INTERIM FINANCIAL REPORT OF THE PIQUADRO GROUP AS AT 30 SEPTEMBER 2016

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Corporate details

Piquadro S.p.A.

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

Authorised Share Capital as at the date of the approval of the Interim Financial Report as at 30 September 2016: Euro 1,093,998

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

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

Production plants, Offices and Directly operated stores ("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*
Barcelona - Paseo de Gracia 11, Planta Baja (Piquadro España SLU)	*Point of sale*
Rome - Galleria Colonna (Piquadro S.p.A.)	*Point of sale*
Bologna - Piazza Maggiore 4/B (Piquadro S.p.A.)	*Point of sale*
Barberino del Mugello (FI) – "Factory Outlet Centre" (Piquadro S.p.A.)	*Retail outlet*
Fidenza (PR) - "Fidenza Village" (Piquadro S.p.A.)	*Retail outlet*
Rome - Centro Commerciale Cinecittà (Piquadro S.p.A.)	*Point of sale*
Rome - Galleria N. Commerciale di "Porta Roma"(Piquadro S.p.A.)	*Point of sale*
Vicolungo (NO) - Parco Commerciale (Piquadro S.p.A.)	*Retail outlet*
Rome - Euroma 2 (Piquadro S.p.A.)	*Point of sale*
Valdichiana (AR) - "Valdichiana Outlet Village" (Piquadro S.p.A.)	*Retail outlet*
Noventa di Piave (VE) - "Factory Outlet Centre" (Piquadro S.p.A.)	*Retail outlet*
Rome - Fiumicino Airport (Piquadro S.p.A.)	*Point of sale*
Milan - Via Dante 9 (Piquadro S.p.A.)	*Point of sale*
Bologna - "G. Marconi" Airport (Piquadro S.p.A.)	*Point of sale*
Taipei (Taiwan) - Eslite Dun Nan (Piquadro Taiwan Co. Ltd.)	*Point of sale*
Taipei (Taiwan) - Xin Yin Shop (Piquadro Taiwan Co. Ltd.)	*Point of sale*
Hong Kong - Kowloon – I Square Shopping Mall (Piquadro Hong Kong Co. Ltd.)	*Point of sale*
Marcianise (CE) - c/o "Factory Outlet Centre" (Piquadro S.p.A.)	*Retail outlet*
Agira (EN) - Sicilia Fashion Outlet Centre (Piquadro S.p.A.)	*Retail outlet*
Rimini - Shopping Mall "Le Befane" (Piquadro S.p.A.)	*Point of sale*
Milan – Corso Buenos Aires 10 (Piquadro S.p.A.)	*Point of sale*
Kaohsiung City (Taiwan) - Shopping Mall "Dream Mall" (Piquadro Taiwan Co. Ltd)	*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 SA)	*Retail outlet*
Barcelona (España) – El Corte Ingles, Placa Catalunya 14 (Piquadro España SLU)	*Point of sale*
Verona – Piazza delle Erbe 10 (Piquadro S.p.A.)	*Point of sale*
Milano - Malpensa Airport - Terminal 1 - Tulipano Area (Piquadro S.p.A.)	*Point of sale*
Castelromano (RM) – "Factory Outlet Centre" (Piquadro S.p.A.)	*Retail outlet*
Venice – Mercerie del Capitello 4940 (Piquadro S.p.A.)	*Point of sale*
Turin – Via Roma 330/332 (Piquadro S.p.A.)	*Point of sale*
Florence – Via Calimala 7/r (Piquadro S.p.A.)	*Point of sale*
Forte dei Marmi (LU) – Via Mazzini 15/b (Piquadro S.p.A.)	*Point of sale*

Valencia (Spain) – El Corte Ingles, Calle Pintor Sorolla (Piquadro España SLU)	*Point of sale*
Tainan City (Taiwan) – Mitsukoshi (Piquadro Taiwan Co. Ltd.)	*Point of sale*
Barcelona (Spain) – El Corte Ingles Diagonal, Av. Diagonal (Piquadro España SLU)	*Point of sale*
London (United Kingdom) – Regent Street 67 (Piquadro UK Limited)	*Point of sale*
Castelguelfo (BO) - ”The Style Outlets” (Piquadro S.p.A.)	*Retail outlet*
Tainan City (Taiwan) – Dream Mall Tainan (Piquadro Taiwan Co. Ltd.)	*Point of sale*
Hong Kong – Hong Kong Island – Sogo Causeway (Piquadro Hong Kong Co. Ltd.)	*Point of sale*
Taipei City (Taiwan) – Mitsukoshi Taipei Xinyi (Piquadro Taiwan Co. Ltd.)	*Point of sale*
Milan – Malpensa Airport (Piquadro S.p.A.)	*Point of sale*
New York (USA) - New York Madison Avenue (Piquadro LLC)	*Point of sale*

INTERIM REPORT ON OPERATIONS AS AT 30 SEPTEMBER 2016

Introduction

The consolidated interim financial report as at 30 September 2016 (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 report on operations, prepared by the Directors, relates 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 of its subsidiaries (hereinafter collectively referred to as the "Piquadro Group") relating to the half-year ended 30 September 2016. 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 report on operations must therefore be read together with the Financial Statements and the related 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 2016

- **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 2019)

Marco Palmieri	*Chairman and CEO*
Marcello Piccioli	*Managing director*
Roberto Trotta	*Managing director*
Pierpaolo Palmieri	*Managing director*
Paola Bonomo	*Independent non-executive director*
Catia Cesari	*Independent non-executive director*
Barbara Falcomer	*Independent non-executive director*

- **AUDIT AND RISK COMMITTEE**
  (holding office for three years until the date of the Shareholders' Meeting called to approve the financial statements as at 31 March 2019)

Barbara Falcomer	*Chairman*
Paola Bonomo	
Catia Cesari	

- **REMUNERATION COMMITTEE**
  (holding office for three years until the date of the Shareholders' Meeting called to approve the financial statements as at 31 March 2019)

Catia Cesari	*Chairman*
Paola Bonomo	
Barbara Falcomer	

- **LEAD INDEPENDENT DIRECTOR**
  Paola Bonomo

- **BOARD OF STATUTORY AUDITORS**
  (holding office for three years until the approval of the financial statements as at 31 March 2019)

  Regular members

Pietro Michele Villa	*Chairman*
Giuseppe Fredella	
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 2025)

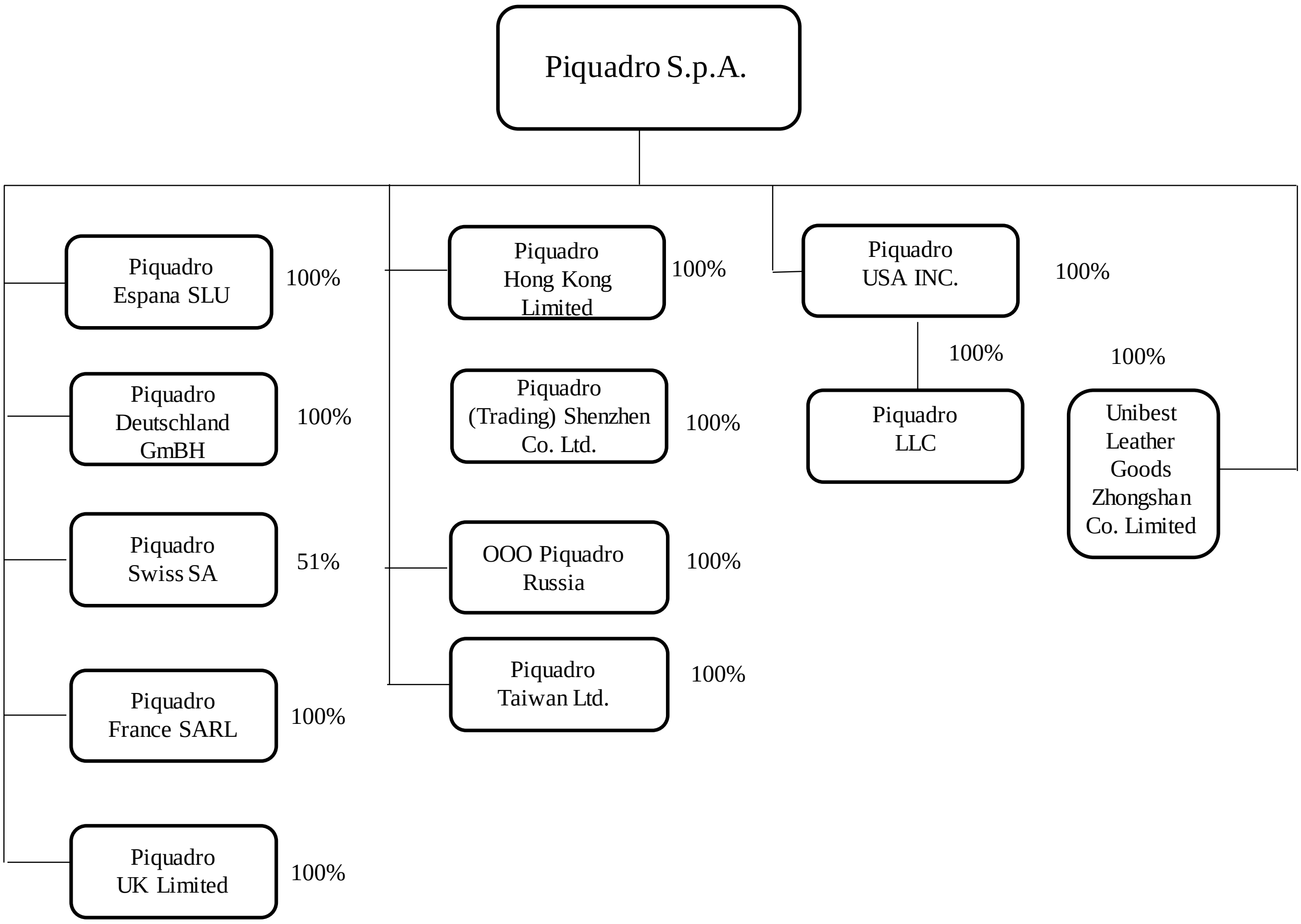
  Deloitte & Touche S.p.A.

- **FINANCIAL REPORTING MANAGER**
  Roberto Trotta

- **SUPERVISORY BOARD**
  Mario Panzeri

THE GROUP STRUCTURE

The chart below shows the structure of the Piquadro Group as at 30 September 2016:



INFORMATION ON OPERATIONS

Significant events for the half-year ended 30 September 2016

No significant events occurred during the half-year ended 30 September 2016.

For information purposes, it is reported that on 26 July 2016 the Shareholders' Meeting of Piquadro S.p.A. approved the Financial Statements for the financial year ended 31 March 2016 and the distribution of a dividend of Euro 0.04 per share to the Shareholders, for a total amount of Euro 2 million. The dividend was paid starting from 3 August 2016 with coupon no. 9 being detached on 1 August 2016.
Furthermore, on the same date the Shareholders' Meeting renewed 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 2017.
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.
On the same date, the Shareholders' Meeting 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.

The Group's results

In the first six months of the 2016/2017 financial year the Group reported an improved sales performance compared to the same period in the 2015/2016 financial year.
In the half-year ended 30 September 2016, the Piquadro Group reported net sales revenues equal to Euro 34,202 thousand (+3.1%) compared to Euro 33,182 thousand reported in the corresponding period in the 2015/2016 financial year. In the half-year ended 30 September 2016, sales volumes, in terms of quantities sold in the relevant period, showed a decrease of 0.9% compared to the same period in the 2015/2016 financial year.

