521 | 467 |
| Financial charges | (30) | (859) | (451) |
| **TOTAL FINANCIAL INCOME AND CHARGES** | | **(338)** | **16** |
| **PRE-TAX RESULT** | | **3,055** | **3,869** |
| Income tax expenses | (31) | (1,085) | (1,439) |
| **PROFIT FOR THE PERIOD** | | **1,970** | **2,430** |
| attributable to: | | | |
| EQUITY HOLDERS OF THE COMPANY | | 1,980 | 2,430 |
| MINORITY INTERESTS | | (10) | - |
| (Basic) Earnings per share in Euro | (32) | 0.03960 | 0.04860 |
| (Diluted) Earnings per share in Euro | (32) | 0.03683 | 0.04786 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 6 months ended 30 September 2013 | 6 months ended 30 September 2012 |
|---|---|---|
| **Profit and loss for the period (A)** | **1,970** | **2,418** |
| **Components that can be reclassified to the income statement:** | | |
| Profits (losses) arising from the translation of financial statements of foreign companies | (49) | 76 |
| Effect of IAS 39 fair value of derivative contracts | - | 2 |
| **Components that cannot be reclassified to the income statement:** | | |
| Actuarial gain (losses) on defined-benefit plans | 5 | 6 |
| **Total comprehensive income/(losses) (A) + (B)** | **1,926** | **2,502** |
| Attributable to | | |
| - the Group | 1,936 | 2,502 |
| - Minority interests | (10) | - |

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

| Description | Share capital | Share premium reserve | Other reserves: Translation reserve | Other reserves: Fair value reserve | Other reserves: Employee benefits reserve | Other reserves: Other reserves | Other reserves: Total Other reserves | Undivided profit | Group profit | Equity attributable to the Group | Capital and reserves attributable to minority interests | Profit/(Loss) attributable to minority interests | Equity attributable to the Group and to minority interests |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balances as at 31.03.2012** | **1.000** | **1.000** | **66** | **(2)** | **0** | **448** | **512** | **18.499** | **7.779** | **28.790** | **0** | **0** | **28.790** |
| Retrospective application of IAS 19 Revised | | | | | (32) | | **(32)** | 32 | | **0** | | | **0** |
| **Balances as at 31.03.2012 (Restated)** | **1.000** | **1.000** | **66** | **(2)** | **(32)** | **448** | **480** | **18.531** | **7.779** | **28.790** | **0** | **0** | **28.790** |
| Profit for the period | | | | | | | | | 2,418 | **2,418** | | | **2,418** |
| Other components of the comprehensive income as at 30 September 2012: | | | | | | | | | | | | | |
| Foreign exchange differences from translation | | | 76 | | | | **76** | | | **76** | | | **76** |
| Reserve for actuarial gains (losses) on defined-benefit plans | | | | | 6 | | **6** | | | **6** | | | **6** |
| Fair value of financial instruments | | | | 2 | | | **2** | | | **2** | | | **2** |
| **Total comprehensive income for the period** | | | **76** | **2** | **6** | **0** | **84** | **0** | **2,418** | **2,502** | **0** | **0** | **2,502** |
| Fair Value of the Stock Option Plan | | | | | | **36** | **36** | | | **36** | | | **36** |
| Change in the scope of consolidation | | | | | | | | | | **0** | 40 | | **40** |
| Allocation of the result for the period as at 31 March 2012: | | | | | | | | | | | | | |
| - to dividends | | | | | | | | | (3,000) | **(3,000)** | | | **(3,000)** |
| - to reserves | | | | | | | | 4,779 | (4,779) | **0** | | | **0** |
| **Balances as at 30.09.2012 (Restated)** | **1.000** | **1,000** | **142** | **0** | **(26)** | **484** | **600** | **23.310** | **2,418** | **28,328** | **40** | **0** | **28,368** |

| Description | Share capital | Share premium reserve | Other reserves: Translation reserve | Other reserves: Fair value reserve | Other reserves: Employee benefits reserve | Other reserves: Other reserves | Other reserves: Total Other reserves | Undivided profit | Group profit | Equity attributable to the Group | Capital and reserves attributable to minority interests | Profit/(Loss) attributable to minority interests | Equity attributable to the Group and to minority interests |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balances as at 31.03.2013 (Restated)** | **1.000** | **1.000** | **143** | **0** | **(34)** | **569** | **678** | **23.312** | **3.263** | **29.253** | **40** | **(20)** | **29.273** |
| Profit for the period | | | | | | | | | 1.980 | **1.980** | | (10) | **1.970** |
| Other components of the comprehensive income as at 30 September 2013: | | | | | | | | | | | | | |
| Foreign exchange differences from translation | | | (49) | | | | **(49)** | | | **(49)** | | | **(49)** |
| Reserve for actuarial gain (losses) on defined-benefit plans | | | | | 5 | | **5** | | | **5** | | | **5** |
| Fair value of financial instruments | | | | | | | | | | **0** | | | **0** |
| **Total comprehensive income for the period** | | | **(49)** | | **5** | | **(44)** | **0** | **1.980** | **1.936** | | **(10)** | **1.926** |
| Fair Value of the Stock Option Plan | | | | | | 36 | **36** | | | **36** | | | **36** |
| Allocation of the result for the period as at 31 March 2013: | | | | | | | | | | | | | |
| - to dividends | | | | | | | | | (1,000) | **(1,000)** | | | **(1,000)** |
| - to reserves | | | | | | | | 2.263 | (2,263) | **0** | (20) | 20 | **0** |
| **Balances as at 30.09.2013** | **1.000** | **1.000** | **94** | **0** | **(29)** | **605** | **670** | **25.575** | **1.980** | **30.225** | **20** | **(10)** | **30.235** |

## CONSOLIDATED STATEMENT OF CASH FLOWS

| (*in thousands of Euro*) | **6 months ended 30 September 2013** | **6 months ended 30 September 2012 Restated** |
|---|---|---|
| **Pre-tax profit** | **3,055** | **3,869** |
| Adjustments for: | | |
| Depreciation of property, plant and equipment and Amortisation of intangible assets | 1,152 | 1,046 |
| Write-down of property, plant and equipment and intangible assets | 37 | 172 |
| Provision for bad debts | 307 | 150 |
| Adjustment to the provision for employee benefits | - | - |
| Net financial charges/(income), including exchange rate differences | 338 | (16) |
| **Cash flow from operating activities before changes in working capital** | **4,889** | **5,221** |
| Change in trade receivables (net of the provision) | (2,071) | (2,914) |
| Change in inventories | (2,019) | (1,129) |
| Change in other current assets | (641) | (220) |
| Change in trade payables | (3,126) | (174) |
| Change in provisions for risks and charges | 82 | 103 |
| Change in other current liabilities | 193 | 392 |
| Change in tax receivables/payables | 1,494 | - |
| **Cash flow from operating activities after changes in working capital** | **(1,199)** | **1,279** |
| Payment of taxes | (1,276) | (197) |
| Interest paid | (123) | (155) |
| **Cash flow generated from operating activities (A)** | **(1,399)** | **927** |
| Investments in intangible assets | (977) | (2,612) |
| Investments in property, plant and equipment | (1,007) | (1,077) |
| Investments in fixed financial assets | | - |
| **Changes generated from investing activities (B)** | **(1,984)** | **(3,689)** |
| **Financing activities** | | |
| Repayment of short- and medium/long-term borrowings | (390) | (1,754) |
| Registering of short- and medium/long-term borrowings | - | 5,000 |
| Changes in the value of financial instruments | (1) | (2) |
| Lease instalments paid | (306) | (360) |
| Payment of dividends on 31 March 2013 | (1,000) | (3,000) |
| Other changes in equity | (12) | - |
| **Cash flow generated from/(absorbed by) financing activities (C)** | **(1,709)** | **(116)** |
| Net increase (decrease) in cash and cash equivalents (A+B+C) | (6,291) | (2,878) |
| **Cash and cash equivalents at the beginning of the period** | **20,476** | **12,813** |
| **Cash and cash equivalents at the end of the period** | **14,185** | **9,935** |

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2013

## GENERAL INFORMATION

### 1.1 The Company and the Group

Piquadro S.p.A. (hereinafter also referred to as “Piquadro”, “the Company” or “the Parent Company”) and its subsidiaries (“the Piquadro Group” or “the Group”) design, produce and market leather goods - bags, suitcases and accessories - characterised by attention to design and functional and technical innovation.
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, as at 30 September 2013, 68.37% of the share capital of S.p.A., a company which is listed on the Milan Stock Exchange since 25 October 2007.
These consolidated condensed interim financial statements were approved by the Board of Directors on 21 November 2013.

