DAVIDE CAMPARI-MILANO S.p.A.

ANNUAL REPORT
AT 31 DECEMBER 2013

Contents

The official text is the Italian version of the document. Any discrepancies or differences arisen in the translation are not binding and have no legal effect. In case of any dispute on the content of the document, the Italian original shall always prevail.

Highlights

	31 December 2013 € million	31 December 2012 € million	Change %	% change at constant exchange rates
Net sales	**1,524.1**	**1,340.8**	**13.7%**	**17.3%**
Contribution margin	561.2	532.3	5.4%	9.1%
EBITDA before non-recurring items	339.1	337.4	0.5%	4.2%
EBITDA	**328.8**	**320.2**	**2.7%**	**6.5%**
Result from recurring activities	299.6	304.7	-1.7%	2.0%
Operating result	**289.3**	**287.5**	**0.6%**	**4.4%**
Operating margin (operating result/net sales)	**19.0%**	**21.4%**		
Profit before tax	230.2	236.2	-2.5%	
Group net profit	**149.8**	**156.7**	**-4.4%**	
Basic earnings per share (€)	0.26	0.27		
Diluted earnings per share (€)	0.25	0.27		
Average number of employees	3,996	2,450		
Free cash flow	105.9	126.4		
Business combinations	13.6	315.8		
Net debt	852.8	869.7		
Shareholders’ equity-Group and minorities	1,396.1	1,433.1		
Fixed assets	1,998.7	2,073.1		
Working capital and other assets and liabilities	250.2	229.7		
ROI % (operating result/fixed assets)	**14.5%**	**13.9%**		

Corporate officers

Board of Directors (1)

Luca Garavoglia	Chairman
Robert Kunze-Concewitz	Managing Director and Chief Executive Officer
Paolo Marchesini	Managing Director and Chief Financial Officer
Stefano Saccardi	Chief Executive Officer and General Counsel and Business Development Officer
Eugenio Barcellona	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee (4)(5)
Camilla Cionini-Visani	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee (4)(5)
Karen Guerra	Director
Thomas Ingelfinger	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee (4)(5)
Marco P. Perelli-Cippo	Director

Board of Statutory Auditors(2)

Pellegrino Libroia	Chairman
Enrico Colombo	Statutory Auditor
Chiara Lazzarini	Statutory Auditor
Giovanni Bandera	Alternate Auditor
Graziano Gallo	Alternate Auditor
Piera Tula	Alternate Auditor

Independent auditors(3)

PricewaterhouseCoopers S.p.A.

(1) The nine members of the Board of Directors were appointed on 30 April 2013 by the shareholders' meeting and will remain in office for the three-year period 2013-2015. At the same shareholders' meeting, Luca Garavoglia was appointed as Chairman and granted powers in accordance with the law and the Company's articles of association.
At a meeting held on the same date, the Board of Directors gave Managing Directors Robert Kunze-Concewitz, Paolo Marchesini and Stefano Saccardi the following powers for three years until approval of the 2015 financial statements:

- individual signature: powers of ordinary representation and management, within the value or time limits established for each type of function;
- joint signature: powers of representation and management for specific types of function, within the value or time limits deemed to fall outside ordinary activities.

(2) The Board of Statutory Auditors was appointed on 30 April 2013 by the shareholders' meeting for the three-year period 2013-2015.

(3) On 30 April 2010, the shareholders' meeting appointed PricewaterhouseCoopers S.p.A. as its independent auditors for the nine-year period 2010-2018.

(4)(5) The Risk Control Committee and the Remuneration and Appointments Committee were appointed by the Board of Directors on 30 April 2013 for the three year period 2013-2015.

Report on operations

Significant events during the year

Acquisitions and sales of companies, brands and distribution rights

Purchase of distribution rights for Appleton brands in the US

Through the acquisition of Lascelles deMercado&Co. Ltd. (hereinafter 'LdM acquisition'), which was completed in 2012, the Group, via Campari America, purchased the distribution and marketing rights of the Appleton rum portfolio in the US, as of 1 March 2013, for USD 20 million.

Exercise of put and call options on the non-controlling interests in Campari Rus OOO

On 28 February 2013, the Group exercised options for the purchase of the remaining 20% stake in the company that owned Campari Rus OOO for € 2.1 million.

Disposal of Barbieri Punch brand

On 1 March 2013, the Group completed the disposal of the Barbieri Punch brand to Distilleria Moccia for € 4.45 million.

Distribution of William Grant & Sons portfolio in Germany

On 1 July 2013, the Group started to distribute the entire William Grant&Sons portfolio in Germany. The portfolio includes the Glenfiddich, Grant's and Balvenie Scotch whiskies, Sailor Jerry rum and Hendrick's gin, as well as Irish whisky Tullamore DEW, which has been distributed by the Group in this market since 2012.

Termination of the distribution of Russian Standard in Germany

Due to a change in its distribution agreements, the Group terminated distribution of Russian Standard in Germany from 1 September 2013.

Acquisition of Copack, the Australian bottling company

On 2 September 2013, Gruppo Campari completed the acquisition, announced in June, of the assets of Copack Beverage LP (hereinafter 'Copack acquisition'), a limited partnership and leading Australian bottling company specialising in tin and glass bottling that supplies the Group with packaging for ready-to-drink products.
The acquisition further strengthens the Group's international supply chain structure, improving the flexibility of the local structure, quality control and capacity for innovation; the transaction is therefore a major opportunity to support the Group's future growth in the Asia-Pacific region.
The consideration paid was AUD 20.9 million (approximately € 13.6 million), on a cash free/ debt free basis, to purchase land, buildings, production assets and working capital.
The payback period is estimated at approximately six years.

Purchase of rights and launch of distribution in the Spanish market

In line with its overall strategy of stabilising and strengthening its presence in key markets where it has reached considerable critical mass, the Group has decided to launch its own distribution network in the Spanish market. This activity will begin in April 2014 through Campari España S.L., which will be responsible for sales and marketing of the products sold by the Group in Spain, as well as exports to Portugal and Andorra.
The Group bought the rights for distribution in this market from its current partners, including Zadibe, the Spanish trading company of the Diego Zamora Group, which will therefore continue to distribute the Group's products until 31 March 2014.

Purchase of distribution rights to the Bulldog Gin brand and call option for purchase of the brand

Gruppo Campari was awarded the distribution rights for the period 2014-2020 to Bulldog Gin, the independent brand and leader in the premium gin segment, currently available in more than 25 countries and heavily concentrated in Europe.

In the US, the brand is mainly present in the North-Eastern states, particularly in New York City.
Distribution will cover duty-free markets worldwide and most of the other duty-paid markets, including the US, in which Campari has its own sales and marketing platforms. In other markets, however, the brand will continue to be distributed by the current brand owners.
An agreement was also signed to enable the Group to exercise an option to purchase Bulldog Gin's assets, namely the brand, inventories and existing production and distribution agreements. The option can be exercised from 2020, at a price established according to the achievement of determined targets in 2019 as previously negotiated by the parties.
If these targets are met, but Gruppo Campari decides not to exercise the call option by September 2019, a contractual termination fee of USD 5 million will be payable to Bulldog Gin's owner.
However, if the above-mentioned targets are reached and Gruppo Campari decides to exercise the call option by September 2019, the current agreement sets out a future price based on a multiple of expected CAAP (contribution after advertising and promotion): the expected multiple is 7.2x the CAAP achieved by the Bulldog Gin brand in 2019, i.e. achieved either in the markets directly managed by Gruppo Campari or in markets managed by third parties. In this context, in January 2014, Campari paid Bulldog Gin USD 2.5 million as an advance of the brand purchase price or the termination fee.
For Gruppo Campari, both the distribution agreement and the potential brand purchase represent an important opportunity to expand in the super premium gin segment, broadening and adding to its existing offering in terms of both premium products in the segment, which currently only comprises Bankes premium gin, and an increased focus on the on-premise channel, particularly in the United States.

Transfer of the distribution of Aperol in the US to Campari America

In September 2013, the Group reached an agreement to transfer the distribution rights for Aperol in the US, previously granted to Palm Bay International, to Campari America.

Innovation and new product launches

Launch of Campari Orange Passion

Campari Orange Passion is a new cocktail aperitif made with Campari, orange juice and cane sugar, launched on the Italian market in March 2013.
This ready-to-serve cocktail was born from the success of Campari Orange Passion, the 'crushed' cocktail launched in 2010 as a reinterpretation of the Garibaldi (traditional Campari Orange) to celebrate Campari's 150th anniversary.

Launch of Bankes London Dry Gin

In April 2013, Gruppo Campari launched Bankes, the new premium London Dry Gin, on the Italian market. This product was created using traditional methods in collaboration with historic UK distillery Langley.

Launch of Wild Turkey Spiced and Forgiven

Wild Turkey Spiced and Forgiven were launched in the middle of the year, mainly on the US and Australian markets, with the aim of increasing sales of the brand in the spiced bourbon and premium segments.
In the ready-to-drink segment, Wild Turkey Rare, a variation on the Cola flavour with a higher alcoholic content (8% ABV), was launched in Australia.

Launch of new flavours of SKYY Infusions

The new grape and strawberry flavours of SKYY Infusions were launched in early 2013, mainly in the US, to follow the continued growth in this segment.
In December 2013, the Georgia Peach and Vanilla Bean flavours of SKYY Infusion were launched, mainly in the US.

Increase in the range of X-Rated and Cabo Wabo brands

New varieties X-Rated Tropix and Cabo Diablo, a tequila with a coffee flavour, were launched during the year, mainly in the US.

Changes in the Group’s organisational structure

Rationalisation of Group structures

The Group has launched a reorganisation process to improve the efficiency of its organisational structures and to centralise its strategic positions at the Sesto San Giovanni headquarters for the development of trade with countries outside Europe.

On 30 June 2013, the commercial operations of Campari International S.A.M., based in Monaco, were taken over by Campari International S.r.l., a newly incorporated wholly-owned subsidiary of Davide Campari-Milano S.p.A., with registered office at Sesto San Giovanni.

The company's mission of managing the Group's operations in a number of international markets, and the geographical scope of the international business unit, remained unchanged.

Again in June 2013, the Parent Company signed an agreement with the trade unions and amalgamated unions to initiate redundancy proceedings involving staff based in Italy, most of whom will receive a bridging pension.

With regard to the acquisition of LdM, the reorganisation process involved 22 Jamaican companies included within the scope of the operation. On 2 August 2013, these were merged into the existing company, J. Wray&Nephew Ltd.

The new structure, which manages the entire brand portfolio previously distributed by J. Wray&Nephew Ltd and Lascelles Ltd. strengthens the Group’s route to market in Jamaica and improves customer services, with more efficient business organisation. Rationalisation of the structure also involved the implementation of a staff restructuring program announced in the second quarter, which led to a headcount reduction of about 130 people, mainly in sales, logistics and finance departments.

Creation of Campari Ukraine

In June 2013, the Group created the trading company Campari Ukraine LLC, which started distribution in October of the Group’s products in Ukraine. The company was created to provide continuity to the Group’s presence in this market, following the decision to sell CISC ‘Odessa Sparkling Wine Company’. Negotiations for this sale were successfully concluded in February 2014.

Creation of Campari Services S.r.l.

In order to standardise processes and benefit from economies of scale and the expertise acquired by the Parent Company’s administrative organisation, a new company, Campari Services S.r.l., was created on 15 November 2013, through the transfer of the Parent Company’s administrative and accounting division. The new company’s purpose is to provide accounting, financial, technical/administrative and budgeting services to Italian and foreign Group companies.

From January 2014, the new company is responsible for accounting and tax services for the Parent Company and the other Italian companies (Campari International S.r.l., Campari Wines S.r.l. and Sella&Mosca S.p.A.), and for Campari España S.L. and TJ Carolans&Son Ltd.

Other significant events

New bottling plant in Scotland

In May 2013, GlenGrant’s new bottling plant in Rothes, Scotland, became operational. This project, which involved total investment of € 6.7 million (GBP 5.6 million), enabled activities that were previously outsourced, to be undertaken in-house.

New bottling plant in Kentucky

On 10 September 2013, the Group celebrated the inauguration of the bottling plant at the Wild Turkey distillery in Lawrenceburg, Kentucky. The bottling plant (which costed USD 43 million, or approximately € 32 million at current exchange rates), is part of a total investment of USD 100 million over three years aimed at upgrading production structures. As well as creating more than 60 new jobs in the area, the plant provides full bottling and packaging capacity for all Gruppo Campari distillate brands in the US, including the Wild Turkey Bourbon line and SKYY Vodka, the Company's biggest US brand.

The immediate and long-term benefits of the new structure include cost efficiency, better customer service, opportunities for more efficient and faster innovation and more production flexibility, as bottling activity is now performed in-house.

Group operating and financial results

Sales performance

Overall performance

The Group's net sales totalled € 1,524.1 million in 2013, with overall growth of 13.7% compared with the previous year. This result was attributable to an external growth of 15.6%, driven mainly to the LdM acquisition and to positive organic growth of 1.7% and a negative exchange rate effect of 3.6%, as shown in the table below.

	€ million	% change on 2012
Net sales 2013	1,524.1	
Net sales 2012	1,340.8	
Total change	**183.3**	**+13.7%**
of which		
Organic change	22.2	+1.7%
External change	209.3	+15.6%
Exchange rate effect	-48.2	-3.6%
Total change	**183.3**	**+13.7%**

The good result for organic growth, of 1.7%, was achieved also thanks to the strong recovery in the fourth quarter of 2013 (6.4%), which confirmed the recovery already seen since the third quarter of the year (5.2%). In the second half of the year, the Group therefore achieved an organic growth of 5.9%, compared with a contraction of -3.3% in the first half (-0.4% in the first nine months of the year).

Moreover, in terms of the development of the business performance over the year, it should be noted that the organic growth was achieved despite the fact that the first quarter was negatively affected by the lack of promotional activities in the traditional distribution channel in Italy, as it was impossible to grant deferred payments to wholesalers. This activity, aimed at increasing Group's product penetration at a sufficiently early point before the summer peak in consumption, was no longer realizable as of 2013 due to a new legislation (Article 62, Law 27 of 24 March 2012), which imposes restrictions on payment terms.

It is estimated that this regulatory change had a negative impact of approximately € 25 million on first-quarter sales in Italy, which was then completely recovered in the rest of the year, despite the fact that macroeconomic conditions were still unfavourable.

The following table shows this progression.

Organic growth - % change	2013/2012	2012/2011
First quarter	-9.0%	+2.8%
Second quarter	+1.4%	+3.6%
First half	**-3.3%**	**+3.2%**
Third quarter	+5.2%	+0.2%
Fourth quarter	+6.4%	+4.1%
Second half	**+5.9%**	**+2.4%**
Total for the year	**+1.7%**	**+2.8%**

Geographically, the overall growth over the year was related to the excellent performance in the US, the upturn in growth in Brazil, the consolidation of sales in Russia and Argentina, and steady growth in some new markets, including Nigeria and South Africa; in terms of the main brands, however, the excellent trend continued in Campari (+8.2%), the Wild Turkey franchise (+6.1%) and Cinzano (both in sparkling wines and vermouth).

Note that organic growth staged a strong recovery over the year, starting from -9.0% in the first quarter, and then strongly recovering to achieve +6.4% in the last quarter, thanks to the return to growth of Aperol, the progress made by Campari and Wild Turkey, the consistent growth trend in the US market and the strong recovery in Italy.

Changes in business by region and by brand are analysed in the sections below.

The Group's result was significantly impacted by a considerable external growth, totalling 15.6% over the year, almost entirely attributable to the LdM acquisition, which generated sales of € 191.8 million, up 14.3% compared with 2012. In the fourth quarter, external growth was 13.7%, lower than that recorded in the first nine months (16.4%) due to seasonal factors.

As the following table shows, the other component of external growth (+1.3%) was due to both sales of new third-party brands distributed (stripping out the contraction for terminated agreements) and the new bottling operation for third parties in Australia from early September 2013, following the Copack acquisition.

2013 sales: breakdown of external change	% change on 2012	€ million
Total LdM acquisition	+14.3%	191.8
New third-party brands distributed	+1.4%	18.2
New third-party bottling activities in Australia	+0.5%	6.9
Discontinued third-party brands	-0.6%	-7.5
Total external growth	**+15.6%**	**209.3**

The following tables show a breakdown of sales generated due to the LdM acquisition by business, and, for spirits and wines, more detailed information on sales by region and key brands.

Sales due to LdM acquisition	€ million
Spirits & Wines	124.0
Merchandise and agri-pharma divisions	42.0
Supply chain sales (sugar and bulk rum)	25.8
Total	**191.8**

Regards to the supply chain sales, , it should be noted that sugar harvesting and sales are heavily concentrated in the first half of the year. With regard to LdM sales by region, shown in the following table, the US sales were strongly influenced by the transition due to the acquisition of distribution rights in this market on 1 March 2013, a process that led to a significant slowdown in shipments in the first half 2013.

LdM acquisition: spirits and wines sales by region	€ million
Jamaica and Caribbean (excluding local duty-free)	69.3
Canada	14.7
US	9.3
Other American countries	2.6
Subtotal American region	**95.9**
New Zealand	7.7
Other countries in Rest of World and duty-free region	12.2
Subtotal Rest of World and duty-free region	**20.0**
United Kingdom	6.9
Other countries in Rest of Europe region	1.2
Subtotal Rest of Europe region	**8.1**
Total spirits & wines	**124.0**

LdM acquisition: spirits & wine sales by key brand	€ million
Appleton	38.3
W&N White Overproof	31.5
Coruba	7.6
Subtotal international brands	**77.4**
Magnum Tonic wine	16.0
Charley's	5.1
Other Group spirits and wines brands	16.7
Third-party brands distributed	8.7
Subtotal local brands	**46.6**
Total spirits & wines	**124.0**

The Group’s sales were severely impacted by negative exchange rate effects, of -3.6% on an annual basis. It should be noted that the depreciation of the main currencies against the euro (quantifiable at € -48.2 million) significantly worsened in the last quarter of 2013, causing a negative effect of -4.9%, a further deterioration to the first nine months of the year, which closed with a negative effect of -3.0%. In particular, there was steady depreciation in average exchange rates for the Brazilian real (-14.3%), Argentine peso (-24.5%) and Australian dollar (-10.9%) compared with 2012. The effect of other currency exchange rates devaluation on Group sales, while more limited, was also not negligible: the US dollar depreciated by -3.3%, the Swiss franc by -2.1% and the Rouble by -6.0%.

Average exchange rates for the period	2013	2012	% change
USD x € 1	1.328	1.286	-3.3%
BRL x € 1	2.867	2.509	-14.3%
CHF x € 1	1.231	1.205	-2.1%
CNY x € 1	8.165	8.110	-0.7%
GBP x € 1	0.849	0.811	-4.7%
ARS x € 1	7.277	5.846	-24.5%
AUD x € 1	1.377	1.241	-10.9%
MXN x € 1	16.964	16.906	-0.3%
RUB x € 1	42.325	39.923	-6.0%
JMD x € 1	133.304	118.263	-12.7%
Spot exchange rates at 31 December	**2013**	**2012**	**% change**
USD x € 1	1.379	1.319	-4.5%
BRL x € 1	3.258	2.704	-20.5%
CHF x € 1	1.228	1.207	-1.7%
CNY x € 1	8.349	8.221	-1.6%
GBP x € 1	0.834	0.816	-2.2%
ARS x € 1	8.989	6.486	-38.6%
AUD x € 1	1.542	1.271	-21.3%
MXN x € 1	18.073	17.185	-5.2%
RUB x € 1	45.325	40.330	-12.4%
JMD x € 1	146.176	122.278	-19.5%

Sales by region

In 2013, the LdM acquisition and the sales performance in Italy and some other European markets significantly altered the breakdown of the Group's business by region.

Specifically, as shown in the table below, the Group closed the year with the Americas region representing 40.9% of Group sales (34.7% in 2012), with overall growth of 34.1%.

External growth had a very important effect, as in this region it currently represents approximately 85% of sales related to the LdM acquisition (Canada, the Caribbean, the United States and Mexico, as well as Jamaica, are major markets for Appleton and the other LdM brands).

By contrast, the other three regions decreased in terms of their relative proportion of total sales. This was the case for Italy, which recorded a -3.8% drop in sales, as well as for the Rest of Europe, and the Rest of the World and duty free, where sales grew less than proportionally compared with the Americas region, with increases of 6.7% and 11.9% respectively.

	2013		2012		% change
	€ million	%	€ million	%	2013/2012
Americas	623.3	40.9%	464.8	34.7%	34.1%
Italy	376.4	24.7%	391.1	29.2%	-3.8%
Rest of Europe	368.3	24.2%	345.3	25.8%	6.7%
Rest of the world and duty-free	156.2	10.2%	139.5	10.4%	11.9%
Total	**1,524.1**	**100.0%**	**1,340.8**	**100.0%**	**13.7%**

In the **Americas** region, sales totalled € 623.3 million, an increase of 34.1% compared with the previous year, with +34.9% due to external growth, +6.3% due to organic growth and -7.1% due to the exchange rate effect.

As mentioned above, the strong external growth component in the region was almost entirely determined by sales related to the LdM acquisition, mainly in Jamaica but also in Canada, the US, the Caribbean and other countries in the region.

The table below shows a breakdown of growth in the Americas region by the four business areas.

Americas	2013	2012	Total change	Organic change	External change	Exchange rate effect
	€ million	€ million	%	%	%	%
Spirits	500.9	432.0	+15.9%	+5.5%	+17.0%	-6.6%
Wines	48.0	28.2	+70.0%	+1.1%	+82.6%	-13.7%
Soft drinks	0.7	0.1	+746.4%	+42.4%	+710.0%	-6.0%
Other sales	73.7	4.5	+1.537.9%	+111.7%	+1.444.3%	-18.1%
Total	**623.3**	**464.8**	**+34.1%**	**+6.3%**	**+34.9%**	**-7.1%**

Spirits recorded an overall growth of 15.9%, which, stripping out the unfavourable exchange rate effect of -6.6%, was determined by an organic growth of +5.5% and an external growth of +17.0% (mainly due to Appleton, W&N White Overproof and Coruba rums).
In terms of geographical region, performance is related to organic growth in the markets of Argentina (+26.4%), the US (+6.3%) and Brazil (+3.7%): unfortunately, the exchange rate effect (-24.9% in Argentina, -12.9% in Brazil and -3.4% in the US) negatively affected performance in these countries.
Organic growth is mainly due to the positive performance of the Campari brand (+32.5%) and the Wild Turkey franchise (+16.0%), but was partially slowed by the SKYY franchise, which was particularly hit in the ready-to-drink segment.
Although its contribution remains small, Aperol's performance in the region (+154%) is worthy of note.
Wines, a segment that accounts for just under 8% of sales in the Americas region, recorded positive growth of 70.0%, of which +82.6% related to LdM acquisition (mainly Magnum Tonic Wine and Red Label); relative organic growth was +1.1%, and the exchange rate effect was -13.7%.
Finally, the **other sales** segment experienced exponential growth, which, following the LdM acquisition, rose from € 4.5 million in 2012 to € 73.7 million in 2013. As well as the spirits and wines portfolio, the LdM acquisition also includes the general merchandise and the agri-chem and pharma divisions, as well as sugar and bulk rum.
For a more detailed breakdown of the sales performance in the region, the two tables below provide a separate analysis of the figures relating to the United States, Brazil and the 'other countries' of the American continent, which, including Jamaica, has become very important in relative terms.

	2013 € million	%		2012 € million	%	% change 2013/2012
US	312.6	50.2%		293.9	63.2%	+6,3%
Brazil	82.7	13.3%		90.7	19.5%	-8,8%
Other countries	228.0	36.6%		80.2	17.3%	+184,3%
Total Americas	**623.3**	**100.0%**		**464.8**	**100.0%**	**34,1%**
Breakdown of % change		Total	Organic change		External change	Exchange rate effect
US		+6.3%	+6.3%		+3.4%	-3.4%
Brazil		-8.8%	+3.7%		+0.4%	-12.9%
Other countries		+184.3%	+9.4%		+189.1%	-14.2%
Total Americas		**+34.1%**	**+6.3%**		**+34.9%**	**-7.1%**

The US (50.2% of sales in the region and 20.5% of total Group sales) recorded organic growth of 6.3%, mainly due to the sound performance of the Wild Turkey franchise (total organic growth of 15.6%), with double-digit growth in both the core brands and American Honey. Growth is also due to the launch of the new Wild Turkey Spiced and Forgiven, which expanded the portfolio.
The SKYY franchise closed 2013 with sales broadly in line with the previous year. This result was obtained thanks to the good performance of the Infusion range, which offset the weaker performance of SKYY core.
Other brands that registered a positive performance were Campari (+19.5%), Espolón (+19.5%) and Cabo Wabo (+4.8%), while Carolans was in line with the previous year.
External growth was limited (+3.4%), as distribution of the LdM portfolio by Campari America was not launched until 1 March 2013. Sales to US distributors in subsequent months were affected by high inventory levels in the market, but grew significantly in the second half of the year.
Lastly, depreciation in the US dollar had a negative exchange rate effect of 3.4%.

In **Brazil**, sales decreased by -8.8% overall, mainly due to the steady depreciation in the Brazilian real; in a difficult market environment, organic growth was very positive, at 3.7%, thanks to a good recovery in the last quarter of the year, with growth of 12.5%.
Among the Group's brands, premium brands again put in a positive performance, with Campari recording double-digit organic growth, while sales of SKYY and Sagatiba also held up well. This was offset by a slightly negative performance by local brands Dreher, Old Eight and Drury's.

Sales **in Other countries on the American continent** almost tripled following the LdM acquisition (already covered extensively), particularly on the Jamaican and Canadian markets. However, even stripping out these effects, this sub-region continues to record positive sales and satisfactory organic growth, which came in at 9.4%.
Organic growth was mainly due to **Argentina** thanks to the excellent trend in all of the Group's brands in the country; specifically, Campari recorded growth of 120.9%, SKYY tripled its sales, Cinzano grew by 5.1% and Old Smuggler by 10.6%. The growth posted by Cynar and the successful launch of Aperol were also worthy of note. However, the country suffered as a result of a very negative exchange rate effect, of -24.9%. The Group recorded less positive performances in **Mexico**,

owing to ongoing tough competition faced by SKYY ready-to-drink, and in **Canada**, whose results in terms of organic growth were less exceptional than expected.

In **Italy**, sales totalled € 376.4 million in 2013, a decrease of 3.8% on the previous year. The excellent result on the domestic market in the second half of the year (+10.0%), along with the +0.5% in the last quarter, substantially recovered the loss in the first half (-15.7%). Specifically, as mentioned in the introduction, the first half was heavily affected by the effects of the recent legislative restrictions on payment terms (Article 62 of Law 27 of 24 March 2012).
The table below shows sales performance on the Italian market in 2013 by business area, with a breakdown of changes in organic and external growth.

Italy	2013 € million	2012 € million	Total change %	Organic change %	External change %	Exchange rate effect %
Spirits	258.4	258.2	0.1%	-0.1%	0.2%	0.0%
Wines	36.6	40.0	-8.5%	-9.8%	1.3%	0.0%
Soft drinks	80.9	92.9	-12.9%	-12.9%	0.0%	0.0%
Other sales	0.5	0.0				
Total	**376.4**	**391.1**	**-3.8%**	**-4.1%**	**0.4%**	**0.0%**

On a same perimeter basis, sales contracted by -4.1%, differing only marginally from the overall change recorded for the area, while external growth was very limited (+0.4%).

Spirits closed 2013 in line with the previous year, thanks to the excellent result posted in the second half (+16.9%, which followed a contraction of -13.1% in the first half), and growth in the fourth quarter of 2.2%. In terms of consumption, in the last six months of the year, the company achieved the best performance of all the main companies operating in the segment *(Nielsen Retail data, half-year ending January 2014 for the spirits and sparkling wines market*).
The main drivers of the result were: the excellent performances of Aperol, with sales up 10.6%, and of Campari, with sales up 2.0%. The two brands benefited from the positive trend on the long aperitifs market, while Aperol was also boosted by the consolidation across the country of the signature drink Aperol Spritz. Cynar also recorded growth of 2.6%.
In addition to these results, sales of the Aperol and Campari brands were positively affected by the launch of line extensions Campari Orange Passion and Aperol Spritz.
In contrast, GlenGrant and Campari Soda recorded negative performances. Despite a contraction of -9.0%, Campari Soda recovered in the second half, with growth of 6.0%.

Wines, meanwhile, remained in more negative territory, with a decrease in organic sales of -9.8%, despite a better second half.
In particular, the negative trend of the Cinzano brand (both sparkling wines and, particularly, vermouth) and the Riccadonna brand continued. The external growth of 1.3% generated by new distribution agreements for still wines reduced the total change in the segment to -8.5%.

The **soft drinks** segment posted a -12.9% decline in sales. Crodino in particular suffered, like Campari Soda, as a result of the decline in consumption in the day bars channel due to the current economic crisis. In the second half of the year, the performance returned to positive, with growth of 7.2% in the last quarter, and partially recovered the loss of the first half of the year with the same trend that affected Campari Soda. The Lemonsoda brand was negatively affected by the absence of the first-quarter promotion mentioned above and adverse weather conditions during the seasonal sales peak.
In the **Rest of Europe**, sales totalled € 368.3 million in 2013, an increase of 6.7% compared with 2012 (of which +3.1% was attributable to organic growth, -1.7% to the negative exchange rate effect as a result of the depreciation in the rouble, and +5.2% to external growth).
The result for the region was boosted by external growth of 5.2%, of which +1.7% related to the LdM portfolio (mainly in the UK), +4.4% to the acquisition of distribution rights for the WG&S portfolio in Germany and -0.8% to the loss of other products distributed by Campari, particularly Russian Standard vodka, again in Germany.

The table below sets out sales in the entire region, divided into business areas.

Rest of Europe	2013 € million	2012 € million	Total change %	Organic change %	External change %	Exchange rate effect %
Spirits	227.7	218.5	4.2%	-3.3%	8.1%	-0.5%
Wines	125.7	109.5	14.8%	18.7%	-0.1%	-3.8%
Soft drinks	7.0	6.4	10.3%	11.4%	-	-1.1%
Other sales	7.9	11.0	-27.7%	-30.0%	4.9%	-2.6%
Total	**368.3**	**345.3**	**6.7%**	**3.1%**	**5.2%**	**-1.7%**

Spirits posted a 4.2% increase in sales, thanks to strong external growth, but they again contracted in organic terms, by -3.3%. This was mainly due to the slowdown in sales of Aperol in Germany, which was partly offset by the positive performance of SKYY Vodka, Wild Turkey, American Honey and Ouzo 12.

Sales of **wines** increased by 14.8% overall, thanks to organic growth of 18.7% in the Russian market; note in this market the positive performance of both Cinzano (vermouth and sparkling wines) and Mondoro, which in 2013 almost doubled its sales at organic level. The European wines segment, meanwhile, recorded a decrease in Odessa sparkling wines in Ukraine and a generalised decline in sales of still wines.

The **soft drinks** segment, which is marginal in this region, nevertheless boosted its sales by 11.4%, on the back of growth by the Lemonsoda range in Switzerland and Austria. The 'other sales' segment, also marginal, recorded a contraction of -27.7% due to a range of contingent factors.

Germany is still the most important country in the region, and closed 2013 with sales of € 158 million, an increase of 1.6%, mainly thanks to external growth (8.0%) relating to the distribution of new William Grant &Sons portfolio.
Organic growth was negative at -6.4%, mainly associated with the poor performance of Aperol, which was affected by the partial loss of distribution to an important client, increased competition following the launch of *me-too* products and growth in competitor products in the segment. Sales of Ouzo12, SKYY Vodka, Frangelico, American Honey and GlenGrant were in positive growth.

Russia recorded a sharp increase in sales, closing the year at € 79.5 million and with organic growth of 36.9%. This performance was, however, negatively affected by an extremely unfavourable exchange rate effect of -7.6% and the loss of some products distributed by Campari.
The main growth driver was Mondoro, which practically doubled its sales; Cinzano also followed an excellent trend, with growth of more than 50% in sparkling wines and a double-digit increase also in vermouth. The Group also recorded excellent performances for other brands, including Espolón, Wild Turkey and Aperol.

The result in **Austria** was very positive, thanks to external growth connected with LdM products and the distribution of the William Grant&Sons portfolio, and with regard to organic growth, the good performance of Campari and the extended distribution of Lemonsoda.

In the **Rest of the World and duty free** region, sales were € 156.2 million in 2013, an increase of 11.9%, thanks to external growth of 19.8%, due to sales of Appleton, Coruba and the other brands of the LdM acquisition, mainly in New Zealand and in the duty free channel.
Organic sales in the region decreased by -1.1%, due to a negative sales performance of the two important markets, Australia and Japan. By contrast, sales in other high-potential markets in the region, such as China, South Africa and Nigeria, were extremely positive. Lastly, the duty free channel was broadly flat in organic terms, but recorded strong external growth from sales relating to the LdM acquisition.
The exchange rate effect was negative (-6.8%) due to the devaluation of the Australian dollar and the Japanese yen, the two main currencies in the region.

The table below shows the sales performance by business area in the Rest of the World and duty free region as a whole.

Rest of the world and duty-free	2013 € million	2012 € million	Total change %	Organic change %	External change %	Exchange rate effect %
Spirits	129.9	119.7	8.5%	-	15.5%	-7.0%
Wines	17.3	18.7	-7.8%	-10.2%	7.6%	-5.2%
Soft drinks	0.2	0.2	-1.6%	-2.1%	0.5%	-
Other sales	8.8	0.9	-	50.2%	-	-12.7%
Total	**156.2**	**139.5**	**11.9%**	**-1.1%**	**19.8%**	**-6.8%**

Spirits recorded growth of 8.5%, driven by the LdM acquisition and the Copack acquisition in Australia, which contributed growth of +15.5%; conversely, unfavourable exchange rates had a negative impact of -7.0%.
In terms of organic growth, the region closed the year in line with the figure for the previous year, following a marked recovery in the second half with growth of 3.3%. The excellent performances of Campari (+7.9%), the SKYY franchise (+31%) and Espolón were offset by a decrease in sales for Wild Turkey and American Honey, in both the glass and ready-to-drink segments, due to aggressive promotional campaigns by established players in the Australian market.
Wines, which represent approximately 11% of sales in the region, recorded a negative performance with a total change of

-7.8%. In this segment, not only was the external growth effect of LdM much more limited (+7.6%) compared with the spirits component, but the contraction in organic sales, generated mainly by Riccadonna in Australia, was more significant (-10.2%).

Finally, the **other sales** segment, which is marginal but growing strongly, was also affected by fees for the new third-party bottling activity launched in Australia at the beginning of September 2013, following the Copack acquisition.

Australia, which accounts for more than half of the region's sales, closed 2013 with sales of € 76.6 million, a decline of 5.8%. External growth of 9.6%, mainly relating to the Copack acquisition, was offset by an extremely negative exchange rate effect of -9.2%.
Organic growth was negative at -6.1%, mainly due to Riccadonna and the Wild Turkey franchise, owing to increased competition on the market. Note, however, that the latter brand returned to growth in the second half of the year, partly owing to the launch of new drinks, such as Spiced.

Like Australia, **Japan**'s performance was heavily affected by the exchange rate effect, which was -9.3%. The market benefited from the LdM acquisition, but recorded a negative performance in terms of organic growth, mainly due to the Wild Turkey brands, Campari and the wine segment. Organic growth returned positive in the fourth quarter, thanks to the recovery of Wild Turkey.

China recorded constant growth thanks to the excellent performance of SKYY and in the wine segment, the Cinzano and Riccadonna brands. The **Duty Free** channel was boosted significantly by products resulting from the LdM acquisition, with sales almost doubling.

For the rest of the region, note the excellent performances of South Africa, which recorded strong organic growth, and Nigeria, which almost doubled its business.

Consolidated sales by business area and by key brand

The two tables below show changes in sales by business area at Group level and a breakdown of the overall change in each business area by organic growth, external growth and the effect of exchange rate movements. As in the case of the regions, the LdM acquisition also substantially changed the sales breakdown in terms of business area, particularly in the other sales segment. Following the consolidation of LdM's general merchandise, agri-chem and pharma divisions, other sales accounted for 6.0% of the total, compared with 1.2% in 2012.

	2013 € million	%	2012 € million	%	% change 2013/2012
Spirits	1,116.8	73.3%	1,028.5	76.7%	+8.6%
Wines	227.5	14.9%	196.4	14.6%	+15.8%
Soft drinks	88.8	5.8%	99.5	7.4%	-10.8%
Other sales	91.0	6.0%	16.4	1.2%	+454.9%
Total	**1,524.1**	**100.0%**	**1,340.8**	**100.0%**	**+13.7%**

Breakdown of % change	Total	Organic change	External change	Exchange rate effect
Spirits	+8.6%	+1.6%	+10.7%	-3.7%
Wines	+15.8%	+7.6%	+12.8%	-4.6%
Soft drinks	-10.8%	-11.3%	+0.6%	-0.1%
Other sales	+454.9%	+13.3%	+449.0%	-7.4%
Total	**+13.7%**	**+1.7%**	**+15.6%**	**-3.6%**

Spirits

Group spirits sales, amounting to € 1,116.8 million, increased by 8.6% overall, due to significant external growth (+10.7%) attributable to the key brands from the LdM acquisition (Appleton, W&N Overproof rum and Coruba).
On a same-perimeter basis and at constant exchange rates, i.e. also stripping out the negative exchange rate effect of -3.7%, sales of spirits increased by 1.6% in 2013, with very varied performances over the year. After decreasing by -2.9% in the first half, the sales in the last two quarters not only fully recovered the loss, but also returned to positive growth (with the fourth quarter at +5.5%), recording an increase of 5.8%, the highest growth rate for the last two years.
The table below shows organic growth in the segment by quarter, highlighting the strong recovery trend over the year.

Organic growth - % change SPIRITS	2013/2012	2012/2011
First quarter	-8.4%	+4.4%
Second quarter	+1.5%	+4.5%
First half	**-2.9%**	**+4.5%**
Third quarter	+6.7%	+0.2%
Fourth quarter	+5.5%	+3.0%
Second half	**+5.8%**	**+1.7%**
Total for the year	**+1.6%**	**+2.9%**

In addition to the information provided above on the sales performance of the main brands in individual regions, a summary of the overall results of the Group's main brands in the spirits segment is provided below.

Main spirits brands of the Group 2013/2012 sales	Organic change constant exchange rates	Change at actual exchange rates
Campari	+8.2%	+4.0%
SKYY Vodka (including the infusion range)	+2.7%	-1.1%
Aperol	-1.4%	-1.6%
Campari Soda	-9.0%	-9.0%
Wild Turkey franchise, of which:	+6.1%	-0.4%
- Wild Turkey core brand	+11.4%	+5.8%
- Wild Turkey ready-to-drink	-2.9%	-12.5%
- American Honey	+8.7%	+4.0%
Brazilian brands (Old Eight, Drury's and Dreher)	-3.3%	-15.3%
Carolans and Frangelico	-7.7%	-10.9%
GlenGrant	+1.8%	+0.8%
Old Smuggler	+4.6%	-7.4%
Ouzo12	+6.6%	+6.2%
Cynar	+1.2%	-3.3%
Tequila (Cabo Wabo and Espolón)	+16.4%	+12.3%

We comment on the Group's main brands below.

Campari achieved the best performance at Group level, with organic sales up 8.2%, thanks to the brand's steady geographical development: the main contributors were Argentina, where sales doubled with organic growth of 121%, Brazil (+12.2%), Nigeria (+64%), thanks to the focus of investment on the brand, the US (+19.5%), thanks to consumers' rediscovery of "classic cocktails" (particularly Negroni), and in the important Italian market, where the brand recorded growth of 2.0%.
Organic growth in the second half of the year was even higher, at 14.3%.
In addition to this result, the launch in 2013 in Italy of the Campari Orange Passion line extension was very successful, partly thanks to the related advertising campaign.

SKYY closed 2013 with a sales increase of 2.7%, slightly affected by a negative exchange rate effect. Despite the performance in the US, as described above, in the last quarter of the year, the brand benefited from a positive performance in Brazil, South Africa, Argentina and Germany. To be noted the excellent performance of the Infusions range, with organic growth of 12.3%, partly thanks to the launch of the new flavours in the US and South Africa.

With regard to **Aperol**, after years of steady growth, sales of the brand slowed (-1.4%), mainly owing to the decline in Germany, the brand's second largest market. Despite the temporary stagnation on the German market, excellent performances were recorded in Italy, the brand's main market (10.6% growth), the UK, where sales doubled, and Romania, the Netherlands, Belgium and Switzerland together with the development of distribution in many geographical regions (including the US, Russia and Argentina), enabled the Group to recover much of what it lost in Germany.
In addition to the results reported above, the launch of the ready-to-serve **Aperol Spritz** was also successfully extended to various countries during the year, including Belgium, Austria and the Netherlands.

Campari Soda, whit almost full exposure to the Italian market, suffered a lot deal in the first two quarters of the year, as it did not benefit from the usual positive effect on sales from promotional activities planned for the spring, which is based on significant deferred payment terms for clients in the traditional distribution channel (wholesalers), as set out above.
A portion of the amount lost was recovered in the last two quarters of the year, when the brand recorded growth of 6.0%; despite this, 2013 sales performance remains negative overall, showing a decrease of 9.0% at the end of the year.

The **Wild Turkey** franchise recorded excellent progress in terms of organic growth (+6.1%), which was partly offset by a negative exchange rate effect. The brand posted a very strong result in the US, partly thanks to the launch of the new Spiced and Forgiven products, but experienced lower performance in Australia and Japan due to increased competition, particularly in the ready-to-drink segment.
As regards the Group's other main brands, although **GlenGrant** suffered in Italy (the brand's main market), it grew overall, thanks to positive performances in Belgium, the Netherlands, Germany, Duty Free, South Africa and Japan; **Old Smuggler** recorded organic growth of 4.6%, thanks to excellent performances in Argentina and the Czech Republic; **Ouzo12** posted growth of 6.6%, thanks to sound sales growth in Germany. Negative sales performances were however recorded by Frangelico, Carolans and the Brazilian brands (Old Eight, Drury's and Dreher), which were more significantly affected by the unfavourable economic environment.
Tequilas enjoyed continuous growth (organic growth of 16.4%), thanks to the contribution of **Espolón** and **Cabo Wabo** in the key US market.

Third-party spirits distributed by the Group (which represent approximately 12.8% of sales in this segment), grew overall by 17.9% in 2013, thanks to the acquisition of distribution rights for the William Grant&Sons portfolio in Germany; on a same-perimeter basis and at constant exchange rates, however, growth was 6.7%.

Wines

In 2013, wine sales totalled € 227.5 million, an increase of 15.8% mainly due to the significant impact of the brands from the LdM acquisition (Magnum Tonic Wine and Red Label), as well as the third-party brands distributed by the Group; overall, therefore, external growth recorded by the wines segment was 12.8%.
Also stripping out the negative exchange rate effect (-4.6%), the segment recorded a positive result, with organic growth of 7.6% thanks to the strong progress made by the Mondoro brand and Cinzano in Russia.
The following table summarises the consolidated sales performance of the key brands.

Group wine brands 2013/2012 sales	Change at constant exchange rates	Change at actual exchange rates
Cinzano sparkling wines	+3.9%	+2.2%
Cinzano vermouth	+3.9%	-5.0%
Other sparkling wines (Riccadonna, Mondoro and Odessa)	+30.6%	+23.3%
Sella&Mosca	-2.9%	-3.0%

In wines, agency brands accounted for a lower proportion of total sales than spirits (about 4.3%). Stripping out both the negative exchange rate effect and the positive external component of new third-party distributed wines (mainly in Jamaica, but also in Italy), agency brand wines recorded a decrease of 10.0%.

Soft drinks

Soft drink sales totalled € 88.8 million, a decrease of -10.8% compared with 2012 (-11.3% stripping out the marginal external growth and exchange rate effects).
The sales result of this segment was also heavily affected by adverse weather during its seasonal peak.
The following table summarises the performance of key brands at consolidated level.

Soft drink brands of the Group 2013/2012 sales	Change at constant exchange rates	Change at actual exchange rates
Crodino	-14.8%	-14.9%
Lemonsoda drinks range	-5.0%	-5.1%
Crodo mineral waters and other drinks	-6.2%	-6.2%

Other sales

Other sales totalled € 91.0 million and, as mentioned above, now account for a greater proportion of the Group's business following the LdM acquisition (these sales totalled only € 16.4 million in 2012).
This segment also includes the sales of finished products that do not fall into the three segments (spirits, wines and soft drinks) that represent the Group's core business, totalling € 62.1 million; sales to third parties of raw materials and semi-finished goods, mainly new-production and aged liquid, totalling € 18.8 million; and revenue from bottling activities carried out on behalf of third parties, totalling € 10.1 million.

Income statement

The financial results achieved by the Group in 2013 show overall sales growth of 13.7%, but a limited increase of 0.6% in the operating result. This led to a decline in the profit margin (ROS), which fell from 21.4% in 2012 to 19.0% in 2013. This significant dilution in profitability was mainly due to the LdM acquisition, which was consolidated for the first time in 2013.

	31 December 2013		31 December 2012		Change
	€ million	%	€ million	%	%
Net sales	1,524.1	100.0	1,340.8	100.0	13.7
Cost of goods sold after distribution costs	(713.7)	-46.8	(571.3)	-42.6	24.9
Gross profit after distribution costs	810.5	53.2	769.5	57.4	5.3
Advertising and promotional costs	(249.2)	-16.4	(237.2)	-17.7	5.1
Contribution margin	**561.2**	**36.8**	**532.3**	**39.7**	**5.4**
Overheads	(261.6)	-17.2	(227.7)	-17.0	14.9
Result from recurring activities	**299.6**	**19.7**	**304.7**	**22.7**	**-1.7**
Non-recurring income (charges)	(10.3)	-0.7	(17.2)	-1.3	-
Operating result	**289.3**	**19.0**	**287.5**	**21.4**	**0.6**
Net financial income (charges)	(58.9)	-3.9	(48.7)	-3.6	21.0
Non-recurring financial income (charges)	(0.2)	-	(2.6)	-0.2	
Portion of profit (loss) relating to companies valued at equity	(0.2)	-	-	-	-
Put option income (charges)	0.2	-	(0.1)	-	-
Profit before tax and non-controlling interests	**230.2**	**15.1**	**236.2**	**17.6**	**-2.5**
Taxes	(79.8)	-5.2	(79.0)	-5.9	1.1
Net profit	150.4	9.9	157.2	11.7	-4.3
Non-controlling interests	(0.6)	-	(0.5)	-	-
Group net profit	**149.8**	**9.8**	**156.7**	**11.7**	**-4.4**
Total depreciation and amortisation	(39.5)	-2.6	(32.7)	-2.4	20.7
EBITDA before non-recurring income and charges	**339.1**	**22.3**	**337.4**	**25.2**	**0.5**
EBITDA	**328.8**	**21.6**	**320.2**	**23.9**	**2.7**

Net sales for the year totalled € 1,524.1 million, an increase of 13.7%, thanks to strong external growth of 15.6%; stripping out the negative exchange rate effect of 3.6%, in organic terms sales grew by 1.7%.
For more details on these effects and on sales by region and business area, please refer to the Sales performance section above.

The margins reported by the Group in 2013 were affected by the sharp increase in the **cost of goods sold** as a percentage of sales, from 42.6% to 46.8% in 2013.
The bulk of this increase, equal to 420 basis points, was due to the external component, and to some extent also to exchange rates, which together amounted to 300 basis points.
As regards the organic component alone, the increase in the cost of goods sold as a percentage of sales, equal to 120 basis points, was due to a combination of factors:

- an unfavourable sales mix, with some high-margin products, such as Aperol, Campari Soda, Frangelico and Crodino declining compared with 2012;
- an unfavourable geographical mix;
- start-up costs for the Group's new bottling plant in Kentucky.

In the fourth quarter, the cost of goods sold as a percentage of sales improved markedly compared with the cumulative figure for the first nine months of the year.
Specifically, as shown in the table below, the organic component reported improved profitability of 30 basis points in the fourth quarter alone, mainly due to the good recovery of sales in Italy and consequently the positive impact on the product mix.
The improved profitability in the fourth quarter enabled the effect of the gross margin dilution on sales for the whole year to be limited to 120 basis points, and to improve the year-to-date figure versus the January-September period, which worsened by 190 basis points compared with 2012.

Change in basis points in the increase in cost of goods sold as a percentage of sales for 2013 and 2012.	Total change	of which	
		external growth and exchange rates	organic change
First quarter	700	450	250
First half	530	320	210
January-September	480	290	190
Fourth quarter	280	310	-30
Total for the year	420	300	120

At the end of the year, the impact of external growth and exchange rates on gross profit translated into a dilution in profitability of 300 basis points, which was mainly due to the effects of the first-time consolidation of LdM. Moreover, in the fourth quarter of the year, the improved profitability seen in the first three quarters (from 450 to 290 basis points of dilution) was eliminated as a result of the first-time consolidation of the Copack acquisition and the sharp deterioration in exchange rates (especially in Australia, Japan and Russia). Stripping out the exchange rate effects and the impact of the Copack acquisition, gross margin dilution generated by the LdM acquisition at the end of the year equated to 250 basis points.

Gross profit was € 810.5 million, an increase of 5.3% compared with 2012, but, as a direct result of the dilutive effects described above, the margin decreased by 420 bps, from 57.4% to its current 53.2%.

Advertising and promotional costs as a percentage of sales fell from 17.7% in the previous year to 16.4%. Once again, the strong external growth component affected the 2013 total. In terms of the organic part of the business only, advertising and promotional costs amounted to 17.3%, which was slightly lower than in 2012.
Note that, with regard to the LdM acquisition, promotional and advertising investments as a proportion of sales came to 11.2% in 2013, a much lower figure than for the Group's overall business. This is partly due to the fact that investments are extremely marginal for a substantial portion of the LdM business (not relating to spirits and wines).

The **contribution margin** for 2013 was € 561.2 million, an increase of 5.4% compared with last year, as a result of the combined effect of external growth of 9.5%, a negative exchange rate effect of 3.7% and a 0.4% decline in organic sales.
With regard to the organic change in the contribution margin, it is once again worth highlighting the marked improvement in the fourth quarter of the year. In this period, the margin on organic sales increased by 11.5% compared with the same quarter in 2012, while for the first nine months of the year, it fell by -5.1% on 2012.

Overheads, which include the cost of the sales structures and general and administrative costs, increased by 14.9% in total in 2013. This increase was broadly due to the external component, especially the LdM acquisition, which was responsible for 15.3% of the increase, while the revaluation of the euro caused costs to fall by -3.8%; stripping out these two components, overheads rose by only 3.4%.

The **result from recurring activities** was € 299.6 million, representing a decrease of -1.7% compared with the same period of 2012.
Stripping out the positive external changes (5.2%) and negative exchange rate effects (-3.6%), the result from recurring activities decreased by -3.2%.

Non-recurring income and charges showed a net negative balance in 2013 of € 10.3 million, compared with a negative balance of € 17.2 million in 2012.
In 2013, the most significant charges recorded under this item were as follows:

- € 4.0 million relating to the impairment of assets connected with the sale of CJSC 'Odessa Sparkling Wine Company' (for which the agreement to sell was signed in February 2014);
- € 6.8 million relating to provisions for a legal dispute;
- € 1.1 million relating to legal, tax and registration costs connected with the Copack acquisition in Australia;
- € 2.3 million for the restructuring of the Jamaican companies included in the LdM acquisition; the merger of these companies into one company was successfully completed in 2013;
- € 5.2 million relating to restructuring costs, mainly in Italy, Brazil and Australia.

The main items of income included the capital gain realised by the Parent Company on the sale of the Barbieri Punch brand (€ 4.45 million), capital gains (net of capital losses) totalling € 2.0 million from the sale of assets in Jamaica and the definition of legal disputes (€ 3.9 million).

In 2012, net non-recurring costs (€ 17.2 million) included, inter alia, ancillary costs connected with the LdM acquisition (€ 7.0 million) and liabilities for the Group's planned restructuring projects (€ 4.5 million).

Operating profit for the year was € 289.3 million, an increase of 0.6% on 2012. Stripping out positive external changes (7.7%) and negative exchange rate effects (-3.8%), there was an organic decline in operating profit of 3.3%.
ROS (return on sales, i.e. operating result as a percentage of net sales) was 19.0%, compared with 21.4% in 2012, as a result of the dilutive effects mainly due to the LdM acquisition, as mentioned above.

Total **amortisation and depreciation** in the year was € 39.5 million, an increase of € 6.8 million on 2012; of this amount, € 6.5 million was attributable to external growth (mainly relating to LdM but also to the industrial assets of Copack, in Australia).

EBITDA before non-recurring income and charges was € 339.1 million, an increase of 0.5% on 2012 (-2.4% on a same-perimeter basis and at constant exchange rates).
EBITDA increased by 2.7% (a decrease of -2.5% on a same-perimeter basis and at constant exchange rates) to € 328.8 million.

Net financial charges stood at € 58.9 million, representing an increase of € 10.2 million compared with the € 48.7 million recorded in 2012.
This increase is mainly associated with the rise in average debt recorded in 2013 following the LdM acquisition, completed on 10 December 2012 at a cost of € 337.2 million.
Note that net debt at 31 December 2013 (€ 852.8 million) is therefore lower than it was at 31 December 2012 (€ 869.7 million).
The total average cost of the Group's debt in 2013 (6.6%) includes the effects of a significant negative carry on interest generated by cash and cash equivalents compared with interest on existing medium- and long-term debt.

In 2013, the Group also recorded **non-recurring financial charges** of € 0.2 million relating to interest paid on a tax dispute. In 2012, this item included non-recurring charges of € 2.6 million connected with the LdM acquisition.
Profit before tax and non-controlling interests decreased by 2.5% (+1.9% at constant exchange rates) compared with 2012, to € 230.2 million.

Income taxes for the period were € 79.8 million, with a total nominal tax rate of 34.7%. This is slightly higher than the rate in 2012 (33.4%), which included higher positive non-recurring figures than in 2013.
This item also includes a component for deferred taxes (€ 22.3 million in 2013), in line with the figure for 2012, and reported for the purposes of cancelling out the effect of the tax-deductibility of amortisation on goodwill and brands permitted under local legislation. Stripping out the effect of these deferred taxes, the normalised tax rate is 25.0% (24.0% in 2012).

Non-controlling interests for the period were low, at € 0.6 million, and very similar to the previous year (€ 0.5 million).

Group profit before tax was € 149.8 million in 2013, a decrease of 4.4% on 2012 (an increase of 1.6% at constant exchange rates). Net profit as a percentage of sales was 9.8% in 2013, a decrease on the 11.7% recorded in 2012.

Segment Reporting

Foreword

In accordance with the provisions of IFRS 8, Gruppo Campari has defined the following four regions as operating segments: the Americas, Italy, Rest of Europe, and Rest of the world and duty-free.

Profitability is analysed at the level of profit before recurring activities for segment reporting requirements. This is because the method of segment reporting adopted aggregates the income statements of the individual companies that make up a certain geographical region and it is therefore also possible to evaluate the regions based on their results from recurring activities.

Note that, in methodological terms, the profitability of each region reflects the profit generated by the Group in sales to third parties in key markets, thereby neutralising the effects of inter-company margins.

Profitability by region

The two tables below show a summary of net sales and the 'results from recurring activities' reported for each region for 2013 and 2012. The profitability of each region as a percentage of net sales is also shown.

Profitability by region 2013

€ million	Net sales	% of Group total	Result from recurring activities	% of Group total	Profitability by region
Americas	623.3	40.9%	104.1	34.8%	16.7%
Italy	376.4	24.7%	77.2	25.7%	20.5%
Rest of Europe	368.3	24.2%	82.8	27.6%	22.5%
Rest of the world and duty-free	156.2	10.2%	35.5	11.9%	22.7%
Total	**1,524.1**	**100.0%**	**299.6**	**100.0%**	**19.7%**

Profitability by region 2012

€ million	Net sales	% of Group total	Result from recurring activities	% of Group total	Profitability by region
Americas	464.8	34.7%	102.5	33.7%	22.1%
Italy	391.1	29.2%	75.9	24.9%	19.4%
Rest of Europe	345.3	25.8%	90.8	29.8%	26.3%
Rest of the world and duty-free	139.5	10.4%	35.4	11.6%	25.4%
Total	**1,340.8**	**100.0%**	**304.7**	**100.0%**	**22.7%**

The Americas, which already represented the Group's main geographical region in 2012, saw its contribution to the Group's total business (in terms of sales) grow following the LdM acquisition. However, its contribution margin grew less markedly, from 33.7% in the previous year to 34.8% in 2013. This was the result of the dilutive effect of the LdM acquisition on margins, as this also included less profitable business areas.

In 2013, Italy continued to follow the trend shown in recent years. Net sales in Italy as a percentage of total sales fell, while the region's contribution in terms of margin increased, from 24.9% (in 2012) to 25.7%.

Sales in the Rest of Europe increased significantly in 2013 thanks to the development of business in Russia, but fell as a percentage of the Group's total sales and in terms of its contribution margin. Lastly, in the **Rest of the world and duty-free region**, both sales and profitability were stable.

The income statements of each region are analysed in the tables below. A comparison between the two years is also shown: the proforma income statement for 2013 is also shown by region, reclassified on a same-perimeter basis as 2012, in light of the significant external growth and exchange rate effects that strongly affected the results for 2013.

Income statement-Americas

The Group's five main markets in the Americas are the US, Jamaica, Brazil, Argentina and Canada, which together represent around 95% of the region's sales.

	2013		2012			2013 reclassified on a same-perimeter basis as 2012		
	€ million	% of sales	€ million	% of sales	total % change	€ million	% of sales	% organic change
Net sales	623.3	100.0%	464.8	100.0%	34.1%	494.1	100.0%	6.3%
Cost of goods sold after distribution costs	(312.0)	-50.1%	(201.2)	-43.3%	55.1%	(221.7)	-44.9%	10.2%
Gross profit after distribution costs	**311.3**	**49.9%**	**263.6**	**56.7%**	**18.1%**	**272.4**	**55.1%**	**3.3%**
Advertising and promotional costs	(108.1)	-17.3%	(90.4)	19.5%	19.5%	(95.5)	-19.3%	5.6%
Overheads	(99.0)	-15.9%	(70.6)	15.2%	40.2%	(73.9)	-15.0%	4.6%
Result from recurring activities	**104.1**	**16.7%**	**102.5**	**22.1%**	**1.6%**	**102.9**	**20.8%**	**0.4%**

Breakdown of change	€ million	%
Result from recurring activities 2012	102.5	
Organic change	0.4	0.4%
External change	5.1	5.0%
Exchange rate effect	(3.9)	-3.8%
Result from recurring activities 2013	104.1	1.6%

The result from recurring activities for the Americas region was € 104.1 million in 2013, 1.6% higher than the previous year and 16.7% as a percentage of sales, with a reduction of 540 basis points on 2012.
The result was generated by organic growth of € 0.4 million (0.4%), a negative exchange rate effect of € 3.9 million (-3.8%) and external growth of € 5.1 million (5.0%) relating to the LdM acquisition.
An analysis of the organic part of the business, i.e. stripping out the external growth component and the negative exchange rate effects, shows that the Americas region closed the year with a result from recurring activities in line with the previous year, but a decrease of 120 basis points in percentage terms.
This result is correlated with the performance of gross profit, which increased by 3.3% at organic level, but showed a reduction of 160 basis points as a percentage of sales, from 56.7% in 2012 to 55.1% in 2013.
This margin erosion is mainly due to the start-up costs of the Group's new premises in Kentucky, which had an impact of 120 basis points on the year; the rest of the dilution is associated with the effect of a product mix driven by the lower growth of the SKYY brand in the last half of the year. This trend was partly offset by the brand's positive performance in South America, thanks to the excellent growth achieved by sales of the premium brand portfolio, which, in addition to SKYY, includes Campari and Sagatiba.
Organic growth in advertising costs and overheads was 5.6% and 4.6% respectively.
The strongly negative exchange rate effect, of € 3.9 million (-3.8%), mainly relates to the unfavourable exchange rates that penalised the result in the US, Argentina and Brazil.

With regard to external growth, the first-time consolidation of the LdM acquisition resulted in a sharp increase in sales (+34.9%, as shown in the section of Group sales), but had the effect of eroding the region's margins in percentage terms, given that LdM is significantly less profitable than the Group's business as a whole in the Americas, as it includes a large portion (around 35%) that does not fall within the higher-margin spirits and wines categories.
The external growth component had an effect of 20.7% on gross profit. Lastly, the external growth effect of advertising costs was 20.5%, due to the lower percentage of such costs in LdM, and 43.8% for overheads, due to the relatively higher percentage than in the Americas region as a whole.
Overall, the margin on the region's recurring activities fell from 22.1% last year to 16.7% in 2013.
Note also that the result of the external growth effect arising from the LdM consolidation was heavily penalised in the last half of the year by a sharp deterioration in the currency compared with the first half of the year.

Income statement-Italy

	2013		2012			2013 reclassified on a same-perimeter basis as 2012		
	€ million	% of sales	€ million	% of sales	Total change	€ million	% of sales	% organic change
Net sales	376.4	100.0%	391.1	100.0%	-3.8%	374.9	100.0%	-4.1%
Cost of goods sold after distribution costs	(155.6)	-41.3%	(164.5)	-42.1%	5.4%	(154.4)	-41.2%	-6.1%
Gross profit after distribution costs	**220.8**	**58.7%**	**226.6**	**57.9%**	**-2.5%**	**220.4**	**58.8%**	**-2.7%**
Advertising and promotional costs	(55.0)	-14.6%	(62.5)	-16.0%	-12.0%	(54.8)	-14.6%	-12.3%
Overheads	(88.7)	-23.6%	(88.2)	-22.6%	0.5%	(88.7)	-23.7%	0.5%
Result from recurring activities	**77.2**	**20.5%**	**75.9**	**19.4%**	**1.6%**	**77.0**	**20.5%**	**1.4%**

Breakdown of change	€ million	%
Result from recurring activities 2012	75.9	
Organic change	1.1	1.4%
External change	0.1	0.2%
Exchange rate effect	-	-
Result from recurring activities 2013	77.2	1.6%

The result from recurring activities for Italy was € 77.2 million in 2013, 1.6% higher than the previous year and 20.5% as a percentage of sales, representing an increase of 110 basis points on 2012.
The result relates to the organic component (+1.4%), while the external component was +0.2% (due to the integration of LdM products and the distribution of the new wines).
Organic sales in Italy declined by -4.1% (as shown in the Sales performance section), while the result from recurring activities increased by 1.6%, thanks to an excellent recovery in the second half of the year.
In the first half, the organic component of the operating result fell by -35.3% (in view of the -16.0% contraction in sales), while in the second half, the operating result grew by 97.2%, thanks mainly to the upturn in sales (+10.0%).
The excellent year-end result was driven by various factors, namely: higher sales prices, despite the country's difficult economic situation; good management of the portfolio's product mix, thanks mainly to the excellent growth in sales of Aperol; and lower sales costs.
Advertising and promotional costs were streamlined to some extent, to take account of the difficult market situation, and benefited in part from a reduction in the average cost of advertising space in the national press. For the organic component, the percentage of sales fell from 16.0% in 2012 to 14.6% in 2013, with an organic reduction of -12.3%. Despite this trend, the Group retained a strong presence in Italy, in terms of share of voice and customer contact, confirming its leadership in advertising in this key segment: total advertising costs in 2013 were higher than the amount spent by its main competitors in the sector (source: Nielsen Nov. 2013).
Overheads increased by only 0.5%, lower than inflation in 2013, thanks to the Group's internal restructuring and constant focus on costs. Overheads as a percentage of sales increased by 110 basis points in organic terms due to the contraction in sales.

Income statement-Rest of Europe

The Group's main markets in this area are Germany, Russia, Switzerland, Austria and Belgium, where it has its own sales organisations, as well as France and Spain, where the Group distributes its products through third-party distributors. Note that LdM's sales organisation in the UK was consolidated in 2013.

