

**INTERIM FINANCIAL REPORT OF THE PIQUADRO GROUP**  
**AS AT 30 SEPTEMBER 2014**



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

## **Corporate details**

Piquadro S.p.A

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

Authorised Share Capital as at the date of the approval of the Interim Financial Report as at 30 June 2014: 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)	<i>Headquarters, logistics and Offices</i>
Guangdong, The People’s Republic of China (registered office of Uni Best Leather Goods Zhongshan Co. Ltd)	<i>Production plant</i>
Milan - Via della Spiga 33 (Piquadro S.p.A.)	<i>Point of sale</i>
Milan - Linate Airport (Piquadro S.p.A.)	<i>Point of sale</i>
Milan - Malpensa Airport (Piquadro S.p.A.)	<i>Point of sale</i>
Barcelona - Paseo de Gracia 11, Planta Baja (Piquadro España)	<i>Point of sale</i>
Rome - Galleria Colonna (Piquadro S.p.A.)	<i>Point of sale</i>
Bologna - Piazza Maggiore 4/B (Piquadro S.p.A.)	<i>Point of sale</i>
Barberino del Mugello (FI) – “Factory Outlet Centre” (Piquadro S.p.A.)	<i>Retail outlet</i>
Fidenza (PR) - “Fidenza Village” (Piquadro S.p.A.)	<i>Retail outlet</i>
Rome - Centro Commerciale Cinecittà (Piquadro S.p.A.)	<i>Point of sale</i>
Rome - Galleria N. Commerciale di “Porta Roma” (Piquadro S.p.A.)	<i>Point of sale</i>
Macau - Venetian Mall (Piquadro Macau Limitada)	<i>Point of sale</i>
Vicolungo (NO) - Parco Commerciale (Piquadro S.p.A.)	<i>Retail outlet</i>
Rome - Euroma 2 (Piquadro S.p.A.)	<i>Point of sale</i>
Valdichiana (AR) - “Valdichiana Outlet Village” (Piquadro S.p.A.)	<i>Retail outlet</i>
Rome – Fiumicino Airport (Piquadro S.p.A.)	<i>Point of sale</i>
Noventa di Piave (VE) - “Factory Outlet Centre” (Piquadro S.p.A.)	<i>Retail outlet</i>
Milan - Via Dante 9 (Piquadro S.p.A.)	<i>Point of sale</i>
Bologna - “G. Marconi” Airport (Piquadro S.p.A.)	<i>Point of sale</i>
Barcelona - “La Roca Village” (Piquadro España)	<i>Retail outlet</i>
Taipei (Taiwan) - Eslite Dun Nan (Piquadro Taiwan)	<i>Point of sale</i>
Taipei (Taiwan) - Xin Yin Shop (Piquadro Taiwan)	<i>Point of sale</i>
Hong Kong - Kowloon – I Square Shopping Mall (Piquadro Hong Kong Ltd)	<i>Point of sale</i>
Marcianise (CE) - c/o “Factory Outlet Centre” (Piquadro S.p.A.)	<i>Retail outlet</i>
Agira (EN) - Sicilia Fashion Outlet Centre (Piquadro S.p.A.)	<i>Retail outlet</i>
Rome - Fiumicino Airport - Terminal 3 (Piquadro S.p.A.)	<i>Point of sale</i>
Taipei (Taiwan) - Sogo DunHua Shop (Piquadro Taiwan)	<i>Point of sale</i>
Rimini - Shopping Mall “Le Befane” (Piquadro S.p.A.)	<i>Point of sale</i>
Milan – Corso Buenos Aires 10 (Piquadro S.p.A.)	<i>Point of sale</i>
Kaohsiung City (Taiwan) - Shopping Mall “Dream Mall” (Piquadro Taiwan)	<i>Point of sale</i>
Suzhou (China) – Jiu Guang Dept. Store (Piquadro Shenzhen)	<i>Point of sale</i>
Assago (MI) – Shopping Mall “Milanofiori” (Piquadro S.p.A.)	<i>Point of sale</i>
Pescara – Via Trento 10 (Piquadro S.p.A.)	<i>Point of sale</i>
Mantova – Shopping Mall “Fashion District” (Piquadro S.p.A.)	<i>Retail outlet</i>
Rozzano (MI) – Shopping Mall “Fiordaliso” (Piquadro S.p.A.)	<i>Point of sale</i>
Rome – Via Frattina 149 (Piquadro S.p.A.)	<i>Point of sale</i>
Mendrisio (Switzerland) - Fox Town Outlet Centre (Piquadro Swiss)	<i>Retail outlet</i>
Barcelona (Spain) – El Corte Ingles, Placa Catalunya 14 (Piquadro España)	<i>Point of sale</i>
Taipei (Taiwan) – Eslite Xin Ban Store (Piquadro Taiwan)	<i>Point of sale</i>

Verona – Piazza delle Erbe 10 (Piquadro S.p.A.)	<i>Point of sale</i>
Milan - Malpensa Airport - Terminal 1 - Tulipano Area (Piquadro S.p.A.)	<i>Point of sale</i>
Paris (France) – Rue Saint Honorè 330/332 (Piquadro France)	<i>Point of sale</i>
Chongqing (China) – Chongqing Time Square (Piquadro Shenzhen)	<i>Point of sale</i>
Castelromano (RM) – “Factory Outlet Centre” (Piquadro S.p.A.)	<i>Retail outlet</i>
Venice – Mercerie del Capitello 4940 (Piquadro S.p.A.)	<i>Point of sale</i>
Turin – Via Roma 330/332 (Piquadro S.p.A.)	<i>Point of sale</i>
Florence – Via Calimala 7/r (Piquadro S.p.A.)	<i>Point of sale</i>
Forte dei Marmi (LU) – Via Mazzini 15/b (Piquadro S.p.A.)	<i>Point of sale</i>
Valencia (Spain) – El Corte Ingles, Calle Pintor Sorolla (Piquadro España)	<i>Point of sale</i>
Tainan City (Taiwan) – Mitsukoshi (Piquadro Taiwan)	<i>Point of sale</i>
Taichung City (Taiwan) – Mitsukoshi Taichung (Piquadro Taiwan)	<i>Point of sale</i>
Taipei City (Taiwan) – Mitsukoshi Taipei Xinyi (Piquadro Taiwan)	<i>Point of sale</i>
Barcelona (Spain) – El Corte Ingles Diagonal, Av. Diagonal (Piquadro España)	<i>Point of sale</i>
Roissy en France (France) – Aeroville (Piquadro France)	<i>Point of sale</i>
London (United Kingdom) – Regent Street 67 (Piquadro UK Limited)	<i>Point of sale</i>
Milan – Coin Milano – Piazza 5 Giornate 1/a (Piquadro S.p.A.)	<i>Point of sale</i>
Rome – Coin Roma – Via Cola di Rienzo 173 (Piquadro S.p.A.)	<i>Point of sale</i>
ChengDu – Cheng Du IFC (Piquadro Shenzhen)	<i>Point of sale</i>

**INTERIM REPORT ON OPERATIONS AS AT 30 SEPTEMBER 2014**



## **Introduction**

The consolidated interim financial report as at 30 September 2014 (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 its subsidiaries (hereinafter collectively referred to as the “Piquadro Group”) relating to the half-year ended 30 September 2014. 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 2014**

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➤ **BOARD OF DIRECTORS**

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

Marco Palmieri	<i>Chairman and CEO</i>
Marcello Piccioli	<i>Managing director</i>
Roberto Trotta	<i>Managing director</i>
Pierpaolo Palmieri	<i>Managing director</i>
Anna Gatti	<i>Director</i>
Paola Bonomo	<i>Director</i>
Gianni Lorenzoni	<i>Director</i>

➤ **AUDIT AND RISK COMMITTEE**

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

Gianni Lorenzoni	<i>Chairman</i>
Paola Bonomo	<i>Independent non-executive director</i>
Anna Gatti	<i>Independent non-executive director</i>

➤ **REMUNERATION COMMITTEE**

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

Paola Bonomo	<i>Chairman</i>
Gianni Lorenzoni	<i>Independent non-executive director</i>
Anna Gatti	<i>Independent non-executive director</i>

➤ **LEAD INDEPENDENT DIRECTOR**

Gianni Lorenzoni

➤ **BOARD OF STATUTORY AUDITORS**

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

**Regular members**

Giuseppe Fredella	<i>Chairman</i>
Pietro Michele Villa	
Patrizia Lucia Maria Riva	

**Substitute members**

Giacomo Passaniti  
Maria Stefania Sala

➤ **INDEPENDENT AUDITORS**

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

PricewaterhouseCoopers S.p.A.

➤ **MANAGER RESPONSIBLE FOR THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS**

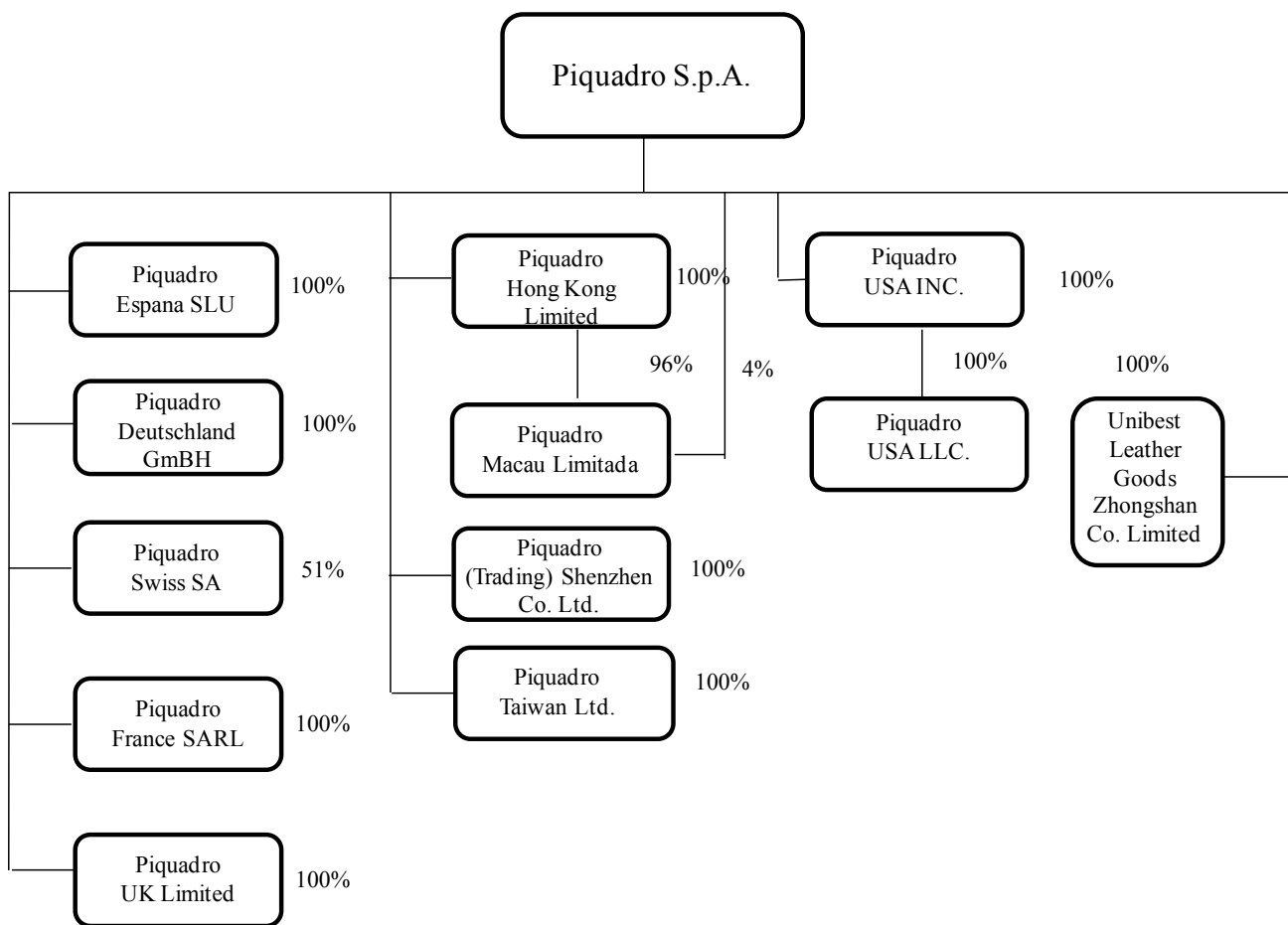
Roberto Trotta

➤ **SUPERVISORY BOARD**

Mario Panzeri

## THE GROUP STRUCTURE

The chart below shows the structure of the Piquadro Group as at 30 September 2014:



## INFORMATION ON OPERATIONS

### Significant events for the half-year ended 30 September 2014

On 23 July 2014 the Shareholders' Meeting of Piquadro S.p.A. approved the Financial Statements for the financial year ended 31 March 2014 and the distribution of a unit dividend of Euro 0.02 to the Shareholders, for a total amount of Euro 1 million. The dividend was paid starting from 31 July 2014 with coupon no. 7 being detached on 28 July 2014.

