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Piquadro S.p.A.
Registered office: Località Sassuriano, 246 - 40041 Silla di Gaggio Montano (Province of Bologna)
Authorised Share Capital: Euro 1,099,998
Subscribed and paid-up Share Capital: Euro 1,000,000
Bologna Register of Companies, Fiscal Code and VAT no. 02554531208

NOTICE OF CALL OF THE SHAREHOLDERS' MEETING

The Ordinary Shareholders' Meeting of Piquadro S.p.A. is hereby called, on 20 July 2017 at 11:00 a.m., on first call, at the registered office, Località Sassuriano, 246, Silla di Gaggio Montano (Province of Bologna), and, if required, on second call, on 21 July 2017, in the same place and at the same time, in order to discuss and resolve on the following

Agenda

1. Approval of the financial statements and presentation of the consolidated financial statements relating to the financial year ended 31 March 2017; proposed allocation of profits; Board of Directors' Report on operations; Independent Auditors' Report; Report of the Board of Statutory Auditors; inherent and consequent resolutions.
2. Presentation of the Annual report on remuneration and consultative vote of the Shareholders' Meeting on the Section 1 of the Report on Remuneration pursuant to article 123-*ter* of Legislative Decree no. 58/1998.
3. Proposed authorisation submitted to the Board for the purchase and sale of treasury shares; inherent and consequent resolutions.

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

Attendance to the Shareholders' Meeting

Pursuant to law, article 13 of the Company's By-Laws and Article 83-*sexies* of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented ("TUF", *Testo Unico della Finanza*, Consolidated Act on Finance), the right to attend the Shareholders' Meeting and to exercise voting rights is certified by a special notice to be given to the Company by an authorised intermediary, pursuant to law and according to its accounting records, in favour of the person who is entitled to vote on the basis of the records relating to the end of the accounting session of the seventh open-market day prior to the date set for the Shareholders' Meeting, falling on 11 July 2017.

Those who will become holders of shares after that date will not be entitled to attend and vote at the Shareholders' Meeting. Therefore, the credit and debit entries entered in the accounts after this date are not relevant for the purposes of the right to exercise voting rights at the Shareholders' Meeting.

In order to facilitate the assessment of the right, the entitled persons are invited to produce a copy of the notice given to the Company by the intermediary which, in accordance with the regulations in force, is required to make available to them.

The abovementioned notices shall be sent to the Company by the intermediary within the time limits set out by the regulations in force, i.e. by the end of the third open-market day prior to the date set for the Shareholders' Meeting (i.e. 17 July 2017). This provision shall apply without prejudice to the right to attend the meeting and to vote in the event of the notices being received by the Company after the time limits specified, provided they are received by the beginning of the meeting's proceedings. The attendance by the shareholders at the Shareholders' Meeting is regulated by the relevant laws and regulations.

Each Shareholder who is entitled to attend the Shareholders' Meeting may be represented by others, by a written proxy pursuant to the current provisions of law. A proxy form is also available on the Company's website: www.piquadro.com, in the Section on Investor Relations, as well as at the registered office. The proxy may be notified to the Company, by registered letter to be sent to the registered office of the Company or by e-mail to be sent to the e-mail address investor.relator@piquadro.com. The preliminary notification (if any) does not exempt the proxy from the obligation to certify, at the time of the accreditation to access the meeting's proceedings, the compliance by the notified copy with the original document and the identity of the appointing party.

Pursuant to article 135-*undecies* of the TUF, the Company has appointed Società per Amministrazioni Fiduciarie "SPAFID" S.p.A., with registered office in Milan, as Representative of the Shareholders.
The proxy must include voting instructions on all or part of the proposals on the agenda and is only effective for the proposals in relation to which voting instructions have been given. No proxy may be granted to Spafid S.p.A., unless in its capacity as the designated Representative of the Company.
in compliance with the Italian regulations in force, the proxy must be granted through the execution, by autograph signature or qualified electronic signature or digital signature, of the specific form available on the Company's website at the address: www.piquadro.com, in the Section on Investor Relations, at the registered office and shall be received as an original document by the end of the second Open-market day prior to the date set for the shareholders' meeting, including on second call (i.e. by 18 July 2017 or, if the Shareholders' Meeting is held on second call, on 19 July 2017). The proxy shall be accompanied by a copy of a current and valid identity document of the Appointing Shareholder or, if the Appointing Shareholder is a legal person, of the *pro-tempore* legal representative or of any other person who is duly empowered, together with such documents as are appropriate to certify their title and powers and sent to Spafid S.p.A., at the following address: Foro Buonaparte, 10 – 20121 Milan, Ref. "Proxy for the Shareholders' Meeting of Piquadro - 2017", by hand delivery in business hours (from 9:00 a.m. to 5:00 p.m.) or sent by registered letter with return receipt or by courier. Without prejudice to the service of the original document of the proxy accompanied by voting instructions, it may also be served by email sent to the certified email address: assemblee@pec.spafid.it. The service of the proxy through the aforesaid certified email address, as duly executed by digital signature pursuant to the regulations in force, meets the requirement of written form. The proxy and the voting instructions may be revoked within the same time limits referred to above.
The shares for which the proxy has been granted, even partially, are included in the calculation for the purposes of duly establishing the Shareholders' Meeting; in relation to the proposals for which no voting instructions have been given, the shares are not included in the calculation for the purposes of setting out the majority and the capital quota required for the approval of resolutions.

Questions
Pursuant to article 127-*ter* of the T.U.F., the Shareholders may make questions on the issues on the agenda, also before the Shareholders' Meeting, provided this occurs by 17 July 2017, by sending the same to the Company's registered office by registered letter or by e-mail to the e-mail address investor.relator@piquadro.com; the questions shall be accompanied by an appropriate notice issued by the authorised intermediary, proving the entitlement to exercise the voting right. The questions received before the Shareholders' Meetings will be given a reply at the latest during the same. The Company may provide a single reply to the questions having the same content.

Voting procedures may not be carried out by correspondence or by electronic means.

Additions to the agenda

Pursuant to article 126-*bis* of the TUF, the Shareholders who represent, also jointly, at least a fortieth of the share capital, may ask, within 10 days of the publication of this notice (i.e. by 29 June 2017), to make additions to the list of issues to be discussed, specifying the additional proposed issues in the request.
The questions, together with the certification proving the ownership of the shareholding, shall be sent in writing, by registered office with return receipt, to the registered office or by email sent to the address: investor.relator@piquadro.com.
The applicant shareholders shall deliver, by the time limit set out for the submission of request for additions, a report to the Board of Directors on the proposed issues for discussion. Additions to the agenda are not allowed for issues on which the Shareholders' Meeting resolves, pursuant to law, at the proposal of the Board of Directors or based on a project or report prepared by the same, other than the reports that are usually prepared by the Board of Directors on the issues on the agenda.
With reference to the limits, the procedures and/or the time limits for these additions, reference is made to the current laws and regulations and section 12.5 of the Company's By-Laws.

Documentation

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

The documentation relating to the issues on the agenda required by the current regulations, the full texts of the proposed resolutions, together with the explanatory reports required by the current regulations and any other information under article 125-*quater* of the TUF are made available to the public at the registered office and published on the Company's website www.piquadro.com, in the Section on Investor Relations, and at the authorised storage system named "eMarket Storage" that can be accessed from the address: www.emarketstorage.com, within the time limits set out by law and according to the procedures envisaged by the current regulations.

The annual financial report (including the draft financial statements, the consolidated financial statements, the report on operations and the certification required by article 154-*bis*, paragraph 5, of the TUF), the independent auditors' report, as well as the Board of Statutory Auditors' report will be made available to the public, at the registered office and made available on the Company's website www.piquadro.com, in the Section on Investor Relations, and at the authorised storage system named "eMarket Storage" that can be accessed from the address: www.emarketstorage.com, within the time limits set out by law and according to the procedures envisaged by the current regulations. The Shareholders are entitled to obtain a copy thereof.

The Shareholders' Meeting may be attended by experts, financial analysts and journalists who are invited to send, for this purpose, a request for participation at least two days before the meeting on first call to the following fax number: fax +39 0534 409090.

Silla di Gaggio Montano, 19 June 2017

The Chairman of the Board of Directors
Marco Palmieri

The abstract of this notice of call was also published by the Company in the daily newspaper *Il Giornale* on 19 June 2017.

Corporate details

Piquadro S.p.A.

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

Authorised Share Capital: Euro 1,099,998

Subscribed and paid-up Share Capital: Euro 1,000,000

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

Production plants, offices and directly operated stores ("DOSs") through which the Group operates

Silla di Gaggio Montano, Località Sassuriano (Province of Bologna)	*Headquarters, logistics and Offices*
Guangdong, The People's Republic of China (registered office of Uni Best Leather Goods Zhongshan Co. Ltd)	*Production plant*
Milan - Via della Spiga 33 (Piquadro S.p.A.)	*Point of sale*
Milan - Linate Airport (Piquadro S.p.A.)	*Point of sale*
Rome - Galleria Alberto Sordi (Piquadro S.p.A.)	*Point of sale*
Barcelona (Spain) - Paseo de Gracia 11, Tienda 7 (Piquadro España SLU)	*Point of sale*
Bologna - Piazza Maggiore 4/B (Piquadro S.p.A.)	*Point of sale*
Barberino del Mugello (FI) – "Factory Outlet Centre" (Piquadro S.p.A.)	*Retail outlet*
Fidenza (PR) - "Fidenza Village" (Piquadro S.p.A.)	*Retail outlet*
Rome - c/o Centro Commerciale Cinecittà (Piquadro S.p.A.)	*Point of sale*
Rome - c/o Galleria N. Commerciale di "Porta Roma"(Piquadro S.p.A.)	*Point of sale*
Vicolungo (NO) - Parco Commerciale (Piquadro S.p.A.)	*Retail outlet*
Rome - c/o Euroma 2 (Piquadro S.p.A.)	*Point of sale*
Valdichiana (AR) - "Valdichiana Outlet Village" (Piquadro S.p.A.)	*Retail outlet*
Noventa di Piave (VE) - "McArthurGlen Designer Outlets" (Piquadro S.p.A.)	*Retail outlet*
Milan - Via Dante 9 (Piquadro S.p.A.)	*Point of sale*
Bologna - "G. Marconi" Airport (Piquadro S.p.A.)	*Point of sale*
Taipei (Taiwan) - Eslite Dun Nan (Piquadro Taiwan Co. Ltd.)	*Point of sale*
Taipei (Taiwan) - Xin Yin Shop (Piquadro Taiwan Co. Ltd.)	*Point of sale*
Marcianise (CE) - c/o "Factory Outlet Centre" (Piquadro S.p.A.)	*Retail outlet*
Hong Kong - Kowloon – I Square Shopping Mall (Piquadro Hong Kong Co. Ltd)	*Point of sale*
Agira (EN) - Sicilia Fashion Outlet Centre (Piquadro S.p.A.)	*Retail outlet*
Rimini - Shopping Mall "Le Befane" (Piquadro S.p.A.)	*Point of sale*
Milan – Corso Buenos Aires 10 (Piquadro S.p.A)	*Point of sale*
Assago (MI) – Shopping Mall "Milanofiori" (Piquadro S.p.A)	*Point of sale*
Kaohsiung City (Taiwan) - Shopping Mall "Dream Mall" (Piquadro Taiwan Co. Ltd.)	*Point of sale*
Pescara – Via Trento 10 (Piquadro S.p.A)	*Point of sale*
Mantova – Shopping Mall "Fashion District" (Piquadro S.p.A)	*Retail outlet*
Rome – Via Frattina 149 (Piquadro S.p.A.)	*Point of sale*
Rozzano (MI) – Shopping Mall "Fiordaliso" (Piquadro S.p.A.)	*Point of sale*
Mendrisio (Switzerland) – Fox Town Outlet Centre (Piquadro Swiss SA)	*Retail outlet*
Barcelona (Spain) – El Corte Inglés, Plaza Catalunya 14 (Piquadro España SLU)	*Point of sale*
Verona – Piazza delle Erbe 10 (Piquadro S.p.A.)	*Point of sale*
Milan - Malpensa Airport, Tulipano Terminal 1 (Piquadro S.p.A.)	*Point of sale*
Castelromano (RM) – "Factory Outlet Centre" (Piquadro S.p.A.)	*Retail outlet*
Venice – Mercerie del Capitello 4940 (Piquadro S.p.A.)	*Point of sale*
Florence – Via Calimala 7/R (Piquadro S.p.A.)	*Point of sale*
Forte dei Marmi (LU) – Via Mazzini 15/b (Piquadro S.p.A.)	*Point of sale*
Turin – Via Roma 330/332 (Piquadro S.p.A.)	*Point of sale*
Valencia (Spain) – El Corte Inglés, Calle Pintor Sorolla 26 (Piquadro España SLU)	*Point of sale*
Barcelona (Spain) – El Corte Inglés Diagonal, Av. Diagonal 617 (Piquadro España SLU)	*Point of sale*
London (Great Britain) – Regent Street 67 (Piquadro UK Limited)	*Point of sale*
Rome - Fiumicino Airport, Terminal 1 (Piquadro S.p.A.)	*Point of sale*
Castelguelfo (BO) - "The Style Outlets" (Piquadro S.p.A.)	*Retail outlet*

Tainan City (Taiwan) – Dream Mall Tainan (Piquadro Taiwan Co. Ltd.)	*Point of sale*
New York (USA) - Madison Avenue 509 (Piquadro LLC)	*Point of sale*
Serravalle Scrivia (AL) - "Serravalle Designer Outlet" (Piquadro S.p.A.)	*Retail outlet*
Barcelona (Spain) - "La Roca Village", Local 154/A (Piquadro España SLU)	*Retail outlet*
Rome – Fiumicino Airport, Area D (Piquadro S.p.A.)	*Point of sale*
Milan - Malpensa Airport, Terminal 2 - Ferno (VA) (Piquadro S.p.A.)	*Point of sale*
Moscow (Russia) – Afimall TC (OOO Piquadro Russia)	*Point of sale*
Moscow (Russia) – Metropolis TC (OOO Piquadro Russia)	*Point of sale*
Moscow (Russia) – Mega Balaja Dacha (OOO Piquadro Russia)	*Point of sale*
Moscow (Russia) – Atrium TEC (OOO Piquadro Russia)	*Point of sale*
Moscow (Russia) – Europejsky TEC (OOO Piquadro Russia)	*Point of sale*
Milan – Scalo Milano City Style (Piquadro S.p.A.)	*Retail outlet*
Rome - Fiumicino Airport, Terminal 3 (Piquadro S.p.A.)	*Point of sale*
Milan - Via Landolfo 1 (The Bridge S.p.A.)	*Point of sale*
Turin - Via Lagrange 19 (The Bridge S.p.A.)	*Point of sale*
Bari - Via Argiro 16-16/A (The Bridge S.p.A.)	*Point of sale*
Serravalle Scrivia (AL) - Serravalle Designer Outlet (The Bridge S.p.A.)	*Retail outlet*
Marcianise (CE) - "Factory Outlet Centre" (The Bridge S.p.A.)	*Retail outlet*
Castelromano (Rome) - Factory outlet store (The Bridge S.p.A.)	*Retail outlet*
Dittaino (EN) - Sicily Outlet Village (The Bridge S.p.A.)	*Retail outlet*
Milan - Scalo Milano City Style (The Bridge S.p.A.)	*Retail outlet*

Introduction

This Report on Operations (or the "Report") relates to the consolidated and separate financial statements of Piquadro S.p.A. (hereinafter also referred to as the "Company" or the "Parent Company") and its Subsidiaries ("Piquadro Group" or the "Group") at 31 March 2017, as prepared in accordance with IAS/IFRS ("International Accounting Standards" and "International Financial Reporting Standards") issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission and supplemented by the related interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC), which was previously named Standing Interpretations Committee (SIC), as well as with the orders enacted in the implementation of article 9 of Legislative Decree no. 38/2005.

The Report must be read together with the Financial Statements and the related explanatory Notes, which make up the financial statements relating to the financial year 1 April 2016 – 31 March 2017 (the "FY 2016/2017").

The financial year under consideration is compared to the data for the 2015/2016 financial year (the "FY 2015/2016"), which relates to the period from 1 April 2015 to 31 March 2016.

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

CORPORATE BODIES HOLDING OFFICE AT 31 MARCH 2017

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

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

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

Barbara Falcomer	*Chairman*
Paola Bonomo	
Catia Cesari	

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

Catia Cesari	*Chairman*
Paola Bonomo	
Barbara Falcomer	

- **LEAD INDEPENDENT DIRECTOR**
  Paola Bonomo

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

Regular members

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

Substitute members
Giacomo Passaniti
Maria Stefania Sala

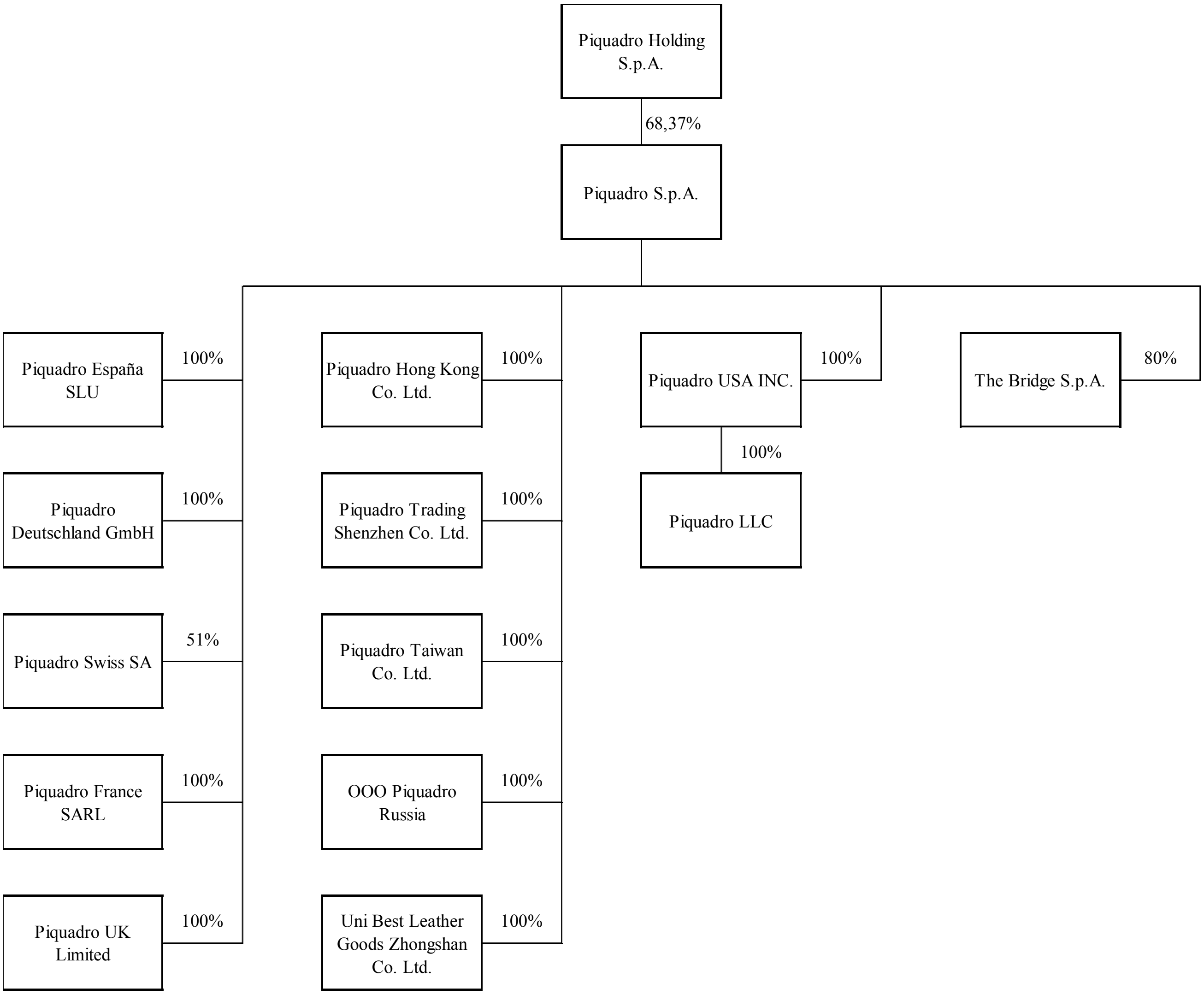
- **INDEPENDENT AUDITORS**
  (holding office for nine years until the approval of the financial statements at 31 March 2025)
  Deloitte & Touche S.p.A.

- **FINANCIAL REPORTING OFFICER**
  Roberto Trotta

- **SUPERVISORY BOARD**
  Mario Panzeri

THE GROUP STRUCTURE

The chart below shows the structure of the Piquadro Group at 31 March 2017:



Acquisition of The Bridge S.p.A.

On 20 December 2016 Piquadro S.p.A. completed the acquisition of Il Ponte Pelletteria S.p.A., now The Bridge S.p.A., a Florentine company that owns the leather goods brand named The Bridge. Specifically Piquadro :

(i) after the fulfilment (and/or waiver of some) of the conditions to which the transaction was subject, acquired from Il Ponte S.p.A. a number of ordinary shares of The Bridge S.p.A. representing 80% of the related share capital, at a price equal to a total of Euro 3,175,000, of which an amount of Euro 1,675,000 was paid at the same time as the endorsement of shares and an amount of Euro 1,500,000 to be paid out over a period of 36 months;
(ii) entered with Il Ponte S.p.A. into an option contract, whereby Piquadro S.p.A. and Il Ponte S.p.A. grant mutual option rights for the purchase and sale of shares representing the remaining 20% of the share capital of The Bridge S.p.A. owned by Il Ponte S.p.A., to be exercised between 1 April and 15 June 2021 or between 15 June 2023 and 15 July 2023.

Specifically, as regards the Option Contract:

(i) Piquadro S.p.A. has granted Il Ponte S.p.A. an irrevocable put option concerning the Optioned Shares; and
(ii) Il Ponte S.p.A. has granted Piquadro S.p.A. an irrevocable call option concerning the Optioned Shares.

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

(i) between 1 April 2021 and 15 June 2021, under penalty of forfeiture of the related right, or, should the First Put Option not be exercised by 15 June 2021;
(ii) between 15 June 2023 and 15 July 2023, under penalty of forfeiture of the related right.

The Call Option may be exercised by Piquadro S.p.A. in the event that the Put Option has not been exercised by Il Ponte S.p.A. and shall be exercised between 16 July 2023 and 15 September 2023.
The price, subject to adjustments, to be paid by Piquadro to Il Ponte in the case of the exercise of the First Put Option, will be equal to an amount of between Euro 1,750,000 and Euro 3,150,000, based on the sales (to be calculated as agreed between the parties) recorded by Il Ponte Pelletteria in the financial year ended 31 March 2021.
To this amount must be added, if required, an amount of between Euro 750,000 and Euro 1,350,000, based on EBITDA (to be calculated as agreed between the parties) reported by The Bridge S.p.A., resulting from the financial statements for the financial year ended 31 March 2021.
The price, subject to adjustments, to be paid by Piquadro S.p.A. to Il Ponte S.p.A. in the case of the exercise of the Second Put Option or of the Call Option, will be equal to the fair value of the Optioned Shares, to be calculated according to the terms and conditions and in the manners laid down in the Option Contract.
This price is subject to adjustments on the basis of the Company's accounting equity and net financial debt as at the date of performance of the Option Contract.

The Extraordinary Shareholders' Meeting of The Bridge S.p.A. held on 20 December 2016 resolved to postpone the reporting date of accounts for the financial years from 31 December to 31 march of each year. Therefore, the 2016 financial year maintained the reporting date at 31 December 2016, while the financial year ended 31 March 2017 had an interim term of three months (1 January 2017 - 31 January 2017) on an exceptional basis. For this reason, as at 31 March 2017 The Bridge S.p.A. was included in the consolidation area of Piquadro with reference to the period from 1 January 2017 to 31 January 2017 for accounting purposes.

Other significant transactions

The financial year saw the disposal of the point of sale located in Paris at Rue Saint Honoré, which is the only one that is operated by the French subsidiary Piquadro France SARL. This disposal gave rise to a capital gain concerning the Key Money amounting to about Euro 1,470 thousand. The net result produced by discontinued operations concerning the operation of this point of sale has not been stated separately according to IFRS 5 as a "discontinued operation" as this point of sale was a major autonomous business unit. During the current financial year this point of sale recorded sales of Euro 52 thousand, while, during the financial year ended 31 March 2017, it generated operating costs of Euro 150 thousand and amortisation, depreciation and write-offs of Euro 299 thousand, of which Euro 223 thousand for write-downs concerning assets not recovered from the closure of the point of sale and Euro 119 thousand for amortisation and depreciation.

The Group's business

The Piquadro Group operates in the leather goods market and designs, manufactures and markets goods under its own brand names (Piquadro and The Bridge); these goods are distinguished by a focus on design and on technical and functional innovation, which is then transferred to the manufacture of bags, suitcases and accessories.
The flexibility of the business model adopted by the Group allows it to maintain control over all of the critical phases of the production and distribution chain. Indeed, the Group carries out the design, planning, production, purchasing, quality, marketing, communication and distribution phases wholly within the confines of its organisation and only resorts to outsourcing for a part of the production activities, although it also retains control over the quality and efficiency of the phases that are currently outsourced.
As regards Piquadro-branded products, as of 31 March 2017, part of the small leather goods and of some lines of briefcases, which accounts for about 37.1% of the Group's turnover, were produced internally, through the Subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. at the plant located in Zhongshan in the region of Guangdong (People's Republic of China). Production activities that are partially carried out by Companies outside the Group are outsourced to external workshops of proven competence, reliability and quality located in the areas of China, Hong Kong and Taiwan. This activity is carried out on the basis of prototypes that are engineered and supplied by the Group, whose own employees then carry out direct checks of the quality of the manufactured products.
The products are sold through a network of specialist stores that are able to enhance the prestige of the Piquadro and The Bridge brands. For this purpose, the Group makes use of a distribution network focused on two channels:

(i) a direct channel which, at 31 March 2017, included 63 directly operated single-brand stores (the so-called "Directly Operated Stores" or "DOSs), of which 55 Piquadro-brand stores and 8 The Bridge-brand stores;
(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 (52 shops at 31 March 2017, of which 45 Piquadro-brand stores and 7 The Bridge-brand stores) and by distributors who then resell the articles in specialist multi-brand shops.

In the financial year ended 31 March 2017, about 37.4% of the Group's consolidated revenues were achieved through the direct Piquadro-brand channel (+10.9% compared to the financial year ended 31 March 2016), while 55.9% was achieved through the indirect Piquadro-brand channel (-2.9% compared to the financial year ended 31 March 2016) and 6.7% through the sale of The Bridge-branded products.

Operations

In the financial year ended 31 March 2017 the Piquadro Group recorded, at revenue level, an increasing performance of 9.5% compared to the FY 2015/2016. In fact, the Piquadro Group reported net sales revenues equal to Euro 75,912 thousand compared to Euro 69,311 thousand recorded in the previous year. The increase in revenues, which is commented on in detail below in this Report, was attributable both to the inclusion of The Bridge S.p.A. in the consolidation area and to an increase in sales of Piquadro-branded products (+2.2%).
While excluding sales from The Bridge S.p.A., sales volumes, in terms of quantities sold during the financial year ended 31 March 2017, were equal to about 1,119 thousand units, up by about 8.6% compared to the value posted in the financial year ended 31 March 2016 (about 1,031 thousand units sold). While excluding sales from The Bridge S.p.A., as regards average selling prices, the financial year ended 31 March 2017 reported an increase equal to about 2.6% compared to the previous year, including the mix effect.

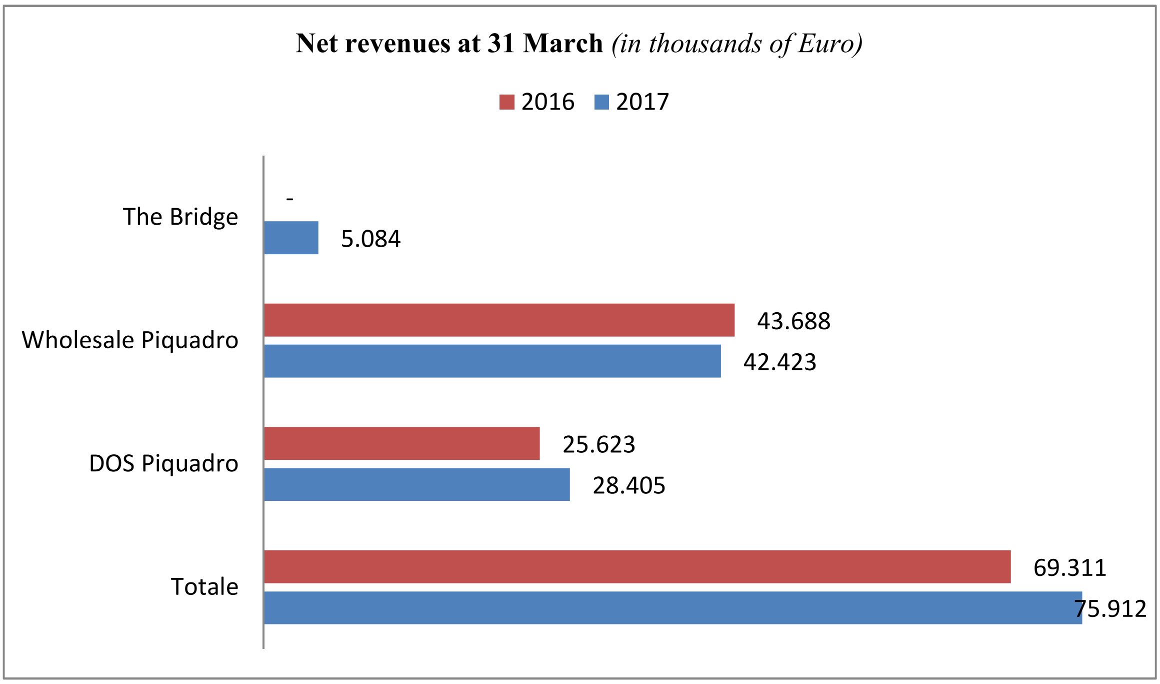
Sales revenues

In the financial year ended 31 March 2017, the Piquadro Group reported sales revenues equal to Euro 75,912 thousand, up by 9.5% compared to the financial year ended 31 March 2016. The increase in the turnover was determined firstly by the inclusion of The Bridge S.p.A. in the consolidation area, which recorded revenues from sales of The Bridge-branded products for Euro 5,084 thousand from 1 January 2017 to 31 March 2017, and secondly by the growth in the DOS channel with regard to sales of Piquadro-branded products. The latter channel also includes the sales from the Group's e-commerce website, which showed an increase of 20.3% compared to the financial year ended 31 March 2016.
The relevant tables report the breakdown of sales revenues by brand (Piquadro and The Bridge). The brand is then further broken down into direct (DOS) and indirect (Wholesale) sales channels. The latter segment is not significant for The Bridge brand: for this reason, the breakdown of the two channels is not commented on below in this Annual Financial Report.
Below are reported the breakdowns of revenues by distribution channel and geographical area.

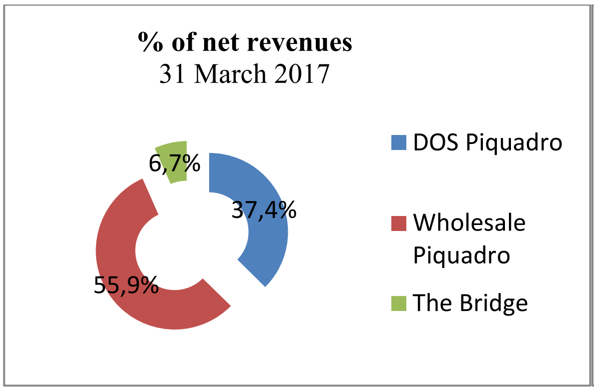
Breakdown of revenues by distribution channel

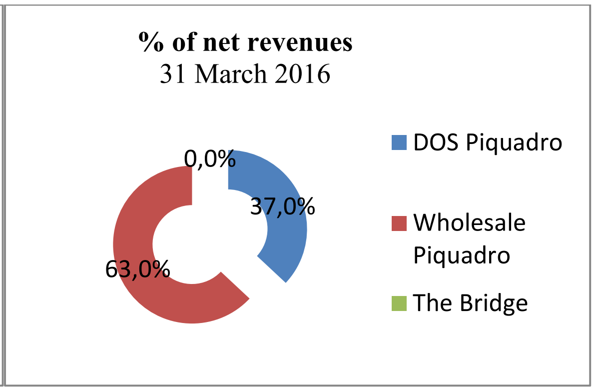
The table below reports the breakdown of consolidated sales revenues by distribution channel, expressed in thousands of Euro for the financial year ended 31 March 2017 and compared to the financial year ended 31 March 2016:

sales channel *(in thousands of Euro)*	**Sales revenues at 31 March 2017**	**%**	**Sales revenues at 31 March 2016**	**%**	**% Change 2017/2016**
Piquadro DOSs	28,405	37.4%	25,623	37.0%	10.9%
Piquadro Wholesale	42,423	55.9%	43,688	63.0%	(2.9%)
The Bridge	5,084	6.7%	0	0.0%	
Total	**75,912**	**100.0%**	**69,311**	**100.0%**	**9.5%**



Key:
Piquadro Wholesale
Piquadro DOSs
Total





Key:
Piquadro DOSs
Piquadro Wholesale

Piquadro DOSs
Piquadro Wholesale

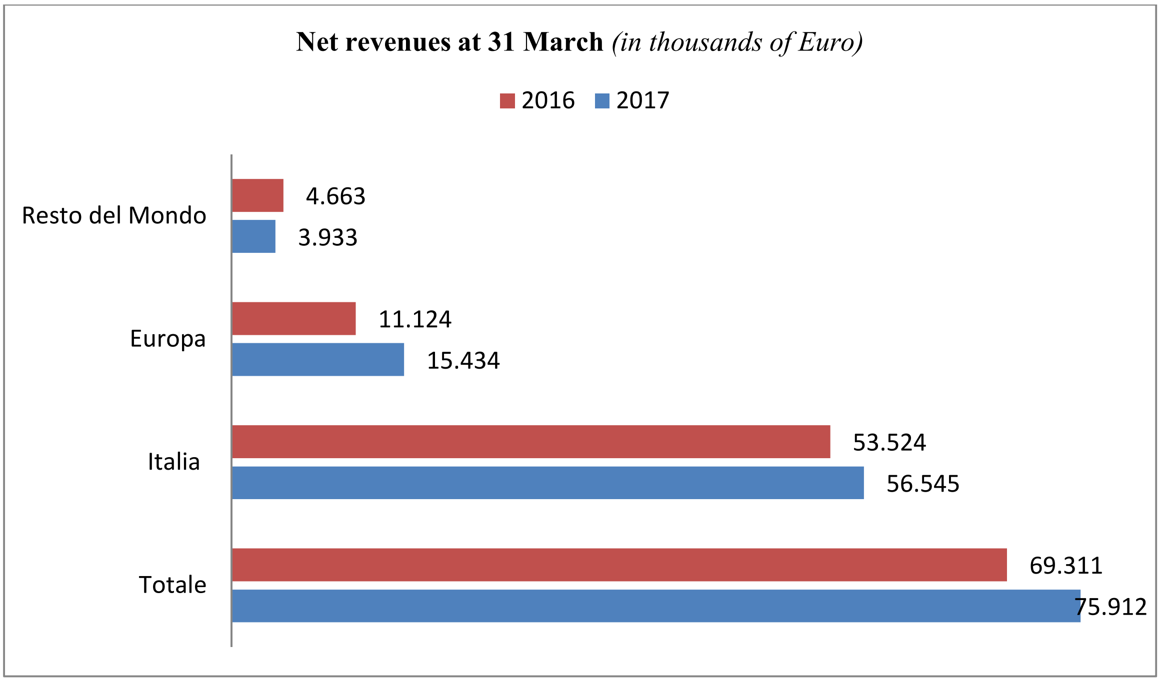
With reference to the Piquadro brand, the revenues reported by the DOS channel increased by 10.9% compared to the financial year ended 31 March 2016; this increase was mainly determined both by the marginal increase in the quantities sold in the already existing shops in the previous year. The DOS channel also included the sales from the Group's e-commerce website, which showed an increase of 20.3%. Assuming that the perimeter remained unchanged and then deducted the sales recorded by the shops which were not present in the previous financial year, the sales revenues reported by the DOS channel recorded an increase equal to about 0.9% (assuming an equal number of days of opening and constant rates of exchange, the Same Store Sales Growth – SSSG – figures reported an increase equal to about 1.5%).
The strategy planned by the Group is aimed at also developing sales activities through the DOS shops in view of the capacity to maximise the prestige of the Piquadro and The Bridge brands, in addition to allowing distribution to be controlled more directly and greater attention to be paid to satisfying the end consumer.

With reference to the Piquadro brand, sales reported by the Wholesale channel**,** which accounted for 55.9% of the Group's total turnover at 31 March 2017, recorded a decrease of 2.9% compared to the FY 2015/2016. This decrease was mainly driven by lower sales in domestic and non-EU markets. The sales from the Wholesale channel in the domestic market, which account for 40.9% of consolidated sales (48.5% at 31 March 2016) showed a decrease of 7.6%. Sales reported by the Wholesale channel in the European market, at 31 March 2017, accounted for 19.7% of the Wholesale sales of the Piquadro Group, showing an increase of 23.4%. At 31 March 2017, sales reported by the Wholesale channel in the non-EU market accounted for 3.0% of consolidated sales (3.9% at 31 March 2016), showing a decrease of 15.5%.

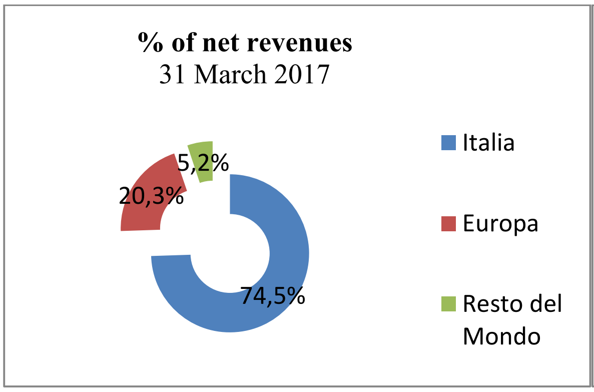
Breakdown of revenues by geographical area

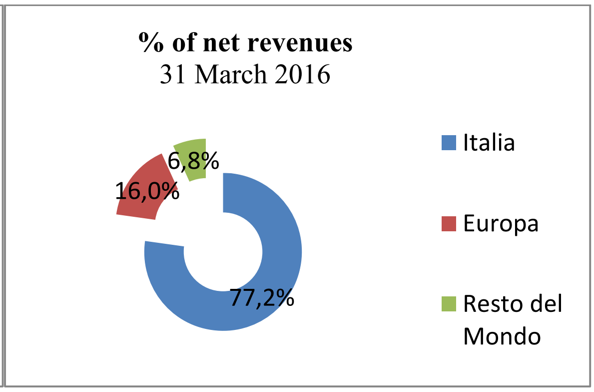
The table below reports the breakdown of net revenues by geographical area (in thousands of Euro):

(in thousands of Euro)	**Sales revenues at 31 March 2017**	**%**	**Sales revenues at 31 March 2016**	**%**	**% Change 2017/2016**
Italy	56,545	74.5%	53,524	77.2%	5.6%
Europe	15,434	20.3%	11,124	16.0%	38.7%
Rest of the World	3,933	5.2%	4,663	6.8%	(15.6%)
Total	**75,912**	**100.0%**	**69,311**	**100.0%**	**9.5%**



Key:
Rest of the World
Europe
Italy
Total





Key:

Italy	Italy
Europe	Europe
Rest of the World	Rest of the World

From a geographical point of view, at 31 March 2017, the Group's revenues showed an increase of 5.6% in the sales on the Italian market, which accounts for a percentage of the Group's total turnover which is still high, equal to 74.5% (77.2% of consolidated sales at 31 March 2016). Without considering the increase in revenues due to the sale of The Bridge-branded products, the sales relating to Piquadro-branded products in the Italian market showed a decrease of 1.7%.
On the contrary, in the European market, the Group recorded a turnover of Euro 15.4 million, equal to 20.3% of consolidated sales (16.0% of consolidated sales at 31 March 2016), up by 38.7% compared to the FY 2015/2016. Without considering the increase in revenues due to the sale of The Bridge-branded products, the sales relating to Piquadro-branded products in the European market showed a decrease of 2.9%.
In the non-European geographical area (named "Rest of the World"), where the Group sells in 34 Countries, turnover decreased by 15.6% compared to the FY 2015/2016, mainly as a result of lower sales in countries such as Taiwan and Mexico.

To complete the analysis of turnover reported above, the Management believes that the main factors which had a significant impact on the Group's volume of sales revenues in the current financial year are linked to the following:

(i) increased quantities sold equal to 8.6% compared to the financial year ended 31 March 2016, net of the effect of the acquisition of The Bridge S.p.A.;
(ii) a positive SSSG data in the comparable Piquadro shops, equal to about 0.9% at current exchange rates;
(iii) an increase in average prices, including the mix effect, equal to about 2.6% in the financial year ended 31 March 2017 compared to the financial year ended 31 March 2016, net of the effect of the acquisition of The Bridge S.p.A.;
(iv) the acquisition of 80% of The Bridge, as already pointed out in the Note of "Information on operations", the financial contribution of which relates to the period from January to March 2017;
(v) opening of new points of sale, in the DOS channel (2 new shops opened in the financial year ended 31 March 2017), which accounted for 1.1% compared to the consolidated DOS turnover;
(vi) the opening by the Group of 9 new DOSs during the financial year ended 31 March 2016, which contributed to the turnover recorded at 31 March 2017 for twelve months and accounted for about 8.0% compared to the consolidated sales from DOSs.

The financial statements for the year ended 31 March 2017 saw a performance of the Group's profitability in line with the same period in the previous year, with an operating result in line with the FY 2015/2016 (from Euro 5,716 thousand – equal to 8.2% of total sales revenues - in the financial year ended 31 March 2016 to Euro 5,689 thousand - equal to 7.5% of total sales revenues - in the financial year ended 31 March 2017).

In the opinion of the Management, the performance of the operating result, compared to the previous financial year, was attributable to the combined effect of the following key factors:

a) the disposal of the point of sale located at Saint Honoré, which is the only one that is operated by the French subsidiary Piquadro France SARL, which generated an effect on the operating result equal to Euro 1,088 thousand;

b) an increase in personnel costs, which was also due to higher costs recorded following the strengthening of the Group's corporate structure;
c) an increased profitability in the DOS segment (DOSs and e-commerce) as a result of positive performances in terms of SSSG from Directly Operated Stores, specifically at the Italian shops, and of an increased profitability from sales recorded through the e-commerce website operated by the Group;
d) a decrease in the margins from the Wholesale segment, as a result of a decrease in sales that was mainly attributable to the trends in the Italian market, due to the reorganization of the sales network;
e) the acquisition of The Bridge S.p.A., whose positive contribution at operating result level was equal to about Euro 235 thousand.

At pre-tax result level, the Group recorded a decrease of 7.2%, passing from Euro 5,842 thousand at 31 March 2016 to Euro 5,371 thousand recorded in the financial year ended 31 March 2017, which was also affected by additional charges of about Euro 332 thousand relating to the acquisition of The Bridge S.p.A..