In the half-year ended 30 September 2016, the Piquadro Group reported, in terms of profitability, EBITDA[1] equal to about Euro 5.5 million (with the net sales revenues accounting for 16.1%), showing an increase of 19.4% compared to the value recorded in the first half-year of the 2015/2016 financial year (Euro 4.6 million, equal to 13.9% of net sales revenues).

The Group's EBIT[2] came to Euro 4.0 million (equal to 11.8% of net sales revenues), up by 20.9% compared to the half-year ended 30 September 2015 (Euro 3.3 million, equal to 10.1% of net sales revenues).

As at 30 September 2016 the Group net profit was equal to Euro 2,657 thousand, up by 18.0% compared to the same period in the previous financial year (equal to Euro 2,252 thousand at 30 September 2015).

The half-year saw the transfer of the point of sale located at Rue Saint Honoré in Paris, the only store operated by the French subsidiary Piquadro France SARL. This transfer entailed a Key Money capital gain amounting to about Euro 1,470 thousand. The net result from discontinued operations concerning the operation of this point of sale was not stated separately as a "discontinued operation" according to IFRS 5, as this point of sale was not a key independent business unit. In this regard, it should be noted that this point of sale achieved sales of Euro 52 thousand in this half-year (Euro 142 thousand during the previous half-year). This point of sale generated operating costs of Euro 150 thousand during the half-year ended 30 September 2016 (Euro 137 thousand during the half-year ended 30 September 2015) and Euro 299 thousand of amortisation, depreciation and write-off – of which Euro 223

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, and related write-downs, financial income and costs 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 costs and income taxes.

thousand for write-downs concerning assets not recovered from the closure of the point of sale and Euro 119 thousand of amortisation and depreciation during the half-year ended 30 September 2015.

Net sales revenues

As at 30 September 2016 the Piquadro Group recorded net sales revenues equal to Euro 34,202 thousand, an increase of 3.1% compared to the half-year ended 30 September 2015.
The growth in net sales revenues would have been higher if there had been no delays in the delivery of part of the product collections, estimated at about 3.0% of revenues, due to the bankruptcy of a South Korean transport company. However, the goods had been delivered as at the reporting date of these statements.
Below is reported the breakdown of revenues by distribution channel and geographical area.
While not considering non-recurring items, which are made up of the sales of Euro 52 thousand achieved by Piquadro France during the first 2016/2017 half-year, the Group's net sales revenues came to Euro 34.1 million, up by 2.9% compared to 30 September 2015.

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 2016, included 54 directly operated single-brand stores (the so-called "Directly Operated Stores" or "DOS");

(ii) an indirect channel (Wholesale), which is represented by multi-brand shops/department stores, single-brand shops run by third parties linked to the Group by franchise agreements (45 shops as at 30 September 2016) and by distributors who then resell the articles in 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 2016**	**%**	**Net revenues as at 30 September 2015**	**%**	**% change 2016/2015**
DOS	12,699	37.1%	10,897	32.8%	16.5%
Wholesale	21,503	62.9%	22,285	67.2%	(3.5%)
Total	**34,202**	**100.0%**	**33,182**	**100.0%**	**3.1%**

The strategy planned by the Group is aimed at also developing sales activities through the DOS shops in view of the capacity to maximise the prestige of the Piquadro brand, in addition allowing distribution to be controlled more directly and greater attention to be paid to satisfying the end consumer.
The revenues reported by the DOS channel showed an increase of 16.5% compared to the same period in the 2015/2016 year; this increase was determined both by the increase in the quantities sold in the already existing shops in the previous year and by the opening of eight new shops (5 of which in Russia, 2 in Italy and 1 in Spain), net of closures of five shops (2 of which in Taiwan, one in Italy, 1 in Hong Kong and 1 in France). The DOS channel also included turnover generated from the e-commerce website of the Group, which showed an increase of 37.2%. Assuming that the perimeter remained unchanged and then deducted the sales recorded by the shops which were not present in the previous financial year, the sales revenues reported by the DOS channel recorded an increase of about 2.3% (assuming an equal number of days of opening and constant rates of exchange the Same Store Sales Growth - SSSG - recorded an increase equal to about 3.4%).

Sales reported by the Wholesale channel, which as at 30 September 2016 represented 62.9% of the Group's total turnover, showed a decrease of 3.5% compared to the 2015/2016 financial year. This decrease was mainly due to the sales on the domestic market (-7.5% against the same period of the previous financial year). Sales reported by the Wholesale channel in Europe showed an increase of 8.2%, due to the sales on the Russian market (+49.2% compared to 30 September 2015) and in Germany (+33.5% against the same period of the previous financial year). As at 30 September 2016 the Wholesale channel in the foreign market (which includes Europe and the non-European geographical area named "Rest of the World") accounted for 15.5% of the consolidated turnover (14.4% as at 30 September 2015). On the contrary, sales reported by the Wholesale channel in the domestic market accounted for 47.4% of the consolidated turnover (52.8% as at 30 September 2015), down by 7.5% due to the termination of some relationships with foreign customers.

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 30 September 2016**	**%**	**Net revenues 30 September 2015**	**%**	**% change 2016/2015**
Italy	25,709	75.2%	25,945	78.2%	(0.9%)
Europe	6,427	18.8%	5,161	15.6%	24.5%
Rest of the world	2,066	6.0%	2,077	6.3%	(0.6%)
Total	**34,202**	**100.0%**	**33,182**	**100.0%**	**3.1%**

From a geographical point of view, the Group's revenues as at 30 September 2016 showed a 0.9% decrease in the sales in the domestic market, which still accounts for a high percentage of the Group's total turnover equal to 75.2%. On the contrary, in the European market, the Group recorded a turnover of about Euro 6.4 million, up by 24.5% compared to the same period in the 2015/2016 year, mainly due to an increased in wholesale orders relating to the Russian market and to the opening of 6 new DOS, of which 5 in Russia and 1 in Spain. In the non-European geographical area turnover was in line with the same period in the 2015/2016 financial year.

Operating result

In the opinion of the Management, the increase in the operating result, compared to the previous half-year, was attributable to the combined effect of the following main factors:

(i) the transfer of the point of sale located in Saint Honoré, the only store operated by the French subsidiary Piquadro France SARL, which generated an effect on the operating result equal to Euro 1,088 thousand;

(ii) an increase in personnel costs because of an increase in the number of the employees of the parent company and of the new points of sales, including five shops in Russia;

(iii) a positive performances in the DOS segment, in terms of SSSG, and in particular of the Italian shops, as a result of the positive performance of the like-for-like sales.

Summary economic-financial data

Below are reported the Group's main economic-financial indicators as at 30 September 2016 and 30 September 2015:

Economic and financial indicators *(in thousands of Euro)*	**30/09/2016**	**30/09/2015**
Revenues from sales	34,202	33,182
EBITDA	5,513	4,617
EBIT	4,039	3,340
Result before tax	4,097	3,454
Group's profit for the period	2,657	2,252
Amortisation and depreciation, provisions and write-downs	1,744	1,444
Cash generation (Group net profit, amortisation and depreciation, write-downs)	4,401	3,696

Below are reported the main financial indicators compared to the consolidated financial statements at 30 September 2016:

Financial indicators *(in thousands of Euro)*	**30/09/2016**	**30/09/2015**
Net Financial Position[3]	(5,343)	(13,943)
Shareholders' Equity	37,201	35,312

[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 Statement of Financial Position, as required by CONSOB Notice no. 6064293 of 28 July 2006. Positive components: cash and cash equivalents, liquid securities under current assets, short-term financial receivables. Negative components: payables to banks, payables to other lenders, leasing and factoring Companies..

EBITDA for the period came to Euro 5,513 thousand, against Euro 4,617 thousand recorded in the same period ended 30 September 2015 and as at 30 September 2016 it accounted for 16.1% of consolidated revenues (13.9% in the half-year ended 30 September 2015).
Below is a restatement of the income statement data aimed at showing the performance of the operating profitability ratio of EBITDA:

Financial indicators *(in thousands of Euro)*	**30/09/2016**	**30/09/2015**
Operating result	4,039	3,340
Amortisation, depreciation and write-downs	1,473	1,277
EBITDA	**5,513**	**4,617**
Non-recurring EBITDA	1,387	0
***Recurring EBITDA*[4]**	**4,126**	**4,617**

Non-recurring EBITDA for the 2016/2017 financial year included the capital gain of Euro 1.5 million realised from the transfer of the DOS located at Rue Saint Honoré in Paris, which took place on 26 July 2016. Non-recurring EBITDA also included revenues achieved and the costs incurred by Piquadro France SARL during the first 2016/2017 half-year. While not considering non-recurring items, the Group's EBITDA came to Euro 4.1 million, down by 10.6% compared to 30 September 2015.

In the half-year ended 30 September 2016 the Group's amortisation and depreciation were equal to Euro 1,220 thousand and were broken down as follows: Euro 925 thousand relating to property, plant and equipment (connected to the depreciation of the building where the Company operates for Euro 97 thousand, of plant and equipment for Euro 38 thousand, of business equipment, including automated warehouse and fittings for shops, for Euro 778 thousand and other assets for Euro 3 thousand) and Euro 295 thousand relating to intangible assets (of which Euro 82 thousand for software, Euro 2 thousand for patent rights, Euro 16 thousand for trademarks, Euro 195 thousand for key money of some shops).

Write-downs for the period, equal to Euro 223 thousand, related to the residual assets of the store located at Rue Saint Honoré in Paris, which were written down as they were no longer usable.

As at 30 September 2016 EBIT came to Euro 4,039 thousand, equal to 11.8% of net sales revenues, up by 21% compared to the value recorded in the half-year ended 30 September 2015 (equal to 10.1% of net sales revenues) While not considering non-recurring items, the Group's EBIT came to Euro 3 million, down by 11.6% compared to 30 September 2015.

The result from financial operations as at 30 September 2016, which was positive for a value equal to about Euro 58 thousand, was attributable to the net financial debt dynamics, in addition to the differential between foreign exchange gains and losses.

The net result recorded by the Group in the half-year ended 30 September 2016 came to Euro 2,657 thousand (up by 18.0% compared to the value of Euro 2,252 thousand recorded in the half-year ended 30 September 2015) and was affected by income taxes, including the effects of deferred taxation, equal to Euro 1,440 thousand.

Investments

Investments in intangible assets, property, plant and equipment and financial assets in the half-years ended 30 September 2016 and 30 September 2015 were equal to Euro 844 thousand and to Euro 1,059 thousand, respectively, as reported below:

(in thousands of Euro)	**30 September 2016**	**30 September 2015**

[4] Recurring EBITDA is made up of the operating result, including Amortisation and Depreciation, as well as Provisions and Write-downs, from which must be deducted operating revenues and costs which, although they concerned the business, were non-recurring and significantly affected the results. Recurring EBITDA, defined in this manner, is a unit of measurement utilised by the Group's Management to monitor and assess the Group's operational performance. Recurring EBITDA is not identified as an accounting measure under IFRS: therefore, it must not be considered as an alternative measure for the assessment of the performance of the Group's Operating Result. As the composition of Recurring EBITDA is not regulated by the relevant accounting standards, the Group's accounting policy could not be consistent with that adopted by other companies and, therefore, it could not be comparable.

Investments		
Intangible assets	262	95
Property, plant and equipment	582	964
Non-current financial assets	0	0
Total	**844**	**1,059**

Increases in intangible assets, equal to Euro 262 thousand in the half-year ended 30 September 2016, mainly related to investments in software and IT products for Euro 183 thousand.