Furthermore, on the same date the Shareholders' Meeting approved the authorisation of the Board of Directors to acquire and dispose of treasury shares, in compliance with the regulatory provisions and regulations in force, and it authorised the Board of Directors to acquire the maximum number of treasury shares permitted by law, for a period of 12 months from the date of authorisation – that is until the Shareholders' Meeting which will approve the financial statements as at 31 March 2015, – by using the reserves available according to the last financial statements as duly approved.

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

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.

Finally, the Shareholders' Meeting has resolved, in consideration of the fact that neither the third and last tranche of the options assigned under the stock option plan named "2008-2013 Stock Option Plan of Piquadro S.p.A." (the "2008-2013 Plan") has accrued and that, therefore, the plan itself must be considered to be terminated, to fully revoke, for the residual nominal amount of Euro 6,000.00, an increase in the Company's share capital that has been



servicing the 2008-2013 Plan up to now and the related resolutions passed by the Shareholders' Meeting, as well as to amend section 6 of the Company's By-Laws.

## The Group's business

### Operations

In the first six months of the 2014/2015 financial year the Group reported an improved performance compared to the same period in the 2013/2014 financial year.

In the half-year ended 30 September 2014, the Piquadro Group reported net sales revenues equal to Euro 32,345 thousand (+8.2%) compared to Euro 29,892 thousand reported in the corresponding period in the 2013/2014 financial year. In the half-year ended 30 September 2014, sales volumes, in terms of quantities sold in the relevant period, showed an increase of 11.3% compared to the same period in the 2013/2014 financial year.

In the half-year ended 30 September 2014, the Piquadro Group reported, in terms of profitability, EBITDA<sup>1</sup> equal to about Euro 5.0 million (with the net sales revenues accounting for 15.3%), showing an increase of 8.3% compared to the value recorded in the first half-year of the 2013/2014 financial year (Euro 4.6 million, equal to 15.3% of net sales revenues).

The Group's EBIT<sup>2</sup> came to Euro 3.6 million (11.2% of net sales revenues), up by 7.1% compared to the half-year ended 30 September 2013 (Euro 3.4 million, equal to 11.4% of net sales revenues).

As at 30 September 2014 the Group net profit was equal to Euro 2,249 thousand, up by 14.2% compared to the net profit recorded at 30 September 2013 (equal to Euro 1,970 thousand).

### Net sales revenues

As at 30 September 2014 the Piquadro Group recorded net sales revenues equal to Euro 32,345 thousand, an increase of 8.2% compared to the half-year ended 30 September 2013. Below is reported the breakdown of revenues by distribution channel and geographical area.

### Breakdown of revenues by distribution channel

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

- (i) a direct channel which, as at 30 September 2014, included 57 directly operated single-brand stores (the so-called "Directly Operated Stores" or "DOS");
- (ii) an indirect channel (Wholesale), which is represented by multi-brand shops/department stores, single-brand shops run by third parties linked to the Group by franchise agreements (49 shops as at 30 September 2014) 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 2014	%	Net revenues as at 30 September 2013	%	% change 2014/2013
DOS	10,900	33.7%	10,257	34.3%	6.3%
Wholesale	21,445	66.3%	19,635	65.7%	9.2%
<b>Total</b>	<b>32,345</b>	<b>100.0%</b>	<b>29,892</b>	<b>100.0%</b>	<b>8.2%</b>

The revenues reported by the DOS channel showed an increase of 6.3% compared to the same period in the 2013/2014 year. This increase was mainly determined by the contribution given by the opening of twelve new

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

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

shops that were not present as at 30 September 2013, from which must be deducted the closing of seven shops that were present in the Far East area in the first six months ended 30 September 2013. The DOS channel also included the sales generated from the e-commerce website of the Group, up by 34.5% compared to the half-year ended 30 September 2013, where export sales increased by 43.6%, accounting for 38.6% of the website turnover.

The table below reports the list of the new 12 shops that were not present at 30 September 2013:

<b>Month of opening</b>	<b>Location</b>	<b>Channel</b>
October 2013	Barcelona (Spain) – El Corte Inglés Diagonal	DOS
October 2013	Valencia (Spain) – El Corte Inglés Sorolla	DOS
October 2013	Roissy en France (France) - Aeroville	DOS
October 2013	Shenyang City (China) – Shenyang Jiuguang Depart. Store	DOS
October 2013	Tainan City (Taiwan) – Mitsukoshi	DOS
December 2013	Taichung City (Taiwan) - Mitsukoshi Taichung	DOS
February 2014	Milan – Coin P.zza 5 Giornate	DOS
April 2014	Taipei City (Taiwan) – Mitsukoshi Xin Yi	DOS
March 2014	London (UK)	DOS
April 2014	Rome – Coin Cola di Rienzo	DOS
April 2014	Cheng Du (China)- IFC	DOS
April 2014	Hong Kong, City Gate Outlet Store	DOS Outlet Store

The Same Store Sales Growth (SSSG), which is calculated as a world average of growth rates of the revenues recorded by the DOS existing at 1 April 2014, was positive and equal, in the six-month period, to a 1.6% growth at current rates of exchange (assuming an equal number of days of opening and constant rates of exchange, it was equal to a 1.9% growth).

Sales reported by the Wholesale channel, which as at 30 September 2014 represented 66.3% of the Group's total turnover, showed an increase of 9.2%, also by reason of the opening of seven additional franchise shops, of which two in Italy, two in Europe and three in Asia. Sales reported by the Wholesale channel in Italy showed an increase of 17.1%; sales in Europe recorded a decrease of 12.4% owing to a shrinkage in orders from Russia and Ukraine after the recent events that have involved these two countries. Not counting developments in Russia and Ukraine, sales reported by the Wholesale channel in Europe rose by 22.0%, driven by Germany (+25%) and Spain (+17.0%). Sales reported by the Wholesale channel in the geographical area referred to as "Rest of the World" recorded an increase of 5.4%, the actual totals not yet being significant.

#### **Breakdown of revenues by geographical area**

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

<b>Geographical area</b>	<b>Net revenues</b>		<b>Net revenues</b>		<b>% change</b>
<i>(in thousands of Euro)</i>	<b>30 September</b>	<b>%</b>	<b>30 September</b>	<b>%</b>	<b>2014/2013</b>
	<b>2014</b>		<b>2013</b>		
Italy	24,341	75.3%	21,226	71.0%	14.7%
Europe	6,040	18.7%	6,285	21.0%	(3.9%)
Rest of the world	1,963	6.1%	2,381	8.0%	(17.6%)
<b>Total</b>	<b>32,345</b>	<b>100.0%</b>	<b>29,892</b>	<b>100.0%</b>	<b>8.2%</b>

From a geographical point of view, the Group's revenues as at 30 September 2014 showed a 14.7% increase in the sales in the domestic market, which still accounts for a high percentage of the Group's total turnover equal to 75.3% and which benefitted from the opening of two directly-operated points of sales and of two franchise shops. On the contrary, in the European market, the Group recorded a turnover of Euro 6.0 million, down by 3.9% compared to the same period in the 2013/2014 year, owing to a shrinkage in orders from Russia and Ukraine (on the contrary, not counting this situation, sales in the European market recorded an increase of more than 24%). In

the non-European geographical area, where the Group sells in 19 Countries, turnover decreased by 17.6% compared to the same period in the 2013/2014 financial year, mainly as a result of the closing of seven DOS (four shops in Hong Kong and 3 shops in China), the performance of which was not in line with the management's expectations.

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

- (i) an increase in revenues from the Wholesale channel that has then generated, thanks to the substantial margins that characterise it, a significant operating leverage;
- (ii) positive performances in the DOS segment, in terms of SSSG, counterbalanced by some new openings with margins which are not always in line with the average ones of the already existing shops, even because they are located in very prestigious areas and with significantly high rentals.

### Summary economic-financial data

Below are reported the Group's main economic-financial indicators as at 30 September 2014 and 30 September 2013 (financial indicators are also compared to the similar values inferred from the consolidated annual financial statements as at 31 March 2014):

<b>Economic and financial indicators</b> <i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>30 September 2013</b>
Revenues from sales	32,345	29,892
EBITDA	4,964	4,582
EBIT	3,634	3,393
Pre-tax result	3,402	3,056
Group's profit for the period	2,249	1,970
Amortisation and depreciation of fixed assets and write-downs	1,490	1,496
Financial absorption (Group net profit, amortisation and depreciation, write-downs)	3,739	3,466

Below are reported the main financial indicators compared to the consolidated financial statements at 31 March 2014:

<b>Financial indicators</b> <i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>31 March 2014</b>
Net Financial Position <sup>3</sup>	(16,084)	(10,209)
Shareholders' equity	33,493	31,664

EBITDA for the period came to Euro 4,964 thousand, against Euro 4,582 thousand recorded in the same period ended 30 September 2013 and as at 30 September 2014 it accounted for 15.3% of consolidated revenues (in line with 15.3% recorded in the half-year ended 30 September 2013).

In the half-year ended 30 September 2014 the Group's amortisation and depreciation were equal to Euro 1,183 thousand and were broken down as follows: Euro 846 thousand relating to property, plant and equipment (connected to the depreciation of the building where the Company operates for Euro 98 thousand, of plant and equipment for Euro 38 thousand, of business equipment, including automated warehouse and fittings for shops, for Euro 707 thousand and other assets for Euro 3 thousand), and Euro 338 thousand relating to intangible assets (of which Euro 79 thousand for software, Euro 3 thousand for patent rights, Euro 27 thousand for trademarks, Euro 229 thousand for key money of some shops).

As at 30 September 2014 EBIT came to Euro 3,634 thousand, equal to 11.2% of net sales revenues, up compared to the value recorded in the half-year ended 30 September 2013 (equal to 11.4% of net sales revenues).

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

The result from financial operations as at 30 September 2014, which was negative for a value equal to about Euro 232 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 2014 came to Euro 2,249 thousand (up by 14.2% against the value of Euro 1,970 thousand recorded in the half-year ended 30 September 2013) and was affected by income taxes, including the effects of deferred taxation, equal to Euro 1,153 thousand.

### ***Investments***

Investments in intangible assets, property, plant and equipment and financial assets in the half-years ended 30 September 2014 and 30 September 2013 were equal to Euro 1,176 thousand and to Euro 1,984 thousand, respectively, as reported below:

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>30 September 2013</b>
<b>Investments</b>		
Intangible assets	239	977
Property, plant and equipment	937	1,007
Financial fixed assets	-	-
<b>Total</b>	<b>1,176</b>	<b>1,984</b>

Increases in intangible assets, equal to Euro 239 thousand in the half-year ended 30 September 2014, mainly related to investments in software and IT products for Euro 150 thousand, to investments in trademarks for Euro 1 thousand and to the key money (Euro 88 thousand).

On the contrary, increases in property, plant and equipment, equal to Euro 937 thousand in the in the half-year ended 30 September 2014, were mainly attributable to plant and machinery for Euro 37 thousand and to industrial and business equipment for Euro 869 thousand (including fittings purchased for new DOS opened in the period under consideration for Euro 778 thousand, electric and electronic office machines for Euro 58 thousand, sundry equipment for Euro 31 thousand and minor assets for Euro 2 thousand), to other assets for Euro 26 thousand and to property, plant and equipment under construction for Euro 5 thousand.

