

EDIZIONE S.r.l.

Financial statements at December 31, 2011

Financial statements at December 31, 2011

Edizione S.r.l.

Calmaggiore, 23 - 31100 Treviso, Italy

Share capital: Euro 1,500,000,000.00 fully paid-in

Tax identification, VAT and Treviso Companies Register no. 00778570267

Treviso Chamber of Commerce (REA) no. 148942

Contents

Company information

Corporate officers	page	4
--------------------	------	---

Directors' Report	page	5
-------------------	------	---

Financial statements at December 31, 2011:

- Balance sheet	page	20
- Income statement	page	22
- Explanatory notes	page	24

Annexes to the explanatory notes

- Statement of changes in intangible assets and property, plant and equipment	page	48
- Statement of changes in non-current financial assets: equity investments	page	49
- List of equity investments in subsidiaries and associates	page	50
- Statement of changes in equity	page	51
- Schedule pursuant to Art. 2427 (7 bis) of the Italian Civil Code	page	52
- Statement of cash flows	page	53

Report of the independent auditors

Corporate officers

Board of Directors

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

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, 2011, which we submit for your approval, show net income of Euro 44,549,400 compared with Euro 79,570,939 in 2010.

The **reclassified income statement** below provides a more immediate view of 2011 versus the previous year:

(Millions of Euro)	2011	2010
Dividends and other income from equity investments	93.2	86.9
Revenues and other income	9.2	8.4
Capital gains and income from equity investments, net of capital losses	-	0.3
Operating costs	(18.3)	(18.0)
Financial charges, net	(13.2)	(11.6)
Value adjustments of equity investments	(28.6)	12.0
Value adjustments of securities under current assets	(2.1)	-
Non-recurring income/(losses), net	0.1	(2.6)
Income tax for the year	4.3	4.2
Income for the year	44.6	79.6

The following is the list of dividends received by Edizione S.r.l. in 2011:

(Millions of Euro)	2011	2010
Sintonia S.A.	37.5	39.5
Benetton Group S.p.A.	30.6	28.2
Assicurazioni Generali S.p.A.	6.6	5.1
Schemaquattordici S.p.A.	6.5	4.1
Pirelli & C. S.p.A.	3.7	3.6
Mediobanca S.p.A.	3.2	3.2
Gruppo Banca Leonardo S.p.A.	2.1	-
Eurostazioni S.p.A.	1.9	1.5
Schematrentaquattro S.r.l.	0.7	-
Edizione Realty Corp.	-	1.1
Other minor equity investments	0.4	0.6
Total	93.2	86.9

Revenues and other income came to Euro 9.2 million (Euro 8.4 million in 2010), of which Euro 7.8 million consists of rents (Euro 7.5 million the previous year).

The residual amount was earned mostly from the reimbursement by Group companies of the emoluments paid to Edizione's directors and employees for serving on those companies' boards of directors.

Operating costs are summarized below in comparison with the previous year:

(Millions of Euro)	2011	2010
Cost of services	10.2	10.4
Amortization	4.1	3.7
Other operating costs and provisions	1.9	1.6
Personnel costs	2.1	2.3
Total	18.3	18.0

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.

Net financial charges amounted to Euro 13.2 million at December 31, 2011 (Euro 11.6 million in 2010).

Value adjustments of equity investments refer to the impairment losses detailed at pag. 8.

In 2007 Edizione opted for the National Consolidated Taxation System, with other companies in the Group, 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 4.3 million, consists of Euro 3.8 million as the estimated remuneration of Edizione's tax loss pertaining to 2011 (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 2011 and 2010 can be summarized as follows:

(Millions of Euro)	12.31.2011	12.31.2010
Equity investments	2,546.6	2,612.9
Other non-current securities and receivables	21.9	23.3
Property, plant and equipment and intangible assets	134.6	137.0
Non-current assets	2,703.1	2,773.2
Current receivables	39.8	44.3
Current payables	(23.7)	(31.7)
Other current financial assets	2.9	5.0
Net working capital	2,722.1	2,790.8
Provisions and medium-term liabilities	(1.6)	(1.7)
Capital employed	2,720.5	2,789.1
Net financial indebtedness	220.6	293.9
Shareholders' equity	2,499.9	2,495.2
Source of fund	2,720.5	2,789.1

Equity investments

In 2011 the subsidiary Schematrentaquattro S.r.l. partially reimbursed the share premium reserve in the amount of Euro 37.7 million. The carrying value of that investment was therefore reduced by the same amount.

The investments in Edizione Property S.p.A. and Verde Sport S.p.A. were written down to equity value, as shown in those companies' financial statements at December 31, 2011.

The carrying value of non-controlling investments in listed companies was adjusted to the average stock market price of ordinary shares during the course of 2011. This entailed total impairment losses of Euro 49.7 million, and the partial reversal of Pirelli & C. S.p.A. impairment losses in the amount of Euro 29.3 million.

Below is a summary of the operations affecting equity investments during the year.

(Millions of Euro)	
Value of equity investments at December 31, 2010	2,612.9
Reimbursement of Schematrentaquattro S.r.l. share premium reserve	(37.7)
Partial reversal of Pirelli & C. S.p.A. impairment losses	29.3
Impairment of Assicurazioni Generali S.p.A.	(28.8)
Impairment of Mediobanca S.p.A.	(14.8)
Impairment of Edizione Property S.p.A.	(6.5)
Impairment of RCS Mediagroup S.p.A.	(2.3)
Impairment of Verde Sport S.p.A.	(1.7)
Impairment of Prelios S.p.A.	(1.5)
Impairment of Acegas-APS S.p.A.	(1.3)
Impairment of Il Sole 24 Ore S.p.A.	(1.0)
Value of equity investments at December 31, 2011	2,546.6

Other non-current securities and receivables

In 2011 further capital call payments were made by Edizione S.r.l. in favour of the French investment fund **21 Centrale Partners III**, for Euro 0.7 million, and in favour of the Italian closed-end fund **21 Investimenti II**, for Euro 3.3 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 5.3 million.

At December 31, 2011, residual commitments came to Euro 8.5 million.

Other current financial assets

Details of investments listed as current assets and their carrying values at the end of 2011 and 2010 are as follows:

(Millions of Euro)	2011	2010
no. 2,799,000 shares Caltagirone Editore S.p.A.	2.9	5.0

The investment was written down by Euro 2.1 million, adjusting it to the average stock market price in the month of December 2011.

Net financial indebtedness

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

(Millions of Euro)	2011	2010
Cash and cash equivalent	3.9	1.9
Financial receivables from subsidiaries	7.5	9.0
Medium and long-term loans	(230.0)	(300.1)
Financial payables to subsidiaries	(1.3)	(3.8)
Financial accrued income and pre-paid expenses	(0.7)	(0.9)
Total	(220.6)	(293.9)

Medium and long-term loans from banks all charge floating-rate interest.

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.

The weighted average cost of gross bank debt, taking account of the hedges described, is 5.33%.

