

EDIZIONE S.r.l.

Financial statements at December 31, 2013

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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, 2013, which we submit for your approval, show net income of Euro 121.1 million (Euro 25.8 million in 2012).

To better understand the results posted for the year, highlights of the **reclassified income statement** versus the previous year are provided below:

(Millions of Euro)	2013	2012
Dividends and other income from equity investments	89.3	83.3
Revenues and other income	10.0	9.2
Capital gains and income from equity investments, net of capital losses	88.1	5.9
Operating costs	(15.3)	(14.0)
Depreciation, amortization and write-downs	(9.4)	(11.3)
Financial charges, net	(41.7)	(25.7)
Impairment of non-current financial assets, net	0.3	(22.5)
Other non-recurring income/(losses), net	(0.1)	(0.2)
Income tax for the year	(0.1)	1.1
Income for the year	121.1	25.8

The following is the list of dividends received in 2013 and 2012:

(Millions of Euro)	2013	2012
Schematrentaquattro S.p.A.	41.6	35.8
Sintonia S.p.A.	33.2	34.8
Pirelli & C. S.p.A.	7.0	6.1
Assicurazioni Generali S.p.A.	2.9	2.9
Eurostazioni S.p.A.	2.0	2.0
Schemaquattordici S.p.A.	1.9	-
Mediobanca S.p.A.	-	0.9
Gruppo Banca Leonardo S.p.A.	0.3	0.5
Other minor equity investments	0.4	0.3
Total	89.3	83.3

Revenues and other income amount to Euro 10.0 million, including Euro 8.4 million from property rentals. The remaining amount consists mostly of charges for services rendered to Group companies.

Capital gains and income from equity investments, net of capital losses, came to Euro 88 million and refer almost entirely to the capital gain from the sale of a 3.03% interest in Pirelli & C. S.p.A. to the subsidiary Schematrentaquattro S.p.A. in the context of the latter's issue of bonds convertible into Pirelli shares.

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

(Millions of Euro)	2013	2012
Directors and statutory auditors' emoluments	5.1	4.3
Buildings' management and maintenance costs	3.6	3.0
Other costs for services	1.5	1.6
Other operating costs and provisions	2.9	2.9
Personnel costs	2.2	2.2
Total	15.3	14.0

Net **financial charges**, at Euro 41.7 million (Euro 25.7 million the previous year) include non-recurring charges of Euro 17.7 million for the early termination of some interest rate hedging agreements in light of the reduction in the corresponding debt hedged.

Net **Impairment of non-current financial assets** refers to:

- an impairment loss of Euro 24.4 million on the investment in RCS MediaGroup S.p.A., whose carrying amount was written down to the price at which it was sold in early 2014;
- the write-back of the value of Assicurazioni Generali S.p.A. shares from Euro 13.81 to Euro 15.50 per share (for a total of Euro 24.7 million), in light of the average stock market price of ordinary shares during the course of 2013 and the trend in prices in early 2014.

The financial structure at December 31, 2013 and 2012 is presented below:

(Millions of Euro)	12.31.2013	12.31.2012
Equity investments	2,436.8	2,734.4
Other non-current securities and receivables	16.2	14.7
Property, plant and equipment and intangible assets	146.4	138.9
Non-current assets	2,599.4	2,888.0
Current receivables	32.5	51.9
Current payables	(35.3)	(38.7)
Other current financial assets	2.5	2.5
Net working capital	2,599.1	2,903.7
Provisions and medium-term liabilities	(1.0)	(1.5)
Capital employed	2,598.1	2,902.2
Net financial indebtedness	2,563.8	2,485.5
Shareholders' equity	34.3	416.7
Source of fund	2,598.1	2,902.2

Equity investments

In 2013 some capital reserves were distributed by various holdings; in particular, Euro 212 million was distributed by Schematrentaquattro S.p.A. due to its disposal of an approximately 9% interest in Autogrill S.p.A. and in World Duty Free S.p.A. for a total of Euro 338 million.

Certain non-controlling investments in listed companies were sold during the year, including shares of Pirelli & C. S.p.A. to the subsidiary Schematrentaquattro S.p.A. for Euro 160 million.

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

(Millions of Euro)	
Value of equity investments at December 31, 2012	2,734.4
Reimbursement of Schematrentaquattro S.r.l. share premium reserve	(212.0)
Sale of Pirelli & C. S.p.A. shares	(71.6)
Depreciation RCS MediaGroup S.p.A.	(24.4)
Sale of Hera S.p.A. shares (formerly ACEGAS-APS S.p.A.)	(6.4)
Sale of RCS MediaGroup S.p.A. shares	(5.8)
Sale of Prelios S.p.A. shares	(1.8)
Capital refund of Gruppo Banca Leonardo S.p.A.	(0.4)
Capital contribution of Schematrentatrè S.p.A.	0.1
Impairment reversal of Assicurazioni Generali S.p.A. shares	24.7
Value of equity investments at December 31, 2013	2,436.8

Other non-current securities and receivables

In 2013 further capital call payments were made to the mutual funds **21 Centrale Partners III** and **21 Investimenti II**, for a total outlay (net of a partial redemption) of Euro 1.5 million.

At December 31, 2013, residual commitments to these funds amounted to Euro 5.2 million.

Other financial assets

Other current financial assets, totalling Euro 2.5 million, are comprised of no. 2,799,000 shares of Caltagirone Editore S.p.A.

Net financial indebtedness

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

(Millions of Euro)	2013	2012
Cash and cash equivalent	78.5	5.4
Financial receivables from subsidiaries	1.4	3.0
Medium and long-term loans	(110.6)	(420.0)
Financial payables to subsidiaries	(2.9)	(2.9)
Financial accrued income and pre-paid expenses	(0.7)	(2.2)
Total	(34.3)	(416.7)

Net indebtedness at the end of the year stood at Euro 34.3 million, down from Euro 417 million at the end of 2012 (reduction of Euro 382.4 million), due mainly to the sale of a 3.03% interest in Pirelli & C. S.p.A. (Euro 160 million) to the subsidiary Schematrentaquattro S.p.A. and to the latter's distribution of share premium reserves in the amount of Euro 212 million.

To hedge the risk of interest rate fluctuations, at December 31, 2013 the Company had taken out interest rate swaps expiring in November 2015, for a total nominal amount of Euro 125 million. The swaps were closed out early, in February 2014, when financial debt with third parties was reduced to zero.

Shareholders' equity

At December 31, 2013, Edizione's shareholders' equity amounted to Euro 2,563.8 million (Euro 2,485.5 million the previous year). A total of Euro 42.8 million in dividends was paid to the shareholders in 2013.

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 consolidated financial statements of Benetton Group for the year ended December 31, 2013 are summarized below, with comparative figures from the previous year.

Benetton Group consolidated financial statements		
(Millions of Euro)	2013	2012
Revenues	1,602.2	1,819.7
Income for the year	(198.7)	24.1
Net financial position	286.1	622.7
Shareholders' equity	1,287.3	1,513.6

Consolidated revenues in 2013 came to Euro 1,602.2 million, compared with Euro 1,819.7 million the previous year, due primarily to:

- the economic climate, which made it very difficult for commercial partners to operate in the main markets served by the Benetton group (primarily Italy and the Mediterranean region);
- the decision to align deliveries of the 2014 spring/summer collections with the needs of individual stores, in order to improve service to the distribution network;
- the negative impact of certain foreign currencies.