Summary economic-financial data and alternative performance indicators

The Piquadro Group uses the Alternative Performance Indicators (APIs) in order to provide information on the performance of profitability of the businesses in which it operates, as well as on its own financial position and results of operations, in a more effective manner. In accordance with the guidelines published by the European Securities and Markets Authority (ESMA/2015/1415) on 5 October 2015 and consistently with the CONSOB notice no. 92543 of 3 December 2015, the content and the criterion to determine the APIs used in these financial statements are described below:

f) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation, or Gross Operating Margin) is an economic indicator that is not defined by the International Accounting Standards. EBITDA is a unit of measurement utilised by the Management to monitor and assess the Group's operational performance. The Management believes that EBITDA is an important parameter for the measurement of the Group's performance, as it is not affected by the volatility due to the effects of the various criteria for the determination of taxable income, by the amount and characteristics of the capital employed, as well as by the amortisation and depreciation policies. EBITDA is defined as the Earnings for the period before depreciation of property, plant and equipment and amortisation of intangible assets, financial income and charges and the income taxes for the period.
g) Operating result (EBIT – Earnings Before Interest and Taxes) is the Earnings for the period before financial income and charges and income taxes.
h) The Net Financial Position ("NFP") utilised as a financial indicator of borrowing, is represented as the sum of the following positive and negative components of the Statement of Financial Position, as required by CONSOB Notice no. 6064293 of 28 July 2006. Positive components: cash and cash equivalents, liquid securities under current assets, short-term financial receivables. Negative components: payables to banks, payables to other lenders, leasing and factoring Companies.
i) The ROI, i.e. the return on net invested capital, is given by the ratio of net Operating Margin to net invested capital and is expressed as a percentage. This indicator is used as a financial target in both internal (business plans) and external (analysists and investors) presentations and intends to measure the ability to produce wealth through operations and therefore to remunerate both net worth and borrowed capital.
j) The ROE, i.e. the return on equity, is given by the ratio of net profit to equity and is expressed as a percentage. This indicator is used as a financial target in both internal (business plans) and external (analysists and investors) presentations and intends to measure the profitability obtained by investors on account of risks.
k) The ROS, i.e. the average operating result by revenue unit. This ratio expresses the Company's profitability in relation to the revenue flow's ability to generate remuneration.
l) Net Working Capital: this item includes "Trade receivables", "Inventories", current non-financial "Other Receivables", net of "Trade payables" and current non-financial "Other Payables".
m) The cash flow is given by cash flows from operating activities (operating cash flow), net of distributed dividends. The operating cash flow is calculated on the basis of the gross operating margin, to which must

be added the changes in net working capital, net of increases in the provision for bad debts, the uses of the provisions for risks and the Staff Severance Pay, operating and financial investments, financial income and charges and taxes. This indicator is used as a financial target in both internal (business plans) and external (analysists and investors) presentations and intends to measure the Company's ability to generate cash and therefore its ability to self-finance its operations.

Below are reported the Group's main economic-financial indicators at 31 March 2017:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Revenues from sales	75,912	69,311
EBITDA	8,794	8,360
EBIT	5,689	5,716
Pre-tax result	5,371	5,842
Group's profit for the period	3,405	3,878
Amortisation and depreciation of fixed assets and write-downs of receivables	3,583	2,914
Generation of financial resources (Group net result, amortisation and depreciation, write-downs)	6,988	6,792
Net Financial Position / (Net financial debt)	(8,236)	(6,749)
Shareholders' Equity	38,284	36,790

EBITDA for the period came to Euro 8,794 thousand, against Euro 8,360 thousand recorded in the financial year ended 31 March 2016 and at 31 March 2017 it accounted for 11.6% of consolidated revenues (12.1% in the financial year ended 31 March 2016).

Below is a restatement of the economic data, which is aimed at representing the performance of the operating profitability indicator EBITDA:

EBITDA *(in thousands of Euro)*	**31 March 2017**	**31 March 2016**
Operating result	5,689	5,716
Amortisation, depreciation and write-downs	3,105	2,645
EBITDA	8,794	8,360
Non-recurring EBITDA	1,385	0
Recurring EBITDA	7,409	8,360

Non-recurring EBITDA for the FY 2016/2017 included the capital gain of Euro 1.5 million arising from the disposal of the DOS store located in Paris at Rue Saint Honoré, which took place on 26 July 2016. Non-recurring EBITDA also included revenues realised and the costs incurred by Piquadro France SARL during the first half of 2016/2017. While not considering non-recurring elements, the Group's EBITDA came to Euro 7.4 million, showing a decrease of 11.4% compared to 31 March 2016.

Amortisation and depreciation were equal to Euro 2,540 thousand and mainly related to the building where the Company operates for about Euro 193 thousand, plant and machinery for Euro 104 thousand, industrial and business equipment for Euro 1,571 thousand (including fittings for shops for about Euro 1,483 thousand), key moneys for Euro 107 thousand, software for 267 thousand and trademarks for Euro 59 thousand.

Net write-downs, equal to Euro 565 thousand, mainly related to the write-down of furniture and fittings of some points of sales in Asia and to the closure of the point of sale located in Paris, at Rue Saint Honoré.

EBIT came to Euro 5,689 thousand, equal to 7.5% of net sales revenues, in line with the value recorded in the financial year ended 31 March 2016 (Euro 5,716 thousand, equal to 8.2% of net sales revenues).

The result from financial operations, which posted a negative value of Euro 318 thousand (against a positive value of Euro 127 thousand at 31 March 2016), was mainly attributable to legal and tax advice costs incurred for the acquisition of The Bridge S.p.A, equal to about Euro 334 thousand, in addition to the performance of net financial debt and to the differential between foreign exchange gains and losses, which was positive for Euro 128 thousand at 31 March 2017 (against a positive value of Euro 593 thousand at 31 March 2016).

The pre-tax result recorded by the Group in the financial year ended 31 March 2017 came to about Euro 5,371 thousand (down by 8.1% against the value recorded in the financial year ended 31 March 2016, equal to Euro 5,842 thousand) and was affected by income taxes, including the effects of deferred taxation, equal to Euro 1,966 thousand, for an overall tax rate amounting to 36.6% (33.6% for the financial year ended 31 March 2016).

The results obtained in the last financial year were positive and were achieved through increased efficiency in the design, manufacturing and distribution processes, as a result of constant and ever increasing research to optimise the flows of the entire process (from product development to distribution to the end consumer) and through the strengthening of the typical consumer's brand perception.

Profitability ratios

Below are reported the main profitability ratios relating to the FYs ended 31 March 2017 and at 31 March 2016:

Profitability Ratio	**Composition of the ratio**	**31 March 2017**	**31 March 2016**
Return on sales (R.O.S.)	EBIT/Net sales revenues	7.5%	8.2%
Return on Investment (R.O.I.)	EBIT/Net invested capital	12.2%	13.1%
Return on Equity (R.O.E.)	Profit for the period/Shareholders' Equity	8.9%	10.5%

Investments

Investments in intangible assets, property, plant and equipment and non-current financial assets were equal to Euro 6,395 thousand in the financial year ended 31 March 2017 (Euro 2,410 thousand at 31 March 2016), as reported below:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Investments		
Intangible assets	5,018	225
Property, plant and equipment	1,375	2,185
Non-current financial assets	2	0
Total	**6,395**	**2,410**

Increases in intangible assets, equal to Euro 5,018 thousand in the financial year ended 31 March 2017 (Euro 225 thousand at 31 March 2016) mainly related to the goodwill arising from the acquisition of The Bridge S.p.A. for Euro 4,658 thousand (for more information, reference should be made to the note on "Business Combinations" in this Report), as well as to trademarks for Euro 1,174 thousand, investments in software and IT products for Euro 328 thousand.
Increases in property, plant and equipment, equal to Euro 1,375 thousand in the financial year ended 31 March 2017 (Euro 2,185 thousand at 31 March 2016), were mainly attributable to the purchases of workshop plant and machinery for Euro 91 thousand, furniture and fittings for Euro 1,096 thousand, sundry equipment purchased for new DOSs opened in the period under consideration and the refurbishment of some existing shops for Euro 39 thousand, the purchase of electronic machines for Euro 88 thousand.

Balance Sheet

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

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Trade receivables	27,747	23,801
Inventories	18,991	16,344
(Trade payables)	(20,244)	(12,521)
Total net current trade assets	*26,494*	*27,624*
Other current assets	3,102	1,893

Tax receivables	1,011	328
(Other current liabilities)	(3,999)	(3,078)
(Tax payables)	(464)	(458)
A) Working capital	***26,143***	***26,309***
Intangible assets	8,433	4,107
Property, plant and equipment	12,691	12,618
Non-current financial assets	2	0
Receivables from others beyond 12 months	772	700
Deferred tax assets	2,204	1,182
B) Fixed assets	***24,102***	***18,608***
C) Non-current provisions and non-financial liabilities	***(3,725)***	***(1,378)***
Net invested capital (A+B+C)	**46,520**	**43,539**
FINANCED BY:		
D) Net financial debt	***8,236***	***6,749***
E) Equity attributable to minority interests	***(137)***	***(105)***
F) Equity attributable to the Group	***38,421***	***36,895***
Total borrowings and Shareholders' Equity (D+E+F)	**46,520**	**43,539**

Net Financial Position

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

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
(A) Cash	126	93
(B) Other cash and cash equivalents (available current bank accounts)	15,162	10,121
(C) Liquidity (A) + (B)	**15,288**	**10,214**
(D) Finance leases	(691)	(606)
(E) Current bank debt	310	0
(F) Current portion of current debt	(5,998)	(7,881)
(G) Payables to Il Ponte S.p.A. for the acquisition of The Bridge	(70)	0
(H) Current financial debt (D) + (E) + (F) + (G)	**(6,449)**	**(8,487)**
(I) Short-term net financial position (C) + (H)	**8,839**	**1,727**
(L) Non-current bank debt	(13,676)	(7,046)
(M) Finance leases	(916)	(1,431)
(N) Payables to The Ponte S.p.A. for the acquisition of The Bridge	(2,483)	0
(O) Non-current financial debt (L) + (M) + (N)	**(17,075)**	**(8,476)**
(P) Net Financial Position (I) + (O)	**(8,236)**	**(6,749)**

As at 31 March 2017, the Net Financial Position posted a negative value of about Euro 8.2 million, showing an increase of about Euro 1.5 million compared to the debt of about Euro 6.7 million recorded at 31 March 2016.
The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- dividends paid in relation to the profit for the FY 2015/2016 for Euro 2.0 million (with a payout equal to about 66.7% of the profit resulting from the separate financial statements of the Parent Company);
- an amount of Euro 3.0 million realised through the transfer of the Key Money relating to the point of sale located in Paris, at Rue Saint Honoré;

- investments in property, plant and equipment and intangible assets for about Euro 1.7 million (net of the acquisition of The Bridge S.p.A.);
- an amount of Euro 4.6 million paid by the Parent Company for the acquisition of The Bridge (of which an amount of Euro 1,675 million was settled at the time of the closing, an amount of Euro 334 thousand for additional charges already incurred, an amount of Euro 2.5 million relating to payables for deferred payments, of which Euro 727 thousand for the call option concerning the remaining stake of the Company);
- an amount of Euro 8.4 million relating to the financial exposure of The Bridge S.p.A. at the time of the acquisition;
- a Free cash flow of Euro 12.2 million, made up of the effects of the Group's operations for about Euro 6.2 million and of a reduction in the Parent Company's working capital for Euro 6 million, which was mostly attributable to an improved efficiency of the working capital management.

Reconciliation of the Parent Company's Shareholders' Equity and result for the period and the corresponding consolidated values

Below is reported the statement of reconciliation of the Shareholders' Equity and the result for the period resulting from the financial statements of the Parent Company and the corresponding consolidated values at 31 March 2017:

(in thousands of Euro)	**Result at 31 March 2017**	**Equity at 31 March 2017**	**Result at 31 March 2016**	**Equity at 31 March 2016**
Equity and result for the period as reported in the separate financial statements of Piquadro S.p.A.	**3,006**	**36,937**	**3,818**	**35,990**
Derecognition of the book value of consolidated equity investments	805	1,718	60	913
Dividends	(339)	0	0	0
Derecognition of the effects of transactions effected between consolidated Companies:				
Profits included in closing inventories	45	(398)	55	(400)
Other minor items	(82)	163	13	392
Equity and result for the period attributable to the Group	**3,435**	**38,420**	**3,946**	**36,895**
Profits (Losses) and Equity attributable to minority interests	(31)	(136)	(68)	(105)
Equity and consolidated profit	**3,405**	**38,284**	**3,878**	**36,790**

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 brands.
As at 31 March 2017 the Group had 761 members of staff compared to 687 units at 31 March 2016. The change was mainly due to The Bridge S.p.A. joining the Group, which relied on 92 units at 31 March 2017. Below is reported the breakdown of staff by Country:

Country	**31 March 2017**	**31 March 2016**
Italy	358	247
China	325	351
Hong Kong	7	7
Germany	1	1
Spain	15	17

Taiwan	18	24
France	0	3
Switzerland	4	7
UK	5	4
Russia	24	23
USA	4	3
Total	**761**	**687**

With reference to the Group's organisational structure, at 31 March 2017, 34.6% of staff operated in the Production area, 32.9% in the Retail area, 19.7% in the support functions (Administration, IT Systems, Purchasing, Human Resources, Marketing, etc.), 8.1% in the Research and Development area and 4.7% in the Sales area.

Corporate social responsibility

The Piquadro Group has been committed to corporate social responsibility starting from 2010, when the Parent Company started its first solidarity initiative in support of local areas, the "Happy Box" project implemented in cooperation with the Palmieri Family Foundation established by Marco Palmieri, Chairman of Piquadro, and by his wife Beatrice in order to give continuity to their philanthropic activity through the enhancement of diversities. As an acknowledgment of its value to local areas, the project obtained the Sponsorship of the Municipality of Bologna.

Health, safety and environment

For the Piquadro Group, safety and working environments are protected by complying with the regulations in force in the individual countries.
Piquadro S.p.A. continues to pursue high standards in the protection of the health and safety of its employees at work.
In the course of the financial year ended 31 March 2017, the Company continued its path to the implementation of an increasingly efficient system of measures aimed at improving safety at work on an ongoing basis, while monitoring, among other things, any possible near-miss and exhorting its employees to report any possible critical issues regarding safety.
Piquadro believes that the desired benefits can be multiplied only through the implementation of a shared system and the main tool to achieve these objectives lies in the compliance by the entire workforce with the safety policies adopted.
The system implemented within the Group also considers the risks of interference that can arise inside the points of sales and, in this regard, training course requirements have been also met within the retail system.
The same attention paid to workers' health and safety issues was also confirmed in relation to environment. It is confirmed that Piquadro's activity has no impact on the environment and does not present characteristics such as to be capable of causing events with negative effects on the territory and the environment.
Nevertheless, during the next financial year the Company will prepare and adopt, within the framework of the Organisational Model adopted with reference to Legislative Decree no. 231/2001, a Special Part relating to Environmental Crimes.

RESEARCH AND DEVELOPMENT ACTIVITY

The Piquadro brand's Research and Development activity is carried out by the Parent Company in house through a dedicated team that currently consists of 11 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 Uni Best Leather Goods Zhongshan Co. Ltd. employ a team of 27 people dedicated to prototyping and the implementation of new models according to the instructions defined by the central organisation.
Piquadro-branded products are conceived within the Group and occasionally in collaboration with outside industrial designers, taking account of the information regarding market trends supplied by the Group's internal departments (Product Management and Sales departments). In this manner, the Group develops its collections trying to meet the needs of end customers that are not yet satisfied by the market. The internal unit dedicated to the design of products manages operating activities and also coordinates the external consultants of which the Group makes use. In some cases, in fact, the Group only uses external designers for the product design phase, while the development and implementation phase is in any case carried out in house.
In the financial year ended 31 March 2017, the Group's Research and Development activity for the Piquadro brand was particularly focused on BAGMOTIC, which is the Piquadro project that integrates technology into briefcases, backpacks and trolleys.

The Piquadro Expansion Plate and the Battery Pack were set up, while also studying their specific cases inside the Black Square briefcases, the Coleos backpacks and the Bagmotic trolley. The Expansion Plate functions as an extension cord to allow the charging of technology devices through the Battery Pack or any general power bank. The Battery Pack is also used to charge the smartphone in a wireless mode. Specifically, the Coleos OS38 backpack and the Bagmotic trolley include the Battery Pack which, if properly connected through the Connequ app, allows the LED module, which is accommodated frontally in the backpack, to be switched on and off from one's own smartphone; as regards the trolley, it is possible to know its weight from the smartphone by lifting it with the top handle and to open and close the TSA padlock. The key element of the Bagmotic project is the CONNEQU App that has been conceived by Piquadro and was appropriately upgraded during the last financial year in order to allow the implementation of the new functionalities described above, as well as of the geo-location for which it had been conceived from the beginning.

Intense efforts were devoted to setting up the new continuous P15S, P16S and Black Square collections in washed leather and equipped with CONNEQU devices that can be acquired through the website.

To confirm the intention of Piquadro to emphasise its Italian style, work still continued on the Made in Italy production during the year with the collection of small Bagmotic leather goods to accommodate technology accessories and with W86 –David, which will be put on the market during the next 2017-2018 winter season.

Great commitment in terms of product development was shown in preparing the seasonal collections autumn-winter 2016-2017 and spring-summer 2017, in particular for the lines designed and created in collaboration with the designer Giancarlo Petriglia. This collaboration has given rise to leather goods capable of melting the technological and functional essence of Piquadro and the Designer's special creativeness in terms of materials, forms and colour combination.

Furthermore, the Group's Research and Development activity also involved the enlargement of the range of small leather goods, including RFID-blocking wallets in the Piquadro offering, the creation of new lines of belts, as well as the production of slipcases for the new and most important technology devices presented in the market.

On the contrary, the Research and Development activity involving The Bridge brand is carried out by subsidiary The Bridge S.p.A. through a team of 12 people.

RELATIONS WITH RELATED PARTIES

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

PERFORMANCE OF PIQUADRO S.p.A.

In reporting the performance of the Group, the main events were already implicitly illustrated in relation to the Parent Company whose revenues from the separate financial statements, including relations with Group Companies, account for about 87% of consolidated revenues.

Operations

The financial year ended 31 March 2017 saw an increase in sales revenues equal to 0.8% compared to the financial year ended 31 March 2016. The performance of revenues, which is commented on in detail below in this Report, mainly derives from the domestic market, where the Company holds a leadership position. As regards average selling prices of Piquadro-branded products, the financial year ended 31 March 2017 reported an increase equal to about 2.59%, including the mix effect.

Sales revenues

In the financial year ended 31 March 2017, the Company reported net sales revenues equal to Euro 67,240 thousand, up by 0.8% compared to the revenues reported in the financial year ended 31 March 2016 (Euro 66,734 thousand). The performance of revenues is attributable to the positive performances recorded in the European market (about +14.5% for an increasing counter-value of Euro 1,371 thousand) mainly in the Wholesale channel; Italy reported a substantial breakeven compared to the previous financial year (-0.1%), while the Rest of the World recorded a decrease of 21.3% due to a reduction in the orders mainly relating to the Asia region.

Breakdown of revenues by distribution channel

The table below reports the breakdown of sales revenues of Piquadro S.p.A. by distribution channel, expressed in thousands of Euro for the financial year ended 31 March 2017 and compared to the financial year ended 31 March 2016:

Sales channel *(in thousands of Euro)*	**Sales revenues at 31 March 2017**	**%**	**Sales revenues at 31 March 2016**	**%**	**% Change 2017/2016**
DOS	24,824	36.9%	23,046	34.5%	7.7%
Wholesale	42,415	63.1%	43,688	65.5%	(2.9%)
Total	**67,240**	**100.%**	**66,734**	**100.0%**	**0.8%**

The revenues reported by the DOS channel increased by 7.7% compared to the financial year ended 31 March 2016; this rise was determined by a general increase in sales revenues from the shops and by the opening of 2 new shops, all of which in Italy (Scalo Milano City Style in October 2016 and Fiumicino Airport, Terminal 3, in December 2016). The strategy planned by the Company is also aimed at developing sales activities through the DOS shops in view of the capacity to maximise the prestige of the Piquadro brand, in addition to allowing distribution to be controlled more directly and greater attention to be paid to satisfying the end consumer.

Sales reported by the Wholesale channel, which account for about 63.1% of the Company's total turnover, recorded a decrease of 2.9% compared to the financial year ended 31 March 2016 and were mainly affected by a reduction in the domestic market.

Below are reported the breakdowns of revenues by geographical area:

(in thousands of Euro)	**Sales revenues at 31 March 2017**	**%**	**Sales revenues at 31 March 2016**	**%**	**% Change 2017/2016**
Italy	53,456	79.5%	53,524	80.2%	(0.1%)
Europe	10,838	16.1%	9,467	14.2%	14.5%
Rest of the World	2,946	4.4%	3,743	5.6%	(21.3%)
Total	**67,240**	**100.0%**	**66,734**	**100.0%**	**0.8%**

The Company's revenues for the FY 2016/2017 show that the Italian market still accounts for a very significant percentage of the total turnover (79.5%). In the FY 2016/2017, the Company opened, in the domestic market, 3 DOS points of sale. Within the European market, the Company achieved a turnover equal to Euro 10,838 thousand, up by 14.5% compared to the financial year ended 31 March 2016, which is equal to 14.5% in terms of percentage impact of the total turnover of the year 2016/2017. In the geographical area named "Rest of the World", where the Company sells in 28 Countries, the Company reported a decrease in the turnover of 21.3%.

Summary economic-financial data

Below are reported the results of Piquadro S.p.A. at 31 March 2017 compared to the same indicators at 31 March 2016:

Economic and financial ratios *(in thousands of Euro)*	**31 March 2017**	**31 March 2016**
Revenues from sales	67,240	66,734
EBITDA (a)	6,175	7,416
EBIT (b)	4,340	5,562
After-tax result	3,006	3,818
Depreciation of property, plant and equipment, amortisation of intangible assets and write-downs of receivables	2,275	2,123
Cash flow (net result before amortisation, depreciation and write-downs)	5,280	5,941

EBITDA for the period came to Euro 6.2 million against Euro 7.4 million reported in the FY 2015/2016, accounting for 9.2% of the Company's revenues at 31 March 2017 (11.1% in the financial year ended 31 March 2016).

In the FY 2016/2017, the Company used Euro 3.7 million for marketing and communication activities, in order to develop and promote the Piquadro brand (Euro 4.1 million in the FY 2015/2016).

During the financial year ended 31 march 2017 amortisation and depreciation amounted to about Euro 1,835 thousand (about Euro 1,806 thousand at 31 March 2016). The accrual to the provision for bad debts from customers amounted to Euro 440 thousand (Euro 317 thousand at 31 March 2016).

EBIT came to around Euro 4.3 million, equal to 6.5% of sales revenues, down by 21% compared to the value recorded in the FY 2015/2016 (a percentage equal to 8.3% of sales revenues).

The result from financial operations, which posted a positive value equal to about Euro 9 thousand, was mainly attributable to the performance of financial debt, net of exchange differences. The differential between foreign exchange gains and losses posted a positive value equal to Euro 489 thousand (against a positive value equal to Euro 510 thousand at 31 March 2016).

The pre-tax result recorded by the Company in the financial year ended 31 March 2017 came to Euro 4.3 million (Euro 5.6 million at 31 March 2016) and was affected by income taxes, including the effects of deferred taxation, equal to about Euro 1.3 million for an overall tax rate amounting to 30.9% (33.2% for the financial year ended 31 March 2016).

The net result recorded by the Company in the financial year ended 31 March 2017 recorded a decrease of 21.3%, passing from Euro 3.8 million in the financial year ended 31 March 2016 to Euro 3 million in the financial year ended 31 March 2017.

Profitability ratios

Below are reported the main Profitability ratios relating to the FYs ended 31 March 2017 and 31 March 2016:

Profitability ratios	Composition of the ratio	31 March 2017	31 March 2016
Return on sales (R.O.S.)	EBIT/Net sales revenues	6.5%	8.3%
Return on Investment (R.O.I.)	EBIT/Net invested capital	9.3%	12.6%
Return on Equity (R.O.E.)	Profit for the period/Shareholders' Equity	8.1%	10.6%

Gross investments

Gross investments in fixed assets concerning the Company's operations were equal to Euro 5,474 thousand in the financial year ended 31 March 2017 (Euro 2,381 thousand in the financial year ended 31 March 2016).
Below is reported the breakdown by type:

(in thousands of Euro)	31 March 2017	31 March 2016
Investments		
Intangible assets	360	225
Property, plant and equipment	880	1,209
Non-current financial assets	4,234	947
Total	**5,474**	**2,381**

Increases in intangible assets, equal to Euro 360 thousand in the financial year ended 31 March 2017 (Euro 225 thousand at 31 March 2016), related to software and IT products.

Increases in property, plant and equipment, equal to Euro 880 thousand in the financial year ended 31 March 2017 (Euro 1,209 thousand at 31 March 2016) were mainly attributable to equipment and machinery for Euro 59 thousand, to furniture and fittings for Euro 746 thousand and electronic office machines for Euro 61 thousand.

The increase in non-current financial assets related to the capital payments made in favour of Subsidiary OOO Piquadro Russia and to the acquisition of The Bridge S.p.A.. The latter transaction was mainly made up of Euro 1,675 thousand for the payment of the first purchase tranche, Euro 1,500 thousand for the future payment of the second purchase tranche and Euro 727 thousand for the estimated amount of the call option involving the remaining share of 20%.

Balance sheet

Below is reported the performance of the Company's equity structure at 31 March 2017:

(in thousands of Euro)	31 March 2017	31 March 2016
Trade receivables	35,331	29,783
Inventories	11,419	13,793
(Trade payables)	(20,075)	(16,439)
Total net current trade assets	*26,675*	*27,137*
Other current assets	2,000	1,306
Tax receivables	487	102
(Other current liabilities)	(2,681)	(2,598)
(Tax payables)	0	(403)
A) Working capital	***26,480***	***25,544***

Intangible assets	1,836	1,909
Property, plant and equipment	9,343	10,109
Non-current financial assets	8,800	7,143
Receivables from others beyond 12 months	292	308
Deferred tax assets	791	780
B) Fixed assets	***21,063***	***20,249***
C) Non-current provisions and non-financial liabilities	***(1,109)***	***(1,502)***
Net invested capital (A+B+C)	**46,434**	**44,292**
FINANCED BY:		
D) Net financial debt	***9,497***	***8,302***
E) Equity	***36,937***	***35,990***
Total borrowings and Shareholders' Equity (D+E)	**46,434**	**44,292**

Net Financial Position

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

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
(A) Cash	71	60
(B) Other cash and cash equivalents (available current bank accounts)	13,275	8,418
(C) Liquidity (A) + (B)	**13,346**	**8,478**
(D) Finance leases	(600)	(606)
(E) Current bank debt	310	0
(F) Current portion of current debt	(5,838)	(7,698)
(G) Current financial debt (D) + (E) + (F)	**(6,128)**	**(8,304)**
(H) Short-term Net Financial Position (C) + (G)	**7,218**	**175**
(I) Non-current bank debt	(13,676)	(7,046)
(L) Finance leases	(830)	(1,431)
(M) Payables to Il Ponte S.p.A. for the acquisition of The Bridge	(2,209)	0
(N) Non-current financial debt (I) + (L) + (M)	**(16,715)**	**(8,477)**
(O) Net Financial Position (H) + (N)	**(9,497)**	**(8,302)**

As at 31 March 2017, the Net Financial Position of Piquadro S.p.A. posted a negative value of Euro 9.5 million, showing a reduction of about Euro 1,199 thousand compared to the debt of about Euro 8.3 million at 31 March 2016. The main reasons for the performance of the Net Financial Position are attributable to the following factors:

- a Free cash flow of about Euro 6.2 million generated in the year;
- dividends paid in relation to the profit for the FY 2015/2016 equal to Euro 2.0 million (with a pay-out equal to about 66.7% of the operating profit of the Company);
- investments in property, plant and equipment for Euro 880 thousand and in intangible assets for Euro 360 thousand;
- an amount of Euro 4.2 million paid for the acquisition of The Bridge (of which an amount of Euro 1.675 million was settled at the time of the closing, an amount of Euro 2.2 million related to payables for deferred payments, of which Euro 727 thousand for the call option involving the remaining stake of the Company).

The payables to Il Ponte S.p.A. for the acquisition of The Bridge S.p.A., equal to Euro 2,209 thousand, are made up of deferred payments for the second discounted purchase tranche (Euro 1,482 thousand) and of the call option involving the remaining stake of The Bridge S.p.A., which is also discounted, equal to Euro 727 thousand.

Human Resources

The products that the Company offers are conceived, manufactured and distributed according to the guidelines of an organisational model whose feature is that it monitors all the most critical phases of the chain, from conception and manufacturing to subsequent distribution. This entails great care with the correct management of human resources, which must necessarily lead to intense personal involvement, above all in what the Company considers the strategic phases for the success of the Piquadro brand.
As at 31 March 2017 Piquadro S.p.A. had 266 members of staff, compared to 247 units at 31 March 2016. Below is reported the breakdown of staff by area:

Organisational Areas	31 March 2017	31 March 2016
R&D Area	5.6%	5.7%
Retail Area	53.4%	56.7%
Sales Area	10.5%	8.5%
Supporting Areas	30.5%	29.1%
Total	**100.0%**	**100.0%**

Health, safety and environment

Piquadro S.p.A. continues to pursue high standards in the protection of the health and safety of its employees at work.
In the course of the financial year ended 31 March 2017, the Company continued its path to the implementation of an increasingly efficient system of measures aimed at improving safety at work on an ongoing basis, while monitoring, among other things, any possible near-miss and exhorting its employees to report any possible critical issues regarding safety.
Piquadro believes that the desired benefits can be multiplied only through the implementation of a shared system and the main tool to achieve these objectives lies in the compliance by the entire workforce with the safety policies adopted.
The system implemented also considers the risks of interference that can arise inside the points of sales and, in this regard, training course requirements have been also met within the retail system.
The same attention paid to workers' health and safety issues was also confirmed in relation to environment. It is confirmed that Piquadro's activity has no impact on the environment and does not present characteristics such as to be capable of causing events with negative effects on the territory and the environment.
Nevertheless, during the next financial year the Company will prepare and adopt, within the framework of the Organisational Model adopted with reference to Legislative Decree no. 231/2001, a Special Part relating to Environmental Crimes.

Relations with related parties

The "Regulation bearing provisions governing transactions with related parties", which was adopted by CONSOB Resolution no. 17221 of 12 March 2010, as amended by CONSOB resolution no. 17389 of 23 June 2010, implemented article 2391-*bis* of the Italian Civil Code. On 18 November 2010 the Company's Board of Directors adopted the procedure concerning related parties, which was also drawn up by taking account of the instructions subsequently provided by CONSOB for the application of the new regulations by DEM/10078683 notice of 24 September 2010.
The said procedure, which is published on the website of Piquadro (www.piquadro.com), has the purpose to determine the criteria to be complied with for the approval of the transactions with related parties to be effected by Piquadro or its subsidiaries, in order to ensure transparency, as well as the material and procedural correctness of the transactions themselves. The identification of the transactions with related parties is made as required by the CONSOB regulation referred to.
In the financial year ended 31 March 2017, several intergroup transactions were effected, all of which were implemented within the ordinary course of business and at arm's length. Intergroup relations concerned both production activities (Piquadro S.p.A. directly controls Companies which produce leather goods for the Group) and commercial activities (Piquadro S.p.A. directly or indirectly controls all foreign Companies in the retail chain which manage Piquadro-branded shops). The Companies in the Piquadro Group also maintain financial relations, which were also established within the ordinary course of business and at arm's length.

Relations with related parties are largely commented on in the separate financial statements under Note 38 of the Notes to the Financial Statements.

SIGNIFICANT EVENTS AFTER THE YEAR-END

No significant events were reported at Company or Group level from 1 April 2017 up to today's date, except for the events reported below.
On 31 May 2017 the Tax Police Unit of Bologna completed the tax audit that had been started on 1 February 2017, by issuing a Report of Findings (*Processo Verbale di Constatazione*, PVC). In analysing the objections raised in the PVC, the Company deemed appropriate, on a prudential basis, to recognise an amount of tax, sanctions and interest corresponding to that for which there is a risk of incurring future outlays, through profit or loss and against an entry under a provision for risks among liabilities.

OUTLOOK

During the FY 2017/2018, the development of the Piquadro Group will be based on both the renewed ability to speed up the process of international expansion of the Piquadro brand and the definitive entry in operation of The Bridge S.p.A. through the implementation of the production and distribution synergies that have been just described.
The Management expects that in the 2017/2018 financial year the Group's turnover may achieve, after the acquisition of The Bridge S.p.A., an amount of Euro 100 million and grow, the perimeter remaining equal, at the same rates as, or even higher than, those already recorded in the course of the 2016/2017 financial year. As regards the profitability, the Management expect increased manufacturing margins, while the EUR/USD exchange rate remains in line with the previous year. In this context, the Management will always be engaged in monitoring margins and operating costs in order to be able to increase commitments in Research and Development and Marketing, with the objective of increasing visibility and knowledge of the brands.

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

OTHER INFORMATION

The Group's business is generally exposed to a number of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Piquadro Group's financial risks are managed centrally within precise organisational policies which govern the management of the risks and the control of all the transactions which are closely relevant to the composition of financial and/or trade assets and liabilities.

In order to minimise these risks, the Group has established control times and methods which allow the Board of Directors to give its approval as to all transactions which bind the Group to third-party lenders.

Liquidity risk

The objective of the Group is to ensure that it is able to meet its financial obligations at any time, maintaining an adequate level of available cash and diversifying the instruments for raising financial resources by obtaining adequate credit lines.
The Group keeps a surplus of credit lines available in order to be able to take up business opportunities that cannot be planned for or in order to cover unexpected cash outflows.
The excess cash is invested temporarily on the money market in transactions that can be liquidated immediately.
The essential tool for the measurement, management and daily monitoring of the liquidity risk is the cash budget, which provides an overview of the liquidity that is always up-to-date. Daily planning and cash flow forecasts are carried out on the basis of this overview.
It is believed that the funds and credit lines currently available, in addition to the cash flow generated by the business, will suffice to meet the Group requirements.

Credit risk

The credits of the Group, particularly in Italy, are rather fragmented as a result of sales being to a diverse clientele that is made up of leather goods retailers, stationery retailers and international distributors or, through the sales of

the DOS channel, end consumers. Receivables outstanding at the end of the financial year were mainly trade receivables, as resulting from the explanatory notes to the statement of financial position to which reference is made.
Historically there have not been any significant or particularly problematic situations regarding the solvency of customers, insomuch as it is the Group's policy to sell to customers after assessing carefully their credit rating and therefore remaining within prefixed credit limits, periodically monitoring the situation of expired loans.
Accordingly, the credit risk to which the Group is exposed is considered to be limited as a whole.

Foreign exchange risk

Foreign exchange risk is the risk that the currency parities could change in an unfavourable way in the period between the moment in which the target exchange rate is defined, that is the date when commitments arise to receive and pay amounts in foreign currency at a future date, and the time at which those commitments become firstly orders and finally turnover (for purchase or sale). In the absence of foreign exchange risk hedging on specific commercial transactions, there is no application of hedge accounting.

The Group pays the contract work done (external production) in US dollars, while the wages and salaries relating to the employees of the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. are paid in Renminbi. The operating costs incurred by the Company and by the Group's European subsidiaries are mainly denominated in Euro. The result of this is that the net result of the Group is partially affected by the fluctuations of the exchange rate between USD and the Euro and, to a lesser extent, between the Chinese Renminbi and the Euro.

During the financial year ended 31 March 2017, the Parent Company carried out currency (USD) forward purchases in order to hedge expected payments of invoices of foreign subcontractors and of the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. If these derivative financial instruments have fulfilled all the conditions laid down for the accounting treatment of hedging derivatives (hedge accounting), they are accounted for at fair value against an entry in the Statement of comprehensive income.
As at 31 March 2016 there were no open positions of currency forward purchases.

Interest rate risk

Interest rate risk is the risk of an uncontrolled increase in charges arising from the payment of real floating interest rate on medium- to long-term loans raised by the Group.
The purpose of the interest risk management is to limit and stabilise payable flows due to interest paid on such loans.
Hedging activities were carried out on every occasion that it was considered useful with regard to the taking out of loans. The Group uses derivative financial instruments to hedge the exposure to interest rate risks. However, in cases in which the derivative financial instruments do not fulfil all the conditions laid down for the accounting treatment of hedging derivatives (hedge accounting), these have been accounted for at fair value against an entry in the Income Statement.
The forecast outflows, connected with the repayment of the liability, are determined by making reference to the provisions laid down in the loan agreement (amortisation schedule).

LEGISLATIVE DECREE NO. 231/2001

Starting from June 2008, the Company adopted both the Group's Code of Ethics and the Parent Company's Organisational, management and control model pursuant to Legislative Decree no. 231/2001, with the objective to arrange for a structured and organic system of rules aimed at preventing the possible commission of crimes which entail the administrative liability of the Parent Company.

The Board of Directors, in the application of the regulations in force, has also established a single-member Supervisory Board and appointed Mario Panzeri as single member who has been granted the powers and duties under Legislative Decree no. 231/2001.

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

EQUITY INVESTMENTS HELD BY THE MEMBERS OF CORPORATE BODIES

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

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

[1] At the end of the FY 2016/2017, the Chairman of the Board of Directors and CEO of Piquadro S.p.A., Marco Palmieri, owned a stake equal to 93.34% of the Share Capital of Piquadro Holding S.p.A., through Piqubo S.p.A., a Company wholly owned by the latter. Piquadro Holding S.p.A., in turn, owns 68.37% of the Share Capital of Piquadro S.p.A..
[2] At the end of the FY 2016/2017, the Vice-Chairman of the Board of Directors of Piquadro S.p.A., Pierpaolo Palmieri, owned a stake equal to 6.66% of the Share Capital of Piquadro Holding S.p.A., which in turn, owns 68.37% of the Share Capital of Piquadro S.p.A..

CORPORATE GOVERNANCE AND SELF-REGULATORY CODE

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

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

Structure of the Share Capital

The amount of the subscribed and paid-up Share Capital is equal to Euro 1,000,000, divided into 50,000,000 ordinary shares, without any indication of their par value.

Categories of shares making up the Share Capital:

	NO. OF SHARES	**% COMPARED TO THE SHARE CAPITAL**	**LISTED**	**RIGHTS AND OBLIGATIONS**
Ordinary shares	50,000,000	100	STANDARD 1	The shares are registered and confer the right of voting at ordinary and extraordinary shareholders' Meetings, as well as the right to profit sharing.

Except for the stock options issued within the framework of the New 2012 -2017 Plan described below, the Company has not issued other financial instruments which confer the right of subscribing to new shares.

At the date of this Report, the Chairman of the Board of Directors and CEO of Piquadro S.p.A., Marco Palmieri, owned a stake equal to 93.34% of the Share Capital of Piquadro Holding S.p.A., through Piqubo S.p.A., a company wholly owned by the latter, while the Vice-Chairman of the Board of Directors of Piquadro S.p.A., Pierpaolo Palmieri, owns a stake equal to 6.66% of the Share Capital of Piquadro Holding S.p.A..

Piquadro Holding S.p.A., in its turn, owns 68.37% of the Share Capital of Piquadro.

* * *

STOCK OPTION PLANS

The New 2012-2017 Plan

On 7 June 2012, the Board, subject to the favourable opinion of the Remuneration Committee – with the objective of introducing incentives aimed at increasing the commitment by the key managers of the Group for the attainment of the corporate purposes, also in consideration of the fact that none of the options assigned under the previous 2008-2013 stock option plan had accrued (the plan is now closed) and that said 2008-2013 plan, because of the difficult conditions of the capital market in the last years, had been ineffective to attain the set targets - approved the guidelines of a new stock option plan for the 2012-2017 period, which was again intended for the "key managers" of the Company and of the Group, to be selected from among executive directors, key executives, employees and collaborators of the Company and of its subsidiaries (the "**New 2012-2017 Plan**").

On 7 June 2012 the Board then resolved to submit the following proposal to the Shareholders' Meeting called on 24 July 2012: (i) in the ordinary session, to approve the guidelines of the New 2012-2017 Plan, pursuant to Article 114-*bis* of the TUF, granting the Board the power to identify the beneficiaries of the same and the number of stock options to be awarded to each of them and the approval of the Regulation of the New 2012-2017 Plan; and (ii) in an extraordinary session, to resolve the capital increase against payment to serve the New 2012-2017 Plan, up to a maximum overall value equal to Euro 93,998, with a subscription price – to be set by the Board itself in accordance with Article 2441, paragraph 6, of the Italian Civil Code, having heard the opinion of the Remuneration Committee – of not less than the accounting par value, equal to the higher of (x) Euro 1.53 per share and (y) the average of the official closing stock exchange prices of the Piquadro shares in the last 30 days before the grant date of the options.

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

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

The Shareholders' Meeting of Piquadro, which was held on 24 July 2012, resolved (a) in the ordinary session, (i) to approve the New 2012-2017 Plan, as per the guidelines proposed by the Board, for the purposes of the allocation, free of charge, of a maximum number of 4,699,900 options for the subscription, against payment, of an equivalent number of ordinary shares of the Company in favour of persons to be selected by the Board from among Executive Directors, Key Executives, employees and collaborators of Piquadro and of other companies owned by it; (ii) to grant the Board the power to approve: (x) the final text of the Regulation of the New 2012-2017 Plan; and (y) having heard the opinion of the Remuneration Committee, the list of the plan's beneficiaries and the number of options to be assigned by virtue of the same; and (b) in an extraordinary session, (i) to increase the Company's share capital, against payment, serving the New 2012-2017 Plan, up to an overall maximum value equal to Euro 93,998, with an issue of up to a maximum amount of 4,699,900 ordinary shares, of no par value, having the same features and enjoyment as the outstanding shares, excluding the right of option of the shareholders, pursuant to article 2441, paragraph 5, of the Italian Civil Code, establishing that said ordinary shares may be subscribed, within the time limits set out in the related regulation, with an issue price – to be determined by the Board, having heard the opinion of the Remuneration Committee, in accordance with article 2441, paragraph 6, of the Italian Civil Code – of not less than their accounting par value, equal to the higher of (x) Euro 1.53 per share and (y) the average of the official closing prices of the Company shares recorded in the last 30 days before the grant date of the options, and also establishing that this capital increase may be also implemented in more than one instalment and is divisible and setting the ultimate deadline for the subscription at 31 December 2018; at the expiry date of this time limit, the capital shall be deemed to have been increased by an amount equal to the subscriptions made and (ii) to grant the Board the right to implement the capital increase, also through more than one issue, within the maximum quantity and time limits set out above and, with reference to each issue, the power to determine the subscription price of the shares, with the opinion of the Remuneration Committee, and within the limits of the criteria specified above.

Finally, on 26 September 2012, the Board, in the implementation of the powers delegated to it by the Shareholders' Meeting, resolved (i) to approve the final text of the Regulation of the New 2012-2017 Plan; (ii) to determine the subscription price of the ordinary shares of Piquadro, to be paid by the beneficiaries at the time of the subscription of the shares arising from the exercise of the options to the amount of Euro 1.53 per share; (iii) to set the overall number of the rights of option to be assigned to the respective beneficiaries at 3,600,000; and (iv) to approve the list of persons involved in the New 2012-2017 Plan, specifying the number of rights of option assigned to each of them.

On 11 February 2013, the Board - in accordance with section 14.2 of the Regulation of the New 2012-2017 Plan, which provides that the regulation of the plan may be amended by a resolution of the Board itself - approved some amendments to the Regulation of the New 2012-2017 Plan, in order to better specify the vesting conditions of options.
These amendments were also approved, again in accordance with the Regulation, with the consent of a number of beneficiaries that – at the time when the amendments were resolved – were the beneficiaries of a number of options higher than the majority of the options in place and were notified by Piquadro to all the beneficiaries.

The beneficiaries of the New 2012-2017 Plan, as at the date of the Report, were the following executive directors:

- Marco Palmieri;
- Pierpaolo Palmieri;
- Marcello Piccioli;
- Roberto Trotta.

The beneficiaries of the New 2012-217 Plan also include some employees and collaborators of Piquadro identified by the Board, subject to the opinion of the Remuneration and Appointment Committee.

As at the date of this Report no option granted under the New 2012 -2017 Plan had accrued and therefore no option had been exercised. Specifically, at the date hereof, the first and second tranche of granted options had been paid off, which were equal to 60% of the total number of options granted, since the related EBIT targets had not yet been attained as at the date of approval of the financial statements for the financial years 2014/2015 and 2015/2016.

For the details and reasons behind the New 2012-2017 Plan, reference is made to the Information Document prepared pursuant to article 114-*bis*, paragraph 1, of the TUF and of article 84-*bis* of the Issuers' Regulation and in accordance with the indications reported in the Table 7 of Annex 3A attached to the regulation itself, as approved by the Board on 7 June 2012 and as updated following the amendments adopted by the Board on 11 February 2013.

The Information Document and the Regulation of the New 2012-2017 Plan (as amended following the Board of 11 February 2013) have been filed at the registered office of the Issuer and may be perused on the website www.piquadro.com, in the section on Investor Relations.

Restrictions on the transfer of securities

There are no restrictions on the transfer of securities, such as for example limits on the ownership of securities or the need to obtain approval from the issuer or from other holders of securities.

