Esprinet Group

Annual Report
2012

This report has been translated into the English language from the original
which was issued in Italian, solely for the convenience of international readers

Parent Company:

Esprinet S.p.A.
VAT number: IT 02999990969
Monza and Brianza Companies' Register and Tax number: 05091320159
Repository of financial and administrative information (R.E.A.) number: 1158694
Registered office and administrative HQ: Via Energy Park 20, 20871 Vimercate (MB), Italy
Subscribed and paid-in share capital as at 31/12/2012: euro 7,860,651
www.esprinet.com - info@esprinet.com

GENERAL CONTENTS

[1] Each booklet has a separate table of contents to facilitate the reader

esprinet®

Director's Report on Operations 2012

Consolidated results overview

1. Letter from the Chairman

Dear Shareholders,

The Esprinet Group closed the 2012 financial year with net profits of 23.3 million euro, up 193% on the previous year and with a positive net financial position of 61.1 million euro, as against the 42.7 million euro of 31 December 2011, even if with a -8% decrease in sales to 1.93 billion euro.
The 2011 year's income was impacted by a goodwill write-down, mainly relating to the Spanish operations, whose value was higher than 19.8 million euro.
Compared with the actual income results of 2011, which would have been 43.5 million euro, without the abovementioned goodwill write-down, the 2012 operating income (36.6 million euro) decreased by -16%.
The Group also maintained in 2012 its historical and uncontested leadership in terms of market share, in fact gaining, new market share in Italy(Source: GTDC-Context) while keeping the same market share in Spain, and achieving the third position in the Spanish distributor ranking, closely dogging its two main multinational competitors.

In 2012 PC desktop and notebook sales volume continued to decrease by more than -27% compared to 2011, above all in "*consumer*" segment. This fall was balanced by a dramatic growth of *tablet* and *smartphone* sales, while further products sales decreased by -5% and -10%.
Analysing the customer type, a moderate decrease was noted for professional *resellers* while sales to larger wholesalers reduced by more than 20%, reflecting the difficult macro-economic situation regarding in particular the durable investment expenses of the end-user compared to business demand, some of whom took advantage of their own customer export capability.

Despite the particularly complex market scenario our Group was able to guarantee operating returns still significantly above the sector average and was also able to create value that testify the efficiency of its competitive positioning and the positive perspective to face the challenges and the opportunities of the financial crisis of the actual economy, affecting also the current fiscal year.

Italian operations

The year 2012 was characterised by a deterioration of the macroeconomic scenario due to both the progressively increased unemployment rate and to a higher fiscal impact that reduced to purchasing power of consumers.
This situation combined with the technological discontinuity due to the tablet and smartphone diffusion at the expense of traditional PC and notebook selling.
The combined effect of these aspects led to a drastic decrease in sales to *"retailers"* and, as a consequence, to a relevant reduction of the absolute value of the product margin.
The Group adopted an austere monitoring strategy towards the sales to professional *resellers* (s.c. "*dealer*" and/or VAR – *Value Added Resellers*) that allowed them to maintain a high turnover, check the collection time, at the expense of the sales growth rate.
This precautionary measure, however, is proving to be the best decision to make in the historical period we are facing, also considering the dramatic deterioration of the main indicators of the Italian industry solvability in general and of our sector in particular, characterised by a higher presence of PMI (small and medium size companies) and "SoHo" than in other sectors.
Thanks to this strategy, and the consequent high credit standing, the Group was able to take advantage of the opportunities rising from the market exit of some important players in ICT distribution, who ceased to operate in 2012.
The net result of the aforementioned led to an increase of our market share and to a significant improvement in our financial situation, highlighting a management line which combines long term vision capability and a focus on making the most of short term opportunities.

Concerning costs a reorganizational strategy of the operative structure went ahead, while at the same time pursuing the desire to continue actively investing in specialised resources on high-potential market segments, also in the light of the consolidation process currently in force.

Therefore the structures devoted to the so called "value added products" – managed by the parent company V-Valley – and to the consumer electronics products, with particular focus on the "*mobility*", were further strengthened.

Effective from January 2013, moreover, after 12 years in Nova Milanese (MB), the registered office of Esprinet transferred to Vimercate.

Spanish operations

The 2012 macro-economic scenario of Spain was very similar to that of Italy, and characterised by a continual reduction of the purchasing power of end users, particularly hit by an unemployment rate higher than 25%.
A negative aspect of our activities in Spain is both that they depend much more on "*retailer*" sales than in Italy, and that during the financial year no market share was made available following the market exit of some competitors, as occurred in Italy.
In contrast to the Italian activities, which showed an increased market share (source: GTDC-Context) despite a reduction in turnover, the abovementioned circumstances determined the stabilization of our market share in Spain.
The reduction of the weight of sales to "*retailers*" had however a positive effect on product margin rate, counterbalancing, at least partially, the loss in absolute value of the margin related to the decrease in sales volume.
Having foreseen the crisis of the IT industry since 2010, our strategy during the years was based on a rationalisation of costs and on reduction of the operative break-even point. This allowed the Company to have operating returns still significantly above the sector average even if the fiscal year was characterised by a dramatic drop in sales volume.
With respect to the management of working capital we continue to improve the stock turnover percentage, which at this time has returned to a point absolutely in line with the historical average level of the Company.
The credit quality is proving to be excellent, with a decreased impact on credit losses, even while the financial situation for most of the customer portfolio is progressively deteriorating.

New initiatives

In 2013 the Group is maintaining the strategy for the consolidation of its presence in the "value added" products segment in Italy, while starting in Spain a process of penetration in the same segment
Sales of Mobile telephone accessories ("*smartphones*" and "*feature phone*") continue to develop in Italy, while in Spain sales are still modest, partly due to different sales models adopted by mobile companies.
The focus of the Group is nevertheless aimed towards searching for new opportunities in value added segments, i.e. products for "*datacenter*", the accessories or in general the provision of value added services, both to *retailers* and to *resellers;* also utilising "*sales specialists*" in specific product lines to support sellers of a wide range of products with the intention of driving areas with higher intrinsic profit.
We believe that the current process of market consolidation can offer further opportunities, above all in Spain where the crisis has not yet forced any competitors to be sold or to cease operating.
We will vigorously persist with our control strategy and be increasingly focused on structural costs and on the selection of the costumer creditworthiness, while at the same time continuing to realise selective investments in personnel and in support structures, in order to reinforce the product and customer segments strategically more appealing.

Conclusion

The already complex macro-economic scenario has progressively deteriorated in the first months of 2013. The credit crunch is particularly worrying, and causing problems to the Italian industrial market, historically characterised by a large number of small and medium size companies which are undercapitalized and depend on the bank system.
We consequently believe that the solidity of our assets, the reputation of the Group, the capability and the competence of its personnel and collaborators and the constant bent to operating return flow can represent both a defence tools and a competitive advantage to financially less liable competitors.
On these basis the Group can face the current year with trust and consciousness that the reliability and coherence of the commercial behaviour and the prudence in risk management could allow it not only to ride out the current crisis, but also turn them into growth opportunities in medium term.

As every year, I must thank all our customers and suppliers believing in our work and honouring us with their trust, day after day.
And a special thought is also reserved, as always, to the everyone working at our Group's companies, whose daily care, skill and honesty contribute to the growth of our shareholders' prosperity.

Thank you for investing in our Company.

Francesco Monti
Chairman of the Board of Directors

2. Summary of the Group's economic and financial results

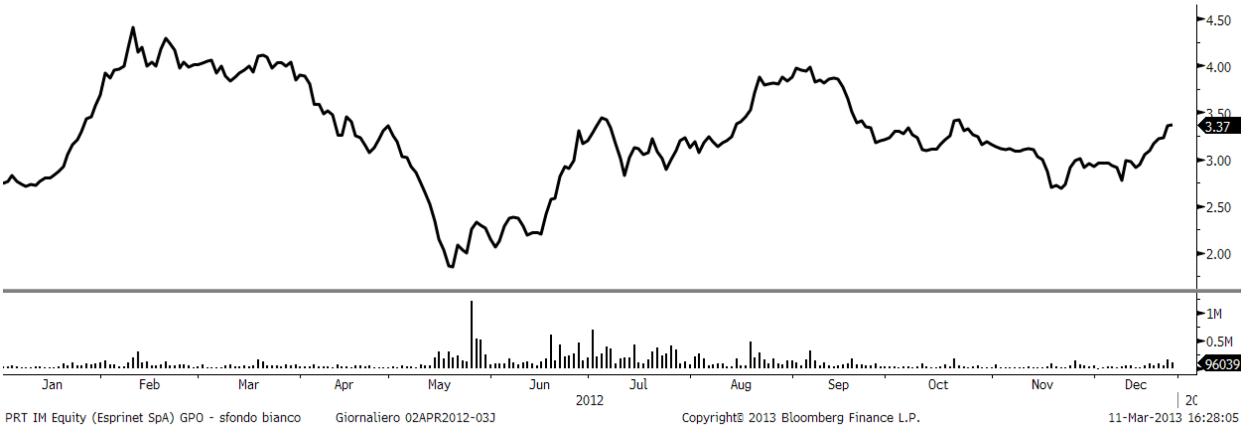
The 2012 economic and financial results and those of the relative periods of comparison have been drawn up according to International Financial Reporting Standards ('IFRS') endorsed by the European Union and in force during the period.
In the table, in combination with IFRS defined measures, some 'alternative performance measures', not defined from IFRS, are presented. These 'alternative performance measures', consistently presented in previous reports and not intended as substitute of IFRS defined measures, are internally used by the management for measuring and controlling the Group's profitability, performance, asset structure and financial position.
As required by CESR (Committee of European Securities Regulators) recommendation n. CESR/05-178b, basis of calculation adopted are defined below the table.

(euro/'000)	**2012**	**%**	**2011**	**%**	***% var. 12/11***	**2010**	**%**
Profit & Loss							
Sales	1,931,900	100.0%	2,096,480	100.0%	*-8%*	2,205,174	100.0%
Gross Profit (1)	131,676	6.8%	137,759	6.6%	*-4%*	132,417	6.0%
EBITDA (2)	39,843	2.1%	47,218	2.3%	*-16%*	61,276	2.8%
Operating Income (EBIT)	36,564	1.9%	23,632	1.1%	*55%*	55,832	2.5%
Profit before income tax	33,275	1.7%	18,306	0.9%	*82%*	48,897	2.2%
Net Income	23,338	1.2%	7,967	0.4%	*193%*	32,873	1.5%
Financial Data							
Cash flow (3)	26,062		11,220			36,692	
Gross Investment	6,904		2,371			891	
Net working capital (4)	93,242		94,893			113,803	
Operating net working capital (5)	102,939		110,460			128,883	
Fixed assets (6)	97,237		95,047			117,869	
Net capital employed (7)	178,775		177,001			216,405	
Net equity	239,875		219,719			219,395	
Tanginel net equity (8)	165,728		146,083			125,534	
Net financial debt (9)	(61,100)		(42,718)			(2,990)	
Main indicators							
Net financial debt / Net equity	(0.3)		(0.2)			(0.0)	
Net financial debt / Tangible net equity	(0.4)		(0.3)			(0.0)	
EBIT / Net finance costs	11.1		4.4			8.1	
EBITDA / Net finance costs	12.1		8.9			8.8	
Net financial debt / EBITDA	(1.5)		(0.9)			(0.0)	
Operational data							
N. of employees at end-period	971		961			966	
Average number of employees (10)	966		964			945	
Earnings per share (euro)							
- basic	0.46		0.16		*188%*	0.64	
- diluted	0.45		0.16		*181%*	0.64	

(1) Different amounts from those published in the previous reports owing of some not material reclassifications in 'Cost of goods sold' and 'operating costs', detailed in the section "Changes in the accounting estimates and reclassifications", to which reference is made.
(2) EBITDA is equal to the operating income (EBIT) gross of amortisation and depreciation and accruals for risks and charges.
(3) Sum of consolidated net profit and amortisation and depreciation.
(4) Sum of current assets, non-current assets held for sale and current liabilities, gross of short-term net financial position.
(5) Sum of trade receivables, inventory and trade payables.
(6) Non-current assets net of assets for derivative financial instruments.
(7) Equal to the specific capital invested at the end of the period, calculated as the sum of the net working capital plus fixed assets net of non-current non-financial liabilities.
(8) Equal to net equity less goodwill and intangible assets.
(9) Sum of borrowings, cash and cash equivalents, assets/liabilities for financial derivatives and financial receivables from factoring companies.
(10) Average of the initial and final balance for the period of the companies consolidated

3. Share performance

Esprinet S.p.A. ordinary shares (ticker: PRT IM) have been listed in the STAR segment of the MTA market of Borsa Italiana S.p.A., the Italian Stock Exchange, since 27 July 2001.
The graph below illustrates the share performance from January 2 till December 28 2012:



As at 31 December 2012, the official closing price of the Esprinet share was 3.3771 euro, increasing by 25.36% compared to its quotation at the beginning of the year (2.740 euro).
Compared with a placement price of 1.4 euro per share in July 2001, taking into account the 1:10 share split-up effected during 2005 and without considering the reinvestment of the dividends paid out in shares, growth was 196.24%.
The average quotation in 2012 was 3.2428 euro; the maximum official price reached during the year was 4.402 euro, recorded on February 9.
During the year, a dividend of 0.089 euro per share was distributed, a 2.74% dividend yield when compared with the average quotation of the year.

An average volume of 102,589 shares per day was traded during 2012, 39.98% more than the average volumes daily traded in 2011 (73,290). Volumes reached an all-time high (1,218,596 shares traded) in the session held on May 25 2012. Average volumes daily traded were 205,947 shares in the same month.

As at March 8 2013 the Esprinet share price was 3.5124 euro, a 3.03% increase since the beginning of the year (3.4092 euro). Average daily trading up to the same day was 64,014 shares per day.

Call of Shareholders' Meeting abstract

ESPRINET S.p.A.
Headquarter in Vimercate (MB), Via Energy Park n. 20
Share capital € 7,860,651.00, fully paid-up
Listed on the Register of Companies of Monza and Brianza at number 05091320159
Tax code 05091320159 - VAT number 02999990969 – Economic Administrative Index MB-1158694
Website: www.esprinet.com

Notice of Ordinary Meeting of Shareholders

The Ordinary Meeting will be held at the AtaHotel Executive, Viale Sturzo 45, Milan, at 10:00 a.m. on 24 April 2013 (first call), and if necessary a second meeting will be called at 10:30 a.m. on 29 April 2013, to discuss the following

Agenda

1. Financial statements of Esprinet S.p.A. as at 31 December 2012:
    - 1.1. Approval of 2012 Financial Statements; Directors' Report on Operations, Statutory Auditors' Report, Independent Auditors' Report, presentation of the Consolidated Financial Statement of Esprinet Group as at 31 December 2012.
    - 1.2. Allocation of income of the year.
2. Integration of the Board of Directors naming a new director pursuant to art. 2386, subsequent resolutions.
3. Report of remuneration; resolutions regarding the first part of the report pursuant to paragraph 6 art. 123-*ter* decree law 58/1998
4. Proposal for authorisation of a 18-month buy-back plan for the maximum number of shares legally allowed: correlated repeal of the authorisation for the plan, or the unused portion of it, resolved during the Shareholders' Meeting of 9 May 2012.

For information about the company's share capital, on the right to amend the agenda and presentation of new resolution proposals, on the entitlement to attend the meeting and to be represented by proxy, as well as on the right to ask questions before the meeting, please refer to the complete call published on the internet site of the Company www.esprinet.com Investor Relations section, Corporate Documents – 2013 Shareholders Meeting.

DOCUMENTATION

Documentation required by law relating to the Meeting agenda, resolution proposals included, will be available to the public by the legal deadline, at the company's head office and at Borsa Italiana S.p.A. The shareholders may obtain a copy of the documentation which will be published on the Company's website www.esprinet.com, Investor Relations – Corporate Documentation – 2013 Meeting.

Those authorised to attend and vote are invited to arrive at least one hour before the start of the Meeting, in order to facilitate the registration process.

Corporate Governance

1. Company Officers

Board of Directors:

(Mandate expiring with approval of accounts for the year ending 31 December 2014))

Chairman	Francesco Monti	(SC)
Deputy Chairman	Maurizio Rota	(SC)
Chief Executive Officer	Alessandro Cattani	(SC)
Director	Giuseppe Calì	(SC)
Director	Stefania Calì	(SC)
Director	Valerio Casari	
Director	Andrea Cavaliere	(InD) (CRC) (RAC)
Director	Mario Massari	(InD) (CRC) (RAC)
Director	Paolo Vantellini (*)	(InD) (CRC) (RAC)
Director	Marco Monti	(SC)
Director	Umberto Giovanni Quilici	(InD)
Director	Chiara Mauri	(inD) (CRC)
Director	Cristina Galbusera	(InD) (RAC)
Secretary	Paolo Fubini	Studio Fubini Jorio Cavalli

Notes
(InD)= Indipendent director
(CRC) = Control and Risks Committee
(RAC) = Remuneration and Appointments Committee
(SC)= Strategy Committee

(*) Resigned on December 17 due to new professional engagement

Board of Statutory Auditor:

(Mandate expiring with approval of accounts for the year ending 31 December 2014)

Permanent Auditor	Emanuele Calcaterra
Permanent Auditor	Mario Conti
Alternate Auditor	Silvia Santini
Alternate Auditor	Maurizio Rusconi

Independent Auditors:

(Mandate expiring with approval of accounts for the year ending 31 December 2018)

Reconta Ernst & Young S.p.A.

2. Waiver of the obligations to provide information on extraordinary transactions

Pursuant to article 70, section 8, and article 71, section 1-bis, of the Issuers' Regulations issued by Consob, on 21 December 2012 the Board of Directors of Esprinet S.p.A. resolved to make use of the right to waive the obligations to publish the information documents stipulated for significant transactions relating to mergers, demergers, increases in capital by the contribution of goods in kind, acquisitions and transfers.

3. Corporate governance

Esprinet S.p.A. adheres to and complies with the Corporate Governance Code for Italian Listed Companies (the Code), adapted and supplemented in accordance with the Group's characteristics.
During 2010 and 2011 the aforementioned Code was supplemented and amended which partly changed its appearance compared with the version referred to in the previous year's Report on Corporate Governance. The current version was finally approved in December 2011.
During 2012 the Company confirmed to the recommendations of the new Code.
In details the "Report of the remuneration of directors and executive with strategic responsibilities" was approved. The contents of the report are furthermore compliant with the guidelines identified by the retiring Nomination and Remuneration Committee.
Last April, moreover, the neo-appointed board of directors constituted the internal committees, following criteria and principals of the new Code.
Finally, in January 2013, the Board of Directors introduced in its "Company by law" the criteria to guarantee the balance between genders, modifying the art. 13 and 19 of the "Company by law" itself and complying both with the requirements of the art. 147-*ter*, paragraph 1-*ter*, and 148, paragraph 1-*bis* of the "Testo Unico della Finanza", and with the Consob Resolution n. 18098 of 8 February 2012.

In compliance with the legal obligations of transparency, a "Corporate Governance Report" is drafted every year with a general description of the corporate governance system adopted by the Group, as well as information regarding its ownership structure, its organisational model as per Legislative Decree No. 231/2001 and its degree of adherence to the Corporate Governance Code for Italian Listed Companies. It also includes the main *governance* practices used and features of the risk management and internal auditing systems regarding the financial reporting process.
The "Report on Corporate Governance and ownership structure" is available under *Investor Relations – Corporate Documents – 2013 Shareholder Meeting* on the Company website (www.esprinet.com).
The Corporate Governance Code for Italian Listed Companies can be consulted on the Borsa Italiana S.p.A. site at www.borsaItaliana.it.

Activities and structure of the Esprinet Group

1. Description of the activities

Esprinet S.p.A. and its subsidiaries (the 'Esprinet Group' or the 'Group') operate in Italy and Spain.
In Italy the Group is active within the following three business areas:

- 'business-to-business' (B2B) distribution of Information Technology (IT) and consumer electronics;
- 'business-to-consumer' (B2C) distribution of IT and consumer electronics;
- 'business-to-business' (B2B) distribution of microelectronic components.

In Spain the Group operates solely in B2B distribution of Information Technology (IT) and consumer electronics.

