

# EDIZIONE S.r.l.

Financial statements at December 31, 2012

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### **Edizione S.r.l.**

Calmaggiore, 23 - 31100 Treviso, Italy

Share capital: Euro 1,500,000,000 fully paid-in

Tax identification, VAT and Treviso Companies Register no. 00778570267

Treviso Chamber of Commerce (REA) no. 148942

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## Report of the independent auditors

## Corporate officers

### Board of Directors

Gilberto Benetton	Chairman
Carlo Benetton	Deputy Chairman
Gianni Mion	Deputy Chairman
Alessandro Benetton	Directors
Christian Benetton	
Giuliana Benetton	
Luciano Benetton	
Sabrina Benetton	
Franca Bertagnin Benetton	
Fabio Cerchiai	
Giovanni Costa	

### General Manager

Carlo Bertazzo

### Board of Statutory Auditors

Angelo Casò	Chairman
Giovanni Pietro Cunial	Auditors
Aldo Laghi	
Augusto Clerici Bagozzi	Alternate auditors
Andrea Amaduzzi	

### Independent auditors

KPMG S.p.A.

## Directors' Report

Dear Shareholders,

Edizione S.r.l.'s financial statements for the year ended December 31, 2012, which we submit for your approval, show net income of Euro 25.8 million (Euro 44.5 million in 2011).

Regarding investments, the most important event in 2012 was the launch of a voluntary tender offer on all Benetton Group shares at a price of Euro 4.60 per share, with a view to its delisting from the stock market. As a result of participation in the tender offer and the purchases made by the Company in the market, as of May 28, 2012 Edizione held a 90.38% interest which, with the 7.77% held by Benetton Group as treasury shares, constituted direct and indirect ownership of 98.15% of the share capital. This triggered a squeeze-out on all remaining shares in accordance with Art. 111 of the *Testo Unico della Finanza* (Finance Code). By way of the squeeze-out, Edizione acquired all of the shares outstanding and Borsa Italiana S.p.A. delisted Benetton Group from the market.

The total outlay for the Company was Euro 214.6 million, bringing net financial indebtedness at December 31, 2012 to Euro 416.7 million, compared with Euro 220.6 million at December 31, 2011.

The **reclassified income statement** below provides a more immediate view of 2012 versus the previous year:

<b>(Millions of Euro)</b>	<b>2012</b>	<b>2011</b>
Dividends and other income from equity investments	83.3	93.2
Revenues and other income	9.2	9.2
Capital gains and income from equity investments, net of capital losses	5.9	-
Operating costs	(14.0)	(14.2)
Depreciation, amortization and write-downs	(11.3)	(4.1)
Financial charges, net	(25.7)	(13.2)
Impairment of non-current financial assets, net	(22.5)	(28.6)
Value adjustments of securities under current assets, net	(0.3)	(2.1)
Other non-recurring income/(losses), net	0.1	0.1
Income tax for the year	1.1	4.3
<b>Income for the year</b>	<b>25.8</b>	<b>44.6</b>

The following is the list of dividends received in 2012 and 2011:

<b>(Millions of Euro)</b>	<b>2012</b>	<b>2011</b>
Schematrentaquattro S.r.l.	35.8	0.7
Sintonia S.p.A.	34.8	37.5
Pirelli & C. S.p.A.	6.1	3.7
Assicurazioni Generali S.p.A.	2.9	6.6
Eurostazioni S.p.A.	2.0	1.9
Mediobanca S.p.A.	0.9	3.2
Gruppo Banca Leonardo S.p.A.	0.5	2.1
Benetton Group S.p.A.	-	30.6
Schemaquattordici S.p.A.	-	6.5
Other minor equity investments	0.3	0.4
<b>Total</b>	<b>83.3</b>	<b>93.2</b>

**Revenues and other income** came to Euro 9.2 million, including a contribution of Euro 8.3 million in rent. The rest refers primarily to the reimbursement by Group companies of the emoluments paid to Edizione's directors and employees for serving on those companies' boards of directors.

**Operating expenses** are summarized below in comparison with the previous year:

<b>(Millions of Euro)</b>	<b>2012</b>	<b>2011</b>
Cost of services	8.9	10.2
Other operating costs and provisions	2.9	1.9
Personnel costs	2.2	2.1
<b>Total</b>	<b>14.0</b>	<b>14.2</b>

The **cost of services** consists mainly of the amount paid to the subsidiary Edizione Property for its property management services; of legal, tax and corporate advisory fees; of consulting fees for special projects; and of emoluments to directors and statutory auditors.

**Other operating costs and provisions** increased due to the higher amount of non-recoverable VAT (Euro 0.9 million, up from Euro 0.2 million in 2011) and IMU (municipal property tax), which rose from Euro 0.3 million the previous year to Euro 0.6 million.

**Amortization, depreciation and write-downs** increased due to the amortization of capitalized expenses relating to the new loan contract (Euro 2.6 million) and to impairment losses on some properties (Euro 5.4 million).

**Financial charges** at December 31, 2012 came to Euro 25.7 million (Euro 13.2 million the previous year), due to greater average indebtedness and the higher cost of borrowing.

**Impairment of non-current financial assets** refers to the investments in Mediobanca S.p.A., Prelios S.p.A., Verde Sport S.p.A. and Il Sole 24 Ore S.p.A., net of impairment reversals for Pirelli & C. S.p.A. and ACEGAS-APS S.p.A.

In 2007 Edizione opted for the National Consolidated Taxation System, with other Group companies, for the three years 2007, 2008 and 2009. This allows for the offsetting of positive and negative taxable income among participating companies. The specific transactions and procedures involving those companies are defined in a set of regulations signed by the parties, while risks and responsibilities are governed by law. In 2010, the option was renewed for 2010, 2011 and 2012 under essentially the same conditions.

The positive amount shown for **Income taxes**, Euro 1.1 million, consists of Euro 1.0 million as the estimated remuneration of Edizione's tax loss pertaining to 2012 (net of Euro 0.4 million used for the remuneration of gross operating profit) and Euro 0.5 million in deferred tax assets.

The **financial structure** at the end of 2012 and 2011 is presented below:

<b>(Millions of Euro)</b>	<b>12.31.2012</b>	<b>12.31.2011</b>
Equity investments	2,734.4	2,546.6
Other non-current securities and receivables	14.7	21.9
Property, plant and equipment and intangible assets	138.9	134.6
<b>Non-current assets</b>	<b>2,888.0</b>	<b>2,703.1</b>
Current receivables	51.9	39.6
Current payables	(38.7)	(23.7)
Other current financial assets	2.5	2.9
<b>Net working capital</b>	<b>2,903.7</b>	<b>2,721.9</b>
Provisions and medium-term liabilities	(1.5)	(1.6)
<b>Capital employed</b>	<b>2,902.2</b>	<b>2,720.3</b>
Net financial indebtedness	416.7	220.6
Shareholders' equity	2,485.5	2,499.7
<b>Source of fund</b>	<b>2,902.2</b>	<b>2,720.3</b>

## Equity investments

In 2012, in addition to the acquisition of the remaining shares of Benetton Group S.p.A. through a **Tender offer** at a total cost of Euro 214.6 million, the Company recapitalized its subsidiary Edizione Property S.p.A., and some capital reserves were distributed by various holdings.

The carrying value of the investment in Verde Sport S.p.A. was written down to equity value, as shown in the financial statements for the year ended December 31, 2012.

The carrying value of non-controlling investments in listed companies was adjusted to the 2012 average stock market price of ordinary shares, considering also the trend in market prices in early 2013. This entailed total impairment losses of Euro 39.2 million, and the reversal of impairment losses in the amount of Euro 16.4 million.

Below are details of the movements in equity investments during the year.



<b>(Millions of Euro)</b>	
<b>Value of equity investments at December 31, 2011</b>	<b>2,546.6</b>
Purchase Benetton Group S.p.A. shares	214.5
Capital contribution of Edizione Property S.p.A.	5.0
Reimbursement of Schematrentaquattro S.r.l. share premium reserve	(6.0)
Capital refund of Eurostazioni S.p.A.	(1.6)
Capital refund of Gruppo Banca Leonardo S.p.A.	(2.9)
Conversion in shares of Club Méditerranée bonds	6.2
Impairment reversal of Pirelli & C. S.p.A.	14.0
Impairment reversal of ACEGA-APS S.p.A.	2.3
Sale of Pirelli & C. S.p.A. shares	(4.9)
Impairment of Verde Sport S.p.A.	(3.9)
Impairment of Mediobanca S.p.A.	(27.0)
Impairment of Prelios S.p.A.	(6.6)
Impairment of Il Sole 24 Ore S.p.A.	(1.3)
<b>Value of equity investments at December 31, 2012</b>	<b>2,734.4</b>

## Other non-current securities and receivables

In 2012 a portion of the Club Méditerranée bonds held by the Company were converted into shares in the amount of Euro 6.2 million; further capital call payments were made to the mutual funds **21 Centrale Partners III** and **21 Investimenti II**, for a total outlay of Euro 2.1 million. After the sale of portfolio assets, a partial redemption was made by 21 Centrale Partners III to its investors, which in Edizione's case amounted to Euro 3.1 million.

At December 31, 2012, residual commitments amounted to Euro 7.8 million.

## Other current financial assets

Details of investments in listed companies held as current assets and their carrying values at December 31, 2012 and 2011 are as follows:

<b>(Millions of Euro)</b>	<b>12.31.2012</b>	<b>12.31.2011</b>
no. 2,799,000 shares Caltagirone Editore S.p.A.	2,5	2,9

The investment was written down by Euro 0.4 million, adjusting it to the 2012 average stock market price.

## Net financial indebtedness

The structure of Edizione's financial indebtedness can be summarized as follows:

<b>(Millions of Euro)</b>	<b>2012</b>	<b>2011</b>
Cash and cash equivalent	5.4	3.9
Financial receivables from subsidiaries	3.0	7.5
Medium and long-term loans	(420.0)	(230.0)
Financial payables to subsidiaries	(2.9)	(1.3)
Financial accrued income and pre-paid expenses	(2.2)	(0.7)
<b>Total</b>	<b>(416.7)</b>	<b>(220.6)</b>

To hedge the risk of interest rate fluctuations, the Company has taken out interest rate swaps expiring in November 2015, for a total nominal amount of Euro 350 million.

## Shareholders' equity

At December 31, 2012, Edizione's shareholders' equity amounted to Euro 2,485.5 million (Euro 2,499.7 million the previous year). A total of Euro 40.0 million in dividends was paid in 2012.

## Performance of the main subsidiaries and associates

The performance of Edizione's main subsidiaries and associates is briefly described below.

### Subsidiaries

#### **Benetton Group S.p.A. (controlling interest: 100%, including 7.774% in treasury shares)**

Key figures from the separate and consolidated financial statements of Benetton Group S.p.A. for the year ended December 31, 2012 are summarized below, with comparative figures from 2011.