### *1.2 Seasonality*

The Piquadro Group operates in a seasonal market that is typical of the sector to which it belongs. Historically, the Group’s sales revenues achieved in the first half of the financial year (i.e. from April to September) are less than those realised in the subsequent half-year, with a consequent impact on margins. Also as a result of the above, revenues for the half-year ended 30 September 2012 (equal to Euro 27,395 thousand) represented a share equal to 48.7% of the consolidated revenues for the financial year ended 31 March 2013 (equal to Euro 56,267 thousand).

Accordingly, it should be noted that, even if expressing the Group’s economic and financial performance, the result as at 30 September 2013 does not fully represent the result that the Group expects to achieve in the financial year that will end on 31 March 2014.

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

### 2.1 Accounting standards and policies

These consolidated condensed interim financial statements as at 30 September 2013 were prepared pursuant to Article 154-*ter* of Legislative Decree no. 58/98 and in accordance with International Accounting Standards (IAS/IFRS) adopted by the European Union and in particular with the accounting standard applicable to interim financial reporting (IAS 34).
IAS 34 allows interim financial statements to be prepared in a “condensed” form, i.e. on the basis of minimum disclosures substantially less detailed than required by IFRS as a whole, provided that a complete set of financial statements prepared on the basis of IFRS has been previously made available to the public.
These consolidated condensed interim financial statements have been prepared in a “condensed” form and they must therefore be read together with the Group’s consolidated financial statements ended 31 March 2013 prepared in accordance with IFRS adopted by the European Union, to which reference is made for a better understanding of the Group’s business and structure and of the accounting standards and criteria adopted.
The preparation of interim financial statements in accordance with IAS 34 – Interim Financial Reporting requires judgments, estimates and assumptions that have an impact on the value of assets, liabilities, costs and revenues. It should be noted that the final results may prove different from those obtained as a result of these estimates.

The Accounting statements of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows are prepared in an extended form and are the same as those adopted for the consolidated financial statements ended 31 March 2013.

The accounting standards and policies adopted in preparing the consolidated condensed interim financial statements are the same as those used in preparing the consolidated financial statements of Piquadro S.p.A. ended 31 March 2013, to which reference is made for a description of the same.

June 2012 saw the issue of Regulation (EC) no. 475/2012, which adopted, at EU level, the revised version of IAS 19 (Employee benefits), which will be applicable effective from 1 April 2013 on a mandatory and retrospective basis, as required by IAS 8 (accounting policies, changes in accounting estimates and errors).

As required by this standard, the Parent Company applied said changes starting from the 2012/2013 consolidated financial statements. Specifically, IAS 19 revised provides for the recognition of changes in actuarial gains/losses ("re-measurements") for defined-benefit plans (e.g. the Staff Severance Pay [*Trattamento di Fine Rapporto* – TFR]) under other components in the statement of comprehensive income, thus eliminating any other options previously envisaged (including that adopted by the Piquadro Group, which recognised said components under personnel costs in the income statement). Any cost relating to work performance, as well as any interest expense relating to the time value component in actuarial calculations (reclassified under financial charges) remained in the income statement.
Below are the effects of the retrospective application of said changes:

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

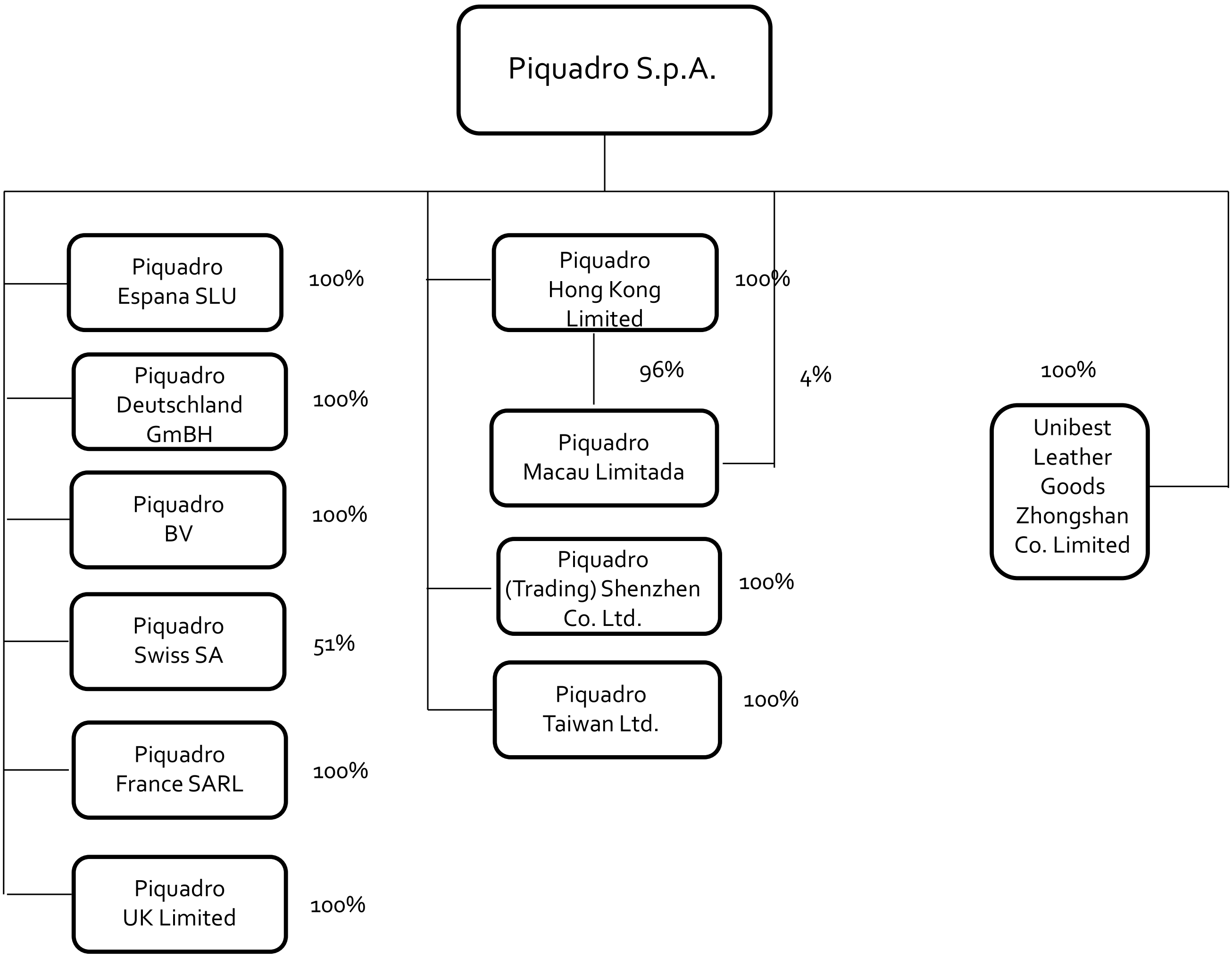
These consolidated condensed interim financial statements are made up of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and these Explanatory Notes. Economic data, changes in equity and cash flows for the half-year ended 30 September 2013 are compared with the half-year ended 30 September 2012. Financial data as at 30 September 2013 are compared with the corresponding values as at 31 March 2013 (relating to the last consolidated annual accounts).

For a better description, accounting data are reported in thousands of Euro in both the accounting statements and these Notes, except as otherwise specified.
The reporting currency of these consolidated financial statements is the Euro, since this currency prevails in the economies of the countries where the Piquadro Group companies conduct their business.