Significant stakes held in the Capital

At the date of this Report, the significant stakes held in the Capital of the issuer, as resulting from the notices given pursuant to article 120 of the TUF, as supplemented by notices relating to transactions subject to Internal Dealing under articles 152-sexies and ff. of the Issuers' regulation, were the following:

SIGNIFICANT STAKES HELD IN THE CAPITAL			
Declarant	**Direct Shareholder**	**% share on ordinary capital**	**% share on voting capital**
Palmieri Marco	Piquadro Holding S.p.A.	68.37%	68.37%
Mediobanca Banca di credito Finanziario S.p.A.	Mediobanca Banca di credito Finanziario S.p.A.	5.01%	5.01%

Securities which confer special rights

The Company has not issued securities which confer special rights of control.

Employee share ownership: exercise of voting rights

There is no employee share ownership system.

Restrictions on voting rights

The By-Laws do not provide for any restrictions on voting rights.

Shareholders' Agreements

At the date of this Report, there were no Shareholders' Agreements pursuant to article 122 of the TUF.

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

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

The Shareholders' Meeting of Piquadro held on 26 July 2016 resolved to authorise a plan for the purchase of the Company's ordinary shares, in one or more instalments, up to the maximum number permitted by law, having regard to the treasury shares held directly and to those held by Subsidiary companies.

The authorisation to purchase treasury shares was granted up to the approval of the financial statements at 31 March 2017, while the authorisation to dispose of them was granted without any time limit.

The plan to purchase treasury shares pursues the following objectives:
(a) to support stabilisation of the stock performance and liquidity, and, in this framework, to acquire the Company's shares at prices lower than their actual value, based on the income prospects of the business, with the consequent enhancement of the Company;
(b) to establish an "inventory of securities" so that the Issuer may maintain and dispose of them for a possible use of the same as consideration in extraordinary operations, including in exchange of equity investments, with other parties within transactions of interest to the Company itself.

The purchase price of the shares will be identified from time to time, having regard to the methods selected to carry out the transaction and in accordance with the legislative, regulatory provisions or permitted market practices, within a minimum and maximum number that can be determined according to the following criteria:
(i) in any case, the minimum consideration for the purchase shall not be less, by 20%, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction;
(ii) in any case, the maximum consideration for the purchase shall not be higher, by 10%, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction.

Except for the implementation of the distribution plans, with or without payment, of options on shares or shares, which will take place at the prices set in the plans themselves, the consideration for any other sale of treasury shares, which will be set by the Board with the right of sub-delegating powers to one or more Directors, may not be less, by 20% at least, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction.

Purchases may take place according to methods other than those specified above pursuant to article 132, paragraph 3, of the TUF or other provisions applicable from time to time at the time of the transaction.

The disposal of the shares may take place according to the most appropriate methods in the interests of the Company, and in any case in accordance with the applicable regulations and the permitted market practices.

Except for the implementation of the distribution plans, with or without payment, of options on shares or shares, which will take place at the prices set in the plans themselves, the consideration for any other sale of treasury shares, which will be set by the Board with the right of sub-delegating powers to one or more Directors, may not be less, by 20% at least, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction.

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

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

Clauses of Change of control

Neither Piquadro S.p.A. nor any of its subsidiaries have entered into significant agreements which become effective, are amended or are terminated in case of change of control of the contracting Company.

Indemnity due to the Directors in the case of resignation, dismissal or termination of the relationship following a take-over bid

No agreements have been entered into between the Company and the Directors which provide for indemnities in the case of resignation or dismissal/disqualification without cause or if the employment relationship is terminated following a take-over bid.

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

MANAGEMENT AND COORDINATION ACTIVITY

The Company is not subject to management 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 management and coordination of Companies is carried out by the Company or an entity that is required to consolidate their financial statements or that controls them in any way pursuant to Article 2359",* neither Piqubo S.p.A. nor Piquadro Holding S.p.A., i.e. the companies controlling Piquadro S.p.A., carries out management 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 management and coordination activities in relation to the Companies it controls, pursuant to Articles 2497 and ff. of the Italian Civil Code.

TRANSACTIONS WITH RELATED PARTIES

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

INFORMATION REQUIRED BY ARTICLES 36 AND 39 OF THE MARKETS' REGULATION

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

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

INFORMATION BY BUSINESS SEGMENTS AND ANALYSIS OF THE PERFORMANCE OF THE GROUP'S OPERATIONS

The table below illustrates the segment data of the Piquadro Group as broken down by sales channel (DOSs and Wholesale), in relation to the financial years ended 31 March 2017 and 31 March 2016. Economic segment data are monitored by the Company's Management until EBITDA.

	31 March 2017					31 March 2016				
	Business Segment PIQUADRO		THE BRIDGE			Business Segment				% Change 2017-2016
(in thousands of Euro)	DOS	Wholesale		Total for the Group	% Impact (*)	DOS	Wholesale	Total for the Group	% Impact (*)	
Sales revenues	**28,405**	**42,423**	**5,084**	**75,912**	**100.0%**	**25,623**	**43,688**	**69,311**	**100%**	**9.5%**
Other income	1,705	564	63	2,332	3.1%	444	797	1,241	1.8%	87.9%
Costs for purchases of raw materials	(5,334)	(12,185)	(1,736)	(19,255)	(25.4%)	(3,704)	(9,289)	(12,993)	(18.7%)	48.2%
Costs for services and leases and rentals	(13,075)	(17,242)	(2,007)	(32,324)	(42.6%)	(12,818)	(20,539)	(33,357)	(48.1%)	(3.1%)
Personnel costs	(8,514)	(7,328)	(976)	(16,818)	(22.2%)	(8,120)	(7,190)	(15,310)	(22.1%)	9.8%
Provisions and write-downs	0	(440)	(38)	(478)	(0.6%)	0	(269)	(269)	(0.4%)	77.7%
Other operating costs	(101)	(442)	(32)	(575)	(0.8%)	(94)	(168)	(262)	(0.4%)	119.5%
EBITDA	**3,086**	**5,351**	**357**	**8,794**	**11.6%**	**1,331**	**7,029**	**8,360**	**12.1%**	**5.2%**
Amortisation, depreciation and write-downs				(3,105)	(4.1%)			(2,644)	(3.8%)	(17.4%)
Operating result				**5,689**	**7.5%**			**5,716**	**8.2%**	**(0.5%)**
Financial income and charges				(318)	(0.4%)			127	0.2%	(350.4%)
Pre-tax result				**5,371**	**7.1%**			**5,842**	**8.4%**	**(8.1%)**
Income taxes				(1,966)	(2.6%)			(1,964)	(2.8%)	0.1%
Profit for the period				**3,405**	**4.5%**			**3,878**	**5.6%**	**(12.2%)**
Group net result				**3,405**	**4.5%**			**3,878**	**5.6%**	**(12.2%)**

(*)percentage impact compared to total sales revenues

As a segment analysis of the balance sheet, below are reported the assets, liabilities and fixed assets broken down by sales channel in the financial years ended 31 March 2017 and 31 March 2016:

	31 March 2017				31 March 2016			
	Business Segment				Business Segment			
(in thousands of Euro)	DOS	Wholesale	Unallocated	Total	DOS	Wholesale	Unallocated	Total
Assets	12,222	57,760	19,768	89,750	11,175	46,849	13,164	71,188
Liabilities	9,939	21,854	19,674	51,467	5,702	13,769	14,927	34,398
Fixed assets	6,587	14,538	0	21,125	6,430	10,295	0	16,725

The assets allocated to the segments include property, plant and equipment, intangible assets, trade receivables, inventories, cash and other receivables other than tax receivables. Segment assets do not include loans receivable, tax or fiscal receivables, deferred tax liabilities and cash and cash equivalents.

The liabilities allocated to the segments include trade payables, provisions for risks and charges, provisions for personnel, payables to other lenders and other payables other than loans payable to credit institutions and tax and fiscal payables. Segment liabilities do not include loans payable to credit institutions, current accounts payable, tax or fiscal payables and deferred tax liabilities.

Sales revenues

Below is reported a breakdown of sales revenues by sales channel, geographical area and product family.

Breakdown of revenues by sales channel

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

Sales channel *(in thousands of Euro)*	**Sales revenues at 31 March 2017**	**%(*)**	**Sales revenues at 31 March 2016**	**%(*)**	**% Change 2017-2016**
Piquadro DOSs	28,405	37.4%	25,623	37.0%	10.9%
Piquadro Wholesale	42,423	55.9%	43,688	63.0%	(2.9%)
The Bridge	5,084	6.7%	0	0.0%	100%
Total	**75,912**	**100.0%**	**69,311**	**100.0%**	**9.5%**

(*)Percentage impact compared to sales revenues.

Sales revenues achieved in the financial year ended 31 March 2017 reported an increase of 9.5% compared to the financial year ended 31 March 2016, passing from Euro 69,311 thousand in the financial year ended 31 March 2016 to Euro 75,912 thousand in the financial year ended 31 March 2017.
The increase in sales revenues arises from the positive performance recorded in the DOS channel and from the inclusion of The bridge S.p.A. in the consolidation area.
Below are reported the breakdowns of revenues by distribution channel:

Piquadro Wholesale channel

Sales revenues achieved in the Wholesale channel in the financial year ended 31 March 2017 reported a decrease equal to 2.9%, passing from Euro 43,688 thousand in the financial year ended 31 March 2016 to Euro 42,423 thousand in the financial year ended 31 March 2017.

This decrease was mainly driven by lower sales in domestic and non-EU markets. The sales in the Wholesale channel in the domestic market, which account for 40.9% of consolidated sales (48.5% at 31 March 2016) showed a reduction of 7.6%. At 31 March 2017 the sales in the Wholesale channel in the European market accounted for 19.7% of sales recorded by the Piquadro Group in the Wholesale channel, showing an increase of 23.4%. At 31 March 2017 the sales in the Wholesale channel in the non-EU market accounted for 3.0% of consolidated sales (3.9% at 31 March 2016), showing a reduction of 15.5%.

In the financial year ended 31 March 2017, the Group opened 9 new franchise shops (as at 31 March 2017, the franchise shops opened were 45), of which 4 in Italy, 2 in Europe and 3 in the Rest of the World and closed 6 shops, of which 2 in Italy, 2 in Europe and 2 in the Rest of the World.

Piquadro DOSs

Sales revenues achieved in the DOS Channel - which includes sales generated from the e-commerce website of the Group, showing an increase of 20.3% – in the financial year ended 31 March 2017 reported an increase of 10.9%, passing from Euro 25,623 thousand in the financial year ended 31 March 2016 to Euro 28,405 thousand in the financial year ended 31 March 2017.
In terms of impact on the total sales revenues, the values in the DOS channel remained in line, in percentage terms, with those posted in the financial year ended 31 March 2016 (an impact of 37.4% at 31 March 2017 against a percentage of 37.0% in the FY 2015/2016).
The increase, which is equal to Euro 2,782 thousand in absolute terms, is also due to the following factors:

(i) an increase in the quantities sold, equal to about 2.2%;
(ii) SSSG, which recorded an increase, in the tax year ended 31 March 2017, equal to 0.9% (assuming an equal number of days of opening and constant rates of exchange, the Same Store Sales Growth – SSSG- reported an increase equal to about 1.5%);
(iii) the opening by the Group of 2 new DOS shops (as detailed below) during the financial year ended 31 March 2017, which entailed an increased turnover equal to Euro 323 thousand (corresponding to a growth of about 1.1% in the total turnover from the DOS channel);
(iv) the opening by the Group of 9 new DOS shops (as detailed below) during the financial year ended 31 March 2016, which contributed, for twelve months, to the turnover recorded at 31 March 2017 and which entailed an increased turnover equal to Euro 2,282 thousand (corresponding to a growth of about 8.0% in the total turnover from the DOS channel);

(v) 5 shops were closed (1 of which in Italy, 2 in France and 2 in Asia), which accounted for Euro 611 thousand, equal to about 2.4% of the turnover in the DOS channel of the previous year.

In general, it should be noted that in the DOS channel one of the significant factors for achieving high volumes of sales is the position of the outlets. Indeed, the Group tries to open its points of sale in the main streets (business and/or shopping ways) of each city in which it operates; such strategy has had a positive effect in terms of increase in sales revenues. Placing stores in strategic areas involves higher initial costs in some cases (with the payment, in some cases, of key money, especially in Europe) and subsequently higher rental charges compared to less central locations; however, these costs are subsequently recovered thanks to the higher sales volumes that the strategic position allows to achieve. During the FY 2016/2017 the Group did not pay any key money.
The opening of the DOSs in outlets allows the Group to dispose of those product stock which, for a variety of reasons (change in colour fashions, end of range etc.), could be difficult to sell at the full selling price, in this way solving the problems linked to possible obsolescence of inventories of finished products.
On the basis of the data processed by the Company in relation to the turnover per individual Piquadro shop, the perimeter remaining unchanged (Same Store Sales Growth analysis, "SSSG", or considering the same DOS points of sale existing as at both 1 April 2016 and 31 March 2017), the performance in the turnover of the DOS channel showed an increase of about 0.9% (assuming an equal number of days of opening and constant rates of exchange, the Same Store Sales Growth – SSSG - reported an increase equal to about 1.5%).
For a better understanding of the DOS channel, below are reported the 63 shops which were opened as at 31 March 2017, together with the month of the start of operations:

Month of opening	**Location**	**Brand**	**Channel**
November 2000	Milan - Via della Spiga 33	Piquadro	DOS
December 2002	Milan – Linate Airport	Piquadro	DOS
December 2003	Rome - Galleria Alberto Sordi	Piquadro	DOS
September 2004	Barcelona (Spain) - Paseo de Gracia 11, Tienda 7	Piquadro	DOS
December 2004	Bologna - Piazza Maggiore 4/B	Piquadro	DOS
March 2006	Barberino del Mugello (FI) – "Factory Outlet Centre"	Piquadro	DOS (Outlet)
March 2007	Fidenza (PR) – "Fidenza Village"	Piquadro	DOS (Outlet)
May 2007	Rome - Centro Commerciale Cinecittà	Piquadro	DOS
July 2007	Rome - Galleria N. Commerciale di "Porta di Roma"	Piquadro	DOS
April 2008	Vicolungo (NO) – Parco Commerciale	Piquadro	DOS (Outlet)
June 2008	Rome – Euroma 2	Piquadro	DOS
August 2008	Valdichiana (AR) - "Valdichiana Outlet Village"	Piquadro	DOS (Outlet)
August 2008	Serravalle Scrivia (AL) – "Serravalle Designer Outlet"	The Bridge	DOS (Outlet)
September 2008	Noventa di Piave (VE) - "McArthurGlen Designer Outlets"	Piquadro	DOS (Outlet)
December 2008	Milan - Via Dante 9	Piquadro	DOS
March 2009	Bologna – "G. Marconi" Airport	Piquadro	DOS
April 2009	Taipei (Taiwan) - Eslite Dun Nan	Piquadro	DOS
October 2009	Taipei (Taiwan) – Taipei Xin Yin Shop	Piquadro	DOS
February 2010	Marcianise (CE) – c/o "Outlet Centre"	Piquadro	DOS (Outlet)
February 2010	Hong Kong – Kowloon – I Square Shopping Mall	Piquadro	DOS
November 2010	Agira (EN) - c/o "Sicilia Fashion Outlet"	Piquadro	DOS (Outlet)
February 2011	Rimini – Shopping Mall "Le Befane"	Piquadro	DOS
September 2011	Milan – Corso Buenos Aires 10	Piquadro	DOS
December 2011	Assago (MI) – Shopping Mall "Milanofiori"	Piquadro	DOS
February 2012	Turin - Via Lagrange 19	The Bridge	DOS
April 2012	Kaohsiung City (Taiwan) - Shopping Mall "Dream Mall"	Piquadro	DOS
May 2012	Pescara – Via Trento 10	Piquadro	DOS
June 2012	Mantova - Shopping Mall "Fashion District"	Piquadro	DOS (Outlet)
September 2012	Rome – Via Frattina 149	Piquadro	DOS
September 2012	Rozzano (MI) - Shopping Mall "Fiordaliso"	Piquadro	DOS

October 2012	Mendrisio (Switzerland) – Fox Town Outlet Centre	Piquadro	DOS (Outlet)
November 2012	Barcelona (Spain) – El Corte Inglés, Plaza Catalunya 14	Piquadro	DOS
November 2012	Verona – Piazza delle Erbe 10	Piquadro	DOS
December 2012	Milan –Malpensa Airport, Tulipano Terminal 1	Piquadro	DOS
December 2012	Bari - Via Argiro 16-16/A	The Bridge	DOS
December 2012	Marcianise (CE) - c/o "Factory Outlet Centre"	The Bridge	DOS (Outlet)
April 2013	Castelromano (RM) – "Factory Outlet Centre"	Piquadro	DOS (Outlet)
May 2013	Venice – Mercerie del Capitello 4940	Piquadro	DOS
July 2013	Florence - Via Calimala 7/R	Piquadro	DOS
July 2013	Forte dei Marmi (LU) – Via Mazzini 15/b	Piquadro	DOS
September 2013	Turin - Via Roma 330/332	Piquadro	DOS
September 2013	Valencia (Spain) – El Corte Inglés, Calle Pintor Sorolla 26	Piquadro	DOS
October 2013	Barcelona (Spain) – El Corte Inglés, Av. Diagonal 617	Piquadro	DOS
October 2013	Milan - Via Landolfo 1	The Bridge	DOS
March 2014	London (Great Britain) – Regent Street 67	Piquadro	DOS
April 2014	Rome –Fiumicino Airport, Terminal 1	Piquadro	DOS
June 2014	Castelromano (RM) – "Factory Outlet Centre"	The Bridge	DOS (Outlet)
July 2014	Dittaino (EN) – "Sicily Outlet Village"	The Bridge	DOS (Outlet)
December 2014	Castelguelfo (BO) - "The Style Outlets"	Piquadro	DOS (Outlet)
December 2014	Tainan City (Taiwan) – Dream Mall Tainan	Piquadro	DOS
June 2015	New York (USA) - Madison Avenue 509	Piquadro	DOS
August 2015	Serravalle Scrivia (AL) – "Serravalle Designer Outlet"	Piquadro	DOS (Outlet)
September 2015	Barcelona (Spain) - "La Roca Village", Local 154/A	Piquadro	DOS (Outlet)
December 2015	Rome –Fiumicino Airport, area D	Piquadro	DOS
December 2015	Milan –Malpensa Airport, Terminal 2 – Ferno (VA)	Piquadro	DOS
February 2016	Moscow (Russia) – Afimall TC	Piquadro	DOS
February 2016	Moscow (Russia) – Metropolis TC	Piquadro	DOS
February 2016	Moscow (Russia) – Mega Balaja Dacha	Piquadro	DOS
February 2016	Moscow (Russia) – Atrium TEC	Piquadro	DOS
March 2016	Moscow (Russia) – Europejsky TEC	Piquadro	DOS
October 2016	Milan – Scalo Milano City Style	Piquadro	DOS (Outlet)
December 2016	Rome - Fiumicino Airport, Terminal 3	Piquadro	DOS
January 2017	Milan – Scalo Milano City Style	The Bridge	DOS (Outlet)

The Bridge

The sales revenues recorded by The Bridge S.p.A. for the period from January to March 2017 amounted to Euro 5,084 thousand.

Breakdown of revenues by geographical area

The geographical areas in which the Piquadro Group operates, as defined by the Management as a secondary segment of segment reporting, have been defined as Italy, Europe and Rest of the World.
The table below reports the Group's sales revenues broken down by geographical area, for the financial years ended 31 March 2017 and 31 March 2016:

(in thousands of Euro)	**Revenues from sales 31 March 2017**	**%(*)**	**Revenues from sales 31 March 2016**	**%(*)**	**Var. % 17 vs 16**
Italy	56,545	74.5%	53,524	77.2%	5.6%
Europe	15,434	20.3%	11,124	16.0%	38.7%
Rest of the World	3,933	5.2%	4,663	6.8%	(15.6%)

Total	**75,912**	**100.0%**	**69,311**	**100.0%**	**9.5%**

(*)Percentage impact compared to sales revenues.

Italy

The Group's revenues achieved in Italy in the financial year ended 31 March 2017 showed an increase of 5.6% compared to the financial year ended 31 March 2016, passing from Euro 53,524 thousand to Euro 56,545 thousand; the Italian market still accounts for a considerable percentage of the Group's total turnover, equal to 74.5% (77.2% of consolidated sales at 31 March 2016). Without considering the increase in revenues due to the sale of The Bridge-branded products, the sales relating to the Piquadro brand showed a decrease of 1.7%.

Europe

In the European market the Group recorded a turnover of Euro 15.4 million, equal to 20.3% of consolidated sales (16.0% of consolidated sales at 31 March 2016), showing an increase of 38.7% compared to the FY 2015/2016. Without considering the increase in revenues due to the sale of The Bridge-branded products, the sales relating to the Piquadro brand showed a growth of 29.9% in the European market.
The first three most significant European countries in terms of impact of the Group's total turnover from Piquadro-branded products are Germany, Russia and Spain, which overall account for 12.5% of the Group's turnover from Piquadro-branded products and 61.0% of the turnover from Piquadro-branded products relating to the geographical area Europe.

The Group operates through the two sales DOS and Wholesale channels in 36 European countries. Sales reported by Piquadro-branded products in the Wholesale channel in Europe recorded an increase of 23.4%.

Rest of the World

In the geographical non-EU area (named the "Rest of the World"), in which the Group sells in 34 Countries, the turnover reported a decrease of 15.6% compared to the FY 2015/2016, mainly as a result of lower sales in countries such as Taiwan and Mexico.
Without considering the increase in revenues due to the sale of The Bridge-branded products, the sales relating to the Piquadro brand showed a reduction of 19.5%.

Other income

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

	31 March 2017					**31 March 2016**				
	Business Segment PIQUADRO		**THE BRIDGE**			**Business Segment**				**% Change 2017-2016**
(in thousands of Euro)	**DOS**	**Wholesale**		**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	
Charge-backs of transportation and collection costs	0	129	0	129	0.2%	0	172	172	0.2%	(25.2%)
Insurance and legal refunds	36	0	0	36	0.05%	170	41	211	0.3%	(82.8%)
Sales revenues from corners	0	1	0	1	0.00%	0	13	13	0.02%	(95.1%)
Capital gain on the disposal of Key Money	1,470	0	0	1,470	1.9%					
Other sundry income	199	435	62	696	0.9%	274	571	845	1.2%	(17.6%)
Total Other income	**1,705**	**564**	**62**	**2,332**	**3.1%**	**444**	**797**	**1,241**	**1.8%**	**87.9%**

(*)Percentage impact compared to sales revenues.

In the financial year ended 31 March 2017 other income increased by 87.9%, passing from Euro 1,241 thousand in the financial year ended 31 March 2016 to Euro 2,332 thousand in the financial year ended 31 March 2017, as a result of the capital gain realised from the disposal of the point of sale located in Paris at Rue Saint Honoré, which is the only one store that is operated by the French subsidiary Piquadro France SARL. This disposal entailed a capital gain concerning the Key Money, equal to about Euro 1,470 thousand.

Consumption of materials

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

	31 March 2017					31 March 2016					
	Business Segment PIQUADRO		THE BRIDGE	Total for the Group	% Impact (*)	Business Segment		Total for the Group	% Impact (*)	% Change 2017-2016
(in thousands of Euro)	DOS	Wholesale				DOS	Whole sale			
Costs for consumption of materials	5,334	12,185	1,736	19,225	25.4%	3,704	9,289	12,993	18.8%	48.2%
Total Costs for consumptions of materials	**5,334**	**12,185**	**1,736**	**19,225**	**25.4%**	**3,704**	**9,289**	**12,993**	**18.8%**	**48.2%**

(*)Percentage impact compared to sales revenues.

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

Costs for services and leases and rentals

The table below reports the Group's costs for services and leases and rentals broken down by sales channel for the financial years ended 31 March 2017 and 31 March 2016:

	31 March 2017					31 March 2016				
	Business Segment PIQUADRO		THE BRIDGE	Total for the Group	% Impact (*)	Business Segment		Total for the Group	% Impact (*)	% Change 2016-2015
(in thousands of Euro)	DOS	Whole sale				DOS	Whole sale			
Costs for leases and rentals	6,867	691	305	7,863	10.4%	6,173	727	6,900	10.0%	13.9%
External Production	2,444	5,584	915	8,944	11.8%	3,006	8,216	11,222	16.2%	(20.3%)
Advertising and marketing	805	3,165	47	4,017	5.3%	707	3,370	4,077	5.9%	(1.5%)
Administration	297	1,038	89	1,423	1.9%	370	906	1,276	1.8%	11.5%
Commercial services	9	2,878	313	3,200	4.2%	4	2,970	2,974	4.3%	7.6%
Production services	1,705	1,264	247	3,217	4.2%	1,708	1,391	3,099	4.5%	3.8%
Transport services	947	2,622	91	3,660	4.8%	850	2,959	3,809	5.5%	(3.9%)
Total Costs for services and leases and rentals	**13,074**	**17,242**	**2,007**	**32,323**	**42.6%**	**12,818**	**20,539**	**33,357**	**48.1%**	**(3.1%)**

(*)Percentage impact compared to sales revenues.

As at 31 March 2017 costs for services and leases and rentals decreased by 3.1% compared to the previous financial year, and the percentage impact on sales revenues passed from 48.1% in the financial year ended 31 March 2016 to 42.6%.

Breakdown by sales channel

DOSs

Costs in the DOS channel reported an increase of 2.0%, passing from Euro 12,818 thousand in the financial year ended 31 March 2016 to Euro 13,074 thousand in the financial year ended 31 March 2017. The increase in costs refers, in particular, to costs for leases and rentals for the opening of new points of sales, net of the effect of the closures.

Wholesale channel

Costs for services and leases and rentals in the Wholesale channel reported a decrease of 16.0%, passing from Euro 20,539 thousand in the financial year ended 31 March 2016 to Euro 17,242 thousand in the financial year ended 31 March 2017. The reason for this change was mainly attributable to decreased external production linked to lower purchase volumes that were recorded during the current financial year.

Personnel costs

The table below reports the Group's personnel costs broken down by sales channel for the financial years ended 31 March 2017 and 31 March 2016:

	31 March 2017					31 March 2016				
	Business Segment PIQUADRO		THE BRIDGE			Business Segment				
(in thousands of Euro)	DOS	Wholesale		Total for the Group	% Impact (*)	DOS	Whole sale	Total for the Group	% Impact (*)	% Change 2017-2016
Wages and salaries	6,833	5,862	712	13,407	17.6%	6,557	5,806	12,363	17.8%	8.2%
Social security contributions	1,356	1,167	214	2,737	3.6%	1,297	1,149	2,446	3.5%	11.9%
Staff Severance Pay	325	299	50	674	0.9%	265	235	501	0.7%	39.5%
Total Personnel costs	**8,514**	**7,328**	**976**	**16,818**	**22.2%**	**8,120**	**7,190**	**15,310**	**22.1%**	**9.8%**

(*)Percentage impact compared to sales revenues.

The table below reports the number of staff employed by the Group at 31 March 2017 and 31 March 2016:

	31 March 2017	31 March 2016
Executives	5	4
Office workers	392	324
Manual workers	364	359
Total for the Group	**761**	**687**

In the financial year ended 31 March 2017, personnel costs reported an increase of 9.8%, passing from Euro 15,310 thousand in the financial year ended 31 March 2016 to Euro 16,818 thousand in the financial year ended 31 March 2017. The increase in personnel costs was due to both the acquisition of The Bridge S.p.A., which included 92 employees at 31 March 2017, and an increase in the number of staff members employed by the Piquadro-brand companies, due to the opening of new shops and the appointment of new professionals.

Breakdown by sales channel

DOSs

According to the breakdown by sales channel, the DOS channel reported an increase in personnel costs of 4.9%, passing from Euro 8,120 thousand in the financial year ended 31 March 2016 to Euro 8,514 thousand in the financial year ended 31 March 2017. The increase is mainly due to both the effect of the opening of shops in the course of the financial year ended 31 March 2016, which remained operational for the entire 2016/2017 financial year, and to the opening of new shops during the financial year ended 31 March 2017.

Wholesale channel

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

Provisions

The table below reports the Group's provisions for the financial years ended 31 March 2017 and 31 March 2016:

	31 March 2017					31 March 2016				
	Business Segment PIQUADRO		THE BRIDGE			Business Segment				
(in thousands of Euro)	DOS	Wholesale		Total for the Group	% Impact (*)	DOS	Wholesale	Total for the Group	% Impact (*)	% Change 2017-2016
Provisions	0	440	38	478	0.63%	0	269	269	0.4%	77%
Total Provisions	**0**	**440**	**38**	**478**	**0.63%**	**0**	**269**	**269**	**0.4%**	**77%**

(*)Percentage impact compared to sales revenues.

The amount of Euro 478 thousand in the financial year ended 31 March 2017 (Euro 269 thousand in the financial year ended 31 March 2018) relates to the provision for bad debts which has been fully allocated to the Wholesale channel, as the sales in the DOS segment generate almost exclusively instant receipts.

Amortisation, depreciation and write-downs of fixed assets

The table below reports the Group's costs for amortisation and depreciation for the financial years ended 31 March 2017 and 31 March 2016:

(in thousands of Euro)	**31 March 2017**	**(*) %**	**31 March 2016**	**(*) %**	**% Change 2017-2016**
Amortisation of intangible assets	587	0.8%	672	1.0%	(12.7%)
Depreciation of property, plant and equipment	1,953	2.6%	1,800	2.6%	8.5%
Impairment losses of assets	565	0.7%	173	0.2%	226.0%
Total amortisation, depreciation and write-downs of fixed assets	**3,105**	**4.1%**	**2,645**	**3.8%**	**17.4%**

(*)Percentage impact compared to sales revenues.

In the financial year ended 31 March 2017 amortisation, depreciation and write-downs reported an increase of 17.4%, passing from Euro 2,645 thousand in the financial year ended 31 March 2016 to Euro 3,105 thousand in the financial year ended 31 March 2017, of which Euro 587 thousand relate to amortisation of intangible assets, Euro 1,953 thousand relate to property, plant and equipment and Euro 565 thousand relate to the write-downs of fixed assets.
Amortisation of intangible assets decreased by 12.7% compared to the previous financial year, passing from Euro 672 thousand at 31 March 2016 to Euro 587 thousand at 31 March 2017.

The costs for depreciation of property, plant and equipment increased, passing from Euro 1,800 thousand at 31 March 2016 to Euro 1,953 thousand at 31 March 2017, mainly for the full application of depreciation for the shops opened by the Parent Company and by Piquadro Russia and for the acquisition of The Bridge S.p.A..

Net write-downs, equal to Euro 565 thousand, and mainly related to the write-down of furniture and fittings of some points of sales in Asia and to the closure of the point of sale located in Paris, at Rue Saint Honoré.

Other operating costs

The table below reports the Group's other operating costs broken down by sales channel for the financial years ended 31 March 2017 and 31 March 2016:

	31 March 2017					**31 March 2016**				
	Business Segment PIQUADRO		**THE BRIDGE**			**Business Segment**				
(in thousands of Euro)	**DOS**	**Wholesale**		**Total for the Group**	**% Impact (*)**	**DOS**	**Wholesale**	**Total for the Group**	**% Impact (*)**	**% Change 2017-2016**
Taxes other than income taxes	101	304	32	437	0.6%	94	167	261	0.4%	68%
Donations	0	25	0	25	0.0%	0	1	1	0.0%	
Losses from Receivables	0	113	0	113	0.1%	0	0	0	0.0%	
Total Other operating costs	**101**	**442**	**32**	**575**	**0.8%**	**94**	**168**	**262**	**0.4%**	**120 %**

(*)Percentage impact compared to sales revenues.

As at 31 March 2017 other operating costs, equal to Euro 575 thousand, increased by Euro 313 thousand compared to 31 March 2016.

EBITDA and operating result

As per the details provided in the previous paragraphs as to the changes that occurred in any individual Income Statement item in the financial years ended 31 March 2016 and 31 March 2017, in general the increase in EBITDA was attributable to the contribution given by The Bridge S.p.A. for Euro 357 thousand and by the capital gain generated from the disposal of the shop located in Paris, at Rue Saint Honoré, net of higher charges relating to personnel and commercial operations.

The table below reports the data relating to the EBITDA, broken down by sales channel, and to the Group's operating result, for the financial years ended 31 March 2017 and 31 March 2016:

(in thousands of Euro)	**31 March 2017**	**% Impact (*)**	**31 March 2016**	**% Impact (*)**	**Change 2017-2016**	**% Impact 2017-2016**
EBITDA	**8,794**	**11.6%**	**8,360**	**12.1%**	**436**	**5.2%**
Breakdown by channel:						
DOS	3,087	4.1%	1,331	1.9%	1,755	131%
Wholesale	5,350	7.0%	7,029	10.2%	(1,679)	(23.9%)
The Bridge	357	0.5%	0			
Operating result	**5,689**	**7.5%**	**5,716**	**8.3%**	**(27)**	**(0.5%)**

(*)Percentage impact compared to sales revenues.

Specifically, while EBITDA passed from Euro 8,360 thousand (12.1% of revenues) in the financial year ended 31 March 2016 to Euro 8,794 thousand (11.6% of revenues) in the financial year ended 31 March 2017, the operating result passed from Euro 5,716 thousand (8.3% as a percentage impact on revenues) in the financial year ended 31 March 2016 to Euro 5,689 thousand (7.5% as a percentage impact on revenues) in the financial year ended 31 March 2017.

In the opinion of the Management, the performance of the operating result, compared to the previous financial year, was attributable to the combined effect of the following key factors:

a) the disposal of the point of sale located at Saint Honoré, which is the only one that is operated by the French subsidiary Piquadro France SARL, which generated an effect on the operating result equal to Euro 1,088 thousand;
b) an increase in personnel costs, which was also due to higher costs recorded following the strengthening of the Group's corporate structure;
c) an increased profitability in the DOS segment (DOSs and e-commerce) as a result of positive performances in terms of SSSG from Directly Operated Stores, specifically at the Italian shops, and of an increased profitability from sales recorded through the e-commerce website operated by the Group;
d) a decrease in the margins from the Wholesale segment, as a result of a decrease in sales that was mainly attributable to the trends in the Italian market, due to the reorganization of the sales network;
e) the acquisition of The Bridge S.p.A., whose positive contribution at operating result level was equal to about Euro 235 thousand;
f) net write-downs of Euro 565 thousand (Euro 173 thousand at 31 March 2016), mainly relating to the impairment of furniture and fittings of some points of sales in Asia and to the closure of the point of sale located in Paris, at Rue Saint Honoré;
g) a rise in amortisation and depreciation, which increased from Euro 2,472 thousand in the financial year ended 31 March 2016 to Euro 2,540 thousand in the financial year ended 31 March 2017, the main changes of which were attributable to: the building in which the Company operates for a depreciation quota of Euro 193 thousand; plant and machinery for Euro 104 thousand; industrial and business equipment for Euro 1,571 thousand (including fittings for shops for about Euro 1,423 thousand); other assets for Euro 6 thousand; key moneys for Euro 107 thousand; software for Euro 267 thousand; patent rights for Euro 2 thousand and trademarks for Euro 59 thousand.

Financial income and charges

The table below reports the Group's financial income and charges for the financial years ended 31 March 2017 and 31 March 2016:

(*in thousands of Euro*)	31 March 2017	% Impact (*)	31 March 2016	% Impact (*)	Change 2017-2016	% Impact 2017-2016
Financial income	880	1.2%	938	2.8%	(58)	(5.7%)
Financial charges	(1,128)	(1.5%)	(811)	2.9%	(317)	48.3%
The Bridge	(70)	(0.1%)	0		(70)	100%
Total	**(318)**	**0.2%**	**127**	**0.1%**	**(445)**	**(350.4%)**

(*)Percentage impact compared to sales revenues.

This item includes the total of interest expense, commissions and net charges payable to banks and to other lenders and the effect of exchange fluctuations (gains and losses, both realised and estimated).
Net financial income and charges reported a deterioration compared to the financial year ended 31 March 2016, passing from Euro 127 thousand in the financial year ended 31 March 2016 to Euro (318) thousand in the financial year ended 31 March 2017.
The increase in financial charges at 31 March 2017 compared to 31 March 2016 was mainly attributable to additional charges as per the contracts, equal to Euro 332 thousand, relating to the acquisition of The Bridge S.p.A..
Furthermore, lower negative exchange rate differences were reported, both realised an estimated (equal to about Euro 334 thousand at 31 March 2017 against Euro 393 thousand at 31 March 2016), as were lower financial charges on bank loans of the Group (Euro 78 thousand at 31 March 2017 against Euro 198 thousand at 31 March 2016).
Interest expense payable to banks came to Euro 49 thousand, of which Euro 41 thousand arising from the acquisition of The Bridge S.p.A..
The decrease in financial income mainly related to the positive exchange rate differences, both realised and estimated (equal to about Euro 836 thousand at 31 March 2017 against Euro 894 thousand at 31 March 2016).

Income tax expenses

The table below reports the percentage impact of taxes on pre-tax profit for the financial years ended 31 March 2016 and 31 March 2017:

(in thousands of Euro)	31 March 2017	31 March 2016
Pre-tax profit	5,371	5,842
Income taxes	(1,966)	(1,964)
Average tax rate	**36.6%**	**33.6%**

The table below reports the breakdown of the Group's taxes for the financial years ended 31 March 2017 and 31 March 2016:

(in thousands of Euro)	31 March 2017	% Impact (*)	31 March 2016	% Impact (*)
IRES tax and other foreign taxes	1,534	2.0%	1,631	2.4%
IRAP tax	333	0.4%	343	0.5%
Deferred tax liabilities	66	0.1%	(70)	(0.1%)
Deferred tax assets	33	0.0%	60	0.1%
Total	**1,966**	**2.6%**	**1,964**	**2.8%**

(*)Percentage impact compared to sales revenues.

In the financial year ended 31 March 2017, income tax expenses increased by 0.2% passing from Euro 1,964 thousand in the financial year ended 31 March 2016 to Euro 1,966 thousand in the financial year ended 31 March 2017.

Current taxes (IRES [*Imposta sul Reddito delle Società*, Corporate Income Tax] and IRAP [*Imposta Regionale sulle Attività Produttive,* Local Tax on Production Activities] taxes for the Parent Company and the equivalent income taxes for foreign subsidiaries) relate to the tax burden calculated on the respective taxable bases.

Net result

The table below reports the net result for the period for the financial years ended 31 March 2017 and 31 March 2016:

(in thousands of Euro)	**31 March 2017**	**% Impact (*)**	**31 March 2016**	**% Impact (*)**
Net result	3,405	4.5%	3,878	5.6%

(*)Percentage impact compared to sales revenues.

The net result for the financial year ended 31 March 2017 reported a decrease of 12.2%, passing from Euro 3,878 thousand in the financial year ended 31 March 2016 to Euro 3,405 thousand in the financial year ended 31 March 2017.
In the financial year ended 31 March 2017, the percentage impact on sales revenues was equal to 4.5% (5.6% at 31 March 2016).

Silla di Gaggio Montano (BO), 12 June 2017

FOR THE BOARD OF DIRECTORS

THE CHAIRMAN
(Marco Palmieri)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	**Notes**	**31 March 2017**	**31 March 2016**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	3,775	4,107
Goodwill	(2)	4,658	0
Property, plant and equipment	(3)	12,691	12,618
Non-current financial assets	(4)	2	0
Receivables from others	(5)	772	700
Deferred tax assets	(6)	2,204	1,182
TOTAL NON-CURRENT ASSETS		**24,102**	**18,607**
CURRENT ASSETS			
Inventories	(7)	18,991	16,344
Trade receivables	(8)	27,747	23,801
Other current assets	(9)	3,411	1,823
Derivative assets	(10)	0	70
Tax receivables	(11)	1,011	328
Cash and cash equivalents	(12)	15,288	10,214
TOTAL CURRENT ASSETS		**66,449**	**52,581**
TOTAL ASSETS		**90,550**	**71,188**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	**Notes**	**31 March 2017**	**31 March 2016**
LIABILITIES			
EQUITY			
Share Capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		1,042	737
Retained earnings		31,942	30,212
Group profit for the period		3,435	3,946
TOTAL EQUITY ATTRIBUTABLE TO THE GROUP		**38,420**	**36,895**
Capital and Reserves attributable to minority interests		(105)	(37)
Profit/(loss) attributable to minority interests		(31)	(68)
TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		**(136)**	**(105)**
TOTAL EQUITY	(13)	**38,284**	**36,790**
NON-CURRENT LIABILITIES			
Borrowings	(14)	13,676	7,046
Payables to other lenders for lease agreements	(15)	916	1,431
Other non-current liabilities	(16)	2,209	0
Provision for employee benefits	(17)	1,756	291
Provisions for risks and charges	(18)	1,970	1,087
Deferred tax liabilities	(19)	0	0
TOTAL NON-CURRENT LIABILITIES		**20,527**	**9,854**
CURRENT LIABILITIES			
Borrowings	(20)	5,987	7,881
Payables to other lenders for lease agreements	(21)	691	606
Derivative liabilities	(22)	11	0
Trade payables	(23)	20,244	12,521
Other current liabilities	(24)	4,344	3,078
Current income tax liabilities	(25)	464	458
TOTAL CURRENT LIABILITIES		**31,740**	**24,544**
TOTAL LIABILITIES		**52,267**	**34,398**
TOTAL EQUITY AND LIABILITIES		**90,550**	**71,188**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Trade receivables	27,747	23,801
Inventories	18,991	16,344
(Trade payables)	(20,244)	(12,521)
Total net current trade assets	*26,494*	*27,624*
Other current assets	3,102	1,893
Tax receivables	1,011	328
(Other current liabilities)	(3,999)	(3,078)
(Tax payables)	(464)	(458)
A) Working capital	***26,143***	***26,309***
Intangible assets	8,433	4,107
Property, plant and equipment	12,691	12,618
Non-current financial assets	2	0
Receivables from others beyond 12 months	772	700
Deferred tax assets	2,204	1,182
B) Fixed assets	***24,102***	***18,608***
C) Non-current provisions and non-financial liabilities	***(3,725)***	***(1,378)***
Net invested capital (A+B+C)	**46,520**	**43,539**
FINANCED BY:		
D) Net financial debt	***8,236***	***6,749***
E) Equity attributable to minority interests	***(136)***	***(105)***
F) Equity attributable to the Group	***38,420***	***36,895***
Total borrowings and Shareholders' Equity (D+E+F)	**46,520**	**43,539**

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	**Notes**	**31 March 2017**	**31 March 2016**
REVENUES			
Revenues from sales	(26)	75,912	69,311
Other income	(27)	2,332	1,241
TOTAL REVENUES (A)		**78,244**	**70,552**
OPERATING COSTS			
Change in inventories	(28)	2,848	(574)
Costs for purchases	(29)	16,407	13,568
Costs for services and leases and rentals	(30)	32,323	33,357
Personnel costs	(31)	16,818	15,310
Amortisation, depreciation and write-downs	(32)	3,583	2,914
Other operating costs	(33)	575	262
TOTAL OPERATING COSTS (B)		**72,555**	**64,837**
OPERATING PROFIT (A-B)		**5,689**	**5,716**
FINANCIAL INCOME AND CHARGES			
Financial income	(34)	885	938
Financial charges	(35)	(1,203)	(811)
TOTAL FINANCIAL INCOME AND CHARGES		**(318)**	**127**
PRE-TAX RESULT		**5,371**	**5,842**
Income tax expenses	(36)	(1,966)	(1,964)
PROFIT FOR THE PERIOD		**3,405**	**3,878**
attributable to:			
EQUITY HOLDERS OF THE PARENT COMPANY		3,435	3,946
MINORITY INTERESTS		(31)	(68)
(Basic) Earnings per share in Euro	(37)	0.068	0.078

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Profit/(Loss) for the period (A)	**3,405**	**3,878**
Components that can be reclassified to profit or loss		
Profit/(loss) arising from the translation of financial statements of foreign companies	86	(559)
Profit/(loss) on cash flow hedge instruments	(12)	51
Components that cannot be reclassified to profit or loss*:*		
Actuarial gains (losses) on defined-benefit plans	(22)	9
Total Profits/(Losses) recognised in Equity (B)	**52**	**(499)**
Total comprehensive Profits/(Losses) for the period (A) + (B)	**3,456**	**3,379**
Attributable to		
- the Group	3,495	3,443
- Minority interests	(39)	(65)

It should be noted that the items of the consolidated Statement of Comprehensive Income are reported net of the related tax effect. For more details, reference should be made to Note 6.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Description	Share capital	Share premium reserve	Other reserves: Translation reserve	Other reserves: Fair value reserve	Other reserves: Reserve for Employee Benefits	Other reserves: Other reserves	Other reserves: Total Other Reserves	Retained earnings	Group profit	Equity attributable to the Group	Capital and Reserves attributable to minority interests	Profit/ (Loss) attributable to minority interests	Total Equity attributable to the Group and minority interests
Balances at 31.03.2015	**1,000**	**1,000**	**796**	**0**	**(54)**	**497**	**1,239**	**28,093**	**4,119**	**35,451**	**0**	**(40)**	**35,411**
Profit for the period									3,946	**3,946**		(68)	**3,878**
Other comprehensive result at 31 March 2016:													
-Exchange differences from translation of financial statements in foreign currency			(562)				**(562)**			**562**	**3**		**(559)**
- Reserve for actuarial gain (losses) on defined-benefit plans					9		**9**			**9**			**9**
- Fair value of financial instruments				51			**51**			**51**			**51**
Comprehensive Income for the period							**(502)**		**3,946**	**3,444**	3	**(68)**	**3,378**
- Distribution of dividends to shareholders									(2,000)	**(2,000)**			**(2,000)**
-Allocation of the result for the year ended 31.03.2015 to reserves								2,119	(2,119)	**0**	(40)	40	**0**
Fair value of Stock Option Plans							**0**			**0**			**0**
Balances as at 31.03.2016	**1,000**	**1,000**	**450**	**51**	**(45)**	**497**	**737**	**29,996**	**3,946**	**36,895**	**(37)**	**(68)**	**36,790**

Description	Share capital	Share premium reserve	Other reserves: Translation reserve	Other reserves: Fair value reserve	Other reserves: Reserve for Employee Benefits	Other reserves: Other reserves	Other reserves: Total Other Reserves	Retained earnings	Group profit	Equity attributable to the Group	Capital and Reserves attributable to minority interests	Profit/ (Loss) attributable to minority interests	Total Equity attributable to the Group and minority interests
Balances as at 31.03.2016	**1,000**	**1,000**	**450**	**51**	**(45)**	**497**	**737**	**29,996**	**3,946**	**36,895**	**(37)**	**(68)**	**36,790**
Profit for the period									3,435	**3,435**		(31)	**3,405**
Other comprehensive result as at 31 March 2017:													
-Exchange differences from translation of financial statements in foreign currency			148				**148**			**148**			**148**
- Reserve for actuarial gain (losses) on defined-benefit plans					0		**0**			**0**			**0**
- Other changes							**0**			**0**			**0**
- Fair value of financial instruments				(59)			**(59)**			**(59)**			**(59)**
Comprehensive Income for the period	**0**	**0**	**148**	**(59)**	**0**	**0**	**89**	**0**	**3,435**	**3,524**	**0**	**(31)**	**3,494**
- Distribution of dividends to shareholders									(2,000)	**(2,000)**			**(2,000)**
-Allocation of the result for the year ended 31.03.2016 to reserves								1,946	(1,946)	**0**	(68)	68	**0**
Fair value of Stock Option Plans							**0**			**0**			**0**
Balances as at 31.03.2017	**1,000**	**1,000**	**598**	**(8)**	**(45)**	**497**	**826**	**31,942**	**3,435**	**38,420**	**(105)**	**(31)**	**(38,284)**

CONSOLIDATED CASH FLOW STATEMENT

(*in thousands of Euro*)	**31 March 2017**	**31 March 2016**
Pre-tax profit	**5,371**	**5,842**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	2,492	2,472
Write-downs of property, plant and equipment/intangible assets	565	173
Accrual to provision for bad debts	(478)	269
Adjustment to the provision for employee benefits	0	0
Net financial charges/(income), including exchange rate differences	318	(127)
Cash flows from operating activities before changes in working capital	**8,268**	**8,629**
Change in trade receivables (gross of the provision)	2,520	(885)
Change in inventories	2,467	(382)
Change in other current assets	(3,173)	(303)
Change in trade payables	(6,536)	(1,136)
Change in provisions for risks and charges	(590)	207
Change in other current liabilities	1,758	(189)
Change in tax receivables/payables	(539)	874
Cash flows from operating activities after changes in working capital	**4,175**	**6,816**
Payment of taxes	(1,866)	(1,975)
Interest paid	(189)	383
Cash flow generated from operating activities (A)	**2,119**	**5,224**
Investments in and disinvestments from intangible assets	(315)	(225)
Change in the Consolidation Area (The Bridge S.p.A.)	620	0
Disinvestment for the disposal of the Paris store "Saint Honoré"	1,530	0
Investments in and disinvestments from property, plant and equipment	(1,116)	(2,158)
Changes generated from investing activities (B)	**719**	**(2,383)**
Financing activities		
Change in long-term financial receivables	0	0
Change in short- and medium/long-term borrowings	4,633	(2,307)
Changes in financial instruments	59	(70)
Leasing instalments paid	(605)	(700)
Change in the translation reserve	148	0
Other minor changes	0	(255)
Payment of dividends	(2,000)	(2,000)
Cash flow generated from/(absorbed by) financing activities (C)	**2,236**	**(5,332)**
Net increase (decrease) in cash and cash equivalents A+B+C	5,074	(2,491)
Cash and cash equivalents at the beginning of the period	**10,214**	**12,705**
Cash and cash equivalents at the end of the period	**15,288**	**10,214**

The Group's business

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

These financial statements were prepared by the Board of Directors on 12 June 2017 and will be submitted to the Shareholders' Meeting called on first call for 20 July 2017.