	2013		2012			2013 reclassified on a same-perimeter basis as 2012		
	€ million	% of sales	€ million	% of sales	total % change	€ million	% of sales	% organic change
Net sales	368.3	100.0%	345.3	100.0%	6.7%	356.0	100.0%	3.1%
Cost of goods sold after distribution costs	(177.8)	-48.3%	(150.7)	-43.6%	18.0%	(168.1)	-47.2%	11.5%
Gross profit after distribution costs	**190.5**	**51.7%**	**194.6**	**56.4%**	**-2.1%**	**187.9**	**52.8%**	**-3.4%**
Advertising and promotional costs	(57.4)	-15.6%	(57.2)	-16.6%	0.3%	(57.2)	-16.1%	0.1%
Overheads	(50.3)	-13.7%	(46.6)	-13.5%	7.9%	(48.1)	-13.5%	3.3%
Result from recurring activities	**82.8**	**22.5%**	**90.8**	**26.3%**	**-8.8%**	**82.5**	**23.2%**	**-9.1%**

Breakdown of change	€ million	%
Result from recurring activities 2012	90.8	
Organic change	(8.3)	-9.1%
External change	2.4	2.6%
Exchange rate effect	(2.1)	-2.3%
Result from recurring activities 2013	82.8	-8.8%

Overall, the financial performance achieved in the region in 2013 was heavily affected by the country mix, i.e. the different trends noted in Russia and Germany. The result of recurring activities for the Rest of Europe contracted sharply by -8.8% to € 82.8 million in 2013. It also decreased by 380 basis points as a percentage of sales compared with the previous year, falling from 26.3% in 2012 to 22.5% in 2013.

The result is the combination of an organic component of -9.1%, external growth of 2.6%, and an exchange rate effect of -2.3%, corresponding to € 2.1 million.

The organic component of the result of recurring activities decreased by -9.1%, equivalent to a reduction of 310 basis points (compared with organic sales growth of 3.1%), mainly due to the strong impact on gross profit of the decline in Aperol sales in Germany. In addition, the profitability of the operating result was negatively affected by the unfavourable geographical mix. Specifically, the operating result as a percentage of sales was partly reduced by the fact that the Russian market, which is less profitable than the average of the region, reported more-than-proportional sales growth.

Investment in advertising and promotions was broadly in line with 2012 (+0.1% on an organic basis), while it decreased as a percentage of sales by 50 basis points, at organic level, to 16.1% of sales. This was the result of greater pressure in some Western European markets (Spain, UK and France for the Aperol and Campari brands), but was offset by lower costs in Germany.

Overheads for the region increased by 3.3% on an organic basis, which was broadly in line with organic sales growth in the region. The increase relates mainly to the necessary investment in Russia to support the steady sales growth over recent years.

External growth in the region relates to the integration of the LdM portfolio (mainly in the UK), but especially to the new brands that the Group started to distribute in Germany in 2013. External growth as a percentage of the operating result was 2.6%. Note that external growth in overheads, of 6.5%, is mainly due to the consolidation of LdM's sales organisation in the UK.

The exchange rate effect, which is mainly due to the depreciation in the rouble, had a more unfavourable impact on the result from recurring activities (-2.3%) than on sales (-1.7%), due to the negative effect on transactions relating to imported products from Italy.

Income statement-Rest of the world and duty-free

This is the smallest area for the Group's sales, and accounts for slightly more than 10% of the total; the five main markets of Australia, Japan, China, New Zealand and the duty-free channel represent just below 90% of total sales.

	2013		2012			2013 reclassified on a same-perimeter basis as 2012		
	€ million	% of sales	€ million	% of sales	total % change	€ million	% of sales	% organic change
Net sales	156.2	100.0%	139.5	100.0%	11.9%	138.0	100.0%	-1.1%
Cost of goods sold after distribution costs	(68.3)	-43.7%	(54.8)	39.3%	24.6%	(53.2)	-38.6%	-2.8%
Gross profit after distribution costs	**87.9**	**56.3%**	**84.7**	**60.7%**	**3.7%**	**84.8**	**61.4%**	**0.1%**
Advertising and promotional costs	(28.8)	-18.4%	(27.1)	-19.4%	6.3%	(27.6)	-20.0%	2.0%
Overheads	(23.6)	-15.1%	(22.2)	-15.9%	6.1%	(24.7)	-17.9%	11.2%
Result from recurring activities	**35.5**	**22.7%**	**35.4**	**25.4%**	**0.3%**	**32.5**	**23.5%**	**-8.4%**

Breakdown of change	€ million	%
Result from recurring activities 2012	35.4	
Organic change	(3.0)	-8.4%
External change	8.0	22.7%
Exchange rate effect	(5.0)	-14.1%
Result from recurring activities 2013	35.5	0.3%

The result from the Rest of the world and duty-free region was € 35.5 million in 2013, in line with the previous year. It was 22.7% as a percentage of sales, a decrease of 260 basis points on 2012.
The result relates to external growth of 22.7%, which was entirely offset by a negative organic performance of -8.4% and a negative exchange rate effect of -14.1%.
External growth, which accounted for € 8.0 million, largely related to the integration of the LdM portfolio, thanks mainly to the results in the duty-free channel (which, as shown in the Sales performance section were strongly affected by the LdM portfolio) and in New Zealand, as well as the Copack acquisition in Australia.
Gross profit in the organic component increased by 0.1% (compared with an organic decline of -1.1% in sales), due to the extremely favourable geographical mix, linked to growth in emerging markets, especially Nigeria and South Africa. The product mix, driven by the performance of Campari in Nigeria, and SKYY in South Africa, boosted the results in that region. Advertising costs and overheads also had a negative impact on final profitability, increasing in both absolute terms, by 2.0% and 11.2% respectively on an organic basis, and as a percentage of sales. Overheads increased significantly in 2013, mainly due to the strengthening of the structures in the Asian and African markets, launched in the second half of 2012.
External growth in the result from recurring activities in the region was 22.7% (an increase of 19.8% as a percentage of sales), and is due to the consolidation of the LdM business in Australia and New Zealand.
The exchange rate effect was extremely negative (-6.8% as a percentage of sales, and -14.1% as a percentage of the result from recurring activities) due to the sharp depreciation in the Australian dollar and the yen. This not only significantly reduced the sales performance but also, to a greater extent, produced a negative effect on gross profit due to its impact on cost of sales: the products sold in this region are mainly supplied from Europe and the US.
It should be noted that the result for the second half showed a significant improvement: sales declined by -27.6% in the first half, while they increased by 24.9% in the second half.

Reclassified statement of cash flows

The table below shows a simplified and reclassified statement of cash flows by comparison with that included in the financial statements.
The main restatement is the exclusion of cash flows relating to changes in short-term and long-term debt, and in investments in marketable securities: in this way, the total cash flow generated (or used) in the period corresponds to the change in net debt.

	31 December 2013	31 December 2012	Change
	€ million	€ million	€ million
Operating profit	289.3	287.5	1.8
Depreciation/amortisation	39.5	32.7	6.8
EBITDA	**328.8**	**320.2**	**8.6**
Other non-cash items	7.5	11.4	(3.9)
Changes in non-financial assets and liabilities	(4.0)	3.4	(7.3)
Taxes paid	(75.8)	(88.2)	12.4
Cash flow from operating activities before changes in working capital	**256.6**	**246.9**	**9.7**
Change in net operating working capital	(36.0)	(22.5)	(13.4)
Cash flow from operating activities	220.6	224.3	(3.7)
Net interest paid	(55.9)	(52.7)	(3.1)
Cash flow used for investment	(58.9)	(45.2)	(13.7)
Free cash flow	***105.9***	***126.4***	***(20.5)***
Company acquisitions	(13.6)	(315.8)	302.2
Sales and purchases of brands and payment rights for put options and earn outs	(15.4)	(1.5)	(13.9)
Dividend paid out by Parent Company	(39.8)	(40.5)	0.7
Other changes	(25.2)	(13.6)	(11.6)
Total cash flow used in other activities	**(94.0)**	**(371.4)**	**277.4**
Exchange rate differences and other changes	(0.2)	14.2	(14.4)
Change in payable for the exercise of put options and earn-out payments (*)	5.3	(2.3)	7.5
Change in net debt =			
Total net cash flow for the period	**16.9**	**(233.1)**	**250.1**
Net debt at the start of the period	(869.7)	(636.6)	(233.1)
Net debt at the end of the period	(852.8)	(869.7)	16.9

(*) This item, which is a non-cash item, is included in order to reconcile the change in the financial position due to operating activities with the overall change in net financial position

In 2013, **net cash flow** was positive at € 16.9 million, compared with a negative figure of € 233.1 million in the previous year, which was strongly affected by the outlay incurred for the LdM acquisition.

More specifically, **free cash flow** of € 105.9 million was generated in 2013; cash flow from operating activities was € 220.6 million, which was partly offset by the payment of net financial interest of € 55.9 million and net investment of € 58.9 million. The most significant free cash flow items in 2013 and the related changes compared with 2012 (€ 20.5 million) were as follows:

- EBITDA (operating profit and amortisation/depreciation) of € 328.8 million, € 8.6 million higher than in 2012;
- tax paid of € 75.8 million, a decrease of € 12.4 million on 2012;
- a change in operating working capital, stripping out exchange rate effects and external growth, of € 36.0 million, lower than the figure of € 2012 million for the previous year (for more information on this item, see the section Operating working capital below);
- net interest payable of € 55.9 million, an increase of € 3.1 million compared with 2012;
- investment spending of € 58.9 million, significantly higher compared with the previous year (€ 13.7 million), owing to the launch of important one-off industrial projects, including the construction of two new bottling plants, in Kentucky and in Scotland; the net investment for 2013 incorporates gross investment of € 66.0 million, less cash inflows from the sale of assets for € 6.5 million and capital grants of € 0.7 million; other minor changes represent an outflow of € 1.7 million. Further details of spending during the year can be found in the section entitled Investments below.

Cash flow from other activities was negative of € 94.0 million, and includes the following main items:

- the Copack acquisition in Australia in September 2013, involving payments of € 13.6 million.
- the sale and purchase of brands and rights, as well as earn-out and put option payments, totalling € 15.4 million; this aggregate figure includes the following transactions: the purchase of the distribution rights for Appleton in the US, for USD 20 million (equivalent to € 15.6 million); the payment of the remaining shares of LdM (€ 1.3 million), the payment

of the put option on the remaining shares of Campari Rus OOO (€ 2.1 million) and the payment of earn-outs (€ 0.8 million); on the other hand, the Group generated cash of € 4.5 million from the sale of the Barbieri Punch brand.
- € 39.8 million for the dividend paid by the Parent Company;
- other changes of € 25.2 million; this item essentially includes payments for the purchase of own shares, net of sales, for € 25.8 million.

In 2012, total cash flow from other activities was significantly higher (negative of € 371.4 million) due to the above-mentioned LdM acquisition.

Exchange rate differences and other changes had a negative impact of € 0.2 million. In 2012, the overall impact was positive of € 14.2 million.

The change in financial payables attributable put options and earn-out, which is shown here purely for the purposes of reconciling the financial position for the year with the total net financial position, was positive at € 5.3 million and, in addition to the payments detailed above, includes € 1.1 million relating to updated estimates of future payments and exchange rate effects for the period.

Capital expenditure

In 2013 the capital expenditure reported in the financial statements totalled € 66.0 million, of which:
- € 59.1 million spent on tangible assets, including € 1.3 million for capitalised interest;
- € 1.0 million spent on biological assets;
- € 5.9 million spent on intangible assets with a finite life.

The following important one-off projects were launched during the year:
In Kentucky (US), the new bottling plant at the Wild Turkey production site in Lawrenceburg was completed. The project, which was started in 2012, was completed this year and the facilities were opened in September. This involved the capitalisation of liabilities totalling € 31.5 million (USD 43.5 million), of which € 16.7 million (USD 23.1 million) in 2013. Thanks to these facilities, some of the Group's important brands, such as Wild Turkey and SKYY Vodka, which were previously bottled by third parties, are now bottled in-house.
The building of the Visitors' Centre at the Lawrenceburg production site was also completed, with a total investment of € 3.3 million (USD 4.5 million) of which € 2.1 million (USD 2.9 million) was capitalised in 2013. The Visitors' Centre was opened to the public in November;
Also in Kentucky, a new warehouse for storing barrels was built, for a total investment of € 3.5 million (USD 4.9 million). This project was completed in November 2013.
The restructuring of the new operational headquarters of Campari America in San Francisco was completed this year, with a total capital expendure of € 4.2 million (USD 5.8 million), of which € 3.8 million (USD 5.2 million) was incurred this year.
The new bottling plant for GlenGrant in Rothes, Scotland, was completed in 2013, totalling € 6.7 million (GBP 5.6 million): this project has also enabled activities that were previously outsourced, to be undertaken in-house and involved capitalisation of € 2.0 million (GBP 1.7 million) in 2013.
Improvement works on Villa Campari at the Group's headquarters in Sesto San Giovanni were completed in 2013, totalling € 2.0 million. Villa Campari is a nineteenth-century residence, formerly known as Casa Alta, which was the headquarters of Campari's old facility for many decades. Part of the Villa has now been converted into an elegant and modern restaurant, which is leased to a third party, while another part is the home of the Campari Academy, created to train beverage sector professionals.

The remaining amount spent on tangible assets during the year (€ 28.8 million) was incurred by the Group's plants for recurring activities, including € 9.1 million on barrels for the bourbon and whisky ageing process.
Investments in biological assets totalling € 1.0 million were made by Sella & Mosca S.p.A., mainly on vineyards.
Lastly, investment in intangible assets with a finite life during the year, totalling € 5.9 million, mainly related to projects to upgrade the IT systems currently in use and to the integration of the Group's IT systems with those of the new companies, such as Campari España, Campari International S.r.l., J.Wray&Nephew Ltd. and, in Campari Australia Pty Ltd., with regard to the Copack business.

Breakdown of net debt

At 31 December 2013, net debt stood at € 852.8 million, a decrease of € 16.9 million on the figure of € 869.7 million recorded at 31 December 2012.
The events during the year and the cash flows that impacted the level of net debt have been addressed in detail in the Statement of cash flows section above.
The table below shows the changes in the debt structure between the beginning and the end of the year, compared to the previous year.

	31 December 2013 € million	31 December 2012 € million	Change € million
Cash and cash equivalents	444.2	442.5	1.8
Payables to banks	(122.3)	(121.0)	(1.3)
Short-term portion of private placement	(28.9)	-	(28.9)
Other financial receivables and payables	18.9	15.0	3.9
Short-term net cash position	**311.9**	**336.5**	**(24.6)**
Payables to banks	(0.6)	(1.1)	0.6
Real estate lease payables	(1.3)	(1.4)	0.1
Private placement and bond (*)	(1,167.7)	(1,206.9)	39.2
Other financial receivables and payables	9.6	13.3	(3.6)
Medium-/long-term net debt	**(1,159.9)**	**(1,196.1)**	**36.2**
Debt relating to operating activities	**(848.0)**	**(859.7)**	**11.7**
Payables for put options and earn-out	(4.8)	(10.0)	5.3
Net debt	(852.8)	(869.7)	16.9

(*) including the relevant derivatives.

In terms of structure, the net financial position confirms the same split between the Group's short and medium-/long-term debt as the previous year.
The short-term net cash position was € 311.9 million at 31 December 2013, consisting of cash and cash equivalents of € 444.2 million, offset by payables to banks totalling € 122.3 million.
The most significant change compared with the previous year was the reclassification of the first tranche of the private placement issued by Campari America in 2009, maturing in June 2014 (USD 40 million, or € 28.9 million), as short-term debt.

Medium-/long-term debt, totalling € 1,159.9 million almost exclusively comprises existing bond loans, which were reduced by € 39.2 million due to the reclassification described above and to the positive exchange rate effect, which totals € 8.2 million on the private placement alone.

Overall, however, currency fluctuations between the two dates under comparison had an extremely marginal effect on the consolidated net financial position shown at 31 December 2013. This is because, compared with the devaluation shown on the debt (i.e. the US dollar-denominated private placement), a larger devaluation, for lower amounts, was recorded on the cash and cash equivalents held by subsidiaries in Russia, Brazil and Australia.

On a separate line, the Group's net financial position showed a financial payable of € 4.8 million relating to the future settlement of put options and earn-outs.
At 31 December 2012, this amounted to € 10.0 million; the difference between the two values is due to the purchase of the non-controlling interest's shares of LdM, the exercise of the put option on Campari Rus OOO and the payment of some earn-outs.
The residual payable at 31 December 2013 was related to the Sagatiba S.A. earn-out and the residual put option of the non-controlling interests shares of LdM.

Reclassified statement of financial position

The table below is the consolidated Group balance sheet, reclassified and summarised to highlight the structure of invested capital and financing sources.

	31 December 2013	31 December 2012	Change
	€ million	€ million	€ million
Fixed assets	1,998.7	2,073.1	(74.4)
Other non-current assets and liabilities	(213.4)	(200.5)	(12.9)
Operating working capital	537.5	539.9	(2.4)
Other current assets and liabilities	(73.9)	(109.7)	35.8
Total invested capital	**2,248.9**	**2,302,8**	**(53.9)**
Shareholders' equity	1,396.1	1,433.1	(37.0)
Net debt	852.8	869.7	(16.9)
Total financing sources	**2,248.9**	**2,302.8**	**(53.9)**

Note that, with regard to the data shown in the 2012 annual report, following the final allocation of values resulting from the LdM acquisition the Group has carried out some reclassifications, shown below. All the effects of the final allocation at 31 December 2013 are described in notes 7 and 8 of the consolidated financial statements.

	31 December 2012		
	Published figures	Reclassifications	Post-reclassification figures
	€ million	€ million	€ million
Fixed assets	2,063.1	10.0	2,073.1
Other non-current assets and liabilities	(202.9)	2.4	(200.5)
Operating working capital	562.5	(22.6)	539.9
Other current assets and liabilities	(119.9)	10.2	(109.7)
Total invested capital	**2,302.8**	**0.0**	**2,302.8**
Shareholders' equity	1,433.1	-	1,433.1
Net debt	869.7	-	869.7
Total financing sources	**2,302.8**	**0.0**	**2,302.8**

Invested capital at 31 December 2013 was € 2,248.9 million, a decrease of € 53.9 million compared with 31 December 2012.

There were no structural changes in the individual components of the invested capital and sources of financing; at global level assets and liabilities, i.e. shareholders' equity, suffered significant write-downs as a result of the depreciation of all the major currencies.

The Group's financial structure shows a ratio of debt on own funds at the end of the period of 61.1%, compared with 60.7% at 31 December 2012.
For further details, please see the previous sections "Statement of cash flows" and "Breakdown of net debt", and with reference to the changes in net working capital, please see the section "Operating working capital" below.

Operating working capital

As already explained in the previous section, with regard to the data shown in the 2012 annual report, following the provisional allocation of values resulting from the LdM acquisition, the Group has carried out some reclassifications, shown below.

	31 December 2012		
	Published figures	Reclassifications (*)	Post-reclassification figures
	€ million	€ million	€ million
Receivables from customers	312.4	(0.6)	311.9
Inventories	451.4	(10.4)	441.0
Payables to suppliers	(201.4)	(9.6)	(211.0)
Operating working capital	**562.5**	**(20.6)**	**541.9**
Sales in the previous 12 months	1,340.8	-	1,340.8
Working capital as % of sales in the previous 12 months	42.0		40.4

(*) See the consolidated financial statements, note 7 – Reclassifications at opening book values

The following tables show working capital figures at 31 December 2013 by comparison with 31 December 2012 (post-reclassification); for each reporting date, operating working capital as a proportion of sales is also shown over the previous 12 months. The change in 2013 is analysed in terms of exchange rate differences, external growth and organic growth.

	31 December 2013	31 December 2012	Total change	of which		
				Organic change	External change	Exchange rate differences
	€ million	€ million	€ million	€ million	€ million	€ million
Receivables from customers	288.5	311.9	(23.3)	(4.3)	2.5	(21.5)
Inventories	447.1	441.0	6.1	33.0	1.3	(28.2)
Payables to suppliers	(198.1)	(211.0)	12.9	7.3	(3.1)	8.7
Operating working capital	**537.5**	**541.9**	**(4.3)**	**36.0**	**0.6**	**(40.9)**
Sales in the previous 12 months	1,524.1	1,340.8	183.3			
Working capital as % of sales in the previous 12 months	35.3	40.4				
Operating working capital as % of sales in the previous 12 months adjusted for external growth driven by LdM		33.7				

Operating working capital at 31 December 2013 was € 537.5 million, a decrease of € 4.3 million compared with 31 December 2012.

Stripping out the exchange rate effect, which generated a reduction of € 40.9 million, and the external growth effect due to the acquisition of Copack by Campari Australia Pty Ltd, of € 0.6 million, the organic increase in working capital over the period was € 36.0 million. This was almost entirely due to an increase in the value of inventories of € 33.0 million; note also the positive reduction in trade receivables, which on a same-perimeter basis and at constant exchange rates, decreased by € 4.3 million.
The rise in the value of inventories is due mainly to liquids undergoing the ageing process in the Group's three distilleries, while the unexpected reduction in payables to suppliers (€ 7.3 million in organic terms) is essentially due to seasonal factors during the year.

At 31 December 2013, operating working capital amounted to 35.3% of net sales in the last 12 months, compared with 33.7%, adjusted for external growth relating to LdM, at 31 December 2012.

Investor information

Global economy

Looking at the economy in the key regions, the prolonged period of declining GDP in Italy, on-going since summer 2011, came to an end in the third quarter of 2013. In the fourth quarter of 2013, GDP rose by 0.1% over the previous quarter, but recorded an overall decline of 0.8% over the year (source: ISTAT). In the second half of the year, there were indications of a moderate upturn in economic activity, as shown by the signs of recovery in industrial output, driven mainly by foreign demand. However, although business confidence improved, the recovery continued to be adversely impacted by the fragile labour market and difficult credit situation. In particular, consumer behaviour was negatively affected by low disposable income and the difficult labour market conditions. Consumer confidence, which showed a strong recovery since early 2013, worsened slightly at the end of 2013 due to uncertainties surrounding the outlook of the economy and labour market.

With regard to the Eurozone, after contracting in the first few months, GDP made some progress in the rest of the year, recording an overall decline of 0.4% in 2013 (source: OECD). Industrial output still shows signs of weakness and the outlook continues to differ across the largest economies in the area. Although there are some signs of improvement, the upturn in domestic demand is still uncertain, while the sales performance outside the Eurozone continues to be positive. In light of the long period of low inflation and weak economic activity, the ECB has reiterated its intention to continue to pursue an expansive monetary policy, with official rates at current or lower levels for an extended period of time.

Turning to the other international markets, in the UK, growth stabilised at a high level (1.4%) in 2013 (source: OECD). Growth was mainly driven by domestic demand, as also reflected in positive developments in the labour market and manufacturing output indicators. Credit conditions for households and large companies also improved. In the US, the pace of GDP growth accelerated in the second half of 2013, landing at 1.7% over the year (source: OECD). Growth is mainly due to the strengthening of employment trends and the improvement in consumption. In Japan, following the rapid expansion in the previous quarters, GDP slowed as a result of a sharp deceleration in consumption and exports. Overall growth in 2013 amounted to 1.8% (source: OECD).

Economic activity showed varying trends in the main emerging markets. In China, following a period of slowdown, growth strengthened as a result of measures to support investment and exports launched in mid-2013, GDP slowed in Brazil, and continued to stagnate in Russia.
According to OECD's latest estimates, after a decline of -2.7% in 2013, global growth could show a recovery sign this year, reaching 3.6%. Specifically, GDP growth is expected to accelerate to 2.9% in the US and 2.4% in the UK, and to slow to 1.5% in Japan. In the major emerging economies, with the exception of Brazil, GDP is also expected to strengthen compared with 2013. However, the outlook for the global economy is still subject to risks that mainly towards the downside (source: Bank of Italy).

Financial markets

After an overall positive start of the year, the global financial markets experienced renewed volatility since May, triggered by heightened fears of a possible earlier than expected reduction in monetary stimulus in the US, and an uncertain global economic outlook. The improving growth prospects during the summer pushed up share prices and long-term interest rates. However, this came to a halt in September, when the bond and equity markets reacted to investors' expectations regarding the easing of monetary stimulus in the US. In November, the improvement in the growth prospects of advanced economies and the announcement in mid-December that the Federal Reserve was to start tapering its quantitative easing, again prompted a rise in long-term yields and share prices. Against this background, risk premiums in the public and private debt markets fell.

After a start of the year marked by uncertainty, mainly due to the outcome of the elections held at the end of February, the overall financial market conditions in Italy improved slightly, since the end of March 2013. In line with what happened in international markets, new tensions had emerged since mid-May, relating to uncertainty over the US monetary policy and concerns about trends in the Chinese economy.

Despite this, conditions in the Italian equity and private debt markets gradually improved since the beginning of July, benefiting from the positive signs of growth in the Eurozone and the ECB's intention to maintain expansive monetary conditions for an extended period of time. Some tensions remained, however, linked to the uncertainty of the direction of the US monetary policy, and the temporary aggravation of the Syrian crisis. In the last quarter of 2013, conditions in the Italian financial markets continued to improve, both for government bonds and the equity and private debt markets.

Share prices rose in all the main segments of the Italian stock market, reflecting a fall in the risk premiums requested by investors as a result of the substantial stability in the earnings outlook of listed companies.

In 2013, the FTSE MIB and FTSE Italia All Shares indices rose by 16.6% and +17.6% respectively. The MSCI Europe index closed the year with a gain of 15.9%, while in the US the S&P500 index registered an increase of 29.6%.

Regards to the foreign exchange, following a period of appreciation for the euro at the beginning of 2013, boosted by the relatively more expansive tone of US monetary policy, the currency strengthened towards the end of the year. This largely reflected capital inflows to the Eurozone, most probably connected with the fall in sovereign risk. In 2013, all Campari Group's main reference currencies devaluated. Specifically, compared with 31 December 2012, the euro declined against the US dollar by -4.5%, the Australia dollar by -21.3% and the yen by -27.0%. Against a backdrop of international capital outflows, the currencies of the main emerging countries also weakened against the euro. In particular, the Argentine peso fell by -38.6%, the Brazilian real by -20.5% and the rouble by -27.0%.

Spirits sector

In 2012, the Stoxx Europe 600 Food&Beverage index rose by 8.8%, underperforming the MSCI Europe market index by 7.1%.

The share performances of spirits companies reflected business performance in 2013, which in some cases failed to meet equity market expectations. In the first half of 2013, the spirits sector recorded a slowdown in some important emerging markets, and remained weak in Europe, which was also negatively affected by adverse weather. Specifically, China recorded a slowdown in certain product categories of imported premium spirit products, following the government's introduction of austerity measures. Despite this market situation, where the timing of the recovery is still uncertain, the spirits sector continues to show overall growth in demand, especially with regard to the US, driven by the on-going rise in demand for premium products. In this regard, brown spirit products continue to represent a key driver of growth in volume and value. Specifically, categories such as Scotch whisky, American and bourbon whiskey, and aged rum are enjoying renewed popularity in traditional markets such as the US, the UK and Europe, where consumption of these types of products is continually increasing. Moreover, new demand for these categories is also being seen in emerging markets including China, India, Africa and Latin America, which further contributes to the market growth.

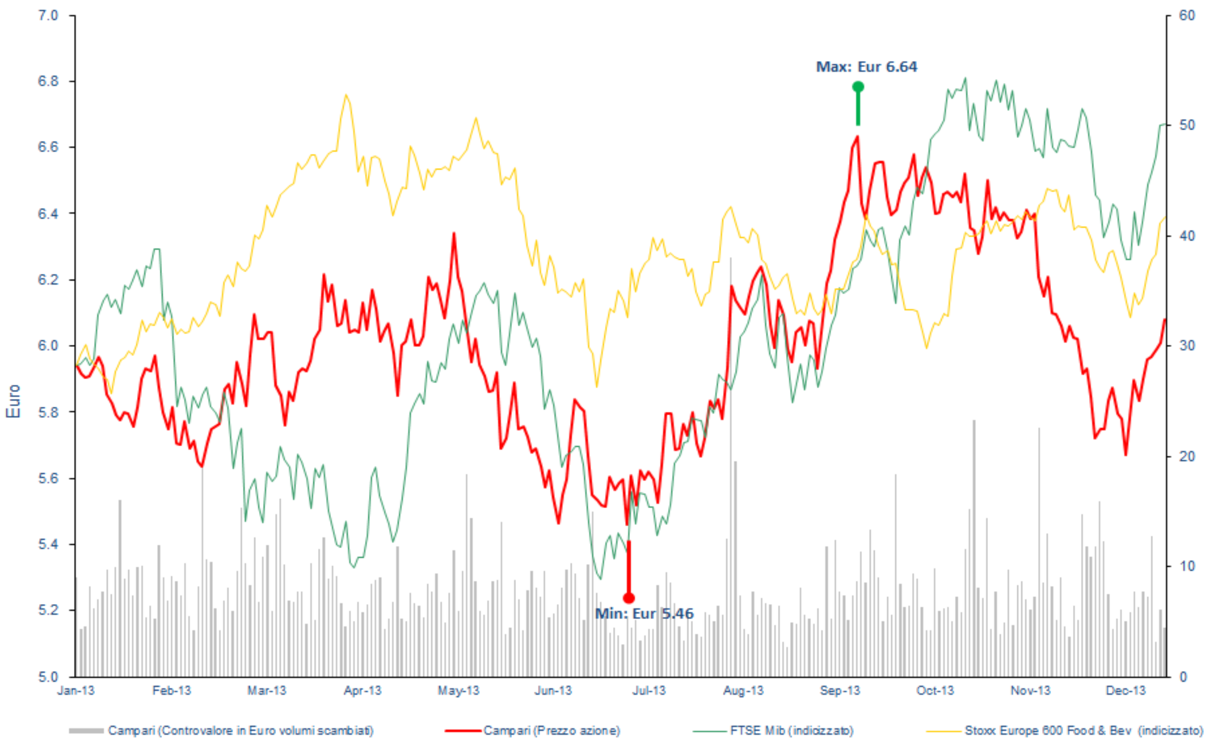
Medium- to long-term expectations regarding the sector performance remain positive. Spirits stocks continue to benefit from relatively favourable growth expectations compared with other sectors of consumables. Furthermore, expectations of further consolidation in the spirits industry are having a positive impact on stock valuations, thanks to new growth opportunities that future M&A transactions may create in key markets.

Davide Campari-Milano S.p.A. stock

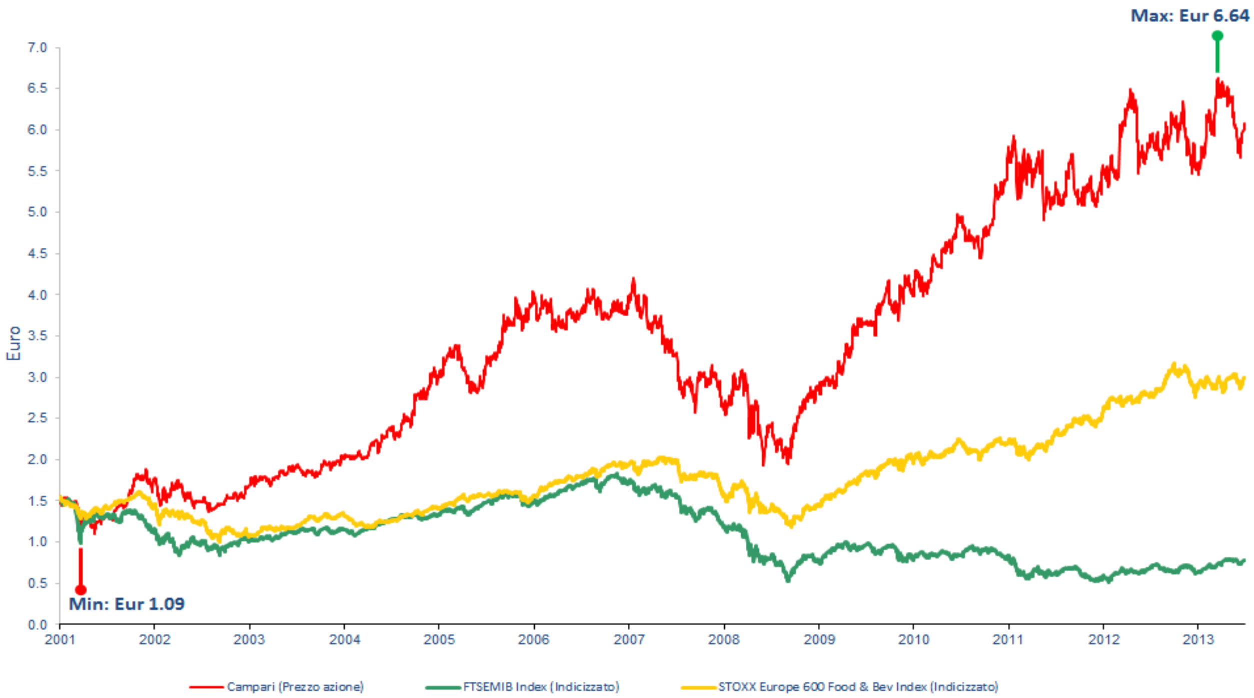
Against the economic, industry and financial market backdrop described above, in 2013, Campari stock was initially boosted by the announcement of positive results of 2012, mainly thanks to the Group's sound performance in the US and its strengthened distribution capacity in new markets. Thereafter, the stock was negatively affected by a weak business performance in the first quarter of 2013, due to non-recurring events. In the second half of the year, the stock performance was boosted by the improvement in the medium-term outlook, while short-term expectations were still relatively uncertain.

From the date of initial public offering (IPO) to 31 December 2013, the price of Campari stock has increased, in absolute terms by 292.3% (an average of 11.6% per year), with a total shareholder return (TSR) of +345.4% (an average of 12.7% per year). With respect to the FTSE MIB index, Campari stock performance was positive at 341.8%. The share outperformed the STOXX Europe 600 Food&Beverage index by 198.7% in the period from IPO until 31 December 2013. In the same period, the stock recorded a positive performance of 300.7% with respect to the MSCI Europe sector index. The minimum closing price in 2013, recorded on 3 July 2013, was € 5.46, while the maximum closing price for the period, recorded on 17 September 2013, was € 6.64. The average daily trading volume for Campari shares was 1.3 million in 2013, with an average daily value of € 7.9 million. At 31 December 2013, Campari's market capitalisation was € 3.5 billion.

The performance of Campari stock and the main benchmark indices from 1 January 2013 to 31 December 2013



The performance of Campari stock and the main benchmark indices since IPO (2001) at 31 December 2013



Notes: Figures up to 2009 have been adjusted to reflect the changes in share capital between 2005 and 2009.
STOXX Europe 600 Food & Beverage price index is a weighted capitalisation index that includes European companies operating in the food and beverages sector.

Shareholder base

The table below shows the major shareholders at 31 December 2013.

Shareholder [1]	Number of ordinary shares	% of share capital
Alicros S.p.A.	296,208,000	51.00%
Cedar Rock Capital[2]	62,936,560	10.84%
Morgan Stanley Investment Management Limited	11,868,704	2.04%
Independent Franchise Partners LLP	11,754,665	2.02%

[1] Shareholders who have notified Consob and Davide Campari-Milano S.p.A. that they have shareholdings greater than 2% (pursuant to article 117 of Consob regulation 11971/99 on notification of significant holdings).
[2] Andrew Brown, Chief Investment Officer of Cedar Rock Capital Ltd., informed Consob in accordance with article 120 of Legislative Decree 58/1998 (TUF).

Proposed dividend

The Board of Directors that approves these draft financial statements is also required to vote on a proposal to pay a dividend for 2013 of € 0.08 per share (an increase of 14.3% compared with the dividend of € 0.07 paid for 2012).
In compliance with the Italian stock exchange calendar, it is proposed that the dividend be paid on 22 May 2014 (payment date), with an ex-date for coupon no. 11 of 19 May 2014 and a record date of 21 May 2013, pursuant to article 83-terdecies of the TUF law.

Information on Campari stock and valuation indicators

The table below shows the performance of Campari stock and the main valuation indicators used by Campari Group since the IPO.

Year	Minimum price (€)	Maximum price (€)	Average price (€)	Price at 31 December (€)	Change in Campari share	Change in FTSE MIB	Average daily volume (millions of shares)	Average daily trading value (€ millions)	Market capitalisation at 31 December (€ million)
2001[1]	1.09	1.55	1.36	1.32	-14.9%	-14.1%	1.4	2.1	767
2002	1.27	1.89	1.58	1.50	+13.8%	-27.3%	1.1	1.7	871
2003	1.37	1.93	1.65	1.93	+28.2%	+14.4%	0.8	1.3	1,118
2004	1.79	2.39	2.02	2.37	+22.9%	+14.9%	0.9	1.7	1,374
2005	2.24	3.39	2.86	3.12	+32.0%	+15.5%	1.0	2.8	1,812
2006	3.14	4.05	3.66	3.76	+20.5%	+16.0%	1.2	4.4	2,183
2007	3.25	4.21	3.77	3.28	-12.8%	-7.0%	1.5	5.8	1,904
2008	1.93	3.30	2.78	2.40	-26.8%	-49.5%	1.3	3.7	1,394
2009	1.94	3.71	2.82	3.65	+52.1%	+19.5%	1.6	4.5	2,118
2010	3.51	4.99	4.15	4.87	+33.5%	-13.2%	1.9	7.6	2,828
2011	4.44	5.94	5.17	5.15	+5.6%	-25.2%	2.0	10.6	2,988
2012	5.08	6.50	5.55	5.80	+12.7%	+7.8%	1.7	9.6	3,369
2013	5.46	6.64	6.00	6.08	+4.8%	+17.6%	1.3	7.9	3,531

(1) Listing on the Italian stock market on 6 July 2001. Average daily volume and average daily trading value excluding first week of trading

The table below shows information on dividends of Campari stock since IPO.

Year	Number of shares authorised and issued at 31 December	Number of adjusted shares at 31 December[(1)]	Number of shares with dividend rights[(2)]	Gross dividend per share (€)[(3)]	Total dividend (€ million)[(4)]
2001	29,040,000	580,800,000	560,800,000	0.044	24.7
2002	29,040,000	580,800,000	560,800,000	0.044	24.7
2003	29,040,000	580,800,000	560,800,000	0.044	24.7
2004	29,040,000	580,800,000	562,096,180	0.050	28.1
2005	290,400,000	580,800,000	562,712,026	0.050	28.1
2006	290,400,000	580,800,000	580,798,906	0.050	29.0
2007	290,400,000	580,800,000	578,711,092	0.055	31.8
2008	290,400,000	580,800,000	576,380,506	0.055	31.7
2009	290,400,000	580,800,000	576,380,506	0.060	34.6
2010	580,800,000	580,800,000	576,672,284	0.060	34.6
2011	580,800,000	580,800,000	578,636,980	0.070	40.5
2012	580,800,000	580,800,000	569,257,224	0.070	39.8
2013	580,800,000	580,800,000	576,011,614	0.080	46.1

(1) Share information prior to the dates on which changes to the amount of share capital occurred have been adjusted to take account of the new composition of share capital as described below:

- ten-for-one share split effective as at 9 May 2005
- bonus share issue via the issue of 290,400,000 new shares with a nominal value of € 0.10 each to be provided free of charge to shareholders in the ratio of one new share for each share held, which came into effect on 10 May 2010

(2) Excluding treasury shares held by Davide Campari Milano S.p.A. For 2013, number of shares at the date of the Board of Directors' meeting on 12 March 2014.

(3) Total dividend distributed for the year excluding own shares.

For 2013, the dividend proposed by the Board of Directors will be submitted for the approval of the Shareholders' Meeting on 30 April 2014.

(4) For 2013, the total dividend was calculated on the basis of shares outstanding at the date of the meeting of the Board of Directors on 12 March 2104; this figure will be recalculated based on the total number of shares outstanding on the date the dividend is paid.

The table below shows information on the main valuation indicators of Campari stock since IPO.

Year	Earnings per share[(1)]	Price/shareholders' equity	Price/net profit	Dividend/ net profit[(2)]	Dividend/price per share[(2)]
2001	0.11	1.78	12.1	38.9%	3.3%
2002	0.15	1.82	10.1	30.9%	2.9%
2003	0.14	2.04	14.0	35.6%	2.3%
2004	0.17	2.20	13.7	29.0%	2.1%
2005	0.21	2.61	14.9	23.8%	1.6%
2006	0.21	2.74	18.3	24.8%	1.3%
2007	0.22	2.17	15.2	25.4%	1.7%
2008	0.22	1.46	11.0	25.1%	2.3%
2009	0.24	2.02	15.3	25.2%	1.6%
2010	0.27	2.26	18.0	22.1%	1.2%
2011	0.27	2.19	18.7	25.4%	1.4%
2012	0.27	2.34	21.4	25.4%	1.2%
2013	0.26	2.53	23.6	30.8%	1.3%

(1) Up to 2004, Italian Accounting Standards; from 2005 IAS/IFRS.

(2) For 2013, the dividend proposed by the Board of Directors will be submitted for the approval of the Shareholders' Meeting on 30 April 2014.

Investor relations

Campari has adopted a communication policy that aims to provide financial market with complete, accurate and timely information on its results, corporate initiatives and strategies, while complying with the relevant confidentiality requirements for certain types of information.

In 2013, the Company continued to communicate information to institutional investors and financial analysts, through numerous meetings organised in Milan and at the main stock exchanges in Europe, including London, Edinburgh, Paris, Frankfurt and Copenhagen, and outside Europe, including the US and Canada.

The website dedicated to investors, a key tool for distributing information on the Company, including financial results, corporate governance, stock performance and events calendar, was recently redesigned and enriched with new information content and interactive tools. A new section entirely dedicated to corporate governance provides all relevant information relating to the Company's governance system, corporate bodies and shareholders' meetings. The new website was developed to be compatible with any electronic communications device, in order to allow increasingly wider and immediate access through new technologies.

Information of interest to shareholders and investors is available on the website, and may also be requested by sending an e-mail to investor.relations@campari.com.

Gruppo Campari and corporate social responsibility

Our way of doing business

Since the beginning, Gruppo Campari has been known for its passion, enabling it to create brands that represent a positive lifestyle and a point of reference for consumers all over the world. The same passion also inspires the Group internally and is expressed through a constant focus. Gruppo Campari's distinctive operating structure has been defined over the years, inspired by a number of founding values that form the basis of its operations. **Integrity, passion, pragmatism and a performance-oriented approach** are the principles that have always guided the Group's conscious and rational decisions. These identified values are correlated with, and enhanced by, general principles such as **probity, impartiality, discretion, transparency and completeness of information**. The framework of values that stems from these principles forms the basis of a *modus operandi* that inspires conduct that respects the people who work in the Group and the communities in which the Group operates.
Gruppo Campari's **reputation** since 1860 therefore stems from its responsible way of doing business and constitutes one of the essential resources for current and future growth. The Code of Ethics and **Business Conduct Guideline** are further proof of this way of doing business. These two documents contain the Group's founding values and provide guidelines on acting responsibly in an increasingly competitive environment.
The **Code of Ethics**, approved by the Board of Directors, comprises 16 articles that attempt to cover the issues faced by the Group in its operations; the **Business Conduct Guideline**, on the other hand, provide guidelines for creating an internal environment marked by the utmost integrity on a daily basis.
In conjunction with the **Mission**, **Values** and **Governance System**, the **Code of Ethics** and **Business Conduct Guideline** represent the common ground on which Gruppo Campari has built its way of doing business, defining the principles and rules that every manager, employee and business partner of the Group is required to follow.
In 2013, with a view to strengthening the efficacy of these two documents, the Group launched preliminary studies on issues such as **Whistleblowing** and **Fraud Risk Assessment**. Regular updates on industry-related risks also continued. Both areas will be completed in 2014.

Gruppo Campari-2013-Corporate social responsibility

By putting into practice the values that distinguish itself, Gruppo Campari has always acted according to criteria inspired by responsibility and sustainability. Thanks to its willingness to listen and the feedback it has received from an external environment that is becoming increasingly aware of these issues, the Group has responded to the need to inform stakeholders of its initiatives in the area of **Corporate Social Responsibility** (**CSR**). Consumers' growing interest in ethical practices and the financial world's focus on sustainability constitute two important sources of encouragement for the Group to disclose, in a more structured way, its efforts in this area. In the next section, Gruppo Campari will present its commitment to sustainability as a continuation of the first 'snapshot' given in the Annual Report 2012.
In line with its intentions expressed in 2012, the Group started to define its CSR strategy more extensively in 2013, thus confirming the emphasis it places on this subject. During the year, therefore, it defined indicators that will enable it to measure and assess the results achieved by the Group in the future thanks to the development and adoption of sustainable conduct and practices. Another objective of the project was to harmonise the numerous initiatives implemented locally by the various subsidiaries and place them in a common framework.
In recent years, CSR initiatives have mainly focused on five areas of interest relating to the Group's key business functions: our people; responsible practices and responsible marketing; our suppliers; quality, food safety, health, safety and the environment; and commitment to the communities to which we belong.
Group data refer to 2013 and do not include, within the scope of consolidation, the figures from the Jamaican subsidiary; these will be included from 2014.

Our people

Over the years, Gruppo Campari has become increasingly aware that employees constitute one of the most valuable resources for developing the Company's business. For this reason, actions to develop the people who work in the Company ('Camparisti') were also undertaken in 2013. Our Camparisti are the truest ambassadors of Gruppo Campari around the world, and with their proactive attitude, help us embrace the challenges and opportunities presented by the market.
This approach is of strategic importance if we examine the changing environment that has affected the Group in the last few years: Gruppo Campari has become increasingly global as a result of the growth strategies and the numerous acquisitions,

bringing a cultural variety that enriches the Group's day-to-day operations. Against this backdrop, Gruppo Campari is committed to disseminating its key principles, while at the same time valuing and respecting diversity among its human resources. It is completely against each type of discrimination. In 2014, Gruppo Campari will assess the integration and well-being of its employees by means of a questionnaire. As in 2008, 2010 and 2012, this tool will enable the Group to measure certain key aspects of the working environment, culture and corporate climate.
In previous years, the feedback from Camparisti was extremely positive. For the next survey, the Group has set itself the objective of achieving a participation rate of 85% of all employees, in line with previous years. The goal of the questionnaire is to investigate a number of important issues for the well-being of the Group's human resources, such as workers' active involvement in company life and adherence to its key values. Specifically, the Company seeks to achieve an average score of 5 on a scale of 1 to 7 for these two indicators. These objectives have been identified taking into account the changes and the quantitative and qualitative growth that the Company has experienced in recent years. Note also that the LdM acquisition in 2012 almost doubled the number of employees and made the nature of the Gruppo Campari even more diversified.
Given the efforts made by Campari in recent years to disseminate increasingly sustainable conduct and attitudes, from 2014 the questionnaire will be expanded to include a number of indicators to assess the knowledge and interest of Camparisti in corporate social responsibility matters.
Another indicator that the Group considers important to monitor is the percentage of employees who voluntarily leave the Company. For 2013, Gruppo Campari has set itself an ambitious target of no more than 8% of average turnover, with 6.8% achieved. The Group also aimed to strengthen the link that employees have with the Company: stock options are, for example, a useful tool for incentivising employees to remain loyal to Campari for the medium to long term and thereby ensure sustainable results over time. For 2013, the Group has set itself a target that at least 70% of managers might benefit from this financial tool. Currently, 74.5% of managers benefit from it.
Gruppo Campari believes that cultivating talent allows its people to aspire to real professional growth, which in turn will ensure continuity within the organisation. For this reason, the Company set itself a target that 65% of vacant senior management positions would be filled through the promotion of internal staff and this target was fully achieved.
An important role in disseminating the value and importance of solidarity is played by the **Campari Foundation**, which was created in 1957 as an organisation to support Camparisti and their families in Italy. As a reflection of the Group's international growth, in 2013, the Campari Foundation expanded its scope of activity to include employees outside Italy. It set itself the objective of successfully meeting 85% of requests for help from all over the world. In 2013, the Campari Foundation met 98.5% of requests from both Italy and the other countries in which the Group operates. With specific reference to Italy, where the Campari Foundation has been active for many years, the Organisation provided around € 0.2 million for financing various activities, successfully meeting 98.4% of eligible requests received. This amount was used to finance scholarships, support people in need, subsidise a portion of the costs of crèche facilities for the children of some Camparisti and, lastly, provide concrete assistance to less well-off employees in purchasing their own home. In the rest of the world, the Campari Foundation focused on providing financial support to particularly urgent cases, accepting 100% of eligible requests received. The Foundation's commitment has also been confirmed for 2014, and it will focus particularly on the emerging countries in which the Group is present. Moreover, additional resources will come from Davide Campari Milano ('DCM').
The Group is also committed to implementing training programmes, such as **Campari way of people management** and **Passion for Learning**, and assimilation programmes, as previously described in the Annual Report 2012. In this regard, further meetings between *Camparisti* and CEO Bob Kunze-Concewitz have been arranged at the Sesto San Giovanni headquarters. '**Lunches with Bob**' have now become regular meetings giving each department the opportunity to engage in a dialogue with the CEO. This also constitutes a source of ideas to improve the Group internallly. Lastly, the ***Camparista* Experience**, an online internal communication platform, was updated in 2013. This important tool is available to all Camparisti to express their emotions and states of mind, as well as an important means of disseminating the Group's founding values.

Our approach to responsible drinking

As part of its commitment to corporate social responsibility, Gruppo Campari makes every effort to promote, on a large scale, a culture of responsible drinking, which associates its products with happy moments, celebrations and social occasions. Gruppo Campari is therefore firmly opposed to the excessive, inappropriate or illegal consumption of alcohol.
As described in the Annual Report 2012, the Group has adopted a **Code of Commercial Communications** in the last few years, aimed at clarifying the objectives and targets of its communications and ensuring that they contain messages reminding people of the importance of drinking responsibly. In 2013, two sections of the Code were expanded to include CSR in the review process and some guidelines for managing digital communication.

In 2013, therefore, corporate social responsibility was fully incorporated into the processes of monitoring and checking communication thanks to the inclusion of the CSR contact person on the **Internal Approval Committee** responsible for assessing commercial communications.
Gruppo Campari is placing increasing importance on the involvement of its stakeholders*,* also including within the digital environment. The online communities that follow the Group through social networks are continually expanding, and hence their sphere of influence. The Group has therefore become active in the new digital communication channels such as Facebook, Twitter, YouTube, LinkedIn and Pinterest, where the Group and its brands now have a presence. 85% of digital pages now show a message on responsible drinking, and the Group aims to extend this to all its accounts in 2014.
Also in 2013, Gruppo Campari set itself the objective that 100% of its advertising and sales staff would have received and assimilated the contents and guidelines included in the **Code of Commercial Communications**. The actual figures are that 99% of advertising staff and 81% of sales staff have viewed and shared the messages in the document.
In 2013, Gruppo Campari also undertook to promote messages associated with responsible alcohol consumption in a more structured way. The Group therefore set a target for 2013 that 100% of above-the-line communications would present a message that reminded potential consumers of the importance of responsible consumption. These messages are designed to be adapted to the particular features of different media and markets. Specifically, a three-second spot has been produced for radio and video channels along with a strapline to be added to messages published on printed paper and on the internet. To date, Gruppo Campari has achieved 99% of its stated objective.
The Group has also made the same formal commitment in regard to below-the-line promotional materials, which mainly include merchandising products. For the latter, the Group set itself a target to add a message reminding people of the importance of responsible consumption to 80% of its communications. It has achieved 97% of the stated target.
Gruppo Campari recognises that a sustainable lifestyle is closely associated with responsible consumption of alcoholic drinks. For 2014, the Group has set itself the objective of promoting, both internally and externally, messages relating to the responsible consumption of alcohol, via communications at corporate events (conventions, training, inductions) and a link in the **Practical Guide for Camparisti**, signed by all employees when they join the Company, directing them to the dedicated section on the website.
In line with its general strategy of establishing and strengthening its presence in the key markets in which it has reached a considerable critical mass, in 2013, the Group increased the number of countries in which it has its own distribution network to 16. The Group has also developed links with the biggest trade organisations in these markets, with a view to creating synergies that will facilitate harmonious growth in compliance with local regulations. At global level, Gruppo Campari is today a member of 22 institutional, trade or not-for-profit organisations, with which it works to promote the responsible consumption of its products and the proper use of methods to promote and sell its brands. Various managers of the Group hold key positions in many of these associations, including DISCUS, ABRABE, Federvini and BSI.
Gruppo Campari also believes that the training, preparation and culture of bartenders are very important values in the sector. The Group offers basic and advanced training courses to bartenders, in various regions in which it is present, to ensure that consumers can always enjoy products that best demonstrate their quality and safety. Currently, the Group offers numerous training courses around the world in conjunction with various partners, and has two dedicated structures, the Campari Academy in Sesto San Giovanni (inaugurated in 2012 at the Group's headquarters) and in Munich.
Training bartenders to 'serve responsibly' is one of the first steps in raising customers' awareness about responsible consumption. For this reason, guidelines were drawn up in 2013 to encourage bartenders to behave responsibly when serving customers. These guidelines will be disseminated in 2014, addressed not only to bartenders, but also to numerous course participants that are passionate about spirits

Our supply chain

Gruppo Campari's responsible approach to business translates into a commitment that goes beyond the Group's direct activities, but also takes into account the impact generated by its numerous suppliers, with the ultimate aim of offering the highest quality to consumers.
To achieve this goal, it is of essential importance to choose the best partners with whom to establish professional relationships, and to base such co-operation on loyalty and transparency. As already explained in the Annual Report 2012, relationships with suppliers are governed by the **Supplier Code**, a document approved in 2012 that brings together the Group's founding values and constitutes a matrix on which to model business relationships in compliance with the rights of the various entities involved. In 2013, this document was updated to include certain key themes, such as respect for human rights and the environment.
To aid understanding of the **Supplier Code**, this document is sent to suppliers in their local language. Moreover, the Group requires each partner that receives the **Supplier Code** to complete and sign a **Self Assessment Form**: this enables the Group to map each of the partners involved and to periodically check that they meet the high qualitative, technical and financial stability standards. From 2014, this document will be further supplemented to assess the suppliers of raw materials and packaging, including their compliance with the CSR parameters defined by Campari.

In 2013, the Group chose to focus primarily on raw materials and packaging suppliers, and undertook to ensure that 70% of these suppliers signed up to the **Supplier Code**. It achieved an acceptance rate of over 80% in the three regions considered (North America, South America and Europe). The Group's objective for 2014 is to have 90% of raw materials and packaging suppliers sign this document.

Quality, food safety, health and safety, the environment-QHSE

Gruppo Campari has a key role in this context and plays an active part in influencing and determining it. The primary responsibilities of Gruppo Campari are towards its consumers and employees, and the territory where its production, operating and commercial activities take place. Quality and food safety of products, health and safety in the workplace and protection of the environment are the three pillars upon which Gruppo Campari bases its activities. Safeguarding Food Safety and Health&Safety in the workplace mean putting consumers and workers at the centre and protecting their physical, emotional and mental well-being. Protecting the Environment means respecting what we have received as custodians, and preserving and protecting the Planet where we live and where future generations will live.

Gruppo Campari QHSE Management is centrally managed by a Global Team based in the Group's headquarters in Sesto San Giovanni, with delegated coordination responsibilities in North America, South America, Europe and Asia Pacific, and executive responsibilities at regional and site level.
The communication of QHSE does not mean giving only information, but sharing and build relationships to build environments that give rise to a corporate culture and virtuous behaviours. Building and promoting a culture of Quality and Food Safety, Health and Safety in the workplace and Environmental protection is an indispensable step to achieving sustainability and corporate citizenship. Gruppo Campari's responsibility starts with the choice of raw materials, continues with the production of safe products and high-quality standards, and extends to the final delivery of our products to our consumers. It involves energy efficiency, reduction of greenhouse gases, valorisation of by-products, reduction of water consumption and discharge, packaging optimisation and environmentally-friendly waste management.
Gruppo Campari published in 2013 the Company's first QHSE Report, 'Our QHSE way to make the difference', to show and share activities realised in the areas of stakeholder engagement, energy efficiency, water consumption and water discharge reduction, minimisation of injury frequency and severity rates, activities on training, improvements in the QHSE culture and employee behaviour. The QHSE report shows the initiatives and activities Gruppo Campari has done and will do in 2014, showing proof of the objectives achieved and its objectives for the future, at global, regional and site level.
Gruppo Campari started the process of triple certification in compliance with ISO 22000, BRC, IFS, FSSC22000 (food safety), OHSAS 18001 (health and safety) and ISO 14001 (environment) standards. At the end of 2013, the percentage of achievements in the certification compared with the volume of bottles produced is as follows: 74% of bottles are produced in ISO 22000, BRC, IFS and FSSC22000 (food safety) certified production sites; 14% of bottles are produced in OHSAS 18001 (health and safety) certified production sites and 8% of bottles are produced in ISO14001 (environment) certified production sites.
Gruppo Campari collects QHSE data, KPIs and information at global level from 30 different sites (data received at regional level for North America, South America, Europe, Russia and Asia Pacific, except for some data and indicators not summarised for 2013), with the aim of covering the entire Company in 2015. Data, units of measurement and formulae are defined globally following international guidelines on CSR, and the QHSE performance communication standard, Global Reporting Initiative Guideline (GRI4).
The QHSE Global Team issued Guidelines on Data and KPIs, defining the scope of each indicator and the calculation methodology to obtain comparable, reliable and consistent data. The QHSE Report also details the main QHSE performances, trends and improvements achieved.

Quality and Food Safety are the basic requirements for raw materials, processes, and manufacturing and bottling of Gruppo Campari products. They are indirectly measured by evaluating market complaints about the quality of Gruppo Campari products, with a value of 119 ppm (parts-per-million) as calculated on the total number of bottles produced by Gruppo Campari. This represented a reduction of 61% compared to 2012 performance.

Safety is one of the pillars of Gruppo Campari's performance, with an Injury Frequency Rate of 2.16 (number of injuries/hundred thousand working hours), a reduction of 11% compared to the previous year. The Company decided to include in the injuries rates events not considered 'injuries' under international standards, such as injuries not involving absence from work and car accidents while travelling, with the aim of analysing and defining preventive and corrective actions for each event. The Injury Severity Rate is 0.34 (lost days/thousand working hours), a reduction of 31% compared to the 2012 results. The significant reductions and improvements in injuries rates demonstrate the effectiveness of the HSE activities conducted (training, guidelines, procedures and improvements in the work environment). Analysis on the causes of injuries highlights that the top two categories were 'uncoordinated movements of the injured person', with 19%

of events, and ‘Falls’, with 13% of events. Gruppo Campari’s objective is to maintain an Injury Frequency Rate of less than 3 and an Injury Severity Rate of less than 0.5.

Total energy consumption for 2013 was 683,968 gigajoules (GJ). This figure is not comparable with the previous year’s due to the inclusion in 2013 of more sites in the scope of data collection and improvements in the accuracy and completeness of data collection. Gruppo Campari production sites have started to carry out dedicated energy efficiency analysis and implement related improvements. These deployments include, for instance, new technologies on bottling lines, the replacement of equipment, energy saving lights. Water consumption is one of the most significant environmental aspects of the spirits and wine industry. Gruppo Campari achieved a result of 7 litres of fresh water used per bottle produced. This figure shows a reduction of 2 litres of water per bottle, compared to previous years, due to specific projects relating to the optimisation of water consumption, including one for the use of all rainwater as cooling water, and the optimisation of water for cleaning and sanitising operations. Total water discharged is 4.5 litres per bottle produced, with activities in place to improve the quality of the water discharged each year with new technologies and systematic analytical controls. Waste management is not one of the largest environmental aspects in Gruppo Campari, with a total production of 10,196 tons in 2013. However a global Company target is in place to recover 100% of all recoverable waste.
One of QHSE’s important achievements relates to training activities, with 39,259 training hours performed. This figure amply achieved the global target relating to the average number of QHSE training hours per employee set for 2013. The target for 2014 is to maintain a minimum average of 4 hours of QHSE training per employee.

QHSE performances are also driven by Lean Six Sigma projects, which the QHSE department is developing at global level in all the regions, with significant paybacks. The project implementation of Six Sigma methodology started in Italy in 2011 and included Europe and South America in 2013. The target for 2014 is the implementation of Lean Six Sigma methodology in Jamaican production sites.
The Company is also investing in innovation and new technologies with a lower QHSE impact.

At the end of 2013, the QHSE intranet portal, a dedicated QHSE intranet page for sharing the main QHSE documents such as Guidelines and Manuals, Standards, Work Instructions and Reports with all Gruppo Campari employees, was launched. Aimed at engaging with stakeholders, the QHSE portal has a dedicated section for asking questions, giving feedback and suggesting ideas.
The QHSE function develops global IT tools applications: Interspec, a Product Specification Management System to develop, configure and manage all product specifications (raw materials, intermediate and finished products, packaging materials); Interspec Reporting Documents Maker, a tool for the generation of official documents to communicate with suppliers, distributors and customers on products and their components; Interspec Reporting Bill of Materials GPSC, which makes it possible to display and print useful information about the composition of products for communications with customers and consumers; FootPrints Quality Ticketing System, a web-based application for collecting and managing complaints about Gruppo Campari finished products, distributed products and agency brands, which makes it easier to follow the full complaint process; SIMATIC IT Unilab, a Laboratory Information Management System that complies with major quality standards for collecting and managing quality data in a central database and configuring quality workflows and analyses in a lab.
A target for 2014 is the implementation of a QHSE web-based Management and Accounting System in line with international standards to collect, analyse and report QHSE data with improved consistency.
With the aim of improving awareness of sustainable practices during daily life, Gruppo Campari decided to implement the Eco Campari project in all sites. As mentioned in the 2012 Annual Report, Eco Campari is a Brazilian project aimed at raising the awareness of employees about responsible and ecological behaviour. In 2013, Gruppo Campari therefore revisited the original idea, enhancing it and adapting it to the various markets, with the aim of developing the project on a global scale from 2014. In addition, ideas from a virtuous project carried out by Campari America (**Green IT**) were also integrated in **Eco Campari**, leading to a more conscious use of technology in terms of safeguarding the environment.

Our commitment to the community

In the last few years, Gruppo Campari has grown significantly both in terms of geographical expansion and number of staff. Campari is now directly present in 16 countries. These countries are at different levels of development and have their own particular social environments. For this reason, the Group is committed, in the areas in which it is present, to the development of both the local economy and the community. Concrete proof of this intention can be seen, first and foremost, in the **Campari Foundation's** decision, as mentioned above, to expand its support to the Group’s non-Italian companies.