Except as previously illustrated in the interim management report and in the subsequent explanatory notes, the management believes that no other significant non-recurring events or transactions occurred either in the half-year ended 30 September 2013 or in the half-year ended 30 September 2012, nor did any atypical or unusual transactions significantly affect the operating result.

**2.2 The Group structure**

For the purpose of provide a clear representation, below is reported the chart of the Group structure as at 30 September 2013:




**2.3 Principles of consolidation**

*Subsidiaries*

Companies are defined as subsidiaries when the Parent Company, either directly or indirectly, has the power to operate them in such a way as to obtain the benefits from conducting this business. Control is presumed to exist when the Group holds the majority of the voting rights. Potential voting rights that can be exercised or are convertible at the time are also taken into consideration in defining control.

The criteria adopted in applying the method of consolidation on a line-by-line basis are mainly the following:

- the book value of the equity investments held by the Parent Company or by the other companies being consolidated is eliminated against the related equity in consideration of the assumption of assets and liabilities of the investee companies;
- the surplus, if any, of the total cost of the businesses acquired with respect to the portion in the fair value pertaining to identifiable assets and liabilities and potential liabilities is recognised under item Goodwill, under Intangible Assets;
- significant transactions occurred between consolidated companies are also eliminated, as well as credit and debt items and profits not yet realised which arise from transactions between Group companies;
- the portion of Total Equity pertaining to minority shareholders is recognised under a special item, while the portion of result for the period pertaining to minority interests is recognised separately in the consolidated income statement;
- the companies acquired or sold in the course of the financial year are consolidated for the period in which control was exercised.

**2.4 Scope of consolidation**

The consolidated condensed interim financial statements ended 30 September 2013 and 30 September 2012 include the interim financial statements of the Parent Company Piquadro S.p.A. and those of all companies over which it exercises control, either directly or indirectly.

Compared to the financial year ended 31 March 2013, during the half-year ended 30 September 2013 a new company, named Piquadro UK Limited, was included in the scope of consolidation. Piquadro UK Limited, based in London, is the company that will manage, as soon as the related contracts are signed, the first directly-operated flagship store of the Group in London.
The half-year ended 30 September 2013 saw the completion of the winding-up of the subsidiary Unibest Leather Goods Co. Limited (27 September 2013).
6 December 2012 saw the completion of the winding-up of the subsidiary Piquadro Middle East Leather Products LLC.
The complete list of the companies included in the scope of consolidation as at 30 September 2013 and 30 September 2012, with the related shareholders' equity and share capital recognised according to local accounting standards (as the Group companies have prepared their interim financial statements according to the local regulations and accounting standards, and have only prepared the consolidation file according to IFRS functionally to the consolidation into Piquadro) are reported in the tables below:

**Scope of consolidation as at 30 September 2013**

| Name | HQ | Country | Currency | Share Capital (local currency /000) | Shareholder's equity (Euro/000) | % Control |
|---|---|---|---|---|---|---|
| Piquadro S.p.A. | Gaggio Montano (BO) | Italy | Euro | 1,000 | 31,114 | Parent Company |
| Piquadro España Slu | Barcelona | Spain | Euro | 898 | 718 | 100% |
| Piquadro Deutschland Gmbh | Munich | Germany | Euro | 25 | (40) | 100% |
| Uni Best Leather Goods Zhongshan Co Limited | Guangdong | People's Republic of China | RMB | 9,891 | (1,226) | 100% |
| Piquadro Hong Kong Limited | Hong Kong | Hong Kong | HKD | 2,000 | 5 | 100% |
| Piquadro Macau Limitada | Macau | Macau | HKD | 25 | 73 | 100% |
| Piquadro Trading (Shenzhen) Co. Ltd. | Shenzhen | People's Republic of China | RMB | 13,799 | 1,053 | 100% |
| Piquadro Taiwan Co. Ltd. | Taipei | Taiwan | NTD | 25,000 | 558 | 100% |
| Piquadro BV | Zoetermeer | Netherlands | EUR | 300 | 311 | 100% |
| Piquadro France SARL | Paris | France | EUR | 2,500 | 2,507 | 100% |
| Piquadro Swiss SA | Mendrisio | Switzerland | CHF | 100 | 22 | 51% |
| Piquadro UK Limited | London | United Kingdom | GBP | 700 | 837 | 100% |

**Scope of consolidation as at 30 September 2012**

| Name | HQ | Country | Currency | Share Capital (local currency /000) | Shareholder's equity (Euro/000) | % Control |
|---|---|---|---|---|---|---|
| Piquadro SpA | Gaggio Montano (BO) | Italy | Euro | 1,000 | 29,063 | Parent Company |
| Uni Best Leather Goods Co. Limited | Kowloon | Hong Kong | HKD | 1,000 | 96 | 100% |
| Piquadro España Slu | Barcelona | Spain | Euro | 898 | 703 | 100% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Piquadro Deutschland Gmbh | Munich | Germany | Euro | 25 | (46) | 100% |
| Uni Best Leather Goods Zhongshan Co Limited | Guangdong | People's Republic of China | RMB | 9,891 | (355) | 100% |
| Piquadro Hong Kong Limited | Hong Kong | Hong Kong | HKD | 2,000 | 47 | 100% |
| Piquadro Macau Limitada | Macau | Macau | HKD | 25 | 97 | 100% |
| Piquadro Trading (Shenzhen) Co. Ltd. | Shenzhen | People's Republic of China | RMB | 13,799 | 1,100 | 100% |
| Piquadro Taiwan Co. Ltd. | Taipei | Taiwan | NTD | 25,000 | 518 | 100% |
| Piquadro Middle East Leather Products LLC* | Abu Dhabi | Unitede Arab Emirates | AED | 150 | (922) | 49% |
| Piquadro BV | Zoetermeer | Netherlands | EUR | 300 | 306 | 100% |
| Piquadro France SARL | Paris | France | EUR | 2,500 | 2,461 | 100% |
| Piquadro Swiss SA | Mendrisio | Switzerland | CHF | 82 | 82 | 51% |

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

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

The financial statements expressed in a foreign currency other than the Euro are translated into Euro by applying the exchange rates applied below for the half-years ended 30 September 2013 and 30 September 2012 (foreign currency corresponding to Euro 1):

| Foreign currency | Average | | Closing | |
|---|---|---|---|---|
| | 30 September 2013 | 30 September 2012 | 30 September 2013 | 30 September 2012 |
| Hong Kong Dollar (HKD) | 10.21 | 9.83 | 10.47 | 10.03 |
| Renminbi (Yuan) | 8.08 | 8.03 | 8.26 | 8.13 |
| Arab Emirates Dirham (AED) | 4.83 | 4.65 | 4.96 | 4.75 |
| Taiwan Dollar (NTD) | 39.28 | 37.65 | 39.93 | 37.90 |
| Swiss franc | 1.23 | - | 1.22 | 1.21 |
| Great Britain Pound (GBP) | 0.85 | - | 0.84 | - |

### 2.5 Amendments to the accounting standards

### Accounting standards, amendments and interpretations

Starting from 1 April 2013 the following amendments to accounting standards shall be applied, which have been issued by the IASB and adopted by the European Union:

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

- IAS 1 (amendments) – "*Presentation of financial statements (Regulation 475/2012)"*. The amendment, which was issued by the IASB on 16 June 2011, requires the aggregation of the elements of the Statement of comprehensive income into two categories, according to their nature, or that may be, in the future,

reclassified or not reclassified to the income statement. The application is expected to be carried out on a retrospective basis.
This amendment did not entail any effect on the valuation of the items of the financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

No effects are expected on the Group's financial statements following the application of such amendments.