In the Italian market, the distribution of IT products (hardware, software, value-added services) and consumer electronics constitutes the Group's primary business.
Besides the more traditional IT products (desktop PCs, notebooks, printers, copiers, servers, standard software etc.) the Group also distributes consumables (cartridges, tapes, toners, magnetic supports), networking products (modems, routers, switches), state-of-the-art digital and entertainment products such as photo cameras, video cameras, videogames, LCD TVs, handhelds and MP3 readers.
The 'Sales Analysis' section provides a more detailed description of the main product categories marketed.

Distribution is either to resellers ('business-to-business', including large-scale retail traders/operators), or, solely in Italy and France and only through the subsidiary Monclick S.r.l., to private consumers ('business-to-consumer').
Monclick operates exclusively in the consumer IT and electronics on-line sales sector, through its web-site, www.monclick.it.

In Italy, running alongside this activity is the distribution of microelectronic components (semiconductors – referred to as 'active' devices, 'passive' semiconductors, connections and displays) undertaken by the Comprel S.r.l. subsidiary.

Overall, B2B distribution of technology in Italy accounted for 71.6% of total sales (1,383.1 million euro), B2B distribution of micro-electronic components 1.8% (33.8 million euro) and B2C distribution activities 2.6% (50 million euro) in 2012.
Turnover in Spain was entirely due to B2B distribution of technology, the core business, and accounted for 24% of the total group sales (464.4 million euro).

'Business-to-business' (B2B) distribution of IT and consumer electronics

The Esprinet Group distributes branded IT products (hardware and software) pitching itself at a customer base made up of resellers that in turn target both consumer and business users.
Its markets in geographical terms are Italy and Spain.

The range marketed by the Group consists of approx. 680 brands and services supplied by approx. 188 technology manufacturers (vendors), including all the world's leading technology manufacturers (HP, Acer, Samsung, Microsoft, Epson, Xerox, Toshiba, Sony, Apple, IBM and Lenovo to name just a few).
Esprinet has also been distributing house-branded (Nilox) products (mainly Pc accessories), commissioned by third parties, both in Italy and in Spain.

Customers, made up of the various types of IT resellers present in the Italian and Spanish markets, range from value-added resellers (VAR) to system integrators/corporate resellers, from dealers to shops (independent and/or affiliated stores), from major general and/or specialist retailers to sub-distributors.
Total customers in 2011 were approx. 39,000, approx. 28,000 of which in Italy and approx. 11,000 in Spain.

In recent years, Esprinet has also increased its presence in the office automation area by going on to defend other special customer segments (such as the suppliers and wholesalers of office items and/or supplies, as well as office automation specialists) in a more decisive fashion.

Logistics activities are carried out at the three main logistics centres at Cambiago (MI), Cavenago (MB) and Zaragoza (Spain), all leased premises, totalling approx. 78.000 sqm (approx. 56.000 sqm in Italy and 22.000 sqm in Spain).

'Business-to-consumer' (B2C) distribution of IT and consumer electronics

The Esprinet Group has been selling to private consumers on the on-line IT and consumer electronics market through the fully owned subsidiary company Monclick S.r.l. (www.monclick.it), since May 2005.
Monclick is characterised as being a 'pure' e-tailor, since products are sold exclusively through the Internet channel and delivery is made to the customer's domicile address by-passing sale points and/or physical collection.
The products marketed are included essentially in the following categories: personal computing, printers, audio-video, accessories, photography, telephony, air-conditioning, small and large electric household appliances.

'Business-to-business' (B2B) distribution of microelectronic components

The Esprinet Group is one of the major operators in Italy in the distribution and marketing sector of electronic components for industrial applications through Comprel S.r.l., its fully owned subsidiary.
The products marketed refer essentially to the following families: semiconductors (so-called 'active' devices), passive components, connections, displays and sub-systems.

The business activity consists in purchasing micro-electronic components such as micro-processors, memories or connecting devices, in addition to display sub-systems and single board computer products from manufacturers operating worldwide, and reselling to companies directly involved in the design and production of electronic equipment (so-called 'Original Equipment Manufacturers-OEMs') or to operators that are typically only assigned production activities (so-called 'Contract Electronic Manufacturers-CEMs').

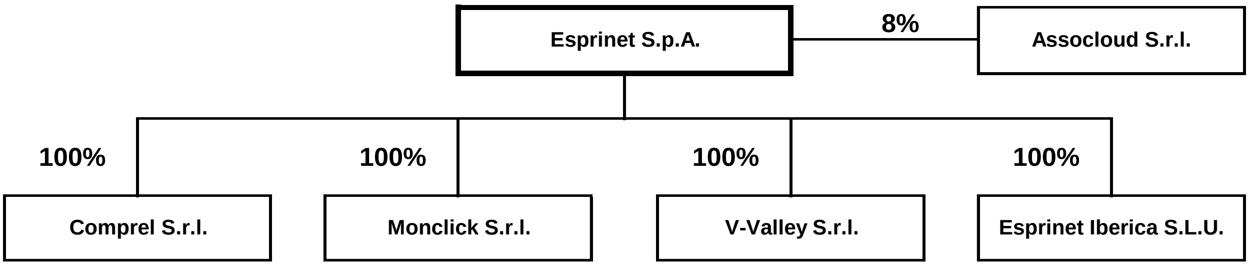
Part of the trade flow is also directed towards the 'retail' or 'sub-distribution' channel.
The customer base is mainly represented by manufacturers operating in the following sectors: industrial automation, telecommunications, automotive, consumer, IT and electro-medical.

Today, Comprel has approximately 100 brands in its products portfolio which includes, in particular, the producers of specialities (or so-called 'designed' products), identified as 'niche' products with a high technological content, non-standard, which require technical expertise in the promotion and designing stages and supplementary commitment to generate demand compared with those of 'commodity' products.

The main brands distributed include Renesas, Kingston, Westcode, Innolux, Ixys, Advantech, Via, Sauro, Winstar, PreciDip,Telit.

2. Group structure

The next chart illustrates the structure of the Esprinet Group as at 31 December 2012:



In legal terms the parent company, Esprinet S.p.A., was formed in September 2000 following the merger of the two leading distributors operating in Italy: Comprel S.p.A. and Celomax S.p.A..

The Esprinet Group later assumed its current composition as a result of the carve-out from the parent company of micro-electronic components and 'high-value' products distribution activities, the start-up of Monclick, the acquisitions and mergers through incorporation made between 2005 2007.

References to Subgroups Italy and Spain can be found in next comments and tables.
As at 31 December 2012, besides the Esprinet S.p.A. parent company, the former includes Comprel S.r.l., Monclick S.r.l. and V-Valley S.r.l., the latter established on 8 June 2010, all directly controlled companies governed by Italian law.
As at the same date, the Subgroup Spain is made up solely of Esprinet Iberica S.L.U..

Details of subsidiary and associated companies are provided below.

Subgroup Italy

Comprel S.r.l.

Established in June 2003, the company is headquartered in Vimercate, but its operative office is located in Nova Milanese (MB) and is 100%-owned by Esprinet S.p.A.

Its core business concern the distribution of semiconductors ('active' devices), passive components, connections, displays and subsystems, activity transferred from Esprinet in 2003.

Monclick S.r.l.

Established in January 2005, the company is headquartered in Vimercate (MB) and is 100%-owned by Esprinet S.p.A.

Its mission is to develop on-line sales of 'consumer electronics' products (telephony, photographic equipment, games, audio/video devices, IT equipment, and domestic appliances) to private consumers against cash payments, expressly excluding both the opening of bricks-and-mortar outlets and the use of the Esprinet cash & carry network.

V-Valley S.r.l.

Established in June 2010 as Master Team S.r.l. and named V-Valley S.r.l. in September, the company is headquartered in Vimercate (MB), and is 100%-owned by Esprinet S.p.A.

In this company, in fact active since December 2010, the distribution of 'high-value' products and solutions (high-end servers, networking and storage, virtualization, security software, bar-code scanning, mainly) has been concentrated.

Subgroup Spain

Esprinet Iberica S.L.U.

Originally established by the Group as the non-operating company governed by Spanish law to aid in the Spanish acquisitions effected between the end of 2005 and the end of 2006, due to the mergers through incorporations made in 2007, Esprinet Iberica is now the sole legal entity operating in Spain.
Esprinet Iberica's offices and warehouses are in Zaragoza, only approx. 300 km from all the main cities in Spain (Madrid, Barcelona, Bilbao and Valencia) which total over 80% of Spain's IT consumption.

Associated Company

Assocloud S.r.l.

On 16 January 2012 a new company, Assocloud S.r.l., was established, jointly controlled by Esprinet S.p.A and other eleven shareholders, but classified as an 'investment in associate' due to the significant influence exerted by Esprinet in accordance with the articles of association.
This company is in the start-up phase at the time of this interim management statement, and has no significant financial and economic results in 2012. It will give the Group the opportunity to enter the virtual service or storage supply and the "cloud computing" business, consisting of the management and development of IT infrastructure and applications for data recording, filing and processing.

Structure and target market trends

1. B2B distribution of IT and consumer electronics

The IT distribution chain

Generally speaking, IT and electronic products are distributed in two different ways: direct ('Tier 1') and indirect ('Tier 2').

The former enables the suppliers to reach their technology end-users directly, while the latter makes use firstly of an intermediary figure or distributor and, secondly, of 'resellers'. Very briefly the subjects making up the distribution chain are:

- 'vendors': technology and/or IT products manufacturers who operate under their own brand;
- 'distributors': operators supplying logistics services, storage, credit and marketing. In turn, distributors can be divided into:
  (i) wide-range distributors, identified by their wide range and high turnover volumes;
  (ii) specialised distributors, the reference point for specific technology for products and services, such as intermediate systems, networking products, Internet, consultancy training and after-sales services;
- 'resellers': mixed operators in terms of size, profits and organisational structures, business models and ways of approaching the end-user.

'Resellers' are traditionally coded in terms of their customer base and type of services or answers offered together with the sales of information systems (consultancy, installation, infrastructure production, systems support, outsourcing, after-sales service, and training).

They are usually identified as per the following categories:

VAR ("Value Added Reseller")	Large-scale retail and specialist sectors
Corporate Reseller	Sub-distribution
System Integrator	Computer shop
Dealer	Shop on-line
Office automation products and consumables specialist	

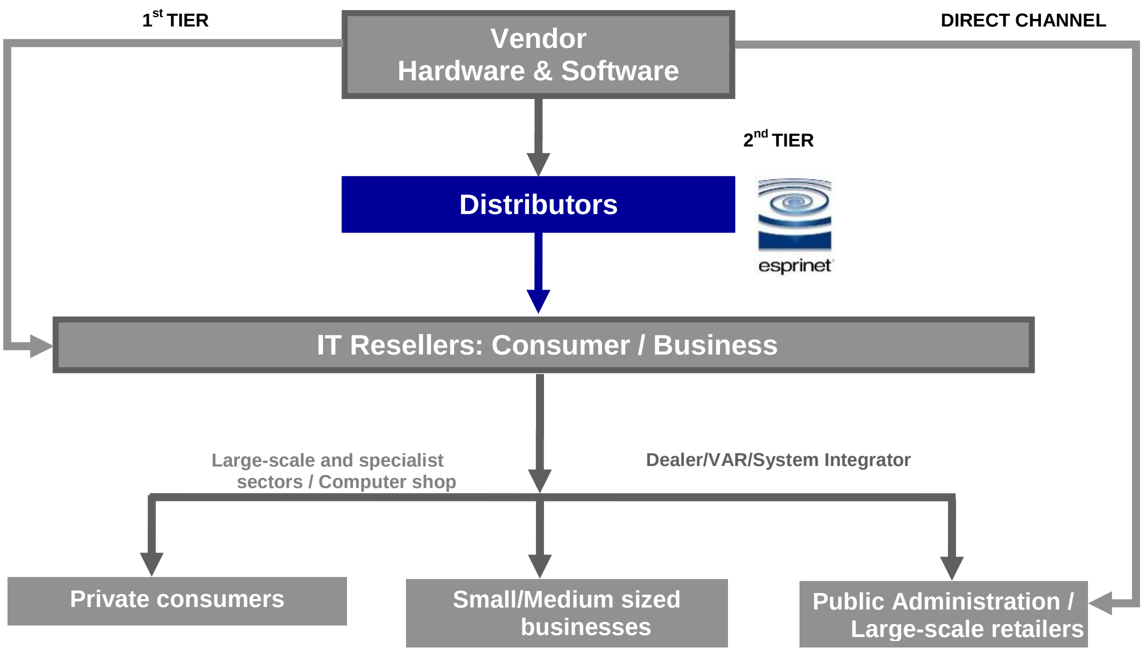
The individual sectors of the business system described above can be further defined in two different ways:

a) the so-called 'addressed' market, which is the total volume of IT product sales made by distributors or effectively passing through the so-called 'indirect channel' (that is, the sales flow that does not pass directly from the producer to the retailer or from the producer to the IT end-user);
b) the so-called 'addressable' market, which is the volume of IT product sales which can be made by distributors or effectively moved through the so-called 'indirect channel' (with the sole exclusion of hardware equipment such as mainframes or application software such as ERP etc., which by their very nature cannot be intercepted by distributors.).

It follows that the size of the sector must therefore be considered by analysing:

- IT demand (end-user consumption);
- the size of the distribution sector (that is the actual value of the sales effected by distributors or the value of the sales that can be guided by distributors according to the intrinsic nature of the products themselves).

The chart below illustrates the typical IT products distribution chain:



Italy

IT and electronics consumptions

During 2012 the Italian Information Technology market, measured by considering end-user IT consumption, fell from 20.5 billion euro to 19.7 billion euro, a -3.8% drop compared with the previous year. This decrease is due to the Hardware sector (-7.3%) and, less, to the Services one (-2.8%), while the Software sector is stable (+0.7%).

The following tables summarise IT spending trends in Italy in the 2004/2012 period:

(euro/million)	2004	2005	2006	2007	2008	2009	2010	2011	2012
Hardware	8,031	8,520	8,859	9,185	9,101	8,080	8,133	7,539	6,988
Software	3,544	3,578	3,700	4,039	4,165	4,005	3,936	3,994	4,020
Services	10,084	9,900	10,024	10,269	10,380	9,772	9,212	8,944	8,693
Total IT	**21,659**	**21,998**	**22,583**	**23,493**	**23,646**	**21,857**	**21,281**	**20,477**	**19,701**

Var. %	04 vs 03	05 vs 04	06 vs 05	07 vs 06	08 vs 07	09 vs 08	10 vs 09	11 vs 10	12 vs 11
Hardware	2.8%	6.1%	4.0%	3.7%	-0.9%	-11.2%	0.7%	-7.3%	-7.3%
Software	0.3%	1.0%	3.4%	9.2%	3.1%	-3.8%	-1.7%	1.5%	0.7%
Services	-2.8%	-1.8%	1.3%	2.4%	1.1%	-5.9%	-5.7%	-2.9%	-2.8%
Total IT	**-0.3%**	**1.6%**	**2.7%**	**4.0%**	**0.7%**	**-7.6%**	**-2.6%**	**-3.8%**	**-3.8%**

Source: Sirmi, January 2013

If Esprinet target market prospects are widened to include Information & Communication Technology, and also TLC (fixed/mobile services and devices), Consumer Electronics and Office Products, the market size may be illustrated as follows:

(euro/million)	2009	2010	*10 vs 09*	2011	*11 vs 10*	2012	*12 vs 11*
Hardware	8,080	8,133	*0.7%*	7,539	*-7.3%*	6,988	*-7.3%*
Software	4,005	3,936	*-1.7%*	3,994	*1.5%*	4,020	*0.7%*
Services	9,772	9,212	*-5.7%*	8,944	*-2.9%*	8,693	*-2.8%*
Sub Total IT	**21,857**	**21,281**	***-2.6%***	**20,477**	***-3.8%***	**19,701**	***-3.8%***
TLC fixed	17,856	17,039	*-4.6%*	16,306	*-4.3%*	15,614	*-4.2%*
TLC mobile	22,427	21,958	*-2.1%*	21,528	*-2.0%*	20,886	*-3.0%*
Sub Total TLC	**40,283**	**38,997**	***-3.2%***	**37,833**	***-3.0%***	**36,500**	***-3.5%***
Consumer electronics	8,594	8,407	*-2.2%*	8,322	*-1.0%*	8,180	*-1.7%*
Sub Total ICT	**70,734**	**68,685**	***-2.9%***	**66,632**	***-3.0%***	**64,381**	***-3.4%***

Source: Sirmi, January 2013

The following is a breakdown of the main dynamics per single market segment by limiting the analysis to the areas which provide a better approximation of the eligible market for a distributor:

Hardware	12 vs 11	Software	12 vs 11
Large Systems:	-31.4%	System software:	1.3%
Sistemi:	-14.8%	Middleware e tools:	2.0%
PC (server + client):	-4.0%	Applications:	-1.8%
Printers:	-7.7%		
Storage:	-6.5%		
Networking Hardware:	-9.0%		

Source: Sirmi, January 2013

The distribution industry: dimensions and trends

In this paragraph, industry dimensions and trends have been measured by taking the total IT product sales actually made by distributors operating in Italy as the definition of the relevant industry.

During 2012 the IT distribution industry posted a -7.8% fall on 2011. The table below provides a summary of the market positions of the top 20 IT distribution concerns[1].

	Million Euro			Market Share		
	2010	**2011**	**2012**	**2010**	**2011**	**2012**
1 ESPRINET GRUPPO	1,643	1,576	1,503	23.6%	23.5%	24.2%
2 COMPUTER GROSS ITALIA	667	715	721	9.6%	10.7%	11.6%
3 INGRAM MICRO	653	628	585	9.4%	9.4%	9.4%
4 TECH DATA	597	616	620	8.6%	9.2%	10.0%
5 DATAMATIC GRUPPO	381	369	345	5.5%	5.5%	5.6%
6 CDC	344	309	95	4.9%	4.6%	1.5%
7 ATTIVA	172	206	218	2.5%	3.1%	3.5%
8 BREVI	164	147	143	2.4%	2.2%	2.3%
9 IL TRIANGOLO	59	69	73	0.8%	1.0%	1.2%
10 ITWAY GRUPPO	71	68	65	1.0%	1.0%	1.1%
11 LEADER	70	68	45	1.0%	1.0%	0.7%
12 EXECUTIVE	67	64	62	1.0%	0.9%	1.0%
13 EDSLAN	50	54	58	0.7%	0.8%	0.9%
14 COMETA	50	50	50	0.7%	0.7%	0.8%
15 SNT TECHNOLOGIES	54	49	44	0.8%	0.7%	0.7%
16 SIDIN	40	48	50	0.6%	0.7%	0.8%
17 ICOS	53	47	45	0.8%	0.7%	0.7%
18 COMPUTERLINKS ITALIA	40	46	53	0.6%	0.7%	0.8%
19 MAGIRUS	43	45	48	0.6%	0.7%	0.8%
20 BRAIN TECHNOLOGY	75	33	32	1.1%	0.5%	0.5%
Top 20 distributors	**5,292**	**5,209**	**4,854**	**76.1%**	**77.6%**	**78.3%**
Total market	**6,954**	**6,716**	**6,198**	**100.0%**	**100.0%**	**100.0%**
Var % top 20 distributors	***-4.8%***	***-1.6%***	***-6.8%***			

Source: Company processing based on Sirmi data 2013

The industry also saw a consolidation in the market share collectively held by the industry's top 20 distributors, which rose from 77.4% in 2011 to 78.3% in 2012.
The Esprinet Group confirmed its own leadership in this environment thanks to its 24% penetration, more than twice than that of the Italian market's second player.

