Benetton Group

2011 half-year financial report

UNITED COLORS OF BENETTON.

Benetton Group S.p.A.
Villa Minelli
Ponzano Veneto (Treviso) - Italy
Share capital: Euro 237,482,715.60 fully paid-in
Tax ID/Treviso Company register: 00193320264

Contents

The Benetton Group

Directors and other officers

Board of Directors

Luciano Benetton	Chairman
Carlo Benetton	Deputy Chairman
Alessandro Benetton	Executive Deputy Chairman
Biagio Chiarolanza	Executive Director
Franco Furnò	Executive Director
Gilberto Benetton	Directors
Giuliana Benetton	
Luigi Arturo Bianchi	
Giorgio Brunetti	
Alfredo Malguzzi	
Gianni Mion	
Stefano Orlando	
Andrea Pezzangora	Secretary to the Board

Board of Statutory Auditors

Angelo Casò	Chairman
Antonio Cortellazzo	Auditors
Filippo Duodo	
Piermauro Carabellese	Alternate Auditors
Marco Leotta	

Independent Auditors

PricewaterhouseCoopers S.p.A.

Disclaimer

This document contains forward-looking statements, specifically in the paragraph entitled "Outlook for the full year", relating to future events and operating, economic and financial results of the Benetton Group. By their nature such forecasts contain an element of risk and uncertainty because they depend on the occurrence of future events and developments. The actual results may differ, even significantly, from those announced for a number of reasons.

Key performance indicators

The consolidated financial statements for first half 2011 and comparative periods of Benetton Group S.p.A., the Parent Company, and its subsidiaries (subsequently also referred to as the "Group") have been drawn up in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union which are in force at the date of preparing the present report. Details of the accounting policies and consolidation methods used to prepare it can be found in the section containing the explanatory notes.

Key operating data (millions of Euro)	1st half 2011	%	1st half 2010	%	Change	%	Full year 2010	%
Revenues	906	100.0	891	100.0	15	1.7	2,053	100.0
Gross operating profit	403	44.4	425	47.7	(22)	(5.3)	948	46.2
Contribution margin	332	36.6	356	39.9	(24)	(6.8)	789	38.4
EBITDA (*)	110	12.2	118	13.2	(8)	(6.2)	303	14.8
Ordinary EBITDA (*)	112	12.4	126	14.1	(14)	(10.6)	311	15.2
Operating profit	58	6.4	63	7.1	(5)	(7.6)	176	8.6
Net income for the period attributable to the Group	30	3.3	40	4.5	(10)	(25.5)	102	5.0

Key financial data (millions of Euro)	06.30.2011	12.31.2010	06.30.2010
Working capital	684	622	623
Net capital employed	2,011	1,984	1,989
Assets held for sale	1	10	10
Net debt	543	486	508
Total shareholders' equity	1,468	1,498	1,481
Free cash flow	(11)	133	96
Net investments	51	122	54

Share and market data	06.30.2011	12.31.2010	06.30.2010
Basic earnings per share (Euro)	0.17	0.59	0.23
Shareholders' equity per share (Euro)	8.44	8.59	8.52
Price at period end (Euro)	5.46	4.92	5.50
Screen traded price: period high (Euro)	5.73	6.70	6.70
Screen traded price: period low (Euro)	4.60	4.50	5.43
Market capitalization (thousands of Euro)	940,077	848,310	947,832
Average no. of shares outstanding	172,333,102	172,333,102	172,333,102
No. of shares outstanding	182,679,012	182,679,012	182,679,012

	06.30.2011	12.31.2010	06.30.2010
Total employees	9,423	9,469	9,357

(*) In addition to the standard financial indicators required by IFRS, this document also contains a number of alternative performance indicators for the purposes of allowing a better appreciation of the Group's financial and economic results. These indicators must not, however, be treated as replacing the standard ones required by IFRS.
The following table shows how EBITDA and ordinary EBITDA are made up.

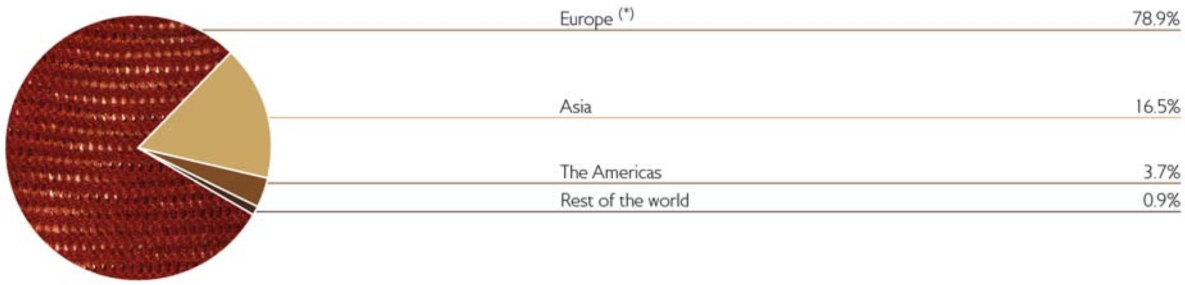
Key operating data (millions of Euro)	1st half 2011	1st half 2010	Change	Full year 2010
A Operating profit	58	63	(5)	176
B - of which non-recurring expenses/(income)	*2*	*12*	*(10)*	*32*
C Depreciation and amortization	52	51	1	103
D Other non-monetary costs (net impairment/(reversals))	-	4	(4)	24
E - of which non-recurring	*-*	*4*	*(4)*	*24*
F = A+C+D EBITDA	110	118	(8)	303
G = F+B-E Ordinary EBITDA	112	126	(14)	311

Overview of performance in first half 2011

Consolidated income statement

Group net revenues for the first half of 2011, impacted by a very difficult economic situation in Mediterranean countries of greatest importance to the Group, reached 906 million (+1.7% over the comparative half year, corresponding to 15 million).

2011 first half revenues from third parties by geographical area (%)



(*) Included Italy

All geographical areas contributed to the positive result: the modest growth in Europe (+1.2% currency neutral) was in fact accompanied by growth in Asia (+4.7%) and in the Americas (+4.5%). Countries showing the highest growth in the half year compared with the same period of 2010 were: Russia (+39%) now the Group's fourth largest market in Europe, South Korea (+11%) and Turkey (+6%) in Asia, and Mexico (+18%) in the Americas. On the whole, results in Italy (+1%) and Spain (+4%) were also satisfying, while Greece suffered (-21%) due to the internal economic recession.

2011 first half sales of core products by brand (%)

Orders for the Spring/Summer collection closed slightly down, while order collection for the coming Fall/Winter has started well, indicating a reassuring reversal of the trend. Direct sales for the second quarter of 2011, with a slightly improved result in comparable stores, also indicate a reversal of the trend compared with the first part of the year.
Group brands achieved good results in the half year, with growth for UCB and for UCB Kids/Sisley Young, while the Sisley brand, with a greater geographical presence in the Mediterranean area, suffered a reduction.
Gross operating profit of 403 million (44.4% of net revenues) was down (-22 million) compared with 425 million (47.7%) in the comparative half year, due to the strong increases in raw material costs (cotton and wool), severely impacting product cost for the Fall/Winter season in particular.
The contribution margin was 332 million (36.6% of revenues), compared with 356 million (39.9%) in the corresponding period of 2010, down by 24 million, due also to the impact of an increase of 2 million in other variable costs (commissions and royalties).
In the half year just ended, through continued control of General and Administrative expenses as well as direct sales channel costs, an important reduction of 9 million was achieved against the equivalent half year, endorsing the results of actions taken over a long period. There were also further reductions, as expected, in non-recurring expenses.
As a result, operating profit was 58 million, down compared with 63 million in the corresponding period of 2010, with a percentage to revenues of 6.4%, compared with the previous 7.1%.
Within financial management, there was a reduction in average indebtedness, which limited the increase in financial expenses resulting from the increase in interest costs. Overall, borrowing costs increased by 2 million, while the effect of foreign currency hedging operations was 6 million negative in the first half of 2011, compared with a profit of over 9 million generated in the same period of 2010.
Finally, net income was 30 million (3.3% of revenues), compared with 40 million (4.5%) in the corresponding period of 2010.

Balance Sheet

Compared with December 31, 2010, there was an increase in capital employed totalling 27 million, due mainly to the increase in working capital (62 million) resulting from an increase in inventories, only partially offset by higher trade payables and reduced trade receivables, and a reduction in fixed assets.
Compared with June 30, 2010, there was a similar increase of 61 million in working capital, due to an increase in trade receivables associated with both the large sales increase in high growth countries (Russia), and the new business model adopted in India, as well the slowdown in cash collections in the Mediterranean area. The increase in inventories, driven in part by higher material costs and in part by a changed purchasing time-table, was offset by a corresponding increase in trade payables.
Net debt at June 30, 2011 was 543 million, up 57 million compared with December 31, 2010 and up 35 million compared with June 30, 2010.

Summary of consolidated cash flows

Cash flow generated by operating activities totalled 40 million, compared with 150 million in the comparative period.
In the first half of 2011, the Group made net investments of 51 million. These included 27 million of commercial and real estate investments and 5 million for manufacturing activities.

Supplementary information

Dividend distribution

The Shareholders' Meeting of Benetton Group S.p.A. resolved on April 28, 2011 to pay a dividend per share of Euro 0.25 (pre-tax), totaling Euro 43.083 million. The shares went ex-div on May 23, 2011 and the dividend was paid on May 26, 2011.

Stock option plan

Details of this stock option plan, approved by the Board of Directors of Benetton Group S.p.A. in September 2004, can be found under "Stock Option Plan" in "Regulations & Codes" in the Governance section of the website www.benettongroup.com/investors.
At June 30, 2011 there were still 100,000 unexercised options, carrying the right to subscribe to an equal number of the Company's shares at a price of Euro 8.984 each through until the plan's expiry in September 2013.

2004 stock option plan

	Options outstanding as of 01.01.2011	New options granted in the period	Options exercised in the period	Options expired and not exercised or lost in the period	Options cancelled in the period due to termination of employment	Options outstanding as of 06.30.2011	of which exercisable as of 06.30.2011
No. of options (*)	100,000	-	-	-	-	100,000	100,000
Allocation ratio (%)	0.055					0.055	0.055
Weighted average exercise price (Euro)	8.984					8.984	8.984
Market price (Euro)	5.000					5.455	5.455

(*) Granted to Biagio Chiarolanza.

Treasury shares

The Shareholders' Meeting of April 28, 2011 granted the Board of Directors the authority to buy back and dispose of the Company's ordinary shares with a par value of Euro 1.30 each, up to a maximum amount that, together with the shares already held, represents no more than 10% of share capital. At the same time, the shareholders revoked the previous authority relating to the buy back and disposal of shares granted on April 22, 2010. This authority was granted for a period of 18 months commencing April 28, 2011. The minimum purchase price may not be 30% below the official share price reported in the trading session prior to each individual transaction, while the maximum purchase price may not be 20% above such official share price; the disposal price may not be less than 90% of the official share price reported in the trading session prior to each individual transaction. The Company held 10,345,910 treasury shares, corresponding to 5.663% of share capital and purchased at a cost of Euro 71.7 million (excluding commissions).

Controlling interest

The Company's majority shareholder at June 30, 2011 was Edizione S.r.l., an investment holding company with registered office in Treviso (Italy) and wholly owned by the Benetton family. It owned 122,540,000 ordinary shares in the Company at that date, representing a controlling interest of 67.08%.

Relations with the holding company, its subsidiaries and other related parties

The Group's relations with related parties are discussed more fully in the explanatory notes.

Directors

Parent Company Directors as of June 30, 2011 were as follows:

Name and surname	Date of birth	Appointed	Office
Luciano Benetton	05.13.1935	1978	Chairman
Carlo Benetton	12.26.1943	1978	Deputy Chairman
Alessandro Benetton	03.02.1964	1998	Executive Deputy Chairman
Biagio Chiarolanza	07.17.1962	2010	Executive Director (1)
Franco Furnò	01.06.1955	2010	Executive Director (1)
Gilberto Benetton	06.19.1941	1978	Director
Giuliana Benetton	07.08.1937	1978	Director
Gianni Mion	09.06.1943	1990	Director
Luigi Arturo Bianchi	06.03.1958	2000	Independent Director (2)
Giorgio Brunetti	01.14.1937	2005	Independent Director (2)
Alfredo Malguzzi	08.31.1962	2007	Independent Director (2)
Stefano Orlando	04.20.1948	2010	Independent Director (2)

(1) The Board of Directors has granted operational powers to Biagio Chiarolanza and Franco Furnò: Operations, foreign Business Units, Administration, Finance and Control, Legal and Corporate Affairs and Internal Audit all report to the former; the Commercial, Product, Real Estate, Licensing and Human Resources areas all report to the latter.

(2) The Directors Stefano Orlando, Luigi Arturo Bianchi, Giorgio Brunetti and Alfredo Malguzzi qualify as independent in accordance with art. 147 ter, par. 3 of Italy's Consolidated Law on Finance, and with the requirements contained in the Corporate Governance Code promoted by Borsa Italiana S.p.A.

Luciano Benetton, Gilberto Benetton, Carlo Benetton and Giuliana Benetton are siblings; Alessandro Benetton is the son of Luciano Benetton.

Principal organizational and corporate changes

On January 31, 2011 Benetton Group S.p.A. signed with the Republic of Serbia and the city of Niš a memorandum of understanding for cooperation in a business project to develop a new production center in the city of Niš.

The project will require that the Group invest some Euro 32 million and will make it possible, amongst other things, to verticalize the production cycle for wool garments, which may reach a run-rate level of 7 million per year. Based on the agreement the Serbian authorities will pay the Group a non-refundable free grant of around Euro 20 million in stages as the personnel recruitment and training program progresses.

Accordingly, Benetton Serbia D.O.O., a Serbian-registered company based in Belgrade, was formed on February 25, 2011 as a subsidiary of the Luxembourg-registered Benetton International S.A.

In May the purchase was finalized of an industrial site comprising 80,000 square meters in land and 60,000 square meters in buildings.

Significant events after June 30, 2011

The following Serbian-registered companies were formed on July 7 and 12 respectively as part of the business project to develop a new production center in the city of Niš: Olimpias Knitting Serbia D.O.O., as a subsidiary of Aerre S.r.l., and Olimpias Serbia D.O.O., as a subsidiary of Olimpias S.p.A.

Outlook for the full year

2011 has, to date, been in line with expectations: orders for the Spring/Summer collection showed a more moderate slowdown compared with recent collections, and Fall/Winter 2011 confirmed indications of a return to growth. Also in the second part of the year, the contribution of the more recently developed countries will be fundamental to maintain Group revenues, due to continued weakness of demand in the Mediterranean area.

The strong increase in material costs, especially of cotton and wool, has caused significant erosion of commercial margins and is set to continue in coming months. The Group will continue to concentrate on containing general expenses and, even with non-recurring expenses at a lower level than last year, operating margins are expected to be below 2010 levels.