Also in 2013, Campari do Brasil Ltda implemented **EcoCampari** and **EducaCampari**, two fundamental vehicles for providing incentives to the personal and professional growth of employees and their families. **The EducaCampari** project takes place twice a year (once in each school semester) and has provided over 120 employees with concrete assistance, in the form of school materials and uniforms, for the education of 150 children.
Through **EcoCampari**, Campari do Brasil Ltda has continued to raise workers' awareness of the daily practices of environmental sustainability. This year, the messages conveyed concerned not only the working environment, but took a 360° approach that also included aspects of daily life such as separated domestic waste collection, sustainability in the kitchen and choosing Christmas decorations that have a lower environmental impact.
Also in Brazil, various donations were made to the community during the Christmas period. These included the **Toll Toy** initiative, where workers purchased toys to donate to a community in Sorocaba, were one of the Company's factories in the country was located.
The LdM acquisition in 2012 also further enriched the cultural panorama in which the Group now operates, but also brought new challenges. **J. Wray&Nephew Ltd** (JWN), now known as LDM, is one of the biggest alcohol producers in Jamaica. It is well integrated in the social fabric in which it operates and has been promoting numerous activities involving the community for some years. JWN has invested in the various communities, although the figures from JWN have been excluded from the scope of consolidation. In the last 20 years, JWN has financed the **Appleton Basic School,** where around 80 children receive primary education each year. Of these, 35% are children of JWN workers.
JWN's commitment to the education of young Jamaicans is also reflected in the purposes of two different funds, which bestow numerous scholarships to students of different ages during the year. In 2013, the **J. Wray&Nephew Scholarship Fund** offered grants for study and books to over 130 children of JWN workers. The **Community Outreach Fund**, on the other hand, has supported the education of local children in the community in which JWN operates.
Gruppo Campari has, of course, also been active for many years in Italy, its country of origin. **Galleria Campari** and the **Campari Academy** have both enriched the social and cultural fabric of the region in which the headquarters is located.
Galleria Campari is an exhibition space housing part of the Group's artistic and cultural heritage. Entry is free and open to all. Many artists have collaborated with Gruppo Campari over the years: Fortunato Depero, Bruno Munari and Leonetto Cappiello are just some examples of the people who have interacted with the Group and whose works are displayed in the *Galleria*. The works of these artists are part of the tradition and magic that still surround the Campari brand today. In 2013, it attracted around 8,000 visitors thanks to the numerous activities organised and the events sponsored by the *Galleria* such as the FAI (Italian Environmental Fund, or Fondo Ambientale Italiano) Spring Days, the European Heritage Days and the Business Culture Week. *Galleria Campari* also promoted a number of special events during the year, such as: the series of meetings '**Conversations with…**', theatre evenings (**Serata Futurista in guanti di Daino-Futuristic Evening Performance in Deer Gloves**) and exhibitions on a theme (**'Red in black and white' by freelance photographer Uliano Lucas**). ***Galleria Campari*** is part of the Museimpresa circuit, the Italian association of business museums and archives, promoted by Assolombarda and Confindustria for the conservation and appreciation of Italy's industrial heritage**.** Thanks to a partnership with prestigious art galleries, 2013 saw the inauguration of the **Campari Wall**, a new exhibition space in the Group's headquarters in Sesto San Giovanni, devoted to the temporary display of works by leading contemporary artists.
In August 2013, the first **Galleria Campari On Tour** was organised. This initiative brought some of the most important works displayed in the **Galleria Campari** to an exhibition in Vienna, Austria, for a week. Over this time, around 4,500 visitors attended the exhibition, which was obtained with great interest in the country.
In 2013, Galleria Campari also lent works of art by Futurist artist Fortunato Depero from its historic archive to two art exhibitions: **DEPERO y la reconstrucción futurista del universo** (La Pedrera Fundació Catalunya Caixa, Barcellona) and **UNIVERSO DEPERO** (Museo Archeologico Regionale, Aosta).
As mentioned above, the Campari Academy at the Group's headquarters in Sesto San Giovanni is another permanent element of dialogue between the Group and the local community. The creation of the **Campari Academy** was of vital importance in building on the tradition of the Group's brands, and constitutes an important resource for conveying the passion and expertise acquired over time by industry professionals. In 2013, Gruppo Campari provided training for 995 people during 90 training days.
In 2013, through its **Passion Works** project, the **Campari Academy** enabled several young unemployed residents of Sesto San Giovanni to attend, free of charge, training courses offered by the **Academy** to become professional bartenders, providing them with valuable experience for entering the world of work.

Operating and financial results of the Parent Company Davide Campari-Milano S.p.A.

Financial performance

	2013		2012		Total
	€ million	%	€ million	%	%
Net sales	**542.3**	**100.0%**	**542.1**	**100.0%**	**-**
Cost of goods sold	(255.7)	-47.2%	(253.0)	-46.7%	1.1%
Gross profit	**286.6**	**52.8%**	**289.1**	**53.3%**	**-0.9%**
Advertising and promotional costs	(51.9)	-9.6%	(60.6)	-11.2%	-14.3%
Contribution margin	**234.7**	**43.3%**	**228.5**	**42.1%**	**2.7%**
Overheads	(73.7)	-13.6%	(76.9)	-14.2%	-4.2%
Operating result	**161.0**	**29.7%**	**151.6**	**28.0%**	**6.2%**
Financial income and charges	(49.3)	-9.1%	(34.1)	-6.3%	44.6%
Dividends	112.7	20.8%	3.1	0.6%	-
Profit before tax and non-controlling interests	**224.4**	**41.4%**	**120.6**	**22.2%**	**86.0%**
Taxes	(39.4)	-7.3%	(37.7)	-7.0%	4.5%
Profit for the year	**185.0**	**34.1%**	**82.9**	**15.3%**	**123.1%**

The year ending 31 December 2013 closed with an operating result of € 161.0 million, an increase of 6% on the previous year.
Net profit for the year, at € 185.0 million, was significantly higher than in 2012, due mainly to a greater flow of dividends received.
In more detail, net sales totalled € 542.3 million, and were in line with 2012. They include sales to third-party customers on the Italian market for € 346.6 million, a moderate fall compared with sales in 2012 on a same-perimeter basis, and € 195.7 million in sales to Group companies that conduct most of their operations on international markets, a significant increase on the previous year.

Gross profit declined slightly compared with 2012 (50 basis points as a percentage of sales), due to the unfavourable mix of products sold, despite the positive average sales price growth.
The contribution margin, however, improved as a percentage of sales, by 120 basis points, thanks to the reduced investment in advertising and promotions.

Overheads, which decreased in absolute terms by 4.2%, also showed a positive reduction globally, due partly to the lower provisions for risks relating to receivables.
Conversely, some specific areas of the organisation were strengthened, and investment in IT systems, business intelligence and business process management was increased.

Financial charges increased compared with the previous year, mainly attributable to the higher financial costs recorded on the income statement. This was due to the fact that, in 2013, interest payable on the bond issue (€ 400.0 million) placed in October 2012 on the European institutional market (Eurobond 2012) accrued for the whole calendar year.
For more detailed information on the financial position, please refer to the notes to the separate financial statements of Davide Campari-Milano S.p.A on financial income and charges, cash and cash equivalents and the reconciliation with net debt.
Taxes for 2013 were higher than the previous year mainly due to the higher taxable income generated during the year.

Financial position

	31 December 2013	31 December 2012	Change
	€ million	€ million	€ million
Fixed assets	1,895.0	1,789.6	105.4
Other non-current assets and liabilities	(21.2)	(20.4)	(0.8)
Operating working capital	108.3	111.2	(2.9)
Other current assets and liabilities	(10.3)	(16.1)	5.8
Total invested capital	**1,971.8**	**1,864.3**	**107.5**
Shareholders' equity	936.8	809.5	127.3
Net debt	1,035.0	1,054.8	(19.8)
Total financing sources	**1,971.8**	**1,864.3**	**107.5**

The overall increase in invested capital (and in total financing sources) was € 107.5 million at 31 December 2013.

Fixed assets increased by a total of € 105.4 million following payment of a dividend in kind represented by the 35% interest in Campari Benelux S.A., a fully-owned (directly and indirectly) subsidiary of Davide Campari-Milano S.p.A. This formed part of a wider organisational restructuring aimed at shortening the chain of control and optimising the Group's cash management function by making the financial resources of Campari Benelux S.A. available to the Parent Company.

Other non-current assets and liabilities showed a net liability balance of € 21.2 million at 31 December 2013, compared with a liability of € 20.4 million at 31 December 2012; this was largely due to higher allocations for deferred tax liabilities.

Operating working capital decreased by € 2.9 million, which was due mainly to the positive reduction in both trade receivables and inventories, offset by a decrease in payables to suppliers.

Other current assets and liabilities showed a net negative balance of € 10.3 million, a decrease of € 5.8 million on the previous period.

The Company's **financial structure** benefited from a reduction in total net debt of € 19.8 million; this was due to a decrease in current financial payables to related parties, after taking into account lower liquidity.
The considerable strengthening of shareholders' equity, of € 127.3 million, was mainly due to the sharp increase in profit for the year.

Report on corporate governance and ownership structure

In accordance with legal obligations, the Board of Directors annually approves the Report on corporate governance and ownership structure.
As well as information pursuant to article 123-*ter* of legislative decree 58 of 24 February 1998, this report contains a general description of the corporate governance system adopted by the Group, providing information on compliance with the Code of Conduct, including the main governance practices applied as well as the characteristics of the internal control and risk management systems, also relating to the financial reporting process.
The Report is available online at www.camparigroup.com, in the Corporate Governance section.

Organisation, management and control model pursuant to Legislative Decree 231 of 8 June 2001

From 1 January 2009, the Parent Company decided to adopt an Organisation, Management and Control Model pursuant to Legislative Decree 231 of 8 June 2001 on the administrative responsibility of legal entities, for the purposes of ensuring ethical and transparent conduct as an appropriate way to reduce the risk of the offences specified in the legislative decree being committed. The Parent Company also established a Supervisory Body charged with the task of monitoring compliance with the Model and proposing any changes that might be necessary following amendments to the relevant legislation.
For a more detailed description of the Model and the activities undertaken in 2013, please see the report on corporate governance and ownership structure published on www.camparigroup.com in the Investors section.

Transactions with related parties

The procedures for transactions with related parties approved by the Company's Board of Directors on 11 November 2010, which came into force on 1 January 2011, can be viewed at www.camparigroup.com, in the Investors section.
An overview of these procedures is provided in the report on corporate governance and ownership structure.

Risk management

Risks relating to international trade and operations in emerging markets

In line with its international growth strategy, the Group currently operates in numerous markets, and plans to expand in certain emerging countries, especially in Eastern Europe, Asia and Latin America.
Operating in emerging markets makes the Group vulnerable to various risks inherent in international business, including exposure to an often unstable local political and economic environment, exchange rate fluctuations (and related hedging difficulties), export and import quotas, and limits or curbs on investment, advertising or limitations on the repatriation of dividends.

Risks relating to the Company's dependence on licences for the use of third-party brands and licences granted to third parties for use of the Group's brands

At 31 December 2013, 12.5% of the Group's consolidated net sales came from production and/or distribution under licence of third-party products.
Should any of these licensing agreements be terminated for any reason or not renewed, this could have a negative effect on the Group's activities and operating results.

Risks relating to market competition

The Group operates in the alcoholic and soft drinks segments, which is fiercely competitive and attracts a large number of players.
The main competitors are large international groups involved in the current wave of mergers and acquisitions, which are operating aggressive strategies at global level.
The Group's competitive position vis-à-vis the most important global players, which often have greater financial resources and benefit from a more highly diversified portfolio of brands and geographic locations, means that its exposure to market competition risks is particularly significant.

Risks relating to the Company's dependence on consumer preference and propensity to spend

An important success factor in the drinks industry is the ability to interpret consumer preferences and tastes-particularly those of young people-and to continually adapt sales strategies to anticipate market trends and strengthen and consolidate the product image.
If the Group's ability to understand and anticipate consumer tastes and expectations and to manage its own brands were to cease or decline significantly, this could considerably affect its activities and operating results.
Moreover, the unfavourable economic situation in certain markets is dampening the confidence of consumers, making them less likely to buy drinks.

Risks relating to legislation in the beverage industry

Activities relating to the alcoholic and soft drinks industry-production, distribution, export, import, sales and marketing-are governed by complex national and international legislation, often drafted with restrictive aims.
The requirement to make the legislation governing the health of consumers, particularly young people, ever more stringent could in the future lead to the adoption of new laws and regulations aimed at discouraging or reducing the consumption of alcoholic drinks. Such measures could include restrictions on advertising or tax increases for certain product categories.
Any tightening of regulations in the main countries in which the Group operates could lead to a fall in demand for its products.

Tax risks

At the reporting date, two tax-related disputes were pending with the Brazilian legal authorities.
No provisions have been made for these tax risks based on current assumptions.
With reference to the Parent Company, a number of lawsuits were pending in relation to the tax period 2004. Some concern incorporated companies, for which sufficient risk provisions have already been made.
For additional details, see note 41-Reserves for risks and future liabilities, in the consolidated accounts and note 35-Reserves for risks, in the Parent Company's accounts.

Risks relating to environmental policy

The Group's industrial activities do not carry any specific risks relating to environmental policy; however, its industrial management has implemented dedicated procedures relating to safety and qualitative controls in the area of environmental pollution and the disposal of solid waste and waste water.
These activities are carried out in compliance with the regulations in force in the countries in which the Group operates.

Risks relating to product compliance and safety

The Group is exposed to risks relating to its responsibility to ensure that its products are safe for consumption.
It has therefore put in place procedures to ensure that products manufactured in Group plants are compliant and safe in terms of quality and hygiene, in accordance with the laws and regulations in force, and voluntary certification standards.
In addition, the Group has defined guidelines to be implemented if quality is accidentally compromised, such as withdrawing and recalling products from the market.

Risks relating to employees

In the various countries where the Group has subsidiaries, its dealings with employees are regulated and protected by collective labour agreements and the regulations in force locally.
Any reorganisation or restructuring undertaken, where this becomes essential for strategic reasons, is defined on the basis of plans agreed with employee representatives.
Moreover, the Group has implemented specific procedures to monitor safety in the workplace, and it is worth noting that the accident rate at Group plants is very low and that any accidents that do happen tend to be minor.

Exchange rate and other financial risks

Around 58.5% of the Group's consolidated net sales in 2013 came from outside the European Union.
With the growth in the Group's international operations in areas outside the eurozone, a significant fluctuation in exchange rates could hit the Group's activities and operating results, particularly in relation to the US dollar, Australian dollar and Brazilian real.

For more information about financial risks, see note 48-Nature and extent of risks arising from financial instruments.

Other information

Structure of Gruppo Campari

For information on changes of the Group's structure in 2013, see note 2 of the notes to the consolidated accounts, Basis of consolidation.

Holding and purchase of own shares and shares of the ultimate shareholder

At 31 December 2013, the Parent Company held 5,116,824 own shares, equivalent to 0.88% of the share capital.
The Company purchased 8,264,835 own shares, at an average price of € 5.94, and sold 7,646,129 own shares during the year.
These own shares are to be used in stock option plans as described in detail in later sections of these annual report.
In addition, after 31 December 2013 and until publication of the financial statements was authorised, further purchases of 200,000 own sales, at an average price of € 5.90 and sales of own shares for the exercise of stock options, totalling 522,438 shares, were carried out. The Company therefore held 4,788,386 own shares as of the date this report was approved.
However, during the period, Group companies did not hold, and do not currently hold, either directly or indirectly, any shares of the ultimate shareholder.

Adaptation plan pursuant to articles 36 and 39 of the Market Regulations

In accordance with articles 36 and 39 of Consob Regulation 16191 of 29 October 2007 and subsequent amendments concerning 'conditions for listing shares of companies that control companies established and governed by laws of non-EU countries', the Parent Company has identified the significant subsidiaries defined in accordance with paragraph 2 of article 36 of the above-mentioned Regulation, and verified that the conditions set out in paragraphs a), b) and c) of article 36 have been met.

Personal data protection code

The Parent Company complies with Legislative Decree 196 of 30 June 2003, the Personal Data Protection Code, and specifically declares that it has established appropriate preventive security measures including also information obtained as a result of technological advancements, the nature of the data and specific handling procedures in order to minimise risks associated with the intentional or unintentional destruction or loss of the data, unauthorised access or handling, or use of the data for purposes other than those for which it was collected.
The Company has prepared a Security Planning Document in accordance with Appendix B of Legislative Decree 196 of 30 June 2003.

Other information

In accordance with article 70, paragraph 8, and article 71, paragraph 1-*bis*, of Consob regulation 11971 of 14 May 1999, the Board of Directors has decided to take advantage of the option to derogate from the obligations to make available to the public the information documents prescribed in relation to significant mergers, spin-offs, capital increases through contributions in kind, acquisitions and disposals.

Research and development activities

Group companies carried out research and development activities solely in relation to ordinary manufacturing and trading activities; costs were therefore fully expensed during the period.

Subsequent events

Acquisitions and sales of companies, brands and distribution rights

Forty Creek Distillery Ltd. acquisition.
On 12 March 2014 Gruppo Campari reached an agreement to acquire 100% of Forty Creek Distillery Ltd., a leading independently owned spirits company in Canada. The transaction is expected to close on 2 June 2014. The acquired business includes the full brand portfolio of Forty Creek Distillery Ltd., the stocks, the distillery and manufacturing facilities and a hospitality center located in Grimsby, Ontario (Canada).
This transaction enables Campari to further build its critical mass in key North American markets and marks the Group's first move into the growing and attractive Canadian whisky category with high-end premium brands. Moreover, it enables Gruppo Campari to increase its exposure to the high potential and premiumizing brown spirits category, in particular in the US market.
The acquired business brand portfolio includes whisky, vodka, brandy, rum and liqueurs, with Forty Creek whisky as its core brand. The Forty Creek whisky family includes Barrel Select, Copper Pot Reserve, Forty Creek Cream Whisky and offers high-end, limited releases including Forty Creek Confederation Oak, Double Barrel and an annual special John K. Hall Reserve release. Forty Creek is the fastest growing brand in the Canadian whisky category in Canada and it is well positioned in the high potential US market.
The total purchase price for 100% of Forty Creek Distillery Ltd. is CAD 185.6 million (€ 120.5 million at the current exchange rate) on a cash free/debt free basis and it will be fully paid in cash at the closing date. This corresponds to a multiple of EBITDA 2014 LE (Latest Estimate for fiscal year ending 31 March 2014) of 14.5 times.
In fiscal year ending 31 March 2013, the acquired business achieved total net sales of CAD 34.2 million, of which Forty Creek whisky represents around 62%. In fiscal year ending 31 March 2014, the acquired business is expecting to achieve total net sales of CAD 39.5 million, showing an increase of +15.6% compared to the previous year.

Acquisition of the distribution of Sambuca Molinari in Germany and the Duty Free channel
In February 2014, the Group signed an agreement with the family that owns the brand to distribute Sambuca Molinari Extra in Germany and some selected markets from 1 April 2014. The agreement also includes the distribution of Molinari Caffè in Germany.

Sale of CISC 'Odessa Sparkling Wine Company'
On 13 February 2014, an agreement was reached to sell CISC 'Odessa Sparkling Wine Company', with the closing date planned for the second quarter of the year.
At 31 December 2013, the Group allocated provisions of € 3.7 million for the write-down of assets that will ensue from the sale of the company, and provided for an impairment of the related goodwill, of € 0.4 million. The effect on the consolidated financial statements was therefore € 4.1 million, and was included under non-recurring charges for the year.
It should be noted that, as already mentioned under events in the year, the Group created a trading company Campari Ukraine LLC, which, took over the distribution of the Group's products in Ukraine from CISC 'Odessa Sparkling Wine Company' in October.

Termination of the distribution of Cachaca 51 and Rum Santa Teresa in Italy
In the first few months of 2014, the agreements to distribute Cachaca 51 and Rum Santa Teresa were terminated in order to promote the distribution of the Group's own products, Sagatiba and Appleton.

Termination of the distribution of Flor de Cana
In the first few months of 2014, the agreements to distribute Flor de Cana in the US were terminated in order to promote and focus on the distribution of Appleton rum.

Termination of distribution of Kimberly Clark consumer products
In February 2014, the agreements to distribute consumer products of Kimberly Clark in Jamaica were terminated.

Innovation and new product launches

Launch of Crodino Twist

In January 2014, a new product, created from two flavours of Crodino-Crodino Twist Orange flavour and Crodino Twist Red Fruits flavour, both in larger sizes than the current Crodino-was launched in Italy.

Sponsorship agreement between Aperol and Manchester United

In January 2014, Aperol announced its partnership with Manchester United: Aperol will be the club's Official Global Spirits Partner from 1 January 2014 to the end of the 2016/2017 season. The brand will be shown on the digital advertising boards at Old Trafford during Premier League, FA Cup and Capital One Cup home games. A 360° launch programme will also be activated in the key markets, with above-the-line and below-the-line communication, which includes on-trade, digital and public relations activities.

Launch of the new flavours of SKYY Green Apple Liqueur

In the first few months of 2014, the Green Apple flavour of the SKYY liqueur was launched in Italy, with the aim of expanding the distribution of these products.

Launch of Mondoro vermouth

In early 2014, the line extension of the Mondoro brand was launched in Russia. Currently, only wines are sold under the Mondoro brand in Russia, and the extension aims to increase the brand's presence, which is already recording significant growth on the market.

Launch of the new Cinzano vermouth drink

In the first few months of 2014, the new Cinzano 1757 drink, a red vermouth that takes its name from the year the brand was created, was launched in Argentina and Italy. It will be positioned in the premium vermouth segment.

Conclusions on 2013 and outlook

With regard to 2013, we would first like to outline some general considerations useful to establish the framework in which our outlook for the next year should be placed.

In general, with regard to the markets, the return to organic growth in the second quarter of the year and the gradual acceleration in the pace of growth in the two subsequent quarters must be viewed positively. In particular, the achievement of good results in the main markets of the Americas and Russia, which offset a weaker performance in other developed markets such as Germany and Australia, are all encouraging signs. In Italy, the results can be considered satisfactory, given that after a particularly difficult start to the year, performance steadily improved, as sales came into line with consumer trends on the market.

At brand level, in the aperitifs business, the Campari brand proved to be extremely solid, showing continuous and sustained expansion in its main markets. Aperol also achieved considerable success in new markets, which partly offset the effect on sales from the expected weak German market. The Wild Turkey franchise is in good health and is efficiently exploiting the positive trend for whiskey in the US, while SKYY continues to grow in a sustained manner, especially in newly-expanding markets. In the US, the Infusion range is doing extremely well, partly thanks to innovation activities. Cinzano continues to record an excellent performance on its main market, Russia, and in Argentina. Lastly, the Appleton rum portfolio achieved good results in the US and New Zealand markets.

In conclusion, the market in which the Group operated in 2013, was affected by the on-going difficult macroeconomic situation in some important markets, the high volatility of the sales mix, which influenced the performance of operating margins, and a deterioration in exchange rates, especially in the last part of the year. Moreover, 2013 must be considered a year of transition for the Group, due to the numerous initiatives undertaken, and to a large extent completed, during the year. We specifically mention the various organisational restructuring programmes, the projects to upgrade the production and sales structures, and the integration of the LdM acquisition, completed at the end of 2012.

Going forward, the business context is expected to remain challenging with continued tough macroeconomic conditions in key markets and a worsening forex outlook. Moreover, the Group expects the estimated gross margin accretion to phase in more gradually than planned throughout the year, due to an unfavourable geographic mix (strong growth in markets with lower profitability), not completely offset by the improving brand mix, and to help offset a step up of A&P investments behind Key Brand franchises. In this context, the Group believes that the underlying business will continue building its momentum following a strong second half in 2013 and a good start to the year in 2014. Looking forward, with the transition year of 2013 behind, the Group is better positioned for long-term growth driven by sustained brand building in major product-market combinations as well as the strengthened penetration and brand resonance of the Top Six Brand franchises across new geographies.

Information on the figures presented

For ease of reference, all figures in this annual report in both the report on operations and the consolidated financial statements are expressed in million euro to one decimal place, whereas the original data is recorded and consolidated by the Group in thousand euro.
Similarly, all percentages that relate to changes between two periods, rather than figures shown as a percentage of sales or other indicators, are always calculated on the basis of the original data in thousands of euro.
The use of values expressed in millions of euro may therefore result in apparent discrepancies in both absolute values and percentage changes.

Alternative performance indicators

This annual report presents and comments upon certain financial indicators and restated financial statements (in relation to the statement of financial position and statement of cash flows) that are not defined by the IFRS.
These indicators, which are described below, are used to analyse the Group's business performance in the Highlights and Report on operations sections.

Financial indicators used to measure Group operating performance.

Contribution margin: calculated as the difference between net sales, the cost of goods sold (in its materials, production and distribution cost components) and advertising and promotional costs.

Result from recurring activities: the operating result for the period before non-recurring income and charges, as defined in the Consob communication of 28 July 2006 (DEM 606423), which include, for example, capital gains/losses from equity investment disposals and restructuring costs.

EBITDA: the operating result before depreciation and amortisation of tangible and intangible fixed assets.

EBITDA before non-recurring income and charges: EBITDA as defined above, calculated before non-recurring income and charges as described above.

ROS (return on sales): the ratio between the operating result and net sales for the period.

ROI (return on investment): the ratio between the operating result for the period and fixed assets at the end of the period (see the definition of fixed assets below).

Reclassified statement of financial position

The items included in the restated statement of financial position are defined below as the algebraic sum of specific items contained in the financial statements:

Fixed assets: calculated as the algebraic sum of:
- Net tangible fixed assets
- Biological assets
- Investment property
- Goodwill and brands
- Intangible assets with a finite life
- Non-current assets held for sale
- Investments in affiliates and joint ventures

Other non-current assets and liabilities: calculated as the algebraic sum of:
- Deferred tax assets
- Other non-current assets, net of financial assets (classified under net debt)
- Deferred tax liabilities
- Defined benefit plans
- Provision for risks and future liabilities
- Other non-current liabilities, net of financial liabilities (classified under net debt)

Operating working capital: calculated as the algebraic sum of:
- Inventories
- Trade receivables
- Payables to suppliers

Other current assets and liabilities: calculated as the algebraic sum of:
- Current tax receivables
- Other current receivables, net of financial assets (classified under net debt)
- Current payables to tax authorities
- Other current payables, net of financial liabilities (classified under net debt)

Net debt: calculated as the algebraic sum of:
- Cash and cash equivalents
- Non-current financial assets, posted to other non-current assets
- Current financial assets, posted to other receivables
- Payables to banks
- Other financial payables
- Bonds
- Non-current financial liabilities, posted to other non-current liabilities

Reclassified statement of cash flows

Free cash flow: a cash flow that measures the Group's self-financing capacity, calculated on the basis of cash flow from operations, adjusted for net interest paid and cash flow used in investments, net of income from realising fixed assets.

Reconciliation of the Parent Company and Group net profit and shareholders' equity

Pursuant to the Consob communication of 28 July 2006, the table below shows a reconciliation between the net profit for the period and shareholders' equity for the Group and the Parent Company Davide Campari-Milano S.p.A.

	31 December 2013		31 December 2012	
	Shareholders' equity	Profit	Shareholders' equity	Profit
	€ million	€ million	€ million	€ million
Separate financial statements of Davide Campari-Milano S.p.A.	**936.9**	**185.0**	**809.6**	**82.9**
Elimination of book value of consolidated shareholdings:				
Difference between carrying value and pro-rata value of shareholders' equity of shareholdings	473.2		635.1	
Pro rata results of subsidiaries		97.7		103.8
Portion of Group net profit attributable to minorities	(4.5)	(0.6)	(4.2)	(0.5)
Elimination of the effects of transactions between consolidated companies:				
Elimination of intra-group dividends		(130.6)		(30.8)
Elimination of intra-group profits and capital gains	(14.1)	(1.8)	(11.6)	1.3
Consolidated financial statements (portion attributable to owners of Davide Campari-Milano S.p.A.)	**1,391.6**	**148.9**	**1,428.9**	**156.7**
Shareholders' equity and net profit attributable to minorities	4.5	0.6	4.2	0.5
Consolidated shareholders' equity and net profit	**1,396.1**	**150.4**	**1,433.1**	**157.2**

Gruppo Campari

Consolidated financial statements at 31 December 2013

Financial statements

Consolidated income statement

	Notes	31 December 2013 € million	*of which: related parties* € million	31 December 2012 € million	*of which: related parties* € million
Net sales	11	**1,524.1**	**-**	**1,340.8**	**0.2**
Cost of goods sold	12	(713.7)	-	(571.3)	-
Gross profit		**810.5**	**-**	**769.5**	**0.2**
Advertising and promotional costs		(249.2)	-	(237.2)	(0.1)
Contribution margin		**561.2**	**-**	**532.3**	**0.2**
Overheads	13	(271.9)	0.1	(244.8)	0.1
of which: non-recurring	14	(10.3)	-	(17.2)	-
Operating result		**289.3**	**0.1**	**287.5**	**0.3**
Financial income and expenses	19	(59.1)	-	(51.2)	-
of which: non-recurring		(0.2)	-	(2.6)	-
Share in profit (loss) of companies valued at equity		(0.2)	(0.2)	(0.0)	-
Put option income (charges)	20	0.2	(0.0)	(0.1)	-
Profit before tax and non-controlling interests		**230.2**	**(0.1)**	**236.2**	**0.3**
Taxes	21	(79.8)	-	(79.0)	-
Profit for the period		**150.4**	**(0.1)**	**157.2**	**0.3**
Profit attributable to:					
Parent Company shareholders		149.8		156.7	
Non-controlling interests		0.6		0.5	
		150.4		**157.2**	
Basic earnings per share (€)	22	0.26		0.27	
Diluted earnings per share (€)	22	0.25		0.27	

Consolidated statement of comprehensive income

	2013 € million	2012 € million
Net profit for the period (A)	**150.4**	**157.2**
B1) Items that may be subsequently reclassified to profit or loss		
Cash flow hedge*:*		
Profit (loss) for the period	1.7	(1.0)
Less: profits (losses) reclassified to the separate income statement	1.3	1.0
= Net gains (losses) from cash flow hedging	0.4	(2.0)
Tax effect	(0.1)	0.3
Cash flow hedge	**0.3**	**(1.7)**
Foreign currency translation difference	(128.0)	(45.0)
Total Items that may be subsequently reclassified to profit or loss (B1)	**(127.7)**	**(46.7)**
B2) Items that will not be reclassified to profit or loss		
Remeasurement reserve for defined benefits plans	-	-
Profit (loss) for the period	(2.4)	-
Tax effect	0.1	-
Remeasurement reserve for defined benefits plans	(2.3)	-
Total Items that will not be reclassified to profit or loss (B2)	**(2.3)**	**-**
Other comprehensive income (losses) (B= B1+B2)	(130.0)	(46.7)
Total other comprehensive income (A+B)	**20.4**	**110.5**
Attributable to:		
Parent Company shareholders	19.8	110.0
Non-controlling interests	0.6	0.5

Consolidated statement of financial position

	Notes	31 December 2013	*of which: related parties*	31 December 2012[(*)]	*of which: related parties*
		€ million	€ million	€ million	€ million
ASSETS					
Non-current assets					
Net tangible fixed assets	23	396.0	-	388.7	-
Biological assets	24	17.3	-	17.2	-
Investment property	25	0.5	-	1.2	-
Goodwill and brands	26	1,556.4	-	1,643.5	-
Intangible assets with a finite life	28	26.0	-	20.5	-
Investments in affiliates and joint ventures		0.9	-	1.1	-
Deferred tax assets	21	12.4	-	11.5	-
Other non-current assets	29	33.7	2.2	39.7	2.2
Total non-current assets		**2,043.7**	**2.2**	**2,123.4**	**2.2**
Current assets					
Inventories	30	442.6	-	434.1	-
Current biological assets	30	4.5	-	4.9	-
Trade receivables	31	288.5	-	311.9	-
Short-term financial receivables	32	31.5	-	42.4	-
Cash and cash equivalents	34	444.2	-	442.5	-
Current tax receivables	33	17.0	2.5	9.5	0.7
Other receivables	31	29.4	-	33.1	-
Total current assets		**1,257.8**	**2.5**	**1,278.4**	**0.7**
Non-current assets held for sale	35	1.0	-	1.0	-
Total assets		**3,302.5**	**4.7**	**3,402.8**	**3.0**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	36				
Share capital		58.1	-	58.1	-
Reserves		1,333.5	-	1,370.8	-
Parent Company's portion of shareholders' equity		1,391.6	-	1,.428.9	-
Minorities' portion of shareholders' equity		4.5	-	4.2	-
Total shareholders' equity		**1,396.1**	**-**	**1,433.1**	**-**
Non-current liabilities					
Bonds	38	1,127.0	-	1,178.2	-
Other non-current liabilities	38	48.7	-	35.2	-
Defined benefit plans	40	8.6	-	13.0	-
Provision for risks and future liabilities	41	32.4	-	30.6	-
Deferred tax liabilities	21	204.7	-	193.6	-
Total non-current liabilities		**1,421.4**	**-**	**1,450.5**	**-**
Current liabilities					
Payables to banks	39	122.3	-	121.0	-
Other financial payables	39	44.4	-	34.9	-
Payables to suppliers	42	198.1	-	211.0	-
Current payables to tax authorities	44	7.2	1.3	16.3	2.6
Other current liabilities		113.1	2.7	136.0	8.9
Total current liabilities		**485.0**	**4.0**	**519.2**	**11.5**
Total liabilities and shareholders' equity		**3,302.5**	**4.0**	**3,402.8**	**11.5**

[(*)] The figures at 31 December 2012 are different from those shown in the 2012 Annual Report due to the changes described in note 7 – Reclassifications to opening values.

Consolidated statement of cash flows

		31 December 2013 € million	31 December 2012 € million
Operating result		289.3	287.5
Adjustments to reconcile operating profit and cash flow:			
Depreciation/amortisation	15	39.5	32.7
Gains on sales of fixed assets	14	(6.6)	(4.9)
Write-downs of tangible fixed assets	14	0.6	1.0
Accruals of provisions		8.8	10.3
Utilisation of provisions		(2.0)	(1.8)
Other non-cash items		6.7	6.9
Change in net operating working capital		(36.0)	(22.5)
Other changes in non-financial assets and liabilities		(0.7)	3.4
Taxes paid		(75.8)	(88.2)
Cash flow from (used in) operating activities		**220.6**	**224.3**
Purchase of tangible and intangible fixed assets	23-28	(64.7)	(54.9)
Capital grants received	43	0.7	1.1
Capitalised interest expenses	19	(1.3)	(0.4)
Proceeds from disposals of tangible fixed assets		6.5	9.2
Changes in receivables and payables from investments		0.1	(0.2)
Acquisition of companies or investments in subsidiaries	8	(13.6)	(317.3)
Cash and cash equivalents at acquired companies	8	-	24.3
Sales and purchases of brands and rights		(11.2)	
Put option and earn-out payments		(4.2)	(1.5)
Interest income		6.4	4.7
Net change in securities	34	10.0	(35.0)
Dividends received		0.7	0.0
Cash flow from (used in) investing activities		**(70.8)**	**(369.9)**
Parent Company Eurobond issue		-	393.0
Repayment of Campari America private placement		-	(82.1)
Other repayment of medium- and long-term debt		(0.3)	(3.0)
Net change in short-term payables to banks and loans		1.2	(26.7)
Interest expenses		(62.2)	(57.5)
Change in other financial payables and receivables		(9.2)	3.3
Purchase and sale of own shares	45	(25.9)	(12.2)
Dividends paid out by the Parent Company	36	(39.8)	(40.5)
Cash flow from (used in) financing activities		**(136.3)**	**174.3**
Effect of exchange rate differences on net operating working capital		40.9	13.1
Other exchange rate differences and other changes in shareholders' equity		(52.7)	(13.5)
Exchange rate differences and other changes in shareholders' equity		**(11.8)**	**(0.4)**
Net change in cash and cash equivalents: increase (decrease)		**1.8**	**28.3**
Cash and cash equivalents at start of period	34	442.5	414.2
Cash and cash equivalents at end of period	34	444.2	442.5

Statement of changes in consolidated equity

	Notes	Attributable to Parent Company shareholders					Non-controlling Interests	Total
		Share capital	Legal reserve	Retained earnings	Other reserves	Total		
		€ million	€ million	€ million	€ million	€ million	€ million	€ million
Balance at 31 December 2012		**58.1**	**11.6**	**1,364.4**	**(5.3)**	**1,428.9**	**4.2**	**1,433.1**
Reimbursement of share capital to minorities		-	-	-	-	-	(0.3)	(0.3)
Dividend pay-out to Parent Company shareholders	36	-	-	(39.8)	-	(39.8)	-	(39.8)
Purchase of own shares	45	-	-	(49.1)	-	(49.1)	-	(49.1)
Sale of own shares	45	-	-	23.2	-	23.2	-	23.2
Stock options	36	-	-	5.0	3.4	8.4	-	8.4
Other movements				0.3		0.3		0.3
Profit for the period		-	-	149.8	-	149.8	0.6	150.4
Other comprehensive income (losses)		-	-		(130.0)	(130.0)	-	(130.0)
Total comprehensive income		-	-	149.8	(130.0)	19.8	0.6	20.4
Balance at 31 December 2013		**58.1**	**11.6**	**1,453.8**	**(131.9)**	**1,391.6**	**4.5**	**1,396.1**

	Attributable to Parent Company shareholders					Non-controlling interests	Total
	Share capital	Legal reserve	Retained earnings	Other reserves	Total		
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Balance at 31 December 2011	**58.1**	**11.6**	**1,256.9**	**37.4**	**1,363.7**	**3.7**	**1,367.5**
Dividend pay-out to Parent Company shareholders	-	-	(40.5)	-	(40.5)	-	(40.5)
Purchase of own shares	-	-	(25.2)	-	(25.2)	-	(25.2)
Sale of own shares	-	-	13.1	-	13.1	-	13.1
Stock options	-	-	4.0	3.8	7.8	-	7.8
Profit for the period	-	-	156.7	-	156.7	0.5	157.2
Other comprehensive income (losses)	-	-	(0.3)	(46.4)	(46.7)	-	(46.7)
Total comprehensive income	-	-	156.4	(46.4)	110.0	0.5	110.5
Balance at 31 December 2012	**58.1**	**11.6**	**1,364.7**	**(5.2)**	**1,428.9**	**4.2**	**1,433.1**

Notes to the consolidated financial statements

1. General information

Davide Campari-Milano S.p.A. is a company listed on the Italian stock market, with registered office at Via Franco Sacchetti 20, 2099 Sesto San Giovanni (Milan), Italy.
The Company is registred in the Milan companies register and REA (business administration register) under no. 1112227.
Davide Campari-Milano S.p.A. is controlled by Alicros S.p.A.
The Group operates in 190 countries with registred positions in Europe and the Americas.
Founded in 1860, the Group is the sixth-largest in the premium spirits industry with an extensive product portfolio in three business lines: spirits, wines and soft drinks.
The spirits segment includes internationally recognised brands such as Appleton, Campari, Carolans, SKYY vodka and Wild Turkey, as well as brand leaders in local markets including Aperol, Cabo Wabo, Campari Soda, Cynar, Frangelico, GlenGrant, Ouzo 12, X-Rated Fusion Liqueur, Zedda Piras and Brazilian brands Dreher, Old Eight and Drury's.
In wines, apart from Cinzano, which is well-known all over the world, the main regional brands are Liebfraumilch, Mondoro, Odessa, Riccadonna, Sella&Mosca and Teruzzi&Puthod.
Lastly, the soft drinks line covers the extended ranges of Crodino and Lemonsoda, which are leading brands on the Italian market.
The consolidated financial statements of the Campari Group for the year ending 31 December 2013 were approved on 12 March 2014 by the Board of Directors of the Parent Company Davide Campari-Milan S.p.A., which has authorised their publication.
The Board of Directors reserves the right to amend the financial statements should any significant events occur that require changes to be made, up to the date of the shareholders' meeting of the Parent Company.
The financial statements are presented in euro, the reference currency of the Parent Company and many of its subsidiaries.

2. Preparation criteria

The consolidated financial statements for the year ending 31 December 2013 were prepared in accordance with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB) and ratified by the European Union. These also include all the revised international accounting standards (IAS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC).The accounts were prepared on a cost basis, with the exception of financial derivatives, biological assets and new acquisitions, which were reported at fair value.
The carrying value of assets and liabilities subject to fair value hedging transactions, which would otherwise be recorded at cost, has been adjusted to take account of the changes in fair value attributable to the risk being hedged.
Unless otherwise indicated, the figures reported in these notes are expressed in million euro.

Consolidation principles

The consolidated financial statements include the financial statements of the Parent Company and the Italian and foreign companies over which the Parent Company exercises direct or indirect control, as defined in IAS 27-Consolidated and Separate Financial Statements.
These accounting statements, based on the same financial year as the Parent Company and drawn up for the purposes of consolidation, have been prepared in accordance with the international accounting standards adopted by the Group.
Joint ventures and companies over which the Group exercises a significant influence are accounted for by the equity method.

Form and content

In accordance with the format selected by the Group, the income statement is classified by function, and the statement of financial position shows current and non-current assets and liabilities separately.
We consider that this format will provide a more meaningful representation of the items that have contributed to the Group's results and its assets and financial position.
In the income statement (classified by function), the operating result line is shown before and after non-recurring income and expenses such as capital gains/losses on the sale of equity investments, restructuring costs and any other non-recurring income/expenses.
The definition of 'non-recurring' conforms to that set out in the Consob communication of 28 July 2006 (DEM/6064293).

In 2013, the Group did not carry out any atypical and/or unusual transactions, which are defined in the Consob communication as significant/substantial transactions that are atypical and/or unusual because the counterparties, the object of the transaction, the method used to determine the price and timing of the transaction (proximity to year end) could give rise to doubts about: the accuracy or completeness of the information provided in the financial statements, conflicts of interest, the safeguarding of company assets and the protection of non-controlling interests.
The cash flow statement was prepared using the indirect method.

Basis of consolidation

The following changes in the basis of consolidation, resulting from corporate acquisitions and the creation of new companies, took place:

- As of 30 June 2013, the commercial operations of Campari International S.A.M., which is based in Monaco, were taken over by Campari International S.r.l., a newly incorporated subsidiary of Davide Campari-Milano S.p.A., with registered office in Sesto San Giovanni. Campari International S.A.M. has started the liquidation process in the second half of 2013;
- In June, the Group created the trading company Campari Ukraine LLC, which started distribution of the Group's products in Ukraine in October. The company was created to provide continuity to the Group's presence in this market, following the decision to sell the company CISC 'Odessa Sparkling Wine Company'. Negotiations for this sale were successfully concluded after the reporting date, in February 2014;
- On 2 September 2013, Campari Australia Pty Ltd completed the acquisition of the assets of Copack Beverage LP (a Limited Partnership). The impact of this is described in note 8-Business combinations;
- In November 2013, the Parent Company created Campari Services S.r.l., a company with registered office in Sesto San Giovanni, which will carry out administrative services for some of the Group's companies from January 2014;
- The liquidation of affiliate International Marques V.o.f was completed during the year. The impact of this is described in note 9-Investments in affiliates and joint ventures.

For more information on the operations described above, please see "Significant events during the year".

The following transactions did not have any effect on the basis of consolidation:

- On 28 February 2013, the Group exercised the options to purchase the remaining 20% stake in Varhol B.V., held by Campari Rus 000, for € 2.1 million; Varhol B.V. was subsequently merged with its parent company DI.CI.E. Holding B.V;
- During the second half of 2013, 22 Jamaican companies were merged with the existing company J. Wray&Nephew Ltd, which is now 100% directly-owned by Campari España S.L.

The tables below list the companies included in the basis of consolidation at 31 December 2013.

		Share capital at 31 December 2013		**% owned by Parent Company**		
Name, activity	Head office	Currency	Amount	Direct	Indirect	Direct shareholder
Parent Company						
Davide Campari-Milano S.p.A., holding and manufacturing company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	58,080,000			
Fully consolidated companies						
Italy						
Campari International S.r.l., trading company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	700,000	100.00		
Campari Services S.r.l., services company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	10,000	100.00		
Sella&Mosca S.p.A., manufacturing, trading and holding company	Località I Piani, Alghero	€	15,726,041	100.00		
Campari Wines S.r.l., trading company	Località I Piani, Alghero	€	100,000		100.00	Sella&Mosca S.p.A.

Name, activity	Head office	Share capital at 31 December 2013 Currency	Amount	% owned by Parent Company Direct	Indirect	Direct shareholder
Europe						
Campari Austria GmbH, trading company	Naglergasse 1/Top 13 A, Vienna	€	500,000		100.00	DI.CI.E Holding B.V.
Campari Benelux S.A., finance and trading company	Avenue de la Métrologie, 10, Brussels	€	246,926,407	61.00	39.00	Glen Grant Ltd.
Campari Deutschland GmbH, trading company	Bajuwarenring 1, Oberhaching	€	5,200,000		100.00	DI.CI.E Holding B.V.
Campari Espańa S.L., holding company	c/ Pradillo 5 Bajo exterior derecha, Madrid	€	3,272,600	100.00		
Campari International S.A.M., voluntary dissolution, trading company	14 Bd des Moulins, Monaco	€	70,000,000(*)		100.00	DI.CI.E Holding B.V.
Campari RUS OOO, trading company	2nd Yuzhnoportoviy proezd 14/22, Moscow	RUB	2,010,000,000		100.00	DI.CI.E Holding B.V.
Campari Schweiz A.G., trading company	Lindenstrasse 8, Baar	CHF	500,000		100.00	DI.CI.E Holding B.V.
Campari Ukraine LLC, trading company	8, Illinska Street, 5th Floor, Block 8 and 9, Kiev	UAH	30,207,850		100.00	DI.CI.E Holding B.V. (99%), Campari RUS LLC (1%)
CJSC 'Odessa Sparkling Wine Company', manufacturing and trading company	36, Frantsuzky Boulevard, Odessa	UAH	158,041,016		99.96	DI.CI.E Holding B.V.
DI.CI.E. Holding B.V., holding company	Luna Arena, Herikerbergweg 114, Zuidoost, Amsterdam	€	15,015,000	100.00		
Glen Grant Ltd., manufacturing and trading company	Glen Grant Distillery, Rothes, Morayshire	GBP	24,949,000		100.00	DI.CI.E Holding B.V.
J. Wray&Nephew (UK) Ltd, trading company	82, St. John Street, London	GBP	10,000		100.00	Glen Grant Ltd.
Kaloyiannis-Koutsikos Distilleries S.A., manufacturing and trading company	6 & E Street, A' Industrial Area, Volos	€	6,811,220		75.00	DI.CI.E Holding B.V.
Lamargue S.a.r.l., trading company	Domaine de la Margue, Saint Gilles	€	750,000		100.00	Société Civile du Domaine de Lamargue
Société Civile du Domaine de Lamargue, manufacturing and trading company	Domaine de la Margue, Saint Gilles	€	6,793,200		100.00	Sella&Mosca S.p.A.
TJ Carolan&Son Ltd., trading company	Ormond Building, Suite 1,05, 31-36 Upper Ormond Quay, Dublin	€	2,600	76.92	23.08	DI.CI.E Holding B.V.
Americas						
Campari America (Skyy Spirits , LLC), manufacturing and trading company	1255 Battery Street, Suite 500, San Francisco	USD	566,321,274	100.00		
Campari Argentina S.A., manufacturing and trading company	Av. Corrientes, 222 - 3rd floor, Buenos Aires	ARS	184,006,830		100.00	DI.CI.E, Holding B.V. (96.28%), Campari do Brasil Ltda. (3.72%)
Campari do Brasil Ltda., manufacturing and trading company	Alameda Rio Negro 585, Edificio Demini, Conjunto 62, Alphaville - Barueri - SP	BRL	239,778,071	100.00		
Campari Mexico S.A. de C.V., manufacturing and trading company	Av. Americas 1592 3er Piso ol. Country Club, Guadalajara, Jalisco	MXN	294,945,500		100.00	DI.CI.E Holding B.V.
Gregson's S.A., brand holder	Andes 1365, Piso 14, Montevideo	UYU	175,000		100.00	Campari do Brasil Ltda.
J. Wray&Nephew Ltd., manufacturing and trading company	234, Spanish Town Road, Kingston	JMD	600,000		100.00	Campari Espãna S.L.
J. Wray y Sobrino de Costa Rica S.A., manufacturing and trading company	Bulevard Multiplaza, Edificio KPMG, Fifth Floor, San José	CRC	1,000,000		100.00	J. Wray & Nephew Ltd. (Jamaica)
Red Fire Mexico, S. de R.L. de C.V., trading company	Camino Real Atotonilco 1081, Arandas, Jalisco	MXN	1,254,250		100.00	DI.CI.E, Holding B.V. (99.80%), Campari Mexico S.A. de C.V. (0.20%)
Wray&Nephew (Canada) Ltd., trading company	5770, Timberlea Blvd, Suite 103, Mississauga	CAD	100		100.00	J. Wray & Nephew Ltd. (Jamaica)

Name, activity	Head office	Share capital at 31 December 2013 Currency	Amount	% owned by Parent Company Direct	Indirect	Direct shareholder
Other						
Campari (Beijing) Trading Co. Ltd., trading company	Xingfu Dasha Building, block B, room 511, no, 3 Dongsanhuan BeiLu, Chaoyang District, Beijing	RMB	65,300,430		100.00	DI.CI.E Holding B.V.
Campari Australia Pty Ltd., trading company	Level 10, Tower B, 207 Pacific Highway, St Leonards, Sydney	AUD	21,500,000		100.00	DI.CI.E Holding B.V.
Campari Japan Ltd., trading company	6-17-15, Jingumae Shibuya-ku, Tokyo	JPY	3,000,000		100.00	DI.CI.E Holding B.V.
Campari South Africa Pty Ltd., trading company	12th Floor, Cliffe Deker Hofmeyr 11 Buitengracht street, Cape Town	ZAR	5,747,750		100.00	DI.CI.E Holding B.V.
Rum Company (New Zealand) Ltd., trading company	31, Whiteacres Drive, Pakuranga, Auckland	NZD	10,000		100.00	J. Wray & Nephew Ltd. (Jamaica)

Other investments Name, location, activity	Head office	**Share capital at 31 December 2013** Currency	Amount	**% owned by Parent Company** Indirect	Direct shareholder	Valuation method
Jamaica Joint Venture Investment Co. Ltd., property company	234, Spanish Town Road, Kingston	JMD	450,000	33.33	J.Wray& Nephew Ltd.	Equity method
Manhart Properties Ltd., property company	7, North Street, Kingston	JMD	4,891,032	100.00	Jamaica Joint Venture Investment Co. Ltd.	Equity method
City Properties Ltd., property company	7, North Street, Kingston	JMD	370,000	100.00	Jamaica Joint Venture Investment Co. Ltd.	Equity method

(1) company in liquidation

Subsidiaries

All subsidiaries are consolidated on a line-by-line basis.

Under this method, all assets and liabilities, and expenses and revenues for consolidated companies are fully reflected in the consolidated financial statements. The carrying value of the equity investments is eliminated against the corresponding portion of the shareholders' equity of the subsidiaries. Individual assets and liabilities are assigned the value attributed to them on the date control was acquired.

Any positive difference is recorded under the assets item goodwill, and any negative amount is taken to the income statement (see also Business combinations below).

Non-controlling interests equity and net profit are reported under appropriate items in the financial statements. Specifically, non-controlling interests in equity are determined on the basis of current values assigned to assets and liabilities on the date control was assumed, whether or not the non-controlling interest components entitle the holders to receive a proportional share of the subsidiary's net assets in the event of liquidation.

Changes in investments in subsidiaries that do not result in the acquisition or loss of control are recorded under changes in shareholders' equity.

Affiliated companies and joint ventures

These companies are reported in the consolidated financial statements using the equity method, starting on the date when significant influence or joint control begins and ending when such influence or control ceases.

If there is a significant loss of influence or joint control, the holding and/or investment is valued at fair value with the difference between fair value and carrying value being recorded on the income statement.

If the Group's interest in any losses of affiliates exceeds the carrying value of the equity investment in the financial statements, the value of the equity investment is eliminated, and the Group's portion of further losses is not reported, unless, and to the extent to which, the Group has a legal or implicit obligation to cover such losses.

The Group assesses the existence of any indicators of impairment on an annual basis by comparing the value of the investment measured at equity with the recoverable value; any impairment value is allocated to the investment as a whole with an offsetting entry on the income statement.

Transactions eliminated during the consolidation process

When preparing the consolidated financial statements, unrealised profits and losses resulting from intra-group transactions are eliminated, as are the entries giving rise to payables and receivables, and costs and revenues between the companies included in the basis of consolidation.

Unrealised profits and losses generated on transactions with affiliated companies or joint ventures are eliminated to the extent of the Group's percentage interest in those companies.

Dividends collected from consolidated companies are eliminated.

Foreign currency conversion criteria and exchange rates applied to the financial statements

Figures expressed in currencies other than the accounting currency (euro) are converted as follows:

- income statement items are converted at the average exchange rate for the year, while statement of financial position items are converted at year-end exchange rates; exchange rate differences resulting from the application of the different methods for conversion to euro of income statement and statement of financial position items are recorded under the currency translation reserve in shareholders' equity, until the investment in question is sold;
- any difference between the value of shareholders' equity at the end of the year, as converted at the prevailing rate, and the value of shareholders' equity converted at the year-end rate for the previous year are also recorded under the currency translation reserve.

When preparing the consolidated statement of cash flows, average exchange rates were used to convert the cash flows of subsidiaries outside the eurozone.

The exchange rates used for conversion transactions are shown below.

	31 December 2013		31 December 2012	
	Average rate	End-of-period rate	Average rate	End-of-period rate
US dollar	1.3281	1.3791	1.2856	1.3194
Swiss franc	1.2308	1.2276	1.2053	1.2072
Brazilian real	2.8670	3.2576	2.5093	2.7036
Uruguayan peso	27.2098	29.5458	26.0325	25.5977
Chinese renminbi	8.1651	8.3491	8.1096	8.2207
UK pound	0.8492	0.8337	0.8112	0.8161
Indian rupee	77.8808	85.3660	68.6152	72.5600
Japanese yen	129.6417	144.7200	102.6253	113.6100
Argentine peso	7.2765	8.9891	5.8456	6.4864
Mexican peso	16.9635	18.0731	16.9061	17.1845
Australian dollar	1.3770	1.5423	1.2413	1.2712
Ukrainian hryvnia	10.7878	11.3292	10.3582	10.5836
Russian rouble	42.3248	45.3246	39.9233	40.3295
South African rand	12,8311	14,5660	10,5550	11,1727
Jamaican dollar	133,3042	146,1760	118,2626	122,2780
New Zealand dollar	1,6203	1,6762	1,5869	1,6045

3. Summary of accounting principles

Intangible assets

Intangible assets include all assets without any physical form that are identifiable, controlled by the Company and capable of producing future benefits, as well as goodwill when purchased for consideration.

Intangible assets acquired are posted to assets, in accordance with IAS 38-Intangible Assets, when it is probable that the use of the assets will generate future economic benefits, and when the cost can be reliably determined.

If acquired separately, these assets are reported at purchase cost including all allocable ancillary costs on the acquisition date.

Intangible assets acquired through business combinations are reported separately from goodwill at fair value, where this can reliably be measured, on the acquisition date.

Subsequently, intangible assets are recorded at cost net of accumulated amortisation and any impairment losses.

Assets produced internally, excluding development costs, are not capitalised and are reported on the income statement for the financial year in which they are incurred.

Intangible assets with a finite life are amortised on a straight-line basis in relation to their remaining useful life, generally three years, taking into account losses due to a reduction in accumulated value.

The period of amortisation of intangible assets with a finite life is reviewed at least at the end of every financial year in order to ascertain any changes in their useful life, which if identified will be considered as changes in estimates.

The costs of development projects and studies are recorded in the income statement in full in the year in which they are incurred.

Advertising and promotional costs are recorded on the income statement when the Company has received the goods or services in question.

Costs relating to industrial patents, concessions, licences and other intangible fixed assets are listed on the assets side of the statement of financial position only if they are able to produce future economic benefits for the Company. These costs are amortised according to the period of use, if this can be defined, or according to contract duration.

Software licences represent the cost of purchasing licences and, if incurred, external consultancy fees or internal personnel costs necessary for development. These costs are booked in the year in which the internal or external costs are incurred for training personnel and other related costs.
Goodwill and brands, which result from acquisitions and qualify as intangible assets with an indefinite life, are not amortised. The possibility of recovering their reported value is ascertained at least annually, and in any case, when events occur leading to the assumption of a reduction in value using the criteria indicated in the section entitled Impairment.
As far as goodwill is concerned, the impairment test is performed on the smallest level of cash-generating unit to which the goodwill relates, that management should consider in order directly or indirectly assesses the return on the hole investment. See also Business combinations below. The reversal of any impairment loss on goodwill cannot be made in future years.
On the loss of controls of a previously acquired entity, any outstanding goodwill balance is included in the determination of the gain or loss on disposal.

Business combinations

Business combinations are booked using the acquisition method.
The cost of an acquisition is determined by the sum of the payments transferred as part of a business combination, measured at fair value, on the date of acquisition and the value of the non-controlling interests, measured at fair value or as a pro-rata share of the net assets recognised for the acquired entity.
Ancillary costs relating to the transaction are recognised in the income statement at the time they are incurred.
In the case of business combinations achieved in stages, the interest previously held by the Group in the acquired business is revalued at fair value on the date control is acquired, and any resulting gains or losses are recognised in the income statement.
Conditional payments are measured at fair value at the acquisition date and are included among the transferred payments for the purposes of calculating goodwill.
Any changes in fair value occurring once more information is available during the measurement period are included retrospectively in goodwill.
Goodwill acquired in business combinations is initially measured at cost, as the excess of the sum of payments transferred as part of a business combination, the value of the non-controlling interests equity and the fair value of any interest previously held in the acquired business over the Group’s portion of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company.
If the value of the net assets acquired and liabilities assumed on the acquisition date exceed the sum of the transferred payments, the value of the minorities’ portion of shareholders’ equity and the fair value of any interest previously held in the acquired business, this excess value is recorded in the income statement as income from the transaction.
After the initial entry, goodwill is measured at cost less cumulative impairment.
To establish whether impairment has occurred, the goodwill acquired in a business combination is allocated from the date of the acquisition to the individual cash-generating units or to the groups of cash-generating units likely to benefit from merger synergies, whether or not other assets or liabilities from the acquisition are assigned to these units or groups of units.
When the goodwill is part of a cash-generating unit (or group of cash-generating units) and some of the internal assets of the unit are sold, the goodwill associated with the assets sold is included in the carrying value of the assets in order to establish the profit or loss generated by the sale.
Goodwill sold in this way is measured according to the value of the assets sold and the value of the remaining portion of the unit.
Business combinations prior to 1 January 2010 have been reported on the basis of the previous, 2007 version of IFRS 3; this means that costs directly attributable to the acquisitions have been included in the cost of the acquisition; non-controlling interests have been measured as a pro-rata share of the net assets recognised for the acquired business; in the case of business combinations achieved in stages, each additional stake acquired has not changed the goodwill previously recognised; conditional payments have been recorded only if the Group had a current obligation.

Tangible fixed assets

Property, plant and equipment are recorded at acquisition or production cost, gross of capital grants (if received) and directly charged expenses, and are not revalued.
Subsequently, tangible fixed assets are recorded at cost net of accumulated depreciation and any impairment losses.
Any costs incurred after purchase are capitalised provided that they increase the future financial benefits generated by using the asset.
The replacement costs of identifiable components of complex assets are allocated to assets on the statement of financial position and depreciated over their useful life. The residual value recorded for the component being replaced is allocated to the income statement; other costs are charged to the income statement when the expense is incurred.

The financial charges incurred in respect of investments in assets which take a substantial period of time to be prepared for use or sale (qualifying assets as defined in IAS 23-Borrowing Costs) are capitalised and depreciated over the useful life for the class of assets to which they belong.
All other financial charges are posted to the income statement when incurred.
Ordinary maintenance and repair expenses are charged to the income statement in the period in which they are incurred.
If there are current obligations for dismantling or removing assets and cleaning up the related sites, the assets' reported value includes the estimated (discounted) costs to be incurred when the structures are abandoned, which are reported as a offsetting entry to a specific reserve.
Assets held under finance lease contracts, which essentially assign to the Group all the risks and benefits tied to ownership, are recognised as Group assets at their current value, or the present value of the minimum lease payments, whichever is lower.
The corresponding liability to the lessor is reported in the financial statements under financial payables.
These assets are depreciated using the policies and rates indicated below.
Leasing arrangements in which the lessor retains substantially all the risks and benefits relating to the ownership of the assets are classified as operating leases, and the related costs are reported in the income statement over the term of the contract.
Depreciation is applied using the straight-line method, based on each asset's estimated useful life as established in accordance with the Company's plans for use of such assets, taking into account wear and tear and technological obsolescence, and the expected realisable value net of disposal costs.
When the tangible asset consists of several significant components with different useful lives, depreciation is applied to each component individually.
The amount to be depreciated is represented by the reported value less the estimated net market value at the end of its useful life, if this value is significant and can be reasonably determined.
Land, even if acquired in conjunction with a building, is not depreciated, nor are available-for-sale tangible assets, which are reported at the lower of their recorded value and fair value less disposal costs.
Rates are as follows:

- real estate assets and light construction:	3%
- plant and machinery:	10%
- furniture, and office and electronic equipment:	10 - 20%
- motor vehicles:	20 - 25%
- miscellaneous equipment:	20 - 30%

Depreciation ceases on the date when the asset is classified as available for sale, in accordance with IFRS 5, or on the date on which the asset is derecognised for accounting purposes, whichever occurs first.
A tangible asset is derecognised from the statement of financial position at the time of sale or when there are no future economic benefits associated with its use or disposal.
Any profits or losses are included in the income statement in the year of this derecognition.

Capital grants

Capital grants are recorded when there is a reasonable certainty that all requirements necessary for access to such grants have been met and that the grant will be disbursed.
This generally occurs at the same time the decree accepting the benefit is issued.
Capital grants relating to tangible fixed assets are reported as deferred revenues and credited to the income statement over the period corresponding to the useful life of the asset concerned.

Impairment

The Group ascertains, at least annually, whether there are indicators of a potential impairment loss in value of intangible and tangible assets. If the Group finds that such indications exist, it estimates the recoverable value of the relevant asset.
In addition, intangible assets with an indefinite useful life, or that are not available for use, are subject to an impairment test each year, or more frequently if there is an indication that the asset may be impaired.
The ability to recover the assets is ascertained by comparing the carrying value to the recoverable amount, which is the higher of fair value less costs to sell and its value in use.
In the absence of a binding sale agreement, the fair value is estimated on the basis of recent transaction in active markets, or based on the best information available to determine the amount that could be collecred from the sale.
The value in use is determined by discounting expected cash flows resulting from the use of the asset, and if significant and reasonably determinable, the expected cash flows resulting from its sale at the end of the useful life.
Cash flows are determined on the basis of reasonable, documentable assumptions representing the best estimate of the future economic conditions that will occur during the remaining useful life of the asset, with priority given to external information.

The discount rate applied reflects the current market assesment of the time value of the money and the risk specific to the business segment to which the asset belong.
When it is not possible to determine the recoverable value of an individual asset, the Group estimates the recoverable value of the unit that incorporates the asset and generates cash flows.
A loss of value is reported if the recoverable value of an asset is lower than its carrying value.
This loss is posted to the income statement unless the asset was previously written up through a shareholders' equity reserve.
In this case, the reduction in value is first allocated to the revaluation reserve.
If, in a future period, a loss on assets, other than goodwill, does not materialise or is reduced, the carrying value of the asset or unit generating cash flows is increased up to the new estimate of recoverable value, and may not exceed the value that would have been determined if no loss from a reduction in value had been reported.
The recovery of a loss of value is posted to the income statement, unless the asset was previously reported at its revalued amount. In this case, the recovery in value is first allocated to the revaluation reserve.

Investment property

Property and buildings held to generate lease income (investment property) are valued at cost less accumulated depreciation and losses due to a reduction in value.
The depreciation rate for buildings is 3%, while land is not depreciated.
Investment property is derecognised from the statement of financial position when sold or when it becomes permanently unusable and no future economic benefits are expected from its disposal.

Biological assets

Biological assets are valued, when first reported and at each subsequent reporting date, at their fair value, less estimated point-of-sale costs.
If the fair value cannot be reliably determined, biological assets are measured at cost and depreciated over 20 years.
The agricultural produce is valued at cost, which is approximately the fair value less estimated point-of-sale costs at harvest.

Financial instruments

Financial instruments held by the Group are categorised in the items below.
Financial assets include investments in affiliated companies and joint ventures, short-term securities, financial receivables, which in turn include the positive fair value of financial derivatives, trade and other receivables and cash and cash equivalents.
Cash and cash equivalents include cash, bank deposits and highly liquid securities that can be readly convertible into cash, and are subject to an insignificant risk of changes in value.
The maturity of deposits and securities in this category is less than three months.
Short-term securities include securities maturing in one year or less, and liquid securities representing a temporary investment of cash that do not meet the requirements for classification as cash equivalents.
Financial liabilities include financial payables, which in turn include the negative fair value of financial derivatives, trade payables and other payables.
Financial assets and liabilities, other than equity investments, are booked in accordance with IAS 3 - Financial Instruments: Recognition and Measurement in the following categories:

Financial assets at fair value through profit and loss

This category includes all financial instruments held for trading and those designated at the initial recognition at fair value through profit and loss.
Financial assets held for trading are all instruments acquired with the intention of sale in the short term; this category also includes derivatives that do not satisfy the requirements set out by IAS 39 to qualify as hedging instruments.
These instruments measured at fair value through profit and loss are booked in the statement of financial position at fair value, and the related profits and losses are included in the income statement.