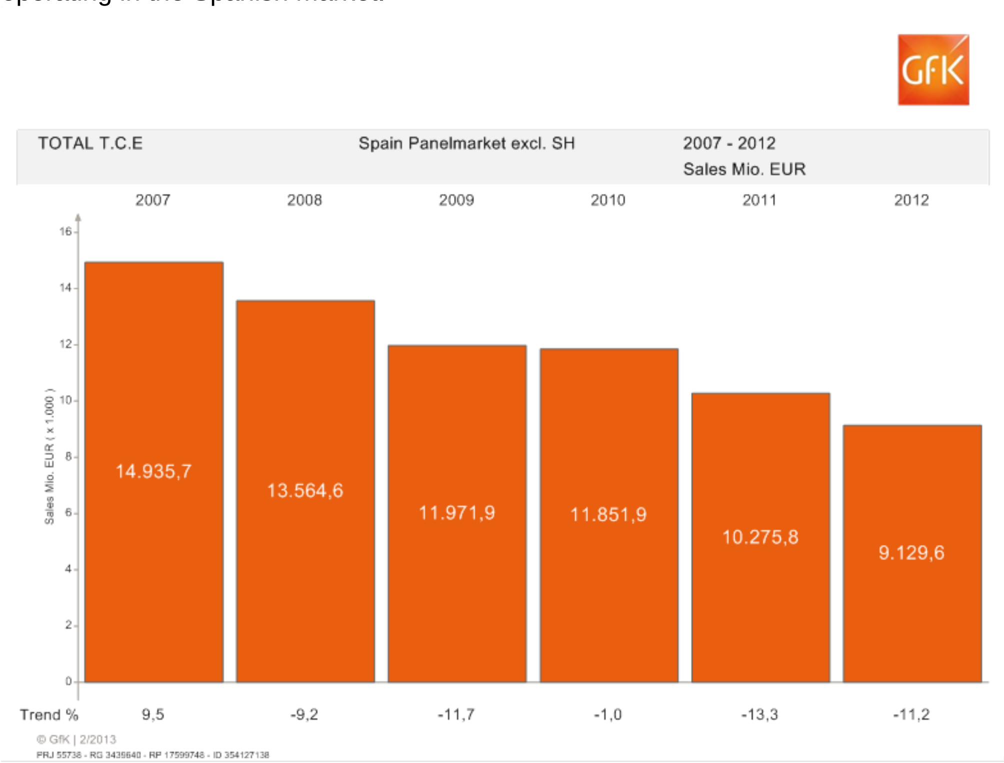
[1] All mainly IT distributors have been considered in the Sirmi survey of distributors operating in Italy (approx. 160 out of the over 200 surveyed).
Revenues of companies with fiscal year different from the solar year have been estimated by Sirmi for purposes of homogeneity.
Each company has been ranked on the basis of its company perimeter in the single year, disregarding any latest acquisitions/transfers.

Even according to Context (January 2013), that analyses sales data of the main distributors represented by industry consortium GTDC - Global Tech Distribution Council, which includes Esprinet Group as well - in 2012 the distributors that operate on the Italian market suffered a sales decrease of -7.9% year-over-year. On the contrary Esprinet Italy renked first in the panel, with a slight increased market share compared to 2011.

Spain

IT and electronics consumption

Information and data related to the Spanish market are unfortunately not as reliable as those of the Italian market.
It is possible, however, to deduct few indicators that measure the end-users' IT and consumer electronics consumption, thanks to surveys conducted directly on points of sales (either on-line or traditional shops) operating in the Spanish market.



Source: GFK, 2013-03

The chart above summarizes the consumption of IT, consumer electronics and white goods products in Spain in the last 6 years. Particularly in 2012 the IT products represented 25.8% on the total consumption (24.6% in 2011) therefore decreasing by -7% in value year-over-year.

In details, the IT segment benefited from the exponential growth of tablet (+100%), that partially counterbalanced the regression year over year of desktop (-17%) and notebook (-28%), leading to 1.8 billion euro versus 1.9 billion euro in 2011

Consumer electronics showed a greater decrease (-19%) reducing its market share from 23.8% to 21.7%, reporting the worst performance after the photography segment (-20%). Telecom segment decreased by -3%, from 1.56 billion euro to 1.52 billion euro in 2012, with smartphone devices strongly increasing (+28% year-over-year), with the consequent cannibalization of mobile phones devices (-56%).

Concerning the distribution market, Context (January 2012) reports a year-over-year regression of -9.5%, showing the worst performance among the analysed Countries, a reverse trend compared to the whole

Panel (including almost all European Countries) which show a year-over-year growth of +2.5%, thanks mostly to the results of United Kingdom (+20%), while France and Germany are stable.

According to Context survey, Esprinet Iberica is the third distributor on the Spanish market, with a stable market share compared to 2011.

2. B2C distribution of IT and consumer electronics

The Consumer Electronics sector in the Traditional and Online Markets

The 2012 trading year saw a continuous decrease in sales volumes in the consumer electronics market with reference to *Traditional market* (+3%), while the *Online market* increased by +3%.

The following table shows the difference between 2011 and 2012 in the main product sectors:

(Million Euro)	31/12/12	%	31/12/11	%	Var. 11/10
CE – traditional	2,307	20.8%	2,737	24.1%	-15.7%
CE – e-commerce	189	1.7%	210	1.8%	-10.0%
Photo – traditional	369	3.3%	438	3.9%	-15.8%
Photo – e-commerce	53	0.5%	48	0.4%	10.4%
IT – traditional	2,430	21.9%	2,491	21.9%	-2.4%
IT – e-commerce	207	1.9%	223	2.0%	-7.2%
Telecom – traditional	2,742	24.7%	2,341	20.6%	17.1%
Telecom – e-commerce	103	0.9%	82	0.7%	25.6%
Media Storage – traditional	125	1.1%	203	1.8%	-38.4%
Media Storage – e-commerce	9	0.1%	7	0.1%	28.6%
MDA – traditional	1,326	11.9%	1,390	12.2%	-4.6%
MDA – e-commerce	65	0.6%	62	0.5%	4.8%
SDA – traditional	935	8.4%	951	8.4%	-1.7%
SDA – e-commerce	53	0.5%	34	0.3%	55.9%
Home comfort – traditional	188	1.7%	139	1.2%	35.3%
Home comfort – e-commerce	10	0.1%	5	0.0%	100.0%
Total market	**11,111**		**11,361**		**-2.2%**
Relating to the traditional market	***10,422***		***10,690***		***-2.5%***
relating the the e-commerce market	***689***		***671***		***2.6%***

Source: GFK, Internet Sales, December 2012

The sectors that suffered the most were the CE in both markets, Photo sector, and the Media Storage sector in the *Traditional Market*. Both Telecom and Home Comfort both posted positive results.

3. B2B distribution of micro-electronic components

Industry structure

In general, distribution methods for electronic components are divided into direct and indirect systems.

The former enable the manufacturers to reach the end consumer directly, while the latter foresee the use of first level intermediaries (distributors), similarly to what occurs in the IT distribution chain.
Very briefly, the following parties are involved in the distribution process:

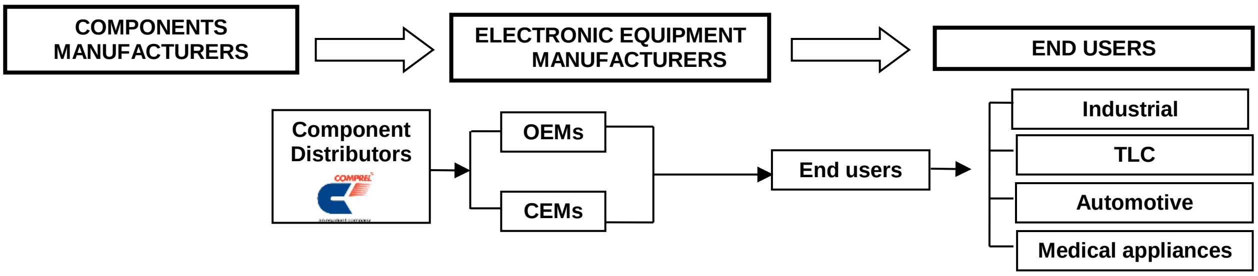
- manufacturers of electronic components or sub-systems that operate with their own brand;
- distributors that provide logistics, storage, credit and marketing services.

Producers can be divided into the following categories:

- OEM: 'Original Electronic Manufacturer', manufacturers that control the entire process, from the design stage to marketing the product.
- CEM: 'Contract Electronic Manufacturer', manufacturers that manage part of the production process in outsourcing mode on behalf of the OEMs.

Finally, part of the business flow is directed to the retail or sub-distribution channel, in other words, to those operators that engage in brokerage activities focusing on a lower level customer-base.

The following is a typical 'go-to-market' chart illustrating the Italian micro-electronic products market:



The sales dynamics based on distributors, on the one hand reflects the propensity of producers to delegate a series of activities to distributors (logistics, credit facilities, marketing or sales) and, on the other hand, the need of the producers-customers to have access not only to a broad range of products but also to consulting services.

According to Assodel surveys there are approx. a hundred in distributors in Italy. Recent years have seen a concentration of market shares, but there has been no significant change in the total number of distributors.

This situation mainly depends on the need to reach size levels in the case of so-called 'commodities' products, so that economies of scale can be achieved, and to keep the more specific and focussed approach that medium-sized distributors concentrating on market niches typically have towards so-called 'designed' products.

Market and distribution industry dimensions

The overall value of the electronic components and sub-systems market addressed by Comprel in terms of sales to end-users is estimated at around 3 billion euro.
The expansion of the product range into the sub-systems for industrial applications business, which has characterised Comprel's business policy in the past two years, has also widened the horizons of the target market, however.

Market information is provided by data collected by Assodel (Association of Electronic Distributors) for the traditional micro-electronic components sector.

The total semiconductor market

According to the Assodel surveys, in 2012 the Italian market recorded an overall demand of semiconductors, 580 million euro of which through distribution channels.
The semiconductor distribution market decreased by almost 17% compared to the 2011 consolidated results.

The signs of recovery revealed at the end of 2009 and which were confirmed during the 2010 trading year, were further affirmed in the first half of 2011, and after a relatively good first part of the year, the second half of 2012 showed a significant decrease in demand.

In 2012 the distribution channel (panel Assodel) accounted for 70% of the total market compared with that passing through the direct supplier channel.

The distribution market (semiconductors-LCD-IP&E)

The following table breakdowns the Italian market in terms of product type within the sample of Assodel members during the 2005/12 period:

(euro/'000)	2005	2006	2007	2008	2009	2010	2011	2012
Discrete devices	121,956	122,681	135,710	118,342	78,008	125,858	139,605	109,458
Opto	70,865	75,710	83,223	69,675	50,824	73,875	71,734	62,876
Analogue	128,915	154,579	166,306	161,728	119,859	177,704	183,622	157,839
Bipolar and Logics	87,966	124,947	73,755	61,151	47,674	64,166	57,858	53,609
Memories	96,176	88,329	81,761	53,890	44,335	54,540	50,052	37,407
Micro	249,776	223,293	214,919	197,458	133,046	176,856	190,105	144,196
Sensors	6,137	5,291	6,320	6,115	2,888	7,414	10,102	15,160
LCD	32,311	46,807	46,291	37,384	21,947	28,641	28,566	23,474
Tot. Semiconductors&LCD's	**794,102**	**841,637**	**808,285**	**705,743**	**500,590**	**711,064**	**731,644**	**604,019**
Condenser	73,459	86,467	84,979	78,357	58,977	82,004	87,490	71,393
Resistors	28,189	30,479	31,673	29,179	20,629	28,965	29,790	24,725
Other Passive devices	29,472	28,273	27,380	25,918	20,238	31,602	29,191	24,932
Connectors	59,326	69,376	72,733	68,875	40,764	65,382	67,847	59,117
Elettromechanical devices	66,573	80,395	88,016	81,634	56,577	68,411	80,323	77,087
Totale IP&E	**257,019**	**294,990**	**304,781**	**283,963**	**197,185**	**276,364**	**294,641**	**257,254**
Tot. Electronic Components	**1,051,121**	**1,136,627**	**1,113,066**	**989,706**	**697,775**	**987,428**	**997,219**	**861,273**
Var. % Semicond.and LCD	*1.9%*	*6.0%*	*-4.0%*	*-12.7%*	*-29.1%*	*42.0%*	*2.9%*	*-17.4%*
Var. % IP&E	*-1.1%*	*14.8%*	*3.3%*	*-6.8%*	*-30.6%*	*40.2%*	*6.6%*	*-12.7%*
Var. % Total	***1.1%***	***8.1%***	***-2.1%***	***-11.1%***	***-29.5%***	***41.5%***	***1.0%***	***-13.6%***

Source: Assodel (National Association of Electronic Distributors)

The total Assodel market, which also includes passive electronic components and LCD Displays, totalled sales of 861 million euro, decreasing by 13.6%.

The Assodel sample accounts for about 90% of the overall semiconductors sales managed via the distribution industry and approximately 50% of the Italian distributors' market of passive components, connections and electromechanical devices.

After the sharp fall recorded in 2002, the market surveyed by Assodel showed a growth trend from 2003 to 2006, followed by an inversion in the same trend from 2007 on, which continued for almost all of 2009.

The weak signs of recovery seen in the fourth quarter of 2009 were then confirmed by a decidedly positive 2010 which saw sales levels recover to 2008 levels for both product types.

The 2011 trading year saw the consolidation of the market value recorded in 2010, in line with pre-crisis values.

After two years of growth which allowed us to recover the losses of the recession in 2009, and to regain a good part of the overall market value amount, in 2012 the demand showed a decrease, mainly in the second part of the year.

Group and Esprinet S.p.A. economic and financial results

Please note that the economic and financial results and those of the relative period of comparison have been drawn up according to IFRSs.

1. Income trend

A) Esprinet Group financial highlights

The Group's main economic, financial and assets results as of 31 December 2012 are as follows:

(euro/000)	2012	%	2011	%	Var.	Var. %
Sales	**1,931,900**	100.00%	**2,096,480**	100.00%	**(164,580)**	*-8%*
Cost of sales	(1,800,224)	-93.18%	(1,958,721)	-93.43%	158,497	*-8%*
Gross profit	**131,676**	**6.82%**	**137,759**	**6.57%**	**(6,083)**	***-4%***
Sales and marketing costs	(35,348)	-1.83%	(33,679)	-1.61%	(1,669)	*5%*
Overheads and administrative costs	(59,764)	-3.09%	(60,622)	-2.89%	858	*-1%*
Adjusted income (Ebit) recurring	**36,564**	**1.89%**	**43,458**	**2.07%**	**(6,894)**	***-16%***
Goodwill impairment	-	-	(19,826)	-0.95%	19,826	*-100%*
Operating income (Ebit)	**36,564**	**1.89%**	**23,632**	**1.13%**	**12,932**	***55%***
Finance costs - net	(3,289)	-0.17%	(5,326)	-0.25%	2,037	*-38%*
Profit before income tax	**33,275**	**1.72%**	**18,306**	**0.87%**	**14,969**	***82%***
Income tax expenses	(9,937)	-0.51%	(10,339)	-0.49%	402	*-4%*
Net income	**23,338**	**1.21%**	**7,967**	**0.38%**	**15,371**	***193%***
Earnings per share - basic (euro)	0.46		0.16		0.30	*188%*

- Consolidated sales of 2012 were 1,931.9 million euro, showing a decrease by -8% (-164.6 million euro) compared to 2,096.5 million euro of 2011;

- Consolidated gross profit of 2012 was 131.7 million euro, decreasing by -4% (-6.1 million euro) compared to 2011 essentially due to the reduction in sales, despite the gross profit margin increase from 6.57% to 6.82%;

- Adjusted consolidated operating income (EBIT) of 2012 was 36.3 million euro, with EBIT margin reduced to 1.89% from 2.07% in 2011, showing a decrease of -16% compared to 2011 mainly due to a reduced gross profit, and to operating expenses grown only by 1% (from 94.3 to 95.1 million euro). Excluding the good-will impairment loss recorded in 2011 by 19.8 million euro, EBIT increased by 55% (+12.9 million euro);

- Consolidated profit before income taxes of 2012 was 33.3 million euro increasing by +82% compared to 2011, thanks to the reduction of the net financial charges (-38% that is 2.0 million euro);

- Given the above mentioned effects, consolidated net income of 2012 increased by 15.4 million euro (+193%), from 8 million euro to 23.3 million euro;

- Basic earnings per share of 2012 was 0.46 euro, +188% compared to 2011;

(euro/000)	31/12/12	%	31/12/11	%	Var.	Var. %
Fixed assets	97,237	54.39%	95,047	53.70%	2,190	2%
Operating net working capital	102,939	57.58%	110,460	62.41%	(7,521)	-7%
Other current assets/liabilities	(9,697)	-5.42%	(15,567)	-8.79%	5,870	-38%
Other non-current assets/liabilities	(11,704)	-6.55%	(12,939)	-7.31%	1,235	-10%
Total assets	**178,775**	**100%**	**177,001**	**100%**	**1,774**	**1%**
Short-term financial liabilities	39,800	22.26%	48,896	27.62%	(9,096)	-19%
Current financial (assets)/liabilities for derivatives	848	0.47%	952	0.54%	(104)	-11%
Financial receivables from factoring companies	(2,940)	-1.64%	(13,804)	-7.80%	10,864	-79%
Cash and Cash equivalents	(111,099)	-62.14%	(115,921)	-65.49%	4,822	-4%
Net current financial debt	(73,391)	-41.05%	(79,877)	-45.13%	6,486	-8%
Borrowings	12,110	6.77%	36,239	20.47%	(24,129)	-67%
Non-current financial (assets)/Liabilities for derivatives	181	0.10%	920	0.52%	(739)	-80%
Net financial debt (A)	(61,100)	-34.18%	(42,718)	-24.13%	(18,382)	43%
Net equity	239,875	134.18%	219,719	124.13%	20,156	9%
Total sources of funds (C=A+B)	**178,775**	**100%**	**177,001**	**100%**	**1,774**	**1%**

- Consolidated net working capital as of 31 December 2012 was 102.9 million euro (5% on sales) compared to 110.5 million euro as of 31 December 2011 (5%);

- Consolidated net financial position as at 31 December 2012 was positive by 61.1 million euro compared to the cash surplus of 42.7 million euro as at 31 December 2011, showing an even better result sequentially compared to the net financial position negative by 48.7 million euro as at 30 September 2012;

- The level of net financial debt is connected to the increase of consolidated net working capital which is not fully represented in the end-period results being the latter influenced both by unusual and seasonal events compared to the average level of working capital.
  Among these abovementioned effects, it should be noticed the lower impact of without-recourse' sale of account receivables from selected segments of customer.
  Such a program is aimed at transferring risk and reward to the buyer while receivables thus sold are stripped out by balance sheet according to IAS 39. The impact on financial debt was approx. 110 million euro as at 31 December 31 2012 (approx. 179 million euro as of December 2011);

- Consolidated net equity as of 31 December 2012 amounted to 239.9 million euro, growing by 20.2 million euro compared to 219.7 euro as of 31 December 2011.

B) Financial highlights by geographical area

B.1) Subgroup Italy

The main economic, financial and asset results as of 31 December 2012 for the Italian subgroup (Esprinet, Comprel, Monclick and V-Valley) are hereby summarized:

(euro/000)	2012	% (1)	2011	% (1)	Var.	Var. %
Sales to third parties	1,467,454		1,576,144		(108,690)	-7%
Intercompany sales	35,036		45,352		(10,316)	-23%
Sales	**1,502,490**		**1,621,496**		**(119,006)**	-7%
Cost of sales	(1,392,834)		(1,507,850)		115,016	-8%
Gross profit	**109,656**	**7.47%**	**113,646**	**7.21%**	**(3,990)**	**-4%**
Sales and marketing costs	(30,822)	-2.10%	(29,325)	-1.86%	(1,497)	5%
Overheads and administrative costs	(48,021)	-3.27%	(47,162)	-2.99%	(859)	2%
Adjusted income (Ebit) recurring	**30,813**	**2.10%**	**37,159**	**2.36%**	**(6,346)**	**-17%**
Goodwill impairment	-	-	(2,044)	-0.13%	2,044	-100%
Operating income (Ebit)	**30,813**	**2.10%**	**35,115**	**2.23%**	**(4,302)**	**-12%**

(1) Measured on 'Sales to third parties'.

- Sales to third parties of 2012 were 1,467.5 million euro, decreasing by -7% compared to 1,576.1 million euro of 2011.