	Benetton Group S.p.A. separate financial statements		Benetton Group consolidated financial	
<b>(Millions of Euro)</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Revenues	37.6	39.7	1,819.7	2,032.3
Income for the year	12.1	55.7	24.1	73.2
Shareholders' equity	934.2	914.6	1,513.6	1,506.7

Consolidated net revenues in 2012 came to Euro 1,819.7 million, compared with Euro 2,032.3 million the previous year, due primarily to:

- lower sales volumes caused by the poor economy, especially in Italy and Mediterranean Europe, and a schedule change for shipments of the spring/summer 2013 collection to customers, which were more concentrated in the early months of 2013;
- a less favourable collection mix, featuring merchandise categories of lower unit value.

The consolidated operating profit fell to Euro 59 million (Euro 137 million in 2011), amounting to 3.2% of revenues, down from 6.8% in 2011. This led to a substantial reduction in net income, only partially mitigated by the decrease in taxes.

#### **Edizione Property S.p.A. (controlling interest: 100%)**

This company provides primarily technical and real estate services, including to Edizione S.r.l., and closed the year 2012 with a loss of Euro 0.1 million (loss of Euro 1.6 million in 2011). Equity amounts to Euro 65.8 million (Euro 60.9 million at the end of the previous year).

Edizione Property's main subsidiary, Compañía de Tierras Sud Argentino S.A., at December 31, 2012 presented a net income of Ars 16.5 million (approximately Euro 2.8 million), compared with Ars 35.3 million in 2011.

**Edizione Realty Czech S.r.o. – Czech Republic (controlling interest: 100%)**

The financial statements at December 31, 2012 of this Prague-based real estate company closed with net income of Czk 1.7 million (about Euro 70 thousand), versus Czk 2.1 million the previous year.

**Maccarese S.p.A. società agricola (controlling interest: 100%)**

Key figures for this company are shown below, for the years ended December 31, 2012 and 2011.

(Millions of Euro)	2012	2011
Revenues	8.9	8.1
Income/(loss) for the year	(0.5)	(0.1)
Shareholders' equity	31.7	32.2

**Schematrentaquattro S.r.l. (controlling interest: 100%)**

The financial statements at December 31, 2012 of Schematrentaquattro S.r.l., parent company of Autogrill S.p.A., show a net income of Euro 41.6 million (Euro 35.8 million the previous year) due to dividends received from Autogrill S.p.A.

At the end of the year, shareholders'equity amounted to Euro 1,659.6 million, compared with Euro 1,659.8 million at December 31, 2011.

Key figures from the separate and consolidated financial statements of Autogrill S.p.A. for the year ended December 31, 2012 are summarized below, with comparative figures from the previous year.

(Millions of Euro)	Autogrill S.p.A. separate financial statements		Autogrill group consolidated financial statements	
	2012	2011	2012	2011
Revenues	1,162.0	1,292.2	6,077.6	5,844.6
Income/(loss) for the year	(14.6)	31.9	96.8	126.3
Shareholders' equity	686.4	769.8	848.7	799.4

The Autogrill group closed the year 2012 with consolidated revenues of Euro 6,077.6 million, showing an increase of 4.0% (-0.1% at constant exchange rates) with respect to 2011.

Most of the growth came from the Travel retail & duty-free business (+10%, or +5.2% at constant exchange rates), which benefited from the combined effect of an upturn in airport traffic and an increase in spending per passenger. Food & beverage reported a more limited increase in revenues (+1.3%, or -2.4% at constant exchange rates).

Consolidated Ebit came to Euro 252 million, a decrease of 4.4% (-8.4% at constant exchange rates) with respect to 2011, due in part to higher amortization and depreciation and to the write-down of goodwill on the group's Spanish food & beverage operations (Euro 16.7 million).

The parent company Autogrill S.p.A., which directly operates the non-airport business in Italy, reported a loss of Euro 14.6 million, caused by the trend in Italian motorway traffic, which grew steadily worse throughout the year and ultimately decreased by 7.1%.

On May 3, 2013 Autogrill's Board of Directors approved a partial and proportional demerger plan by which Autogrill will transfer all of its Travel retail & duty-free operations to the wholly-owned subsidiary World Duty Free S.p.A. (WDF). The purpose of the demerger is mainly industrial: the creation of two separate groups, focused respectively on Food & beverage and on Travel retail & duty-free, will allow each of them to concentrate more closely on their own strategies and improve their results leveraging their different strengths. Also, separation of the two segments could help the financial markets understand and thus independently evaluate each one's strategies, as well as facilitate any future mergers and acquisitions in their respective markets.

Due to be submitted for the approval of the company's shareholders on June 6, 2013, the demerger will be proportional, so that shares of the beneficiary company WDF will be assigned to Autogrill shareholders (and thus to the subsidiary Schematrentaquattro) on a one-to-one basis. At the moment it appears that the demerger could be effective at the end of September 2013.

#### **Schemaquattordici S.p.A. (controlling interest: 58.99%)**

Key figures for the year ended December 31, 2012 are presented below with comparative figures from 2011:

<b>(Millions of Euro)</b>	<b>2012</b>	<b>2011</b>
Income/(loss) for the year	(3.0)	(2.5)
Other securities and non-current receivables	8.8	13.4
Shareholders' equity	12.8	22.2

The loss for the year was affected by the impairment of investment fund units, included in Other securities and non-current receivables, in the amount of Euro 4.5 million.

Shareholders' equity decreased due mainly to the reimbursement of capital and the loss for the year.

**Sintonia S.p.A. (controlling interest 69.53%)**

Key figures for the year ended December 31, 2012 are presented below with comparative figures from the previous year:

<b>(Millions of Euro)</b>	<b>2012</b>	<b>2011</b>
Dividends and other income from equity investments	224.3	121.6
Other revenues and income	0.2	0.4
Operating costs	(8.9)	(7.8)
Net financial charges	(38.0)	(52.2)
Value adjustments of equity investments, net	(50.7)	-
Other extraordinary income/(expenses), net	(11.6)	-
Income for the year	(0.1)	-
<b>Income for the year</b>	<b>115.2</b>	<b>61.9</b>

On June 27, 2012 Sintonia's registered office and general management were officially transferred to Italy, a decision based on the global recession that began in 2008 and, more recently, on the European sovereign debt crisis, which had prevented Sintonia from achieving its initial objective of attracting new international investors to expand and diversify its investments in the infrastructure sector in Italy and internationally.

As part of a group streamlining project, with effect from October 4, 2012 Sintonia incorporated the wholly-owned subsidiaries Schemaventotto S.p.A., which held a 37.44% interest in Atlantia S.p.A., and Investimenti Infrastrutture S.p.A., which owned 25.27% of Gemina S.p.A. The merger was retroactively effective for accounting and tax purposes on January 1, 2012, so Sintonia's accounts for 2012 include the results of the incorporated companies until October 3, 2012.

The item most affected by this operation is **Dividends and other income from equity investments**, which include Euro 131 million in Atlantia dividends received directly by Sintonia and Euro 93 million in Atlantia dividends received by the incorporated company Schemaventotto.

**Operating costs** include payroll costs, legal, tax and corporate advisory fees, consulting fees for special projects and directors' and statutory auditors' fees. The increase on the previous year is due mainly to the cost of transferring the company to Italy and terminating employment contracts with personnel in Luxembourg.

**Net financial charges** came to Euro 38 million (Euro 52 million in 2011). The 2011 figure includes the negative fair value of derivative contracts (about Euro 11 million) that are no longer recognized as hedges as they refer to debt reimbursed at the end of 2011.

**Value adjustments of equity investments** refers essentially to SAGAT S.p.A., whose value was written down to the amount realized from the sale of the investment in January 2013.

**Other extraordinary expenses** consist mainly of Euro 12 million set aside for taxes in relation to a settlement on an audit on tax year 2001.

Net financial indebtedness at the end of the year stood at Euro 626 million, a reduction of Euro 136 million despite the payment of Euro 50 million in dividends.

In early 2013, indebtedness was further reduced through a capital increase of Euro 222 million paid in by the shareholder Pacific Mezz Investco S.à r.l. (Singapore), which now owns 17.68% of Sintonia. Edizione's controlling share now amounts to 66.4%.

On April 30, 2013 the extraordinary general meetings of Sintonia holdings Gemina S.p.A. and Atlantia S.p.A. approved a plan to have Gemina merged into Atlantia at the exchange ratio of one new ordinary Atlantia share for every nine ordinary Gemina shares and one new ordinary Atlantia share for every nine Gemina savings shares. The purpose of the merger is to create a leader in Italy and internationally in the business of motorway and airport concessions, with a view to sharing know-how, capacity and international presence and to building new opportunities for growth in the infrastructure sector.

On May 3, 2013, Gemina appointed a panel of independent experts to assist it in legal and technical investigations to help assess the possible impact on the exchange ratio of the filing of a civil claim by the Ministry of the Environment in the case lodged by the Public Prosecutor of Florence against some members of Autostrade per l'Italia S.p.A. At the outcome of these investigations, Gemina's Board of Directors will assess whether and what action to take in the context of the merger with Atlantia.

**Verde Sport S.p.A. (controlling interest: 100%)**

This company is active in competitive sports (rugby) and in the organization of sporting events. It closed the year with a loss of Euro 3.9 million (loss of Euro 0.7 million in 2011).

Shareholders' equity amounts to Euro 8.0 million (Euro 12.0 million at the end of the previous year).

## Related party transactions

Below is a summary of transactions during the year with direct and indirect subsidiaries and with associates:

(Thousands of Euro)	Receivables	Payables	Interest charges	Interest income	Costs of services received	Income from services rendered	Rental income	Other income and revenues
AdR - Aereoporti di Roma S.p.A.						25		
Allevamento San Giorgio S.r.l.	101							
Atlantia S.p.A.	6					4	6	
Autogrill S.p.A.	832	15,512			90	129	49	
Bencom S.r.l.	1,683	2,870					3,481	41
Benetton Group S.p.A.	25	6,642			53		229	92
Benetton Retail Italia S.r.l.		1,327						
Benind S.r.l.	7,416	3,427						
Edizione Alberghi S.r.l.	4						1,468	83
Edizione Property S.p.A.		1,135	1	56	2,000		145	
Edizione Realty Czech S.r.o.	422							
Fabrica S.p.A.	85	147			9			
Gemina S.p.A.						300		
Maccarese S.p.A. società agricola	257	250						
Milano Report S.p.A.	9	3,371					461	4
Nuova Sidap S.r.l.		200						
Olimpias S.p.A.	3,483	1,410						
Ponzano Children S.r.l.		77						
San Giorgio S.r.l.	288	1						
Schemaquattordici S.p.A.		1,701				5		
Schematrentatrè Srr.l.		10						
Schematrentaquattro S.r.l.	1,095	1,742	63			50		
Schematrentasei S.r.l.		12						
S.I.G.I. S.p.A.	692							
Sintonia S.p.A.	59	40				164	39	
Verde Sport S.p.A.	2,987			133				
Villa Minelli S.c.a.r.l.		38					5	
WDFG Italia S.p.A.		203						
<b>Total</b>	<b>19,444</b>	<b>40,115</b>	<b>64</b>	<b>189</b>	<b>2,152</b>	<b>677</b>	<b>5,883</b>	<b>220</b>

**Interest income and charges** concern Group intercompany accounts that charge interest at market rates.



As in previous years, the **cost of services** received from Edizione Property S.p.A. refers to the subsidiary's management of the real estate portfolio in 2012.