Investments held to maturity

Current financial assets and held to maturity securities are recognised on the basis of the settlement date, and, on initial recognition, are measured at acquisition cost, represented by the fair value of the initial consideration given and the transaction costs (e.g. commissions, consulting fees, etc).
The initial value is then adjusted to take into account repayments of principal, any write-downs and the amortisation of the difference between the termination cash out and the inception date value. The amortized cost is applied using the effective interest rate method represented by the rate that exactly discounts estmated future cash payments or receipts through the expected life of the financial instruments (known as amortised cost method).
The income statement effects are recognized at the time of the investment deregognition, in case of impairment loss and over the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments, which are not listed on an active market.

After the initial reporting, these instruments are valued at amortised cost using the effective discount rate method net of any provision for loss of value.

Profits and losses are recorded in the income statement when loans and receivables are derecognised for accounting purposes or when a loss of value is apparent beyond the amortisation process.

Financial assets available for sale

Financial assets available for sale, excluding derivatives, are those designated as such or not classified under any of the three previous categories. After the first reporting, the financial instruments available for sale are valued at fair value.

If the market price is not available, the present value of financial instruments available for sale is measured using the most appropriate valuation methods, such as the analysis of discounted cash flows performed using market information available at the reporting date. In the absence of reliable information, they are recognized at cost.

Profits and losses on financial assets available for sale are recorded directly in shareholders' equity up to the time when the financial asset is sold or written down. At that time the accumulated profits and losses, including those previously posted to shareholders' equity, are included in the income statement for the period.

Impairment of financial asset

The Group assesses, at least annually, whether there is any indication that a financial asset or a group of financial assets may be impaired.

A financial asset or a group of financial assets is written down only if there is objective evidence of an impairment caused by one or more events that occurred following the initial recognition and the impact on the future cash flows that may be generated by the asset or group of assets themselves can be reliably estimated.

Derecognition of financial assets and liabilities

A financial asset (or where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the contractual right to the cash flows from the financial assets expire;
- the Group retains the right to receive the cash flows from financial assets, but assumed a contractual obligation to pay the cash flow to a third party in full and without delay;
- the Group has transferred the right to receive the cash flows from financial assets and (i) has transferred substantially all the risks and rewards relating to the ownership of the financial asset, or (ii) has neither transferred nor retained all the risks and rewards relating to the ownership of the financial asset, but has transferred control of the asset.

When the Group has transferred the rights to receive cash flows from an asset, and it has neither transferred nor retained all the risks and rewards, or it has not lost control of the same, it continues to recognized the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is removed from the financial statements when it is extinguished, i.e. when the obligation is discharged or cancelled or expired.

In cases where an existing financial liability is substituted by another with the same lender with substantially different terms, or where the conditions of an existing liability are changed, the substitution or change is treated as an extinguishment of the original liability, and a new liability is recognized, with any difference in the accounting values recognizd in the income statement.

Financial derivatives and hedging transactions

Financial derivatives are used solely for hedging purposes to reduce exchange and interest rate risk.

In accordance with IAS 39, financial derivatives may be recorded using hedge accounting procedures only if, at the beginning of the hedge, a formal designation has been made and the documentation for the hedge relationship exists.

It is assumed that the hedge is highly effective: it must be possible for this effectiveness to be reliably measured, and the hedge must prove highly effective during the accounting periods for which it is designated.

All financial derivatives are measured at their fair value pursuant to IAS 39.

Where financial instruments meet the requirements for being reported using hedge accounting procedures, the following accounting treatment is applied:

- fair value hedge-where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability that is attributable to a particular risk and could affect the income statement, the gain or loss from remeasuring the hedging instrument at fair value is recognized in the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedge item and is recognized in the income statement.
- cash flow hedge-where a derivative financial instrument is designated as a hedge of exposure to variability in the future cash flow of a recognized asset or liability or a highly probable forecasted transaction and could affect the income statement, the effective portion of any gain or loss on the derivative financial instrument is recognized directly

in the statement of comprehensive income. The cumulative gain or loss is reclassified from Equity to the income statement at the same time as the economic effect arising from the hedged items affects income The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognized in the income statement immediately.

When am hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realized to the point of termination remains in Equity and is recognized in the income statement at the same time as the underlying transaction occurs.

If the transaction being hedged is no longer considered likely to take place, the pending unrealised profits or losses in shareholders' equity are recorded in the income statement.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in the income statement.

IAS 39 – Financial Instruments: Recognition and Measurement allows the exchange rate risk of a highly probable intra-group transaction to qualify as the hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the company entering into the transaction and that the consolidated financial statements are exposed to exchange rate risk.

In addition, if the hedge of a forecast intra-group transaction qualifies for hedge accounting, any gain or loss that is recognised directly in the statement of comprehensive income, in accordance with the rules of IAS 39, must be reclassified in the income statement in the same period in which the currency risk of the hedged transaction affects the consolidated income statement.

Own shares

Own shares are reported as a reduction of shareholders' equity.

The original cost of the own shares and the economic effects of any subsequent sales are reported as movements in shareholders' equity.

Inventories

Inventories of raw materials and semi-finished and finished products are stated at the lower of purchase or production cost, determined using the weighted average method, and market value.

Work in progress is recorded at the purchase cost of the raw materials used including the actual production costs incurred at the point of production reached.

Raw materials, semi-finished products no longer in use in the production cycle finished products no longer marketable are fully written down.

Low-value spare parts and maintenance equipment not used in connection with a specific asset are included in inventories and recognized in the income statement when used.

Non-current assets held for sale

Non-current assets classified as held for sale include non-current assets (or disposal groups) whose carrying value will be recovered primarily from their sale rather than their value in use, and whose sale is highly probable in the short term (within one year) in the assets' current condition.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value, less costs to sell, and are not amortised.

Employee benefits

Post-employment benefit plans

Group companies provide post-employment benefits for employees, both directly and by contributing to external funds.

The procedures for providing these benefits vary according to the legal, fiscal and economic conditions in each country in which the group operates.

Group companies provide post-employment benefits through defined contribution and/or defined benefit plans.

- Defined benefit plans

  The Group's obligations and the annual cost recognized in the income statement are determined by independent actuaries using the Projected Unit Credit Method.

  The net cumulative value of actuarial gains and losses is recorded directly on the statement of comprehensive income and are not subsequently reclassified in the income statement.

The costs associated with an increase in the present value of the obligation, resulting from getting closer to the benefits release date, are included under financial charges. Service costs are recognized in profit and loss. The liability recognised represents the present value of the defined benefit obligation net of the present value of plan assets. In the case of plan amendments changing the benefits deriving from past service, the related costs are expensed in profit and loss when the plan amendment occurs. The same treatment is applied if there plan amendment reducing the number of employees or that varies the terms and conditions of the plan (the treatment is the same regardless of whether the final result is a profit or a loss).

- Defined contribution plans
  Since the Group fulfils its obligations by paying contributions to a separate entity (i.e. a fund), with no further obligations, the contributions to the fund in respect of employees' service is recognized without making any actuarial calculation.
  In case contributions have already been paid at the reporting date, no liabilities are recorded in the financial statements.

Compensation plans in the form of stock options

The Group pays additional benefits in the form of stock option plans to employees, directors and individuals who regularly do work for one or more Group companies.

Pursuant to IFRS 2-Share-Based Payment, the total fair value of the stock options on the allocation date is to be reported as a cost in the income statement, with an increase in the respective shareholders' equity reserve, in the period beginning at the time of allocation and ending on the date on which the employees, directors and individuals who regularly do work for one or more Group companies become fully entitled to receive the stock options.

Changes in the present value following the allocation date have no effect on the initial valuation, while in the event of changes to the terms and conditions of the plan, additional costs are booked for every change in the plan that determines an increase in the present value of the recognised option.

No cost is recognised if the stock options have not been vested; if an option is cancelled, it is treated as if it had been vested on the cancellation date and any cost that has not been recognised is recorded immediately.

The fair value of stock options is represented by the value of the option determined by applying the Black-Scholes model, which takes into account the conditions for exercising the option, as well as the current share price, expected volatility and the risk-free rate. It also takes into account the non-vesting conditions.

The stock options are recorded at fair value with a offsetting entry under the stock option reserve.

The Group applied the transitional provisions of IFRS 2, and therefore applied the standard to allocations of stock options approved after 7 November 2002 that had not accrued on the effective date of IFRS 2 (1 January 2005).

The dilutive effect of options not yet exercised is included in the calculation of diluted earnings per share.

Provision for risks and charges

Provision for risks and charges are recognized when:

- there is the existence of a current legal or implicit obligation, resulting from a past even;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- the amount of the obligation can be reliably estimated.

Provision represent the best estimate of the amount the Company would reasonably pay to settle the obligation at the end of the reporting period or transfer it to third parties at that time.

Where the effect of the time value of money is material and the time expected to settle the obligations can be reliably estimated, the amount of the provision is mearured as the present value of the expenditure expected to be required. The update of the provision due to the time value is recognized in the income statement as financial income (expense).

Provisions are periodically updated to reflect changes in cost estimates, time of outflow and discount rates. Remeasurement estimante effect are allocated to the same line item in the income statement where the original accrual was previously reported, or, if the liability relates to tangible assets (e.g. dismantling and restoration), are linked to the asset to which it relates to.

When the Group expects that all or part of the provisions will be met by third parties, the inflow is booked as an assets only if it is virtually certain, and the provision is recognized in the income statement only for the net amount expected to be settled.

Restructuring provisions

The Group recognized restructuring provision only if there is an implicit or legal constructive obligation and a detailed formal restructuring programme has raised a valid expectation in those affected that the restructuring will be carried out by starting to implement that plan or announcing its main features to those affected by it.

Recording of revenues, income and charges in the income statement

Revenues are reported if it is probable that that the economic benefits will flow to the Group and the revenues can be reliably measured.

Revenues are reported at the fair value of the consideration received, net of current and deferred discounts, allowances, excise duties, returns and trade allowances.
Specifically:
- sales revenues are recognized when the risks and rewards associated with the items are transferred to the buyer, and the related revenues can be reliably measured;
- service revenues are recognized when services are rendered; allocations of revenues related to partially performed services are reported on the basis of the stage of completion at the end of the reporting period, and the revenues can be reliably measured;
- financial income and expenses are recognized at time of occurance;
- capital grants are credited to the income statement in proportion to the useful life of the related assets;
- lease income from investment property are booked on a straight-line basis over the leasing contracts terms.

Costs are recognised in the income statement when they relate to goods and services sold or consumed during the period, as a result of systematic allocation or when the future benefit deriving from such goods and services cannot be determined.
Personnel and service costs include, due to their compensating nature, stock options programs that were allocated to employees, directors and individuals who regularly do work for one or more Group companies starting in 2004.
Costs incurred in studying alternative products or processes, or in conducting technological research and development are considered current costs and allocated to the income statement in the period when they are incurred.

Taxes

Current income taxes are calculated on estimated taxable income, and the related payable is recorded under tax payables.
Payables and receivables in respect of current taxes are recorded in the amount expected to be paid to/received from tax authorities by applying the tax rates and regulations enacted or substantially enacted at the reporting date.
Current taxes relating to items posted directly to the statement of comprehenisive income or shareholders' equity are included in the same statements.
Other non-income taxes, such as property and capital taxes, are included in operating expenses.
Deferred tax assets and liabilities are calculated on all temporary differences between the asset and liability values recorded in the financial statements and the corresponding values recognised for tax purposes using the liability method.
Provisions for taxes that could be incurred from the transfer of undistributed profit from subsidiaries have been made only when there is a real intention to transfer that profit.
Deferred tax assets are reported when their recovery is probable.
Deferred tax assets and liabilities are determined on the basis of tax rates expected to be applicable in the respective jurisdictions in which the Group operates that are expected to apply to the period when the asset is realized or liability is settled.
Current and deferred tax assets and liabilities are offset when they relate to same taxation authority and there is a legally enforceable right of offset and provided that realisation of the asset and settlement of the liability take place simultaneously.
The balance of any off-set balance between deferred taxes is posted to deferred tax assets if positive and deferred tax liabilities if negative.

Transactions in foreign currencies (not hedged with derivatives)

Revenues and costs related to foreign currency transactions are recognized at the exchange rate prevailing on the date the transaction is completed.
Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated in euro at the exchange rate prevailing at that date and the exchange differences asiring on the settlement are recognized in the income statement.

Earnings per share

Basic earnings per share are calculated by dividing the Group's net profit by the weighted average number of shares outstanding during the period, excluding any own shares held.
For the purposes of calculating the diluted earnings (losses) per share, the weighted average of outstanding shares is adjusted in line with the assumption that all potential shares with a diluting effect will be converted.
The Group's net profit is also adjusted to take into account the impact of the conversion, net of taxes.

Use of estimates

The preparation of the financial statements and related notes in accordance with IFRS requires the management to make estimates and assumptions that have an impact on the carring amount of assets and liabilities in the statement of financial position and on disclosures concerning contingent assets and liabilities at the reporting date.
The actual results could differ from these estimates.

Estimates are used to identify provisions for risks in respect of receivables, obsolete inventory, depreciation and amortisation, asset write-downs, employee benefits, taxes, restructuring provisions and other provisions and reserves.
Figures for the individual categories are set out in the notes to the financial statements.
Estimates and assumptions are reviewed periodically, and the effects of each change are reflected in the income statement in the period in which the review of the estimate occurred if such review had an impact on that period only, or additionally in subsequent periods if the review had an impact on both the current and future years.
Goodwill carrying amount is subject to annual review to verify any impairment losses. The measurement is based on the budget and multi-year plans expected cash flows, genereted by the cash-generating units to which the goodwill is allocated.

4. Changes in accounting standards

a. Accounting standards, amendments and interpretations applied since 1 January 2013

IAS 1-Presentation of Items of Comprehensive Income
The amendment to IAS 1, approved on 5 June 2012 and applicable to financial years beginning after 1 July 2012, clarifies the presentation of items in the statement of comprehensive income. The main change introduced is the requirement to group items of comprehensive income according to whether they can be reclassified in the income statement, in order to make the increasing number of elements of the other components of the statement of comprehensive income clearer.
This amendment relates purely to the presentation of the financial statements and did not therefore have any significant impact on the Group’s financial position or profitability. It was, however, required to be shown differently in the consolidated statement of comprehensive income.

IAS 12-Income taxes
The amendment, approved by the European Commission on 29 December 2012, is applicable for accounting periods from 1 January 2013, clarifies the criteria for calculating deferred tax assets or liabilities relating to investment property measured at fair value. It introduces the (not absolute) presumption that deferred tax assets or liabilities calculated on an investment property measured at fair value must be determined based on the recoverable amount that may be obtained through sale. As a result, the interpretation SIC 21-Income Taxes-Recovery of Non-Depreciable Assets Measured at Fair Value no longer applies. This amendment did not affect the Group’s financial position or profitability.

IFRS 13-Fair Value Measurement
The new standard, approved on 29 December 2012, establishes a single framework for fair value measurements required or allowed by other IFRS and the related disclosures to be made in the accounting statements. The standard relates to the fair value measurement of financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The application of the new standard did not have a significant impact, in terms of the valuation of balance-sheet items, for the Group. The required information is shown in note 42-Assets and liabilities measured at fair value.

IAS 19 (revised)-Employee Benefits
The changes made to IAS 19, approved on 6 June 2012, led to the following changes in the disclosures to be made in the financial statements. Specifically:
- the corridor approach for the recognition of actuarial gains and losses has been eliminated; actuarial gains and losses recognised in the statement of comprehensive income are not subsequently recognised in the income statement;
- the method and timing of recognising past-service costs and curtailments in the income statement have been amended and simplified;
- the presentation of cost components relating to liabilities arising from defined benefit plans, represented by the expected return of assets servicing the plan and interest costs, has been eliminated, and the presentation of a single net interest figure has been introduced. This figure is calculated by applying the discount rate used to measure the defined benefit obligation to the liability;
- the presentation of changes to assets and liabilities related to defined-benefit plans has been simplified, with remeasurements recognised in other comprehensive income, and only changes arising from operational transactions booked to the income statement;
- disclosure relating to defined benefit plans has been improved, including information on the features of the plans and the risks that the Group is exposed to by participating in them.

The required information is shown in note 40-Defined benefit plans.

IFRS 7-Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendment, published on 29 December 2012, requires information to be presented that enables readers of the financial statements to assess the effects or potential effects on the group's financial position of offsetting financial assets and liabilities. This amendment relates purely to the presentation of the financial statements and does not therefore have any effect on the Group's financial position or profitability.

b. Accounting standards, amendments and interpretations not yet applicable to the Company that have not been adopted in advance

The new standards or amendments already approved and that must be applied from 1 January 2014 are as follows:

IFRS 10-Consolidated Financial Statements

The new standard identifies the concept of control as the determining factor for including a company in the basis of consolidation of the Parent Company. The objective of IFRS 10 is to provide a single model according to which control is the basis of consolidation for all types of entity. The provisions of IFRS 10 provide a new definition of control to be applied in a uniform manner to all companies (including SPEs). According to this new definition, a company controls an investee if it is exposed, or has rights to the returns (positive and negative) of the investee, and if it has the ability to affect these returns by exercising its power. The standard provides some indicators to be considered for the purposes of assessing the existence of control, which include potential rights, merely protective rights and the existence of agency or franchise relationships. The new provisions also recognise the possibility of exercising control over a subsidiary even in the absence of a majority share of the voting rights, if other shareholders' interests are sufficiently dispersed or owing to their passive interest in the investee. IFRS 10 will replace SIC 12 and part of IAS 27, from which any reference to the consolidated financial statements has been removed. The Group does not consider that the adoption of the new standard will have a significant impact on the consolidated financial statements.

IAS 27 (revised)-Separate Financial Statements

The document, issued in May 2011, partially modifies the old IAS 27 - Consolidated and Separate Financial Statements as published in 2003, following the introduction of the new IFRS 10 standard. The document incorporates the standards dealing solely with the drafting of separate financial statements.

IFRS 11-Joint Arrangements

The new document establishes the financial reporting principles for entities that are parties to joint control agreements and replaces IAS 31 - Interests in Joint Ventures and SIC 13-Jointly Controlled Entities-Non-monetary Contributions by Venturers. The standard provides a more realistic reflection on the definition of joint arrangements, focusing on the rights and obligations contained in the contract, rather than on its legal form. Based on the rights and obligations pertaining to the participants, the standard identifies two types of agreement, joint operations and joint ventures, and governs their consequent accounting treatment in the financial statements. The new provisions establish that joint ventures must be accounted for using the equity method, eliminating the possibility of proportional consolidation. The Group does not consider that the adoption of the new standard will have a significant impact on the consolidated financial statements.

IAS 28 (revised)-Investments in Associates and Joint Ventures

The document, published in May 2011, partially modifies the old IAS 28 – Investments in Associates, as published in 2003, and incorporates the new standards established for joint ventures, introducing some amendments discussed by the IASB and approved with Exposure Draft ED9. The document also defines the accounting treatment to be adopted in the event of a total or partial sale of a shareholding in a jointly controlled or affiliated company. The Group does not consider that the adoption of IAS 28R will have a significant impact on the consolidated financial statements.

IFRS 12-Disclosure of Interests in Other Entities

The new document defines the information to be provided relating to all forms of holdings in other entities, including joint ventures, associates, SPEs and all other forms of interest, including off-balance-sheet interests. The Group is still assessing the possible impact of this standard on its consolidated financial statements.

IAS 32-Financial Instruments: Presentation.

The amendment, published on 29 December 2012, clarifies some of the requirements (with particular emphasis on quantitative aspects) for offsetting the financial receivables and payables of the company and its affiliates in the group's financial position. Specifically, the document establishes that, in order to offset items, the offsetting right must be legally enforceable in any circumstances, both in the normal course of business or in the event of insolvency, default or bankruptcy of one of the counterparties. Under certain conditions, the gross settlement mechanisms for financial assets and liabilities, with the consequent elimination or significant reduction of credit and liquidity risks, may be considered equivalent to net settlement. The amendment is related to document IFRS 7-Financial Instruments: Disclosures-Offsetting Financial Assets and Financial Liabilities, which correspondingly adjusted the disclosure to be provided in the financial statements. This amendment relates purely to the presentation of the financial statements and will not therefore have any effect on the Group's financial position or profitability.

IAS 39-Novation of derivatives and continuation of hedge accounting (applicable from 1 January 2014)
The amendment clarifies that derivatives may continue to be designated as hedging instruments (hedge accounting) where the instrument is subject to novation, provided certain conditions are met. This amendment will also be made in IFRS 9-Financial instruments. The Group is still assessing the possible impact of the amendment on its financial assets and liabilities.

IAS 36-Recoverable amount disclosures for non-financial assets (applicable from 1 January 2014)
The amendment clarifies that the disclosure required on the recoverable amount of assets subject to an impairment loss only concerns the assets whose recoverable amount is based on fair value net of sales costs. The Group does not consider that the adoption of the new standard will have a significant impact on its consolidated financial statements.

IFRS 10-12 and IAS 27-Exception from Consolidation for Investment Entities (applicable from 1 January 2014)
The amendment introduces an exemption to the obligation to consolidate an investment entity if the Parent Company is an investment fund. This standard does not apply to the Group.

Transition guidance for IFRS 10-11-12
The amendment clarifies the type of comparative information to be provided following the application of the new IFRS 10 standard and the consequent identification of the date on which an entity assumes control over another. Specifically, the document clarifies the type of information to be included in the financial statements in the event that the date on which a company takes control of an entity is different under IFRS 10 than under the previous IAS 27 and SIC 12 standards. The Group is still assessing the potential impact of the document on the type of information to be provided in its consolidated financial statements at the time the new principles are applied.

The new standards or amendments that have not yet been ratified are as follows:

IFRS 9-Financial Instruments (applicable from 1 January 2015)
The new document represents the first part of a process intended to wholly replace IAS 39. IFRS 9 introduces new criteria for the classification and measurement of financial assets and liabilities and the derecognition of financial assets. Specifically, the recognition and measurement criteria for financial assets and their relative classification in the financial statements have been modified. The new provisions establish a classification and measurement model for financial assets based exclusively on the following categories: assets measured at amortised cost or assets measured at fair value. The new provisions also establish that investments other than those in subsidiaries, associates and joint ventures are measured at fair value and recognised in the income statement. In the event that these investments are not held for trading, changes in fair value may be booked in the statement of comprehensive income, maintaining on the income statement exclusively the effects relating to the payment of dividends. When the investment is sold, the amounts booked to the statement of comprehensive income may not be allocated to the income statement. On 28 October 2010, the IASB included in the provisions of IFRS 9 the recognition and measurement criteria for financial liabilities. Specifically, the new provisions require that, in the case that a financial liability is measured at fair value and recognised in the income statement, changes in fair value relating to changes in the issuer's own credit risk are recorded under other comprehensive income; this component is allocated directly to the income statement to ensure symmetry with other accounting items related to the liability, avoiding an accounting mismatch.
In November 2013, an amendment was published that introduced three important changes. The most important change relates to hedge accounting, and introduces a new model that incorporates a number of improvements intended to harmonise accounting treatment with the risk management policy operated by the company. The other two changes relate to the period of first-time application of the standard, giving companies the option to adopt the standard immediately, and to the possibility to directly recognized the effects of changes in own credit risk on the statement of comprehensive income. The Group is still assessing the possible impact of the new standard and its related amendment on its financial assets and liabilities.

IFRIC 21-Levies (applicable from 1 January 2014)

The standard is an interpretation of IAS 37, and provides clarification on when an entity must recognise a liability for the payment of levies imposed by the government, except those already governed by other standards.
The interpretation clarifies that the obligating event for the recognition of a liability is the activity that triggers the payment of the levy in accordance with the relevant legislation. The Group does not consider that the adoption of the new standard will have a significant impact on the consolidated financial statements.

IAS 19-Employee benefits (applicable from 1 July 2014)

The amendment, which was published in November 2013, provided clarification on the accounting treatment to be applied in respect of pension plans involving a contribution from employees or third parties. The amendment sets out different treatments to be applied depending on whether or not the contribution relates to the employee's period of service. The Group does not consider that the adoption of the new standard will have a significant impact on its consolidated financial statements.

5. Seasonal factors

Sales of some Group products are more affected than others by seasonal factors, because of different consumption patterns or consumer habits.
In particular, soft drink consumption tends to be concentrated in the hottest months of the year (May-September), and summer temperature variations from one year to another may have a substantial effect on comparative sales figures.
For other products, such as sparkling wines, sales in some countries are concentrated in certain periods of the year, largely around Christmas.
While external factors do not affect sales of these products, the commercial risk for the Group is higher, since the full-year sales result is determined in just two months.
In general, the Group's diversified product portfolio, which includes spirits, soft drinks and wines, and the geographical spread of its sales, help to reduce substantially any risks relating to seasonal factors.

6. Default risk: negative pledges and debt covenants

The agreements relating to the Company's US bond issue of 2003 (in USD) include negative pledges and covenants.
The negative pledge clauses are intended to limit the Company's ability to grant significant rights to the assets of the Company and the companies it directly or indirectly controls to third parties, in particular by establishing specific restrictions on selling or pledging assets.
The covenants include the Company's obligation to attain particular levels for certain financial indicators, most notably the ratio of net debt to measures of Company profitability.
These indicators are calculated at consolidated level, i.e. taking into account all the companies directly or indirectly controlled by the Company.
The Company therefore monitors both the restrictions and the levels of the financial indicators, as it is also the guarantor of the private placements issued by Campari America, whose agreements include the same covenants.
If the Company fails to fulfil these obligations, after an observation period in which any breach has not been rectified, it could be served with notice to repay the residual debt.
These ratios are monitored by the Company on a regular basis, and have so far been a long way from reaching the thresholds that would constitute non-compliance.

7. Reclassifications at opening book values

In December 2012, the Group completed the LdM acquisition.

In 2013, the acquisition values to be allocated were defined. These were published on 31 December 2012, and are described in note 8-Business combinations. These changes required the opening balances to be shown differently, as detailed in the following table. The allocation in question did not have any impact on the income statement for 2012, as it was carried out in the last month of the year.

In the notes on the asset items affected by the main changes, adjustments to the fair value of assets and liabilities have been shown separately under 'reclassifications'.

Note also that the adoption of IAS19 Revised did not have any impact on the Group's financial position or profitability at 31 December 2012, as shown in note 40 – Defined benefit plans.

	31 December 2012		
	Published figures € million	Reclassification € million	Post-reclassification figures € million
ASSETS			
Non-current assets			
Net tangible fixed assets	392.6	(3.9)	388.7
Biological assets	17.2	-	17.2
Investment property	0.5	0.7	1.2
Goodwill and brands	1,631.2	12.3	1,643.5
Intangible assets with a finite life	20.5		20.5
Investments in affiliates and joint ventures	0.2	1.0	1.1
Deferred tax assets	11.5	-	11.5
Other non-current assets	52.6	(12.8)	39.7
Total non-current assets	**2,126.2**	**(2.8)**	**2,123.4**
Current assets			
Inventories	446.5	(12.4)	434.1
Current biological assets	4.9	-	4.9
Trade receivables	312.4	(0.6)	311.9
Short-term financial receivables	42.4	-	42.4
Cash and cash equivalents	442.5	-	442.5
Current tax receivables	9.4	0.2	9.5
Other receivables	24.2	8.9	33.1
Total current assets	**1,282.3**	**(3.9)**	**1,278.4**
Non-current assets held for sale	1,0	-	1,0
Total assets	**3,409.5**	**(6.7)**	**3,402.8**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	58.1	-	58.1
Reserves	1,370.8	-	1,370.8
Parent Company's portion of shareholders' equity	1,428.9	-	1,428.9
Minorities' portion of shareholders' equity	4.2	-	4.2
Total shareholders' equity	**1,433.1**	**-**	**1,433.1**
Non-current liabilities			
Bonds	1,178.2	-	1,178.2
Other non-current liabilities	36.2	(1.0)	35.2
Defined benefit plans	13.0		13.0
Provision for risks and future liabilities	39.6	(9.0)	30.6
Deferred tax liabilities	198.8	(5.2)	193.6
Total non-current liabilities	**1,465.7**	**(15.2)**	**1,450.5**
Current liabilities			
Payables to banks	121.0	-	121.0
Other financial payables	34.9	-	34.9
Payables to suppliers	201.4	9.6	211.0
Current payables to tax authorities	17.8	(1.5)	16.3
Other current liabilities	135.6	0.4	136.0
Total current liabilities	**510.7**	**8.5**	**519.2**
Total liabilities and shareholders' equity	**3,409.5**	**(6.7)**	**3,402.8**

8. Business combinations (acquisitions)

- **Final allocation of the LdM values**

As mentioned in the previous section, the final allocation of the acquisition values for LdM, which took place in December 2012, was carried out in 2013.

The fair values of the net assets acquired are shown below.

Note that the differences compared with the figures shown above in note 7 – Reclassifications, are due to the different exchange rate used. Specifically, the differences were valued at the exchange rate at the time of the acquisition in this section and at the final exchange rate of the year in the previous note.

	Provisional fair values published on 31 December 2012 € million	Adjustments and reclassifications € million	Fair value at 31 December 2012 € million
ASSETS			
Non-current assets			
Net tangible fixed assets	67.2	(4.0)	63.2
Investment property	0.0	0.7	0.7
Brands	92.3	38.6	130.9
Investments in affiliates and joint ventures	0.2	0.7	0.9
Deferred tax assets	0.4		0.4
Other non-current assets	31.6	(13.2)	18.4
Total non-current assets	**191.7**	**23.0**	**214.7**
Current assets			
Inventories	82.2	(12.7)	69.5
Current biological assets	5.1	0.0	5.1
Trade receivables	24.0	(0.6)	23.4
Cash and cash equivalents	24.3		24.3
Current tax receivables	2.5	0.2	2.7
Other receivables	4.8	9.2	14.0
Total current assets	**143.0**	**(4.0)**	**139.0**
Total assets	**334.7**	**19.0**	**353.7**
LIABILITIES			
Non-current liabilities			
Defined benefit plans	4.6	0.0	4.7
Provision for risks and future liabilities	25.1	(9.3)	15.8
Deferred tax liabilities	40.0	(5.4)	34.6
Non-current liabilities	1.1	(1.0)	0.1
Total non-current liabilities	**70.9**	**(15.7)**	**55.2**
Current liabilities			
Payables to banks	3.9		3.9
Other financial payables	15.1		15.1
Payables to suppliers	4.0	9.9	13.8
Current payables to tax authorities	3.7	(1.5)	2.2
Other current liabilities	37.1	(15.2)	21.9
Total current liabilities	**63.8**	**(6.9)**	**56.9**
Total liabilities	**134.7**	**(22.6)**	**112.1**
Net assets acquired	**200.0**	**41.6**	**241.6**
Goodwill generated by acquisition	**121.6**	**(26.0)**	**95.7**
Total cost			**337.2**
of which			
Price paid in cash, excluding related costs			*317.3*
Purchase of rights from Kobrand			*15.6*
Payable for remaining shares to be acquired			*4.3*
Total value of investment, net of cash			**333.1**
Payables (cash) acquired			**4.2**
of which			
Cash acquired			*24.3*
Debt acquired			*(20.1)*

- **Copack acquisition**

On 2 September 2013, Gruppo Campari, through Campari Australia Pty Ltd, completed the Copack acquisition.
The consideration paid was AUD 20.9 million (approximately € 13.6 million), on a cash free/debt free basis, to purchase land, buildings, production assets and working capital.
The provisional allocation of the fair value of the assets acquired is shown below:

	Fair value at the date of acquisition € million
ASSETS	
Non-current assets	
Net tangible fixed assets	13.6
Total non-current assets	**13.6**
Current assets	
Inventories	1.3
Trade receivables	2.5
Total current assets	**3.8**
Total assets	**17.4**
LIABILITIES	
Non-current liabilities	
Provision for risks and future liabilities	0.4
Other non-current liabilities	0.1
Total non-current liabilities	**0.5**
Current liabilities	
Payables to suppliers	3.1
Other current liabilities	0.1
Total current liabilities	**3.3**
Total liabilities	**3.8**
Net assets acquired	**13.6**
Acquisition cost	**13.6**
of which	
Price paid in cash, excluding related costs	13.6

Net sales for the period relating to the acquisition were € 6.9 million, with an operating result of € 0.6 million.
If the acquisition had been consolidated on 1 January 2013, sales would have been € 19.5 million, with an estimated operating result of € 1.6 million.

9. Investments in joint ventures and affiliated companies

At 31 December 2013, investments in joint ventures and affiliated companies exclusively included Jamaica Joint Venture Investments Company Ltd, a company based in Jamaica (in which the Group holds a 33.33% stake). The joint venture manages two buildings that it owns in Kingston, Jamaica. The stake was valued at the portion of the joint venture's shareholders' equity, which gave rise to an adjustment to the opening values of € 0.7 million, as shown in note 7-Reclassifications and note 8-Business combinations.
Differences between the values at 31 December 2012 containing this reclassification and the values at 31 December 2013 are solely due to the conversion effects of the investment, which did not, however, have any impact on the income statement.

The liquidation of the international company Marques V.o.f., based in Holland, in which the Group held a 33.33% stake, was completed during the year. Liabilities of € 0.2 million were incurred in 2013 from the closure of the joint venture. This amount was booked to the income statement as a portion of the loss relating to companies measured at equity.

10.Operating segments

The Group's reporting is based mainly on geographical regions; the four regions identified as operating segments and for which profitability is analysed are: Italy, Rest of Europe, Americas and Rest of the world and duty free.

Profitability is analysed at the level of the result of recurring activities, equivalent to the operating result before non-recurring income and charges.

In addition, the profitability of each region shown in the new segment reporting methodology reflects the profit generated by the Group in sales to third parties made in that region, thereby neutralising the effects of inter-company margins.

2013	Italy € million	Rest of Europe € million	Americas € million	Rest of the world € million	Total allocated € million	Non-allocated items and adjustments € million	Consolidated € million
Net sales to third parties	376.4	368.3	623.3	156.2	1.524.1		1.524.1
Net sales between segments	194.1	38.2	32.2	0.2	264.7	(264.7)	-
Total net sales	**570.5**	406.5	**655.5**	**156.3**	**1.788.9**	**(264.7)**	**1.524.1**
Segment result	**77.2**	82.8	**104.1**	**35.5**	**299.6**		**299.6**
Other non-recurring costs: income and charges	-	-	-	-	-	(10.3)	(10.3)
Operating result							**289.3**
Net financial income (charges)						(59.1)	(59.1)
Portion of profit (loss) relating to companies valued at equity						(0.2)	(0.2)
Income/charges: put options	-	-	-	-	-	0.2	0.2
Taxes						(79.8)	(79.8)
Non-controlling interests						(0.6)	(0.6)
Group profit for the period							**149.8**
Other items included in the income statement:							
Depreciation/amortisation	-	-	-		-	(39.5)	(39.5)

2012	Italy € million	Rest of Europe € million	Americas € million	Rest of the world € million	Total allocated € million	Non-allocated items and adjustments € million	Consolidated € million
Net sales to third parties	391.1	345.3	464.8	139.5	1.340.8		1.340.8
Net sales between segments	177.9	38.1	25.3	-	241.3	(241.3)	-
Total net sales	**569.0**	**383.5**	**490.2**	**139.5**	**1.582.1**	**(241.3)**	**1.340.8**
Segment result	**75.9**	**90.8**	**102.5**	**35.4**	**304.7**		**304.7**
Non-recurring costs: income and charges	-	-	-	-	-	(17.2)	(17.2)
Operating result							**287.5**
Net financial income (charges)						(51.2)	(51.2)
Portion of profit (loss) relating to companies valued at equity						-	-
Income/charges: put options	-	-	-	-	-		(0.1)
Taxes						(79.0)	(79.0)
Non-controlling interests							(0.5)
Group profit for the period							**156.7**
Other items included in the income statement:							
Depreciation/amortisation	-	-	-		-	(32.7)	(32.7)

11.Net sales

	2013 € million	2012 € million
Sale of goods	1,514.0	1,339.5
Provision of services	10.1	1.3
Total net sales	**1,524.1**	**1,340.8**

For more detailed analysis of net sales, please refer to the information in the Report on operations in the Sales performance section.
The provision of services relates to bottling the products of third parties. The increase is due to the acquisition of Copack in Australia, which generated net revenues of € 6.9 million from September.

12.Cost of goods sold

A breakdown of the cost of goods sold is shown by function and by nature in the table below.

	2013 € million	2012 € million
Materials and manufacturing costs	629.6	501.1
Distribution costs	84.1	70.2
Total cost of goods sold	**713.7**	**571.3**
Breakdown by type:		
Raw materials and finished goods acquired from third parties	489.1	401.5
Inventory write-downs	5.9	1.1
Personnel costs	58.8	42.4
Depreciation and amortisation (*)	29.0	23.8
Utilities	22.6	10.4
External production and maintenance costs	22.3	14.8
Variable transport costs	59.7	53.6
Other costs	26.2	23.5
Total cost of goods sold	**713.7**	**571.3**

(*) Depreciation and amortisation is net of € 4.1 million (€ 5.9 million in 2012) pending for final stocks of liquids undergoing the ageing process

The increase in the cost of goods sold is commented in the Report on operations, where the change in the percentage of net sales accounted for by these costs is analysed.
Depreciation and amortisation included in the cost of goods sold is reported net of € 4.1 million (€ 5.9 million in 2012) for depreciation of the tangible assets of Campari America, that was entirely capitalized on stock during the year on maturing inventory; on average, the product age is between five and seven years.
For a breakdown of personnel costs, see note 16 - Personnel costs.

13.Overheads

Overheads include:

	2013 € million	2012 € million
Sales costs	121.3	106.8
General and administrative expenses	150.5	138.0
Total overheads	**271.9**	**244.8**
Breakdown by type:		
Agents and other variable sales costs	19.6	18.2
Depreciation/amortisation	10.2	8.9
Personnel costs	141.4	117.3
Travel, transfers, training and meetings	21.6	20.9
Utilities	2.0	1.6
Services, maintenance and insurance	34.7	31.6
Operating leases and rental expenses	10.7	8.5
Other	21.4	20.9
Non-recurring (income) and charges	10.3	17.2
Total overheads	**271.9**	**244.8**

The increase in overheads, before non-recurring costs, was due mainly to the first consolidation of LdM.
For a breakdown of personnel costs, see note 16-Personnel costs.
The increase in the item Services, maintenance and insurance is largely attributable to costs for the outsourcing of services, various consultancy services and IT services associated with on-going business management projects.
A breakdown of non-recurring income and charges is provided in the next section.

14.Non-recurring overheads

The operating result for the year was affected by the following non-recurring income and charges.

	2013 € million	2012 € million
Capital gains on the sale of buildings	0.3	4.6
Other capital gains on the sale of fixed assets	1.9	0.3
Capital gains on the sale of intangible assets	4.5	
Income from settlement# of tax disputes	3.9	
Other non-recurring income	-	0.4
Total non-recurring income	**10.6**	**5.3**
Accrual of provision for risks and charges	(6.7)	(8.9)
Personnel restructuring costs	(6.7)	(2.5)
Accruals for provision for staff restructuring	(0.7)	-
Write-downs of Group company assets	(3.7)	-
Goodwill impairment	(0.4)	-
Write-downs of tangible fixed assets	(0.6)	(0.9)
Penalty for the early termination of distribution relationships	(0.6)	(0.3)
Acquisition costs	(1.5)	-
Penalties	-	(1.0)
Other non-recurring charges	(0.1)	(2.0)
Total non-recurring charges	**(20.9)**	**(22.4)**
Total (net)	**(10.3)**	**(17.2)**

Non-recurring items for the year included capital gains on the sale of fixed assets totalling € 6.7 million. The bulk of this amount related to the sale of the Barbieri Punch brand, which was completed on 1 March 2013 by the Parent Company, for € 4.5 million, and to the sale of the assets of LdM for € 1.9 million.
Income from the settlement of disputes, totalling € 3.9 million, includes the impact of closing various positions of a subsidiary.

The accrual of provisions for risks and charges, totalling € 6.7 million, relates to a provision allocated for a legal dispute relating to distribution agreements.
Restructuring costs, of € 7.4 million, of which € 6.7 were paid in 2013 and € 0.7 million allocated to provisions for risks and charges, relate to the Parent Company, the companies forming part of the LdM acquisition and, to a lesser extent, other Group companies.
The write-down of assets, totalling € 3.7 million, and the goodwill impairment of € 0.4 million, represent an adjustment to the value of the assets of CJSC 'Odessa Sparkling Wine Company', following the Group's strategic decision to sell the company, for which definitive agreements were reached after the reporting date.
The acquisition costs of € 1.5 million include legal expenses and consultancy fees relating to the non-recurring transactions carried out during the year (associated mainly with the acquisition of Copack) and charged to the income statement pursuant to IFRS 3-Business combinations.

15.Depreciation and amortisation

The following table shows details of depreciation and amortisation, by nature and by function, included in the income statement.

	2013 € million	2012 € million
- Tangible fixed assets	(28.1)	(22.7)
- Intangible fixed assets	(0.9)	(1.1)
Depreciation and amortisation included in cost of goods sold:	(29.0)	(23.8)
- Tangible fixed assets	(6.1)	(5.4)
- Intangible fixed assets	(4.5)	(3.5)
Depreciation and amortisation included in overheads	(10.6)	(8.9)
- Tangible fixed assets	(34.2)	(28.1)
- Intangible fixed assets	(5.4)	(4.6)
Total depreciation and amortisation in the income statement	**(39.6)**	**(32.7)**
Depreciation and amortisation capitalized in maturing inventory	(4.1)	(5.9)
Total depreciation and amortisation	**(43.7)**	**(38.6)**

16.Personnel costs

	2013 € million	2012 € million
Salaries and wages	152.3	119.9
Social security contributions	33.2	27.6
Cost of defined contribution plans	6.1	4.9
Cost of defined benefit plans	0.8	0.1
Other costs relating to long-term benefits	(0.4)	0.1
Cost of share-based payments	8.6	7.8
Total personnel costs	**200.4**	**160.4**

The allocation of personnel costs to the cost of goods sold and overheads was explained in the two previous notes. Personnel costs increased by 24.9% compared with 2012, as they mainly included the impact of the considerable strengthening of LdM, as described in note 13-Overheads.

17.Research and development costs

The Group's research and development activities related solely to ordinary production and commercial activities, namely ordinary product quality control and packaging studies in various markets.
Related costs are recorded in full in the income statement for the year in which they are incurred.

18.Other costs

Minimum payments under operating leases in 2013 were € 18.4 million and relate to contracts held by Group companies relating to property, IT equipment, company cars and other equipment.

19.Financial income and charges

Net financial expense for the year break down as follows:

	2013 € million	2012 € million
Bank and term deposit interest	5.0	4.6
Third-party dividends	0.7	-
Other income	0.2	0.2
Total financial income	**5.8**	**4.8**
Net interest expense on bonds and private placement	(57,4)	(45.1)
Interest expense on lease agreements	0.2	0.7
Interest expense to banks	(3.0)	(4.3)
Capitalised interest	1.4	0.4
Total interest expense	**(58.8)**	**(48.4)**
Net interest on defined benefit plans	2.2	(0.3)
Bank charges	(1.9)	(1.5)
Other charges and exchange rate differences	(6.5)	(3.3)
Total financial charges	**(6.2)**	**(5.1)**
Financial charges relating to tax inspections	0.2	(0.2)
Acquisition costs	-	(2.4)
Non-recurring financial charges	**0.2**	**(2.6)**
Net financial income (expense)	**(59.1)**	**(51.2)**

The net financial expense for the year of € 59.1 million were up 15.4% on the figure for the previous year (€ 51.2 million). The increase in financial expense is due to the rise in average debt for the year, as a result of the LdM acquisition in December 2012, and the higher proportion of fixed-rate debt. The average cost of debt in the year, negatively affected by a substantial negative carry on cash and cash equivalents, was 6.6%.

The interest expense on bonds and private placement rose by € 12.3 million. The increase comprised the rise in the cost of coupons (€ 13.4 million), which was partially offset by higher revenues arising from the fair value measurement of hedging instruments and the associated underlyings (€ 1.1 million).
The breakdown of interest expense to bondholders is shown in the table below.

	2013			2012
	Parent Company € million	Campari America € million	Total € million	Total € million
Financial expense on bonds and private placement	(46.9)	(14.3)	(61.2)	(50.5)
Net financial income (expense) on swaps	1.9	-	1.9	4.6
Net cost (coupon)	**(45.1)**	**(14.3)**	**(59.4)**	**(46.0)**
Net changes in fair value and other amortised cost components	0.9	(0.4)	0.4	(0.6)
Cash flow hedge reserve reported in the income statement during the year	1.5	-	1.5	1.4
Net interest expense on bonds and private placement	**(42.7)**	**(14.7)**	**(57.4)**	**(45.1)**

The rise in the net cost of the coupons was € 13. 4 million in total. This increase was due mainly to the cost of the new Eurobond loan, issued in October 2012 to finance the LdM acquisition, which, given that it affected a full year, generated financial costs that were € 14.5 higher than the previous year. The total variation also reflects the effect of two changes in the opposite direction (+/-): the closing of the private placement issued by Campari America in 2002 led to cost savings of € 3.8 million on the previous year, while the discontinuing of an interest rate swap taken out in 2012 led to accrued interest of € 2.8 million higher than the previous year.

As regards the interest rates paid during the year, Campari America, paid fixed-rate coupons at an average rate of 7.61% on the private placement issued in June 2009.

The bond loan issued by the Parent Company in 2003 carried average fixed rates of 3.20%. This rate is the combined result of an average fixed rate of 4.25% on € 172.0 million and an average variable rate of 1.10% on € 86 million.

Following the termination of the interest rate swap, as mentioned above, the Company resumed payment of the coupon rate of 5.375%.

The receivable arising from the discontinuing, which is collected over the duration of the loan at the same time as the coupon payments, has generated a cash-in of € 5.0 million in 2013. The positive annual effect of the discontinuing is shown on the income statement as one of the components of the amortised cost of the bond and, in 2013, the income amounted to € 4.2 million. For more information on the effects of the termination, please see note 29-Other non-current assets.

The Parent Company paid a fixed coupon of 4.5% (€ 400.0 million) on the nominal amount of the Eurobond issued on 18 September 2012.
The fall in bank interest expense largely relates to the reduction in the average balances on payables during the year. This was due to the fact that the Group's use of the credit facilities was lower than previous year.

Net exchange rate differences were negative at € 6.5 million in 2013, compared with a negative figure of € 3.3 million in 2012.

20.Income and charges relating to put options and earn-outs

The charges reported at 31 December 2013 were due to an update of the estimate of the earn outs relating to the acquisitions of the Cabo Wabo and Sagatiba brands.

21.Income taxes

Details of current and deferred taxes posted to the Group's income statement are as follows:

	2013 € million	2012 € million
- taxes for the year	(57.6)	(67.4)
- taxes relating to previous years	(0.5)	2.6
Income tax-current	(58.0)	(64.8)
Income tax-deferred: new arising and write-down temporary differences	(21.8)	(14.2)
Income tax reported in the income statement	**(79.8)**	**(79.0)**

The table below gives details of current and deferred taxes posted directly to Equity.

	2012 € million	2011 € million
Current taxes relating to profits (losses) taken directly to shareholders' equity	0.1	-
Deferred taxes on profits (losses) from cash flow hedging	(0.5)	0.3
Income tax reported in shareholders' equity	**(0.4)**	**0.3**

The table below shows a reconciliation of the theoretical tax charge with the Group's actual tax charge.
Note that, in order to provide a clearer picture, IRAP has not been taken into account since, being a tax calculated on a tax base other than pre-tax profit, it would have had distortive effects.

Theoretical taxes were therefore calculated solely by applying the current tax rate in Italy for IRES i.e. 27.5%.

Reconciliation of the theoretical tax charge with the actual charge	2013	2012
	€ million	€ million
Group profit before tax	230.2	236.2
Applicable tax rate in Italy	27.50%	27.50%
Group theoretical taxes at current tax rate in Italy	(63.3)	(64.9)
Difference in tax rate of foreign companies compared to the theoretical rate	(8.6)	(6.7)
Difference in tax rate of Italian companies compared to the theoretical rate	2.8	(0.6)
Permanent differences	(1.4)	0.8
Taxes relating to previous financial years	(0.5)	2.6
Other consolidation differences	(0.2)	(2.0)
IRAP	(8.6)	(8.1)
Effective tax charge	(79.8)	(79.0)
Effective tax rate	34.68%	33.43%

Details of deferred tax assets and liabilities posted to the income statement and statement of financial position are broken down by nature below.

	Statement of financial position		Income statement	
	2013	2012	2013	2012
	€ million	€ million	€ million	€ million
Change in consolidation area	-	0.4	-	-
Deferred expenses	0.6	0.9	-	0.1
Taxed funds	4.9	24.9	(0.2)	2.2
Past losses	5.3	6.3	(0.3)	2.6
Other	8.4	5.4	2.1	1.4
Reclassified deferred tax assets used to offset deferred tax liabilities	(6.8)	(26.3)	1.8	-
Deferred tax assets	**12.4**	**11.5**	**3.2**	**6.3**
Change in consolidation area	-	(38.9)	-	-
Accelerated depreciation	(17.4)	(19.0)	(4.1)	0.6
Capital gains subject to deferred taxation	(1.4)	(0.7)	(0.7)	0.4
Goodwill and brands deductible locally	(152.6)	(144.3)	(22.3)	(22.2)
Cash flow hedging	-	(0.1)	-	-
Reserves subject to taxation in the event of a dividend	(0.1)	(0.1)	-	-
Adjustment to Group accounting principles	8.3	4.2	2.2	(0.6)
Leasing	(2.2)	(2.2)	-	0.4
Allocation of values deriving from acquisitions	(62.2)	(17.0)	0.2	-
Other	16.2	(6.9)	1.5	0.8
Reclassified deferred tax assets used to offset deferred tax liabilities	6.8	26.3	(1.8)	-
Reclassified final value allocation on LdM acquisition (*)	-	5.2	-	-
Deferred tax liabilities	**(204.7)**	**(193.6)**	**(25.0)**	**(20.5)**
Total			(21.8)	(14.2)

(*) See note 7-Reclassification at opening book values

Deferred tax assets in respect of past losses are entirely attributable to Campari do Brasil Ltda.
Local legislation does not set a time limit for their use, but does set a quantitative limit for each individual year, based on declared taxable income.
The Company has also begun to use these against taxable income.

22.Basic and diluted earnings per share

Basic earnings per share are calculated as the ratio of the Group's portion of net profits for the year to the weighted average number of ordinary shares outstanding during the year; own shares held by the Group are, therefore, excluded from the denominator.

Diluted earnings per share are determined by taking into account the potential dilution effect resulting from options allocated to beneficiaries of stock option plans in the calculation of the number of outstanding shares.

Basic earnings per share are calculated as shown in the table below.

Basic earnings	2013			2012		
	Profit € million	No. of shares	Earnings per share €	Profit € million	No. of shares	Earnings per share €
Net profit attributable to ordinary shareholders	149.8			156.7		
Weighted average of ordinary shares outstanding		580,370,608			577,266,389	
Basic earnings per share			0.26			0.27

Diluted earnings per share are calculated as follows:

Diluted earnings	2013			2012		
	Profit € million	No. of shares	Earnings per share €	Profit € million	No. of shares	Earnings per share €
Net profit attributable to ordinary shareholders	149.8			156.7		
Weighted average of ordinary shares outstanding		580,370,608			577,266,389	
Weighted average of shares from the potential exercise of stock options with dilutive effect		10,484,645			9,965,210	
Weighted average of ordinary shares outstanding net of dilution		590,855,252			587,231,599	
Diluted earnings per share			0.25			0.27

23.Net tangible fixed assets

Changes in this item are indicated in the table below.

	Land and buildings € million	Plant and machinery € million	Other € million	Total € million
Carrying value at start of period	273.0	308.0	131.5	712.6
Accumulated amortisation at start of period	(66.5)	(180.5)	(73.0)	(320.0)
Balance at 31 December 2012 – published	**206.5**	**127.6**	**58.5**	**392.6**
Reclassifications (*)	3.0	(6.9)	-	(3.9)
Balance at 31 December 2012 - post-reclassifications	**209.5**	**120.6**	**58.5**	**388.7**
Change in consolidation area	8.2	5.0	0.4	13.6
Capital expenditure	12.0	30.0	17.1	59.1
Disposals	0.1	-	(2.4)	(2.4)
Depreciation/amortisation	(8.6)	(18.5)	(10.2)	(37.3)
Reclassification	1.3	(1.7)	(0.5)	(0.8)
Write-downs	(0.2)	(0.1)	(0.2)	(0.6)
Exchange rate differences and other changes	(11.4)	(6.8)	(5.4)	(23.7)
Balance at 31 December 2013	**210.9**	**128.5**	**57.2**	**396.6**
Carrying value at end of period	281.8	320.8	127.1	729.6
Accumulated amortisation at end of period	(70.9)	(192.3)	(69.9)	(333.1)

(*) See note 7- Reclassifications at opening book values

Investment in land and buildings, which totalled € 12.0 million, essentially related to the following projects:
- in Campari America, the construction of a visitor center in Lawrenceburg for € 2.0 million and a new barrel warehouse for € 3.5 million, and the restructuring of the new operational headquarters in San Francisco for € 1.9 million;
- in Glen Grant Ltd., the construction of the new bottling plant in Rothes, Scotland, for € 0.9 million;

- the Parent Company incurred capital expenditure costs of € 1.1 million for improvement works on Villa Campari at the headquarters in Sesto San Giovanni.
The remaining amount is due to expansion and restructuring work carried out in the offices and plants of various Group subsidiaries.

Capital expenditure on plant and machinery, amounting to € 30.0 million, primarily included investment by:
- Campari America, of € 16.7 million, relating to the plant in Lawrenceburg, mainly to build bottling lines for Wild Turkey and SKYY, which were launched in September 2013;
- Glen Grant Ltd., of € 1.1 million, relating to the construction of the bottling plant in Rothes, Scotland; The new line has been operational since March 2013;
- the Parent company, totalling € 4.3 million, of which € 0.9 million relates to improvement works on Villa Campari in Sesto San Giovanni, and the remainder to compliance adjustments for plant and machinery in the production units in Novi Ligure, Canale and Crodo;
- Campari do Brasil Ltda., of € 2.8 million; € 1.4 million of this relates to the automation of the palleting system and the remainder to efficiency improvements to the production lines;
- J. Wray&Nephew Ltd, totalling € 4.0 million, relating to the replacement of, and efficiency and capacity improvements to production plants.

Other capital expenditure of € 17.1 million essentially included:
- the purchase of barrels to be used for ageing, amounting to € 8.3 million by Campari America, € 0.9 million for Glen Grant Ltd., € 0.2 million for Sella&Mosca S.p.A. and € 0.8 million for J. Wray&Nephew Ltd;
- Investment in furniture and fittings and other equipment totalling € 7.7 million, including: € 3.7 million relating to Campari America, for restructuring the new headquarters and building the visitor center, and € 1.2 million relating to the Parent Company at the headquarters in Sesto San Giovanni.

Disposals, amounting to € 2.4 million, related to the sale of barrels by Campari America.

Please note that, for better understanding, fixed assets in progress of € 9.4 million are included under the categories to which they relate, depending on the nature of the capital expenditure.
The following table provides a breakdown of tangible fixed assets by ownership.

	Fixed assets		
	owned	under finance leases	Total
	€ million	€ million	€ million
Land and buildings	210.9		210.9
Plant and machinery	124.2	4.3	128.5
Other assets	57.2		57.2
	392.3	**4.3**	**396.6**

24.Biological assets

This item includes biological assets consisting of fruit-bearing and mature vines that provide grapes for wine production and pre-production vineyards.

Sella&Mosca S.p.A. owns vineyards covering approximately 548 hectares north of Alghero in Sardinia, approximately 100 hectares near San Gimignano in Tuscany and around 12 hectares near Alba in Piedmont.
The Group also owns around five hectares of vineyards in Saint Gilles in France, through Société Civile du Domaine de La Margue.

Changes in this item are indicated in the table below.

	Assets valued at fair value	Assets valued at cost	Total
	€ million	€ million	€ million
Opening value	2.8	23.6	26.4
Accumulated amortisation at start of period	-	(9.3)	(9.3)
Balance at 31 December 2012	**2.8**	**14.3**	**17.2**
Capital expenditure	-	1.0	1.0
Depreciation/amortisation	-	(0.9)	(0.9)
Balance at 31 December 2013	**2.8**	**14.5**	**17.3**
Closing value	2.8	24.7	27.5
Accumulated amortisation at end of period	-	(10.2)	(10.2)

The capital expenditure of € 1.0 million for the year mainly related to vineyard equipment that started production during the year.

As for the biological assets in Sardinia, with respect to the application of IAS 41 on the accounting treatment of biological assets (vines) and biological products (grapes), given the unique situation of the territory in which Sella&Mosca S.p.A. operates, it was decided to continue recording these assets at cost, less accumulated depreciation; valuation at fair value would require certain assumptions to be met, which do not apply in the context in which the Company operates. For more information, see note 47-Assets and liabilities at fair value.

The depreciation rate used by Sella&Mosca S.p.A. for vineyards is 5%.

Other biological assets are valued at fair value, based on expert surveys of agricultural land and the related vineyards. These vineyards, located in Piedmont and Tuscany, were measured at fair value and did not need to be revalued or devalued to bring them in line with the real market price.
At 31 December 2013, non-productive biological assets, recorded under biological assets in progress, totalled € 1.5 million, compared with € 1.2 million at 31 December 2012.
Specifically, pre-production vineyards in Tuscany are valued at € 0.7 million, and relate to those planted in 2009, 2010, 2011, 2012 and 2013, while those in Piedmont and Sardinia are valued at € 0.2 million and €0.6 million respectively.
Agricultural output during the year totalled approximately 66,918 quintals in Sardinia, around 6,606 quintals in Tuscany and some 933 quintals in Piedmont.
Given that it was all processed, there were no inventories of this production at the year end.

25.Investment property

At 31 December 2013, investment property of € 0.5 million related mainly to the Parent Company, and included apartments and a shop in the districts of Milan, Bergamo and Verbania, and two buildings in rural locations in the district of Cuneo.
These buildings are recorded in the financial statements at their approximate fair value at the reporting date.
The change of € 0.7 million over the year essentially relates to the sale of a property in Jamaica.

26.Goodwill and brands

Changes during the year are indicated in the table below.

	Goodwill € million	Brands € million	Total € million
Carrying value at start of period	1,062.0	574.0	1,636.1
Opening impairment	(4.9)	-	(4.9)
Balance at 31 December 2012-published	**1,057.1**	**574.0**	**1,631.2**
Reclassifications (*)	(25.2)	37.5	12.3
Balance at 31 December 2012-post-reclassifications	**1,031.9**	**611.5**	**1,643.4**
Impairment	(0.4)		(0.4)
Exchange rate differences	(55.1)	(31.5)	(86.6)
Balance at 31 December 2013	**976.4**	**580.0**	**1,556.4**
Carrying value at end of period	981.5	580.0	1,561.5
Closing impairment	(5.1)	-	(5.1)

(*) See note 7-Reclassifications at opening book values

Intangible assets with an indefinite life are represented by goodwill and brands, both deriving from acquisitions.
The Group expects to obtain positive cash flow from these assets for an indefinite period of time.
Goodwill and brands are not amortised but are subject to impairment tests.
For information on the write-downs of € 0.4 million made during the year and the related methods of valuing impairment, please see note 27 - Impairment.

The reclassifications relate to the variation arising from the final allocation of the LdM acquisition values. Further details of the changes are shown in the table below.

The negative exchange rate differences, of € 86.6 million, are due to the adjustment of values recorded in local currency at end-of-year exchange rates. Exchange rate differences of € 55.1 million relating to Goodwill are due mainly to the values denominated in US dollars (€ 23.8 million), Brazilian real (€ 13.9 million) and Jamaican dollars (€ 15.2 million), as shown in the table below.
Exchange rate differences of € 31.5 million relating to Brands, are due mainly to the values denominated in US dollars (€ 9.9 million) and Jamaican dollars (€ 20.8 million), as shown below.

Values generated by the LdM acquisition	Goodwill € million	Brands € million	Total € million
Provisional fair values published on 31 December 2012 converted into euro at the exchange rate at the time of acquisition	121.6	92.3	213.9
Exchange rate effect 2012	(3.4)	(2.6)	(6.0)
Total published value at 31 December 2012	118.2	89.7	207.9
- of which write-downs	-	-	-
Reclassifications deriving from the final allocation of the LdM acquisition	(26.0)	38.6	12.6
Exchange rate differences 2012 on the change in acquisition values	0.7	(1.1)	(0.4)
Total post-reclassifications value at 31 December 2012	93.0	127.2	220.1
Exchange rate differences 2013	(15.2)	(20.8)	(36.0)
Total value at 31 December 2013	77.8	106.4	184.1
- of which write-downs	-	-	-

For further information on the acquisition, please see note 8-Business combinations.

27.Impairment

In line with the guidance in IFRS 8, the segment information relating to Gruppo Campari is based on four regions identified as operating segments: Italy, Rest of Europe, Americas and Rest of the World and Duty Free. The Group considers that this information reflects its organisational structure and the decision-making processes relating to company management. It is consistent with the information used by management to assess company performance, and is in line with the best international practice in the sector.
To tie with the segment reporting structure, Gruppo Campari has identified four cash generating units ('CGU'), represented by Italy, Rest of Europe, Americas and Rest of the World and Duty Free, which it considers accurately and consistently reflect the structure of the operating segments.
Goodwill was allocated in aggregate form to the CGUs, for impairment tests to be carried out at that level. For brands, the values were tested individually.

Allocation and impairment testing of goodwill

Goodwill was allocated to each CGU at 31 December 2013 based on the first allocation made at 31 December 2012 (allocated proportionally based on the relevant recoverable value of the four CGUs, calculated on value in use), adjusted to take account of the impact of exchange rates on goodwill values and changes in the scope of consolidation. The carrying amounts of the CGUs were calculated by allocating, in addition to goodwill, the brand values assigned on the basis of the profitability achieved by the brand in each CGU, as well as the fixed assets and working capital, which were mainly allocated on the basis of the relevant sales by region.
Estimates of cash flows generated by individual CGUs were used for calculating the recoverable value of the CGUs based on value in use. Forecasts of operating cash flows come from the 2014 budget and the strategic plans prepared by the Group's subsidiaries in 2013 for the period 2015-2018 and approved by the Board of Directors of Davide Campari- Milano S.p.A.
In addition, the five-year plan was adapted for a ten-year period, assuming medium to long-term growth rates, which do not exceed the average long-term growth rates for the market in which the Group operates. The use of a ten-year period was justified by the extension of the life cycle of the brands in the spirit market, as well as the length of the ageing process of certain brands in some CGUs. The main assumptions used in calculating the value in use of the CGUs are the operating cash flows in the ten-year period covered by the estimates, the discount rate and the growth rate used to determine the terminal value. With regard to the cash flow projections, reference was made to both the Group's historic averages and its potential growth, expressed by expected demand in the key markets for the individual CGUs.
Estimates of future cash flows were calculated based on prudent criteria in respect of growth rates and sales development. In addition, projections are based on reasonableness, prudence and consistency with respect to the allocation of future general expenses, trends in capital investment, conditions of financial equilibrium and the main macroeconomic variables. Cash flow projections relate to current operating conditions and therefore do not include cash flows connected with any one-off operations.
For the purposes of determining the terminal value, the perpetuity growth method of discounting was used. Specifically, a terminal growth rate was taken that varied according to the individual CGUs, from 1.0% for the Rest of Europe to 1.5% for Italy, Americas, and the Rest of the world and duty free, and which does not exceed the sector's estimated long-term growth rate.
The value in use of the CGUs was calculated by discounting the estimated value of future cash flows, including the terminal value, which it is assumed will derive from the continuing use of the assets, at a discount rate (net of taxes and adjusted for risk) that reflects the average weighted cost of capital. Specifically, the discount rate used was the Weighted Average Cost of Capital ('WACC'), calculated differently for the four CGUs at 31 December 2013, and determined with reference to indicators and parameters observable on the main markets that make up the individual CGUs, the present value of money and specific risks connected with the business being valued: the discount rates used on the date the valuation was performed varied for the four CGUs tested as follows: 6.4% for the Americas, 6.8% for the Rest of the world, 7.8% for Italy and 8.4% for the Rest of Europe (in 2012 the discount rates used for the same CGUs were respectively 6.0%, 6.2%, 7.5%, 9.3%).