- Gross profit of 2012 was 109,7 million euro, reducing by -4% compared to 113.6 million euro of 2011;

- Operating income (EBIT) of 2012 was 30,8 million euro, decreasing by -12% compared to 2011, with EBIT margin reducing to 2.10% from 2.23% even due slightly higher operating costs compared to 2011 (+3.1% or 2.4 million euro) and despite the goodwill impairment loss of 2011 of 2 million euro

(euro/000)	31/12/12	%	31/12/11	%	Var.	*Var. %*
Fixed assets	90,134	58.96%	87,315	55.28%	2,819	*3%*
Operating net working capital	67,899	44.41%	78,512	49.71%	(10,613)	*-14%*
Other current assets/liabilities	4,145	2.71%	2,797	1.77%	1,348	*48%*
Other non-current assets/liabilities	(9,294)	-6.08%	(10,684)	-6.76%	1,390	*-13%*
Total assets	**152,884**	**100.00%**	**157,940**	**100.00%**	**(5,056)**	***-3%***
Short-term financial liabilities	25,610	16.75%	34,777	22.02%	(9,167)	*-26%*
Current financial (assets)/liabilities for derivatives	339	0.22%	381	0.24%	(42)	*-11%*
Financial receivables from factoring companies	(2,940)	-1.92%	(13,804)	-8.74%	10,864	*-79%*
Financial (assets)/liab. From/to Group companies	(30,000)	-19.62%	(30,000)	-18.99%	-	*0%*
Cash and cash equivalents	(79,789)	-52.19%	(66,510)	-42.11%	(13,279)	*20%*
Net current financial debt	(86,780)	-56.76%	(75,156)	-47.59%	(11,624)	*15%*
Borrowings	4,990	3.26%	14,939	9.46%	(9,949)	*-67%*
Non-current financial(assets)/liabilities for derivatives	72	0.05%	368	0.23%	(296)	*-80%*
Net financial debt (A)	(81,718)	-53.45%	(59,849)	-37.89%	(21,869)	*37%*
Net equity (B)	234,602	153.45%	217,789	137.89%	16,813	*8%*
Total sources of funds (C=A+B)	**152,884**	**100.00%**	**157,940**	**100.00%**	**(5,056)**	***-3%***

- Net working capital as at 31 December 2012 was 67.9 million euro or 5% on sales;

- Net financial position as of 31 December 2012 was positive by 81.7 million euro from a lower cash surplus of 59.8 million euro as at 31 December 2011, with an even better improvement compared to the negative cash position of 9.9 million euro as at 30 September 2012. The impact of "without-recourse" sales of account receivables was 52 million euro (vs. 86 million euro as at 31 December 2011).

B.2) Subgroup Spain

The main economic, financial and asset results as at 31 December 2012 for the Spanish subgroup are hereby summarized:

(euro/000)	2012	%	2011	%	Var.	*Var. %*
Sales to third parties	464,446		520,336		(55,890)	*-11%*
Intercompany sales	-		-		-	-
Sales	**464,446**		**520,336**		**(55,890)**	*-11%*
Cost of sale	(442,481)		(496,203)		53,722	*-11%*
Gross profit	**21,965**	**4.73%**	**24,133**	**4.64%**	**(2,168)**	***-9%***
Sales and marketing costs	(3,953)	-0.85%	(3,975)	-0.76%	22	*-1%*
Overhead and administrative costs	(12,321)	-2.65%	(13,854)	-2.66%	1,533	*-11%*
Adjusted Operating income (Ebit)	**5,691**	**1.23%**	**6,304**	**1.21%**	**(613)**	***-10%***
Goodwill impairment	-	-	(17,782)	-3.42%	17,782	*-100%*
Operating income (Ebit)	**5,691**	**1.23%**	**(11,478)**	**-2.21%**	**17,169**	***N/S***

- Sales of 2012 were 464.4 million euro, -11% compared to 520.3 million euro of 2011;

- Gross profit of 2012 was 22.0 million euro, -9% compared to 24.1 million euro of 2011 due to the reduction in revenue despite the slight increase of gross profit margin (from 4.64% to 4.73%);

- Operating income (Ebit) in 2012 was positive by 5.7 million euro, showing and increase of 17.2 million euro compared to -11.5 million euro of the same period in 2011, mainly due to the goodwill impairment recorded in 2011;

(euro/000)	**31/12/12**	**%**	**31/12/11**	**%**	**Var.**	***Var. %***
Fixed assets	67,955	78.31%	68,566	85.72%	(611)	*-1%*
Operating net working capital	35,078	40.42%	32,045	40.06%	3,033	*9%*
Other current assets/liabilities	(13,842)	-15.95%	(18,364)	-22.96%	4,522	*-25%*
Other non-current assets/liabilities	(2,410)	-2.78%	(2,255)	-2.82%	(155)	*7%*
Total Assets	**86,781**	**100.00%**	**79,992**	**100.00%**	**6,789**	***8%***
Short-term financial liabilities	14,190	16.35%	14,119	17.65%	71	*1%*
Current financial (assets)/liabilities for derivatives	509	0.59%	571	0.71%	(62)	*-11%*
Financial receivables from factoring companies	-	0.00%	-	0.00%	-	*0%*
Financial assets/liab. from/to Group companies	30,000	34.57%	30,000	37.50%	-	*0%*
Cash and cash equivalents	(31,310)	-36.08%	(49,411)	-61.77%	18,101	*-37%*
Net current financial debt	13,389	15.43%	(4,721)	-5.90%	18,110	*N/S*
Borrowings	7,120	8.20%	21,300	26.63%	(14,180)	*-67%*
Non-current financial (assets)/liab. for derivatives	109	0.13%	552	0.69%	(443)	*-80%*
Net financial debt (A)	20,618	23.76%	17,131	21.42%	3,487	*20%*
Net equity (B)	66,163	76.24%	62,861	78.58%	3,302	*5%*
Total source of funds (C=A+B)	**86,781**	**100.00%**	**79,992**	**100.00%**	**6,789**	***8%***

- Net working capital as at 31 December 2012 was 35.1 million euro, or 8% on sales;

- Net financial position as at 31 December 2012 was negative by 20.6 million euro, showing a slight decrease compared to 17.1 million euro as at 31 December 2011. The impact of "without-recourse" sale of account receivables was approx. 58 million euro (approx. 92 million euro as at 31 December 2011).

C) Esprinet S.p.A. financial highlights

The Esprinet S.p.A. financial highlights are as follows:

(euro/000)	**2012**	**%**	**2011**	**%**	**Var.**	***Var. %***
Sales	**1,467,034**	100.00%	**1,580,742**	100.00%	**(113,708)**	*-7%*
Cost of sales	(1,367,509)	-93.22%	(1,478,097)	-93.51%	110,588	*-7%*
Gross profit	**99,525**	**6.78%**	**102,645**	**6.49%**	**(3,120)**	***-3%***
Sales and marketing costs	(25,040)	-1.71%	(23,285)	-1.47%	(1,755)	*8%*
Overheads and administrative costs	(44,452)	-3.03%	(43,296)	-2.74%	(1,156)	*3%*
Adjusted income (Ebit) recurring	**30,033**	**2.05%**	**36,064**	**2.28%**	**(6,031)**	***-17%***
Goodwill impairment	-	0.00%	-	-	-	*0%*
Operating income (Ebit)	**30,033**	**2.05%**	**36,064**	**2.28%**	**(6,031)**	***-17%***
Finance cost - net	(1,458)	-0.10%	(2,254)	-0.14%	796	*-35%*
(Cost) income from investments	-	0.00%	(13,734)	-0.87%	13,734	*-100%*
Profit before income tax	**28,575**	**1.95%**	**20,076**	**1.27%**	**8,499**	***42%***
Income tax expenses	(8,603)	-0.59%	(11,423)	-0.72%	2,820	*-25%*
Net income	**19,972**	**1.36%**	**8,653**	**0.55%**	**11,319**	***131%***

- Sales were 1,467.0 million euro decreasing by -7% compared to 1,580.7 million euro of 2011;

- Gross profit was 99.5 million euro, -3% compared to 102.6 million euro in 2011 (-3.1 million euro), as a consequence of the reduced sales and whilst the gross profit margin increased from 6.49% to 6.78%;

- Operating income (Ebit) was 30 million euro reducing by -17% with EBIT margin decreasing to2.05% from the previous 2.28% due to higher operating costs from 66.6 million euro to 69.5 million euro;

- Profit before income taxes was 28.6 million euro, increasing by 42% compared to 2011 (20.1 million euro) mainly due to impairment loss of the investment in the subsidiary Esprinet Iberica S.L.U. recorded in 2011;

- Net profit was 20 million euro increasing by 131% (+11.3 million euro compared to 2011) ;

(euro/000)	**31/12/12**	**%**	**31/12/11**	**%**	**Var.**	***Var. %***
Fixed assets	90,446	62.30%	87,051	58.46%	3,395	*4%*
Operating net working capital	34,676	23.89%	44,856	30.12%	(10,180)	*-23%*
Other current assets/liabilities	27,644	19.04%	25,928	17.41%	1,716	*7%*
Other non-current assets/liabilities	(7,591)	-5.23%	(8,931)	-6.00%	1,340	*-15%*
Total assets	**145,175**	**100.00%**	**148,904**	**100.00%**	**(3,729)**	***-3%***
Short-term financial liabilities	18,356	12.64%	26,758	17.97%	(8,402)	*-31%*
Current financial (assets)/liabilities for derivatives	339	0.23%	381	0.26%	(42)	*-11%*
Financial receivables from factoring companies	(2,677)	-1.84%	(13,545)	-9.10%	10,868	*-80%*
Financial (assets)/liab. from/to Group companies	(30,000)	-20.66%	(30,000)	-20.15%	-	*0%*
Cash and cash equivalent	(77,500)	-53.38%	(65,105)	-43.72%	(12,395)	*19%*
Net current financial debt	(91,482)	-63.01%	(81,511)	-54.74%	(9,971)	*12%*
Borrowing	4,990	3.44%	14,939	10.03%	(9,949)	*-67%*
Non-current financial(assets)/liab. for derivatives	72	0.05%	368	0.25%	(296)	*-80%*
Net financial debt	(86,420)	-59.53%	(66,204)	-44.46%	(20,216)	*31%*
Net equity	231,595	159.53%	215,108	144.46%	16,487	*8%*
Total sources of funds (C=A+B)	**145,175**	**100.00%**	**148,904**	**100.00%**	**(3,729)**	***-3%***

- Net working capital as at 31 December 2012 was 34.7 million euro, or 2% on sales;

- Net financial position as at December 31 2012 was positive by 86.4 million euro, increasing by 20.2 million euro compared to 66.2 million euro of 2011. The impact of “without-recourse” sales of account receivables reduced to approx. 52 million euro (from approx. 86 million euro as at 31 December 2011);

- Net equity as at 31 December 2012 was 231.6 million euro.

2. Operating net working capital

The table below details the operating net working capital indicators as at 31 December 2012 compared with those of the previous year:

(euro/000)		31/12/12			31/12/11		
		Group	Italy	Spain	Group	Italy	Spain
Trade receivables [a]		**243,057**	**199,901**	**43,156**	**263,185**	**207,234**	**55,951**
Trade receivables net of VAT [(1)]		200,874	165,207	35,666	218,684	171,268	47,416
Sales		1,931,899	1,467,453	464,446	2,096,480	1,576,144	520,336
[A] Days Sales Outstanding - DSO [(2)]		38	41	28	38	40	33
Inventory [b]		**216,150**	**167,212**	**48,938**	**217,315**	**163,247**	**54,068**
[B] Days Sales of Inventory - DSI [(3)]		44	44	44	41	40	44
Trade payables [c]		**356,268**	**299,214**	**57,054**	**370,040**	**291,969**	**78,071**
Trade payables net of VAT [(1)]		294,436	247,284	47,152	307,459	241,297	66,162
Cost of sales	(5)	1,800,224	1,392,834	407,390	1,958,121	1,507,850	450,271
Total SG&A	(5)	95,112	79,416	15,696	94,301	76,866	17,435
[C] Days Payable Outstanding - DPO [(4)]		57	61	41	55	56	52
Operating net working capital [a+b-c]		**102,939**	**67,899**	**35,040**	**110,460**	**78,512**	**31,948**
Cash conversion Cycle (days) [A+B-C]		**25**	**24**	**31**	**24**	**24**	**25**
Operating net working capital / Sales		**5.3%**	**4.6%**	**7.5%**	**5.3%**	**5.0%**	**6.1%**

(1) Net of VAT calculated by applying the ordinary 21% rate in the case of Subgroup Italy (as in 2011) and 21% in the case of Subgroup Spain (18% in 2011).
(2) (Trade receivables net of VAT / Sales and services) * 365.
(3) (Inventory / Cost of sales) * 365.
(4) [Trade payables net of VAT / (Purchases + Cost of services and other Operating costs)] * 365.
(5) 2011 values are different than published due to some reclassification made coherently also in 2012

The level of operating net working capital as at 31 December 2012 shows a decrease versus that of the previous year-end (102.9 million euro versus 110.4 million euro at 31 December 2011).

The operating net working capital level existing as at 31 December, calculated as described in the notes to the table above, shows a substantial stability in the duration of the Subgroup Italy's cash conversion cycle (24 days) and an improvement of the operating net working capital / sales ratio from 5.0% to 4.6%.

The cash conversion cycle in the two years remains stable, as the inventory turnover time increases from 40 to 44 days against an increase from 56 to 61 days in the average number of days in payment to suppliers, while the number of days needed to collect receivables from customers is stable (from 40 day in 2011, to 41 days in 2012).

By the same calculations, Subgroup Spain's cash conversion cycle, showed an increase from 25 to 31 days. This decline is entirely due to the reduction in average payment times granted to Esprinet Iberica by suppliers (from 52 to 41 days) partially balanced by a reduction of days needed to collect receivables from customers (from 33 to 28 days) while the inventory turnover is almost stable compared to 2011.

During 2012, the 'without-recourse' sale of account receivables revolving program, focusing on the large-scale distribution sector in particular, continued as part of the processes concentrating on the management of operating net working capital both in Italy and in Spain.

The overall effect of these programs on the level of financial debt at year-end was approx. 110 million euro (almost in line with the approx. 179 million euro at 31 December 2011).

The following table illustrates the Esprinet S.p.A. working capital trend in the last two financial years:

(euro/000)		Esprinet S.p.A.	
		31/12/12	31/12/11
Tarde receivables [a]		**167,753**	**174,536**
Trade receivables net of VAT (1)		138,639	144,245
Sales (2)		1,385,196	1,507,525
[A] Days Sales Outstanding - DSO (3)		37	35
Inventory [b]		**161,286**	**158,097**
[B] Days Sales of Inventory - DSI (4)		43	39
Tarde payables [c]		**294,363**	**287,777**
Trade payables net of VAT (1)		243,275	237,832
Cost of sales (5)	(8)	1,366,048	1,477,668
Total SG&A (6)	(8)	71,470	55,144
[C] Days Payable Outstanding - DPO (7)		62	57
Operating net working capital [a+b-c]		**34,676**	**44,856**
Cash conversion Cycle (days) [A+B-C]		**18**	**17**
Operating net working capital / Sales		**2.5%**	**3.0%**

(1) Net of VAT measured by applying the ordinary 21%.
(2) Net of intercompany sales amounting to 81.8 million euro (73.2 million euro in 2011). As per the table shown in the separate annual report
(3) (Trade receivables net of VAT / Sales and services) * 365.
(4) (Inventory / Cost of sales) * 365.
(5) Net of intercompany costs amounting to 1.5 million euro (0.4 million euro in 2011). As per the table shown in the separate annual report
(6) Net of intercompany costs and re-charges of 2.0 million euro (1.9 million euro in 2011). As per the table shown in the separate annual report
(7) [Trade payables net of VAT / (Purchases, costs for services + operating costs)] * 365.
(8) 2011 values are different than published due to some reclassifications coherently made also in 2012

During 2012 the duration of the entire cash conversion cycle of Esprinet S.p.A. increased from 17 to 18 days, while the ratio between operating net working capital on sales decreased by 2.5% from 3.0% in 2011.
This improvement is due to an increase in average payment time from suppliers (from 57 to 62 days) versus an increase of the inventory turnover rates (from 39 to 43 days) and also a deterioration in customers' payment average time (from 35 to 37 days).

The total effect of these programs (without-recourse sale of account receivables revolving programs, focusing particularly on selected customer sectors) on the level of financial debt at year-end was approx. 52 million euro versus the approx. 86 million euro at 31 December 2011.

3. Net Financial Position

The tables below show the contributions of Subgroup Italy and Subgroup Spain to the Group's net financial position (or 'net financial debt' or 'net financial indebtedness') as at 31 December 2012:

(euro/000)	31/12/12			31/12/11			Var. Group
	Italy	Spain	Group	Italy	Spain	Group	
Short-term financial liabilitied	25,610	14,190	39,800	34,777	14,119	48,896	(9,096)
Current financial (assets)/liabilities for derivatives	339	509	848	381	571	952	(104)
Financial receivables from factors	(2,940)	-	(2,940)	(13,804)	-	(13,804)	10,864
Financial (receivables)/debts vs group companies	(30,000)	30,000	-	(30,000)	30,000	-	-
Cash and Cash equivalents	(79,789)	(31,310)	(111,099)	(66,510)	(49,411)	(115,921)	4,822
Net current financial debt	**(86,780)**	**13,389**	**(73,391)**	**(75,156)**	**(4,721)**	**(79,877)**	**6,486**
Borrowings	4,990	7,120	12,110	14,939	21,300	36,239	(24,129)
Non-current financial (assets)/liabilities for derivatives	72	109	181	368	552	920	(739)
Net financial debt	**(81,718)**	**20,618**	**(61,100)**	**(59,849)**	**17,131**	**(42,718)**	**(18,382)**

The Group's net financial situation at year-end showed a 61.1 million euro cash surplus, up 18.4 million euro compared to the 42.7 million euro surplus recorded at 31 December 2011. This was mainly due to the cash flow generated by the year's operations despite the payment of the 4.5 million euro dividend on the 2011 profits.

The following table shows the trend in the relative weight of the individual companies making up the Esprinet Group:

(euro/000)	31/12/12				31/12/11			
	Esprinet	Comprel	Monclick	V-Valley	Esprinet	Comprel	Monclick	V-Valley
Short-term financial liabilities	18,356	7,072	13	169	26,758	7,899	11	109
Current financial(assets)/liabilities for derivatives	339	-	-	-	381	-	-	-
Financial receivables from factors	(2,677)	-	-	(263)	(13,545)	-	-	(258)
Financial(receivables)/debts vs Group companies	(30,000)				(30,000)			
Cash and cash equivalents	(77,500)	(173)	(1,058)	(1,058)	(65,105)	(242)	(956)	(207)
Net current financial debt	**(91,482)**	**6,899**	**(1,045)**	**(1,152)**	**(81,511)**	**7,657**	**(945)**	**(356)**
Borrowing	4,990	-	-	-	14,939	-	-	-
Non-current financial(assets)/liabilities for derivatives	72	-	-	-	368	-	-	-
Net financial debt	**(86,420)**	**6,899**	**(1,045)**	**(1,152)**	**(66,204)**	**7,657**	**(945)**	**(356)**

Its role as IT production chain distributor means that the level of net financial indebtedness of the Esprinet Group is heavily influenced by the typical working capital needs related to the performance of its activities. This level fluctuates dramatically not only along the calendar year but also during each month and each day, due not only to the seasonable nature of the business, but for the most part also to the concentration of payments received from customers at the end and middle of each month, while the maturities of payments to suppliers are distributed more evenly over the month.
For this reason, the figure resulting at the end of the period, as at 31 December 2012, or at the end of each month or quarter, is not totally representative of the average net financial indebtedness customarily observable during the same period.

4. Sales by product family and customer type

Group sales by product family and customer type

(euro/million)	2012	%	2011	%	Var.	*% Var.*
PCs - notebooks	453.8	23.5%	623.9	29.8%	(170.1)	*-27%*
Consumables	233.2	12.1%	246.8	11.8%	(13.6)	*-6%*
Tablets	197.1	10.2%	104.9	5.0%	92.2	*88%*
PCs - desktops	161.7	8.4%	226.1	10.8%	(64.4)	*-28%*
Digital	146.3	7.6%	153.5	7.3%	(7.2)	*-5%*
Accessories	122.8	6.4%	132.5	6.3%	(9.7)	*-7%*
Peripherial devicies	118.1	6.1%	131.5	6.3%	(13.4)	*-10%*
Servers	105.9	5.5%	97.7	4.7%	8.2	*8%*
Software	101.0	5.2%	115.8	5.5%	(14.8)	*-13%*
Mobiles/smartphone	93.3	4.8%	48.4	2.3%	44.9	*93%*
Networking	51.1	2.6%	54.5	2.6%	(3.4)	*-6%*
Monitors	49.9	2.6%	60.7	2.9%	(10.8)	*-18%*
Microelectronic components	33.8	1.7%	38.6	1.8%	(4.8)	*-12%*
Other	63.9	3.3%	61.6	2.9%	2.3	*4%*
Group sales	**1,931.9**	**100.0%**	**2,096.5**	**100.0%**	**(164.6)**	***-8%***

The Group concluded a new sales by product family breakdowns which is necessary to properly reflect the technological developments.
Main modifications are related to "tablets" separation from "Handhelds /GPS" category and on the contrary to the GPS inclusion in the residual "other" category.