Shareholders' equity

At December 31, 2011, Edizione's **Shareholders' equity** amounted to Euro 2,499.9 million (Euro 2,495.2 million the previous year). A total of Euro 40.0 million in dividends was paid in 2011.

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: 67.08%)

Key figures from the separate and consolidated financial statements of Benetton Group S.p.A. for the year ended December 31, 2011 are summarized below, with comparative figures from 2010.

	Benetton Group S.p.A. separate financial statements		Benetton Group consolidated financial statements	
(Millions of Euro)	2011	2010	2011	2010
Revenues	39.7	39.2	2,032.3	2,053.0
Income for the year	55.7	51.4	73.2	102.0
Shareholders' equity	914.6	919.9	1,506.7	1,498.6

Consolidated net revenues in 2011 came to Euro 2,032.3 million, compared with Euro 2,053.0 million the previous year, due primarily to:

- reduced sales at directly operated stores as a result of the difficult economic environment, mitigated by positive results in the main emerging markets;
- a less favourable collection mix, featuring merchandise categories of lower unit value;
- the adverse trend in foreign currencies with respect to the Euro (Euro 14 million), in particular the Turkish lira, the Indian rupee and the US dollar.

The operating profit fell to Euro 149 million (Euro 176 million in 2010), amounting to 7.3% of revenues, down from 8.6% the previous year. The decrease in operating profit was essentially paralleled by the trend in net income.

During the year, dividends were paid to the shareholders of Benetton Group S.p.A. in the amount of Euro 43 million and treasury shares were purchased for Euro 18 million.

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

This company provides primarily real estate services, including to Edizione S.r.l., and closed the year with a loss of Euro 1.6 million (loss of Euro 2.1 million the previous year). Equity amounts to Euro 60.9 million (Euro 62.5 million at the end of 2010).

Edizione Property's main subsidiary, Compañía de Tierras Sud Argentino S.A., closed the year with a net income of Ars 35.3 million (approximately Euro 6.3 million), compared with Ars 31.9 million the previous year.

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

The financial statements of this Prague-based real estate company closed with a net income of Czk 2.1 million (about Euro 80 thousand), versus Czk 1.3 million the previous year.

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

Key figures for this agricultural company are shown below, for the years ended December 31, 2011 and 2010.

(Millions of Euro)	2011	2010
Revenues	8.1	6.5
Income/(loss) for the year	(0.1)	1.4
Shareholders' equity	32.2	32.3

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

The 2011 financial statements of Schematrentaquattro S.r.l., parent company of Autogrill S.p.A., show a net income of Euro 35.8 million (Euro 0.1 million in 2010) due to dividends received from Autogrill S.p.A.

At the end of the year, equity came to Euro 1,659.8 million, compared with Euro 1,662.3 million at December 31, 2010.

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

	Autogrill S.p.A. separate financial statements		Autogrill group consolidated financial statements	
(Millions of Euro)	2011	2010	2011	2010
Revenues	1,292.2	1,323.7	5,844.6	5,703.5
Income for the year	31.9	164.4	126.3	103.4
Shareholders' equity	769.8	774.1	799.4	711.4

Autogrill closed the year with consolidated revenues of Euro 5,844.6 million, showing an increase of 4.0% (+2.5% at current exchange rates) with respect to 2010.

Autogrill's earnings and financial performance were positive in 2011 and showed improvement on the previous year, despite the economic slowdown during the second half and a traffic trend that was less than brilliant.

Most of the growth came from the Travel retail & duty-free business (+10%, or +8.7% at current exchange rates), which benefited from the combined effect of an upturn in airport traffic and a strong increase in spending per passenger. Food & beverage reported a more limited increase in revenues (+1.5%, or -0.1% at current exchange rates): a positive performance at North American airports was offset by weakness in the motorway channel, due (especially in Europe) to the decline in traffic and the closure of various European locations. The group's diversification in terms of geography, businesses and channels produced a revenue growth of 4.0% (+2.5% at current exchange rates), which outpaced traffic data in the main countries and channels served.

Ebitda rose by 3.8% (+1.9% at current exchange rates) on 2010, thanks to the contribution of Travel retail & duty-free, which offset the lower profits of Food & beverage caused by the inflation of food raw material prices, higher personnel expense and reorganization costs.

During the year, dividends were paid to the shareholders of Autogrill S.p.A. in the amount of Euro 61 million, and to the non-controlling shareholders of certain foreign subsidiaries for a total exceeding Euro 17 million.

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

Key figures from the financial statements at December 31, 2011 and 2010 are presented below:

(Millions of Euro)	2011	2010
Income/(loss) for the year	(2.5)	7.3
Other securities and non-current receivables	13.4	31.8
Shareholders' equity	22.2	35.7

The loss for the year was affected by the impairment of investment fund units (included in Other securities and non-current receivables) by Euro 13.6 million.

Shareholders' equity decreased mainly as a result of dividend payments (Euro 11.0 million) and the loss for the year.

Sintonia S.A. (controlling interest: 69.53%)

Key figures for the year ended December 31, 2011 are presented below with comparative figures from 2010:

(Millions of Euro)	2011	2010
Dividends and other income from equity investments	121.6	105.8
Operating costs	(6.5)	(5.9)
Net financial income/(charges)	(53.2)	(44.3)
Income for the year	61.9	55.6
Shareholders' equity	2,282.2	1,925.6
Net financial indebtedness	762.6	815.4

Net income in 2011 showed an increase on the previous year thanks to greater dividends received from the subsidiaries Schemaventotto S.p.A. and Atlantia S.p.A., which more than offset the rise in net financial charges.

During the year, the shareholder Elmbridge Investment Pte. Ltd. paid in a capital increase of Euro 344.6 million, raising its interest in the company to 13.80%. Edizione's controlling share now amounts to 69.53%. Elmbridge has remaining equity commitments of Euro 222 million.

Net financial indebtedness at year end is reduced by Euro 52.8 million despite the distribution of dividends for Euro 50 million.

During the year, Sintonia acquired 4.54% of Gemina S.p.A. in the market for a total of Euro 46.8 million and capitalized for Euro 270 million its subsidiary Schemaventotto, which in turn acquired 3.78% of Atlantia in the market for Euro 293 million. At December 31, 2011, therefore, Sintonia S.A. directly and indirectly owned Gemina shares corresponding to 34.77% and Atlantia shares corresponding to 46.03% of the share capital.

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

This company is active in competitive sports (basketball and rugby) and in the organization of sporting events. It closed the year with a loss of Euro 0.7 million (loss of Euro 0.9 million in 2010).

Equity amounts to Euro 12.0 million (Euro 12.7 million at the end of 2010).