### **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Below is summarised the Group's consolidated statement of financial position as at 30 September 2014 (compared to the corresponding statement as at 31 March 2014 and 30 September 2013):

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>31 March 2014</b>	<b>30 September 2013</b>
Trade receivables	26,642	21,095	23,281
Inventories	16,325	15,836	16,246
(Trade payables)	(10,724)	(12,887)	(11,904)
<i>Total net current trade assets</i>	<i>32,243</i>	<i>24,044</i>	<i>27,623</i>
Other current assets	2,258	1,480	1,515
Tax receivables	270	256	1,226
(Other current liabilities)	(2,853)	(3,088)	(2,888)
(Tax payables)	(926)	-	(1,273)
<b>A) Working capital</b>	<b>30,992</b>	<b>22,692</b>	<b>26,203</b>
Intangible assets	4,921	5,020	4,552
Property, plant and equipment	13,004	13,059	12,883
Receivables from others beyond 12 months	696	849	871
Deferred tax assets	1,441	1,571	1,489
<b>B) Fixed assets</b>	<b>20,062</b>	<b>20,499</b>	<b>19,795</b>
<b>C) Non-current provisions and non-financial liabilities</b>	<b>(1,477)</b>	<b>(1,318)</b>	<b>(1,475)</b>
<b>Net invested capital (A+B+C)</b>	<b>49,577</b>	<b>41,873</b>	<b>44,523</b>
FINANCED BY:			
D) Net financial position	16,084	10,209	14,288
E) Equity attributable to Minority interests	(18)	4	10
F) Equity attributable to the Group	33,511	31,660	30,225
<b>Total borrowings and Shareholders' Equity (D+E+F)</b>	<b>49,577</b>	<b>41,873</b>	<b>44,523</b>

## CONSOLIDATED NET FINANCIAL POSITION

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

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>31 March 2014</b>	<b>30 September 2013</b>
(A) Cash	102	95	83
(B) Cash and cash equivalents (available current bank accounts)	5,900	10,890	14,102
<b>(C) Liquidity (A) + (B)</b>	<b>6,002</b>	<b>10,985</b>	<b>14,185</b>
(D) Finance leases	(583)	(576)	(567)
(E) Current bank debt	(1,000)	(3)	(4,000)
(F) Current portion of non-current debt	(9,493)	(7,694)	(6,577)
<b>(G) Current financial debt (D) + (E) + (F)</b>	<b>(11,076)</b>	<b>(8,273)</b>	<b>(11,144)</b>
<b>(H) Short-term net financial position (C) + (G)</b>	<b>(5,074)</b>	<b>2,712</b>	<b>3,041</b>
(I) Non-current bank debt	(8,699)	(10,317)	(14,435)
(L) Finance leases	(2,311)	(2,604)	(2,894)
<b>(M) Non-current financial debt (I) + (L)</b>	<b>(11,010)</b>	<b>(12,921)</b>	<b>(17,329)</b>
<b>(N) Net Financial Position (H) + (M)</b>	<b>(16,084)</b>	<b>(10,209)</b>	<b>(14,288)</b>

As at 30 September 2014 the consolidated net financial position posted a negative value of about Euro 16.1 million. The main reasons for the trend in the net financial position, compared to 31 March 2014, are attributable to the following factors:

- investments in property, plant and equipment and intangible assets for Euro 1,176 thousand;
- an increase in the net current assets of Euro 8.2 million, which was mostly due to an increase in trade receivables and to a decrease in trade payables, which was due to the seasonality of the period.

The consolidated net financial position at 30 September 2014, compared to the value posted as at 30 September 2013, showed an increase of about Euro 1.8 million, as a result of the increase in the Group's working capital, equal to Euro 4.8 million, and mainly linked to the growth trends in turnover.

## 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 2014 the Group had 742 units, compared to 771 units as at 30 September 2013. Below is reported the breakdown of staff by Country:

Country	30 September 2014	30 September 2013
Italy	252	234
China	415	457
Hong Kong	11	30
Macau	5	5
Germany	1	1
Spain	14	16
Taiwan	26	20
France	8	3
Switzerland	5	5
United Kingdom	5	-
<b>Total</b>	<b>742</b>	<b>771</b>

With reference to the Group's organisational structure, as at 30 September 2014 43.4% of staff operated in the production area, 29.9% in the retail area, 13.5% in the support functions (Administration, IT Systems, Purchasing, Quality, Human Resources, etc.), 9.8% in the Research and Development area and 3.4% 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 20 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 43 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 Piquadro S.p.A. nor Piquadro Holding S.p.A., i.e. the companies controlling Piquadro S.p.A., carries out direction and coordination activities in relation to the company, in that (i) they do not give instructions

to their subsidiary; and (ii) there is no significant organisational/functional connection between these Companies and Piquadro S.p.A..

In addition to directly carrying out operating activities, Piquadro S.p.A., in its turn, also carries out direction and coordination activities in relation to the companies it controls, pursuant to Articles 2497 and ff. of the Italian Civil Code.

### **Transactions with related parties**

In compliance with the Consob Regulation on Related Parties, the Board's meeting held on 18 November 2010 adopted the "Regulation governing transactions with Related Parties". This document is available on the website of Piquadro, [www.piquadro.com](http://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 companies as of today that meet the significance requirements under title VI, chapter II, of the Issuers' Regulation, established and regulated by the law of States not belonging to the European Union, are the subsidiaries Uni Best Leather Goods Zhongshan Co. Ltd., Piquadro Hong Kong Co. Ltd. and Piquadro Trading Shenzhen Co. Ltd..

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

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

### **Significant events after the half-year end**

No significant events are reported which occurred at Group level from 1 October 2014 to the date of this Report.

### **Outlook**

The development of the Piquadro Group in the 2014/2015 financial year will depend on the ability to continue the path of internationalization that has already started and will be affected by the stability of the economic situation in some relevant markets. The increase in the turnover and in the related economic performance, which was recorded in the first half of the 2014/2015 financial year, reassure the Management of the effectiveness of the investments that the Group has made in relation to the project for its international expansion and to a more glamorous repositioning of the brand. Therefore, the Management expects that in the 2014/2015 financial year the growth achieved up to now will continue substantially in line with the value recorded in the first half-year. In terms of profitability, the Management expects that a net result will be achieved, which will increase more than proportionally with respect to the expected growth in the turnover, as a result of both the reorganisation of some geographical business areas and the achievement of an operating leverage connected to the growth generated above all by the Wholesale channel.

Silla di Gaggio Montano (BO), 25 November 2014

FOR THE BOARD OF DIRECTORS  
THE CHAIRMAN  
(Marco Palmieri)

**CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 SEPTEMBER 2014**





## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in thousands of Euro)</i>	Notes	30 September 2014	31 March 2014
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	(1)	4,921	5,020
Property, plant and equipment	(2)	13,004	13,059
Receivables from others	(3)	696	849
Deferred tax assets	(4)	1,441	1,571
<b>TOTAL NON-CURRENT ASSETS</b>		<b>20,062</b>	<b>20,499</b>
<b>CURRENT ASSETS</b>			
Inventories	(5)	16,325	15,836
Trade receivables	(6)	26,642	21,095
Other current assets	(7)	1,896	1,457
Derivative assets	(8)	362	23
Tax receivables	(9)	270	256
Cash and cash equivalents	(10)	6,002	10,985
<b>TOTAL CURRENT ASSETS</b>		<b>51,497</b>	<b>49,652</b>
<b>TOTAL ASSETS</b>		<b>71,559</b>	<b>70,151</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2014	31 March 2014
<i>( in thousands of Euro )</i>			
<b>EQUITY</b>			
Share capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		1,147	567
Retained earnings		28,093	25,567
Group profit for the period		2,271	3,526
<b>TOTAL EQUITY ATTRIBUTABLE TO THE GROUP</b>		<b>33,511</b>	<b>31,660</b>
Capital and Reserves attributable to minority interests		4	20
Profit/(loss) for the period attributable to minority interests		(22)	(16)
<b>TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS</b>		<b>(18)</b>	<b>4</b>
<b>EQUITY</b>	(11)	<b>33,493</b>	<b>31,664</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	(12)	8,699	10,317
Payables to other lenders for lease agreements	(13)	2,311	2,604
Provision for employee benefits	(14)	274	254
Provisions for risks and charges	(15)	1,021	973
Deferred tax liabilities	(16)	182	91
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>12,487</b>	<b>14,239</b>
<b>CURRENT LIABILITIES</b>			
Borrowings	(17)	10,493	7,697
Payables to other lenders for lease agreements	(18)	583	576
Derivative liabilities	(19)	-	89
Trade payables	(20)	10,724	12,887
Other current liabilities	(21)	2,853	2,999
Tax payables	(22)	926	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>25,579</b>	<b>24,248</b>
<b>TOTAL LIABILITIES</b>		<b>38,066</b>	<b>38,487</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>71,559</b>	<b>70,151</b>

## CONSOLIDATED INCOME STATEMENT

<i>(in thousands of Euro)</i>	Notes	6 months as at 30 September 2014	6 months as at 30 September 2013
<b>REVENUES</b>			
Revenues from sales	(23)	32,345	29,892
Other income	(24)	357	405
<b>TOTAL REVENUES (A)</b>		<b>32,702</b>	<b>30,297</b>
<b>OPERATING COSTS</b>			
Change in inventories	(25)	(265)	(2,246)
Costs for purchases	(26)	4,828	5,890
Costs for services and leases and rentals	(27)	15,657	14,958
Personnel costs	(28)	7,143	6,713
Amortisation, depreciation and write-downs	(29)	1,490	1,496
Other operating costs		215	93
<b>TOTAL OPERATING COSTS (B)</b>		<b>29,068</b>	<b>26,904</b>
<b>OPERATING PROFIT (A-B)</b>		<b>3,634</b>	<b>3,393</b>
Financial income	(30)	652	521
Financial charges	(31)	(884)	(859)
<b>TOTAL FINANCIAL INCOME AND CHARGES</b>		<b>(232)</b>	<b>(338)</b>
<b>PRE-TAX RESULT</b>		<b>3,402</b>	<b>3,055</b>
Income tax	(32)	(1,153)	(1,085)
<b>PROFIT FOR THE PERIOD</b>		<b>2,249</b>	<b>1,970</b>
attributable to:			
EQUITY HOLDERS OF THE COMPANY		2,271	1,980
MINORITY INTERESTS		(22)	(10)
(Basic) Earnings per share in Euro	(33)	0.04542	0.03960
(Diluted) Earnings per share in Euro	(33)	0.63083	0.03683

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>6 months as at 30 September 2014</b>	<b>6 months as at 30 September 2013</b>
<b>Profit (Loss) for the period (A)</b>	<b>2,249</b>	<b>1,970</b>
<b>Components that can be reclassified to the income statement:</b>		
Profits/(Losses) arising from the translation of financial statements of foreign companies	252	(49)
Effect of IAS 39 fair value of derivative contracts	310	-
<b>Components that cannot be reclassified to the income statement:</b>		
Actuarial gain (losses) on defined-benefit plans	(11)	5
<b>Comprehensive Income/(Losses) for the period (A) + (B)</b>	<b>2,800</b>	<b>1,926</b>
Attributable to		
- Group	2,822	1,936
- Minority interests	(22)	(10)