Moreover the "Phone devices" category was renamed as "mobiles / smartphone", and this led on one hand the desk telephones to be moved into the "other" category, and on the other the tools for PC and LAN phone communication to be moved into the "accessories" or "networking" categories.

The following table shows the new breakdown sales adopted with the homogeneous application of the new criteria in each highlighted period.

(euro/000)	2012	%	2011	%	Var.	% Var.
Dealer	548.3	28.4%	575.5	27.5%	(27.2)	-5%
GDO/GDS	460.6	23.8%	593.4	28.3%	(132.8)	-22%
VAR	363.0	18.8%	372.5	17.8%	(9.5)	-3%
Office / consumables dealers	298.6	15.5%	311.1	14.8%	(12.5)	-4%
Sub-distributors	113.2	5.9%	130.4	6.2%	(17.2)	-13%
Shop on-line	64.4	3.3%	44.5	2.1%	19.9	45%
End-consumers	50.0	2.6%	30.5	1.5%	19.5	64%
OEM-Original Equipment Manufacturer	33.8	1.7%	38.6	1.8%	(4.8)	-12%
Group sales	**1,931.9**	**100.0%**	**2,096.5**	**100.0%**	**(164.6)**	***-8%***

The combined analysis of income by product and customer type reveals a decline in both the consumer and business markets.
On the one hand, the decline in retail demand is clear from the continued reduction in revenues from the large stores segment, the natural outlet for most consumer goods (typically PCs and accessories, including peripherals and monitors, and consumer and digital electronics goods). On the other hand, it is clear that customers' consumption habits are changing, as they increasingly turn to online purchases as shown by the increases in "online shops" (+45%) and "end consumers" (+65%).
Meanwhile in the business market, only the "server" segment is holding up (+8%).
A particularly significant element common to both markets is the growth in the "tablet" segment (+88%) – accompanied by a certain level of "cannibalisation" with particular regard to notebooks – and the "mobile phone/smart phone" segment (+93%).
The figures relating to end consumers and the OEM market are fully ascribable to Monclick and Comprel, respectively.

Esprinet S.p.A. sales by product family and customer type

The following are the same breakdowns of sales performance of Esprinet S.p.A. during the year:

(euro/million)	2012	%	2011	%	Var.	% Var.
PCs - notebooks	265.6	18.1%	389.5	24.6%	(123.9)	-32%
Consumables	217.1	14.8%	239.5	15.2%	(22.4)	-9%
PCs - desktops	129.9	8.9%	176.4	11.2%	(46.5)	-26%
Tablet	122.7	8.4%	50.2	3.2%	72.5	144%
Digital	108.6	7.4%	112.3	7.1%	(3.7)	-3%
Accessories	108.1	7.4%	114.3	7.2%	(6.2)	-5%
Software	93.2	6.4%	104.3	6.6%	(11.1)	-11%
Servers	91.0	6.2%	68.2	4.3%	22.8	33%
Mobile/smartphone	88.0	6.0%	48.1	3.0%	39.9	83%
Peripheral devices	83.4	5.7%	119.8	7.6%	(36.4)	-30%
Monitors	47.2	3.2%	51.5	3.3%	(4.3)	-8%
Networking	43.9	3.0%	38.3	2.4%	5.6	15%
Other	68.3	4.7%	68.3	4.3%	-	0%
Esprinet S.p.A. sales	**1,467.0**	**100.0%**	**1,580.7**	**100.0%**	**(113.7)**	***-7%***

The breakdown of sales by product family underlines an overall decrease in sales except for "Tablet" (+144%), "Server" (+33%), "Phone/smartphone" (+83%) and Networking (+15%).

(euro/million)	2012	%	2011	%	Var.	% Var.
Dealer	531.1	36.2%	539.2	34.1%	(8.1)	-2%
VAR	292.7	20.0%	294.2	18.6%	(1.5)	-1%
GDO/GDS	282.7	19.3%	393.9	24.9%	(111.2)	-28%
Office / consumables dealers	220.7	15.0%	223.0	14.1%	(2.3)	-1%
Sub-distributors	94.4	6.4%	102.5	6.5%	(8.1)	-8%
Shop on-line	45.4	3.1%	27.9	1.8%	17.5	63%
Esprinet S.p.A. sales	**1,467.0**	**100.0%**	**1,580.7**	**100.0%**	**(113.7)**	**-7%**

During 2012 a decrease in sales occurred for each customer type except for "Shop on-line" channel (+63%).

Significant events occurring during the period

The most significant events occurring during the period are briefly described as follows.

Esprinet S.p.A. shareholders' meeting

On 9 May 2012, in the second meeting, the Esprinet S.p.A. shareholders approved the 2011 financial statements as at 31 December 2011 and the distribution of a gross dividend of 0.089 euro per ordinary share.
Payment of the total 4.5 million euro dividend was effected 17 May 2012.

Due to the expiration of the previous mandate, the Meeting appointed the Board of Directors and the Statutory Auditors, which will be in force up to the approval of the 2014 financial statement.
The new Board of Directors is composed of Francesco Monti (Chairman), Maurizio Rota (Deputy Chairman), Alessandro Cattani (CEO), Valerio Casari, Giuseppe Calì, Marco Monti, Stefania Calì, Paolo Vantellini, Mario Massari, Andrea Cavalieri, Umberto Giovanni Quilici, Chiara Mauri.
The new Board of Statutory Auditors is composed of Giorgio Razzoli (Chairman), Emanuele Calcaterra and Mario Conti as Permanent Statutory Auditors, Silvia Santini and Maurizio Rusconi as Alternate Statutory Auditors.

In compliance with the remuneration policy and with art. 114-bis of the legislative decree 58/1998, the Meeting also approved a Long Term Incentive Plan in favour of the Board of Directors and the Company Management valid for the 3 years 2012/2013/2014 dealing with the free allocation of maximum 1,150,000 Company ordinary shares in portfolio ("performance stock grant") to beneficiaries to be identified by the Board of Directors.

The Meeting authorised in the end the Board of Directors to purchase and dispose of own shares subject to prior revocation of the former authorization of the 27 April 2011 meeting.

The proposed plan is a repetition of the pre-existing "buy-back" plan and comprises a maximum of 10,480,000 ordinary Esprinet S.p.A. fully paid-up shares with a nominal value of 0.15 euro each, or 20% of the share capital, taking into account the Company's own shares. It should be noted, however, that no purchasing operations and/or disposal of own shares had been effected by the Company in terms of the previous authorization.

Status of tax litigation proceedings

The litigation initiated as a result of the delivery to Esprinet S.p.A. in December 2011 of notices of deficiency for IRES and IRAP for FY 2005 to add-back costs incurred in transactions with suppliers resident in black-listed Countries, has been concluded with the signature of the settlement agreements on 21 December 2012 and the payment of the amounts shown in the conciliation proposals received by Esprinet – with a total cost of 1% the amounts claimed by the Tax Authorities.
In the hearing of 18 January 2013, the Provincial Tax Court acknowledged the settlement and dismissed the case.

Refund of IRES in connection with failure to deduct IRAP on personnel costs

By Enactment of the Revenue Office Director of 17 December 2012, the tax authorities approved the form for the refund of IRES, IRPEF and corresponding surcharges paid as a result of the non-deduction of the IRAP on personnel costs; the Enactment was issued pursuant to article 2 of legislative decree no. 201 of 2011.

This Enactment introduced the analytic deductibility of IRAP from the company income on personnel costs, as supplemented by legislative decree no. 16 of 2012 that provided the possibility to submit a refund claim for the IRES and/or IRPEF paid as a result of the failure to deduct the IRAP on such costs.

Esprinet has appointed its consultants to submit the refund claim, which will have to be filed electronically starting from 11 March 2013. Based on the calculations made, the refundable amount related to the years from 2007 to 2011, is approximately 1.2 million euro. The amount was recorded – with positive opinion of the consultants supported also by official literature - as a tax receivable from the Treasury.

Likewise the initial conservative decision not to book any account receivable, in connection with a refund claim submitted on December 11 2009 pursuant to article 6 of legislative decree no. 185 of 2008 – related to preceding years up to 2004 - has been reconsidered and a further account receivable of approx. 498 thousand euro has been recorded .

The aggregate impact on the quarter in which the aforementioned tax credits - in relation to the non-deduction of IRAP in prior years - have been recorded, is about 1.7 million euro.

Subsequent events

Esprinet Group transferred its Italian Offices to Vimercate

The transfer of all companies of the Esprinet Group – with the only exception of Comprel – from Nova Milanese (MB) to Vimercate (MB) was completed in January 2013.
It was carried out between the end of December 2012 and the first days of January 2013 and involved almost 550 employees, with a significant organizational and logistics effort.

The new building has nearly 8,000 sqm of working spaces and it is located in the ENERGY PARK, the science hub of Brianza, which is strategically positioned for easy access to the traffic arteries of Northern Italy, and considered an attractive point of the "high tech" companies.

Esprinet building has already been registered by the U.S. Green Building Council, and it is nominated for the LEED Platinum Certificate (Leadership in Energy and Environmental Design), one of the most important worldwide accreditation related to the design, construction and operation of high performance green buildings. The transfer is coherent with the ethical and environmental values of the Group: the new headquarter offers to the employees a comfortable and eco-friendly location, an ideal contest also for Esprinet visitors and guests.

The total costs incurred for the transfer are 1.57 million euro – most of them recorded in the 4th quarter 2012 – and are mainly related to the project advise of the new location, to the closure and reinstatement of the offices in Nova Milanese and to the transfer and the finishing of those in Vimercate.
Costs for disuse of plants, electronic equipment and furnishing of the old offices are about 139.000 euro.

Outlook

In the last part of 2012 a change happened in the Eurozone crisis management which was previously deteriorating the European macroeconomic scenario.
In October tge "ESM – European Mechanism Stability" was put in place, which, along with the OMT (Outright Monetary Transactions) is able to face the liquidity crisis of large European Countries such as Italy and Spain. Furthermore the recovery programs for the crisis of certain countries started to be more flexible, thus favourably affecting the financial markets.

Additionally the financial balance of most of EU countries improved thanks to the fiscal measures adopted in the latest months.
Conversely the abovementioned improving sovereign situation could be threated by both the deterioration of the recession currently experienced in Europe, and the political elections in Italy, plus the effective consolidation of the Spanish recovery during the second half of 2012 as well as the potential failure of the recovery programs in Greece, Portugal, Ireland, if not respecting the necessary minimal conditions.
The consensus foresee the macroeconomic scenario to continue to be weak and highly linked to flexible monetary policy, under the risk of a long and deep recession worsened, in the Italian country, by both external and internal factors (i.e. euro exchange rate).
The credit availability to small and medium size companies will still be weak and the credit conditions will be particularly tight in the end of 2013.
During 2014 the economic situation should gradually improve thanks to the expected increase of the Company profits since the end of 2013.

Looking at the European IT distribution (Global Tech Distribution Council – Context February 2013), in 2012 the market increased year-over-year (+2.5%, it was +3.2% in the first half), essentially thanks to U.K. (+20%), while Germany (-1%) and France (-0.2%) slightly slowed down, with second half trend weaker than the first one, as Germany was growing by +1%, even due to a poor December (-8%). Referring to the remaining countries, Poland recorded a good result (+8%) as well as Scandinavian region, with the exception of Finland. Also Switzerland and Austria reduced by -3% compared to 2011

In the countries where the Group operates, the market was more negatively impacted by the crisis: Italy recorded the second worst result in the European panel (-8%, broadly in line with 2012 estimates by Sirmi, January 2013) preceded only by Spain (-9%), with short-term indicators even more depressed (in November and December Italy -9% and -7%, Spain -20% and -9%).

Conversely, the Group's competitive position improved as the market share grew in Italy and remained stable in Spain, even thanks to the capability of addressing the mobility business (smartphone, tablet), partially counterbalancing the negative trend of the traditional IT PC-centric business.
Considering the retailers' trend (GFK, January 2013), it must be noticed that, notwithstanding the 'webbok'-tablet segment grew more than +100% compared 2011, IT was still negative (-3% in Italy, -5% in Spain), whilst the mobile phone segment grew in Italy (+17%) and slightly reduced in Spain (-3%). Consumer electronics decreased by -16% in Italy and -19% in Spain, strongly deteriorated by the weak TV segment and the photo one (-14% in Italy, -20% in Spain).
In the business segment the desktop sales reduced while notebook's unit sales increased by +1.8%.
As per 2013, the first estimates of Sirmi foresee a general market recovery, mainly supported by the strong sales of tablets and the growing ultrabook segment (i.e. new generation-ultra-light PC).

In general, the trend of both IT spending and durable goods expected for 2013 will be substantially in line with 2012 trend referring to both private and corporate spending. Therefore the durable goods segment will see a further postponement of investments and increase of the average lifecycle of corporations' hardware and software.
The weak demand and the contracted private spending are forecasted until mid of 2013, as the further reduction of available spending will be not counterbalanced by a stronger attitude to invest private saving.
In such a scenario, the leading growth catalyst will be Mobility and Byod ('Buy your own device').

Analysts and research company (IDC and Gartner among the others) foresee mobile platforms and spending styles will drive the growth of the whole market. Mobile devices (smartphone, tablet, e-reader) and apps will start something which could, in the more optimistic view, re-vamp a growth trend even in the commoditized 'PC' and server segment.
'Big data' and 'Cloud computing' could be other important value drivers in the business segment, even though the effective impact on the IT supply chain needs to be furtherly investigated.

As per 2013, the Group foresees its own growth linked to the capability of both gaining market share and taking advantage from the competitive position in the 'big data' segment as well as deploying the strong relationships with vendors of mobile devices.
The endemic consolidation of the market, i.e. international and Italian players substantially disappeared in 2012 due to the crisis, could be a further growth opportunity for the Group, even looking at the more and more mature market.

The current difficult credit availability to a number of customers – now including also historical big retailers- could be a threat to the growth initiatives.
The Group confirms its focus on identifying the best customers to invest its own resources and projects.
The good results achieved in 2012, in terms of gain of market share as well as profitability, despite a complex situation of the both core and financial markets, allow the Group to be well positioned to fully take advantage from the opportunities arising from both the market consolidation and the desired recovery of the demand.

Human Resources

Principles

Human resources are considered of primary importance in pursuing Group objectives. The Esprinet Group's HR management and development model mainly aims to motivate and valorise all employees by enhancing their skills and according to its business development strategy.
Although within a context where the rationalization of costs is paramount, these objectives are achieved, mainly, through the use of the following instruments:

- training targeted and adequate to management needs;
- selection of the best resources coming from the main national schools and universities and constant attention to internal mobility;
- a compensation system based on principles of selectivity and meritocracy linked to the achievement of individual objectives.

Employment

The number of employees as at December 2012 increased by 10 units from 961 to 971 units, reversing the previous year's trend when the number of employees fell by 5 units as at 31 December 2011.
The average number of employees in 2012 increased by 2 units compared to the previous year, rising from 964 units to 966 units.

The trend of the Group employees in 2012 is represented as follows:

	Executives	Clerks and middle management	Workers	Total	Average
		31 December 2012			
Esprinet S.p.A.	19	610	2	**631**	
Comprel S.r.l.	2	56	-	**58**	
Monclick S.r.l.	1	35	-	**36**	
V-Valley S.r.l.	-	-	-	**-**	
Subgroup Italy	**22**	**701**	**2**	**725**	**724**
Esprinet Iberica	**1**	**202**	**43**	**246**	**243**
Esprinet Group	**23**	**903**	**45**	**971**	**966**
		31 December 2011			
Esprinet S.p.A.	19	603	2	**624**	
Comprel S.r.l.	2	57	-	**59**	
Monclick S.r.l.	1	38	-	**39**	
V-Valley S.r.l.	-	-	-	**-**	
Subgroup Italy	**22**	**698**	**2**	**722**	**714**
Esprinet Iberica	**1**	**200**	**38**	**239**	**250**
Esprinet Group	**23**	**898**	**40**	**961**	**964**
Var Group 31/12/12 - 31/12/11	-	5	5	10	2
Var %		*1%*	*13%*	*1%*	

(1) Average of the balance at year-beginning and at year-end.

Subgroup Italy's labour force slightly increased by 3 units compared to the previous year, mainly referring to Esprinet SpA and also due to some investments in the business areas IT Value and Consumer Electroncs (Mobile Phone, Audio-Video e Games). The labour force of Comprel and Monclick, including the personnel recruitment still active at December 31 2012, is basically stable compared to the previous year.

With reference to Esprinet Iberica, a slight increase of the labour force (7 units) can be recorded compared to the previous year. This increase is mainly due to the substitution of absent employees, whose position must be preserved, and to the hiring of temporary employees in the warehouse, in order to exploit labour force flexibility during peak work periods Moreover, new employees were hired in the Product Marketing business to support new projects, like those of Mobile Phones and Games.

The average of the balance at year-beginning and at year-end shows a reduction compared to the same data in 2011, when a process of restructuring and reorganisation of the productive labour force was pursued in order to maintain the continuity of the market, improving competitiveness and profitability.

The table below illustrates substantially stable turnovers in line with the results of 2011 for the whole Group:

	Headcount 31/12/2011	Increase	Decrease	Headcount 31/12/2012
Esprinet S.p.A.	624	86	79	631
Comprel S.r.l.	59	5	6	58
Monclick S.r.l.	39	10	13	36
V-Valley S.r.l.	-	-	-	-
Subgroup Italy	**722**	**101**	**98**	**725**
Esprinet Iberica	**239**	**42**	**35**	**246**
Group	**961**	**143**	**133**	**971**

Both in Italy and Spain the Esprinet Group generally hired both young neo-graduates and professionally experienced personnel, to cover positions in new business start-ups.

The table below highlights a substantial same-distribution of genders: women employees are in fact 55.8% of the total (in line with the 56.8% of the previous year).
At year-end graduates were 33.8% of the total, a slight increase on the previous year's total.
The percentage of high-school leavers fell to 58.8% from the 59.7% of 2011.

	31 December 2012								31 December 2011	
	Italy		Italy			Spain				
	Esprinet S.p.A.	Comprel S.r.l.	Monclick S.r.l.	V-Valley S.r.l.	Total Italy	Esprinet Iberica S.L.U.	Group	%	Group	%
Men	287	40	22	-	**349**	**80**	**429**	*44.2%*	**415**	*43.2%*
Wimen	344	18	14	-	**376**	**166**	**542**	*55.8%*	**546**	*56.8%*
Total	**631**	**58**	**36**	**-**	**725**	**246**	**971**	***100%***	**961**	***100%***
Graduation	190	16	20	-	**226**	**102**	**328**	*33.8%*	**310**	*32.3%*
High-School Cert	401	36	16	-	**453**	**115**	**568**	*58.5%*	**574**	*59.7%*
Secondary School Cert	40	6	-	-	**46**	**29**	**75**	*7.7%*	**77**	*8.0%*
Other	-	-	-	-	**-**	**-**	**-**	-	**-**	*0.0%*
Total	**631**	**58**	**36**	**-**	**725**	**246**	**971**	***100%***	**961**	***100%***

Training

The highly competitive context of the Group's operations and the constant need for professional updating is continuing to mean that the training lever is a highly strategic variable.

During 2012 the Group effected 14,648 training hours, excluding the mandatory training on risks at work for new hired employees.
In particular, 9,459 training hours were effected in Italy, whose 2,413 hours related to health and safety at work and to the Legislative Decree 231, while 7,046 hours, increasing compared to the previous year, related to 'Behavioural' area, 'Technical' area, 'IT' area, 'Linguistic' area and 'Managerial' area
The training offer of the "Linguistic" area has been completely modified: to the classic individual and small group trainings, some functional workshops were added and addressed to the employees with an intermediate knowledge of the English language. The workshop began as "pilot" project in November 2012 and will continue in 2013. An English test for the new hired employees was also introduced regardless of the position in the Company, and moreover the assessment process regarding the knowledge of the English Language was modified.

With regard to the Managerial area, due to the introduction of the "Performance Management" project, the Managers of the involved departments attended a training course on "feedback management".
Moreover, it should be underlined that, thanks to the subscription to the funding body "Formazienda", in 2012 the Company used financing for most of the training offered.

In Spain, during 2012, 5,189 training hours were effected, a slightly lower number than in 2011. This is mainly due to the reshaping both of the labour force and of the costs structure operated in 2011, which led to a reduction of the average training hours per employee, focusing on the priority areas.