Performance for the year was affected by:

- an increase in sales and general expenses, due especially to the relative increase of the direct distribution channel and extraordinary mobility costs, leaving incentives, and other expenses for store closures under the current restructuring plan (Euro 23 million);
- capital gains of more than Euro 200 million for the sale of two commercial buildings in Rome and Tokyo;
- an increase of about Euro 110 million in provisions for doubtful accounts, due to the difficult economy in the main areas covered by the Benetton group and the rearrangement of the

- distribution network, through the selection and reduction of points of sale and the gradual closure of those no longer considered strategic or profitable;
- the impairment of fixed assets such as goodwill, key money, furniture & fittings, concepts, leasehold improvements, and real estate for Euro 162 million, in light of the selection and redefinition of markets and points of sale for the Benetton group's direct and indirect distribution network. The extent of impairment losses also reflects the decision to split operations into three distinct entities, which for the first time required fixed assets to be valued separately as part of their respective businesses.

These factors led the Benetton group to a consolidated loss of Euro 199 million in 2013.

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

This company provides primarily technical and real estate services, including to your Company, and closed the year 2013 with a loss of Euro 1.2 million (loss of Euro 0.1 million the previous year). This is due mainly to a provision of Euro 1.1 million against two assessment notices in which INPS, on behalf of the Italian government, is demanding repayment of the tax relief granted to hotel companies in the city of Venice for 1995, 1996 and 1997.

Equity amounts to Euro 64.6 million (Euro 65.8 million at the end of the previous year).

Edizione Property S.p.A.'s main subsidiary, Compañía de Tierras Sud Argentino S.A., closed the year with net income of Ars 26.9 million (approximately Euro 3.7 million), compared with Ars 16.5 million the previous year.

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

The financial statements at December 31, 2013 of this Prague-based real estate company closed with net income of Czk 3.4 million (about Euro 132 thousand), versus Czk 1.7 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, 2013 and 2012.

(Millions of Euro)	2013	2012
Revenues	10.1	8.9
Income/(loss) for the year	(0.3)	(0.5)
Net financial position	10.2	10.7
Shareholders' equity	31.4	31.7

Revenues increased because of the second biogas plant, which became fully operational during the year. The loss for the year and indebtedness were further reduced during the fiscal year.

Schematrentaquattro S.p.A. (controlling interest: 100%)

The financial statements at December 31, 2013 of Schematrentaquattro S.r.l., parent company of Autogrill S.p.A. and World Duty Free S.p.A. and owner of a 3.03% interest in Pirelli & C. S.p.A., are summarized below with prior year figures for comparison.

(Millions of Euro)	2013	2012
Dividends and other income from equity investments	-	42.2
Capital gains and income from sale of equity investments	83.9	-
Income/(loss) for the year	83.3	41.6
Net financial position	78.2	(1.8)
Shareholders' equity	1,489.3	1,659.6

The financial statements at December 31, 2013 present net income of Euro 83.3 million (Euro 41.6 million the previous year), as a result of capital gains and income from the disposal of equity investments.

Schematrentaquattro closed the year with net indebtedness of Euro 78 million, reflecting the bond loan convertible into shares of Pirelli & C. S.p.A. (Euro 200 million) offset by Euro 122 million in cash and cash equivalents.

Shareholders' equity at the end of the year was reduced to Euro 1,489.3 million (Euro 1,659.6 million at December 31, 2012), due in part to the distribution of reserves in the amount of Euro 212 million.

In October 2013 Schematrentaquattro disposed of interests amounting to around 9% of Autogrill S.p.A. and of World Duty Free S.p.A., for a total intake of Euro 338 million and a combined capital gain of Euro 83.9 million.

In November 2013 the company purchased a 3.03% stake in Pirelli & C. from Edizione, at the same time issuing Euro 200 million in bonds exchangeable for shares of Pirelli & C. with a duration of 3 years, paying annual interest of 0.25% and with a conversion price at maturity of Euro 13.8554 per share.

On October 1, 2013 Autogrill S.p.A. underwent a proportional partial demerger involving the transfer to World Duty Free S.p.A. of the entire share capital of World Duty Free Group SAU, the Spanish company that heads up the group's Travel retail & duty-free operations. The purpose of the demerger is to create two separate groups, focused respectively on Food & beverage and on Travel retail & duty-free. On the date the demerger came into effect, World Duty Free S.p.A. shares were listed on the Milan Stock Exchange.

Key figures for the two companies are presented below. Note that:

- for the Autogrill group, due to the demerger of World Duty Free S.p.A., consolidated figures for 2012 and 2013 refer to the Food & beverage business only (continuing operations) and do not include Travel retail and duty-free;
- for the World Duty Free group, amounts pertain to the 12 months ending December 31, 2013, regardless of the effective date of the demerger. Comparative figures for the previous year refer to the 12 months ended December 31, 2012 for WDFG SAU (demerged entity), drawn from the consolidated financial statements of Autogrill at December 31, 2013.

Key figures from **Autogrill's** consolidated financial statements at December 31, 2013 and the previous year are presented below.

Autogrill group consolidated financial statements		
(Millions of Euro)	2013	2012
Revenues	3,984.8	4,075.6
Income/(loss) for the year	8.3	7.4
Net financial positions	672.7	933.2
Shareholders' equity	444.8	215.8

The **Autogrill group** closed 2013 with consolidated revenues of Euro 3,984.8 million, showing a decrease of 2.2% (-0.3% at constant exchange rates) with respect to 2012.

The positive trend in passenger traffic sustained the strong performance of the airport channel, where revenues increased by 1.5% (at constant exchange rates) on a like-for-like basis. The overall growth in this channel and the development in railway stations offset much of the weakness at motorway locations and the decline in sales in the other channels (high streets, trade fairs and shopping centers), where a number of closures took place.

Consolidated Ebitda came to Euro 314 million, a decrease of 4.1% (-1.9% at constant exchange rates) on the previous year. The change stems mainly from the rigidity of fixed costs for rent and labor, in the face of significantly declining sales in Europe.

Net income from continuing operations amounted to Euro 8.3 million, up from 7.4 million in 2012.

Net debt decreased thanks to the extraordinary dividend of Euro 220 million paid prior to the demerger by World Duty Free, and to the sale of the North American travel retail operations to the World Duty Free group.

Key figures from **World Duty Free's** consolidated financial statements at December 31, 2013 and the previous year are presented below.

World Duty Free group consolidated financial statements		
(Millions of Euro)	2013	2012
Revenues	2,078.5	2,002.0
Income/(loss) for the year	110.9	103.0
Net financial positions	1,026.7	549.0
Shareholders' equity	419.1	598.2

The World Duty Free group closed 2013 with consolidated revenues of Euro 2,078.5 million, an increase of 3.8% (+7.1% at constant exchange rates) with respect to 2012.

Revenues in the airport channel came to Euro 2,032.8 million, or 97.8% of revenues for 2013.

Ebitda for the year was Euro 254.8 million, a decrease of 2.9% (+0.6% at constant exchange rates) with respect to 2012. The reduction is due mainly to higher rents as a result of contract renewals at Spanish airports.

Income for the year was on the rise, thanks to a decrease in depreciation, amortization and income taxes, partially offset by lower Ebitda and increased financial charges.

Net financial indebtedness at December 31, 2013 came to Euro 1,026.7 million and was influenced by three significant events: i) for Euro 261 million advance payment of a portion of concession fees to AENA and for Euro 27 million payment of the security deposit to AENA, in accordance with the contract signed in February 2013; ii) for Euro 220 million dividends paid to Autogrill S.p.A.; iii) for Euro 80 million acquisition of the US Retail division by HMS Host (a company of the Autogrill group). Cash flow from operating activities (excluding the advance payment and security deposit to AENA) came to Euro 166 million.