Impairment testing on brands

Impairment testing was performed on brands individually using the value in use criterion. The carrying amounts of individual brands were determined by allocating the fixed assets and working capital based on related sales, in addition to intangible assets with an indefinite life.
Note also that with reference to LdM, the Group considers that the current growth forecasts do not fully reflect the opportunities identified by the Group, based on which it will develop its new strategic plan for the brands acquired. Therefore, in order to test for any impairment of the brand value allocated to LdM, the Group considered it more

appropriate to use the method of fair value minus sales costs rather than the criterion of value in use based on forecasts of operating cash flows.
This methodology is based on the application of parameters deduced from the valuation attributed to brands that have been acquired and comparable brands in an active market in terms of type of brand acquired and transaction structure: these are implicit parameters or multipliers derived from the ratio between the acquisition price and specific economic and financial indicators relating to those companies. Specifically, the recoverable value of the brand allocated to LdM was calculated using the EV/EBITDA multiple, deduced from a sample of transactions comparable to the acquisition. The use of this multiple is considered particularly effective as it avoids distortions caused by the different tax regulations and financial structures; is less sensitive to distortions caused by variations in extraordinary profit; and facilitates comparison at international level.

Results of impairment testing

At 31 December 2013, based on the methodologies and assumptions set out above, the impairment tests revealed that the values recorded for goodwill and brands were fully recoverable.
To take into account current market volatility and uncertainty over future economic prospects, sensitivity analysis have been carried out to assess the recoverability of amounts relating to goodwill and brands.
Specifically, sensitivity analysis of recoverable values of the individual CGUs and individual brands was carried out based on the assumption of a percentage point increase in the discount rate and a percentage point reduction in the terminal growth rate. Sensitivity analysis was also carried out on the recoverable value of the brand allocated to LdM, assuming a reduction of up to 20% of the financial indicator to which the multiplier is applied.
The sensitivity analysis described above confirmed that the values of the goodwill and brands are fully recoverable.

The values for goodwill and brands at 31 December 2013 allocated by CGU are shown in the table below.

CGU	31 December 2013 € million	31 December 2012 € million
Italy	206.8	216.1
Rest of Europe	235.4	246.2
Americas	479.8	420.0
Rest of the world and duty free	54.3	56.7
Total allocated	*976.4*	*939.0*
Unallocated values [1]	*0.0*	*118.2*
Total	**976.4**	**1,057.2**

[1] The value of goodwill not allocated to a CGU at 31 December 2012, of € 118.2 million, relates to the acquisition of LdM, and was calculated based on the provisional allocation of values arising from the acquisition at 31 December 2012. The value of goodwill relating to LdM, calculated on the basis of the final allocation of the values arising from the acquisition at 31 December 2013, is € 77.8 million, and is fully allocated to the Americas CGU.

The changes in the goodwill values at 31 December 2013 compared with 31 December 2012 are due to exchange rate effects. With reference to the Americas CGU, note that, in addition to exchange rate effects, it includes the effects of allocating the goodwill value relating to the acquisition of LdM In addition to exchange rate effects, the Rest of the World CGU was affected by a goodwill impairment of € 0.4 million as a result of the sale of the Ukrainian company CJSC 'Odessa Plant of Sparkling Wines', for which an agreement was signed on 13 February 2014.
A reconciliation of the brand and goodwill values relating to the acquisition of LdM published in the 2012 Annual Report and these financial statements is shown in note 26 - Goodwill and brands.

The values of brands acquired at 31 December 2013 are shown in the table below:

	31 December 2013 € million	31 December 2012 € million
Wild Turkey	132.4	138.4
C&C brands	116.6	116.6
GlenGrant and Old Smuggler	104.3	104.3
Cabo Wabo	51.5	53.9
X-Rated Fusion Liqueur	37.0	38.6
Riccadonna-Mondoro	12.3	12.3
LdM acquisition [1]	106.4	89.7
Other	19.5	20.2
Total	**580.0**	**574.1**

[1] Value arising from the acquisition of LdM, calculated based on the provisional allocation at 31 December 2012 and on the final allocation at 31 December 2013.

Note that, excluding the effects arising from the allocation of the brand value relating to the acquisition of LdM, changes in goodwill and brands in 2013 were solely due to exchange rate effects.

28.Intangible assets with a finite life

Changes in this item are indicated in the table below.

	Software € million	Other € million	Total € million
Carrying value at start of period	27.3	15.3	42.7
Accumulated amortisation at start of period	(19.5)	(2.7)	(22.1)
Balance at 31 December 2012	**7.8**	**12.7**	**20.5**
Capital expenditure	5.6	0.4	6.0
Advance on purchase of Bulldog brand	-	1.8	1.8
Purchase of distribution rights for Spain		3.3	3.3
Reclassification	3.2	(3.2)	-
Decreases	-	(0.1)	(0.1)
Amortisation for the period	(4.5)	(0.9)	(5.4)
Write-downs	-	-	-
Exchange rate differences and other changes	(0.2)	-	(0.2)
Balance at 31 December 2013	**12.0**	**14.0**	**26.0**
Carrying value at end of period	33.1	17.3	50.5
Accumulated amortisation at end of period	(21.2)	(3.3)	(24.5)

Intangible assets with a finite life are amortised on a straight-line basis in relation to their remaining useful life.

Investment for the year, totalling €6.0 million, is due to the implementation of the SAP and BPC IT system in the new Group companies, including Campari International S.r.l (€ 0.7 million), as well as new modules and upgrades by the Parent Company (€ 1.4. million), and € 3.8 million by other subsidiaries.

The advance payment recorded for the purchase of the Bulldog brand, of € 1.8 million (USD 2.5 million) relates to the definitive agreements with the brand-owner, as described in the 'significant events' section of the report on operations. The amount was subsequently paid by Campari America, in January 2014 and was therefore recorded under 'other payables'.
The purchase of distribution rights in Spain, totalling € 3.3 million, relates to the estimated amount to be paid to the current distributors in Spain, based on the agreement concluded with the Group, in order to commence distribution, via its subsidiary Campari España from 1 April 2014.

29.Non-current assets

This item breaks down as follows:

	31 December 2013 € million	31 December 2012 post-reclassification € million	Reclassifications [(*)] € million	31 December 2012 € million
Financial receivables	9.8	13.7	-	13.7
Non-current financial assets	**9.8**	**13.7**	**-**	**13.7**
Equity investments in other companies	1.3	1.5	(0.3)	1.7
Security deposits	1.0	1.0	0.3	0.7
Receivables from defined benefit obligation	14.9	16.9	(12.8)	29.7
Other non-current receivables from main shareholders	2.2	2.2	-	2.2
Other non-current tax receivables	4.4	4.5	-	4.5
Other non-current assets	**23.8**	**26.1**	**(12.8)**	**38.8**
Other non-current assets	**33.7**	**39.7**	**(12.8)**	**52.6**

[(*)] See note 7 – Reclassifications at opening book values

Financial receivables relate to the value of the asset arising from the closure of the derivative contract entered into upon the Eurobond 2009 issue, which was closed in 2012. This asset is collected over the remaining duration of the underlying loan, and is therefore divided into the long-term component, totalling € 9.8 million (€ 13.7 million in 2012), and the short-term component, totalling € 4.9 million (€ 6.0 million in 2012), as described in note 32-Short-term financial receivables.

At 31 December 2012, following the LdM acquisition, the Group had in place a defined benefit pension fund for current and former employees of LdM group companies, for which financial and non-financial assets were recorded. This fund, the 'Lascelles Henriques et al Superannuation Fund (LHSF)', which was created in 1960, has undergone various changes over the years in terms of its operation and methods of granting benefits. Since 2009, new employees have not been eligible to join the plan, but they may join a different defined contribution plan. In 2013, it was decided to liquidate the fund and transfer the beneficiaries' positions to third-party insurance policies that provide the same benefits, or to join the defined contribution plan. At 31 December 2013, the obligation is therefore classified as a liability and is not subject to actuarial assessments. The assets at plan service are still shown as receivables from defined benefit obligation. When the LHSF is liquidated, which is expected to be in 2014, the residual net assets will be re-allocated based on the nature and type of investments. At 31 December 2013, the Group's position in respect of this plan is a net asset of € 14.7 million (see also note 40-Defined benefit plans).

Other non-current tax receivables mainly relate to receivables due to the Group's Italian companies from the Italian tax authorities (€ 3.0 million); the rest of the amount relates to Campari do Brasil Ltda.
The tax receivables recorded by the Italian companies mainly relate to the right to refunds of the higher income taxes paid in previous years due to the non-deductibility of IRAP relating to personnel and similar costs following recent legislative changes introduced by article 2, para 1, of Legislative Decree 201/2011, supplemented by article 4, para 12, of Legislative Decree 16 of 2 March 2012.
Some of the receivables of the Group's Italian companies are therefore recorded as due from the main shareholder Alicros S.p.A. (€ 2.2 million) for 2007 to 2011 relating to the tax consolidation scheme, with some recorded as due from the tax authorities (€ 3.0 million) relating to previous tax periods.
Note that current payables of € 2.4 million, relating to the tax consolidation scheme, and Group VAT payables of € 1.2 million, all of which are non-interest-bearing, are also recorded as due from the main shareholder Alicros S.p.A. For further details, see note 50-Related parties.

30.Inventories and current biological assets

This item breaks down as follows:

	31 December 2013 € million	31 December 2012 post-reclassification € million	Reclassifications (*) € million	31 December 2012 published € million
Raw materials, supplies and consumables	49.9	40.2	(10.3)	50.6
Work in progress and maturing inventory	263.1	264.8	13.7	251.1
Finished products and goods for resale	129.7	129.1	(15.8)	144.9
Inventories	**442.6**	**434.1**	**(12.4)**	**446.5**
Current biological assets	4.5	4.9	-	4.9
Current biological assets	**4.5**	**4.9**	**-**	**4.9**
Total	**447.1**	**439.1**	**(12.4)**	**451.4**

(*) See note 7-Reclassifications at opening book values

The increase in inventories reflects the impact of external growth (€ 1.3 million) following the acquisition of Copack in Australia.
Stripping out this effect, the net change of € 6.7 million relates to the combined effect of exchange rate differences and organic growth. Specifically, the conversion of accounts in foreign currency generated a reduction of € 28.2 million, and organic growth was € 33.0 million. The increase was mainly due to stocks of liquids undergoing the ageing process at the Group's distilleries in Scotland, Kentucky and Jamaica.
Current biological assets represent the fair value of the harvest of sugar cane plantations that are not yet mature. This fair value estimate is based on the production costs incurred minus any impairment, calculated with reference to the estimated revenues from the sale of the harvest minus the costs of cultivation, harvesting and transportation to point of sale.

Inventories are reported minus the relevant provisions for write-downs. The changes are shown in the table below.

	€ million
Balance at 31 December 2012 - published	**2.9**
Reclassifications(*)	11.4
Balance at 31 December 2012 - post-reclassifications	**14.3**
Accruals	0.9
Utilisations	(0.6)
Exchange rate differences and other changes	(1.2)
Balance at 31 December 2013	**13.4**

(*) See the consolidated financial statements, note 7 – Reclassifications at opening book values

31.Trade receivables and other receivables

This item breaks down as follows:

	31 December 2013 € million	31 December 2012 post-reclassification € million	Reclassifications (*) € million	31 dicembre 2012 pubblicato € million
Trade receivables from external customers	271.8	299.3	(0.6)	299.9
Receivables in respect of contributions to promotional costs	16.8	12.6		12.6
Trade receivables	**288.5**	**311.9**	**(0.6)**	**312.4**
Payments on account to suppliers of fixed assets	0.6	0.5		0.5
Advances and other receivables from suppliers	0.7	4.3		4.3
Other receivables from tax authorities	8.2	3.0	-	3.0
Receivables from agents and non-trade customers	1.4	1.6		1.6
Pre-paid expenses	7.0	6.6	0.4	6.1
Other	11.4	17.2	8.4	8.8
Other receivables	**29.4**	**33.1**	**8.9**	**24.2**

(*) See note 7-Reclassifications at opening book values

The impact of external growth due to the acquisition of Copack in Australia amounts to € 2.5 million.

Their carrying value is considered to be close to their fair value.
Trade receivables are shown net of year-end bonuses and payables for promotional costs. This item is reported net of the related provision for write-downs, reflecting the actual risk of uncollectability, consistent with the disclosure of revenues on the income statement.
Trade receivables are reported net of the receivables sold on a non-recourse basis by Group companies; at 31 December 2013, receivables totalling € 88.6 million had been sold (€ 72.2 million at December 2012).

The decrease in trade receivables, of € 23.2 million, comprises € 16.4 million from the factoring of receivables on a non-recourse basis and € 6.8 million from the combined effect of exchange rate differences and the Group's organic growth.

Other receivables from tax authorities of € 8.2 million primarily comprise € 4.2 million for VAT, € 0.8 million for excise duty and € 3.2 million for other taxes.

The table below breaks down receivables by maturity; note that the other receivables column shows the total of receivables from agents and non-trade customers and the other item, as shown in the table above.
This breakdown excludes payments on account to suppliers of fixed assets, advances, tax credits and deferred charges.

31 December 2103	Trade receivables € million	Other receivables € million	Total € million
Not past due and not impaired:	**146.1**	**11.9**	**158.0**
Past due and not impaired:			
Less than 30 days	60.0	1.1	61.1
30-90 days	50.7	1.0	51.7
Within 1 year	21.2	0.8	21.9
Within 5 years	4.4	0.2	4.5
Due after 5 years	-	0.1	0.1
Total past due and not impaired	**136.3**	**3.1**	**139.4**
Past due and impaired	**15.8**	**0.4**	**16.2**
Impairment	(9.6)	(0.4)	(9.9)
Total receivables broken down by maturity	**288.5**	**15.0**	**303.6**
Receivables not significant for breakdown by maturity	-	14.3	14.4
Total	288.5	29.4	317.9

31 December 2012	Trade receivables € million	*of which, effect of the change in scope of consolidation* € million	Other receivables € million	*of which, effect of the change in scope of consolidation* € million	Total € million
Not past due and not impaired	**241.6**	**14.1**	**8.9**	**1.3**	**250.4**
Past due and not impaired:					
Less than 30 days	20.1	-	2.1	-+	22.2
30-90 days	26.4	6.5	1.6	0.6	28.0
Within 1 year	17.9	-	1.3	0.3	19.2
Within 5 years	4.4	-	0.6	-	5.0
Total past due and not impaired	**68.7**	**6.5**	**5.7**	**0.9**	**74.4**
Past due and impaired	**12.9**	**3.5**	**0.1**	**-**	**13.0**
Impairment	(10.7)	(0.8)	(0.1)	-	(10.8)
Total receivables broken down by maturity	**312.5**	**23.3**	**14.6**	**2.2**	**327.1**
Receivables not significant for breakdown by maturity	-	-	9.6	2.4	9.6
Total	312.5	23.3	24.2	4.7	336.6

The following table shows the changes in bad debt provisions during the period.

€ million	Provisions for doubtful receivables Trade receivables	Other receivables
Balance at 31 December 2012	**10.7**	**0.1**
Change in consolidation area	0.4	-
Accruals	3.1	-
Utilisations	(3.4)	-
Releases	(1.0)	
Exchange rate differences and other changes	(0.8)	-
Balance at 31 December 2013	**8.9**	**0.1**

The impact of external growth, of € 0.4 million, is entirely due to the Copack acquisition in Australia.

Accruals for the year of € 3.1 million mainly relate to the Parent Company and the Italian subsidiaries (€ 2.5 million) and to LdM (€ 0.3 million).
Utilisations for the year, reflecting the settlement of lawsuits outstanding from previous years, mainly relate to the Parent Company and the Italian subsidiaries.

32.Short-term financial receivables

This item breaks down as follows:

	31 December 2013 € million	31 December 2012 € million
Securities and term deposits	**25.2**	**35.2**
Net accrued interest income/expense from swap on bonds	0,7	0.7
Valuation at fair value of forward contracts	0,7	0.4
Other financial assets and liabilities	4.9	6.0
Other short-term financial receivables	**6.3**	**7.2**
Short-term financial receivables	**31.5**	**42.4**

Securities mainly include short-term or marketable securities representing a temporary investment of cash, but which do not satisfy all the requirements for classification under cash and cash equivalents. The item includes securities that are due within one year. Specifically, at 31 December 2013, the item includes term deposits totalling € 25.0 million taken out by the Parent Company, which expire in April 2014.

The other financial assets comprise the current portion of the receivable arising from the termination of a number of hedging agreements on the Parent Company's 2009 bond issue, which amounted to € 4.9 million (€ 6.0 million at 31 December 2012). The termination of these agreements led to the recording of a financial receivable, which will be collected over the remaining duration of the underlying loan, until 2016. The non-current portion of this receivable of € 9.8 million, (€ 13.7 million at 31 December 2012) is included in non-current financial receivables (see note 29-Other non-current assets).

All financial receivables are current and due within a year.

33.Current tax receivables

	31 December 2013 € million	31 December 2012 post-reclassification € million	Reclassifications [*] € million	31 December 2012 published € million
Income taxes	14.5	8.8	0.2	8.6
Receivables from ultimate shareholder for tax consolidation	2.5	0.7	-	0.7
Current tax receivables	**17.0**	**9.5**	**0.2**	**9.4**

[*] See note 7-Reclassifications, at opening book values

Current tax receivables are recoverable within twelve months.

The increase on the previous year is due to higher tax payments on account paid by Campari America.

Receivables from the ultimate shareholder Alicros S.p.A. relate to tax receivables arising from the domestic tax consolidation of Parent Company for € 2.2 million and of Campari Wines S.r.l. for € 0.2 million. The Group has a non-interest-bearing net receivable position of € 1.2 million with ultimate shareholder. All payables and receivables are non-interest-bearing. For more information, please see note 50-Related parties.

34.Cash and equivalents and reconciliation with net debt

The Group’s cash and equivalents break down as follows:

	31 December 2013 € million	31 December 2012 € million
Bank current accounts and cash	241.0	325.6
Term deposits maturing within 3 months	203.2	116.9
Cash and cash equivalents	**444.2**	**442.5**

The cash and equivalents item consists of bank current accounts, other sight deposits and those that can be withdrawn within a maximum period of three months from the reporting date, held at leading banks that pay variable interest rates based on LIBOR for the currency and period concerned.

It also includes securities that can be readily converted to cash consisting of short-term, highly liquid financial investments that can be quickly converted to known cash instruments, with an insignificant risk of change in value. Term deposits, of € 110.6 million, at 31 December 2013 related to Campari Benelux S.A. (€100.0 million), the Parent Company (€ 95.0 million) and Campari do Brasil Ltda. (€5.8 million).

Bank current accounts include restricted cash of € 2.6 million. These resources are kept available at any time to purchase the remaining shares of LdM. Short-term financial payables include a liability of the same amount, as shown under note 39-Payables to banks and other short-term financial payables.

The reconciliation with the Group's net debt is set out below.

	31 December 2013 € million	31 December 2012 € million
Cash and cash equivalents	444.2	442.5
Liquidity (A)	444.2	442.5
Securities	25.2	35.2
Other short-term financial receivables	6.3	7.2
Short-term financial receivables (B)	31.5	42.4
Short-term bank debt	(122.3)	(121.0)
Current portion of lease payables	-	-
Current portion of private placement and bonds	(28.9)	-
Other short-term financial payables	(12.6)	(27.4)
Current portion of payables for put options and earn-outs	(2.8)	(7.5)
Short-term financial debt (C)	(166.7)	(155.9)
Short-term net cash (debt) position (A+B+C)	309.1	329.0
Non-current bank debt	(0.6)	(1.1)
Current portion of lease payables	(1.3)	(1.4)
Non-current portion of private placement and bonds	(1,167.7)	(1,206.9)
Other non-current financial payables	(0.2)	(0.4)
Non-current portion of payables for put options and earn-outs	(1.9)	(2.5)
Non-current financial debt (D)	(1,171.7)	(1,212.3)
Net debt (A+B+C+D) (*)	**(862.6)**	**(883.4)**
Reconciliation with Group net debt, as shown in the Directors’ report:		
Non-current financial receivables	9.8	13.7
Group net debt	**(852.8)**	**(869.7)**

(*) in accordance with the definition of net debt set out in Consob communication DEM 6064293 of 28 July 2006.

For all information concerning the items that make up net debt excluding liquidity, see note 31 – Short-term financial receivables, note 32-Current financial receivables, note 29 – Medium/long-term financial receivables, and note 38/39 - Financial liabilities.

35.Non-current assets held for sale

This item includes real estate assets whose sale is highly probable or there is an irrevocable commitment to sell with a third party.
These assets, valued at the lower of their carrying amount and fair value less costs to sell, totalled € 1.0 million at 31 December 2013. The item included the residual portion of the Termoli site for which concrete but complex sale negotiations are in place with potential buyers, including the definition of the disinvestment programme.

There were no changes during the year.

36.Shareholders' equity

The Group manages its capital structure and makes changes to it depending on the economic conditions and the specific risks of the underlying asset.
To maintain or change its capital structure, the Group may adjust the dividends paid to the shareholders and/or issue new shares.
In this context, like other groups operating in the same sector, the Group uses the net debt/EBITDA ratio as a monitoring tool.
Net debt is the Group's net financial position calculated at average exchange rates for the previous 12 months; EBITDA is the Group's operating result before depreciation, amortisation and non-controlling interests, pro-rated to take account of acquisitions in the past 12 months.
At 31 December 2013, this multiple was 2.5 (compared with 2.4 at 31 December 2012).
For information on the composition and changes in shareholders' equity for the periods under review, please refer to the Statement of changes in shareholders' equity.

Share capital

At 31 December 2012, the share capital of Davide Campari-Milano S.p.A. was € 58,080,000, comprising 580,800,000 ordinary shares with a nominal value of € 0.10 each, fully paid-up.

Outstanding shares and own shares

The following table shows the reconciliation between the number of outstanding shares at 31 December 2013 and in the two prior years.

	No. of shares at			Nominal value		
	31 December 2013	31 December 2012	31 December 2011	31 December 2013	31 December 2012	31 December 2011
				€	€	€
Outstanding shares at the beginning of the period	576,301,882	577,453,435	578,522,820	57,630,188	57,745,344	57,852,282
Purchases for the stock option plan for employees	(8,264,835)	(4,613,817)	(9,540,000)	(826,484)	(461,382)	(954,000)
Sales	7,646,129	3,462,264	8,470,615	764,613	346,226	847,062
Outstanding shares at the end of the period	575,683,176	576,301,882	577,453,435	57,568,318	57,630,188	57,745,344
Total own shares held	5,116,824	4,498,118	3,346,565	511,682	449,812	334,657
Own shares as a % of share capital	0.9%	0.8%	0.6%			

In 2013, 8,264,835 own shares were acquired at a purchase price of € 49.1 million, which equates to an average price of € 5.94 per share.
In the same period, 7,646,129 shares were sold for a sum of € 23.2 million.
Furthermore, after 31 December 2013 and until the publication of financial statements was authorised, further purchases of 200,000 own shares were made at an average price of € 5.90, and own shares were sold for the exercise of stock options for a total of 522,438 shares. Thus, the number of own shares on the date this report was approved was 4,788,386.

Dividends paid and proposed

The table below shows the dividends approved and paid in 2013 and 2012 and the dividend subject to the resolution of the shareholders' meeting to approve the accounts for the year ending 31 December 2013.

	Total amount		Dividend per share	
	31 December 2013 € million	31 December 2012 € million	31 December 2013 €	31 December 2012 €
Dividends approved and paid during the period on ordinary shares	39.8	40.5	0,07	0.07
Dividends proposed on ordinary shares (*)	46.1		0.08	

(*) calculated on the basis of outstanding shares at the date of the Board of Directors' meeting on 12 March 2014.

Other reserves

	Stock options € million	Cash flow hedging € million	Foreign currency translation reserve € million	Remeasurement reserve for actuarial effects relating to defined benefit plans € million	Total € million
Balance at 31 December 2012	**19.7**	**(3.0)**	**(21.9)**		**(5.3)**
Cost of stock options for the period	8.4				8.4
Stock options exercised	(5.0)				(5.0)
Losses (profits) reclassified in the income statement		(1.3)			(1.3)
Profits (losses) allocated to shareholders' equity				(2.3)	(2.3)
Cash flow hedge reserve allocated to shareholders' equity		1.7			1.7
Tax effect allocated to shareholders' equity		(0.1)		(0.1)	(0.2)
Tax effect reclassified to retained earnings					
Translation differences			(128.0)		(128.0)
Balance at 31 December 2013	**23.0**	**(2.7)**	**(149.9)**	**(2.3)**	**(131.9)**

The stock option reserve contains the provision made against the nominal cost reported in the income statement for stock options allocated. The provision is determined based on the fair value of the options established using the Black-Scholes model.

For information on the Group's stock option plans, please consider note 45-Stock option plans.

The hedging reserve contains amounts (net of the related tax effect) pertaining to changes resulting from fair value adjustments of financial derivatives recorded under cash flow hedge accounting.

For further information, see note 46-Financial instruments.

The foreign currency translation reserve reflects all exchange rate differences relating to the conversion of the accounts of subsidiaries denominated in currencies other than euro.

The remeasurement reserve for actuarial effects relating to defined benefit plans includes the effects of changes to the actuarial assumptions used to calculate net obligations for defined benefits.

37.Non-controlling interests

The non-controlling interests portion of shareholders' equity, totalling € 4.5 million at 31 December 2013 (€ 4.2 million at 31 December 2012), relates to Kaloyannis-Koutsikos Distilleries S.A. (25%).

38.Bonds and other non-current liabilities

The breakdown of bonds and other non-current liabilities is as follows.

Non-current liabilities	31 December 2013 € million	31 December 2012 post-reclassifications € million	Reclassifications (*) € million	31 December 2012 published € million
Parent Company bond (USD) issued in 2003	221.3	233.3	-	233.3
Parent Company bond (Eurobond) issued in 2009	360.7	364.3	-	364.3
Parent Company bond (Eurobond) issued in 2012	394.2	393.2	-	393.2 -
Private placement issued in 2009	150.8	187.4	-	187.4
Total bonds and private placements	1,127.0	1,178.2	-	1,178.2
Payables and loans due to banks	0.6	1.1	-	1.1
Property leases	1.3	1.4	-	1.4
Derivatives on Parent Company bond (USD)	40.8	28.8	-	28.8
Payables for put options and earn-outs	1.9	2.5	-	2.5
Other debt	0.2	0.4	-	0.4
Non-current financial liabilities	44.7	34.2	-	34.2
Other non-financial liabilities	4.0	1.0	(1.0)	2.0
Other non-current liabilities	48.7	35.2	(1.0)	36.2

(*) See note 7 - Reclassifications at opening book values

Bonds

The bonds item includes three bond issues placed by the Parent Company.
The first, with a nominal value of USD 300 million, was placed on the US institutional market in 2003.
The transaction was structured in two tranches of USD 100 million and USD 200 million, maturing in 2015 and 2018 respectively, with a bullet repayment at maturity and interest paid six-monthly at a fixed rate of between 4.33% and 4.63%.

The second issue (Eurobond 2009) was launched on the European market in October 2009, and was aimed at institutional investors, with most of the bonds being placed with investors in Italy, the UK, France, Germany and Switzerland.
The nominal value of this issue is € 350 million; it matures on 14 October 2016 and was placed at an agreed price of 99.431%. The coupons are paid annually at a fixed rate of 5.375%. The gross return on the bond is therefore 5.475%.

The third bond issue (Eurobond 2012) was issued on 18 October 2012 in order to finance the LdM acquisition.
It has duration of seven years, a nominal value of € 400.0 million, and matures on 25 October 2019. The bond pays a fixed annual coupon of 4.5%, and the issue price was 99.068% of par, corresponding to a gross yield to maturity of 4.659%.

With regard to the 2003 issue, the Parent Company has put in place various instruments to hedge the exchange rate and interest rate risks.
A cross currency swap hedging instrument has been used to neutralise the risks related to fluctuations in the US dollar and movements in interest rates, and to change the US dollar-based fixed interest rate to a variable euro rate (6-month Euribor + 60 basis points).
In addition, various interest rate swaps were put in place involving the payment of an average fixed rate of 4.25% (rates from 4.03% to 4.37%) on total underlyings of USD 50 million (maturing in 2015) and USD 150 million (maturing in 2018).

The changes in the item in 2013 relate to:
- the valuation of existing hedging instruments for the USD bond issued in 2003 (which have a negative effect of € 13.3 million on the fair value hedge and a positive impact of € 1.2 million on the cash flow hedge) and the effects on the bonds of the hedges and the amortised cost (positive of € 12.0 million);
- the valuation of hedging instruments relating to the Eurobond issued in 2009, which were terminated early in 2012 (the positive effect of € 4.2 million was partially realised in 2013), and the effects of the amortised cost (which were negative of € 0.7 million).
- the effects of the amortised cost (negative of €1.0 million) of the Eurobond issued in 2012.

For more information on these changes, see note 46-Financial instruments: disclosures.

Private placement

The private placement item includes a bond issue placed by Campari America on the US institutional market in June 2009 with a nominal value of USD 250 million.

This transaction is structured in three tranches, of USD 40 million, USD 100 million and USD 110 million respectively, with bullet maturities in 2014, 2016 and 2019.

The six-monthly coupons are based on fixed rates of 6.83%, 7.50% and 7.99%.

Changes in value during the year were due to the classification of the tranche due to expire in June 2014, of € 28.9 million (USD 40 million), under current financial payables due to the depreciation of the US dollar, the subsidiary's functional currency, which led to a reduction in the non-current payable of € 8.1 million.

Leasing

Leasing payables relate to the finance lease entered into by CJSC 'Odessa Sparkling Wine Company'.

Payable for put options and earn-outs

At 31 December 2013, the long-term portion of the item Payables for put options and earn-outs includes the best estimate of the disbursement of an annual earn-out agreed to as a part of the purchase of the Sagatiba brand to be paid for over eight years following the closing.

Other debt

This item includes a Parent Company loan agreement with the ministry of industry, to be repaid in ten annual instalments starting in February 2006.

Interest rates and maturities

The table below shows a breakdown of the Group's main financial liabilities, together with effective interest rates and maturities.

Note that, as regards the effective interest rate of hedged liabilities, the rate reported includes the effect of the hedging itself.

Furthermore, the values of hedged liabilities are shown here net of the value of the related derivative, either it is an asset or liability.

	Effective interest rate at 31 December 2013	Maturity	31 December 2013 € million	31 December 2012 € million
Payables and loans due to banks	1.1% on €	2014	122.8	121.2
Parent Company bonds				-
- issued in 2003 (US$)	fixed rate from 4.03% to 4.37% (1)	2015-2018	262.0	262.1
	6-month € LIBOR+60 basis points(2)			-
- issued in 2009 (Eurobond)	fixed rate 5.375%	2016	360.8	364.3
- issued in 2012 (Eurobond)	fixed rate 4.5%	2019	394.2	393.2
Private placement:				-
- issued in 2009	fixed 6.83%, 7.50%, 7.99%	2014-2019	150.7	187.4
Property leases		2014-2025	1.3	1.4
Other liabilities connected with the LdM acquisition			-	14.7
Other debt	0.90%	2014-2015	0.5	0.6

(1) Rate applied to the portion of the bond hedged by an interest rate swap, corresponding to a nominal value of € 172 million.

(2) Rate applied to the portion of the bond hedged by an interest rate swap, corresponding to a nominal value of € 85.9 million.

Other non-financial liabilities

Other non-financial liabilities, of € 4.0 million at 31 December 2013 (€ 1.0 million at 31 December 2012), relate to long-term liabilities accrued in relation to employees. The reclassification of values at 31 December 2012 is due to the final allocation of the values arising from the LdM acquisition.

39.Payables to banks and other short-term financial payables

	31 December 2013 € million	31 December 2012 € million
Payables and loans due to banks	122,3	121,0
Short-term portion of private placement (issued in 2009)	28.9	-
Accrued interest on bonds	12.3	12.6
Payables for put options and earn-outs	2.8	7.5
Other liabilities connected with the LdM acquisition	-	14.7
Other debt	0.3	0.2
Total other financial payables	44.4	34.9

Payables to banks

Short-term payables to banks relate to short-term loans or credit facilities used by the Group to obtain additional financial resources.

Private placements

The amount shown under short-term liabilities represents the first portion of the private placement issued in 2009 (USD 40 million), expiring in June 2014.

Payable for put options and earn-outs

The short term portion of these payables (€ 2.8 million) includes payables for put options (€ 2.6 million) and for earn-outs (€ 0.2 million).
The payable for put options relates to the purchase of the remaining shares of Lascelles de Mercado&Co. Ltd. The earn-out payables relate to the third annual tranche to be paid to Sagatiba.
During the year, annual earn-outs were paid to Sagatiba (€ 0.2 million) and Cabo Wabo (€ 0.9 million), and put options to Lascelles de Mercado&Co Ltd (€ 1.7 million) and Campari Rus OOO (€ 2.0 million).

The non-current portion of payables for put options and earn-outs (€ 1.9 million) relate to the annual earn-outs for Sagatiba and the minorities of Lascelles de Mercado&Co Ltd; these were commented on above under Note 38-Non-current financial liabilities.

40.Defined benefit plans

Group companies provide post-employment benefits to employees, both directly and by contributing to external funds.
The procedures for providing these benefits vary according to the legal, fiscal and economic conditions in each country in which the group operates.
The benefits are provided through defined contribution and/or defined benefit plans.
For defined contribution plans, Group companies pay contributions to private pension funds and social security institutions, based on either legal or contractual obligations, or on a voluntary basis.
The companies fulfil all their obligations by paying the said contributions.
At the end of the financial year, any liabilities for contributions to be paid are included in the item other current liabilities; the cost for the period is reported according to function in the income statement.
Defined benefit plans may be unfunded or fully or partially funded by contributions paid by the company, and sometimes by its employees, to a company or fund which is legally separated from the company and which pays out benefits to employees.
As regards the Group’s Italian subsidiaries, the defined benefit plans consist of the employee indemnity liability (TFR), to which its employees are entitled by law.
Following reform of the supplementary pension scheme in 2007, for companies with at least 50 employees, TFR contributions accrued up to 31 December 2006 are considered to be defined benefit plans, while for contributions accruing from 1 January 2007, which have been allocated to a fund held at the INPS or to supplementary pension funds, are considered to be defined contribution plans.
The portion of the TFR considered as a defined benefit plan comprises an unfunded plan that therefore does not hold any dedicated assets. The other unfunded defined benefit plans relate to Campari Schweiz A.G.
Campari Deutschland Gmbh, however, has a number of funded defined benefit plans for current and/or former employees.
These plans have the benefit of dedicated assets.

The liability for medical insurance in place at 31 December 2013 relates to Lascelles de Mercado&Co. Ltd and offers access to health care providing that employees stay with the company until pensionable age and have completed a minimum period of service. The cost of these benefits is spread over the employee's service period using a calculation methodology similar to that used for defined pension plans, and the present value of future benefits at the date of this report is a liability of € 4.0 million.

At 31 December 2012, following the LdM acquisition, the Group had in place a defined benefit pension fund for current and former employees of LdM group companies, for which financial and non-financial assets were recorded. This fund, the 'Lascelles Henriques et al Superannuation Fund (LHSF)', which was created in 1960, has undergone various changes over the years in terms of its operation and methods of granting benefits. Since 2009, new employees have not been eligible to join the plan, but they may join a different defined contribution plan. In 2013, it was decided to liquidate the fund and transfer the beneficiaries' positions to third-party insurance policies that provide the same benefits, or to join the defined contribution plan. At 31 December 2013, the obligation is therefore classified as a liability and is not subject to actuarial assessments. The assets at plan service are still shown as receivables from defined benefit obligation. (see note 29-Non-current assets When the LHSF is liquidated, which is expected to be in 2014, the residual net assets will be re-allocated based on the nature and type of investments. At 31 December 2013, the Group's position in respect of this plan is a net asset of € 14.7 million.

The liability relating to the Group's defined benefit plans, which is calculated on an actuarial basis using the projected unit credit method, is reported in the statement of financial position, net of the fair value of any dedicated assets.
In cases where the fair value of dedicated assets exceeds the value of the post-employment benefit obligation, and where the Group has the right to reimbursement or to reduce its future contributions to the plan, the surplus is reported as a non-current asset, in accordance with IAS 19.

The following table reports changes in the present value of defined benefit obligations, and the fair values of the assets relating to the plan in 2013 and 2012.
Fair values have not changed significantly since the adoption of IFRS13 standard.
Moreover, the revised IAS 19 standard did not have an impact on the Company's financial position or profitability at 31 December 2013.

Note that for the benefits paid, the actual cash flow should be considered net of the assets sold and therefore amounted to € 0.3 million in 2013.

€ million	Liabilities	Assets
Liabilities (assets) at 31 December 2012 post-reclassifications	**92.9**	**(96.8)**
Items recognised in the income statement		
- current costs of service	1.3	-
- past costs of service	(0.4)	-
- effects of plan curtailments	(0.2)	-
- net interest	4.7	(6.9)
- gains (losses) on settlements	(0.3)	(0.1)
Total	**5.1**	**(7.0)**
Items recognised in the other comprehensive income statement		
- gains (losses) resulting from changes in actuarial assumptions	0.5	1.7
- exchange rate differences	(4.9)	6.9
Total	**(4.4)**	**8.6**
Other movements		
- benefits paid	(55.1)	54.8
- contributions to the plan by other members	-	(0.6)
Total	**(55.1)**	**54.8**
Liabilities (assets) at 31 December 2013	**38.6**	**(40.9)**

€ million	Liabilities	Assets
Liabilities (assets) at 31 December 2011	**11.9**	**(3.7)**
Items recognised in the income statement		
- current costs of service	1.2	-
- net interest	0.5	-
- gains (losses) resulting from changes in actuarial assumptions	0.7	(1.4)
Total	**2.4**	**(1.4)**
Other movements		
- benefits paid	(3.3)	2.1
- change in consolidation area	81.8	(93.5)
- contributions to the plan by other members	-	(0.2)
- contributions to the plan by employees	-	(0.1)
Total	**78.5**	**(91.7)**
Liabilities (assets) at 31 December 2012 post-reclassifications	**92.9**	**(96.8)**

The table below shows the total changes in obligations for defined benefit plans financed by assets that serve the plan (funded assets) and the liabilities relating to long-term unfunded benefits. As well as the benefits linked to medical coverage described above provided by the newly-acquired LdM to its current and/or former employees, it also includes the long-term benefits of the Group's Italian companies (TFR).

Current value of obligations	Unfunded obligations		Funded obligations		
€ million	Pension plans	Medical benefits	Gross value in pension plans	Fair value of plan assets	Net values
Liabilities (assets) at 31 December 2012 post-reclassifications	**8.3**	**4.6**	**79.9**	**(96.8)**	**(16.9)**
Items recognised in the income statement					
- current costs of service	0.2	0.3	0.8	-	**0.8**
- past costs of service	-	(0.4)	-	-	**-**
- effects of plan curtailments	-	(0.2)	-	-	**-**
- net interest	0.3	0.4	4.0	(6.9)	**(2.9)**
- gains (losses) on settlements	(0.4)	-	0.1	(0.1)	**-**
Total	**0.1**	**0.1**	**4.9**	**(7.0)**	**2.1**
Items recognised in the other comprehensive income statement					
- gains (losses) resulting from changes in actuarial assumptions	0.4	0.1	-	1.7	**1.7**
- exchange rate differences	-	(0.7)	(4.1)	6.9	**2.8**
Total	**0.4**	**0.1**	**0.0**	**1.7**	**1.7**
Other movements					
- benefits paid	(0.4)	0.1	(54.8)	54.8	**-**
- contributions to the plan by other members	-	(0.1)	0.2	(0.6)	**(0.4)**
Total	**(0.4)**	**-**	**(54.8)**	**54.8**	**(0.4)**
Liabilities (assets) at 31 December 2013	**8.6**	**4.0**	**26.1**	**(40.9)**	**(14.9)**
Effect of change generated by assets ceiling					**(13.6)**

Current value of obligations	Unfunded obligations		Funded obligations		
€ million	Pension plans	Medical benefits	Gross value of pension plans	Fair value of plan assets	Net values
Liabilities (assets) at 31 December 2011	**8.5**	**0.0**	**3.3**	**(3.7)**	**(0.4)**
Items recognised in the income statement					
- current costs of service			1.2	-	1.2
- net interest	0.3	-	0.2	-	0.2
- gains (losses) resulting from changes in actuarial assumptions	0.3	-	0.5	(1.4)	(0.9)
Total	**0.6**	**-**	**1.9**	**(1.4)**	**0.5**
Other movements					
- benefits paid	(0.8)	-	(2.5)	2.1	(0.4)
- change in consolidation area	-	4.6	77.2	(93.5)	(16.3)
- contributions to the plan by other members	-	-	-	(0.2)	(0.2)
- contributions to the plan by employees	-	-	-	(0.1)	(0.1)
Total	**(0.8)**	**4.6**	**74.7**	**(91.7)**	**(17.0)**
Liabilities (assets) at 31 December 2012 post-reclassifications	**8.3**	**4.6**	**79.9**	**(96.8)**	**(16.9)**

The cost for work provided is classified under personnel costs, while interest impacts on net obligations are classified as financial charges. The effects of the recalculation of actuarial effects are included in the statement of comprehensive income.

The table below shows a breakdown of asset values that service the pension plans.

Type of investment	Sector/nature/type/geographic area	2013 € million	2012 € million
Cash and cash equivalents		4.7	5.2
Equity investments	Americas region	2.0	24,7
Bond investments	Issued by the Government of Jamaica-stocks&bonds	33.2	74,6
Investment property		7.6	9,5
Other		6.9	9,0
Asset ceiling		(13.6)	(26,1)
Fair value of assets servicing plans		**40.9**	**96.8**

Fair values have not changed significantly since the adoption of IFRS 13.

Obligations related to the plans described above are calculated on the basis of the following actuarial assumptions:

	Unfunded pension plans		Funded pension plans		Other plans	
	2013	2012	2013	2012	2013	2012
Discount rate	3.17%	4.00%	3.20%	3.10%	9,50%	10,00%
Future salary increases	2.02%-3.50%	2.30%	-	-%	-	-
Future pension increases	-	-	2.00%	2.00%	-	-
Growth rate of cost of healthcare	-	-	-	-	8,50%	9,00%
Expected return on plan assets	-	-	3.20%	3.10%	-	-
Staff turnover rate	2.0%-3.0%	3.20%	-	-	-	-
Forecast inflation rate	2.00%	2.00%	Included in discount rate		Included in discount rate	

The rates relating to the costs of health benefits are not included in the assumptions used in determining the above obligations. Thus, any changes in these rates would not have any effect.

As a result of the current change to LdM pension plans, actuarial valuations of the related obligations were not made at 31 December 2013; the table below does not therefore report any information on this.

Quantitative sensitivity analysis of the significant assumptions used at 31 December 2013 is shown below. Specifically, it shows the effects on the net obligation arising from a positive or negative change in the key assumptions used.

	Unfunded pension plans			Funded pension plans			Other plans		
	change in the assumptions	impact of positive change	impact of negative change	change in the assumptions	impact of positive change	impact of negative change	change in the assumptions	impact of positive change	impact of negative change
Discount rate	+/- 0.5%	-3.51%	3.75%	+/-1%	-10.44%	10.74%	+/-1%	-17.50%	23.09%
Future salary increases	-	-	-	+/- 0.25%	1.84%	-3.23%	-	-	-
Healthcare cost	-	-	-	-	-	-	+/-1%	23.28%	-17.50%

The sensitivity analysis shown above is based on a method involving extrapolating the impact on the net obligation for defined benefit plans of reasonable changes to the key assumptions made at the end of the financial year.
The methodology and the assumptions made in preparing the sensitivity analysis remain unchanged from the previous year.

Given that pension liabilities have been corrected on the basis of the consumer prices index, the pension plan is exposed to the inflation rate of the various countries in question, to interest rate risks and to changes in the life expectancy of ex-employees. Given that plans assets include significant investment in bonds, the Group is also exposed to market risk in the relevant investment sectors.

The following payments are the expected outflows that will be made in future years to settle the net obligations of the defined benefit plans.

	31 December 2013
	€ million
Within 12 months	0.5
Within 5 years	2.0
More than 5 years	6.3
Average duration of plans (years)	11.14

41.Provisions for risks and charges

The table below indicates changes to this item during the period.

	Tax provision € million	Restructuring provisions € million	Agent severance fund € million	Other € million	Total € million
Balance at 31 December 2012-published	**1.7**	**4.7**	**1.3**	**31.9**	**39.6**
Reclassifications (*)	15.8	-	-	(24.9)	(9.0)
Balance at 31 December 2012-post-reclassifications	**17.5**	**4.7**	**1.3**	**7.1**	**30.6**
Change in consolidation area					
Accruals	-	1.0	0.4	10.8	12.1
Utilisations	-	(3.5)	(0.1)	(0.7)	(4.3)
Releases	(0.2)	-	-	(1.7)	(1.9)
Exchange rate differences and other changes	(2.6)	(0.8)	-	(1.2)	(4.6)
Balance at 31 December 2013	**14.8**	**1.5**	**1.6**	**14.7**	**32.4**
of which, expected disbursement					
- due within 12 months	1.5	0.9	1.6	5.3	9.4
- due after 12 months	13.2	0.5		9.2	23.0

(*) See note 7 - Reclassifications at opening book values

Tax reserves and other reserves include the effects of the reclassifications following the final allocation of LdM acquisition values.

The tax reserve of € 14.8 million at 31 December 2013 includes an amount of € 1.2 million (unchanged compared with 31 December 2012) for potential tax liabilities that could arise for the Parent Company from tax inspections relating to the tax periods 2004 and 2005. It also includes an amount of € 15.8 million for the reclassification of liabilities connected with the LdM acquisition, which were classified under other reserves in the previous year. The change compared with the previous year is mainly due to the exchange rate effect.

The restructuring provision includes several accruals during the year (€ 0.9 million) to cover activities related to the Group's internal restructuring processes.

The agent severance fund covers the estimated potential liability to be incurred for disbursing the additional compensation due to agents at the end of the relationship. This amount was discounted using an appropriate rate.

At 31 December 2013, other reserves included an amount of € 3.7 million relating to the impairment of the assets of CJSC 'Odessa Sparkling Wine Company', as a result of the Group's strategic decision to sell the company, for which definitive agreements were reached after the reporting date. The reserves also included liabilities recorded by the Parent Company and subsidiaries for various lawsuits, including € 6.7 million for a dispute relating to a distribution agreement.

The information reported below concerns potential liabilities arising from two disputes in progress with the Brazilian tax authorities, in relation to which the Group does not however deem it necessary to make provisions as of the date of this report. There are no other significant contingent liabilities.

The first dispute related to production tax (IPI), and contested the classification of products sold by Campari do Brasil Ltda. The increase in taxes and penalties stood at BRL 117.2 million plus interest.
In March 2012, the company was officially informed of the outcome of the dispute, which is in its favour.

However, since the formulation of the ruling was not deemed sufficient to afford the company complete legal safeguards in the event of future litigation relating to the same dispute, the company lawyers proposed to appeal in order to obtain a ruling that fully protects the company in the event of future disputes.
In view of the outcome of the case and based on the advice of its lawyers, the Group continues to believe that there is still no reason to make a specific provision.
As a result, no provisions were made for this item in the accounts for the half-year ending 31 December 2013.

The second dispute related to a tax inspection report relating to the payment of ICMS (tax on the consumption of goods and services) in respect of sales made by Campari do Brasil Ltda. to a single customer in 2007 and 2008; the company was notified of this report on 16 February 2012.
The amount stipulated, including penalties, totalled BRL 53.6 million (around € 20.8 million).
The dispute is pending before the administrative court, and is not expected to be settled in the near future.
Based on evaluations conducted by external legal consultants, who have appealed against the findings of the local tax authorities, the Group believes that the outcome of the dispute will be favourable to the company. It is therefore deemed unnecessary at present to establish a specific provision.

42.Trade payables and other current liabilities

	31 December 2013 € million	31 December 2012 post-reclassifications € million	Reclassifications (*) € million	31 December 2012-published € million
Trade payables to external suppliers	198.1	211.0	9.6	201.4
Trade payables to affiliated companies	-	-	-	-
Payables to suppliers	**198.1**	**211.0**	**9.6**	**201.4**
Payables to employees	30.1	28.9	0.2	28.7
Payables to agents	3.4	3.4	-	3.4
Deferred income	6.3	5.1	-	5.1
Payables for unconfirmed contributions received	2.3	2.4	-	2.4
Amounts due to ultimate shareholder for Group VAT	1.2	7.2	-	7.2
VAT	16.5	16.4	-	16.3
Tax on alcohol production	26.5	34.6	-	34.6
Withholding and misc. taxes	6.1	4.6	(0.1)	4.7
Other	20.8	33.3	0.3	33.0
Other current liabilities	**113.1**	**136.0**	**0.4**	**135.6**

(*) See note 7 - Reclassifications at opening book values

The change in other current liabilities was mainly due to the payment of € 15.6 million to Kobrand Corporation following the agreement for the early termination of the distribution agreement for Appelton Rum brands in the US, which, from 1 March 2013, has been distributed by Campari America. Moreover, payables to the ultimate shareholder for Group VAT and excises duties decreased.

Payables for capital grants and deferred income relating to these grants, break down as shown in the next paragraph.

The table below sets out the maturities for trade payables and other current liabilities.

31 December 2013	Payables to suppliers € million	Other payables to third parties € million	Total € million
On demand	40.3	9.3	49.6
Within 1 year	157.6	100.5	258.1
Due in 3 to 5 years	0.2	-	0.2
Due in 3 to 5 years	0.1	3.3	3.4
Total	**198.1**	**113.1**	**311.2**

31 December 2012	Trade payables € million	*of which, effect of external growth* € million	Other payables to third parties € million	*of which, effect of external growth* € million	Total € million
On demand	59.4	3.8	6.1	0.7	65.5
Within 1 year	107.5	-	61.6	26.1	169.1
Due in 1 to 2 years	34.5	-	-	-	34.5
Total	201.4	3.8	67.8	26.8	269.1
Payables not significant for breakdown by maturity	-	-	67.9	5.6	67.9
Total	**201.4**	**3.8**	**135.6**	**32.4**	**337.0**

43.Capital grants

The following table provides details of changes in deferred income related to capital grants between one financial year and the next.
In some cases grants have not yet been confirmed; in these instances a liability must be recorded against the grant received.
Once the grants are confirmed, they are classified as deferred income and are reported in the income statement based on the useful life of the plant.
For better understanding, the table below illustrates changes in both payables and deferred income.
Proceeds received in the period relate to Sella&Mosca S.p.A., mainly relating to funds received under the Consorzio ALIM Industrie Alimentari del Mediterraneo S.c.a.r.l. programme contract for vineyard sites in Alghero. In addition, grants certain to be received amounting to € 0.9 million have been reclassified under deferred income. The amount already posted to the income statement for depreciation already recognised in the year was € 1.0 million, and relates to Sella&Mosca S.p.A. and the Parent Company.

	Payables to tax authorities € million	Deferred income € million
Balance at 31 December 2012	**2.4**	**4.4**
Proceeds received in the period	0.7	-
Amounts posted to the income statement	-	(1.0)
Reclassifications	(0.9)	0.9
Balance at 31 December 2013	**2.2**	**4.3**

	Payables to tax authorities € million	Deferred income € million
Balance at 31 December 2011	1.8	5.0
Proceeds received in the period	1.1	-
Grants certain to be received	(0.5)	0.5
Amounts posted to the income statement	-	(1.2)
Other changes	-	(0.1)
Balance at 31 December 2012	**2.4**	**4.4**

44.Payables to tax authorities

This item breaks down as follows:

	31 December 2013 € million	31 December 2012 post-reclassification € million	Reclassifications [(*)] € million	31 December 2012 – published € million
Income taxes	5.9	13.8	(1.5)	15.3
Due to ultimate shareholder for tax consolidation	1.3	2.6	-	2.6
	7.2	**16.3**	**(1.5)**	**17.8**

[(*)] See note 7-Reclassifications at opening book values

These payables are all due within 12 months.
Corporate income tax payable is shown net of advance payments and withholding taxes at source.

Payables to the ultimate shareholder in relation to the tax consolidation scheme at 31 December relate to tax payables on the income of some Italian subsidiaries in respect of Alicros S.p.A.
The Parent Company and an Italian subsidiary hold receivables to provide for these payables of € 2.5 million relating to the tax consolidation scheme (see note 33-Current tax receivables). Note that these payables and receivables are all non-interest-bearing; for more details, see note 50-Related parties.

45.Stock option plan

Pursuant to Consob resolution 11971 of 14 May 1999 as amended, and Consob communication 11508 of 15 February 2000, the following information is provided on the stock option plan (the 'Plan') approved by the Board of Directors of Davide Campari-Milano S.p.A. on 15 May 2001, which incorporated the framework plan for the general regulation of stock options for the Campari Group, approved by the shareholders' meeting of 2 May 2001.
The purpose of the plan is to offer beneficiaries who occupy key positions in the Group the opportunity of owning shares in Davide Campari-Milano S.p.A., thereby aligning their interests with those of other shareholders and fostering loyalty, in the context of the strategic goals to be achieved.
The recipients are employees, directors and/or individuals who regularly do work for one or more Group companies, who have been identified by the Board of Directors of Davide Campari-Milan S.p.A., and who, on the plan approval date and until the date that the options are exercised, have worked as employees and/or directors and/or in any other capacity at one or more Group companies without interruption.
The regulations for the Plan do not provide loans or other incentives for share subscriptions pursuant to article 2358, paragraph 3 of the Italian civil code.
The Board of Directors of Davide Campari-Milano S.p.A. has the right to draft regulations, select beneficiaries and determine the share quantities and values for the execution of stock option plans. In addition, Davide Campari-Milano S.p.A. reserves the right, at its sole discretion, to modify the Plan and regulations as necessary or appropriate to reflect revisions of laws in force, or for other objective reasons that would warrant such modification.
Subsequently, further options were allocated each year, governed by the framework plan approved by the shareholders' meeting on 2 May 2001.

In 2013, the Parent Company proceeded with new allocations of stock options, governed by the same framework plan.
The number of stock options granted totalled 956,984, at an average price at € 5.90, equivalent to the average closing price in the month preceding the option grant date.
These allocations granted assignees the right to exercise options in the two-year period following the end of the seventh year from the allocation date, with the right to bring forward the (total or partial) exercise at the end of the fifth or sixth year from allocation, with the consequent one-off application of a reduction of 20% or 10% respectively of the total number of options allocated.
For the purpose of evaluating the plan in accordance with IFRS 2-Share-based payment, the plan was divided into three different tranches, corresponding to a number of options equal to 80%, 10% and 10% vesting in five, six and seven years respectively. All tranches carry a vesting condition that requires assignees to remain with the Company for the whole vesting period. Furthermore, to exercise the second and third tranche, all options previously matured up to the end of the sixth (second tranche) and seventh (third tranche) years must be maintained. For the purposes of IFRS 2, this takes the form of a non-vesting condition.
This result in a different unit fair value for each tranche, equivalent to € 1.66 for the first tranche, € 1.52 for the second and € 1.19 for the third.

The following table shows changes in stock option plans during the periods concerned.

	No. of shares	Average allocation/exercise price (€)	No. of shares	Average allocation/exercise price (€)
Options outstanding at the beginning of the period	44,328,942	3.96	36,264,953	3.49
Options granted during the period	965,984	5.90	13,036,580	5.25
(Options cancelled during the period)	(952,758)	4.74	(1,510,822)	3.63
(Options exercised during the period) (*)	(7,734,001)	3.04	(3,461,769)	3.77
(Options expiring during the period)	(36,886)	3.84		
Options outstanding at the end of the period	36,571,281	4.18	44,328,942	3.96
of which those that can be exercised at the end of the period	6,836,492	2.85	1,382,248	3.79

(*) The average market price on the exercise date was € 6.04.

The average remaining life of outstanding options at 31 December 2013 was 3.7 years (4.2 years at 31 December 2012). The average exercise price for the options allocated in each year is as follows:

	Average exercise price
Allocations: 2008	2.85
Allocations: 2009	3.02
Allocations: 2010	3.87
Allocations: 2011	5.43
Allocations: 2012	5.25
Allocations: 2013	5.90

The average fair value of options granted during the year was € 1.60 (€ 1.58 in 2012).
The fair value of stock options is represented by the value of the option calculated by applying the Black-Scholes model, which takes into account the conditions for exercising the option, as well as the current share price, expected volatility and the risk-free rate and the non-vesting conditions.
Volatility was estimated with the help of data supplied by a market information provider together with a leading bank, and corresponds to the estimate of volatility recorded in the period covered by the plan.
The following assumptions were used for the fair value valuation of options issued in 2013 and 2012:

	2013	2012
Expected dividends (€)	0.07	0.07
Historical and expected volatility (%)	23%	26%
Market interest rate	1.45%	1.80%
Expected option life (years)	7.30	7.60
Exercise price (€)	5.90	5.25

Davide Campari-Milano S.p.A. has a number of own shares that can be used to cover stock option plans.
The following table shows changes in the number of own shares held during the comparison periods.

	No. of own shares		Purchase price (€ million)	
	2013	2012	2013	2012
Balance at 1 January	4,498,118	3,346,565	24.6	18.8
Purchases	8,264,835	4,613,817	49.1	25.2
Disposals	(7,646,129)	(3,462,264)	(42.9)	(19.4)
Final balance	5,116,824	4,498,118	30.8	24.6
% of share capital	0.88%	0.77%		

In relation to the sales of own shares in the year, which are shown in the above table at the original purchase price (€ 42.9 million), and sales of € 23.2 million, the Parent Company recorded a loss of € 19.7 million, which was booked under shareholders' equity and partly covered by the use of € 5.0 million from the stock option reserve.

46.Financial instruments-disclosures

The value of individual categories of financial assets and liabilities held by the Group is shown below.

Note that in assets and liabilities measured at fair value with changes recognised in the income statement, the Group recorded in the previous year certain forward purchases and sales of foreign currency for hedging purposes which are not classified as hedging transactions pursuant to IAS 39 - Financial Instruments: Recognition and Measurement.

31 December 2013	Loans and receivables € million	Financial liabilities at amortised cost € million	Hedging transactions € million
Cash and cash equivalents	444.2		
Short-term financial receivables	30.1		
Other non-current financial assets	9.8		
Trade receivables	288.5		
Payables to banks		(122.8)	
Real estate lease payables		(1.3)	
Bonds		(976.2)	
Private placement		(179.7)	
Accrued interest on bonds		(12.3)	
Other financial liabilities		(0.5)	
Put option payables		(4.8)	
Trade payables		(198.1)	
Current assets for hedge derivatives			1.4
Non-current liabilities for hedge derivatives			(40.8)
Total	772.6	(1,495.7)	(39.4)

31 December 2012	Loans and receivables € million	Financial liabilities at amortised cost € million	Hedging transactions € million
Cash and cash equivalents	442.5		
Short-term financial receivables	41.3		
Other non-current financial assets	13.7		
Trade receivables	312.4		
Payables to banks		(122.1)	
Real estate lease payables		(1.4)	
Bonds		(990.8)	
Private placements		(187.4)	
Accrued interest on bonds		(12.6)	
Other financial liabilities		(15.2)	
Put option payables		(10.0)	
Trade payables		(201.4)	
Current assets for hedge derivatives			1.1
Non-current liabilities for hedge derivatives			(28.8)
Total	809.9	(1,540.9)	(27.7)

Fair value hedging

The Group has in place the following contracts that meet the definition of hedging instruments based on IAS 39.

- Cross currency swap on Parent Company bond issued in 2003 (USD)
  At the reporting date, the Group held a cross currency swap totalling a notional USD 300 million on the Parent Company's bond issue denominated in US dollars.
  This instrument has the same maturity as the underlying liability.
  The derivative is valued at fair value and any changes are reported on the income statement; having established the effectiveness of the hedging transactions, the gain or loss on the hedged item attributable to the hedged risk is used to adjust the carrying value of the underlying liability and is immediately reported on the income statement.
  At 31 December 2013, the Parent Company's cross currency swap had a negative fair value of € 38.0 million, reported under non-current financial liabilities.
  The change in the fair value of these instruments reported in the income statement in 2013 was negative in the amount of € 13.3 million.
  In relation to the hedged instrument, the valuation of the hedged risks led to the recognition of a total gain of € 35.6 million. The gain recorded on the hedged item was € 12.0 million.

- Foreign currency hedges
  At 31 December 2013, certain Group subsidiaries held forward contracts on receivables and payables in currencies other than the euro in their accounts.
  The contracts were negotiated to match maturities with projected incoming and outgoing cash flows resulting from sales and purchases in individual currencies.
  The assets reported as a result of the valuation of these contracts at the reporting date totalled € 0.3 million.

In addition, in 2012, the Parent Company settled an interest rate swap on the Eurobond issued in 2009, thereby taking the portion of underlying debt (€ 200.0 million) back to the original fixed rate.
Similarly, the amount resulting from the valuation of the contract on the settlement date was reclassified under financial receivables and will be collected over the remaining life of the underlying loan. See note 29 (Non-current financial assets) and note 32 (Current financial assets) for information on credit movements.
As regards the underlying debt, the change in fair value attributable to the risk hedged as shown at the time the cover ended is reflected in the income statement over the period of the loan. In 2013, this resulted in a gain of € 4.0 million. As the cancellation of the hedge resulted in the net coupons payable to the shareholders being converted into fixed contractual rates, this positive effect is cancelled out in the income statement.

Gains and losses on the hedged and hedging instruments used in all of the Group's fair value hedges, i.e. the contracts mentioned above, are summarised below.

	31 December 2013 € million	31 December 2012 € million
Gains on hedging instruments	-	4.6
Losses on hedging instruments	(12.2)	(2.7)
Total gains (losses) on hedging instruments	**(12.2)**	**1.9**
Gains on hedged items	16.6	2.6
Losses on hedged items	-	(2.8)
Total gains (losses) on hedged items	**16.6**	**(0.2)**

Derivatives used for cash flow hedging

The Group uses the following contracts to hedge its cash flows.

- Interest rate swap on Parent Company bond issued in 2003 (USD)
  The Group has put in place various interest rate swaps involving the payment of an average fixed rate of 3.20% on total underlyings of USD 50 million (maturing in 2015) and USD 150 million (maturing in 2018).
  Since these hedging transactions met the requirements for effectiveness, an appropriate shareholders' equity reserve equal to a liability was recorded for a gross value of € 2.7 million.
  As required by IAS 39, the cash flow hedge reserve for these contracts will be recycled to the income statement at the same maturity dates as the cash flows related to the liability.
  During the period, an unrealised gain of € 1.2 million was posted to the reserve, together with the corresponding deferred tax effect of € 0.3 million.
  Moreover, the realisation of the hedged cash flows generated the release of the cash flow hedge reserve, which had a positive impact on the income statement for the period of € 1.5 million.

- Interest rate swap on Parent Company bond issued in 2009 (Eurobond)
  Just before the allocation of the Eurobond, the Parent Company negotiated interest rate hedges which, on the date that the loan was listed, generated a financial outlay of € 3.0 million that was included in shareholders' equity.
  This reserve, which was released in step with the cash flows generated by the underlying debt, in 2013 produced a liability of € 0.4 million on the income statement.

- Hedging of future purchases and sales of foreign currencies
  At 31 December 2013, the Group held forward currency contracts, designated as hedging instruments, on expected future sales and purchases based on its own 2013 estimates. These transactions are highly probable.
  Contracts were negotiated to match maturities with projected incoming and outgoing cash flows resulting from sales and purchases in individual currencies.
  At 31 December 2013, existing hedges on sales had an insignificant nominal value. These hedges met the requirements for effectiveness, and a net asset of € 0.4 million was suspended in shareholders' equity reserves.
  All cash flows concerned will materialise in 2014.

The following table shows when the Group expects to receive the hedged cash flows, as of 31 December 2013.
The breakdown includes the cash flows arising from the Parent Company's interest rate swap involving the fixed rate interest payments on the bond issued in 2003 (in USD).
These cash flows only concern interest and have not been discounted.
The breakdown also shows the cash flows arising from forward foreign exchange contracts in respect of future currency sales/purchases.