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

Starting from 1 April 2014 the following accounting standards and amendments to accounting standards shall be applied obligatorily, as the EU endorsement process has also been completed for them:

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

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

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

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

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

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

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

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

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

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

- IAS 36 (amendment) – "*Recoverable Amount Disclosures for Non-Financial Assets*". These amendments were issued by the IASB on 29 May 2013 and will be applicable, on a retrospective basis, starting from financial years that will commence on or after 1 January 2014. The document provides that the disclosure obligation relating to the recoverable value of assets or CGUs arises only in the cases when an impairment or a reversal of a previous write-down has been accounted for. It also provides clarifications as to the information to be provided in the case of impairment of an asset, when the recoverable value has been determined by using the fair value method, net of selling costs.

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

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

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

## ASSETS

## NON-CURRENT ASSETS

### Note 1 – Intangible assets

As at 30 September 2013 the value of intangible assets was equal to Euro 4,552 thousand (Euro 3,951 thousand as at 31 March 2013).
Below is reported the statement of changes of this item:

| *(in thousands of Euro)* | **30 September 2013** |
|---|---|
| Balance as at 31 March 2013 | 3,951 |
| Investments in intangible assets | 977 |
| Sales and disposals | - |
| Other changes | 3 |
| Amortisation | (379) |
| Write-downs | - |
| **Total** | **4,552** |

Increases in intangible assets, equal to Euro 977 thousand in the half-year ended 30 September 2013 mainly refer to investments in software and IT products for Euro 9 thousand, to investments in trademarks for Euro 13 thousand and to the Key money (Euro 1,143 thousand) for the opening of the new points of sale in Venice (Euro 412 thousand), Florence (Euro 470 thousand) and Forte dei Marmi (Euro 61 thousand).

### Note 2 - Property, plant and equipment

As at 30 September 2013, the value of property, plant and equipment was equal to Euro 12,883 thousand (Euro 12,684 thousand as at 31 March 2013). Below is reported the statement of changes of this item:

| *(in thousands of Euro)* | **30 September 2013** |
|---|---|
| Balance as at 31 March 2013 | 12,684 |
| Investments in property, plant and equipment | 1,007 |
| Sales and disposals | - |
| Other changes | 2 |
| Depreciation | (773) |
| Write-downs | (37) |
| **Total** | **12,883** |

Increases in property, plant and equipment, equal to Euro 1,007 thousand in the half-year ended 30 September 2013, were mainly attributable to plant and equipment for Euro 29 thousand, to industrial and business equipment for Euro 925 thousand (including fittings purchased for new DOS opened in the period under consideration for Euro 855 thousand, electric and electronic office machines for Euro 68 thousand, and minor assets for Euro 4 thousand), to the property, plant and equipment under construction mainly related to the new opening in Shenyang Jiuguang, in China, expected in October 2013, for Euro 53 thousand.

As at 30 September 2013 some categories of furniture and fittings were written down (Euro 37 thousand) as a result of the closure of some shops whose performances are not in line with the management's expectations.

Below is reported the net book value as at 30 September 2013 of the assets used by the Group by virtue of finance lease agreements:

| *(in thousands of Euro)* | **30 September 2013** |
|---|---|
| Land | 878 |
| Buildings | 4,861 |
| Plant and equipment | 240 |
| Industrial and business equipment | 1 |

| | |
|---|---|
| Total | **5,980** |

**Note 3 – Receivables from others**

Receivables from others, equal to Euro 871 thousand as at 30 September 2013 (compared to Euro 877 thousand as at 31 March 2013) mainly relate to both guarantee deposits paid for various utilities, including those relating to the operation of Company-owned shops, and to deposits relating to the lease of DOS shops.

**Note 4 – Deferred tax assets**

As at 30 September 2013, deferred tax assets amounted to Euro 1,489 thousand (Euro 1,424 thousand as at 31 March 2013). The balance is mainly made up of temporary fiscal differences relating to Piquadro S.p.A. for Euro 1,073 thousand (Euro 964 thousand as at 31 March 2013) referred to the IRES (*Imposta sul Reddito delle Società,* Corporate Income Tax) and IRAP (*Imposta Regionale sulle Attività Produttive*, Local Tax on Production Activities) tax effect on taxed funds, 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 anticipated tax effect equal to Euro 368 thousand against Euro 360 thousand as at 31 March 2013).

**CURRENT ASSETS**

**Note 5 - Inventories**

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

| *(in thousands of Euro)* | **Gross value as at 30 September 2013** | **Provision for write-down** | **Net value as at 30 September 2013** | **Net value as at 31 March 2013** |
|---|---|---|---|---|
| Raw Materials | 3,043 | (151) | 2,892 | 2,996 |
| Semi-finished products | 888 | - | 888 | 690 |
| Finished products | 12,726 | (260) | 12,466 | 10,541 |
| **Inventories** | **16,657** | **(411)** | **16,246** | **14,227** |

| *(in thousands of Euro)* | **Provision as at 31 March 2013** | **Use** | **Allocation** | **Provision as at 30 September 2013** |
|---|---|---|---|---|
| Provision for write-down of raw materials | 151 | - | - | 151 |
| Provision for write-down of finished products | 299 | (99) | 60 | 260 |
| **Total provision for write-down of inventories** | **450** | **(99)** | **60** | **411** |

As at 30 September 2013, inventories showed an increase compared to the corresponding values as at 31 March 2013. This increase is mainly attributable to different seasonal trends, to the early production relating to the increased sales expected in the current financial year and to the increased number of shops opened in the course of the half-year.

**Note 6 - Trade receivables**

As at 30 September 2013, trade receivables were equal to Euro 23,281 thousand against Euro 21,517 thousand as at 31 March 2013. The increase over 31 March 2013 is mainly attributable to seasonal trends in sales. Compared to 30 September 2012, trade receivables decreased by Euro 2,746 thousand despite an increase of more than 5% in the turnover recorded by the wholesale channel, which generates trade receivables.
The adjustment to the face value of receivables from customers at their presumed realisable value is obtained through a special provision for bad debts, whose changes in the half-year under consideration are showed in the table below:

| *(in thousands of Euro)* | **Provision as at 30 September 2013** | **Provision as at 31 March 2013** |
|---|---|---|
| Balance at the beginning of the period | 1,377 | 1,230 |
| Effect through P&L | 307 | 417 |
| Uses | - | (270) |
| **Total provision for bad debts** | **1,684** | **1,377** |

**Note 7 – Other current assets**

Below is reported the breakdown of other current assets:

| *(in thousands of Euro)* | **30 September 2013** | **31 March 2013** |
|---|---|---|
| Other assets | 510 | 195 |
| Accrued income and prepaid expenses | 1,004 | 675 |
| **Other current assets** | **1,514** | **870** |

The increase in accrued income and prepaid expenses was mainly due to the rental paid for the extension of the lease agreement relating to the shop located in Barcelona, at Paseo de Gracia (Euro 200 thousand).

**Note 8 – Derivative assets**

At 30 September 2013 there were assets relating to currency forward purchases – USD, equal to Euro 1 thousand. On the contrary, as at 31 March 2013 there were no assets relating to currency forward purchases - USD.

**Note 9 – Tax receivables**

As at 30 September 2013, tax receivables were equal to Euro 1,226 thousand (Euro 1,447 thousand as at 31 March 2013) and referred to the excess advances paid by the Parent Company for IRES (Euro 615 thousand) and IRAP (Euro 207 thousand) tax, with respect to the payable for current taxes for the period. The balance also includes "Receivable for IRES tax refund" (equal to Euro 270 thousand), relating to the refund of the IRES tax due following the deductibility of the IRAP tax relating to the cost of subordinate employment and employment treated as such referred to in Decree Law 201/2011 and Decree Law 16/2012 for the years 2007- 2011. This amount must be considered as a receivable due beyond 12 months.

| *(in thousands of Euro)* | **30 September 2013** | **31 March 2013** |
|---|---|---|
| Receivables for income taxes | 956 | 1,177 |
| Receivable for IRES tax refund | 270 | 270 |
| **Tax receivables** | **1,226** | **1,447** |

**Note 10 – Cash and cash equivalents**

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

| *(in thousands of Euro)* | **30 September 2013** | **31 March 2013** |
|---|---|---|
| Available current bank accounts | 14,102 | 20,374 |
| Cash, cash on hand and cheques | 83 | 102 |

| | | |
|---|---|---|
| **Cash and cash equivalents** | **14,185** | **20,476** |

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

**LIABILITIES**

**NON-CURRENT LIABILITIES**

**Note 11 - TOTAL EQUITY**

**Share capital**

As at 30 September 2013 the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by no. 50,000,000 of ordinary shares, fully subscribed and paid up, with regular enjoyment, with no indication of their par value.