The 2012 training programmes concentrated on the following areas:

1. Internal Training: in the sales area, the training begun in 2011, devoted to the development of Telephone Sales skills, was completed. In the meantime a new training program on Product Marketing was introduced, aiming to improve Stock Management skills.
2. Managerial Development: a new *ad hoc* modular training course for middle management was launched in 2012 and will be completed in 2013
3. Professional Updating and Development: the greatest effort in term of training hours was concentrated on Office Automation.
4. Linguistic Area: the English and Italian training programs were maintained.
5. Safety & Security: Emergency Management and First Aid training was introduced.

For the most part, the training programs for Spain were organised thanks to funded training (so called *Fundación Tripartita),* as well as through cooperation agreements with several institutions of the "Autonomous Community of Aragona" and through trade associations.

Recruitment

During 2012, recruiting activities regarding the best candidates from the most significant schools and universities also continued in both countries, despite the extremely uncertain economic situation.
Esprinet S.p.A. continued its collaboration with the three main Milan universities – especially with Bocconi, Cattolica, Statale University, and LIUC and Politecnico of Milan - aimed at employing neo- and undergraduates. During 2012, 17 interns were inserted and, except in the case of the 3 still existing in 2013, 73% were hired.

For the recruitment of more senior profiles, Esprinet publishes the vacancies on its own internet site, on the main on-line recruitment tools (Monster), and on Social Networks such as "LinkedIn". For more professional profiles Esprinet uses Head-Hunting Companies and Recruitment Agencies.

Selection methods vary according to the profile required and generally consist on personal interviews with the HR management and the line manager or an assessment process using company presentations and group tests in the case of neo-graduates.
For the recruitment of interns, the corresponding announcement is published on the Internet sites of the above mentioned Universities.

In Esprinet Iberica the recruitment activity in 2012 was focused on one hand on the selection of personnel with specific skills towards the management of new marketing project of the Company, while on the other hand on neo-graduate employees via internship agreements, in order to have a source of talented people to draw on for new positions or substitutions.
The recruitment of young neo-graduates continues to be managed through the maintenance and development of existing agreements with the main Universities and Business Schools and other training bodies, both national and local (Universidad de Zaragoza, Universidad San Jorge, Kühnel, Esic e Ceste).

During 2012, 15 internships were effected, 9 beginning in 2011 and 6 in 2012 (of which 3 are still in progress in 2013). They are graduates who in most cases are attending or have attended a Master's Degree Course and are mainly employed in the Product Marketing area. In 2012, excluding the 3 above mentioned, more than 33% were hired by Esprinet Iberica at the end of their internship.

Development and 'compensation'

In terms of development, the "Performance Management" project was launched in 2012. It deals with a new assessment process introduced to the Italian and Spanish management, that began with a pilot phase for certain departments, such as back office and sales, which involved 164 employees (116 in Italy, 48 in Spain). This new system, completely managed via web, aims to assess the resources, both in terms of results and of organisational skills, and allows a more categorised and detailed assessment compared to the past. At the end of the process each employee will receive a feedback by his/her own superior.

Also in 2012, professional and managerial development were organised to encourage the skills and aptitudes of the organisation's most deserving staff members, and in addition inter-company and inter-role job rotation was also undertaken to further enhance the employees' professional and technical expertise, intended to enrich staff both professionally and technically.

In 2012, the compensation policy regarding variable incentives was completely reviewed. It is now based not only on performance assessment related to the achievement of personal objectives, but also depends on the achievement of Company results, the latter being necessary to reach the target related to the personal objectives.

The Esprinet Group in Italy also reviewed its compensation policy regarding both fixed and variable compensation. This plan involved approx. 28% of Esprinet S.p.A., 11% of Monclick S.r.l., 36% of Comprel S.r.l. and 14% of Esprinet Iberica employees.

In the Italian Group, a long-term compensation plan for executives and other key managerial figures, which considers their greater responsibility in making decisions and their contribution to results, is still in progress and will end with the approval of the 2012 financial statement.
For directors and senior executives with strategic responsibilities a new incentive plan for the 2012 – 2014 three-year period has also been introduced.

Organisation

In 2012 Esprinet S.p.A. worked to increase the efficiency of some of its structures and the affiliated company V-Valley, enabling them to more promptly meet the market needs:

- With the objective of rationalising the organisational work model, the Company reorganised the "OK Retail Division" structure, externalising the countrywide merchandising activity through a suitably qualified company.
- the potential of V-Valley was improved by the integration into the existing team of personnel directly allocated by suppliers, focusing on a continually improved integration between partners in the Value Added product segment.
- In order to enhance a more suitable organisational structure of the tender business and to develop new commercial opportunities in the short term, the Commercial Division "Professional Services Area" (renamed as "Professional Services, Tender & Telco Division") was reorganised and reinforced with new personnel possessing the specific skills of the sector.

During 2012 there were no significant changes in the organisation of Esprinet Iberica, with the exception for the creation of Product Marketing Business Units for new projects management.
During 2011, dramatic organisational changes affected the front office area, in particular the sales structure, to better meet the market needs and its corresponding predictable development during 2012.

Insertion of people with disabilities

In 2011, Esprinet S.p.A. stipulated an agreement for the duration of 2 and a half years with the Province of Monza and Brianza concerning the insertion of disabled people. During 2012 the Company asked for the extension of this agreement to hire further disabled people, and the expiration date was moved to October 2014.
In compliance with Law No. 68/99 regarding the insertion of disabled people in the workplace in Italy, both Esprinet S.p.A. and Comprel S.r.l., continued using of the possibility of partial exemption by payment of a quota to the Regional Fund for the Employment of the Disabled.

The Esprinet Italy Group also used the "LIFT Plan" of the province of Monza and Brianza, which consists of the out-of-pocket incentives proportional to the disability type and to the agreement type in the event of disabled employee being hired for at least 9 months.

In 2012, Esprinet Iberica fully complied with the law governing the compulsory hiring of disabled people without any recourse to alternative solutions regarding the failure to insert disabled people.

Health, safety and environment

General principles and actions undertaken

The respect for the environment and the protection of health and safety at work has always been at the basis of Esprinet Group operations. It is the Group's precise intention to further maintain, consolidate and improve the leadership position won in its own sector, by continuing to propose innovation in processes and in service to its customers and by simultaneously paying constant attention to safety, to individuals' and collective health by respecting the law and the surrounding environment.
In order to achieve these objectives, the Group has established, documented, implemented and maintained an Integrated Environment, Health and Safety Management System in the workplace.
During 2012, Esprinet S.p.A. received Certification of its Integrated System from the BSI Certification Company, a certification body of international standing, alongside the renewal of the Quality certification (ISO 9001), and also certification as per the ISO 14001 standard (Environment) and OHSAS 18001 (Security).

The following is a list of the tools considered essential for:

- the pursuit of continuous improvement;
- the reduction of accidents and illnesses in the workplace;
- the minimisation of environmental impact caused by the Group's activities.

Training and involvement

The Group is aware of the role of primary importance played by staff and it is therefore strongly committed to promoting the active involvement, responsibility and professional growth of them.
The constant activity of information and training is fundamental, in order to sensitise the personnel on environmental and safety topics, and on the importance of the contribution of each individual regarding the prevention and improvement of the general conditions of the safety at work and of the environmental efficiency of the company.

Identification and evaluation of risks in the workplace and the environmental impact of operations

The Esprinet Group defines the criteria and method for the continual evaluation of the main environmental aspects, of the risk of misfortune and danger, and of the identification of the corresponding impact. The latter are periodically verified compared to the forecasted objectives, which are defined, monitored, and updated for their continuous improvement.

Compliance with laws and other regulations

Compliance with laws and regulations issued to protect workers' health and safety and for the respect of the environment are values inseparable from the Group's strategic action.

Concluding conduct

The correct management, maintenance and regular checking of plants and equipment is one of the ways that the Group runs 'health, safety and environmental' policies together with checks on any possible use and/or disposal of chemical preparations or compounds whether dangerous or otherwise. This is also outsourced to qualified suppliers accurately selected for their technical/professional expertise and for their products and services which significantly eliminate or reduce the environmental, health or safety risks. These are just some of the methods used by the Group to implement its " environment, health and safety" policies.
The Group is also engaged in minimising the consumption of natural resources (electricity, gas, water) and of waste production, encouraging recycling where possible.

Effective communication

The Group recognises the importance of the role of 'communication' for all interested parties (personnel, suppliers, contractors and sub-contractors) as the basic element for managing responsibility correctly within the health, safety and environmental protection context.

Audit

Both internal and external audits are an effective tool. They form the basis of company culture and are what determine the performance checks and supervision, including that regarding health, safety and environment.

Membership of waste disposal consortia

Since 2006 the Italian companies of the Group have been members of the Ecor'it consortium, which manages 'end of life' products defined by the regulation regarding the disposal of electric, electronic, cells and batteries waste.
Esprinet Iberica, the Spanish subsidiary, is a member of the Ecotic, Ecopilas and Ecoembes consortia and of the Erp, Ecophilas and Ponto Verde consortia in the case of Portuguese operations.
Italian companies have also adhered to SISTRI (the waste traceability checking system), founded in 2009 by the Ministry for the Environment and Protection of Land and Sea for computerizing the whole special waste production chain nationally.

Disclosure as per Legislative Decree 32/2007 and its interpretation

In the case of the document approved on 14 January 2009 by the National Council of Accountants and Accounting Experts (Cndcec), aimed at supporting the first application of Legislative Decree 32/2007 concerning information regarding the environment and staff, the following has to be noted:

'Compulsory' disclosure

In the case of staff, during 2012 no deaths, or serious or very serious accidents, or professional illnesses reported by employees or ex-employees, or 'mobbing' trials, where the companies of the Group were found guilty definitively, occurred.
In the case of the environment, during 2012 no significant damages to the environment, or fines or definitive penalties were charged to the company for environmental crimes or damages, nor was any emission of greenhouse gasses reported.

'Voluntary' disclosure

In the case of staff, the section 'Human Resources' and the 'General principles and action undertaken' of this chapter provide a complete picture of the policies pursued.
The 'pure' IT products distribution activities (hardware, software and services) and consumer electronic products, undertaken at the three main sites at Cambiago and Cavenago in Italy (approx. 56.000 sqm), and at Zaragoza in Spain (approx. 22.000 sqm), do not create any special problems for the environment, Nevertheless the Group constantly monitors the use of energy at its various premises and has adopted strict disposal procedures for any type of waste.

Main risks and uncertainties facing the Group and Esprinet S.p.A.

Risk classification

Esprinet Group and Esprinet S.p.A. activities are exposed to risk factors able to influence their economic and financial situation.
Esprinet S.p.A. and the Esprinet Group identify, assess and manage risks in compliance with internationally recognised models and techniques such as 'Enterprise Risk Management - Integrated Framework (CoSo 2)'.

Since 2009 the Group adopted an operative and organisational framework able to manage risks and monitor its adequacy in time (the so-called 'ERM-Framework'). It hinges on the methodological model for the creation of an effective "risk management" system able to involve the actors in the internal audit system at various levels, who are charged with different key roles according to the various control activities.
The identification, assessment, management and monitoring system of the company's main risks is based on a process which involves the performance of the following tasks, at least annually:

- risk scoring and risk assessment of the main company risks;

- identification of 'risk management' priorities;
- identification of a 'risk strategy' and its transfer into action plans orientated to strengthening, improving and monitoring the checking facilities of the risks identified.

The ultimate purpose of the system described is to maintain the risk level within the acceptability threshold defined by the administrative body and supply reasonable support to the furtherance of company objectives.

The result of these operations has lead the Company to define an operational action plan for 2012 including an audit plan of risks already effectively checked on and a plan of measures aiming at improvements in the case of other risks not properly managed.

The risk classification is based as follows:

- strategic risks
- operational risks
- compliance risks;
- financial risks;

The annual revision of the company's main risks has substantially confirmed the existing map of the risks
The following is a brief description of the main risks, these last assessed without taking into consideration the response actions put into force or planned by the Group to bring the seriousness of the risk within acceptable levels.

Strategic Risks

Inadequate response to unfavourable macro-economic scenarios

The Group's economic and financial situation is influenced by various factors which make up the macro-economic contexts of the markets where the Group operates (Italy and Spain).
These include, but not only, GDP performance, consumer and business confidence levels, the inflation rate, interest rate trends, the cost of raw materials prime and unemployment rates.

The economic recession, in fluctuation since 2008, continues to negatively influence IT consumption and investment by businesses and end-users.

So 2012 confirmed a negative macroeconomic scenario, disappointing the confidence of an economic growth during the second part of the year.

In 2013 as well the analysts forecast a further contraction of the consumption and of the investments, more evident in the first part of the year.
Other factors, included an acceleration of the global markets, the normalisation of the financial markets, the stabilisation of the crisis of the national debts of the Euro zone, could lead to a recovery, even if modest, within the end of 2013.

However it is not certain that market performance will really follow the analysts' expectations and that we will see an inversion of the trend in the following months. The period of time needed for a return to normal market conditions remains uncertain, therefore.
Should the current situation of weakness and uncertainty extend significantly, the Group's activities, strategies and prospects could be conditioned negatively with a consequent negative impact on the financial assets, economic, and financial situation.

Inadequate response to customers' and suppliers' demands

Due to its intermediary role within the IT production chain, the Esprinet Group's success largely depends on its ability to address, interpret and meet customers' and suppliers' demands.

This ability translates into a value proposition both at the source and later on in the sales process which differentiated itself from the competition through its adequate and historically superior profitability conditions compared both with its direct and indirect competitors.

Should the Esprinet Group be unable to maintain and renew this value proposition, that is, to develop more innovative offers and competitive services compared than those of its main competitors, the Group's market shares could fall significantly causing a negative impact on its economic and financial position.

Competition

The nature of the Group's trade brokering activities means it operates in highly competitive sectors, both in Italy and in Spain.
The Group has therefore to operate in a highly competitive context and to compete in the various geographical markets against both strongly rooted local operators and multinational companies significantly larger than the group and with considerably greater resources.
Competition in the IT distribution and electronic consumables sector, the Group's main activity, is measured in terms of prices, availability, quality and variety of products and associated logistic services and pre and after-sale assistance.
The degree of competition is also heightened by the fact that the Group acts as a broker between the large world-wide suppliers of technology and resellers of IT/electronic consumables, which include operators with high contractual power, including the major retail chains, often with the potential to open supply chains directly with the producers.
The Group also competes with multinational groups of extremely high financial standing, both in Italy and in Spain.
Should the Esprinet Group be unable to deal effectively with the external situation in question there could be a negative impact on the Group's prospects and operations, as well as on its economic results and financial position.
Moreover, the Group is also exposed to competition from alternative distribution models, whether current or potential, such as those based on direct sales to the user by the producer, even if all the limits of these alternative distribution models have been revealed during the last two-year period.
If the 'de-intermediation' situation, already affecting the Group in the markets where it operates, accelerates in the next years, even though not caused by any empiric or economically rational facts, the Esprinet Group could suffer negative repercussions on its economic and financial position.

Price changes

The technological sector is typified by a heavily deflationary price trend linked to high product obsolescence and strong market competition, besides mainly economic factors linked to the long-term weakness of the USA dollar and the Chinese currency, pegged to the USA dollar for considerable time, which are the two main functional currencies for IT products.

The Group is therefore exposed to the risk of falls in IT and electronic product unit prices, if the gross profit margin formed by the difference between the sales prices to retailers and purchasing costs applied by suppliers falls in absolute value when prices applied to the end consumer are lowered. This occurs since it is difficult to pass the higher costs caused by the lowering of prices on to customers in a sector as highly competitive as the distribution sector.

Despite the fact that this risk is lessened by the Group's capacity to limit overheads/fixed costs levels and productivity standards at various levels, thus reducing process costs chiefly linked to physical drivers (e.g. number of transactions, number of products moved in warehouses or forwarded by courier), and despite the fact that the percentile value of the gross sales margin is to some extent independent of reductions in the single prices of products, it is not possible to provide assurances regarding the Group's ability to deal with the technological sector's deflation rates in an economic fashion.

Business combinations

As an integral part of its strategy for growth, the Group periodically acquires assets (divisions of a company and/or company shareholdings) which are highly compatible in strategic terms with its own area of business.
Between 2001 and 2004, the main acquisitions on the Italian market were two distributors, Pisani and Assotrade, which were successfully integrated in the periods following the two operations as shown by the economic and financial performance of the Esprinet Group.
During the course of 2005, as part of a project to expand outside Italy, the acquisition of Memory Set, Spain's second-largest distributor, was finalised.

In December 2006, the acquisition of Actebis Computer S.p.A., the sixth ranking IT Italian distributor was finalised.
Finally, again in December 2006 the acquisition of UMD S.A.U., the fourth ranking Spanish distributor was finalised.

Such operations, as any other future operation of the same type, run the risk of not being able to activate expected synergies either fully or in part, that is the risk that the explicit and/or implicit costs of integration might outweigh the benefits of the acquisition.
Integration problems are increased by the fact that the companies acquired have to operate in countries and markets other than those where the Group has always operated and which involve specific business and regulatory issues different from those met with so far by the Group.
Such problems arise from the need to align them to standards and policies mainly regarding internal auditing, reporting, information management and data protection procedures, besides to the implementation of suitable coordination and organisational mechanisms between the companies acquired and the rest of the Group.

Therefore it is impossible to give any guarantees about the Group's future success in concluding further acquisitions, neither to maintain the competitive positioning of purchasing target and neither to favourably repeat the proper business model and proposal system.

Operating risks

Dependency on IT systems

The Esprinet Group is strongly dependent on its IT systems in the performance of its activities.
In particular, the viability of its business depends to some extent on the capacity of the IT systems to store and process enormous volumes of data and guarantee elevated standards of performance (speed, quality, reliability and security) that are stable over time.

The critical nature of the IT systems is also heightened by the fact that the Group, because of its business model, relies on Internet for a consistent part of its business, both as an instrument for the transmission of information to its clients, and order-processing and marketing intelligence. Other critical factors are the connections in EDI mode to the IT systems of many vendors, as well as the remote connection to the cash & carry network active in the country.
The Group has invested remarkable resources in the prevention and mitigation of risks linked to its dependency on IT systems and in the improvement of the IT security level (such as the continual maintenance of the hardware installed and the updating of the relative software, the stipulation of insurance policies against damages caused indirectly by possible system crashes, the housing of the data centre in safe environments, the construction of anti-intrusion and anti-virus defences, the continual backup of memory-resident data and the provision of business continuity and disaster recovery plans).

Despite this, the possibility that the Group might have to suspend or interrupt its sales activities due to systems malfunctioning or actual black-outs cannot be totally excluded.
It is similarly impossible to guarantee that the IT systems of companies and/or businesses acquired will satisfy the Group's minimum reliability and safety requirements at the time of the acquisition.

Medium-/long-term interruptions of logistics chain

The Group's sales activities strongly depend on the correct functioning and efficiency of the logistics chain, thanks to which the products are able to reach their reference markets.
These logistics chains have reached high levels of complexity and the journey of the goods from the factories where the IT and electronic products sold are produced to the end customers could be subject to interruptions due to natural, political and operational events such as natural disasters, changes in trade relations between governments, trade restrictions and embargoes or operators' financial soundness in the various transport and storage stages.
Any unfavourable events in these areas are likely to cause long-term interruptions, which could have a significantly negative impact on the Group's prospects and financial position.

Dependency on suppliers and risk of non-observance of extra-contractual agreements

Overall, the Group has direct contacts with about 200 leading vendors of technology, including IT, electronic consumables and micro-electronic components vendors. The Group has always focused on the distribution of branded goods, earnings from the sale of own-brand products (accessories, consumables, Nilox micro-computer components) being negligible.
In most cases, trading contacts with the vendors are governed by contracts and/or agreements generally renewed every year.
Despite the high number of vendors in its portfolio, the Esprinet Group presents a certain degree of risk concentration in that the incidence of the first 10 suppliers in the 'core-business' of the B2B distribution of technology, accounted for 96% of consolidated sales, is greater than 70% of the total (71% in 2011).

A consequence of this situation is that the Group is exposed to the risk of the non-renewal of current distribution contracts and/or inability to replace these contracts effectively.

The Group is also exposed to the risk of significant changes in the terms and conditions of contracts drawn up with vendors, particularly regarding amounts regarding premiums for the attainment of targets, or the very level and nature of these targets, the sums for co-marketing and development, the policies for protection of the economic value of the stock and commercial returns, payment terms and associated discounts. These variations, if negative, are likely to have a negative impact on the assets and on the Group's economic and financial results.

Traditionally, however, the Group has been able to negotiate contractual conditions with its counterparts providing a long historical series of positive economic results. The degree of partnership attained with the majority of its suppliers also laid the foundations for significantly consolidated collaborations with the most important suppliers over the years, something also due to the use and maintenance of direct communication channels.