Increases in property, plant and equipment, equal to Euro 582 thousand in the in the half-year ended 30 September 2016, were mainly attributable to plant and machinery for Euro 51 thousand and to industrial and business equipment for Euro 523 thousand (the latter related to fittings purchased for DOS opened and being opened for Euro 295 thousand, other fittings of the Parent Company for Euro 150 thousand, electric and electronic office machines for Euro 41 thousand, sundry equipment for Euro 33 thousand and minor assets for Euro 4 thousand).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Below is summarised the Group's consolidated statement of financial position as at 30 September 2016 (compared to the corresponding statement as at 31 March 2016 and 30 September 2015):

(in thousands of Euro)	**30 September 2016**	**31 March 2016**	**30 September 2015**
Trade receivables	26,351	23,801	28,647
Inventories	14,857	16,344	18,192
(Trade payables)	(10,878)	(12,521)	(13,700)
Total net current trade assets	*30,330*	*27,624*	*33,139*
Other current assets	2,219	1,893	1,997
Tax receivables	395	328	66
(Other current liabilities)	(3,894)	(3,078)	(2,791)
(Tax payables)	(1,826)	(458)	(662)
A) Working capital	***27,224***	***26,309***	***31,749***
Intangible assets	2,496	4,107	4,356
Property, plant and equipment	12,076	12,618	12,536
Receivables from others beyond 12 months	598	700	706
Deferred tax assets	1,183	1,182	1,250
B) Fixed assets	***16,353***	***18,608***	***18,848***
C) Non-current provisions and non-financial liabilities	***(1,033)***	***(1,378)***	***(1,342)***
Net invested capital (A+B+C)	**42,544**	**43,539**	**49,255**
FINANCED BY:			
D) Net financial debt	***5,343***	***6,749***	***13,943***
E) Equity attributable to Minority interests	***(129)***	***(105)***	***(79)***
F) Equity attributable to the Group	***37,330***	***36,895***	***35,391***
Total borrowings and Shareholders' Equity (D+E+F)	**42,544**	**43,539**	**49,255**

CONSOLIDATED NET FINANCIAL POSITION

The table below reports the breakdown of the Net Financial Position, which includes the net financial debt calculated according to the criteria set out in the ESMA (based on the schedule provided for in CONSOB Communication no. 6064293 of 28 July 2006):

(in thousands of Euro)	**30/09/2016**	**31/03/2016**	**30/09/2015**
(A) Cash	98	93	104
(B) Other cash and cash equivalents (available current bank accounts)	9,412	10,121	6,045
(C) Liquidity (A) + (B)	**9,510**	**10,214**	**6,149**
(D) Finance leases	(593)	(606)	(579)
(E) Current bank debt	0	0	0
(F) Current portion of non-current debt	(8,373)	(7,881)	(12,568)
(G) Current financial debt (D) + (E) + (F)	**(8,966)**	**(8,487)**	**(13,147)**
(H) Short-term net financial position (C) + (G)	**544**	**1,727**	**(6,998)**
(I) Non-current bank debt	(4,754)	(7,046)	(5,173)
(L) Finance leases	(1,133)	(1,431)	(1,772)
(M) Non-current financial debt (I) + (L)	**(5,887)**	**(8,476)**	**(6,945)**
(N) Net Financial Position (H) + (M)	**(5,343)**	**(6,749)**	**(13,943)**

As at 30 September 2016 the consolidated net financial position posted a negative value of about Euro 5.3 million. The main reasons for the trend in the net financial position, compared to 31 March 2016, are attributable to the following factors:

- Recurring EBITDA equal to Euro 4.1 million;
- Investments in property, plant and equipment and intangible assets for Euro 844 thousand;
- An increase in the net current assets of Euro 2.7 million which was due to the different seasonality;
- An amount of Euro 3 million collected in relation to the transfer of the single-brand store located at Rue Saint Honoré in Paris, which took place on 26 July 2016;
- Payment of dividends of Euro 2 million.

The consolidated net financial position at 30 September 2016, compared to the value posted as at 30 September 2015, equal to Euro 13.9 million, showed a decrease of about Euro 8.6 million, as a result of the amount collected in relation to the transfer of the store located in Paris as reported above, as well as of a sharp improvement in working capital (equal to Euro 4.5 million), of the free cash flow of Euro 3.0 million, net of dividends paid by the Parent Company.

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 2016 the Group had 745 units, compared to 739 units as at 30 September 2015. Below is reported the breakdown of staff by Country:

Country	30 September 2016	30 September 2015
Italy	327	255
China	329	413
Hong Kong	7	11
Germany	1	2
Spain	22	17
Taiwan	21	24
France	0	4
Switzerland	4	5
United Kingdom	6	5
USA	3	3
Russia	25	0
Total	**745**	**739**

With reference to the Group's organisational structure, as at 30 September 2016, 35.7% of staff operated in the production area, 38.0% in the retail area, 15.3% in the support functions (Administration, IT Systems, Purchasing, Quality, Human Resources, etc.), 6.8% in the Research and Development area and 4.2% 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 that currently consists of 12 persons, mainly engaged in the product research and development department and the style office at the head office of the Company. Furthermore, the plants of the Chinese subsidiary employ a team of 28 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.

Direction and Coordination activities

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

Transactions with related parties

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

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

With reference to the "Requirements for listing of shares of companies controlling companies established and regulated by the law of States not belonging to the European Union" ("*Condizioni per la quotazione di azioni di società controllanti società costituite e regolate dalla legge di Stati non appartenenti all'Unione Europea*") under Article 36 of the Markets' Regulation, the Piquadro Group declares that the only Group company as of today that meets 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, is the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd.
Specifically, the Parent Company certifies that, with regard to said subsidiaries:

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

Significant events after the half-year end

On 10 November 2016 Piquadro S.p.A. entered into an agreement for the acquisition ("Acquisition Agreement") of Il Ponte Pelletteria S.p.A. ("Company"), a Florence-based company that is wholly owned by Il Ponte S.p.A. ("Il Ponte"), which is the holder of the luxury brand named The Bridge.
From the financial statements at 31 December 2015 it results that Il Ponte Pelletteria achieved sales of products equal to about Euro 22.2 million, negative EBITDA of about Euro 0.6 million, a net loss of Euro about 2.6 million and a negative Net Financial Position of about Euro 8.5 million.

The contract, which is a binding but conditional Acquisition Agreement, as detailed below, provides, among other things, for:

(i) the acquisition of a number of the Company's ordinary shares representing 80% of the related share capital ("Equity Investments");
(ii) the execution of an option contract ("Option Contract") whereby Piquadro and Il Ponte grant each other party mutual option rights for the purchase and sale of shares representing the remaining 20% of the Company's share capital owned by Il Ponte ("Optioned Shares"), to be exercised between 1 and 30 January 2021 or between 1 March and 31 May 2023.

The purchase price of the Equity Investments was set at Euro 3,175,000 (to be paid out in two tranches amounting to Euro 1,675,000 and Euro 1,500,000, by using the net worth that is already available) subject to adjustments on the basis of the Company's net financial debt as at the Closing date of the Acquisition Agreement.

The closing of the purchase and sale transaction is conditional on the fulfilment of some conditions precedent, including, in particular:

- The transfer by Il Ponte S.p.A. to the Company of the brand named "The Bridge", as well as of any other possible additional corporate brands, designs and models (either registered or not) and, in general, of the Industrial and Intellectual Property Rights attached thereto, through a purchase and sale transaction;
- The condition that no event, act or fact of any nature whatsoever (including any natural event, human act, operational event or amendment or addition to the laws in force) has occurred before the closing date,

which has (a) impaired or endangered, in a significant manner, the Company's business or has made it excessively difficult and/or burdensome, as conducted until the date of execution of the Acquisition Agreement and/or (b) entailed a considerable deterioration of the Company's results of operations;

- The Company's net financial debt as at the date of execution of the Acquisition Agreement, as calculated by applying certain criteria agreed between the parties, is not higher than Euro 9,500,000.

The seller will be required to make such representations and warranties as are customary in similar transactions.

As regards the Option Contract:

(i) Piquadro will grant Il Ponte an irrevocable put option concerning the Optioned Shares ("Put Option"); and

(ii) Il Ponte will grant Piquadro an irrevocable call option concerning the Optioned Shares ("Call Option").

The Put Option may be exercised by Il Ponte in the following manners:

(i) Between 1 January 2021 and 30 January 2021, under penalty of forfeiture of the related right ("First Put Option"); or, should the First Put Option not be exercised by 30 January 2021,

(ii) Between 1 March 2023 and 1 April 2023, under penalty of forfeiture of the related right ("Second Put Option").

The Call Option may be exercised by Piquadro in the event that the Put Option has not been exercised by Il Ponte and shall be exercised between 2 April 2023 and 31 May 2023.

The price, subject to adjustments, to be paid by Piquadro to Il Ponte in the case of the exercise of the First Put Option, will be equal to an amount of between Euro 1,750,000 and Euro 3,150,000, based on the sales (to be calculated as agreed between the parties) reported by Il Ponte Pelletteria in the financial year ended 31 December 2020.

To this amount must be added, if required, an amount of between Euro 750,000 and Euro 1,350,000, based on EBITDA (to be calculated as agreed between the parties) reported by Il Ponte Pelletteria, resulting from the financial statements at 31 December 2020.

The price, subject to adjustments, to be paid by Piquadro to Il Ponte in the case of the exercise of the Second Put Option or of the Call Option, will be equal to the fair value of the Optioned Shares, to be calculated according to the terms and conditions and in the manners laid down in the Option Contract.

This price is subject to adjustments on the basis of the Company's accounting equity and net financial debt as at the date of execution of the Acquisition Agreement.

The Closing date of the Transaction is expected to fall within 31 December 2016.

Outlook

The development of the Piquadro Group in the 2016/017 financial year will be determined by the capacity to further grow in terms of revenues from the point of view of both the DOS, thus maintaining an improving the store performance, and the Wholesale channel, above all at an international level. The Management expects that in the 2016/2017 financial year the Group may record growth rates that will be higher than those already recorded in the half-year ended 30 September 2016. The Management expect, even if in a volatile market, to be able to benefit from increased gross margins, as a result of reduced production costs. At the same time, the working capital management will be strengthened in order to improve the Group's cash flow on an ongoing basis.