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

Key figures for the year ended December 31, 2013 are presented below with comparative figures from 2012:

(Millions of Euro)	2013	2012
Income/(loss) for the year	(1.8)	(3.0)
Other securities and non-current receivables	7.8	8.8
Shareholders' equity	7.8	12.8

The loss for the year was influenced by the write-down of mutual fund units (net of write-backs) in the amount of Euro 1 million and by a tax audit leading to an assessment of Euro 0.8 million.

Shareholders' equity decreased mainly as a result of the reimbursement of capital and the loss for the year.

Sintonia S.p.A. (controlling interest: 66.40%)

Key figures for the year ended December 31, 2013 are presented below with comparative figures from 2012:

(Millions of Euro)	2013	2012
Dividends and other income from equity investments	257.7	224.3
Other revenues and income	0.1	0.2
Operating costs	(2.8)	(8.9)
Net financial charges	(34.6)	(38.0)
Value adjustments of equity investments, net	(0.2)	(50.7)
Other extraordinary income/(expenses), net	0.1	(11.6)
Income tax for the year	-	(0.1)
Income for the year	220.4	115.2
Shareholders' equity	3,523.5	3,131.0
Net financial position	357.8	626.1

Dividends and other income from equity investments consist of Euro 124.1 million as the balance on the 2012 Atlantia dividend and Euro 133.6 million as the advance on the dividend for 2013, which went ex-div on December 23, 2013 with payment on January 2, 2014.

Operating costs include payroll costs, legal, tax and corporate advisory fees, consulting fees for special projects and directors' and statutory auditors' fees. The decrease on the previous year is due mainly to the company's downsizing and transfer to Italy.

Net financial charges came to Euro 34.6 million, a decrease with respect to 2012 (Euro 38 million) due to an improvement in the net financial position.

Value adjustments of equity investments, Euro 0.2 million in 2013, refer to the impairment of the non-controlling interest in Euroqube S.A.

At December 31, 2013, **Shareholders' equity** amounted to Euro 3,523.5 million (Euro 3,131.0 million the previous year). During the year, Pacific Mezz Investco S.à r.l. (Singapore) subscribed and paid in the final tranche of the capital increase reserved to that shareholder (Euro 222.1 million) and dividends were paid in the amount of Euro 50 million.

The **Net financial position** at year end came to Euro 357.8 million, a decrease of Euro 268.3 million since the end of 2012.

On April 29 and 30, 2013 and again on August 7 and 8, 2013, the meeting of the savings shareholders of Gemina S.p.A. and the extraordinary general meetings of Gemina S.p.A. and Atlantia S.p.A. approved the plan to have Gemina merged with and into Atlantia at the ratio of 1 new ordinary Atlantia share for every 9 ordinary Gemina shares and 1 new ordinary Atlantia share for every 9 Gemina savings shares.

On November 20, 2013 the deed of merger was signed for the incorporation of Gemina S.p.A. by Atlantia S.p.A., with effect from December 1, 2013.

As a result of the merger, Sintonia's share of Atlantia S.p.A. now amounts to 45.56%.

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

This company is active in competitive sports (through its subsidiary Benetton Rugby Treviso S.r.l.) and in the organization of sporting events. It closed the year with a loss of Euro 0.1 million (loss of Euro 3.9 million in 2012).

Equity amounts to Euro 7.9 million (Euro 8.0 million at the end of the previous year).

Related party transactions

Below is a summary of the main 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.	15					13		
Allevamento San Giorgio S.r.l.	44	12						
Atlantia S.p.A.	5					387		
Autogrill S.p.A.	140	14,628			90	131	42	
Autostrade per l'Italia S.p.A.					15			
Bencom S.r.l.	30	2,641					3,825	220
Benetton Group S.p.A.	422	630				37	238	
Benetton Retail Italia S.r.l.	28	54						
Benind S.r.l.		1,554			130			
Edizione Alberghi S.r.l.	19				16		1,594	
Edizione Property S.p.A.		2,584	16		2,045		147	
Edizione Realty Czech S.r.o.	222							
Fabrica S.p.A.		119						
Gemina S.p.A.								
Maccarese S.p.A. società agricola	412							
Milano Report S.p.A.	12	425					476	
Nuova Sidap S.r.l.		14						
Olimpias S.p.A.	704	1,410						
Ponzano Children S.r.l.	4	33						
San Giorgio S.r.l.	308	1						
Schemaquattordici S.p.A.		23				3		
Schematrentatrè S.r.l.		114	1			2		
Schematrentaquattro S.r.l.	606	209	254			78		
Schematrentasei S.r.l.		13						
Sintonia S.p.A.	49					111	20	
Verde Sport S.p.A.	1,407			60				
Villa Minelli S.c.a.r.l.	2							
World Duty Free Group Italia S.p.A.		51						
World Duty Free S.p.A.	35					35	12	
Total	4,464	24,515	271	60	2,296	797	6,354	220

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 2013.

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, 2013 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 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.

Management of financial risks

As previously mentioned, Edizione has decided to hedge its exposure to interest rate fluctuations by taking out interest rate swaps. At December 31, 2013 the Company had gross bank debt of Euro 110 million and interest rate swaps with a notional value of Euro 125 million.

There is basically 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.

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

Significant events following the end of the financial year

In February and March 2014, Edizione's entire 1.04% interest in RCS MediaGroup was sold in the open market, for net proceeds of Euro 7.2 million.

On February 10, 2014 the City of Venice issued an exceptional building permit for the expansion, change of use and renovation of the property complex "Fondaco dei Tedeschi". The Italia Nostra non-profit, which on July 16, 2013 had filed an initial complaint with the Veneto Regional Administrative Court (TAR) against decisions paving the way for issuance of the building permit, on April 23, 2014 filed another complaint with the TAR Veneto against the City of Venice, the Ministry of Heritage and Cultural Activities, and Edizione, asking for the building permit and related acts to be suspended and ultimately revoked.

At the hearing of May 21, 2014 Italia Nostra dropped its complaint.

On February 24, after the Italian government declined to exercise its right of pre-emption, the former courthouse in Treviso became the property of Edizione upon payment of the remaining balance of Euro 11.5 million (total outlay Euro 13.5 million).

Outlook for 2014

On the basis of resolutions taken by Edizione's subsidiaries and associates, dividends are expected to increase in 2014, while operating costs are likely to remain stable. Financial charges should show a definite decrease due to the reduction in debt at the end of 2013, which will affect 2014 in its entirety.

Proposed resolution

Dear Shareholders,

To conclude our report, we move to:

- approve the financial statements at and for the year ended December 31, 2013, as submitted to you, which show a net income of Euro 121,077,128;
- allocate Euro 6,053,857 of net income to the legal reserve;
- allocate Euro 42,800,000 of the net income to dividends to be paid to the Shareholders;
- carry forward the remaining share of the net income.