Dependency on suppliers of critical services

The Group's logistics model is based upon the direct warehousing handling and collections and the outsourcing of haulage and delivery services. These activities are of critical importance to the value chain for IT and electronic consumables distributors.
In the case of the first of the activities mentioned, the Group makes use of two porters' co-operatives in Italy. Transport activities are contracted out, both in Italy and in Spain, to independent outside shippers.
The interruption of contractual relations with the above-mentioned suppliers of services, or a significant reduction in the level of quality and efficiency of the services provided, could have a significant negative impact on the Group's economic and financial results.
These suppliers and the relative industry are continually monitored in order to mitigate any related risk.

Low profit margins

The result of the high level of competition to which the Group is submitted is a low profit margin (gross trading margin and net operating result) in relation to earnings.
These low margins tend to amplify the effects of unexpected variations in sales levels and operating costs on profitability that can be also negatively impacted from any incorrect decisions concerning the products "pricing" and the management of discount policies.
It is impossible to guarantee that the Group will also be able to manage its "pricing" policies with the same care and prudence in the future, in difficult economic situations.
Product margins and customers and the search for the best mix in suppliers and clientele are continually monitored, however, in order to mitigate any possible related risk.

Reduction in value of inventory

The Group is subject to the risk of a reduction in the value of unsold stock as a result of lowered list prices on the part of vendors and economic or technological obsolescence.

it is usual within the sector for the vendors to set up forms of total and/or partial protection, contractual or otherwise, of the financial value of stock in the above-mentioned cases for the benefit of the distributors with direct supply contacts.

Nevertheless, cases of non-fulfilment on the part of the vendors or the failure to activate non-contractual protection can occur.

Further, these protective clauses also come into force solely under certain conditions and are therefore totally controlled and by purchase planning ability in function of market potentiality.

It is not possible to give guarantees regarding the Group's future ability to manage stock levels so that even limited risks of stock devaluation are avoided, or failure to activate the contractual protection provided in the case of the majority of the product suppliers.

The main risk mitigation methods depend on the constant ability to minimise stock levels also due to the support of expert inventory management and demand planning systems based on availability indicators and consequently customer satisfaction, together with the constant monitoring of existing contractual agreements, in terms of the consolidated practice of the sector which traditionally believes that suppliers are also likely to protect the value of stock.

Dependency on key managers

The activity and development of the Esprinet Group is characterised by a significant dependence on the contribution of some key management staff, particularly that of the Chief Executive Officer, other executive Directors, and of the 'front line' management and/or heads of functions acting in the geographical markets where the Group operates: Italy and Spain.
The Group's success therefore depends to a large extent on the professional and personal ability of such key figures.
The loss of the services of some of the managers without any suitable replacement, together with the inability to attract and keep new qualified resources, could therefore have negative effects on the Group's prospects, operations and financial results.
The main methods used by the Group to deal with the risk in question comprise professional development and employee retention policies. The latter are part of a compensation system which includes the use of long-term incentive plans as well as continual training activities.

Physical destruction of company assets and products assigned for sale

Premises and products stored in warehouses are subject to risks linked to events such as earthquakes, floods, fire, theft and destruction.
These events could cause a significant fall in the value of the damaged assets and an interruption in the Group's operational ability, even for extended periods of time.
In the impossibility of excluding such events occurring and the damage caused by the same, and while bearing in mind the management and mitigation policies for these risk categories in terms of physical safety and fire prevention basically effected by transferring the risks to insurance companies, no guarantees regarding the negative impacts that could affect the Group's the financial position can be given.

Fraud perpetrated by employees

Bearing in mind the high number of transactions effected, the intensive use of IT systems both for operations and for interfacing with customers and suppliers, besides the high unit value of some transactions, significant economic damage could be generated by disloyal employees' conduct.

The Esprinet Group is committed to reducing the likelihood of such fraudulent conduct occurring by means of duty segregation techniques, IT systems access management, the introduction of procedures and checks and the circulation of the code of ethics.
However, it is not possible to give any guarantees about unfavourable impacts on the Group's financial position which could derive from fraudulent activities of the kind described.

Reliability of the administrative-accounting system

Strategic and operational decisions, the planning and reporting system, as well as the process of external communication of data and economic and financial information is based on the reliability of the administrative-accounting information generated and processed within the Group. The correctness of this information also depends on the existence of organisational procedures, rules and organisation, on employees' professional expertise and on the effectiveness and efficiency of IT systems.
The Group is committed to maintaining a high level of control over all the procedures that generate, process and circulate economic and financial information. These procedures and the underlying IT

systems are subject to regular audits and checks by various actors of the Internal Audit System and are constantly updated even when solutions to '*Non Conformity'* situations have been applied.

Compliance risks

The Esprinet Group is exposed to the risk of violating numerous laws, rules and regulations, including tax laws, which govern its operations.

Legal and tax disputes

As of the drafting date of these financial statements some legal and tax disputes involving some of the companies within the Group are still pending. These could potentially influence the economic and financial results.
Although the sums paid into the relative risk provisions are deemed sufficient to cover any liabilities arising from pending disputes, it cannot be excluded that in the case of a negative result being worse than expected, a negative effect may reflect on the Group's economic, asset and financial results.

Legal disputes

The type of legal disputes to which the Group is exposed can be divided essentially into two main groups: disputes of a commercial nature (having as the object the nature and/or quantity of goods supplied, the interpretation of contractual clauses and/or the supporting documentation) and other of various kinds.
The risks associated with the first type of dispute are the object of accurate monthly analyses together with the Group's legal advisors and the consequent financial impacts are reflected in the *Bad debt provision*.
The 'other disputes' refer to various types of claims made against companies within the Group due to supposed infringements of laws or contracts.
The risk analyses are undertaken periodically together with the external professionals appointed for the task and the consequent economic impacts are reflected in the *Provision for risks and charges.*

Tax disputes

It cannot be excluded that the Group may have to pay liabilities as a result of tax disputes of various kinds. In such case the Group could be called on to pay extraordinary liabilities with consequent economic and financial effects.
The risk analyses are undertaken periodically together with the external professionals appointed for the task and the consequent economic impacts are reflected in the *Provision for risks and charges*.
For risks and the main developments of disputes in course please see '*Significant events occurred during the period'.*

Financial risks

Esprinet Group's activities are exposed to a series of financial risks able to influence its financial assets, profits and cash flows through their impact on existing financial operations.
These risks may be summarised as follows:
a) credit risk;
b) liquidity risk;
c) market risk (foreign exchange risk, interest rate risk and other price risks).
The overall responsibility for the creation and supervision of a financial risk management system for the Group is, within the Internal Control System, up to the Board of Directors, to which the various organisational units responsible for actually managing the single types of risk report.
These units, substantially belonging to the Finance and Treasury departments, within the guidelines traced out by the Board in the case of each specific risk, define the instruments and techniques necessary for the relevant cover and/or transfer to third parties (insurance) and assess risks that are neither covered nor insured.
The Group has consolidated practices, operational procedures and risk management policies, which are continually adapted to changing environmental and market conditions, which are able to identify and analyse the risks to which the Group is exposed, to define appropriate controls and constantly monitor the same limits.
Further information regarding risks and financial instruments pursuant to IFRS 7 can be found under *'Disclosure on risks and financial instruments'* in the *'Notes to the consolidated financial statements'.*

The degree of the Group's exposure to the various categories of financial risk identified is detailed in next paragraphs.

Credit risk

Credit risk is the risk that the Group might suffer a financial loss through the effects of the non-fulfilment of an obligation to pay by a third party.
Esprinet Group's exposure to credit risk depends on the class of financial instruments, even if it is essentially linked to the option of deferred payments granted to clients in relation to sales of products and services in the markets where the Group operates.
Management strategies dealing with this risk are as follows:
- in the case of cash and cash equivalents and financial derivatives assets, the choice of leading national and international banks;
- in the case of trade receivables, the transfer of the risk, within the limits of the credit negotiated and with the aim of reaching an optimum balance of costs and benefits, to leading insurance and/or factoring companies as well as applying special checking procedures regarding the assignment and periodical review of lines of credits to customer, besides requiring collateral in the case of customers whose ratings are insufficient to guarantee operations.

Group policies include a strict hierarchically organised authorisation mechanism to deal with trade receivables, involving the Credit Committee and on up until the Board of Directors, in cases where the limits of the line of credit granted independently by the Group exceed the corresponding credit facilities granted by the insurance company.
Customer credit risk is monitored by grouping the same according to sales channels, the aging of the credit, the existence or otherwise of any previous financial difficulties or disputes and any legal or receivership proceedings underway.
Customers classified as 'high risk' are inserted in a strictly-checked list and any future orders are filled solely against advance payment.
The Group usually accrues estimated impairment of trade receivables quantified on the basis of analyses and write-downs of each single position to a bad-debt provision, after taking into account the benefits provided by the insurance.

In the case of credit risk concentration, the following table shows the incidence of the top 10 and 30 clients on consolidated sales:

Entity	Country	% top 10 customer	% top 30 customers
Esprinet S.p.A.	Italy	19%	32%
Comprel S.r.l.	Italy	22%	41%
Monclick S.r.l.	Italy	4%	6%
Esprinet Iberica S.L.U.	Spain	45%	57%
Group		**19%**	**31%**

In the case of the Spanish subsidiary, the greater part of sales performance tends to be due more to structural factors – the greater weight given to IT consumption both by large-scale generalist retailers and IT specialists compared than in Italy – rather than to issues linked to any specific competitive positioning.
The incidence of the top 10 and 30 clients on the Esprinet Group's sales is approx. 19% and approx. 31% respectively, slightly decreasing compared to 2011.

Liquidity risk

Liquidity risk is the risk the Group may encounter difficulty in meeting obligations associated with its financial instruments.
The policy is therefore one of maximum prudence to avoid, at the occurrence of unexpected events, to have to sustain excessive charges or even see one's reputation compromised in the market.

The Group's policy essentially involves cash flow planning activities and the maintenance of consistent amounts of unused lines of credit in Italy and in Spain of a mainly self-liquidating nature, aided by a conservative financial policy favouring stable financing sources also to finance working capital.
As at 31 December 2012 the Group had unused credit lines of almost 264 million euro (314 million euro

at 31 December 2011), or approx. 82% (approx. 79% as at 31 December 2011) of the total of the existing credit lines.

The Group's financial needs are largely covered by two Senior Loans of 7-years duration which are one of the pillars of the liquidity risk management and which are subject to the strict observance of some covenants the non-compliance with which gives the issuing pool of banks the right to demand the immediate reimbursement of the same loans.

As at 31 December 2012, according to management estimates as is clearer in the next paragraph '*Loans and loan covenants*' under '*Other significant information'* in the '*Notes to the consolidated financial statements'*, such covenants have been fully met.
While the existence of a covenant structure allows the Group to dispose of a stable funding structure not subject to any cancellation and/or unilateral downsizing as per international contractual practice, on one hand, on the other it introduces elements of instability linked to the possible violation of one or more of the threshold financial parameters, failure to observe which exposes the Group to the risk of the advance reimbursement of the borrowed sums.
In fact the Group regularly effects stress tests simulating situations which would arise in the case of violations of the parameters and the consequent obligation of advance reimbursement of the senior loans. Bearing in mind its increasingly high equity and unusual sources-uses structure, the most recent simulations have resulted in favourable outcomes regarding the Group's ability to make up for the loss of the senior loans by drawing on the unused short-term reserves of mostly self-liquidating loans.

Market risk: the currency risk

Currency risk is the risk of fluctuations in the value of a financial instrument as a result of variations in foreign exchange rates.
In this regard, it should be noted that only a residual part of the products purchased by the Esprinet Group are expressed in currencies other than euro.

During 2012 these purchases were mainly in US dollars and amounted to 3.7% of the Esprinet Group's total purchases (3.5% in 2011).
The possibility that parity of exchange - and the euro/USA dollar in particular– may be modified in the period running between the time of invoicing in foreign currency and the time of payment, determines the Group's exposure to foreign exchange risk.
Given that the Group has no other financial assets and liabilities or loans in foreign currency, its exposure to this type of risk is limited.
Given the potentially modest impact involved, the policy adopted so far has consisted in the restraint of such risk type, without the activation of any specific form of cover, especially through the use of hedging instruments.

Market risk: the interest rate risk

Interest rate risk comprises the risk of fluctuations in the fair value and/or in the future cash flows of a financial instrument as a result of variations in market interest rates.
All of the loans obtained by the Esprinet Group provide for index-linked interest rates based on referential rates, and in particular on the 'Europe Interbank Offered Rate' or Euribor.

The Group, as a result of specific contractual commitments assumed with the banks financing the Memory Set acquisition, decided to partially hedge itself against the interest rate risk on the loans obtained by allowing the same banks the right to be 'preferential' counterparts – ceteris paribus - of the future hedging operations.
The aim of the hedging activity regarding interest rate risk is to fix the funding cost of the middle-term floating-rate loans (hedged items).

During 2006 and 2007 this result was achieved by entering in two 'IRS - Interest Rate Swap' contracts (hedging instruments), signed with banks of high standing, that enabled the Group the floating rate to be received and the fixed rate to be paid on a portion (approx. 60%) of its loans' principal.

These hedging transactions qualify for cash flow hedge accounting and are so recognised in the consolidated financial statements.

Market risk: the other price risks

Other price risks include the risk of fluctuations in the fair value of marketable securities due to variations in the market price arising both from specific factors related to the individual security or its issuer and from factors able to influence the total securities traded in the market place.
The Esprinet Group does not own any securities negotiable in active markets and consequently is not exposed to this type of risk in any way.

Other important information

1. Research and development activities

The research and development IT activities are related to the definition and planning of new processes and services referred to the IT platform used by the Group, which is at customers and suppliers disposal for information communication as well as for the management of sales and purchase orders. These costs were entirely recorded in the current financial statement, mainly in the "edp" and "web" personnel costs figures.

2. Number and value of own shares

As at 31 December 2012 Esprinet S.p.A. held a total No. 1,350,000 own ordinary shares, or 2.576% of the share capital, all acquired during 2007 at an average price of 11.06 euro per share before commissions, following the resolution of the shareholders' meeting of 26 April 2007.

3. Relationships with related parties

The related parties of the Esprinet Group have been defined as per IAS 24.

Group operations with related parties were effected in compliance with current laws and according to mutual economic advantage.
In case of products sold to individuals, these sales are made under the same conditions as those usually applied to employees.

During the year relationships with related parties consisted essentially in the sales of products and services at market conditions, including the leasing of real estate, between Group's entities and associates or companies where the key management personnel of Esprinet S.p.A. - shareholders or directors or key manager - play important roles.
Greater details of these operations, the total value of which is not material compared with the total volume of the Group's activities, can be found under '*Relationships with related parties'* in the '*Notes to the consolidated financial statements'*.
Relationships with key managers result from the recognition of the payments for services rendered by the same, the quantification of which can be found under '*Emoluments to board members and key managers'* in the '*Notes to the consolidated financial statements'*.

In the case of Consob Regulation No. 17221 of 12/03/2010 and successive amendments and supplements, please note that Esprinet S.p.A. approved and implemented the management procedure regarding operations with related parties, further details of which may be found in the "*Esprinet S.p.A Corporate Governance Report.*".
This procedure is similarly available at www.esprinet.com, under *Investor Relations*.

4. Business combinations

No business combinations were effected during the year.

5. Relationships with subsidiaries subject to management and coordination activities

Esprinet S.p.A. manages and co-ordinates activities of the subsidiaries resident in Italy.

This activity consists in setting general and operational strategic policies for the Group, drafting general policies regarding human and financial resources management, defining and adapting:

- the corporate governance and internal control model;
- the Group Organisational Model pursuant to Legislative Decree 231/01;
- the System Security Planning Paper (SSPP) pursuant to Legislative Decree 196/03;
- the Code of Ethics;
- administrative-accounting procedures regarding financial reports.

Group co-ordination especially involves the centralised management of administrative, corporate and cash services which, in addition to enabling the subsidiary companies to achieve economies of scale, also enable them to focus their internal resources on managing the core business.
Starting from fiscal year 2005, Esprinet S.p.A. and its subsidiaries Comprel S.r.l. and Monclick S.r.l. and since 2010 V-Valley S.r.l., have opted for the tax regime as established in the 'National consolidated tax regime', as per Article 117 and followings of Presidential Decree 917/86 (TUIR - *Italian Income Tax Code*), which enables Corporate Income Tax (IRES) to be determined on the tax base resulting from the algebraic sum of the positive and negative tax bases of the single companies.
This option was renewed in April 2008 (2008-2010) and in June 2011 (2011 – 2013).

6. Shares of the parent company Esprinet S.p.A held by board members, statutory auditors and key managers

Name	Office	No shares at 31/12/11 or at appointment date	No. of shares purchased	No. of shares sold	No. Shares at 31/12/12
Francesco Monti	Chairman	8,232,070	-	-	8,232,070
Maurizio Rota	Deputy Chairman	2,514,310	-	-	2,514,310
Alessandro Cattani	CEO	500,000	-	-	500,000
Giuseppe Calì	Director	7,732,000	-	-	7,732,000
Stefania Calì	Director	53,970	-	-	53,970
Valerio Casari	Director	-	-	-	-
Andrea Cavaliere	Director	-	-	-	-
Mario Massari	Director	-	-	-	-
Marco Monti	Director	-	-	-	-
Chiara Mauri	Director appointed on 09/05/2012	-	-	-	-
Umberto Giovanni Quilici	Director appointed on 09/05/2012	20,000	-	-	20,000
Total BoD		**19,052,350**	**-**	**-**	**19,052,350**
Giorgio Razzoli	Chairman	-	-	-	-
Emanuele Calcaterra	Permanent Auditor	-	-	-	-
Mario Conti	Permanent Auditor	-	-	-	-
Total Statutory Auditors		-	-	-	-
Total key managers		**1,067,618**	**-**	**-**	**1,067,618**

No more appointed director

Name	Office	No shares at 31/12/11 or at appointment date	No. of shares purchased	No. of shares sold	No. Shares at 31/12/12
Matteo Stefanelli	Director up to 9/05/2012	-	-	-	-
Paolo Stefanelli	Director up to 9/05/2012	7,730,500	-	-	7,730,500
Angelo Miglietta	Director up to 9/05/2012	-	-	-	-
Paolo Vantellini	Director from 9/05/12 to 17/12/12	-	-	-	-

In compliance with CONSOB Resolution 11971 dated 14 May 1999, the previous table provides details of share dealing effected during the year by Esprinet S.p.A. Directors, Statutory Auditors and key managers, reminding that the company organisation structure does not include a General Manager.

Further details can be found in the '*Notes to the consolidated financial statements'* under '*Emoluments paid to board members, statutory auditors and key managers'.*

7. Atypical and/or unusual operations

No atypical and/or unusual events or operations according to the definition as per Consob communication No. DEM/6064293 of the 28 July 2006 occurred during the year.

8. Additional information required by Bank of Italy and Consob

In compliance with the Supervisory Authorities document no. 2 of 6 February 2009 and the successive specifications of 3 March 2010, requiring the drafters of financial reports to supply adequate disclosure on some themes, the relevant sections satisfying the applicable requests in question the Group are as follows:

1. disclosure about entity's going concern, '*Notes to the consolidated financial statements'* - paragraph 'Accounting principles and *valuation criteria'*;
2. disclosure concerning financial risks, '*Directors' Report on Operations'* - paragraph '*Main risks and uncertainties facing the Group and Esprinet S.p.A.'* - and '*Notes to the consolidated financial statements'* - section '*Disclosure on risks and financial instruments'*;
3. disclosure on tests to assess if there is any impairment of assets, '*Notes to the consolidated financial statements'* - paragraph '*Notes to the balance sheet items*' item '*Goodwill'*;
4. disclosure about uncertainties when using estimates, '*Notes to the consolidated financial statements'* - paragraph '*Main accounting definitions and estimates';*
5. disclosure on financial liabilities type clauses, *Notes to the consolidated financial statements'* - paragraph *'Loans and loan covenants';*
6. disclosure concerning 'fair value hierarchy', '*Notes to the consolidated financial statements'* - paragraph *'Financial instruments pursuant to IAS 39: classes of risk and fair value'.*

The information required by Consob communication No. DEM/11012984 of 24 February 2011 'Request for information pursuant to Art. 114, paragraph 5, of Legislative Decree No. 58 of 24 February 1998, regarding c*ompensation for advance termination of employment..'* can be found in the '*Esprinet S.p.A. Corporate Governance Report'*.