Actions already taken, others planned and Group financial strength enable the continuation of an investment policy to strengthen our world-wide commercial presence.

Consolidated Group results

Consolidated statement of income

Highlights from the Group's statements of income for first half 2011 and 2010 and for full year 2010 are presented below; they are based on a reclassification according to the function of expenses. The percentage changes are calculated with reference to the absolute amounts.

(millions of Euro)	1st half 2011	%	1st half 2010	%	Change	%	Full year 2010	%
Revenues	**906**	**100.0**	**891**	**100.0**	**15**	**1.7**	**2,053**	**100.0**
Materials and subcontracted work	439	48.4	400	44.9	39	9.8	977	47.6
Payroll and related costs	40	4.5	41	4.6	(1)	(1.1)	80	3.9
Industrial depreciation and amortization	7	0.8	8	0.8	(1)	(4.2)	14	0.7
Other manufacturing costs	17	1.9	17	2.0	-	(2.4)	34	1.6
Cost of sales	**503**	**55.6**	**466**	**52.3**	**37**	**8.1**	**1,105**	**53.8**
Gross operating profit	**403**	**44.4**	**425**	**47.7**	**(22)**	**(5.3)**	**948**	**46.2**
Distribution and transport	33	3.6	33	3.7	-	0.1	73	3.6
Sales commissions	38	4.2	36	4.1	2	3.9	86	4.2
Contribution margin	**332**	**36.6**	**356**	**39.9**	**(24)**	**(6.8)**	**789**	**38.4**
Payroll and related costs	90	9.9	87	9.7	3	3.4	175	8.5
Advertising and promotion	26	2.9	30	3.3	(4)	(10.5)	55	2.7
Depreciation and amortization	45	4.9	43	4.8	2	3.6	89	4.3
Other expenses and income	113	12.5	133	15.0	(20)	(15.6)	294	14.3
- of which non-recurring expenses/(income)	*2*	*0.3*	*12*	*1.4*	*(10)*	*(80.4)*	*32*	*1.6*
General and operating expenses	**274**	**30.2**	**293**	**32.8**	**(19)**	**(6.6)**	**613**	**29.8**
- of which non-recurring expenses/(income)	*2*	*0.3*	*12*	*1.4*	*(10)*	*(80.4)*	*32*	*1.6*
Operating profit (*)	**58**	**6.4**	**63**	**7.1**	**(5)**	**(7.6)**	**176**	**8.6**
Share of income/(losses) of associated companies	1	0.1	-	-	1	n.s.	(1)	(0.1)
Financial (expenses)/income	(9)	(1.1)	(7)	(0.8)	(2)	25.0	(19)	(0.9)
Net foreign currency hedging (losses)/gains and exchange differences	(6)	(0.6)	9	1.0	(15)	n.s.	12	0.6
Income before taxes	**44**	**4.8**	**65**	**7.3**	**(21)**	**(32.5)**	**168**	**8.2**
Income taxes	15	1.6	30	3.3	(15)	(50.2)	65	3.2
- of which non-recurring income taxes	*-*	*-*	*-*	*-*	*-*	*-*	*4*	*0.2*
Net income for the period	29	3.2	35	4.0	(6)	(17.7)	103	5.0
attributable to:								
- shareholders of the Parent Company	**30**	**3.3**	**40**	**4.5**	**(10)**	**(25.5)**	**102**	**5.0**
- minority shareholders	(1)	(0.1)	(5)	(0.5)	4	(85.8)	1	n.s.

(*) Trading profit was 60 million, representing 6.7% of revenues (75 million in first half 2010, representing 8.5% of revenues and 208 million in 2010 representing 10.1% of revenues).

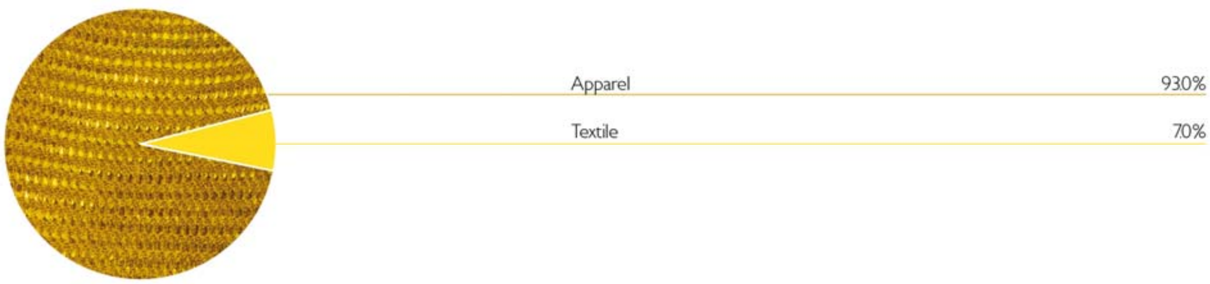
The Group's net revenues in first half 2011 amounted to 906 million against 891 million in the comparative period, reporting an increase of 1.7% mainly due to the combined effect of:

- a growth in sales volumes;
- a negative collection mix featuring lower unit value product categories;
- a slight reduction in sales by directly operated stores;
- negative exchange rate effects against the Euro (3 million), particularly relating to the Turkish lira and India rupee.

The apparel segment reported 843 million in revenues from third parties, compared with 839 million in first half 2010.

The textile segment achieved 63 million in revenues from third parties, against 52 million in the comparative period, a change of 20% which was positively impacted by commercial initiatives with third parties.

2011 first half revenues from third parties by activity (%)



Cost of sales, which accounted for 55.6% of revenues against 52.3% in the comparative period, was as follows for the individual segments:

- apparel: 454 million (53.8% of revenues versus 50.6% in the 2010 comparative period), after being negatively impacted by a significant increase in raw material costs, particularly cotton, whose price has more than doubled since June 2010, although slightly mitigated by positive exchange rate effects;
- textile: 98 million, representing 88.1% of revenues, basically in line with the percentage in first half 2010.

Gross operating profit came to 403 million, reporting a margin of 44.4% compared with 47.7% in the corresponding period of 2010.

The individual segments performed as follows:

- apparel: 390 million, with a margin of 46.2% against 49.4%, reflecting the negative effects of a different contribution to revenues by the collection mix and of inflation in raw material costs, as only partly mitigated by the positive effects of higher sales volumes and of exchange rates;
- textile: 13 million, representing 11.9% of revenues against 11.5% in first half 2010.

Variable selling costs (distribution, transport and sales commissions), amounting to 71 million and representing 7.8% of revenues, were in line with the comparative period.

Contribution margin came to 332 million, representing 36.6% of revenues, against 39.9% in first half 2010, with the performance by segment as follows:
- apparel: 323 million, representing 38.2% of revenues, with a reduction of 7.3% on the corresponding period of 2010;
- textile: 9 million, representing 8.6% of revenues against 8% in the comparative period.

General and operating expenses amounted to 274 million, compared with 293 million in first half 2010, and accounted for 30.2% of revenues against 32.8% in the comparative period. General and operating expenses in the individual segments were as follows:
- apparel: these expenses amounted to 269 million, reporting an improvement of 15 million on the comparative period, and accounting for 31.8% of revenues against 33.8%. In fact, the current period is characterized not only by fewer non-recurring expenses linked to the reorganization completed in 2010, but also by the Group's constant attention to cost containment;
- textile: these expenses decreased to 4 million from 9 million in first half 2010, accounting for 3.8% of revenues against 9% in the comparative period, having benefited both from the gain on disposal of some of the production machinery classified as assets held for sale and from the absence of reorganization costs, which had had an impact of around 3 million on first half 2010.

General and operating expenses are discussed in more detail below:

- Non-industrial payroll and related costs amounted to 90 million, representing 9.9% of revenues (87 million and 9.7% respectively in the comparative period), with the increase reflecting the recruitment of new professional figures to certain strategic company functions and to a lesser extent the higher incidence of the direct channel.

- Advertising and promotion costs amounted to 26 million against 30 million and accounted for 2.9% of revenues (3.3% in first half 2010) due to differences in the timing of corporate advertising campaigns and to more focused Group brand campaigns.

- Non-industrial depreciation and amortization increased by about 2 million to 45 million, accounting for 4.9% of revenues, due to the impact of investments made in the past twelve months that have now entered service.

- Other expenses and income came to 113 million, significantly down on 133 million in the comparative period and representing 12.5% of revenues against 15% in first half 2010. This line item includes non-industrial general costs, additions to provisions, net other operating expenses and other expenses and income, details of which are as follows:
  - non-industrial general costs decreased by 5 million to 49 million, accounting for 5.4% of revenues versus 6.1% in the comparative period, and particularly reporting a reduction in travel costs, consulting and advisory fees, maintenance and rental and hire costs;
  - additions to provisions amounted to 10 million, of which 8 million for doubtful accounts (10 million in first half 2010);
  - net operating and other expenses came to 53 million versus 67 million in first half 2010, representing 5.9% of revenues against 7.5%, and mostly reflecting the combined effect of:
    - a decrease of 1 million in rental expense (net of rental income), particularly arising from redefinition of the business model in India and from the commercial reorganization completed in 2010, particularly in the United States;

- capital gains of some 3 million realized on the disposal of a commercial business in Palermo and of about 2 million on the sale of textile segment production machinery;
- a significant reduction of some 10 million in non-recurring expenses, reflecting the absence in the current period of reorganization costs and of recoverable value adjustments recognized in first half 2010 against two properties in Portugal and Kazakhstan;
- commodity hedging activities, particularly involving the purchase of call options on cotton against future purchases of raw materials and finished products, whose premiums paid, net of period-end valuation, gave rise to a net expense of 3 million.

Operating profit was 58 million compared with 63 million in first half 2010, with the margin at 6.4% against 7.1% in the comparative period. Operating profit in the individual segments was as follows:
- 54 million in the apparel segment against 64 million in the comparative period, with the margin at 6.4% compared with 7.7%;
- 5 million in the textile segment, with a margin of 4.8%; operating profit in first half 2010 had been impacted by more than 3 million in reorganization costs.

The increase of 2 million in net financial expenses, despite lower average indebtedness than in the corresponding period of 2010, is due to an increase in interest rates after opening up a new line of credit from June 2010 at less favorable conditions than those applied up until then.
Net foreign currency hedging losses and exchange differences primarily reflect the negative impact of hedges taken out in second half 2010 against dollar purchases.

Income taxes of 15 million represent a tax rate of 33.7%, down from 45.6% in first half 2010, reflecting a lower tax rate not only for certain foreign subsidiaries, after reducing their operating losses, but also for those in profit.

Net income for the period attributable to the Group was 30 million (3.3% of revenues), compared with 40 million in first half 2010 (4.5% of revenues).

The average number of employees in each segment during the period was as follows:
- apparel: 7,941 (of whom 3,899 in the retail channel), compared with 7,836 (of whom 3,882 in the retail channel) in first half 2010;
- textile: 1,505 compared with 1,598 in first half 2010.

Operating segments
IFRS 8 requires segment disclosures to provide management with an effective basis for administration and decision-making, and to supply financial investors with representative and meaningful information about company performance. The Group's activities have been divided into two segments on the basis of the internal reports that are regularly reviewed by management for the purposes of allocating resources to the different segments and assessing their performance.
These operating segments are:
- apparel, represented by the brands of United Colors of Benetton Adult and Kids, Undercolors, Sisley, Sisley Young, Playlife and Killer Loop. This segment also includes the results of the Group's real estate companies;
- textile, consisting of production and sales activities for raw materials (fabrics, yarns and labels), semi-finished products and industrial services.

Segment results for first half 2011 and 2010 and for full year 2010 are shown below, adopting the classification criteria described above.

Segment results - first half 2011

(millions of Euro)	Apparel	Textile	Eliminations	Consolidated
Revenues from third parties	843	63	-	906
Inter-segment revenues	1	48	(49)	-
Total revenues	844	111	(49)	906
Cost of sales	454	98	(49)	503
Gross operating profit	390	13	-	403
Selling costs	67	4	-	71
Contribution margin	323	9	-	332
General and operating expenses	269	4	1	274
- of which non-recurring expenses/(income)	*4*	*(2)*	-	*2*
Operating profit	54	5	(1)	58
Depreciation and amortization	48	4	-	52
Other non-monetary costs (net impairment/(reversals))	-	-	-	-
EBITDA	102	9	(1)	110

Segment results - first half 2010

(millions of Euro)	Apparel	Textile	Eliminations	Consolidated
Revenues from third parties	839	52	-	891
Inter-segment revenues	1	49	(50)	-
Total revenues	840	101	(50)	891
Cost of sales	425	89	(48)	466
Gross operating profit	415	12	(2)	425
Selling costs	67	4	(2)	69
Contribution margin	348	8	-	356
General and operating expenses	284	9	-	293
- of which non-recurring expenses/(income)	*9*	*3*	-	*12*
Operating profit	64	(1)	-	63
Depreciation and amortization	47	4	-	51
Other non-monetary costs (net impairment/(reversals))	4	-	-	4
EBITDA	115	3	-	118

Segment results - full year 2010

(millions of Euro)	Apparel	Textile	Eliminations	Consolidated
Revenues from third parties	1,948	105	-	2,053
Inter-segment revenues	4	81	(85)	-
Total revenues	1,952	186	(85)	2,053
Cost of sales	1,018	171	(84)	1,105
Gross operating profit	934	15	(1)	948
Selling costs	153	7	(1)	159
Contribution margin	781	8	-	789
General and operating expenses	600	13	-	613
- of which non-recurring expenses/(income)	*29*	*3*	*-*	*32*
Operating profit	181	(5)	-	176
Depreciation and amortization	95	8	-	103
Other non-monetary costs (net impairment/(reversals))	24	-	-	24
EBITDA	300	3	-	303

Apparel segment result

(millions of Euro)	1st half 2011	%	1st half 2010	%	Change	%	Full year 2010	%
Revenues from third parties	843		839		4	0.6	1,948	
Inter-segment revenues	1		1		-	(4.7)	4	
Total revenues	844	100.0	840	100.0	4	0.5	1,952	100.0
Cost of sales	454	53.8	425	50.6	29	6.7	1,018	52.1
Gross operating profit	390	46.2	415	49.4	(25)	(5.8)	934	47.9
Selling costs	67	8.0	67	7.9	-	1.9	153	7.9
Contribution margin	323	38.2	348	41.5	(25)	(7.3)	781	40.0
General and operating expenses	269	31.8	284	33.8	(15)	(5.2)	600	30.7
- of which non-recurring expenses/(income)	*4*	*0.5*	*9*	*1.1*	*(5)*	*(51.7)*	*29*	*1.5*
Operating profit	54	6.4	64	7.7	(10)	(16.6)	181	9.3
EBITDA	102	12.1	115	13.6	(13)	(10.9)	300	15.4

Textile segment results

(millions of Euro)	1st half 2011	%	1st half 2010	%	Change	%	Full year 2010	%
Revenues from third parties	63		52		11	20.0	105	
Inter-segment revenues	48		49		(1)	(1.8)	81	
Total revenues	111	100.0	101	100.0	10	9.5	186	100.0
Cost of sales	98	88.1	89	88.5	9	9.0	171	91.8
Gross operating profit	13	11.9	12	11.5	1	13.4	15	8.2
Selling costs	4	3.3	4	3.5	-	2.9	7	3.7
Contribution margin	9	8.6	8	8.0	1	18.1	8	4.5
General and operating expenses	4	3.8	9	9.0	(5)	(53.3)	13	7.0
- of which non-recurring expenses/(income)	*(2)*	*(1.8)*	*3*	*3.1*	*(5)*	*n.s.*	*3*	*1.7*
Operating profit	5	4.8	(1)	(1.0)	6	n.s.	(5)	(2.5)
EBITDA	9	8.0	3	3.2	6	n.s.	3	1.8

Balance sheet and financial position highlights

The most significant elements of the balance sheet and financial position, compared with those at December 31, 2010 and June 30, 2010, are presented in the following table.