As described more in detail in the paragraph "Significant events for the half-year ended 30 September 2013" of the Interim Report on Operations, during the half-year ended 30 September 2013, the Shareholders' Meeting approved the guidelines of a new stock option plan for the 2012-2017 period, which is reserved for certain Directors, executives with strategic responsibilities, employees and collaborators of Piquadro S.p.A. and of companies owned by it, and resolved to approve the consequent capital increase, excluding the right of option serving the plan, up to a maximum amount of Euro 93,998, through the issue of a maximum number of 4,699,900 ordinary shares of Piquadro SpA, of no par value, having the same features and enjoyment as the outstanding shares; this capital increase may be also implemented in more than one payment and is divisible by 31 December 2018.
On 26 September 2012, the Board of Directors resolved to determine the subscription price of the Piquadro ordinary shares, to be paid by the beneficiaries at the time of the subscription of the shares deriving from the exercise of the options, for an amount of Euro 1.53 per share, thus determining an overall number of 3,600,000 rights of option to be assigned to the respective beneficiaries. Subject to the opinion of the Remuneration Committee, the list of the plan's beneficiaries was approved, specifying the number of rights of option assigned to each of them.

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

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

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

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

| 2008 – 2013 Stock Option Plan | Number of options |
|---|---|
| Options originally granted | 1,600,000 |
| Options subject to waiver by beneficiaries or forfeited | 1,350,000 |
| Options expired, as they were not exercised | 87,500 |
| Options in place as at 30 September 2013 | 162,500 |

This stock option plan provides for a subscription price of Euro 2.20 and an accrual subject to the permanence of the relationship of administration, management, subordinate employment or collaboration, as the case may be, as well as to the achievement by the Piquadro's shares of certain arithmetic mean targets of their official price. Currently, against the trend in the stock market of the quotations of the Piquadro stock, this plan may not be exercised by the beneficiaries.

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

As at 30 September 2013 none of the 3,600,000 options granted against the new stock option plan had accrued.

In the half-year ended 30 September 2013, the abovementioned stock option plans entailed the recognition of a cost of Euro 36 thousand in the income statement.

**Share premium reserve**

This reserve, which has not undergone changes compared to the financial year ended 31 March 2013, was equal to Euro 1,000 thousand.

**Translation reserve**

As at 30 September 2013 the translation reserve was positive for Euro 99 thousand (while was positive for Euro 143 thousand as at 31 March 2013). This item is referred to the exchange rate differences due to the consolidation of the companies with a relevant currency other than the Euro, i.e. Piquadro Hong Kong and Piquadro Macau (the relevant currency being the Hong Kong Dollar), Uni Best Leather Goods (Zhongshang) Co. Ltd and Piquadro Shenzhen (the relevant currency being the Chinese Renminbi), Piquadro Taiwan Co. Ltd (the relevant currency being the Taiwan Dollar), Piquadro Swiss (the relevant currency being the Swiss franc) and Piquadro UK Limited (the relevant currency being the Great Britain Pound).

**Group net profit**

This item relates to the recognition of the Group profit equal to Euro 1,980 thousand in the half-year ended 30 September 2013.

**Profit and reserves attributable to minority interests**

The item refers to the portions of reserves and profit, equal to Euro 10 thousand (Euro 20 thousand as at 31 March 2013), which are attributable to the minority interests of Piquadro Swiss SA, which was established during the half-year ended 30 September 2012 and of which the Parent Company owns 51% of the share capital.

**Note 12 – Borrowings**

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

| *(in thousands of Euro)* | **30 September 2013** | **31 March 2013** |
|---|---|---|
| Borrowings from 1 to 5 years | 14,435 | 17,420 |
| Borrowings beyond 5 years | - | - |
| **Medium/long-term borrowings** | **14,435** | **17,420** |

As at 30 September 2013 borrowings mainly related to Piquadro S.p.A. and included:

1. Euro 500 thousand for the unsecured loan granted by Carisbo S.p.A. on 28 February 2009 (for an initial amount of Euro 3,500 thousand), fully related to the current portion.
2. Euro 1,215 thousand for the unsecured loan granted by Carisbo S.p.A. on 22 November 2010 (for an initial amount of Euro 2,700 thousand), of which a current portion of Euro 540 thousand and a non-current portion of Euro 675 thousand;
3. Euro 3,816 thousand for the unsecured loan granted by UBI – Banca Popolare Commercio & Industria on 25 July 2012 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 1,227 thousand and a non-current portion of Euro 2,590 thousand;
4. Euro 2,468 thousand relating to the unsecured loan granted by Credem – Gruppo Emiliano on 5 October 2012 (against an initial amount of Euro 3,000 thousand), of which a current portion of Euro 731 thousand and a non-current portion of Euro 1,737 thousand;
5. Euro 4,932 thousand relating to the unsecured loan granted by Unicredit on 31 October 2012 (against an initial amount of Euro 6,000 thousand), of which a current portion of Euro 1,464 thousand and a non-current portion of Euro 3,469 thousand;
6. Euro 3,084 thousand relating to the unsecured loan granted by ICCREA – Banca Impresa S.p.A. on 11 December 2012 (against an initial amount of Euro 3,750 thousand), of which a current portion of Euro 914 thousand and a non-current portion of Euro 2,170 thousand;
7. Euro 5,000 thousand relating to the unsecured loan granted by Mediocredito Italiano S.p.A. on 28 February 2013, of which a current portion of Euro 1,111 thousand and a non-current portion of Euro 3,889 thousand;
8. Euro 164 thousand fully relating to the short-term portion and related to the Minority shareholders loan of the subsidiary Piquadro Swiss SA, which was entered into on 16 October 2012 for an initial amount of 196 thousand Swiss Francs.

Below is reported the breakdown of the loans:

| *(in thousands of Euro)* | **Date of granting of the loan** | **Initial amount** | **Currency** | **Current borrowings** | **Amort. cost (S/T)** | **Non-current borrowings** | **Amort. Cost (L/T)** | **Total** |
|---|---|---|---|---|---|---|---|---|
| Carisbo loan | 28 February 2009 | 3,500 | EUR | 500 | (1) | - | - | 499 |
| Carisbo loan | 22 November 2010 | 2,700 | EUR | 540 | (1) | 675 | (2) | 1,212 |
| UBI loan | 25 July 2012 | 5,000 | EUR | 1,226 | (15) | 2,590 | (15) | 3,786 |
| Credem loan | 5 October 2012 | 3,000 | EUR | 731 | (4) | 1,737 | (10) | 2,454 |
| Unicredit loan | 31 October 2012 | 6,000 | EUR | 1,464 | (23) | 3,469 | (25) | 4,885 |
| ICCREA loan | 11 December 2012 | 3,750 | EUR | 914 | (10) | 2,170 | (15) | 3,059 |
| Mediocredito loan | 28 February 2013 | 5,000 | EUR | 1,111 | (19) | 3,889 | (28) | 4,953 |
| Currency loan | Piquadro Swiss SA | 197 | CHF | 164 | - | - | - | 164 |
| | | | | **6,650** | **(73)** | **14,530** | **(95)** | **21,012** |

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

Below is reported the following breakdown:

| *(in thousands of Euro)* | **30 September 2013** | **31 March 2013** |
|---|---|---|
| **Non-current:** | | |
| Payables to leasing companies | 2,894 | 3,180 |
| **Current**: | | |
| Payables to leasing companies | 567 | 562 |
| **Payables to other lenders for lease agreements** | **3,461** | **3,742** |

As at 30 September 2013 payables to other lenders due beyond 12 months were equal to Euro 2,894 thousand and mainly related to the lease agreement concerning the plant and land located in Sassuriano, Silla di Gaggio Montano BO (Euro 3,180 thousand at 31 March 2013).