Treviso, May 26, 2014

Gilberto Benetton
Chairman of the Board of Directors

Financial statements at December 31, 2013

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

BALANCE SHEET

ASSETS

(in Euro)	December 31, 2013	December 31, 2012
A) UNPAID SUBSCRIBED CAPITAL	-	-
B) NON-CURRENT ASSETS		
I INTANGIBLE ASSETS		
3) Industrial patent rights and intellectual property rights	26,756	500
7) Other intangible assets	6,848,535	12,580,338
Total intangible assets	6,875,291	12,580,838
II PROPERTY, PLANT AND EQUIPMENT		
1) Land and buildings	133,344,457	122,297,618
2) Plant and machinery	642,013	857,085
3) Industrial and commercial equipment	142,525	137,445
4) Other assets	2,840	8,521
5) Assets under construction and advances	5,344,196	3,011,770
Total property, plant and equipment	139,476,031	126,312,439
III NON-CURRENT FINANCIAL ASSETS		
1) Equity investments in:		
a) Subsidiaries	1,960,153,920	2,172,043,920
b) Associates	50,763,826	50,763,826
c) Other companies	425,942,518	511,628,066
Total equity investments	2,436,860,264	2,734,435,812
2) Non-current receivables:		
d) From third parties	16,600	11,903
Total non-current receivables	16,600	11,903
3) Other securities	16,189,709	14,676,732
Total non-current financial assets	2,453,066,573	2,749,124,447
TOTAL NON-CURRENT ASSETS	2,599,417,895	2,888,017,724
C) CURRENT ASSETS		
I INVENTORIES	-	-
II RECEIVABLES:		
1) Trade receivables	247,312	208,220
2) From subsidiaries:		
- falling due in the next year	4,173,822	18,406,361
- falling due after the next year	290,000	1,040,721
	4,463,822	19,447,082
3) From associates	-	326,607
4 _{bis}) Tax receivables	23,010,246	28,837,728
5) Other receivables	6,164,607	6,038,747
Total receivables	33,885,987	54,858,384
III CURRENT FINANCIAL ASSETS		
4) Other equity investments	2,547,090	2,547,090
Totale attività finanziarie	2,547,090	2,547,090
IV CASH AND CASH EQUIVALENT:		
1) Bank and postal accounts	78,448,741	5,386,051
3) Cash in hand	8,243	8,847
Total cash and cash equivalents	78,456,984	5,394,898
TOTAL CURRENT ASSETS	114,890,061	62,800,372
D) ACCRUED INCOME AND PREPAID EXPENSES	58,523	54,013
TOTAL ASSETS	2,714,366,479	2,950,872,109

SHAREHOLDERS' EQUITY AND LIABILITIES

(in Euro)	December 31, 2013	December 31, 2012
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	9,393,847	8,104,242
V Statutory reserve	-	-
VI Treasury 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)
	912,496,495	912,496,493
VIII Retained earnings	19,616,824	37,914,322
IX Income/(loss) for the year	121,077,128	25,792,107
TOTAL SHAREHOLDERS' EQUITY	2,563,814,486	2,485,537,356
B) PROVISIONS FOR RISKS AND CHARGES		
2) Deferred tax liabilities	-	313,575
3) Other	320,983	603,000
TOTAL PROVISIONS FOR RISKS AND CHARGES	320,983	916,575
C) PROVISION FOR EMPLOYEE TERMINATION INDEMNITIES	621,365	574,646
D) PAYABLE		
4) Amounts due to banks		
- falling due in the next year	597,199	195,000,000
- falling due after the next year	110,000,000	225,000,000
	110,597,199	420,000,000
7) Trade payables	12,801,329	531,434
9) Amounts due to subsidiaries		
- falling due in the next year	24,514,721	40,115,505
- falling due after the next year	-	-
	24,514,721	40,115,505
10) Payables to subsidiaries/associates	-	-
12) Tax payables	434,196	428,700
13) Amounts due to social security institutions	173,767	138,353
14) Other payables	215,400	269,568
TOTAL PAYABLES	148,736,612	461,483,560
E) ACCRUED EXPENSES AND DEFERRED INCOME	873,033	2,359,972
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	2,714,366,479	2,950,872,109

MEMORANDUM ACCOUNTS	December 31, 2013	December 31, 2012
GUARANTEES GRANTED BY THE COMPANY		
Sureties granted on behalf of subsidiaries	260,000,000	5,800,000
	260,000,000	5,800,000
GUARANTEES GRANTED BY THIRD PARTIES		
Sureties granted by third parties	392,913	459,588
	392,913	459,588
COMMITMENTS		
Residual commitments in investment funds	5,221,461	7,874,438
	5,221,461	7,874,438
TOTAL MEMORANDUM ACCOUNTS	265,614,374	14,134,026

INCOME STATEMENT

(in Euro)	December 31, 2013	December 31, 2012
A) VALUE OF PRODUCTION		
1) Revenues from sales and services	8,669,707	8,330,643
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	1,296,689	3,044,620
TOTAL VALUE OF PRODUCTION	9,966,396	11,375,263
B) COST OF PRODUCTION		
6) Raw materials, consumables and goods	-	-
7) Services	10,136,281	8,940,680
8) Leases, rentals and royalties	273,754	264,629
9) Personnel costs:		
a) wages and salaries	1,585,401	1,548,534
b) social security contribution	492,224	476,665
c) employee termination indemnities	116,052	120,554
e) other costs	12,595	11,814
Total personnel costs	2,206,272	2,157,567
10) Amortization, depreciation and impairment:		
a) amortization of intangible assets	6,487,959	2,733,316
b) depreciation of property, plant and equipment	2,944,864	3,178,066
c) impairment of non-current assets	-	5,424,713
d) depreciation of current receivables	-	-
Total amortization, depreciation and impairment	9,432,823	11,336,095
11) Change in inventories of raw materials, consumables and goods	-	-
12) Provisions for risk	-	203,000
13) Other provisions	-	-
14) Other operating costs	2,661,302	4,618,199
TOTAL COST OF PRODUCTION	24,710,432	27,520,170
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST	(14,744,036)	(16,144,907)
C) FINANCIAL INCOME AND CHARGES		
15) Income from equity investments:		
- income from subsidiaries	75,285,340	70,562,043
- income from associates	1,946,800	1,983,433
- income from other companies	10,199,152	10,774,455
Total income from equity investments	87,431,292	83,319,931
16) Other financial income:		
b) income from securities held as financial fixed assets	2,582,535	239,383
d) income other than above:		
- from subsidiaries	59,614	188,529
- other income	142,660	264,034
Total other financial income	2,784,809	691,946
17) Financial interests and other charges:		
- from subsidiaries	(270,805)	(64,070)
- other interest financial charges	(44,184,462)	(26,337,218)
Total financial interests and other charges	(44,455,267)	(26,401,288)
17bis) Foreign exchange gains and losses	-	-
TOTAL FINANCIAL INCOME AND CHARGES	45,760,834	57,610,589

(in Euro)	December 31, 2013	December 31, 2012
D) VALUE ADJUSTMENTS OF FINANCIAL ASSETS		
18) Impairment reversals:		
a) equity investments	24,729,010	16,367,948
19) Impairment losses:		
a) equity investments	(24,408,611)	(39,153,771)
TOTAL VALUE ADJUSTMENTS OF FINANCIAL ASSETS	320,399	(22,785,823)
E) EXTRAORDINARY INCOME AND EXPENSES		
20) Income:		
- gains on disposals	89,061,967	5,872,194
- other extraordinary income	1,917,707	141,812
Total extraordinary income	90,979,674	6,014,006
21) Expenses:		
- loss on disposals	(1,052,158)	-
- other	(84,153)	(13,661)
Total extraordinary expenses	(1,136,311)	(13,661)
TOTAL EXTRAORDINARY ITEMS	89,843,363	6,000,345
Income before taxes	121,180,560	24,680,204
22) Income taxes for the year, current, deferred and prepaid		
- current taxes	(417,007)	636,128
- deferred taxes	313,575	475,775
- prepaid taxes	-	-
Total taxes	(103,432)	1,111,903
23) NET INCOME/(LOSS) FOR THE YEAR	121,077,128	25,792,107

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 law 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) and by the documents issued directly by 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 2013, 2014, 2015.