Silla di Gaggio Montano (BO), 24 November 2016

FOR THE BOARD OF DIRECTORS
THE CHAIRMAN
(Marco Palmieri)

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	**Notes**	**30 September 2016**	**31 March 2016**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	2,496	4,107
Property, plant and equipment	(2)	12,076	12,618
Receivables from others	(3)	598	700
Deferred tax assets	(4)	1,183	1,182
TOTAL NON-CURRENT ASSETS		**16,353**	**18,607**
CURRENT ASSETS			
Inventories	(5)	14,857	16,344
Trade receivables	(6)	26,351	23,801
Other current assets	(7)	2,219	1,823
Derivative assets	(8)	17	70
Tax receivables	(9)	395	328
Cash and cash equivalents	(10)	9,510	10,214
TOTAL CURRENT ASSETS		**53,349**	**52,581**
TOTAL ASSETS		**69,702**	**71,188**

(in thousands of Euro)	**Notes**	**30 September 2016**	**31 March 2016**
LIABILITIES			
EQUITY			
Share Capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		498	737
Retained earnings		32,158	30,212
Group profit for the period		2,674	3,946
TOTAL EQUITY ATTRIBUTABLE TO THE GROUP		**37,330**	**36,895**
Capital and reserves attributable to minority interests		(112)	(37)
Profit/(loss) for the period attributable to minority interests		(17)	(68)
TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		**(129)**	**(105)**
TOTAL EQUITY	(11)	**37,201**	**36,790**
NON-CURRENT LIABILITIES			
Borrowings	(12)	4,754	7,046
Payables to other lenders for lease agreements	(13)	1,133	1,431
Provision for employee benefits	(14)	318	291
Provisions for risks and charges	(15)	714	1,087
Deferred tax liabilities		0	0
TOTAL NON-CURRENT LIABILITIES		**6,920**	**9,854**
CURRENT LIABILITIES			
Borrowings	(16)	8,356	7,881
Payables to other lenders for lease agreements	(17)	593	606
Derivative liabilities	(18)	33	0
Trade payables	(19)	10,878	12,521
Other current liabilities	(20)	3,894	3,078
Tax payables	(21)	1,826	458
TOTAL CURRENT LIABILITIES		**25,581**	**24,544**
TOTAL LIABILITIES		**32,501**	**34,398**
TOTAL EQUITY AND LIABILITIES		**69,702**	**71,188**

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	**Notes**	**30 September 2016**	**30 September 2015**
REVENUES			
Revenues from sales	(22)	34,202	33,182
Other income	(23)	1,812	440
TOTAL REVENUES (A)		**36,014**	**33,622**
OPERATING COSTS			
Change in inventories	(24)	1,527	(2,403)
Costs for purchases	(25)	6,986	7,266
Costs for services and leases and rentals	(26)	13,984	16,373
Personnel costs	(27)	7,681	7,490
Amortisation, depreciation and write-downs	(28)	1,744	1,444
Other operating costs	(29)	53	112
TOTAL OPERATING COSTS (B)		**31,975**	**30,282**
OPERATING PROFIT (A-B)		**4,039**	**3,340**
FINANCIAL INCOME AND COSTS			
Financial income	(30)	388	849
Financial costs	(31)	(330)	(735)
TOTAL FINANCIAL INCOME AND COSTS		**58**	**114**
RESULT BEFORE TAX		**4,097**	**3,454**
Income tax	(32)	(1,440)	(1,202)
PROFIT FOR THE PERIOD		**2,657**	**2,252**
attributable to:			
EQUITY HOLDERS OF THE COMPANY		2,674	2,294
MINORITY INTERESTS		(17)	(42)
(Basic) Earnings per share in Euro	(33)	0.053	0.045

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)	**30 September 2016**	**30 September 2015**
Profit for the period (A)	**2,657**	**2,252**
Components that can be reclassified through profit or loss		
Profit/(Loss) arising from the translation of financial statements of foreign companies	(211)	(434)
Profit/(Loss) on cash flow hedge instruments	(12)	50
Components that cannot be reclassified through profit or loss		
Actuarial gain (losses) on defined-benefit plans	(22)	33
Total Profits recognised in equity (B)	**(245)**	**(351)**
Total comprehensive Income for the period (A) + (B)	**2,412**	**1,901**
Attributable to		
- Group	2,435	1,940
- Minority interests	(23)	(39)

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: Reserve for Employee Benefits	Other reserves: Other reserves	Other reserves: Total Other Reserves	Retained earnings	Group profit	Equity attributable to the Group	Capital and Reserves attributable to minority interests	Profit/ (Loss) attributable to minority interests	Total Equity attributable to the Group and minority interests
Balances as at 31.03.2015	**1,000**	**1,000**	**796**	**0**	**(54)**	**497**	**1,239**	**28,093**	**4,119**	**35,451**	**0**	**(40)**	**35,411**
Profit for the period							**0**		2,294	**2,294**		(42)	**2,252**
Other comprehensive result as at 31 March 2015:													
- Exchange differences from translation of financial statements in foreign currency			(437)				**(437)**			**(437)**	3		**(434)**
- Reserve for actuarial gains (losses) on defined-benefit plans					33		**33**			**33**			**33**
- Fair value of financial instruments				50			**50**			**50**			**50**
Comprehensive Income for the period	**0**	**0**	**(437)**	**50**	**33**	**0**	**(354)**	**0**	**2,294**	**1,940**	3	**(42)**	**1,901**
Distribution of dividends to shareholders									(2,000)	**(2,000)**			**(2,000)**
Allocation of the result for the year at 31 March 2015 to reserves								2,119	(2,119)	**0**	(40)	40	**0**
Fair value of Stock Option Plans							**0**			**0**			**0**
Balances as at 30.09.2015	**1,000**	**1,000**	**359**	**50**	**(21)**	**497**	**885**	**30,212**	**2,294**	**35,391**	**(37)**	**(42)**	**35,312**

Description	Share capital	Share premium reserve	Other reserves: Translation reserve	Other reserves: Fair value reserve	Other reserves: Reserve for Employee Benefits	Other reserves: Other reserves	Other reserves: Total Other Reserves	Retained earnings	Group profit	Equity attributable to the Group	Capital and Reserves attributable to minority interests	Profit/ (Loss) attributable to minority interests	Total Equity attributable to the Group and minority interests
Balances as at 31.03.2016	**1,000**	**1,000**	**234**	**51**	**(45)**	**597**	**737**	**30,212**	**3,946**	**36,895**	**(37)**	**(68)**	**36,790**
Profit for the period							**0**		2,674	**2,674**		(17)	**2,657**
Other comprehensive result as at 31 March 2016:													
- Exchange differences from translation of financial statements in foreign currency			(205)				**(205)**			**(205)**	(6)		**(211)**
- Reserve for actuarial gains (losses) on defined-benefit plans					(22)		**(22)**			**(22)**			**(22)**
- Fair value of financial instruments				(12)			**(12)**			**(12)**			**(12)**
Comprehensive Income for the period	**0**	**0**	**(205)**	**(12)**	**(22)**	**0**	**(239)**	**0**	**2,674**	**2,435**	**(6)**	**(17)**	**2,412**
Distribution of dividends to shareholders									(2,000)	**(2,000)**			**(2,000)**
Allocation of the result for the year at 31 March 2016 to reserves								1,946	(1,946)	**0**	(68)	(68)	**0**
Fair value of Stock Option Plans							**0**			**0**			**0**
Balances as at 30.09.2016	**1,000**	**1,000**	**29**	**39**	**(67)**	**497**	**498**	**32,158**	**2,674**	**37,330**	**(112)**	**(17)**	**37,201**

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of Euro)	**30 September 2016**	**31 March 2016**
Profit before tax	**4,097**	**5,842**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,250	2,472
Write-downs of property, plant and equipment and intangible assets	223	173
Provision for bad debts	270	269
Adjustment to the provision for employee benefits	0	0
Net financial costs/(income), including foreign exchange differences	(58)	(127)
Cash flow from operating activities before changes in working capital	**5,782**	**8,629**
Change in trade receivables (including the provision)	(2,820)	(885)
Change in inventories	1,488	(382)
Change in other current assets	(295)	(303)
Change in trade payables	(1,643)	(1,136)
Change in provisions for risks and charges	(309)	207
Change in other current liabilities	816	(189)
Change in tax receivables/payables	1,301	874
Cash flow from operating activities after changes in working capital	**4,320**	**6,816**
Taxes paid	(1,477)	(1,975)
Interest paid	58	383
Cash flow generated from operating activities (A)	**2,901**	**5,224**
Investments in and disinvestments from intangible assets	(262)	(225)
Disinvestment for the sale of the Saint Honoré store	1,530	0
Investments in and disinvestments from property, plant and equipment	(578)	(2,185)
Investments in and disinvestments from non-current financial assets	0	0
Changes generated from investing activities (B)	**689**	**(2,410)**
Financing activities		
Change in long-term financial receivables	0	0
Change in short-and medium/long-term borrowings	(1,816)	(2,307)
Changes in financial instruments	53	(70)
Lease instalments paid	(310)	(700)
Change in the translation reserve	(205)	(562)
Other minor changes	(17)	334
Dividends paid	(2,000)	(2,000)
Cash flow generated from/(used in) financing activities (C)	**(4,294)**	**(5,305)**
Net increase (decrease) in cash and cash equivalents (A+B+C)	(704)	(2,491)
Cash and cash equivalents at the beginning of the period	**10,214**	**12,705**
Cash and cash equivalents at the end of the period	**9,510**	**10,214**

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AT 30 SEPTEMBER 2016

GENERAL INFORMATION

The Group's business

Piquadro S.p.A. (hereinafter also referred to as "Piquadro", "the Company" or "the Parent Company") and its subsidiaries ("the Piquadro Group" or "the Group") design, produce and market leather goods - bags, suitcases and accessories - characterised by attention to design and functional and technical innovation.
The Company was established on 26 April 2005. The Share Capital has been subscribed through the contribution of the branch of business relating to operating activities on the part of the former Piquadro S.p.A (now Piqubo S.p.A., the ultimate company controlling the Company), which became effective for legal, accounting and tax purposes on 2 May 2005.
Effective from 14 June 2007, the registered office of Piquadro S.p.A. was moved from Riola di Vergato (Bologna), via Canova no. 123/O-P-Q-R to Località Sassuriano 246, Silla di Gaggio Montano (Bologna).
As of today's date, the Company is owned by Marco Palmieri through Piqubo S.p.A., which is 100% owned. Piqubo S.p.A., in fact, holds 93.34% of the Share Capital of Piquadro Holding S.p.A., which in its turn, holds 68.37% of the Share Capital of Piquadro S.p.A., a Company which is listed on the Milan Stock Exchange since 25 October 2007.
It should be noted that for a better understanding of the Company's economic performance, reference is made to the extensive information reported in the Report on operations prepared by the Directors.
These consolidated condensed interim financial statements were approved by the Board of Directors on 24 November 2016.

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-year 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 2016 (equal to Euro 34,202 thousand) represented a share equal to 49.3% of the consolidated revenues for the financial year ended 31 March 2016 (equal to Euro 69,311 thousand).
Accordingly, it should be noted that, even if expressing the Group's economic and financial performance, the half-year result as at 30 September 2016 does not fully represent the result that the Group expects to achieve in the financial year that will end on 31 March 2017.

BASIS OF PREPARATION OF CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS, THE GROUP STRUCTURE AND THE SCOPE OF CONSOLIDATION

Accounting standards and policies

This half-year financial report, which includes the Piquadro Group's consolidated condensed interim financial statements as at 30 September 2016, was 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 2016 prepared in accordance with IFRS adopted by the European Union, to which reference is made for a better understanding of the Group's business and structure and of the accounting standards and criteria adopted.
The preparation of interim financial statements in accordance with IAS 34 – Interim Financial Reporting requires judgments, estimates and assumptions that impact on the value of the 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 cash flow statement are prepared in an extended form and are the same as those adopted for the consolidated financial statements ended 31 March 2016.