31 December 2013	Within one year	1-5 years	Total
	€ million	€ million	€ million
Cash outflows	7.7	23.7	31.5
Cash inflows	7.1	21.7	28.8
Net cash flows	(0.7)	(2.0)	(2.7)

31 December 2012	Within one year	1-5 years	Total
	€ million	€ million	€ million
Cash outflows	9.2	31.1	40.3
Cash inflows	8.7	29.6	38.3
Net cash flows	(0.5)	(1.5)	(2.0)

The overall changes in the cash flow hedge reserve and the associated deferred taxes are shown below.

31 December 2013	Gross amount	Tax effect	Net amount
	€ million	€ million	€ million
Opening balance	(4.1)	1.1	(3.0)
Booked to the income statement during the period	(1.3)	0.4	(0.9)
Recognised in comprehensive income during the period	1.7	(0.5)	1.2
Amount allocated to reserves at 31 December 2013	**(3.7)**	**1.0**	**(2.7)**

31 December 2012	Gross amount	Tax effect	Net amount
	€ million	€ million	€ million
Opening balance	(2.0)	0.5	(1.5)
Booked to the income statement during the period	(1.0)	0.3	(0.7)
Recognised in comprehensive income during the period	(1.0)	0.3	(0.7)
Amount allocated to reserves at 31 December 2011	**(4.0)**	**1.1**	**(2.9)**

47.Assets and liabilities measured at fair value

The following information is provided in accordance with the provisions of IFRS 13-Fair Value Measurement.
Note that following the application of the new standard from 1 January 2013, the models currently used by the Group to measure the fair value of financial instruments were reviewed. The change made mainly concerned the inclusion of counterparty non-performance risk rating components, and had a marginal effect on the result.
The method used for determining fair value is described below.

Fair value of financial instruments:

- for financial assets and liabilities that are liquid or nearing maturity, it is assumed that the carrying value equates to fair value; this assumption also applies to term deposits, securities that can be readily converted to cash and variable-rate financial instruments;
- for the valuation of hedging instruments at fair value, the Company used valuation models based on market parameters;
- the fair value of non-current financial payables was obtained by discounting all future cash flows at the rates applicable at the end of the year.

For commercial items and other receivables and payables, fair value corresponds to the carrying value.

	Carrying value		*Fair value*	
	31 December 2013 € million	31 December 2012 € million	31 December 2013 € million	31 December 2012 € million
Cash and cash equivalents	444.2	442.5	444.2	442.5
Interest accrued on swaps on private placements	0.7	0.7	0.7	0.7
Non-current assets for hedge derivatives	0.7	0.4	0.7	0.4
Other short-term financial receivables	30.1	41.3	30.1	41.3
Other non-current financial assets	9.8	13.7	9.8	13.7
Financial investments	**485.6**	**498.5**	**485.6**	**498.5**
Payables to banks	122.8	122.1	122.8	122.1
Real estate lease payables	1.3	1.4	1.3	1.4
Bond issued in 2003	221.3	233.3	230.3	246.1
Bond issued in 2009 (Eurobond)	360.8	364.3	381.1	386.3
Bond issued in 2012 (Eurobond)	394.2	393.2	421.2	424.8
Private placement issued in 2009	179.7	187.4	211.1	228.6
Accrued interest on bonds	12.3	12.6	12.3	12.6
Derivatives on bond issues	40.8	28.8	40.8	28.8
Financial liabilities on hedging contracts	-	-	-	-
Other debt	0.5	15.2	0.5	15.2
Payables for put options and earn-outs	4.8	10.0	4.8	10.0
Financial liabilities	**1,338.4**	**1,368.2**	**1,426.1**	**1,475.9**
Net financial assets (liabilities)	**(852.8)**	**(869.7)**	**(940.5)**	**(977.4)**

Fair value of non-financial instruments:

- for the biological assets in Sardinia, with respect to the application of IAS 41 on the accounting treatment of biological assets (vines) and biological products (grapes), given the unique situation of the territory in which Sella & Mosca S.p.A. operates, as described below, it was decided to continue recording these assets at cost, less accumulated depreciation; valuation at fair value would require the following assumptions to be met, which do not apply in the context in which the Company operates: the existence of an active market for biological products and assets. This is not the case in Sardinia, as the market cannot absorb grapes and vines in the quantities concerned, due to a lack of buyers, and it is not possible to set potential market prices in a scenario in which all products or biological assets are made available for sale; the adoption of the alternative cash flow valuation method, which cannot be used due to both the inability to set a reliable price for the biological products concerned in the quantity concerned, and the inability to determine or measure the projected cash flows;
- for the other biological assets measured at fair value, this value is based on surveys of agricultural land and the related vineyards conducted by an expert;
- for current biological assets (agricultural produce), the fair value is determined based on the sale price net of estimated sales costs.

Investment property is valued at cost, which is considered a reliable approximation of its fair value.

The table below details the hierarchy of financial and non-financial instruments measured at fair value, based on the valuation methods used:

- level 1: the valuation methods use prices listed on an active market for the assets and liabilities subject to valuation;
- level 2: the valuation methods take into account various inputs from previous prices, but that can be observed on the market directly or indirectly;
- level 3: the method use inputs that are not based on observable market data.

In 2013 no changes were made in the valuation methods applied.

Financial instruments

Derivatives, valued using techniques based on market data, are mainly interest rate swaps and forward sale/purchases of foreign currencies to hedge both the fair value of the underlying instruments and cash flows.

The most commonly-applied valuation methods include the forward pricing and swap models, which use present value calculations.

The models incorporate various inputs, including the credit rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates.

The table below analyses financial instruments measured at fair value based on three different valuation levels.

31 December 2013	Level 1 € million	Level 2 € million	Level 3 € million
Assets measured at fair value			
Accrued interest on bond swaps		0.7	
Futures currency contract		0.7	
Liabilities valued at fair value			
Interest rate and cross currency swap on bond (USD)		40.8	

31 December 2012	Level 1 € million	Level 2 € million	Level 3 € million
Assets measured at fair value			
Accrued interest on bond swaps		0.7	
Futures currency contract		0.2	
Liabilities valued at fair value			
Interest rate and cross currency swap on bond (USD)		28.8	

The level 2 valuation method used for financial instruments measured at fair value is based on parameters such as exchange rates and interest rates, which are priced on active markets or are observable on official rate curves.
In 2013, no reclassifications were made on the levels indicated above in the fair value hierarchies.

<u>Non-financial instruments</u>
The table below analyses non-financial instruments measured at fair value, which include biological assets only.

31 December 2013	Level 1 € million	Level 2 € million	Level 3 € million
Assets measured at fair value			
Biological assets		7.3	

31 December 2012	Level 1 € million	Level 2 € million	Level 3 € million
Assets measured at fair value			
Biological assets		7.8	

The level 2 valuation method used for biological assets is generally based on expected cash flows resulting from the sale of wine products. The sale prices of wine products used as a reference point relate to products that are strictly comparable with those of the Group. The parameters used are the production potential of vineyards on land with similar characteristics and the corresponding overall market value. The sale prices of sugar are linked to the official prices in the reference markets, appropriately adjusted to take account of sales costs.
In 2013, no reclassifications were made above the levels indicated above in the fair value hierarchies.

48.Nature and scale of the risks arising from financial instruments

The Group's main financial instruments include current accounts, short-term deposits, short and long-term bank loans, finance leases and bonds.
The purpose of these is to finance the Group's operating activities.
In addition, the Group has trade receivables and payables resulting from its operations.
The main financial risks to which the Group is exposed are market (currency and interest rate risk), credit and liquidity risk. These risks are described below, together with an explanation of how they are managed.
To cover these risks, the Group makes use of derivatives, primarily interest rate swaps, cross currency swaps and forward contracts, to hedge interest rate and exchange rate risks.

Credit risk

With regard to trade transactions, the Group works with medium-sized and large customers (mass retailers, domestic and international distributors) on which credit checks are performed in advance.
Each company carried out an assessment and control procedure for its customer portfolio, partly by constantly monitoring amounts received. In the event of excessive or repeated delays, supplies are suspended.
As a result, historical losses on receivables represent a very low percentage of revenues and annual outstanding receivables and do not require special coverage and/or insurance.
The maximum risk at the reporting date is equivalent to the carrying value of trade receivables.
Financial transactions are carried out with leading domestic and international institutions with a high credit rating. The risk of insolvency is therefore deemed to be insignificant.
The maximum risk at the reporting date is equivalent to the carrying value of these assets.

Liquidity risk

The Group's ability to generate substantial cash flow through its operations allows it to reduce liquidity risk to a minimum level. This risk is defined as the difficulty of raising funds to cover the payment of the Group's financial obligations.
The table below summarises financial liabilities at 31 December 2013 by maturity based on the contractual repayment obligations, including non-discounted interest.
For details of trade payables and other liabilities, see note 42-Trade payables and other current liabilities.

31 December 2013	On demand € million	Within 1 year € million	Due in 1 to 2 years € million	Due in 3 to 5 years € million	Due in more than 5 years € million	Total € million
Payables and loans due to banks		122.3	0.6	-	-	122.8
Bonds		46.7	119.2	584.1	416.5	1.166.4
Derivatives on bond issues		-	12.6	26.2	-	38.8
Private placement		41.8	11.8	97.1	86.1	236.8
Property leases		0.2	0.2	0.6	3.1	4.0
Other financial payables		0.2	0.2	-	-	0.4
Total financial liabilities	**0**	**211.1**	**144.6**	**707.9**	**505.7**	**1,569.3**

31 December 2012	On demand € million	Within 1 year € million	Due in 1 to 2 years € million	Due in 3 to 5 years € million	Due in more than 5 years € million	Total € million
Payables and loans due to banks		121.2	-	-	-	121.2
Bonds		47.1	47.1	537.8	594.6	1.226.7
Derivatives on bond issues		(2.0)	(2.0)	6.0	19.3	21.2
Private placements		14.4	43.7	12.3	85.3	155.8
Property leases		0.2	0.2	0.6	-	1.0
Other financial payables		15.4	0.2	0.2	-	15.8
Total financial liabilities	**0**	**196.3**	**89.2**	**557.0**	**699.2**	**1,541.4**

The Group's financial payables, with the exception of non-current payables with a fixed maturity, consist of short-term bank debt.
Thanks to its liquidity and management of cash flow from operations, the Group has sufficient resources to meet its financial commitments at maturity.
In addition, there are unused credit lines that could cover any liquidity requirements.

Market risks

Interest rate risk

The Group is exposed to the risk of fluctuating interest rates in respect of its financial assets, short-term payables to banks and long-term lease agreements.
Among long-term financial liabilities, fixed rates apply to certain loans obtained by Sella & Mosca S.p.A. and one of the Parent Company's minor loans.
The private placements issued by Campari America also pay interest at a fixed rate.
The Parent Company's bond issued in 2003 originally had a fixed interest rate in US dollars, but this became a variable rate in euro through a derivatives contract; a portion of the debt was subsequently transferred to a fixed rate in euro through an interest rate swap.
The Parent Company's 2009 and 2012 bond issues also pay interest at a fixed rate. Note that, at 31 December 2013, around 80% of the Group's total financial debt was fixed-rate debt.

Sensitivity analysis

The following table shows the effects on the Group's income statement of a possible change in interest rates, if all other variables are constant.
A negative value in the table indicates a potential net reduction in profit and equity, while a positive value indicates a potential net increase in these items.
The assumptions used in terms of a potential change in rates are based on an analysis of the trend at the reporting date.

The table illustrates the full-year effects on the income statement in the event of a change in rates, calculated for the Group's variable-rate financial assets and liabilities.
As regards the fixed-rate financial liabilities hedged by interest rate swaps, the change in the hedging instrument offsets the change in the underlying liability, with practically no effect on the income statement.
Net of tax, the effects are as follows.

31 December 2013	Increase/decrease in interest rates in basis points	Income statement	
		Increase in interest rates € million	Decrease in interest rates € million
Euro	+/- 5 basis points	-0.3	0.3
Other currencies		0.6	-0.6
Total effect		0.4	-0.4

31 December 2012	Increase/decrease in interest rates in basis points	Income statement	
		Increase in interest rates € million	Decrease in interest rates € million
Euro	+/- 20 basis points	-1.1	1.1
Other currencies		0.4	-0.4
Total effect		-0.7	0.7

Exchange rate risk

The expansion of the Group's international business has resulted in an increase in sales on markets outside the Eurozone, which accounted for 58.5% of the Group's net sales in 2013.
However, the establishment of Group entities in countries such as the United States, Brazil, Australia, Argentina, Russia and Switzerland allows this risk to be partly hedged, given that both costs and income are denominated in the same currency. In the case of the US, moreover, some of the cash flows from operations are used to redeem the US dollar-denominated private placement taken out locally to cover the acquisitions of certain companies.
Therefore, exposure to foreign exchange transactions generated by sales and purchases in currencies other than the Group's functional currencies represented an insignificant proportion of consolidated sales in 2013.
For these transactions, Group policy is to mitigate the risk by using forward sales or purchases.
In addition, the Parent Company has issued a bond in US currency, where the exchange rate risk has been hedged by a cross currency swap.

Sensitivity analysis

An analysis was performed on the economic effects of a possible change in the exchange rates against the euro, keeping all the other variables constant.
This analysis does not include the effect on the consolidated financial statements of the conversion of the financial statements of subsidiaries denominated in a foreign currency following a possible change in exchange rates.
The assumptions adopted in terms of a potential change in rates are based on an analysis of forecasts provided by financial information agencies at the reporting date.

The types of transaction included in this analysis are as follows: the Parent Company's bond issued, denominated in US dollars, and sales and purchase transactions in a currency other than the Group's functional currency.
The Parent Company's bond issue is hedged by cross currency swaps, while the other transactions are hedged by forward contracts; in both cases, therefore, a change in exchange rates would entail a corresponding change in the fair value of the hedging transaction and hedged item, but this would have no impact on the income statement.
The effects on shareholders' equity are determined by changes in fair value of the Parent Company's interest rate swap and forward contracts on future transactions, which are used as cash flow hedges.
The results of this analysis showed that the effects would not be significant.

49.Commitments and risks

The main commitments and risks of the Campari Group on the closing date of the accounts are shown below.

Non-cancellable operating leases

The following table shows the amounts owed by the Group, broken down by maturity, in future periods for leases on property.

Minimum future payments under operating leases	31 December 2013 € million	31 December 2012 € million
Within 1 year	8.1	5.8
1-5 years	17.0	13.4
More than 5 years	6.6	8.8
	31.8	**27.9**

The amount reported in the table refers to leases on cars, computers and other electronic equipment; buildings and offices are included.

Non-cancellable financial leases

The table below shows the commitments relating to the finance leasing contract entered into by CJSC 'Odessa Sparkling Wine Company' for its production facility.

The contract stipulates future minimum payments as set out in the table, which also shows the relationship between the payments and their present value.

Finance leases	31 December 2013		31 December 2012	
	Minimum future payments € million	Present value of future payments € million	Minimum f uture payments € million	Present value of future payments € million
Within 1 year	0.3	0.1	0.2	0.1
1-5 years	0.8	0.3	0.8	0.3
More than 5 years	3.2	0.3	3.6	0.4
Total minimum payments	4.3	0.6	4.6	3,8
Financial charges	(3.6)		(3.8)	
Present value of minimum future payments	**0.6**	**0.6**	**0.8**	**0.8**

Existing contractual commitments for the purchase of goods or services

These commitments total € 132.8 million, of which € 74.9 million mature by the end of the year, and € 57.9 million mature within five years.

The commitments mainly relate to the purchase of raw materials, semi-finished goods and merchandise (€ 36.5 million), the purchase of a&p services (€ 18.1 million), the purchase of wines and grapes (€13.4 million), the purchase of packaging (€ 6.9 million) and the purchase of co-packing services (€ 4.2 million).

Existing contractual commitments for the purchase of property, plant and equipment

These commitments totalled € 12.3 million, and all expire within the year.

These commitments mainly relate to the purchase of ageing barrels for the Wild Turkey distillery in Kentucky (€ 8.5 million) and investment in intangible assets by the Parent Company (€ 1.6 million).

Restrictions on the title and ownership of properties, equipment and machinery pledged to secure liabilities

The Group has several existing loans, with a current balance of € 0.5 million, secured by mortgages on land and buildings and liens on machinery and equipment for an amount of € 2.2 million.

Other guarantees

The Group has issued other forms of security in favour of third parties such as customs bonds for excise taxes totalling € 70.0 million at 31 December 2013, € 7.8 million for the promotion of wines and € 14.2 million for office rentals.

50.Related parties

Davide Campari-Milano S.p.A. is controlled by Alicros S.p.A.
Davide Campari-Milano S.p.A. and its Italian subsidiaries have adopted the domestic tax consolidation scheme governed by articles 117 *et seq* of the consolidated law on corporate income tax (TUIR), for 2013, 2014 and 2015.
The tax receivables and payables of each individual Italian company are therefore recorded as payables to the ultimate shareholder, Alicros S.p.A.
At 31 December 2013, the overall position of the Italian subsidiaries of Davide Campari-Milano S.p.A. and of the Parent Company itself in respect of Alicros S.p.A., in relation to the tax consolidation scheme, is a non-interest-bearing net payable of € 1.2 million.

Moreover, Alicros S.p.A., Davide Campari-Milano S.p.A. and its Italian subsidiaries have joined the Group-wide VAT scheme, pursuant to article 73, paragraph 3 of Presidential Decree 633/72.
At 31 December 2013, the Parent Company and its Italian subsidiaries owed Alicros S.p.A. € 1.2 million.
The table below shows the net debit balance.

The receivables and payables arising as a result of the tax consolidation scheme are non-interest-bearing.

Dealings with related parties and joint ventures form part of ordinary operations and are carried out under market conditions (i.e. conditions that would apply between two independent parties) or using criteria that allow for the recovery of costs incurred and a return on invested capital.
All transactions with related parties were carried out in the Group's interest.

The amounts for the various categories of transaction entered into with related parties are set out below.

31 December 2013	Receivables (payables) for tax consolidation	Receivables (payables) for Group VAT	Other non-current tax receivables	Other receivables (payables)
	€ million	€ million	€ million	€ million
Alicros S.p.A.	1.2	(1.2)	2.2	-
Payables to directors	-	-	-	(1.5)
	1.2	**(1.2)**	**2.2**	**(1.5)**
Balance sheet percentage of related item	5%	1%	7%	1%

31 December 2012	Receivables (payables) for tax consolidation	Receivables (payables) for Group VAT	Other non-current tax receivables	Other receivables (payables)
	€ million	€ million	€ million	€ million
Alicros S.p.A.	(1.9)	(7.2)	2.2	-
Payables to directors	-	-	-	(1.7)
	(1.9)	**(7.2)**	**2.2**	**(1.7)**
Balance sheet percentage of related item	38%	5%	5%	1%

2013	Sale of merchandise	Trade allowances	Other income (charges)	Financial income	Profit (loss) of joint ventures
	€ million	€ million	€ million	€ million	€ million
Alicros S.p.A.	-	-	0.1	-	-
International Marques V.O.F.	-	-	-	-	(0.2)
	-	**-**	**0.1**	**-**	**(0.2)**
Income statement percentage of related item	-	-	-	-	100%

2012	Sale of merchandise	Trade allowances	Other income (charges)	Financial income	Profit (loss) of joint ventures
	€ million	€ million	€ million	€ million	€ million
Alicros S.p.A..	-	-	0.2	-	-
International Marques V.O.F.	0.2	(0.1)	-	-	-
	0.2	**(0.1)**	**0.2**	**-**	**-**
Income statement percentage of related item	-	-	-	-	-

Remuneration paid to the Parent Company's directors who held management positions in the Group with strategic responsibility was as follows:

	2013 € million	2012 € million
Short-term benefits	4.7	4.8
Defined contribution benefits	0.0	0.0
Stock options	1.2	1.2
	5.9	**6.0**

The payable to directors amounts to € 1.5 million.

51.Employees

The following tables indicate the average number of employees at the Group, broken down by business sector, category and region.

By business segment	2013	2012
Production	1,864	909
Sales and distribution	1,444	1,043
General	688	498
Total	3,996	2,450
Category	2013	2013
Managers	167	179
Office staff	2,063	1,395
Manual workers	1,766	877
Total	3,996	2,450
Region	2013	2013
Italy	812	853
Abroad	3,183	1,598
Total	3,996	2,450

52.Subsequent events

Acquisition of Forty Creek Distillery Ltd.

On 12 March 2014 Gruppo Campari has reached an agreement to acquire 100% of Forty Creek Distillery Ltd., a leading independently owned spirits company in Canada. The transaction is expected to close on 2 June 2014. The acquired business includes the full brand portfolio of Forty Creek Distillery Ltd., the stocks, the distillery and manufacturing facilities and a hospitality center located in Grimsby, Ontario.

The total purchase price for 100% of Forty Creek Distillery Ltd. is CAD 185.6 million (€ 120.5 million at the current exchange rate) on a cash free/debt free basis and it will be fully paid in cash at the closing date. This corresponds to a multiple of EBITDA 2014 LE (Latest Estimate for fiscal year ending 31 March 2014) of 14.5 times.

In fiscal year ending 31 March 2013, the acquired business achieved total net sales of CAD 34.2 million, of which Forty Creek whisky represents around 62%. In fiscal year ending 31 March 2014, the acquired business is expecting to achieve total net sales of CAD 39.5 million, showing an increase of +15.6% compared to the previous year.

Acquisition of the distribution of Sambuca Molinari in Germany and the duty-free channel

In February 2014, the Group signed an agreement with the family that owns the brand to distribute Sambuca Molinari Extra in Germany and some selected markets from 1 April 2014. The agreement also includes the distribution of Molinari Caffè in Germany.

Sale of CISC 'Odessa Sparkling Wine Company'

On 13 February 2014, an agreement was reached to sell CISC 'Odessa Sparkling Wine Company', with the closing date planned for the second quarter of the year.

At 31 December 2013, the Group allocated provisions of € 3.7 million for the write-down of assets that will ensue from the sale of the company, and provided for an impairment of the related goodwill, of € 0.4 million. The effect on the consolidated financial statements was therefore € 4.1 million, and was included under non-recurring costs for the year.

Note that, as mentioned in the section on events in the year, the Group created a trading company Campari Ukraine LLC, which took over the distribution of the Group's products in Ukraine from CISC 'Odessa Sparkling Wine Company' in October.

Termination of the distribution of Cachaca 51 and Rum Santa Teresa in Italy

In the first few months of 2014, the agreements to distribute Cachaca 51 and Rum Santa Teresa were terminated in order to promote the distribution of the Group's own products, Sagatiba and Appleton.

Termination of the distribution of Flor de Caña

In the first few months of 2014, the agreements to distribute Flor de Caña in the US were terminated in order to promote and focus on the distribution of Appleton rum.

Termination of the distribution of Kimberly Clark

In February 2014, the agreements to distribute Kimberly Clark products in Jamaica were terminated

Innovation and new product launches

For details of the Group's new product ranges and innovation activities, see the section on Events taking place after the end of the year in the Report on Operations.

Sesto San Giovanni (MI), 12 March 2014

Chairman of the Board of Directors

Luca Garavoglia

Certification of the consolidated financial statements pursuant to article 81-ter of Consob regulation 11971 of 14 May 1999 and subsequent revisions and amendments

1. We, Robert Kunze-Concewitz, Stefano Saccardi, managing directors, and Paolo Marchesini, managing director and the director responsible for preparing the accounting documents of Davide Campari-Milano S.p.A., hereby certify, taking into account the provisions of paragraphs 3 and 4, TUF:

- the appropriateness, in relation to the nature of the business, and
- the effective application of the administrative and accounting procedures used to prepare the consolidated financial statements for 2013.

2. We further certify that

2.1. The consolidated financial statements at 31 December 2013:

a) were prepared in accordance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) correspond to the figures contained in the accounting records;

c) provide a true and fair view of the financial position of the issuer and the group of companies included in the basis of consolidation.

2.2. The report on operations contains an accurate assessment of the company's performance and operating results, and on the position of the issuer and the group of companies included in the basis of consolidation, together with a description of the main risks and uncertainties to which it is exposed.

Sesto San Giovanni (MI), Wednesday 12 March 2014

Chief Executive Officer
Robert Kunze-Concewitz

Chief Executive Officer
and director responsible for preparing
the company's accounting statements
Paolo Marchesini

Chief Executive Officer
Stefano Saccardi

Davide Campari–Milano S.p.A.

Separate financial statements at 31 December 2013

Financial statements

Income statement

	Notes	2013	*of which: related parties*	2012	*of which: related parties*
		€	€	€	€
Net sales	7	**542,333,623**	*195,686,191*	**542,070,252**	*181,547,824*
Cost of goods sold	8	(255,700,445)	*(9,813,448)*	(252,984,255)	*(10,061,798)*
Gross profit		**286,633,178**		**289,085,997**	
Advertising and promotional costs	9	(51,880,840)	*4,602,869*	(60,569,655)	*1,552,454*
Contribution margin		**234,752,338**		**228,516,342**	
Overheads	10	(73,720,904)	*6,187,641*	(76,922,336)	*9,513,650*
of which: non-recurring		*1,354,456*		*(1,941,248)*	
Operating result		**161,031,434**		**151,594,006**	
Financial income and charges	16	(49,312,605)	*(8,187,874)*	(34,061,100)	*(5,020,055)*
of which: non-recurring financial items		*(161)*		*(2,562)*	
Dividends		112,718,584	*112,718,584*	3,076,923	*3,076,923*
Profit before tax and non-controlling interests		**224,437,413**		**120,609,829**	
Taxes	17	(39,431,120)		(37,709,702)	
Profit for the year		**185,006,293**		**82,900,127**	

Statement of comprehensive income

	2013	2012
	€	€
Net profit (A)	**185,006,293**	**82,900,127**
B1) Items that may be subsequently reclassified to profit or loss		
Cash flow hedge:		
- Profit (loss) for the period	1,404,621	(1,217,262)
- Less: profits (losses) reclassified to the separate income statement	(1,115,932)	(991,263)
- = Net gains (losses) from cash flow hedging	288,689	(2,208,525)
- Tax effect	(386,271)	334,747
Cash flow hedge	(97,582)	(1,873,778)
Total Items that may be subsequently reclassified to profit or loss (B1)	**(97,582)**	**(1,873,778)**
B2) Items that will not be reclassified to profit or loss	**-**	**-**
Remeasurement reserve for defined benefits plans		
- Profit (loss) for the period	(329,239)	-
- Tax effect	90,541	-
Remeasurement reserve for defined benefits plans	(238,698)	-
Total Items that will not be reclassified to profit or loss (B2)	**(238,698)**	
Other comprehensive income (losses) (B= B1+B2)	**(336,280)**	**(1,873,778)**
Total other comprehensive income (A+B)	**184,670,013**	**81,026,349**

Statement of financial position

	Notes	31 December 2013	*of which: related parties*	31 December 2012	*of which: related parties*
		€	€	€	€
ASSETS					
Non-current assets					
Net tangible fixed assets	18	106,523,240		111,310,850	
Investment property	19	429,815		446,781	
Goodwill and brands	20	427,624,072		427,624,072	
Intangible assets with a finite life	22	13,626,183		14,803,764	
Investments in subsidiaries	23	1,345,684,563		1,234,396,726	
Deferred tax assets	17	-		-	
Other non-current assets	24	14,889,219	*1,936,479*	18,714,933	*1,927,443*
Total non-current assets		**1,908,777,092**	**1,936,479**	**1,807,297,126**	**1,927,443**
Current assets					
Inventories	25	75,385,085		83,773,185	
Trade receivables	26	112,415,227	*58,826,388*	117,483,025	*52,750,517*
Short-term financial receivables	27	102,474,613	*71,778,167*	82,566,013	*40,899,934*
Cash and cash equivalents	28	120,627,913		147,677,397	
Tax receivables		2,222,426	*2,222,426*	-	
Other receivables	26	13,978,323	*9,713,183*	19,164,959	*11,935,184*
Total current assets		**427,103,587**	**142,540,164**	**450,664,579**	**105,585,635**
Non-current assets held for sale	29	1,022,246		1,022,246	
Total assets		**2,336,902,925**	**144,476,643**	**2,258,983,951**	**107,513,078**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity					
Share capital	30	58,080,000		58,080,000	
Reserves	30	878,790,584		751,470,850	
Total shareholders' equity		**936,870,584**	**-**	**809,550,850**	**-**
Non-current liabilities					
Bonds	31	976,181,354		990,758,539	
Other non-current financial liabilities	31	240,954,404	*200,000,000*	229,154,464	*200,000,000*
Defined benefit plans	33	6,931,158		6,784,257	
Provision for risks and charges	34	2,923,390		3,298,609	
Deferred tax liabilities	17	16,197,956		13,497,593	
Other non-current liabilities	32	187,647	*187,647*	1,927,121	*187,647*
Total non-current liabilities		**1,243,375,909**	**200,187,647**	**1,245,420,583**	**200,187,647**
Current liabilities					
Payables to banks	31	7,787,526		8,321,767	
Other financial payables	31	42,952,335	*30,985,305*	70,424,521	*58,255,603*
Payables to suppliers	35	79,422,982	*1,552,663*	89,989,244	*1,408,594*
Payables to tax authorities	36	2,590,913	-	8,645,141	*2,567,304*
Other current liabilities	35	23,902,676	*3,747,191*	26,631,845	*9,415,216*
Total current liabilities		**156,656,432**	**36,285,159**	**204,012,518**	**71,646,717**
Total liabilities and shareholders' equity		**2,336,902,925**	**236,472,806**	**2,258,983,951**	**271,834,364**

Statement of cash flows

	Note	2013	2012
Operating result		**161,031,434**	**151,594,006**
Adjustments to reconcile operating profit and cash flow:			
Depreciation/amortisation	11	14,172,065	15,100,782
Net capital losses (gains) on the sale of fixed assets	18	(52,544)	(499,316)
Write-downs of tangible fixed assets	18	127,898	82,106
Accruals of provisions	34/35	2,832,596	4,838,070
Utilisation of provisions	34/35	(979,379)	(701,635)
Net financial charges	16	(231,206)	(78,174)
Other non-cash items	38	4,332,039	4,410,080
Change in net operating working capital	25/26/36	6,645,077	(22,834,675)
Change in receivables from related parties	42	(3,853,870)	(9,896,203)
Change in payables to related parties	42	(4,561,747)	4,042,058
Income taxes paid	17/37	(46,224,434)	(64,357,286)
Other changes in non-financial assets and liabilities	36/37	13,227,278	(583,742)
Cash flow from operating activities		**146,465,207**	**81,116,071**
Purchase of tangible and intangible fixed assets	18/22	(3,739,908)	(5,173,800)
Income from sales of fixed assets and brands	10/20	(4,525,354)	(82,106)
Disposals (investments) in affiliated companies	23	(4,723,099)	(330,224,443)
Interest income	16	2,178,268	1,895,759
Interest received from related parties	16	241,245	599,501
Dividends received	16	6,161,900	3,081,015
Cash flow used in investing activities		**(4,406,948)**	**(329,904,074)**
Issue of bond in €	32	-	393,175,844
Medium / long-term loans from related parties	32/42	-	150,000,000
Payment of lease instalments	32	-	(3,008,064)
Repayment of medium / long-term payables	32	(182,188)	(175,752)
Net change in short-term payables to banks and loans	32	(534,241)	8,320,711
Net change in financial receivables from related parties	42	(30,878,233)	2,913,200
Net change in financial payables to related parties	32/42	(27,270,299)	(56,860,798)
Interest expenses	16	(39,112,883)	(31,170,261)
Interest paid to related parties	16	(6,635,545)	(5,669,586)
Change in other financial payables and receivables	27/32	(8,793,998)	8,709,771
Purchase and sale of own shares	31	(25,852,350)	(12,157,338)
Net change in securities	28	10,000,000	(40,924,992)
Dividend pay-out	31	(39,848,006)	(40,504,589)
Cash flow from (used in) financing activities		**(169,107,743)**	**336,369,742**
Net cash flow for the period		**(27,049,484)**	**87,581,739**
Cash and cash equivalents at start of period	29	147,677,397	60,095,658
Cash and cash equivalents at end of period	29	120,627,913	147,677,397

Statement of changes in shareholders' equity

	Notes	Share capital	Legal reserve	Extraordinary reserve	Reserve for VAT deductions 4-6% (various laws)	Reserve for grants (Law 696/83)	Equity investment transfer reserve (Leg. Decree 544/92)	Other reserves	Retained earnings	Shareholders' equity
		€	€	€	€	€	€	€	€	€
Balance at 1 January 2013		58,080,000	11,616,000	243,221,990	1,086,287	25,823	3,041,357	(4,857,664)	497,337,057	809,550,850
Dividend pay-out	31	-	-	-	-	-	-	-	(39,848,006)	(39,848,006)
Purchase of own shares	31	-	-	-	-	-	-	(49,077,641)	-	(49,077,641)
Use of own shares	31	-	-	-	-	-	-	42,915,303	(19,690,012)	23,225,291
Stock options	31	-	-	-	-	-	-	3,372,365	4,977,712	8,350,077
Profit for the year-2013		-	-	-	-	-	-	-	185,006,293	185,006,293
Other comprehensive income (losses)		-	-	-	-	-	-	(336,280)	-	(336,280)
Total comprehensive income		-	-	-	-	-	-	(336,280)	185,006,293	184,670,013
Balance at 31 December 2013		58,080,000	11,616,000	243,221,990	1,086,287	25,823	3,041,357	(7,983,917)	627,783,044	936,870,584

	Notes	Share capital	Legal reserve	Extraordinary reserve	Reserve for VAT deductions 4-6% (various laws)	Reserve for grants (Law 696/83)	Equity investment transfer reserve (Leg. Decree 544/92)	Other reserves	Retained earnings	Shareholders' equity
		€	€	€	€	€	€	€	€	€
Balance at 1 January 2012		58,080,000	11,616,000	243,221,990	1,086,287	25,823	3,041,357	(969,713)	457,321,697	773,423,441
Dividend pay-out	31	-	-	-	-	-	-	-	(40,504,589)	(40,504,589)
Purchase of own shares	31	-	-	-	-	-	-	(25,226,912)	-	(25,226,912)
Use of own shares	31	-	-	-	-	-	-	19,405,088	(6,335,514)	13,069,574
Stock options	31	-	-	-	-	-	-	3,807,651	3,955,336	7,762,987
Profit for the year-2012		-	-	-	-	-	-	-	82,900,127	82,900,127
Other comprehensive income (losses)		-	-	-	-	-	-	(1,873,778)	-	(1,873,778)
Total comprehensive income		-	-	-	-	-	-	(1,873,778)	82,900,127	81,026,349
Balance at 31 December 2013		58,080,000	11,616,000	243,221,990	1,086,287	25,823	3,041,357	(4,857,664)	497,337,057	809,550,850

Notes to the financial statements

1. General information

Davide Campari-Milano S.p.A. is a company listed on the Italian stock market, with registered office at Via Franco Sacchetti 20, 20099 Sesto San Giovanni (MI), Italy.
The Company is registred in the Milan companies register and REA (business administration register) under no. 1112227.
The Company is 51%-owned by Alicros S.p.A.
Davide Campari-Milano S.p.A. is the Parent Company of the Campari Group and operates directly in Italy, and through its subsidiaries on international markets for alcoholic and non-alcoholic beverages.
The Campari Group is a leading global player in the beverage sector, with a presence in almost 200 countries and a product portfolio in three segments: spirits, wines and soft drinks.
The spirits segment includes internationally-recognised brands such as Campari, Carolans, SKYY Vodka, Wild Turkey, along with the recently-acquired Appleton, as well as brand leaders in local markets including Aperol, Cabo Wabo, Campari Soda, Cynar, Frangelico, GlenGrant, Ouzo 12, X-Rated Fusion Liqueur, Zedda Piras and Brazilian brands Dreher, Old Eight and Drury's.
In the wines segment, apart from Cinzano and Riccadonna, which are well-known all over the world, the main regional brands are Mondoro, Odessa, Riccadonna, Sella&Mosca and Teruzzi&Puthod.
Lastly, the soft drinks line covers the extended ranges of Crodino and Lemonsoda, which are leading brands on the Italian market.

These financial statements are presented in euro while the relevant notes to the financial statements are prepared in thousands of euro, unless otherwise stated.
As the Parent Company, Davide Campari-Milano S.p.A. has also drawn up the consolidated financial statements of the Campari Group for the year ending 31 December 2013.
The financial statements of Davide Campari-Milano S.p.A. for the year ending 31 December 2013 were approved on 12 March 2014 by the Board of Directors, which has authorised their publication.
The Board of Directors reserves the right to amend the results should any significant events occur that require changes to be made, up to the date of the shareholders’ meeting.

2. Preparation criteria

The financial statements were prepared on a cost basis, with the exception of financial derivatives, which are reported at fair value.
The carrying value of assets and liabilities subject to fair value hedging transactions, which would otherwise be recorded at cost, has been adjusted to take account of the changes in fair value attributable to the risk being hedged.

Compliance with IFRS

The financial statements of Davide Campari-Milano S.p.A. (which represent the ‘separate financial statements’) for the years ending 31 December 2013 and the comparison period, were prepared in accordance with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB) and ratified by the European Union, including all the revised international accounting standards (International Accounting Standards-IAS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC).
No exceptions to the application of the international accounting standards were made in the preparation of these separate accounts.

Form and content

In accordance with the format chosen by the Campari Group, and also adopted for the financial statements of the Parent Company, the income statement is classified by function, and the balance sheet shows current and non-current assets and liabilities separately.
We consider that this format will provide a more meaningful representation of the items that have contributed to the Company’s results and its balance sheet and financial position.

In the income statement (classified by function), income and charges from non-recurring transactions such as sales of fixed assets, restructuring costs and any other non-recurring income/expenses are shown separately.
The definition of 'non-recurring' conforms to that set out in the Consob communication of 28 July 2006 (DEM/6064293).
During the year, the Parent Company did not carry out any atypical or unusual transactions, as defined in the same communication.
Lastly, in accordance with Consob Resolution 15519 of 27 July 2006, transactions with related parties are shown separately, in the statement of financial position and income statement, as also required by IAS 24.
The cash flow statement was prepared using the indirect method.

3. Summary of accounting principles

Intangible assets

Intangible assets include all assets without any physical form that are identifiable, controlled by the Company and capable of producing future economic benefits, as well as goodwill when purchased for consideration.
Intangible assets acquired are posted to assets, in accordance with IAS 38-Intangible Assets, when it is probable that the use of the assets will generate future economic benefits, and when the cost can be reliably determined.
If acquired separately, these assets are reported at purchase cost including all allocable ancillary costs.
Assets produced internally, excluding development costs, are not capitalised and are reported on the income statement for the financial year in which they are incurred.
Intangible assets with a finite life are amortised on a straight-line basis in relation to their remaining useful life, taking into account losses due to a reduction in accumulated value.
The period of amortisation of intangible assets with a finite life is reviewed at least at the end of every financial year in order to ascertain any changes in their useful life, which if identified, will be considered as changes in estimates.
The costs of development projects and studies are recorded in the income statement in full in the year in which they are incurred.
Advertising and promotional costs are recorded on the income statement when the Company has received the goods or services in question.
Costs relating to industrial patents, concessions, licences and other intangible fixed assets are listed on the assets side of the statement of financial position only if they are able to produce future economic benefits for the Company. These costs are amortised according to the period of use, if this can be defined, or according to contract duration.
Software licences represent the cost of purchasing licences and, if incurred, external consultancy fees or internal personnel costs necessary for development. These costs are booked in the year in which the internal or external costs are incurred for training personnel and other related costs.
Costs recorded under intangible assets are amortised over their useful life, generally taken to be three years.
Goodwill and brands, which result from acquisitions and qualify as intangible assets with an indefinite life, are not amortised. The possibility of recovering their reported value is ascertained at least annually, and in any case, when events occur leading to the assumption of a reduction in value using the criteria indicated in the "Impairment" section.
As far as goodwill is concern, the impairment test is performed on the smallest level of cash-generating unit to which the goodwill relates, that management should consider in order directly or indirectly assesses the return on the hole investment. The reversal of any impairment loss on goodwill cannot be made in future years.
On the loss of controls of a previously acquired entity, any outstanding goodwill balance is included in the determination of the gain or loss on disposal.

Tangible fixed assets

Property, plant and equipment are recorded at acquisition or production cost, gross of capital grants (if received) and directly charged expenses, and are not revalued.
Subsequently, tangible fixed assets are recorded at cost net of accumulated depreciation and any impairment losses.
Any costs incurred after purchase are capitalised provided that they increase the future financial benefits generated by using the asset.
The replacement costs of identifiable components of complex assets are allocated to assets on the statement of financial position and depreciated over their useful life. The residual value recorded for the component being replaced is allocated to the income statement; other costs are charged to the income statement when the expense is incurred.
Financial charges are posted to the income statement when incurred.
Ordinary maintenance and repair expenses are charged to the income statement in the period in which they are incurred.

If there are current obligations for dismantling or removing assets and cleaning up the related sites, the assets' reported value includes the estimated (discounted) costs to be incurred when the structures are abandoned, which are reported as a offsetting entry to a specific reserve.
The impact of revising the estimate of these costs is explained in the provisions for risks and charges section.

Assets held under finance lease contracts, which essentially assign to the Company all the risks and benefits tied to ownership, are recognised as Company assets at their current value, or the present value of the minimum lease payments, whichever is lower.
The corresponding liability to the lessor is reported in the financial statements under financial payables.
These assets are depreciated using the policies and rates indicated below.
Leasing arrangements in which the lessor, in essence, retains all the risks and benefits tied to the ownership of the assets, are classified as operating leases, and the related costs are reported in the income statement over the term of the contract.
Depreciation is applied using the straight-line method, based on each asset's estimated useful life as established in accordance with the Company's plans for use of such assets, taking into account wear and tear and the superseding of technology, and the expected realisable value net of disposal costs.
When the tangible asset consists of several significant components with different useful lives, depreciation is applied to each component individually.
The amount to be depreciated is represented by the reported value less the estimated net market value at the end of its useful life, if this value is significant and can be reasonably determined.
Land, even if acquired in conjunction with a building, is not depreciated, nor are available-for-sale tangible assets, which are reported at the lower of their recorded value and fair value less disposal costs.
Rates are as follows:

property	
buildings	3%
light constructions	10%
plant and machinery	
plant and machinery	10%
tanks	10%
industrial and commercial equipment	
miscellaneous equipment	20%
commercial equipment	20%
other tangible fixed assets	
furniture	12%
office equipment	12%
electronic equipment	20%
miscellaneous minor equipment	20%
goods vehicles	20%
cars	25%

Depreciation ceases on the date when the asset is classified as available for sale, in accordance with IFRS 5, or on the date on which the asset is derecognised for accounting purposes, whichever occurs first.
A tangible asset is derecognised from the statement of financial position at the time of sale or when there are no future economic benefits associated with its use or disposal.
Any profits or losses are included in the income statement in the year of this derecognition.

Capital grants

Capital grants are recorded when there is a reasonable certainty that all requirements necessary for access to such grants have been met and that the grant will be disbursed.
This generally occurs at the same time the decree accepting the benefit is issued.
Capital grants relating to tangible fixed assets are reported as deferred revenues and credited to the income statement over the period corresponding to the useful life of the asset concerned.

Impairment

The Company ascertains, at least annually, whether there are indicators of a potential impairment loss in value of intangible and tangible assets. If the Company finds that such indications exist, it estimates the recoverable value of the relevant asset.

In addition, intangible assets with an indefinite useful life, or that are not available for use, are subject to an impairment test each year, or more frequently if there is an indication that the asset may have impaired.
The ability to recover the assets is ascertained by comparing the carrying value to the recoverable amount, which is the higher of fair value less costs to sell and its value in use.
In the absence of a binding sale agreement, the fair value is estimated on the basis of recent transaction in active markets, or based on the best information available to determine the amount that could be collecred from the sale.
The value in use is determined by discounting expected cash flows resulting from the use of the asset, and if significant and reasonably determinable, the expected cash flows resulting from its sale at the end of the useful life.
Cash flows are determined on the basis of reasonable, documentable assumptions representing the best estimate of the future economic conditions that will occur during the remaining useful life of the asset, with priority given to external information.
The discount rate applied reflects the current market assesment of the time value of the money and the risk specific to the business segment to which the asset belong.
When it is not possible to determine the recoverable value of an individual asset, the Company estimates the recoverable value of the unit that incorporates the asset and generates cash flows.
A loss of value is reported if the recoverable value of an asset is lower than its carrying value.
This loss is posted to the income statement unless the asset was previously written up through a shareholders' equity reserve.
In this case, the reduction in value is first allocated to the revaluation reserve.
If, in a future period, a loss on assets, other than goodwill, does not materialise or is reduced, the carrying value of the asset or unit generating cash flows is increased up to the new estimate of recoverable value, and may not exceed the value that would have been determined if no loss from a reduction in value had been reported.
The recovery of a loss of value is posted to the income statement, unless the asset was previously reported at its revalued amount.
In this case, the recovery in value is first allocated to the revaluation reserve.

Investment property

Property and buildings held to generate lease income (investment property) are valued at cost less accumulated depreciation and losses due to a reduction in value.
The depreciation rate for buildings is 3%, while land is not depreciated.
Investment property is derecognised from the statement of financial position when sold or when it becomes permanently unusable and no future economic benefits are expected from its disposal.

Equity investments

Investments in subsidiaries are recorded at cost and adjusted for any loss in value.
The positive difference arising at the time of the acquisition between the purchase cost and the current value of the Company's stake is included in the book value of the holding; any write-downs of this positive difference are not reinstated in subsequent periods, even if the reasons for the write-down no longer apply.
If the Company's portion of the subsidiary's losses exceeds the carrying value of the holding, the carrying value is eliminated and the portion of any further losses is posted to liabilities as a specific reserve to the extent to which the Parent Company is required to fulfil legal or implicit obligations with respect to the subsidiary or in any event to cover its losses.
Investments in subsidiaries are subject to impairment tests on an annual basis, or more frequently if necessary.
If the tests show evidence of impairment, the loss in value must be recorded as a write-down in the income statement.
Investments in other companies that are not held for trading (available for sale) are recorded at fair value, if determinable, and this value is allocated to shareholders' equity up to the date of sale or the identification of a loss in value, at which time the effects previously booked to shareholders' equity are recorded in the income statement for the period.
When the fair value cannot be reliably determined, investments are valued at cost, adjusted for any loss in value.
Dividends received are recognised in the income statement when the right to receive payment, in cash or in kind, is established, only if they arise from the distribution of profits subsequent to the acquisition of the subsidiary.
If, however, the dividends relate to the distribution of the subsidiary's reserves preceding the acquisition, these dividends are recorded as a reduction in the cost of the investment.

Financial instruments

Financial instruments held by the Company are categorised as follows:

Financial assets include holdings in subsidiaries, affiliates and joint ventures, short-term securities and financial receivables, which in turn include the positive fair value of financial derivatives, trade and other receivables and cash and cash equivalents.
Cash and cash equivalents include cash, bank deposits and highly liquid securities that can be readly convertible into cash, and are subject to an insignificant risk of changes in value.
The maturity of deposits and securities in this category is less than three months.
Short-term securities include securities maturing in one year or less, and liquid securities representing a temporary investment of cash that do not meet the requirements for classification as cash equivalents.
Financial liabilities include financial payables, which in turn include the negative fair value of financial derivatives, trade payables and other payables.
Financial assets and liabilities, other than equity investments, are booked in accordance with IAS 3 - Financial Instruments: Recognition and Measurement, in the following categories:
Financial assets at fair value through profit and loss This category includes all financial instruments held for trading and those designated at the initial recognition at fair value through profit and loss.
Financial assets held for trading are all instruments acquired with the intention of sale in the short term; this category also includes derivatives that do not satisfy the requirements set out by IAS 39 to qualify as hedging instruments.
These instruments measured at fair value through profit and loss are booked in the statement of financial position at fair value, and the related profits and losses are included in the income statement.

Investments held to maturity

Current financial assets and held to maturity securities are recognised on the basis of the settlement date, and, on initial recognition, are measured at acquisition cost, represented by the fair value of the initial consideration given and the transaction costs (e.g. commissions, consulting fees, etc).
The initial value is then adjusted to take into account repayments of principal, any write-downs and the amortisation of the difference between the termination cash out and the inception date value. The amortized cost is applied using the effective interest rate method represented by the rate that exactly discounts estmated future cash payments or receipts through the expected life of the financial instruments (known as amortised cost method).
The income statement effects are recognized at the time of the investment deregognition, in case of impairment loss and over the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments, which are not listed on an active market.
After the initial reporting, these instruments are valued at amortised cost using the effective discount rate method net of any provision for loss of value.
Profits and losses are recorded in the income statement when loans and receivables are derecognised for accounting purposes or when a loss of value is apparent beyond the amortisation process.

Financial assets available for sale

Financial assets available for sale, excluding derivatives, are those designated as such or not classified under any of the three previous categories.
After the first reporting, the financial instruments available for sale are valued at fair value.
If the market price is not available, the present value of financial instruments available for sale is measured using the most appropriate valuation methods, such as the analysis of discounted cash flows performed using market information available at the reporting date. In the absence of reliable information, they are recognized at cost.
Profits and losses on financial assets available for sale are recorded directly in shareholders’ equity up to the time when the financial asset is sold or written down. At that time the accumulated profits and losses, including those previously posted to shareholders’ equity, are included in the income statement for the period.

Impairment of financial asset

The Company assesses, at least annually, whether there is any indication that a financial asset or a group of financial assets may be impaired.
A financial asset or a group of financial assets is written down only if there is objective evidence of an impairment caused by one or more events that occurred following the initial recognition and the impact on the future cash flows that may be generated by the asset or group of assets themselves can be reliably estimated.

Derecognition of financial assets and liabilities

A financial asset (or where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the contractual right to the cash flows from the financial assets expire;
- the Company retains the right to receive the cash flows from financial assets, but assumed a contractual obligation to pay the cash flow to a third party in full and without delay;
- the Company has transferred the right to receive the cash flows from financial assets and (i) has transferred substantially all the risks and rewards relating to the ownership of the financial asset, or (ii) has neither transferred nor retained all the risks and rewards relating to the ownership of the financial asset, but has transferred control of the asset..

When the Company has transferred the
rights to receive cash flows from an asset, and it has neither transferred nor retained all the risks and rewards, or it has not lost control of the same, it continues to recognized the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is removed from the financial statements when it is extinguished, i.e. when the obligation is discharged or cancelled or expired.

In cases where an existing financial liability is substituted by another with the same lender with substantially different terms, or where the conditions of an existing liability are changed, the substitution or change is treated as an extinguishment of the original liability, and a new liability is recognized, with any difference in the accounting values recognizd in the income statement.

Financial derivatives and hedging transactions

Financial derivatives are used solely for hedging purposes to reduce exchange and interest rate risk.

In accordance with IAS 39, financial derivatives are recorded using hedge accounting procedures only if, at the beginning of the hedge, a formal designation has been made and the documentation for the hedge relationship exists, and if it is assumed that the hedge is highly effective; it must be possible for this effectiveness to be reliably measured, and the hedge must prove highly effective during the accounting periods for which it is designated.

All financial derivatives are measured at their fair value pursuant to IAS 39.

Where financial instruments meet the requirements for being reported using hedge accounting procedures, the following accounting treatment is applied:

- fair value hedge-where a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a recognized asset or liability that is attributable to a particular risk and could affect the income statement, the gain or loss from remeasuring the hedging instrument at fair value is recognized in the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedge item and is recognized in the income statement.

cash flow hedge - where a derivative financial instrument is designated as a hedge of exposure to variability in the future cash flow of a recognized asset or liability or a highly probable forecasted transaction and could affect the income statement, the effective portion of any gain or loss on the derivative financial instrument is recognized directly in the statement of comprehensive income. The cumulative gain or loss is reclassified from Equity to the income statement at the same time as the economic effect arising from the hedged items affects income The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognized in the income statement immediately.If When am hedginge instrument or hedge relationship is closed terminatedout, but the hedged transaction being hedged has not been carried outis still expected to occur, , the accumulated cumulative profits gain andor loss realized to the point of termination remains in Equity and is recognized in the es, which, until that moment had been posted to shareholders' equity, are reported in the income statement at the the same time as the underlying transaction occurs.

the related transaction is carried out..

If the transaction being hedged is no longer considered likely to take place, the pending unrealised profits or losses in shareholders' equity are recorded in the income statement.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in the income statement.

Own shares

Own shares are reported as a reduction of shareholders' equity.

The original cost of the own shares and the economic effects of any subsequent sales are reported directly under shareholders' equity.

Inventories

Inventories of raw materials and semi-finished and finished products are stated at the lower of purchase or production cost, determined using the weighted average method, and market value.

Work in progress is recorded at the purchase cost of the raw materials used including the actual production costs incurred at the point of production reached.
Raw materials, semi-finished products no longer in use in the production cycle finished products no longer marketable are fully written down.
Low-value spare parts and maintenance equipment not used in connection with a specific asset are included in inventories and recognized in the income statement when used.

Non-current assets held for sale

Non-current assets classified as available for sale include fixed assets (or disposal groups) whose carrying value will be recovered primarily from their sale rather than their value in use, and whose sale is highly probable in the short term (within one year) in the assets' current condition.
Non-current assets classified as available for sale are measured at the lower of their carrying amount and fair value, less costs to sell, and are not amortised.

Employee benefits

Post-employment benefit plans
The Company provides post-employment benefits through defined contribution and/or defined benefit plans.

- Defined benefit plans
  The Company's obligation and annual cost recognized in the income statement are determined by independent actuaries using the Projected Unit Credit Method.
  The net accumulated value of actuarial gains and losses is reported in the income statement.
  The costs associated with an increase in the present value of the obligation, resulting from getting closer to the benefits release date,, are included under financial charges. Service costs are booked recognized in to the income statementprofit and loss. The liability recognised represents the present value of the defined benefit obligation, less net of the present value of plan assets. In the case of event of a modification to the planplan amendments that changeings the benefits deriving from past service, the related costs arising from past service costs are charged expensed to in profit and lossthe income statement at the time the change to thewhen the plan is madeamendment occurs.. The same treatment is applied if there plan amendment is a change to the plan that reducesreducing the number of employees or that varies the terms and conditions of the plan (the treatment is the same regardless of whether the final result is a profit or a loss).
- Defined contribution plans
  Since the Company fulfils its obligations by paying contributions to a separate entity (i.e. fund), with no further obligations, contributions to the fund in respect of employees' service is recognized, without making any actuarial calculation.
  In case contributions have already been paid at the reporting date, no liabilities are recorded in the financial statements.

Compensation plans in the form of stock options
The Company pays additional benefits in the form of stock option plans to employees, directors and individuals who regularly do work for one or more Group companies.
Pursuant to IFRS 2-Share-Based Payment, the total fair value of the stock options on the allocation date is to be reported as a cost in the income statement, with an increase in the respective shareholders' equity reserve, in the period beginning at the time of allocation and ending on the date on which the employees, directors and individuals who regularly do work for one or more Group companies become fully entitled to receive the stock options.
Changes in the present value following the allocation date have no effect on the initial valuation, while in the event of changes to the terms and conditions of the plan, additional costs are booked for every change in the plan that determines an increase in the present value of the recognised option.
No cost is recognised if the stock options have not been vested; if an option is cancelled, it is treated as if it had been vested on the cancellation date and any cost that has not been recognised is recorded immediately.
The fair value of stock options is represented by the value of the option determined by applying the Black-Scholes model, which takes into account the conditions for exercising the option, as well as the current share price, expected volatility and the risk-free rate. It also takes into account the non-vesting conditions.
The stock options are recorded at fair value with a offsetting entry under the stock option reserve.
The Company applied the transitional provisions of IFRS 2, and therefore applied the principle to allocations of stock options approved after 7 November 2002 that had not accrued on the effective date of IFRS 2 (1 January 2005).

Provision for risks and charges

Provision for risks and charges are recognized when:

- there is the existence of a current legal or implicit obligation, resulting from a past even;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- the amount of the obligation can be reliably estimated.

Provision represent the best estimate of the amount the Company would reasonably pay to settle the obligation at the end of the reporting period or transfer it to third parties at that time.

Where the effect of the time value of money is material and the time expected to settle the obligations can be reliably estimated, the amount of the provision is mearured as the present value of the expenditure expected to be required. The update of the provision due to the time value is recognized in the income statement as financial income (expense).

Provisions are periodically updated to reflect changes in cost estimates, time of outflow and discount rates. Remeasurement estimante effect are allocated to the same line item in the income statement where the original accrual was previously reported, or, if the liability relates to tangible assets (e.g. dismantling and restoration), are linked to the asset to which it relates to.

When the Company expects that all or part of the provisions will be met by third parties, the inflow is booked as an assets only if it is virtually certain, and the provision is recognized in the income statement only for the net amount expected to be settled.Restructuring provisions

The Company recognized restructuring provision only if there is an implicit or legal constructive obligation and a detailed formal restructuring programme has raised a valid expectation in those affected that the restructuring will be carried out by starting to implement that plan or announcing its main features to those affected by it

Recording of revenues, income and charges in the income statement

Revenues are reported if it is probable that that the economic benefits will flow to the Company and the revenues can be reliably measured.

Revenues are reported at the fair value of the consideration received, net of current and deferred discounts, allowances, excise duties, returns and trade allowances.

Specifically:

- sales revenues are recognized when the risks and rewards associated with the items are transferred to the buyer, and the related revenues can be reliably measured;
- service revenues are recognized when services are rendered; allocations of revenues related to partially performed services are reported on the basis of the stage of completion at the end of the reporting period, and the revenues can be reliably measured;
- financial income and expenses are recognized at time of occurance;
- capital grants are credited to the income statement in proportion to the useful life of the related assets;
- lease income from investment property are booked on a straight-line basis over the leasing contracts terms.

Costs are recognised in the income statement when they relate to goods and services sold or consumed during the period, as a result of systematic allocation or when the future benefit deriving from such goods and services cannot be determined.

Personnel and service costs include, due to their compensating nature, stock options programs that were allocated to employees, directors and individuals who regularly do work for one or more Group companies starting in 2004.

The cost is determined in relation to the fair value of the option assigned. The portion applicable to the period is determined proportionally over the period to which the incentive applies (known as the vesting period).

Costs incurred in studying alternative products or processes, or in conducting technological research and development are considered current costs and allocated to the income statement in the period when they are incurred.

Taxes

Current income taxes are calculated on the basis of estimated taxable income.

Payables and receivables in respect of current taxes are recorded in the amount expected to be paid to/received from tax authorities by applying the tax rates and regulations enacted or substantially enacted at the reporting date..

Current taxes relating to items posted directly to the statement of comprehenisive income or shareholders' equity are included in the same statements.

Other non-income taxes, such as property and capital taxes, are included in operating expenses.

Deferred tax assets and liabilities are calculated on temporary differences between the asset and liability values recorded in the financial statements and the corresponding values recognised for tax purposes using the liability method.

Deferred tax assets are reported when their recovery is probable.

Deferred tax assets and liabilities are determined on the basis of tax rates that are expected to apply in those periods when the asset is realized or liability is settled.

Current and deferred tax assets and liabilities are offset when they relate to same taxation authority and there is a legallyt enforceable right of offset and provided that realisation of the asset and settlement of the liability take place simultaneously.
The balance of any off-set balance between deferred taxes is posted to deferred tax assets if positive and deferred tax liabilities if negative.
Deferred tax assets and liabilities are classified under non-current assets and liabilities.
The Company has also taken the decision to adopt the national tax consolidation procedure, governed by article 117 *et seq* of the consolidated law on corporate income tax (TUIR) for 2013, 2014 and 2015, pursuant to the regulation drawn up by Alicros S.p.A, the ultimate shareholder of the Company.
The decision to adopt this procedure is reflected in the accounting entries.

Transactions in foreign currencies (not hedged with derivatives)

Revenues and costs related to foreign currency transactions are reported recognized at the exchange rate in forceprevailing on the date the transaction is completed.
Monetary assets and liabilities denominated in foreign currencies currenciesat the balance sheet date are transalted are converted to in euro at the exchange rate in effectprevailing at that date and the exchange differences asiring on the settlement are recognized in on the reporting date with any related impact posted to the income statement.

Use of estimates

The preparation of the accounts and related notes in accordance with IFRS requires the management to make estimates and assumptions that have an impact on the carring amount of balance sheet assets and liabilities and on disclosures concerning contingent assets and liabilities at the reporting date.
The actual results could differ from these estimates.
Estimates are used to identify provisions for risks in respect of receivables, obsolete inventory, depreciation and amortisation, asset write-downs, employee benefits, taxes, restructuring provisions and other provisions and reserves. Figures for the individual categories are set out in the notes to the financial statements.
Estimates and assumptions are reviewed periodically, and the effects of each change are reflected in the income statement in the period in which the review of the estimate occurred if such review had an impact on that period only, or additionally in subsequent periods if the review had an impact on both the current and future years.
Goodwill carrying amount is subject to annual review to verify any impairment losses. The measurement is based on the budget and multi-year plans expected cash flows, genereted by the cash-generating units to which the goodwill is allocated..

4. Changes in accounting principles

a. Accounting standards, amendments and interpretations applied since 1 January 2013

IAS 1-Presentation of Items of Comprehensive Income

The amendment to IAS 1, approved on 5 June 2012 and applicable to financial years beginning after 1 July 2012, clarifies the presentation of items in the statement of comprehensive income. The main change introduced is the requirement to group items of comprehensive income according to whether they can be reclassified in the income statement, in order to make the increasing number of elements of the other components of the statement of comprehensive income clearer.
This amendment relates purely to the presentation of the financial statements and did not therefore have any significant impact on the Company's financial position or profitability. It was, however, required to be shown differently in the statement of comprehensive income.

IAS 12-Income taxes

The amendment, approved by the European Commission on 29 December 2012, is applicable for accounting periods from 1 January 2013, clarifies the criteria for calculating deferred tax assets or liabilities relating to investment property measured at fair value. It introduces the (not absolute) presumption that deferred tax assets or liabilities calculated on an investment property measured at fair value must be determined based on the recoverable amount that may be obtained through sale. As a result, the interpretation SIC 21-Income Taxes-Recovery of Non-Depreciable Assets Measured at Fair Value no longer applies.
This amendment does not affect the Company's financial position or profitability.

IFRS 13-Fair Value Measurement

The new standard, approved on 29 December 2012, is applicable for accounting periods from 1 January 2013, and establishes a single framework for fair value measurements required or allowed by other IFRS and the related disclosures to be made in the accounting statements. The standard relates to the fair value measurement of financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The information required to be disclosed is shown in note 39-Assets and liabilities measured at fair value.

IAS 19 (revised)-Employee Benefits

The changes made to IAS 19, approved on 6 June 2012, led to the following changes to the disclosures to be made in the financial statements. Specifically:

- the ‘corridor approach’ for the recognition of actuarial gains and losses has been eliminated; actuarial gains and losses recognised in the statement of comprehensive income are not subsequently recognised in the income statement;
- the method and timing of recognising past-service costs and curtailments in the income statement have been amended and simplified;
- the presentation of cost components relating to liabilities arising from defined benefit plans, represented by the expected return of assets servicing the plan and interest costs, has been eliminated, and the presentation of a single net interest figure has been introduced. This figure is calculated by applying the discount rate used to measure the defined benefit obligation to the liability;
- the presentation of changes to assets and liabilities related to defined-benefit plans has been simplified, with remeasurements recognised in other comprehensive income, and only changes arising from operational transactions booked to the income statement;
- disclosure relating to defined benefit plans has been improved, including information on the features of the plans and the risks that the Company is exposed to by participating in them.

The information required to be disclosed is reported in note 34 - Defined benefit plans.