**Income from services** rendered consists primarily of the reimbursable fees for directorships held in affiliate companies by the Company's employees.

**Rental income** derives from the rental of properties and commercial assets.

**Receivables** and **payables** refer mainly to the subsidiaries participating in the National Consolidated Taxation System.

## Other information

No research and development costs, in the currently accepted meaning of the term, were incurred during the year given Edizione's activities as a holding company.

At December 31, 2012 Edizione S.r.l. did not hold own quotas, either directly or through trust companies or other intermediaries, and did not buy or sell any such quotas or shares during the course of the year.

The directors have opted for the extended deadline of 180 days from the end of the year to hold the annual general meeting, as permitted by Art. 7 of the Company by-laws and by Art. 2364 of the Civil Code. The extension was taken so that all information needed to prepare the consolidated financial statements would be available.

## Financial risk management

As mentioned earlier, the Company has decided to limit its exposure to interest rate risk by taking out hedging instruments on its medium and long term indebtedness (interest rate swaps) with a notional amount of Euro 350 million against the estimated average medium-term exposure; total exposure at December 31, 2012 was Euro 420 million.

There is essentially no exposure to liquidity risk as, given its cash flow generation and committed and uncommitted lines of credit, the Company believes that it has access to funds which meet the financial needs (amounts and timing) outlined in its investment plans.

Moreover, there is no significant credit risk, as the Company's receivables are due essentially from subsidiaries and present no collection problems.

## Significant events following the end of the financial year

No significant events have occurred since the close of the year.

## Outlook for 2013

On the basis of resolutions taken by Edizione's subsidiaries and associates, dividends are expected to decrease in 2013, while operating costs are likely to remain stable. Financial charges will increase substantially because of the additional debt taken on in 2012, which in 2013 will affect the entire year, and the greater use of new loans to replace the less costly credit lines that are due to expire.

## Proposed resolution

Dear Shareholders,

To conclude our report, we propose that you:

- approve the financial statements at and for the year ended December 31, 2012, as submitted to you, which show a net income of Euro 25,792,107;
- allocate Euro 1,289,605 of the net income to the legal reserve;
- pay a dividend of Euro 42,800,000, drawing Euro 18,297,498 from retained earnings.

Treviso, May 23, 2013

Gilberto Benetton  
Chairman of the Board of Directors

## Financial statements at December 31, 2012

- Balance sheet
- Income statement
- Explanatory notes
- Annexes to the explanatory notes

**BALANCE SHEET**

## ASSETS

(in Euro)	December 31, 2012	December 31, 2011
<b>A) UNPAID SUBSCRIBED CAPITAL</b>	-	-
<b>B) NON-CURRENT ASSETS</b>		
<b>I INTANGIBLE ASSETS</b>		
3) Industrial patent rights and intellectual property rights	500	900
7) Other intangible assets	12,580,338	660,674
<b>Total intangible assets</b>	<b>12,580,838</b>	<b>661,574</b>
<b>II PROPERTY, PLANT AND EQUIPMENT</b>		
1) Land and buildings	122,297,618	130,500,853
2) Plant and machinery	857,085	1,182,312
3) Industrial and commercial equipment	137,445	163,200
4) Other assets	8,521	30,461
5) Assets under construction and advances	3,011,770	2,046,644
<b>Total property, plant and equipment</b>	<b>126,312,439</b>	<b>133,923,470</b>
<b>III NON-CURRENT FINANCIAL ASSETS</b>		
<b>1) Equity investments in:</b>		
a) Subsidiaries	2,172,043,920	1,962,390,336
b) Associates	50,763,826	52,333,826
c) Other companies	511,628,066	531,880,468
<b>Total equity investments</b>	<b>2,734,435,812</b>	<b>2,546,604,630</b>
<b>2) Non-current receivables:</b>		
d) From third parties	11,903	12,737
<b>Total non-current receivables</b>	<b>11,903</b>	<b>12,737</b>
<b>3) Other securities</b>	<b>14,676,732</b>	<b>21,914,120</b>
<b>Total non-current financial assets</b>	<b>2,749,124,447</b>	<b>2,568,531,487</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,888,017,724</b>	<b>2,703,116,531</b>
<b>C) CURRENT ASSETS</b>		
<b>I INVENTORIES</b>	-	-
<b>II RECEIVABLES:</b>		
1) Trade receivables	208,220	292,017
2) From subsidiaries:		
- falling due in the next year	18,406,361	20,378,503
- falling due after the next year	1,040,721	12,593,636
	<b>19,447,082</b>	<b>32,972,139</b>
3) From associates	326,607	236,904
4 <sup>bis</sup> ) Tax receivables	28,837,728	7,523,612
5) Other receivables	6,038,747	6,037,867
<b>Total receivables</b>	<b>54,858,384</b>	<b>47,062,539</b>
<b>III CURRENT FINANCIAL ASSETS</b>		
4) Other equity investments	2,547,090	2,859,178
<b>Totale attività finanziarie</b>	<b>2,547,090</b>	<b>2,859,178</b>
<b>IV CASH AND CASH EQUIVALENT:</b>		
1) Bank and postal accounts	5,386,051	4,031,242
3) Cash in hand	8,847	7,356
<b>Total cash and cash equivalents</b>	<b>5,394,898</b>	<b>4,038,598</b>
<b>TOTAL CURRENT ASSETS</b>	<b>62,800,372</b>	<b>53,960,315</b>
<b>D) ACCRUED INCOME AND PREPAID EXPENSES</b>	<b>54,013</b>	<b>240,796</b>
<b>TOTAL ASSETS</b>	<b>2,950,872,109</b>	<b>2,757,317,642</b>

## SHAREHOLDERS' EQUITY AND LIABILITIES

(in Euro)		December 31, 2012	December 31, 2011
<b>A) SHAREHOLDERS' EQUITY</b>			
I	Share capital	1,500,000,000	1,500,000,000
II	Share premium reserve		-
III	Revaluation reserve	1,230,192	1,230,192
IV	Legal reserve	8,104,242	5,876,772
V	Statutory reserve	-	-
VI	Treasure share reserve	-	-
VII	Other reserves:		
	- Extraordinary reserve	5,179,444	5,179,444
	- Reserve under Art. I Law 169/83	79,923,421	79,923,421
	- Merger surplus reserve	826,024,989	826,024,989
	- Reserve under Law 904/77	1,368,640	1,368,640
	- Roundings	(1)	(1)
		<b>912,496,493</b>	<b>912,496,493</b>
VIII	Retained earnings	37,914,322	35,592,392
IX	Income/(loss) for the year	25,792,107	44,549,400
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,485,537,356</b>	<b>2,499,745,249</b>
<b>B) PROVISIONS FOR RISKS AND CHARGES</b>			
	2) Deferred tax liabilities	313,575	789,350
	3) Other	603,000	400,000
<b>TOTAL PROVISIONS FOR RISKS AND CHARGES</b>		<b>916,575</b>	<b>1,189,350</b>
<b>C) PROVISION FOR EMPLOYEE TERMINATION INDEMNITIES</b>		<b>574,646</b>	<b>541,128</b>
<b>D) PAYABLE</b>			
	4) Amounts due to banks		
	- falling due in the next year	195,000,000	30,119,242
	- falling due after the next year	225,000,000	200,000,000
		<b>420,000,000</b>	<b>230,119,242</b>
	7) Trade payables	531,434	527,068
	9) Amounts due to subsidiaries		
	- falling due in the next year	40,115,505	12,530,036
	- falling due after the next year	-	10,919,047
		<b>40,115,505</b>	<b>23,449,083</b>
	10) Payables to subsidiaries/associates		8,700
	12) Tax payables	428,700	534,877
	13) Amounts due to social security institutions	138,353	162,458
	14) Other payables	269,568	276,138
<b>TOTAL PAYABLES</b>		<b>461,483,560</b>	<b>255,077,566</b>
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>		<b>2,359,972</b>	<b>764,349</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>2,950,872,109</b>	<b>2,757,317,642</b>

<b>MEMORANDUM ACCOUNTS</b>	<b>December 31, 2012</b>	<b>December 31, 2011</b>
<b>GUARANTEES GRANTED BY THE COMPANY</b>		
Sureties granted on behalf of subsidiaries	5,800,000	17,400,000
	<b>5,800,000</b>	<b>17,400,000</b>
<b>GUARANTEES GRANTED BY THIRD PARTIES</b>		
Sureties granted by third parties	459,588	520,432
	<b>459,588</b>	<b>520,432</b>
<b>COMMITMENTS</b>		
Residual commitments in investment funds	7,874,438	8,523,755
	<b>7,874,438</b>	<b>8,523,755</b>
<b>TOTAL MEMORANDUM ACCOUNTS</b>	<b>14,134,026</b>	<b>26,444,187</b>

## INCOME STATEMENT

(in Euro)		December 31, 2012	December 31, 2011
<b>A) VALUE OF PRODUCTION</b>			
1)	Revenues from sales and services	8,330,643	7,786,626
2)	Changes in inventories of finished products	-	-
3)	Changes in inventories of work in progress	-	-
4)	Increases in non-current assets from internally generated costs	-	-
5)	Other revenues and income	3,044,620	1,398,030
<b>TOTAL VALUE OF PRODUCTION</b>		<b>11,375,263</b>	<b>9,184,656</b>
<b>B) COST OF PRODUCTION</b>			
6)	Raw materials, consumables and goods	-	-
7)	Services	8,940,680	10,161,997
8)	Leases, rentals and royalties	264,629	258,569
9)	Personnel costs:		
	a) wages and salaries	1,548,534	1,482,993
	b) social security contribution	476,665	459,235
	c) employee termination indemnities	120,554	123,598
	e) other costs	11,814	30,610
	<b>Total personnel costs</b>	<b>2,157,567</b>	<b>2,096,436</b>
10)	Amortization, depreciation and impairment:		
	a) amortization of intangible assets	2,733,316	743,614
	b) depreciation of property, plant and equipment	3,178,066	3,313,205
	c) impairment of non-current assets	5,424,713	-
	<b>Total amortization, depreciation and impairment</b>	<b>11,336,095</b>	<b>4,056,819</b>
11)	Change in inventories of raw materials, consumables and goods	-	-
12)	Provisions for risk	203,000	400,000
13)	Other provisions	-	-
14)	Other operating costs	4,618,199	1,326,894
<b>TOTAL COST OF PRODUCTION</b>		<b>27,520,170</b>	<b>18,300,715</b>
<b>DIFFERENCE BETWEEN PRODUCTION VALUE AND COST</b>		<b>(16,144,907)</b>	<b>(9,116,059)</b>
<b>C) FINANCIAL INCOME AND CHARGES</b>			
15)	Income from equity investments:		
	- income from subsidiaries	70,562,043	75,300,501
	- income from associates	1,983,433	1,884,000
	- income from other companies	10,774,455	15,984,430
	<b>Total income from equity investments</b>	<b>83,319,931</b>	<b>93,168,931</b>
16)	Other financial income:		
	b) income from securities held as financial fixed assets	239,383	410,206
	d) income other than above:		
	- from subsidiaries	188,529	352,443
	- other income	264,034	242,876
	<b>Total other financial income</b>	<b>691,946</b>	<b>1,005,525</b>
17)	Financial interests and other charges:		
	- from subsidiaries	(64,070)	(217,879)
	- other interest financial charges	(26,337,218)	(14,019,345)
	<b>Total financial interests and other charges</b>	<b>(26,401,288)</b>	<b>(14,237,224)</b>
17bis)	Foreign exchange gains and losses	-	62,477
<b>TOTAL FINANCIAL INCOME AND CHARGES</b>		<b>57,610,589</b>	<b>79,999,709</b>