Transactions among the companies participating in the National Consolidated Taxation System 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, 2013 the following companies participated in the National Consolidated Taxation System:

1	Allevamento San Giorgio S.r.l.	11	Olimpias S.p.A.
2	Autogrill S.p.A.	12	Ponzano Children S.r.l.
3	Bencom S.r.l.	13	San Giorgio S.r.l.
4	Benetton Group S.p.A.	14	Schemaquattordici S.p.A.
5	Benetton Retail Italia S.r.l.	15	Schematrentaquattro S.p.A.
6	Benind S.p.A.	16	Schematrentatre S.p.A.
7	Fabrica S.p.A.	17	Villa Minelli S.c. a r.l.
8	Milano Report S.p.A.	18	World Duty Free S.p.A.
9	Maccarese S.p.A. società agricola	19	World Duty Free Group S.p.A.
10	Nuova Sidap S.r.l.		

Comments on financial statement items

Assets (all figures in thousands of Euro)

Non-current assets

(Thousands of Euro)	12.31.2013	12.31.2012	Change
Intangible assets	6,875	12,581	(5,706)

The breakdown of this item and movements during the year are reported in an annex to these notes. Due to the early reimbursement of the term loan of Euro 225 million, the corresponding issue expenses that have not yet been amortized have been charged to the income statement in the amount of Euro 4.6 million.

(Thousands of Euro)	12.31.2013	12.31.2012	Change
Property, plant and equipment	139,476	126,312	13,164

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.

The appreciable increase in Property, plant and equipment is explained by the purchase of a real estate complex to be renovated in Treviso; the remaining balance for the property, Euro 11.5 million, was paid in February 2014 and is recognized in these financial statements under **Trade payables**.

Also, during the year, research 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)	12.31.2013	12.31.2012	Change
Non-current financial assets: equity investments	2,436,860	2,734,436	(297,576)

Equity investments held at December 31, 2013 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.p.A.:** the decrease of Euro 212.0 million refers to the partial distribution of the share premium reserve;
- **Acegas-APS S.p.A.:** the entire investment went into the public exchange offer made by **Hera S.p.A.**, in exchange for 4,436,583 ordinary Hera S.p.A. shares; all of the Hera shares were then sold to third parties for a capital gain of Euro 0.7 million;
- **Assicurazioni Generali S.p.A.:** in consideration of the persistent increase in stock market prices, the impairment losses charged in previous years were partially reversed, for a write-back of Euro 24.7 million;
- **Pirelli & C. S.p.A.:** the decrease of Euro 71.6 million corresponds to the sale of no. 14,434,805 shares to the subsidiary Schematrentaquattro S.p.A., resulting in a capital gain of Euro 88.4 million;
- **Prelios S.p.A.:** in 2013 the entire interest was sold to third parties for a capital loss of Euro 0.1 million;
- **RCS MediaGroup S.p.A.:** this investment suffered an impairment loss of Euro 24.4 million; in addition, during 2013 no. 5,803,664 shares were sold to third parties for a capital loss of Euro 1.0 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 2013, was less than their carrying value.

(Thousands of Euro)	Carrying value	Fair Value
Non-current financial assets: equity		
Il Sole 24 Ore S.p.A.	1,627	1,586

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)	12.31.2013	12.31.2012	Change
Non-current financial assets: other securities	16,190	14,677	1,513

These are made up as follows:

(Thousands of Euro)	12.31.2013	12.31.2012	Change
			(156)
2I Centrale Partners III investment fund shares	6,174	6,330	
Club Méditerranée bonds	1,760	1,760	-
2I Investimenti II investment fund shares	8,256	6,587	1,669
Total	16,190	14,677	1,513

During 2013, the fund **2I Centrale Partners III** distributed Euro 2.5 million to the Company, following the divestment of portfolio assets.

The **Club Méditerranée** bonds are no. 107,546 convertible bonds subscribed in October 2010 and maturing in November 2015.

Current assets

(Thousands of Euro)	12.31.2013	12.31.2012	Change
Receivables due from subsidiaries	4,464	19,447	(14,983)

These are comprised as follows:

(Thousands of Euro)	12.31.2013	12.31.2012	Change
Verde Sport S.p.A.	1,407	2,988	(1,581)
Edizione Realty Czech S.r.o.	222	422	(200)
Autogrill S.p.A.	140	-	140
Receivables due from other subsidiaries	233	449	(216)
Receivables from tax consolidation	2,462	15,588	(13,126)
Total	4,464	19,447	(14,983)

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)	12.31.2013	12.31.2012	Change
Benetton group	1,123	13,160	(12,037)
Schematrentaquattro S.p.A.	576	1,095	(519)
Maccarese S.p.A.	412	256	156
Autogrill group	-	687	(687)
Other subsidiaries	351	390	(39)
Total	2,462	15,588	(13,126)

(Thousands of Euro)	12.31.2013	12.31.2012	Change
Tax receivables	23,010	28,838	(5,828)

These consist of:

(Thousands of Euro)	12.31.2013	12.31.2012	Change
IRES receivables from tax consolidation	2,501	8,920	(6,419)
IRES refund due under Art. 2 of Decree Law 201/2011	15,748	15,548	200
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	-
VAT receivables	367	-	367
Interest income accrued on tax receivables	149	149	-
Others	43	19	24
Total	23,010	28,838	(5,828)

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.

(Thousands of Euro)	12.31.2013	12.31.2012	Change
Other receivables	6,165	6,039	126

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.

In February 2014, the partial release of funds to the City of Venice was authorized in the amount of Euro 1.0 million.

(Thousands of Euro)	12.31.2013	12.31.2012	Change
Non-current financial assets	2,547	2,547	-

These concern no. 2,799,000 shares of the company **Caltagirone Editore S.p.A.**

(Thousands of Euro)	12.31.2013	12.31.2012	Change
Cash and cash equivalents	78,457	5,395	73,062

The funds from the sale of 3.03% of Pirelli & C. S.p.A. and from the distribution of dividends and share premium reserve by Schematrentaquattro S.p.A., along with a new drawdown on a revolving credit line, were used to pay back a portion of bank loans.

The remaining Euro 78.5 million is listed under Cash and cash equivalents at December 31, 2013.

Liabilities (all figures in thousands of Euro)

Shareholders' equity

(Thousands of Euro)	12.31.2013	12.31.2012	Change
Share capital	1,500,000	1,500,000	-

No changes took place during the year.

(Thousands of Euro)	12.31.2013	12.31.2012	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)	12.31.2013	12.31.2012	Change
Legal reserve	9,394	8,104	1,290

The increase refers to the allocation of one fifth of 2013 net income. The reserve consists entirely of income.

(Thousands of Euro)	12.31.2013	12.31.2012	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)	12.31.2013	12.31.2012	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)	12.31.2013	12.31.2012	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)	12.31.2013	12.31.2012	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)	12.31.2013	12.31.2012	Change
Retained earnings	19,617	37,914	(18,297)

The decrease reflects use of the reserve to pay the dividends approved in 2013.