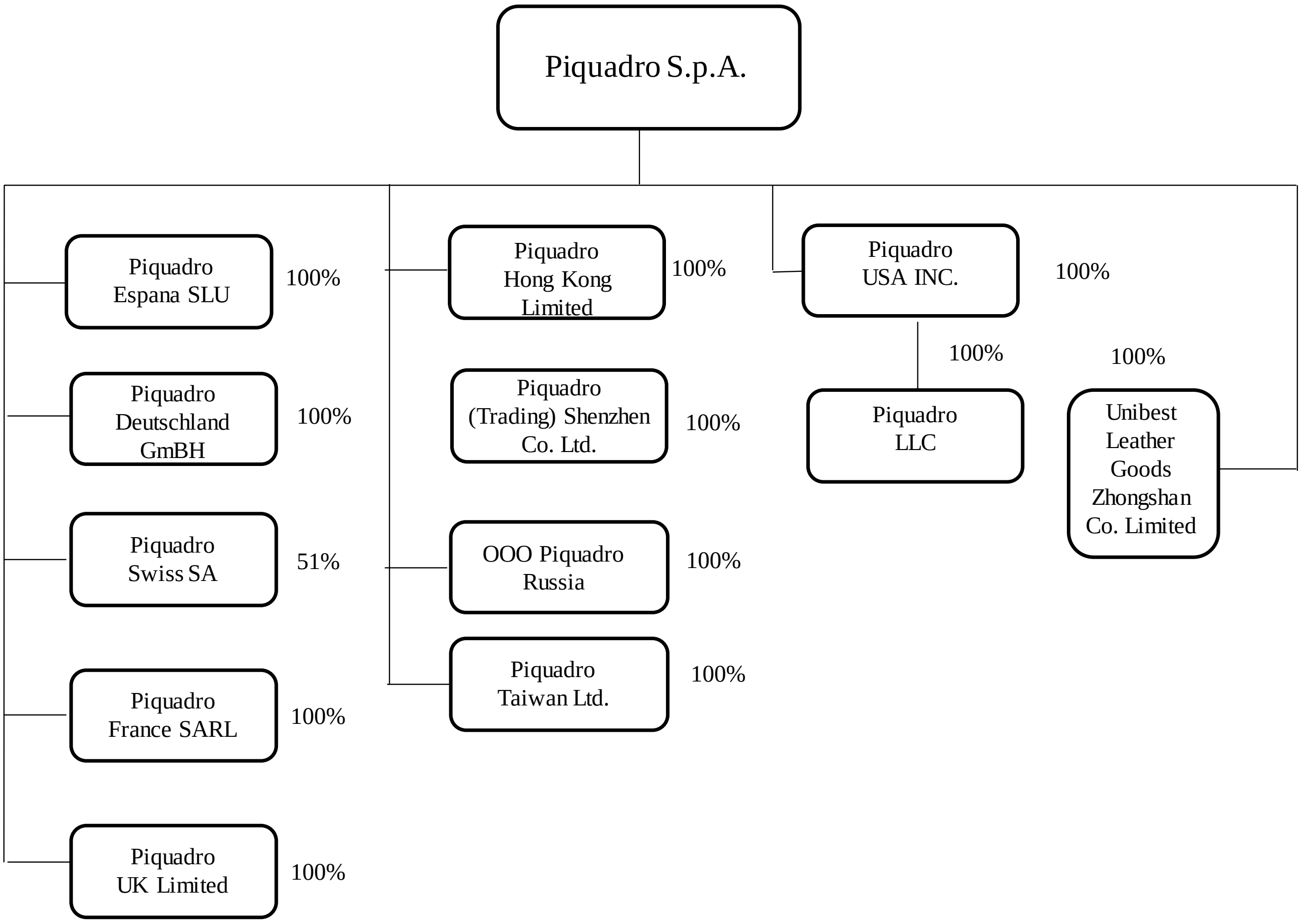
The accounting standards and policies adopted in preparing consolidated condensed interim financial statements are the same as those used in preparing the consolidated financial statements of Piquadro S.p.A. at 31 March 2016, to which reference is made for a description of the same.

This condensed half-year financial report is made up of the Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Cash Flow Statement, the Statements of Changes in Equity and these Explanatory Notes, in accordance with IFRS. Economic data, changes in equity and cash flows for the half-year ended 30 September 2016 are compared with the half-year ended 30 September 2015. Financial data as at 30 September 2016 are compared with the corresponding values as at 31 March 2016 (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 report on operations 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 2016 or in the half-year ended 30 September 2015, nor did any atypical or unusual transactions significantly affect the operating result.

The Group structure

For the purpose of providing a clear representation, below is reported the chart of the Group structure as at 30 September 2016:



Principles of consolidation

Subsidiaries

Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. A company, therefore, has control over an entity when it is exposed, or has a right, to variable returns from its involvement with the entity and, at the same time, has the ability to affect these returns through its power over the investee. Control exists, therefore, when an investor has all the following elements:

- the power to direct the investee's relevant activities
- exposure to the investee's future returns;
- the ability to use its power over the investee to affect the investor's returns.

The power to direct the activities that significantly affect the investee's results (relevant activities) is most commonly exercised through voting rights (including potential voting rights), but also by virtue of contractual arrangements.

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.

Scope of consolidation

The consolidated condensed interim financial statements ended 30 September 2016 and 30 September 2015 include the interim financial statements of the Parent Company Piquadro S.p.A. and of all companies over which it exercises control, either directly or indirectly.

The complete list of the companies included in the scope of consolidation as at 30 September 2016 and 30 September 2015, 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 2016

Name	HQ	Country	Currency	Share Capital (local currency /000)	Shareholders' equity (local currency/000)	Control %
Piquadro S.p.A.	Gaggio Montano (BO)	Italy	EUR	1,000	35,896	Parent Company
Piquadro España SLU	Barcelona	Spain	EUR	898	782	100%
Piquadro Deutschland GmbH	Munich	Germany	EUR	25	38	100%
Uni Best Leather Goods Zhongshan Co. Ltd.	Guangdong	People's Republic of China	CNY	22,090	3,421	100%
Piquadro Hong Kong Co. Ltd.	Hong Kong	Hong Kong	HKD	2,000	875	100%
Piquadro Trading Shenzhen Co. Ltd.	Shenzhen	People's Republic of China	CNY	13,799	8,595	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	TWD	25,000	29,672	100%
Piquadro France SARL	Paris	France	EUR	2,500	3,210	100%
Piquadro Swiss SA	Mendrisio	Switzerland	CHF	100	(286)	51%
Piquadro UK Limited	London	United Kingdom	GBP	1,000	1,013	100%
Piquadro USA INC.	Delaware	USA	USD	1,000	999	100%
Piquadro LLC	Delaware	USA	USD	995	984	100%
OOO Piquadro Russia	Moscow	Russia	RUB	10	39,881	100%

Scope of consolidation as at 30 September 2015

Name	HQ	Country	Currency	Share Capital (local currency /000)	Shareholders' equity (local currency/000)	Control %
Piquadro S.p.A.	Gaggio Montano (BO)	Italy	EUR	1,000	34,268	Parent Company
Piquadro España SLU	Barcelona	Spain	EUR	898	768	100%
Piquadro	Munich	Germany	EUR	25	(14)	100%

Deutschland GmbH						
Uni Best Leather Goods Zhongshan Co. Ltd.	Guangdong	People's Republic of China	CNY	22,090	675	100%
Piquadro Hong Kong Co. Ltd.	Hong Kong	Hong Kong	HKD	2,000	135	100%
Piquadro Macau Limitada	Macau	Macau	HKD	25	95	100%
Piquadro Trading Shenzhen Co. Ltd.	Shenzhen	People's Republic of China	CNY	13,799	1,205	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	TWD	25,000	768	100%
Piquadro France SARL	Paris	France	EUR	2,500	2,535	100%
Piquadro Swiss SA	Mendrisio	Switzerland	CHF	100	(161)	51%
Piquadro UK Limited	London	United Kingdom	GBP	1,000	1,357	100%
Piquadro USA INC.	Delaware	USA	USD	1,000	893	100%
Piquadro LLC	Delaware	USA	USD	995	880	100%

It should be noted that the subsidiary Piquadro Macau Limitada was shut down compared to the scope of consolidation as at 30 September 2015.

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 2016 and 30 September 2015 (foreign currency corresponding to Euro 1). Furthermore, the financial statements also report the closing exchange rates at 31 March 2016 for comparison purposes.

Foreign currency	**Average**		**Closing**		
	30/09/2016	**30/09/2015**	**30/09/2016**	**31/03/2016**	**30/09/2015**
Hong Kong Dollar (HKD)	8.71	8.59	8.65	8.83	8.68
Renminbi (CNY)	7.41	6.94	7.45	7.35	7.12
Taiwan Dollar (NTD)	36.00	34.83	34.95	36.60	36.90
Swiss Franc (CHF)	1.09	1.06	1.09	1.09	1.09
Great Britain Pound (GBP)	0.82	0.72	0.86	0.79	0.74
US Dollar (USD)	1.12	1.11	1.12	1.14	1.12
Russian Rouble (RUB)	73.22	n.a.	70.51	76.31	n.a.

Amendments to the accounting standards

The following accounting standards, amendments and IFRS interpretations were applied by the Group for the first time as from 1 April 2016:

Amendments to IAS 19 "*Defined Benefit Plans: Employee Contributions*" (published on 21 November 2013): relating to the recognition of contributions made by employees or by third parties to defined-benefit plans.

Amendments to IFRS 11 "*Joint Arrangements – "Accounting for Acquisitions of Interests in Joint Operations*" (published on 6 May 2014): relating to the accounting treatment of the acquisition of interests in a joint operation, the activity of which constitutes a business.

Amendments to IAS 16 *"Property, Plant and Equipment"* and IAS 41 "*Agriculture – "Bearer Plants"* (published on 30 June 2014): the bearer plants, i.e. fruit trees that will produce annual crops (e.g. grape vines and nut trees), must be accounted for according to IAS 16 (rather than IAS 41).

Amendment to IAS 16 – "Property, Plant and Equipment" and IAS 38 "*Intangibles Assets – "Clarification of Acceptable Methods of Depreciation and Amortisation"* (published on 12 May 2014): the use of revenue-based methods to calculate the depreciation or amortisation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset being depreciated or amortised generally reflects factors other than the consumption of the economic benefits embodied in the asset, a requirement that is instead required for depreciation or amortisation.

Amendment to IAS 1 – "*Disclosure Initiative*" (published on 18 December 2014): the purpose of the amendments is to provide clarifications concerning information that might be perceived as impediments to the preparation of financial statements in a clear and comprehensible manner.

Finally, within the annual improvements cycle involving the standards, the IASB published the document named "Annual Improvements to IFRSs: 2010-2012 Cycle" (including IFRS 2 *Share Based Payment – Definition of vesting conditions*, IFRS 3 *Business Combinations – Accounting for contingent consideration*, IFRS 8 *Operating Segments – Aggregation of operating segments* and *Reconciliation of total of the reportable segments' assets to the entity's assets*, IFRS 13 *Fair Value Measurement – Short-term receivables and payables*) on 12 December 2013 and the document named "Annual Improvements to IFRSs: 2012-2014 Cycle" (including: IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 – *Financial Instruments: Disclosures* and IAS 19 – *Employee Benefits*) on 25 September 2014, which partially supplement the pre-existing standards.
The adoption of the abovementioned amendments has not had any impact on the Group's consolidated financial statements.

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

As at the reporting date of this half-year financial report the competent bodies of the European Union had not yet completed the endorsement process required for the adoption of the amendments and standards described above.

IFRS 15 – *Revenue from Contracts with Customers* (published on 28 May 2014 and supplemented by additional clarifications published on 12 April 2016), which is intended to replace IAS 18 – *Revenue* and IAS 11 – *Construction Contracts*, as well as the interpretations IFRIC 13 – *Customer Loyalty Programmes*, IFRIC 15 – *Agreements for the Construction of Real Estate*, IFRIC 18 – *Transfers of Assets from Customers* and SIC 31 – *Revenues-Barter Transactions Involving Advertising Services*. The standard establishes a new method to account for revenues, which shall apply to any and all contracts entered into with customers, except for those that fall within the scope of application of other IAS/IFRS, such as leases, insurance contracts and financial instruments. According to the new model, the basic steps to account for revenues are:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognise revenue when (or as) the entity satisfies a performance obligation.

The standard shall apply from 1 January 2018, with early application permitted.

Final version of IFRS 9 – *Financial Instruments* (published on 24 July 2014). The document describes the results of the phases relating to *Classification and Measurement*, *Impairment* and *Hedge accounting*, completing the IASB's project to replace IAS 39.
First of all, it introduces new criteria for the classification and measurement of financial assets and liabilities.
As regards impairment, the new standard requires credit losses to be estimated on the basis of the expected-loss model (rather than the incurred-loss model used by IAS 39), using supportable information, which is reasonably available without undue cost and which includes historical data, both present and prospective.
It also introduces a new hedge accounting model (increased eligibility for hedge accounting, change in the method to account for forward contracts and options when they are embedded in a hedge accounting relationship, changes in the effectiveness test).
The new standard, which replaces the previous versions of IFRS 9, shall apply to the financial statements for the years beginning on or after 1 January 2018.