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.						26		
Allevamento San Giorgio S.r.l.	143							
Atlantia S.p.A.	2					56		
Autogrill S.p.A.	1.376	5.058			90	255		
Bencom S.r.l.	6.656					2	3.178	47
Benetton Group S.p.A.	105	9.333			58	53	209	75
Benetton Retail Italia S.r.l.		691						
Benind S.r.l.	12.524	679						
Compañía de Tierras Sud Argentino S.A.		17						
Edizione Alberghi S.r.l.	23						1.434	89
Edizione Property S.p.A.	4.373	45		209	1.745		142	
Edizione Realty Czech S.r.o.	972							
Fabrica S.p.A.	142					9		
Gemina S.p.A.						210		
Investimenti Infrastrutture S.p.A.		108				54	5	
La Cantina delle nostre Ville Venete s. agricola a r.l.	1	38						
Maccaresse S.p.A. società agricola		701						
Milano Report S.p.A.	5	1.401					450	5
Olimpias S.p.A.	2.106	1.720						
Ponzano Children S.r.l.		102						
San Giorgio S.r.l.	135	1	5					
Schemaquattordici S.p.A.	1	1.654				5		
Schemaventotto S.p.A.	8					65	10	
Schematrentaquattro S.r.l.	588	1.364	213			50		
S.I.G.I. S.p.A.	721	537						
Sintonia S.A.						140		
Verde Sport S.p.A.	3.091			143		1		
Total	32.972	23.449	218	352	1.893	926	5.428	216

Interest income and charges concern Group intercompany accounts that charge interest at going 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 2011.

Income from services rendered consists primarily of the rechargeable fees for directorships held in affiliate companies by Edizione's managing director and 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 current meaning of the term, were incurred during the year given Edizione's activities as a holding company.

At December 31, 2011 Edizione S.r.l. owned no treasury shares, either directly or through trust companies or other intermediaries, and did not buy or sell any such 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.

Regarding Legislative Decree 196/2003 (the Privacy Code), the company's Data Protection Plan has been duly updated.

Financial risk management

As mentioned earlier, the Company has decided to limit its exposure to interest rate risk by taking out interest rate swaps with a notional amount of Euro 350 million against estimated average medium-term exposure; total exposure at December 31, 2011 was Euro 230 million.

There is essentially no exposure to liquidity risk, as given its cash flow generation, highly diversified sources of funding, 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.

Nor is there any significant credit risk, since the Company's receivables are due essentially from subsidiaries and present no collection problems.

Significant subsequent events

In March 2012 the Company launched a **voluntary tender offer** for all ordinary shares of **Benetton Group S.p.A.**, offering a price of Euro 4.60 per share. At the end of the offer period it had acquired 36,618,363 shares for a total of Euro 168.9 million, including transaction costs.

As a result of the mandatory sell-out procedure pursuant to Art. 108 (2) of the Consolidated Finance Act, the Company purchased an additional 5,931,760 shares for a total of Euro 27,3 million.

The squeeze-out procedure pursuant to Art. 111 of the Consolidated Finance Act is currently in course and will close on May 31, 2012, allowing the Company to acquire all remaining shares of Benetton Group S.p.A. on the market.

The entire transaction will involve an outlay of approximately Euro 215 million.

On February 29, 2012, Edizione S.r.l. took out a new five-year loan of Euro 600 million, of which Euro 300 million constitutes a term loan to finance the Benetton takeover and Euro 300 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.

Outlook

On the basis of resolutions taken by Edizione's subsidiaries and associates, dividends are expected to decrease slightly in 2012, while operating costs are likely to remain stable. Financial charges will grow significantly due to an increase in indebtedness and the higher interest rates on new loans.

Proposed resolution

Dear Shareholders,

To conclude our report, we remind you that the Board of Directors will conclude its three-year term in office on the date of approval of the financial statements and we propose that you:

- approve the financial statements at and for the year ended December 31, 2011, as submitted to you, which show a net income of Euro 44,549,400;
- allocate Euro 2,227,470 of the net income to the legal reserve;
- allocate Euro 40,000,000 of the net income to dividends to be paid to the Shareholders;
- carry forward the remaining share of the net income.

Treviso, May 28, 2012

Gilberto Benetton
Chairman of the Board of Directors

Financial statements at December 31, 2011

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

BALANCE SHEET

ASSETS

(in Euro)	December 31, 2011	December 31, 2010
A) UNPAID SUBSCRIBED CAPITAL	-	-
B) NON-CURRENT ASSETS		
I INTANGIBLE ASSETS		
3) Industrial patent rights and intellectual property rights	900	3,988
7) Other intangible assets	660,674	771,438
Total intangible assets	661,574	775,426
II PROPERTY, PLANT AND EQUIPMENT		
1) Land and buildings	130,500,853	133,279,375
2) Plant and machinery	1,182,312	1,633,930
3) Industrial and commercial equipment	163,200	226,920
4) Other assets	30,461	45,492
5) Assets under construction and advances	2,046,644	1,073,116
Total property, plant and equipment	133,923,470	136,258,833
III NON-CURRENT FINANCIAL ASSETS		
1) Equity investments in:		
a) Subsidiaries	1,962,390,336	2,008,277,165
b) Associates	52,333,826	52,333,826
c) Other companies	531,880,468	552,268,523
Total equity investments	2,546,604,630	2,612,879,514
2) Non-current receivables:		
d) From third parties	12,737	15,549
Total non-current receivables	12,737	15,549
3) Other securities	21,914,120	23,272,589
Total non-current financial assets	2,568,531,487	2,636,167,652
TOTAL NON-CURRENT ASSETS	2,703,116,531	2,773,201,911
C) CURRENT ASSETS		
I INVENTORIES	-	-
II RECEIVABLES:		
1) Trade receivables	292,017	1,072,621
2) From subsidiaries:		
- falling due in the next year	20,378,503	21,197,748
- falling due after the next year	12,593,636	19,250,021
	32,972,139	40,447,769
3) From associates	236,904	14,414
4bis) Tax receivables	7,523,612	11,482,864
5) Other receivables	6,037,867	92,989
Total receivables	47,062,539	53,110,657
III CURRENT FINANCIAL ASSETS		
4) Other equity investments	2,859,178	5,001,939
Total current financial assets	2,859,178	5,001,939
IV CASH AND CASH EQUIVALENTS:		
1) Bank and postal accounts	4,031,242	1,947,074
3) Cash in hand	7,356	5,811
Total cash and cash equivalents	4,038,598	1,952,885
TOTAL CURRENT ASSETS	53,960,315	60,065,481
D) ACCRUED INCOME AND PRE-PAID EXPENSES	240,796	230,474
TOTAL ASSETS	2,757,317,642	2,833,497,866