Main events that occurred in the course of the financial year ended 31 March 2017 and related significant accounting effects

As detailed in the report on Operations, on 20 December 2016 Piquadro S.p.A. completed the acquisition of Il Ponte Pelletteria S.p.A. (now The Bridge S.p.A.), a Florentine company that owns the leather goods luxury brand named The Bridge.
For accounting purposes, this Company joined the consolidation area of the Piquadro Group as from 1 January 2017.

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

In compliance with Regulation (EU) no. 1606/2002, the consolidated financial statements of Piquadro S.p.A. at 31 March 2017 were prepared in accordance with the IAS/IFRS (International Accounting Standards and International Financial Reporting Standards, hereinafter also referred to as "IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, as supplemented by the related interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC), which was previously named Standing Interpretations Committee (SIC), as well as by the related measures issued in the implementation of article 9 of Legislative Decree no. 38/2005.

Basis of preparation

This document reports the consolidated financial statements, including the consolidated statement of financial position, the consolidated Income Statement, the consolidated Statement of Comprehensive Income, the consolidated cash flow statement and the statement of changes in consolidated equity for the financial years ended 31 March 2017 and 31 March 2016 and the related explanatory notes.
IFRS means all the "International Financial Reporting Standards" (IFRS), all the International Accounting Standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously named Standing Interpretations Committee (SIC).
Specifically, it should be noted that IFRS were consistently applied to all periods presented in this document.

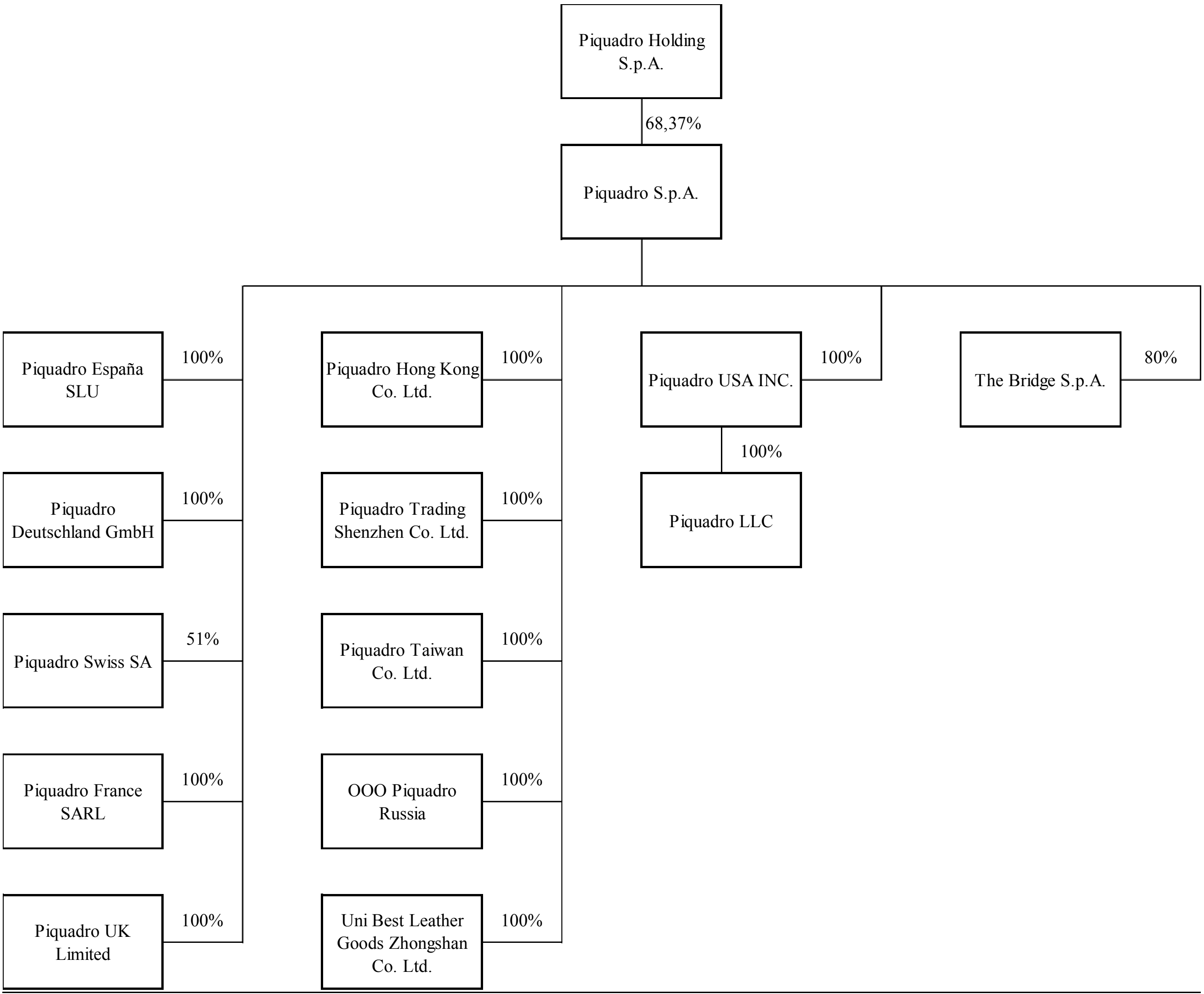
As to the procedures for presentation of the financial statements' schedules, the Company adopted the distinction "current/non-current" for the statement of financial position, the single-step scheme for the Income Statement, classifying costs by nature and the indirect method of representation for the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

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

The Management believes that no significant non-recurring events or transactions occurred either in the FY 2016/2017 or in the FY 2015/2016 nor any atypical or unusual transactions, in addition to those reported in the paragraph on “Business Combinations”.

Chart of the Group structure

For the purpose of providing a clear representation, below is reported the chart of the Group structure at 31 March 2017:



Scope of consolidation

The consolidated financial statements at 31 March 2017 include the separate financial statements of the Parent Company Piquadro S.p.A. and the financial statements of all the Companies in which it retains control, either directly or indirectly.

The financial statements being consolidated were prepared as at 31 March 2017, i.e. the reporting date of the consolidated financial statements and include those especially prepared and approved by the Boards of Directors of the individual Companies, as appropriately adjusted, if required, in order to be brought in line with the Accounting Standards of the Parent Company.

The complete list of the equity investments included in the scope of consolidation at 31 March 2017 and 31 March 2016, with the related Shareholders' Equity and Share Capital recognised according to local Accounting Standards (as the Subsidiary Companies have prepared their separate financial statements according to local regulations and Accounting Standards, and have prepared the consolidation file according to IFRS functionally to the consolidation into Piquadro) are reported in the tables below:

Scope of consolidation at 31 March 2017

Name	HQ	Country	Currency	Share Capital (local currency /000)	Shareholders' equity (local currency/000)	Control %
Piquadro S.p.A.	Gaggio Montano (BO)	Italy	Euro	1,000	36,936	Parent Company
Piquadro España SLU	Barcelona	Spain	Euro	898	799	100%
Piquadro Deutschland GmbH	Munich	Germany	Euro	25	45	100%
Uni Best Leather Goods Zhongshan Co. Ltd.	Guangdong	People's Republic of China	CNY	22,090	4,457	100%
Piquadro Hong Kong Co. Ltd.	Hong Kong	Hong Kong	HKD	2,000	977	100%
Piquadro Trading Shenzhen Co. Ltd.	Shenzhen	People's Republic of China	CNY	13,799	7,121	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	TWD	25,000	30,189	100%
Piquadro France SARL	Paris	France	EUR	100	459	100%
Piquadro Swiss SA	Mendrisio	Switzerland	CHF	100	(316)	51%
Piquadro UK Limited (*)	London	United Kingdom	GBP	1,000	1,019	100%
Piquadro USA INC.	Delaware	USA	USD	1,000	996	100%
Piquadro LLC	Delaware	USA	USD	995	987	100%
OOO Piquadro Russia	Moscow	Russia	RUB	10	45,030	100%
The Bridge S.p.A.	Scandicci	Italy	EUR	2,500	(322)	80%

(*) Piquadro UK Limited has made use of the right of exemption from control for 2016 according to the provisions of the New Section 479A of the 2006 Companies Act. For this purpose it is stated that Piquadro UK Limited is included in this Annual Financial Report.

Scope of consolidation at 31 March 2016

Name	HQ	Country	Currency	Share Capital (local currency /000)	Shareholders' equity (local currency /000)	Control %
Piquadro S.p.A.	Gaggio Montano (BO)	Italy	Euro	1,000	35,990	Parent Company
Piquadro España SLU	Barcelona	Spain	Euro	898	774	100%
Piquadro Deutschland GmbH	Munich	Germany	Euro	25	23	100%
Uni Best Leather Goods Zhongshan Co. Ltd.	Guangdong	People's Republic of China	CNY	22,090	4,492	100%
Piquadro Hong Kong Co. Ltd.	Hong Kong	Hong Kong	HKD	2,000	915	100%
Piquadro Macau Limitada	Macau	Macau	HKD	25	198	100%
Piquadro Trading Shenzhen Co. Ltd.	Shenzhen	People's Republic of China	CNY	13,799	8,614	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	TWD	25,000	29,319	100%

Piquadro France SARL	Paris	France	EUR	2,500	2,535	100%
Piquadro Swiss SA	Mendrisio	Switzerland	CHF	100	(235)	51%
Piquadro UK Limited	London	United Kingdom	GBP	1,000	1,007	100%
Piquadro USA INC.	Delaware	USA	USD	1,000	1,000	100%
Piquadro LLC	Delaware	USA	USD	995	982	100%
OOO Piquadro Russia	Moscow	Russia	RUB	10	13,235	100%

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

Compared to the financial year ended 31 March 2016, the financial year ended 31 March 2017 saw the acquisition of Il Ponte Pelletteria S.p.A. (now The Bridge S.p.A.) and the winding-up of Piquadro Macau Limitada.

Business combinations

The business combination involving The Bridge S.p.A. was accounted for in accordance with the provisions under IFRS 3 revised. Specifically, the Management carried out fair value measurements of assets or liabilities and potential liabilities, based on the information on current facts and circumstances which was available as at the date of acquisition. The measurement period ended on 31 December 2016.
The table below reports the assets and liabilities acquired from The Bridge S.p.A., as measured at their fair value:

STATEMENT OF FINANCIAL POSITION OF THE BRIDGE S.PA.

(in thousands of Euro)	**31 December 2016**
ASSETS	
NON-CURRENT ASSETS	
Intangible assets	1,470
Property, plant and equipment	1,336
Equity investments	1
Receivables from others	143
Deferred tax assets	450
TOTAL NON-CURRENT ASSETS	**3,399**
CURRENT ASSETS	
Inventories	5,334
Trade receivables	7,476
Receivables from subsidiaries	0
Other current assets	150
Derivative assets	0
Tax receivables	184
Cash and cash equivalents	355
TOTAL CURRENT ASSETS	**13,499**
TOTAL ASSETS	**16,897**

STATEMENT OF FINANCIAL POSITION OF THE BRIDGE S.PA.

(in thousands of Euro)	**31 December 2016**
LIABILITIES	

EQUITY	
Share Capital	2,500
Share premium reserve	0
Other reserves	9,112
Retained earnings	(5,332)
Profit for the period	(6,686)
TOTAL EQUITY	**(406)**
NON-CURRENT LIABILITIES	
Borrowings	2,275
Payables to other lenders for lease agreements	109
Provision for employee benefits	1,438
Provisions for risks and charges	378
TOTAL NON-CURRENT LIABILITIES	**4,201**
CURRENT LIABILITIES	
Borrowings	6,313
Payables to other lenders for lease agreements	89
Trade payables	5,739
Payables to subsidiaries	0
Derivative liabilities	0
Other current liabilities	882
Tax payables	79
TOTAL CURRENT LIABILITIES	**13,103**
TOTAL LIABILITIES	**17,304**
TOTAL EQUITY AND LIABILITIES	**16,897**
Fair value of consideration	4,252
GOODWILL	**4,658**

The measurement did not entail any adjustment to the book values stated in the financial statements of the acquired entity.
For an analysis of the cash flows associated with the business combination, reference should be made to the Cash Flow Statement.

Accounting policies

The accounting policies used in preparing the consolidated financial statements at 31 March 2017, which do not differ from those used in the previous financial year, are indicated below.

Consolidation criteria and techniques

The consolidated financial statements include the financial statements of the Company and of the Companies over which it exercises control, either directly or indirectly, starting from the date when the control was acquired up to the date when control ceases. In this case, control is exercised both by virtue of the direct or indirect possession of the majority of voting shares and as a result of the exercise of a dominant influence expressed by the power to affect, also indirectly by virtue of contractual or legal agreements, the financial and operational decisions of the entities, obtaining the relative benefits thereof, also regardless of shareholding relations. The existence of potential voting rights exercisable as at the reporting date is taken into account for the purposes of determining control.

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

The main consolidation criteria adopted for the application of the line-by-line method are the following:

(i) Subsidiary Companies are consolidated starting from the date when control is actually transferred to the Group and cease to be consolidated on the date when control is transferred outside the Group;

(ii) if required, adjustments are made to the financial statements of subsidiary companies in order to bring the accounting criteria used in line with those adopted by the Group;

(iii) assets and liabilities, income and charges of companies consolidated on a line-by-line basis are fully recognised in the consolidated financial statements; the book value of the equity investments is derecognised against the corresponding portion of Equity of the investee companies, entering the individual elements of balance sheet assets and liabilities at their current value at the date of acquisition of control. Any residual difference, if positive, is entered under the asset item "Goodwill"; if negative, in the Income Statement;

(iv) debt and credit relationships, costs and revenues, financial income and charges between Companies consolidated on a line-by-line basis, as well as the effects of all transactions effected between the same are derecognised;

(v) the portions of Equity and of the result for the period attributable to minority interests are indicated separately in consolidated Equity and Income Statement, respectively.

Financial statements expressed in currencies other than that of the Group's consolidated financial statements, i.e. the Euro, are consolidated following the methodology described above after translating them into Euro. The translation is made as follows:

(i) assets and liabilities are translated using the exchange rates prevailing at the reporting date of the consolidated financial statements;

(ii) costs and revenues are translated at the average exchange rate of the financial year;

(iii) exchange rate differences generated by the translation of the economic values at a rate other than the closing rate and those generated by the translation of the opening Equity at an exchange rate other than the closing rate of the reporting period are classified under a special Equity item up to the sale of the equity investment;

(iv) goodwill and fair value adjustments generated by the acquisition of a foreign company are recognised in the related currency as assets and liabilities of the foreign entity and are translated using the period-end exchange rate.

The financial statements expressed in a foreign currency other than that of the Countries which have adopted the Euro are translated into Euro by applying the rules indicated above. Below are reported the exchange rates applied for the FY 2016/2017 (foreign currency corresponding to Euro 1):

Foreign Currency	Average exchange rate (*)		Final exchange rate (*)	
	2017	2016	2017	2016
Hong Kong Dollar (HKD)	8.51	8.56	8.31	8.83
Renminbi (RMB)	7.38	7.02	7.36	7.35
Taiwan Dollar (TWD)	34.84	35.48	32.46	36.60
Swiss Franc (CHF)	1.08	1.07	1.07	1.09
Great Britain Pound (GBP)	0.84	0.73	0.86	0.79
US Dollar (USD)	1.10	1.10	1.07	1.14
Russian Rouble (RUB)	69.23	82.66 (**)	60.31	76.31

(*) Exchange rates are rounded up to the second decimal place.

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

Intangible assets

Intangible assets purchased or internally produced are entered under assets when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset may be determined reliably. These assets are valued at their purchase or production cost.

Intangible assets relate to assets without an identifiable physical substance, which are controlled by the company and are able to generate future economic benefits, as well as any possible goodwill.

Intangible assets with a definite useful life are systematically amortised over their useful life, to be intended as the estimated period in which assets will be used by the company. Goodwill and any other intangible assets, where existing, with an indefinite useful life are not amortised, but are tested for impairment at least on an annual basis, for the purposes of verifying the existence of impairment losses (if any).
The rates applied are:

Development Costs	25%
Patents	33.3%
Trademarks	10%
Key money (Rights to replace third parties in lease agreements for points of sale)	lease term
Concessions	33.3%

(i) Research and Development costs

Research costs are charged to the Income Statement in the financial year in which they are incurred. Development costs are instead entered under intangible assets where all the following conditions are fulfilled:

- the project is clearly identified and the related costs can be identified and measured reliably;
- the technical feasibility of the project has been demonstrated;
- the intention to complete the project and to sell the intangible assets generated by the project has been demonstrated;
- a potential market exists or, in the case of internal use, the benefit of the intangible asset has been demonstrated for the production of the intangible assets generated by the project;
- the technical and financial resources necessary for the completion of the project are available.

Amortisation of Development costs entered under intangible assets will start from the date when the result generated by the project is marketable. Amortisation is made on a straight-line basis over a period of 4 years, which represents the estimated useful life of capitalised expenses.

(ii) Industrial patent and intellectual property rights, Licences and other Rights

Charges relating to the acquisition of industrial patent and intellectual property Rights, Licences and other Rights are capitalised on the basis of the costs incurred for their purchase.

Amortisation is calculated on a straight-line basis so as to allocate the cost incurred for the acquisition of the right over the shorter of the period of the expected use and the term of the related contracts, starting from the time when the acquired Right may be exercised; usually, this period has a duration of 5 years.

(iii) Trademarks

Trademarks have a definite useful life and are valued at cost. Amortisation is calculated on a straight-line basis in order to distribute their value over the estimated useful life and in any case for a period not exceeding 10 years.

(iv) Key money

Amortisation of the key money (that is payments to third parties to obtain the rights to take over lease agreements for points of sale) is calculated on a straight-line basis according to the lease term of the points of sale.

The recoverability of the entry value of intangible assets, including goodwill, if any, is verified by adopting the criteria indicated in point "Impairment losses of assets".

Property, plant and equipment

Property, plant and equipment are entered at their purchase price or production cost, including any directly-attributable additional charges required to make the assets available for use.
Costs incurred subsequent to the purchase are capitalised only if they increase the future economic benefits inherent in the asset to which they refer.

The assets whose sale is highly probable as at the reporting date of the financial statements are classified under current assets under item “Current assets available for sale” and measured at the lower of the book value and the related fair value, net of estimated selling costs. The sale of an asset classified under non-current assets is highly probable when the Management has defined, by a formal resolution, a plan for the disposal of the asset (or of the disposal group) and activities have been started to identify a purchaser and to complete the plan. Furthermore, the asset (or the disposal group) has been offered for sale at a reasonable price compared to its current fair value. The sale is expected to be completed within a year of the date of classification and the actions required to complete the sale plan show that it is improbable that the plan can be significantly amended or cancelled.

Property, plant and equipment under finance leases, through which all risks and rewards attached to ownership are substantially transferred to the Group, are entered under the relevant classes of property, plant and equipment and are depreciated by applying the same depreciation rates reported below which have been adopted for the related relevant class, provided the lease term is less than the useful life represented by such rates and there is no reasonable certainty of the transfer of the ownership of the leased asset at the natural expiry of the agreement; in this case, the depreciation period is represented by the term of the lease agreement. Assets are entered against the entry of short- and medium-term payables to the lessor financial entity; rentals paid are allocated between financial charges and reduction in borrowings.

Leases in which the lessor substantially retains the risks and rewards attached to ownership of the assets are classified as operating leases. Costs for rentals arising from operating leases are charged to the Income Statement on a straight-line basis on the basis of the contract term.

Property, plant and equipment are systematically depreciated on a straight-line basis over their useful life, to be intended as the estimated period in which the asset will be used by the company. The value to be depreciated is represented by the entry value as reduced by the presumed net transfer value at the end of its useful life, if it is significant and can be determined reasonably. Land is not subject to depreciation, even if purchased jointly with a building, as well as the tangible assets intended for transfer which are valued at the lower of the entry value and their fair value, net of disposal charges.
The rates applied are:

Land	Unlimited useful life
Buildings	3%
Leasehold improvements (shops)	17.5%*
Machinery and moulds	17.5%
General systems	17.5%
Industrial and business equipment	25%
Office electronic machines	20%
Fittings	12%
Motor vehicles and means of internal transport	20%
Cars	25%

* or over the term of the lease agreement should the same be lower and there is not reasonable certainty of the renewal of the same at the natural expiry of the contract.

Should the asset being depreciated be made up of elements that can be clearly identified and whose useful life significantly differs from that of the other parts making up the asset, depreciation is made separately for each of the parties making up the asset (component approach).

Ordinary maintenance costs are fully charged to the Income Statement. Costs for improvements, refurbishment and transformation increasing the value of property, plant and equipment are charged as an increase in the relevant assets and depreciated separately.
Financial charges directly attributable to the construction or production of a tangible asset are capitalised as an increase in the asset under construction, up to the time when it is available for use.

The recoverability of the entry value of property, plant and equipment is verified by adopting the criteria indicated in point “Impairment losses of assets” below.

Business combinations

Business combinations are accounted for by applying the so-called purchase method (as defined by IFRS 3 (revised) "Business combinations"). The purchase method requires, after having identified the purchaser within the business combination and having determined the acquisition cost, all assets and liabilities acquired (including the so-called contingent liabilities) to be measured at fair value. Goodwill (if any) is determined only on a residual basis as the difference between the cost of the business combination and the relevant portion of the difference between acquired assets and liabilities measured at fair value. If negative, it is recognised as a positive component of the result for the period in which the business combination takes place. Transaction costs are directly charged to the Income Statement.

Business combinations of entities under common control

Business combinations of entities under common control are business combinations of entities which are ultimately controlled by the same persons both before and after the business combination and the control is not of a temporary nature. The presence of minority interests in each of the entities being combined before or after the combination transaction is not significant in order to determine whether the combination involves entities under common control.
Business combinations of entities under common control are accounted for so that the net assets of the acquired entity and of the acquiring entity are recognised at the book values they had in the respective accounts before the transaction (continuity of values), without recognising, in the consolidated financial statements, surplus values (if any) arising from these combinations and accounted for in the separate financial statements of the Company.

Equity investments in Associated companies and other companies

If existing, investments in associated companies are valued at Equity.
Equity investments in other companies are measured at fair value; if the fair value cannot be estimated reliably, the investment is valued at cost.
The recoverability of their entry value is verified by adopting the criteria indicated in point "Impairment losses of assets".

Receivables and other non-current and current assets

Receivables and the other non-current and current assets are classified under financial assets "Loans and receivables". These are non-derivative financial instruments which mainly relate to receivables from customers and which are not listed on an active market, from which fixed or determinable payments are expected. They are included in the current portion, except for those with a maturity exceeding twelve months compared to the reporting date, which are classified under the non-current portion. Initially these assets are recognised at fair value; subsequently, they are valued at amortised cost on the basis of the actual interest rate method. Should an objective evidence exist of any impairment, the asset is reduced so as to be equal to the discounted value of the flows that may be obtained in the future. Impairment losses are recognised in the Income Statement. If the reasons for the previous write-downs no longer apply in the subsequent periods, the value of the assets is restored up to the amount of the value which would be derived from the application of amortised cost had no write-down been made.

Inventories

Inventories are valued and entered at the lower of the purchase or production cost, including additional charges, as determined according to the weighted average cost method, and the value of presumed realisable value inferable from the market performance.

Cash and cash equivalents

The item relating to cash and cash equivalents includes cash, current bank accounts, demand deposits and other short-term high-liquidity financial investments, which are readily convertible into cash, or which can be transformed into cash and cash equivalents within 90 days of the date of original acquisition, and are subject to a non-significant risk of changes in value.

Impairment losses of assets

When events occur that make a possible impairment of an asset expected, its recoverability is checked by comparing its entry value with the related recoverable value, represented by the higher of the fair value, net of disposal charges, and the value in use.
In the absence of a binding sale agreement, the fair value is estimated on the basis of the values expressed by an active market, by recent transactions or on the basis of the best information available in order to reflect the amount that the business could obtain by selling the asset.
The value in use is determined by discounting back the expected cash flows deriving from the use of the asset and, if they are significant and if they can be determined reasonably, from its transfer at the end of its useful life. Cash flows are determined on the basis of reasonable assumptions that can be proved and that represent a best estimate of the future economic conditions that will arise during the residual useful life of the asset, giving greater importance to external factors. Valuation is carried out for individual assets or for the smallest identifiable group of assets that generate independent cash inflows deriving from their on-going use (the so-called cash generating unit). An impairment is recognised in the Income Statement should the entry value of the asset or of the cash generating unit to which it is allocated be higher than the recoverable value.
If the reasons for the write-downs previously made no longer apply, the assets, excluding goodwill, are reinstated and the adjustment is charged as a revaluation (reinstatement of value) in the Income Statement. The revaluation is made at the lower of the recoverable value and the entry value, including the write-downs previously made and reduced by the amortisation rates which would have been allocated had no write down been made.

Equity

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

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

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

Stock Option plans

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

Hedging financial instruments

The Group carries out transactions in derivative financial instruments to hedge exposure to foreign exchange and interest rate risks. The Group does not hold financial instruments of a speculative nature, as required by the risk policy approved by the Board of Directors. Consistently with IAS 39, hedging financial instruments are accounted for according to the procedures laid down for hedge accounting if all the following conditions are fulfilled:

(i) at inception of the hedge, there is formal documentation of the hedging relationship and the company's risk management objective and strategy for undertaking the hedge;
(ii) the hedge is expected to be highly effective in offsetting changes in fair value (fair value hedge) or cash flows (cash flow hedge) that are attributable to the hedged risk;

(iii) for cash flow hedges, any forecast transaction being hedged is highly probable and presents an exposure to the changes in cash flows which could finally affect the economic result for the period;
(iv) hedge effectiveness is reliably measurable, i.e. the fair value or cash flows of the hedged item and the fair value of the hedging instrument can be reliably measured;
(v) the hedge must be assessed on an on-going basis and be highly effective for the entire life of the derivative.

The criterion for measuring hedging instruments is represented by their fair value as at the designated date. The fair value of foreign exchange derivatives is calculated in relation to their intrinsic value and time value. On each closing date of the financial statements, hedging financial instruments are tested for effectiveness, in order to verify whether the hedge meets the requirements to be qualified as effective and to be accounted for according to hedge accounting. When the financial instruments are eligible for hedge accounting, the following accounting treatments will be applied:

Fair value hedge - If a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a balance sheet asset or liability attributable to a specific risk that might impact the Income Statement, the profit or loss arising from the subsequent measurements at fair value of the hedging instrument are recognised in the Income Statement. The profit or loss on the hedged item, attributable to the hedged risk, modify the book value of this item and are recognised in the Income Statement.

Cash flow hedge - If a derivative financial instrument is designated as a hedge of the exposure to changes in future cash flows of an asset or liability entered in the accounts or of a forecast transaction which is highly probable and which could have effects on the Income Statement, changes in fair value of the hedging instrument are taken to the Statement of Comprehensive Income, the ineffective portion (if any) is recognised in the Income Statement.
If a hedging instrument or a hedging relationship are terminated, but the transaction being hedged has not yet been effected, the combined profits and losses, which have been entered under the Statement of Comprehensive Income up to that time, are recognised in the Income Statement at the time when the related transaction is carried out.
If the transaction being hedged is no longer deemed probable, the profits or losses not yet realised and deferred to Equity are immediately recognised in the Income Statement.
If the hedge accounting cannot be applied, the profits or losses arising from the measurement at fair value of the derivative financial instrument are immediately entered in the Income Statement.

Earnings per share

Basic
Basic earnings per share are calculated by dividing the Group's economic result by the weighted average of the ordinary shares outstanding in the financial year, excluding treasury shares (if any).

Diluted
Diluted earnings per share are calculated by dividing the Group's economic result by the weighted average of the ordinary shares outstanding in the financial year, excluding treasury shares (if any). For the purposes of the calculation of the diluted earnings per share, the weighted average of outstanding shares is modified by assuming the conversion of all potential shares having dilutive effects, while the Group's net result is adjusted to take account of the effects, net of taxes, of the conversion.

Financial liabilities

Financial liabilities are related to loans, trade payables and other obligations to pay and are initially recognised at fair value, while they are subsequently valued at amortised cost, using the actual interest rate method. Should a change occur in the expected cash flows and should it be possible to estimate them reliably, the value of the loans is recalculated to reflect this change on the basis of the present value of the new expected cash flows and of the internal rate of return determined initially. Financial liabilities are classified under current liabilities, unless the Group has an unconditional right to delay their payment for at least 12 months after the reporting date.
Financial liabilities are derecognised from the accounts at the time of their discharge or when the Group has transferred all the risks and charges relating to the instruments themselves. As the Group's financial liabilities have been incurred at variable interest rates, their fair value is substantially in line with the balance sheet value.

Financial instruments and IFRS 7

The category of financial instruments

As required by IFRS 7**,** below is reported the breakdown of the financial instruments by category relating to the financial years ended 31 March 2017 and 31 March 2016.

(in thousands of Euro)	**31/03/2017**	**FVTPL**	**LAR**	**AFS**	**FLAC**	**IAS 17 Leases**	**Measurement at fair value**
Trade receivables	27,747	0	27,747	0	0	0	27,747
Assets for financial instruments	0	0	0	0	0	0	0
Cash and cash equivalents	15,288	0	15,288	0	0	0	15,288
Assets	**43,035**	**0**	**43,035**	**0**	**0**	**0**	**43,035**
Non-current borrowings	13,676	0	0	0	13,676	0	13,676
Payables to other lenders for non-current lease agreements	916	0	0	0	0	916	0
Current borrowings	5,987	0	0	0	5,987	0	5,987
Payables to other lenders for current lease agreements	691	0	0	0	0	691	0
Trade payables	20,244	0	20,244	0	0	0	20,244
Liabilities for financial instruments	11	0	11	0	0	0	11
Other non-current liabilities	2,209	2,209	0	0	0	0	2,209
Liabilities	**43,734**	**2,209**	**20,255**	**0**	**19,663**	**1,607**	**42,127**

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

Key

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

Risk factors

The Piquadro Group is exposed to risks associated with its own business, which are specifically referable to the following cases:

(i) Credit risk arising from business transactions or financing activities;
(ii) Liquidity risk relating to the availability of financial resources and to the access to the credit market;
(iii) Market risk which is identified in detail as follows;

- Foreign exchange risk, relating to operations in currencies other than currencies of denomination;
- Interest rate risk, relating to the Group's exposure on financial instruments which bear interest.

Credit risk

The operational management of this risk is delegated to the Credit Management function which is shared by the Administration, Finance and Control Department with the Sales Department and is carried out as follows:

(i) assessing the credit standing of the customers;
(ii) monitoring the related expected incoming flows;
(iii) the appropriate payment reminder actions;
(iv) debt collection actions, if any.

The write-down necessary to bring the nominal value in line with the expected collectable value has been determined by analysing all of the expired loans in the accounts and using all the available information on individual debtors. Loans which are the object of disputes and for which there is a legal or insolvency procedure have been fully written down, while fixed write-down percentages have been applied to all the other receivables, again taking account of both legal and actual situations. Below is reported the summary statement of the changes in the Provision for bad debts.

(in thousands of Euro)	**Provision at 31 March 2017**	**Provision at 31 March 2016**
Balance at the beginning of the period	1,304	1,231
Accrual	441	269
Change in the consolidation area	1,042	0
Uses	(507)	(196)
Total Provision for bad debts	**2,280**	**1,304**

The change in the consolidation area reflects the acquisition of control over The Bridge S.p.A., as illustrated in these notes in the paragraph on "Business Combinations".

Position of the loans

As required by IFRS 7, below is reported a breakdown of expired loans:

(in thousands of Euro)		Loans falling due	Expired loans			Provision for bad debts
31/03/2017	Amount in the accounts		1-60 days	61-120 days	Over 120 days	
DOS	221	221	0	0	0	0
Wholesale	21,538	14,371	1,279	1,073	6,052	(1,237)
The Bridge	5,988	5,734	502	520	275	(1,043)
Total	**27,747**	**20,326**	**1,781**	**1,593**	**6,327**	**(2,280)**

(in thousands of Euro)		Loans falling due	Expired loans			Provision for bad debts
31/03/2016	Amount in the accounts		1-60 days	61-120 days	Over 120 days	
DOS	226	226	0	0	0	0
Wholesale	23,575	16,371	2,091	969	5,447	(1,304)
Total	**23,801**	**16,597**	**2,091**	**969**	**5,447**	**(1,304)**

Liquidity risk

The financial requirements of the Group are affected by the dynamics of receipts from customers in the Wholesale channel, a segment which is mainly made up of points of sale/shops; as a consequence, credits are highly fragmented, with variable average payment times.

Nevertheless, the Group is able to finance the growing requirements of net working Capital with ease, through the cash flows generated by operations, including the short-term receipts generated by the DOS channel and, when necessary, through recourse to short-term loans.

In support of the above, below are reported the main ratios of financial management:

	31 March 2017	31 March 2016
Cash Ratio (*)	0.48	0.42
Quick Ratio (**)	1.50	1.48
Current Ratio (***)	2.09	2.14
Net financial debt/EBITDA	0.94	0.81
Interest coverage ratio (****)	17.87	(45.10)

(*)Cash and cash equivalents/Current liabilities
(**) (Current assets- inventories)/Current liabilities
(***)Current assets, including inventories/Current liabilities
(****)Operating result/Financial income (charges)

The various liquidity ratios reported above (Cash, Quick and Current Ratios) show that the Group's current operations have a good ability to generate cash flows which ensure an adequate coverage of short-term commitments.
In addition, the management ratios do not show any problematic aspects as regards the coverage of costs deriving from the debt structure through operating profitability.
Furthermore, policies and processes have been adopted which are aimed at optimising the management of financial resources, thus reducing liquidity risks:

(i) maintaining an adequate level of available funds;
(ii) obtaining adequate credit lines;
(iii) monitoring the perspective liquidity conditions, in relation to the corporate process

Liquidity schemes:

Type of instruments	Amount in the accounts	Within 1 year	From 1 year to 5 years	Beyond 5 years	Total
31/03/2017					
Payables to banks for loans	19,663	5,987	13,676	0	19,663
Payables to banks for credit lines	0	0	0	0	0
Trade payables	20,244	20,244	0	0	20,244
Other borrowings (leases)	1,607	691	916	0	1,607
Derivative liabilities	11	11	0	0	0
Total	**41,525**	**26,933**	**14,091**	**0**	**41,514**

Type of instruments	Amount in the accounts	Within 1 year	From 1 year to 5 years	Beyond 5 years	Total
31/03/2016					
Payables to banks for loans	14,927	7,967	7,152	0	15,119
Payables to banks for credit lines	0	0	0	0	0
Trade payables	12,521	12,521	0	0	12,521
Other borrowings (leases)	2,037	669	1,477	0	2,146
Derivative liabilities	0	0	0	0	0
Total	**29,485**	**21,157**	**8,629**	**0**	**29,786**

Below are reported the main assumptions for the table above:

(i) Loans payable: the future cash flows have been provided directly by the banks concerned;

(ii) Current bank accounts: by virtue of the worst case in which the worst scenario is equal to the repayment on demand of the use of the credit line, the related cash out has been charged to the first time band;
(iii) Foreign exchange forwards: the cash out in Euro has been reported which has been envisaged as per contract at the time of the subscription of the derivative instruments;
(iv) Finance leases: instalments, plus interest, have been reported.

As at 31 March 2017, the Group could rely on about Euro 40,855 thousand of credit lines (about Euro 36,456 thousand at 31 March 2016), of which unused lines of about Euro 21,192 thousand (about Euro 21,499 thousand at 31 March 2016) and on cash and cash equivalents of about Euro 15,288 thousand (Euro 10,211 thousand at 31 March 2016). As regards the balance of Current Assets, and specifically the coverage of payables to suppliers, it is also ensured by the amount of net trade receivables, which amounted to Euro 27,747 thousand at 31 March 2017 (Euro 23,801 thousand at 31 March 2016).

Market risk

Foreign exchange risk

The Group is subject to market risk arising from fluctuations in the exchange rates of the currencies, as it operates in an international context in which transactions, mainly those with suppliers, are settled in US Dollars (USD); furthermore, wages and salaries of the employees of the subsidiary Uni Best Leather Goods in Zhongshan Co. Ltd. are paid in Renminbi. It follows that the Group's net result is partially affected by the fluctuations in the USD/Euro exchange rate and, to a lower extent, the Renminbi/Euro exchange rate.
The necessity to manage and control financial risks has induced the Management to adopt a risk containment strategy, better defined as "hedge accounting policy". This consists in continuously hedging the risks relating to purchases over a time period of six months on the basis of the amount of the orders issued that shall be settled in US dollars. This conduct can be classified as a "Cash flow hedge" or the hedge of the risk of changes in the future cash flows; these flows can be related to assets or liabilities entered in the accounts or to highly probable future transactions. In compliance with IAS 39, the portion of profit or loss accrued on the hedging instrument, which is considered effective for hedging purposes, has been recognised directly in the Statement of Comprehensive Income and classified under a special Equity reserve.

During the financial year ended 31 March 2017, the Parent Company executed currency forward contracts for USD 11,750 thousand, equal to an aggregate counter-value of Euro 10,426 thousand, with an average exchange rate of USD 1.127.
During the financial year ended 31 March 2016, the Parent Company executed currency forward contracts for USD 17,300 thousand, equal to an aggregate counter-value of Euro 15,252 thousand, with an average exchange rate of USD 1.134.

Furthermore, it should be noted that some Group Companies are located in Countries which do not belong to the European Monetary Union, i.e. China, Hong Kong, Taiwan, the United Kingdom, Russia and the United States of America. As the relevant currency is the Euro, the Income Statements of these Companies are translated into Euro at the average exchange rate for the period and, the revenues and margins being equal in the local currency, any changes in the exchange rates may entail effects on the Euro counter-value of revenues, costs and economic results. The effects of these changes, as well as those deriving from the translation of Balance sheets, are recognised immediately in the Statement of Comprehensive Income, as required by the Accounting Standards.

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

			Foreign exchange risk (FER)			
			+10% Euro/USD		-10% Euro/USD	
	Book value	Of which subject to FER	Profits (Losses)	Other changes in Equity	Profits (Losses)	Other changes in Equity
Financial assets						
Cash and cash equivalents	15,288	197	(18)	0	22	0
Trade receivables	27,747	33	(3)	0	4	0

Derivative financial instruments	0	0	0	0	0	0
			(21)	**0**	**26**	**0**
Financial liabilities						
Borrowings	19,663	0	0	0	0	0
Payables to other lenders for lease agreements	1,607	0	0	0	0	0
Trade payables	20,244	2,959	(269)	0	329	0
Derivative financial instruments	11	0	0	0	0	0
			(269)	**0**	**329**	**0**
Total effect at 31/03/2017			**(290)**	**0**	**354**	**0**

			Foreign exchange risk (FER)			
			+10% Euro/USD		**-10% Euro/USD**	
	Book value	**Of which subject to FER**	**Profits (Losses)**	**Other changes in Equity**	**Profits (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	10,214	901	(82)	0	100	0
Trade receivables	23,801	312	(28)	0	35	0
Derivative financial instruments	70	0	0	445	0	(388)
			(110)	**445**	**135**	**(388)**
Financial liabilities						
Borrowings	14,927	0	0	0	0	0
Payables to other lenders for lease agreements	2,037	0	0	0	0	0
Trade payables	12,521	1,767	(161)	0	196	0
Derivative financial instruments						
			(161)	**0**	**196**	**0**
Total effect at 31/03/2016			**(271)**	**445**	**331**	**(388)**

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

Interest rate risk

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

Cash and cash equivalents	15,288	15,288	76	0	(76)	0
Trade receivables	27,747	0	0	0	0	0
Derivative financial instruments	0	0	0	0	0	0
			76	**0**	**(76)**	**0**
Financial liabilities						
Borrowings	19,663	19,663	(98)	0	98	0
Payables to banks for credit lines	0	0	0	0	0	0
Trade payables	20,244	0	0	0	0	0
Other borrowings (leases)	1,607	1,607	(8)	0	8	0
Derivative financial instruments	11	0	0	0	0	0
			(106)	**0**	**106**	**0**
Total effect at 31/03/2017			**(30)**	**0**	**30**	**0**

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

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

Capital risk Management

The Group manages the Capital with the objective of supporting the core business and optimising the value for Shareholders, while maintaining a correct structure of the Capital and reducing its cost.
The Group monitors the Capital on the basis of the gearing ratio, which is calculated as the ratio between net debt and net Invested Capital.