(millions of Euro)	06.30.2011	12.31.2010	Change	06.30.2010	Change
Working capital	684	622	62	623	61
- trade receivables	783	804	(21)	709	74
- inventories	423	293	130	375	48
- trade payables	(497)	(442)	(55)	(455)	(42)
- other receivables/(payables) [A]	(25)	(33)	8	(6)	(19)
Assets held for sale	1	10	(9)	10	(9)
Property, plant and equipment and intangible assets [B]	1,294	1,314	(20)	1,311	(17)
Non-current financial assets [C]	22	25	(3)	25	(3)
Other assets/(liabilities) [D]	10	13	(3)	20	(10)
Net capital employed	**2,011**	**1,984**	**27**	**1,989**	**22**
Net debt [E]	543	486	57	508	35
Total shareholders' equity	**1,468**	**1,498**	**(30)**	**1,481**	**(13)**

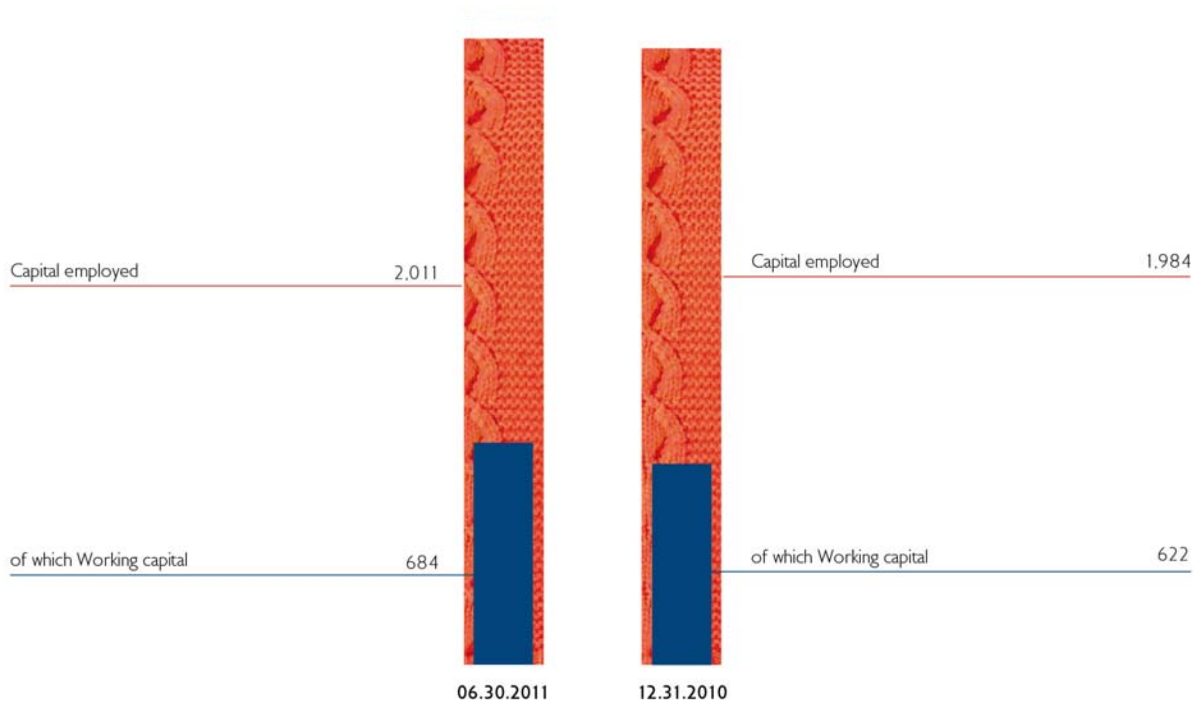
[A] Other receivables/(payables) include VAT receivables and payables, sundry receivables and payables, non-trade receivables and payables from/to Group companies, accruals and deferrals, payables to social security institutions and employees, receivables and payables for fixed asset purchases etc.
[B] Property, plant and equipment and intangible assets include all categories of assets net of the related accumulated depreciation, amortization, and impairment losses.
[C] Non-current financial assets include unconsolidated investments and guarantee deposits paid and received.
[D] Other assets/(liabilities) include retirement benefit obligations, provisions for legal and tax risks, the provision for sales agent indemnities, other provisions, current tax receivables and liabilities, receivables and payables due from/to holding companies in relation to the group tax election, deferred tax assets also in relation to the company reorganization carried out in 2003, deferred tax liabilities and payables for put options.
[E] Net debt includes cash and cash equivalents and all short and medium/long-term financial assets and liabilities, as reported in the detailed statement discussed in the explanatory notes.

Working capital was 61 million higher than at June 30, 2010, reflecting the combined effect of:
- an increase of 74 million in net trade receivables, due to higher revenues in the wholesale channel following growth in business in fast developing countries, particularly Russia, to redefinition of the business model in India, to a different composition of credit, a higher proportion of which is not yet due, and to a marginal worsening in receivables turnover resulting from the continued economic crisis severely affecting certain countries around the Mediterranean;
- an increase of 48 million in inventories, reflecting the growth in raw material costs as well as higher purchases in the period due to differences in the procurement timetable;
- an increase of 42 million in trade payables as a result of higher purchases in second quarter 2011 than in the same period of 2010;
- an increase in net other payables, reflecting higher payables to the tax authorities for VAT, the recognition of deferred income on the first installment of the Serbian government grant to realize a new production center in the city of Niš, as well as a reduction in receivables for supplier advances.

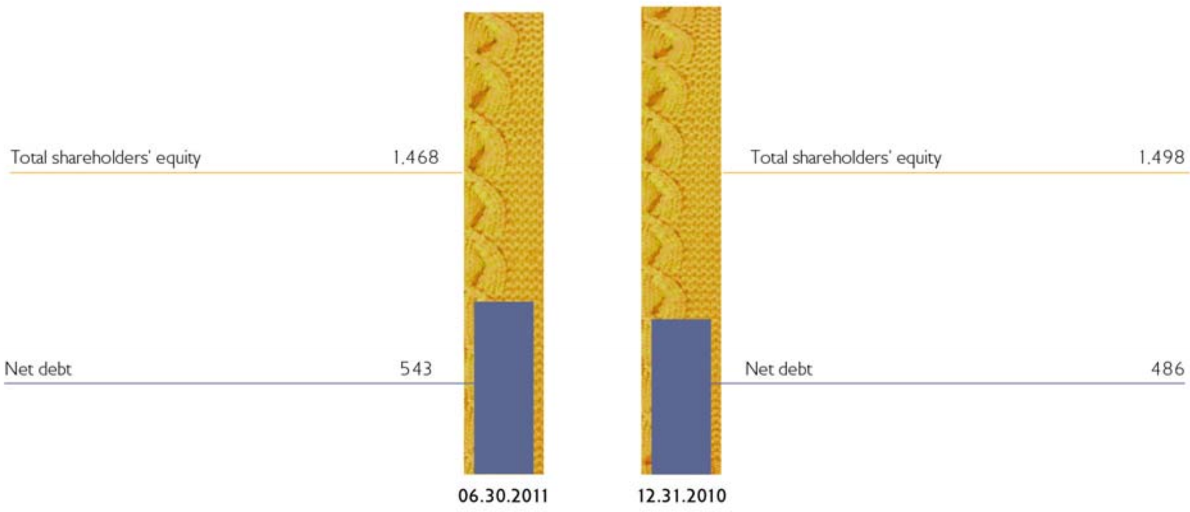
In contrast with the growth in working capital was an overall reduction of 39 million in all the other components of net capital employed, mainly due to:
- a decrease of 17 million in property, plant and equipment and intangible assets as the net effect of gross investments of more than 130 million, disposals, amortization, depreciation and impairment recognized in the past twelve months;
- a reduction in net other assets resulting from:
  - higher liabilities for put options held by certain minority shareholders;

- an increase in the provision for tax risks following the recognition at the end of 2010 of an estimated liability for higher Italian corporate income tax and regional business tax as a result of items disputed by the tax authorities with the subsidiary Bencom S.r.l.;
- a reduction in payables to the holding company Edizione S.r.l. in connection with the group tax filing for Italian companies and in income tax payables.

Balance sheet structure as of 06.30.2011 and 12.31.2010 (millions of Euro) - Assets



Balance sheet structure as of 06.30.2011 and 12.31.2010 (millions of Euro) - Liabilities



Net capital employed was 27 million higher than at December 31, 2010, mainly due to the growth of 62 million in working capital, reflecting:

- a reduction in trade receivables and an increase in trade payables due to cyclical factors;
- an increase in inventories due to higher purchases in second quarter 2011 because of a different procurement timetable;
- an overall reduction of 29 million in property, plant and equipment, intangible assets and assets held for sale, mainly reflecting the net effect of 41 million in investments, 4 million in disposals and 52 million in amortization and depreciation.

The Group's net debt (discussed in detail in the explanatory notes) came to 543 million compared with 508 million at June 30, 2010 (486 million at December 31, 2010), reporting an increase of 35 million due to lower cash generation.

Cash flows during first half 2011 are summarized below with comparative figures for the same period of last year:

(millions of Euro)	1st half 2011	1st half 2010
Cash flow from operating activities before changes in working capital	111	130
Cash flow provided/(used) by changes in working capital	(49)	31
Interest (paid)/received and exchange differences	(15)	-
Payment of taxes	(7)	(11)
Cash flow provided by operating activities	**40**	**150**
Net operating investments/Capex	(53)	(47)
Non-current financial assets	2	(7)
Cash flow used by investing activities	**(51)**	**(54)**
Free cash flow	**(11)**	**96**
Cash flow provided/(used) by financing activities of which:		
- payment of dividends	(46)	(41)
- net change in other sources of finance	17	(24)
Cash flow used by financing activities	**(29)**	**(65)**
Net increase/(decrease) in cash and cash equivalents	**(40)**	**31**

Cash flow from operating activities before changes in working capital amounted to 111 million in the period, compared with 130 million in first half 2010, largely reflecting the deterioration in EBITDA and negative exchange rate effects.

Changes in working capital used 49 million in cash flow (having provided 31 million in cash flow in first half 2010) and mostly reflect:

- an increase in inventories reflecting the growth in raw material costs as well as higher purchases in the period due to differences in the procurement timetable;
- a decrease in trade receivables and an increase in trade payables due to cyclical factors;
- an increase in other payables, particularly to the tax authorities for VAT.

Cash flow used to pay taxes amounted to 7 million.

Operating activities provided a total of 40 million in cash flow versus 150 million in the comparative period.

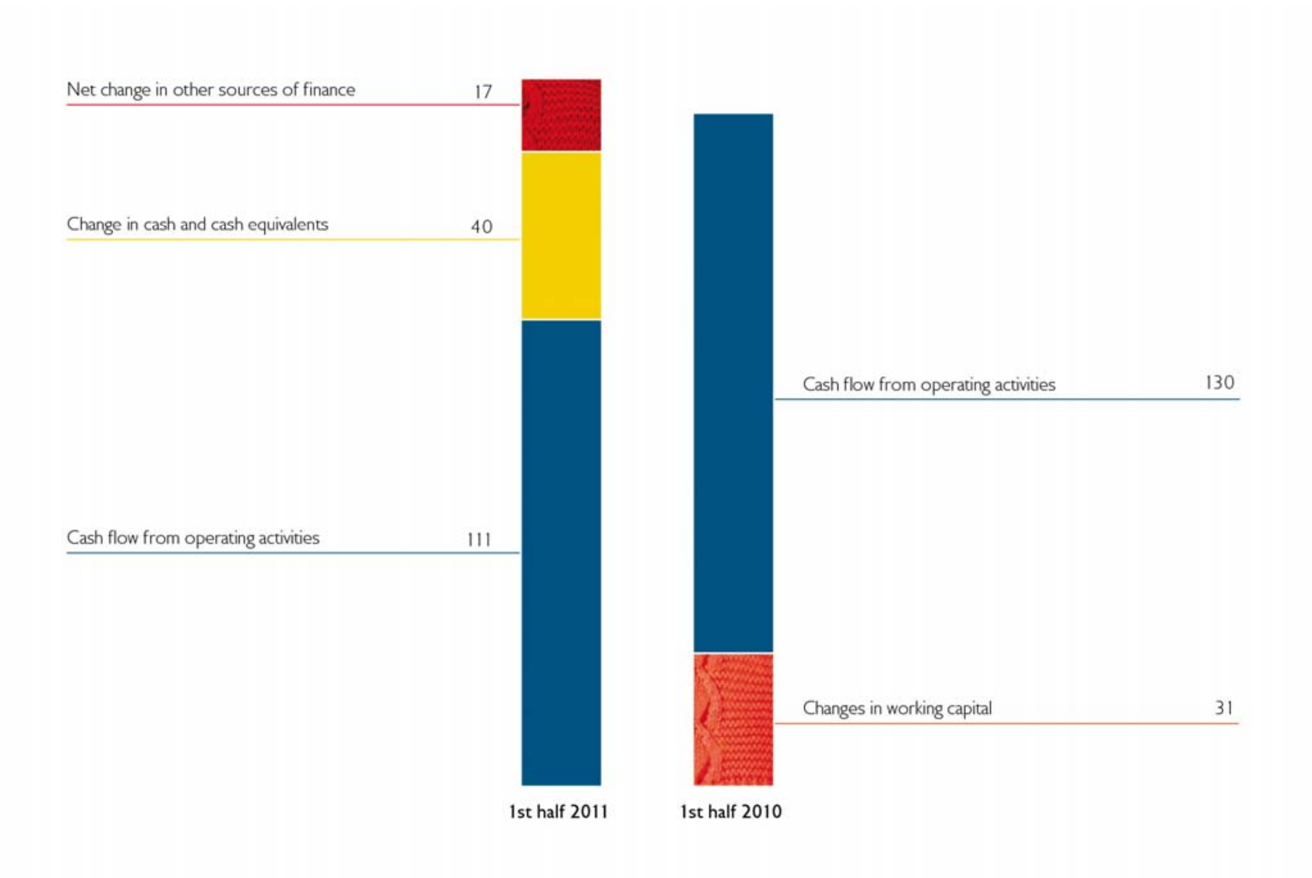
Cash flow used by investing activities amounted to 51 million (54 million in first half 2010), of which:

- 27 million in the commercial network, mainly in markets such as Italy and Spain, as well as in developing countries like Kazakhstan, Russia and Turkey; priority was given to refurbishing and expanding existing stores, while greater selectivity was applied to the purchase of new buildings and commercial businesses;
- 5 million in investments in production, mostly relating to the acquisition of a site in Serbia to start up a new production center in the city of Niš, and to completion of the logistics hub in Castrette (Italy);
- 9 million in other investments, most of which in information technology; the most important of these investments were in updating Oracle and SAP application software;
- 20 million in decreases in payables for the purchase of fixed assets.