SHAREHOLDERS' EQUITY AND LIABILITIES

(in Euro)		December 31, 2011	December 31, 2010
A) SHAREHOLDERS' EQUITY			
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	5,876,772	1,898,225
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)
		912,496,493	912,496,493
VIII	Retained earnings	35,592,392	-
IX	Income/(loss) for the year	44,549,400	79,570,939
TOTAL SHAREHOLDERS' EQUITY		2,499,745,249	2,495,195,849
B) PROVISIONS FOR RISKS AND CHARGES			
2)	Deferred tax liabilities	789,350	1,265,125
3)	Other	400,000	-
TOTAL PROVISIONS FOR RISKS AND CHARGES		1,189,350	1,265,125
C) PROVISION FOR EMPLOYEE TERMINATION INDEMNITIES		541,128	486,065
D) PAYABLE			
4)	Amounts due to banks		
	- falling due in the next year	30,119,242	95,111,650
	- falling due after the next year	200,000,000	205,000,000
		230,119,242	300,111,650
7)	Trade payables	527,068	457,994
9)	Amounts due to subsidiaries		
	- falling due in the next year	12,530,036	25,077,711
	- falling due after the next year	10,919,047	7,808,881
		23,449,083	32,886,592
10)	Payables to subsidiaries/associates	8,700	-
12)	Tax payables	534,877	1,718,473
13)	Amounts due to social security institutions	162,458	123,110
14)	Other payables	276,138	282,550
TOTAL PAYABLES		255,077,566	335,580,369
E) ACCRUED EXPENSES AND DEFERRED INCOME		764,349	970,458
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,757,317,642	2,833,497,866
MEMORANDUM ACCOUNTS			
GUARANTEES GRANTED BY THE COMPANY			
	Sureties granted on behalf of subsidiaries	17,400,000	17,473,440
		17,400,000	17,473,440
GUARANTEES GRANTED BY THIRD PARTIES			
	Sureties granted by third parties	520,432	579,900
		520,432	579,900
OTHER COMMITMENTS			
	Currency forward purchases	-	723,694
	Residual commitments in investment funds	8,523,755	12,501,820
		8,523,755	13,225,514
TOTAL MEMORANDUM ACCOUNTS		26,444,187	31,278,854

INCOME STATEMENT

(in Euro)		December 31, 2011	December 31, 2010
A) VALUE OF PRODUCTION			
1)	Revenues from sales and services	7,786,626	7,496,456
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	1,398,030	948,085
TOTAL VALUE OF PRODUCTION		9,184,656	8,444,541
B) COST OF PRODUCTION			
6)	Raw materials, consumables and goods	-	-
7)	Services	10,161,997	10,164,064
8)	Leases, rentals and royalties	258,569	255,920
9)	Personnel costs:		
	a) wages and salaries	1,482,993	1,748,950
	b) social security contribution	459,235	463,252
	c) employee termination indemnities	123,598	116,886
	e) other costs	30,610	25,754
	Total personnel costs	2,096,436	2,354,842
10)	Amortization, depreciation and impairment:		
	a) amortization of intangible assets	743,614	275,341
	b) depreciation of property, plant and equipment	3,313,205	3,383,574
	Total amortization, depreciation and impairment	4,056,819	3,658,915
11)	Change in inventories of raw materials, consumables and goods	-	-
12)	Provisions for risk	400,000	-
13)	Other provisions	-	-
14)	Other operating costs	1,326,894	1,592,402
TOTAL COST OF PRODUCTION		18,300,715	18,026,143
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST		(9,116,059)	(9,581,602)
C) FINANCIAL INCOME AND CHARGES			
15)	Income from equity investments:		
	- income from subsidiaries	75,300,501	73,128,798
	- income from associates	1,884,000	1,522,900
	- income from other companies	15,984,430	12,270,684
	Total income from equity investments	93,168,931	86,922,382
16)	Other financial income:		
	b) income from securities held as financial fixed assets	410,206	710,425
	d) income other than above:		
	- from subsidiaries	352,443	331,000
	- other income	242,876	75,574
	Total other financial income	1,005,525	1,116,999
17)	Financial interests and other charges:		
	- from subsidiaries	(217,879)	(283,543)
	- other interest financial charges	(14,019,345)	(12,597,284)
	Total financial interests and other charges	(14,237,224)	(12,880,827)
17bis)	Foreign exchange gains and losses	62,477	145,755
TOTAL FINANCIAL INCOME AND CHARGES		79,999,709	75,304,309

(in Euro)	December 31, 2011	December 31, 2010
D) VALUE ADJUSTMENTS OF FINANCIAL ASSETS		
18) Impairment reversals:		
a) equity investments	29,288,652	58,957,800
19) Impairment losses:		
a) equity investments	(60,019,468)	(46,968,436)
TOTAL VALUE ADJUSTMENTS OF FINANCIAL ASSETS	(30,730,816)	11,989,364
E) EXTRAORDINARY INCOME AND EXPENSES		
20) Income:		
- gains on disposals	-	334,690
- other extraordinary income	94,057	25,698
Total extraordinary income	94,057	360,388
21) Expenses:		
- other	(39,236)	(2,727,295)
Total extraordinary expenses	(39,236)	(2,727,295)
TOTAL EXTRAORDINARY ITEMS	54,821	(2,366,907)
Income before taxes	40,207,655	75,345,164
22) Income taxes for the year, current, deferred and prepaid		
- current taxes	3,865,970	3,750,000
- deferred taxes	475,775	475,775
- prepaid taxes	-	-
Total taxes	4,341,745	4,225,775
23) NET INCOME/(LOSS) FOR THE YEAR	44,549,400	79,570,939

Explanatory notes

Company profile

Edizione S.r.l. holds, directly and indirectly, long-term equity investments in companies active in Textile & clothing, Food & beverage, Travel retail & duty-free, Real estate & agriculture, Infrastructures & services for mobility 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 write-down 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-down 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, 2011, the following companies participated in the National Consolidated Taxation System (in alphabetical order):

1	Allevamento San Giorgio S.r.l.	11	Milano Report S.p.A.
2	Alpha Retail Italia S.r.l.	12	Maccarese S.p.A. società agricola
3	Benair S.p.A.	13	Nuova Sidap S.r.l.
4	Bencom S.r.l.	14	Olimpias S.p.A.
5	Benetton Group S.p.A.	15	Ponzano Children S.r.l.
6	Benetton Retail Italia S.r.l.	16	S.I.G.I. S.r.l.
7	Benind S.p.A.	17	San Giorgio S.r.l.
8	Fabrica S.p.A.	18	Schemaquattordici S.p.A.
9	Investimenti Infrastrutture S.p.A.	19	Schematrentaquattro S.r.l.
10	La Cantina delle nostre Ville Venete società agricola a r.l.	20	Schematrentatre S.r.l.

Comments on financial statement items

Assets (all figures in thousands of Euro)

Non-current assets

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Intangible assets	662	775	(113)

The breakdown of this item and movements during the year are reported in an annex to these notes.

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Property, plant and equipment	133,923	136,259	(2,336)

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.

During the year, research and planning moved ahead in view of renovating the real estate complex in Venice known as "Fondaco dei Tedeschi".