On 13 January 2016 the IASB published *IFRS* 16 – *Leases*, which is intended to replace IAS 17 – *Leases*, as well as the interpretations IFRIC 4 - *Determining whether an Arrangement Contains a Lease*, SIC-15 - *Operating Leases* - *Incentives* and SIC-27 - *Evaluating the Substance of Transactions In the Legal Form of a Lease*.
The new standard provides a new definition of lease and introduces a control model (right of use) of an asset, distinguishing leases from service contracts, on the basis of whether the following key requirements are met, i.e. an identified asset, the right to substitute an identified asset, the right to obtain substantially all economic benefits from the use of the asset and the right to direct the use of the asset underlying the contract.

The standard establishes a single model for the disclosure and measurement of leases for lessee, which provides for the recognition of the asset involved in the lease, including operating leases, under assets against an entry under financial payables. It also ensures the possibility of not recognising contracts that involve low-value assets and leases with a term equal to or less than 12 months under leases. On the contrary, the Standard does not include significant amendments for lessors.
The standard shall apply as from 1 January 2019, but early application is permitted only for those Companies that have applied IFRS 15 - *Revenue from Contracts with Customers* in advance.

On 11 September 2014 the IASB published an amendment to IFRS 10 and IAS 28, "*Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*". The document was published in order to solve the present conflict between IAS 28 and IFRS 10 relating to the measurement of any profit or loss arising from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for an equity stake in the entity. At present the IASB has suspended application of this amendment.

On 18 December 2014 the IASB published a document named "*Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)*" (published on 18 December 2014), containing amendments to address issues that have arisen following the application of the consolidation exception for investment entities. The amendments introduced by the document must be applied from the financial years beginning on or after 1 January 2016, with no early application permitted. The directors have reported that the adoption of these amendments has had no significant impact on the Group's consolidated financial statements.

On 19 January 2016 the IASB published a document named "*Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)*", which contains amendments to IAS 12. The purpose of the document is to provide some clarifications on the recognition of deferred tax assets for unrealised losses upon the occurrence of certain circumstances and based on the estimated taxable income for future financial years. The amendments shall apply from 1 January 2017, with early adoption permitted.

On 29 January 2016 the IASB published a document named "*Disclosure Initiative (Amendments to IAS 7)*", which contains amendments to IAS 7. The purpose of the document is to provide some clarifications to improve disclosures on financial liabilities. Specifically, the purpose of the amendments was to improve disclosures that help users of financial statements to understand changes in liabilities arising from financing transactions. The amendments shall apply from 1 January 2017, with early application permitted. No comparative information is required in relation to preceding years.

On 20 June 2016 the IASB published a document named "*Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)*", which contains some clarifications relating to the accounting treatment of the effects of vesting conditions in the case of cash-settled share-based payments, the classification of share-based payments with characteristics of net settlement and the accounting treatment of amendments to the terms and conditions of a share-based payment that change its classification from cash-settled to equity-settled. The amendments shall apply from 1 January 2018, with early application permitted.

With reference to IFRS 9, IFRS 15 and IFRS 16 described above, the Group is assessing the methods of implementation and the effects on the consolidated financial statements, while, as regards the other standards and interpretations detailed above, it is expected that the adoption will not have any significant impact on the measurement of assets, liabilities, costs and revenues of the Group.

COMMENT ON THE MAIN ITEMS IN THE STATEMENT OF FINANCIAL POSITION

ASSETS

NON-CURRENT ASSETS

Note 1 – Intangible assets

As at 30 September 2016 the value of intangible assets was equal to Euro 2,496 thousand (Euro 4,107 thousand as at 31 March 2016).
Below is reported the statement of changes of this item:

(in thousands of Euro)	**30 September 2016**
Balance as at 31 March 2016	4,107
Investments in intangible assets	262
Sales and disposals	(1,530)
Other changes	(48)
Amortisation	(295)
Write-downs	0
Total	**2,496**

In the half-year ended 30 September 2016, the increases in intangible assets, equal to Euro 262 thousand, mainly related to investments in software and IT products for Euro 183 thousand. The decreases, equal to Euro 1,530 thousand, related to the sale of the Key Money of the store located at Rue Saint Honoré in Paris.

Note 2 - Property, plant and equipment

As at 30 September 2016, the value of property, plant and equipment was equal to Euro 12,106 thousand (Euro 12,618 thousand as at 31 March 2016).
Below is reported the statement of changes of this item:

(in thousands of Euro)	**30 September 2016**
Balance as at 31 March 2016	12,618
Investments in property, plant and equipment	582
Sales and disposals	(3)
Other changes	47
Depreciation	(955)
Write-downs	(213)
Total	**12,076**

Increases in property, plant and equipment, equal to Euro 582 thousand in the half-year ended 30 September 2016, were mainly attributable to plant and machinery for Euro 51 thousand, to industrial and business equipment for Euro 523 thousand (the latter relating to fittings purchased for new DOS opened and being opened for Euro 295 thousand, other fittings of the Parent Company for Euro 150 thousand, electric and electronic office machines for Euro 41 thousand, sundry equipment for Euro 33 thousand and minor assets for Euro 4 thousand).

As at 30 September 2016 some categories of furniture and fittings were written down (Euro 213 thousand) as a result of the closure of the shop located at Rue Saint Honoré in Paris.

Below is reported the net book value as at 30 September 2016 of the assets used by the Group by virtue of finance lease agreements:

(in thousands of Euro)	**30 September 2016**
Land	878
Buildings	4,070
Plant and equipment	17
Industrial and business equipment	28
Total	**4,993**

Note 3 – Receivables from others

Receivables from others, equal to Euro 598 thousand as at 30 September 2016 (against Euro 700 thousand as at 31 March 2016) mainly relate to the guarantee deposits paid for various utilities, including those relating to directly-operated stores and to deposits relating to the lease of DOS shops.

Note 4 – Deferred tax assets

As at 30 September 2016, the amount of deferred tax assets was equal to Euro 1,183 thousand (Euro 1,182 thousand as at 31 March 2016). The amount was the net balance between deferred tax assets (Euro 1,342 thousand) and deferred tax liabilities (Euro 159 thousand). Furthermore, the balance was mainly made up of Euro 952 thousand of temporary tax differences relating to Piquadro S.p.A. relating to the IRES and IRAP tax effect on taxed funds, while the remaining amount was made up of temporary differences accounted for by foreign subsidiaries in relation to the amortisation of the Key money sums held by them. Furthermore, there was an amount of Euro 146 million relating to consolidating entries.

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 2016**	**Provision for write-down**	**Net value as at 30 September 2016**	**Net value as at 31 March 2016**
Raw Materials	1,925	(89)	1,837	2,052
Semi-finished products	597	0	597	700
Finished products	12,946	(522)	12,423	13,592
Inventories	**15,467**	**(611)**	**14,857**	**16,344**

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

(in thousands of Euro)	**Provision as at 31 March 2016**	**Use**	**Allocation**	**Reclassification**	**Provision as at 30 September 2016**
Provision for write-down of raw materials	89	0	0	108	197
Provision for write-down of finished products	522	0	0	(108)	414
Total provision for write-down of inventories	**611**	**0**	**0**	**0**	**611**

As at 30 September 2016, inventories showed a decrease of about Euro 1.4 million compared to the corresponding values as at 31 March 2016. This decrease was mainly attributable to a more careful inventory management despite an increase of 3.1% of revenues compared to 30 September 2015.

Note 6 – Trade receivables

As at 30 September 2016, trade receivables were equal to Euro 26,351 thousand compared to Euro 23,801 thousand as at 31 March 2016. The increase of 10.7% over 31 March 2016 is mainly attributable to the different seasonality, as well as to an increase in revenues.

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 2016**	**Provision as at 31 March 2016 (changes during 12 months)**
Balance at the beginning of the year	1,304	1,231

Effect through P&L	270	269
Uses	0	(196)
Total provision for bad debts	**1,574**	**1,304**

Note 7 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	**30 September 2016**	**31 March 2016**
Other assets	566	395
Accrued income and prepaid expenses	1,653	1,428
Other current assets	**2,219**	**1,823**

Other assets mainly related to INAIL advances of Euro 61 thousand, to VAT credits related to subsidiaries for Euro 65 thousand and to a receivable of Euro 233 thousand, relating to advances from suppliers.
Accrued income and prepaid expenses mainly related to the Parent Company for prepaid expenses on rents (equal to Euro 379 thousand) and for costs relating to future collections (Euro 557 thousand).

Note 8 – Derivative assets

As at 30 September 2016 there were currency forward purchases (USD), the fair value of which was equal to Euro 17 thousand (Euro 70 thousand as at 31 March 2016).
The Company hedges the exchange risk connected to purchases of raw materials in US dollars and for contract work done in China. In consideration for this risk, the Company makes use of instruments to hedge the risk attached to the related rate, trying to fix and crystallise the exchange rate at a level that is in line with the budget forecasts.

Note 9 - Tax receivables

As at 30 September 2016 tax receivables were equal to Euro 395 thousand (Euro 328 thousand at 31 March 2016) and were mainly made up of tax receivables recognized by foreign subsidiaries for income taxes.

(in thousands of Euro)	**30 September 2016**	**31 March 2016**
Receivables for income taxes	382	323
Receivable for IRES tax refund	13	5
Tax receivables	**395**	**328**

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 2016**	**31 March 2016**
Available current bank accounts	9,412	10,121
Cash, cash on hand and cheques	98	93
Cash and cash equivalents	**9,510**	**10,214**

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

LIABILITIES

NON-CURRENT LIABILITIES

Note 11 – EQUITY

Share capital

As at 30 September 2016, the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by no. 50,000,000 ordinary shares, fully subscribed and paid up, with regular enjoyment, with no indication of their par value.

On 24 July 2012, the Shareholders' Meeting approved the guidelines of a new stock option plan for the 2012-2017 period, which is reserved for certain Directors, executives with strategic responsibilities, employees and collaborators of Piquadro S.p.A. and of other companies owned by it, and resolved to approve the consequent Capital increase, excluding the Right of option serving the plan, up to a maximum amount of Euro 93,998, through the issue of a maximum number of 4,699,900 ordinary shares of Piquadro S.p.A., of no par value, having the same features and enjoyment as the outstanding shares; this capital increase may be also implemented in more than one payment and is divisible by 31 December 2018.

On 26 September 2012, the Board of Directors resolved to determine the subscription price of the Piquadro ordinary shares, to be paid by the beneficiaries at the time of the subscription of the shares deriving from the exercise of the options, for an amount of Euro 1.53 per share, thus determining an overall number of 3,600,000 Rights of option to be assigned to the respective beneficiaries. Furthermore, subject to the opinion of the Remuneration Committee, the list of the plan's beneficiaries was approved, specifying the number of rights of option assigned to each of them.

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

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

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

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

Share premium reserve

This reserve, which remained unchanged compared to the financial year ended at 31 March 2016, was equal to Euro 1,000 thousand.

Translation reserve

As at 30 September 2016 the translation reserve was positive for Euro 29 thousand (it reported a positive balance of Euro 234 thousand as at 31 March 2016). This item is referred to the foreign exchange differences due to the consolidation of the companies with a relevant currency other than the Euro, i.e. Piquadro Hong Kong Co. Ltd. (the relevant currency being the Hong Kong Dollar), Uni Best Leather Goods Zhongshan 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), Piquadro UK Limited (the relevant currency being the Great Britain Pound), Piquadro USA INC and Piquadro LLC (the relevant currency being the US Dollar), OOO Piquadro Russia (the relevant currency being the Russian Rouble).