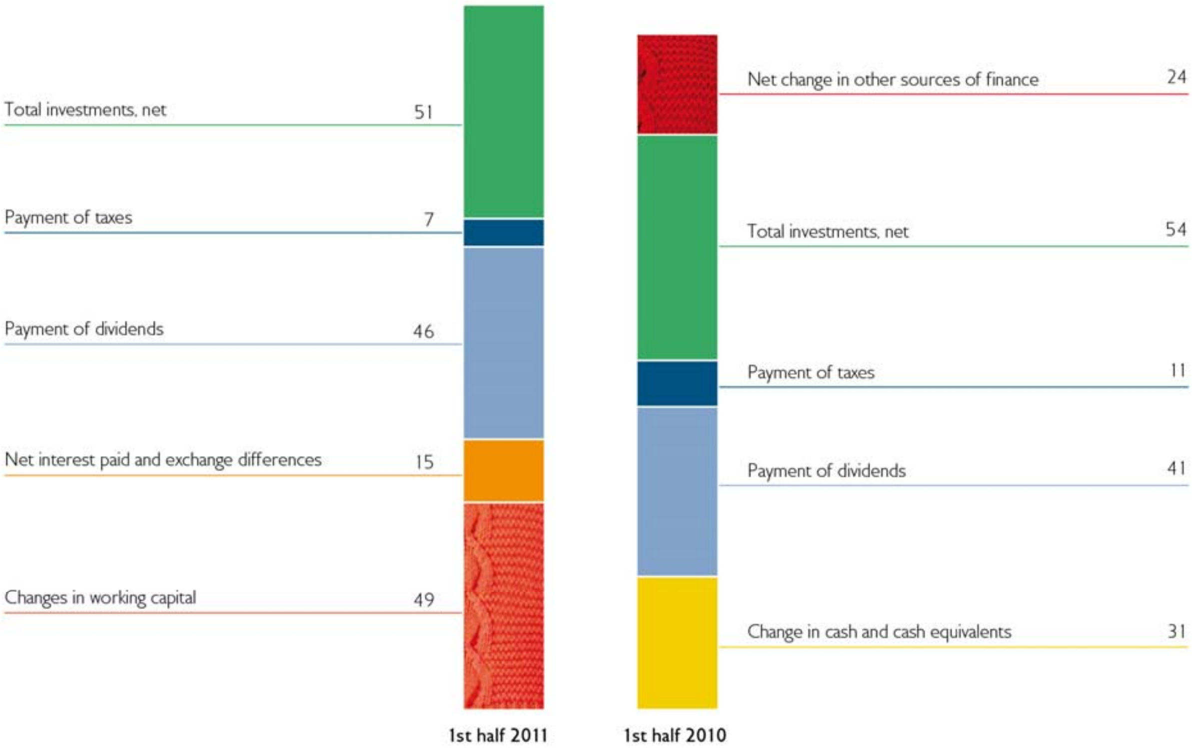
Disposals in first half 2011 amounted to a total of 8 million, most of which relating to the sale of a commercial business in Italy and the sale of textile segment production machinery.
Cash flow used by financing activities included the payment of 43 million in dividends to the shareholders of Benetton Group S.p.A. and the payment of 3 million in dividends to minority shareholders of two foreign subsidiaries.

Further information of an economic and financial nature is provided in the explanatory notes to the consolidated financial statements.

2011 and 2010 first half sources and applications of funds (millions of Euro) - Sources



2011 and 2010 first half sources and applications of funds (millions of Euro) - Applications



Consolidated financial statements

Consolidated statement of income

(thousands of Euro)	1st half 2011	1st half 2010	Full year 2010	*Notes*
Revenues	**906,335**	**891,136**	**2,053,059**	*[1]*
Materials and subcontracted work	438,879	399,750	977,428	*[2]*
Payroll and related costs	40,730	41,187	79,536	*[3]*
Industrial depreciation and amortization	7,122	7,431	14,435	*[5]*
Other manufacturing costs	17,013	17,423	33,430	
Cost of sales	**503,744**	**465,791**	**1,104,829**	
Gross operating profit	**402,591**	**425,345**	**948,230**	
Distribution and transport	32,848	32,801	72,833	
Sales commissions	38,011	36,575	86,548	
Contribution margin	**331,732**	**355,969**	**788,849**	
Payroll and related costs	89,707	86,777	175,148	*[3]*
Advertising and promotion	26,476	29,568	55,011	*[4]*
Depreciation and amortization	44,582	43,024	88,498	*[5]*
Other expenses and income	112,643	133,458	293,890	*[6]*
- *of which non-recurring expenses*	*2,393*	*12,211*	*31,913*	
General and operating expenses	**273,408**	**292,827**	**612,547**	
- *of which non-recurring expenses*	*2,393*	*12,211*	*31,913*	
Operating profit	**58,324**	**63,142**	**176,302**	
Share of income/(losses) of associated companies	957	151	(1,428)	
Financial expenses	(14,976)	(12,124)	(26,310)	*[7]*
Financial income	5,453	4,506	6,948	*[7]*
Net foreign currency hedging (losses)/gains and exchange differences	(6,041)	9,125	12,055	*[8]*
Income before taxes	**43,717**	**64,800**	**167,567**	
Income taxes	14,712	29,556	64,757	*[9]*
- *of which non-recurring income taxes*	-	-	*3,661*	
Net income for the period	29,005	35,244	102,810	
attributable to:				
- shareholders of the Parent Company	**29,645**	**39,766**	**102,073**	
- minority shareholders	(640)	(4,522)	737	
Basic earnings per share (Euro)	0.17	0.23	0.59	
Diluted earnings per share (Euro)	0.17	0.23	0.59	

Statement of comprehensive income

(thousands of Euro)	Shareholders of the Parent Company	Minority shareholders	1st half 2011	Shareholders of the Parent Company	Minority shareholders	1st half 2010
Net income for the period (A)	**29,645**	**(640)**	**29,005**	**39,766**	**(4,522)**	**35,244**
Gains/(Losses) recognized in cash flow hedge reserve	(1,587)	-	(1,587)	15,165	-	15,165
Gains/(Losses) recognized in currency translation reserve	(11,322)	(650)	(11,972)	19,314	1,377	20,691
Tax effect relating to other gains/(losses)	267	-	267	(3,845)	-	(3,845)
Total other comprehensive income, net of tax (B)	**(12,642)**	**(650)**	**(13,292)**	**30,634**	**1,377**	**32,011**
Total comprehensive income for the period (A)+(B)	**17,003**	**(1,290)**	**15,713**	**70,400**	**(3,145)**	**67,255**

Consolidated balance sheet - Assets

(thousands of Euro)	06.30.2011	12.31.2010	06.30.2010	*Notes*
Non-current assets				
Property, plant and equipment				*[10]*
Land and buildings	777,551	780,343	761,594	
Plant, machinery and equipment	117,310	120,863	112,948	
Furniture, fittings and electronic devices	68,522	72,637	71,705	
Vehicles and aircraft	26,767	27,336	31,288	
Assets under construction and advances	35,681	33,599	35,484	
Leased assets	397	514	629	
Leasehold improvements	39,971	42,097	45,522	
	1,066,199	**1,077,389**	**1,059,170**	
Intangible assets				*[11]*
Goodwill and other intangible assets of indefinite useful life	43,383	43,346	43,270	
Intangible assets of finite useful life	184,688	192,811	208,696	
	228,071	**236,157**	**251,966**	
Other non-current assets				
Investments	1,905	2,024	1,916	*[12]*
Guarantee deposits	24,679	27,050	26,932	*[13]*
Medium/long-term financial receivables	3,379	4,090	4,775	*[14]*
Other medium/long-term receivables	7,133	8,353	10,277	*[15]*
Deferred tax assets	152,229	156,413	156,375	*[16]*
	189,325	**197,930**	**200,275**	
Total non-current assets	**1,483,595**	**1,511,476**	**1,511,411**	
Current assets				
Inventories	422,703	293,153	375,407	*[17]*
Trade receivables	778,077	798,320	703,210	*[18]*
Tax receivables	36,240	35,900	35,700	*[19]*
Other receivables, accrued income and prepaid expenses	66,714	52,144	72,509	*[20]*
Financial receivables	27,395	29,502	50,687	*[21]*
Cash and banks	159,510	194,916	168,977	*[22]*
Total current assets	**1,490,639**	**1,403,935**	**1,406,490**	
Assets held for sale	1,467	9,993	9,986	*[23]*
TOTAL ASSETS	**2,975,701**	**2,925,404**	**2,927,887**	

Consolidated balance sheet - Shareholders' equity and liabilities

(thousands of Euro)	06.30.2011	12.31.2010	06.30.2010	Notes
Shareholders' equity				
Shareholders' equity attributable to the Group				[24]
Share capital	237,483	237,483	237,483	
Treasury shares	(71,734)	(71,734)	(71,734)	
Additional paid-in capital	65,182	65,182	65,182	
Fair value and hedging reserve	(2,431)	(1,111)	11,040	
Other reserves and retained earnings	1,195,663	1,147,995	1,186,070	
Net income for the period	29,645	102,073	39,766	
	1,453,808	**1,479,888**	**1,467,807**	
Minority shareholders	**14,929**	**18,758**	**13,541**	
Total shareholders' equity	**1,468,737**	**1,498,646**	**1,481,348**	
Liabilities				
Non-current liabilities				
Medium/long-term loans	650,073	649,877	649,846	[25]
Other medium/long-term payables	38,914	39,354	17,232	[26]
Lease financing	348	463	559	
Retirement benefit obligations	43,687	45,225	46,072	[27]
Other medium/long-term provisions and liabilities	37,968	39,682	34,496	[28]
	770,990	**774,601**	**748,205**	
Current liabilities				
Trade payables	497,003	441,659	455,111	[29]
Other payables, accrued expenses and deferred income	141,412	132,655	141,680	[30]
Current income tax liabilities	6,163	5,035	9,382	[31]
Other current provisions and liabilities	8,904	8,888	10,531	[32]
Current portion of lease financing	130	266	408	
Current portion of medium/long-term loans	284	283	233	
Financial payables and bank loans	82,078	63,371	80,989	[33]
	735,974	**652,157**	**698,334**	
Total liabilities	**1,506,964**	**1,426,758**	**1,446,539**	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2,975,701**	**2,925,404**	**2,927,887**	

Shareholders' equity - Statement of changes

(thousands of Euro)	Share capital	Treasury shares	Additional paid-in capital	Fair value and hedging reserve	Other reserves and retained earnings	Currency translation reserve	Net income/ (loss)	Minority shareholders	Total
Balances as of 01.01.2010	**237,483**	**(71,734)**	**65,182**	**(280)**	**1,126,065**	**(41,540)**	**121,650**	**18,693**	**1,455,519**
Carryforward of 2009 net income	-	-	-	-	121,650	-	(121,650)	-	-
Dividends distributed as approved by Ordinary Shareholders' Meeting of 04.22.2010	-	-	-	-	(39,637)	-	-	-	(39,637)
Formation of new subsidiaries and business combination	-	-	-	-	218	-	-	(218)	-
Dividends distributed to minority shareholders	-	-	-	-	-	-	-	(1,789)	(1,789)
Total comprehensive income for the period	-	-	-	11,320	-	19,314	39,766	(3,145)	67,255
Balances as of 06.30.2010	**237,483**	**(71,734)**	**65,182**	**11,040**	**1,208,296**	**(22,226)**	**39,766**	**13,541**	**1,481,348**
Formation of new subsidiaries and business combination	-	-	-	-	1	-	-	(1)	-
Valuation of put option held by minority shareholders	-	-	-	-	(23,479)	-	-	-	(23,479)
Total comprehensive income for the period	-	-	-	(12,151)	-	(14,597)	62,307	5,218	40,777
Balances as of 12.31.2010	**237,483**	**(71,734)**	**65,182**	**(1,111)**	**1,184,818**	**(36,823)**	**102,073**	**18,758**	**1,498,646**
Carryforward of 2010 net income	-	-	-	-	102,073	-	(102,073)	-	-
Dividends distributed as approved by Ordinary Shareholders' Meeting of 04.28.2011	-	-	-	-	(43,083)	-	-	-	(43,083)
Purchase of equity interests	-	-	-	-	-	-	-	-	-
Dividends distributed to minority shareholders	-	-	-	-	-	-	-	(2,539)	(2,539)
Total comprehensive income for the period	-	-	-	(1,320)	-	(11,322)	29,645	(1,290)	15,713
Balances as of 06.30.2011	**237,483**	**(71,734)**	**65,182**	**(2,431)**	**1,243,808**	**(48,145)**	**29,645**	**14,929**	**1,468,737**

Consolidated statement of cash flows

(thousands of Euro)	1st half 2011	1st half 2010
Operating activities		
Net income for the period attributable to the Group and minority shareholders	29,005	35,244
Income taxes expense	14,712	29,556
Income before taxes	**43,717**	**64,800**
Adjustments for:		
- depreciation and amortization	51,704	50,455
- net capital (gains)/losses and non-monetary items	(4,016)	2,099
- net provisions charged to statement of income	10,936	20,316
- use of provisions	(5,765)	(5,557)
- share of (income)/losses of associated companies	(957)	(151)
- net financial expenses/(income) and exchange differences	15,564	(1,507)
Cash flow from operating activities before changes in working capital	**111,183**	**130,455**
Cash flow provided/(used) by changes in working capital	(49,300)	31,102
Payment of taxes	(7,291)	(11,536)
Net interest paid and exchange differences	(15,362)	(195)
Cash flow provided by operating activities	**39,230**	**149,826**
Investing activities		
Operating investments	(60,699)	(71,302)
Operating divestments	7,768	24,204
Purchases of investments and business combinations	(3)	(9,542)
Disposal of investments	10	-
Operations in non-current financial assets	2,314	2,514
Cash flow used by investing activities	**(50,610)**	**(54,126)**
Financing activities		
Payment of dividends	(45,623)	(41,425)
Net change in other sources of finance	16,808	(22,959)
Cash flow used by financing activities	**(28,815)**	**(64,384)**
Net increase/(decrease) in cash and cash equivalents	**(40,195)**	**31,316**
Cash and cash equivalents at the beginning of the period	191,716	133,839
Translation differences and other movements	(577)	2,795
Cash and cash equivalents at the end of the period (*)	150,944	167,950

(*) Includes Euro 8,566 thousand in current account overdrafts (Euro 1,027 thousand in first half 2010).