(in Euro)		December 31, 2012	December 31, 2011
<b>D) VALUE ADJUSTMENTS OF FINANCIAL ASSETS</b>			
18)	Impairment reversals:		
	a) equity investments	16,367,948	29,288,652
19)	Impairment losses:		
	a) equity investments	(39,153,771)	(60,019,468)
<b>TOTAL VALUE ADJUSTMENTS OF FINANCIAL ASSETS</b>		<b>(22,785,823)</b>	<b>(30,730,816)</b>
<b>E) EXTRAORDINARY INCOME AND EXPENSES</b>			
20)	Income:		
	- gains on disposals	5,872,194	-
	- other extraordinary income	141,812	94,057
	<b>Total extraordinary income</b>	<b>6,014,006</b>	<b>94,057</b>
21)	Expenses:		
	- other	(13,661)	(39,236)
	<b>Total extraordinary expenses</b>	<b>(13,661)</b>	<b>(39,236)</b>
<b>TOTAL EXTRAORDINARY ITEMS</b>		<b>6,000,345</b>	<b>54,821</b>
<b>Income before taxes</b>		<b>24,680,204</b>	<b>40,207,655</b>
22)	Income taxes for the year, current, deferred and prepaid		
	- current taxes	636,128	3,865,970
	- deferred taxes	475,775	475,775
	- prepaid taxes	-	-
	<b>Total taxes</b>	<b>1,111,903</b>	<b>4,341,745</b>
<b>23) NET INCOME/(LOSS) FOR THE YEAR</b>		<b>25,792,107</b>	<b>44,549,400</b>

## Explanatory notes

### Company profile

Edizione S.r.l., directly and indirectly, holds long-term equity investments in companies active in Textile & clothing, Food & beverage, Travel retail & duty-free, Infrastructure & services for mobility, Real estate & agriculture, and other minor businesses. It also has its own real estate operations, consisting of the management of properties, which are mostly rented to its affiliates as business premises.

See the Directors' report for information on the performance of subsidiaries and associates, significant events after the close of the year and related party transactions.

### Form and content of the financial statements

The financial statements have been prepared in accordance with the Italian Civil Code and consist of the balance sheet, the income statement and these explanatory notes.

Annexed to the notes are the statements of changes in property, plant and equipment, intangible assets and equity investments, the list of equity investments in subsidiaries and associates pursuant to Civil Code Art. 2427, the statement of changes in Shareholders' equity, the equity reserve statement pursuant to Civil Code Art. 2427 (7 bis) and the statement of cash flows.

All amounts are expressed in Euro, unless otherwise specified. Any differences produced by rounding are recognized:

- in Other reserves under equity, where the balance sheet is concerned;
- in Extraordinary income or Extraordinary expenses where the income statement is concerned.

### Accounting standards and evaluation criteria

The accounting standards and evaluation criteria comply with the provisions of the Italian Civil Code governing the preparation of financial statements, interpreted and supplemented by the standards issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian accounting profession), as amended by the Organismo Italiano di Contabilità (OIC).

The accounting policies and criteria were agreed upon with the statutory auditors, where required by law, and do not differ from those used in previous years unless otherwise specified.

The Company has made no exceptions to standard rules pursuant to Civil Code Art. 2423 (4).

The most significant accounting policies used in the financial statements are reported below.

### **Intangible assets**

Intangible assets are carried at cost including ancillary expenses. They are shown net of amortization, calculated on a straight-line basis depending on the nature of the asset and its estimated useful life.

In the event of permanent impairment, an asset is written down to its estimated realizable value. Should the reasons for the writedown cease to exist in subsequent years, the impairment loss is reversed in whole or in part.

### **Property, plant and equipment**

These are recognized at purchase cost, including ancillary expenses and net of depreciation. The cost of certain assets includes economic and monetary revaluation made in previous years, in accordance with specific laws.

Depreciation is charged on a straight-line basis at rates deemed to reflect their estimated useful lives; the depreciation rate is halved for assets placed in service during the year. The annual depreciation rate for buildings is 3%, while most plant and equipment depreciates at 8% per year.

Costs for maintenance and repairs that generate an increase in value are allocated to the related assets and depreciated over their residual useful lives; costs for ordinary maintenance and repairs are recognized in the income statement.

No depreciation is charged on residential buildings, as regular maintenance ensures that their original utility is preserved.

Grants for plant and equipment are recognized the year they are approved by the grantor, and reduce the historical cost of the asset to which they refer. Depreciation is charged on the asset's historical cost, net of the grant received.

In the event of permanent impairment, an asset is written down to its estimated realizable value. Should the reasons for the write-downs cease to exist in subsequent years, the impairment loss is reversed in whole or in part.

### **Non-current financial assets - Equity investments**

These are recognized at purchase or subscription cost, including directly attributable charges, and are impaired for permanent loss in value in accordance with Civil Code Art. 2426. The original value is reinstated in future accounting periods should the reasons for such impairment cease to apply.

The investment in Benetton Group S.p.A. was revalued in 1983 in compliance with Law 72 of March 19, 1983, using the indirect method. The remaining revaluation amounts to Euro 431,218.

### **Receivables and payables**

Receivables are recognized at their estimated realizable value, while payables are recorded at nominal value. There are no receivables or payables with a residual maturity of more than five years.

### **Current financial assets**

Equity investments in other companies classified under Current financial assets are recognized at the lower of purchase cost and estimated realizable value, as deduced from stock market prices.

### **Accrued income, prepaid expenses, accrued expenses and deferred income**

Costs and income common to two or more financial years, the extent of which varies over time, are recognized in these items on an accruals basis.

### **Provisions for risks and charges**

Provisions for risks and charges cover certain or probable liabilities the amount or timing of which was unknown at the end of the year. Provisions reflect the best possible estimate on the basis of available information, even if acquired after the end of the financial period.

### **Provision for employee termination indemnities**

This covers the liability at year end, calculated by means of special indices, accrued to all employees in accordance with laws and collective employment contracts.

### **Dividends**

Dividends are recognized in profit or loss the year their payment is approved, which generally coincides with the year of receipt.

### **Hedges against interest and exchange rate risk**

The measurement basis of hedging contracts is consistent with that of the hedged liabilities, and the relative cash flows are recognized in the income statement on an accruals basis throughout the life of the individual contract.

The main factor considered when determining whether the derivatives outstanding at year end qualify as hedges is the correlation between the derivatives and the underlying liabilities' notional value and exchange or interest rates.

### **Recognition of income and costs**

Revenues, other income, costs and charges are recognized on an accruals basis.

## Foreign currency transactions

Receivables and payables originally expressed in foreign currency are translated into Euro on the transaction date. Any foreign currency receivables and payables outstanding at year end are shown at the exchange rate in force on the balance sheet date. Exchange gains and losses are recognized on a separate line of the income statement under the item **Foreign exchange gains and losses**. Any unrealized gains are recognized in a separate equity reserve, which cannot be distributed until realization takes place.

## Taxes

Income taxes reflect the tax charge forecast on the basis of current tax regulations.

Deferred tax assets and liabilities are recognized if the relevant conditions apply. Deferred tax assets accrue on costs and expenses not yet deductible at the end of the year, and are recognized if they are likely to be recovered in subsequent periods. Deferred tax liabilities are calculated on transactions to be taxed in future years, which may be the case for capital gains on the disposal of non-current financial assets.

Since 2007 Edizione S.r.l. has adopted, as the consolidating company, the **National Consolidated Taxation System**. This group taxation option is currently binding for the three-year period 2010, 2011 and 2012.

Transactions among the companies participating in the group tax election are governed by a set of regulations signed by all parties. Among other matters, the regulations require that compensation for the tax losses contributed to group taxation be paid by the ordinary deadline for paying the balance of taxes due for the year following that in which the losses are used.

At December 31, 2012, the following companies participated in the National Consolidated Taxation System (in alphabetical order):

1	Allevamento San Giorgio S.r.l.	11	Maccarese S.p.A. società agricola
2	Alpha Retail Italia S.r.l.	12	Nuova Sidap S.r.l.
3	Autogrill S.p.A.	13	Olimpias S.p.A.
4	Bencom S.r.l.	14	Ponzano Children S.r.l.
5	Benetton Group S.p.A.	15	S.I.G.I. S.r.l.
6	Benetton Retail Italia S.r.l.	16	San Giorgio S.r.l.
7	Benind S.p.A.	17	Schemaquattordici S.p.A.
8	Fabrica S.p.A.	18	Schematrentaquattro S.r.l.
9	La cantina delle nostre Ville Venete soc. agric. a r.l.	19	Schematrentatre S.r.l.
10	Milano Report S.p.A.		

## Comments on financial statement items

### Assets (all figures in thousands of Euro)

#### Non-current assets

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Intangible assets	12,581	662	11,919

The breakdown of this item and movements during the year are reported in an annex to these notes. The increase concerns the capitalization of expenses relating to the new loan taken out in February 2012.

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Property, plant and equipment	126,312	133,923	(7,611)

The breakdown of this item and movements during the year are reported in an annex to these notes, while the revaluations carried out on properties are listed in the "Other information" section.

In December 2012 the **Land and buildings** owned by the company underwent periodic appraisal, leading to Euro 5.4 million in impairment losses as a result of their decrease in value.

Also, during the year, project analysis and planning moved ahead in view of renovating the real estate complex in Venice known as "Fondaco dei Tedeschi", with the corresponding costs deferred to Assets under construction.

**Land and buildings** are comprised of stores and offices (25%), industrial land and buildings (74%) and residential properties (1%).

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Non-current financial assets: equity investments	2,734,436	2,546,605	187,831

Equity investments held at December 31, 2012 are listed in full, in accordance with Civil Code Art. 2427 (2), in an annex to these notes.