Group net profit

This item relates to the recognition of the Group profit, equal to Euro 2,674 thousand, in the half-year ended 30 September 2016.

Profits and reserves attributable to minority interests

The item refers to the portions of reserves and profits, equal to a negative value of Euro 129 thousand (against a negative value of Euro 105 thousand at 31 March 2016), which are attributable to the minority interests of Piquadro Swiss SA 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 2016**	**31 March 2016**
Borrowings from 1 to 5 years	4,754	7,046
Borrowings beyond 5 years	0	0
Medium/long-term borrowings	**4,754**	**7,046**

In the half-year ended 30 September 2016 the Parent Company took steps to renegotiate some outstanding loans in order to meet better economic conditions linked to a change in interbank rates.

As at 30 September 2016, borrowings mainly related to Piquadro S.p.A. and included:

1. Euro 680 thousand relating to the unsecured loan granted by UBI – Banca Popolare Commercio & Industria on 30 July 2014 (against an initial amount of Euro 2,000 thousand), due and payable within 12 months;
2. Euro 1,667 thousand relating to the unsecured loan granted by UBI – Banca Popolare Commercio & Industria on 1 February 2016 (against an initial amount of Euro 2,500 thousand), due and payable within 12 months;
3. Euro 1,651 thousand relating to the unsecured loan granted by Credem – Credito Emiliano on 12 November 2015 (against an initial amount of Euro 3,300 thousand), due and payable within 12 months;
4. Euro 5,100 thousand relating to the unsecured loan granted by Mediocredito Italiano S.p.A. on 29 January 2016 (against an initial amount of Euro 6,000 thousand), of which a current portion of Euro 1,200 thousand and a non-current portion of Euro 3,900 thousand;
5. Euro 1,876 thousand relating to the unsecured loan granted by BPER – Banca Popolare dell'Emilia Romagna on 10 June 2016 (against an initial amount of Euro 2,000 thousand), of which a current portion of Euro 996 thousand and a non-current portion of Euro 880 thousand.

Below is reported the breakdown of short- and long-term borrowings:

(in thousands of Euro)	**Date of granting of the loan**	**Initial amount**	**Currency**	**Current borrowings**	**Amort. cost (S/T)**	**Non-current borrowings**	**Amort. Cost (L/T)**	**Total**
UBI loan	30 July 2014	2,000	Euro	680	0	0	0	680
UBI Stand By loan	1 February 2016	2,500	Euro	1,667	(1)	0	0	1,666
Credem loan	12 November 2015	3,300	Euro	1,651	(1)	0	0	1,650
Mediocredito loan	29 January 2016	6,000	Euro	1,200	(12)	3,900	(18)	5,070
BPER loan	10 June 2016	2,000	Euro	996	(6)	880	(8)	1,862
Advances from Credem for dividends			Euro	2,000	0	0	0	2,000
Payables to banks			Euro	182	0	0	0	182
				8,376	**(20)**	**4,780**	**(26)**	**13,110**

There are no covenants on these borrowings.

Note 13 – Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	**30 September 2016**	**31 March 2016**
Non-current portion:		
Payables to leasing companies	1,133	1,431
Current portion:		
Payables to leasing companies	593	606
Payables to other lenders for lease agreements	**1,726**	**2,037**

Payables to other lenders for lease agreement, equal to Euro 1,726 thousand as at 30 September 2016 (Euro 2,037 thousand as at 31 March 2016), mainly related to the lease agreement that was initially entered into between Piqubo Servizi S.r.l., which was merged by incorporation into Piquadro S.p.A. by a deed dated 24 October 2008, and Centro Leasing S.p.A. in relation to the factory, land and automatic warehouse located in Località Sassuriano, Silla di Gaggio Montano (Province of Bologna), equal to Euro 1,723 thousand, as well as to the lease agreement entered into on 28 February 2015 in relation to company software, equal to Euro 3 thousand.

Note 14 – Provision for Employee Benefits

As at 30 September 2016 the value of the provision was equal to Euro 318 thousand (Euro 291 thousand as at 31 March 2016) and has been 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 2016.

Note 15 – Provisions for risks and charges

Below are the changes in provisions for risks and charges as at 30 September 2016:

(in thousands of Euro)	**Provision as at 31 March 2016**	Use	Allocation	**Provision as at 30 September 2016**
Provision for supplementary clientele indemnity	943	(443)	100	600
Other provisions for risks	144	(30)	0	114
Total	**1,087**	**(473)**	**100**	**714**

The “provision for supplementary clientele indemnity” represents the potential liability with respect to agents in the event of Group companies’ terminating agreements or agents retiring. During the half-year an amount of Euro 443 thousand was used after the settlement of the relationship with some agents against whom there were pending disputes that had arisen in previous financial years.

Other provisions for risks of Euro 114 thousand mainly relate to the provision for risks on returns on sales equal to Euro 31 thousand and to other provisions for risks on potential liabilities generated by current operations equal to Euro 83 thousand.

CURRENT LIABILITIES

Note 16 – Borrowings

As at 30 September 2016 current borrowings were equal to Euro 8,356 thousand against Euro 7,881 thousand as at 31 March 2016. The balance related to a current portion of loans for Euro 6,174 thousand, payables to banks of Euro 2,000 thousand for advance on dividends distributed on the profit as at 31 March 2016 and current account overdrafts for Euro 182 thousand. For more information, reference is made to Note 12 above.

Note 17 - Payables to other lenders for lease agreements

As at 30 September 2016 they were equal to Euro 593 thousand (Euro 606 thousand as at 31 March 2016) and related to the current portion of payables to leasing companies in relation to finance lease agreements mainly involving the building of the operational headquarters of the Company (Euro 590 thousand) and hardware and software (Euro 3 thousand).

NET FINANCIAL POSITION

The table below reports the breakdown of the Net Financial Position, which includes the net financial debt determined according to the ESMA scheme (as required by CONSOB Communication no. 6064293 of 28 July 2006):

(in thousands of Euro)	**30/09/2016**	**31/03/2016**	**30/09/2015**
(A) Cash	98	93	104
(B) Other cash and cash equivalents (available current bank accounts)	9,412	10,121	6,045
(C) Liquidity (A) + (B)	**9,510**	**10,214**	**6,149**
(D) Finance leases	(593)	(606)	(579)
(E) Current bank debt	0	0	0
(F) Current portion of non-current debt	(8,373)	(7,881)	(12,568)
(G) Current financial debt (D) + (E) + (F)	**(8,966)**	**(8,487)**	**(13,147)**
(H) Short-term net financial position (C) + (G)	**544**	**1,727**	**(6,998)**
(I) Non-current bank debt	(4,754)	(7,046)	(5,173)
(L) Finance leases	(1,133)	(1,431)	(1,772)
(M) Non-current financial debt (I) + (L)	**(5,887)**	**(8,476)**	**(6,945)**
(N) Net financial debt (H) + (M)	**(5,343)**	**(6,749)**	**(13,943)**

As at 30 September 2016 the consolidated net financial position posted a negative value of about Euro 5.3 million. The main reasons for the trend in the net financial position, compared to 31 March 2016, are attributable to the following factors:

- Recurring EBITDA of Euro 4.1 million;
- Investments in property, plant and equipment and intangible assets for Euro 844 thousand;
- An increase in the net current assets of Euro 2.7 million, which was due to the different seasonality;
- An amount of Euro 3 million collected in relation to the transfer of the single-brand store located at Rue Saint Honoré in Paris, which took place on 26 July 2016;
- Payment of dividends of Euro 2 million.

The consolidated net financial debt at 30 September 2016, compared to the value posted as at 30 September 2015, equal to Euro 13.9 million, showed a decrease of about Euro 8.6 million, as a result of the amount collected in relation to the transfer of the store located in Paris as reported above, as well as of a sharp improvement in working capital (equal to Euro 4.5 million), the free cash flow of Euro 3.0 million and the dividends paid by the Parent Company.

Note 18 – Derivative liabilities

As at 30 September 2016 derivative liabilities, equal to Euro 33 thousand (there were no derivative liabilities as at 31 March 2016), related to the derivative Interest Rate Swaps (IRS) linked to the Mediocredito loan with an initial amount of Euro 6,000 thousand referred to in Note 12.

Note 19 - Trade payables

Below is the breakdown of current trade liabilities:

(in thousands of Euro)	**30 September 2016**	**31 March 2016**
Payables to suppliers	10,878	12,521

At 30 September 2016 the balance of trade payables showed a decrease of 13.1% compared to 31 March 2016 (equal to Euro 12,521 thousand), mainly as a result of seasonal trends relating to the purchases of goods and services.

Note 20 – Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	**30 September 2016**	**31 March 2016**
Payables to social security institutions	382	409
Payables to pension funds	29	29
Other payables	56	67
Payables to employees	826	861
Advances from customers	65	66
VAT payables	1,582	1,123
IRPEF tax payables and other tax payables	429	362
Accrued expenses and deferred income	525	161
Other current liabilities	**3,894**	**3,078**

Payables to social security institutions mainly relate to the Parent Company's payables due to INPS. Payables to employees as at 30 September 2016, equal to Euro 826 thousand (Euro 861 thousand as at 31 March 2016) 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 2016**	**31 March 2016**
IRES tax and other income taxes	1,569	458
IRAP tax	257	0
Tax payables	**1,826**	**458**

Tax payables for IRES and IRAP tax relate to the allocation of taxes on an accruals basis on the income produced in the period, an amount reported net of any advances paid.

COMMENT 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 2016**	**30 September 2015**
Italy	25,709	25,945
Europe	6,427	5,161
Rest of the world	2,066	2,077
Revenues from sales	**34,202**	**33,182**

In the half-year ended 30 September 2016, revenues from sales reported an increase equal to Euro 1,020 thousand compared to the corresponding revenues achieved in the half-year ended 30 September 2015 (+3.1%).

Note 23 – Other income

In the half-year ended 30 September 2016, other income amounted to Euro 1,812 thousand (Euro 440 thousand in the half-year ended 30 September 2015) and was broken down as follows:

(in thousands of Euro)	**30 September 2016**	**30 September 2015**
Charge-backs of transport and collection expenses	52	58
Insurance and legal refunds	11	110
Revenues from sales at corner shops	1	8
Other sundry income	1,748	264
Revenues from sales	**1,812**	**440**

Other sundry income mainly related to the non-recurring capital gain generated from the sale of the store located at Rue Saint Honoré (equal to Euro 1,470 thousand). As already referred to above, the capital gain realised through the transfer of the Key Money relating to the store located at Rue Saint Honoré was not classified separately as required by IFRS 5 as it was not considered to be such a key independent business unit as to be regarded as a discontinued operation.

Note 24 – Change in inventories

The change in inventories was negative in the half-year ended 30 September 2016 (Euro 1,527 thousand) and positive in the half-year ended 30 September 2015 (Euro 2,403 thousand); this negative change was mainly attributable to an improved management of inventory and incoming and outgoing orders.

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 2016, costs for purchases were equal to Euro 6,986 thousand (Euro 7,266 thousand in the half-year ended 30 September 2015).