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

Description	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
	Share capital	Share premium reserve	Translation reserve	Fair value reserve	Reserve for Employee Benefits	Other reserves	Total Other Reserves						
<b>Balances as at 31.03.2013 (Restated)</b>	<b>1,000</b>	<b>1,000</b>	<b>143</b>	<b>0</b>	<b>(34)</b>	<b>569</b>	<b>678</b>	<b>23,312</b>	<b>3,263</b>	<b>29,253</b>	<b>40</b>	<b>(20)</b>	<b>29,273</b>
Profit for the period									1,980	1,980		(10)	1,970
<u>Other components of the comprehensive result as at 30 September 2013:</u>													
Exchange differences from translation of financial statements in foreign currency			(49)				(49)			(49)			(49)
Reserve for actuarial gains (losses) on defined-benefit plans					5		5			5			5
Fair value of financial instruments										0			0
<b>Total Comprehensive Income for the period</b>			<b>(49)</b>		<b>5</b>		<b>(44)</b>	<b>0</b>	<b>1,980</b>	<b>1,936</b>		<b>(10)</b>	<b>1,926</b>
Fair value of Stock Option Plans						36	36			36			36
<u>Allocation of the result for the period as at 31 March 2013:</u>													
- to dividends									(1,000)	(1,000)			(1,000)
- to reserves								2,263	(2,263)	0	(20)	20	0
<b>Balances as at 30.09.2013</b>	<b>1,000</b>	<b>1,000</b>	<b>94</b>	<b>0</b>	<b>(29)</b>	<b>605</b>	<b>670</b>	<b>25,575</b>	<b>1,980</b>	<b>30,225</b>	<b>20</b>	<b>(10)</b>	<b>30,235</b>
Description	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
	Share capital	Share premium reserve	Translation reserve	Fair value reserve	Reserve for Employee Benefits	Other reserves	Total Other Reserves						
<b>Balances as at 31.03.2014</b>	<b>1,000</b>	<b>1,000</b>	<b>16</b>	<b>(48)</b>	<b>(28)</b>	<b>627</b>	<b>567</b>	<b>25,567</b>	<b>3,526</b>	<b>31,660</b>	<b>20</b>	<b>(16)</b>	<b>31,664</b>
Profit for the period									2,271	2,271		(22)	2,249
<u>Other components of the comprehensive result as at 30 September 2014:</u>													
- Exchange differences from translation of financial statements in foreign currency			252				252			252			252
- Reserve for actuarial gains (losses) on defined-benefit plans					(11)		-11			-11			-11
- Fair value of financial instruments				310			310			310			310
<b>Total Comprehensive Income for the period</b>			<b>252</b>	<b>310</b>	<b>(11)</b>	<b>0</b>	<b>551</b>		<b>2,271</b>	<b>2,822</b>		<b>-22</b>	<b>2,800</b>
<u>Allocation of the result for the period as at 31 March 2014:</u>													
- to dividends									(1,000)	-1,000			-1,000
- to reserves								2,526	(2,526)	0	(16)	16	0
Fair value of Stock Option Plans						29	29			29			29
<b>Balances as at 30.09.2014</b>	<b>1,000</b>	<b>1,000</b>	<b>268</b>	<b>262</b>	<b>(39)</b>	<b>656</b>	<b>1,147</b>	<b>28,093</b>	<b>2,271</b>	<b>33,511</b>	<b>4</b>	<b>(22)</b>	<b>33,493</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in thousands of Euro)</i>	<b>6 months as at 30 September 2014</b>	<b>6 months as at 30 September 2013</b>
<b>Pre-tax profit</b>	<b>3,402</b>	<b>3,055</b>
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,184	1,152
Write-downs of property, plant and equipment and intangible assets	146	37
Provision for bad debts	160	307
Net financial charges/(income), including exchange rate differences	232	338
<b>Cash flow from operating activities before changes in working capital</b>	<b>5,124</b>	<b>4,889</b>
Change in trade receivables (net of the provision)	(5,707)	(2,071)
Change in inventories	(489)	(2,019)
Change in other current assets	(286)	(641)
Change in trade payables	(2,162)	(3,126)
Change in provisions for risks and charges	277	82
Change in other current liabilities	(145)	193
Change in tax receivables/payables	912	1,494
<b>Cash flow from operating activities after changes in working capital</b>	<b>(2,476)</b>	<b>(1,199)</b>
Payment of taxes	(1,139)	(1,276)
Interest paid	(107)	(123)
<b>Cash flow generated from operating activities (A)</b>	<b>(3,722)</b>	<b>(2,598)</b>
Investments in intangible assets	(937)	(977)
Investments in property, plant and equipment	(239)	(1,007)
Investments in fixed financial assets		
<b>Changes generated from investing activities (B)</b>	<b>(1,176)</b>	<b>(1,984)</b>
<b>Financing activities</b>		
Repayment of short- and medium/long-term borrowings	(2,024)	(390)
Registering of short- and medium/long-term borrowings	3,086	-
Changes in the value of the financial instruments	(428)	(1)
Lease instalments paid	(297)	(306)
Payment of dividends	(1,000)	(1,000)
Other changes in Equity	580	(12)
<b>Cash flow generated from/(absorbed by) financing activities (C)</b>	<b>(83)</b>	<b>(1,709)</b>
Net increase (decrease) in cash and cash equivalents (A+B+C)	(4,983)	(6,291)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>10,985</b>	<b>20,476</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>6,002</b>	<b>14,185</b>

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
AS AT 30 SEPTEMBER 2014**



## **GENERAL INFORMATION**

### **1.1 The Company and the Group**

Piquadro S.p.A. (hereinafter also referred to as “Piquadro”, “the Company” or “the Parent Company”) and its subsidiaries (“the Piquadro Group” or “the Group”) design, produce and market leather goods - bags, suitcases and accessories - characterised by attention to design and functional and technical innovation.

As of today’s date, the Company is owned by Marco Palmieri through Piquubo S.p.A., which is 100% owned. Piquubo S.p.A., in fact, holds 93.34% of the share capital of Piquadro Holding SpA, which in its turn, at 30 September 2013, held 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.

These consolidated condensed interim financial statements were approved by the Board of Directors on 25 November 2014.

### **1.2 Seasonality**

The Piquadro Group operates in a seasonal market that is typical of the sector to which it belongs.

Historically, the Group’s sales revenues achieved in the first half-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 2013 (equal to Euro 29,892 thousand) represented a share equal to 47.4% of the consolidated revenues for the financial year ended 31 March 2014 (equal to Euro 63,053 thousand).

Accordingly, it should be noted that, even if expressing the Group’s economic and financial performance, the result as at 30 September 2014 does not fully represent the result that the Group expects to achieve in the financial year that will end on 31 March 2015.

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

### **2.1 Accounting standards and policies**

These consolidated condensed interim financial statements as at 30 September 2014 were prepared pursuant to Article 154-ter of Legislative Decree no. 58/98 and in accordance with International Accounting Standards (IAS/IFRS) adopted by the European Union and in particular with the accounting standard applicable to interim financial reporting (IAS 34).

IAS 34 allows interim financial statements to be prepared in a “condensed” form, i.e. on the basis of minimum disclosures substantially less detailed than required by IFRS as a whole, provided that a complete set of financial statements prepared on the basis of IFRS has been previously made available to the public.

These consolidated condensed interim financial statements have been prepared in a “condensed” form and they must therefore be read together with the Group’s consolidated financial statements ended 31 March 2014 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 statement of cash flows are prepared in an extended form and are the same as those adopted for the consolidated financial statements ended 31 March 2014.

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 2014, to which reference is made for a description of the same.

These consolidated condensed interim financial statements are made up of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statements of Changes in Equity and these Explanatory Notes. Economic data, changes in equity and cash flows for the half-year ended 30 September 2014 are compared with the half-year ended 30 September 2013. Financial data as at 30



September 2014 are compared with the corresponding values as at 31 March 2014 (relating to the last consolidated annual accounts).

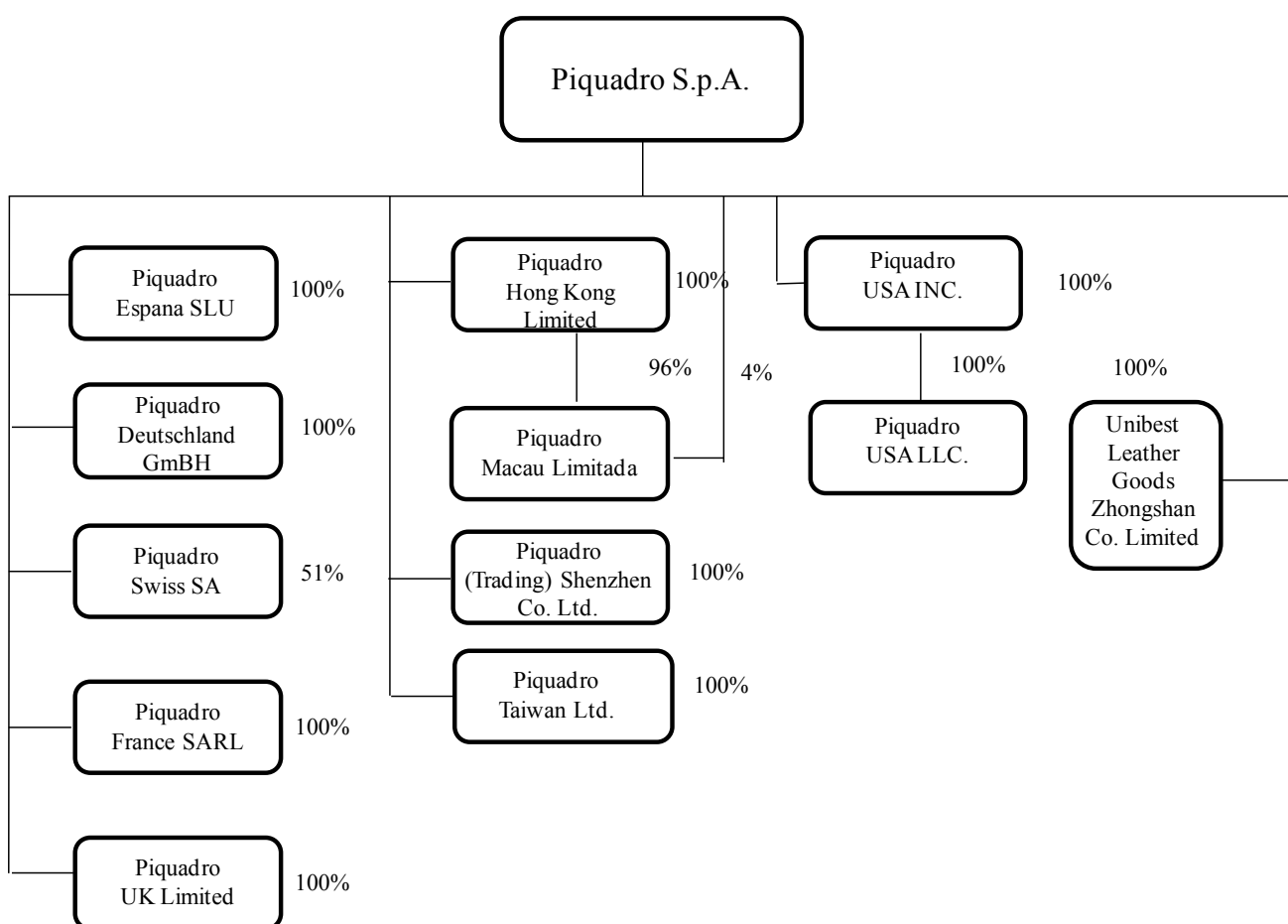
For a better description, accounting data are reported in thousands of Euro in both the accounting statements and these Notes, except as otherwise specified.

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 2014 or in the half-year ended 30 September 2013, nor did any atypical or unusual transactions significantly affect the operating result.

## 2.2 The Group structure

For the purpose of providing a clear representation, below is reported the chart of the Group structure as at 30 September 2014:



## 2.3 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:

1. the power to direct the investee's relevant activities;
2. exposure to the investee's future returns;
3. 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.

## 2.4 Scope of consolidation

The consolidated condensed interim financial statements ended 30 September 2014 and 30 September 2013 include the interim financial statements of the Parent Company Piquadro S.p.A. and those of all companies over which it exercises control, either directly or indirectly.

Compared to the financial year ended 31 March 2014, the half-year ended 30 September 2014 saw the establishment of the companies Piquadro USA LLC and Piquadro USA INC., both of which are currently non-operating. Piquadro USA LLC., based in Delaware, is the company that will manage, as soon as the related contracts are signed, the first directly-operated flagship store of the Group in New York.