The explanatory notes (pages 28 through 52) are to be considered an integral part of this report.

Explanatory notes

Summary of main accounting standards and policies

Group activities

Benetton Group S.p.A. (the "Parent Company") and its subsidiary companies (hereinafter also referred to as the "Group") primarily manufacture and market fashion apparel in wool, cotton and woven fabrics, as well as leisurewear. The manufacture of finished articles from raw materials is undertaken partly within the Group and partly using subcontractors, whereas selling is carried out through an extensive commercial network both in Italy and abroad, consisting mainly of stores operated and owned by third parties.

The legal headquarters and other such information are shown on the last page of this document. The Parent Company is listed on the Milan stock exchange.

Form and content of the consolidated financial statements

The statement of income format used for the consolidated financial statements and interim financial reports of the Benetton Group differs from the one used by Benetton Group S.p.A. for its individual annual financial statements. This is because this Company principally acts as a financial holding company and provider of services to its subsidiaries.

The consolidated financial statements of the Group include the financial statements as of June 30 of Benetton Group S.p.A. and all Italian and foreign companies in which the Parent Company holds, directly or indirectly, the majority of the voting rights. The consolidated financial statements also include the accounts of certain companies in which the Group's interest is 50%, or less, and over which it exercises a significant influence such that it has control over their financial and operating policies. In particular, the following companies have been consolidated:

a. Benetton Korea Inc., since the effective voting rights held by Benetton total 51% of all voting rights;
b. Benetton Giyim Sanayi ve Ticaret A.S. (a Turkish company), since the licensing and distribution agreements grant Benetton a dominant influence over the company, as well as the majority of risks and rewards linked to its business activities;
c. New Ben GmbH, a German company, which manages stores selling Benetton-branded products, insofar as the shareholder agreement gives Benetton the right to appoint the majority of the company's Directors. In addition, most of the risks and rewards of the business are attributable to Benetton;
d. Ben-Mode A.G., because the Group has the power to appoint the majority of Directors as well as a majority of effective voting rights at Shareholders' Meetings. In addition, most of the risks and rewards of the business are attributable to Benetton itself by virtue, amongst others, of the margins earned on sales.

Financial statements of subsidiaries have been reclassified, where necessary, for consistency with the format adopted by the Parent Company. Such financial statements have been adjusted so that they are consistent with the reference international accounting and financial reporting standards.

These financial statements have been prepared on a "going concern" basis, matching costs and revenues to the accounting periods to which they relate. The reporting currency is the Euro and all values have been rounded to thousands of Euro, unless otherwise specified.

Consolidation criteria

The method of consolidation adopted for the preparation of the consolidated financial statements is as follows:

a. Consolidation of subsidiary companies' financial statements according to the line-by-line method, with elimination of the carrying value of the shareholdings held by the Parent Company and other consolidated companies against the relevant shareholders' equity.
b. When a company is consolidated for the first time, any positive difference emerging from the elimination of its carrying value on the basis indicated in a. above, is allocated, where applicable, to the assets and liabilities of the subsidiary. The excess of the cost of acquisition over the net assets is recorded as "Goodwill and other intangible assets of indefinite useful life". Negative differences are recorded in the statement of income as income.
c. Intercompany receivables and payables, costs and revenues, and all significant transactions between consolidated companies, including the intragroup payment of dividends, are eliminated.
d. Unrealized profits, such as margins included in inventories, and gains and losses arising from intragroup transactions are also eliminated.
e. The share of equity and the result for the period of consolidated subsidiaries attributable to minority shareholders are classified separately as "Minority shareholders" under shareholders' equity and as "Net income for the period attributable to minority shareholders" in the consolidated statement of income.
f. The financial statements of foreign subsidiaries are translated into Euro using period-end exchange rates for assets and liabilities and average exchange rates for the period for the statement of income, except for some subsidiaries in Romania and Croatia whose functional currency differs from the presentation currency and so whose financial statements have been translated in accordance with IAS 21. Differences arising from the translation into Euro of foreign currency financial statements are reported in comprehensive income for the period and accumulated in an equity reserve.

Accounting standards and policies

Application of IFRS

The Group's financial statements for first half 2011 and comparative periods have been drawn up in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, which are in force at the date of preparing this report; more specifically, as required by IAS 34 (Interim Financial Reporting) a condensed reporting format has been adopted.
The Group's consolidated half-year financial statements have been prepared using the same accounting policies and methods as those adopted for the latest annual financial statements; there are no IFRSs or amendments applicable to the Group that have come into effect from 2011 and are material in this half year.
The Group carries out activities that as a whole do not involve significant seasonal or cyclical variations in total sales during the year. When preparing the interim financial report, the Group must nonetheless make estimates and assumptions that affect the amount of revenues, costs, assets and liabilities and the disclosures relating to contingent assets and liabilities at the interim balance sheet date. If in the future such estimates and assumptions, which are based on the Group's best judgment, should differ from the actual circumstances, they will be amended as appropriate in the period in which such circumstances have changed. In addition, some of these estimation processes, particularly the more complex ones such as determining any impairment losses on non-current assets, are usually carried out completely only at the time of drawing up the annual financial statements, when all the necessary information is available, unless there is evidence of impairment requiring an immediate evaluation of the related losses.
Income taxes have been recognized in the half-year financial report using the best estimate of the weighted average rate expected for the entire year.

Operating segments

IFRS 8 requires segment disclosures to provide management with an effective basis for administration and decision-making, and to supply financial investors with representative and meaningful information about company performance. The Group's activities have been divided into two segments on the basis of the internal reports that are regularly reviewed by management for the purposes of allocating resources to the different segments and assessing their performance.

The operating segments are:

- apparel, represented by the brands of United Colors of Benetton Adult and Kids, Undercolors, Sisley, Sisley Young, Playlife and Killer Loop. This segment also includes the results of the Group's real estate companies;
- textile, consisting of production and sales activities for raw materials (fabrics, yarns and labels), semi-finished products and industrial services.

Comments on the principal items in the statement of income

[1] Revenues

(thousands of Euro)	1st half 2011	1st half 2010
Sales of core products	883,693	866,603
Miscellaneous sales	12,682	13,497
Royalty income	5,138	5,381
Other revenues	4,822	5,655
Total	**906,335**	**891,136**

Sales of core products are stated net of discounts.
Miscellaneous sales relate mainly to the sale of semi-finished products and sample items.
Other revenues refer mainly to the provision of services such as processing, to cost recharges and miscellaneous services.
The change in revenues relative to the comparative period has been primarily affected by:
- a growth in sales volumes;
- a negative collection mix featuring lower unit value product categories;
- a slight reduction in sales by directly operated stores;
- negative exchange rate effects against the Euro (3 million), particularly relating to the Turkish lira and India rupee.

Sales of core products, by brand

(thousands of Euro)	1st half 2011	1st half 2010
United Colors of Benetton	416,603	407,006
United Colors of Benetton Kids and Sisley Young	264,570	255,964
Sisley	129,347	140,963
Playlife	13,139	13,938
Killer Loop	134	212
Other sales	59,900	48,520
Total	**883,693**	**866,603**

The United Colors of Benetton brand also includes Euro 26,112 thousand in sales by the Undercolors brand (Euro 27,529 thousand in first half 2010). "Other sales" mostly refer to the sale of fabrics and yarns.

Information on the individual segments can be found in the paragraph entitled "Supplementary information - Segment information".

[2] Cost of sales

[2] Materials and subcontracted work

These costs, totaling Euro 438,879 thousand (Euro 399,750 thousand in first half 2010), have been particularly affected by inflation in the cost of raw materials, particularly cotton, whose price has more than doubled since the comparative half year.

[3-6] General and operating expenses

[3] Payroll and related costs

An analysis of the Group's payroll and related costs is presented below, including industrial ones classified as part of the cost of sales, and those relating to directly operated stores classified as part of general and operating expenses.

First half 2011

(thousands of Euro)	Industrial wages, salaries and related costs	Non-industrial salaries and related costs	Advertising division salaries and related costs	Total
Wages and salaries	29,472	69,321	465	99,258
Social security contributions	9,840	18,404	143	28,387
Provision for retirement benefit obligations	548	831	27	1,406
Other payroll and related costs	870	1,151	-	2,021
Total	**40,730**	**89,707**	**635**	**131,072**

First half 2010

(thousands of Euro)	Industrial wages, salaries and related costs	Non-industrial salaries and related costs	Advertising division salaries and related costs	Total
Wages and salaries	29,547	66,424	583	96,554
Social security contributions	10,070	17,761	168	27,999
Provision for retirement benefit obligations	558	834	33	1,425
Other payroll and related costs	1,012	1,758	-	2,770
Total	**41,187**	**86,777**	**784**	**128,748**

The increase in non-industrial payroll costs primarily reflects the recruitment of new professional figures to certain strategic company functions and to a lesser extent the higher incidence of the direct channel.

The number of employees is analyzed by category below:

	06.30.2011	06.30.2010	Period average
Management	93	86	90
White collar	5,093	5,150	5,121
Workers	2,648	2,611	2,629
Part-timers	1,589	1,510	1,550
Total	**9,423**	**9,357**	**9,390**

[4] Advertising and promotion

Advertising and promotion costs amount to Euro 26,476 thousand (Euro 29,568 thousand in first half 2010) and reflect the costs incurred for developing advertising campaigns for the Group's brands. The reduction on the comparative period is due to differences in the timing of corporate advertising campaigns, and to more focused Group brand campaigns.

[5] Depreciation and amortization

The Group's depreciation and amortization charges for the period, including the industrial ones reported in the cost of sales, are analyzed as follows:

First half 2011

(thousands of Euro)	Industrial depreciation and amortization	Non-industrial depreciation and amortization	Total
Depreciation of property, plant and equipment	7,012	28,330	35,342
Amortization of intangible assets	110	16,252	16,362
Total	**7,122**	**44,582**	**51,704**

First half 2010

(thousands of Euro)	Industrial depreciation and amortization	Non-industrial depreciation and amortization	Total
Depreciation of property, plant and equipment	7,310	26,747	34,057
Amortization of intangible assets	121	16,277	16,398
Total	**7,431**	**43,024**	**50,455**

[6] Other expenses and income

(thousands of Euro)	1st half 2011	1st half 2010
Non-industrial general costs	49,335	54,633
Other operating expenses/(income)	57,383	54,958
Additions to provisions	10,174	11,839
Other expenses/(income)	(4,249)	12,028
Total	**112,643**	**133,458**

Details of these amounts are provided in the following tables.

Non-industrial general costs

(thousands of Euro)	1st half 2011	1st half 2010
Other services	9,480	10,481
Consulting and advisory fees	5,306	6,324
Electricity and gas	4,961	4,925
Maintenance and cleaning	4,804	5,437
Rental and hire costs	4,553	5,351
Travel and entertainment costs	3,945	5,041
Directors and Statutory Auditors	3,079	3,303
Telephone and postage expenses	3,046	2,915
Sundry purchases	3,023	3,238
Insurance	1,971	2,332
Banking services	1,575	1,725
Surveillance and security	1,409	1,043
Other	2,183	2,518
Total	**49,335**	**54,633**

The overall reduction in general costs relative to the comparative period confirms the Group's constant attention to cost containment.

Other operating expenses/(income)

(thousands of Euro)	1st half 2011	1st half 2010
Operating income:		
- rental income	(38,192)	(37,643)
- reimbursements and compensation payments	(731)	(696)
- other operating income	(4,645)	(5,054)
Total operating income	**(43,568)**	**(43,393)**
Operating expenses:		
- rental expense	82,522	83,253
- indirect taxes and duties	5,476	4,869
- other operating expenses	12,953	10,229
Total operating expenses	**100,951**	**98,351**
Total	**57,383**	**54,958**

Further to a resolution adopted by the Board of Directors at the end of January, in February 2011 the Group started to hedge commodities risk, particularly by buying call options on cotton against future purchase of raw materials and finished products, whose premiums paid, net of period-end valuation, gave rise to a net expense of Euro 2,971 thousand.

Additions to provisions

(thousands of Euro)	1st half 2011	1st half 2010
Addition to provision for doubtful accounts	8,269	10,190
Addition to provision for legal and tax risks	878	649
Addition to provision for sales agent indemnities	1,027	1,000
Total	**10,174**	**11,839**

Other expenses/(income)

(thousands of Euro)	1st half 2011	1st half 2010
Other expenses:		
- costs for expected obligations	1,975	2,386
- donations	1,603	1,588
- losses on disposal	1,155	1,689
- out-of-period expenses	485	462
- impairment of property, plant and equipment and intangible assets	277	3,999
- other sundry expenses	3,476	8,710
Total other expenses	**8,971**	**18,834**
Other income:		
- gains on disposals of property, plant and equipment and intangible assets	(5,485)	(3,589)
- out-of-period income	(3,851)	(2,501)
- release of provisions	(2,617)	(501)
- other sundry income	(1,267)	(215)
Total other income	**(13,220)**	**(6,806)**
Total	**(4,249)**	**12,028**

Costs for expected obligations mostly refer to costs that the Group expects to incur for voluntary redundancy.
Other sundry expenses primarily refer to indemnities paid to terminate lease agreements early as well as voluntary redundancy incentives paid in the period; the change in these expenses relative to the comparative period is due to the reduction in non-recurring corporate reorganization costs impacting 2010.
The increase in gains on disposals of property, plant and equipment and intangible assets primarily reflects the disposal of a commercial business in Italy as well as the sale of textile segment production machinery classified as assets held for sale.
The release of provisions includes the gain on discounting the provision for sales agent indemnities to present value.
Non-recurring expenses classified in other sundry expenses and income are detailed in the section entitled "Other information - Non-recurring events and significant transactions".

[7] Financial (expenses)/income
Financial expenses, net of Euro 5,453 thousand in financial income, amount to Euro 9,523 thousand; the increase of Euro 1,905 thousand in net financial expenses, despite lower average indebtedness than in the corresponding period of 2010, is due to an increase in interest rates after opening up a new line of credit from June 2010 at less favorable conditions than those applied up until then.

[8] Net foreign currency hedging (losses)/gains and exchange differences
Net foreign currency hedging losses and exchange differences amount to Euro 6,041 thousand; this figure primarily reflects the negative impact of hedges taken out in the second half of 2010 against dollar purchases.

[9] Income taxes
The tax charge amounts to Euro 14,712 thousand compared with Euro 29,556 thousand in the corresponding period of 2010; the tax rate is 33.7%, down from 45.6% in first half 2010, as a result of a lower tax rate not only for certain foreign subsidiaries, after a reduction in operating losses, but also for those in profit.