Note 26 – Costs for services and leases and rentals

Below is the breakdown of costs for services:

(in thousands of Euro)	**30 September 2016**	**30 September 2015**
External production	3,438	5,803
Advertising and marketing	1,841	1,853

Transport services	1,592	2,062
Business services	1,470	1,381
Administrative services	615	588
General services	761	681
Services for production	632	735
Total Costs for services	**10,349**	**13,103**
Costs for leases and rentals	**3,635**	**3,270**
Costs for services and leases and rentals	**13,984**	**16,373**

External production costs showed a decrease due to a reorganisation of corporate operations that was increasingly aimed at the direct purchase of finished products and less to external production.
Costs for leases and rentals mainly related to external production on Piquadro-branded products and 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 decreased as a result of the closure of some DOS shops.

Note 27 – Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	**30 September 2016**	**30 September2015**
Wages and salaries	6,187	6,060
Social security contributions	1,208	1,205
TFR	286	225
Personnel costs	**7,681**	**7,490**

The table below reports the exact number by category of employees:

Category	**30 September 2016**	**30 September 2015**	**31 March 2016**
Executives	5	4	4
Office workers	393	303	324
Manual workers	347	432	359
Total	**745**	**739**	**687**

In the half-year ended 30 September 2015, personnel costs reported an increase of 2.6%, passing from Euro 7,490 thousand in the half-year ended 30 September 2015 to Euro 7,681 thousand in the half-year ended 30 September 2016.
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, mainly in Russia, and, partially, to the increase in the labour cost of the Chinese subsidiary Uni Best Leather Goods Zhongshan Co. Ltd..

To supplement the information provided, below is also reported the average number of employees for the half-years ended 30 September 2016 and 30 September 2015 and for the financial year ended 31 March 2016:

Average unit	**30 September 2016**	**30 September 2015**	**31 March 2016**
Executives	4	4	4
Office workers	350	302	314
Manual workers	357	394	391
Total for the Group	**711**	**700**	**708**

Note 28 – Amortisation, depreciation and write-downs

In the half-year ended 30 September 2016, amortisation and depreciation were equal to Euro 1,250 thousand (Euro 1,232 thousand in the half-year ended 30 September 2015).
Write-downs, equal to Euro 493 thousand, related to the provision for write-down of receivables from customers (Euro 270 thousand) and to the write-down of some categories of assets (Euro 223 thousand) as a result of the closure of the point of sale located in Paris at Rue Saint Honoré.

Note 29 – Other operating costs

Other operating costs came to Euro 53 thousand during the year ended 30 September 2016 (Euro 112 thousand as at 30 September 2015).

Note 30 - Financial income

In the half-year ended 30 September 2016, financial income was equal to Euro 388 thousand (Euro 849 thousand in the half-year ended 30 September 2015) related for Euro 14 thousand to interest receivable on current accounts and for Euro 374 thousand of foreign exchange gains either realised or estimated (Euro 821 thousand as at 30 September 2015).

Note 31 - Financial costs

Below is the breakdown of financial costs:

(in thousands of Euro)	**30 September 2016**	**30 September 2015**
Interest payable on current accounts	34	36
Interest and expense subject to final payment	10	15
Financial costs on loans	72	140
Lease charges	4	15
Other charges	16	20
Net financial costs on defined-benefit plans	2	2
Foreign exchange losses (both realised and estimated)	193	507
Financial costs	**330**	**735**

Note 32 – Income taxes

Below is reported the breakdown of income tax expenses:

(in thousands of Euro)	**30 September 2016**	**30 September 2015**
IRES tax and other income taxes	1,219	992
IRAP tax	258	163
Deferred tax liabilities	28	41
Deferred tax assets	(65)	6
Total deferred tax assets and liabilities	**1,440**	**1,202**

Current taxes mainly related to the tax burden calculated on the taxable income of the Parent Company (Euro 1,098 thousand).

Note 33 – Earnings per share

As at 30 September 2016 basic earnings per share amounted to Euro 0.053 and are calculated on the basis of the consolidated Net Profit for the period attributable to the Group, equal to Euro 2,657 thousand, divided by the weighted average number of ordinary shares outstanding in the half-year, equal to 50,000,000 shares.

(in thousands of Euro)	**30 September 2016**	**30 September 2015**
Group net profit (in thousands of Euro)	2,657	2,252
Average number of outstanding ordinary shares	50,000	50,000
Basic earnings per share (in Euro)	**0.053**	**0.045**

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 2016, included 54 single-brand stores directly operated by the Group (the so-called "Directly Operated Stores" or "DOS") and the Group's e-commerce site;
- an indirect channel ("Wholesale"), which is represented by multi-brand shops department store, single-brand shops run by third parties linked to the Group by franchise agreements (45 shops as at 30 September 2016) and by distributors who then resell the articles in specialist multi-brand shops.

As shown below, as at 30 September 2016, approximately 37.1% of the Group's consolidated revenues was realised through the direct channel, while 62.9% 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 2016 and 30 September 2015.
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 2016, compared to the results recorded as at 30 September 2015, shows an increase in the margins in the half year under consideration, which was affected by the following factors:

- the transfer of the company-owned store located in Paris at Rue Saint Honoré on 26 July 2016, which generated a positive impact of Euro 1,387 thousand on EBITDA in the DOS channel*;*
- new shops opened with performance not yet in line with the Management's expectations, also due to the fact that their main target is to enhance Piquadro brand awareness in new markets, mainly in Russia;
- an increase in marketing costs, mainly due to the e-commerce component;
- increased profits from the full-price comparable shops due to an increase in the SSSG data;
- an increase of about Euro 280 thousand in cost allocation owing to a higher weight of DOS sales volumes out of the total.

There was a decrease in margins as regards the performance of the Wholesale channel in the half-year ended 30 September 2016, compared with the results recorded as at 30 September 2015, both in terms of absolute values and in terms of percentages, which was mainly due to a decrease in the sales from the Wholesale channel.

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 2016				30 September 2015				
	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	**12,699**	**21,503**	**34,202**	**100.0%**	**10,897**	**22,285**	**33,182**	**100.0%**	**3.1%**

Segment result before amortisation and depreciation	1,647	3,865	5,513	16.1%	115	4,502	4,617	13.9%	19.4%
Amortisation and depreciation			(1,473)	(4.3)%			(1,277)	(3.9)%	15.4%
Financial income and costs			58	0.2%			114	0.3%	(49.0)%
Result before tax			**4,097**	**12.0%**			**3,454**	**10.4%**	**18.6%**
Income taxes			(1,440)	(4.2)%			(1,202)	(3.6)%	19.8%
Profit for the half-year			**2,657**	**7.8%**			**2,252**	**6.8%**	**18.0%**
Result attributable to minority interests			0	0.0%			0	0.0%	
Group net profit			**2,657**	**7.8%**			**2,252**	**6.8%**	**18.0%**

Commitments

As at 30 September 2016, the Group had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the 2016/2017 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 Co. Ltd., Piquadro Deutschland GmbH, Piquadro Trading – Shenzhen- Co. Ltd., Piquadro Taiwan Co. Ltd., Piquadro France SARL, Piquadro Swiss SA, Piquadro UK Limited, Piquadro LLC and OOO Piquadro Russia), or production (Uni Best Leather Goods Zhongshan Co. Ltd.).

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

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

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

In the first half-year of the 2016/2017 financial year, Piqubo S.p.A., the ultimate parent company, charged Piquadro S.p.A. the rent relating to the use of the plant located in Riola di Vergato (Province of Bologna) as a warehouse.

On 29 June 2012 a lease agreement was entered into between Piquadro Holding S.p.A. and Piquadro S.p.A., concerning the lease of a property to be used as offices and located in Milan, Piazza San Babila n. 5, used as a show room of Piquadro S.p.A. and the rent costs of which are reported in the table below. This lease agreement has been entered into at arm's length.

In the first half-year of the 2016/2017 financial year, no transactions were effected with Palmieri Family Foundation which is a non-profit foundation, whose founder is Marco Palmieri and which has the purpose of promoting activities aimed at the study, research, training, innovation in the field for the creation of jobs and employment opportunities for needy persons.

Below is reported the breakdown of the main financial relations maintained with related companies:

(in thousands of Euro)	**Receivables**		**Payables**	
	30 September 2016	**31 March 2016**	**30 September 2016**	**31 March 2016**
Financial relations with Piqubo S.p.A.	0	0	0	0
Financial relations with Piquadro Holding S.p.A.	0	0	0	0
Financial relations with Palmieri Family Foundation	0	0	0	0
Total Receivables from and Payables to controlling and affiliate companies	**0**	**0**	**0**	**0**

The table below reports the breakdown of the economic relations with these related companies in the first half of the 2016/2017 and 2015/2016 financial years:

(in thousands of Euro)	**Costs**		**Revenues**	
	30 September 2016	**30 September 2015**	**30 September 2016**	**30 September 2015**
Economic relations with Piqubo S.p.A.	38	38	0	0
Economic relations with Piquadro Holding S.p.A.	123	123	0	0
Economic relations with Palmieri Family Foundation	0	0	0	0
Total costs and revenues to controlling and affiliate companies	**161**	**161**	**0**	**0**

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 of Piquadro S.p.A., in relation to the first half of the 2016/2017 financial year, 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 2016, Directors had not identified executives with strategic responsibilities):

First and last name	Position held	Period in which the position was held	Term of office [1]	Fees due for the position	Non-monetary benefits	Bonuses and other incentives	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/16-30/09/16	2019	250	3.5	0	0	253.5
Pierpaolo Palmieri	Vice-Chairman–Executive Director	01/04/16-30/09/16	2019	125.5	2	0	0	127.5
Marcello Piccioli	Executive Director	01/04/16-30/09/16	2019	90	1.5	0	2	93.5
Roberto Trotta	Executive Director	01/04/16-30/09/16	2019	[2]	1.5	0	69	70.5
Paola Bonomo	Lead Independent Director	01/04/15-30/09/15	2019	9	0	0	2	11
Catia Cesari	Independent Director	01/04/15-30/09/15	2019	9	0	0	2	11
Barbara Falcomer	Independent Director	01/04/15-30/09/15	2019	9	0	0	2	11
				492.5	**8.5**	**0**	**77**	**578**

[1] Until the approval of the financial statements as at 31 March.
[2] The Director waived his fees for the period from 01/04/16 to 30/09/16.

Events after the period end

No significant events are reported which occurred at Group level from 1 October 2016 to the date of this Report, except for the “The Bridge” transaction, which has been already described in detail in the paragraph relating to the events occurred after the end of the half-year in the Report on Operations.

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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

The undersigned Marco Palmieri, in his capacity as Chief Executive Officer, and Roberto Trotta, in his capacity as the Financial Reporting Manager of Piquadro S.p.A., certifies, 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 2016-September 2016.

The evaluation of the adequacy of administrative and accounting procedures for the preparation of the consolidated condensed interim financial statements as at 30 September 2016 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

It is also certified that the consolidated condensed interim financial statements as at 30 September 2016:

- 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 to IAS 34 – Interim Financial Reporting, as well as with the measures issued to implement Article 9 of Legislative Decree no. 38/2005;
- correspond to the results in the accounting books and records;
- 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.

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) 24 November 2016

Marco Palmieri	Roberto Trotta
Chief Executive Officer	**Financial Reporting Manager**
Marco Palmieri	**Roberto Trotta**

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Piquadro S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Piquadro S.p.A. and subsidiaries (the "Piquadro Group"), which comprise the statement of financial position as of September 30, 2016 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of Piquadro Group as at September 30, 2016 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

Other Matter

The consolidated financial statements of the Piquadro Group for the period ended as of March 31,2016 and the half-yearly condensed consolidated financial statements for the six month period ended as of September 30, 2015 have been respectively audited and reviewed by other auditors that on June 24, 2016 and on November 25, 2015 expressed an unmodified opinion and an unmodified conclusion on those consolidated financial statements.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Farioli
Partner

Bologna, Italy
November 25, 2016

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