The complete list of the companies included in the scope of consolidation as at 30 September 2014 and 30 September 2013, 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 2014

Name	QR	Country	Currency	Share Capital (local currency /000)	Shareholders' equity (Euro/000)	Control %
Piquadro S.p.A.	Gaggio Montano (BO)	Italy	Euro	1,000	33,613	Parent Company
Piquadro España Slu	Barcelona	Spain	Euro	898	758	100%
Piquadro Deutschland Gmbh	Munich	Germany	Euro	25	(36)	100%
Uni Best Leather Goods Zhongshan Co Limited	Guangdong	People's Republic of China	RMB	9,891	449	100%
Piquadro Hong Kong Limited	Hong Kong	Hong Kong	HKD	2,000	37	100%
Piquadro Macau Limitada	Macau	Macau	HKD	25	84	100%
Piquadro Trading (Shenzhen) Co. Ltd.	Shenzhen	People's Republic of China	RMB	13,799	1,101	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	NTD	25,000	601	100%

Piquadro France SARL	Paris	France	EUR	2,500	2,459	100%
Piquadro Swiss SA	Mendrisio	Switzerland	CHF	100	(38)	51%
Piquadro UK Limited	London	United Kingdom	GBP	700	899	100%
Piquadro USA INC.	Delaware	USA	USD	-	-	100%
Piquadro USA LLC	Delaware	USA	USD	-	-	100%

### Scope of consolidation as at 30 September 2013

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

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 2014 and 30 September 2013 (foreign currency corresponding to Euro 1):

Foreign currency	Average		Closing	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
Hong Kong Dollar (HKD)	10.45	10.21	9.77	10.47
Renminbi (CNY)	8.36	8.08	7.73	8.26
Taiwan Dollar (NTD)	40.53	39.28	38.30	39.93
Swiss Franc (CHF)	1.22	1.23	1.21	1.22
Great Britain Pound (GBP)	0.80	0.85	0.78	0.84

## 2.5 Amendments to the accounting standards

### Accounting standards, amendments and interpretations

Starting from 1 April 2014 the following accounting standards and amendments to the international accounting standards will be applicable, which have been issued by the IASB and adopted by the European Union:

- IFRS 10 – “*Consolidated Financial Statements (Regulation 1254/2012)*”. The standard, which was issued by the IASB on 12 May 2011, replaces IAS 27 “*Consolidated and Separate Financial Statements*” and SIC 12 “*Consolidation – Special Purpose Entities*”. The new standard introduces a new definition of control, as well as clarifies the concept of *de facto* control (control with less than the majority of voting rights) and clarifies the link between control and agency relationship. The application of the new standard has had no effects on the composition of the Group’s scope of consolidation.
- IFRS 11 – “*Joint arrangements (Regulation 1254/2012)*”. The standard, which was issued by the IASB on 12 May 2011, replaces IAS 31 “*Interests in Joint Ventures*” and SIC 13 “*Jointly Controlled Entities - Non-Monetary Contributions by Venturers*”. The new standard provides for the distinction between joint operation and joint ventures, focusing on the rights and obligations of participants rather than on the legal form of the agreement; furthermore, the consolidation on a proportional basis in case of joint ventures is abolished.
- IFRS 12 – “*Disclosure of Interests in Other Entities (Regulation 1254/2012)*”. The standard, which was issued by the IASB on 12 May 2011, is a newly introduced standard which must be applied when an entity has interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard requires to disclose information on judgments and significant assumptions carried out to determine the existence of the control, joint control or connection relationship.
- IAS 27 (Revised) – “*Separate Financial Statements (Regulation 1254/2012)*”. The standard was amended by the IASB on 12 May 2011 as a result of the issue of IFRS 10; the scope of application of IAS 27 is limited to separate financial statements only. The standard regulates the accounting treatment of investments in subsidiaries, associates and joint ventures in separate financial statements. These amendments have had no effect on the measurement of the items in the Group’s financial statements.
- IAS 28 (Revised) – “*Investments in Associates and Joint Ventures (Regulation 1254/2012)*”. The standard, which was amended by the IASB on 12 May 2011 as a result of the issue of IFRS 10 and IFRS 11, regulates the accounting treatment of investments in associates and joint ventures and the criteria for the application of the equity method.
- IFRS 10, IFRS 11 and IFRS 12 (amendments) – “*Transition guidance (Regulation 313/2013)*”. The document, which was issued by the IASB on 28 June 2012, clarifies the time of the first application of IFRS 10 and provides operational guidelines in the event that the application of IFRS 10 determines the entry or the exit of an entity from the scope of consolidation. The standard also introduces simplifications concerning the initial application of IFRS 11 and IFRS 12. These amendments have had no effect on the composition of the Group’s scope of consolidation.
- IFRS 10, IFRS 12 and IAS 27 (amendments) – “*Investment Entities*” (Regulation 1174/2013) – These amendments were issued by the IASB on 31 October 2012. The document introduces the exemption for any entities that measure their investments at fair value (Investment entities) from the consolidation obligations laid down under IFRS 10, as the board has deemed it appropriate that, as regards these entities, the information arising from the measurement of investments at fair value is more significant than that arising from the consolidation of assets and liabilities. Furthermore, it is specified that an investment entity must not apply IFRS 3 at the time of the acquisition of control over an entity, but it must proceed with the measurement at fair value as required by IFRS 9 or by IAS 39. Finally, instructions are provided on the accounting treatment in the separate financial statements and on the type of information to be provided.
- IAS 36 (amendments) – “*Recoverable Amount Disclosures for Non-Financial Assets*” (Regulation 1374/2013). These amendments were issued by the IASB on 29 May 2013 and will be applicable on a retrospective basis. The document provides that the disclosure obligation relating to the recoverable value of assets or CGUs arises only in the cases when an impairment or a reversal of a previous write-down has been accounted for. It also provides clarifications as to the information to be provided in the case of impairment of assets, when the recoverable value has been determined by using the fair value method, net of selling costs.

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

These standards and amendments to the international accounting standards have had no significant effects on the information provided in this interim financial report and on the measurement of the related items in the financial statements.

### **Accounting standards, amendments and interpretations endorsed by the European Union but which are still not applicable and which have not been early adopted by the Piquadro Group**

Starting from 1 April 2015 the following accounting standards and amendments to accounting standards shall be applied obligatorily, as the related EU endorsement process has already been completed:

- IFRIC 21 – “*Levies (Regulation 634/2014)*”. This interpretation was issued by IFRS IC on 20 May 2013 and will be applicable, on a retroactive basis, starting from financial years that will commence on or after 17 July 2014. The interpretation was issued to identify the methods to account for “*Levies*”, i.e. any payments to a government body for which the entity does not receive specific goods or services. The document identifies various types of levies and specifies the event that gives rise to the obligation, which in turn determines, pursuant to IAS 37, the recognition of a liability. The Group is currently considering the potential effects on the financial statements arising from the adoption of such standard.

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

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

- IFRS 9 – “*Financial instruments*”. The standard was issued by the IASB on 12 November 2009 and was subsequently amended. The standard, the application of which has been postponed to 1 January 2015, falls within the scope of a large multi-phase process aimed at replacing IAS 39 and introduces new criteria for the classification of financial assets and liabilities, the derecognition of financial assets and the management and accounting for hedging transactions.
- IAS 19 (amendments) – “*Employee Benefits: Defined Benefit Plans - Employee Contributions*”. This document was issued by the IASB on 21 November 2013 and will be applicable from the financial years that will commence on 1 July 2014. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, such as, for example, employee contributions that are calculated according to a fixed percentage of salary.

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

- IFRS 2 (amendments) – “*Share-based Payment: Definition of vesting conditions*”. Amendments have been made to the definitions of “*vesting conditions*” and of “*market condition*” and the definitions of “*performance condition*” and “*service condition*” have been added.
- IFRS 3 (amendments) – “*Business Combinations: Accounting for contingent consideration in a business combination*”. It is clarified that a contingent consideration in a business combination classified as an asset

or liability must be measured at fair value through profit or loss at each reporting date, regardless of whether it is a financial instrument regulated by IFRS 9 or by IAS 39 or a non-financial asset or liability.

- IFRS 8 (amendments) – *“Operating Segments: Aggregation of operating segments”*. These amendments require the disclosure of the judgements made by the Management in aggregating operating segments.
- IFRS 8 (amendments) – *“Operating Segments: Reconciliation of the total of the reportable segments' assets to the entity's assets”*. The amendment requires that the reconciliation should be provided obligatorily only if a measurement of the total assets of operating segments is regularly provided to the Management.
- IFRS 13 (amendments) – *“Fair value Measurement: short-term Receivables and Payables”*. The improvement clarifies that issuing IFRS 13 does not remove the ability to measure short-term receivables and payables without applying the discounting-back, should these effects have not been significant.
- IAS 16 (amendments) – *“Property, Plant and Equipment & Improvement IAS 38 – Intangible assets”: Revaluation method”*. These amendments eliminate some inconsistencies in recognising amortisation and depreciation funds when a tangible or intangible asset is subject to revaluation. Specifically, it is clarified that the gross book value must be adjusted consistently with the revaluation of the net value of the asset and that the amortisation and depreciation fund must be equal to the difference between gross value and net value, less any impairment losses previously recognised.
- IAS 24 (amendments) – *“Related Party Transactions: Key management personnel services”*. Some provisions are clarified in relation to the identification of related parties and to the information to be provided with reference to key management personnel.

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

- IFRS 1 (amendments) – *“First-time Adoption of IFRS: Meaning of effective IFRSs”*. The amendment clarifies that, upon first-time adoption of IFRS, it is possible to opt for the early application of a new standard aimed at replacing the standard in force, as an alternative to the application of a standard in force as at the transition date.
- IFRS 3 (amendments) – *“Business Combinations: Scope exception for joint ventures”*. The improvement excludes all types of joint arrangements from the scope of application of IFRS 3.
- IFRS 13 (amendments) – *“Fair value measurement: Scope of paragraph 52 (portfolio exception)”*. This amendment clarifies that the possibility of measuring a group of assets and liabilities at fair value also refers to contracts within the scope of application of IAS 39 (or IFRS 9), but that do not meet the definition of financial assets and liabilities provided by IAS 32 (such as, for example, any contracts for the purchase and sale of commodities that can be settled in cash at their net value).
- IAS 40 (amendments) – *“Investment Property – Clarifying the interrelationship of IFRS 3 and IAS 40”*. It is clarified that, in order to determine whether the purchase of an investment property falls within the scope of application of IFRS 3, it is necessary to make reference to IFRS 3, while, in order to determine whether the purchase falls within the scope of application of IAS 40, it is necessary to make reference to the specific instructions under said standard.
- IFRS 14 – *“Regulatory deferral accounts”*. The standard was issued by the IASB on 30 January 2014. The standard permits first-time adopters only to continue to recognise any amounts related to rate regulation in accordance with their previous GAAP requirements. Its application is expected to start from 1 January 2016, with early application permitted.
- IFRS 11 (amendments) – *“Joint arrangements: Acquisitions of Interests in Joint Operations”*. These amendments were issued by the IASB on 6 May 2014 and will be applicable from the financial years that

will commence on or after 1 January 2016, with early application permitted. The document states that the principles in IFRS 3 – *Business Combinations* – regarding the recognition of the effects of a business combination must be applied in order to recognise the acquisition of a joint operation whose activity is represented by a business.