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Net Financial Position	8,236	6,749
Equity	38,284	36,790
Net invested capital	46,520	43,539
Gearing ratio	**17.7%**	**15.5%**

Employee benefits

Employee benefits substantially include the Provisions for Staff Severance Pay (TFR, *Trattamento di Fine Rapporto*) of the Italian Company of the Group and pension funds.

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

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

Provisions for risks and charges

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

(i) it is probable that a current obligation (legal or constructive) exists as a result of paste events;
(ii) it is probable that the fulfilment of the obligation will require the payment of a consideration;
(iii) the amount of the obligation can be estimated reliably.

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

Income taxes

Taxes for the period represent the sum of current and deferred taxes.
Current taxes are determined on the basis of a realistic forecast of charges to be paid in the application of the tax regulations in force; the related debt is reported net of advances, taxes withheld and tax credits that can be offset, under item "Current tax payables". If there is a credit, the amount is reported under item "Current tax receivables " under current assets.

Deferred tax assets and liabilities are calculated on the temporary differences between the values of assets and liabilities entered in the accounts and the corresponding values recognised for tax purposes. Deferred tax assets are entered when it is probable that they will be recovered. Deferred tax assets and liabilities are classified under non-current assets and liabilities and are offset if they refer to taxes that can be offset.
The balance of the set-off is entered under item "Deferred tax assets" if positive and under item "Deferred tax liabilities" if negative".
Both current and deferred taxes are recognised under item "Income tax expenses" in the Income Statement, except when these taxes are originated from transactions whose effects are recognised directly in Equity. In this case, the contra-entry of the recognition of the current tax debt, of deferred tax assets and liabilities is charged as a reduction in the Equity item from which the effect being recorded originated.
Deferred tax assets and liabilities are calculated on the basis of the tax rates which are expected to be applied in the tax year when these assets will be realised or these liabilities will be discharged.

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

Currency translation

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

Revenue recognition

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

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

Cost recognition

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

Use of estimates

The process of drawing up the financial statements involves the Group's Management making accounting estimates based on complex and/or subjective judgements; these estimates are based on past experiences and assumptions that are considered reasonable and realistic on the basis of information known at the moment of making the estimate. The use of these accounting estimates affects the value of assets and liabilities and the disclosure on potential assets and liabilities as at the balance sheet date, as well as the amount of revenues and costs in the relevant period. The final results, or the actual economic effect that is recognised when the event takes place, of the financial statement items for which the abovementioned estimates and assumptions were used, may differ from those reported in the financial statements that recognise the effects arising from the event that is subject to estimation, due to the uncertainty that is characteristic of assumptions and the conditions on which the estimates are based.

Main estimates adopted by the Management

Below are briefly described the aspects which, more than others, require greater subjectivity on the part of the Directors in working out the estimates and for which a change in the conditions underlying the assumptions applied could have a significant impact on the consolidated financial data:

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

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

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

Provisions for legal and tax risks: provisions are made for legal and tax risks, if required, which represent the risk of being the losing party. The amount of the Provisions (if any) entered in the accounts relating to such risks represents the best estimate at that time made by Management. This estimate entails the adoption of assumptions which depend on factors which can vary over time and which could therefore have effects compared to the current estimates made by the Directors for the preparation of the financial statements.

Below are reported the critical accounting estimates of the process of drawing up the financial statements for which the Management has availed itself of the support and valuations of independent third-party experts (actuaries and financial advisors). Please note that future amendments (if any) to the conditions underlying the judgments, assumptions and estimates adopted could have an impact on the results of financial years after 2016/2017.

Actuarial calculation of defined-benefit pension plans: the estimates, demographic and economic-financial assumptions adopted, with the support of the valuations of an actuarial expert, in the actuarial calculation for the determination of defined-benefit plans within post-employment benefits are broken down as follows:

Annual rate of inflation	Probability of exit of the employee from the Group	Probability of advance payments of the TFR
1.75% for 2017 and 1.5% for 2016	Frequency of 0.15% for 2017 and 2.14% for 2016	3.50% for 2017 and 4.17% for 2016

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

Segment reporting – breakdown of segments by divisions

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

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

(i) Piquadro Brand - DOS channel;
(ii) Piquadro Brand - Wholesale channel;
(iii) "The Bridge" Brand.

In fact, the Group distributes its products through two distribution channels: (i) a direct channel, which includes single-brand stores directly operated by the Group (the so-called "Directly Operated Stores" or "DOSs"); (ii) an indirect channel ("Wholesale"), which is represented by multi-brand shops/department stores, single-brand shops run by third parties linked to the Group by franchise agreements and distributors, under both Piquadro and The Bridge brands.
All of the shops are, directly or indirectly, selected (through agents and importers) on the basis of their coherence with the positioning of the Piquadro and The Bridge brands, their location, the level of service guaranteed to the end customer, the visibility that they are able to guarantee the Group's products and, finally, the soundness of their equity and financial position.
These consolidated financial statements provide segment information as reported above.

Amendments to Accounting Standards

Accounting Standards, amendments and interpretations

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

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

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

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

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

Amendments to IFRS 10, IFRS 12 and IAS 28 "*Investment Entities: Applying the Consolidation Exception*" (published on 18 December 2014), containing amendments to address issues that have arisen following the application of the consolidation exception for investment entities.

Finally, within the annual improvements cycle involving the standards, the IASB published the document named "Annual Improvements to IFRSs: 2010-2012 Cycle" (including IFRS 2 *Share Based Payment – Definition of vesting conditions*, IFRS 3 *Business Combinations – Accounting for contingent consideration*, IFRS 8 *Operating Segments – Aggregation of operating segments* and *Reconciliation of total of the reportable segments' assets to the entity's assets*, IFRS 13 *Fair Value Measurement – Short-term receivables and payables*) on 12 December 2013 and the document named "Annual Improvements to IFRSs: 2012-2014 Cycle" (including: IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 – *Financial Instruments: Disclosures* and IAS 19 – *Employee Benefits*) on 25 September 2014, which partially supplement the pre-existing standards.

The adoption of the abovementioned amendments has not had any impact on the Group's consolidated financial statements.

As regards the separate financial statements of Piquadro S.p.A., it should be noted that, in addition to the information reported above, the following amendment was applied from 1 January 2016 for the first time.
Amendment to IAS 27 "*Equity Method in Separate Financial Statements*" (published on 12 August 2014): it introduced the option to use, in the separate financial statements of an entity, the equity method for the valuation of investments in subsidiary, jointly-controlled and associated companies.

Accounting standards, amendments and interpretations endorsed by the European Union but not yet applicable and not adopted in advance by the Piquadro Group at 31 March 2017.

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

The standard shall apply from 1 January 2018, with early application permitted. The amendments to IFRS 15, Clarifications to IFRS 15 – Revenue from Contracts with Customers, which were published by the IASB on 12 April 2016, have not yet been endorsed by the European Union. It is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis of contracts with customers.

Final version of IFRS 9 – *Financial Instruments* (published on 24 July 2014). The document describes the results of the project to replace IAS 39:
-introducing new criteria for the classification and measurement of financial assets and liabilities;
- with reference to impairment, the new standard requires credit losses to be estimated on the basis of the expected-loss model (rather than the incurred-loss model used by IAS 39), using supportable information, which is reasonably available without undue cost and which includes historical data, both present and prospective;
-introducing a new hedge accounting model (increased eligibility for hedge accounting, change in the method to account for forward contracts and options when they are embedded in a hedge accounting relationship, changes in the effectiveness test).

The new standard shall apply to the financial statements for the years beginning on or after 1 January 2018. It is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis.

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

As at the reporting date of these Financial Statements, the competent bodies of the European Union had not yet completed the endorsement process required for the adoption of the amendments and standards described below.

IFRS 14 – Regulatory Deferral Accounts (published on 30 January 2014) only allows first-time adopters of IFRS to continue to recognise the amounts relating to activities subject to regulated rates (Rate Regulated Activities) according to the previous accounting standards adopted.
Since the Group is not a first-time adopter, this standard is not applicable.

IFRS 16 – Leases (published on 13 January 2016), which is intended to replace IAS 17 – *Leases*, as well as the interpretations IFRIC 4 - *Determining whether an Arrangement Contains a Lease*, SIC-15 - *Operating Leases - Incentives* and SIC-27 - *Evaluating the Substance of Transactions In the Legal Form of a Lease*.
The new standard provides a new definition of lease and introduces a control model (right of use) of an asset, distinguishing leases from service contracts, on the basis of whether the following key requirements are met, i.e. an identified asset, the right to substitute an identified asset, the right to obtain substantially all economic benefits from the use of the asset and the right to direct the use of the asset underlying the contract.
The standard establishes a single model for the disclosure and measurement of leases for lessee, which provides for the recognition of the asset involved in the lease, including operating leases, under assets against an entry under financial payables. It also ensures the possibility of not recognising contracts that involve low-value assets and leases with a term equal to or less than 12 months under leases. On the contrary, the Standard does not include significant amendments for lessors.
The standard shall apply as from 1 January 2019, but early application is permitted only for those Companies that apply IFRS 15 - *Revenue from Contracts with Customers* in advance.

An internal analysis is being started in relation to the major contracts in place, which will be aimed at gathering any information required to outline any foreseeable effect in terms of results of operations and financial position.

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

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

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

"Annual Improvements to IFRSs: 2014-2016 Cycle", published on 8 December 2016 (including IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters, IAS 28 Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice, IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the Standard), which partially make additions to the pre-existing standards.

IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (published on 8 December 2016). The purpose of the interpretation is to provide guidelines for transactions effected in foreign currency where non-cash prepayments or advances are stated in the accounts before the recognition of the related asset, cost or revenue. This document provides instructions on how an entity must set the date of a transaction, and, accordingly, the spot exchange rate to be used when foreign currency transactions take place, within which payments are made or received in advance. IFRIC 22 will be applicable from 1 January 2018, with early adoption permitted.

Amendment to IAS 40 "*Transfers of Investment Property*" (published on 8 December 2016). These amendments clarify the transfers of a property to, or from, investment property. Specifically, an entity must reclassify a property to, or from, investment property only when there is evidence that a change occurred in the intended use of the property. This change must be attributed to a specific event that has occurred and, therefore, it must not be limited to a change in the intentions of the entity's Management. These amendments will be applicable from 1 January 2018, with early adoption permitted.

Amendment to IFRS 10 and IAS 28 "*Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*" (published on 11 September 2014). The document was published for the purpose of solving the present conflict between IAS 28 and IFRS 10 relating to the measurement of profits or losses arising from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for an interest in the latter's capital. At present the IASB has suspended the application of this amendment.

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

COMMENTS ON THE ITEMS IN THE STATEMENT OF FINANCIAL POSITION

ASSETS

Non-current assets

The following statements have been prepared for the two classes of fixed assets (intangible assets and property, plant and equipment) which report, for each item, historical costs, the previous amortisation and depreciation, the changes that occurred in the last two financial years and the closing balances.

Note 1 – Intangible assets

The table below reports the opening balance, the changes that occurred in the FY 2015/2016 and FY 2016/2017 and the final balance of intangible assets:

(in thousands of Euro)	**Development costs**	**Industrial patent rights**	**Software, licences, trademarks and other rights**	**Other fixed assets**	**Fixed assets under development**	**Goodwill**	**Total**
Gross value	592	57	2,293	6,672	0	0	9,615
Amortisation fund	(592)	(52)	(1,959)	(2,405)	0	0	(5,007)
Net value at 31/03/2015	**0**	**5**	**335**	**4,267**	**0**	**0**	**4,608**
Increases for the period	0	0	207	0	17	0	224
Decrease for the period	0	0	0	0	0	0	0
Reclassifications	0	0	17	0	(17)	0	0
Amortisation	0	(3)	(207)	(462)	0	0	(672)
Write-downs	0	0	0	0	0	0	0
Other reclassifications of historical cost	0	0	0	0	0	0	0
Other reclassifications of amortisation fund	0	0	0	0	0	0	0
Exchange differences on gross value	0	0	0	(227)	0	0	(227)
Exchange differences on amortisation fund	0	0	0	175	0	0	175
Gross value	592	57	2,517	6,445	0	0	9,611
Amortisation fund	(592)	(55)	(2,165)	(2,692)	0	0	(5,504)
Net value at 31/03/2016	**0**	**2**	**352**	**3,753**	**0**	**0**	**4,107**
Increases for the period	0	3	355	0	2	0	360
Change from consolidation	0	0	1,422	0	0	4,658	6,080

(in thousands of Euro)	**Development costs**	**Industrial patent rights**	**Software, licences, trademarks and other rights**	**Other fixed assets**	**Fixed assets under development**	**Goodwill**	**Total**
area							
Decrease for the period	0	0	0	(1,530)	0	0	(1,530)
Reclassifications	0	0	0	0	0	0	(0)
Amortisation	0	(3)	(214)	(322)	0	0	(539)
Write-downs	0	0	0	0	0	0	0
Other reclassifications of historical cost	0	0	0	0	0	0	0
Other reclassifications of amortisation fund	0	0	1	0	0	0	0
Exchange differences on gross value	0	0	(6)	(39)	0	0	(45)
Exchange differences on amortisation fund	0	0	0	0	0	0	0
Gross value	592	60	4,288	4,876	2	4,658	14,476
Amortisation fund	(592)	(58)	(2,379)	(3,014)	0	0	(6,043)
Net value at 31/03/2017	**0**	**2**	**1,909**	**1,862**	**2**	**4,658**	**8,433**

Increases in intangible assets, equal to Euro 360 thousand in the financial year ended 31 March 2017 (Euro 224 thousand at 31 March 2016) mainly related for Euro 355 thousand to investments in software and IT products.

In the course of the FY 2016/2017 no trigger events occurred as to the key moneys outstanding at the year-end (Milan – Via della Spiga, Bologna - Piazza Maggiore, Rome – Cinecittà, Milan – Corso Buenos Aires, Milan - Assago, Pescara, Milan –Fiordaliso Shopping Mall, Verona – Piazza delle Erbe, Venice, Forte dei Marmi, Florence and London), which could indicate potential impairment losses of the same.

The change in the consolidation area reflects the acquisition of control over The Bridge S.p.A., as illustrated in these notes to the paragraph on "Business Combinations".

Specifically, the trademark item relates to the value of the trademark recognised in the accounts of The Bridge S.p.A.. The goodwill item arises from the purchase and sale of this investment, which has been accounted for as required by IFRS 3 and, therefore, a measurement of fair values of acquired assets or liabilities has been carried out for the purposes of accounting for business combinations. The differential between the price paid and the corresponding share of equity of the acquired company has been allocated to goodwill. The value of goodwill also includes the measurement of third-party goodwill based on IFRS 3, which has been determined on the basis of the valuation of the put option relating to 20% of shares of The Bridge S.p.A.. This goodwill is not amortised, but its fairness will be tested for impairment on an annual basis.

Note 2 – Goodwill

For the calculation of goodwill of The Bridge S.p.A., reference should be made to the paragraph on "Business Combinations" and to the explanatory Note 1.

Note 3 – Property, plant and equipment

The table below reports the opening balance, the changes that occurred in the FY 2015/2016 and FY 2016/2017 and the final balance of property, plant and equipment:

(in thousands of Euro)	**Land**	**Buildings**	**Plant and equipment**	**Industrial and business equipment**	**Other assets**	**Fixed assets under construction and advances**	**Total**
Gross value	878	6,283	2,848	14,624	30	57	24,719
Depreciation fund	0	(1,716)	(2,643)	(7,734)	(3)	0	(12,096)
Net value at 31/03/2015	**878**	**4,567**	**205**	**6,890**	**27**	**57**	**12,624**
Increases for the period	0	27	161	1,997	0	0	2,185
Sales and derecognitions (gross value)	0	0	(3)	(91)	0	0	(94)
Sales and derecognitions (depreciation fund)	0	0	2	17	0	0	19
Depreciation	0	(196)	(74)	(1,523)	(6)	0	(1,799)
(Write-down of gross value)	0	0	0	(455)	0	0	(455)
Write-down of depreciation fund	0	0	0	323	0	0	323
Reclassifications	0	0	0	0	0	0	0
Other reclassifications of historical cost	0	0	0	55	0	(55)	0
Other reclassifications of depreciation fund	0	0	0	0	0	0	0
Exchange differences on gross value	0	0	(28)	(96)	0	(3)	(127)
Exchange differences on depreciation fund	0	0	21	(80)	0	1	(58)
Gross value	878	6,310	2,978	16,034	366	0	26,230
Depreciation fund	0	(1,912)	(2,694)	(8,997)	(345)	0	(13,612)
Net value at 31/03/2016	**878**	**4,398**	**284**	**7,037**	**21**	**0**	**12,618**
Increases for	0	0	91	1,284	0	0	1,375

(in thousands of Euro)	Land	Buildings	Plant and equipment	Industrial and business equipment	Other assets	Fixed assets under constructio n and advances	Total
the period							
Change in consolidation area	0	0	161	1,205	0	0	1,366
Sales and derecognitions (gross value)	0	0	(63)	(278)	0	0	(341)
Sales and derecognitions (depreciation fund)	0	0	60	22	0	0	82
Depreciation	0	(211)	(77)	(1,526)	(6)	0	(1,820)
(Write-down of gross value)	0	0	(22)	(953)	0	0	(975)
Write-down of depreciation fund	0	0	22	388	0	0	410
Reclassification s	0	0	0	0	0	0	0
Other reclassifications of historical cost	0	0	0	0	0	0	0
Other reclassifications of depreciation fund	0	0	0	0	0	0	0
Exchange differences on gross value	0	0	(28)	5	0	0	(23)
Exchange differences on depreciation fund	0	0	0	0	0	0	0
Gross value	878	6,310	3,117	17,633	366	0	28,604
Depreciation fund	0	(2,123)	(2,689)	(10,449)	(351)	0	(15,612)
Net value at 31/03/2017	**878**	**4,187**	**408**	**7,203**	**15**	**0**	**12,692**

Increases in property, plant and equipment, equal to Euro 1,375 thousand in the financial year ended 31 March 2017 (Euro 2,185 thousand at 31 March 2016), were mainly attributable to furniture and fittings for Euro 1,000 thousand, to plant and machinery for Euro 91 thousand and to electronic office machines for Euro 88 thousand.

Net write-downs, equal to Euro 565 thousand, related to the write-down of furniture and fittings for the disposal of some points of sales.

The change in the consolidation area reflects the acquisition of control over The Bridge S.p.A., as illustrated in these notes to the paragraph on “Business Combinations”.

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

(in thousands of Euro)	**31 March 2017**	**31 March 2016**

Land	878	878
Buildings	3,974	4,166
Industrial and business equipment	447	39
Plant and machinery	14	0
Total	**5,313**	**5,083**

Note 4 – Non-current financial assets

Non-current financial assets, equal to Euro 2 thousand, make reference to interests held in minor companies outside the Group.

Note 5 – Receivables from others

Receivables from others (equal to Euro 772 thousand at 31 March 2017 (Euro 700 thousand at 31 March 2016) relate to guarantee deposits paid both for various utilities, including those relating to the operation of Company-owned shops, and deposits relating to the lease of shops that are not yet operating.

Note 6 – Deferred tax assets

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Deferred tax assets:		
- within 12 months	253	581
- beyond 12 months	2,142	759
	2,395	**1,340**
Deferred tax liabilities		
- within 12 months	69	96
- beyond 12 months	122	62
	191	**158**
Net Position	**2,204**	**1,182**

Below are reported the relevant changes:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Opening Net Position	**1,182**	**1,339**
Credit/(Debit) to the Statement of Comprehensive Income	(99)	(73)
Change in consolidation area	1,121	0
Credit/(Debit) to Equity	0	(84)
Total	**2,204**	**1,182**

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

Deferred tax assets	**31 March 2017**		**31 March 2016**	
(in thousands of Euro)	**Temporary differences**	**Tax effect (IRES+IRAP)**	**Temporary differences**	**Tax effect (IRES+IRAP)**
Deferred tax assets with effect through P&L:				
Provision for bad debts	1,160	278	1,141	286
Provision for obsolescence of inventories	516	139	611	168
Provisions for risks and charges	274	79	268	43
Amortisation and depreciation	648	155	741	202
Change in consolidation area	5,138	1,233	0	0
Effects of consolidation	624	174	416	326
Others	1,400	336	1,083	315
-Total	**9,760**	**2,395**	**4,260**	**1,340**

Amount credited (debited) to P&L	*0*	*(33)*	*0*	*(169)*
Deferred tax assets with effect through Comprehensive Income:				
Hedging transactions (cash flow hedge)	0	0	0	0
Total	**0**	**0**	**0**	**0**
Amount credited (debited) to Comprehensive Income	*0*	*0*	*0*	*0*
Total tax effect	**9,760**	**2,395**	**4,260**	**1,340**

Deferred tax liabilities	**31 March 2017**		**31 March 2016**	
(in thousands of Euro)	**Temporary differences**	**Tax effect (IRES+IRAP)**	**Temporary differences**	**Tax effect (IRES+IRAP)**
Deferred tax liabilities with effect through P&L:				
Others	625	150	325	163
Change in consolidation area	171	41	0	0
Total	**796**	**191**	**325**	**383**
Amount credited (debited) to P&L	*0*	*(66)*	*0*	*(96)*
Deferred tax liabilities with effect through Comprehensive Income:				
Hedging transactions (cash flow hedge)	0	0	0	0
Defined-benefit plans	0	0	(21)	(6)
Total	**0**	**0**	**(21)**	**(6)**
Amount credited (debited) to Comprehensive Income	*0*	*0*	*0*	*0*
Total tax effect	**796**	**191**	**304**	**158**

The amount of deferred tax assets (equal to Euro 2,395 thousand at 31 March 2017 against Euro 1,340 thousand at 31 March 2016) is mainly made up of temporary tax differences relating to Piquadro S.p.A. (Euro 943 thousand at 31 March 2016 against Euro 928 thousand at 31 March 2016), relating to the IRES and IRAP tax effect on taxed funds, in addition to adjustments made at the time of the preparation of the consolidated financial statements (including the reversal of the intercompany profit with an advanced tax effect equal to about Euro 27 thousand).
In calculating deferred tax assets, account was taken of the Bill in Parliament no. 3444 (2016 Stability Law), which reduced the IRES tax rate from 27.5% to 24% starting from the 2017/2018 financial year.

Current assets

Note 7 - Inventories

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

(in thousands of Euro)	**Gross value at 31 March 2017**	**Provision for write-down**	**Net value at 31 March 2017**	**Net value at 31 March 2016**
Raw materials	6,033	(1,613)	4,420	2,052
Semi-finished	671	0	671	700

products				
Finished products	14,432	(532)	13,900	13,592
Inventories	**21,136**	**(2,146)**	**18,991**	**16,344**

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

(in thousands of Euro)	**Provision at 31 March 2016**	**Use**	**Accrual**	**Change in consolidation area**	**Provision at 31 March 2017**
Provision for write-down of raw materials	89	(0)	95	1,429	1,613
Provision for write-down of finished products	522	(191)	0	201	532
Total Provision for write-down of inventories	**611**	**(191)**	**95**	**1,630**	**2,146**

At 31 March 2017 an increase of Euro 2,647 thousand was recognised in inventories compared to the corresponding values at 31 March 2016, of which Euro 5,114 thousand related to the inclusion of The Bridge S.p.A. in the consolidation area. The change in the consolidation area reflects the acquisition of control over The Bridge S.p.A., as illustrated in these notes to the paragraph on "Business Combinations".

Note 8 - Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Receivables from customers	30,027	25,105
Provision for bad debts	(2,280)	(1,304)
Current trade receivables	**27,747**	**23,801**

Gross trade receivables amounted to Euro 30,027 thousand at 31 March 2017, showing an increase of Euro 4,922 thousand compared to the balance at 31 March 2016. Net of trade receivables of The Bridge S.p.A. (equal to Euro 7,031 thousand), net current trade receivables showed a decrease of Euro 2,109 thousand, which was mainly attributable to a better debt management and to lower average debt collection times.

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

(in thousands of Euro)	**Provision at 31 March 2017**	**Provision at 31 March 2016**
Balance at the beginning of the period	1,304	1,231
Accrual	440	269
Change in consolidation area	1,043	0
Uses	(507)	(196)
Total Provision for bad debts	**2,280**	**1,304**

The change in the consolidation area reflects the acquisition of control over The Bridge S.p.A., as illustrated in these notes to the paragraph on "Business Combinations".

Note 9 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Other assets	1,666	395
Accrued income and prepaid expenses	1,745	1,428
Other current assets	**3,411**	**1,823**

Other assets related to advances to suppliers for Euro 170 thousand, INAIL advances of Euro 127 thousand and VAT credits related to Subsidiaries for Euro 73 thousand.
There was also the recognition of a receivable of Euro 800 thousand from the minority interests of The Bridge S.p.A. in relation to liabilities, including potential liabilities, arising from the outcome of the Tax Audit in progress. The subsidiary The Bridge has been involved in a tax audit since September 2016, which was completed on 16 March 2017 through the service of a report of findings (*Processo Verbale di Constatazione*, PVC). Following a thorough examination of the PVC on the part of tax advisors, a specific provision was set aside for the amount of liabilities for higher tax, sanctions and interest, which are expected to arise, with an appreciable degree of probability, in relation to the objections contained in the PVC. Against this liability, Il Ponte Pelletteria S.p.A., which is the selling party and a minority shareholder of The Bridge S.p.A., has undertaken to reimburse Piquadro S.p.A. for an amount equal to the costs that were accounted for in the 2016 financial statements in relation to liabilities, including potential liabilities, arising from the completion of the tax audit.

Accrued income and prepaid expenses related to prepaid expenses on rents (equal to Euro 355 thousand) and advertising (Euro 363 thousand) of the Parent Company and to Euro 376 thousand relating to The Bridge S.p.A..

Nota 10 – Derivative assets

As at 31 March 2017 no derivative assets were outstanding.

Note 11 – Tax receivables

As at 31 March 2017 tax receivables were equal to Euro 1,011 thousand (Euro 328 thousand at 31 March 2016) and mainly related to the excess advances paid by the Parent Company for IRES and IRAP taxes with respect to the payable for current taxes for the period.

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Receivables for income taxes	1,005	323
Other tax receivables	6	5
Tax receivables	**1,011**	**328**

Note 12 – Cash and cash equivalents

Below is reported the breakdown of cash and cash equivalents (mainly relating to the Parent Company):

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Available current bank accounts	15,162	10,121
Money, cash on hand and cheques	126	93
Cash and cash equivalents	**15,288**	**10,214**

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

LIABILITIES

Note 13 – Shareholders' Equity

a) Share Capital

As at 31 March 2017, the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by 50,000,000 ordinary shares, fully subscribed and paid up, with regular enjoyment, with no indication of their par value.

On 24 July 2012, the Shareholders' Meeting approved the guidelines of a new stock option plan for the 2012-2017 period, which is reserved for certain Directors, Key Executives, employees and collaborators of Piquadro S.p.A.

and of other Companies owned by it, and resolved to approve the consequent Capital increase, excluding the Right of option serving the plan, up to a maximum amount of Euro 93,998, through the issue of a maximum number of 4,699,900 ordinary shares of Piquadro SpA, of no par value, having the same features and enjoyment as the outstanding shares; this capital increase may be also implemented in more than one payment and is divisible by 31 December 2018.

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

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

(i) the permanence of the relationship of administration, subordinate employment or collaboration, as the case may be;

(ii) the achievement by the Piquadro Group of certain EBIT targets, expected respectively for the related financial year, with a normalized positive NFP;

(iii) the circumstance that the Piquadro shares as at the date of accrual are still listed in an Italian regulated market.

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

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

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

As at the date of the current Annual Financial Report, the 2008-2013 Stock Option Plan, approved by the Board of Directors of Piquadro S.p.A. on 31 January 2008, had been closed and no option awarded under the same had been exercised.

b) Share premium reserve

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

c) Translation reserve

As at 31 March 2017 the reserve was positive for Euro 598 thousand (it reported a positive balance of Euro 450 thousand at 31 March 2016). This item is referred to the exchange rate differences due to the consolidation of the Companies with a relevant currency other than the Euro, i.e. Piquadro Hong Kong Co. Ltd. (Hong Kong Dollar), Uni Best Leather Goods Zhongshan Co. Ltd. and Piquadro Trading Shenzhen Co. Ltd. (Chinese Renminbi), Piquadro Taiwan Co. Ltd. (Taiwan Dollar), Piquadro Swiss SA (Swiss Franc), Piquadro UK Limited (Great Britain Pound), Piquadro USA Inc., Piquadro LLC (US Dollar), OOO Piquadro Russia (Russian Rouble).

d) Group net profit

This item relates to the recognition of the profit recorded by the Group, equal to Euro 3,435 thousand at 31 March 2016.

During the financial year ended 31 March 2017, the Parent Company's profit for the period, as resulting from the separate financial statements at 31 March 2016, was allocated as follows:

(i) Euro 2,000 thousand to dividends, corresponding to earnings per share equal to about Euro 0.04 per share to 50,000,000 outstanding shares;
(ii) Euro 2,818 thousand to Profits carried forward, as the legal reserve had reached one fifth of the Share Capital.

e) Profits and reserves attributable to minority interests

The item refers to the portions of reserves and profits, equal to a negative value of Euro 136 thousand (at 31 March 2016 profits and reserves attributable to minority interests were equal to Euro 106 thousand), which are attributable to the minority interests of Piquadro Swiss SA.

Non-current liabilities

Note 14 – Borrowings

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

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Borrowings from 1 to 5 years	13,676	7,046
Borrowings beyond 5 years	0	0
Medium/long-term borrowings	**13,676**	**7,046**

As at 31 march 2017, borrowings mainly related to the Parent Company. Below is the summary of the capital quotas still to be repaid as at the reporting date:

1. Euro 834 thousand relating to the unsecured loan granted by UBI – Banca Popolare Commercio & Industria on 30 July 2014 (for an initial amount of Euro 2,000 thousand), all of which are payable within twelve months;
2. Euro 551 thousand relating to the unsecured loan granted by Credem – Credito Emiliano on 12 November 2015 (for an initial amount of Euro 3,300 thousand), all of which are payable within twelve months;
3. Euro 342 thousand relating to the unsecured loan granted by UBI – Banca Popolare Commercio & Industria on 1 February 2016 (for an initial amount of Euro 2,500 thousand), all of which are payable within twelve months;
4. Euro 1,628 thousand relating to the unsecured loan granted by BPER BANCA on 26 March 2015 (for an initial amount of Euro 2,000 thousand), of which a current portion of Euro 497 thousand and a non-current portion of Euro 1,130 thousand;
5. Euro 2,376 thousand relating to the unsecured loan granted by Cassa di Risparmio in Bologna (for an initial amount of Euro 2,500 thousand) on 30 November 2016, of which a current portion of Euro 496 thousand and a non-current portion of Euro 1,881 thousand;
6. Euro 2,814 thousand relating to the unsecured loan granted by Credem – Credito Emiliano (for an initial amount of Euro 3,000 thousand) on 7 December 2016, of which a current portion of Euro 747 thousand and a non-current portion of Euro 2,067 thousand;
7. Euro 3,000 thousand relating to the unsecured loan granted by UniCredit (for an initial amount of Euro 3,000 thousand) on 10 January 2017, of which a current portion of Euro 746 thousand and a non-current portion of Euro 2,254 thousand;
8. Euro 3,000 thousand relating to the unsecured loan granted by Banca Monte dei Paschi di Siena (for an initial amount of Euro 3,000 thousand) on 30 January 2017, of which a current portion of Euro 300 thousand and a non-current portion of Euro 2,700 thousand;
9. Euro 5,000 thousand relating to the unsecured loan granted by Mediocredito Italiano S.p.A. on 22 March 2017, of which a current portion of Euro 1,333 thousand and a non-current portion of Euro 3,667 thousand.

Below is reported the breakdown of loans and borrowings from banks :

(in thousands of Euro)	Date of granting of the loan	Initial amount	Currency	Current borrowings	Amort. cost (S/T)	Non-current borrowings	Amort. Cost (L/T)	Total
UBI Loan	30 July 2014	2,000	Euro	834	0	0	0	834
Credem Loan	12 November 2015	3,300	Euro	551	0	0	0	551
UBI Stand By Loan	1 February 2016	2,500	Euro	342	0	0	0	342
BPER Loan	10 June 2016	2,000	Euro	497	(6)	1,130	(6)	1,616
Carisbo Loan	30 November 2016	2,500	Euro	496	(1)	1,881	(1)	2,374
Credem Loan	7 December 2016	3,000	Euro	747	0	2,067	0	2,814
Unicredit Loan	10 January 2017	3,000	Euro	746	0	2,254	0	3,000
MPS Loan	30 January 2017	3,000	Euro	300	0	2,700	(2)	2,998
Mediocredito Loan	22 March 2017	5,000	Euro	1,333	(12)	3,667	(15)	4,973
Bank advances			Euro	0	0	0	0	0
Payables to banks			Euro	160	0	0	0	160
				6,007	**(19)**	**13,699**	**(24)**	**19,662**

Note 15 – Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	31 March 2017	31 March 2016
Non-current:		
Payables to leasing companies	916	1,431
Current:		
Payables to leasing companies	691	606
Payables to other lenders for lease agreements	**1,607**	**2,037**

Below is reported the following additional breakdown:

(in thousands of Euro)	31 March 2017	31 March 2016
Payables to other lenders for lease agreements:		
Due within 1 year	747	670
Due from 1 to 5 years	916	1,477
Due beyond 5 years	0	0
Financial interest to be paid	(58)	(110)
Present value of payables to other lenders for lease agreements	**1,607**	**2,037**

As at 31 March 2017, payables to other lenders were equal to Euro 1,607 thousand (Euro 2,037 thousand at 31 March 2016), related to the lease agreement entered into by the Parent Company for the property where the registered office is located and to furniture and fittings held under lease on the part of The Bridge S.p.A. for Euro 176 thousand.

Note 16 – Oher non-current liabilities

Below is the related breakdown:

(in thousands of Euro)	31 March 2017	31 March 2016

Other payables	2,209	0
Other non-current liabilities	**2,209**	**0**

"Other payables" include the deferred payment of the price of acquisition of The Bridge S.p.A., equal to Euro 1,482 thousand, and the value of the call option of the remaining stakes valued by an independent expert for Euro 727 thousand.

Note 17 –Provision for Employee Benefits

This item includes post-employment benefits measured by using the actuarial valuation method of projected unit credit applied by an independent actuary according to IAS 19.

Below are reported the changes that occurred in the course of the last two financial years in the Provision for TFR (which represents the entire value of the Provision for employee benefits), including the effects of the actuarial valuation:

(in thousands of Euro)	**Provision for TFR**
Balance at 31 March 2015	**295**
Financial charges	5
Net actuarial Losses (Gains) accounted for in the period	(9)
Indemnities paid in the financial year	0
Balance at 31 March 2016	**291**
Change in consolidation area	1,461
Financial charges	0
Net actuarial Losses (Gains) accounted for in the period	0
Indemnities paid in the financial year/Others	4
Balance at 31 March 2017	**1,756**

The actuarial criteria and assumptions used for calculating the Provision are indicated in the paragraph *Accounting Standards – Provision for employee benefits* in these Notes. From the sensitivity analysis carried out on this item, some changes in the provision arise, at the same time as the main actuarial assumptions vary, which are not significant.
The change in the consolidation area reflects the acquisition of control over The Bridge S.p.A., as illustrated in these notes in the paragraph on "Business Combinations".

Note 18 – Provisions for risks and charges

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

(in thousands of Euro)	**Provision at 31 March 2016**	**Use**	**Accrual**	**Change from consolidation**	**Provision at 31 March 2017**
Provision for supplementary clientele indemnity	943	(460)	61	351	895
Other Provisions for risks	144	(57)	161	827	1,075
Total	**1,087**	**(517)**	**222**	**1,178**	**1,970**

The "Provision for supplementary clientele indemnity" represents the potential liability with respect to agents in the event of Group Companies' terminating agreements or agents retiring. The amount of the liability has been calculated by an independent actuary as at the reporting date.
"Other Provisions for risks", equal to Euro 1,075 thousand, mainly relate to the provision for risks on returns on sales equal to Euro 61 thousand, the provision for risks on repairs for Euro 10 thousand and to other Provisions for risks on potential liabilities generated by the Parent Company's current operations for Euro 203 thousand. The provisions were adjusted in line with the actual risk.
The change in the consolidation area reflects the acquisition of control over The Bridge S.p.A., as illustrated in these notes in the paragraph on "Business Combinations".
Specifically, the financial statements of subsidiary The Bridge S.p.A. includes the recognition of liabilities that are

regarded as probable for Euro 800 thousand, in relation to the PVC that has already been referred to above. Specifically, on 16 march 2017 the Florence Tax Police Unit completed the tax audit that had been started on 9 September 2016, through the service of a Report of Findings (*Processo Verbale di Constatazione*, PVC).
In analysing the objections raised in the PVC, the Directors have deemed appropriate to recognise, on a prudential basis, an amount of tax, sanctions and interest corresponding to that for which there is a risk of sustaining a future outlay.

Note 19 – Deferred tax liabilities

The amount of deferred tax liabilities, equal to Euro 193 thousand (Euro 158 thousand at 31 March 2016) related to revenues that will be recognised for tax purposes during the next financial years; reference is made to the information reported in Note 7 above.

Current liabilities

Note 20 – Borrowings

As at 31 March 2017 current borrowings were equal to Euro 5,987 thousand compared to Euro 7,881 thousand at 31 March 2016 (for the breakdown, reference is made to Note 14 above). The balance related to a current portion of payables to banks for loans.

Note 21 - Payables to other lenders for lease agreements

As at 31 March 2017 they were equal to Euro 691 thousand (Euro 606 thousand at 31 March 2016) and mainly related to the current portion of Payables to leasing Companies, mainly in relation to the finance lease agreement involving the building that hosts the Parent Company's operational headquarters (Euro 600 thousand) and to the lease agreements involving the fittings of The Bridge-brand points of sales for the remaining portion.

Note 22 – Derivative liabilities

Derivative liabilities amounted to Euro 11 thousand (no derivative liabilities were outstanding at 31 March 2016).
The Company hedges the exchange risk connected to purchases of raw materials in US dollars and for contract work done in China. In consideration for this risk, the Company makes use of instruments to hedge the risk attached to the related rate, trying to fix and crystallise the exchange rate at a level that is in line with the budget forecasts.
During the year there were no transfers between the various fair value levels. Furthermore, the effect on fair value measurement following the application of IFRS 13 concerning the inclusion of non-performance risks was not significant.

Net Financial Position

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

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
(A)Cash	126	93
(B) Other cash and cash equivalents (available current bank accounts)	15,162	10,121
(C) Liquidity (A) + (B)	**15,288**	**10,214**
(D) Finance leases	(691)	(606)
(E) Current bank debt	310	0

(F) Current portion of current debt	(5,998)	(7,881)
(G) Payables to Il Ponte S.p.A. for the acquisition of The Bridge	(70)	0
(H) Current financial debt (D) + (E) + (F) + (G)	**(6,449)**	**(8,487)**
(I) Short-term Net Financial Position (C) + (H)	**8,839**	**1,727**
(L) Non-current bank debt	(13,676)	(7,046)
(M) Finance leases	(916)	(1,431)
(N) Payables to Il Ponte S.p.A. for the acquisition of The Bridge	(2,483)	0
(O) Non-current financial debt (L) + (M) + (N)	**(17,075)**	**(8,476)**
(P) Net Financial Position (I) + (O)	**(8,236)**	**(6,749)**

At 31 March 2017 the Net Financial Position was negative for about Euro 8.2 million, showing an increase of about Euro 1.5 million compared to the debt recognised at 31 March 2016, equal to about Euro 6.7 million.
The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- dividends paid in relation to the profit for the FY 2015/2016 equal to Euro 2.0 million (with a payout equal to about 66.7% of the profit resulting from the separate financial statements of the Parent Company);
- an amount of Euro 3.0 million realised through the transfer of the Key Money of the point of sale located in Paris at Rue Saint Honoré;
- investments in property, plant and equipment and intangible assets for about Euro 1.7 million (net of the acquisition of The Bridge S.p.A.);
- an amount of Euro 4.6 million paid by the Parent Company for the acquisition of The Bridge (of which Euro 1.675 million settled at the time of the closing, Euro 334 thousand for additional charges incurred and Euro 2.5 million relating to payables for deferred payments, of which Euro 727 thousand for the call option concerning the residual stake of the Company);
- an amount of Euro 8.4 million relating to the financial exposure of The Bridge S.p.A. at the time of the acquisition;
- a Free cash flow of Euro 12.2 million, made up of the effects of the Group's operations for about Euro 6.2 million, a reduction in the Parent Company's working Capital for Euro 6 million, which was mostly attributable to an efficiency improvement of working capital management.

Note 23 – Trade payables

Below is the breakdown of current trade liabilities:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Payables to suppliers	20,244	12,521

As at 31 March 2017 payables to suppliers showed an increase of about Euro 7.7 million compared to 31 March 2016 (equal to Euro 12,521 thousand), mainly as a result of the addition of the amount of payables of The Bridge S.p.A. (equal to Euro 13,179 thousand). Net of The Bridge, payables to suppliers decreased by about Euro 5.4 million, due to a better management of financial operations during the period.

Note 24 – Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Payables to social security institutions	557	409
Payables to Pension funds	28	29
Other payables	387	67
Payables to employees	1,677	861
Advances from customers	84	66

VAT payables	953	1,123
IRPEF tax payables and other tax payables	578	362
Accrued expenses and deferred income	80	161
Other current liabilities	**4,344**	**3,078**

Payables to social security institutions mainly relate to the Parent Company's payables due to INPS as at the reporting date. Payables to employees, equal to Euro 1,677 thousand, mainly included the payables for remuneration to be paid with respect to the Group's employees. The change due to other current liabilities of The Bridge S.p.A. amounted to Euro 781 thousand.

Note 25 – Tax payables

As at 31 March 2017 current tax advances paid by the Group companies (excluding the Parent Company) were lower than the actual tax charge. For this reason, the Group recorded tax payables equal to Euro 464 thousand at 31 March 2017 (Euro 458 thousand at 31 March 2016).

COMMENTS ON THE INCOME STATEMENT ITEMS

Note 26 – Revenues from sales

In relation to the breakdown of revenues from sales by commodity category, reference is made to the Report on Operations.
The Group's revenues are mainly realised in Euro.
Below is the breakdown of revenues by geographical area:

(in thousands of Euro)	**Revenues from sales 31 March 2017**	**%**	**Revenues from sales 31 March 2016**	**%**	**% Change 2017-2016**
Italy	56,545	74.5%	53,524	77.2%	5.6%
Europe	15,434	20.3%	11,124	16.0%	38.7%
Rest of the World	3,933	5.2%	4,663	6.8%	(15.6%)
Total	**75,912**	**100.0%**	**69,311**	**100.0%**	**9.5%**

Note 27 – Other income

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Charge-backs of transport and collection costs	129	149
Insurance and legal refunds	37	211
Revenues from sales at the corners	1	13
Other sundry income	2,165	868
Other income	**2,332**	**1,241**

Other income mainly relates to the Parent Company and is made up of chargebacks of transport and collection costs to customers, equal to Euro 129 thousand (Euro 149 thousand at 31 March 2016).
Other sundry income mainly related to the non-recurring capital gain generated from the sale of the key money of the store located in Paris at Rue Saint Honoré (equal to Euro 1,470 thousand). As already referred to above, the capital gain realised through the transfer of the Key Money concerning the store located at Saint Honoré was not classified separately as required by IFRS 5, as it was not believed that it represented a key autonomous business unit that was such as to be regarded as a discontinued operation.

Note 28 – Change in inventories

The change in inventories of raw materials was positive for Euro 449 thousand (positive for Euro 1,046 thousand at 31 March 2016); the change in semi-finished and finished products was negative for Euro 3,297 thousand (negative for Euro 472 thousand in the financial year ended 31 March 2016).