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

Provision for employee termination indemnities

Movements during the year were as follows:

(Thousands of Euro)	2013	2012
Opening balance	575	541
Uses	(70)	(86)
Provisions	116	120
Closing balance	621	575

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

Payables

(Thousands of Euro)	12.31.2013	12.31.2012	Change
Amounts due to banks	110,597	420,000	(309,403)

These are made up as follows:

(Thousands of Euro)	12.31.2013			12.31.2012			Change
	Within 12 months	Beyond 12 months	Total	Within 12 months	Beyond 12 months	Total	
Current accounts and short-term borrowings	597	-	597	-	-	-	597
Unsecured medium/long-term loans	-	110,000	110,000	195,000	225,000	420,000	(310,000)
Total	597	110,000	110,597	195,000	225,000	420,000	(309,403)

The payable of Euro 110 million refers to use of the revolving credit line totalling Euro 375 million and maturing in February 2017.

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 2013 this covenant was satisfied.

On November 6, 2013, before its natural maturity, Edizione S.r.l. reimbursed the entire Euro 225 million term loan taken out in February 2012 to finance the Benetton Tender Offer.

On the same date, the financial terms of the remaining Euro 375 million revolving credit line were renegotiated in the Company's favour.

At December 31, 2013 Edizione S.r.l. had uncommitted credit lines of about Euro 100 million and committed credit lines of Euro 375 million, of which Euro 265 million still undrawn. Details of the committed credit lines are as follows:

(Thousands of Euro)	Date of		Available	Drawn	Undrawn
	inception	Maturity			
Revolving MB, ISP, UCI	29.02.2012	28.02.2017	375,000	110,000	265,000
Total			375,000	110,000	265,000

In November 2013, interest rate swaps were closed ahead of their natural maturity for a total notional amount of Euro 225 million.

At December 31, 2013 the Company had interest rate swaps with a notional amount of Euro 125 million, maturing on November 30, 2015, which had a negative market value of about Euro 9 million. These instruments, which are treated as hedges of estimated average medium-term exposure, were terminated in advance in February 2014.

Taking account of those derivative instruments, the yearly weighted average cost of gross bank debt in 2013 was 7.43% (4.55% excluding the hedging instruments).

(Thousands of Euro)	12.31.2013	12.31.2012	Change
Trade payables	12,801	531	12,270

These include Euro 11.5 million due for the purchase of a property, which was paid in February 2014.

(Thousands of Euro)	12.31.2013	12.31.2012	Change
Amounts due to subsidiaries	24,515	40,116	(15,601)

These are made up as follows:

(Thousands of Euro)	12.31.2013	12.31.2012	Change
Payables to companies participating in the National Consolidated Taxation System	2,829	18,612	(15,783)
Payables for IRES refunds per Art. 2 of Decree Law 201/2011	15,748	15,548	200
Payables for IRES refunds per Art. 6 of Decree Law 185/2008	2,974	2,974	-
Schematrentaquattro S.r.l. - intercompany account	201	1,742	(1,541)
Edizione Property Sp.A. - intercompany account	2,538	1,092	1,446
Other payables	225	148	77
Total	24,515	40,116	(15,601)

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 4.2 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)	12.31.2013	12.31.2012	Change
Benetton group	2,652	15,223	(12,571)
Autogrill group	134	1,399	(1,265)
Schemaquattordici S.p.A.	23	1,701	(1,678)
Maccarese group	-	250	(250)
Others	20	39	(19)
Total	2,829	18,612	(15,783)

Accrued expenses and deferred income

(Thousands of Euro)	12.31.2013	12.31.2012	Change
Accrued expenses	873	2,360	(1,487)

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)	12.31.2013	12.31.2012	Change
Sureties granted on behalf of subsidiaries	260,000	5,800	254,200

This is a surety issued on behalf of the subsidiary **Schematrentaquattro S.p.A.** in relation to its convertible bond loan of Euro 200 million.

(Thousands of Euro)	12.31.2013	12.31.2012	Change
Commitments	5,221	7,874	(2,653)

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 merged 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 dispute currently in progress can be summarized as follows.

For fiscal year 2001 the Tax Authority (Agenzia delle Entrate) determined that financial income had been realized on the Bell Bond Loan redeemable with Olivetti shares, with a consequent IRAP assessment of Euro 26.5 million (Pirelli & C. share: Euro 21.2 million) plus penalties of the same amount. Although the first- and second-instance Tax Commissions accepted the Company's appeal and cancelled the assessment in full, the Tax Authority has appealed to the Court of Cassation.

For fiscal years 2002, 2003 and 2004 the Tax Authority had characterized Olimpia as a "shell company" on the basis of reclassifications of financial statement items and wholly arbitrary interpretations of the law. All three disputes were closed when the second-instance decision became final, as the Tax Authority did not appeal to the Court of Cassation.

Income statement (all amounts in thousands of Euro)

(Thousands of Euro)	2013	2012	Change
Revenues from sales and services	8,670	8,331	339

Revenues are broken down as follows:

(Thousands of Euro)	2013	2012	Change
Rents	8,396	8,049	347
Other real estate income	274	282	(8)
Total	8,670	8,331	339

(Thousands of Euro)	2013	2012	Change
Other revenues and income	1,297	3,045	(1,748)

This consists of revenues from services rendered to direct and indirect subsidiaries and associates (Euro 768), real estate revenues (Euro 481) and other income (Euro 48).

(Thousands of Euro)	2013	2012	Change
Cost of services	10,136	8,941	1,195

These are made up as follows:

(Thousands of Euro)	2013	2012	Change
Company officers' emoluments	5,101	4,337	764
Property management and maintenance expenses	3,553	2,973	580
Consulting and professional services	496	559	(63)
Travel expenses	491	562	(71)
IT consulting and maintenance	127	108	19
Telephones and other costs	121	149	(28)
Maintenance and cleaning	54	58	(4)
Other	193	195	(2)
Total	10,136	8,941	1,195

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

(Thousands of Euro)	2013	2012	Change
Personell costs	2,206	2,158	48

At December 31, 2013 the Company had a workforce of 14 units (unchanged since the previous year), while the average number of employees by category was as follows:

(FTEs)	2013	2012	Change
Executives	4	4	-
Employees	10	10	-

(Thousands of Euro)	2013	2012	Change
Other operating costs	2,661	4,618	(1,957)

In detail:

(Thousands of Euro)	2013	2012	Change
Donations	1,430	621	809
Non-deductible VAT	289	870	(581)
Real estate tax (ICI/IMU)	718	630	88
Real estate operating cost	49	97	(48)
Membership fees	44	44	-
Exit cost for early vacancy of premises	-	2,200	(2,200)
Other expenses	131	156	(25)
Total	2,661	4,618	(1,957)

(Thousands of Euro)	2013	2012	Change
Income from equity investments	87,431	83,320	4,111

Details are as follows:

(Thousands of Euro)	2013	2012	Change
Dividends from Schematrentaquattro S.r.l.	41,634	35,787	5,847
Dividends from Sintonia S.p.A.	33,201	34,763	(1,562)
Dividends from Pirelli & C. S.p.A.	7,015	6,130	885
Dividends from Assicurazioni Generali S.p.A.	2,932	2,932	-
Dividends from Eurostazioni S.p.A.	1,947	1,983	(36)
Dividends from Mediobanca S.p.A.	-	931	(931)
Dividends from Gruppo Banca Leonardo S.p.A.	252	505	(253)
Other dividends and income from equity investments	450	289	161
Total	87,431	83,320	4,111

(Thousands of Euro)	2013	2012	Change
Other financial income	2,785	692	2,093

This is made up of:

(Thousands of Euro)	2013	2012	Change
Income from mutual funds	2,475	-	2,475
Interest income from bonds	108	239	(131)
Financial income from subsidiaries	60	189	(129)
Other financial income	142	264	(122)
Total	2,785	692	2,093

(Thousands of Euro)	2013	2012	Change
Financial interest and other charges	44,455	26,401	18,054

In detail:

(Thousands of Euro)	2013	2012	Change
Interest charges on loans	16,333	15,298	1,035
Financial charges from Interest Rate Swap	27,810	11,000	16,810
Interest charges from subsidiaries	271	64	207
Other financial charges	41	39	2
Total	44,455	26,401	18,054

Financial charges from Interest Rate Swaps include non-recurring charges of Euro 17.7 million for the early termination of some interest rate swaps with a notional value of Euro 225 million.