- IAS 16 and IAS 38 (amendments) – “*Clarification of Acceptable Methods of Depreciation and Amortisation*”. These amendments were issued by the IASB on 12 May 2014 and will be applicable from the financial years that will commence on or after 1 January 2016. The document states that, except in certain limited circumstances, a method of amortisation/depreciation correlated to revenues may not be considered acceptable for both property, plant and equipment and intangible assets.
- IFRS 15 – “*Revenue from Contracts with Customers*”. This standard was published by the IASB on 28 May 2014. This standard replaces IAS 18 – Revenue, IAS 11 – Construction Contracts, the interpretations SIC 31, IFRIC 13 and IFRIC 15. The new standard applies to any and all contracts with customers, except for any contracts that fall under the scope of application of IAS 17 – Leasing, insurance contracts and financial instruments. The new standard lays down a process consisting of five steps which determine the timing and the amount of the revenues to recognise. The adoption of this standard is expected to be obligatory starting from the financial years that will commence on or after 1 January 2017, with early adoption permitted. It is planned to apply the new standard retrospectively, with the possibility of choosing whether to restate the financial years presented in the comparative disclosures or recognise the effects of its adoption under the opening equity of the first-time application financial year.
- IAS 16 and IAS 41 (amendments) – “*Agriculture*”. These amendments were issued by the IASB on 30 June 2014 and will be applicable from the financial years that will commence on or after 1 January 2016. The document states that the accounting treatment of some specific types of biological activities (fruit trees) must be as laid down in IAS 16.
- IAS 27 (amendments) – “*Separate Financial Statements*”. The document was issued by the IASB on 12 August 2014. These amendments, which will be applicable from the financial years that will commence on or after 1 January 2016, allow the equity method to be used to account for investments in subsidiaries, associates and joint ventures in separate financial statements. The aim is to reduce management complexity and relative costs for companies that operate under legal systems in which IFRS also apply to separate financial statements.
- IFRS 10 and IAS 28 (amendments). The document was issued by the IASB on 11 September 2014. The document resolves some inconsistencies between the requirements of IFRS 10 and IAS 28. These amendments will be applicable from the financial years that will commence on or after 1 January 2016.

On 25 September 2014 the International Accounting Standards Board (IASB) published a document named “*Improvements to International Financial Reporting Standards (2012-2014 Cycle)*”. These improvements, which will be applicable from the financial years that will commence on or after 1 January 2016, include amendments to IFRS 5, IFRS 7 and IAS 19.

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

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

### ASSETS

#### NON-CURRENT ASSETS

##### Note 1 – Intangible assets

As at 30 September 2014 the value of intangible assets was equal to Euro 4,921 thousand (Euro 5,020 thousand as at 31 March 2014).

Below is reported the statement of changes of this item:

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>
Balance as at 31 March 2014	5,020
Investments in intangible assets	239
Sales and disposals	-
Other changes	-
Amortisation	(338)
Write-downs	-
<b>Total</b>	<b>4,921</b>

In the half-year ended 30 September 2014, the increases in intangible assets, equal to Euro 239 thousand, mainly related to investments in software and IT products for Euro 150 thousand, to investments in trademarks for Euro 1 thousand and to the key money (Euro 88 thousand).

##### Note 2 - Property, plant and equipment

As at 30 September 2014, the value of property, plant and equipment was equal to Euro 13,004 thousand (Euro 13,059 thousand as at 31 March 2014). Below is reported the statement of changes of this item:

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>
Balance as at 31 March 2014	13,059
Investments in property, plant and equipment	937
Sales and disposals	-
Other changes	-
Depreciation	(846)
Write-downs	(146)
<b>Total</b>	<b>13,004</b>

Increases in property, plant and equipment, equal to Euro 937 thousand in the half-year ended 30 September 2014, were mainly attributable to plant and machinery for Euro 37 thousand, to industrial and business equipment for Euro 869 thousand (including fittings purchased for new DOS opened in the period under consideration for Euro 778 thousand, electric and electronic office machines for Euro 58 thousand, sundry equipment for Euro 31 thousand and minor assets for Euro 2 thousand), to other assets for Euro 26 thousand and to the property, plant and equipment under construction for Euro 5 thousand.

As at 30 September 2014 some categories of furniture and fittings were written down (Euro 146 thousand) as a result of the closure of some shops whose performances were not in line with the Management's expectations.

Below is reported the net book value as at 30 September 2014 of the assets used by the Group by virtue of finance lease agreements:

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>
Land	878
Buildings	4,665
Plant and equipment	-
Industrial and business equipment	126
<b>Total</b>	<b>5,669</b>



### Note 3 – Receivables from others

Receivables from others, equal to Euro 696 thousand as at 30 September 2014 (against Euro 849 thousand as at 31 March 2014) mainly relate to the guarantee deposits paid for various utilities, including those relating to directly operated shops and to deposits relating to the lease of DOS shops.

### Note 4 – Deferred tax assets

As at 30 September 2014, the amount of deferred tax assets was equal to Euro 1,441 thousand (Euro 1,571 thousand as at 31 March 2014). The balance was mainly made up of Euro 993 thousand of temporary tax differences relating to Piquadro S.p.A. (Euro 1,046 thousand as at 31 March 2014) relating to the IRES and IRAP tax effect on taxed funds, in addition to adjustments made at the time of the preparation of the consolidated financial statements (including the reversal of the intercompany profit with an advanced tax effect equal to Euro 426 thousand against Euro 393 thousand as at 31 March 2014).

## 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:

<i>(in thousands of Euro)</i>	<b>Gross value as at 30 September 2014</b>	<b>Provision for write-down</b>	<b>Net value as at 30 September 2014</b>	<b>Net value as at 31 March 2014</b>
Raw Materials	1,798	(151)	1,647	2,721
Semi-finished products	496	-	496	589
Finished products	14,579	(397)	14,182	12,526
<b>Inventories</b>	<b>16,873</b>	<b>(548)</b>	<b>16,325</b>	<b>15,836</b>

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

<i>(in thousands of Euro)</i>	<b>Provision as at 31 March 2014</b>	<b>Use</b>	<b>Allocation</b>	<b>Reclassification</b>	<b>Provision as at 30 September 2014</b>
Provision for write-down of raw materials	151	-	-	(39)	112
Provision for write-down of finished products	299	-	98	39	436
<b>Total provision for write-down of inventories</b>	<b>450</b>	<b>-</b>	<b>98</b>	<b>-</b>	<b>548</b>

As at 30 September 2014, inventories showed an increase compared to the corresponding values as at 31 March 2014. This increase is mainly attributable to the different seasonality and to the early production relating to the increased sales expected in the current financial year.

### Note 6 – Trade receivables

As at 30 September 2014, trade receivables were equal to Euro 26,642 thousand compared to Euro 21,095 thousand as at 31 March 2014. The increase over 31 March 2014 is mainly attributable to the turnover growth trends in the half-year.

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:

<i>(in thousands of Euro)</i>	<b>Provision as at 30 September 2014</b>	<b>Provision as at 31 March 2014</b>
-------------------------------	--	--

Balance at the beginning of the year	1,173	1,377
Effect through P&L	160	430
Uses	-	(634)
<b>Total provision for bad debts</b>	<b>1,333</b>	<b>1,173</b>

#### Note 7 – Other current assets

Below is reported the breakdown of other current assets:

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>31 March 2014</b>
Other assets	536	485
Accrued income and prepaid expenses	1,360	972
<b>Other current assets</b>	<b>1,896</b>	<b>1,457</b>

#### Note 8 – Derivative assets

As at 30 September 2014 there were assets relating to the currency forward purchases (USD) equal to Euro 362 thousand (Euro 23 thousand as at 31 March 2014), while there were no assets relating to hedging of financial instruments.

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 2014 tax receivables were equal to Euro 270 thousand (Euro 256 thousand at 31 March 2014) and related to the refund of the IRES tax due following the deductibility of the IRAP tax relating to the cost of subordinate employment and employment treated as such referred to in Decree Law 201/2011 and Decree Law 16/2012 for the years 2007- 2011. This amount must be considered as a receivable due beyond 12 months.

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>31 March 2014</b>
Receivables for income taxes	-	(14)
Receivable for IRES tax refund	270	270
<b>Tax receivables</b>	<b>270</b>	<b>256</b>

#### Note 10 – Cash and cash equivalents

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

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>31 March 2014</b>
Available current bank accounts	5,900	10,890
Cash, cash on hand and cheques	102	95
<b>Cash and cash equivalents</b>	<b>6,002</b>	<b>10,985</b>

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 Statement of cash flows and the breakdown of Net Financial Position.

## LIABILITIES

### NON-CURRENT LIABILITIES

#### Note 11 – EQUITY

## Share capital

As at 30 September 2014, 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.

As described more in detail in the paragraph “Significant events for the half-year ended 30 September 2014” of the Interim Report on Operations, during the half-year ended 30 September 2014, the Shareholders’ Meeting approved the authorisation of the Board of Directors to acquire and dispose of treasury shares, in compliance with the regulatory provisions and regulations in force, and it authorised the Board of Directors to acquire the maximum number of treasury shares permitted by law, for a period of 12 months from the date of authorization - that is until the Shareholders’ Meeting which will approve the financial statements as at 31 March 2015 - by using the reserves available according to the last financial statements as duly approved.

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

Finally, the Shareholders’ Meeting has resolved, in consideration of the fact that neither the third and last tranche of the options assigned under the stock option plan named “2008-2013 Stock Option Plan of Piquadro S.p.A.” (the “2008-2013 Plan”) has accrued and that, therefore, the plan itself must be considered to be terminated, to fully revoke, for the residual nominal amount of Euro 6,000.00, the increase in the Company’s share capital that has been serving the 2008-2013 Plan up to now and the related resolutions passed by the Shareholders’ Meeting, as well as to amend section 6 of the Company’s By-Laws.

On the contrary, the stock option plan named “2012-2017 Stock Option Plan of Piquadro S.p.A.” is still in force, which is reserved for certain Directors, executives with strategic responsibilities, employees and collaborators of Piquadro S.p.A. and of other companies owned by it.

The plan’s beneficiaries, specifying the number of rights of option assigned to each of them, have been defined subject to the opinion of the Remuneration Committee.

Below is reported some condensed information about the 2012 – 2017 stock option plan:

<b>2012 – 2017 Stock Option Plan</b>	<b>Number of options</b>
Options assigned at 1 April 2014	3,600,000
Options granted	0
Options cancelled or subject to waiver by beneficiaries or forfeited	0
Options expired, as they were not exercised	0
Options exercised	0
Options outstanding at 30 September 2014	3,600,000

This 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 plan is based on the Black – Scholes model, which has been properly amended in order to be able to include the conditions of accrual of the options. The calculation model has been created specifically in order to take account of the characteristics envisaged in the rules of the plan.

As at 30 September 2014 none of the 3,600,000 options granted against the new stock option plan had accrued.

In the half-year ended 30 September 2014 the abovementioned stock option plan entailed the recognition of a cost of Euro 29 thousand in the income statement.

### Share premium reserve

This reserve, which remained unchanged compared to the financial year ended 31 March 2014, was equal to Euro 1,000 thousand.

### Translation reserve

As at 30 September 2014 the translation reserve was positive for Euro 268 thousand (it reported a positive balance of Euro 16 thousand as at 31 March 2014). This item is referred to the exchange rate differences due to the consolidation of the companies with a relevant currency other than the Euro, i.e. Piquadro Hong Kong and Piquadro Macau (the relevant currency being the Hong Kong Dollar), Uni Best Leather Goods (Zhongshang) Co. Ltd and Piquadro Shenzhen (the relevant currency being the Chinese Renminbi), Piquadro Taiwan Co. Ltd (the relevant currency being the Taiwan Dollar), Piquadro Swiss (the relevant currency being the Swiss Franc) and Piquadro UK Limited (the relevant currency being the Great Britain Pound).

### Group net profit

This item relates to the recognition of the Group profit, equal to Euro 2,271 thousand, in the half-year ended 30 September 2014.

### Profits and reserves attributable to minority interests

The item refers to the portions of reserves and profits, equal to a negative value of Euro 18 thousand (against a positive value of Euro 4 thousand at 31 March 2014), 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:

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>31 March 2014</b>
Borrowings from 1 to 5 years	8,699	10,317
Borrowings beyond 5 years	-	-
<b>Medium/long-term borrowings</b>	<b>8,699</b>	<b>10,317</b>

On 30 September 2014 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 2014, borrowings mainly related to Piquadro S.p.A. and included:

1. Euro 675 thousand for the unsecured loan granted by Carisbo S.p.A. on 22 November 2010 (against an initial amount of Euro 2,700 thousand), of which a current portion of Euro 540 thousand and a non-current portion of Euro 135 thousand.
2. Euro 2,000 thousand relating to the unsecured loan granted by UBI – Banca Popolare Commercio & Industria (against an initial amount of Euro 2,000 thousand), of which a current portion of Euro 653 thousand and a non-current portion of Euro 1,347 thousand. The financing was rescheduled on 30 July.
3. Euro 3,000 thousand relating to the unsecured loan granted by UBI – Banca Popolare Commercio & Industria (against an initial amount of Euro 3,000 thousand), of which a current portion of Euro 2,000 thousand and a non-current portion of Euro 1,000 thousand. The financing was rescheduled on 1 August 2014.
4. Euro 1,670 thousand relating to the unsecured loan granted by Credem – Gruppo Emiliano (against an initial amount of Euro 2,000 thousand), fully relating to the current portion. The financing was rescheduled on 24 June 2014.