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

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Non-current financial assets: equity investments	2,546,605	2,612,880	(66,275)

Equity investments held at December 31, 2011 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:

- **Schematrentaquattro S.r.l.:** the decrease of Euro 37.7 million refers to the partial distribution of the share premium reserve;
- the equity investments in **Edizione Property S.p.A.** and **Verde Sport S.p.A.** were written down to equity value, as shown in those companies' financial statements at December 31, 2011;
- the equity investments in **Acegas-APS S.p.A.**, **Assicurazioni Generali S.p.A.**, **Il Sole 24 Ore S.p.A.**, **Mediobanca S.p.A.**, **Prelios S.p.A.** and **RCS MediaGroup S.p.A.** underwent impairment

losses reflecting market prices in 2011; nevertheless, current stock market prices suggest further potential capital losses with respect to the carrying values recognized at December 31, 2011.

- **Pirelli & C. S.p.A.:** considering the persistent increase in stock prices, the impairment loss charged in 2008 was partially reversed in the amount of Euro 29.3 million.

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 2011, was less than their carrying value.

(Thousands of Euro)	Carrying value	Fair Value
Non-current financial assets: equity investments		
Assicurazioni Generali S.p.A.	202,482	172,338
Mediobanca S.p.A.	121,967	87,122
RCS Mediagroup S.p.A.	37,482	28,005
Prelios S.p.A.	8,454	2,169
ACEGAS-APS S.p.A.	4,031	3,488
Il Sole 24 Ore S.p.A.	2,943	2,090

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)	12.31.2011	12.31.2010	Change
Non-current financial assets: other securities	21,914	23,273	(1,359)

These are made up as follows:

(Thousands of Euro)	12.31.2011	12.31.2010	Change
21 Centrale Partners III investment fund shares	8,586	13,247	(4,661)
Club Méditerranée bonds	7,931	7,931	-
21 Investimenti II investment fund shares	5,397	2,095	3,302
Total	21,914	23,273	(1,359)

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

Current assets

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Trade receivables	292	1,073	(781)

These consist almost exclusively of rent receivable on commercial properties; they include a provision for doubtful accounts of Euro 42, based on a prudent assessment of insolvency risk.

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Receivables due from subsidiaries	32,972	40,448	(7,476)

These are comprised as follows:

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Edizione Property S.p.A.	4,373	4,616	(243)
Verde Sport S.p.A.	3,091	4,354	(1,263)
Edizione Realty Czech S.r.o.	972	1,252	(280)
Receivables due from other subsidiaries	375	382	(7)
Receivables from tax consolidation: 2009	-	10,594	(10,594)
Receivables from tax consolidation: 2010	11,567	19,250	(7,683)
Receivables from tax consolidation: 2011	12,594	-	12,594
Total	32,972	40,448	(7,476)

Receivables from tax consolidation are the sum of amounts due from the individual companies participating in the Group National Consolidated Taxation System 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)	12.31.2011	12.31.2010	Change
Benetton group	22,131	20,555	1,576
Autogrill group	1,163	8,947	(7,784)
Schematrentaquattro S.r.l.	587	264	323
Other subsidiaries	280	78	202
Total	24,161	29,844	(5,683)

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Tax receivables	7,524	11,483	(3,959)

They consist of:

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Tax receivables from tax consolidation	3,046	7,130	(4,084)
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	89	30	59
Others	187	121	66
Total	7,524	11,483	(3,959)

The **IRES (corporate income tax) 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 (regional business tax) not deducted in fiscal years 2004 through 2007. Edizione S.r.l., as the consolidating company, has applied for a refund only of the IRAP not deducted by 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.

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Other receivables	6,038	93	5,945

This 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.

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Current financial assets	2,859	5,002	(2,143)

This concerns 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 the month of December 2011.

Liabilities (all figures in thousands of Euro)

Shareholders' equity

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Share capital	1,500,000	1,500,000	-

No changes took place during the year.

(Thousands of Euro)	12.31.2011	12.31.2010	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)	12.31.2011	12.31.2010	Change
Legal reserve	5,877	1,898	3,979

The increase refers to the allocation of one fifth of 2010 net income. The reserve consists entirely of income.

(Thousands of Euro)	12.31.2011	12.31.2010	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)	12.31.2011	12.31.2010	Change
Reserve under art. 1 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. 1 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)	12.31.2011	12.31.2010	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)	12.31.2011	12.31.2010	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)	12.31.2011	12.31.2010	Change
Retained earnings	35,592	-	35,592

This concerns the allocation of net income from 2010.

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)	12.31.2011	12.31.2010	Change
Provisions for risks and charges	1,189	1,265	(76)

For Euro 789 this refers to provisions for the deferred taxation of capital gains on the disposal of properties. The remaining Euro 400 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)	2011	2010
Opening balance	486	517
Uses	(69)	(146)
Provisions	124	115
Closing balance	541	486

Uses refer to contributions to the **pension funds** of which certain employees are members.

Payables

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Amounts due to banks	230,119	300,112	(69,993)

These are made up as follows:

(Thousands of Euro)	12.31.2011			12.31.2010			Change
	Within 12 months	Beyond 12 months	Total	Within 12 months	Beyond 12 months	Total	
Current accounts and short-term borrowings	119	-	119	112	-	112	7
Unsecured medium/long-term loans	30,000	200,000	230,000	95,000	205,000	300,000	(70,000)
Total	30,119	200,000	230,119	95,112	205,000	300,112	(69,993)

Debt of Euro 230 million refers to the following credit lines:

- for Euro 30 million, drawdown of a revolving credit line totalling Euro 300 million, maturing in July 2012;
- for Euro 200 million, drawdown of a revolving credit line totalling Euro 250 million, maturing in June 2013.

The revolving credit lines require a certain ratio between Edizione S.r.l.'s net indebtedness (including the debt of certain subholding companies) and the fair value of its equity investments. In 2011 this covenant was satisfied.

At December 31, 2011 Edizione S.r.l. had uncommitted credit lines of about Euro 200 million, and committed credit lines of Euro 800 million, of which Euro 570 million undrawn. Details of the committed credit lines are as follows:

(Thousands of Euro)	Date of inception	Maturity	Available	Drawn	Undrawn
Revolving Unicredit	06.27.2007	06.28.2013	250,000	200,000	50,000
Revolving Intesa Sanpaolo	07.27.2005	07.27.2012	300,000	30,000	270,000
Revolving Banco Popolare	11.16.2006	11.16.2013	150,000	-	150,000
Revolving Banco Popolare	11.16.2006	11.16.2013	100,000	-	100,000
Total			800,000	230,000	570,000

At December 31, 2011 Edizione also 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 34 million at the end of the year.

Taking account of those hedging instruments, the yearly weighted average cost of gross bank debt in 2011 was 5.33%. These instruments are treated as hedges of estimated average medium-term exposure.

On February 29, 2012, Edizione S.r.l. subscribed a new five-year loan of Euro 600 million, of which Euro 300 million constitutes a term loan to finance the Benetton voluntary tender offer and Euro 300 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. By contract, the unused portion of the term loan will be converted into the revolving credit line.

The term loan entails amortization of the amount disbursed by one third at the end of the third year, by one third at the end of the fourth year and by one third at maturity.

Upon contracting the new credit lines, the Company cancelled a revolving line of Euro 300 million set to mature on July 27, 2012 and a revolving line of Euro 250 million 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 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.