**Note 14 – Provision for Employee Benefits**

As at 30 September 2013 the value of the provision was equal to Euro 247 thousand (Euro 252 thousand as at 31 March 2013) as determined by an independent actuary; the actuarial assumptions used for calculating the provision are not changed compared to the information reported in the paragraph *Accounting standards – Provision for employee benefits* in the Notes to the consolidated financial statements as at 31 March 2013.

As previously commented on, the Parent Company has applied the IAS 19 revised on a retrospective basis; the related effects are illustrated in the section "Accounting standards and policies".

**Note 15 – Provision for risks and charges**

Below are the changes of provisions for risks and charges as at 30 September 2013:

| *(in thousands of Euro)* | **Provision as at 31 March 2013** | Use | Allocation | Reclassification | **Provision as at 30 September 2013** |
|---|---|---|---|---|---|
| Provision for supplementary clientele indemnity | 738 | - | 51 | - | 789 |
| Other provisions for risks | 331 | (17) | - | - | 314 |
| **Total** | **1,069** | **(17)** | **51** | **-** | **1,103** |

The "Provision for agents' supplementary indemnity" represents the potential liability with respect to agents in the event of Group companies' terminating agreements or agents retiring.

**Note 16 – Deferred tax liabilities**

As at 30 September 2013, deferred tax liabilities amounted to Euro 125 thousand (Euro 196 thousand as at 31 March 2013) and was fully referable to the Parent Company.

**CURRENT LIABILITIES**

**Note 17 – Borrowings**

As at 30 September 2013 borrowings were equal to Euro 10,577 thousand compared to Euro 7,796 thousand as at 31 March 2013. For the breakdown, reference is made to Note 10. The balance related to a current portion of payables to banks for loans for Euro 6,577 thousand and payables to banks for the use of credit lines for Euro 4,000 thousand.

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

As at 30 September 2013 they were equal to Euro 567 thousand (Euro 562 thousand as at 31 March 2013) and related to the current portion of payables to leasing companies in relation to finance lease agreements mainly involving hardware and software (Euro 32 thousand) and of the building of the operational headquarters of the Company (Euro 535 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)* | **30 September 2013** | **31 March 2013** | **30 September 2012** |
|---|---|---|---|
| (A) Cash | 83 | 102 | 102 |
| (B) Other cash and cash equivalents (available current bank accounts) | 14,102 | 20,374 | 9,833 |
| **(C) Liquidity (A) + (B)** | **14,185** | **20,476** | **9,935** |
| (D) Finance leases | (567) | (562) | (606) |
| (E) Current bank debt | (4,000) | (1,000) | (9,000) |
| (F) Current portion of non-current debt | (6,577) | (6,796) | (3,372) |
| **(G) Current financial debt (D) + (E) + (F)** | **(11,144)** | **(8,358)** | **(12,978)** |
| **(H) Short-term net financial position (C) + (G)** | **3,041** | **12,118** | **(3,043)** |
| (I) Non-current bank debt | (14,435) | (17,420) | (5,500) |
| (L) Finance leases | (2,894) | (3,180) | (3,449) |
| **(M) Non-current financial debt (I) + (L)** | **(17,329)** | **(20,600)** | **(8,949)** |
| **(N) Net financial position (H) + (M)** | **(14,288)** | **(8,482)** | **(11,992)** |

As at 30 September 2013 the consolidated net financial position was negative for about Euro 14.3 million.

The main reasons for the trend in the Net Financial Position, compared to 31 March 2013, are attributable to the following factors:

- the distribution of a dividend of Euro 1 million that took place in August 2013;
- investments in property, plant and equipment and intangible assets of about Euro 2.0 million;
- an increase in working capital of almost Euro 6.0 million, which was mainly due to different seasonality dynamics.

The consolidated net financial position at 30 September 2013, compared to the value recorded at 30 September 2012, showed an increase of about Euro 2.3 million, which was mostly due to the increase in the Group's working capital.

**Note 19 – Trade payables**

Below is the breakdown of current trade liabilities:

| *(in thousands of Euro)* | **30 September 2013** | **31 March 2013** |
|---|---|---|
| Payables to suppliers | 11,904 | 15,030 |

As at 30 September 2013, the decrease in payables to suppliers, equal to Euro 3,126 thousand, compared to 31 March 2013, was mainly attributable to the Group's seasonality dynamics.

**Note 20 – Other current liabilities**

Below is the breakdown of other current liabilities:

| *(in thousands of Euro)* | **30 September 2013** | **31 March 2013** |
|---|---|---|
| Payables to social security institutions | 348 | 338 |
| Payables to pension funds | 25 | 24 |
| Other payables | 373 | 454 |
| Payables to employees | 665 | 554 |
| Advances from customers | 76 | 42 |
| Accrued expenses and deferred income | 310 | 197 |

| | | |
|---|---|---|
| Payables for VAT | 795 | 815 |
| IRPEF* tax payables and other tax payables | 296 | 271 |
| **Other current liabilities** | **2,888** | **2,695** |

The increase in other current liabilities is attributable to the increase in the payable to the personnel and to the accrued expenses and deferred income mainly referred to the Parent Company.
Payables to social security institutions mainly relate to the Parent Company's payables due to INPS (*Istituto Nazionale della Previdenza Sociale*, National Social Security Institute). Payables to employees as at 30 September 2013, equal to Euro 665 thousand (Euro 554 thousand as at 31 March 2013) mainly included the Group's payables for remunerations to be paid and deferred charges with respect to employees.

**Note 21 – Tax payables**

Below is the breakdown of tax payables:

| *(in thousands of Euro)* | **30 September 2013** | **31 March 2013** |
|---|---|---|
| IRES tax and other income taxes | 983 | - |
| IRAP tax | 290 | - |
| **Tax payables** | **1,273** | **-** |

Tax payables for IRES and IRAP tax relate to the allocation of taxes on an accruals basis on the income produced in the period.
At 31 March 2013 there were only tax receivables (for advances paid) and there were no payables.

## COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

### Note 22 – Revenues from sales

In relation to the breakdown of revenues from sales by distribution channel, reference is made to the Directors' Report on the performance of operations.

The Group's revenues are mainly realised in Euro.

Below is the breakdown of revenues by geographical area:

| *(in thousands of Euro)* | **30 September 2013** | **30 September 2012** |
|---|---|---|
| Italy | 21,200 | 20,220 |
| Europe | 6,311 | 4,941 |
| Rest of the world | 2,381 | 2,234 |
| **Revenues from sales** | **29,892** | **27,395** |

In the half-year ended 30 September 2013, revenues from sales reported an increase equal to Euro 2,497 thousand compared to the corresponding revenues realised in the half-year ended 30 September 2012 (+9.1%).

### Note 23 – Other income

In the half-year ended 30 September 2013, other income amounted to Euro 405 thousand (Euro 357 thousand in the half-year ended 30 September 2012).
Other income, in the half-year ended 30 September 2013, is mainly made up of revenues for repairs of products not covered by any warranty for Euro 278 thousand and revenues for charging back customers for transport and collection costs for Euro 75 thousand.

### Note 24 – Change in inventories

The change in inventories was positive in both the half-year ended 30 September 2013 (Euro 2,246 thousand) and the half-year ended 30 September 2012 (Euro 859 thousand); this positive change is mainly attributable to the seasonality of the Group's business which realises more than half of its turnover in the second half of the financial year.

### Note 25 – Costs for purchases

This item essentially includes the cost of materials used for the production of the Company's goods and of consumables. In the half-year ended 30 September 2013, costs for purchases were equal to Euro 5,890 thousand (Euro 5,389 thousand in the half-year ended 30 September 2012).