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

(Thousands of Euro)	2013	2012	Change
Impairment reversals of equity investments	24,729	16,368	8,361

This represents the reversal of impairment losses charged previously on the investment in **Assicurazioni Generali S.p.A.**

(Thousands of Euro)	2013	2012	Change
Impairment losses of equity investments	24,409	39,154	(14,745)

These concern the investment in **RCS MediaGroup S.p.A.**, which was written down to the amount for which it was sold in March 2014.

(Thousands of Euro)	2013	2012	Change
Non-recurring income	90,980	6,014	84,966

As follows:

(Thousands of Euro)	2013	2012	Change
Gains on disposals	89,062	5,872	83,190
Capital reserve distribution	1,889	-	1,889
Other extraordinary income	29	142	(113)
Total	90,980	6,014	84,966

Gains on disposals refer to the sale of interests in **Pirelli & C. S.p.A.** (Euro 88.4 million) and **Hera S.p.A.** (Euro 0.7 million).

The Euro 1,889 shown for **Capital reserve distribution** concerns Schemaquattordici S.p.A.

(Thousands of Euro)	2013	2012	Change
Income taxes for the year	(103)	1,112	(1,215)

These have been provided for as follows:

(Thousands of Euro)	2013	2012	Change
Current taxes: IRES - remuneration of the tax loss	290	1,000	(710)
Current taxes: IRES - remuneration of R.O.L.	(707)	(364)	(343)
Deferred taxes: IRES	314	476	(162)
Total	(103)	1,112	(1,215)

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:

Statement under art. 2427 (14)							
(Thousands of Euro)							
2012				2013			
	Amount of temporary differences	Tax rate	Tax liabilities at 12.31.2012	Amount of temporary differences	Tax rate	Tax liabilities at 12.31.2013	Reversal in 2013
Capital gains taxed in more than one year (2008)	2,359	27,5%	-	2,359	27,5%	-	-
Capital gains taxed in more than one year (2009)	4,561	27,5%	313	4,561	27,5%	-	313
Total			313			-	313

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)	2013	2012
Directors' emoluments	5,044,000	4,284,764
Statutory auditors' emoluments	52,500	52,500
Independent auditors' fees	83,215	83,215
Total	5,179,715	4,420,479

The Independent auditors' fees consist of Euro 80,960 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, 2013:

(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 in 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.

Tax audit for 2010

Following a tax audit that took place in 2013, in April 2014 the Tax Authority (Agenzia delle Entrate) notified two assessments for 2010, concerning corporate income tax and VAT.

On the basis of sound reasoning, shared by the Company's advisors, the Tax Authority's complaints are held to be groundless and no provisions for risks have been allocated.

Treviso, May 26, 2014

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, 2013				Increases		Decreases				Carrying value at December 31, 2013		
	Cost	Accumulated revaluations	Accumulated amortization	Net value	Additions	Reclassifications	Disposals	Impairments	Amortization for the year	Cost	Amortization	Net value	
Industrial patent rights and intellectual property rights:													
software	15,442		14,942	500	32,412				6,156	47,854	21,098	26,756	
Issuance cost for a Euro 375 million credit line	9,145,362		1,532,574	7,612,788	750,000				1,854,990	9,895,362	3,387,564	6,507,798	
Issuance cost for a Euro 225 million credit line	5,487,217		919,544	4,567,673					4,567,673	5,487,217	5,487,217	-	
Other intangible fixed assets	511,490		111,613	399,877					59,140	511,490	170,753	340,737	
TOTAL	15,159,511	-	2,578,673	12,580,838	782,412	-	-	-	-	6,487,959	15,430,433	8,895,879	6,875,291

PROPERTY, PLANT AND EQUIPMENT

(in Euro)	Carrying value at January 1, 2013				Increases		Decreases				Carrying value at December 31, 2013			
	Cost	Accumulated revaluations	Accumulated amortization	Net value	Additions	Reclassifications	Disposals	Impairments	Amortization for the year	Cost	Amortization	Net value		
							Cost	Depreciations	Net value			(a)		
Land and building	172,245,405	5,716,924	44,230,863	122,297,618	13,710,272				2,663,433	180,238,753	46,894,296	133,344,457		
Plant and machinery	5,498,666		4,641,581	857,085					215,072	5,498,666	4,856,653	642,013		
Industrial and commercial equipment:														
- Office furniture	464,224		450,479	13,745	2,783		933	933	-	2,250	466,074	451,796	14,278	
- Office electronic machines	655,675		535,011	120,664	62,975		6,625	6,625	-	56,196	712,025	584,582	127,443	
- Office furnishing	147,793		144,757	3,036					2,232	147,793	146,989	804		
- Residential furnishing	469,737		469,737	-						469,737	469,737	-		
- Other equipment	73,396		73,396	-						73,396	73,396	-		
Total industrial and commercial equipment	1,810,825	-	1,673,380	137,445	65,758	-	7,558	7,558	-	60,678	1,869,025	1,726,500	142,525	
Other assets	186,825		178,304	8,521			115,104	115,103	-	5,680	71,721	68,881	2,840	
Fixed assets in progress and advances	3,011,770			3,011,770	2,332,426						5,344,196		5,344,196	
TOTAL	182,753,491	5,716,924	50,724,128	126,312,439	16,108,456	-	122,662	122,661	-	-	2,944,863	193,022,361	53,546,330	139,476,031

(a) of which revaluations: Euro 2.167.806

NON-CURRENT FINANCIAL ASSETS: EQUITY INVESTMENTS

(in Euro)