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Amounts due to subsidiaries	23,449	32,887	(9,438)

These are made up as follows:

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Payables to companies participating in the tax consolidation	18,965	25,885	(6,920)
IRES refunds per Art. 6 of Decree Law 185/2008	2,974	2,974	-
Schematrentaquattro S.r.l. - intercompany account	1,363	3,625	(2,262)
Other payables	147	403	(256)
Total	23,449	32,887	(9,438)

Payables to subsidiaries for **IRES refunds per Art. 6 of Decree Law 185/2008** concern the companies participating in the tax consolidation which, jointly with the consolidating company Edizione S.r.l., have filed for an IRES refund in accordance with that provision of law. More specifically, Euro 2.0 million refers to **Autogrill S.p.A.** and Euro 0.9 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**:

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Benetton group	13,472	12,343	1,129
Autogrill group	3,029	11,842	(8,813)
Schemaquattordici S.p.A.	1,654	-	1,654
Maccarese group	701	608	93
Investimenti Infrastrutture S.p.A.	108	888	(780)
Others	1	204	(203)
Total	18,965	25,885	(6,920)

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Tax payables	535	1,718	(1,183)

These consist mainly of withholding tax charged in 2011 and paid over the following January 2012. In 2010, Usd 1.8 million (the equivalent of Euro 1.3 million) consisted of the amount due to the U.S. tax authorities for the liquidation of the subsidiary Edizione Realty Corp.

Accrued expenses and deferred income

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Accrued expenses	764	970	(206)

These consist mainly 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)	12.31.2011	12.31.2010	Change
Sureties granted on behalf of subsidiaries	17,400	17,473	(73)

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.

(Thousands of Euro)	12.31.2011	12.31.2010	Change
Commitments	8,524	13,226	(4,702)

These are the residual commitments in investment funds subscribed and not yet paid in. Payments will be made as needed 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 sale 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 Attorney's Office has appealed that decision to the Court of Cassation, and the Company has filed its own counterappeal, 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 appealed to the Regional Tax Commission, which again decided in the Company's favour;
- in 2008 an assessment was received for fiscal year 2003, again alleging that Olimpia was a "dummy company"; this, too, was discussed before the Provincial Tax Commission with a favourable outcome. The Revenue Office has appealed to the Regional Tax Commission and the Company is preparing its counterarguments;
- 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 has appealed to the Regional Tax Commission and the Company has filed its counterarguments. The matter will be discussed on May 30, 2012.

In light of the numerous favourable findings, it is unlikely that any fiscal liabilities will emerge from these disputes.

Income statement (all amounts in thousands of Euro)

(Thousands of Euro)	2011	2010	Change
Revenues from sales and services	7,787	7,496	291

Revenues are broken down as follows:

(Thousands of Euro)	2011	2010	Change
Rents	7,492	7,193	299
Other real estate income	295	303	(8)
Total	7,787	7,496	291

(Thousands of Euro)	2011	2010	Change
Other revenues and income	1,398	948	450

These consist of revenues from services rendered to direct and indirect subsidiaries and associates (Euro 840), insurance reimbursements (Euro 290), real estate revenues (Euro 261) and other income (Euro 7).

(Thousands of Euro)	2011	2010	Change
Cost of services	10,162	10,164	(2)

These are made up as follows:

(Thousands of Euro)	2011	2010	Change
Company officers' emoluments	5,384	5,113	271
Property management and maintenance expenses	2,918	3,151	(233)
Consulting and professional services	739	602	137
Travel and transfers	604	786	(182)
Telephones and other costs	136	146	(10)
Maintenance and cleaning	62	89	(27)
Other	319	277	42
Total	10,162	10,164	(2)

Property management costs include Euro 1.7 million paid to the subsidiary **Edizione Property S.p.A.** for managing the real estate business.

(Thousands of Euro)	2011	2010	Change
Personell costs	2,096	2,355	(259)

At December 31, 2011 the Company had a workforce of 14 (unchanged since the previous year), while the average number of employees by category was as follows:

(in units)	2011	2010
Executives	4	5
White collar	10	10

(Thousands of Euro)	2011	2010	Change
Other operating costs	1,327	1,592	(265)

In detail:

(Thousands of Euro)	2011	2010	Change
Donations	628	640	(12)
Real estate tax (ICI)	271	271	-
Non-deductible VAT	165	302	(137)
Other real estate operating cost	107	128	(21)
Membership fees	44	30	14
Stationery and office supplies	17	20	(3)
Other expenses	95	201	(106)
Total	1,327	1,592	(265)

(Thousands of Euro)	2011	2010	Change
Income from equity investments	93,169	86,922	6,247

Details are as follows:

(Thousands of Euro)	2011	2010	Change
Dividends from:			
- Sintonia S.A.	37,507	39,539	(2,032)
- Benetton Group S.p.A.	30,635	28,184	2,451
- Assicurazioni Generali S.p.A.	6,596	5,131	1,465
- Schemaquattordici S.p.A.	6,492	4,131	2,361
- Pirelli & C. S.p.A.	3,746	3,621	125
- Mediobanca S.p.A.	3,166	3,166	-
- Gruppo Banca Leonardo S.p.A.	2,121	-	2,121
- Eurostazioni S.p.A.	1,884	1,523	361
- Schematrentaquattro S.r.l.	657	-	657
- Edizione Realty Corp.	-	1,274	(1,274)
Other dividends and income from equity investments	365	353	12
Total	93,169	86,922	6,247

(Thousands of Euro)	2011	2010	Change
Other financial income	1,006	1,117	(111)

This is made up of:

(Thousands of Euro)	2011	2010	Change
Interest income from bonds	410	328	82
Financial income from subsidiaries	352	331	21
Income from investment funds	-	383	(383)
Other financial income	244	75	169
Total	1,006	1,117	(111)

(Thousands of Euro)	2011	2010	Change
Financial interests and other charges	14,237	12,881	1,356

Details are as follows:

(Thousands of Euro)	2011	2010	Change
Financial charges from Interest Rate Swap	8,971	8,395	576
Interest charges on loans	5,023	4,070	953
Interest charges from subsidiaries	218	284	(66)
Other financial charges	25	132	(107)
Total	14,237	12,881	1,356

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

(Thousands of Euro)	2011	2010	Change
Impairment reversals of equity investments	29,289	58,958	(29,669)

The amounts shown for 2011 and 2010 concern the partial reversal of the impairment loss of Euro 102.2 million charged in 2008 on Pirelli & C. S.p.A.