Statement of comprehensive income

Other components of consolidated comprehensive income are analyzed as follows:

(thousands of Euro)	Shareholders of the Parent Company	Minority shareholders	1st half 2011	Shareholders of the Parent Company	Minority shareholders	1st half 2010
Gains/(Losses) recognized directly in cash flow hedge reserve	(2,704)	-	(2,704)	14,231	-	14,231
Transfers from cash flow hedge reserve	1,117	-	1,117	934	-	934
Gains/(Losses) recognized in cash flow hedge reserve	**(1,587)**	**-**	**(1,587)**	**15,165**	**-**	**15,165**
Gains/(Losses) recognized directly in currency translation reserve	(11,317)	(650)	(11,967)	19,221	1,377	20,598
Transfers from currency translation reserve	(5)	-	(5)	93	-	93
Gains/(Losses) recognized in currency translation reserve	**(11,322)**	**(650)**	**(11,972)**	**19,314**	**1,377**	**20,691**
Tax effect relating to other gains/(losses)	267	-	267	(3,845)	-	(3,845)
Total other comprehensive income, net of tax	**(12,642)**	**(650)**	**(13,292)**	**30,634**	**1,377**	**32,011**

Comments on the principal asset items

Non-current assets

[10] Property, plant and equipment

The gross amount, accumulated depreciation and impairment and related net book value of the Group's property, plant and equipment are analyzed below:

	06.30.2011			12.31.2010		
(thousands of Euro)	Gross	Accumulated depreciation and impairment	Net	Gross	Accumulated depreciation and impairment	Net
Land and buildings	961,654	184,103	777,551	951,400	171,057	780,343
Plant, machinery and equipment	341,257	223,947	117,310	337,579	216,716	120,863
Furniture, fittings and electronic devices	251,687	183,165	68,522	248,908	176,271	72,637
Vehicles and aircraft	42,686	15,919	26,767	42,976	15,640	27,336
Assets under construction and advances	35,681	-	35,681	33,599	-	33,599
Leased assets	3,587	3,190	397	3,819	3,305	514
Leasehold improvements	150,080	110,109	39,971	158,849	116,752	42,097
Total	**1,786,632**	**720,433**	**1,066,199**	**1,777,130**	**699,741**	**1,077,389**

Investments in property, plant and equipment in the period amount to Euro 31,520 thousand and mainly relate to:

- acquisitions of properties for commercial use and the modernization and refurbishment of points of sale for the purposes of expanding the commercial network in Italy, Spain, Kazakhstan, Russia and Turkey;
- investments to increase production capacity, mostly relating to the acquisition of a site in Serbia to start up a new production center in the city of Niš, and to complete the logistics hub in Castrette (Italy).

Leasehold improvements mainly refer to the cost of restructuring and modernizing stores belonging to third parties.

Disposals in the period amount to Euro 3,247 thousand and mainly refer to the sale of textile segment machinery, as well as furniture, fittings and leasehold improvements used in the commercial network.

In addition, Euro 112 thousand in impairment has been recognized in the half year to adjust certain commercial assets to their recoverable amount; except as specified above, no other signs were reported that the value of property, plant and equipment might be impaired; this is why, in compliance with IAS 36, no impairment testing has been carried out at June 30, 2011.

[11] Intangible assets

The gross amount, accumulated amortization and impairment and related net book value of the Group's intangible assets are analyzed below:

	06.30.2011			12.31.2010		
(thousands of Euro)	Gross	Accumulated amortization and impairment	Net	Gross	Accumulated amortization and impairment	Net
Goodwill and other intangible assets of indefinite useful life	60,144	16,761	43,383	60,434	17,088	43,346
Industrial patents and intellectual property rights	6,035	4,165	1,870	6,312	4,098	2,214
Concessions, licenses, trademarks and similar rights	72,502	62,188	10,314	72,101	60,974	11,127
Deferred charges	304,064	162,161	141,903	302,319	155,456	146,863
Other	110,790	80,189	30,601	107,450	74,843	32,607
Total	**553,535**	**325,464**	**228,071**	**548,616**	**312,459**	**236,157**

Investments in intangible assets in the period amount to Euro 9,081 thousand and mainly relate to:

- the acquisition of deferred commercial charges, for developing the commercial network, particularly in Italy;
- investments in information technology, of which the most significant were those for updating Oracle and SAP application software.

Disposals in the period amount to Euro 357 thousand and mostly refer to the sale of a commercial business in Italy to third parties.

"Goodwill and other intangible assets of indefinite useful life" consist of consolidation differences and residual amounts of goodwill arising on the consolidation of acquired companies.

"Deferred charges" mainly consist of lease surrender payments to obtain the lease of buildings for use as stores ("key money"), which are amortized over the term of the related lease contracts (with the exception of "fonds de commerce" which are amortized over 20 years).

In addition, Euro 166 thousand in impairment has been recognized in the period to adjust certain commercial assets to their recoverable amount; apart from this, no other signs were reported that the value of intangible assets might be impaired; this is why, in compliance with IAS 36, no impairment testing has been carried out at June 30, 2011.

Other non-current assets

[12] Investments

Investments in subsidiary and associated companies relate mainly to commercial companies not included in the consolidation because they were not yet operational or were in liquidation at the balance sheet date. Investments in other companies are stated at cost and refer to minority stakes in a number of companies in Switzerland, Japan and Italy.

[13] Guarantee deposits

The guarantee deposits reported at June 30, 2011 primarily relate to lease contracts entered into by Japanese, Indian, Korean and Spanish subsidiaries in particular.

[14] Medium/long-term financial receivables

This line item refers to the long-term portion of loans, carrying market rates of interest, mostly given by Group subsidiaries to third parties.

[15] Other medium/long-term receivables

This line item, totaling Euro 7,133 thousand, includes:

- Euro 5,177 thousand in customer trade receivables (stated net of Euro 1,444 thousand in provisions for doubtful accounts);
- Euro 1,760 thousand in recoverable VAT;
- Euro 102 thousand in receivables for fixed asset disposals;
- sundry other receivables of immaterial amount.

[16] Deferred tax assets

The Group offsets deferred tax assets against deferred tax liabilities for Italian companies that have made the group tax election and for foreign subsidiaries to the extent legally allowed in their country of origin. This balance is mostly attributable to taxes paid in advance as a result of differences in calculating the depreciable/amortizable base of assets. The associated deferred tax assets have been recognized on the basis of the Group's future expected profitability following its reorganization in 2003. The balance also includes deferred tax assets recognized on provisions and costs already reported in the financial statements that will become deductible for tax in future periods.

Current assets

[17] Inventories

Inventories, totaling Euro 422,703 thousand (Euro 293,153 thousand at December 31, 2010), are shown net of the related write-down provision. The increase in inventories reflects growth in raw material costs as well as more purchases in the period due to differences in the procurement timetable.
The valuation of closing inventories at weighted average cost is not appreciably different from their value at current purchase cost.

[18] Trade receivables

(thousands of Euro)	06.30.2011	12.31.2010
Current trade receivables	843,600	866,262
(Provision for current doubtful accounts)	(65,523)	(67,942)
Current trade receivables	**778,077**	**798,320**
Non-current trade receivables	6,621	7,512
(Provision for non-current doubtful accounts)	(1,444)	(1,429)
Non-current trade receivables	**5,177**	**6,083**
Total	**783,254**	**804,403**

Trade receivables also include Euro 134 thousand in amounts due from the holding company Edizione S.r.l.
At June 30, 2011 there were no receivables factored without recourse that were not yet due.

The total provision for doubtful accounts has been determined on the basis of a prudent assessment of the risks associated with outstanding receivables at period end. Movements in this provision during the period are summarized below:

(thousands of Euro)	12.31.2010	Additions	Uses	Releases to income	Exchange differences and other changes	06.30.2011
Provision for doubtful accounts	69,371	8,269	(10,212)	(195)	(266)	66,967

[19] Tax receivable

This balance includes:

(thousands of Euro)	06.30.2011	12.31.2010
VAT recoverable	25,596	27,524
Tax credits	4,211	3,928
Other tax receivables	6,433	4,448
Total	**36,240**	**35,900**

[20] Other receivables, accrued income and prepaid expenses

This balance includes:

(thousands of Euro)	06.30.2011	12.31.2010
Other receivables:		
- other	22,516	20,992
- receivables from holding and related companies	20,377	11,090
Total other receivables	**42,893**	**32,082**
Accrued income and prepaid expenses:		
- accrued income and prepaid expenses on operating leasing	13,413	13,045
- other accrued income and prepaid expenses	10,408	7,017
Total accrued income and prepaid expenses	**23,821**	**20,062**
Total	**66,714**	**52,144**

Other receivables, which amount to Euro 42,893 thousand (Euro 32,082 thousand at December 31, 2010), mainly refer to advances given to various suppliers and employees, receivables from social security institutions, credits for advance customs duties paid and receivables for fixed asset disposals; receivables from holding and related companies mostly refer to amounts due from Edizione S.r.l. in connection with the group tax filing by Italian companies.

[21] Financial receivables

This line item mostly refers to:

- short-term loans as well as the current portion of long-term loans to third parties;
- positive differentials on forward exchange contracts, mainly relating to the adjustment to period-end rates of outstanding hedges against economic, transaction and translation exchange risks;
- accrued interest on loans and the time value component maturing on derivatives.

[22] Cash and banks

(thousands of Euro)	06.30.2011	12.31.2010
Time deposits	81,030	64,607
Checks	46,383	81,384
Bank current accounts in other currencies	17,254	25,092
Bank and post office current accounts in Euro	14,289	23,435
Cash in hand	554	398
Total	**159,510**	**194,916**

Time deposits refer to temporary investments of cash, maturing in the first few days of July 2011.
Checks refer to amounts received from customers in the last few days of the reporting period.
Average interest rates reflect market returns for the various currencies concerned.

[23] Assets held for sale

This balance reports, at the lower of net book value and fair value less costs to sell, the production machinery of the factories in Piobesi Torinese, Grumolo delle Abbadesse and Follina. The change since December 31, 2010 is mostly the result of reclassifying to "Land and buildings" the value of the buildings of the above factories for which the conditions were no longer satisfied to carry on classifying them as assets held for sale.

Comments on the principal items in shareholders' equity and liabilities

Shareholders' equity

[24] Shareholders' equity attributable to the Group

The Shareholders' Meeting of Benetton Group S.p.A. resolved on April 28, 2011 to pay a dividend of Euro 0.25 per share, totaling Euro 43,083 thousand; this dividend will be paid from May 26, 2011, with the shares going ex-div on May 23, 2011. Changes in shareholders' equity during the period are detailed in the statement of changes contained in the "Consolidated financial statements" section.

Share capital

The fully paid-in share capital of Benetton Group S.p.A. amounts to Euro 237,482,715.60 at June 30, 2011 and consists of 182,679,012 shares with a par value of Euro 1.30 each.

Treasury shares

The Shareholders' Meeting of April 28, 2011 granted the Board of Directors the authority to buy back and dispose of the Company's ordinary shares with a par value of Euro 1.30 each, up to a maximum amount that, together with the shares already held, represents no more than 10% of share capital. At the same time, the shareholders revoked the previous authority relating to the buy back and disposal of shares granted on April 22, 2010. The new authority was granted for a period of 18 months commencing April 28, 2011. The minimum purchase price may not be 30% below the official share price reported in the trading session prior to each individual transaction, while the maximum purchase price may not be 20% above such official share price; the disposal price may not be less than 90% of the official share price reported in the trading session prior to each individual transaction.
The Company held 10,345,910 treasury shares, corresponding to 5.663% of share capital, all of which purchased before 2010 at a cost of Euro 71,734 thousand (including commissions).

Liabilities

Non-current liabilities

[25] Medium/long-term loans

This balance mostly refers to:

- three loans repayable by 2012 totaling Euro 400 million, of which Euro 150 million from Intesa Sanpaolo S.p.A., Euro 150 million from UniCredit Banca d'Impresa S.p.A. and Euro 100 million from BNL S.p.A. (BNP Paribas group). These loans carry interest of one, two, three or six-month Euribor plus a spread ranging between 20 and 50 basis points depending on the ratio between net debt and EBITDA;
- a loan (club deal) for Euro 250 million, maturing in 2015, agreed on May 31, 2010 with Banca Nazionale del Lavoro (BNP Paribas group), Credit Agricole, Cassa di Risparmio del Veneto, Mediobanca and UniCredit S.p.A. This loan carries interest of one, two, three or six-month Euribor plus a spread ranging between 150 and 250 basis points depending on the ratio between net debt and EBITDA.

The above loans call for compliance with two financial covenants, observance of which is verified every six months on the basis of the consolidated financial statements, namely:

- a ratio of 4 or above between EBITDA and net financial expenses;
- a ratio of 3.5 or less between net debt and EBITDA.

[26] Other medium/long-term payables

(thousands of Euro)	06.30.2011	12.31.2010
Other payables due to third parties	30,066	30,399
Non-current liabilities for the purchase of fixed assets	4,006	4,992
Guarantee deposits received	4,842	3,963
Total	**38,914**	**39,354**

"Other payables due to third parties" also include the value attributed to the put options held by minority shareholders in some of the subsidiary companies.

[27] Retirement benefit obligations

These refer to provisions for post-employment benefit plans relating to Group employees, of which Euro 39,493 thousand relates to provisions for employee termination indemnities (TFR) reported by the Group's Italian companies.

[28] Other medium/long-term provisions and liabilities

(thousands of Euro)	Provision for legal and tax risks	Provision for sales agent indemnities	Other provisions	Total
Balance at 01.01.2011	**14,312**	**24,058**	**1,312**	**39,682**
Additions to provisions	639	1,027	95	1,761
Releases to income	(9)	(1,832)	(18)	(1,859)
Uses and other changes	(1,432)	(77)	(107)	(1,616)
Balance at 06.30.2011	**13,510**	**23,176**	**1,282**	**37,968**

These include provisions for sales agent indemnities and legal and tax risks as well as provisions against the expected closure costs of certain directly operated stores. In particular, provisions for tax risks include Euro 10,201 thousand of which:

- Euro 3,070 thousand for a dispute relating to the disallowance for income tax purposes of certain commissions paid in 2003 to agents resident in low-tax jurisdictions, as described in more detail in the explanatory notes to previous financial statements, to which reference should be made. In November 2010, the Venice Regional Tax Commission rejected the appeal presented by Benetton Group S.p.A. which has since lodged an appeal with Italy's highest Court of Appeal against this ruling;
- Euro 7,114 thousand for the estimated amount of extra tax payable (Italian regional business tax and corporate income tax) arising from the matters raised by the tax authorities with the subsidiary Bencom S.r.l. concerning the disallowance of certain costs for commissions paid to agents resident in low-tax jurisdictions (from 2004 to 2007). The above findings have resulted in separate assessments (currently limited to 2004 and 2005), which are awaiting judgment before the competent provincial tax tribunals. The decision to recognize the above provision is based on a prudent assessment that the company's appeals might not be accepted.

Current liabilities

[29] Trade payables

These represent the Group's liabilities for the purchase of goods and services amounting to Euro 497,003 thousand (Euro 441,659 thousand at December 31, 2010).