IFRS 7-Financial Instruments: Disclosures-Offsetting Financial Assets and Financial Liabilities

The amendment, published on 29 December 2012, requires information to be presented that enables readers of the financial statements to assess the effects or potential effects on the financial position of offsetting financial assets and liabilities.
This amendment relates exclusively to the presentation of the financial statements and does not therefore affect the Company's financial position or profitability.

b. Accounting standards, amendments and interpretations not yet applicable to the Company that have not been adopted in advance

The new standards or amendments already approved and that must be applied from 1 January 2014 are as follows:

IFRS 10-Consolidated Financial Statements

The new standard identifies the concept of control as the determining factor for including a company in the basis of consolidation of the Parent Company. The objective of IFRS 10 is to provide a single model according to which control is the basis of consolidation for all types of entity. The provisions of IFRS 10 provide a new definition of control to be applied in a uniform manner to all companies (including SPEs). According to this new definition, a company controls an investee if it is exposed, or has rights to the returns (positive and negative) of the investee, and if it has the ability to affect these returns by exercising its power. The standard provides some indicators to be considered for the purposes of assessing the existence of control, which includes potential rights, merely protective rights and the existence of agency or franchise relationships. The new provisions also recognise the possibility of exercising control over a subsidiary even in the absence of a majority share of the voting rights, if other shareholders’ interests are sufficiently dispersed or owing to their passive interest in the investee. IFRS 10 will replace SIC 12 and part of IAS 27, from which any reference to the consolidated financial statements has been removed. The Company does not consider that the adoption of the new standard will have a significant impact on the financial statements.

IAS 27 (revised)-Separate Financial Statements

The document, issued in May 2011, partially modifies the old IAS 27 - Consolidated and Separate Financial Statements as published in 2003, following the introduction of the new IFRS 10 standard. The document incorporates the standards dealing solely with the drafting of separate financial statements.

IFRS 11-Joint Arrangements

The new document establishes the financial reporting principles for entities that are parties to joint control agreements and replaces IAS 31 - Interests in Joint Ventures and SIC 13-Jointly Controlled Entities-Non-monetary Contributions by Venturers. The standard provides a more realistic reflection on the definition of joint arrangements, focusing on the rights and obligations contained in the contract, rather than on its legal form. Based on the rights and obligations pertaining to the participants, the standard identifies two types of agreement, joint operations and joint ventures, and governs their consequent accounting treatment in the financial statements. The new provisions establish that joint ventures must be accounted for using the equity method, eliminating the possibility of proportional consolidation. The Company does not consider that the adoption of the new standard will have a significant impact on the financial statements.

IAS 28 (revised)-Investments in associates and Joint ventures

The document, published in May 2011, partially modifies the old IAS 28-Investments in Associates, as published in 2003, and incorporates the new standards established for joint ventures, introducing some amendments discussed by the IASB and approved with Exposure Draft ED9. The document also defines the accounting treatment to be adopted in the event of a total or partial sale of a shareholding in a jointly controlled or affiliated company. The Company does not consider that the adoption of IAS 28R will have a significant impact on the financial statements.

IFRS 12-Disclosure of Interests in Other Entities

The new document defines the information to be provided relating to all forms of holdings in other entities, including joint ventures, associates, SPEs and all other forms of interest, including off-balance-sheet interests. The Company is still assessing the possible impact of this standard on its consolidated financial statements.

IAS 32-Financial Instruments: Presentation.

The amendment, published on 29 December 2012, clarifies some of the requirements (with particular emphasis on quantitative aspects) for offsetting the financial receivables and payables of the company and its affiliates in the financial position. Specifically, the document establishes that, in order to offset items, the offsetting right must be legally enforceable in any circumstances, both in the normal course of business or in the event of insolvency, default or bankruptcy of one of the counterparties. Under certain conditions, the gross settlement mechanisms for financial assets and liabilities, with the consequent elimination or significant reduction of credit and liquidity risks, may be considered equivalent to net settlement. The amendment is related to document IFRS 7-Financial Instruments: Disclosures-Offsetting Financial Assets and Financial Liabilities, which correspondingly adjusted the disclosure to be provided in the financial statements. This amendment relates exclusively to the presentation of the financial statements and will therefore have no effect on the Company's financial position or profitability.

IAS 39-Novation of derivatives and continuation of hedge accounting (applicable from 1 January 2014)

The amendment clarifies that derivatives may continue to be designated as hedging instruments (hedge accounting) where the instrument is subject to novation, provided certain conditions are met. This amendment will also be made in IFRS 9-Financial instruments. The Company is still assessing the possible impact of the amendment on its financial assets and liabilities.

IAS 36-Recoverable amount disclosures for non-financial assets (applicable from 1 January 2014)

The amendment clarifies that the disclosure required on the recoverable amount of assets subject to an impairment loss only concerns the assets whose recoverable amount is based on fair value net of sales costs. The Company does not consider that the adoption of the new standard will have a significant impact on the financial statements.

IFRS 10-12 and IAS 27-Exception from Consolidation for Investment Entities (applicable from 1 January 2014)

The amendment introduces an exemption to the obligation to consolidate an investment entity if the Parent Company is an investment fund. This document is not applicable.

Transition guidance for IFRS 10-11-12

The amendment clarifies the type of comparative information to be provided following the application of the new IFRS 10 standard and the consequent identification of the date on which an entity assumes control over another. Specifically, the document clarifies the type of information to be included in the financial statements in the event that the date on which a company takes control of an entity is different under IFRS 10 than under the previous IAS 27 and SIC 12 standards.
The Company is still assessing the potential impact of the document on the type of information to be provided in its financial statements.

The new standards or amendments that have not yet been ratified are as follows:

IFRS 9-Financial Instruments (applicable from 1 January 2015)

The new document represents the first part of a process intended to wholly replace IAS 39. IFRS 9 introduces new criteria for the classification and measurement of financial assets and liabilities and the derecognition of financial assets. Specifically, the recognition and measurement criteria for financial assets and their relative classification in the financial statements have been modified. The new provisions establish a classification and measurement model for financial assets based exclusively on the following categories: assets measured at amortised cost or assets measured at fair value. The new provisions also establish that investments other than those in subsidiaries, associates and joint ventures are measured at fair value and recognised in the income statement. If these investments are not held for trading, changes in fair value may be booked in the statement of comprehensive income, maintaining on the income statement exclusively the effects relating to the payment of dividends. When the investment is sold, the amounts booked to the statement of comprehensive income may not be allocated to the income statement. On 28 October 2010, the IASB included in the provisions of IFRS 9 the recognition and measurement criteria for financial liabilities. Specifically, the new provisions require that, in the case that a financial liability is measured at fair value and recognised in the income statement, changes in fair value relating to changes in the issuer's own credit risk are recorded under other comprehensive income; this component is allocated directly to the income statement to ensure symmetry with other accounting items related to the liability, avoiding an accounting mismatch.
In November 2013, an amendment was published that introduced three important changes. The most important change relates to hedge accounting, and introduces a new model that incorporates a number of improvements intended to harmonise accounting treatment with the risk management policy operated by the Company. The other two changes relate to the period of first-time application of the standard, and gives companies the option to adopt the standard immediately and directly record the effects of changes in own credit risk on the statement of comprehensive incomThe other two changes relate to the period of first-time application of the standard, giving companies the option to adopt the standard immediately, and to the possibility to directly recognized the effects of changes in own credit risk on the statement of comprehensive income. The Company is still assessing the possible impact of the new standard and related amendment on its financial assets and liabilities.

IFRIC 21-Levies (applicable from 1 January 2014)

The standard is an interpretation of IAS 37, and provides clarification on when an entity must recognise a liability for the payment of levies imposed by the government, except those already governed by other standards.
The interpretation clarifies that the obligating event for the recognition of a liability is the activity that triggers the payment of the levy in accordance with the relevant legislation.
The Company does not consider that the adoption of the new standard will have a significant impact on the financial statements.

IAS 19-Employee benefits (applicable from 1 July 2014)

The amendment, which was published in November 2013, provided clarification on the accounting treatment to be applied in respect of pension plans involving a contribution from employees or third parties. The amendment sets out different treatments to be applied depending on whether or not the contribution relates to the employee's period of service. The Company does not consider that the adoption of the new standard will have a significant impact on the financial statements.

5. Default risk: negative pledges and debt covenants

The agreements relating to the Company's US bond issue of 2003 (in USD) include negative pledges and covenants.

The negative pledge clauses are intended to limit the Company's ability to grant significant rights to the assets of the Company and the companies it directly or indirectly controls to third parties, in particular by establishing specific restrictions on selling or pledging assets.
The covenants include the Company's obligation to attain particular levels for certain financial indicators, most notably the ratio of net debt to measures of Company profitability.
These indicators are calculated at consolidated level, i.e. taking into account all the companies directly or indirectly controlled by the Company.
The Company therefore monitors both the restrictions and the levels of the financial indicators, as it is also the guarantor of the private placement issued by Campari America, whose agreement includes the same covenants.
If the Company fails to fulfil these obligations, after an observation period in which any breach has not been rectified, it could be served with notice to repay the residual debt.
These ratios are monitored by the Company on a regular basis, and have so far been a long way from reaching the thresholds that would constitute non-compliance.

6. Segment reporting

Segment information is provided in detail in the notes to the consolidated accounts.

7. Net sales

Net sales totalled € 542,334 thousand, in line with the previous year. They include sales to third-party customers on the Italian market for € 346,648 thousand, a moderate decline compared with 2012 on a same-perimeter basis, and € 195,686 thousand in sales to Group companies that conduct most of their operations on international markets, representing a significant increase on the previous year. Sales on the domestic market were negatively affected by the difficulties in the reference market, especially in the first half of the year, but were offset by growth in the international markets.

For more detailed analysis of net sales and the key markets, please refer to the information in the Report on operations in the Sales performance section.

8. Cost of goods sold

	2013 €/000	2012 €/000
Materials and manufacturing costs	232,195	232,014
Distribution costs	23,505	20,970
Total cost of goods sold	**255,700**	**252,984**
Retail:		
Raw materials and finished goods acquired from third parties	187,867	190,411
Miscellaneous sales adjusted for cost of goods sold	(1,009)	(2,273)
Sales of materials, refunds, miscellaneous income	(633)	(1,795)
Personnel costs	19,632	18,905
Other staff costs	1,653	2,071
Depreciation/amortisation	8,248	9,344
Utilities	4,865	4,179
External production and maintenance costs	11,024	9,836
Variable transport costs	16,642	14,550
Operating leases and rental expenses	1,227	1,249
Services, consultancy and insurance costs	4,049	4,507
Taxes	626	604
Workbenches costs	407	431
Other income and charges	1,102	965
Total cost of goods sold	**255,700**	**252,984**

The cost of goods sold, totalling € 255,700 thousand, increased slightly on the previous year. This was mainly due to distribution costs, which were partly affected by changes to the definition of the incoterms applied in the distribution flows between Group companies. From 1 March 2013, 'DAP' (Delivery at Place) terms and conditions have mainly been applied within the Group, with the resulting change in the way that transport and distribution costs are recognised on the income statement. However, the method adopted by the Company for determining transfer pricing will make it possible to absorb such additional charges by increasing transfer prices in line with market values.

9. Advertising and promotional costs

	2013 €/000	2012 €/000
Advertising space	20,469	26,506
Sponsorships, trade fairs and events	3,250	5,994
Equipment production	6,074	5,719
Consumer promotions	949	1,613
Customer promotions	20,483	21,369
Market research	1,550	1,544
Other A&P costs	2,551	2,425
A&P contributions	(3,445)	(4,600)
Total advertising and promotional costs	**51,881**	**60,570**

Advertising and promotional costs, which totalled € 51,881 thousand, were down on the previous year, both in absolute terms and as a percentage of net sales.
These costs are shown net of advertising and promotional contributions from commercial partners with which the Group has distribution agreements, as provided for under these contracts.

10. Overheads

	2013 €/000	2012 €/000
Sales costs	22,146	23,305
General and administrative expenses	50,574	48,579
Other operating income and costs	1,001	5,038
of which: non-recurring	*(1,354)*	*(1,941)*
Total overheads	**73,721**	**76,922**
Retail:		
Depreciation/amortisation	5,745	5,579
Personnel costs	34,763	30,984
Other staff costs	5,502	5,062
Meetings and conferences	963	1,001
Travel, food & accommodation, training and research	3,797	3,471
Fees and other agent-related expenses	5,333	6,530
Utilities	2,371	2,549
Services. maintenance and insurance	14,007	14,785
Operating leases and rental expenses	2,376	2,293
Taxes	582	675
Property income	(603)	(565)
Services rendered to group companies	(671)	(212)
Other income and charges	(444)	4,770
Total overheads	**73,721**	**76,922**

Overheads decreased by 4.16% overall compared with the previous year, and also decreased as a percentage of net sales.

Specifically, sales costs decreased as they were affected by agents' fees paid out on the domestic market, which were affected by a slowdown in sales in the first half of the year, while general and administrative costs increased by 4.11%, due mainly to the necessary strengthening of the structure in certain specific and strategic areas of the organisation.

'Other recurring operating income and costs' declined due to the fact that provisions for risks relating to trade receivables were € 1,809 thousand lower than the previous year thanks to increasingly stringent preliminary assessments of the financial exposure of Italian clients.

A breakdown of non-recurring income and charges is shown in the following table:

	2013 €/000	2012 €/000
Capital gains on disposals of fixed assets	4,502	499
Total non-recurring income	**4,502**	**499**
Liabilities for tax penalties	-	(176)
Capital losses on disposals of fixed assets	(128)	(82)
Liabilities for voluntary redundancy incentives	(2,676)	(1,553)
Capital losses on disposals of equity investments	-	(24)
Miscellaneous non-recurring charges	(344)	(605)
Total non-recurring charges	**(3,148)**	**(2,440)**
Net non-recurring income and charges	**1,354**	**(1,941)**

Non-recurring income and charges closed 2013 with total net income of € 1,354 thousand.
Non-recurring income of € 4,502 arose from the sale of the Barbieri Punch brand to third parties.
Non-recurring charges, totalling € 3,148 thousand, included an item of € 2,676 thousand for reorganisation and restructuring costs relating to the redundancy agreement signed in June.

11. Depreciation and amortisation

The depreciation and amortisation reported in the income statement are broken down by asset type as follows. It should be noted that there were no impairment losses in the two periods reported.

	2013 €/000	2012 €/000
Depreciation of tangible fixed assets	11,567	12,529
Amortisation of intangible fixed assets	2,605	2,572
Total	**14,172**	**15,101**
of which: *Amounts included in cost of goods sold:*		
- Depreciation of tangible assets	8,243	9,342
- Amortisation of intangible assets	5	2
Included in advertising and promotional expenses:		
- Depreciation of tangible assets	179	178
Included in sales costs		
- Depreciation of tangible assets	12	12
- Amortisation of intangible assets	3	-
of which*: Included in overheads:*		
- Depreciation of tangible assets	3,132	2,997
- Amortisation of intangible assets	2,598	2,570
Total	**14,172**	**15,101**

12. Personnel costs

This item breaks down as follows:

	2013 €/000	2012 €/000
Salaries and wages	38,546	35,546
Social security contributions	11,130	10,457
Other costs	3,598	2,206
Costs for post-employment benefits	2,829	2,912
Cost of share-based payments	4,337	4,418
Total	**60,440**	**55,539**
of which		
Included in cost of goods sold	20,091	19,800
Included in sales costs	12,503	12,035
Included in general and administrative expenses	25,170	22,730
Included in non-recurring costs	2,676	974
Total	**60,440**	**55,539**

13.Miscellaneous management costs

	2013 €/000	2012 €/000
Taxes and penalties	1,327	1,551
Entertainment costs	622	1,288
Membership fees	611	593
Newspapers, journals and other publications	131	147
Charitable donations	57	103
Wine consortium costs	384	431
Capital losses on the sale of tangible assets	28	2
Capital losses on the scrapping of materials	100	80
Costs for managing leased buildings	7	26
Free gifts	357	445
Losses on receivables	-	365
Expenses relating to previous financial years	96	72
Miscellaneous expenses	892	962
Total	**4,612**	**6,065**
of which		
Included in cost of goods sold	1,456	1,553
Included in advertising and promotional expenses:	430	952
Included in sales costs	491	815
Included in general and administrative expenses	1,773	2,174
Included in non-recurring operating costs	462	571
Total	**4,612**	**6,065**

14. Other costs

Rental costs on operating leases are broken down below.

	2013 €/000	2012 €/000
Hardware	573	599
Software	58	58
Cars	1,699	1,557
Lifting apparatus	139	102
Plant equipment	70	80
Protective clothing	129	123
Photocopiers	166	165
Gym equipment	27	24
Tanks	38	43
Pallets	31	40
Transport costs platform	66	65
Mobile telephones	29	26
Other	41	37
Total	**3,066**	**2,919**

15. Research and development costs

The Company's research and development activities relate solely to ordinary production and commercial activities, in particular, product quality control and packaging studies, the cost of which (€ 1,229 thousand) is included in advertising and promotional expenses.
These costs are not capitalised, but fully expensed to the income statement in the period when incurred.

16.Financial income and charges

The table below shows the expense in the items relating to financial income and charges between 2013 and 2012.

	2013 €/000	2012 €/000
Bank and term deposit interest	2,122	1,870
Dividends from other companies	8	4
Other income	287	286
Total financial income	**2,417**	**2,160**
Net interest expense on bonds and private placement	(42,649)	(27,750)
Interest expense to banks and on loans	(15)	(23)
Miscellaneous interest expense	(1)	(38)
Total interest expense to third parties	**(42,665)**	**(27,811)**
Net interest expense to Group companies in respect of centralised cash system	(2)	237
Interest on loans from Group companies	(8,439)	(5,480)
Total interest expense to Group companies	**(8,441)**	**(5,243)**
Total interest expense	**(51,106)**	**(33,054)**
Net interest effects relating to defined benefit plans	(263)	(297)
Bank charges	(362)	(354)
Other charges and exchange rate differences	163	46
Total other income and charges	**(462)**	**(605)**
Total financial charges	**(51,568)**	**(33,659)**
Financial charges on the term loan facility	-	(2,382)
Income from financial assets	(161)	(180)
Total non-recurring income and charges	**(161)**	**(2,562)**
Net financial income (expenses)	**(49,312)**	**(34,061)**

The higher financial costs recorded on the income statement are mainly due to the fact that, in 2013, interest payable on the bond issue (€ 400,000 thousand) placed in October 2012 on the European institutional market (Eurobond 2012) accrued for the whole year.

The financial income and charges arising from bond issues and the related hedging instruments are shown below.

	2013 €/000	2012 €/000
Financial expense on bonds and private placement (in USD)	(10,124)	(10,748)
Financial expense bonds and private placement (Eurobond 2009)	(18,812)	(18,813)
Financial expense bonds and private placement (Eurobond 2012)	(18,000)	(3,304)
Financial expense bonds and private placement (coupons)	**(46,936)**	**(32,865)**
Financial expense relating to bond derivative (in USD)	(8,264)	(8,982)
Financial expense relating to bond derivative (Eurobond 2009)	-	(3,291)
Total financial expense from derivatives	**(8,264)**	**(12,273)**
Financial income relating to bond derivative (in USD)	10,124	10,738
Financial income relating to bond derivative (Eurobond 2009)	-	6,126
Total financial income from derivatives	**10,124**	**16,864**
Net cost of coupons and hedges	**(45,076)**	**(28,274)**
Net changes in fair value and other components of amortised cost	1,311	(467)
Cash flow hedge reserve reported in the income statement during the year	1,116	991
Net interest expense on bonds and private placement	**(42,649)**	**(27,750)**

More information on financial management performance is provided in the notes on the financial situation and financial instruments (note 39).

17.Current and deferred taxes

Details of current and deferred taxes included in the Company's income statement are as follows:

	2013 €/000	2012 €/000
Income tax-current		
- taxes for the year	37,568	39,906
- taxes relating to previous financial years	(451)	(1,850)
Income tax-deferred		
- deferred tax income	2,205	386
- deferred tax expense	109	(732)
Income tax reported in the income statement	**39,431**	**37,710**

Taxes relating to previous financial years mainly concern the tax effects of recognising the positive and negative components of corporate income resulting from the correction of errors in the allocation of income to time periods, as stipulated by the recent Italian Tax Agency-Central Directorate Circular 31/E of 24 September 2013.

The amounts of current and deferred taxes credited and debited directly to shareholders' equity during the period relate to provisions made to the pension funds measurement reserve and to the valuation at fair value of cash flow hedging contracts on bonds.

	2013 €/000	2012 €/000
Deferred taxes relating to items debited or credited to shareholders' equity	(90)	-
Deferred tax assets	353	(295)
Deferred tax liabilities	33	(40)
Income tax reported to shareholders' equity	**296**	**(335)**

Taxes are calculated based on the regulations in force, applying the current rate of 27.5% for IRES and 3.9% for IRAP.

The following table shows a reconciliation of the theoretical tax charge with the Company's actual tax charge.
The theoretical rate used is that in force on the reporting date, based on legal provisions, taking into account the rates for both IRES and IRAP, which have different tax bases.
Tax base differences are included under the permanent differences item.

	2013	2012
	€/000	€/000
Profit before tax	**224,888**	**122,460**
Current tax rate	31.40%	31.40%
Theoretical taxes	70,615	38,452
Permanent differences	(31,634)	1,286
Other differences	450	(2.028)
	(31,184)	(742)
Effective tax charge	**39,431**	**37,710**
Effective tax rate	17.53%	30.79%

Pre-tax profit represents the income on which tax is calculated, in accordance with current tax regulations.
Permanent differences mainly concern the tax effect of dividends received from subsidiaries and from the beneficiary of the Allowance for Corporate Equity (ACE).
The other differences are essentially due to tax adjustments on taxed companies for transparency reasons, tax effects relating to previous years and the impact on the year of the reversal of the cash flow hedge reserve.

Details of deferred tax assets and liabilities posted to the income statement and statement of financial position are broken down by nature below. A breakdown of all the changes is given in the tables below.

	Balance sheet		Income statement	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	€/000	€/000	€/000	€/000
Deferred tax assets				
Deferred expenses	596	624	28	(111)
Taxed funds	1,338	1,590	252	(370)
Other	4,001	4,183	(171)	(251)
Total deferred tax assets	**5,935**	**6,397**	**109**	**(732)**
Deferred tax liabilities				
Accelerated depreciation	(837)	(1,730)	(893)	(892)
Capital gains subject to deferred taxation	(1,481)	(740)	741	(410)
Goodwill and brands deductible locally	(16,240)	(14,188)	2,052	1,536
Leasing	(2,228)	(2,228)	-	(401)
Other	(1,347)	(1,009)	305	553
Total deferred tax liabilities	**(22,133)**	**(19,895)**	**2,205**	**386**
Total	**(16,198)**	**(13,498)**	**2,314**	**(346)**

Deferred tax assets and liabilities

Deferred taxes arise solely from temporary differences and mainly relate to the creation of taxed provisions, such as provisions for inventory write-downs, provisions for miscellaneous risks and future liabilities, bad debt provisions and costs that are deductible on the basis of certain tax measures, such as taxes and directors' remuneration.
Temporary differences involving the reporting of deferred tax liabilities relate mainly to accelerated depreciation and amortisation, the deferral of capital gains carried out in previous years, and the amortisation of brands.
The rates applied for the purpose of allocating deferred tax assets correspond to those in force, based on existing regulations, in the period in which the related release is expected (the current rate of 27.5% for IRES and 3.9% for IRAP).
The amounts credited and debited in relation to this item are taken from the income statement for the period, or are recorded directly under shareholders' equity if the temporary difference is also recorded under shareholders' equity.
The table below summarises the deferred tax assets and liabilities reported and the related effects.

Type of temporary difference (*)	31 December 2013		31 December 2012	
	Amount of temporary difference	Tax effect IRES 27.5% IRAP 3.9%	Amount of temporary difference	Tax effect IRES 27.5% IRAP 3.9%
	€/000	€/000	€/000	€/000
Deferred tax assets				
Miscellaneous reserves	4,794	1,338	5,686	1,590
Write-downs of assets listed under fixed assets	917	288	917	288
Cash flow hedge reserve	4,074	1,120	4,242	1,166
Differences arising from depreciation/amortisation	5,134	1,494	4,718	1,379
Directors' remuneration	1,506	414	1,682	463
Other	4,528	1,281	5,353	1,511
Total deferred tax assets	**20,953**	**5,935**	**22,598**	**6,397**
Deferred tax liabilities				
Differences arising from depreciation/amortisation	2,696	741	5,151	1,635
Capital gains spread over a number of years	5,386	1,481	2,691	740
Inventories	3,817	1,144	2,686	833
Cash flow hedge	121	33	-	-
Leasing	8,101	2,228	8,101	2,228
Brands amortisation	53,499	16,240	46,950	14,187
Other	922	266	945	272
Total deferred tax liabilities	**74,542**	**22,133**	**66,524**	**19,895**
Total deferred tax liabilities, net of deferred tax assets	**53,589**	**16,198**	**43,926**	**13,498**

(*) IRAP tax effect where applicable

The change in the balance of deferred tax assets, of € 462 thousand, is broken down below:

	€/000
Deferred tax assets at 31 December 2012	**6,397**
IRES deferred tax assets in the year	2,035
IRES deferred tax assets in the year (from cash flow hedging)	425
Use of IRES deferred tax assets in the year	(1,856)
Use of IRES deferred tax assets in the year (from cash flow hedging)	(471)
Use of IRAP deferred tax assets	(10)
Adjustment to IRAP deferred tax assets relating to previous financial years	(585)
Total change in the year	**(462)**
Deferred tax assets at 31 December 2013	**5,935**

The use of IRES deferred tax assets for the year includes the tax effect on adjustment to the cash flow hedge reserve booked under comprehensive income of € 425 thousand, as well as the tax effect on the reversal to the income statement, of € 471 thousand. The reserve was increased in response to the hedging instrument on the bond issue, discussed in note 39 - Financial instruments.

The change in deferred tax liabilities in the period, of € 2,238 thousand, is as follows.

	€/000
Deferred tax liabilities at 31 December 2012	**19,895**
Increase in IRES deferred tax liabilities in the year	3,336
Increase in IRES deferred tax liabilities in the year (from cash flow hedging)	33
Use of IRES deferred tax liabilities in the year	(1,164)
Increase in IRAP deferred tax liabilities in the year	255
Use of IRAP deferred tax liabilities in the year	(222)
Total change in the year	**2,238**
Deferred tax liabilities at 31 December 2013	**22,133**

The increase in the reserve for deferred IRES tax liabilities for the year includes the tax effect on the adjustment to the cash flow hedge reserve (€ 33 thousand) booked under shareholders' equity. This reserve was increased to cover the forward contracts on sales and purchases transactions in foreign currency, as discussed in note 39 – Financial instruments.

18. Net tangible fixed assets

	Land and buildings €/000	Plant and machinery €/000	Other €/000	Total €/000
Carrying value at start of period	103,697	129,226	17,428	250,351
Accumulated amortisation at start of period	(30,467)	(96,591)	(11,982)	(139,040)
Balance at 31 December 2013	**73,230**	**32,635**	**5,446**	**111,311**
Capital expenditure	1,375	4,399	1,181	6,955
Disposals	-	(76)	(1)	(77)
Depreciation/amortisation	(2,955)	(7,262)	(1,333)	(11,550)
Other reclassifications	70	(77)	7	-
Write-downs	(18)	(80)	(2)	(100)
Other changes	-	(16)	-	(16)
Balance at 31 December 2013	**71,702**	**29,523**	**5,298**	**106,523**
Carrying value at end of period	105,121	132,437	17,988	255,546
Accumulated amortisation at end of period	(33,419)	(102,914)	(12,690)	(149,023)

These factors are described in more detail below.

Land and buildings

This item mainly includes the land that the Novi Ligure facility occupies the buildings essential for carrying out the business, i.e. the building that accommodates the Company's headquarters and the Crodo, Canale and Novi Ligure production units.
This item also includes the water system, plumbing works and light buildings.
Of the total increase for the year (€ 1,375 thousand), € 1,133 thousand relates to rebuilding and improvement works for Villa Campari. A section of this building is leased to a provider of restaurant services, while another section houses the Campari Academy, created to train professionals in the beverage sector and consumers.
Other, less extensive work was also carried out at the production units.
Fixed assets in progress of € 44 thousand were also recorded under this item.

Plant and machinery

The item includes plant and machinery and tanks for the production units, as well as the facilities attached to the building that houses the Company's headquarters.
The increase of € 4,399 thousand relates to investments in production lines and new plants at the Canale (€ 1,336 thousand), Novi Ligure (€ 727 thousand) and Crodo (€ 766 thousand) sites. New facilities were also built in Villa Campari, at a cost of € 947 thousand, as part of its restructuring phase. Other minor investments were also made at the Sesto San Giovanni headquarters.
Decreases totalling € 985 thousand relate to the sale or dismantling of production lines no longer used in production processes.
It also includes fixed assets in progress of € 617 thousand.

Other

This item includes various equipment, including laboratory apparatus and other assets such as furniture, office machines, electronic machines, minor equipment, cars and goods vehicles.
The total increase of € 1,181 thousand relates mainly to furniture and electronic equipment (€ 409 thousand) and purchases of industrial equipment (€ 731 thousand).
It also includes fixed assets in progress of € 41 thousand.

Tangible assets by ownership

Please note that there are no assets under finance lease, therefore all assets in the above table are owned by the company.

Additional information is provided below, in accordance with paragraph 79 of IAS 16.

	Land and buildings €/000	Plant and machinery €/000	Other €/000	Total €/000
Gross value of fully depreciated assets still in operation	2,835	70,708	8,053	81,596
Net value of assets removed from service and not classified as held for sale	3	108	-	111

19. Investment property

Investment property (€ 430 thousand) consists of apartments and commercial premises in Milan and Verbania. It also includes two buildings in rural locations in the district of Cuneo. Depreciation of € 17 thousand was reported under overheads.
These buildings are recorded in the accounts at their approximate fair value at the reporting date.

20. Goodwill and brands

Goodwill and brands are recorded at € 307,082 thousand and € 120,542 thousand respectively.
There were no changes during the year.
The goodwill was generated following the merger of subsidiaries.

Specifically, the goodwill resulting from the merger into the Parent Company of Francesco Cinzano&C.ia S.p.A. (completed in 2003), Campari-Crodo S.p.A. (completed in 2004) and Barbero 1891 S.p.A. (2006) is reported at € 71,046 thousand, € 98,177 thousand and € 137,859 thousand respectively.
Goodwill is not amortised, but is instead subject to impairment tests which are carried out annually, or more frequently if events or changes in circumstances indicate a possible loss.

Brands include the value of the brands GlenGrant (€ 98,264 thousand), Riccadonna (€ 11,300 thousand), Old Smuggler and Braemar (€ 6,000 thousand), Cynar in Brazil and Switzerland (€ 1,626 thousand), Cinzano (€ 771 thousand), X-Rated on international markets (€ 1,553 thousand) and Mondoro in the US (€ 1,028 thousand).
Brands are not amortised because they are deemed to have an indefinite useful life, and are instead subject to impairment tests on an annual basis, or more frequently if events or changes in circumstances indicate a possible loss of value.

At 31 December 2013, the impairment tests carried out on both brands and goodwill reported in the financial statements did not reveal any permanent loss of value.

21. Impairment

With reference to the potential impairment of the intangible assets of Davide Campari-Milano S.p.A., goodwill and brands were measured using the fair value criterion minus cost of sales.
This methodology applies parameters inferred from the valuation assigned to businesses acquired and comparable, in an active market, in terms of type of business acquired and transaction structure: these are implicit parameters or multipliers derived from the ratio between the acquisition price and specific economic and financial indicators relating to those companies. The fair value method is used to calculate the recoverable amount for brands, using the EV/EBITDA multiple, deduced from a sample of transactions comparable to the acquisition. The use of this multiple is considered particularly effective as it avoids distortions caused by the different tax regulations and financial structures; is less sensitive to distortions caused by variations in extraordinary profit; and facilitates comparison at international level.

At 31 December 2013, based on the methodology set out above, the impairment test revealed that the value of goodwill and brands was fully recoverable.
In addition, in view of the current volatility on the markets and uncertainty as to future economic prospects, sensitivity analyses have been carried out to assess the recoverability of amounts relating to goodwill and brands of Davide Campari-Milano S.p.A., assuming a reduction of up to 20% of the financial indicator to which the multiplier is

applied. The sensitivity analysis described above confirmed that the values of the goodwill and brands are fully recoverable.

The allocation of goodwill and brands at 31 December 2013 is reported in the table below.

	31 December 2013 €/000	31 December 2012 €/000
Brands		
Riccadonna	11,300	11,300
Cinzano	771	771
Cynar (Brazil and Switzerland)	1,626	1,626
X-Rated Fusion Liqueur	1,553	1,553
GlenGrant	98,264	98,264
Mondoro (USA)	1,028	1,028
Old Smuggler	6,000	6,000
Total brands	**120,542**	**120,542**

	31 December 2013 €/000	31 December 2012 €/000
Goodwill		
from Francesco Cinzano&C.ia S.p.A. merger	71,046	71,046
from Campari-Crodo S.p.A. merger (former Bols products)	98,177	98,177
from Barbero 1891 S.p.A. merger	137,859	137,859
Total goodwill	**307,082**	**307,082**
Total brands and goodwill	**427,624**	**427,624**

22. Intangible assets with a finite life

Changes in this item are indicated in the table below.

	Software €/000	Other €/000	Total €/000
Carrying value at start of period	14,387	11,000	25,387
Accumulated amortisation at start of period	(9,012)	(1,571)	(10,583)
Balance at 31 December 2013	**5,375**	**9,429**	**14,804**
Capital expenditure	1,458	-	1,458
Disposals	-	-	-
Amortisation for the period	(1,932)	(674)	(2,606)
Write-downs	-	-	-
Reclassifications and other changes	(30)	-	(30)
Balance at 31 December 2013	**4,871**	**8,755**	**13,626**
Carrying value at end of period	15,815	11,000	26,815
Accumulated amortisation at end of period	(10,944)	(2,245)	(13,189)

The significant capital expenditure on information technology relates to the completion of several major projects to integrate Parent Company IT systems with the new global Group platform. The systems of all Group companies will also be migrated to the new platform over the next few years. These investments were made not only for operational purposes, but also for various processes in business intelligence and business process management systems.
These entailed the purchase of user and software licences totalling € 279 thousand, and the finalisation of further incremental spending on software for € 1,179 thousand, relating to work in progress, including fixed assets in progress of € 687 thousand.

23.Investments in subsidiaries

On 27 December 2013, DI.CI.E. Holding B.V., a fully-owned subsidiary, authorised payment of a dividend in kind represented by the 35% interest in Campari Benelux S.A., a fully-owned (directly and indirectly) subsidiary of Davide Campari–Milano S.p.A. This formed part of a wider organisational restructuring aimed at shortening the corporate chain of command and optimising the Group's cash management function by making the financial resources of Campari Benelux S.A. available to the Parent Company. The value of the dividend received and consequently of the ownership interest, of € 106,565 thousand, is equal to the contribution to the consolidated statement of financial position and broadly corresponds to 35% of the shareholders' equity of Campari Benelux S.A. As this value essentially represents the cash portion of the Company's shareholders' equity, it was also valued based on a report produced by an independent expert, as required by the country's legislation.

Campari International S.r.l. was also created during the year. The purpose of this company, which is fully-owned by Davide Campari–Milano S.p.A., is to monitor the international markets.

On 15 November, the division of Davide Campari-Milano S.p.A. responsible for financial and administrative activities was hived off to form a new company, Campari Services S.r.l. The value of the business division transferred, which was determined on the basis of an expert opinion provided by an independent third party, was fully attributed to the share capital of the transferee company. The new company's purpose is to provide accounting, financial, technical/administrative and budgeting services to Italian and foreign Group companies.
Other changes recorded in the value of shareholdings relate to the booking of portions of stock option plans issued by the Company, with options allocated to directors and employees of subsidiaries, and the related recognition of the capitalisation at the subsidiaries themselves.

The negative difference remains between the costs recorded in relation to the investment in Campari do Brasil Ltda. and the related portion of shareholders' equity. However, this difference does not represent impairment, according to the impairment tests carried out.

Description	31 December 2012 €/000	Increases €/000	Decreases €/000	31.12.13 €/000
Campari America (Skyy Spirits, LLC)	497,324	1,127	-	498,451
Campari Benelux S.A.	64,001	106,565	-	170,566
Campari do Brasil Ltda.	126,106	494	-	126,600
Campari España S.L.	326,904	94	-	326,998
Campari International S.r.l.	-	728	-	728
Campari Services S.r.l.	-	10	-	10
DI.CI.E. Holding B.V.	32,926	2,285	343	34,868
Sella&Mosca S.p.A.	86,322	304	-	86,626
T.J. Carolan&Son Ltd.	100,814	24	-	100,838
	1,234,397	**111,631**	**343**	**1,345,685**

Investments in subsidiaries			Share capital at 31 December 2012	Shareholders' equity at 31 December 2013	Profit/loss 2013	Percentage investment		Carrying value
Name	Head office	Currency	Amount	€/000	€/000	Direct	Indirect	€/000
Campari (Beijing) Trading Co. Ltd.	Beijing	RMB	65,300,430	-1,288	-881		100,00	
Campari America (Skyy Spirits, LLC)	San Francisco	USD	566,321,274	771,004	45,506	100.00		498,451
Campari Argentina S.A.	Buenos Aires	ARS	184,006,830	19,353	-969		100,00	
Campari Australia Pty Ltd.	Sydney	AUD	21,500,000	25,965	-63		100,00	
Campari Austria Gmbh	Wien	€	500,000	1,879	1,379		100,00	
Campari Benelux S.A.	Bruxelles	€	246,926,407	308,194	9,383	61.00	39,00	170,566
Campari Deutschland GmbH	Oberhaching	€	5,200,000	15,587	8,951		100,00	
Campari do Brasil Ltda.	Barueri	BRL	239,778,071	77,797	2,027	100.00		126,600
Campari España S.L.	Madrid	€	3,272,600	322,035	78	100.00		326,998
Campari International S.r.l.	Sesto San Giovanni	€	700,000	3,392	2,664	100.00		728
Campari Services S.r.l.	Sesto San Giovanni	€	10,000	10		100.00		10
Campari International S.A.M. (*)	Monaco	€	70,000,000	21,339	-127		100,00	
Campari Ukraine LLC	Kiev	UAH	30,207,850	2,787	126		100,00	
Campari Japan Ltd.	Tokyo	JPY	3,000,000	67	7		100,00	
Campari Mexico S.A. de C.V.	Jalisco	MXN	294,945,500	9,440	-3,043		100,00	
Campari RUS ===	Moscow	RUB	2,010,000,000	45,105	-3,315		100,00	
Campari Schweiz A.G.	Baar	CHF	500,000	2,817	1,401		100,00	
Campari South Africa Pty Ltd.	Cape Town	ZAR	5,747,750	-258	-727		100,00	
Campari Wines S.r.l.	Alghero	€	100,000	555	-852		100,00	
Cjsc 'Odessa Sparkling Wine Company'	Odessa	UAH	158,041,016	8,920	-2,536		99,96	
DI.CI.E. Holding B.V.	Amsterdam	€	15,015,000	296,351	-8,159	100.00		34,868
Glen Grant Ltd.	Rothes	GBP	24,949,000	115,855	300		100,00	
Gregson's S.A.	Montevideo	UYU	175,000	587	104		100,00	
Kaloyannis-Koutsikos Distilleries S.A.	Volos	€	6,811,220	9,055	1,773		75,00	
Lamargue S.a.r.l.	Saint Gilles	€	750,000	388	-136		100,00	
Red Fire Mexico S. de R.L. de C.V.	Jalisco	MXN	1,254,250	-189	-25		100,00	
Sella&Mosca S.p.A.	Alghero	€	15,726,041	34,061	-387	100.00		86,626
Société Civile du Domaine de la Margue	Saint Gilles	€	6,793,200	-390	-411		100,00	
T.J. Carolan&Son	Dublin	€	2,600	145,471	9,048	76.92	23,08	100,838
J. Wray&Nephew (UK) Ltd.	London	GBP	10,000	404	672		100,00	
J. Wray&Nephew Ltd.	Kingston	JMD	600,000	115,814	-10,153		100,00	
J. Wray y Sobrino de Costa Rica S.A.	San José	CRC	1,000,000	104	-9		100,00	
Rum Company (New Zealand)	Auckland	NZD	10,000	2,293	1,515		100,00	
Wray&Nephew (Canada) Ltd.	Mississauga	CAD	100	3,274	-471		100,00	
Total investments in subsidiaries								**1.345.685**

(*) company in liquidation

Investments in affiliated companies			Share capital	Shareholders' equity at 31 December 2012 (*)	Profit/loss 2012 (*)	Percentage investment	
Name	Head office	Currency	Amount in Local Currency	€/000	€/000	Direct	Indirect
Jamaica Joint Venture Investment Co. Ltd.	Kingston	JMD	450,000	2,798	2,623		33.3
Manhart Properties Ltd.	Kingston	JMD	4,891,032	1,770	1,554		100.0
City Properties Ltd.	Kingston	JMD	370,000	1,043	1,068		100.0

(*) Last information available converted in Euro at the 2013 exchange rates

24.Other non-current assets

	31 December 2013	31 December 2012
	€/000	€/000
Non-current financial assets	9,830	13,654
Equity investments in other companies	153	153
Receivables from related parties	1,936	1,927
Other non-current receivables, of which:	2,970	2,981
- Security deposits	9	9
- Tax credits	2,961	2,972
Total	**14,889**	**18,715**

The details of Equity investments in other companies are indicated in the table below.

	31 December 2013 €/000	31 December 2012 €/000
AgENZIA Pollenzo Bra	77	77
Emittente Titoli S.p.A.	38	38
Società Cooperativa Lavorazione Vinacce	16	16
Other investments	22	22
Equity investments in other companies	**153**	**153**

Non-current financial assets include € 9,830 thousand due from banks after the closure of the derivative used to hedge the interest rate on the Eurobond issued on the European market in 2009.
Tax receivables of € 2,961 thousand derive from the right to a refund on the additional income tax paid in previous years due to the non-deductibility of IRAP relating to personnel and similar costs following recent legislative changes introduced by article 2, paragraph 1, of Legislative Decree 201/2011, supplemented by article 4, paragraph 12 of Legislative Decree 16 of 2 March 2012. The Company had submitted the relevant refund application forms to this end.

25. Inventories

This item breaks down as follows:

	31 December 2013 €/000	31 December 2012 €/000
Raw materials	7,203	7,208
Packaging materials	5,979	5,898
Ancillary materials	1,347	1,466
Maintenance materials	1,478	1,455
Work in progress and semi-finished products	30,265	34,652
Finished products and goods for resale	29,113	33,094
	75,385	**83,773**

Inventories are reported minus the relevant provisions for write-downs. The changes are shown in the table below.

	€/000
Balance at 31 December 2013	**424**
Accruals	301
Utilisations	(365)
Balance at 31 December 2013	**360**

The value of inventories at 31 December 2013 was lower than in the previous year, reflecting more efficient stock flows as a result of the more effective planning of inventory flows and stock on hand.
The write-down of the inventories figure at 31 December 2012 relates to stocks that were destroyed during the year, which led to the partial use of the relevant provisions for write-downs created the previous year.
The impact on the income statement of the change in inventories amounts to € 8,388 thousand.

26. Trade receivables and other receivables

	31 December 2013 €/000	31 December 2012 €/000
Trade receivables from external customers - Italy	48,022	60,487
Receivables in respect of contributions to promotional costs	5,567	4,246
Trade receivables from related parties	58,826	52,750
Trade receivables	**112,415**	**117,483**
Tax credits	328	160
Non-trade receivables from customers	59	3,559
Receivables from the sale of fixed assets	502	1,231
Payments on account on tangible assets	27	5
Receivables from suppliers	-	578
Receivables from agents	10	12
Receivables from employees	284	237
Receivables from pension organisations	544	481
Receivables from related parties	9,713	11,935
Receivables for prepaid costs	2,402	917
Receivables from others	42	50
Miscellaneous doubtful receivables	170	93
Miscellaneous bad debt provisions	(103)	(93)
Other receivables	**13,978**	**19,165**

For further details on receivables from related parties, please refer to note 42-Related parties.
These receivables are all due within 12 months.

Receivables from the sale of fixed assets relate to the completed sale in 2011 of the industrial building situated in Sulmona, to Refresco Italy S.p.A.: the portion of the receivable not yet received at the date of these financial statements relates to the outcome of the Invitalia assessment still in progress.

Receivables from tax authorities consist of various tax refunds.

The table below breaks down receivables by maturity.

For the purpose of this analysis, other receivables from third parties exclude payments on account to suppliers of fixed assets, receivables from suppliers for the corresponding advance payments, tax receivables and receivables from employees and pension organisations.

31 December 2013	Trade receivables from external customers €/000	Receivables in respect of contributions to promotional costs €/000	Trade receivables from related parties €/000	Other receivables from third parties €/000	Other receivables from related parties €/000	Total €/000
Not past due and not impaired	**2,849**	**3,226**	**58,826**	**5**	**5,675**	**70,581**
Past due and not impaired:						
Less than 30 days	20,442	155	-	1	1,112	21,710
30-90 days	13,019	1,106	-	2	892	15,019
Within 1 year	6,562	906	-	127	541	8,136
Within 5 years	1,971	174	-	137	1,061	3,343
Due after 5 years	(8)	-	-	-	124	116
Total past due and not impaired	**41,986**	**2,341**	**-**	**267**	**3,730**	**48,324**
Past due and impaired	**6,936**	**-**	**-**	**103**	**-**	**7,039**
Impairment	(3,749)	-	-	(103)	-	(3,852)
Total receivables broken down by maturity	**48,022**	**5,567**	**58,826**	**272**	**9,405**	**122,092**
Receivables not significant for breakdown by maturity	-	-	-	3,993	308	4,301
Total	**48,022**	**5,567**	**58,826**	**4,265**	**9,713**	**126,393**

31 December 2012	Trade receivables from external customers €/000	Receivables in respect of contributions to promotional costs €/000	Trade receivables from related parties €/000	Other receivables from third parties €/000	Other receivables from related parties €/000	Total €/000
Not past due and not impaired	**28,360**	**2,862**	**52,750**	**(788)**	**9,478**	**92,662**
Past due and not impaired:						
Less than 30 days	6,748	792	-	1,998	173	9,711
30-90 days	10,954	20	-	808	465	12,247
Within 1 year	10,192	157	-	858	1,129	12,336
Within 5 years	630	415	-	564	436	2,045
Due after 5 years	(7)	-	-	-	125	118
Total past due and not impaired	**28,517**	**1,384**	**-**	**4,228**	**2,328**	**36,457**
Past due and impaired	**7,620**	**-**	**-**	**93**	**-**	**7,713**
Impairment	(4,010)	-	-	(93)	-	(4,103)
Total receivables broken down by maturity	**60,487**	**4,246**	**52,750**	**3,440**	**11,806**	**132,729**
Receivables not significant for breakdown by maturity	-	-	-	3,790	129	3,919
Total	**60,487**	**4,246**	**52,750**	**7,230**	**11,935**	**136,648**

Trade receivables, amounting to € 48,022 thousand at 31 December 2013, decreased by 20.6% compared with the previous year, due mainly to the impact of the provisions of art. 62 of Legislative Decree 1 of 24 January 2012, which stipulated, *inter alia*, that payment terms for perishable and non-perishable agri-foodstuffs should be reduced from 60 to 30 days. Following the introduction of the obligation to make payment within these terms, therefore, payment deferrals of over 60 days are generally no longer allowed.
The composition of these receivables, which are exclusively from national customers, are extremely varied in terms of the different market channels, their size and commercial characteristics, and importance of volumes. It includes a high number of clients from all over Italy, with a balance between the two sales channels (mass retail and purchasing consortia, and traditional retail) with a significant presence in the horeca (hotels/restaurants/cafés) sector.
The Company has an extremely broad product portfolio, formed of both the Campari Group's products and products distributed under licence.
There is no market concentration risk because the first ten customers account for only 22.27% of total sales.
The Company has a Credit Management department exclusively dedicated to monitoring the progress of receivables, chasing up payment and managing in a targeted and timely manner the exposure of individual customers using internal risk monitoring procedures.
Bad debts are pursued regularly with the assistance of lawyers in order to continuously update progress on individual cases. This is then reflected in the provisions for doubtful receivables.
Trade receivables from third parties for which there is impairment are classified as doubtful; these have mainly been due for more than one year and are the subject of legal proceedings.
These receivables totalled € 6,936 thousand at 31 December 2013, gross of write-downs; the related provisions for doubtful receivables of € 3,749 thousand posted a decrease in 2013 due to accruals of € 2,027 thousand and utilisation of € 2,288 thousand, due almost entirely to the settlement of lawsuits outstanding from previous years.
Losses recorded during the year came to 0.51% of sales.
Provisions for doubtful receivables are put in place to cover write-downs made to specific positions until the estimated realisable value is accurately represented in the accounts.

Changes in provisions for doubtful receivables during the year are as follows:

	Bad debt provisions €/000
Balance at 31 December 2012	4,010
Accruals	2,027
Utilisations	(2,288)
Balance at 31 December 2013	**3,749**
Balance at 31.12.11	3,361
Accruals	3,472
Utilisations	(2,823)
Balance at 31 December 2012	**4,010**

The total value of trade receivables falling due is € 2,849 thousand, made up of the following: € 51,501 thousand in current trade receivables that are not subject to write-downs and which are considered fully collectible, and € -48,652 thousand in payables due to deferred discounts and year-end bonuses to be paid to clients, which will be duly settled in the first few months of the following year and are therefore classified under ‘current’. The amount falling due at the end of 2012 was € 28,360 thousand, representing 46.89% of the total receivables at this date (€ 60,487 thousand).
As shown in the table, 73% of total receivables due to expire would fall due in less than 90 days.
The average number of days for payment to be made is 74, a sharp fall on the number at the end of the previous year (96 days): this improvement is due to the positive impact of the introduction of the provisions of art. 62 of Legislative Decree 1 of 24 January 2012, as illustrated above.
Lastly, the best estimate of the credit risk to which the Company is exposed corresponds to the total figure for bad debts of € 6,936 thousand.
Receivables in respect of contributions to promotional costs, of € 5,567 thousand, are recorded under commercial partners with which the Company has existing distribution licences, which also stipulate that promotional costs incurred relating to the brands distributed must be shared.
Trade payables to related parties of € 58,826 thousand should be considered entirely due; see note 42 – Related parties, for further details.
Other doubtful receivables from third parties, gross of write-downs, totalled € 103 thousand, and the related provision for doubtful receivables of € 103 thousand posted provisions of € 10 thousand, as the following table shows.

	Bad debt provisions €/000
Balance at 31 December 2012	93
Accruals	10
Balance at 31 December 2013	**103**
Balance at 31 December 2011	178
Utilisations	(85)
Balance at 31 December 2012	**93**

27.Tax receivables

	31 December 2013 €/000	31 December 2012 €/000
Tax receivables from related parties	2,222	-
	2,222	**-**

Receivables from related parties exclusively consist of direct taxes (IRES-corporate income tax) related to the tax consolidation scheme under Alicros S.p.A. These payables are non-interest bearing. The inversion between the receivables from related parties recorded in this financial year and the payables to related parties recorded during the previous financial year is solely due to the terms and conditions of interim payments required by law for tax consolidation schemes.

28. Short-term financial receivables

	31 December 2013 €/000	31 December 2012 €/000
Securities and term deposits	**25,000**	**35,000**
Net accrued swap interest income on bonds	689	741
Short-term financial receivables from related parties	71,778	40,900
Other short-term financial receivables	4,898	5,925
Fair value of other hedging derivatives - purchases	98	-
Fair value of other hedging derivatives - sales	11	-
Other short-term financial receivables	**77,474**	**47,566**
Short-term financial receivables	**102,474**	**82,566**

Financial receivables include term deposits maturing in April 2014 of € 25, 000 thousand.

The other financial assets comprise the current portion of the receivable arising from the termination of a number of hedging agreements on the Parent Company's 2009 bond issue, which totalled € 4,898 thousand (€ 5,925 thousand at 31 December 2012). The termination of these agreements led to the recording of a financial receivable, which will be collected over the remaining duration of the underlying loan, until 2016. The non-current portion of this receivable, of € 9,830 million (€ 13,654 million at 31 December 2012) is included in non-current financial receivables (see note 24 – Other non-current assets).

29. Cash and equivalents and reconciliation with net debt

The table below provides a reconciliation of this item with the cash and cash equivalents shown on the statement of cash flows.

	31 December 2013	31 December 2012
	€/000	€/000
Current accounts at banks	25,529	37,503
Cash and liquidity	18	14
Term deposits	95,081	110,160
Total cash and cash equivalents	**120,628**	**147,677**

Cash and cash equivalents totalled € 120,628 thousand, less than the previous year.

The reconciliation with the Company's net debt is set out below.

	31 December 2013		31 December 2012	
	Total	of which Group companies del Gruppo	Total	of which Group companies
	€/000	€/000	€/000	€/000
Cash and cash equivalents	18	-	14	-
Other cash	120.610	-	147.663	-
Liquidity (A)	**120.628**	**-**	**147.677**	**-**
Short-term financial receivables (B)	**102.474**	***71.778***	**82.566**	***40.900***
Short-term bank debt	7	-	3	-
Other short-term financial payables	50.733	*30.985*	78.743	*58.256*
Short-term financial debt (C)	**50.740**	**30.985**	**78.746**	**58.256**
Net short-term financial cash/debt (A+B+C)	**(172.362)**	***(40.793)***	**(151.497)**	***17.356***
Bonds issued	976.181	-	990.759	-
Other non-current payables	240.954	*200.000*	229.154	*200.000*
Non-current financial debt (D)	**1.217.135**	***200.000***	**1.219.913**	***200.000***
Net financial debt (A+B-C-D) (*)	**1.044.773**	***159.207***	**1.068.416**	***217.356***
Reconciliation with net debt:				
Non-current financial receivables	**9.830**	**-**	**13.654**	**-**
Net debt	**1.034.943**	***159.207***	**1.054.762**	***217.356***

(*) in accordance with the definition of net debt set out in Consob communication DEM 6064293 of 28 July 2006.

For all information concerning the items that make up net debt excluding liquidity, see note 24 - Non-current assets, note 28-Short-term financial receivables and note 32 - Financial liabilities.

30. Non-current assets held for sale

A residual portion of the Termoli site is also still recorded under non-current assets held for sale, for € 1,022 thousand. Definitive but complex negotiations for the sale of the land are continuing with potential buyers, with whom the difficult sales programme is being prepared.

31. Shareholders' equity

The Company manages its capital structure and makes changes to it depending on the economic conditions and the specific risks of the underlying asset.
To maintain or change its capital structure, the Company may adjust the dividends paid to the shareholders and/or issue new shares.
Note that risk capital management is carried out at Group level. Please see the relative notes to the consolidated financial statements.
For information on the composition and changes in shareholders' equity for the periods under review, please refer to Statement of changes in shareholders' equity.

Share capital

At 31 December 2013, the share capital was made up of 580,800,000 ordinary shares with a nominal value of € 0.10 each, fully paid-up.
Following a resolution of the shareholders' meeting of 30 April 2013, the Company allocated 2012 profit, equal to € 82,900 thousand, to the payment of dividends totalling € 39,848 thousand, equivalent to € 0.07 per outstanding share, and to earnings carried forward (€ 43,052 thousand).

Outstanding shares and own shares

Changes in outstanding shares and own shares during the year were as follows:

	No. of shares			Nominal value		
	31 December 2013	31 December 2012	31 December 2011	31 December 2013	31 December 2012	31 December 2011
				€	€	€
Outstanding shares at the beginning of the period	576,301,882	577,453,435	578,522,820	57,630,188	57,745,343	57,852,282
Purchases for the stock option plan	(8,264,835)	(4,613,817)	(9,540,000)	(826,483) -	(461,381)	(954,000)
Disposals	7,646,129	3,462,264	8,470,615	764,613 -	346,226	847,061
Outstanding shares at the end of the period	575,683,176	576,301,882	577,453,435	57,568,318	57,630,188	57,745,343
Total own shares held	5,116,824	4,498,118	3,346,565	511,682	449,812	334,657
Own shares as % of total shares	0.9%	0.8%	0.6%			

In 2013, 8,264,835 own shares were acquired at a total purchase price of € 49,078 thousand, which equates to an average price of € 5.938 per share, while 7,646,129 own shares were sold for € 23,225 thousand. Own shares therefore amounted to 5,116,824 at 31 December 2013.
Furthermore, after 31 December 2013 and until the publication of the financial statements was authorised, further purchases of own shares were made at an average price of € 5.90, and own shares were sold for the exercise of stock options for a total of 522,438 shares. Thus, the number of own shares on the date this report was approved was 4,788,386.

Dividends paid and proposed

The table below shows the dividends approved and paid in 2013 and 2012 and the dividend subject to the approval of the shareholders' meeting to approve the accounts for the year ending 31 December 2013.

	Total amount		Dividend per share	
	31 December 2013 €/000	31 December 2012 €/000	31 December 2013 €	31 December 2012 €
Dividends approved and paid during the period on ordinary shares	39,848	40,505	0,07	0.07
Dividends proposed on ordinary shares (*)	46,081		0.08	

(*) calculated on the basis of outstanding shares at the date of the Board of Directors' meeting on 12 March 2014.

Other reserves

	Reserve for own shares	*Stock options*	Cash flow hedging private placement reserve	Reserve for cash flow hedging forward contracts	Pension funds reserve	Programme contract reserve	Total
	€/000	€/000	€/000	€/000	€/000	€/000	€/000
Balance at 31 December 2012	**(24.645)**	**19.583**	**(3.572)**	**-**	**-**	**3.776**	**(4.858)**
Allocation to reserve			-	-	(329)	-	(329)
Cost of stock options for the period	-	4.365	-	-	-	-	4.365
Purchase of own shares	(49.078)	-	-	-	-	-	(49.078)
Sale of own shares	42.916	-	-	-	-	-	42.916
Stock options in subsidiaries	-	4.357	-	-	-	-	4.357
Release for utilisation and not exercise	-	(5.349)	-	-	-	-	(5.349)
Cash flow hedging - adjustment in period	-	-	1.284	121	-	-	1.405
Reversals in period	-	-	(1.116)	-	-	-	(1.116)
Tax effect	-	-	(353)	(33)	91		(295)
Balance at 31 December 2013	**(30.807)**	**22.956**	**(3.757)**	**88**	**(238)**	**3.776**	**(7.982)**

In relation to the sales of own shares in the year, which are shown in the above table at the original purchase price, the Company recorded a net loss of € 19,690 thousand, which was booked under shareholders' equity.

- Reserve for own shares

The reserve includes the changes arising from the purchase and sale of own shares intended for the Company’s stock option plans.

- Stock option reserve

Provisions made to the stock option reserve during the year in respect of share-based payments totalled € 8,722 thousand, with an offsetting entry posted to the related shareholdings of € 4,357 thousand, for the allocation of stock options to directors and employees of subsidiaries.
During the year, options exercised by beneficiaries at Davide Campari-Milano S.p.A. and its subsidiaries amounted to € 2,603 thousand and € 2,375 thousand respectively.
Lastly, options cancelled during the year amounted to € 371 thousand.
For more information see note 38-Stock option plans.

- Cash flow hedge reserve

The cash flow hedge reserve includes the offsetting entry for the instruments used to hedge interest rate risk relating to two of the bonds placed by the Company in US dollars at a fixed rate on the US market, and in euro at a fixed rate on the European institutional market (Eurobond 2009), as well as instruments to hedge exchange rate risk on purchases and sales flows in foreign currency.
The portion of the reserve recorded under shareholders’ equity is taken to the income statement when, in respect of the transactions put in place to hedge interest rates, the hedged cash flows are realised and they affect profit or loss.
The deferred tax effects on the cash flow hedge reserve amounted to € 1,087 thousand.
Changes in the cash flow hedge reserve, with the related deferred tax effect, are shown in note 39-Financial instruments.

Reserve for the Programme Contract Agricultural and industrial consortium for disadvantaged areas in Piedmont

The reserve of € 3,776 thousand was created in 2010 following the request for financial assistance submitted under the programme contract agreed on 24 July 2008 between the Piedmont agricultural and industrial consortium, of which the Company is a part, and the Italian Ministry of Economic Development, pursuant to the legislation in force. This reserve may not be removed for the entire duration of the investment programme.

Retained earnings

Following the resolution of the shareholders' meeting of 30 April 2013, the profit for the year to 31 December 2012, amounting to € 82,900 thousand, was allocated as follows:
-€ 39,848 to dividends
-€ 43,052 carried forward

Profits (losses) allocated directly to shareholders' equity

During 2013, the cash flow hedge reserve was increased by € 1,405 thousand (€ 1,018 thousand net of the related deferred tax effect). The balance of the cash flow hedge reserve at 31 December 2013, net of the tax effect, was € 2.866 thousand. The reversal for the period on the income statement for the same reserve was € 1.547 thousand.
In addition, losses of € 19,690 thousand arising from the sale of own shares during the period were recorded under shareholders' equity.

Availability of items under shareholders' equity

Shareholders' equity at 31 December 2013		Possible	Portion	Summary of utilisations in 3 previous years:	
nature/description		utilisations	available	to hedge losses	for other reasons
Share capital (1)	58,080	- - -			
Capital reserves:					
Reserve for own shares	(512)	- - -			
Legal reserve (2)	1,500	B	1,500		
Earnings reserves:					
Legal reserve	10,116	B	10,116		
Extraordinary reserve	243,222	A, B, C	243,222		
Equity investment transfer reserve (Leg. Decree	3,041	A, B, C	3,041		
Reserve for VAT deductions-4% (Law 64/86)	592	A, B, C	592		
Reserve for VAT deductions-6% (Law 67/86)	451	A, B, C	451		
Reserve for VAT deductions-6% (Law 130/83)	23	A, B, C	23		
Reserve for VAT deductions 4% (Law 675/77)	2	A, B, C	2		
Reserve for VAT deductions-6% (Law 526/82)	18	A, B, C	18		
Reserve for capital grants (Law 696/83)	26	A, B, C	26		
Programme contract reserve	3,776	- - -			
Merger surplus reserve	3,868	A, B, C	3,868		
Profit carried forward from previous years	407,809	A, B, C	407,809		
Other reserves:					
Cash flow hedge reserve	(2,866)	- - -	-		
Pension funds remeasurement reserve	(238)		-		
Stock option reserve	22,956	- - -	-		
Total reserves	**751,864**		**670,668**		
Non-distributable portion			11,616		
Residual distributable portion			659,052		
Profit for the year	**185,006**				
Grand total	**936,870**				

(1) of which € 50,581 in earnings and € 7,499 for

(2) for shareholders payments

Key:

A: for capital increase

B: to hedge losses

C: for distribution to shareholders

32. Financial liabilities

	31 December 2013 €/000	31 December 2012 €/000
Non-current liabilities		
Bond issued in 2003 (USD)	221,268	233,278
Bond issued in 2009 (Eurobond)	360,743	364,305
Bond issued in 2012 (Eurobond)	394,170	393,176
Total bond issues	**976,181**	**990,759**
Derivatives on bond issue (USD)	40,765	28,782
Assisted financing: Minindustria	189	372
Payables to related parties	200,000	200,000
Total non-current financial liabilities	**240,954**	**229,154**
Current liabilities		
Payables and loans due to banks	**7,788**	**8,322**
Accrued interest on bonds	11,771	11,975
Payables to related parties	30,985	58,255
Other debt	196	194
Total other financial payables	**42,952**	**70,424**
Total	**1,267,875**	**1,298,659**

The table below shows a breakdown of the Company's main financial liabilities, together with effective interest rates and maturities.
Note that, as regards the effective interest rate of hedged liabilities, the rate reported includes the effect of the hedging itself.
Furthermore, the values of hedged liabilities include the value of the related derivative, whether it is an asset or liability.