That list is supplemented by the following additional information:

- **Benetton Group S.p.A.:** the increase of Euro 214.6 million concerns the shares purchased under the **public tender offer** conducted in the spring of 2012;
- **Edizione Property S.p.A.:** the increase of Euro 5.0 million refers to a capital contribution;
- **Schemaquattordici S.p.A.:** during the year this company distributed capital reserves in the amount of Euro 6.5 million; Edizione S.r.l.'s share, Euro 3.9 million, was recognized as a capital gain since the carrying value of the investment was already zero;
- **Schematrentaquattro S.r.l.:** the decrease of Euro 6.0 million refers to the partial distribution of the share premium reserve;
- **Club Méditerranée:** the increase of Euro 6.2 million derives from the conversion into shares of bonds previously listed as other investment securities;
- **Gruppo Banca Leonardo S.p.A.:** the decrease of Euro 2.9 million reflects the distribution of capital reserves;
- **ACEGAS-APS S.p.A.:** impairment losses charged in previous years were partially reversed, in the amount of Euro 2.4 million;
- **Pirelli & C. S.p.A.:** the decrease of Euro 4.9 million corresponds to the sale of 783,793 shares to third parties, resulting in a capital gain of Euro 2.0 million; considering the persistent increase in stock prices, the impairment loss charged in 2008 was reversed in the amount of Euro 14.0 million.
- The subsidiary **Verde Sport S.p.A.** was written down to equity value, as reported in the company's financial statements for the year ended December 31, 2012;
- impairment losses were charged on the investments in **Il Sole 24 Ore S.p.A., Mediobanca S.p.A.** and **Prelios S.p.A.** to reflect market prices in 2012 and early 2013.

The table below contains the disclosures required by Civil Code Art. 2427 *bis* regarding equity investments whose fair value, determined on the basis of average stock market prices in December 2012, was less than their carrying value.

(Thousands of Euro)	Carrying value	Fair Value
<b>Non-current financial assets: equity</b>		
Assicurazioni Generali S.p.A.	202,482	194,500
Il Sole 24 Ore S.p.A.	1,627	1,410
Mediobanca S.p.A.	94,988	81,232
Prelios S.p.A.	1,816	1,633
<b>Current financial assets: equity</b>		
Caltagirone Editore S.p.A.	2,547	2,419

The information required by Civil Code Art. 2427 (5) is provided in an annex to these notes. It shows that some equity investments are recognized in the balance sheet at a carrying value exceeding Edizione's share of the net equity presented in their latest financial statements. In this regard, the value recognized for the investment in **Compañía de Tierras Sud Argentino S.A.** is supported by confirmation of the value of the assets held, while for other investments the differences are immaterial.

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Non-current financial assets: other securities	14,677	21,914	(7,237)

These are made up as follows:

(Thousands of Euro)	12.31.2012	12.31.2011	Change
21 Centrale Partners III investment fund shares	6,330	8,586	(2,256)
Club Méditerranée bonds	1,760	7,931	(6,171)
21 Investimenti II investment fund shares	6,587	5,397	1,190
<b>Total</b>	<b>14,677</b>	<b>21,914</b>	<b>(7,237)</b>

In 2012, the fund **21 Centrale Partners III** distributed Euro 5.3 million to Edizione, following the divestment of portfolio assets.

As for **Club Méditerranée** bonds, in 2012 Edizione converted a portion of these into 708,000 shares of the company. The item still includes 107,546 Club Méditerranée convertible bonds, purchased in October 2010 and maturing in November 2015.



## Current assets

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Receivables due from subsidiaries	19,447	32,972	(13,525)

These are comprised as follows:

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Edizione Property S.p.A.	-	4,373	(4,373)
Verde Sport S.p.A.	2,988	3,091	(103)
Edizione Realty Czech S.r.o.	422	972	(550)
Receivables due from other subsidiaries	449	375	74
Receivables from tax consolidation: 2010	-	11,567	(11,567)
Receivables from tax consolidation: 2011	13,248	12,594	654
Receivables from tax consolidation: 2012	2,340	-	2,340
<b>Total</b>	<b>19,447</b>	<b>32,972</b>	<b>(13,525)</b>

**Receivables from tax consolidation** are the sum of amounts due from the individual companies participating in the group tax consolidation which, for each of the tax periods covered above, had a net tax liability to the consolidating company Edizione S.r.l.

In detail:

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Benetton group	13,160	22,131	(8,971)
Autogrill group	687	1,163	(476)
Schematrentaquattro S.r.l.	1,095	587	508
Other subsidiaries	646	280	366
<b>Total</b>	<b>15,588</b>	<b>24,161</b>	<b>(8,573)</b>

<b>(Thousands of Euro)</b>	<b>12.31.2012</b>	<b>12.31.2011</b>	<b>Change</b>
Tax rceivables	28,838	7,524	21,314

These consist of:

<b>(in migliaia di euro)</b>	<b>12.31.2012</b>	<b>12.31.2011</b>	<b>Change</b>
IRES receivables from tax consolidation	8,920	3,046	5,874
IRES refund due under Art. 2 of Decree Law 201/2011	15,548	-	15,548
IRES refund due under Art. 6 of Decree Law 185/2008	2,974	2,974	-
Tax receivables from the mergee Edizione Holding S.p.A.	1,228	1,228	-
Interest income accrued on tax receivables	149	89	60
Others	19	187	(168)
<b>Total</b>	<b>28,838</b>	<b>7,524</b>	<b>21,314</b>

The **IRES (corporate income tax) refund due under Art. 2 of Decree Law 201/2011** concerns the possibility to deduct IRAP (regional business tax) relating to personnel expense for fiscal years 2007 through 2011 and to apply for a refund of the corresponding tax.

The **IRES refund due under Art. 6 of Decree Law 185/2008** concerns the option for companies to request the refund of the amount of tax corresponding to the IRAP not deducted in fiscal years 2004 through 2007.

Edizione S.r.l., as consolidating company, has submitted the refund applications concerning the subsidiaries participating in the tax consolidation; when the refund is received, it will distribute it to the various subsidiaries, with which it has recognized a payable of the same amount.

**Tax receivables from the mergee Edizione Holding S.p.A.** consist mostly of corporate income tax (IRPEG) to be refunded, and the related interest accrued.

<b>(Thousands of Euro)</b>	<b>12.31.2012</b>	<b>12.31.2011</b>	<b>Change</b>
Other receivables	6,039	6,038	1

These refers to Euro 6 million in public benefit contributions advanced to the City of Venice, which has placed the sum in an escrow account. Edizione may ask for full and immediate reimbursement, plus interest, if certain conditions are not satisfied.

<b>(Thousands of Euro)</b>	<b>12.31.2012</b>	<b>12.31.2011</b>	<b>Change</b>
Other equity investments	2,547	2,859	(312)

These concern 2,799,000 shares of the company **Caltagirone Editore S.p.A.**; an impairment loss has been charged to adjust the cost of the investment to the average stock market price in 2012.

## Liabilities (all figures in thousands of Euro)

### Shareholders' equity

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Share capital	1,500,000	1,500,000	-

No changes took place during the year.

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Revaluation reserve	1,230	1,230	-

These consist of Euro 1,215 for the revaluation reserve pursuant to Law 72/83 and Euro 15 for the revaluation reserve pursuant to Law 576/75. They originate from the reconstitution of reserves held by two merged companies, Edizione Holding S.p.A. (Euro 1,079) and Sintonia S.p.A. (Euro 151).

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Legal reserve	8,104	5,877	2,227

The increase refers to the allocation of one fifth of 2011 net income. The reserve consists entirely of income.

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Extraordinary reserve	5,179	5,179	-

This is a reserve consisting entirely of income, and shows no change since the previous year.

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Reserve under art. I Law 169/83	79,923	79,923	-

This reserve was reconstituted from the merged companies Edizione Holding S.p.A. (Euro 70,137) and Sintonia S.p.A. (Euro 9,786) and concerns the allocation made in accordance with Art. I of Law 169/1983, when part of the interest in the subsidiary **Benetton Group S.p.A.** was placed on the stock market in 1986.

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Merger surplus reserve	826,025	826,025	-

This is the residual surplus from the 2009 merger of the subsidiaries Edizione Holding S.p.A. and Sintonia S.p.A.

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Reserve under Law 904/77	1,369	1,369	-

This reserve was reconstituted from the merged companies Edizione Holding S.p.A. (Euro 1,201) and Sintonia S.p.A. (Euro 168).

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Retained earnings	37,914	35,592	2,322

This concerns the allocation of part of net income from 2011.

The statement of changes in equity and the equity reserve statement pursuant to Civil Code Art. 2427 (7 bis) are annexed to these notes.

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Provisions for risks and charges	917	1,189	(272)

For Euro 314 these refer to provisions for the deferred taxation of capital gains on the disposal of properties. The remaining Euro 603 concerns potential liabilities from litigation brought by former tenants.

The statement of deferred taxes, required by Civil Code Art. 2427 (14), is provided in the comment to the income statement item **Income taxes for the year**.

### Provision for employee termination indemnities

Movements during the year were as follows:

(Thousands of Euro)	2012	2011
<b>Opening balance</b>	<b>541</b>	<b>486</b>
Uses	(86)	(69)
Provisions	120	124
<b>Closing balance</b>	<b>575</b>	<b>541</b>

Uses refer to benefits paid during the year (Euro 16), and contributions to the **pension funds** of which certain employees are members (Euro 66).

### Payables

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Amounts due to banks	420,000	230,119	189,881

These are made up as follows:

(Thousands of Euro)	12.31.2012			12.31.2011			Change
	Within 12 months	Beyond 12 months	Total	Within 12 months	Beyond 12 months	Total	
Current accounts and short-term borrowings	-	-	-	119	-	119	(119)
Unsecured medium/long-term loans	195,000	225,000	420,000	30,000	200,000	230,000	190,000
<b>Total</b>	<b>195,000</b>	<b>225,000</b>	<b>420,000</b>	<b>30,119</b>	<b>200,000</b>	<b>230,119</b>	<b>189,881</b>

Debt of Euro 420 million refers to the following credit lines:

- for Euro 225 million, drawdown of an amortizing term loan, repayment of one third per year from 2015 with final payment due in February 2017;
- for Euro 145 million, drawdown of a revolving credit line totalling Euro 150 million, maturing in November 2013;
- for Euro 50 million, drawdown of a revolving credit line totalling Euro 100 million, maturing in November 2013.

The above credit lines require a certain ratio between Edizione's net indebtedness (including the debt of certain subholding companies) and the fair value of its equity investments. In 2012 this covenant was satisfied.

On February 29, 2012, Edizione S.r.l. subscribed to a new five-year loan of Euro 600 million, of which Euro 225 million constitutes a term loan to finance the Benetton voluntary tender offer and Euro 375 million a revolving credit line to finance the Company's ordinary needs. The funds were made available by Intesa Sanpaolo S.p.A., Mediobanca-Banca di Credito Finanziario S.p.A. and Unicredit S.p.A.

The term loan entails amortization of the amount disbursed in three tranches, starting from the end of the third year through the maturity of the loan.

Upon contracting the new credit lines, the Company cancelled a revolving line of Euro 300 million with Intesa Sanpaolo set to mature on July 27, 2012, and a revolving line of Euro 250 million with Unicredit set to mature on June 28, 2013.