Note 29 - Costs for purchases and information on purchases in foreign currency

Below is reported the breakdown by Company of the costs for purchases (the Parent Company and Uni Best Leather Goods Zhongshan Co. Ltd. are the Companies that purchase raw materials aimed at the production of Piquadro-branded products, while The Bridge S.p.A. for The Bridge brand):

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Piquadro S.p.A.	13,162	11,298
Uni Best Leather Goods Zhongshan Co. Ltd.	1,801	2,270
The Bridge S.p.A.	1,444	0
Costs for purchases	**16,407**	**13,568**

The item "costs for raw materials" essentially includes the cost of materials used for the production of the Company's goods and of consumables.

Even if the functional currency of the Group is the Euro, it is specified that the purchase costs of the Group Companies (except for The Bridge S.p.A.) are partially incurred in US Dollars and Renminbi.

The table below reports the amount of purchases of raw and secondary materials, consumables and goods for resale, as well as the amount of other production costs (a portion of these costs is classified under costs for services) incurred in a currency other than the Euro, the Euro counter-value of these purchases in foreign currency and their impact on the total purchases of raw and secondary materials, consumables and goods for resale:

	Currency amount	**Average exchange rate**	**Amount in thousands of Euro**	**Currency Amount**	**Average exchange rate**	**Amount in thousands of Euro**
		31 March 2017			**31 March 2016**	
Renminbi	13,291,238	7.38	1,801	15,933,589	7.02	2,270
US Dollars	8,894,678	1.10	8,106	8,910,533	1.10	8,100
Total operating costs incurred in foreign currency			**9,907**			**10,370**

Overall, the Piquadro Group incurred, in the FY 2016/2017, operating costs denominated in a currency other than the Euro for an equivalent amount of about Euro 9.9 million, equal to 13.6% of the total operating costs (Euro 72,555 thousand), while in the financial year ended 31 March 2016 corresponding costs were borne for about Euro 10.4 million equal to 16.0% of operating costs.

During the financial year ended 31 March 2017, the Group reported a Net foreign exchange Gain of Euro 296 thousand (Euro 501 thousand at 31 March 2016), as a result of the dynamics of the foreign exchange market.

In the FY 2016/2017, the Parent Company made forward purchases of US Dollars for an overall amount of USD 11.8 million (USD 17.3 million in the FY 2015/2016), including purchases in Dollars made for the supplies of Uni Best Leather Goods Zhongshan Co. Ltd. (net of the sale of leather made by the Company to the Chinese subsidiary) equal to a counter-value of about Euro 11.1 million at the average exchange rate prevailing in the FY 2016/2017 financial year (about Euro 15.7 million at the average exchange rate prevailing in the FY 2015/2016); therefore 74.2% of the purchases in US Dollars made by the Company was covered (in relation to the FY 2015/2016, 92.0% of the purchases in US Dollars made by the Company was covered).

Note 30 - Costs for services and leases and rentals

Below is reported the breakdown of these costs:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
External production	8,944	11,223
Advertising and marketing	4,017	4,077
Transport services	3,660	3,809
Business services	3,200	2,974
Administrative services	1,423	1,276
General services	1,694	1,488
Production services	1,522	1,611
Total Costs for services	**24,460**	**26,457**
Costs for leases and rentals	**7,863**	**6,900**
Costs for services and leases and rentals	**32,323**	**33,357**

External production showed a decrease compared to the previous year following a lower recourse to external suppliers. Costs for leases and rentals mainly relate to lease rentals relating to the shops. The increase in costs for leases and rentals, equal to Euro 7,863 thousand, was mainly due to the opening of new points of sales and to the inclusion of subsidiary The Bridge S.p.A. in the consolidation area.

Note 31 - Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Wages and salaries	13,407	9,432
Social security contributions	2,737	1,834
TFR	674	458
Personnel costs	**16,818**	**15,310**

The table below reports the exact number of the staff members employed by the Group at 31 March 2017 and 31 March 2016:

Units	**31 March 2017**	**31 March 2016**
Executives	5	4
Office workers	392	324
Manual workers	364	359
Total Group employees	**761**	**687**

In the financial year ended 31 March 2017, personnel costs reported an increase of 9.8%, passing from about Euro 15,310 thousand in the financial year ended 31 March 2016 to about Euro 16,818 thousand in the financial year ended 31 March 2017. The increase in personnel costs is mainly due to the acquisition of The Bridge S.p.A. and of its entire workforce, which amounted to 92 employees at 31 March 2017.

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

Average unit	**31 March 2017**	**31 March 2016**
Executives	5	4
Office workers	358	314
Manual workers	347	391
Total Group employees	**710**	**708**

As previously referred to above, the increase in the average number of employees arose from the inclusion of subsidiary The Bridge S.p.A. in the consolidation area.

Note 32 – Amortisation, depreciation and write-downs

In the financial year ended 31 March 2017, amortisation, depreciation and write-downs were equal to about Euro 3,583 thousand (about Euro 2,914 thousand at 31 March 2016). Write-downs, equal to about Euro 1,043 thousand, related to the provision for bad debts from customers for Euro 478 thousand (Euro 269 thousand at 31 March 2016) and to the impairment of assets (for impairment losses) for Euro 565 thousand (Euro 173 thousand at 31 March 2016) in relation to the write-down of furniture and fittings connected to the closure of various points of sales in Europe and Asia.

Note 33 - Other operating costs

In the financial year ended 31 March 2017, other operating costs were equal Euro 575 thousand (Euro 262 thousand at 31 March 2016) and mainly related to charges generated from current operations and charges arising from the use of the plant of the Parent Company.

Note 34 - Financial income

The amount of Euro 885 thousand in the financial year ended 31 March 2017 (Euro 938 thousand at 31 March 2016) mainly related for Euro 8 thousand to interest receivable on current accounts held by the Parent Company (Euro 16 thousand at 31 March 2016) and for Euro 834 thousand to foreign exchange gains either realised or estimated (Euro 893 thousand at 31 March 2016).

Note 35 - Financial charges

Below is the breakdown of financial charges:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Interest payable on current accounts	117	79
Interest and expense subject to final payment	21	26
Financial charges on loans	123	242
Lease financial charges	27	26
Other charges	355	42
Net financial charges on defined-benefit plans	0	3
Foreign exchange losses (either realised or estimated)	540	393
Financial charges	**1,203**	**811**

The increase in other financial charges was mainly related to costs for legal and tax advice concerning the acquisition of The Bridge S.p.A..

Note 36 – Income tax expenses

Below is reported the breakdown of income tax expenses:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
IRES tax (and income taxes of foreign subsidiaries)	1,534	1,631
Parent Company's IRAP tax	333	343
Deferred tax liabilities	66	(70)
Deferred tax assets	33	60
Total income taxes	**1,966**	**1,964**

Current taxes mainly relate to the tax burden calculated on the Parent Company's taxable income (Euro 1,343 thousand).

Below is provided the reconciliation of tax charges and the product of the accounting profit multiplied by the applicable tax rate:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Pre-tax result	5,370	5,842
Taxes calculated at the tax rate applicable in the individual Countries	1,686	1,834
Tax effect of income not subject to taxation	(1,311)	(1,733)
Tax effect of non-deductible costs	1,258	1,520
IRAP tax	333	343
Total	**1,966**	**1,964**

Note 37 - Earnings per share

As at 31 March 2017 basic earnings per share amounted to Euro 0.068 and were calculated on the basis of the consolidated Net Profit for the period attributable to the Group, equal to Euro 3,405 thousand, divided by the weighted average number of ordinary shares outstanding in the half-year, equal to 50,000,000 shares.

	31 March 2017	31 March 2016
Group Net Profit (*in thousands of Euro)*	3,405	3,878
Average number of outstanding ordinary shares (in thousands of shares)	50,000	50,000
Basic earnings per share (in Euro)	**0.068**	**0.078**

Note 38 – Segment reporting

The table below illustrates the segment data of the Piquadro Group broken down by sales channel (DOSs and Wholesale), for Piquadro- and The Bridge-branded products, in relation to the financial years ended 31 March 2017 and 31 March 2016. The economic segment data are monitored by the company's Management until EBITDA level.

	31 March 2017					31 March 2016				
	Business Segment PIQUADRO		THE BRIDGE			Business Segment				% Change 2017-2016
(in thousands of Euro)	DOS	Wholesale		Total for the Group	% Impact (*)	DOS	Wholesale	Total for the Group	% Impact (*)	
Revenues from sales	**28,405**	**42,423**	**5,084**	**75,912**	**100.0%**	**25,623**	**43,688**	**69,311**	**100%**	**9.5%**
Other income	1,705	564	63	2,332	3.1%	444	797	1,241	1.8%	87.9%
Costs for purchases of materials	(5,334)	(12,185)	(1,736)	(19,255)	(25.4%)	(3,704)	(9,289)	(12,993)	(18.7%)	48.2%
Costs for services and leases and rentals	(13,075)	(17,242)	(2,007)	(32,324)	(42.6%)	(12,818)	(20,539)	(33,357)	(48.1%)	(3.1%)
Personnel costs	(8,514)	(7,328)	(976)	(16,818)	(22.2%)	(8,120)	(7,190)	(15,310)	(22.1%)	9.8%
Provisions and write-downs	0	(440)	(38)	(478)	(0.6%)	0	(269)	(269)	(0.4%)	77.7%
Other operating costs	(101)	(442)	(32)	(575)	(0.8%)	(94)	(168)	(262)	(0.4%)	119.5%
EBITDA	**3,086**	**5,351**	**357**	**8,794**	**11.6%**	**1,331**	**7,029**	**8,360**	**12.1%**	**5.2%**
Amortisation, depreciation and write-downs				(3,105)	(4.1%)			(2,644)	(3.8%)	(17.4%)
Operating result				**5,689**	**7.5%**			**5,716**	**8.2%**	**(0.5%)**
Financial income and charges				(318)	(0.4%)			127	0.2%	(350.4%)
Pre-tax result				**5,371**	**7.1%**			**5,842**	**8.4%**	**(8.1%)**
Income taxes				(1,966)	(2.6%)			(1,964)	(2.8%)	0.1%
Profit for the period				**3,405**	**4.5%**			**3,878**	**5.6%**	**(12.2%)**
Group Net Result				**3,405**	**4.5%**			**3,878**	**5.6%**	**(12.2%)**

(*)percentage impact compared to the total sales revenues

As a segment analysis of the balance sheet, below are reported the assets, liabilities and fixed assets broken down by sales channel in the financial years ended 31 March 2017 and 31 March 2016:

	31 March 2017				31 March 2016			
	Business Segment				Business Segment			
(in thousands of Euro)	DOS	Wholesale	Unallocated	Total	DOS	Wholesale	Unallocated	Total
Assets	12,222	57,760	19,768	89,750	11,175	46,849	13,164	71,188
Liabilities	9,939	21,854	19,674	51,467	5,702	13,769	14,927	34,398
Fixed assets	6,587	14,538	0	21,125	6,430	10,295	0	16,725

The assets allocated to the segments include property, plant and equipment, intangible assets, trade receivables, inventories, cash and other receivables other than tax receivables. Segment assets do not include loans receivable, tax or fiscal receivables, deferred tax liabilities and cash and cash equivalents.

The liabilities allocated to the segments include trade payables, Provisions for risks and charges, Provisions for personnel, payables to other lenders and other payables other than loans payable to credit institutions and tax and fiscal payables. Segment liabilities do not include loans payable to credit institutions, current accounts payable, tax or fiscal payables and deferred tax liabilities.

As to a breakdown of the Income Statement by segments, reference is made to the information reported in the Report on Operations in paragraph “Other information”.

Note 39 – Commitments

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

As at 31 March 2017, the Group had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2017/2018.

b) *Commitments on operating lease agreements*

As at 31 March 2017, the Group had executed contractual commitments which will entail future costs for rents and operating leases which will be charged to the Income Statement on an accruals basis from the FY 2017/2018 onwards, mainly for the lease of the Chinese factory of Uni Best Leather Goods Zhongshan Co. Ltd. and the leases of DOS shops, as summarised in the table below:

	At 31 March 2017			
(in thousands of Euro)	Within 12 months	From 1 to 5 years	Beyond 5 years	Total
Property lease	266	640	0	907
Other leases	6,070	15,898	6,301	28,269
Total	**6,336**	**16,538**	**6,301**	**29,175**

Note 40 – 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, except for The Bridge S.p.A., which sells The Bridge-branded items, mainly carry out activities of distribution of products (Piquadro España SLU, Piquadro Hong Kong Co. Ltd., Piquadro Deutschland GmbH, Piquadro Trading –Shenzhen Co. Ltd., Piquadro Taiwan Co. Ltd., Piquadro France SARL, Piquadro Swiss SA, Piquadro UK Limited, Piquadro LLC and OOO Piquadro Russia), or production activities (Uni Best Leather Goods Zhongshan Co. Ltd.).
The relations with Group companies are mainly commercial at regulated at arm’s length. There are also financial relations (intergroup loans) between the Parent Company and some Subsidiaries, conducted at arm’s length.

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

The table below reports the breakdown of the main financial relations maintained with the related companies (thousands of Euro).

	Receivables		**Payables**	
(in thousands of Euro)	**31 March 2017**	**31 March 2016**	**31 March 2017**	**31 March 2016**
Financial relations with Piqubo S.p.A.	0	0	0	0
Financial relations with Piquadro Holding S.p.A.	0	0	0	0
Financial relations with Palmieri Family Foundation	0	0	0	0
Total Receivables from and Payables to Controlling Companies	**0**	**0**	**0**	**0**

The table below reports the breakdown of the main economic relations maintained with the related companies (thousands of Euro).

(in thousands of Euro)	**Revenues**		**Costs**	
	31 March 2017	**31 March 2016**	**31 March 2017**	**31 March 2016**
Economic relations with Piqubo S.p.A.	0	0	75	75
Economic relations with Piquadro Holding S.p.A.	0	0	244	244
Economic relations with Palmieri Family Foundation	0	0	0	0
Total Revenues from and Costs to Controlling Companies	**0**	**0**	**319**	**319**

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

In the FY 2016/2017 Piqubo S.p.A., the ultimate Parent Company, charged Piquadro S.p.A. the rent relating to the use of the plant located in Riola di Vergato (Province of Bologna) as a warehouse.

On 29 June 2012, a lease agreement was entered into between Piquadro Holding S.p.A. and Piquadro S.p.A., concerning the lease of a property for office purposes located in Milan, Piazza San Babila no. 5, which is used as a show-room of Piquadro S.p.A. and whose lease costs are reported in the table below. This lease agreement has been entered into at arm's length.

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

Below are reported the following financial relations with Piquadro Holding S.p.A.:

- in the FY 2016/2017, Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 1,367,448 relating to the profit for the FY 2015/2016;
- in the FY 2015/2016, Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 1,367,448 relating to the profit for the FY 2014/2015.

Fees due to the Board of Directors

The table below reports the fees (including emoluments as Directors and current and deferred remuneration, including in kind, as employees) due to Directors and to the members of the Board of Statutory Auditors of Piquadro S.p.A., in relation to the FY 2016/2017, for the performance of their duties in the Parent Company and other Group Companies, and the fees accrued by any Key Executives (as at 31 March 2017, Directors had not identified Key Executives):

(in thousands of Euro)

First and last name	**Position held**	**Period in which the position was held**	**Term of office**	**Fees for the position**	**Non-cash benefits**	**Bonuses and other incentives**	**Other fees**	**Total**
Marco Palmieri	Chairman and CEO	01/04/16-31/03/17	2019	500	7	0	0	**507**
Pierpaolo Palmieri	Vice-Chairman – Executive Director	01/04/16-31/03/17	2019	250	4	0	0	**254**
Marcello Piccioli	Executive Director	01/04/16-31/03/17	2019	180	3	0	4	**187**
Roberto Trotta	Executive Director	01/04/16-31/03/17	2019	1)	3	0	136	**139**
Gianni	Independent	01/04/16-	2017	6	0	0	1	**7**

Lorenzoni	Director	25/07/16							
Anna Gatti	Independent Director	01/04/16-25/07/16	2017	6	0	0	1	**7**
Paola Bonomo	Independent Director	01/04/16-31/03/17	2019	18	0	0	2	**20**
Catia Cesari	Independent Director	26/07/16-31/03/17	2019	12	0	0	1	**13**
Barbara Falcomer	Independent Director	26/07/16-31/03/17	2019	12	0	0	1	**13**
				984	**17**	**0**	**146**	**1,147**

1) He waived the emolument for the period from 01/04/2016 to 31/03/2017.

Fees due to the Board of Statutory Auditors

(in thousands of Euro)

First and last name	Position Held	Period in which the position was held	Term of office	Fees in Piquadro	Other fees	Total
Pietro Michele Villa	Regular Member	01/04/16-25/07/16 26/07/16-31/03/17	2019	22	0	**22**
Giuseppe Fredella	Chairman Regular Member	01/04/16-25/07/16 - 26/07/16-31/03/17	2019	19	0	**19**
Patrizia Riva	Regular Member	01/04/16-31/03/17	2019	17	0	**17**
				58	**0**	**58**

The Statutory Auditors are also entitled to receive the reimbursement of expenses incurred for the reasons of their position, which amounted to Euro 1,830 in the last financial year and the reimbursement of any charges relating to the National Social Security Fund.

Information required by Article 149-*duodecies* of the CONSOB Issuers' Regulation

Type of service	**Entity performing the service**	**Fees** *(in thousands of Euro)*
Statutory audit of annual and half-year accounts	Parent Company's Independent Auditors	115
Other services	Parent Company's Independent Auditors and network of the Parent Company's Independent Auditors	1
Auditing of Subsidiaries	Parent Company's Independent Auditors and network of the Parent Company's Independent Auditors	35

Note 41 – Events after the year end

No significant events were reported at Group level from 1 April 2017 up to today's date.

Note 42 – Other information

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

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

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

(1) At the end of the FY 2016/2017, the Chairman of the Board of Directors and CEO of Piquadro S.p.A., Marco Palmieri, owned a stake equal to 93.34% of the Share Capital of Piquadro Holding S.p.A., through Piqubo S.p.A., a Company wholly owned by the latter. Piquadro Holding S.p.A., in turn, owns 68.37% of the Share Capital of Piquadro S.p.A..
(2) At the end of the FY 2016/2017, the Vice-Chairman of the Board of Directors of Piquadro S.p.A., Pierpaolo Palmieri, owned a stake equal to 6.66% of the Share Capital of Piquadro Holding S.p.A., which in turn, owns 68.37% of the Share Capital of Piquadro S.p.A..

b) Sale transactions with a reconveyance obligation

As at 31 March 2017, the Group had no sale transactions in place subject to an obligation of reconveyance or repurchase of its own assets sold to third-party customers.

c) Information on the financial instruments issued by the Company and by the Group

The Company and the Group did not issue financial instruments during the financial year.

d) Shareholder loans to the Company

The Company and the Group have no payables to shareholders for loans.

e) Information relating to assets and loans intended for a specific business

The Company and the Group have not constituted assets intended for a specific business, nor has it raised loans intended for a specific business.

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

We, the undersigned, Marco Palmieri, in his capacity as Chief Executive Officer, and Roberto Trotta, in his capacity as Financial Reporting Officer of Piquadro S.p.A., certify, also taking account of the provisions under Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- adequacy in relation to the characteristics of the business and
- actual application of administrative and accounting procedures for the preparation of the consolidated financial statements in the course of the period from 1 April 2016 to 31 March 2017.

It is also certified that the consolidated financial statements at 31 March 2017:

a) have been prepared in accordance with the applicable International Accounting Standards acknowledged by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
b) correspond to the results in the accounting books and records;
c) are suitable to give a true and correct representation of the equity, economic and financial position of the issuer and of all the companies included in the scope of consolidation.

The Report on Operations includes a reliable analysis of the performance and of the result of operations, as well as of the position of the Issuer and of the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Silla di Gaggio Montano (Bologna), 12 June 2017

Marco Palmieri
Chief Executive Officer
Signed: Marco Palmieri

Roberto Trotta
Financial Reporting Officer
Signed: Roberto Trotta

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INDEPENDENT AUDITORS' REPORTPURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Piquadro S.p.A.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Piquadro Group, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/05.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11 of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Piquadro Group as at March 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/05.

Other Matter

The consolidated financial statements of Piquadro Group for the period ended as of March 31, 2016 have been audited by other auditors that on June 24, 2016 expressed an unmodified opinion on those consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the consolidated financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of Piquadro S.p.A., with the consolidated financial statements of the Piquadro Group as at March 31, 2017. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the consolidated financial statements of the Piquadro Group as at March 31, 2017.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Farioli
Partner

Bologna, Italy
June 23, 2017

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

STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	Notes	31 March 2017	31 March 2016
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	1,836,354	1,909,069
Property, plant and equipment	(2)	9,343,147	10,109,057
Equity investments	(3)	8,799,966	7,142,746
Receivables from others	(4)	292,000	307,881
Deferred tax assets	(5)	791,349	780,328
TOTAL NON-CURRENT ASSETS		**21,062,816**	**20,249,081**
CURRENT ASSETS			
Inventories	(6)	11,418,708	13,793,407
Trade receivables	(7)	21,538,394	23,570,322
Receivables from subsidiaries	(8)	13,792,915	6,213,160
Other current assets	(9)	2,309,377	1,235,697
Derivative assets	(10)	0	70,340
Tax receivables	(11)	486,690	101,576
Cash and cash equivalents	(12)	13,346,382	8,477,766
TOTAL CURRENT ASSETS		**62,892,466**	**53,462,268**
TOTAL ASSETS		**83,955,282**	**73,711,349**

STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	Notes	31 March 2017	31 March 2016
LIABILITIES			
EQUITY			
Share Capital		1,000,000	1,000,000
Share premium reserve		1,000,000	1,000,000
Other reserves		1,234,840	1,294,369
Retained earnings		30,695,785	28,877,211
Profit for the period		3,005,842	3,817,974
TOTAL EQUITY	(13)	**36,936,467**	**35,989,554**
NON-CURRENT LIABILITIES			
Borrowings	(14)	13,676,094	7,045,569
Payables to other lenders for lease agreements	(15)	830,480	1,430,646
Other non-current liabilities	(16)	2,209,000	0
Provision for employee benefits	(17)	294,147	290,924
Provisions for risks and charges	(18)	814,670	1,210,712
TOTAL NON-CURRENT LIABILITIES		**17,824,391**	**9,977,851**
CURRENT LIABILITIES			
Borrowings	(19)	5,826,963	7,697,717
Payables to other lenders for lease agreements	(20)	600,166	605,915
Trade payables	(21)	14,788,269	11,870,849
Payables to subsidiaries	(22)	5,286,741	4,568,599
Derivative liabilities	(23)	10,940	0
Other current liabilities	(24)	2,681,345	2,598,130
Tax payables	(25)	0	402,734
TOTAL CURRENT LIABILITIES		**29,194,424**	**27,743,944**
TOTAL LIABILITIES		**47,018,815**	**37,721,795**
TOTAL EQUITY AND LIABILITIES		**83,955,282**	**73,711,349**

INCOME STATEMENT

(in thousands of Euro)	Notes	31 March 2017	31 March 2016
REVENUES			
Revenues from sales	(26)	67,239,637	66,733,862
Other income	(27)	760,238	1,010,977
TOTAL REVENUES (A)		**67,999,875**	**67,744,839**
OPERATING COSTS			
Change in inventories	(28)	2,374,699	(459,494)
Costs for purchases	(29)	18,895,421	18,596,008
Costs for services and leases and rentals	(30)	28,519,636	31,386,120
Personnel costs	(31)	11,094,901	10,346,533
Amortisation, depreciation and write-downs	(32)	2,274,540	2,123,092
Other operating costs	(33)	500,578	190,461
TOTAL OPERATING COSTS (B)		**63,659,775**	**62,182,720**
OPERATING PROFIT (A-B)		**4,340,100**	**5,562,119**
FINANCIAL INCOME AND CHARGES			
Financial income	(35)	905,661	761,651
Financial charges	(36)	(896,951)	(607,828)
TOTAL FINANCIAL INCOME AND CHARGES		**8,710**	**153,823**
PRE-TAX RESULT		**4,348,810**	**5,715,942**
Income taxes	(37)	(1,342,968)	(1,897,968)
PROFIT FOR THE PERIOD		**3,005,842**	**3,817,974**

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Profit/ (Loss) for the period (A)	**3,006**	**3,818**
Components that can be reclassified to profit or loss		
Profit/ (Loss) on cash flow hedge instruments	(59)	51
Components that cannot be reclassified to profit or loss :		
Actuarial gains (losses) on defined-benefit plans	0	9
Total Profits/(Losses) recognised in equity (B)	**(59)**	**60**
Total Comprehensive Income/(Loss) for the period (A) + (B)	**2,947**	**3,878**

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

STATEMENT OF CHANGES IN EQUITY

(in thousands of Euro)

Description			Other reserves						
	Share capital	Share premium reserve	Fair value reserve	Reserve for Employee Benefits	Other reserves	Total Other Reserves	Retained earnings	Profit for the period	Equity
Balances as at 31.03.2015	**1,000**	**1,000**	**0**	**(54)**	**1,288**	**1,234**	**27,856**	**3,022**	**34,112**
Profit for the period								3,818	**3,818**
<u>Other comprehensive result at 31 March 2016:</u>									
- Reserve for actuarial gains (losses) on defined-benefit plans				9		**9**			**9**
- Fair value of financial instruments			51			**51**			**51**
Comprehensive Income for the period						**60**		**3,818**	**3,878**
- Distribution of dividends to shareholders								(2,000)	**(2,000)**
-Allocation of the result for the year ended 31.03.2015 to reserves							1,022	(1,022)	**0**
Fair value of Stock Option Plans						**0**			**0**
Balances as at 31.03.2016	**1,000**	**1,000**	**51**	**(45)**	**1,288**	**1,294**	**28,878**	**3,818**	**35,990**

Description			Other reserves						
	Share capital	Share premium reserve	Fair value reserve	Reserve for Employee Benefits	Other reserves	Total Other Reserves	Retained earnings	Profit for the period	Equity
Balances as at 31.03.2016	**1,000**	**1,000**	**51**	**(45)**	**1,288**	**1,294**	**28,878**	**3,818**	**35,990**
Profit for the period								3,006	**3,006**
<u>Other comprehensive result at 31 March 2017:</u>									
- Reserve for actuarial gains (losses) on defined-benefit plans						**0**			**0**
- Fair value of financial instruments			(59)			**(59)**			**(59)**
Comprehensive Income for the period	**0**	**0**	**(59)**	**0**	**0**	**(59)**		**3,006**	**2,947**
- Distribution of dividends to shareholders								(2,000)	**(2,000)**
-Allocation of the result for the year ended 31.03.2016 to reserves							1,818	(1,818)	**0**
Fair value of Stock Option Plans						**0**			**0**
Balances as at 31.03.2017	**1,000**	**1,000**	**8**	**(45)**	**1,288**	**1,235**	**30,696**	**'3,006**	**36,937**

CASH FLOW STATEMENT

(*in thousands of Euro*)	**31 March 2017**	**31 March 2016**
Pre-tax profit	**4,349**	**5,716**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,835	1,806
Write-downs of property, plant and equipment and intangible assets	0	48
Other accruals	0	21
Accrual to the provision for bad debts	440	269
Adjustment to the provision for employee benefits	0	0
Dividends collected	(339)	0
Net financial charges/(income), including exchange rate differences	(9)	(154)
Cash flows from operating activities before changes in working capital	**6,276**	**7,706**
Change in trade receivables (gross of the provision)	1,592	(1,133)
Change in receivables from subsidiaries	(7,580)	222
Change in inventories	2,375	(459)
Change in other current assets	(1,058)	(157)
Change in trade payables	2,917	(1,071)
Change in payables to subsidiaries	3,118	107
Change in provisions for risks and charges	(238)	83
Change in other current liabilities	85	(50)
Change in tax receivables/payables	(788)	1,115
Cash flows from operating activities after changes in working capital	**6,700**	**6,363**
Payment of taxes	(1,332)	(1,825)
Interest paid	9	154
Cash flow generated from operating activities (A)	**5,377**	**4,692**
Investments in intangible assets	(360)	(225)
Investments in property, plant and equipment	(880)	(1,209)
Disinvestments from property, plant and equipment	246	0
Investments in non-current financial assets	(332)	(947)
Disinvestments from non-current financial assets	0	0
Dividends collected	339	0
Investments for the acquisition of The Bridge	(1,675)	0
Changes generated from investing activities (B)	**(2,662)**	**(2,381)**
Financing activities		
Change in short- and medium/long-term borrowings	4,760	(1,695)
Changes in financial instruments	0	70
Lease instalments paid	(606)	(673)
Other minor changes	0	(89)
Payment of dividends	(2,000)	(2,000)
Cash flow generated from/(absorbed by) financing activities (C)	**2,154**	**(4,387)**
Net increase (decrease) in cash and cash equivalents (A+B+C)	4,869	(2,076)
Cash and cash equivalents at the beginning of the period	**8,478**	**10,554**
Cash and cash equivalents at the end of the period	**13,346**	**8,478**

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

Statement of financial position

(in thousands of Euro)	**Notes**	**31 March 2017**	**Related parties**	**Related companies**	**31 March 2016**
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	(1)	1,836			1,909
Property, plant and equipment	(2)	9,343			10,109
Equity investments	(3)	8,800		8,800	7,143
Receivables from others	(4)	292			308
Deferred tax assets	(5)	791			780
TOTAL NON-CURRENT ASSETS		**21,063**		**8,800**	**20,249**
CURRENT ASSETS					
Inventories	(6)	11,419			13,793
Trade receivables	(7)	21,538			23,570
Receivables from subsidiaries	(8)	13,793		13,793	6,213
Other current assets	(9)	2,309			1,236
Derivative assets	(10)	0			70
Tax receivables	(11)	487			102
Cash and cash equivalents	(12)	13,346			8,478
TOTAL CURRENT ASSETS		**62,892**		**13,793**	**53,462**
TOTAL ASSETS		**83,956**		**22,593**	**73,711**

Statement of financial position

(in thousands of Euro)	Notes	31 March 2017	Related parties	Related companies	31 March 2016
LIABILITIES					
EQUITY					
Share Capital		1,000			1,000
Share premium reserve		1,000			1,000
Other reserves		1,235			1,294
Retained earnings		30,696			28,877
Profit for the period		3,006			3,818
TOTAL EQUITY	(13)	**36,937**		**0**	**35,990**
NON-CURRENT LIABILITIES					
Borrowings	(14)	13,676			7,046
Payables to other lenders for lease agreements	(15)	830			1,431
Other non-current liabilities	(16)	2,209			0
Provision for employee benefits	(17)	294			291
Provisions for risks and charges	(18)	815			1,211
TOTAL NON-CURRENT LIABILITIES		**17,824**		**0**	**9,978**
CURRENT LIABILITIES					
Borrowings	(19)	5,827			7,698
Payables to other lenders for lease agreements	(20)	600			606
Trade payables	(21)	14,788			11,871
Payables to subsidiaries	(22)	5,287		5,287	4,569
Derivative liabilities	(23)	11			0
Other current liabilities	(24)	2,681			2,598
Tax payables	(25)	0			403
TOTAL CURRENT LIABILITIES		**29,194**		**5,287**	**27,744**
TOTAL LIABILITIES		**47,019**		**5,287**	**37,722**
TOTAL EQUITY AND LIABILITIES		**83,956**		**5,287**	**73,711**

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

Income Statement

(in thousands of Euro)	Notes	31 March 2017	Related parties	Related companies	31 March 2016
REVENUES					
Revenues from sales	(26)	67,240		4,321	66,734
Other income	(27)	760		3	1,011
TOTAL REVENUES (A)		**68,000**		**4,324**	**67,745**
OPERATING COSTS					
Change in inventories	(28)	2,375			(459)
Costs for purchases	(29)	18,895		7,909	18,596
Costs for services and leases and rentals	(30)	28,520	319	3,176	31,386
Personnel costs	(31)	11,095			10,347
Amortisation, depreciation and write-downs	(32)	2,275			2,123
Other operating costs	(33)	501			190
TOTAL OPERATING COSTS (B)		**63,660**	**319**	**11,085**	**62,183**
OPERATING PROFIT (A-B)		**4,340**	**(319)**	**(6,761)**	**5,562**
FINANCIAL INCOME AND CHARGES					
Financial income	(35)	906		36	762
Financial charges	(36)	(897)		(1)	(608)
TOTAL FINANCIAL INCOME AND CHARGES		**9**		**35**	**154**
PRE-TAX RESULT		**4,349**	**(319)**	**(6,726)**	**5,716**
Income taxes	(37)	(1,343)			(1,898)
PROFIT FOR THE PERIOD		**3,006**	**(319)**	**(6,726)**	**3,818**

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

(*in thousands of Euro*)	31 March 2017	Related parties	Related companies	31 March 2016
Pre-tax profit	**4,349**			**5,716**
Adjustments for:				
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,835			1,806
Write-downs of property, plant and equipment and intangible assets	0			48
Other accruals	0			21
Accrual to the provision for bad debts	440			269
Adjustment to the provision for employee benefits	0			0
Dividends collected	(339)			0
Net financial charges/(income), including exchange rate differences	(9)			(154)
Cash flows from operating activities before changes in working capital	**6,276**			**7,706**
Change in trade receivables (gross of the provision)	1,592			(1,133)
Change in receivables from subsidiaries	(7,580)		(7,580)	222
Change in inventories	2,375			(459)
Change in other current assets	(1,058)			(157)
Change in trade payables	2,917			(1,071)
Change in payables to subsidiaries	3,118		3,118	107
Change in provisions for risks and charges	(238)			83
Change in other current liabilities	85			(50)
Change in tax receivables/payables	(788)			1,115
Cash flows from operating activities after changes in working capital	**6,700**			**6,363**
Payment of taxes	(1,332)			(1,825)
Interest paid	9			154
Cash flow generated from operating activities (A)	**5,377**			**4,692**
Investments in intangible assets	(360)			(225)
Investments in property, plant and equipment	(880)			(1,209)
Disinvestments from property, plant and equipment	246			0
Investments in non-current financial assets	(332)			(947)
Disinvestments from non-current financial assets	0			0
Dividends collected	339			0
Investments for the acquisition of The Bridge	(1,675)			0
Changes generated from investing activities (B)	**(2,662)**			**(2,381)**
Financing activities				
Change in short- and medium/long-term borrowings	4,760			(1,695)
Changes in financial instruments	0			70
Lease instalments paid	(606)			(673)
Other minor changes	0			(89)
Payment of dividends	(2,000)	(1,368)		(2,000)
Cash flow generated from/(absorbed by) financing activities (C)	**2,154**			**(4,387)**
Net increase (decrease) in cash and cash equivalents (A+B+C)	4,869			(2,076)
Cash and cash equivalents at the beginning of the period	**8,478**			**10,554**
Cash and cash equivalents at the end of the period	**13,346**			**8,478**

General information

These separate financial statements of Piquadro S.p.A. (hereinafter also referred to as the "Company") relate to the financial year ended 31 March 2017 and have been prepared by applying the IFRS adopted by the European Union. Piquadro S.pA. is a Joint-stock Company established in Italy and registered in the Register of Companies of Bologna, with registered and administrative office in Silla di Gaggio Montano (Bologna).
The separate financial statements are presented in Euro and all values reported therein are presented in Euro, unless otherwise specified.

For a better understanding of the economic performance of the Company, reference is made to the extensive information reported in the Report on Operations prepared by the Directors.

The data of these financial statements can be compared to the same of the previous financial year, except as reported below.

This document was prepared by the Board of Directors on 12 June 2017 and will be submitted for approval by the Shareholders' Meeting called, on first call, for 20 July 2017.

The Company's business

Piquadro S.p.A. designs and markets leather goods - bags, suitcases and accessories - characterised by attention to design and functional and technical innovation.
The Company was established on 26 April 2005. The Share Capital has been subscribed through the contribution of the branch of business relating to operating activities on the part of the former Piquadro S.p.A (then renamed Piqubo S.p.A., the ultimate company controlling the Company), which became effective for legal, accounting and tax purposes on 2 May 2005.
Effective from 14 June 2007, the registered office of Piquadro S.p.A. was moved from Riola di Vergato (Bologna), via Canova no. 123/O-P-Q-R to Località Sassuriano 246, Silla di Gaggio Montano (Bologna).
As of today's date, the Company is owned by Marco Palmieri through Piqubo S.p.A., which is 100% owned. Piqubo S.p.A., in fact, holds 93.34% of the Share Capital of Piquadro Holding S.p.A., which in its turn holds 68.3% of the Share Capital of Piquadro S.p.A., the shares of which are listed on the Milan Stock Exchange since 25 October 2007.
The flexibility of the business model adopted by the Company allows it to maintain control over all of the critical phases of the production and distribution chain. Indeed, the Company carries out the design, planning, purchasing, quality, marketing, communication and distribution phases wholly within the confines of its organisation and only resorts to outsourcing for a part of the production activities, although it also retains control over the quality and efficiency of the phases that are currently outsourced. The Company is particularly focused on the activity of design, planning and development of the product, which is carried out by an internal team whose commitment is aimed at maintaining quality and style innovation which have always characterised the Company's products. In this regard, the design team, in light of the well-established experience of the persons who compose it, represents a fundamental resource for the Company.
The Company makes use of a delocalised production model at the Chinese plant which is leased to the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd., located in the region of Guangdong, China and at third-party workshops located abroad (mainly in China), which are generally divided on the basis of the type of product. About 30% of production is carried out internally within the Piquadro Group, at the Chinese plant of Zhongshan - Guangdong, while the residual part is outsourced. This model, in the opinion of the Management, ensures flexibility and efficiency of the production cycle, thus reducing fixed costs, while retaining control over the critical phases of the value chain, also for the purpose of ensuring product quality.

Main events that occurred in the course of the financial year ended 31 March 2017 and related significant accounting effects

As detailed in the Report on Operations, on 20 December 2016 Piquadro S.p.A. completed the acquisition of 80% of the stakes of Il Ponte Pelletteria S.p.A. (now The Bridge S.p.A.), a Florentine company that owns the luxury leather goods brand The Bridge.
For accounting purposes, the Company joined the consolidation area of the Piquadro Group as from 1 January 2017.

Financial statements formats adopted and reporting currency

At the time of the preparation of the separate financial statements at 31 March 2016 and at 31 March 2017, the Management of Piquadro S.p.A. selected the following formats from among those specified under IAS 1 (revised), as it considered them to be more suitable to represent the Company's equity, economic and financial position:

- classification of the statement of financial position reporting current assets/liabilities and non-current assets/liabilities;
- classification of costs in the Income Statement by nature;
- classification in the Statement of Comprehensive Income presented in a separate document with respect to the Income Statement, as permitted by IAS 1 (revised);
- preparation of the Statement of Cash Flows according to the indirect method.

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

For a better recognition and ease of reading, except as regards the statement of financial position and the Income Statement, the accounting data both in the Financial Statements Formats and in these Notes to the Financial Statements, are reported in thousands of Euro.
The reporting currency of these separate financial statements is the Euro.

The Management believe that no significant non-recurring events or transactions occurred either in the FY 2016/2017 or in the FY 2015/2016, nor any atypical or unusual transactions, in addition to the events specified in the paragraph on "Business Combinations" in another section of the Financial Report.

In compliance with Regulation (EU) no. 1606/2002, the separate financial statements of Piquadro S.p.A at 31 March 2017 were prepared in accordance with IAS/IFRS (International Accounting Standards and International Financial Reporting Standards, hereinafter also referred to as "IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, as supplemented by the related interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC), which was previously named Standing Interpretations Committee (SIC), as well as by the related measures issued in the implementation of article 9 of Legislative Decree no. 38/2005.

Accounting policies

The accounting policies used in preparing the separate financial statements at 31 March 2017, which do not differ from those used in the previous financial year, are indicated below.

Intangible assets

Intangible assets purchased or internally produced are entered under assets when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset may be determined reliably. These assets are valued at their purchase or production cost.
Intangible assets relate to assets without an identifiable physical substance, which are controlled by the company and are able to generate future economic benefits, as well as any possible goodwill.

Intangible assets with a definite useful life are systematically amortised over their useful life, to be intended as the estimated period in which assets will be used by the company. Goodwill and any other intangible asset, where existing, with an indefinite useful life are not amortised, but are tested for impairment at least on an annual basis, for the purposes of verifying the existence of impairment losses (if any).
The rates applied are:

Development costs	25%
Patents	33.3%
Trademarks	20%
Key money (Rights to replace third parties in lease agreements for points of sale)	lease term

Concessions	33.3%

(i) *Research and Development costs*

Research costs are charged to the Income Statement in the financial year in which they are incurred. Development costs entered under intangible assets where all the following conditions are fulfilled:

a) the project is clearly identified and the related costs can be identified and measured reliably;
b) the technical feasibility of the project has been demonstrated;
c) the intention to complete the project and to sell the intangible assets generated by the project has been demonstrated;
d) a potential market exists or, in the case of internal use, the benefit of the intangible asset has been demonstrated for the production of the intangible assets generated by the project;
e) the technical and financial resources necessary for the completion of the project are available.

Amortisation of Development costs entered under intangible assets will start from the date when the result generated by the project is marketable. Amortisation is made on a straight-line basis over a period of 4 years, which represents the estimated useful life of capitalised expenses.

(ii) *Industrial patent and intellectual property rights, Licences and similar Rights*

Charges relating to the acquisition of industrial patent and intellectual property Rights, Licences and similar Rights are capitalised on the basis of the costs incurred for their purchase.

Amortisation is calculated on a straight-line basis so as to allocate the cost incurred for the acquisition of the right over the shorter of the period of the expected use and the term of the related contracts, starting from the time when the acquired right may be exercised; usually, this period has a duration of 5 years.

(iii) *Key money*

Amortisation of the key money (that is payments to third parties to obtain the rights to take over lease agreements for points of sale) is calculated on a straight-line basis according to the lease term of the points of sale.
The recoverability of the entry value of intangible assets, including goodwill, is verified by adopting the criteria indicated in point “Impairment losses of assets”.

Property, plant and equipment

Property, plant and equipment are entered at their purchase price or production cost, including any directly-attributable additional charges required to make the assets available for use.
Costs incurred subsequent to the purchase are capitalised only if they increase the future economic benefits inherent in the asset to which they refer.
The assets whose sale is highly probable as at the reporting date of the financial statements are separated from property, plant and equipment and classified under current assets under item “Current assets available for sale” and measured at the lower of the book value and the related fair value, net of estimated selling costs. The sale of an asset classified under non-current assets is highly probable when the Management has defined, by a formal resolution, a plan for the disposal of the asset (or of the disposal group) and activities have been started to identify a purchaser and to complete the plan. Furthermore, the asset (or the disposal group) has been offered for sale at a reasonable price compared to its current fair value. Furthermore, the sale is expected to be completed within a year of the date of classification and the actions required to complete the sale plan show that it is improbable that the plan can be significantly amended or cancelled.

Property, plant and equipment under finance leases, through which all risks and rewards attached to ownership are substantially transferred to the Company, are entered under the relevant classes of property, plant and equipment and are depreciated by applying the same depreciation rates reported below which have been adopted for the related relevant class, provided the lease term is less than the useful life represented by such rates and there is no reasonable certainty of the transfer of the ownership of the leased asset at the natural expiry of the agreement; in this case, the depreciation period is represented by the term of the lease agreement. Assets are entered against the entry of short- and medium-term payables to the lessor financial entity; rentals paid are allocated between financial charges and reduction in borrowings.

Leases in which the lessor substantially retains the risks and rewards attached to ownership of the assets are classified as operating leases. Costs for rentals arising from operating leases are charged to the Income Statement on a straight-line basis on the basis of the contract term.

Property, plant and equipment are systematically depreciated on a straight-line basis over their useful life, to be intended as the estimated period in which the asset will be used by the company. The value to be depreciated is represented by the entry value as reduced by the presumed net transfer value at the end of its useful life, if it is significant and can be determined reasonably. Land is not subject to depreciation, even if purchased jointly with a building, as well as the tangible assets intended for transfer which are valued at the lower of the entry value and their fair value, net of disposal charges.
The rates applied are:

Land	Unlimited useful life
Buildings	3%
Leasehold improvements (shops)	17.5%*
Machinery and moulds	17.5%
General systems	17.5%
Industrial and business equipment	25%
Office electronic machines	20%
Fittings	12%
Motor vehicles and means of internal transport	20%
Cars	25%

* Or over the term of the lease agreement should the same be lower and there is not reasonable certainty of the renewal of the same at the natural expiry of the contract.