### Note 26 – Costs for services and leases and rentals

Below is the breakdown of costs for services:

| *(in thousands of Euro)* | **30 September 2013** | **30 September 2012** |
|---|---|---|
| External production | 4,861 | 3,257 |
| Advertising and marketing | 1,353 | 1,088 |
| Transport services | 1,785 | 1,605 |
| Business services | 1,125 | 1,183 |
| Administrative services | 789 | 714 |
| General services | 652 | 609 |
| Services for production | 859 | 671 |
| Others | - | - |

| | | |
|---|---|---|
| **Total Costs for services** | **11,424** | **9,127** |
| **Costs for leases and rentals** | **3,534** | **2,854** |
| **Costs for services and leases and rentals** | **14,958** | **11,981** |

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

**Note 27 – Personnel costs**

Below is reported the breakdown of personnel costs:

| *(in thousands of Euro)* | **30 September 2013** | **30 September 2012 Restated** |
|---|---|---|
| Wages and salaries | 5,502 | 5,043 |
| Social security contributions | 1,015 | 766 |
| TFR | 196 | 194 |
| **Personnel costs** | **6,713** | **6,003** |

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

The table below reports the exact number by category of employees as at 30 September 2013 and 30 September 2012:

| **Category** | **30 September 2013** | **30 September 2012** | **31 March 2013** |
|---|---|---|---|
| Executives | 5 | 8 | 8 |
| Office workers | 320 | 285 | 273 |
| Manual workers | 446 | 410 | 412 |
| **Total** | **771** | **703** | **693** |

The number of employees as at 30 September 2013 increased by 68 units compared to the number of employees recorded as at 30 September 2012, mainly as a result of the opening of new DOS shops.
In the half-year ended 30 September 2013, personnel costs reported an increase of 11.8%, passing from Euro 6,003 thousand in the half-year ended 30 September 2012 to Euro 6,713 thousand in the half-year ended 30 September 2013.
The increase in personnel costs is mainly due to the increase in staff employed by the Parent Company, mainly for the opening of new points of sales and to the increase in the labour cost of the Chinese subsidiary Unibest Zhongshan.

To supplement the information provided, below is also reported the average number of employees for half-years ended 30 September 2013 and 30 September 2012 and for the financial year ended 31 March 2013:

| *Average unit* | **30 September 2013** | **30 September 2012** | **31 March 2013** |
|---|---|---|---|
| Executives | 7 | 8 | 8 |
| Office workers | 297 | 281 | 283 |
| Manual workers | 442 | 446 | 434 |
| **Total for the Group** | **746** | **735** | **725** |

**Note 28 - Amortisation, depreciation and write-downs**

In the half-year ended 30 September 2013, amortisation and depreciation were equal to Euro 1,152 thousand (Euro 1,046 thousand in the half-year ended 30 September 2013).

Write-downs, equal to Euro 344 thousand, related to the provision for write-down of receivables from customers (Euro 307 thousand) and to the write-down of some categories of assets (Euro 37 thousand) as a result of the early closure of some shops, whose related performances were not in line with the management's expectations.

**Note 29 - Financial income**

In the half-year ended 30 September 2013, financial income was equal to Euro 521 thousand (Euro 467 thousand in the half-year ended 30 September 2012) and related to Euro 122 thousand of interest receivable on current accounts and to Euro 399 thousand of foreign exchange gains either realised or estimated (Euro 395 thousand as at 30 September 2012).

**Note 30 - Financial charges**

Below is reported the breakdown of financial charges:

| *(in thousands of Euro)* | **30 September 2013** | **30 September 2012 Restated** |
|---|---|---|
| Interest payables on current accounts | 37 | 23 |
| Interest and expenses subject to final payment | 15 | 15 |
| Financial charges on loans | 187 | 41 |
| Lease charges | 25 | 40 |
| Other charges | 80 | 106 |
| Net financial charges on defined-benefit plans | 3 | 6 |
| Foreign exchange losses (both realised and estimated) | 512 | 220 |
| **Financial charges** | **859** | **451** |

**Note 31 - Income tax expenses**

Below is reported the breakdown of income tax expenses:

| *(in thousands of Euro)* | **30 September 2013** | **30 September 2012 Restated** |
|---|---|---|
| IRES tax and other income taxes | 986 | 1,306 |
| IRAP tax | 290 | 281 |
| **Total current taxes** | **1,276** | **1,587** |

| *(in thousands of Euro)* | **30 September 2013** | **30 September 2012** |
|---|---|---|
| Deferred tax liabilities | (73) | (26) |
| Deferred tax assets | (118) | (122) |
| **Total deferred tax assets and liabilities** | **(191)** | **(148)** |

**Note 32 - Earnings per share**

As at 30 September 2013 diluted earnings per share amounted to Euro 0.03683 (basic earnings per share amounted to Euro 0.03960 as at 30 September 2013); they are calculated on the basis of the consolidated net profit for the period attributable to the Group, equal to Euro 1,980 thousand, divided by the weighted average number of ordinary shares outstanding in the half-year, equal to 53,762,500 shares, including potential shares relating to the stock option plans resolved and granted on 31 January 2008 and on 26 September 2012.

| | **30 September 2013** | **30 September 2012** |
|---|---|---|
| Group net profit (in thousands of Euro) | 1,980 | 2,430 |
| Average number of outstanding ordinary shares (in thousands of shares) | 53,763 | 50,771 |
| **Diluted earnings per share (in Euro)** | **0.03683** | **0.04786** |

| | | |
|---|---|---|
| Group net profit (in thousands of Euro) | 1,980 | 2,430 |
| Average number of outstanding ordinary shares | 50,000 | 50,000 |
| **Basic earnings per share (in Euro)** | **0.03960** | **0.04860** |

## OTHER INFORMATION

### Segment reporting

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

The distribution channels selected as those being presented are the following ones:

- DOS channel
- Wholesale channel

In fact, the Group distributes its products through two distribution channels:
- a direct channel, which as at 30 September 2013, included 56 single-brand stores directly operated by the Group (the so-called "Directly Operated Stores" or "DOS");
- an indirect channel ("Wholesale"), which is represented by multi-brand shops/department stores, single-brand shops run by third parties linked to the Group by franchise agreements and distributors who then resell the articles to specialist multi-brand shops.

As shown below, as at 30 September 2013 approximately 33.0% of the Group's consolidated revenues was realised through the direct channel, while 67.0% of consolidated revenues was realised through the indirect channel.
The table below illustrates the segment data of the Piquadro Group broken down by sales channel (DOS and Wholesale), in relation to the six months ended 30 September 2013 and 30 September 2012, respectively.
Segment economic performance is monitored by the Company's Management up to the "Segment result before amortisation and depreciation". DOS channel's performance in the half-year ended 30 September 2013, compared to the results recorded as at 30 September 2012, shows that margins are lower, the following factors having impacts:
- new shops opened with performance not yet in line with the management's expectations and with the Company's benchmark;
- higher allocation of costs equal to Euro 191 thousand due to the higher sales volumes of the DOS channel over the total.

The performance of the wholesale channel in the half-year ended 30 September 2013, compared with the results recorded as at 30 September 2012, shows a decrease in margins in percentage terms mainly due to higher structure costs incurred for business operations.
Segment economic performance is monitored by the Company's Management up to the "Segment result before amortisation and depreciation":

| (*in thousands of Euro*) | 30 September 2013 | | | | 30 September 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | DOS | Wholesale | Total for the Group (including non-allocated items) | Impact % | DOS | Wholesale | Total for the Group (including non-allocated items) | Impact % | % change |
| **Revenues from sales** | **9,877** | **20,015** | **29,892** | **100.0%** | **8,415** | **18,980** | **27,395** | **100.0%** | **9.1%** |
| Segment result before amortisation and depreciation | 287 | 4,295 | 4,582 | 15.3% | 362 | 4,709 | 5,071 | 18.5% | (9.6)% |
| Amortisation and depreciation | | | (1,189) | (3.9)% | | | (1,218) | (4.4)% | (2.4)% |

| | | | | | |
|---|---|---|---|---|---|
| Financial income and charges | (337) | (1.1)% | 16 | 0.06% | |
| **Pre-tax result** | **3,056** | **10,22%** | **3,869** | **14.12%** | **(21.0)%** |
| Income taxes | (1,087) | (3.64)% | (1,439) | (5.2%) | (24.5)% |
| **Profit for the half-year** | **1,970** | **6.6%** | **2,430** | **8.9%** | **(19.0)%** |
| Result attributable to minority interests | 0 | 0.0% | 0 | 0.0% | |
| **Group net profit** | **1,970** | **6.6%** | **2,430** | **8.9%** | **(19.0)%** |

**Commitments**

As at 30 September 2013, the Group had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the 2013/2014 financial year.