5. Euro 3,469 thousand relating to the unsecured loan granted by Unicredit on 31 October 2012 (against an initial amount of Euro 6,000 thousand), of which a current portion of Euro 1,511 thousand and a non-current portion of Euro 1,958 thousand.
6. Euro 1,500 thousand relating to the (short-term) unsecured loan granted by ICCREA - Banca Impresa S.p.A. (against an initial amount of Euro 1,500 thousand), of which a current portion of Euro 996 thousand and a non-current portion of Euro 504 thousand. The financing was rescheduled on 31 July 2014.
7. Euro 1,500 thousand relating to the (long-term) unsecured loan granted by ICCREA - Banca Impresa S.p.A. (against an initial amount of Euro 1,500 thousand), of which a current portion of Euro 490 thousand and a non-current portion of Euro 1,009 thousand. The financing was rescheduled on 31 July 2014.
8. Euro 3,889 thousand relating to the unsecured loan granted by Mediocredito Italiano S.p.A. on 28 February 2013, of which a current portion of Euro 1,111 thousand and a non-current portion of Euro 2,778 thousand.
9. Euro 412 thousand fully relating to the short-term portion and to the Unicredit loan (Shanghai branch) granted to the subsidiary Piquadro Trading Shenzhen.
10. Euro 164 thousand fully relating to the short-term portion and related to the Minority shareholders loan of the subsidiary Piquadro Swiss SA, which was entered into on 16 October 2012 for an initial amount of 196 thousand Swiss Francs.

Below is reported the breakdown of the loans:

<i>(in thousands of Euro)</i>	<b>Date of granting of the loan</b>	<b>Initial amount</b>	<b>Currency</b>	<b>Current borrowings</b>	<b>Amort. cost (S/T)</b>	<b>Non-current borrowings</b>	<b>Amort. Cost (L/T)</b>	<b>Total</b>
Carisbo loan	22 November 2010	2,700	EUR	540	(1)	135	-	674
UBI loan	30 July 2014	2,000	EUR	653	-	1,347	-	2,000
UBI loan	1 August 2014	3,000	EUR	2,000	(13)	1,000	(2)	2,985
Credem loan	24 June 2014	2,000	EUR	1,670	(5)	-	-	1,665
Unicredit loan	31 October 2012	6,000	EUR	1,511	(16)	1,958	(8)	3,445
ICCREA (short-term) loan	31 July 2014	1,500	EUR	996	(7)	504	(6)	1,487
ICCREA (long-term) loan	31 July 2014	1,500	EUR	491	-	1,009	-	1,500
Mediocredito loan	28 February 2013	5,000	EUR	1,111	(12)	2,778	(16)	3,861
Unicredit currency loan	Piquadro Trading Shenzhen	900	CNY	412	-	-	-	412
Currency loan	Piquadro Swiss SA	197	CHF	164	-	-	-	164
UBI HotMoney		1,000	EUR	1,000	-	-	-	1,000
				<b>10,548</b>	<b>(55)</b>	<b>8,731</b>	<b>(32)</b>	<b>19,193</b>

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

Below is reported the following breakdown:

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>31 March 2014</b>
<b>Non-current portion:</b>		
Payables to leasing companies	2,311	2,604
<b>Current:</b>		
Payables to leasing companies	583	576
<b>Payables to other lenders for lease agreements</b>	<b>2,894</b>	<b>3,180</b>

#### **Note 14 – Provision for Employee Benefits**

As at 30 September 2014 the value of the provision was equal to Euro 274 thousand (Euro 254 thousand as at 31 March 2014) 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 2014.

#### Note 15 – Provisions for risks and charges

Below are the changes in provisions for risks and charges as at 30 September 2014:

<i>(in thousands of Euro)</i>	<b>Provision as at 31 March 2014</b>	Use	Allocation	Reclassification	<b>Provision as at 30 September 2014</b>
Provision for supplementary clientele indemnity	736	(10)	58	-	784
Other provisions for risks	237	-	-	-	237
<b>Total</b>	<b>973</b>	<b>(10)</b>	<b>58</b>	<b>-</b>	<b>1,021</b>

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.

Other provisions for risks of Euro 237 thousand mainly relate to the provision for risks on returns on sales equal to Euro 77 thousand, to provisions for risks on repairs for Euro 10 thousand and to other provisions for risks on potential liabilities generated by current operations equal to Euro 150 thousand.

#### Note 16 – Deferred tax liabilities

As at 30 September 2014 the amount of deferred tax liabilities was equal to Euro 182 thousand (Euro 91 thousand as at 31 March 2014) and was fully referable to the Parent Company.

### CURRENT LIABILITIES

#### Note 17 – Borrowings

As at 30 September 2014 borrowings were equal to Euro 10,493 thousand against Euro 7,697 thousand as at 31 March 2014; for the breakdown, reference is made to Note 12. The balance related to a current portion of payables to banks for loans for Euro 9,493 thousand and payables to banks for the use of credit lines for Euro 1,000 thousand.

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

As at 30 September 2014 they were equal to Euro 583 thousand (Euro 576 thousand as at 31 March 2014) and related to the current portion of payables to leasing companies in relation to finance lease agreements mainly involving hardware and software (Euro 32 thousand) and the building of the operational headquarters of the Company (Euro 551 thousand).

### NET FINANCIAL POSITION

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

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>31 March 2014</b>	<b>30 September 2013</b>
(A) Cash	102	95	83
(B) Cash and cash equivalents (available current bank accounts)	5,900	10,890	14,102
<b>(C) Liquidity (A) + (B)</b>	<b>6,002</b>	<b>10,985</b>	<b>14,185</b>
(D) Finance leases	(583)	(576)	(567)

(E) Current bank debt	(1,000)	(3)	(4,000)
(F) Current portion of non-current debt	(9,493)	(7,694)	(6,577)
<b>(G) Current financial debt (D) + (E) + (F)</b>	<b>(11,076)</b>	<b>(8,273)</b>	<b>(11,144)</b>
<b>(H) Short-term net financial position (C) + (G)</b>	<b>(5,074)</b>	<b>2,712</b>	<b>3,041</b>
(I) Non-current bank debt	(8,699)	(10,317)	(14,435)
(L) Finance leases	(2,311)	(2,604)	(2,894)
<b>(M) Non-current financial debt (I) + (L)</b>	<b>(11,010)</b>	<b>(12,921)</b>	<b>(17,329)</b>
<b>(N) Net Financial Position (H) + (M)</b>	<b>(16,084)</b>	<b>(10,209)</b>	<b>(14,288)</b>

As at 30 September 2014 the consolidated net financial position posted a negative value of about Euro 16.1 million. The main reasons for the trend in the net financial position, compared to 31 March 2014, are attributable to the following factors:

- investments in property, plant and equipment and intangible assets for Euro 1,176 thousand;
- an increase in the net current assets of Euro 8.2 million, which was mostly due to an increase in trade receivables and to a decrease in trade payables, which was due to the seasonality of the period.

The consolidated net financial position at 30 September 2014, compared to the value recorded at 30 September 2013, showed an increase of about Euro 1.8 million, as a result of an increase in the Group's working capital, equal to Euro 4.8 million, mainly linked to the growth trends in turnover.

#### Note 19 – Trade payables

Below is the breakdown of current trade liabilities:

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>31 March 2014</b>
Payables to suppliers	10,724	12,887

As at 30 September 2014, the decrease in payables to suppliers (Euro 2,163 thousand) was mainly due to both the fact that the 2014/2015 half-year saw a reduction in the purchases of raw materials and the fact that there was a change in the terms of payments to some suppliers.

#### Note 20 – Other current liabilities

Below is the breakdown of other current liabilities:

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>31 March 2014</b>
Payables to social security institutions	387	360
Payables to pension funds	23	24
Other payables	107	197
Payables to employees	1,227	1,107
Advances from customers	96	53
Accrued expenses and deferred income	-	-
Payables for VAT	705	977
IRPEF tax payables and other tax payables	308	286
<b>Other current liabilities</b>	<b>2,853</b>	<b>3,004</b>

Payables to social security institutions mainly relate to the Parent Company's payables due to INPS. Payables to employees as at 30 September 2014, equal to Euro 1,227 thousand (Euro 1,107 thousand as at 31 March 2014) 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:

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>31 March 2014</b>
IRES tax and other income taxes	647	-
IRAP tax	279	-
<b>Tax payables</b>	<b>926</b>	<b>-</b>

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.

At 31 March 2014 there were only tax receivables, for some advances paid to an amount higher than the related accrued tax debt.



## 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:

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>30 September 2013</b>
Italy	24,341	21,226
Europe	6,040	6,285
Rest of the world	1,963	2,381
<b>Revenues from sales</b>	<b>32,345</b>	<b>29,892</b>

In the half-year ended 30 September 2014, revenues from sales reported an increase equal to Euro 2,453 thousand compared to the corresponding revenues achieved in the half-year ended 30 September 2013 (+8.2%).

### Note 23 – Other income

In the half-year ended 30 September 2014, other income amounted to Euro 357 thousand (Euro 405 thousand in the half-year ended 30 September 2013).

### Note 24 – Change in inventories

The change in inventories was positive in both the half-year ended 30 September 2014 (Euro 264 thousand) and the half-year ended 30 September 2013 (Euro 2,246 thousand); this positive change is mainly attributable to the seasonality of the Group's business which realises more than half of its turnover in the second half of the financial year.

### Note 25 – Costs for purchases

This item essentially includes the cost of materials used for the production of the Company's goods and of consumables. In the half-year ended 30 September 2014, costs for purchases were equal to Euro 4,828 thousand (Euro 5,890 thousand in the half-year ended 30 September 2013).

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

Below is the breakdown of costs for services:

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>30 September 2013</b>
External production	5,369	4,861
Advertising and marketing	1,418	1,353
Transport services	1,997	1,785
Business services	1,394	1,125
Administrative services	599	789
General services	713	652
Services for production	700	859
<b>Total Costs for services</b>	<b>12,190</b>	<b>11,424</b>
<b>Costs for leases and rentals</b>	<b>3,468</b>	<b>3,534</b>
<b>Costs for services and leases and rentals</b>	<b>15,658</b>	<b>14,958</b>

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

## Note 27 – Personnel costs

Below is reported the breakdown of personnel costs:

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>30 September 2013</b>
Wages and salaries	5,838	5,502
Social security contributions	1,093	1,015
TFR	211	196
<b>Personnel costs</b>	<b>7,142</b>	<b>6,713</b>

The table below reports the exact number by category of employees as at 30 September 2014 and 30 September 2013:

<b>Category</b>	<b>30 September 2014</b>	<b>30 September 2013</b>	<b>31 March 2014</b>
Executives	5	5	5
Office workers	323	320	395
Manual workers	414	446	395
<b>Total</b>	<b>742</b>	<b>771</b>	<b>795</b>

The number of employees as at 30 September 2014 decreased by 29 units compared to the number of employees reported as at 30 September 2013 mainly as a result of the closing of some DOS, which are no longer considered strategic by the Management.

However, in the half-year ended 30 September 2014, personnel costs reported an increase of 6.4%, passing from Euro 6,713 thousand in the half-year ended 30 September 2013 to Euro 7,142 thousand in the half-year ended 30 September 2014.

The increase in personnel costs is mainly due to the increase in staff employed by the Parent Company, mainly for the opening of new points of sales and to the increase in the labour cost of the Chinese subsidiary Unibest Zhongshan.