[30] Other payables, accrued expenses and deferred income

(thousands of Euro)	06.30.2011	12.31.2010
Other payables:		
- other payables due to holding and related companies	31,361	19,257
- other payables due to employees	24,147	21,971
- payables for the purchase of fixed assets	20,831	38,316
- VAT	18,855	5,182
- other payables due to third parties	18,329	20,263
- payables due to social security and welfare institutions	6,975	9,375
- other payables due to tax authorities	4,867	7,556
Total other payables	**125,365**	**121,920**
Accrued expenses and deferred income:		
- accrued expenses and deferred income on operating leasing	7,564	8,241
- other accrued expenses and deferred income	8,483	2,494
Total accrued expenses and deferred income	**16,047**	**10,735**
Total	**141,412**	**132,655**

"Other payables due to holding and related companies" entirely refer to amounts owed to Edizione S.r.l. under the group tax election.
"Other payables due to employees" refer to amounts accruing and not paid at the end of June.
"Payables for the purchase of fixed assets" mostly refer to investments in the commercial network, the manufacturing division and Information Technology.
"Other payables due to third parties" include non-trade related payables, amongst which: remuneration owed to Directors, payables due to insurance companies, guarantee deposits received, and the liability representing the valuation of put options held by minority shareholders in some of the Group subsidiaries.
"Payables due to social security and welfare institutions" relate to amounts owed to these institutions by Group companies and their employees.
"Accrued expenses and deferred income" include Euro 4,308 thousand in deferred income relating to the first installment of the Serbian government grant received to realize the new production center in the city of Niš.

[31] Current income tax liabilities
These liabilities amount to Euro 6,163 thousand (Euro 5,035 thousand at December 31, 2010) and represent the amount payable by the Group for current income tax, stated net of taxes paid in advance, tax credits and withholding taxes.

[32] Other current provisions and liabilities

(thousands of Euro)	Provision for legal and tax risks	Other provisions	Total
Balance at 01.01.2011	**3,435**	**5,453**	**8,888**
Additions to provisions	238	1,879	2,117
Releases to income	(157)	(406)	(563)
Uses and other changes	(57)	(1,481)	(1,538)
Balance at 06.30.2011	**3,459**	**5,445**	**8,904**

This line item relates to the Group's provisions against legal and tax disputes or liabilities that it expects to be resolved or settled within one year. The balance mainly refers to reorganization costs against which the

Group provided in 2010 and liabilities for legal disputes in the process of being settled, as well as costs that the Group expects to incur for voluntary redundancies.

[33] Financial payables and bank loan

These mainly refer to:

- short-term loans from third parties;
- negative differentials on forward exchange contracts, mainly relating to the adjustment to period-end rates of outstanding hedges against economic, transaction and translation exchange risks;
- accrued interest on loans and the time value component maturing on derivatives;
- bank loans and overdrafts (details of the type of loans can be found in the paragraph on "Financial position").

Commentary on the statement of cash flows

Cash flow from operating activities before changes in working capital amounted to Euro 111,183 thousand in the period, compared with Euro 130,455 thousand in first half 2010, largely reflecting the deterioration in EBITDA and negative exchange rate effects.

Changes in working capital used Euro 49,300 thousand in cash flow (having provided Euro 31,102 thousand in cash flow in first half 2010) and mostly reflect:

- an increase in inventories reflecting the growth in raw material costs as well as higher purchases in the period due to differences in the procurement timetable;
- a decrease in trade receivables and an increase in trade payables due to cyclical factors;
- an increase in other payables, particularly to the tax authorities for VAT.

Cash flow used to pay taxes amounted to Euro 7,291 thousand.

Operating activities provided a total of Euro 39,230 thousand in cash flow versus Euro 149,826 thousand in the comparative period.

Cash flow used by investing activities amounted to Euro 50,610 thousand (Euro 54,126 thousand in first half 2010), of which:

- Euro 27,256 thousand in the commercial network, mainly in markets such as Italy and Spain, as well as in developing countries like Kazakhstan, Russia and Turkey; priority was given to refurbishing and expanding existing stores, while greater selectivity was applied to the purchase of new buildings and commercial businesses;
- Euro 4,719 thousand in investments in production, mostly relating to the acquisition of a site in Serbia to start up a new production center in the city of Niš, and to completion of the logistics hub in Castrette (Italy);
- Euro 8,626 thousand in other investments, most of which in information technology; the most important of these investments were in updating Oracle and SAP application software;
- Euro 20,098 thousand in decreases in payables for the purchase of fixed assets.

Disposals in first half 2011 amounted to a total of Euro 7,768 thousand, most of which relating to the sale of a commercial business in Italy and the sale of textile segment production machinery.

Cash flow used by financing activities included the payment of Euro 43,083 thousand in dividends to the shareholders of Benetton Group S.p.A. and the payment of Euro 2,540 thousand in dividends to minority shareholders of two foreign subsidiaries.

Supplementary information

Financial position

Net debt amounts to Euro 542,629 thousand at June 30, 2011, compared with Euro 507,596 thousand a year earlier, and has increased by Euro 56,877 thousand since December 31, 2010. It is analyzed as follows:

(thousands of Euro)	06.30.2011	12.31.2010	Change	06.30.2010
Cash and banks	159,510	194,916	(35,406)	168,977
A Liquid assets	**159,510**	**194,916**	**(35,406)**	**168,977**
B Current financial receivables	**27,395**	**29,502**	**(2,107)**	**50,687**
Current portion of medium/long-term loans	(284)	(283)	(1)	(233)
Financial payables, bank loans and lease financing	(82,208)	(63,637)	(18,571)	(81,397)
C Current financial payables	**(82,492)**	**(63,920)**	**(18,572)**	**(81,630)**
D = A+B+C Current financial indebtedness	**104,413**	**160,498**	**(56,085)**	**138,034**
E Non-current financial receivables	**3,379**	**4,090**	**(711)**	**4,775**
Medium/long-term loans	(650,073)	(649,877)	(196)	(649,846)
Lease financing	(348)	(463)	115	(559)
F Non-current financial payables	**(650,421)**	**(650,340)**	**(81)**	**(650,405)**
G = E+F Non-current financial indebtedness	**(647,042)**	**(646,250)**	**(792)**	**(645,630)**
H = D+G Net debt	**(542,629)**	**(485,752)**	**(56,877)**	**(507,596)**

The Group's net debt is mainly made up of:

Cash and banks:
Most of this balance refers to ordinary current accounts and short-term or overnight bank deposits, with Euro 46,383 thousand relating to checks received from customers at the end of June 2011.

Medium/long-term loans, financial payables, bank loans and lease financing:
These mainly represent drawdowns on the club deal and on uncommitted credit facilities, the main features of which are summarized in the tables below.

	Amount (millions of Euro)			Dates		
Credit facility/Bank	Granted	Drawn down at reporting date	Undrawn	Signed	Contractual maturity	Cost in basis points (on 1/2/3/6 month Euribor)
Term - committed [(B)]						
BNL S.p.A. (BNP Paribas group)	100	100	-	09.07.2007	09.07.2012	20/50 [(A)]
Intesa Sanpaolo S.p.A.	150	150	-	09.07.2007	09.07.2012	20/50 [(A)]
UniCredit Banca d'Impresa S.p.A.	150	150	-	09.07.2007	09.07.2012	20/50 [(A)]
BNL, Cassa di Risparmio del Veneto, Credit Agricole, Mediobanca, UniCredit	250	250	-	05.31.2010	05.31.2015	150/250 [(A)]
Total term - committed	**650**	**650**	**-**			
Revolving - committed [(B)]						
Banca Popolare di Vicenza	60	-	60	12.17.2009	12.17.2014	150/250 [(A)]
BNL, Cassa di Risparmio del Veneto, Credit Agricole, Mediobanca, UniCredit	150	-	150	05.31.2010	05.31.2015	150/250 [(A)]
Revolving - uncommitted						
Other	460	44	416	evergreen		Interbank (or prime) rate + spread
Total revolving	**670**	**44**	**626**			
Total	**1,320**	**694**	**626**			

[(A)] Depending on the ratio Net debt/EBITDA.
[(B)] Compliance with financial covenants calculated six-monthly:
- EBITDA/Net financial expenses: min 4;
- Net debt/EBITDA: max 3.5.

The committed credit facilities and the long-term loans not only carry the financial covenants set out above but also other covenants, typically applied in international practice, that must be respected by Benetton Group S.p.A. and, in some cases, by other Group companies, the most relevant of which are:

a. negative pledge clauses, which limits the creation of any security (mortgage, pledge, lien) over Group's assets;
b. pari passu clauses, which define that all the obligations on the above transactions will have the same ranking of any other new unsecured and unsubordinated obligations;
c. periodic reporting obligations;
d. cross default clauses, which entitle the lender to call for immediate repayment of the loans in the event of certain types of default on other financial instruments issued by the Group;
e. restrictions on major asset disposals;
f. other clauses generally used in similar transactions.

These covenants are nevertheless subject to several exceptions and restrictions.

There are no relationships of a financial nature with the tax group consolidating company Edizione S.r.l.

Segment information

Segment results – first half 2011

(millions of Euro)	Apparel	Textile	Eliminations	Consolidated
Revenues from third parties	843	63	-	906
Inter-segment revenues	1	48	(49)	-
Total revenues	844	111	(49)	906
Cost of sales	454	98	(49)	503
Gross operating profit	390	13	-	403
Selling costs	67	4	-	71
Contribution margin	323	9	-	332
General and operating expenses	269	4	1	274
- of which non-recurring expenses/(income)	*4*	*(2)*	-	*2*
Operating profit	54	5	(1)	58

Segment results – first half 2010

(millions of Euro)	Apparel	Textile	Eliminations	Consolidated
Revenues from third parties	839	52	-	891
Inter-segment revenues	1	49	(50)	-
Total revenues	840	101	(50)	891
Cost of sales	425	89	(48)	466
Gross operating profit	415	12	(2)	425
Selling costs	67	4	(2)	69
Contribution margin	348	8	-	356
General and operating expenses	284	9	-	293
- of which non-recurring expenses/(income)	*9*	*3*	-	*12*
Operating profit	64	(1)	-	63

Apparel segment results

(millions of Euro)	1st half 2011	%	1st half 2010	%	Change	%	Full year 2010	%
Revenues from third parties	843		839		4	0.6	1,948	
Inter-segment revenues	1		1		-	(4.7)	4	
Total revenues	844	100.0	840	100.0	4	0.5	1,952	100.0
Cost of sales	454	53.8	425	50.6	29	6.7	1,018	52.1
Gross operating profit	390	46.2	415	49.4	(25)	(5.8)	934	47.9
Selling costs	67	8.0	67	7.9	-	1.9	153	7.9
Contribution margin	323	38.2	348	41.5	(25)	(7.3)	781	40.0
General and operating expenses	269	31.8	284	33.8	(15)	(5.2)	600	30.7
- of which non-recurring expenses/(income)	*4*	*0.5*	9	*1.1*	*(5)*	*(51.7)*	29	*1.5*
Operating profit	54	6.4	64	7.7	(10)	(16.6)	181	9.3

Textile segment results

(millions of Euro)	1st half 2011	%	1st half 2010	%	Change	%	Full year 2010	%
Revenues from third parties	63		52		11	20.0	105	
Inter-segment revenues	48		49		(1)	(1.8)	81	
Total revenues	111	100.0	101	100.0	10	9.5	186	100.0
Cost of sales	98	88.1	89	88.5	9	9.0	171	91.8
Gross operating profit	13	11.9	12	11.5	1	13.4	15	8.2
Selling costs	4	3.3	4	3.5	-	2.9	7	3.7
Contribution margin	9	8.6	8	8.0	1	18.1	8	4.5
General and operating expenses	4	3.8	9	9.0	(5)	(53.3)	13	7.0
- of which non-recurring expenses/(income)	*(2)*	*(1.8)*	*3*	*3.1*	*(5)*	*n.s.*	*3*	*1.7*
Operating profit	5	4.8	(1)	(1.0)	6	n.s.	(5)	(2.5)

The number of employees in each segment is detailed below:

	06.30.2011	12.31.2010	Period average
Apparel	7,905	7,978	7,941
Textile	1,518	1,491	1,505
Total	**9,423**	**9,469**	**9,446**

Information by geographical area

Revenues by geographical area and operating segment

(millions of Euro)	Italy	%	Rest of Europe	%	The Americas	%	Asia	%	Rest of the world	%	Total
Apparel	369	90.0	291	95.3	33	97.8	145	96.7	5	71.6	843
Textile	41	10.0	14	4.7	1	2.2	5	3.3	2	28.4	63
Total revenues 1st half 2011	**410**	**100.0**	**305**	**100.0**	**34**	**100.0**	**150**	**100.0**	**7**	**100.0**	**906**
Total revenues 1st half 2010	**405**		**300**		**33**		**146**		**7**		**891**
Change	5		5		1		4		-		15

Revenues are allocated according to the geographical area in which customers are located.

Other information

Relations with the holding company, its subsidiaries and other related parties

The Benetton Group has trade dealings with Edizione S.r.l. (the holding company), with subsidiary companies of the same and with other parties which, directly or indirectly, are linked by common interests with the majority shareholder. Trading relations with such parties are conducted on an arm's-length basis and using the utmost transparency, in compliance with the Group's "Procedures for related party transactions". The total value of such transactions was nonetheless not significant in relation to the total value of the Group's production. These transactions mostly relate to the purchase and sale of goods and services.

The Group's Italian companies have elected to file for tax on a group basis as allowed by articles 117 et seq. of the Tax Consolidation Act (DPR 917 dated December 22, 1986), based on a proposal by the consolidating company Edizione S.r.l., which made the election for this type of tax treatment on June 14, 2010. The election lasts for three years, starting from the 2010 financial year, and represents a renewal of the previous election for the 2007-2009 three-year tax period. The relationships arising from participation in the group tax election are governed by specific rules, approved and signed by all participating companies.

The related details are shown below:

(thousands of Euro)	06.30.2011	06.30.2010
Receivables	20,457	21,285
- of which for group tax election under Edizione S.r.l.	20,097	20,964
Payables	31,617	50,219
- of which for group tax election under Edizione S.r.l.	31,361	49,484
Purchases of raw materials	1,748	1,922
Other costs and services (*)	9,267	8,074
Product sales	429	84
Revenue from services and other income	33	527

(*) Of which Euro 6,394 thousand in advertising and promotion costs, corresponding to 24.2% of total advertising costs in first half 2011 (Euro 5,444 thousand in first half 2010).

Transactions have also taken place between companies directly or indirectly controlled by the Parent Company or between such companies and the Parent Company itself, in compliance with the Group's "Procedures for related party transactions". The Parent Company's management considers that such transactions have been conducted on an arm's-length basis.

No Director, manager, or shareholder is a debtor of the Group.