Should the asset being depreciated be made up of elements that can be clearly identified and whose useful life significantly differs from that of the other parts making up the asset, depreciation is made separately for each of the parties making up the asset (component approach).

Ordinary maintenance costs are fully charged to the Income Statement. Costs for improvements, refurbishment and transformation increasing the value of property, plant and equipment are charged as an increase in the relevant assets and depreciated separately.

Financial charges directly attributable to the construction or production of a tangible asset are capitalised as an increase in the asset under construction, up to the time when it is available for use.

The recoverability of the entry value of property, plant and equipment is verified by adopting the criteria indicated in point “Impairment losses of assets” below.

Business combinations

Business combinations are accounted for by applying the so-called purchase method (as defined by IFRS 3 (revised) “Business combinations”). The purchase method requires, after having identified the purchaser within the business combination and having determined the acquisition cost, all assets and liabilities acquired (including the so-called contingent liabilities) to be measured at fair value. Goodwill (if any) is determined only on a residual basis as the difference between the cost of the business combination and the relevant portion of the difference between acquired assets and liabilities measured at fair value. If negative, it is recognised as a positive component of the result for the period in which the business combination takes place. Transaction costs are directly charged to the Income Statement.

Business combinations of entities under common control

Business combinations of entities under common control are business combinations of entities which are ultimately controlled by the same persons both before and after the business combination and the control is not of a temporary nature. The presence of minority interests in each of the entities being combined before or after the combination transaction is not significant in order to determine whether the combination involves entities under common control.

Business combinations of entities under common control are accounted for so that the net assets of the acquired entity and of the acquiring entity are recognised at the book values they had in the respective accounts before the transaction (continuity of values), without recognising, in the consolidated financial statements, surplus values (if any) arising from these combinations and accounted for in the separate financial statements of the Company.

Equity investments

Equity investments in Subsidiaries are accounted for at cost, which is possibly reduced for lasting impairment losses as required by IAS 36. The original value is reinstated in the subsequent financial years if the reasons for the write-down no longer apply.
Equity investments in other companies are measured at fair value; if the fair value cannot be estimated reliably, the investment is valued at cost.
The recoverability of their entry value is verified by adopting the criteria indicated in point "Impairment losses of assets".

Receivables and other non-current and current assets

Receivables and the other non-current and current assets are classified under financial assets "Loans and receivables". These are non-derivative financial instruments which mainly relate to receivables from customers and which are not listed on an active market, from which fixed or determinable payments are expected. They are included in the current portion, except for those with a maturity exceeding twelve months compared to the reporting date, which are classified under the non-current portion. Initially these assets are recognised at fair value; subsequently, they are valued at amortised cost on the basis of the actual interest rate method. Should an objective evidence exist of any impairment, the asset is reduced so as to be equal to the discounted value of the flows that may be obtained in the future. Impairment losses are recognised in the Income Statement. If the reasons for the previous write-downs no longer apply in the subsequent periods, the value of the assets is reinstated up to the amount of the value which would be derived from the application of amortised cost had no write-down been made.

Inventories

Inventories are valued and entered at the lower of the purchase or production cost, including additional charges, as determined according to the weighted average cost method, and the value of presumed realisable value inferable from the market performance.

Cash and cash equivalents

The item relating to cash and cash equivalents includes cash, current bank accounts, demand deposits and other short-term high-liquidity financial investments, which are readily convertible into cash, or which can be transformed into cash and cash equivalents within 90 days of the date of original acquisition, and are subject to a non-significant risk of changes in value.

Impairment losses of assets

When events occur that make an impairment of an asset expected, its recoverability is checked by comparing its entry value with the related recoverable value, represented by the higher of the fair value, net of disposal charges, and the value in use.
In the absence of a binding sale agreement, the fair value is estimated on the basis of the values expressed by an active market, by recent transactions or on the basis of the best information available in order to reflect the amount that the business could obtain by selling the asset.
The value in use is determined by discounting back the expected cash flows deriving from the use of the asset and, if they are significant and if they can be determined reasonably, from its transfer at the end of its useful life. Cash flows are determined on the basis of reasonable assumptions that can be proved and that represent a best estimate of the future economic conditions that will arise during the residual useful life of the asset, giving greater importance to external factors. Valuation is carried out for individual assets or for the smallest identifiable group of assets that generate independent cash inflows deriving from their on-going use (the so-called cash generating unit). An impairment is recognised in the Income Statement should the entry value of the asset or of the cash generating unit to which it is allocated be higher than the recoverable value.
If the reasons for the write-downs previously made no longer apply, the assets, excluding goodwill, are reinstated and the adjustment is charged as a revaluation (reinstatement of value) in the Income Statement. The revaluation is

made at the lower of the recoverable value and the entry value, including the write-downs previously made and reduced by the amortisation rates which would have been allocated had no write down been made.

Equity

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

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

Reserve for financial assets/liabilities at fair value

This reserve refers to the effect of accounting for derivative instruments which are eligible for hedge accounting under Equity.

Legal reserve

Entries are made in the legal reserve through provisions recognised pursuant to art. 2430 of the Italian Civil Code, or the reserve is increased to an extent equal to the 20th part of the net profits achieved by the Company until the reserve in question reaches a fifth of the Share Capital. Once a fifth of the Share Capital is reached, if for whatever reason the reserve is decreased, it shall be replenished with the minimum annual provisions as indicated above.

Stock Option plans

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

Hedging financial instruments

The Company carries out transactions in derivative financial instruments to hedge exposure to foreign exchange and interest rate risks. The Company does not hold financial instruments of a speculative nature, as required by the risk policy approved by the Board of Directors. Consistently with IAS 39, hedging financial instruments are accounted for according to the procedures laid down for hedge accounting if all the following conditions are fulfilled:

i. at inception of the hedge, there is formal documentation of the hedging relationship and the company's risk management objective and strategy for undertaking the hedge;
ii. the hedge is expected to be highly effective in offsetting changes in fair value (fair value hedge) or cash flows (cash flow hedge) that are attributable to the hedged risk;
iii. for cash flow hedges, any forecast transaction being hedged is highly probable and presents an exposure to the changes in cash flows which could finally affect the economic result for the period;
iv. hedge effectiveness is reliably measurable, i.e. the fair value or cash flows of the hedged item and the fair value of the hedging instrument can be reliably measured;
v. the hedge must be assessed on an on-going basis and be highly effective for the entire life of the derivative.

The criterion for measuring hedging instruments is represented by their fair value as at the designated date.
The fair value of foreign exchange derivatives is calculated in relation to their intrinsic value and time value.
On each closing date of the financial statements, hedging financial instruments are tested for effectiveness, in order to verify whether the hedge meets the requirements to be qualified as effective and to be accounted for according to hedge accounting.

When the financial instruments are eligible for hedge accounting, the following accounting treatments will be applied:

Fair value hedge - If a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a balance sheet asset or liability attributable to a specific risk that might impact the Income Statement, the profit or loss arising from the subsequent measurements at fair value of the hedging instrument are recognised in the Income Statement. The profit or loss on the hedged item, attributable to the hedged risk, modify the book value of this item and are recognised in the Income Statement.

Cash flow hedge - If a derivative financial instrument is designated as a hedge of the exposure to changes in future cash flows of an asset or liability entered in the accounts or of a forecast transaction which is highly probable and which could have effects on the Income Statement, changes in fair value of the hedging instrument are taken to the Statement of comprehensive income, while the ineffective portion (if any) is recognised in the Income Statement.
If a hedging instrument or a hedging relationship are terminated, but the transaction being hedged has not yet been effected, the combined profits and losses, which have been entered under the Statement of Comprehensive Income up to that time, are recognised in the Income Statement at the time when the related transaction is carried out.
If the transaction being hedged is no longer deemed probable, the profits or losses not yet realised and deferred to Equity are immediately recognised in the Income Statement.
If the hedge accounting cannot be applied, the profits or losses arising from the measurement at fair value of the derivative financial instrument are immediately entered in the Income Statement.

Financial liabilities

Financial liabilities are related to loans, trade payables and other obligations to pay and are initially recognised at fair value, while they are subsequently valued at amortised cost, using the actual interest rate method. Should a change occur in the expected cash flows and should it be possible to estimate them reliably, the value of the loans is recalculated to reflect this change on the basis of the present value of the new expected cash flows and of the internal rate of return determined initially. Financial liabilities are classified under current liabilities, unless the Company has an unconditional right to delay their payment for at least 12 months after the reporting date.
Financial liabilities are derecognised from the accounts at the time of their discharge or when the Company has transferred all the risks and charges relating to the instruments themselves. As the Company's financial liabilities have been incurred at variable interest rates, their fair value is substantially in line with the balance sheet value.

Financial instruments and IFRS 7

The category of financial instruments

As required by IFRS 7**,** below is reported the breakdown of the financial instruments by category relating to the financial years ended 31 March 2017 and 31 March 2016, as well as their measurement at fair value.

(in thousands of Euro)	**31/03/2017**	**FVTPL**	**LAR**	**AFS**	**FLAC**	**IAS 17 Leases**	**Measurement at fair value**
Trade receivables	21,538	0	21,538	0	0	0	21,538
Receivables from subsidiaries	13.793	0	13,793	0	0	0	13,793
Assets for financial instruments	0	0	0	0	0	0	0
Cash and cash equivalents	13,346	0	13,346	0	0	0	13,346
Assets	**48,677**	**0**	**48,677**	**0**	**0**	**0**	**48,677**
Non-current borrowings		0					

	13,676		0	0	13,676	0	13,676
Payables to other lenders for non-current lease agreements	830	0	0	0	0	830	0
Current borrowings	5,287	0	0	0	5,287	0	5,287
Payables to other lenders for current lease agreements	600	0	0	0	0	600	0
Trade payables	14,788	0	14,788	0	0	0	14,788
Payables to subsidiaries	5,287	0	5,287	0	0	0	5,287
Liabilities for financial instruments	11	0	11	0	0	0	11
Other non-current liabilities	2,209	2,209	0	0	0	0	2,209
Liabilities	**42,689**	**2,209**	**20,086**	**0**	**18,963**	**1,431**	**41,258**

(in thousands of Euro)	31/03/2016	FVTPL	LAR	AFS	FLAC	IAS 17 Leases	Measurement at fair value
Trade receivables	23,570	0	23,570	0	0	0	23,570
Receivables from subsidiaries	6,213	0	6,213	0	0	0	6,213
Assets for financial instruments	70	0	70	0	0	0	70
Cash and cash equivalents	8,478	0	8,478	0	0	0	8,478
Assets	**38,331**	**0**	**38,331**	**0**	**0**	**0**	**38,331**
Non-current borrowings	7,046	0	0	0	7,046	0	7,046
Payables to other lenders for non-current lease agreements	1,431	0	0	0	0	1,431	0
Current borrowings	7,698	0	0	0	7,698	0	7,698
Payables to other lenders for current lease agreements	606	0	0	0	0	606	0
Trade payables	11,871	0	11,871	0	0	0	11,871
Payables to subsidiaries	4,569	0	4,569	0	0	0	4,569
Liabilities for financial instruments		0	0	0	0	0	0
Liabilities	**33,221**	**0**	**16,440**	**0**	**14,744**	**2,037**	**31,184**

Key

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

RISK FACTORS

The Company is exposed to risks associated with its own business, which are specifically referable to the following cases:

- Credit risk arising from business transactions or financing activities;
- Liquidity risk relating to the availability of financial resources and to the access to the credit market;
- Market risk which is identified in detail as follows:
  - Foreign exchange risk, relating to operations in currencies other than currencies of denomination;
  - Interest rate risks, relating to the Company's exposure on financial instruments which bear interest.

Credit risk

The operational management of this risk is delegated to the Credit Management function which is shared by the Administration, Finance and Control Department with the Sales Department and is carried out as follows:

- assessing the credit standing of the customers;
- monitoring the related expected incoming flows;
- the appropriate payment reminder actions;
- debt collection actions, if any.

The write-down necessary to bring the nominal value in line with the expected collectable value has been determined by analysing all of the expired loans in the accounts and using all the available information on individual debtors.
Loans which are the object of disputes and for which there is a legal or insolvency procedure have been fully written down, while fixed write-down percentages have been applied to all the other receivables, again taking account of both legal and actual situations. Below is reported the summary statement of the changes in the Provision for bad debts.

(in thousands of Euro)	**Provision at 31 March 2016**	**Use**	**Accrual**	**Provision at 31 March 2017**
Provision for bad debts	1,304	(507)	440	1,237
Total Provision	**1,304**	**(507)**	**440**	**1,237**

Position of the loans

As required by IFRS 7, below is reported a breakdown of expired loans:

in thousands of Euro		**Loans falling due**	**Expired loans**			**Provision for bad debts**
31/03/2017	**Amount in the accounts**		**1- 60 days**	**61 - 120 days**	**Over 120 days**	
Dos	0	0	0	0	0	0
Wholesale	21,538	14,371	1,279	1,073	6,052	(1,237)
Subsidiaries	13,793	9,113	950	47	3,683	0
Total	**35,331**	**23,484**	**2,229**	**1,120**	**9,735**	**(1,237)**

in thousands of Euro		**Loans falling due**	**Expired loans**			**Provision for bad debts**
31/03/2016	**Amount in the accounts**		**1- 60 days**	**61 - 120 days**	**Over 120 days**	

Dos	0	0	0	0	0	0
Wholesale	23,570	16,366	2,091	969	5,447	(1,304)
Subsidiaries	6,213	664	815	753	3,982	0
Total	**29,783**	**17,030**	**2,906**	**1,722**	**9,429**	**(1,304)**

Liquidity risk

The financial requirements are affected by the dynamics of receipts from customers in the Wholesale channel, a segment which is mainly made up of points of sale/shops; as a consequence, credits are highly fragmented, with variable average payment times.
Nevertheless, the Company is able to finance the growing requirements of net working Capital with ease, through the cash flows generated by operations, including the short-term receipts generated by the DOS channel and, when necessary, through recourse to short-term loans.

Furthermore, policies and processes have been adopted which are aimed at optimising the management of financial resources, thus reducing liquidity risks:

i. maintaining an adequate level of available funds;
ii. obtaining adequate credit lines;
iii. monitoring the perspective liquidity conditions, in relation to the corporate process.

Liquidity schemes

Type of instruments	Amount in the accounts	Within 1 year	From 1 to 5 years	Beyond 5 years	Total
31/03/2017					
Payables to banks for Loans	18,963	5,827	13,676	0	18,963
Payables to banks for credit lines	0	0	0	0	0
Trade payables	14,788	14,788	0	0	14,788
Trade payables to Subsidiaries	0	0	0	0	0
Other borrowings (leasing)	1,431	600	831	0	1,431
Derivative liabilities for IRS contract	0	0	0	0	0
Derivative liabilities for USD forward contracts	0	0	0	0	0
Total	**35,182**	**20,675**	**14,507**	**0**	**35,182**

Type of instruments	Amount in the accounts	Within 1 year	From 1 year to 5 years	Beyond 5 years	Total
31/03/2016					
Payables to banks for Loans	14,744	7,967	7,152	0	15,119
Payables to banks for credit lines	0	0	0	0	0
Trade payables	11,871	11,871	0	0	11,871
Trade payables to Subsidiaries	4,569	4,569	0	0	4,569
Other borrowings (leasing)	2,037	669	1,477	0	2,146
Derivative liabilities for IRS contract	0	0	0	0	0
Derivative liabilities for USD forward contracts	0	0	0	0	0
Total	**33,221**	**25,076**	**8,629**	**0**	**33,705**

Below are reported the main assumptions for the table above:

(i) Loans payable: the future cash flows have been provided directly by the banks concerned;
(ii) Current bank accounts: by virtue of the worst case in which the worst scenario is equal to the repayment on demand of the use of the credit line, the related cash out has been charged to the first time band;
(iii) Foreign exchange forwards: the cash out in Euro has been reported which has been envisaged as per contract at the time of the subscription of the derivative instruments;
(iv) Finance leases: instalments, plus interest, have been reported.

As at 31 March 2017, the Group could rely on credit lines of about Euro 40,855 thousand (about Euro 36,456 thousand at 31 March 2016), of which unused lines of about Euro 21,912 thousand (about Euro 21,499 thousand at 31 March 2016) and on cash and cash equivalents of about Euro 15,288 thousand (Euro 10,214 thousand at 31 March 2016). As regards the balance of Current Assets, and specifically the coverage of payables to suppliers, it is also ensured by the amount of Net trade receivables, which amounted to Euro 27,747 thousand at 31 March 2017 (Euro 23,801 thousand at 31 March 2016).

MARKET RISK

Foreign exchange risk

The Company is subject to market risks arising from fluctuations in the exchange rates of the currencies, as it operates in an international context in which transactions, mainly those with suppliers, are settled in US Dollars (USD). It follows that the Company's net result is partially affected by the fluctuations in the Euro and US Dollars exchange rate.
The necessity to manage and control financial risks has induced the Management to adopt a risk containment strategy, better defined as "hedge accounting policy". This consists in continuously hedging the risks relating to purchases over a time period of six months on the basis of the amount of the orders issued that shall be settled in US dollars. This conduct can be classified as a "cash flow hedge" or the hedge of the risk of changes in the future cash flows; these flows can be related to assets or liabilities entered in the accounts or to highly probable future transactions. In compliance with IAS 39, the portions of profit or loss accrued on the hedging instrument, which is considered effective for hedging purposes, has been recognised directly in Equity under a special reserve.

During the financial year ended 31 March 2017, the Parent Company executed currency forward contracts for USD 11,750 thousand, equal to an aggregate counter-value of Euro 10,426 thousand, with an average exchange rate of USD 1.127.
During the financial year ended 31 March 2016, Piquadro S.p.A. executed currency forward contracts for USD 17,300 thousand, equal to an aggregate counter-value of Euro 15,252 thousand, with an average exchange rate of USD 1.134.

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

			Foreign exchange risk (FER)			
			+ 10% Euro/USD		- 10% Euro/USD	
	Book value	Of which subject to FER	Profits (Losses)	Other Changes in Equity	Profits (Losses)	Other Changes in Equity
Financial assets						
Cash and cash equivalents	13,346	197	(18)	0	22	0
Trade receivables	21,538	33	(33)	0	4	0
Receivables from subsidiaries	13,793	0	0	0	0	0
Derivative financial instruments	0	0	0	0	0	0
			(21)	0	26	0
Financial liabilities:						

Borrowings	19,503	0	0	0	0	0
Payables to other lenders for lease	1,431	0	0	0	0	0
Trade payables	14,788	2,959	(269)	0	329	0
Payables to subsidiaries	5,287	0	0	0	0	0
Derivative financial instruments	11	0	0	0	0	0
			(269)	0	329	0
Total increases (decreases) at 31/03/2017			**(290)**	**0**	**354**	**0**

			Foreign exchange risk (FER)			
			+ 10% Euro/USD		- 10% Euro/USD	
	Book value	Of which subject to FER	Profits (Losses)	Other Changes in Equity	Profits (Losses)	Other changes in Equity
Financial assets						
Cash and cash equivalents	8,478	740	(67)	0	82	0
Trade receivables	23,570	312	(28)	0	35	0
Receivables from subsidiaries	6,213	3,291	(299)	0	366	0
Derivative financial instruments	70	0	0	445	0	(388)
			(394)	445	483	(388)
Financial liabilities:						
Borrowings	14,744	0	0	0	0	0
Payables to other lenders for lease	2,037	0	0	0	0	0
Trade payables	11,871	1,767	(161)	0	196	0
Payables to subsidiaries	4,569	3,184	(289)	0	354	0
Derivative financial instruments						
			(450)	0	550	0
Total increases (decreases) at 31/03/2016			**(844)**	**445**	**1,033**	**(388)**

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

Interest rate risk

			Interest rate risk (IRR)			
			+ 50 bps on IRR		- 50 bps on IRR	
	Boo k valu e	Of which subject to IRR	Profits (Losses)	Other changes in Equity	Profits (Losse s)	Other changes in Equity
Financial assets:						
Cash and cash equivalents	13,34	13,346	67	0	(67)	0

	6					
Trade receivables	21,538	0	0	0	0	0
Receivables from subsidiaries	13,793	0	0	0	0	0
Derivative financial instruments	0	0	0	0	0	0
			67	0	(67)	0
Financial liabilities:						
Payables to banks for Loans	18,963	18,963	(95)	0	95	0
Payables to banks for credit lines	0	0	0	0	0	0
Trade payables	14,788	0	0	0	0	0
Payables to subsidiaries	5,287	0	0	0	0	0
Other borrowings (leasing)	1,431	1,431	(7)	0	7	0
Derivative financial instruments	11	0	0	0	0	0
			(102)	0	102	0
Total increases (decreases) at 31/03/ 2017			**(35)**	**0**	**35**	**0**

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

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

Capital risk Management

The Company manages the Capital with the objective of supporting the core business and optimising the value for Shareholders, while maintaining a correct structure of the Capital and reducing its cost.
Piquadro S.p.A. monitors the Capital on the basis of the gearing ratio, which is calculated as the ratio between net debt and Net Invested Capital.

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Net Financial Position	9,497	8,302
Equity	36,937	35,990
Net invested capital	46,434	44,292
Gearing ratio	**20.5%**	**18.7%**

Employee benefits

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

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

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

- the reclassification for Euro 32 thousand from the reserve of “Retained earnings” to the reserve for “Employee benefits” (classified under Other reserves), against actuarial effects recognised before 31 March 2013;

- the reclassification of actuarial effects relating to the FY 2012/2013, equal to Euro 6 thousand (including the related tax effect) from the profit for the period to the Statement of Comprehensive Income.

Provisions for risks and charges

Provisions for risk and charges cover certain or probable costs and charges of a fixed nature, whose timing or amount was uncertain at the closing date of the financial year. Provisions are recognised when: (i) it is probable that a current obligation (legal or constructive) exists as a result of past events; (ii) it is probable that the fulfilment of the obligation will require the payment of a consideration; (iii) the amount of the obligation can be estimated reliably. Provisions are entered at the value representing the best estimate of the amount that the Company would rationally pay to discharge the obligation or to transfer it to third parties at the closing date of the period. When the financial effect of time is significant and the payment dates of the obligations can be estimated reliably, the provision is discounted back; the increase in the Provision connected with the passage of time is charged to the Income Statement under item "Financial income (Charges)". The Provision for supplementary clientele indemnity, as well as any other Provisions for risks and charges, is allocated on the basis of a reasonable estimate of the future probable liability, taking account of the available elements and also taking account of the estimates made by independent third-party actuaries.

Income taxes

Taxes for the period represent the sum of current and deferred taxes.

Current taxes are determined on the basis of a realistic forecast of charges to be paid in the application of the tax regulations in force; the related debt is reported net of advances, taxes withheld and tax credits that can be offset, under item "Current tax payables". If there is a credit, the amount is reported under item "Current tax receivables " under current assets.

Deferred tax assets and liabilities are calculated on the temporary differences between the values of assets and liabilities entered in the accounts and the corresponding values recognised for tax purposes. Deferred tax assets are entered when it is probable that they will be recovered. Deferred tax assets and liabilities are classified under non-current assets and liabilities and are offset if they refer to taxes that can be offset. The balance of the set-off is entered under item "Deferred tax assets" if positive and under item "Deferred tax liabilities" if negative".
Both current and deferred taxes are recognised under item "Income tax expenses" in the Income Statement, except when these taxes are originated from transactions whose effects are recognised directly in Equity. In this case, the contra-entry of the recognition of the debt for current taxes, of deferred tax assets and liabilities is charged as a reduction in the Equity item from which the effect being recorded originated.
Deferred tax assets and liabilities are calculated on the basis of the tax rates which are expected to be applied in the tax year when these assets will be realised or these liabilities will be discharged.
Furthermore, for a better representation of the provisions laid down under "IAS 12 – Income Taxes" in relation to the offsetting of deferred taxation, the Group has deemed it appropriate to reclassify portions of deferred tax assets and liabilities where there is a legal right to setoff current tax assets and the corresponding current tax liabilities.

Currency translation

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

Revenue recognition

Revenues are recognised at the time of the transfer of all the risks and charges arising from the ownership of the transferred assets.
Revenues and income are recognised net of returns, discounts, allowances and premiums, as well as of the taxes connected to the sale or performance of services.

With reference to the main types of revenues achieved by the Company, they are recognised on the basis of the following criteria and as required by IAS 18:
Sales of goods - retail segment. The Company operates in the retail business through its own network of DOSs. Revenues are accounted for at the time of the delivery of the goods to the customers, when all the risks are substantially transferred. Sales are usually collected directly or through credit cards.
Sales of goods - Wholesale segment. The Company distributes products in the Wholesale market. The related revenues are accounted for at the time of the shipment of the goods, when all the risks are substantially transferred.
Performance of services. These revenues are accounted for proportionally to the state of completion of the service rendered as at the relevant date.
Sales based on repurchase commitments. Revenues and receivables from the buyer are recognised at the time of the delivery of the goods, while reversing the value of the sold goods from the assets. As at the reporting date, revenues and receivables are reversed on the basis of the sales made by the buyer in relation to the sold goods. The difference between the book value (which corresponds to the production cost) and the estimated resale value is recognised under the item "Inventories".

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

Cost recognition

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

Financial charges and charges from services are recognised on an accruals basis.

Use of estimates

The process of drawing up the financial statements involves the Management making accounting estimates based on complex and/or subjective judgements; these estimates are based on past experiences and assumptions that are considered reasonable and realistic on the basis of information known at the moment of making the estimate. The use of these accounting estimates affects the value of assets and liabilities and the disclosure on potential assets and liabilities as at the reporting date, as well as the amount of revenues and costs in the relevant period. The final results, or the actual economic effect that is recognised when the event takes place, of the financial statement items for which the abovementioned estimates and assumptions were used, may differ from those reported in the financial statements that recognise the effects arising from the event that is subject to estimation, due to the uncertainty that is characteristic of assumptions and the conditions on which the estimates are based.

Main estimates adopted by the Management

Below are briefly described the Accounting Standards which, more than others, require greater subjectivity on the part of the Directors in working out the estimates and for which a change in the conditions underlying the assumptions applied could have a significant impact on the consolidated financial data:

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

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

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

Provisions for legal and tax risks: provisions are made for legal and tax risks, if required, which represent the risk of being the losing party. The amount of the Provisions (if any) entered in the accounts statements relating to such risks represents the best estimate at that time made by Management. This estimate entails the adoption of assumptions which depend on factors which can vary over time and which could therefore have effects compared to the current estimated made by the Directors for the preparation of the financial statements.

Below are reported the critical accounting estimates of the process of drawing up the financial statements for which the Management has availed itself of the support and valuations of independent third-party experts (actuaries and financial advisors). Please note that future amendments (if any) to the conditions underlying the judgments, assumptions and estimates adopted could have an impact on the results of financial years after 2016/2017.

Actuarial calculation of defined-benefit pension plans: the estimates, demographic and economic-financial assumptions adopted, with the support of the valuations of an actuarial expert, in the actuarial calculation for the determination of defined-benefit plans within post-employment benefits are broken down as follows:

Annual rate of inflation	**Probability of exit of the employee from the Company**	**Probability of advance payments of the TFR**
1.75% for 2017 and 1.5% for 2016	Frequency of 0.15% for 2017 and 2.14% for 2016	3.50% for 2017 and 4.17% for 2016

Finally, it is specified that the actuarial valuations have been made by using the curve of the interest rates of the corporate securities with rating AA 10+.

Amendments to Accounting Standards

Accounting Standards, amendments and interpretations

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

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

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

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

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

Amendments to IFRS 10, IFRS 12 and IAS 28 "*Investment Entities: Applying the Consolidation Exception*" (published on 18 December 2014), containing amendments to address issues that have arisen following the application of the consolidation exception for investment entities.

Amendment to IAS 27 "*Equity Method in Separate Financial Statements*" (published on 12 August 2014): it introduced the option to use, in the separate financial statements of an entity, the equity method for the valuation of investments in subsidiary, jointly-controlled and associated companies.

Finally, within the annual improvements cycle involving the standards, the IASB published the document named "Annual Improvements to IFRSs: 2010-2012 Cycle" (including IFRS 2 *Share Based Payment – Definition of vesting conditions*, IFRS 3 *Business Combinations – Accounting for contingent consideration*, IFRS 8 *Operating Segments – Aggregation of operating segments* and *Reconciliation of total of the reportable segments' assets to the entity's assets*, IFRS 13 *Fair Value Measurement – Short-term receivables and payables*) on 12 December 2013 and the document named "Annual Improvements to IFRSs: 2012-2014 Cycle" (including: IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 – *Financial Instruments: Disclosures* and IAS 19 – *Employee Benefits*) on 25 September 2014, which partially supplement the pre-existing standards.

The adoption of the abovementioned amendments has not had any impact on the Group's consolidated financial statements.

Accounting standards, amendments and interpretations endorsed by the European Union but not yet applicable and not adopted in advance by the Company.

As at the reporting date of these Financial Statements, the competent bodies of the European Union had not yet completed the endorsement process required for the adoption of the amendments and standards described below.

IFRS 14 – Regulatory Deferral Accounts (published on 30 January 2014) only allows first-time adopters of IFRS to continue to recognise the amounts relating to activities subject to regulated rates (Rate Regulated Activities) according to the previous accounting standards adopted.
Since the Group is not a first-time adopter, this standard is not applicable.

IFRS 16 – Leases (published on 13 January 2016), which is intended to replace IAS 17 – *Leases*, as well as the interpretations IFRIC 4 - *Determining whether an Arrangement Contains a Lease*, SIC-15 - *Operating Leases - Incentives* and SIC-27 - *Evaluating the Substance of Transactions In the Legal Form of a Lease*.
The new standard provides a new definition of lease and introduces a control model (right of use) of an asset, distinguishing leases from service contracts, on the basis of whether the following key requirements are met, i.e. an identified asset, the right to substitute an identified asset, the right to obtain substantially all economic benefits from the use of the asset and the right to direct the use of the asset underlying the contract.
The standard establishes a single model for the disclosure and measurement of leases for lessee, which provides for the recognition of the asset involved in the lease, including operating leases, under assets against an entry under financial payables. It also ensures the possibility of not recognising contracts that involve low-value assets and leases with a term equal to or less than 12 months under leases. On the contrary, the Standard does not include significant amendments for lessors.
The standard shall apply as from 1 January 2019, but early application is permitted only for those Companies that apply IFRS 15 - *Revenue from Contracts with Customers* in advance.
An internal analysis is being started in relation to the major contracts in place, which will be aimed at gathering any information required to outline any foreseeable effect in terms of results of operations and financial position.

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

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

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

"Annual Improvements to IFRSs: 2014-2016 Cycle", published on 8 December 2016 (including IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters, IAS 28 Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice, IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the Standard), which partially make additions to the pre-existing standards.

IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (published on 8 December 2016). The purpose of the interpretation is to provide guidelines for transactions effected in foreign currency where non-cash prepayments or advances are stated in the accounts before the recognition of the related asset, cost or revenue. This document provides instructions on how an entity must set the date of a transaction, and, accordingly, the spot exchange rate to be used when foreign currency transactions take place, within which payments are made or received in advance. IFRIC 22 will be applicable from 1 January 2018, with early adoption permitted.

Amendment to IAS 40 "*Transfers of Investment Property*" (published on 8 December 2016). These amendments clarify the transfers of a property to, or from, investment property. Specifically, an entity must reclassify a property to, or from, investment property only when there is evidence that a change occurred in the intended use of the property. This change must be attributed to a specific event that has occurred and, therefore, it must not be limited to a change in the intentions of the entity's Management. These amendments will be applicable from 1 January 2018, with early adoption permitted.

Amendment to IFRS 10 and IAS 28 "*Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*" (published on 11 September 2014). The document was published for the purpose of solving the present conflict between IAS 28 and IFRS 10 relating to the measurement of profits or losses arising from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for an interest in the latter's capital. At present the IASB has suspended the application of this amendment.

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

COMMENTS ON THE ITEMS IN THE STATEMENT OF FINANCIAL POSITION

ASSETS

Non-current assets

The following statements have been prepared for the two classes of intangible assets and property, plant and equipment, which report, for each item, historical costs, the previous amortisation and depreciation, the changes that occurred in the last two financial years and the closing balances.

Note 1 – Intangible assets

The table below reports the opening balance, the changes that occurred in the FY 2015/2016 and FY 2016/2017 and the final balance of intangible assets:

(in thousands of Euro)	**Development costs**	**Industrial patent rights**	**Software, licences, trademarks and other rights**	**Other fixed assets**	**Fixed assets under development**	**Total**
Gross value	592	57	2,287	3,538	0	6,474
Amortisation fund	(592)	(52)	(1,953)	(1,765)	0	(4,362)
Net value at 31/03/2015	**0**	**5**	**334**	**1,773**	**0**	**2,112**
Increases for the period	0	0	207	0	17	224
Sales	0	0	0	0	0	0
Reclassifications	0	0	17	0	(17)	0
Write-downs	0	0	0	0	0	0
Amortisation	0	(3)	(207)	(218)	0	(428)
Gross value	592	57	2,511	3,538	0	6,698
Amortisation fund	(592)	(55)	(2,160)	(1,983)	0	(4,790)
Net value at 31/03/2016	**0**	**2**	**351**	**1,555**	**0**	**1,909**
Increases for the period	0	3	355	0	2	360
Sales	0	0	(1)	0	0	1
Reclassifications	0	0	0	0	0	0
Write-downs	0	0	0	0	0	0
Amortisation	0	(3)	(218)	(210)	0	(431)
Gross value	592	60	2,865	3,538	2	7,059
Amortisation fund	(592)	(58)	(2,378)	(2,193)	0	(5,221)
Net value at 31/03/2017	**0**	**2**	**487**	**1,345**	**2**	**1,836**

Increases in intangible assets, equal to Euro 360 thousand in the financial year ended 31 March 2017 (Euro 224 thousand at 31 March 2016), related to investments in software and IT products.
No intangible assets with an indefinite useful life are reported in the accounts.

In the course of the FY 2016/2017 no trigger events occurred as to the key moneys (Milan – Via della Spiga, Bologna - Piazza Maggiore, Rome – Cinecittà, Milan – Corso Buenos Aires, Milan - Assago, Pescara, Milan – Fiordaliso Shopping Mall, Verona – P.zza delle Erbe, Venice, Forte dei Marmi and Florence), which may provide evidence of potential impairment losses of the same.

Note 2 - Property, plant and equipment

The table below reports the opening balance, the changes that occurred in the FY 2015/2016 and 2016/2017 and the final balance of property, plant and equipment:

(in thousands of Euro)	**Land**	**Building**	**Plant and equipment**	**Industrial and business equipment**	**Other assets**	**Fixed assets under construction and advances**	**Total**
Gross value	878	6,284	2,563	11,519	366	0	21,610
Depreciation fund	0	(1,717)	(2,424)	(6,790)	(339)	0	(11,270)
Net value at 31/03/2015	**878**	**4,567**	**138**	**4,730**	**27**	**0**	**10,340**
Increases for the period	0	27	129	1,053	0	0	1,209
Sales	0	0	0	(14)	0	0	(14)
Depreciation	0	(196)	(59)	(1,117)	(6)	0	(1,378)
Write-down of gross value	0	0	(3)	(98)	0	0	(101)
Write-down of depreciation fund	0	0	2	51	0	0	53
Other changes in historical cost	0	0	0	0	0	0	0
Other changes in depreciation fund	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Gross value	878	6,311	2,689	12,460	366	0	22,704
Depreciation fund	0	(1,913)	(2,482)	(7,855)	(345)	0	(12,595)
Net value at 31/03/2016	**878**	**4,398**	**207**	**4,605**	**21**	**0**	**10,109**
Increases for the period	0	0	59	821	0	0	880
Sales	0	0	0	(246)	0	0	(246)
Depreciation	0	(211)	(65)	(1,121)	(6)	0	(1,403)
Write-down of gross value	0	0	(22)	(43)	0	0	(65)
Write-down of depreciation fund	0	0	22	41	0	0	63
Other changes in historical cost	0	0	0	0	0	0	0
Other changes in depreciation fund	0	0	5	0	0	0	5
Reclassifications	0	0	0	0	0	0	0
Gross value	878	6,311	2,726	12,992	366	0	23,273
Depreciation fund	0	(2,124)	(2,520)	(8,935)	(351)	0	(13,930)
Net value at	**878**	**4,187**	**206**	**4,057**	**15**	**0**	**9,343**

(in thousands of Euro)	Land	Building	Plant and equipment	Industrial and business equipment	Other assets	Fixed assets under constructio n and advances	Total
31/03/2017							

Increases in property, plant and equipment, equal to Euro 880 thousand in the financial year ended 31 March 2017 (Euro 1,209 thousand as at 31 March 2016), were mainly attributable to equipment and machinery for Euro 59 thousand, to furniture and fittings for Euro 746 thousand and to electronic office machines for Euro 61 thousand.

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

(in thousands of Euro)	31 March 2017	31 March 2016
Land	878	878
Buildings	3,974	4,167
Plant and machinery	15	18
Industrial and business equipment	18	39
Total	**4,885**	**5,084**

Note 3 – Equity investments

Below is the breakdown of the item:

(in thousands of Euro)	31 March 2017	31 March 2016
Piquadro España SLU	700	700
Piquadro Deutschland GmbH	0	0
Piquadro Hong Kong Co. Ltd.	0	0
Uni Best Leather Goods Zhongshan Co. Ltd.	258	258
Piquadro Trading Shenzhen Co. Ltd.	990	990
Piquadro Taiwan Co. Ltd.	491	491
Piquadro France SARL	95	2,495
Piquadro Swiss SA	3	3
Piquadro UK Limited	1,174	1,174
Piquadro USA INC.	890	890
OOO Piquadro Russia	472	140
The Bridge S.p.A. (*)	3,902	0
Total equity investments in subsidiaries	**8,976**	**7,142**
Equity investments in other companies	1	1
Total equity investments	**8,977**	**7,143**

(*) Company acquired on 20 December 2016.

The following statements specify the equity investments relating to subsidiaries, as well as any additional information required by article 2427 of the Italian Civil Code. The values refer to the last financial statements, as adjusted by IFRS entries.

Company name	HQ	Ownership %	Book value	Equity	Provision for write-down of equity investments
Piquadro España SLU	Barcelona	100%	700	799	0
Piquadro Deutschland GmbH	Munich	100%	0	45	0
Piquadro Hong Kong Co. Ltd.	Hong Kong	100%	0	118	0

Uni Best Leather Goods Zhongshan Co. Ltd.	Zhongshan	100%	258	605	0
Piquadro Trading Shenzhen Co. Ltd.	Shenzhen	100%	990	967	23
Piquadro Taiwan Co. Ltd.	Taipei	100%	491	935	0
Piquadro France SARL	Paris	100%	95	459	0
Piquadro Swiss SA	Mendrisio	51%	3	(296)	154
Piquadro UK Limited	London	100%	1,174	1,191	0
Piquadro USA INC.	New York	100%	890	932	0
OOO Piquadro Russia	Moscow	100%	472	747	0
The Bridge S.p.A. (*)	Scandicci	80%	3,902	(322)	0

(*) Company acquired on 20 December 2016.

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

(in thousands of Euro)	**Book value 31/03/2016**	**Increases**	**Write-downs**	**Other changes**	**Book value 31/03/2017**
Piquadro España SLU	700	0	0	0	700
Piquadro Deutschland GmbH	0	0	0	0	0
Piquadro Hong Kong Co. Ltd.	0	0	0	0	0
Uni Best Leather Goods Zhongshan Co. Ltd.	258	0	0	0	258
Piquadro Trading Shenzhen Co. Ltd.	990	0	0	0	990
Piquadro Taiwan Co. Ltd.	491	0	0	0	491
Piquadro France SARL	2,495	0	(2,400)	0	95
Piquadro Swiss SA	3	0	0	0	3
Piquadro UK Limited	1,174	0	0	0	1,174
Piquadro USA INC	890	0	0	0	890
OOO Piquadro Russia	140	332	0	0	472
The Bridge S.p.A. (*)	0	3,902	0	0	3,902
Total equity investments in subsidiaries	**7,142**	**4,234**	**(2,400)**	**0**	**8,976**
Equity investments in other companies	1	0	0	0	1
Total equity investments	**7,143**	**4,234**	**(2,400)**	**0**	**8,977**

(*) Company acquired on 20 December 2016.

The increase in non-current financial assets related to the payments on account of capital made in favour of Subsidiary OOO Piquadro Russia and to the acquisition of The Bridge S.p.A., as already referred to above .
The decrease in the equity investment held in Piquadro France SARL corresponds to the reduction in the subsidiary's share capital, equal to Euro 2,400 thousand, which took place during the period.

Note 4 - Receivables from others

Receivables from others (equal to Euro 292 thousand as at 31 March 2017 compared to Euro 308 thousand as at 31 March 2016) relate to guarantee deposits paid by the Company for various utilities, including those relating to the operation of Company-owned shops.

Note 5 – Deferred tax assets

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Deferred tax assets:		
- within 12 months	82	169
- beyond 12 months	851	759
	933	**928**
Deferred tax liabilities		
- within 12 months	60	86
- beyond 12 months	82	62
	142	**148**
Net Position	**791**	**780**

Below is reported the relevant change:

(in thousands of Euro)	31 March 2017	31 March 2016
Opening Net Position	**780**	**872**
Credit/(Debit) to the Income Statement	8	(73)
Credit/(Debit) to Equity	3	19
Total	**791**	**780**

Below are reported the main elements that make up deferred tax assets and deferred tax liabilities and their changes in the financial years ended 31 March 2017 and 31 March 2016:

Deferred tax assets	**31 March 2017**		**31 March 2016**	
(in thousands of Euro)	**Temporary differences**	**Tax effect (IRES+IRAP)**	**Temporary differences**	**Tax effect (IRES+IRAP)**
Deferred tax assets with effect through P&L:				
Provision for bad debts	998	278	1,141	286
Provision for obsolescence of inventories	516	139	611	168
Provisions for risks and charges	274	79	268	43
Amortisation and depreciation	648	155	550	139
Others	998	278	1,043	292
Total	**3,433**	**930**	**3,613**	**928**
Amount credited (debited) to P&L		*2*		*(169)*
Deferred tax assets with effect through Comprehensive Income:				
Hedging transactions (cash flow hedge)	11	3	0	0
Total	**11**	**3**	**0**	**0**
Amount credited (debited) to Comprehensive Income	*0*	*3*	*0*	*0*
Total tax effect	**3,434**	**933**	**3,613**	**928**

Deferred tax liabilities	**31 March 2017**		**31 March 2016**	
(in thousands of Euro)	**Temporary differences**	**Tax effect (IRES+IRAP)**	**Temporary differences**	**Tax effect (IRES+IRAP)**
Deferred tax liabilities with effect through P&L:				
Others	590	142	407	134
Total				**134**
Amount credited (debited) to P&L		*6*		*96*
Deferred tax liabilities with effect through Comprehensive Income:				

Hedging transactions (cash flow hedge)	0	0	70	19
Defined-benefit plans	0	0	(21)	(6)
Total				
Amount credited (debited) to Comprehensive Income		*0*		*0*
Total tax effect	**590**	**142**	**456**	**147**

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

Note 7 - Inventories

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

(in thousands of Euro)	**Gross value at 31 March 2017**	**Provision for write-down**	**Net value at 31 March 2017**	**Net value at 31 March 2016**
Raw materials	1,719	(159)	1,560	1,504
Semi-finished products	66	0	66	100
Finished products	10,150	(357)	9,793	12,189
Inventories	**11,935**	**(516)**	**11,419**	**13,793**

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

(in thousands of Euro)	**Provision as at 31 March 2016**	**Use**	**Accrual**	**Provision as at 31 March 2017**
Provision for write-down of raw materials	89	0	70	159
Provision for write-down of finished products	522	(165)	0	357
Total Provision for write-down of inventories	**611**	**(165)**	**70**	**516**

As at 31 March 2017 there was the recognition of a decrease of Euro 2,375 thousand in inventories compared to the corresponding values at 31 March 2016. This decrease was mainly attributable to a more streamlined management of inventories, despite a 0.8% increase in revenues compared to 31 March 2016.

Note 7 - Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Receivables from customers	22,775	24,874
Provision for bad debts	(1,237)	(1,304)
Current trade receivables	**21,538**	**23,570**

Gross trade receivables showed a balance of Euro 22,775 thousand at 31 March 2017, showing a decrease of Euro 2,099 thousand compared to the balance as at 31 March 2016. This decrease was mainly attributable to a better credit management and to lower average collection times.