(Thousands of Euro)	2011	2010	Change
Impairment losses of equity investments	60,019	46,968	13,051

These refer to the following equity investments:

(Thousands of Euro)	2011	2010	Change
Assicurazioni Generali S.p.A.	28,833	44,520	(15,687)
Mediobanca S.p.A.	14,776	-	14,776
Edizione Property S.p.A.	6,480	-	6,480
RCS Mediagroup S.p.A.	2,235	-	2,235
Caltagirone Editore S.p.A.	2,143	-	2,143
Verde Sport S.p.A.	1,720	-	1,720
Prelios S.p.A.	1,508	-	1,508
Acegas-APS S.p.A.	1,294	-	1,294
Il Sole 24 Ore S.p.A.	1,030	2,448	(1,418)
Total	60,019	46,968	13,051

(Thousands of Euro)	2011	2010	Change
Income taxes	4,342	4,226	116

These have been provided for as follows:

(Thousands of Euro)	2011	2010
Current taxes: IRES - remuneration of the tax loss	4,200	3,750
Current taxes: IRES - remuneration of R.O.L.	(334)	-
Deferred taxes: IRES	476	476
Total	4,342	4,226

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 use of the relevant provision recognized on the liabilities side of the balance sheet.

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

Statement under art. 2427, no 14							
(Thousands of Euro)	2010			2011			
	Amount of temporary differences	Tax rate	Tax liabilities at 12.31.2010	Amount of temporary differences	Tax rate	Tax liabilities at 12.31.2011	Reversal in 2011
Capital gains taxed in more than one year (2008)	2,359	27,5%	325	2,359	27,5%	163	162
Capital gains taxed in more than one year (2009)	4,561	27,5%	940	4,561	27,5%	626	314
Total			1,265			789	476

Other information

Compensation of directors, statutory auditors and independent auditors

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

(in Euro)	2011	2010
Directors' emoluments	5,329,000	5,056,000
Statutory auditors' emoluments	52,500	52,500
Independent auditors' fees	80,935	78,810
Total	5,462,435	5,187,310

The independent auditors' fees consist of Euro 77,815 for auditing the annual accounts as required by law, and Euro 3,120 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, 2011:

(in Euro)	
Equity investments:	
- revaluations under Law 72 / 1983	431,218
Total	431,218
Property:	
- 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
Total	2,167,806

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 28, 2012

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, 2011				Increases		Decreases				Carrying value at December 31, 2011		
	Cost	Accumulated revaluations	Accumulated amortization	Net value	Additions	Reclassifications	Disposals	Impairments	Amortization for the year		Cost	Amortization	Net value
							Cost	Depreciations	Net value				
Patents and intellectual property rights: software	15,442		11,454	3,988						3,088	15,442	14,542	900
Other intangible fixed assets	2,065,875		1,294,437	771,438	629,761					740,525	2,695,636	2,034,962	660,674
TOTALE	2,081,317	-	1,305,891	775,426	629,761	-	-	-	-	743,613	2,711,078	2,049,504	661,574

PROPERTY, PLANT AND EQUIPMENT

(in Euro)	Carrying value at January 1, 2011				Increases		Decreases				Carrying value at December 31, 2011			
	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	38,673,819	133,279,375				-	2,778,522	171,953,194	41,452,341	130,500,853		
Plant and machinery	5,498,666		3,864,736	1,633,930				-	451,618	5,498,666	4,316,354	1,182,312		
Industrial and commercial equipment:														
- Office furniture	965,220		904,617	60,603			512,995	457,525	55,470	1,454	452,225	448,546	3,679	
- Office electronic machines	623,679		464,887	158,792	59,606		50,159	50,159	-	64,174	633,126	478,902	154,224	
- Office furnishing	147,256		140,294	6,962	537				-	2,231	147,793	142,525	5,268	
- Residential furnishing	469,737		469,737	-							469,737	469,737	-	
- Other equipment	443,722		443,159	563			370,326	369,968	358	176	73,396	73,367	29	
Total industrial and commercial equipment	2,649,614		2,422,694	226,920	60,143		933,480	877,652	55,828	68,035	1,776,277	1,613,077	163,200	
Other assets	203,085		157,593	45,492					-	15,031	203,085	172,624	30,461	
Fixed assets in progress and advances	1,073,116			1,073,116	973,528						2,046,644		2,046,644	
TOTAL	179,209,869	2,167,806	45,118,842	136,258,833	1,033,671	-	933,480	877,652	55,828	-	3,313,206	181,477,866	47,554,396	133,923,470

(a) of which revaluations: Euro 2.167.806

NON-CURRENT FINANCIAL ASSETS: EQUITY INVESTMENTS

(in Euro)	Carrying values at January 1, 2011			Increases		Demergers	Decreases		Carrying values at December 31, 2011					
	Book value			Acquisitions and incorporations	Capital increases and other movements		Reversals of impairments		Disposals, capital repayments and other movements	Impairments	No. of shares	percentage held	Balance sheet value	of which reductions
	Cost	Revaluations/ (Accumulated impairment)	Total value											
Subsidiaries														
Benetton Group S.p.A.	8,814,848	431,218	9,246,066								122,540,000	67.08	9,246,066	431,218
C.la 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	(29,318,822)	67,397,741						6,480,000		170,000	100.00	60,917,741	
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	
Schematrentatre S.r.l.	21,000		21,000								-	100.00	21,000	
Schematrentaquattro S.r.l.	2,062,061,077	(400,000,000)	1,662,061,077					37,686,829			-	100.00	1,624,374,248	
Schematrentasei S.r.l.	15,000		15,000								-	100.00	15,000	
Sintonia S.A.	208,746,843		208,746,843								930,000	69.53	208,746,843	
Schemaquattordici S.p.A.	-		-								62,972,033	58.99	-	
Verde Sport S.p.A.	19,071,290	(5,400,000)	13,671,290						1,720,000		12,912,000	100.00	11,951,290	
		2,008,277,165		-	-	-	-	37,686,829	8,200,000				1,962,390,336	431,218
Associates														
Bensec società consortile a r.l.	3,850		3,850								-	3.50	3,850	
Eurostazioni S.p.A.	52,329,976		52,329,976								52,333,333	32.71	52,329,976	
		52,333,826		-	-	-	-	-	-				52,333,826	
Other companies														
ACEGAS-APS S.p.A.	11,159,371	(5,834,870)	5,324,501						1,293,775		1,066,500	1.94	4,030,726	
Alpi Eagles S.p.A.	6,197,484	(6,197,484)	-								770,678	1.96	-	
Assicurazioni Generali S.p.A.	374,905,665	(143,589,800)	231,315,865						28,833,474		14,658,800	0.94	202,482,391	
Gruppo Banca Leonardo S.p.A.	11,025,881		11,025,881								5,051,107	2.05	11,025,881	
Il Sole 24 Ore S.p.A.	15,333,324	(11,359,993)	3,973,331						1,030,693		2,666,665	2.00	2,942,638	
Mediobanca S.p.A.	281,570,837	(144,827,647)	136,743,190						14,776,011		18,625,029	2.16	121,967,179	
Pirelli & C. S.p.A.	157,495,267	(43,288,326)	114,206,941			29,288,652					22,705,157	4.77	143,495,593	
Prelios S.p.A.	9,962,342		9,962,342						1,507,998		22,705,157	2.70	8,454,344	
RCS Mediagroup S.p.A.	168,143,243	(128,426,771)	39,716,472						2,234,756		37,366,142	5.10	37,481,716	
		552,268,523		-	-	29,288,652	-	49,676,707					531,880,468	
TOTAL EQUITY INVESTMENTS		2,612,879,514		-	-	29,288,652	-	37,686,829	57,876,707				2,546,604,630	431,218