	Carrying value at January 1, 2013			Increases			Adjustments	Decreases		Carrying value at December 31, 2013		
	Cost	Revaluations/ (Accumulated impairment)	Value at January 1, 2013	Acquisitions and incorporations	Capital increases and other movements	Reversal of impairments		Disposals, capital repayments and other	Impairments	No. of shares	Percentage held	Balance sheet value
Subsidiaries												
Benetton Group S.p.A.	223,371,652	431,218	223,802,870						168,477,430	100.00	223,802,870 ⁽¹⁾ ⁽²⁾	
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.	101,716,562	(35,798,821)	65,917,741						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.p.A.	21,000		21,000		110,000				120,000	100.00	131,000	
Schematrentaquattro S.p.A.	2,018,374,247	(400,000,000)	1,618,374,247					212,000,000	100,000,000	100.00	1,406,374,247	
Schematrentasei S.r.l.	20,031		20,031						-	100.00	20,031	
Sintonia S.p.A.	208,746,843		208,746,843						930,000	66.40	208,746,843	
Verde Sport S.p.A.	19,071,290	(11,028,250)	8,043,040						12,912,000	100.00	8,043,040	
			2,172,043,920	-	110,000	-	-	212,000,000	-		1,960,153,920	
Associates												
Bensec società consortile a r.l.	3,850		3,850						-	3.50	3,850	
Eurostazioni S.p.A.	50,759,976		50,759,976						52,333,333	32.71	50,759,976	
			50,763,826	-	-	-	-	-	-		50,763,826	
Other companies												
ACEGAS-APS S.p.A.	11,159,371	(4,760,371)	6,399,000					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			24,729,010			14,658,800	0.94	227,211,401	
Club Méditerranée S.A.	6,170,704		6,170,704						708,000	2.22	6,170,704	
Gruppo Banca Leonardo S.p.A.	8,096,239		8,096,239					353,577	5,051,107	1.93	7,742,662	
Hera S.p.A.	-		-		6,107,395			6,107,395	-		-	
Il Sole 24 Ore S.p.A.	15,333,324	(13,706,658)	1,626,666						2,666,665	2.00	1,626,666	
Mediobanca S.p.A.	281,570,837	(186,583,189)	94,987,648						18,625,029	2.16	94,987,648	
Pirelli & C. S.p.A.	152,567,287		152,567,287					71,615,340	7,486,559	1.58	80,951,947	
Prelios S.p.A.	9,962,342	(8,145,928)	1,816,414					1,816,414			-	
RCS Mediagroup S.p.A.	168,143,243	(130,661,527)	37,481,716					5,821,615	24,408,611	1.07	7,251,490	
			511,628,065	-	6,107,395	24,729,010	-	92,113,341	24,408,611		425,942,518	
TOTAL EQUITY INVESTMENTS												
			2,734,435,811	-	6,217,395	24,729,010	-	304,113,341	24,408,611		2,436,860,264	

(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	237,483,716 <small>(ARS 253.000.000)</small>	1,269,813,000 <small>(ARS 291.943.302)</small>	(198,744,000) <small>(ARS 26.883.785)</small>	168,477,430	100.00	223,802,870 ⁽⁵⁾
Compagnia de Tierras Sud Argentino S.A.	⁽²⁾ Buenos Aires (Argentina) - Esmeralda 684	28,145,511	32,477,840	2,990,743	10,350,000	5.00	3,062,992 ⁽⁴⁾
Edizione Property S.p.A.	Villorba (TV) - Viale Felissent 20/D	8,780,500 <small>(CZK 100.000.000)</small>	64,625,507 <small>(CZK 101.154.048)</small>	(1,165,423) <small>(CZK 3.405.991)</small>	170,000	100.00	65,917,741
Edizione Realty Czech S.r.o.	Prague (Czech Republic) - Krkonoska, 5	3,646,042	3,688,119	124,184	-	100.00	988,596 ⁽⁴⁾
Maccarese S.p.A.	Fiumicino (Rome) - Maccarese	34,485,805	31,428,251	(283,985)	31,135,805	100.00	32,396,959
Realty Capri S.r.l.	Villorba (TV) - Viale Felissent 20/D	100,000	360,370	11,568	-	100.00	125,588
San Giorgio S.r.l.	Fiumicino (Rome) - Maccarese	100,000	11,031,323	74,517	-	100.00	10,544,013
Schemaquattordici S.p.A.	Treviso - Viale Felissent, 90	1,067,494	7,795,906	(1,754,388)	62,972,033	58.99	-
Schematrentatre S.p.A.	Treviso - Calmaggione, 23	120,000	115,493	(7,638)	-	100.00	131,000
Schematrentaquattro S.p.A.	Treviso - Calmaggione, 23	100,000,000	1,489,314,724	83,314,725	100,000,000	100.00	1,406,374,247
Schematrentasei S.r.l.	Treviso - Calmaggione, 23	15,000	14,311	(344)	-	100.00	20,031
Sintonia S.p.A.	Milan - Corso di Porta Vittoria, 16	1,400,614	3,523,470,620	220,368,714	930,000	66.40	208,746,843
Verde Sport S.p.A.	Treviso - Strada di Nascimben 1/b	8,000,000	7,909,413	(133,622)	12,912,000	100.00	8,043,040
Bensec società consortile a r.l.	⁽³⁾ Ponzano Veneto (TV) - Via Villa Minelli, 1	110,000	192,849	11,283	-	3.50	3,850
Eurostazioni S.p.A.	Rome - Via Montello, 10	155,200,000	161,032,126	3,253,884	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 the end of the year

(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. I 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
Balance at 01.01.2012	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
Allocation of 2012 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												-
Balance at 12.31.2012	1,500,000,000	8,104,242	1,214,870	15,322	79,923,421	1,368,640	5,179,444	826,024,989	37,914,322	25,792,107	(1)	2,485,537,356
Allocation of 2012 net income		1,289,605								(1,289,605)		-
Dividends distributed									(18,297,498)	(24,502,502)		(42,800,000)
Profit for the year 2013										121,077,128		121,077,128
Roundings											2	2
Balance at 12.31.2013	1,500,000,000	9,393,847	1,214,870	15,322	79,923,421	1,368,640	5,179,444	826,024,989	19,616,824	121,077,128	1	2,563,814,486

(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	9,393,847	B	-		
Extraordinary reserve	5,179,444	A B C	5,179,444		
Merger surplus reserve	826,024,989	A B C	826,024,989		5,909,733
Retained earnings	19,616,824	A B C	19,616,824		18,297,498
Total	2,442,737,357		850,821,257	-	5,909,733
Non-distributable amount					
Residual distributable amount			850,821,257		

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 FLOW

(Thousands of Euro)	2013	2012
A. Cash and cash equivalent at the beginning of the period	5,395	3,920
B. Cash flow from operating activities		
Net income for the year	121,077	25,792
Amortization and depreciation	9,433	11,336
Capital (gain)/losses from disposal of investments	(88,010)	(5,872)
Impairments/(reversals) of equity investments	(320)	22,786
Net change in provisions	(549)	(239)
Self financing	41,631	53,803
(Increase)/decrease in receivables from subsidiaries	14,984	13,525
(Increase)/decrease in other receivables	6,028	(21,321)
Increase/(Decrease) in trade payables	12,270	4
Increase/(Decrease) in payables to subsidiaries	(15,600)	16,666
Net changes in other liabilities	(882)	1,637
Cash flow from operating activities	58,431	64,314
C. Cash flow generated/(absorbed) from investing activities		
Net (Investments)/disposals netti in non-current assets:		
- Intangible assets	(783)	(14,652)
- Property, plant and equipment	(18,108)	(993)
- Non-current financial assets	385,725	(197,194)
Cash flow generated/(absorbed) from investing activities	366,834	(212,839)
D. Cash flow generated/(absorbed) from financing activities		
New medium and long-term loans	-	420,000
Repayment of loans	(310,000)	(230,000)
Distribution of earnings	(42,800)	(40,000)
Cash flow generated/(absorbed) from financing activities	(352,800)	150,000
E. Cash flow for the year (B+C+D)	72,465	1,475
F. Cash and cash equivalent at the end of the period (A+E)	77,860	5,395
Detail of cash and cash equivalents at the end of the period		
Bank accounts	78,449	5,386
Current accounts overdraft	(597)	-
Cash in hand	8	9
	77,860	5,395



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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 2013. 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 7 June 2013 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 2013 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 2013.
- 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



Edizione S.r.l.
Report of the auditors
31 December 2013

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 2013.

Treviso, 4 June 2014

KPMG S.p.A.

(signed on the original)

Alessandro Raghianti
Director of Audit