**Relations with related parties**

Piquadro S.p.A., the parent company of the Piquadro Group, operates in the leather goods market and designs, produces and markets articles under its own brand. The subsidiaries mainly carry out activities of distribution of products (Piquadro España SLU, Piquadro Hong Kong Ltd, Piquadro Macau Limitada, Piquadro Deutschland GmbH, Piquadro Trading –Shenzhen- Ltd., Piquadro Taiwan Co. Ltd., Piquadro France Sarl, Piquadro Swiss (SA) and Piquadro UK Limited, or production (Uni Best Leather Goods Zhongsanhg Co. Ltd.).
The relations with Group companies are mainly commercial and are regulated at arm's length. There are also financial relations (inter-group loans) between the Parent Company and some subsidiaries, conducted at arm's length.
The Directors report that, in addition to Piquadro Holding S.p.A., Piqubo S.p.A. and Fondazione Famiglia Palmieri, there are no other related parties (pursuant to IAS 24) of the Piquadro Group.

During the first half of the 2013/2014 financial year, Piqubo S.p.A., the ultimate controlling 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, at arm's length, between Piquadro Holding S.p.A. and Piquadro S.p.A., concerning the lease of a property for office purposes located in Milan, Piazza San Babila n. 5, which is used as a show-room of Piquadro S.p.A..

The table below reports the breakdown of the economic and financial relations with these related companies in the first half of the 2013/2014 and 2012/2013 financial year:

| *(in thousands of Euro)* | **Receivables** | | **Payables** | |
|---|---|---|---|---|
| | **30 September 2013** | **31 March 2013** | **30 September 2013** | **31 March 2013** |
| Financial relations with Piqubo S.p.A. | - | - | - | - |
| Financial relations with Piquadro Holding S.p.A. | - | - | - | |
| Financial relations with Fondazione Famiglia Palmieri | - | - | - | - |
| **Total Receivables from and Payables to controlling and affiliate companies** | **-** | **-** | **-** | **-** |

| *(in thousands of Euro)* | **Costs** | | **Revenues** | |
|---|---|---|---|---|
| | **30 September 2013** | **30 September 2012** | **30 September 2013** | **30 September 2012** |
| Economic relations with Piqubo S.p.A. | 15 | 15 | - | - |
| Economic relations with Piquadro Holding S.p.A. | 120 | 60 | - | - |
| Economic relations with Fondazione Famiglia Palmieri | | - | - | - |
| **Total costs and revenues towards controlling and affiliate companies** | **135** | **75** | **-** | **-** |

In the 2013/2014 and 2012/2013 half-years no economic transactions took place with Fondazione Famiglia Palmieri.

Furthermore, below are reported the following relations with Piquadro Holding SpA:

- during the first 2013/2014 half-year, Piquadro SpA distributed dividends of Euro 683,724 relating to the profit for the 2012/2013 financial year to the majority shareholder Piquadro Holding S.p.A.;
- during the first 2012/2013 half-year, Piquadro SpA distributed dividends of Euro 2,051,172 relating to the profit for the 2011/2012 financial year to the majority shareholder Piquadro Holding S.p.A..

**Fees due to the Board of Directors**

The table below reports the fees (including emoluments as Directors and current and deferred remuneration, including in kind, as employees) due to Directors and to the members of the Board of Statutory Auditors of Piquadro S.p.A., in relation to the first half of 2013/2014, for the performance of their duties in the Parent Company and other Group companies, and the fees accrued by any executives with strategic responsibilities (as at 30 September 2013, Directors had not identified executives with strategic responsibilities):

| **First and last name** | **Position held** | **Period in which the position was held** | **Term of office** | **Fees due for the position** | **Non-monetary benefits** | **Bonuses and other incentives** | **Other fees** | **Total** |
|---|---|---|---|---|---|---|---|---|
| Marco Palmieri | Chairman and CEO | 01/04/13-30/09/13 | 2016 | 200 | 3.5 | - | - | 203.5 |
| PierpaoloPalmieri | Managing Director | 01/04/13-30/09/13 | 2016 | 100 | 2 | - | - | 102 |
| Marcello Piccioli | Managing Director | 01/04/13-30/09/13 | 2016 | 90 | 1.5 | - | 2 | 93.5 |
| Roberto Trotta | Managing Director | 01/04/13-30/09/13 | 2016 | | 1.5 | - | 69 | 70.5 |
| Gianni Lorenzoni | Director | 01/04/13-30/09/13 | 2016 | 10 | - | - | - | 10 |
| Paola Bonomo | Director | 01/04/13-30/09/13 | 2016 | 10 | - | - | - | 10 |
| Anna Gatti | Director | 01/04/13-30/09/13 | 2016 | 10 | - | - | - | 10 |
| | | | | **420** | **8.5** | **-** | **71** | **499.5** |

**Events after the period end**

In addition to the above, no significant events are reported which occurred at Group level from 1 October 2013 to the date of this Report.

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

1) The undersigned Marco Palmieri, in his capacity as Chief Executive Officer, and Roberto Trotta, in his capacity as Manager responsible for the preparation of corporate accounting documents of Piquadro S.p.A., certify, also taking account of the provisions under Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
   • adequacy in relation to the characteristics of the Company and
   • actual application of administrative and accounting procedures for the preparation of the consolidated financial statements in the course of the half-year April 2013-September 2013.

2) The evaluation of the adequacy of administrative and accounting procedures for the preparation of the consolidated condensed interim financial statements as at 30 September 2013 has been based on a process defined by Piquadro S.p.A. consistently with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission which represents a reference framework generally accepted at international level

3) It is also certified that:

   3.1 the consolidated condensed interim financial statements as at 30 September 2013:
   a) have been prepared in accordance with the applicable international accounting standards acknowledged by the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and in particular with IAS 34 – Interim Financial Reporting, as well as with the measures issued to implement Article 9 of Legislative Decree no. 38/2005;
   b) correspond to the results in the accounting books and records;
   c) have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union, as well as with the measures issued to implement Article 9 of Legislative Decree no. 38/2005, and, as far as we know, are suitable to give a true and correct representation of the equity, economic and financial position of the Issuer and of all the companies included in the scope of consolidation.

   3.2. The interim report on operations includes a reliable analysis of the references to the significant events that occurred during the first six months of the financial year and of their impact on the consolidated condensed interim financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year. The interim report on operations also includes a reliable analysis of the information on significant transactions with related parties.

Silla di Gaggio Montano (BO) 21 November 2013

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

**Marco Palmieri**

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

**AUDITORS' REPORT ON THE REVIEW OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

To the Shareholders of Piquadro SpA

1 We have reviewed the consolidated condensed interim financial statements of Piquadro SpA (hereinafter also the "Company") and its subsidiaries (the "Piquadro Group") as of 30 September 2013 and for the six months period then ended, comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related explanatory notes. Piquadro SpA's Directors are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard (IAS 34) applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

2 Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of Company personnel about the information reported in the consolidated condensed interim financial statements and about the consistency of the accounting principles utilized therein as well as the application of analytical review procedures on the data contained in the above mentioned consolidated condensed interim financial statements. The review excluded certain auditing procedures such as compliance, verification and validation tests of assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express a professional audit opinion on the consolidated condensed interim financial statements.

Regarding the amounts of the consolidated financial statements of the prior year and the consolidated condensed interim financial statements of the prior year presented for comparative purposes, reference should be made to our reports dated 2 July 2013 and 20 November 2012, respectively.

3 Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of Piquadro Group as of 30 September 2013 and for the six months period then ended have not been prepared, in all material respects, in accordance with the international accounting standard (IAS 34) applicable to interim financial reporting, as adopted by the European Union.

Bologna, 21 November 2013

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.*