The new loan is not secured, and requires certain disclosures and obligations by the Company that are in line with standard banking practices for loans of similar amounts and kinds. One of the main obligations is to maintain the above-mentioned ratio between the net financial indebtedness of Edizione (including some of its subholding companies) and the fair value of its equity investments below a certain threshold.

At December 31, 2012 Edizione S.r.l. had uncommitted credit lines of about Euro 100 million, and committed credit lines of Euro 850 million, of which Euro 430 million still undrawn. Details of the committed credit lines are as follows:

(Thousands of Euro)	Date of		Available	Drawn	Undrawn
	inception	Maturity			
Term Loan MB, ISP, UCI	02/29/12	02/28/17	225,000	225,000	-
Revolving MB, ISP, UCI	02/29/12	02/28/17	375,000	-	375,000
Revolving Banco Popolare	11/16/06	11/16/13	150,000	145,000	5,000
Revolving Banco Popolare	11/16/06	11/16/13	100,000	50,000	50,000
<b>Total</b>			<b>850,000</b>	<b>420,000</b>	<b>430,000</b>

At December 31, 2012 Edizione had interest rate swaps with a notional amount of Euro 350 million, maturing on November 30, 2015, which had a negative market value of Euro 37 million at the end of the year. These instruments are treated as hedges of estimated average medium-term exposure. Taking account of those instruments, the yearly weighted average cost of gross bank debt in 2012 was 7.14% (4.15% excluding the hedging instruments).

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Amounts due to subsidiaries	40,116	23,449	16,667

These are made up as follows:

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Payables to companies participating in the National Consolidated Taxation System	18,612	18,965	(353)
Payables for IRES refunds per Art. 2 of Decree Law 201/2011	15,548	-	15,548
Payables for IRES refunds per Art. 6 of Decree Law 185/2008	2,974	2,974	-
Schematrentaquattro S.r.l. - intercompany account	1,742	1,363	379
Edizione Property Sp.A. - intercompany account	1,092	-	1,092
Other payables	148	147	1
<b>Total</b>	<b>40,116</b>	<b>23,449</b>	<b>16,667</b>



Payables for **IRES refunds** concern the companies participating in the tax consolidation which, jointly with the consolidating company Edizione S.r.l., have filed for such a refund. Specifically, Euro 14.5 million refers to **Autogrill group** companies and Euro 4.0 million to companies in the **Benetton group**.

Edizione S.r.l.'s payment of these amounts to the companies in the tax consolidation is subordinate to its collection of the identical sum (listed under Tax receivables) from the Treasury.

Below are the details of **payables to companies participating in the National Consolidated Taxation System**:

<b>(Thousands of Euro)</b>	<b>12.31.2012</b>	<b>12.31.2011</b>	<b>Change</b>
Benetton group	15,223	13,472	1,751
Autogrill group	1,399	3,029	(1,630)
Schemaquattordici S.p.A.	1,701	1,654	1,654
Maccarese group	250	701	(451)
Others	39	109	(70)
<b>Total</b>	<b>18,612</b>	<b>18,965</b>	<b>1,254</b>

## Accrued expenses and deferred income

<b>(Thousands of Euro)</b>	<b>12.31.2012</b>	<b>12.31.2011</b>	<b>Change</b>
Accrued expenses	2,360	764	1,596

These consist almost entirely of premiums accrued on derivative contracts such as interest rate swaps and interest accrued on bank loans.

## Commitments, risks and other memorandum accounts

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Sureties granted on behals of subsidiaries	5,800	17,400	(11,600)

These consist of the surety given in 2009 on behalf of the indirect subsidiary **Benetton Rugby Treviso S.r.l.** so it would be allowed to participate in the Celtic League for three years, starting with the 2010-2011 season; the guarantee will expire in July 2013.

(Thousands of Euro)	12.31.2012	12.31.2011	Change
Commitments	7,874	8,524	(650)

These are the residual commitments in investment funds subscribed and not yet paid in. Payments will be made as required by the funds.

### **Guarantees granted upon the sale of Olimpia S.p.A. by the mergee Sintonia S.p.A.**

When the interest in Olimpia S.p.A. was sold to Telco S.p.A., all tax risks concerning periods up to the date of disposal remained the sellers' responsibility by contract.

The tax disputes currently in progress can be summarized as follows:

- In 2006, an assessment for fiscal year 2001 was received in relation to IRAP (regional business tax); the assessment was then cancelled by the Provincial Tax Commission. The Revenue Office appealed the decision with the Regional Tax Commission; in the second-instance decision of May 29, 2009, the Regional Commission once again rejected the claims of the Revenue Office. The State Prosecutor's Office, however, has filed an appeal with the Court of Cassation against which the Company has filed a counterclaim, for which a court date has not yet been set.
- In 2007 an assessment was received for fiscal year 2002, qualifying Olimpia as a "dummy company"; an appeal to the Provincial Tax Commission received a favourable ruling in early 2009 and the Revenue Office was also ordered to pay for the legal expenses. Nevertheless, the Revenue Office filed its own appeal, heard before the Regional Tax Commission, which again decided in the Company's favour; the Revenue Office has declined to appeal to the Court of Cassation, so the second-instance decision is now final.
- In 2008 an assessment was received for fiscal year 2003, again alleging that Olimpia was a "dummy company"; this, too, was appealed to the Provincial Tax Commission with a favourable

outcome. The Revenue Office has appealed to the Regional Tax Commission and the Company has filed its counterarguments. At the hearing of October 23, 2012, given the final outcome of the identical dispute regarding the previous tax year, the Revenue Office requested that discussion of the case be delayed until February 26, 2013; that delay was followed by a further postponement to September 24, 2013. The purpose of both delays is to waive the complaint subject to authorization from the regional Revenue Office of Lombardy.

- In 2009 the Revenue Office issued yet another assessment for fiscal year 2004, on the same "dummy company" grounds. In February 2010 an appeal was filed with the Provincial Tax Commission; the following October the Commission once again found in favour of the claimant. The Revenue Office appealed to the Regional Tax Commission and the Company filed its counterclaims. The discussion took place on May 30, 2012 with a decision in the Company's favour. This case, too, is now closed as the Revenue Office has declined to appeal to the Court of Cassation.

## Income statement (all amounts in thousands of Euro)

(Thousands of Euro)	2012	2011	Change
Revenues from sales and services	8,331	7,787	544

Revenues are broken down as follows:

(Thousands of Euro)	2012	2011	Change
Rents	8,049	7,492	557
Other real estate income	282	295	(13)
<b>Total</b>	<b>8,331</b>	<b>7,787</b>	<b>544</b>

(Thousands of Euro)	2012	2011	Change
Other revenues and income	3,045	1,398	1,647

Of the total, Euro 2,200 refers to income deriving from the exit cost paid for the early vacancy of rented premises (the same amount has been recognized under Other operating costs). The remaining amount consists of revenues from services rendered to direct and indirect subsidiaries and associates (Euro 668), real estate revenues (Euro 160) and other income (Euro 17).

(Thousands of Euro)	2012	2011	Change
Cost of services	8,941	10,162	(1,221)

These are made up as follows:

(Thousands of Euro)	2012	2011	Change
Company officers' emoluments	4,337	5,384	(1,047)
Property management and maintenance expenses	2,973	2,918	55
Consulting and professional services	559	739	(180)
Travel expenses	562	604	(42)
Telephones and other costs	149	136	13
Maintenance and cleaning	58	62	(4)
Other	303	319	(16)
<b>Total</b>	<b>8,941</b>	<b>10,162</b>	<b>(1,221)</b>

Property management costs include Euro 2.0 million paid to the subsidiary **Edizione Property S.p.A.** for managing the real estate business.

<b>(Thousands of Euro)</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Personell costs	2,158	2,096	62

At December 31, 2012 the Company had a workforce of 14 units (unchanged since the previous year), while the average number of employees by category was as follows:

<b>(in units)</b>	<b>2012</b>	<b>2011</b>
Executives	4	4
White collar	10	10

<b>(Thousands of Euro)</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Other operating costs	4,618	1,327	3,291

In detail:

<b>(Thousands of Euro)</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Exit cost for early vacancy of premises	2,200	-	2,200
Non-deductible VAT	870	165	705
Real estate tax (ICI/IMU)	630	271	359
Donations	621	628	(7)
Real estate operating cost	97	107	(10)
Membership fees	44	44	-
Other expenses	156	112	44
<b>Total</b>	<b>4,618</b>	<b>1,327</b>	<b>3,291</b>

**Exit cost for the early vacancy of premises** refers to the income of this nature recognized in Other revenues and income. The increase in **Non-deductible VAT** with respect to the previous year reflects the invoices received in connection with the tender offer on the shares of Benetton Group S.p.A.

<b>(Thousands of Euro)</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Income from equity investments	83,320	93,169	(9,849)

Details are as follows:

<b>(Thousands of Euro)</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Dividends from Schematrentaquattro S.r.l.	35,787	657	35,130
Dividends from Sintonia S.p.A.	34,763	37,507	(2,744)
Dividends from Pirelli & C. S.p.A.	6,130	3,746	2,384
Dividends from Assicurazioni Generali S.p.A.	2,932	6,596	(3,664)
Dividends from Eurostazioni S.p.A.	1,983	1,884	99
Dividends from Mediobanca S.p.A.	931	3,166	(2,235)
Dividends from Gruppo Banca Leonardo S.p.A.	505	2,121	(1,616)
Dividends from Benetton Group S.p.A.	-	30,635	(30,635)
Dividends from Schemaquattordici S.p.A.	-	6,492	(6,492)
Other dividends and income from equity investments	289	365	(76)
<b>Total</b>	<b>83,320</b>	<b>93,169</b>	<b>(9,849)</b>

<b>(Thousands of Euro)</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Other financial income	692	1,006	(314)

This is made up of:

<b>(Thousands of Euro)</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Interest income from bonds	239	410	(171)
Financial income from subsidiaries	189	352	(163)
Other financial income	264	244	20
<b>Total</b>	<b>692</b>	<b>1,006</b>	<b>(314)</b>

<b>(Thousands of Euro)</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Financial interests and other charges	26,401	14,237	12,164

In detail:

<b>(Thousands of Euro)</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Interest charges on loans	15,298	5,023	10,275
Financial charges from Interest Rate Swap	11,000	8,971	2,029
Interest charges from subsidiaries	64	218	(154)
Other financial charges	39	25	14
<b>Total</b>	<b>26,401</b>	<b>14,237</b>	<b>12,164</b>

Interest charges on loans increased by Euro 10,275 due to greater average indebtedness during the year and the higher cost of borrowing.

There were no unrealized exchange gains or losses at the end of the year.

<b>(Thousands of Euro)</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Impairment reversals of equity investments	16,368	29,289	(12,921)

These represent the reversal of impairment losses charged in prior years and refer to Pirelli & C. S.p.A. for Euro 14.0 million and to ACEGAS-APS for Euro 2.4 million.