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	237,482,716 (ARS 207.000.000)	1,506,719,000 (ARS 251.391.169)	73,217,000 (ARS 35.321.017)	122,540,000	67.08	9,246,066
Compagnia de Tierras Sud Argentino S.A.	(2) Buenos Aires (Argentina) - Esmeralda 684	37,178,794	45,151,790	6,343,927	10,350,000	5.00	3,062,992 ⁽⁴⁾
Edizione Property S.p.A.	Villorba (TV) - Viale Felissent 20/D	8,780,500 (CZK 100.000.000)	60,915,960 (CZK 96.033.641)	(1,631,241) (CZK 2.065.096)	170,000	100.00	60,917,741
Edizione Realty Czech S.r.o.	Praga (Czech Republic) - Krkonosska, 5	3,877,923	3,724,110	80,083	-	100.00	988,596 ⁽⁴⁾
Maccaresse S.p.A. società agricola	Fiumicino (Rome) - Maccaresse	31,135,805	32,212,362	(97,262)	31,135,805	100.00	32,396,959
Realty Capri S.r.l.	Villorba (TV) - Viale Felissent 20/D	100,000	305,229	46,301	-	100.00	125,588
San Giorgio S.r.l.	Fiumicino (Rome) - Maccaresse	100,000	11,309,709	394,621	-	100.00	10,544,013
Schemaquattordici S.p.A.	Treviso - Viale Felissent, 90	19,214,893	22,217,550	(2,462,090)	62,972,033	58.99	-
Schematrentatre S.r.l.	Treviso - Calmaggione, 23	15,000	13,645	(817)	-	100.00	21,000
Schematrentaquattro S.r.l.	Treviso - Calmaggione, 23	100,000,000	1,659,787,214	35,787,214	-	100.00	1,624,374,248
Schematrentasei S.r.l.	Treviso - Calmaggione, 23	15,000	9,968	(1,138)	-	100.00	15,000
Sintonia S.A.	Luxembourg (L) - Place d'Armes, 1	1,337,550	2,282,215,839	61,935,696	930,000	69.53	208,746,843
Verde Sport S.p.A.	Treviso - Strada di Nascimben 1/b	12,912,000	11,950,437	(760,352)	12,912,000	100.00	11,951,290
Bensec società consortile a r.l.	(3) Ponzano Veneto (TV) - Via Villa Minelli, 1	110,000	116,143	11,501	-	3.50	3,850
Eurostazioni S.p.A.	Rome - Via Montello, 10	160,000,000	168,329,490	6,384,263	52,333,333	32.71	52,329,976

(1) Shareholders' equity and profit 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 12.31.2011

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. I Law 169/83	Reserve under Law 904/77	Extraordinary reserve	Merger surplus reserve (1)	Retained earnings	Net income/(loss) for the year	Roundings	Total
Balance at 01.01.2010	1,500,000,000	104,000	1,214,870	15,322	79,923,421	1,368,640	5,179,444	831,934,722	-	35,884,492	2	2,455,624,913
Net income 2009 allocated to the legal reserve		1,794,225								(1,794,225)		0
Dividends distributed								(5,909,733)		(34,090,267)		(40,000,000)
Profit for the year 2010										79,570,939		79,570,939
Roundings											-3	(3)
Balance at 31.12.2010	1,500,000,000	1,898,225	1,214,870	15,322	79,923,421	1,368,640	5,179,444	826,024,989	-	79,570,939	(1)	2,495,195,849
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												-
Balance at 31.12.2011	1,500,000,000	5,876,772	1,214,870	15,322	79,923,421	1,368,640	5,179,444	826,024,989	35,592,392	44,549,400	(1)	2,499,745,249

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

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

(in Euro)					
Type	Amount	Possibility of utilization	Amount available	Summary of utilizations in the past three years	
				For loss coverage	For other purposes (*)
Share capital	1,500,000,000				
Capital reserves:	-				
Revaluation reserve under Law 72/83 (1)	1,214,870				
Revaluation reserve under Law 576/75 (1)	15,322				
Revaluation under Art. 1 Law 169/83 (1)	79,923,421				
Reserve under Law 904/77 (1)	1,368,640				
Income-related reserves					
Legal reserve	5,876,772	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
Total	2,419,603,458		831,204,433	107,226,236	40,000,000
Non-distributable amount			-		
Residual distributable amount			831,204,433		

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)	2011	2010
A. Cash and cash equivalents at the beginning of the period	1.841	1.605
B. Cash flow from operating activities		
Net income for the year	44.549	79.571
Amortization and depreciation	4.057	3.659
Capital (gain)/losses from disposal of investments	-	(335)
Impairments /(reversals) of equity investments	30.731	(11.989)
Net change in provisions	(21)	(507)
Self financing	79.316	70.399
(Increase)/decrease in receivables from subsidiaries	7.476	(2.488)
(Increase)/decrease in other assets	(1.438)	1.711
(Increase)/decrease in trade payables	69	(162)
(Increase)/decrease in payables to third parties	(1.142)	1.309
(Increase)/decrease in payables to subsidiaries	(9.438)	(3.989)
Net changes in the other liabilities	(206)	(407)
Cash flow from operating activities	74.637	66.373
C. Cash flow generated/(absorbed) from investing activities		
Net (Investments)/disposals in non-current assets:		
- Intangible assets	(630)	(34)
- Property, plant and equipment	(976)	(647)
- Non-current financial assets	39.048	14.544
Cash flow generated/(absorbed) from investing activities	37.442	13.863
D. Cash flow generated/(absorbed) by financing activities		
New medium and long-term loans	76.250	-
Repayment of loans	(146.250)	(40.000)
Dividends pay-out	(40.000)	(40.000)
Cash flow generated/(absorbed) by financing activities	(110.000)	(80.000)
E. Cash flow for the year (B+C+D)	2.079	236
F. Cash and cash equivalents at the end of the period (A+E)	3.920	1.841
Detail of cash and cash equivalents at the end of the period		
Bank accounts	4.031	1.947
Current accounts overdraft	(119)	(112)
Cash in hand	8	6
	3.920	1.841



KPMG S.p.A.
Revisione e organizzazione contabile
Via R. Zallivani, 2
31100 TREVISO TV

Telefono 0422 576711
Telefax 0422 410891
e-mail it-fmauditaly@kpmg.it

(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 2011. 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 10 June 2011 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 2011 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 2011.
- 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

the directors' report is consistent with the financial statements of Edizione S.r.l. as at and for the year ended 31 December 2011.

Treviso, 8 June 2012

KPMG S.p.A.

(signed on the original)

Alessandro Ragghianti
Director of Audit