Non-recurring events and significant transactions

The impact on the statement of income of the Group's non-recurring events and transactions has resulted in net expenses of Euro 2,393 thousand in first half 2011 (Euro 12,211 thousand in first half 2010), mostly represented by the gain on disposal of textile segment machinery, an early termination indemnity paid in respect of two property leases in the United States and voluntary redundancy incentives relating to the period.

Atypical and/or unusual transactions

The Group has not undertaken any atypical and/or unusual transactions, meaning those whose significance/materiality, nature of the counterparties, purpose, method of determining the transfer price and timing, might give rise to doubts as to: the fairness/completeness of the information contained in the financial statements, conflicts of interest, the safekeeping of assets and interests of minority shareholders.

Significant events after June 30, 2011

The following Serbian-registered companies were formed on July 7 and 12 respectively as part of the business project to develop a new production center in the city of Niš: Olimpias Knitting Serbia D.O.O., as a subsidiary of Aerre S.r.l., and Olimpias Serbia D.O.O., as a subsidiary of Olimpias S.p.A.

Contingent liabilities

The Group has not recognized any provisions against an estimated amount of Euro 16.5 million in liabilities associated with unsettled litigation, insofar as it considers that the risk of a related financial outlay is only "possible" and so, in accordance with IAS 37, only requires disclosure but not provision.

The subsidiary Benind S.p.A. has an unsettled dispute with the Italian customs authorities, which could give rise to a liability of approximately Euro 7.5 million, plus penalties. The company has obtained four rulings in its favor from the Treviso Provincial Tax Commission, involving the total cancellation of the extra customs duties and penalties applied.
On April 27, 2010 the Venice Regional Tax Commission accepted the appeal by the Treviso Customs Agency, overturning the first of the above four first-level rulings. The total amount of customs duties disputed in this ruling is approximately Euro 2.6 million plus penalties and interest. In view of the incompleteness and insufficiency of the reasons expressed by the panel of judges in this ruling, the company has lodged an appeal with the highest Court of Appeal.
On November 25, 2010 the Venice Regional Tax Commission passed sentence on the other three rulings by the Treviso Provincial Tax Commission, partially accepting the appeal by the Treviso Customs Agency and recognizing its right to recover the extra duties, while declaring the penalties as invalid. The total amount of customs duties disputed in this ruling is approximately Euro 4.9 million. The company has lodged an appeal with Italy's highest Court of Appeal against the above three rulings handed down by the Regional Tax Commission.

The Board of Directors of Benind S.p.A. are of the opinion, also of the basis of authoritative outside professional advice, that the matters raised by the tax inspectors concerning the customs duties are unsubstantiated and that the reasons behind the above second-level rulings are insufficient and inadequate, and so it has decided not to make any provisions for the related disputes since they qualify as only "possible" risks, in compliance with definitions under the accounting standards.

During the first half of 2011 the subsidiary Benind S.p.A. underwent a partial tax audit by the Veneto Regional Revenue Office for tax periods 2006-2007-2008 in relation to IRES (Italian corporate income tax) and IRAP (Italian regional business tax). The notice of findings, received on May 31, 2011, focused on transfer prices.
The contested items correspond to an estimated Euro 7 million in additional tax.
The company intends to present its defense to the tax authorities within the legal term in order to explain the rationale behind its actions, and nonetheless reserves the right to contest any subsequent notices of assessment by appealing to the competent tax commissions.

During the first half of 2011 Benetton Group S.p.A. underwent a partial tax audit by the Treviso Provincial Revenue Office for tax period 2008 in relation to IRES, IRAP and VAT. The notice of findings, received on June 27, 2011, focused on the deductibility of certain entertaining expenses and the non-deductibility of VAT on certain costs.
The contested items correspond to an estimated Euro 200 thousand in additional tax.
The Company intends to present its defense to the tax authorities within the legal term in order to explain the rationale behind its actions, and nonetheless reserves the right to contest any subsequent notices of assessment by appealing to the competent tax commissions.

Certification

Certification pursuant to art. 81-ter of CONSOB Regulation 11971 of May 14, 1999 and subsequent amendments and additions

The undersigned Biagio Chiarolanza and Franco Furnò as "Chief Executive Officers" and Alberto Nathansohn as "Manager responsible for preparing the financial reports" of Benetton Group S.p.A. attest, also taking account of paragraphs 3 and 4, art. 154-bis of Italian Legislative Decree 58 of February 24, 1998:

that the accounting and administrative processes for preparing the half-year condensed financial statements during first half 2011:

- have been adequate in relation to the enterprise's characteristics and
- have been effectively applied.

The adequacy of the accounting and administrative processes for preparing the half-year condensed financial statements at June 30, 2011 has been evaluated on the basis of the Internal Control - Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission which represents the internationally generally accepted standard model.

They also certify that

1. the half-year condensed financial statements:

a. have been prepared in accordance with applicable international accounting standards recognized by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated July 19, 2002, and specifically with IAS 34 - Interim Financial Reporting;

b. correspond to the underlying accounting records and books of account;

c. are able to provide a true and fair view of the issuer's balance sheet, results of operations and financial position and of the group of companies included in the consolidation.

2. the interim directors' report contains a reliable analysis of important events that took place in the first six months of the year and their impact on the half-year condensed financial statements, together with a description of the principal risks and uncertainties in the remaining six months of the year. The interim directors' report also contains a reliable analysis of information on significant related party transactions.

July 28, 2011

Executive Director
Biagio Chiarolanza

Executive Director
Franco Furnò

Manager responsible for preparing the Company's financial reports
Alberto Nathansohn

Auditors' report

Auditors' report on the review of consolidated condensed interim financial statements for the six months ended 30 June 2011

To the Shareholders of
Benetton Group SpA

1. We have reviewed the consolidated condensed interim financial statements of Benetton Group SpA and subsidiaries (Benetton Group) as of 30 June 2011 and the six months then ended, comprising the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statements of changes in shareholders' equity and cash flows and related explanatory notes. Benetton Group SpA's Directors are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the International Accounting Standard n° 34 (IAS 34), applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.

2. Our work was conducted in accordance with the criteria for a review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution n° 10867 of 31 July 1997. The review consisted principally of inquiries of company personnel about the information reported in the consolidated condensed interim financial statements and about the consistency of the accounting principles utilised therein as well as the application of analytical review procedures on the data contained in the above mentioned consolidated financial statements. The review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit on the annual consolidated financial statements, we do not express a professional audit opinion on the consolidated condensed interim financial statements.

   Regarding the comparative amounts of the consolidated financial statements of the prior year and the consolidated condensed interim financial statements of the prior year presented for comparative purposes, reference should be made to our reports dated 4 April 2011 and 30 July 2010, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of Benetton Group as of 30 June 2011 have not been prepared, in all material respects, in accordance with the International Accounting Standard n° 34 (IAS 34), applicable to interim financial reporting, as adopted by the European Union.

Verona, 28 July 2011

PricewaterhouseCoopers SpA

Signed by
Massimo Dal Lago
(Partner)

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

Supplementary schedules

Companies and groups included in the consolidation at June 30, 2011

Company name	Location	Currency	Share capital	Group interest [1]
Companies and groups consolidated on a line-by-line basis:				
Parent Company				
Benetton Group S.p.A.	Ponzano Veneto (Tv)	Eur	237,482,715.60	
Italian subsidiaries				
Olimpias S.p.A.	Ponzano Veneto (Tv)	Eur	47,988,000	100%
_ Aerre S.r.l.	Vittorio Veneto (Tv)	Eur	15,000	60%
_ Filatura di Vittorio Veneto S.r.l.	Vittorio Veneto (Tv)	Eur	110,288	50%
_ Fynlab S.r.l. [2]	Ponzano Veneto (Tv)	Eur	100,000	100%
Benetton Retail Italia S.r.l.	Ponzano Veneto (Tv)	Eur	5,100,000	100%
Bentec S.p.A.	Ponzano Veneto (Tv)	Eur	12,900,000	100%
Fabrica S.p.A.	Ponzano Veneto (Tv)	Eur	4,128,000	100%
Società Investimenti e Gestioni Immobiliari (S.I.G.I.) S.r.l.	Ponzano Veneto (Tv)	Eur	36,150,000	100%
Benind S.p.A.	Ponzano Veneto (Tv)	Eur	26,000,000	100%
_ La Cantina delle Nostre Ville Venete - Società Agricola a r.l.	Ponzano Veneto (Tv)	Eur	110,000	100%
_ Benair S.p.A.	Ponzano Veneto (Tv)	Eur	1,548,000	100%
Bencom S.r.l.	Ponzano Veneto (Tv)	Eur	150,000,000	100%
_ Ponzano Children S.r.l.	Ponzano Veneto (Tv)	Eur	110,000	100%
_ Milano Report S.p.A.	Milan	Eur	1,000,000	100%
Foreign subsidiaries				
_ S.C. Anton Industries S.r.l.	Arad	Ron	1,162,460	60%
_ Olimpias Tunisia S.à r.l.	La Marsa	Tnd	100,000	100%
Benetton USA Corp.	Wilmington	Usd	215,654,000	100%
_ Benetton Russia O.O.O.	Moscow	Rub	473,518,999	100%
Benetton Holding International N.V. S.A.	Amsterdam	Eur	92,759,000	100%
_ Benetton International S.A.	Luxembourg	Eur	133,538,470	100%
_ _ Benetton Mexicana S.A. de C.V.	Mexico City	Mxn	327,000,405	100%
_ _ Benetton Ungheria Kft.	Nagykálló	Eur	89,190	100%
_ _ Benetton India Pvt. Ltd.	Gurgaon	Inr	2,900,000,000	100%
_ _ Benetton Canada Inc.	Montréal	Cad	7,500,000	100%
_ _ Benetton Industrielle Tunisie S.à r.l.	Gafsa	Tnd	2,000,000	100%
_ _ Benetton Retail Deutschland GmbH	Frankfurt am Main	Eur	2,000,000	100%
_ _ _ New Ben GmbH	Frankfurt am Main	Eur	5,000,000	50%
_ _ Benetton Trading Ungheria Kft.	Nagykálló	Huf	50,000,000	100%
_ _ Benetton Retail (1988) Ltd.	London	Gbp	61,000,000	100%
_ _ Benetton Retail Spain S.L.	Barcelona	Eur	10,180,300	100%
_ _ Benetton 2 Retail Comércio de Produtos Têxteis S.A.	Porto	Eur	500,000	100%
_ _ S.C. Benrom S.r.l.	Miercurea Sibiului	Ron	1,416,880	100%
_ _ Benetton Manufacturing Tunisia S.à r.l.	Sahline	Tnd	700,000	100%
_ _ _ Benetton Commerciale Tunisie S.à r.l.	Sousse	Tnd	2,429,000	100%
_ _ Benetton Tekstil D.O.O.	Labin	Hrk	155,750,000	100%
_ _ Benetton Denmark A.p.S.	Copenhagen	Dkk	125,000	100%

Company name	Location	Currency	Share capital	Group interest [1]
_ United Colors Communication S.A.	Paradiso	Chf	1,000,000	100%
_ Benetton Trading Taiwan Ltd.	Taipei	Twd	115,000,000	100%
_ Benetton Giyim Sanayi ve Ticaret A.S.	Istanbul	Try	7,000,000	50%
_ Benetton International Kish P.J.S.C.	Kish Island	Irr	100,000,000	100%
_ Benetton Trading USA Inc.	Lawrenceville	Usd	959,147,833	100%
_ Lairb Property Ltd.	Dublin	Eur	260,000	100%
_ Benetton Pars P.J.S.C.	Tehran	Irr	50,000,000	100%
_ Benetton Retail Poland Sp. z o.o.	Warsaw	Pln	4,900,000	100%
_ Benetton De Commerce International Tunisie S.à r.l.	Sahline	Tnd	150,000	100%
_ Benetton Serbia D.O.O. [4]	Belgrade	Eur	10,000	100%
_ Benetton Japan Co., Ltd.	Tokyo	Jpy	400,000,000	100%
_ Benetton Korea Inc.	Seoul	Krw	2,500,000,000	50%
_ Benetton Asia Pacific Ltd.	Hong Kong	Hkd	41,400,000	100%
_ Shanghai Benetton Trading Co. Ltd.	Shanghai	Usd	26,321,056	100%
_ Benlim Ltd. [2]	Hong Kong	Hkd	16,000,000	100%
Benetton Realty France S.A.	Paris	Eur	94,900,125	100%
Benetton Australia Pty. Ltd.	Hawthorn	Aud	500,000	100%
_ Ben-Mode A.G.	Zurich	Chf	500,000	10%
Benetton International Property N.V. S.A.	Amsterdam	Eur	17,608,000	100%
_ Benetton Real Estate International S.A.	Luxembourg	Eur	116,600,000	100%
_ Real Estate Russia Z.A.O.	Moscow	Rub	10,000	100%
_ Benetton Real Estate Austria GmbH	Vienna	Eur	2,500,000	100%
_ Benetton Realty Portugal Imobiliaria S.A.	Porto	Eur	100,000	100%
_ Real Estate Ukraine L.L.C.	Kiev	Usd	7,921	100%
_ Kaliningrad Real Estate Z.A.O.	Moscow	Rub	10,000	100%
_ Benetton Istanbul Real Estate Emlak Yatirim ve Insaat Ticaret Limited Sirketi	Istanbul	Try	34,325,000	100%
_ Benetton Services S.A. de C.V.	Mexico City	Mxn	50,000	100%
_ Benetton Realty Sukhbaatar L.L.C.	Ulaanbaatar	Mnt	115,000	100%
_ Hotel Union L.L.C.	Pristina	Eur	3,200,000	100%
_ Kazan Real Estate Z.A.O.	Moscow	Rub	10,000	100%
_ Benetton Real Estate Belgique S.A.	Bruxelles	Eur	14,500,000	100%
_ Benetton Latvia L.L.C.	Riga	Lvl	630,000	100%
_ Benetton Real Estate Kazakhstan L.L.P.	Almaty	Kzt	62,920,000	100%
_ Property Russia Z.A.O.	Moscow	Rub	10,000	100%
_ Benetton France S.à r.l.	Paris	Eur	99,495,712	100%
_ Benetton France Commercial S.A.S.	Paris	Eur	10,000,000	100%
_ Benetton Realty Spain S.L.	Barcelona	Eur	15,270,450	100%
Investments in subsidiary companies carried at cost [5]:				
_ Anton Industries Macedonia L.L.C.	Skopje	Eur	10,000	60%
_ Benetton Beograd D.O.O. [3]	Belgrade	Eur	500	100%
Bensec S.c. a r.l.	Ponzano Veneto (Tv)	Eur	110,000	78%
_ Benetton Real Estate CSH S.r.l. [3]	Chisinau	Mdl	30,000	100%
_ Benetton Real Estate Azerbaijan L.L.C. [3]	Baku	Usd	130,000	100%
_ Benetton Service II S.A. de C.V. [4]	Mexico City	Mxn	50,000	100%

[1] Not including the interest relating to put options.
[2] In liquidation.
[3] Non-operative.
[4] Recently established company.
[5] At cost since fair value cannot be determined (unlisted companies).

Corporate information

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