<b>(Thousands of Euro)</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Impairment losses of equity investments	39,154	60,019	(20,865)

These refer to the following equity investments:

<b>(Thousands of Euro)</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Mediobanca S.p.A.	26,980	14,776	12,204
Prelios S.p.A.	6,638	1,508	5,130
Verde Sport S.p.A.	3,908	1,720	2,188
Il Sole 24 Ore S.p.A.	1,316	1,030	286
Caltagirone Editore S.p.A.	312	2,143	(1,831)
Assicurazioni Generali S.p.A.	-	28,833	(28,833)
Edizione Property S.p.A.	-	6,480	(6,480)
RCS Mediagroup S.p.A.	-	2,235	(2,235)
Acegas-APS S.p.A.	-	1,294	(1,294)
<b>Total</b>	<b>39,154</b>	<b>60,019</b>	<b>(20,865)</b>

<b>(Thousands of Euro)</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Non-recurring income: capital gains	5,872	-	5,872

As mentioned in the note to **Non-current financial assets: equity investments**, these concern the sale of **Pirelli & C. S.p.A.** shares for Euro 2.0 million and the distribution of capital reserves by the subsidiary **Schemaquattordici S.p.A.** for Euro 3.9 million.

<b>(Thousands of Euro)</b>	<b>2012</b>	<b>2011</b>	<b>Change</b>
Income taxes	1,112	4,342	(3,230)

These have been provided for as follows:

<b>(Thousands of Euro)</b>	<b>2012</b>	<b>2011</b>
Current taxes: IRES - remuneration of the tax loss	1,000	4,200
Current taxes: IRES - remuneration of R.O.L.	(364)	(334)
Deferred taxes: IRES	476	476
<b>Total</b>	<b>1,112</b>	<b>4,342</b>

Current taxes represent the estimated **remuneration of the tax loss** of Edizione S.r.l. that will be offset by the taxable income of the other companies participating in the National Consolidated Taxation System.

Deferred taxes, referring to temporary differences from the taxation of capital gains over five tax periods, originate from the reversal of the relevant provision recognized as a liabilities on the balance sheet.

The following table provides the information required by Civil Code Art. 2427 (14) regarding deferred taxes recognized in the financial statements:

<b>Statement under art. 2427 (14)</b>							
<b>(Thousands of Euro)</b>		<b>2011</b>			<b>2012</b>		
	<b>Amount of temporary differences</b>	<b>Tax rate</b>	<b>Tax liabilities at 12.31.2011</b>	<b>Amount of temporary differences</b>	<b>Tax rate</b>	<b>Tax liabilities at 12.31.2012</b>	<b>Reversal in 2012</b>
Capital gains taxed in more than one year (2008)	2,359	27,5%	163	2,359	27,5%	-	163
Capital gains taxed in more than one year (2009)	4,561	27,5%	626	4,561	27,5%	313	313
<b>Total</b>			<b>789</b>			<b>313</b>	<b>476</b>

## Other information

### Compensation of directors, statutory auditors and independent auditors

The following annual compensation is due to the directors, statutory auditors and independent auditors:

<b>(in Euro)</b>	<b>2012</b>	<b>2011</b>
Directors' emoluments	4,284,764	5,329,000
Statutory auditors' emoluments	52,500	52,500
Independent auditors' fees	83,215	80,935
<b>Total</b>	<b>4,420,479</b>	<b>5,462,435</b>

The independent auditors' fees consist of Euro 80,000 for auditing the annual accounts as required by law, and Euro 3,215 for other services.

### Information pursuant to Law 72 of March 19, 1983 (Art. 10)

Below are details of revaluations carried out on assets still held at December 31, 2012:

<b>(in Euro)</b>	
<b>Equity investments:</b>	
- revaluations under Law 72 / 1983	431.218
<b>Total</b>	<b>431.218</b>
<b>Property:</b>	
- revaluations under Law 576 / 1975	29,831
- revaluations under Law 72 / 1983	186,437
- revaluations under Law 413 / 1991	878,903
- revaluations from allocation of merger surplus	969,344
- economic revaluations	103,291
<b>Total</b>	<b>2,167,806</b>

## Related party transactions

Aside from those described in these notes and the Directors' report, there have been no other material transactions with related parties.

In any case, all related party transactions take place at arm's length.

Treviso, May 23, 2013

## **Annexes to the explanatory notes**

- **Statement of changes in intangible assets and property, plant and equipment**
- **Statement of changes in non-current financial assets: equity investments**
- **List of equity investments in subsidiaries and associates**
- **Statement of changes in Shareholders' equity**
- **Schedule pursuant to Art. 2427 (7 bis) of the Italian Civil Code**
- **Statement of cash flows**

**INTANGIBLE ASSETS**

(in Euro)	Carrying value at January 1, 2012				Increases		Decreases					Carrying value at December 31, 2012		
	Cost	Accumulated revaluations	Accumulated amortization	Net value	Additions	Reclassifications	Disposals			Impairments	Amortization for the year	Cost	Amortization	Net value
							Cost	Depreciations	Net value					
Industrial patent rights and intellectual property rights: software	15,442		14,542	900							400	15,442	14,942	500
Other intangible fixed assets	2,695,636		2,034,962	660,674	14,652,580						2,732,916	17,348,216	4,767,878	12,580,338
<b>TOTALE</b>	<b>2,711,078</b>	<b>-</b>	<b>2,049,504</b>	<b>661,574</b>	<b>14,652,580</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,733,316</b>	<b>17,363,658</b>	<b>4,782,820</b>	<b>12,580,838</b>

**PROPERTY, PLANT AND EQUIPMENT**

(in Euro)	Carrying value at January 1, 2012				Increases		Decreases					Carrying value at December 31, 2012		
	Cost	Accumulated revaluations	Accumulated amortization	Net value	Additions	Reclassifications	Disposals			Impairments	Amortization for the year	Cost	Amortization	Net value
							Cost	Depreciations	Net value					
Land and buildings	169,785,388	2,167,806	41,452,341	130,500,853						5,424,713	2,778,522	166,528,481	44,230,863	122,297,618 (a)
Plant and machinery	5,498,666		4,316,354	1,182,312							325,227	5,498,666	4,641,581	857,085
<b>Industrial and commercial equipment:</b>														
- Office furniture	452,225		448,546	3,679	12,000						1,934	464,225	450,480	13,745
- Office electronic machines	633,126		478,902	154,224	16,049	16,260	9,760	8,332	1,428		64,441	655,675	535,011	120,664
- Office furnishing	147,793		142,525	5,268							2,232	147,793	144,757	3,036
- Residential furnishing	469,737		469,737	-								469,737	469,737	-
- Other equipment	73,396		73,367	29							29	73,396	73,396	-
<b>Total industrial and commercial equipment</b>	<b>1,776,277</b>	<b>-</b>	<b>1,613,077</b>	<b>163,200</b>	<b>28,049</b>	<b>-</b>	<b>9,760</b>	<b>8,332</b>	<b>1,428</b>	<b>-</b>	<b>68,636</b>	<b>1,810,826</b>	<b>1,673,381</b>	<b>137,445</b>
Other assets	203,085		172,624	30,461		(16,260)					5,680	186,825	178,304	8,521
Fixed assets in progress and advances	2,046,644			2,046,644	965,126							3,011,770		3,011,770
<b>TOTAL</b>	<b>179,310,060</b>	<b>2,167,806</b>	<b>47,554,396</b>	<b>133,923,470</b>	<b>993,175</b>	<b>-</b>	<b>9,760</b>	<b>8,332</b>	<b>1,428</b>	<b>5,424,713</b>	<b>3,178,065</b>	<b>177,036,568</b>	<b>50,724,129</b>	<b>126,312,439</b>

(a) of which revaluations: Euro 2.167.806

**NON-CURRENT FINANCIAL ASSETS: EQUITY INVESTMENTS**

(in Euro)

	Carrying value at January 1, 2012			Increases			Adjustments	Decreases		Carrying value at December 31, 2012		
	Cost	Revaluations/(Accumulated impairment)	Value at January 1, 2012	Acquisitions and incorporations	Capital increases and other movements	Reversals of impairments		Disposals, capital repayments and other	Impairments	No. of shares	Percentage held	Balance sheet value
<b>Subsidiaries</b>												
Benetton Group S.p.A.	8,814,848	431,218	9,246,066	214,556,804						168,477,430	100.00	223,802,870 <sup>(1) (2)</sup>
C.ia de Tierras Sud Argentino S.A.	3,062,992		3,062,992							10,350,000	5.00	3,062,992
Edizione Property S.p.A.	96,716,563	(35,798,822)	60,917,741		5,000,000					170,000	100.00	65,917,741
Edizione Realty Czech S.r.o.	988,596		988,596							-	100.00	988,596
Maccarese S.p.A. società agricola	32,396,959		32,396,959							31,135,805	100.00	32,396,959
Realty Capri S.r.l.	125,588		125,588							-	100.00	125,588
San Giorgio S.r.l.	10,544,013		10,544,013							-	100.00	10,544,013
Schemaquattordici S.p.A.	-		-							62,972,033	58.99	-
Schematrentatre S.r.l.	21,000		21,000							-	100.00	21,000
Schematrentaquattro S.r.l.	2,024,374,247	(400,000,000)	1,624,374,247					6,000,000		-	100.00	1,618,374,247
Schematrentasei S.r.l.	15,000		15,000		5,031					-	100.00	20,031
Sintonia S.p.A.	208,746,843		208,746,843							930,000	69.53	208,746,843
Verde Sport S.p.A.	19,071,290	(7,120,000)	11,951,290						3,908,250	12,912,000	100.00	8,043,040
			<b>1,962,390,335</b>	<b>214,556,804</b>	<b>5,005,031</b>	-	-	<b>6,000,000</b>	<b>3,908,250</b>			<b>2,172,043,920</b>
<b>Associates</b>												
Bensec società consortile a r.l.	3,850		3,850							-	3.50	3,850
Eurostazioni S.p.A.	52,329,976		52,329,976					1,570,000		52,333,333	32.71	50,759,976
			<b>52,333,826</b>	-	-	-	-	<b>1,570,000</b>	-			<b>50,763,826</b>
<b>Other companies</b>												
ACEGAS-APS S.p.A.	11,159,371	(7,128,645)	4,030,726			2,368,274				1,066,500	1.94	6,399,000
Alpi Eagles S.p.A.	6,197,484	(6,197,484)	-							770,678	1.96	-
Assicurazioni Generali S.p.A.	374,905,665	(172,423,274)	202,482,391							14,658,800	0.94	202,482,391
Club Méditerranée S.A.			-		6,170,705					708,000	2.22	6,170,705
Gruppo Banca Leonardo S.p.A.	11,025,881		11,025,881					2,929,642		5,051,107	1.93	8,096,239
Il Sole 24 Ore S.p.A.	15,333,324	(12,390,686)	2,942,638						1,315,972	2,666,665	2.00	1,626,666
Mediobanca S.p.A.	281,570,837	(159,603,658)	121,967,179						26,979,531	18,625,029	2.16	94,987,648
Pirelli & C. S.p.A.	157,495,267	(13,999,674)	143,495,593			13,999,674		4,927,980		21,921,364	4.61	152,567,287
Prelios S.p.A.	9,962,342	(1,507,998)	8,454,344						6,637,930	22,705,157	2.70	1,816,414
RCS Mediagroup S.p.A.	168,143,243	(130,661,527)	37,481,716							37,366,142	5.10	37,481,716
			<b>531,880,468</b>	-	<b>6,170,705</b>	<b>16,367,948</b>	-	<b>7,857,622</b>	<b>34,933,433</b>			<b>511,628,066</b>
<b>TOTAL EQUITY INVESTMENTS</b>			<b>2,546,604,629</b>	<b>214,556,804</b>	<b>11,175,736</b>	<b>16,367,948</b>	-	<b>15,427,622</b>	<b>38,841,683</b>			<b>2,734,435,812</b>