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

(in thousands of Euro)	Provision at 31 March 2017	Provision at 31 March 2016
Balance at the beginning of the period	1,304	1,231
Accrual	440	269
Uses	(507)	(196)
Total Provision for bad debts	**1,237**	**1,04**

Furthermore, there was the recognition of losses from receivables in a total amount of Euro 113 thousand during the period.

Note 8 – Receivables from subsidiaries

Below is the breakdown of receivables from subsidiaries:

(in thousands of Euro)	31 March 2017	31 March 2016
Piquadro España SLU	241	599
Piquadro Deutschland GmbH	195	348
Piquadro Hong Kong Co. Ltd.	403	305
Uni Best Leather Goods Zhongshan Co. Ltd.	2,748	3,291
Piquadro Trading Shenzhen Co. Ltd.	0	0
Piquadro Taiwan Co. Ltd.	258	755
Piquadro Swiss SA	424	327
Piquadro France SARL	0	7
Piquadro UK Limited	2	7
OOO Piquadro Russia	1,003	491
Piquadro LLC	176	82
The Bridge S.p.A. (*)	8,343	0
Receivables from subsidiaries	**13,793**	**6,213**

(*) Company acquired on 20 December 2016.

The increase in receivables from Subsidiaries was mainly due to the new receivable from subsidiary The Bridge S.p.A., which was acquired on 20 December 2016. Specifically, this item concerns two loans disbursed at arm's length.

Note 9 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	31 March 2017	31 March 2016
Other assets	1,444	229
Accrued income and prepaid expenses	865	1,007
Other current assets	**2,309**	**1,236**

Other assets were mainly made up of an amount wrongly debited by a bank in March 2017 and credited in April 2017, equal to Euro 310 thousand, as well as of advances to suppliers for Euro 134 thousand and INAIL advances of Euro 126 thousand.
Accrued income and prepaid expenses mainly related to prepaid expenses on rents (Euro 355 thousand at 31 March 2017 against Euro 327 thousand at 31 March 2016) and advertising (Euro 363 thousand at 31 March 2017 against Euro 531 thousand at 31 March 2016).

Nota 10 – Derivative assets

No derivative assets were outstanding as at 31 March 2017.

Nota 11 – Tax receivables

As at 31 March 2017 tax receivables were equal to Euro 487 thousand, showing an increase compared to Euro 102 thousand in 2016. These receivables related to the excess advances paid by the Company for IRES and IRAP taxes with respect to the payable for current taxes for the period.

Note 12 – Cash and cash equivalents

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

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Available current bank accounts	13,275	8,418
Money, cash on hand and cheques	71	60
Cash and cash equivalents	**13,346**	**8,478**

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

LIABILITIES

Note 13 – Shareholders' Equity

a) Share capital

As at 31 March 2017, the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by 50,000,000 ordinary shares, fully subscribed and paid up, with regular enjoyment, with no indication of their par value.

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

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

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

(i) the permanence of the relationship of administration, subordinate employment or collaboration, as the case may be;

(ii) the achievement by the Piquadro Group of certain EBIT targets, expected respectively for the related financial year, with a normalized positive NFP;

(iii) the circumstance that the Piquadro shares as at the date of accrual were still listed in an Italian regulated market.

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

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

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

Other information on Equity

Below is the statement concerning Equity items, as broken down on the basis of their origin, distributability and availability, in compliance with the provisions under paragraph 7-bis) of Article 2427 of the Italian Civil Code (the values are expressed in thousands of Euro):

Description	Amount	Possible use	Available share	Distributable share	Other reserves Profit (Loss) for the period	
					Coverage	**Other**
Share Capital	1,000	B	0	0		
Capital reserves						
Share premium reserve	1,000	A,B,C	1,000	1,000		
Other reserves						
Fair value reserve	(8)		(8)	0		
Reserve for Employee Benefits	(45)		(45)	0		
Stock Option reserve	222		222	0		
Reserve from merger	(92)		(92)	0		
Other reserves on account of capital	958	A,B,C	958	958		
	1,035		**1,035**	**958**		
Revenue reserves						
Undivided profits						
Legal reserve	200	B	200	0		
Reserve of undivided profits	30,696	A,B,C	30,696	30,696		
	30,896		**30,896**	**30,696**		

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

a) Share premium reserve

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

b) Other reserves

Other reserves were equal to Euro 1,035 thousand and included the fair value reserve for derivative instruments (negative and equal to Euro 8 thousand), the reserve for actuarial gains (losses) on defined-benefit plans (negative and equal to Euro 54 thousand), the positive reserve which arose at the time of the contribution of the branch of business made on 2 May 2005 (equal to Euro 1,157 thousand) and the negative merger reserve (equal to Euro 92 thousand).

c) Profit for the period

This item relates to the recognition of the Company profit recorded, equal to Euro 3,006 thousand as at 31 March 2017.
During the financial year ended 31 March 2016, the Company's profit for the period, as resulting from the separate financial statements as at 31 March 2017, was allocated as follows:

- Euro 2,000 thousand to dividends, corresponding to earnings per share equal to about Euro 0.04 per share to 50,000,000 outstanding shares;
- Euro 1,818 thousand to profits carried forward as the legal reserve had achieved one fifth of the Share Capital.

Non-current liabilities

Note 14 – Borrowings

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

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Borrowings from 1 to 5 years	13,676	7,046
Borrowings beyond 5 years	0	0
Medium/long-term borrowings	**13,676**	**7,046**

Below is the summary of the capital quotas still to be repaid at 31 March 2017:

1. Euro 834 thousand relating to the unsecured loan granted by UBI – Banca Popolare Commercio & Industria on 30 July 2014 (for an initial amount of Euro 2,000 thousand), all of which are payable within twelve months;
2. Euro 551 thousand relating to the unsecured loan granted by Credem – Credito Emiliano on 12 November 2015 (for an initial amount of Euro 3,300 thousand), all of which are payable within twelve months;
3. Euro 342 thousand relating to the unsecured loan granted by UBI – Banca Popolare Commercio & Industria on 1 February 2016 (for an initial amount of Euro 2,500 thousand), all of which are payable within twelve months;
4. Euro 1,628 thousand relating to the unsecured loan granted by BPER BANCA on 26 March 2015 (for an initial amount of Euro 2,000 thousand), of which a current portion of Euro 497 thousand and a non-current portion of Euro 1,130 thousand;
5. Euro 2,376 thousand relating to the unsecured loan granted by Cassa di Risparmio in Bologna (for an initial amount of Euro 2,500 thousand) on 30 November 2016, of which a current portion of Euro 496 thousand and a non-current portion of Euro 1,881 thousand;
6. Euro 2,814 thousand relating to the unsecured loan granted by Credem – Credito Emiliano (for an initial amount of Euro 3,000 thousand) on 7 December 2016, of which a current portion of Euro 747 thousand and a non-current portion of Euro 2,067 thousand;
7. Euro 3,000 thousand relating to the unsecured loan granted by UniCredit (for an initial amount of Euro 3,000 thousand) on 10 January 2017, of which a current portion of Euro 746 thousand and a non-current portion of Euro 2,254 thousand;
8. Euro 3,000 thousand relating to the unsecured loan granted by Banca Monte dei Paschi di Siena (for an initial amount of Euro 3,000 thousand) on 30 January 2017, of which a current portion of Euro 300 thousand and a non-current portion of Euro 2,700 thousand;
9. Euro 5,000 thousand relating to the unsecured loan granted by Mediocredito Italiano S.p.A. on 22 March 2017, of which a current portion of Euro 1,333 thousand and a non-current portion of Euro 3,667 thousand.

Below is reported the breakdown of loans:

(in thousands of Euro)	**Date of granting of the loan**	**Initial amount**	**Currency**	**Current borrowings**	**Amort. cost (S/T)**	**Non-current borrowings**	**Amort. Cost (L/T)**	**Total**
UBI Loan	30 July 2014	2,000	Euro	834	0	0	0	834
Credem Loan	12 November 2015	3,300	Euro	551	0	0	0	551
UBI Stand By Loan	1 February 2016	2,500	Euro	342	0	0	0	342
BPER Loan	10 June 2016	2,000	Euro	497	(6)	1,130	(6)	1,616
Carisbo Loan	30 November 2016	2,500	Euro	496	(1)	1,881	(1)	2,374
Credem Loan	7 December 2016	3,000	Euro	747	0	2,067	0	2,814
Unicredit Loan	10 January 2017	3,000	Euro	746	0	2,254	0	3,000
MPS Loan	30 January 2017	3,000	Euro	300	0	2,700	(2)	2,998
Mediocredito Loan	22 March 2017	5,000	Euro	1,333	(12)	3,667	(15)	4,974
Bank advances			Euro	0	0	0	0	0
Payables to banks			Euro	0	0	0	0	0
				5,845	**(19)**	**13,699**	**(24)**	**19,503**

Note 15 – Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Non-current:		
Payables to leasing companies	831	1,431
Current:		
Payables to leasing companies	600	606
Payables to other lenders for lease agreements	**1,431**	**2,037**

Below is reported the following additional breakdown:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Payables to other lenders for lease agreements:		
Due within 1 year	600	670
Due from 1 to 5 years	831	1,477
Due beyond 5 years	0	0
Financial interest to be paid	(47)	(110)
Present value of payables to other lenders for lease agreements	**1,382**	**2,037**

As at 31 March 2017, payables to other lenders due beyond 12 months were equal to Euro 1,382 thousand (Euro 2,037 thousand at 31 March 2016), relating to the lease agreement initially entered into by Piqubo Servizi S.r.l., which was merged by incorporation into Piquadro S.p.A. by deed of 24 October 2008, with Centro Leasing S.p.A. in relation to the plant, land and the automated warehouse located in Località Sassuriano, Silla di Gaggio Montano (Province of Bologna).

Note 16 – Other non-current liabilities

Below is the related breakdown:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Other payables	2,209	0
Other non-current liabilities	**2,209**	**0**

"Other payables" include the deferred payment of the price of acquisition of The Bridge S.p.A., equal to Euro 1,482 thousand, and the value of the call option of the remaining stakes valued by an independent expert for Euro 727 thousand.

Note 17 - Provision for Employee Benefits

This item includes post-employment benefits measured by using the actuarial valuation method of projected unit credit applied by an independent actuary according to IAS 19.

Below are reported the changes that occurred in the course of the last two financial years in the Provision for TFR (which represents the entire value of the Provision for employee benefits), including the effects of the actuarial valuation:

(in thousands of Euro)	**Provision for TFR**
Balance at 31 March 2015	**295**
Financial charges	3
Net actuarial Losses (Gains) accounted for in the period	(7)
Indemnities paid in the financial year/Others	0
Balance at 31 March 2016	**291**
Financial charges	0
Net actuarial Losses (Gains) accounted for in the period	0
Indemnities paid in the financial year/Others	3
Balance at 31 March 2017	**294**

The actuarial criteria and assumptions used for calculating the Provision are indicated in the paragraph *Accounting Standards – Provision for employee benefits* in these Notes.

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

Note 18 – Provisions for risks and charges

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

(in thousands of Euro)	**Provision at 31 March 2016**	**Use**	**Accrual**	**Reclassifications**	**Provision at 31 March 2017**
Provision for clientele supplementary indemnity	943	(460)	58	0	541
Other Provisions for risks	268	(30)	160	(124)	274
Total	**1,211**	**(490)**	**218**	**(124)**	**815**

The "Provision for clientele supplementary indemnity" represents the potential liability with respect to agents in the event of the Company terminating agreements or agents retiring. The amount of the liability has been calculated by an independent actuary as at the reporting date.
The Provision for risks on equity investments was reclassified to "Equity investments in subsidiaries", as per the explanatory Note no. 3.
Other provisions for risks, equal to Euro 274 thousand mainly relate to the provision for risks on returns on sales equal to Euro 61 thousand, to provision for risks on repairs for Euro 10 thousand and to other provisions for risks on potential liabilities generated by current operations for Euro 203 thousand. Other Provisions also include probable tax liabilities of Euro 130,000, which were recognised in relation to the Report of Findings (PVC) which

has been dealt with in a previous section of these notes to the financial statements and relating to tax, interest and charges for tax advice services.

Current liabilities

Note 19 – Borrowings

As at 31 March 2017 borrowings were equal to Euro 5,287 thousand compared to Euro 7,698 thousand at 31 March 2016, for the breakdown, reference is made to Note 14 above. The balance is fully made up for the current portion of Payables to banks for loans.

Note 20 - Payables to other lenders for lease agreements

As at 31 March 2017 the amount of Euro 600 thousand (Euro 606 thousand at 31 March 2016) fully related to the current portion of Payables to leasing Companies in relation to the lease agreement involving the building of the Parent Company's operational headquarters.

Net Financial Position

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

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
(A) Cash	71	60
(B) Other cash and cash equivalents (available current bank accounts)	13,275	8,418
(C) Liquidity (A) + (B)	**13,347**	**8,478**
(D) Finance leases	(600)	(606)
(E) Current bank debt	310	0
(F) Current portion of current debt	(5,838)	(7,698)
(G) Current financial debt (D) + (E) + (F)	**(6,128)**	**(8,304)**
(H) Short-term Net Financial Position (C) + (G)	**7,218**	**175**
(I) Non-current bank debt	(13,676)	(7,046)
(L) Finance leases	(830)	(1,431)
(M) Payables to Il Ponte S.p.A. for the acquisition of The Bridge	(2,209)	0
(N) Non-current financial debt (I) + (L) + (M)	**(16,716)**	**(8,477)**
(O) Net Financial Position (H) + (N)	**(9,497)**	**(8,302)**

As at 31 March 2017, the Net Financial Position of Piquadro S.p.A. posted a negative value of Euro 9.5 million, showing a reduction of about Euro 1,199 thousand compared to the debt of about Euro 8.3 million recorded at 31 March 2016. The main reasons for the trend in the Net Financial Position are attributable to the following factors:

- A Free Cash Flow equal to about Euro 6.2 million generated in the period;
- Dividends paid in relation to the profit for FY 2015/2016 for Euro 2.0 million (with a payout equal to about 66.7% of the Company's profit);
- Investments in property, plant and equipment, for Euro 880 thousand and in intangible assets for Euro 360 thousand;

- An amount of Euro 4.2 million paid for the acquisition of The Bridge S.p.A. (of which an amount of Euro 1,675 million was settled at the time of the closing, an amount of Euro 2.2 million relating to payables for deferred payments, of which Euro 727 thousand for the call option concerning the remaining stake of the Company).

The payables to Il Ponte S.p.A. for the acquisition of The Bridge S.p.A., equal to Euro 2,209 thousand, are made up of deferred payments for the second discounted purchase tranche (Euro 1,482 thousand) and of the call option concerning the residual stake of The Bridge S.p.A., which was also discounted (equal to Euro 727 thousand).

Note 21 – Trade payables

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

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Payables to suppliers	14,788	11,871

As at 31 March 2017 payables to suppliers showed an increase of 24.7% compared to 31 March 2016, which was mainly due to the effect of the acquisition of The Bridge S.p.A..

Note 22 – Payables to subsidiaries

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

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Piquadro España SLU	142	63
Piquadro Deutschland GmbH	83	163
Piquadro Hong Kong Co. Ltd.	217	(70)
Uni Best Leather Goods Zhongshan Co. Ltd.	2,344	2,783
Piquadro Trading Shenzhen Co. Ltd.	714	714
Piquadro Taiwan Co. Ltd.	220	200
Piquadro France SARL	536	318
Piquadro UK Limited	309	246
OOO Piquadro Russia	448	72
Piquadro LLC	274	80
Payables to subsidiaries	**5,287**	**4,569**

The increase in payables to Subsidiaries was mainly attributable to the increase in the balances towards subsidiaries OOO Piquadro Russia and Piquadro LLC.

Note 23 – Derivative liabilities

Derivative liabilities amounted to Euro 11 thousand (no derivative liabilities were outstanding at 31 March 2016).
The Company hedges the exchange risk connected to purchases of raw materials in US dollars and for contract work done in China. In consideration for this risk, the Company makes use of instruments to hedge the risk attached to the related rate, trying to fix and crystallise the exchange rate at a level that is in line with the budget forecasts.
During the period there were no transfers between the various fair value levels. Furthermore, the effect on fair value measurement following the application of IFRS 13 concerning the inclusion of non-performance risks was not significant.

Note 24 - Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Payables to social security institutions	474	395
Payables to Pension funds	27	28
Other payables	3	3
Payables to employees	607	567
Advances from customers	84	65
Accrued expenses and deferred income	200	161
IRPEF tax payables and other tax payables	1,287	1,379
Other current liabilities	**2,681**	**2,598**

Payables to social security institutions (Euro 474 thousand) mainly relate to the payables due to INPS (equal to Euro 322 thousand), while payables to employees (equal to Euro 607 thousand) mainly included payables for remuneration and bonuses to be paid with respect to employees of the Company.

Note 25 – Tax payables

As at 31 March 2017 the advances paid by the Company for IRES and IRAP tax were higher than the actual current tax charge. For this reason, the Company did not record any tax payable.

COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

Note 26 – Revenues from sales

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

The Company's revenues are mainly realised in Euro.

Below is the breakdown of revenues by geographical area:

(in thousands of Euro)	**Revenues from sales 31 March 2017**	**%**	**Revenues from sales 31 March 2016**	**%**	**% Change 2017-2016**
Italy	53,456	79.5%	53,524	80.2%	(0.1%)
Europe	10,838	16.1%	9,467	14.2%	14.5%
Rest of the World	2,946	4.4%	3,743	5.6%	(21.3%)
Total	**67,240**	**100.0%**	**66,734**	**100.0%**	**0.8%**

Note 27 – Other income

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Charge-backs of transport and collection costs	129	149
Insurance and legal refunds	38	210
Revenues from sales at the corners	1	13
Other sundry income	593	639
Other income	**760**	**1,011**

Other income mainly related to chargebacks of transport and collection costs to customers, income from intermediation and other revenues.

Note 28 – Change in inventories

The change in inventories of raw materials was positive for Euro 220 thousand (positive for Euro 116 thousand as at 31 March 2016), while the change in inventories of semi-finished and finished products was negative for Euro 2,595 thousand (negative for Euro 575 thousand as at 31 March 2016).

Note 29 - Costs for purchases

The item essentially includes the cost of materials used for the production of the Company's goods and of consumables. As at 31 March 2017 costs for purchases were equal to Euro 18,895 thousand (Euro 18,596 thousand at 31 March 2016).

The table below reports the amount of purchases of raw and secondary materials, consumables and goods for resale, as well as the amount of other production costs incurred in a currency other than the Euro (a portion of these costs is classified under costs for services), the Euro counter-value of these purchases in foreign currency and their impact on the total purchases of raw and secondary materials, consumables and goods for resale.

	Currency amount	Average exchange rate	Amount in thousands of Euro	Currency amount	Average exchange rate	Amount in thousands of Euro
		31 March 2017			31 March 2016	
US Dollars	16,371,116	1.10	14,919	18,798,591	1.10	17,090
Total operating costs incurred in foreign currency			**14,919**			**17,090**

Overall, Piquadro S.p.A. incurred, in the FY 2016/2017, operating costs denominated in a currency other than the Euro for an equivalent amount of Euro 14,919 thousand, equal to 23.4% of the total operating costs (equal to Euro 63,660 thousand).

In the FY 2016/2017, Piquadro S.p.A. made forward purchases of US Dollars for an overall amount of USD 12.2 million (USD 17.3 million in the FY 2015/2016), including purchases in dollars made for the supplies of Uni Best Leather Goods Zhongshan Co. Ltd. (net of the sale of leather made by the Company towards the Chinese subsidiary), equal to a counter-value of about Euro 11.1 million at the average exchange rate prevailing in the FY 2016/2017 (about Euro 15.7 million at the average exchange rate prevailing in the FY 2015/2016); therefore 74.2% of the purchases in US Dollars made by the Company was covered (in relation to the FY 2015/2016, 92.0% of the purchases in US Dollars made by the Company was covered).

Note 30 - Costs for services and leases and rentals

Below is reported the breakdown of these costs:

(in thousands of Euro)	31 March 2017	31 March 2016
External production	7,808	10,756
Advertising and marketing	3,779	4,034
Transport services	3,183	3,420
Business services	2,880	2,974
Administrative services	823	797
Production services	5,545	5,127
Costs for leases and rentals	4,502	4,278
Costs for services and leases and rentals	**28,520**	**31,386**

Costs for leases and rentals mainly relate to lease rentals relating to the Company's shops.
External production showed a decrease compared to the previous year following a lower recourse to external suppliers for product manufacturing.

Note 31- Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	31 March 2017	31 March 2016
Wages and salaries	8,355	7,743
Social security contributions	2,218	2,116
TFR	521	488
Personnel costs	**11,095**	**9,640**

The table below reports the exact number of the staff members employed by the Company as at 31 March 2017 and 31 March 2016:

Units	**31 March 2017**	**31 March 2016**
Executives	5	4
Office workers	222	212
Manual workers	39	31
Total	**266**	**247**

Note 32 - Amortisation, depreciation and write-downs

In the FY 2016/2017, amortisation and depreciation were equal to Euro 2,275 thousand (Euro 2,123 thousand in the FY 2015/2016). Write-downs fully related to the Provision for bad debts from customers, as already commented in Note 7.

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Amortisation of intangible assets	432	428
Depreciation of property, plant and equipment	1,403	1,378
Provision for bad debts	440	269
Write-down of other non-current assets	0	48
Amortisation, depreciation and write-downs	**2,275**	**2,123**

Note 33 - Other operating costs

In the FY 2016/2017, other operating costs, equal to Euro 501 thousand (Euro 190 thousand in the FY 2015/2016) mainly related to charges generated from current operations.

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

The net accrual to the Provision for write-down of equity investments related to the adjustment to the value of the equity investments held in Piquadro Swiss S.A., Piquadro Trading Shenzhen Co. Ltd. and Piquadro USA INC.. This item is classified under other operating costs.

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Write-down of equity investments in subsidiaries	0	0
Revaluation of equity investments in subsidiaries	0	0
Accrual to the Provision for write-down of equity investments	53	21
Shares of profits (losses) from investee companies	**53**	**21**

Note 35 - Financial income

The amount of Euro 906 thousand in the FY 2016/2017 (Euro 762 thousand as at 31 March 2016) mainly related to interest receivable from customers for Euro 13 thousand, foreign exchange gains either realised or estimated for Euro 489 thousand (foreign exchange gains either realised or estimated at 31 march 2016 were equal to Euro 712 thousand) and, finally, to dividends from subsidiaries for Euro 339 thousand.

Note 36 - Financial charges

Below is the breakdown of financial charges:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Interest payable on current accounts	65	75
Interest and expenses subject to final payment	21	26
Financial charges on loans	100	233
Lease charges	25	26
Other charges	375	43
Net financial charges on defined-benefit plans	0	3
Foreign exchange losses (either realised or estimated)	312	202
Financial charges	**897**	**608**

The increase in financial charges, equal to Euro 897 thousand in FY 2016/2017, was mainly attributable to legal and tax advice costs for the acquisition of The Bridge S.p.A., equal to about Euro 334 thousand.

Note 37 – Income taxes

Below is reported the breakdown of income tax:

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
IRES tax	999	1,482
IRAP tax	333	343
Total current taxes	**1,332**	**1,825**

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

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Deferred tax liabilities	(6)	(96)
Deferred tax assets	17	169
Total deferred tax assets and liabilities	**11**	**73**

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

(in thousands of Euro)	**31 March 2017**	**31 March 2016**
Pre-tax result	4,349	5,716
Theoretical tax charge	27.5%	27.5%
Theoretical income taxes	1,196	1,572
Tax effect of permanent differences	(197)	(90)
Other changes	0	0
Total	**999**	**1,482**
IRAP tax	333	343
Current and deferred taxes in the accounts	**1,332**	**1,825**

Note 38 – Commitments

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

As at 31 March 2017, the Company had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2017/2018.

b) *Commitments on operating lease agreements*

As at 31 March 2017, the Company had executed contractual commitments which will entail future costs for rentals and operating leases which will be charged to the Income Statement on an accruals basis from the FY 2017/2018 onwards, mainly for the leases of DOS shops, as summarised in the table below:

(in thousands of Euro)	Within 12 months	From 1 to 5 years	Beyond 5 years	Total
	At 31 March 2017			
Property lease	0	0	0	0
Other leases	3,841	9,675	2,245	15,760
Total	**3,841**	**9,675**	**2,245**	**15,760**

Note 39 – Relations with related parties

Piquadro S.p.A., the Parent Company of the Piquadro Group, operates in the leather goods market and designs, produces and markets articles under its own brand. The Subsidiaries mainly carry out activities of distribution of products (Piquadro España SLU, Piquadro Hong Kong Co. Ltd., Piquadro Deutschland GmbH, Piquadro Trading – Shenzhen Co. Ltd., Piquadro Taiwan Co. Ltd., Piquadro France SARL, Piquadro Swiss SA and Piquadro UK Limited, Piquadro LLC and OOO Piquadro Russia), or production (Uni Best Leather Goods Zhongshan Co. Ltd.), as well as The Bridge S.p.A., which sells The Bridge-branded products.
The relations with Group companies are mainly commercial and regulated at arm's length. There are also financial relations (intergroup loans) between Piquadro S.p.A. and some Subsidiaries, conducted at arm's length.

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

Below is reported the breakdown of financial receivables from Subsidiaries:

Financial receivables *(in thousands of Euro)*	**31 March 2017**	**31 March 2016**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	0	36
Piquadro Deutschland GmbH	126	125
Piquadro Taiwan Co. Ltd.	75	75
Piquadro Hong Kong Co. Ltd.	3	3
Piquadro Swiss SA	173	169
OOO Piquadro Russia	209	200
The Bridge S.p.A.	8,344	0
Provision for write-down of receivables from subsidiaries	0	0
Total financial receivables from subsidiaries	**8,930**	**608**
Total financial receivables	**8,930**	**608**
% Impact	**100.0%**	**100.0%**

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

Trade receivables *(in thousands of Euro)*	**31 March 2017**	**31 March 2016**

Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	240	563
Piquadro Deutschland GmbH	69	224
Piquadro Hong Kong Co. Ltd.	400	302
Piquadro Taiwan Co. Ltd.	183	680
Uni Best Leather Goods Zhongshan Co. Ltd.	2,748	3,291
Piquadro Swiss SA	251	158
Piquadro France SARL	0	7
Piquadro UK Limited	3	7
Piquadro LLC	176	82
OOO Piquadro Russia	794	291
Total trade receivables from subsidiaries	**4,863**	**5,605**
Total trade receivables	**35,331**	**29,783**
% Impact	**13.8%**	**18.8%**

Trade receivables from Subsidiaries mainly relate to the sale of products for the subsequent distribution by directly-operated stores, and specifically of Uni Best Leather Goods Zhongshan Ltd, to the sale of raw materials (leather) purchased directly from the Company and then to be used in manufacturing processes.

Below is the breakdown of borrowings from Subsidiaries:

Borrowings *(in thousands of Euro)*	**31 March 2017**	**31 March 2016**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro France SARL	536	0
Total borrowings from subsidiaries	**536**	**0**
Total borrowings	**19,503**	**14,743**
% Impact	**2.7%**	**0.0%**

The table below provides the breakdown of trade payables to Subsidiaries, included in the item “Payables to subsidiaries”, as commented on in Note 21:

Trade payables *(in thousands of Euro)*	**31 March 2017**	**31 March 2016**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	142	63
Piquadro Deutschland GmbH	83	163
Piquadro Hong Kong Co. Ltd.	217	(70)

Piquadro Trading Shenzhen Co. Ltd.	714	714
Piquadro Taiwan Co. Ltd.	220	200
Uni Best Leather Goods Zhongshan Co. Ltd.	2,344	2,783
Piquadro France SARL	0	318
Piquadro UK Limited	309	246
Piquadro LLC	273	80
OOO Piquadro Russia	448	72
Total trade payables to Subsidiaries	**4,751**	**4,569**
Total trade payables	**20,075**	**16,439**
% Impact	**23.7%**	**27.8%**

Trade payables partly derive from the services rendered in relation to the Service Agreements executed with the subsidiaries Piquadro España SLU, Piquadro Deutschland GmbH, Piquadro France SARL, Piquadro Hong Kong Co. Ltd., Piquadro Trading Shenzhen Co. Ltd., Piquadro Taiwan Co. Ltd., Piquadro UK Limited, Piquadro LLC and OOO Piquadro Russia carried out on the basis of market values, and partly from the purchase of finished products realised by the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd..

Below is the breakdown of revenues from (direct and indirect) controlling Companies and from Subsidiaries:

Revenues *(in thousands of Euro)*	**31 March 2017**	**31 March 2016**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	920	642
Piquadro Deutschland GmbH	57	154
Piquadro Hong Kong Co. Ltd.	149	243
Piquadro Macau Limitada	0	(45)
Piquadro Taiwan Co. Ltd.	309	567
Uni Best Leather Goods Zhongshan Co. Ltd.	1,974	1,866
Piquadro Swiss SA	225	239
Piquadro France SARL	(66)	113
Piquadro UK Limited	159	199
Piquadro LLC	93	196
OOO Piquadro Russia	504	291
Total revenues from Subsidiaries	**4,324**	**4,465**
Total revenues	**67,240**	**66,734**
% Impact	**6.4%**	**6.7%**

Revenues from Subsidiaries essentially relate to the sale of leather products by the Company and the transactions were carried out at arm's length.

Below are reported the operating costs towards Subsidiaries:

Costs *(in thousands of Euro)*	**31 March 2017**	**31 March 2016**
Controlling companies		
Piqubo S.p.A.	75	75

Piquadro Holding S.p.A.	244	244
Subsidiaries		
Piquadro España SLU	321	310
Piquadro Deutschland GmbH	137	150
Piquadro Hong Kong Co. Ltd.	453	322
Piquadro Macau Limitada	0	2
Piquadro Trading Shenzhen Co. Ltd.	87	94
Piquadro Taiwan Co. Ltd.	727	560
Uni Best Leather Goods Zhongshan Co. Ltd.	7,476	8,969
Piquadro France SARL	63	512
Piquadro UK Limited	252	295
Piquadro LLC	908	694
OOO Piquadro Russia	662	72
Total costs towards Controlling Companies and Subsidiaries	**11,404**	**12,299**
Total operating costs	**63,660**	**62,183**
% Impact	**17.9%**	**19.8%**

Operating costs towards Subsidiaries mainly relate to the purchase of finished products made by the Company towards the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. and to the services rendered in relation to the so-called Service Agreements executed with the subsidiaries Piquadro España SLU, Piquadro Deutschland GmbH, Piquadro France SARL, Piquadro UK Limited, Piquadro Hong Kong Co. Ltd., Piquadro Trading Shenzhen Co. Ltd., Piquadro Taiwan Co. Ltd., Piquadro LLC and OOO Piquadro Russia, carried out on the basis of market values. All transactions were carried out at arm’s length.

Piqubo S.p.A., the ultimate Parent Company, charged Piquadro the rent relating to the use of the plant located in Riola di Vergato (Province of Bologna) as a warehouse.

On 29 June 2012, a lease agreement was entered into between Piquadro Holding S.p.A. and Piquadro S.p.A., concerning the lease of a property for office purposes located in Milan, Piazza San Babila no. 5, which is used as a show-room of Piquadro S.p.A.. This lease agreement has been entered into at arm’s length.

Below is reported the financial income from Subsidiaries:

Financial income *(in thousands of Euro)*	**31 March 2017**	**31 March 2016**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro Deutschland GmbH	1	1
Piquadro Swiss SA	4	4
Piquadro Hong Kong Co. Ltd.	0	3
OOO Piquadro Russia	8	1
The Bridge S.p.A.	24	0
Total financial income from Subsidiaries	**36**	**9**
Total financial income	**906**	**762**
% Impact	**4.0%**	**1.1%**

Below is the breakdown of financial costs to related Companies:

Financial costs *(in thousands of Euro)*	31 March 2017	31 March 2016
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro France SARL	1	0
Total financial costs to Subsidiaries	**1**	**0**
Total financial costs	**897**	**608**
% Impact	**0.0%**	**0.0%**

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

Below are reported the following financial relations with Piquadro Holding S.p.A.:

- in the FY 2016/2017, Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 1,367,448 relating to the profit for the FY 2015/2016;
- in the FY 2015/2016, Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 1,367,448 relating to the profit for the FY 2014/2015.

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

Fees due to the Board of Directors

Below are indicated the fees by name (including emoluments due to Directors and current and deferred remuneration, also in kind, by subordinate employment) due to the Directors and to the members of the Board of Statutory Auditors of Piquadro S.p.A. for the FY 2016/2017 for the performance of their duties in the Parent Company and other Group Companies, and the fees accrued by any Key Executives (as at 31 March 2017, the Directors had not identified Key Executives):

(in thousands of Euro)

First and last name	Position held	Period in which the position was held	Term of office	Fees for the position	Non-cash benefits	Bonuses and other incentives	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/16-31/03/17	2019	500	7	0	0	**507**
Pierpaolo Palmieri	Vice-Chairman– Executive Director	01/04/16-31/03/17	2019	250	4	0	0	**254**
Marcello Piccioli	Executive Director	01/04/16-31/03/17	2019	180	3	0	4	**187**
Roberto Trotta	Executive Director	01/04/16-31/03/17	2019	1)	3	0	136	**139**
Gianni Lorenzoni	Independent Director	01/04/16-25/07/16	2017	6	0	0	1	**7**
Anna Gatti	Independent Director	01/04/16-25/07/16	2017	6	0	0	1	**7**
Paola Bonomo	Independent Director	01/04/16-31/03/17	2019	18	0	0	2	**20**
Catia Cesari	Independent Director	26/07/16-31/03/17	2019	12	0	0	1	**13**
Barbara Falcomer	Independent Director	26/07/16-31/03/17	2019	12	0	0	1	**13**
				984	**17**	**0**	**146**	**1,147**

1) He waived the emolument for the period from 01/04/2016 to 31/03/2017.

Fees due to the Board of Statutory Auditors

(in thousands of Euro)

First and last name	Position Held	Period in which the position was held	Term of office	Fees in Piquadro	Other fees	Total
Pietro Michele Villa	Regular Member – Chairman	01/04/16-25/07/16 - 26/07/16-31/03/17	2019	22	0	**22**
Giuseppe Fredella	Regular Member	01/04/16-25/07/16 - 26/07/16-31/03/17	2019	19	0	**19**
Patrizia Riva	Regular Member	01/04/16-31/03/17	2019	17	0	**17**
				58	**0**	**58**

The Statutory Auditors are also entitled to receive the reimbursement of expenses incurred for the reasons of their position, which amounted to Euro 1,830 in the last financial year and the reimbursement of any charges relating to the National Social Security Fund.

Information required by Article 149-*duodecies* of the CONSOB Issuers' Regulation

Type of service	Entity performing the service	Fees *(in thousands of Euro)*
Statutory audit of annual and half-year accounts	Parent Company's Independent Auditors	115
Other services	Parent Company's Independent Auditors and network of the Parent Company's Independent Auditors	1
Subsidiary's Auditing	Parent Company's Independent Auditors and network of the Parent Company's Independent Auditors	35

Note 40 – Events after the year end

In addition to the information indicated above, no significant events were reported from 1 April 2017 up to today's date at the Company level.
On 31 May 2017 the Tax Police Unit of Bologna completed the tax audit that had been started on 1 February 2017, by issuing a Report of Findings (*Processo Verbale di Constatazione*, PVC). In analysing the objections raised in the PVC, the Company deemed appropriate, on a prudential basis, to recognise an amount of tax, sanctions and interest corresponding to that for which there is a risk of incurring future outlays, through profit or loss and against an entry under a provision for risks among liabilities.

Note 41 – Other information

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

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

First and last name	Position	Investee company	No. of shares owned at the end of the previous financial year	No. of shares purchased	No. of shares sold	No. of shares owned at the end of the current financial year
Marco Palmieri	Chairman CEO [(1)]	Piquadro S.p.A.	31,909,407	0	0	31,909,407
Pierpaolo Palmieri	Vice-Chairman-Executive Director [(2)]	Piquadro S.p.A.	2,276,801	0	0	2,276,801
Roberto Trotta	Executive Director	Piquadro S.p.A.	3,000	0	0	3,000

[(1)] At the end of the FY 2016/2017, the Chairman of the Board of Directors and CEO of Piquadro S.p.A., Marco Palmieri, owned a stake equal to 93.34% of the Share Capital of Piquadro Holding S.p.A., through Piqubo S.p.A., a Company wholly owned by the latter. Piquadro Holding S.p.A., in turn, owns 68.37% of the Share Capital of Piquadro S.p.A..
[(2)] At the end of the 2016/2017, the Vice-Chairman of the Board of Directors of Piquadro S.p.A., Pierpaolo Palmieri, owned a stake equal to 6.66% of the Share Capital of Piquadro Holding S.p.A., which in turn, owns 68.37% of the Share Capital of Piquadro S.p.A..

b) Sale transactions with a reconveyance obligation

As at 31 March 2017, the Company had no sale transactions in place subject to an obligation of reconveyance or repurchase of its own assets sold to third-party customers.

c) Information on the financial instruments issued by the Company

The Company did not issue financial instruments during the financial year.

d) Shareholder loans to the Company

The Company has no payables to Shareholders for loans.

e) Information relating to assets and loans intended for a specific business

The Company has not constituted assets intended for a specific business, nor has it raised loans intended for a specific business.

f) Indication of the controlling entity and information on the management and coordination activity pursuant to article 2497 of the Italian Civil Code

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

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

The undersigned Marco Palmieri, in his capacity as Chief Executive Officer, and Roberto Trotta, in his capacity as Financial Reporting Officer of Piquadro S.p.A., certify, also taking account of the provisions under Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- adequacy in relation to the characteristics of the Company and
- actual application,

of administrative and accounting procedures for the preparation of the separate financial statements in the course of the period from 1 April 2016 to 31 March 2017.

It is also certified that the separate financial statements as at 31 March 2017:

a) have been prepared in accordance with the applicable International Accounting Standards acknowledged by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
b) correspond to the results in the accounting books and records;
c) are suitable to give a true and correct representation of the equity, economic and financial position of the Issuer.

The Report on Operations includes a reliable analysis of the performance and of the result of operations, as well as of the position of the Issuer, together with a description of the main risks and uncertainties to which they are exposed.

Silla di Gaggio Montano (Bologna), 12 June 2017

Marco Palmieri
Chief Executive Officer
Signed: Marco Palmieri

Roberto Trotta
Financial Reporting Officer
Signed: Roberto Trotta

Below are reported, pursuant to art. 2429, last paragraph, of the Italian Civil Code, the highlights of the financial statements of the Subsidiaries included in the scope of consolidation

Distribution companies

Income Statement *(in thousands of Euro)*	**Piquadro España SLU**	**Piquadro Deutschland GmbH**	**OOO Piquadro Russia (g)**
Revenues and other income	2,312	242	2,103
Operating costs	(2,279)	(230)	(2,078)
Operating result	32	12	25
Financial income (charges)	0	(1)	98
Pre-tax operating result	32	11	123
Income taxes	(8)	(4)	(25)
Result for the period	**24**	**7**	**98**

Balance Sheet *(in thousands of Euro)*	**Piquadro España SLU**	**Piquadro Deutschland GmbH**	**OOO Piquadro Russia (g)**
Assets			
Non-current assets	316	3	480
Current assets	834	256	1,330
Total assets	**1,150**	**259**	**1,810**
Equity and liabilities			
Equity	799	45	747
Non-current liabilities	0	0	0
Current liabilities	351	214	1,063
Total Equity and liabilities	**1,150**	**259**	**1,810**

Income Statement *(in thousands of Euro)*	**Piquadro Swiss SA (d)**	**Piquadro France SARL**	**Piquadro UK Limited (e)**
Revenues and other income	420	1,441	787
Operating costs	(499)	(387)	(778)
Operating result	(79)	1,054	9
Financial income (charges)	(4)	2	11
Pre-tax result	(83)	1,056	20
Income taxes	20	(352)	(4)
Result for the period	**(63)**	**704**	**16**

Balance Sheet *(in thousands of Euro)*	**Piquadro Swiss SA (d)**	**Piquadro France SARL**	**Piquadro UK Limited (e)**
Assets			
Non-current assets	104	127	662
Current assets	257	687	545
Total assets	**361**	**814**	**1,207**
Equity and liabilities			
Equity	(296)	459	1,191
Non-current liabilities	0	0	0
Current liabilities	657	355	16
Total Equity and liabilities	**361**	**814**	**1,207**

Income Statement *(in thousands of Euro)*	**Piquadro Hong Kong Co. Ltd. (a)**	**Piquadro Trading Shenzhen Co. Ltd. (b)**	**Piquadro Taiwan Co. Ltd. (c)**
Revenues and other income	795	77	1,205
Operating costs	(791)	(353)	(1,198)
Operating result	4	(276)	7
Financial income (charges)	20	1	32
Pre-tax result	24	(275)	39
Income taxes	(4)	69	(7)
Result for the period	**20**	**(206)**	**32**

Balance Sheet *(in thousands of Euro)*	**Piquadro Hong Kong Co. Ltd. (a)**	**Piquadro Trading Shenzhen Co. Ltd. (b)**	**Piquadro Taiwan Co. Ltd. (c)**
Assets			
Non-current assets	158	10	317
Current assets	407	961	1,019
Total assets	**565**	**971**	**1,336**
Equity and liabilities			
Equity	117	967	930
Non-current liabilities	0	0	11
Current liabilities	448	4	395
Total Equity and liabilities	**565**	**971**	**1,336**

Income Statement *(in thousands of Euro)*	**Piquadro LLC (f)**	**Piquadro USA INC. (f)**
Revenues and other income	1,136	0
Operating costs	(1,129)	0
Operating result	7	0
Financial income (charges)	0	0
Pre-tax result	7	0
Income taxes	(3)	(4)
Result for the period	**4**	**(4)**

Balance Sheet *(in thousands of Euro)*	**Piquadro LLC (f)**	**Piquadro USA INC. (f)**
Assets		
Non-current assets	634	931
Current assets	485	7
Total assets	**1,119**	**938**
Equity and liabilities		
Equity	923	932
Non-current liabilities	0	0
Current liabilities	196	6
Total Equity and liabilities	**1,119**	**938**

Production companies

Income Statement *(in thousands of Euro)*	**Uni Best Leather Goods Zhongshan Co. Ltd. (b)**
Revenues and other income	7,452
Operating costs	(7,420)
Operating result	32
Financial income (charges)	(27)
Pre-tax result	5
Income taxes	(1)
Result for the period	**4**

Balance Sheet *(in thousands of Euro)*	**Uni Best Leather Goods Zhongshan Co. Ltd. (b)**
Assets	
Non-current assets	134
Current assets	4,110
Total assets	**4,244**
Equity and liabilities	
Equity	605
Non-current liabilities	0
Current liabilities	3,639
Total Equity and liabilities	**4,244**

The Bridge brand management company

Income Statement *(in thousands of Euro)*	**The Bridge S.p.A.**
Revenues and other income	5,084
Operating costs	(4,849)
Operating result	235
Financial income (charges)	(94)
Pre-tax result	141
Income taxes	(57)
Result for the period	84

Balance Sheet *(in thousands of Euro)*	**The Bridge S.p.A.**
Assets	
Non-current assets	4,163
Current assets	12,340
Total assets	16,503
Equity and liabilities	
Equity	(322)
Non-current liabilities	2,743
Current liabilities	14,082
Total Equity and liabilities	16,503

Currency	Average exchange rate (*)		Final exchange rate (*)	
	2017	2016	2017	2016
(a) Hong Kong Dollar (HKD)	8.51	8.56	8.31	8.83
(b) Renminbi (RMB)	7.38	7.02	7.36	7.35
(c) Taiwan Dollar (TWD)	34.84	35.48	32.46	36.60
(d) Swiss Franc (CHF)	1.08	1.07	1.07	1.09
(e) Great Britain Pound (GBP)	0.84	0.73	0.86	0.79
(f) US Dollar (USD)	1.10	1.10	1.07	1.14
(g) Russian Rouble (RUB)	69.23	82.66	60.31	76.31

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

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INDEPENDENT AUDITORS' REPORTPURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Piquadro S.p.A.

Report on the Financial Statements

We have audited the accompanying financial statements of Piquadro S.p.A., which comprise the statement of financial position as at March 31, 2017, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/05.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11 of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Piquadro S.p.A. as at March 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/05.

Other Matter

The financial statements of Piquadro S.p.A. for the period ended as of March 31, 2016 have been audited by other auditors that on June 24, 2016 expressed an unmodified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of Piquadro S.p.A., with the financial statements of the Piquadro S.p.A. as at March 31, 2017. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the financial statements of the Piquadro S.p.A. as at March 31, 2017.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Farioli
Partner

Bologna, Italy
June 23, 2017

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