	Effective interest rate at 31 December 2013	Maturity	31 December 2013 € / 000	31 December 2012 € / 000
Bonds				-
- issued in 2003 (US$)	fixed rate from 4.03% to 4.37% (1)	2015-2018	262,033	262,060
	6-month € LIBOR+60 basis points)			-
- issued in 2009 (Eurobond)	fixed rate 5.375%	2016	360,744	364,305
- issued in 2012 (Eurobond)	fixed rate 4.5%	2019	394,170	393,176
Other debt	0,90%	2014-2015	524	566
			1,017,470	**1,020,107**

(1) Rate applied to the portion of the bond loan hedged by an interest rate swap, corresponding to a nominal value of € 171,900 thousand
(2) Rate applied to the portion of the bond loan hedged by an interest rate swap, corresponding to a nominal value of € 85,900 thousand

Bonds
Liabilities for bonds include the USD 300,000 thousand bond issue placed on the US institutional market in 2003, the € 350,000 thousand Eurobond issue placed on the European institutional market in October 2009, and the € 400,000 thousand Eurobond issue placed on the European institutional market in October 2012.
The bond issue placed on the US market was structured in two tranches of USD 100,000 thousand and USD 200,000 thousand, maturing in 12 and 15 years respectively, with a bullet repayment at maturity.
The six-monthly coupons are based on fixed rates of 4.33% and 4.63% respectively.
The first Eurobond issue (Eurobond 2009) was placed on the European market and matures in October 2016.
It was placed solely with institutional investors at a price of 99.431%; coupons are paid annually at the fixed rate of 5.375%. The gross return on the bond is therefore 5.475%.
The second Eurobond issue (Eurobond 2012) was placed on the European market and matures on 25 October 2019.
It was placed solely with institutional investors at a price of 99.068%; coupons are paid annually at the fixed rate of 4.5%. The gross return on the bond is therefore 4.659%.

For the bond issue placed on the US market, the Company has put in place various instruments to hedge exchange rate and interest rate risks.

Specifically, a cross currency swap hedging instrument has been used to offset the risks related to fluctuations in the US dollar and movements in interest rates and change the US dollar-based fixed interest rate to a variable euro rate (6-month Euribor + 60 basis points).
In addition, various interest rate swaps were put in place involving the payment of an average fixed rate of 4.25% (rates from 4.03% to 4.37%) on total underlyings of USD 50,000 thousand (maturing in 2015) and USD 150,000 thousand (maturing in 2018).

For the second bond issue, carried out in 2009 (Eurobond), an interest rate swap was entered into that involves the payment of a variable rate (6-month Euribor + 210 basis points) on an underlying of € 200,000 thousand. This derivative financial instrument was closed during 2012; only the amortised cost still exists.

The changes in the item in 2013 relate to:
- in relation to the 2003 issue (USD), the valuation of existing hedging instruments (which have a negative effect of € 11,983 thousand) and the effects on the bonds of the actual hedges and the amortised cost (positive in the amount of € 12,010 thousand);
- in relation to the Eurobond issued in 2009, the valuation of the effect on loans alone (positive in the amount of € 3,561 thousand).

For more information on the changes during the year, see note 39 - Financial instruments.

Other debt
This item includes a loan agreement with the industry ministry, with repayment in ten annual instalments starting in February 2015.

33. Other non-current liabilities

	31 December 2013 €/000	31 December 2012 €/000
Tax payables	-	1,739
Payables to related parties	188	188
Other non-current liabilities	**188**	**1,927**

34.Defined benefit plans

The employee liability indemnity (TFR), which relates to the Company's employees, pursuant to article 2120 of the Italian civil code, falls under the scope of IAS 19.
Following the reform relating to staff severance funds from 1 January 2007, significant changes have been made for companies with at least fifty employees in the various valuation components, in order to ensure the relevant international accounting standard is correctly adopted.
Following the reform of the supplementary pension scheme, employee liability indemnity contributions accrued up to 31 December 2006 remain in the Company, while for contributions accruing from 1 January 2007, employees have the choice of allocating them to a complementary pension scheme, or keeping them in the Company, which will transfer the employee liability indemnity contributions to the INPS fund.
As a result, TFR contributions accrued up to 31 December 2006 will continue to be classified as defined benefit plans, with the actuarial valuation criteria remaining unchanged in order to show the current value of the benefits payable on the amounts accrued at 31 December 2006 when employees leave the Company.
TFR contributions accrued from 1 January 2007 are classified as defined contribution plans.
Finally, as the Company usually pays contributions through a separate fund, without further obligations, it records its contributions to the fund for the year to which they relate, in respect of employees' service, without making any actuarial calculation.
Since the contributions in question had already been paid by the Company on the reporting date, no liability is recorded in the statement of financial position.

	2013 €/000	2012 €/000	2011 €/000	2010 €/000
Employee indemnity liability (TFR) obligations for the last 4 years	6,931	6,784	6,841	7,889

The tables below summarise the components of the net cost of benefits reported in the income statement and shareholders' equity in 2013 and 2012.
Fair values have not changed significantly since the adoption of IFRS 13. Moreover, the revised IAS 19 standard did not have an impact on the Company's financial position or profitability at 31 December 2013.

	Liabilities €/000
Liabilities at 31 December 2012	**6,784**
Items recognised in the income statement	
- net interest	263
Total	**263**
Items recognised in the other comprehensive income statement	
- gains (losses) resulting from changes in actuarial assumptions	329
Total	**329**
Other movements	
- benefits paid	(445)
Total	**(445)**
Liabilities at 31 December 2013	**6,931**

	Liabilities €/000
Liabilities at 31 December 2011	**6,841**
Items recognised in the income statement	
- net interest	297
- gains (losses) resulting from changes in actuarial assumptions	111
Total	**408**
Other movements	
- benefits paid	(465)
Total	**(465)**
Liabilities at 31 December 2012	**6,784**

The main assumptions used in determining the obligations resulting from the plans described are indicated below.

	31.12.13	31 December 2012
Discount rate	3.17%	4.00%
Future salary increases	2.00%-3.50%	2.25%
Staff turnover rate	3.00%	3.22%
Forecast inflation rate	2.00%	2.00%

Quantitative sensitivity analysis of the significant assumptions used at 31 December 2013 is shown below.

	Percentage change In the assumptions	Impact on obligation of positive changes in the parameters	Impact on obligation of negative changes in the parameters
Discount rate	+/- 0.5%	-3.51%	3.75%

The sensitivity analysis shown above is based on a method involving extrapolation of the impact on the obligation for defined benefit plans of reasonable changes to the key assumptions made at the end of the financial year.
The methodology and the assumptions made in preparing the sensitivity analysis remain unchanged from the previous year.

Given that pension liabilities have been corrected on the basis of the consumer prices index, the pension plan is exposed to the inflation rate, to interest rate risks and to changes in the life expectancy of ex-employees. In view of the fact that nothing has been done to support the plans, the Company is not exposed to market risk in the sectors in which the plan is invested.

The following payments are the expected outflows that will be made in future years to settle the defined benefit plans obligation.

	31 December 2013
	€/000
Within 12 months	362
Within 5 years	1,321
More than 5 years	1,402
During the lifetime of the plan (years)	11.37

Cash flows expected for future payments into the plan are not likely to have a significant effect on the Company's balance sheet or income statement.

35. Provisions for risks and charges

The table below indicates changes to this item during the period.

	Tax provision	Voluntary redundancy	Agent severance fund	Other	Total
	€/000	€/000	€/000	€/000	€/000
Balance at 31 December 2012	**1,227**	**579**	**1,010**	**483**	**3,299**
Accruals	-	149	173	15	337
Utilisations	-	(579)	(73)	(160)	(812)
Effect of discounting to present value	-	-	100	-	100
Balance at 31 December 2013	**1,227**	**149**	**1,210**	**338**	**2,924**
of which, expected disbursement					
- due within 12 months	-	149	-	338	
- due after 12 months	1,227	-	1,210	-	

The tax provision at 31 December 2013 included estimated potential liabilities of € 1,227 thousand for direct and indirect tax arising from inspections carried out in previous years relating to the tax years 2004 and 2005, both for the Company, and for Campari Italia S.p.A., incorporated in 2010.
The voluntary redundancy column includes the estimated future expense in respect of employment liability.
At 31 December 2013, the provision for risks included under Other mainly related to estimated future liabilities that the Company will incur due to legal disputes in progress.

36.Payables to suppliers and other liabilities

	31 December 2013 €/000	31 December 2012 €/000
Trade payables to external suppliers - Italy	72,508	81,177
Trade payables to external suppliers - exports	5,362	7,403
Trade payables to related parties	1,553	1,409
Payables to suppliers	**79,423**	**89,989**
Withholding tax payables	2,055	1,729
Production tax payables	2,181	996
Payables to employees	7,874	5,830
Payables to pension organisations	4,084	4,041
Payables to pension funds and INPS fund	350	324
Payables to agents	1,453	1,889
Payables to other related parties	3,747	9,415
Payables in respect of contributions received	1,095	1,095
Payables for deferred revenues	556	667
Other	508	646
Other current liabilities	**23,903**	**26,632**

The taxes shown are related to salaries, payments and supplier invoices for December.
These payables are all due within 12 months.
For further details on payables to related parties, please refer to note 42-Related parties.

Payables for deferred revenues refer to capital grants, which are credited to the income statement in proportion to the useful life of the assets to which they relate.

Changes in payables for capital grants and deferred income relating to these grants are shown below.

	3 December 2013		31 December 2012	
	Payables to tax authorities €/000	Deferred income €/000	Payables to tax authorities €/000	Deferred income €/000
Balance at 1 January	1,095	667	1,095	820
Amounts posted to the income statement	-	(111)	-	(153)
Balance at 31 December	**1,095**	**556**	**1,095**	**667**

In 2013, payables to suppliers decreased by 11.7% compared with 31 December 2012. This item comprises payables for invoices received (€ 43,447 thousand at 31 December 2013), while for the amounts relating to invoices and credit notes to be received (€ 34,422 thousand) the maturity cannot be determined until the relevant documents are issued by the suppliers.
These positions are therefore excluded from the table, as are payments to suppliers on account, equal to € 3,362 thousand.
In addition, as regards other current liabilities to third parties, deferred income, tax and social security items and payables to employees are excluded.
Trade payables to related parties of € 1,553 thousand relate mainly to the passing on of miscellaneous costs.
For further details on these transactions see note 42-Related parties.

The following table shows a breakdown of payables by maturity.

31 December 2013	Payables to suppliers €/000	Trade payables to related parties €/000	Other payables to third parties €/000	Other payables to related parties €/000	Total €/000
On demand	15,235	347	380	796	16,758
Within 1 year	28,213	1,206	2,676	1,731	33,826
	43,448	1,553	3,056	2,527	50,584
Payables not significant for breakdown by maturity	34,422	-	17,100	1,220	52,742
Total	77,870	1,553	20,156	3,747	103,326

31 December 2012	Payables to suppliers €/000	Trade payables to related parties €/000	Other payables to third parties €/000	Other payables to related parties €/000	Total €/000
On demand	19,364	66	145	5	19,580
Within 1 year	38,176	1,343	3,485	2,004	45,008
	57,540	1,409	3,630	2,009	64,588
Payables not significant for breakdown by maturity	31,040	-	13,587	7,406	52,033
Total	88,580	1,409	17,217	9,415	116,621

The payment terms applied to suppliers are generally 60 days from the end of the month of invoice.
Other payables to third parties comprises payables to agents totalling € 1,453 thousand and chiefly includes accrued fees to agents not yet due, premiums to agents recognised and premiums that may be recognised.

Note that of the amounts included under other payables to third parties, € 1,388 thousand is due within 90 days.
As can be seen from a breakdown of other payables to related parties by maturity, the item chiefly relates to payables to directors (€ 1,506 thousand), which will be settled during 2014.
The Company does not hold any financial assets pledged to secure liabilities.

37. Payables to tax authorities

This item breaks down as follows:

	31.12.13 €/000	31 December 2012 €/000
IRAP payables	177	277
IRES payables	2,414	5,801
Payables to related parties	-	2,567
	2,591	**8,645**

The effect of the reduction in payables to related parties compared with the previous year is solely due to the terms and conditions of interim payments required by law for tax consolidation schemes.

38. Stock option plan

Pursuant to Consob resolution 11971 of 14 May 1999 as amended, and Consob communication 11508 of 15 February 2000, the following information is provided on the stock option plan (the 'Plan') approved by the Board of Directors of Davide Campari-Milano S.p.A. on 15 May 2001, which incorporated the framework plan for the general regulation of stock options for the Campari Group, approved by the shareholders' meeting of 2 May 2001.
The purpose of the plan is to offer beneficiaries who occupy key positions in the Group the opportunity of owning shares in Davide Campari-Milano S.p.A., thereby aligning their interests with those of other shareholders and fostering loyalty, in the context of the strategic goals to be achieved.
The recipients are employees, directors and/or individuals who regularly do work for one or more Group companies, who have been identified by the Board of Directors of Davide Campari-Milan S.p.A., and who, on the plan approval date and until the date that the options are exercised, have worked as employees and/or directors and/or in any other capacity at one or more Group companies without interruption.
The regulations for the Plan do not provide for loans or other incentives for share subscriptions pursuant to article 2358, paragraph 3 of the Italian civil code.
The Board of Directors of Davide Campari-Milano S.p.A. has the right to draft regulations, select beneficiaries and determine the share quantities and values for the execution of stock option plans. In addition, Davide Campari-Milano S.p.A. reserves the right, at its sole discretion, to modify the Plan and regulations as necessary or appropriate to reflect revisions of laws in force, or for other objective reasons that would warrant such modification.
Subsequently, further options were allocated each year, governed by the framework plan approved by the shareholders' meeting on 2 May 2001.

In 2013, the Parent Company proceeded with new allocations of stock options, governed by the same framework plan. The number of stock options granted totalled 965,984, at an average price at € 5.90, equivalent to the average closing price in the month preceding the option grant date.
These plans granted assignees the right to exercise options in the two-year period following the end of the seventh year from the allocation date, with the right to bring forward the (total or partial) exercise at the end of the fifth or sixth year from allocation, with the consequent one-off application of a reduction of 20% or 10% respectively of the total number of options allocated.
For the purpose of evaluating the plan in accordance with IFRS 2- Share-based payment, the plan was divided into three different tranches, corresponding to a number of options equal to 80%, 10% and 10% vesting in five, six and seven years respectively. All tranches carry a vesting condition that requires assignees to remain with the Company for the whole vesting period. Furthermore, to exercise the second and third tranche, all options previously matured up to the end of the sixth (second tranche) and seventh (third tranche) years must be maintained. For the purposes of IFRS 2, this takes the form of a non-vesting condition.
These results in a different average unit fair value for each tranche, equivalent to € 1.66 for the first tranche, € 1.52 for the second and € 1.19 for the third.

The following table shows changes in stock option plans during the periods concerned.

	31 December 2013		31 December 2012	
	Equities (n.)	Average allocation/exercise price (€)	Equities (n.)	Average allocation/exercise price (€)
Options outstanding at the beginning of the period	44,328,942	3.96	36,264,953	3.49
Options granted during the period	965,984	5.90	13,036,580	5.25
(Options cancelled during the period)	(952,758)	4.74	(1,510,822)	3.63
(Options exercised during the period) (*)	(7,734,001)	3.04	(3,461,769)	3.77
(Options expiring during the period)	(36,886)	3.84	-	-
Options outstanding at the end of the period	36,571,281	4.18	44,328,942	3.96
of which those that can be exercised at the end of the period	6,836,492	2.85	1,382,248	3.79

(*) The average market price on the exercise date was € 6.04.

At the end of the period, 17,605,668 options existed under plans assigned to employees of Davide Campari-Milano S.p.A.

The average exercise price for the options allocated in each year is as follows:

	Average exercise price (€)
Allocation 2008	2.85
Allocation 2009	3.02
Allocation 2010	3.87
Allocation 2011	5.44
Allocation 2012	5.25
Allocation 2013	5.90

The average remaining life of outstanding options at 31 December 2013 was 3.7 years (4.2 years at 31 December 2012).

The average fair value of options granted during the year was € 1.59 (€ 1.58 in 2012).
The fair value of stock options is represented by the value of the option determined by applying the Black-Scholes model, which takes into account the conditions for exercising the option, as well as the current share price, expected volatility and the risk-free rate.
Volatility was estimated with the help of data supplied by a market information provider together with a leading bank, and corresponds to the estimate of volatility recorded in the period covered by the plan.
This estimate is required since there is no historical volatility with a duration equivalent to the plan period concerned.

The following assumptions were used for the fair value valuation of options issued in 2013 and 2012:

	2013	2012
Expected dividends (€)	0.07	0.07
Expected volatility (%)	23%	26%
Historical volatility (%)	23%	26%
Market interest rate	1.45%	1.80%
Expected option life (years)	7.30	6.00
Exercise price (€)	5.90	5.25

Davide Campari-Milano S.p.A. has a number of own shares that can be used to cover the stock option plan.
The following table shows changes in the number of own shares held during the comparison periods.

	Number of own shares		Purchase price (€/000)	
	2013	2012	2013	2012
Balance at 1 January	4,498,118	3,346,565	24,645	18,823
Purchases	8,264,835	4,613,817	49,078	25,227
Disposals	(7,646,129)	(3,462,264)	(42,916)	(19,405)
Balance at 31 December	5,116,824	4,498,118	30,807	24,645
% of share capital	0.88%	0.77%		

In relation to the sales of own shares in the year, which are shown in the above table at the original purchase price (€ 42,916 thousand), the Parent Company recorded a loss of € 19,690 thousand, accounted for under shareholders' equity. During the year, the utilisation of the stock option reserve totalled € 5,349 thousand.

39.Financial instruments - disclosures

The value of individual categories of financial assets and liabilities held by the Group is shown below.

31 December 2013	Loans and receivables €/000	Financial liabilities at amortised cost and payables €/000	Hedging transactions €/000
Cash and cash equivalents	120,628		
Short-term financial receivables	101,676		
Other non-current financial assets	9,830		
Trade receivables	112,415		
Payables to banks		(7,788)	
Bonds		(976,181)	
Accrued interest on bonds		(11,771)	
Other financial liabilities		(231,370)	
Trade payables		(79,423)	
Current assets for hedge derivatives			799
Financial liabilities on hedging contracts			(1)
Non-current liabilities for hedge derivatives			(40,765)
Total	344,549	(1,306,533)	(39,967)
31 December 2012			
Cash and cash equivalents	147,677		
Short-term financial receivables	81,825		
Other non-current financial assets	13,654		
Trade receivables	117,483		
Payables to banks		(8,322)	
Bonds		(990,759)	
Accrued interest on bonds		(11,975)	
Other financial liabilities		(258,822)	
Trade payables		(89,989)	
Current assets for hedge derivatives			741
Non-current liabilities for hedge derivatives			(28,782)
Total	360,639	(1,359,867)	(28,041)

Assets and liabilities measured at fair value

The following information is provided in accordance with the provisions of IFRS 13-Fair Value Measurement.
Note that in light of the application of the new standard from 1 January 2013, the models currently used by the Company and the Group to measure the fair value of financial instruments were reviewed.
The change made mainly concerned the inclusion of counterparty non-performance risk rating components, and had a positive effect of € 338 thousand on the result.
For each category of financial assets and liabilities, a comparison between the fair value of the category and the corresponding carrying value is shown below.
The method used for determining fair value was as follows:

- for financial assets and liabilities that are liquid or nearing maturity, it is assumed that the carrying value equates to fair value; this assumption also applies to term deposits, securities that can be readily converted to cash and variable-rate financial instruments;
- for the valuation of hedging instruments at fair value, the Company used valuation models based on market parameters;

The fair value of non-current financial payables was obtained by discounting all future cash flows at the rates in effect at the end of the year.
Investment property is valued at cost, which is considered a reliable approximation of its fair value.
For commercial items and other receivables and payables, fair value corresponds to the carrying value; these are not reported in the table below.

	Carrying value		Fair value	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	€/000	€/000	€/000	€/000
Cash and banks	120,628	147,678	120,628	147,678
Financial receivables from subsidiaries for centralised cash system	71,778	40,900	71,778	40,900
Financial receivables from other companies	39,728	54,579	39,728	54,579
Accrued interest on bonds	689	741	689	741
Hedging transactions	110	-	110	-
Financial investments	**232,933**	**243,898**	**232,933**	**243,898**
Payables to banks	7,788	8,322	7,788	8,322
Bond in USD (2003)	221,268	233,278	230,316	246,131
Bond in € (2009)	360,743	364,304	381,061	386,262
Bond in € (2012)	394,170	393,176	421,150	424,842
Accrued interest on bonds	11,771	11,975	11,771	11,975
Hedging transactions	40,765	28,782	40,765	28,782
Financial payables to subsidiaries	230,985	258,256	230,985	258,256
Other debt	385	566	385	566
Financial liabilities	**1,267,875**	**1,298,659**	**1,324,221**	**1,365,136**

Fair value - hierarchy

The Company enters into derivatives contracts with a number of top-rated banks.

Derivatives are valued using techniques based on market data, and largely consist of interest rate swaps.

The most commonly-applied valuation methods include the forward pricing and swap models, which use present value calculations.

The models incorporate various inputs, including the credit rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates.

The table below details the hierarchy of financial instruments valued at fair value, based on the valuation methods used:

- level 1: the valuation methods use prices listed on an active market for the assets and liabilities subject to valuation;
- level 2: the valuation methods take into account various inputs from previous prices, but that can be observed on the market directly or indirectly;
- level 3: the method use inputs that are not based on observable market data.

In 2013 no changes were made in the valuation methods applied.

	31 December 2013 €/000	Level 1 €/000	Level 2 €/000	Level 3 €/000
Assets measured at fair value				
Accrued interest on bond swaps	689	-	689	-
Forward contracts on sales and purchases transactions in foreign currency	110	-	110	-
Liabilities valued at fair value				
Forward contracts on sales and purchases transactions in foreign currency	1	-	1	
Interest rate and cross currency swap on bond (USD)	40,765	-	40,765	

	31 December 2012 €/000	Level 1 €/000	Level 2 €/000	Level 3 €/000
Assets measured at fair value				
Accrued interest on bond swaps	741	-	741	-
Liabilities valued at fair value				
Interest rate and cross currency swap on bond (USD)	28,782	-	28,782	-

The level 2 valuation method used for financial instruments measured at fair value is based on parameters such as exchange rates and interest rates, which are priced on active markets or are observable on official rate curves.

In 2013, no reclassifications were made above the levels indicated above in the fair value hierarchies.

Hedging transactions

Hedging derivatives

The Company currently holds various derivative instruments to hedge both the fair value of underlying instruments and cash flows.
The table below shows the fair value of these derivative instruments, recorded as assets or liabilities, and their notional values.

	31 December 2013		31 December 2012	
	Assets	Liabilities	Assets	Liabilities
	€/000	€/000	€/000	€/000
Interest rate and cross currency swap on bond (USD)	-	(38,030)	-	(26,311)
Forward contracts on sales and purchases transactions in foreign currency	110	-	-	-
Accrued interest on bond swap	689	-	741	0
Hedging derivatives at fair value	799	(38,030)	741	(26,311)
Interest rate swap on bond (USD)	-	(2,734)	-	(2,471)
Forward contracts on sales and purchases transactions in foreign currency	-	(1)	-	-
Cash flow hedging derivatives	-	(2,735)	-	(2,471)
Total derivatives	799	(40,765)	741	(28,782)

Fair value hedging

The Company has in place the following contracts that meet the definition of hedging instruments based on IAS 39.

- Cross currency swap on bond (USD)
  At the reporting date, the Company held a cross currency swap totalling a notional USD 300 million on the bond denominated in US dollars.
  This instrument has the same maturity as the underlying liability.
  The derivative is valued at fair value and any changes are reported on the income statement; having established the effectiveness of the hedging transactions, the gain or loss on the hedged item attributable to the hedged risk is used to adjust the carrying value of the underlying liability and is immediately reported on the income statement.
  At 31 December 2013, the cross currency swap had a negative fair value of € 38,030 thousand, reported under non-current financial liabilities.
  The change in fair value of these instruments, reported in the income statement in 2013, represented an expense of € 11,720 thousand. The income recorded on the hedged item was € 12,344 thousand.

In addition, in 2012 the Parent Company settled the interest rate swap on the bond issued in 2009, and thus the portion of underlying debt (€ 200 million) was reported at the original fixed rate.
Similarly, the amount resulting from the valuation of the contract on the settlement date was reclassified under financial receivables and will be collected over the remaining life of the underlying loan. See note 24 (Non-current financial assets) and note 28 (Current financial assets) for information on credit movements.
As regards the underlying debt, the change in fair value attributable to the risk hedged as shown at the time the cover ended is reflected in the income statement over the period of the loan. In 2013, this resulted in a gain of € 4.0 million.
As the cessation of the cover resulted in the coupons payable to the shareholders being converted into fixed contractual rates, this positive effect is nullified in the income statement.
Gains and losses on the hedged and hedging instruments used in all the fair value hedges corresponding to the contracts mentioned above are summarised below.

	31 December 13	31 December 2012
	€/000	€/000
Gains on hedging instrument-Eurobond	-	4,558
Losses on hedging instrument-USD bond issue	(11,720)	(2,248)
Losses on hedging instrument-Eurobond	(431)	(406)
Total gains (losses) on hedging instruments	**(12,151)**	**1,904**
Gains on hedged item-USD bond issue	12,344	2,598
Gains on hedged item-Eurobond	4,252	-
Losses on hedged item-Eurobond	-	(2,808)
Total gains (losses) on hedged items	**16,596**	**(210)**

Derivatives used for cash flow hedging

The Company uses the following contracts to hedge its cash flows:

- Interest rate swaps on Parent Company bonds (USD)
  The Company has various interest rate swaps in place involving the payment of an average fixed rate of 4.25% (rates from 4.03% to 4.37%) on total underlyings of USD 50 million (maturing in 2015) and USD 150 million (maturing in 2018).
  Since these hedging transactions met the requirements for effectiveness, a specific shareholders' equity reserve was recorded for a gross value of € 2,734 thousand, equating to a liability.
  As required by IAS 39, the cash flow hedge reserve for these contracts will be recycled to the income statement at the same maturity dates as the cash flows related to the liability.
  During the year, an unrealised gain of € 1,284 thousand was posted to the reserve, together with the corresponding deferred tax effect of € 353 thousand.
  Moreover, the realisation of the hedged cash flows generated the release of the cash flow hedge reserve, which had a positive impact on the income statement for the period of € 1,547 thousand.

- Interest rate swaps on Parent Company bonds (Eurobond)
  Shortly after the allocation of the Eurobond, issued in 2011, the Company entered into an interest rate hedging agreement.
  On the date the bond was listed, due to the changes in interest rate trends, this agreement resulted in an initial financial liability of € 2,998 thousand, recorded under shareholders' equity and released to the income statement with the cash flows generated by the underlying debt.
  In 2013 an effect of € 431 thousand was recycled to the income statement.

- Forward contracts on sales and purchases transactions in foreign currency
  In order to cancel out the negative consequences of unexpected, unfavourable changes in financial variables on exchange rates, the Company has suitable 'hedging' instruments in place aimed at reducing or transferring exposure to exchange rate risks.
  Since these hedging transactions met the requirements for effectiveness, an appropriate shareholders' equity reserve, equivalent to an asset of € 121 thousand, was created.
  The profit, which was temporarily recorded under shareholders' equity, will be booked to the income statement when the transactions generate an effect on the income statement.

The following table shows when the Group expects to receive the hedged cash flows, as of 31 December 2013.

These cash flows only relate to interest and have not been discounted.

	Within 1 year	1-5 years	Total
31 December 2013	€/000	€/000	€/000
Cash outflows	7,305	23,740	31,045
Cash inflows	6,606	21,713	28,319
Net cash flows	(699)	(2,027)	(2,726)
31 December 2012			
Cash outflows	7,319	31,110	38,429
Cash inflows	6,905	29,600	36,505
Net cash flows	(414)	(1,510)	(1,924)

The overall changes in the cash flow hedge reserve and the associated deferred taxes are shown below.

	Cash flow hedge reserve-2003 bond issue	Tax effect related to 2003 bond issue	Cash flow hedge reserve-2009 bond issue	Tax effect related to 2009 bond issue	Cash flow hedge of forward contracts on sales and purchases reserve	Related tax effect of cash flow hedge of forward contracts on sales and purchases	Cash flow hedge reserve, net of tax effect
	€/000	€/000	€/000	€/000	€/000	€/000	€/000
Balance at 31 December 2013	**(2,471)**	**680**	**(1,771)**	**487**	**-**	**-**	**(3,075)**
Adjustment in period	1,284	-	-	-	-	-	1,284
Allocation to reserve	-	-	-	-	121	-	121
Reversals in period	(1,547)	-	431	-	-		(1,116)
Deferred tax (assets and liabilities)	-	(353)	-	-	-	(33)	(386)
Use of deferred taxes taken to income statement	-	425	-	(118)	-		307
Balance at 31 December 2013	**(2,734)**	**752**	**(1,340)**	**369**	**121**	**(33)**	**(2,865)**

	Cash flow hedge reserve-2003 bond issue	Tax effect related to 2003 bond issue	Cash flow hedge reserve-2009 bond issue	Tax effect related to 2009 bond issue	Cash flow hedge of forward contracts on sales and purchases reserve	Related tax effect of cash flow hedge of forward contracts on sales and purchases	Cash flow hedge reserve, net of tax effect
	€/000	€/000	€/000	€/000	€/000	€/000	€/000
Balance at 31 December 2011	144	(40)	(2,177)	599	-	-	(1,474)
Adjustment in period	(1,217)	-	-	-	-	-	(1,217)
Reversals in period	(1,398)	-	406	-	-	-	(992)
Deferred tax (assets and liabilities)	-	335	-	-	-	-	335
Use of deferred taxes taken to income statement	-	385	-	(112)	-	-	273
Balance at 31 December 2012	**(2,471)**	**680**	**(1,771)**	**487**	**-**	**-**	**(3,075)**

40. Nature and scale of the risks arising from financial instruments

Credit risk

Davide Campari-Milano S.p.A. enters directly into commercial transactions on the Italian market, and on the foreign markets via its Group companies.
As explained in more detail in note 26 – Trade and other receivables, the Company has internal procedures in place to monitor the progress of receivables. These procedures are geared towards actively seeking payment of receivables and managing on a timely basis the monitoring and control of the exposure of individual customers. Furthermore, the composition of trade receivables is extremely varied both in terms of the sales channel and the type of commercial partner; sales volumes are therefore developed with a high number of customers so that the risk is not concentrated on the related receivables.
The other trade receivables are in respect of Group companies.
Miscellaneous receivables from third parties mainly relate to the sale of grape must and marc, produced in conjunction with harvesting activities (Cinzano and Riccadonna).
Receivables are mainly denominated in euro.
The maximum credit risk to which the Company is exposed corresponds to the total figure for bad debts.

Liquidity risk

The Company's ability to generate substantial cash flow through its operations allows it to reduce liquidity risk. This risk is defined as the difficulty of raising funds to meet financial obligations.
The Company manages financial flows with the Italian subsidiaries through a centralised cash management department, with transactions settled at market rates (see note 42-Related parties for more information).
Detailed information is provided below on payables and financial liabilities at 31 December 2013, compared with the previous year.
The table below summarises financial liabilities by maturity at 31 December 2013 compared with the previous year based on the contractual repayment obligations, including non-discounted interest.

It specifies the period in which financial flows are due.

31 December 2013	On demand €/000	Within 1 year €/000	Due in 1 to 2 years €/000	Due in 3 to 5 years €/000	Due in more than 5 years €/000	Total €/000
Financial liabilities						
Payables to banks	-	7,788	-	-	-	7,788
Financial payables to subsidiaries	-	30,985	-	-	200,000	230,985
Bonds	-	9,854	82,365	165,164	-	257,383
Derivatives on bonds	-	-	12,633	26,183	-	38,816
Eurobond 2009	-	18,813	18,813	364,894	-	402,520
Eurobond 2012	-	18,000	18,000	54,000	416,500	506,500
Subsidised loan from industry ministry	-	196	196	-	-	392
Projected net cash flows	**-**	**85,636**	**132,007**	**610,241**	**616,500**	**1,444,384**

31 December 2012	On demand €/000	Within 1 year €/000	Due in 1 to 2 years €/000	Due in 3 to 5 years €/000	Due in more than 5 years €/000	Total €/000
Financial liabilities						
Payables to banks	-	8,322	-	-	-	8,322
Financial payables to subsidiaries	-	58,256	-	-	200,000	258,256
Bonds	-	10,300	10,300	100,128	158,602	279,330
Derivatives on bonds	-	(2,046)	(2,046)	6,019	19,321	21,248
Eurobond 2009	-	18,813	18,813	383,707	-	421,333
Eurobond 2012	-	18,000	18,000	54,000	436,000	526,000
Subsidised loan from industry ministry	-	196	393	-	-	589
Projected net cash flows	**-**	**111,841**	**45,460**	**543,854**	**813,923**	**1,515,078**

Payables to banks for current accounts and lines of credit represent the negative balance of cash management, which decreased compared to the previous year.
Moreover, the Company has granted loans to subsidiaries, with interest charged at market rates.

Market risks

Interest rate risk

Financial liabilities, except those relating to bonds, are subject to variable rates.
In the case of bonds, as mentioned above, the Company has taken steps to convert a portion of the long-term financial instruments issued at fixed rates (and thus exposed to fair value risk) into variable-rate debt through an interest rate swap.
Thus the portion of debt at fixed rates was around 92% of total financial payables at 31 December 2013.
The Company is therefore only partially exposed to the risk of changes in interest rates.

Sensitivity analysis

The following table shows the effects on the income statement of a potential change in interest rates, if all the Company’s other variables are held constant.
The assumptions used in terms of a potential change in rates are based on an analysis of the trend at the reporting date.
The table illustrates the full-year effects on the income statement in the event of a change in rates, calculated for the Company’s variable-rate financial assets and liabilities.
The impact on the income statement is shown net of taxes.

Increase/decrease in rates (in basis points)	Income statement	
	Increase in interest rates €/000	Decrease in interest rates €/000
31 December 2013		
Euribor +/- 13 basis points	(452)	452
31 December 2012		
Euribor +/- 30 basis points	(1,942)	1,942

Exchange rate risk

The Company has issued bonds denominated in US dollars for which it has a fair value hedge in place to hedge the related exchange rate risk.
The sensitivity analysis shows zero impact on the income statement, as a change in exchange rates generating a positive effect on the fair value of the derivatives would produce the same negative effect on the underlying, and vice versa.
In addition, the Company also has hedging instruments in place to minimise the exchange rate risk, aimed at avoiding a situation where unexpected variations in exchange rates occur on purchases and sales transactions.

Lastly, there were no significant receivables or payables exposed to exchange rate risk as of 31 December 2013.

41.Commitments and risks

Non-cancellable operating leases

The amounts owed by the Company in future periods for operating leases on equipment are indicated in the table below.

Minimum future payments	31 December 2013 €/000	31 December 2012 €/000
Within 1 year	2,681	2,348
1-5 years	4,296	3,623
Total	**6,977**	**5,971**

Operating lease contracts relate to cars (€ 3,617 thousand), hardware (€ 1,858 thousand), photocopiers (€ 148 thousand) and equipment for manufacturing units and general services for headquarters (€ 1,354 thousand).

Non-cancellable financial leases

The Company’s other commitments for purchases of goods or services are shown below.

31 December 2013	Assets	Purchases of raw materials	Sponsorship	Copacking	Other	Total
	€/000	€/000	€/000	€/000	€/000	€/000
Within 1 year	2,460	42,767	3,778	2,554	2,243	53,802
1-5 years	-	43,017	8,156	5,959	-	57,132
Total	**2,460**	**85,784**	**11,934**	**8,513**	**2,243**	**110,934**

Contractual commitments for fixed assets chiefly relate to the purchase of equipment and improvements to the Company’s manufacturing units (€ 751 thousand), improvements to buildings (€ 46 thousand), and the implementation of the Group's new IT system and management processes (€ 1,663 thousand).

Commitments in respect of raw materials relate to purchases of wine and grapes for Cinzano wine and sparkling wines.

Sponsorship commitments relate to the partnership agreement between the famous football team Manchester United and the Aperol brand, which will be one of the team’s worldwide official sponsors from 1 January 2014 until the 2016-17 season.

The item other includes an estimate of the contractual commitments in place for the purchase of habillage, goods, maintenance materials and supplies, as well as services associated with the activities of the Company’s production units.

Guarantees granted

The breakdown of guarantees is as follows:

	31 December 2013 €/000	31 December 2012 €/000
Bank guarantees on behalf of third parties	54,666	56,593
Bank guarantees on behalf of Group companies	176,873	122,154
Total bank guarantees	231,539	178,747
Other guarantees on behalf of third parties	181,852	190,081
Total guarantees granted	**413,391**	**368,828**

The guarantees issued on behalf of third parties are mainly due to custom authorities for excise taxes and stamp duties for € 33,153 thousand, to tax authorities for € 10,701 thousand and to wine promotion activities for € 7,402 thousand.

The guarantees issued on behalf of Group companies by Davide Campari-Milano S.p.A. are due to custom guarantees, excise taxes, credit line facilities and other guarantees related to commercial and financial business of Group companies.

Other guarantees issued on behalf of third parties include a guarantee granted by Davide Campari-Milano S.p.A. in relation to the USD 250,793 thousand private placement issued by Campari America reserved for US institutional investors. At the reporting date, the value of the guarantee included the nominal amount of the debt and interest accrued.

42. Related parties

The Company has procedures in place governing transactions with related parties, as defined in IAS 24 and in the Consob communications on this subject, with the aim of monitoring and collecting the necessary information concerning transactions in which directors and managers have a personal interest, as well as transactions with related parties, in order to monitor, and in some cases, authorise them.
The procedures identify the individuals responsible for reporting the above-mentioned information, define which transactions should be reported, define the content of the information required, and set the timescales within which the information must be submitted.
In addition, pursuant to Consob Resolution 17221 of 12 March 2010, the Company has also adopted a procedure for transactions with related parties, approved by the Board of Directors on 11 November 2010 and in force from 1 January 2011.
The procedure sets out the principles to which the Company adheres to ensure the substantial and procedural transparency and probity of transactions with third parties, whether carried out directly or via subsidiaries, and also gives a definition of related parties (providing an updated list of related parties), in a manner consistent with IAS 24.
The procedure also identifies the individuals responsible for reporting the above-mentioned information, defines which transactions should be reported, defines the content of the information required, and sets the timescales within which the information must be submitted.
The main intra-group activities, paid for at market prices, are carried out on the basis of contractual relationships, which in particular, relate to:

- ✓ management of investments;
- ✓ settlement of financial flows through the centralised cash management system;
- ✓ sharing of general, administrative and legal services;
- ✓ IT support;
- ✓ commercial agreements.

In addition, a fiscal relationship exists with the ultimate shareholder, Alicros S.p.A., following the decision taken to adopt the domestic tax consolidation scheme governed by article 117 *et seq* of the consolidated law on corporate income tax (TUIR) for 2013, 2014 and 2015.
Furthermore, on 1 January 2008, the Company joined the Group-wide VAT scheme, pursuant to article 73, paragraph 3 of Presidential Decree 633/72, in accordance with its status as a subsidiary.
The company, which adopted the Group VAT scheme as ultimate shareholder, is Alicros S.p.A.
The receivables and payables arising as a result of the tax consolidation scheme are non-interest- bearing.

No other transactions have taken place with the ultimate shareholder, or with their directly and/or indirectly-owned subsidiaries, other than with Group companies.
Moreover, during the year, no off-balance sheet agreements, as described in article 2427, paragraph 1, point 22-ter of the Italian civil code, or other transactions, including between affiliates, took place that may generate exposures or benefits for the Company that would affect the financial position or operating results of the Company or the Group to which it belongs.

The Company is not subject to management and coordination activity by other companies, pursuant to articles 2497 *et seq* of the Italian civil code, in that all decisions made by the management bodies, including strategic decisions, are taken in complete autonomy and independence.
For further details on the relationships with Group companies please see the following tables.

Financial receivables from related parties

	31 December 2013 €/000	31 December 2012 €/000
Financial receivables from related parties	71,778	40,900

The detail of financial receivables at 31 December 2013 is as follows:

€/000	Accrued interest	Cash management	Miscellaneous	Loans	Total
Campari America (Skyy Spirits, LLC)	-	-	55	-	55
Campari Australia Pty Ltd.	-	-	43	-	43
Campari Benelux S.A.	-	-	30	-	30
Campari Wines S.r.l.	13	8,932	-	-	8,945
Glen Grant Ltd.	31	-	1	35,984	36,016
Sella&Mosca S.p.A.	44	26,643	-	-	26,687
T.J Carolan&Son Ltd.	-	-	2	-	2
Total	**88**	**35,575**	**131**	**35,984**	**71,778**

Intra-group transactions are carried out via the centralised cash management system, with interest charged at market rates (3-month Euribor on the day preceding the end of each quarter, plus a spread that reflects market conditions).

Trade receivables and other receivables from related parties

	31 December 2013 €/000	31 December 2012 €/000
Trade receivables from related parties	58,826	52,751
Tax receivables from related parties	2,222	-
Other receivables from related parties	9,713	11,935
Current receivables from related parties	70,761	64,686
Other receivables from related parties	1,936	1,927
Non-current receivables from related parties	1,936	1,927
	72,697	**66,613**

The table below shows the breakdown of these receivables at 31 December 2013.

€/000	Trade payables	Miscellaneous	Group VAT scheme	Consolidation for tax purposes	Total
Alicros S.p.A(*)	-	1,936	-	2,222	4,158
Campari (Beijing) Trading Co. Ltd.	294	122	-	-	416
Campari America (Skyy Spirits, LLC)	1,661	967	-	-	2,628
Campari Argentina S.A.	614	2,308	-	-	2,922
Campari Australia Pty Ltd.	4,998	486	-	-	5,484
Campari Austria Gmbh	1,122	340	-	-	1,462
Campari Benelux S.A.	1,164	110	-	-	1,274
Campari Deutschland Gmbh	15,145	788	-	-	15,933
Campari do Brasil Ltda.	1,103	488	-	-	1,591
Campari España S.L.	1,044	65	-	-	1,109
Campari International S.r.l.	6,293	1,154	-	-	7,447
Campari Japan Ltd.	-	6	-	-	6
Campari Mexico, S.A. de C.V.	617	232	-	-	849
Campari RUS OOO	21,222	580	-	-	21,802
Campari Schweiz A.G.	1,715	232	-	-	1,947
Campari Ukraine LLC	212	-	-	-	212
Campari Wines S.r.l.	378	73	102	-	553
CJSC 'Odessa Sparkling Wine Company'	31	22	-	-	53
DI.CI.E. Holding B.V.	-	19	-	-	19
Glen Grant Ltd.	-	105	-	-	105
J.Wray&Nephew Ltd.	130	585	-	-	715
Lamargue S.a.r.l.	-	42	-	-	42
Sella&Mosca S.p.A.	104	267	206	-	577
Société Civile du Domaine de Lamargue	-	60	-	-	60
T.J. Carolan&Son Ltd.	850	226	-	-	1,076
The Rum Company Ltd.	-	33	-	-	33
Wray&Nephew (Canada) Ltd.	129	95	-	-	224
Total	**58,826**	**11,341**	**308**	**2,222**	**72,697**

(*) With reference to the receivable shown here for Alicros S.p.A. (€ 1,936 thousand), the Company shows a payable for Group VAT of € 1,154 thousand on its balance sheet.

Financial payables to related parties

	31 December 2013	31 December 2012
	€/000	€/000
Current financial payables to related parties	30,985	58,256
Non-current financial payables to related parties	200,000	200,000
	230,985	258,256

The table below shows the breakdown of these payables at 31 December 2013.

	Financial payables	Cash management	Total
	€/000	€/000	€/000
Campari Benelux S.A.	202,149	22,013	224,162
Campari International S.r.l.	2	6,821	6,823
Total	**202,151**	**28,834**	**230,985**

Loans provided to Group companies carry interest at market rates.

Trade payables and other payables to related parties

	31 December 2013	31 December 2012
	€/000	€/000
Trade payables to related parties	1,553	1,409
Tax payables to related parties	-	2,567
Other payables to related parties	3,747	9,415
Current payables to related parties	5,300	13,391
Other payables to related parties	188	188
Non-current payables to related parties	188	188
Total	**5,488**	**13,579**

The table below shows the breakdown of these payables at 31 December 2013.

Payables	Trade payables €/000	Miscellaneous €/000	Group VAT scheme €/000	Total €/000
Alicros S.p.A.	-	-	1,154	1,154
Campari America (Skyy Spirits, LLC)	254	19	-	273
Campari Argentina S.A.	-	20	-	20
Campari Australia Pty Ltd.	-	3	-	3
Campari Benelux S.A.	-	60	-	60
Campari Do Brasil Ltda.	228	15	-	243
Campari España S.L.	-	670	-	670
Campari International S.A.M.	-	2	-	2
Campari International S.r.l.	-	12	-	12
Campari Mexico, S.A. de C.V.	69	-	-	69
Campari Schweiz A.G.	-	8	-	8
Campari Wines S.r.l.	9	-	-	9
Glen Grant Ltd.	239	22	-	261
J.Wray&Nephew Ltd.	518	1	-	519
Kaloyannis-Koutsikos Distilleries S.A.	11	-	-	11
Sella&Mosca S.p.A.	118	443	-	561
T.J. Carolan&Son Ltd.	107	-	-	107
Total	**1,553**	**1,275**	**1,154**	**3,982**
Payables to directors	-	1,506	-	1,506
Total	**1,553**	**2,781**	**1,154**	**5,488**

The Parent Company owes the ultimate shareholder Alicros S.p.A. € 1,154 thousand for Group VAT. A long-term tax receivable is also recorded in the sum of € 1,936 thousand. Amounts due to and from Alicros S.p.A. are non-interest-bearing.

Amounts with related parties in Income statement

	31 December 2013	31 December 2012
	€/000	€/000
Net sales and cost of goods sold	185,873	171,486
Advertising and promotional costs	4,603	1,552
Overheads	6,187	9,514
Dividends	112,719	3,077
Net financial income (charges)	(8,188)	(5,020)
Total	**301,194**	**180,609**

The amounts of trade and financial transactions entered into with related parties are set out below.

	Revenues €/000	Dividends €/000	Costs €/000	Total €/000
Alicros S.p.A.	141	-	-	141
Campari (Beijing) Trading Co. Ltd.	987	-	-	987
Campari America (Skyy Spirits, LLC)	14,318	-	(1,035)	13,283
Campari Argentina S.A.	1,898	-	(20)	1,878
Campari Australia Pty Ltd.	12,428	-	(3)	12,425
Campari Austria GmbH	8,885	-	-	8,885
Campari Benelux S.A.	9,873	-	(8,768)	1,105
Campari Deutschland GmbH	63,021	-	(239)	62,782
Campari do Brasil Ltda.	4,620	-	(627)	3,993
Campari España S.L.	1,678	-	-	1,678
Campari International S.A.M.	17,164	-	(1)	17,163
Campari International S.r.l.	19,000	-	(14)	18,986
Campari Japan Ltd.	24	-	-	24
Campari Mexico, S.A. de C.V.	2,171	-	(410)	1,761
Campari RUS OOO	33,692	-	-	33,692
Campari Schweiz A.G.	9,585	-	(8)	9,577
Campari Ukraine LLC	212	-	-	212
Campari Wines S.r.l.	3,010	-	(121)	2,889
CJSC 'Odessa Sparkling Wine Company'	623	-	-	623
DI.CI.E. Holding B.V.	19	106,565	-	106,584
Glen Grant Ltd.	297	-	(9,134)	(8,837)
J.Wray&Nephew Ltd.	237	-	(883)	(646)
J.Wray&Nephew (UK) Ltd.	-	-	(297)	(297)
Kaloyannis-Koutsikos Distillieres S.A.	3	-	(22)	(19)
Lamargue S.a.r.l.	1	-	-	1
Sella&Mosca S.p.A.	1,149	-	(478)	671
Société Civile du Domaine de Lamargue	13	-	-	13
T.J. Carolan&Son Ltd.	5,632	6,154	(291)	11,495
Wray&Nephew (Canada) Ltd.	145	-	0	145
Total	**210,826**	**112,719**	**(22,351)**	**301,194**

For further observations on the dividends received from Di.Ci.E. Holding B.V., see Note 23 on Holdings in Subsidiaries.

Directors and general managers

The remuneration paid to the Company's directors with strategic responsibilities is set out below.

	2013 €/000	2012 €/000
Short-term benefits	4,646	4,734
Defined contribution benefits	41	39
Stock options	1,197	1,219
Total	**5,884**	**5,992**

43. Employees

All of the Company's employees are based in Italy. The number of staff in each category is shown below.

	31 December 2013	31 December 2012
Managers	92	81
Office staff	394	385
Manual workers	176	181
Total	**662**	**647**

44. Publication of payments pursuant to article 149-*duodecies* of the Consob Issuer Regulation

PricewaterhouseCoopers S.p.A. has been engaged to audit the separate financial statements and the consolidated financial statements of Davide Campari-Milano S.p.A. from 2010 to 2018.

The following table, pursuant to article 149-*duodecies* of the Consob Issuer Regulation, shows payments made for 2013 for external auditing activities and for miscellaneous auditing services provided by the PricewaterhouseCoopers network. Also note that these services are compatible with the provisions of Legislative Decree 39 of 27 January 2010.

	Party that provided the service	Recipient	2013 fees
			€/000
Audit	PricewaterhouseCoopers S.p.A.	Parent Company - Davide Campari-Milano S.p.A.	254
	PricewaterhouseCoopers S.p.A.	Subsidiaries	614
	PricewaterhouseCoopers network	Subsidiaries	831
Other services	PricewaterhouseCoopers S.p.A.	Parent Company - Davide Campari-Milano S.p.A	49
	PricewaterhouseCoopers S.p.A.	Subsidiaries	8
	PricewaterhouseCoopers network	Parent Company - Davide Campari-Milano S.p.A.	317
	PricewaterhouseCoopers network	Subsidiaries	189
Total			**2,262**

Other services relate to assistance in the development of information system procedures not belonging to finance area for € 317 thousand, in tax compliance review for € 189 thousand and attestation services on corporate sales and acquisitions.

45.Subsequent events

No significant events took place after the end of the year.

46. Proposal for the appropriation of profit

In conclusion to these notes to the financial statements, we invite you to approve the financial statements for the year ending 31 December 2013 and to allocate the profit for the year of € 185,006 thousand as follows:

- distribution of a dividend of € 0.08 per ordinary share outstanding, except for own shares held by the Company at the ex-date; including own shares currently held, the total dividend is € 46.1 million;
- the remaining amount of around € 138.9 million to be carried forward as retained earnings.

It is proposed that the dividend of € 0.08 per share outstanding be paid on 22 May 2014 (payment date), with an ex-date of 19 May 2014 and a record date of 21 May 2013, pursuant to article 83-534-terdecies of the *Testo Unico della Finanza* law.

Sesto San Giovanni (MI), 12 March 2014

Chairman of the Board of Directors

Luca Garavoglia

Certification of the separate financial statements

pursuant to article 81-*bis* of Legislative Decree 11971 of 14 May 1999 and subsequent revisions and amendments

1. We, Robert Kunze-Concewitz, Stefano Saccardi, managing directors, and Paolo Marchesini, managing director and the director responsible for preparing the accounting documents of Davide Campari-Milano S.p.A., hereby certify, taking into account the provisions of paragraphs 3 and 4, TUF:

• the appropriateness, in relation to the nature of the business, and

• the effective application

of the administrative and accounting procedures used to prepare the separate financial statements for 2013.

2. We further certify that

2.1. The separate financial statements at 31 December 2013:

a) were prepared in accordance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) correspond to the figures contained in the accounting records;

c) provide a true and fair view of the issuer's financial position.

2.2. The report on operations contains an accurate assessment of the company's performance and operating results, and on the position of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Sesto San Giovanni (MI), Wednesday, 12 March 2014

Chief Executive Officer
Robert Kunze-Concewitz

Chief Executive Officer
and director responsible for preparing the company's accounting statements
Paolo Marchesini

Chief Executive Officer
Stefano Saccardi

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AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY

To the shareholders of
Davide Campari-Milano SpA

1 We have audited the consolidated financial statements of Davide Campari-Milano SpA and its subsidiaries ("Campari Group") as of 31 December 2013 which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes. The Directors of Davide Campari-Milano SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements of the prior year are presented for comparative purposes. As explained in the notes, the directors have adjusted some comparative data related to the consolidated financial statements of the prior year, on which we issued our audit report dated 21 March 2013. The criteria used for restating the comparative information and the related disclosure reported in the notes, were subject to our audit for the purpose of issuing our opinion on the consolidated financial statements as of 31 December 2013.

3 In our opinion, the consolidated financial statements of Campari Group as of 31 December 2013 comply with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Campari Group for the period then ended.

4 The Directors of Davide Campari-Milano SpA are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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published in section "investors/corporate governance" of the corporate website of Davide Campari-Milano SpA in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the report on corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by CONSOB. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the report on corporate governance and ownership structure are consistent with the consolidated financial statements of Campari Group as of 31 December 2013.

Milan, 27 March 2014

PricewaterhouseCoopers SpA

Signed by

Fabio Facchini
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

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AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

To the shareholders of
Davide Campari-Milano SpA

1 We have audited the separate financial statements of Davide Campari-Milano SpA as of 31 December 2013 which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes. The Directors of Davide Campari-Milano SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these separate financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 21 March 2013.

3 In our opinion, the separate financial statements of Davide Campari-Milano SpA as of 31 December 2013 comply with the International Financial Reporting Standards, as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Davide Campari-Milano SpA for the period then ended.

4 The Directors of Davide Campari-Milano SpA are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure published in section "investors/corporate governance" of the corporate website of Davide Campari-Milano SpA, in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the report on

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Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by CONSOB. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the report on corporate governance and ownership structure are consistent with the separate financial statements of Davide Campari-Milano SpA as of 31 December 2013.

Milan, 27 March 2014

PricewaterhouseCoopers SpA

Signed by

Fabio Facchini
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

REPORT OF THE BOARD OF STATUTORY AUDITORS

pursuant to Article 153 of Legislative Decree No. 58/1998 and Article 2429 of the Italian Civil Code

Dear Shareholders,

This report refers to the activities conducted by the Board of Statutory Auditors of Davide Campari Milano S.p.A. (hereinafter the "Company" and jointly with its subsidiaries the "Group") for the financial year ended at 31 December 2013 (hereinafter the "Financial year").

The Board of Statutory Auditors in office was appointed by the Shareholders' Meeting of 30 April 2013 for the three-year period 2013-2015, in compliance with the procedures set out in the Articles of Association and applicable regulations, specifically with regard to the requirement that the Chairman of the Board of Statutory Auditors be elected from the slate filed by minority shareholders, and respect for gender equality.

1. In carrying out supervisory and control activities, the Board of Statutory Auditors acknowledges that:

   a) it has monitored compliance with the law, Articles of Association and adherence to the principles of correct administration, pursuant to Article 2403 of the Italian Civil Code and Article 149 of Legislative Decree no. 58/1998 (hereinafter the "T.U.F") and in accordance with the requirements of Consob communication no. 1025564 of 6 April 2001 and subsequent amendments and taking into account the standards issued by the Italian association of chartered accountants;

   b) it has taken part in the meetings of the Board of Directors and the Control and Risk Committee, required by Article 22 of the Articles of Association, and it has periodically received information from the directors about the general business performance and outlook, as well as the most significant economic, financial and capital transactions approved and implemented during the financial year, by the Company and Group companies, also in compliance with Article 150, paragraph 1 of the T.U.F. The Board of Statutory Auditors believes that the transactions approved and implemented comply with the law and with the Articles of Association and are not manifestly imprudent or risky, or in potential conflict of interest, or contrary to the resolutions approved by the Shareholders' Meeting or such that would compromise the integrity of the share capital. The resolutions of the Board of Directors are executed with the utmost compliance by management and by the organisation;

   c) it has not found atypical and/or unusual transactions with Group companies, third parties or related parties, nor has it received indications of such from the Board of Directors, the independent auditors or the director of the internal control and risk management system. In the Report on Operations, the Board of Directors provided an appropriate description of the impact of the most significant operational, financial and balance-sheet transactions carried out as part of ordinary operations with subsidiaries under normal market conditions. Based on the results of the activities conducted by the Internal Audit department, the Board of Statutory Auditors also believes that any related-party transactions were adequately managed. The Board of Statutory Auditors wishes to point out that from 1 January 2011 the Company adopted procedures for related-party transactions in compliance with the requirements of Consob Regulation 17221 of 12 March 2010 and Consob Communication of 24 September 2010, in addition to specific standards in the Group's Code of Ethics to prevent or manage transactions in which there are situations of conflict of interest or personal interest of the directors. Pursuant to Article 4 of the above-mentioned Regulation, the Board of Statutory Auditors verified that the procedures adopted complied with the principles of this Regulation, and checked that they were being followed;

d) it has reviewed and supervised the adequacy of the organisational structure of the Company with regard to competence, compliance with principles of correct administration, by gathering information from the heads of the competent corporate functions and holding meetings with representatives of the independent auditors, PricewaterhouseCoopers S.p.A., appointed to conduct the statutory audit, including for the purposes of exchanging of important data and information, from which no serious issues arose. In addition, no serious issues arose from the annual reports issued by the Board of Statutory Auditors of the subsidiaries Sella&Mosca S.p.A., Campari Wines S.r.l and Campari International S.r.l.;

e) it has evaluated and supervised, as far as its responsibility pursuant to Article 19 of Legislative Decree 39/2010 is concerned, the financial information process, the adequacy of the internal control, administrative and accounting systems, as well as the reliability of the latter for the purpose of providing a true and fair view of operations by:

i. the periodic exchange of information with the CEOs and, specifically, with the director in charge of preparing corporate accounting documents pursuant to Article 154-*bis* of the T.U.F.;
ii. the examination of the reports prepared by the head of the Internal Audit department including information on the outcome of any corrective measures undertaken following the audit activities;
iii. the acquisition of information from the heads of corporate functions;
iv. meetings and exchanges of information with the control and administrative bodies of the subsidiaries Sella&Mosca S.p.A., Campari Wines S.r.l. and Campari International S.r.l. pursuant to paragraphs 1 and 2 of Article 151 of the T.U.F. during which the Board of Statutory Auditors acquired information about administrative and control systems and general business performance of the company.
v. performing detailed analysis of activities performed, and reviewing the results of the work of the external auditor;
vi. participating in the work of the Audit Committee, and when specific issues so required, jointly working with the committee on such issues.

From the work carried out, no irregularities were found that indicated inadequacies in the internal control and risk management system;

f) it has held meetings with the managers of the independent auditors, pursuant to Article 150, paragraph 3 of the T.U.F. and Article 19 of Legislative Decree no. 39/2010, during which no facts or situations emerged which should be highlighted in this report, and that it monitored events pursuant to Article 19 of Legislative Decree No. 39/2010;

g) it has monitored the implementation methods of the Code of Conduct for Listed Companies, promoted by Borsa Italiana S.p.A., adopted by the Company, under the terms illustrated in the Report on Corporate Governance and Ownership Structure approved by the Board of Directors on 12 March 2014. The Board of Statutory Auditors has also verified the correct application of the criteria and assessment procedures adopted by the Board of Directors for ascertaining the independence of its members. The Board of Statutory Auditors has also verified the compliance of the criteria of independence of its members, as required by the above-mentioned Code of Conduct, also acknowledging compliance with the limit on simultaneous offices set out in Article 144-*terdecies* of the Issuer Regulation adopted through Consob resolution 11971 of 14 May 1999;

h) it has seen and obtained information about activities of an organisational and procedural nature implemented pursuant to Legislative Decree No. 231/2001 on the administrative liability of organisations. The Board of Statutory Auditors noted that the Board of Directors meeting held on 30 April 2013, taking advantage of the right granted by paragraph 4 *bis*, Article 6 of Legislative Decree 231/2001, granted the Board of Statutory Auditors the functions pertaining to the Supervisory Body pursuant to paragraph 1, B), Article 6 of said Legislative Decree 231/01. During our activities we monitored the operation and effectiveness of the organisation, management and control model adopted by the Company, also taking into account its adequacy and updating;

i) it had confirmed that the information flows provided by the non-EU subsidiaries are adequate to conduct audits of the annual and infra-annual accounts as required by Article 36 of the Market Regulations adopted through Consob resolution 16191 of 29 October 2007;

j) it monitored the implementation of organisational measures related to the development of corporate activities.

The Board of Statutory Auditors also released its opinions pursuant to Article 2389 of the Italian Civil Code in the light of the evaluations of the Remuneration and Appointments Committee required by Article 22 of the Articles of Association.

The Board of Statutory Auditors met six times in 2013, also attending the meetings of the Board of Directors and the Control and Risk Committee.

Taking into account the information acquired, the Board of Statutory Auditors believes that the activities have been conducted in compliance with the principles of correct administration and that the organisational structure, system of internal control, and the accounting and administrative system are fully adequate for corporate requirements.

2. As far as relations with the independent auditors are concerned, the Board of Statutory Auditors reports that:

   a) the independent auditors PricewaterhouseCoopers S.p.A. today issued the "annual confirmation of independence", pursuant to Article 17, paragraph 9, a) of Legislative Decree no. 39/2010;

b) the independent auditors PricewaterhouseCoopers S.p.A. today issued the report required by Article 19, paragraph 3 of Legislative Decree No. 39/2010 which states that no significant shortcomings have been detected in the internal control system with regard to the financial information process;

c) the independent auditors PricewaterhouseCoopers S.p.A. today released, pursuant to Articles 14 and 16 of Legislative Decree No. 39/2010, the reports which show:
i. that the separate and consolidated financial statements as at 31 December 2013 have been clearly prepared and are a true and fair view of the Company's and Group's balance sheet, financial situation, operating results, changes in shareholders' equity and cash flows for the Financial Year;
ii. the consistency of the Reports on Operations and the information in paragraph 1, c), d), f), l), m) and paragraph 2, b) of Article 123-*bis* of the T.U.F., in the Report on corporate governance and ownership structure, with the consolidated and separate financial statements;

d) in addition to the tasks required by the regulations for listed companies, as stated in the Notes to the financial statements, the independent auditors PricewaterhouseCoopers S.p.A. and the companies belonging to the PricewaterhouseCoopers S.p.A. network have been appointed to carry out services other than auditing, for a sum of € 563,000, compatible with the provisions of Article 17 of Legislative Decree no. 39/2010.
Also taking into account the above, the Board of Statutory Auditors believes that there are no critical issues with regard to the independence of PricewaterhouseCoopers S.p.A.;

e) during the year, the external auditor did not issue any opinions required by law since the prerequisites for issuing such opinions were not met.

3. The Board of Statutory Auditors is not aware of any facts or statements that should be reported to the Shareholders' Meeting. During the course of the work carried out, and on the basis of information obtained, no omissions, non-conformities, irregularities or other circumstances were identified that would require notification to the Supervisory Body or mention in this report. Note that during the Shareholders' Meeting of 30 April 2013, one shareholder filed a complaint pursuant to Article 2408 of the Italian Civil Code. Specifically, the shareholder, believed the notice to call the Shareholders' Meeting on 30 April 2013 was non-compliant where it stated that questions should be sent by the end of the third trading day prior to the date set for the Meeting, while Article 127-*ter* of the T.U.F. indicates that: "The deadline may not be earlier than three days prior to the date of the shareholders' meeting at first or single call…".
The Board of Statutory Auditors believes that the right to submit questions was not prejudiced since shareholders were also able (in accordance with the law) to submit questions during the Shareholders' Meeting. In the light of the above, therefore, given the actual subject of the dispute, as well as taking into consideration that the shareholder was given an exhaustive to reply to questions at the Meeting, the Board unanimously believes that what the shareholder has stated does not constitute non-compliance or a dispute pursuant to Article 2408 of the

Italian Civil Code and has therefore decided not to pursue the above-mentioned dispute.

4. The Board of Directors has handed over the financial statements and the Report on Operations to the Board of Statutory Auditors. To the extent of its authority, the Board of Statutory Auditors reports that the layouts used are in compliance with the law, that the accounting principles used, which are described in the notes to the financial statements, are appropriate for the activities and transactions carried out by the Company, that the procedure adopted (impairment test) to identify any impairment losses on goodwill and trademarks reported in the financial statements is appropriate, and that the financial statements correspond to the facts and information as identified by the Board of Statutory Auditors following its participation in meetings with corporate bodies and the supervisory activities undertaken.

5. Taking into account the results of the specific tasks performed by the external auditors in its audit of the accounting records and of the reliability of the company financial statements, as well as its own supervisory activities, the Board of Statutory Auditors expresses its favourable opinion concerning the approval of the company financial statements at 31 December 2013 and agrees with the proposal of the Board of Directors concerning the distribution of profits.

Milan, 27 March 2014

For the Board of Statutory Auditors
The Chairman
Pellegrino Libroia