To supplement the information provided, below is also reported the average number of employees for the half-years ended 30 September 2014 and 30 September 2013 and for the financial year ended 31 March 2014:

<i>Average unit</i>	<b>30 September 2014</b>	<b>30 September 2013</b>	<b>31 March 2014</b>
Executives	5	7	6
Office workers	327	297	327
Manual workers	422	442	429
<b>Total for the Group</b>	<b>754</b>	<b>746</b>	<b>762</b>

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

In the half-year ended 30 September 2014, amortisation and depreciation were equal to Euro 1,184 thousand (Euro 1,152 thousand in the half-year ended 30 September 2014).

Write-downs, equal to Euro 306 thousand, related to the provision for write-down of receivables from customers (Euro 160 thousand) and to the write-down of some categories of assets (Euro 146 thousand) as a result of the early closure of some shops, whose related performances were not in line with the Management's expectations.

## Note 29 - Financial income

In the half-year ended 30 September 2014, financial income was equal to Euro 652 thousand (Euro 521 thousand in the half-year ended 30 September 2013) related for Euro 71 thousand to interest receivable on current accounts and for Euro 581 thousand of foreign exchange gains either realised or estimated (Euro 399 thousand as at 30 September 2013).

## Note 30 - Financial charges

Below is the breakdown of financial charges:

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>30 September 2013</b>
Interest payable on current accounts	49	37
Interest and expense subject to final payment	11	15
Financial charges on loans	327	187
Lease charges	22	25
Other charges	71	80
Net financial charges on defined-benefit plans	4	3
Foreign exchange losses (both realised and estimated)	399	512
<b>Financial Charges</b>	<b>883</b>	<b>859</b>

### Note 31 - Income tax expenses

Below is reported the breakdown of income tax expenses:

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>30 September 2013</b>
IRES tax and other income taxes	844	986
IRAP tax	294	290
<b>Total current taxes</b>	<b>1,138</b>	<b>1,276</b>

<i>(in thousands of Euro)</i>	<b>30 September 2014</b>	<b>30 September 2013</b>
Deferred tax liabilities	(8)	(73)
Deferred tax assets	23	(118)
<b>Total deferred tax assets and liabilities</b>	<b>15</b>	<b>(191)</b>

### Note 32 - Earnings per share

As at 30 September 2014 diluted earnings per share amounted to Euro 0.63083 (basic earnings per share amounted to Euro 0.04542 as at 30 September 2014); they are calculated on the basis of the consolidated net profit for the period attributable to the Group, equal to Euro 2,271 thousand, divided by the weighted average number of ordinary shares outstanding in the half-year, equal to 3,600,000 shares, including potential shares relating to the stock options plan resolved and granted on 31 January 2008.

	<b>30 September 2014</b>	<b>30 September 2013</b>
Group net profit (in thousands of Euro)	2,271	1,980
Average number of outstanding ordinary shares (in thousands of shares)	3,600	53,763
<b>Diluted earnings per share (in Euro)</b>	<b>0.63083</b>	<b>0.03683</b>
Group net profit (in thousands of Euro)	2,271	1,980
Average number of outstanding ordinary shares	50,000	50,000
<b>Basic earnings per share (in Euro)</b>	<b>0.04542</b>	<b>0.03960</b>

## 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 2014, included 57 single-brand stores directly operated by the Group (the so-called “Directly Operated Stores” or “DOS”);
- an indirect channel (“Wholesale”), which is represented by multi-brand shops/department store, single-brand shops run by third parties linked to the Group by franchise agreements and by distributors who then resell the articles in specialist multi-brand shops.

As shown below, as at 30 September 2014, approximately 33.7% of the Group’s consolidated revenues was realised through the direct channel, while 66.3% 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 2014 and 30 September 2013, respectively.

Segment economic performance is monitored by the Company’s Management up to the “Segment result before amortisation and depreciation”. DOS channel’s performance in the half-year ended 30 September 2014, compared to the results recorded as at 30 September 2013, shows a decrease in the margins in the half year, which was affected by the following factors:

- new shops opened with performance not yet in line with the Management’s expectations and with the Company’s benchmark;
- lower profitability of some comparable stores as a result of lower sales compared to the same period in the previous year;
- the increasing role played in the segment by flagship stores, whose main target is to enhance Piquadro brand awareness;
- greater profitability of e-commerce sales;
- a decrease of about Euro 70 thousand in cost allocation owing to the fall in the weight of DOS sales volumes out of the total.

There was an increase in margins as regards the performance of the Wholesale channel in the half-year ended 30 September 2014, compared with the results recorded as at 30 September 2013, both in terms of absolute values and in terms of percentages, which was mainly due to the *operating leverage* generated by increased sales from the Wholesale channel and by the margins connected thereto.

Segment economic performance is monitored by the Company’s Management up to the “Segment result before amortisation and depreciation”:

<i>(in thousands of Euro)</i>	30 September 2014				30 September 2013				
	DOS	Wholesale	Total for the Group (including non-allocated items)	% Impact	DOS	Wholesale	Total for the Group (including non-allocated items)	% Impact	% Change
<b>Revenues from sales</b>	<b>10,900</b>	<b>21,445</b>	<b>32,345</b>	<b>100.0%</b>	<b>10,257</b>	<b>19,635</b>	<b>29,892</b>	<b>100.0%</b>	<b>8.2%</b>
Segment result before amortisation and depreciation	291	4,673	4,964	15.4%	399	4,183	4,582	15.3%	8.3%
Amortisation and depreciation			(1,330)	(4.1)%			(1,189)	(4.0)%	11.8%
Financial income and charges			(232)	(0.7)%			(337)	(1.1)%	(31.1)%
<b>Pre-tax result</b>			<b>3,402</b>	<b>10.52%</b>			<b>3,056</b>	<b>10.22%</b>	<b>11.3%</b>
Income taxes			(1,153)	(3.57)%			(1,087)	(3.64)%	(6.1)%
<b>Profit for the half-</b>			<b>2,249</b>	<b>6.95%</b>			<b>1,970</b>	<b>6.6%</b>	<b>(14.2)%</b>

year

Result attributable to minority interests	0	0.0%	0	0.0%
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<b>Group net profit</b>	<b>2,249</b>	<b>6.95%</b>	<b>1,970</b>	<b>6.6%</b>	<b>(14.2)%</b>
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### Commitments

As at 30 September 2014, the Group had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the 2014/2015 financial year.

### Relations with related parties

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

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

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

In the first half-year of the 2014/2015 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., at arm's length, concerning the lease of a property to be used as offices and located in Milan, Piazza San Babila no. 5, used as a show room of Piquadro S.p.A..

The table below reports the breakdown of the financial relations with these related companies in the first half of the 2014/2015 and 2013/2014 financial years:

<i>(in thousands of Euro)</i>	Receivables		Payables	
	30 September 2014	31 March 2014	30 September 2014	31 March 2014
Financial relations with Piqubo S.p.A.	-	-	-	-
Financial relations with Piquadro Holding S.p.A.	-	-	-	-
Financial relations with Palmieri Family Foundation	-	-	-	-
<b>Total Receivables from and Payables to controlling companies and affiliate companies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The table below reports the breakdown of the economic relations with these related companies in the first half of the 2014/2015 and 2013/2014 financial years:

<i>(in thousands of Euro)</i>	Costs		Revenues	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
Economic relations with Piqubo S.p.A.	35	15	-	-
Economic relations with Piquadro Holding S.p.A.	149	120	-	-

Economic relations with Palmieri Family Foundation	-	-	-	-
<b>Total costs and revenues to controlling companies and affiliate companies</b>	<b>184</b>	<b>135</b>	<b>-</b>	<b>-</b>

No economic transactions took place with the Palmieri Family Foundation in the 2014/2015 and 2013/2014 half-years.

### Fees due to the Board of Directors

The table below reports the fees (including emoluments as Directors and current and deferred remuneration, including in kind, as employees) due to Directors and to the members of the Board of Statutory Auditors of Piquadro S.p.A., in relation to the first half of the 2014/2015 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 2014, Directors had not identified executives with strategic responsibilities):

First and last name	Position held	Period in which the position was held	Term of office	Fees due for the position	Non-monetary benefits	Bonuses and other incentives	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/14-30/09/14	2016	200	3.5	-	-	203.5
Pierpaolo Palmieri	Managing Director	01/04/14-30/09/14	2016	100	2	-	-	102
Marcello Piccioli	Managing Director	01/04/14-30/09/14	2016	90	1.5	-	2	93.5
Roberto Trotta	Managing Director	01/04/14-30/09/14	2016		1.5	-	69	70.5
Gianni Lorenzoni	Director	01/04/14-30/09/14	2016	10	-	-	-	10
Paola Bonomo	Director	01/04/14-30/09/14	2016	10	-	-	-	10
Anna Gatti	Director	01/04/14-30/09/14	2016	10	-	-	-	10
				<b>420</b>	<b>8.5</b>	<b>-</b>	<b>71</b>	<b>499.5</b>

### Events after the period end

In addition to the above, no significant events are reported which occurred at Group level from 1 October 2014 to the date of this Report.

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

- 1) The undersigned Marco Palmieri, in his capacity as Chief Executive Officer, and Roberto Trotta, in his capacity as Manager responsible for the preparation of corporate accounting documents of Piquadro S.p.A., certify, also taking account of the provisions under Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
  - adequacy in relation to the characteristics of the Company and
  - actual application of administrative and accounting procedures for the preparation of the consolidated financial statements in the course of the half-year April 2014-September 2014.
- 2) The evaluation of the adequacy of administrative and accounting procedures for the preparation of the consolidated condensed interim financial statements as at 30 September 2014 has been based on a process defined by Piquadro S.p.A. consistently with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission which represents a reference framework generally accepted at international level.
- 3) It is also certified that:
  - 3.1 the consolidated condensed interim financial statements as at 30 September 2014:
    - a) have been prepared in accordance with the applicable international accounting standards acknowledged by the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and in particular with IAS 34 – Interim Financial Reporting, as well as with the measures issued to implement Article 9 of Legislative Decree no. 38/2005;
    - b) correspond to the results in the accounting books and records;
    - c) have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union, as well as with the measures issued to implement Article 9 of Legislative Decree no. 38/2005, and, as far as we know, are suitable to give a true and correct representation of the equity, economic and financial position of the Issuer and of all the companies included in the scope of consolidation.
  - 3.2 The interim report on operations includes a reliable analysis of the references to the significant events that occurred during the first six months of the financial year and of their impact on the consolidated condensed interim financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year. The interim report on operations also includes a reliable analysis of the information on significant transactions with related parties.

Silla di Gaggio Montano (BO) 25 November 2014

Marco Palmieri  
**Chief Executive Officer**

**Marco Palmieri**

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



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

To the Shareholders of Piquadro SpA

- 1 We have reviewed the consolidated condensed interim financial statements of Piquadro SpA (hereinafter also the "Company") and its subsidiaries (the "Piquadro Group") as of 30 September 2014 and for the six months period then ended, comprising the balance sheet, the income statement, the statement of comprehensive income, the statements of changes in shareholders' equity, the statement of cash flows and the related explanatory notes. The Directors of Piquadro SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard (IAS 34) applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.
- 2 Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution no. 10867 of 31 July 1997. The review consisted principally of inquiries of Company personnel about the information reported in the consolidated condensed interim financial statements and about the consistency of the accounting principles utilized therein as well as the application of analytical review procedures on the data contained in the above mentioned consolidated financial statements. The review excluded certain auditing procedures such as compliance, verification and validation tests of assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express a professional audit opinion on the consolidated condensed interim financial statements.

Regarding the amounts of the consolidated financial statements of the prior year and the consolidated condensed interim financial statements of the prior year presented for comparative purposes, reference should be made to our reports dated 26 June 2014 and 21 November 2013, respectively.

- 3 Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of Piquadro Group as of 30 September 2014 and for the six months period then ended have not been prepared, in all material respects, in accordance with the international accounting standard (IAS 34) applicable to interim financial reporting, as adopted by the European Union.

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### **PricewaterhouseCoopers SpA**

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Bologna, 25 November 2014

PricewaterhouseCoopers SpA

signed by

Gianni Bendandi  
(Partner)

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