(1) of which reversals of impairments Euro 431.218

(2) percentage held includes 7,774% Benetton Group S.p.A. treasury shares

## EQUITY INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (Art. 2427, 5, Civil Code)

(amounts in Euro unless stated otherwise)

Name	Registered office	Share capital	Shareholders' equity	Profit/(Loss) for the year	Interest held		Balance sheet value
					no. of shares	percentage held	
Benetton Group S.p.A.	(1) Ponzano Veneto (TV) - Via Villa Minelli, 1	237,483,000	1,495,913,000	24,113,000	168,477,430	100.00	232,802,870 (5)
Compagnia de Tierras Sud Argentino S.A.	(2) Buenos Aires (Argentina) - Esmeralda 684	(ARS 239.000.000) 36,846,268	(ARS 266.523.630) 41,089,544	(ARS 16.509.426) 2,545,233	10,350,000	5.00	3,062,992 (4)
Edizione Property S.p.A.	Villorba (TV) - Viale Felissent 20/D	8,780,500	65,790,928	(125,030)	170,000	100.00	65,917,741
Edizione Realty Czech S.r.o.	Praga (Repubblica Ceca) - Krkonoska, 5	(CZK 100.000.000) 3,975,985	(CZK 97.748.057) 3,886,448	(CZK 1.714.416) 68,165	-	100.00	988,596 (4)
Maccarese S.p.A. - società agricola	Fiumicino (Roma) - Maccarese	31,135,805	31,719,064	(493,297)	99,300,000	100.00	32,396,959
Realty Capri S.r.l.	Villorba (TV) - Viale Felissent 20/D	100,000	348,801	43,573	-	100.00	125,588
San Giorgio S.r.l.	Fiumicino (Roma) - Maccarese	100,000	11,406,807	122,921	-	100.00	10,544,013
Schemaquattordici S.p.A.	Treviso - Viale Felissent, 90	1,067,494	12,752,775	(2,963,736)	62,972,033	58.99	-
Schematrentatre S.r.l.	Treviso - Calmaggione, 23	15,000	13,130	(515)	-	100.00	21,000
Schematrentaquattro S.r.l.	Treviso - Calmaggione, 23	100,000,000	1,659,634,339	41,634,340	-	100.00	1,618,374,247
Schematrentasei S.r.l.	Treviso - Calmaggione, 23	15,000	14,654	(345)	-	100.00	20,031
Sintonia S.p.A.	Milano - Corso di Porta Vittoria, 16	1,337,550	3,130,992,417	115,237,921	930,000	69.53	208,746,843
Verde Sport S.p.A.	Treviso - Strada di Nascimben 1/b	12,912,000	8,043,036	(3,907,402)	12,912,000	100.00	8,043,040
Bensec società consortile a r.l.	(3) Ponzano Veneto (TV) - Via Villa Minelli, 1	110,000	181,565	65,422	-	3.50	3,850
Eurostazioni S.p.A.	Roma - Via Montello, 10	n.d.	n.d.	n.d.	52,333,333	32.71	50,759,976

(1) Shareholders' equity and Profit/(Loss) for the year are those pertaining to the parent company

(2) 95% is held by the subsidiary Edizione Property S.p.A.

(3) Additional 35% is held by the subsidiary Benetton Group S.p.A.

(4) Amounts in foreign currencies are translated at exchange rate at 12.31.2012

(5) Percentage held includes 7,774% Benetton Group S.p.A. treasury shares



## CHANGES IN THE SHAREHOLDERS' EQUITY

(in Euro)

	Share capital	Legal reserve	Revaluation reserve under Law 72/83	Revaluation reserve under Law 576/75	Reserve under Art. 1 Law 169/83	Reserve under Law 904/77	Extraordinary reserve	Merger surplus reserve (1)	Retained earnings/ (losses)	Net income/(loss) for the year	Roundings	Total
<b>Balance at 01.01.2011</b>	<b>1,500,000,000</b>	<b>1,898,225</b>	<b>1,214,870</b>	<b>15,322</b>	<b>79,923,421</b>	<b>1,368,640</b>	<b>5,179,444</b>	<b>826,024,989</b>	<b>-</b>	<b>79,570,939</b>	<b>(1)</b>	<b>2,495,195,849</b>
Allocation of 2010 net income		3,978,547							35,592,392	(39,570,939)		-
Dividends distributed										(40,000,000)		(40,000,000)
Profit for the year 2011										44,549,400		44,549,400
Roundings												-
<b>Balance at 12.31.2011</b>	<b>1,500,000,000</b>	<b>5,876,772</b>	<b>1,214,870</b>	<b>15,322</b>	<b>79,923,421</b>	<b>1,368,640</b>	<b>5,179,444</b>	<b>826,024,989</b>	<b>35,592,392</b>	<b>44,549,400</b>	<b>(1)</b>	<b>2,499,745,249</b>
Allocation of 2011 net income		2,227,470							2,321,930	(4,549,400)		-
Dividends distributed										(40,000,000)		(40,000,000)
Profit for the year 2012										25,792,107		25,792,107
Roundings												-
<b>Balance at 12.31.2012</b>	<b>1,500,000,000</b>	<b>8,104,242</b>	<b>1,214,870</b>	<b>15,322</b>	<b>79,923,421</b>	<b>1,368,640</b>	<b>5,179,444</b>	<b>826,024,989</b>	<b>37,914,322</b>	<b>25,792,107</b>	<b>(1)</b>	<b>2,485,537,356</b>

(1) For tax purposes, Merger surplus reserve is considered as retained earnings

**SCHEDULE PURSUANT TO ART. 2427 No. 7bis OF THE CIVIL CODE**

<b>(in Euro)</b>					
<b>Type</b>	<b>Amount</b>	<b>Possibility of utilization</b>	<b>Amount available</b>	<b>Summary of utilizations in the past three years</b>	
				For loss coverage	For other purposes (*)
<b>Share capital</b>	1,500,000,000				
<b>Capital reserves:</b>					
Revaluation reserve under Law 72/83	(1) 1,214,870				
Revaluation reserve under Law 576/75	(1) 15,322				
Revaluation under Art. I Law 169/83	(1) 79,923,421				
Reserve under Law 904/77	(1) 1,368,640				
<b>Income-related reserves</b>					
Legal reserve	8,104,242	B	-		
Extraordinary reserve	5,179,444	A B C	5,179,444		
Merger surplus reserve	826,024,989	A B C	826,024,989	107,226,236	40,000,000
<b>Total</b>	<b>2,421,830,928</b>		<b>831,204,433</b>	<b>107,226,236</b>	<b>40,000,000</b>
Non-distributable amount				-	
<b>Residual distributable amount</b>			<b>831,204,433</b>		

Key:

A = capital increase

B = loss coverage

C = dividend pay-out

(\*) = the item does not include the reclassifications between the reserves in equity

(1) If distributed, these reserves are considered part of the taxable income in the fiscal year in which the distribution is paid.

## STATEMENT OF CASH FLOWS

(Thousands of Euro)	2012	2011
<b>A. Cash and cash equivalents at the beginning of the period</b>	3,920	1,841
<b>B. Cash flow from operating activities</b>		
Income/(Loss) for the year	25,792	44,549
Amortization and depreciation	11,336	4,057
Capital (gain)/losses from disposal of investments	(5,872)	-
Impairments /(reversals) of equity investments	22,786	30,731
Net change in provisions	(239)	(21)
<b>Self financing</b>	<b>53,803</b>	<b>79,316</b>
(Increase)/decrease in receivables from subsidiaries	13,525	7,476
(Increase)/decrease in other assets	(21,321)	(1,438)
(Increase)/decrease in trade payables	4	69
(Increase)/decrease in payables to third parties	(146)	(1,142)
(Increase)/decrease in payables to subsidiaries	16,666	(9,438)
Net changes in the other liabilities	1,783	(206)
<b>Cash flow from operating activities</b>	<b>64,314</b>	<b>74,637</b>
<b>C. Cash flow generated/(absorbed) from investing activities</b>		
Net (Investments)/disposals in non-current assets:		
- Intangible assets	(14,652)	(630)
- Property, plant and equipment	(993)	(976)
- Non-current financial assets	(197,194)	39,048
<b>Cash flow generated/(absorbed) from investing activities</b>	<b>(212,839)</b>	<b>37,442</b>
<b>D. Cash flow generated/(absorbed) by financing activities</b>		
New medium and long-term loans	420,000	76,250
Repayment of loans	(230,000)	(146,250)
Dividends pay-out	(40,000)	(40,000)
<b>Cash flow generated/(absorbed) by financing activities</b>	<b>150,000</b>	<b>(110,000)</b>
<b>E. Cash flow for the year (B+C+D)</b>	<b>1,475</b>	<b>2,079</b>
<b>F. Cash and cash equivalents at the end of the period (A+E)</b>	<b>5,395</b>	<b>3,920</b>
<b>Detail of cash and cash equivalents at the end of the period</b>		
Bank accounts	5,386	4,031
Current accounts overdraft	-	(119)
Cash in hand	9	8
	<b>5,395</b>	<b>3,920</b>



**KPMG S.p.A.**  
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(Translation from the Italian original which remains the definitive version)

## **Report of the auditors in accordance with article 14 of Legislative decree no. 39 of 27 January 2010 and article 165-bis of Legislative decree no. 58 of 24 February 1998**

To the quotaholders of  
Edizione S.r.l.

- 1 We have audited the financial statements of Edizione S.r.l. as at and for the year ended 31 December 2012. The company's directors are responsible for drawing up these financial statements in accordance with the Italian regulations governing their preparation. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.  
  
Reference should be made to the report dated 8 June 2012 for our opinion on the prior year financial statements, which included the corresponding figures presented for comparative purposes as required by law.
- 3 In our opinion, the financial statements of Edizione S.r.l. as at and for the year ended 31 December 2012 comply with the Italian regulations governing their preparation. Therefore, they are clearly stated and give a true and fair view of the financial position and results of operations of the company as at and for the year ended 31 December 2012.
- 4 The directors of Edizione S.r.l. are responsible for the preparation of a directors' report on the financial statements in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report with the financial statements to which it refers, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued

by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report is consistent with the financial statements of Edizione S.r.l. as at and for the year ended 31 December 2012.

Treviso, 7 June 2013

KPMG S.p.A.

(signed on the original)

Alessandro Raghianti  
Director of Audit