9. Share incentive plans

Share incentive policies aimed at strengthening managers' loyalty are considered essential for the achievement of the Group's operating aims. Consequently, on 27 April 2010 the Esprinet S.p.A. shareholders' meeting approved a 'Long Term Incentive Plan' for members of the Boards of Directors and also for the Company's employees and/or its subsidiaries' employees, valid for the 2010/2012 three-year period and regarding the stock grant of a maximum number of 200,000 ordinary Esprinet S.p.A. shares to beneficiaries.

The stock grant was assigned on 30 April 2010 with maturity deferred up to the 'approval' date of the Group's consolidated financial statements for the fiscal year 2012.
The exercise rights of the stock grant are conditional on the achievement of the Group's income targets in 2010-2012, as well as on the permanence of the beneficiary in the Group until the 'approval' date of the Group's consolidated financial statements for the fiscal year 2012.
In addition to the compensation plan above mentioned, on 9 May 2012 the Shareholders' Meeting of Esprinet S.p.A., on the proposal of the Remuneration Committee, approved another compensation Plan (Long Term Incentive Plan) in favour of the Members Board of Directors and of the executives of the Company, valid for the three-year period 2012-2014. The Plan deals with the assignment of maximum 1,150,000 rights to the free grant ("stock grant") of Esprinet S.p.A. ordinary shares.
The aforementioned rights of free grant were appointed on 14 May 2012 with a maturity period postponed until the date of Group financial statement approval of 2014 fiscal year.
The exercise rights of the stock grant are conditional on the achievement of the Group objectives in the three year period 2012-2014 as well as to the permanence of each beneficiary in the Group until the approval date of the 2014 financial statement.

Further information can be found under the paragraph 'labour cost' in the 'Notes to the consolidated financial statement'.

10. Net equity and result reconciliation between Group and parent company

In compliance with Consob communication no. DEM/6064293 of 28 July 2006 the reconciliation between Group net equity and result of the period together with the relative data of the parent company, Esprinet S.p.A., is illustrated in the table below:

(euro/000)	Net income/(loss)		Equity	
	31/12/12	31/12/11	31/12/12	31/12/11
Esprinet S.p.A. separate financial statements	**19,972**	**8,653**	**231,594**	**215,108**
Consolidation adjustments:				
Consolidated subsidiaries' net equity and result	3,324	(14,418)	72,624	68,486
Esprinet S.p.A.'s investments in consolidated subsidiaries carrying amount		13,734	(66,223)	(65,714)
Goodwill from Esprinet Iberica S.L.U. business combination			1,040	1,040
Deletion of non-realised (profit)/loss on inventory, net of fiscal effect	42	(3)	(27)	(68)
Other movements			867	867
Consolidated net equity and result	**23,338**	**7,967**	**239,875**	**219,719**

11. Other information

The System Security Planning Paper (SSPP) - as initially foreseen by Legislative Decree 196/2003, integrated by the Legislative Decree n.5/2012 (decree on simplification) - continues to be drawn up and applied by the companies of the Group localized in the Italian Country.

On 28 June 2004, the Esprinet S.p.A. Board of Directors appointed the company's Chief Executive Officer, Alessandro Cattani, as the executive responsible for protecting personal data. Mr Cattani was, however, vested with the particular ability to delegate all his powers and responsibilities to those company executives and employees operating as data-processing managers, in accordance with their respective areas of responsibility.
This document is updated annually in compliance with the regulations.

Proposal of approval of the Financial Statements and allocation of the 2012 profits

Dear Shareholders,
at the end of our illustration of the Esprinet S.p.A. financial statements (separate financial statements) and the Group consolidated financial statements as at 31 December 2012, together with the Directors' report on operations, we hereby present you with our proposal for the allocation of the positive result posted for the year by Esprinet S.p.A..

In seeking your approval of our operations, by assenting to our draft Financial Statements, as well as to our Report on operations and the Notes to the financial statements, we propose to allocate the Company's net profit of 19,972,492.33 euro as follows:

- a dividend of 0.089 euro gross to each one of the Company's ordinary shares in circulation, excluding therefore any of its own shares held by the Company in its portfolio at the coupon detachment date;

- euro exchange reserve euro 115,423.00;

- any remaining amount to the Extraordinary Reserve.

Vimercate, 15 March 2013

For and on behalf of the Board of Directors
The Chairman
Francesco Monti

Esprinet Group
Consolidated Financial Statements
2012

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ESPRINET GROUP

Consolidated statement of financial position

The table below shows the consolidated statement of financial position drawn up according to IFRS principles, together with the information required pursuant to Consob Resolution No. 15519 of 27 July 2006:

(euro/000)	Note	31/12/12	related parties (1)	31/12/11	related parties (1)
ASSETS					
Non-current assets					
Property, plant and equipment	**1**	9,758		6,432	
Goodwill	**2**	73,219		73,219	
Intangible assets	**3**	928		417	
Investments in associates		6		-	
Deferred income tax assets	**6**	11,803		12,934	
Receivables and other non-current assets	**9**	1,523	1,188	2,045	1,711
		97,237	**1,188**	**95,047**	**1,711**
Current assets					
Inventory	**10**	216,150		217,315	
Trade receivables	**11**	243,057	27	263,185	3
Income tax assets	**12**	2,187		4,440	
Other assets	**13**	15,121		19,473	312
Cash and cash equivalents	**17**	111,099		115,921	
		587,614	**27**	**620,334**	**315**
Non-current assets held for sale	**18**	**-**	**-**	**-**	**-**
Total assets		**684,851**	**1,215**	**715,381**	**2,026**
EQUITY					
Share capital	**19**	7,861		7,861	
Reserves	**20**	208,676		203,891	
Net income	**21**	23,338		7,967	
		239,875	**-**	**219,719**	**-**
Non-controlling interests		-	-	-	-
Total equity		**239,875**	**-**	**219,719**	**-**
LIABILITIES					
Non-current liabilities					
Borrowings	**22**	12,110		36,239	
Derivative financial liabilities	**23**	181		920	
Deferred income tax liabilities	**24**	5,233		5,151	
Retirement benefit obligations	**25**	4,770		4,473	
Provisions and other liabilities	**26**	1,701		3,315	
		23,995	**-**	**50,098**	**-**
Current liabilities					
Trade payables	**27**	356,268	250	370,040	27
Short-term financial liabilities	**28**	39,800		48,896	
Income tax liabilities	**29**	255		39	
Derivative financial liabilities	**30**	848		952	
Provisions and other liabilities	**32**	23,810		25,637	
		420,981	**250**	**445,564**	**27**
Total liabilities		**444,976**	**250**	**495,662**	**27**
Total equity and liabilities		**684,851**	**250**	**715,381**	**27**

(1) For further details regarding related parties please see the section *'Relationships with related parties'* in the *'Notes to the consolidated financial statements'*.

Consolidated separate income statement

The Group's separate income statement is set out below. It is drawn up according to IFRS requirements and expenses are classified by 'function'. It also includes the information required pursuant to Consob Resolution No. 15519 of 27 July 2006:

(euro/000)	Note	2012	non-recurring	related parties [1] [2]	2011	non-recurring	related parties [1] [2]
Sales	33	**1,931,900**		31	**2,096,480**		35
Cost of sales		(1,800,224)	-	(47)	(1,958,721)	(119)	(153)
Gross profit	35	**131,676**	**-**		**137,759**	**(119)**	
Sales and marketing costs	37	(35,348)		-	(33,679)		
Overheads and administrative costs	38	(59,764)	(1,800)	(3,994)	(80,448)	(20,217)	(4,512)
Operating income (Ebit)		**36,564**	**(1,800)**		**23,632**	**(20,336)**	
Finance costs - net	42	(3,289)		26	(5,326)		
Profit before income tax		**33,275**	**(1,800)**		**18,306**	**(20,336)**	
Income tax expenses	45	(9,937)	2,356		(10,339)	2,793	
Profit for the period		**23,338**	**556**		**7,967**	**(17,543)**	
Non-controlling interests		-			-		
Net income	46	**23,338**	**556**		**7,967**	**(17,543)**	
Earnings per share - basic	46	0.46			0.16		
Earnings per share - diluted	46	0.45			0.16		

[1] For further details regarding related parties please see the section *'Relationships with related parties'* in the *'Notes to the consolidated financial statements'*.
[2] Emoluments to key managers excluded.

Consolidated statement of comprehensive income

(euro/000)	2012	2011
Net income	**23,338**	**7,967**
Other comprehensive income:		
- changes in 'cash flow hedge' equity reserve	811	1,202
- taxes on changes in 'cash flow hedge' equity reserve	(253)	(367)
Other comprehensive income	**558**	**835**
Total comprehensive income	**23,896**	**8,802**
- of which, attributable to owners of the parent	23,896	8,802
- of which, attributable to non-controlling interests	-	-

Consolidated statement of changes in equity

(euro/000)	Share capital	Reserves	Own shares	Profit for the period	Group net equity	Non controlling interests	Total net equity
Balance at 31 December 2010	**7,861**	**193,596**	**(14,935)**	**32,873**	**219,395**	**-**	**219,395**
Total comprehensive income/(loss)	**-**	**835**	**-**	**7,967**	**8,802**	**-**	**8,802**
Allocation of 2010 net income/(loss)	-	23,938	-	(23,938)	-	**-**	**-**
Dividend payment	-	-	-	(8,935)	**(8,935)**	-	**(8,935)**
Transactions with owners	-	23,938	-	(32,873)	**(8,935)**	**-**	**(8,935)**
Increase/decrease in 'stock option' plan reserve	-	457	-	-	**457**	-	**457**
Balance at 31 December 2011	**7,861**	**218,826**	**(14,935)**	**7,967**	**219,719**	**-**	**219,719**
Total comprehensive income/(loss)	**-**	**558**	**-**	**23,338**	**23,896**	**-**	**23,896**
Allocation of 2011 net income/(loss)	-	3,423	-	(3,423)	-	**-**	**-**
Dividend payment	-	-	-	(4,544)	**(4,544)**	-	**(4,544)**
Transactions with owners	-	3,423	-	(7,967)	**(4,544)**	**-**	**(4,544)**
Increase/(decrease) in 'stock grant' plan reserve	-	804	-	-	**804**	-	**804**
Balance at 31 December 2012	**7,861**	**223,611**	**(14,935)**	**23,338**	**239,875**	**-**	**239,875**

Consolidated statement of cash flows[1]

(euro/000)	2012	2011
Cash flow provided by (used in) operating activities (D=A+B+C)	**29,064**	**50,737**
Cash flow generated from operations (A)	**38,289**	**46,312**
Operating income (EBIT)	36,564	23,632
Depreciation, amortisation and other fixed assets write-downs	2,957	23,198
Reversal of impairment loss on non-current assets held for sale	-	-
Net changes in provisions for risk and charges	(1,614)	(537)
Net changes in retirement benefit obligations	(422)	(438)
Stock option/grant costs	804	457
Cash flow provided by (used in) changes in working capital (B)	**(728)**	**21,136**
Inventory	1,165	65,244
Trade receivables	20,128	(25,159)
Other current assets(*)	(4,259)	(943)
Trade payables	(13,704)	(21,904)
Other current liabilities	(4,058)	3,898
Other cash flow provided by (used in) operating activities (C)	**(8,497)**	**(16,711)**
Interests paid, net	(1,706)	(3,721)
Foreign exchange (losses)/gains	(261)	(348)
Income taxes paid	(6,530)	(12,642)
Cash flow provided by (used in) investing activities (E)	**(6,025)**	**(2,060)**
Net investments in property, plant and equipment	(5,874)	(2,237)
Net investments in intangible assets	(920)	(90)
Changes in other non-current assets and liabilities	775	267
Assocloud establishment	(6)	-
Cash flow provided by (used in) financing activities (F)	**(27,861)**	**(35,119)**
Repayment/renegotiation of medium/long-term borrowings	(24,280)	(24,280)
Net change in gross short-term financial liabilities	(9,616)	(3,156)
Net change in financial assets and derivative instruments	10,021	417
Dividend payments	(4,544)	(8,935)
Increase/(decrease) in 'cash flow hedge' equity reserve	558	835
Net increase/(decrease) in cash equivalents (G=D+E+F)	**(4,822)**	**13,558**
Cash and cash equivalents at year-beginning	**115,921**	**102,363**
Net decrease (increase) in cash and cash equivalents	**(4,822)**	**13,558**
Cash and cash equivalents at year-end	**111,099**	**115,921**

[1] No effects of relationships with related parties have been considered significant.

Notes to the consolidated financial statements

1. General information

Esprinet S.p.A. (hereafter 'Esprinet' or the 'parent company') and its subsidiaries (the 'Esprinet Group' or the 'Group') operate in Italy and Spain.
In Italy, the Group is active within the following three business areas:

- 'business-to-business' (B2B) distribution of Information Technology (IT) and consumer electronics;
- 'business-to-consumer' (B2C) distribution of IT and consumer electronics;
- 'business-to-business' (B2B) distribution of microelectronic components.

In Spain the Group operates solely in the B2B distribution of Information Technology (IT) and consumer electronics.

Esprinet S.p.A. has its registered and administrative offices in Italy at Vimercate (Monza e Brianza).
Ordinary shares in Esprinet S.p.A. (ticker: PRT.MI) have been listed in the 'STAR' segment (segment of securities with high qualification) of the MTA market of Borsa Italiana S.p.A., the Italian Stock Exchange, since 27 July 2001.

2. Accounting principles and valuation criteria

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

2.1 Accounting principles

The consolidated financial statements of the Esprinet Group as at 31 December have been drawn up in compliance with IFRS requirements issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as measures issued in accordance with art. 9 of D. Lgs. n. 38/2005.
The acronym IFRS stands for the International Financial Reporting Standards (IFRS), which include the recent evolution of the International Accounting Standards (IAS) and all interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

The financial statements have been drawn up using the historical cost, except for the assessment of some financial instruments, where the fair value criteria are applied, and also the going concern presumption.

2.2 Presentation of financial statements

The presentation formats of the financial position and income and cash-flow statements have the following characteristics:

- statement of financial position: current and non-current assets and current and non-current liabilities are reported separately;
- statement of comprehensive income: income statement and statement of comprehensive income are reported in two different statements;
- separate income statement: costs have been analysed by function;
- statement of cash flows: drawn up as per the indirect method set out in IAS 7.

The choices made in terms of the presentation of the statement of accounts derive from the conviction that these contribute to an improvement in the quality of the information provided.
The figures presented in this document are expressed in thousands of euro, unless otherwise indicated. Furthermore, in some cases the tables might have some inaccuracies due to the rounding-up to thousands.

2.3 Consolidation criteria and methods

The consolidated financial statements originate from the annual accounts for its operating year produced by the parent company Esprinet S.p.A. and from figures for the year, approved by their respective Boards of Directors, relating to the respective dates on which controlling stakes were acquired in those companies in which the parent company holds control, be it directly and/or indirectly.
Wherever necessary, the subsidiaries' accounts have been suitably adjusted to ensure consistency with the accounting principles used by the parent company.

The table below lists companies included in the consolidation perimeter as at 31 December 2012, all consolidated on a line-by-line basis, except for the company Assocloud S.r.l. where the equity method has been used.

Company name	Head office	Share capital (euro) [1]	Group interest	Shareholder	Interest held
Holding company					
Esprinet S.p.A.	Vimercate (MB)	7,860,651			
Subsidiaries directly controlled					
Comprel S.r.l.	Vimercate (MB)	500,000	100.00%	Esprinet S.p.A.	100.00%
Monclick S.r.l.	Vimercate (MB)	100,000	100.00%	Esprinet S.p.A.	100.00%
V-Valley S.r.l.	Vimercate (MB)	20,000	100.00%	Esprinet S.p.A.	100.00%
Esprinet Iberica S.L.U.	Saragozza (Spain)	55,203,010	100.00%	Esprinet S.p.A.	100.00%
Associates					
Assocloud S.r.l.	Vimercate (MB)	72,000	8.33%	Esprinet S.p.A.	8.33%

(1) Sources are draft financial statements at 31 December 2012 drawn up in accordance with local accounting policies.

The most significant consolidation criteria adopted when preparing the Group's consolidated financial statements are presented below.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to decide the financial and operating policies, generally accompanied by a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.
Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
Any effects of transactions between Group companies on the Group's assets and profits, unrealized gains and losses and dividends included, are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the transferred asset.
Changes in a parent's ownership in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

Business combinations

The acquisition method is used to account for the acquisition of subsidiaries by the Group.
The cost of an acquisition is the aggregate of the acquisition-date fair value of the consideration transferred and of the amount of any non-controlling interest (or 'NCI') in the acquiree.
A non-controlling interest can be measured at fair value or at the NCI's proportionate share of net assets of the acquiree (option available on a transaction by transaction basis).
Any costs directly attributable to the combination (except costs of issuing debt or equity instruments) are expensed in administrative costs.
In the case of business combination achieved in stages, on the date that control is obtained the fair values of the acquired entity's assets and liabilities, including goodwill, are measured; any resulting adjustments to previously recognized assets and liabilities are recognized in profit or loss.

Contingent consideration is measured at the acquisition date fair value.

Goodwill is measured as the difference between the cost of an acquisition and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.
If the difference above is negative, the resulting gain is recognized as a bargain purchase in profit or loss.

The 'purchase method' was used to account acquisition of subsidiaries by the Group until 2009 included. Costs directly attributable to the acquisition were included in the cost of the acquisition. Minority interests consisted of the share of the net assets of the acquired entity. Business combinations achieved in stages were treated separately at the date of each transaction, with no impact on the previous goodwill may be accounted.

Non-controlling interests

The Group applies a policy of treating transactions with non-controlling shareholders as transactions with parties outside the Group itself.
The share of equity attributable to outside shareholders of subsidiary companies included in the consolidated accounts is carried separately under the equity item '*Non-controlling interests*', precisely created for this purpose. The share of net income attributable to non-controlling shareholders is reported separately in the consolidated separate income statement under the item '*Non-controlling interests*' whereas, their share of comprehensive income is shown in the statement of comprehensive income under the item *'Total comprehensive income attributable to non-controlling interests'.*
Losses are attributed to non-controlling shareholders even if they make negative the non-controlling interests balance.

Associated companies

Group investments in associates are assessed using the net equity method. Associates are companies over which the Group has significant influence, even though they are not subsidiaries or part of a joint-venture.
Financial statements of associates are used by the Group for the application of the net equity method of accounting.
The closing of accounts of associates and of the Group take place at the same date and by using the same accounting principles.
Group investments in associates are recorded in the statement of financial position at the cost increased or decreased by the post-acquisition changes in the Group's share of its associates' net profit and eventually decreased by any possible loss of value. Goodwill relating to an associate is included in the carrying amount of the investment and its amortization or impairment are not permitted.
The separate income statement reflects the Group's share of its associates' net profit/loss except the quotas of profits and losses resulting from transactions between the Group and the associate which are eliminated.
If an associate adjusts a movement directly taking it to equity, the Group also adjusts its share subsequently and reports it, where applicable, in the statement of changes in equity.
At each reporting date, after application of the equity method the Group determines whether it is necessary to recognize any additional impairment loss with respect to its investment in the associate. In the case the impairment loss occurred, the Group measures it by comparing the recoverable amount and the carrying amount of the investment, and recognize this loss in the separate income statement under 'share of profits/losses of associates'.

Intercompany dividends

Dividends distributed among Group companies are eliminated from the consolidated income statement.

2.4 Changes to the Group's consolidation area

Compared to 31 December 2011 a change in the consolidation area occurred with reference to the entry of the associated company, Assocloud S.r.l., jointly established on 16 January 2012 by Esprinet S.p.A. and other ten shareholders all holding equal shares.

Esprinet S.p.A.'s interest in Assocloud S.r.l. fell to 8.33% on 11 October 2012, compared to 9.09% on 30 September 2012, following the entry of a new shareholder into the shareholding structure.

2.5 Changes in accounting estimates and reclassifications

Changes in critical accounting estimates

Pursuant to IAS 8, no changes in the critical accounting estimates regarding previous periods, have been made in this interim report.

Reclassifications in income statement

With reference to the separate income statement, expenses are classified by 'function' and costs deriving from activities to make products and services available for sale are included in 'cost of sales'.

Following a more rigorous allocation of some types of cost to better apply the classification by 'function' criterion, some not material changes to the classification rules of 'cost of sales' and 'operating costs' were made for the 12 months of 2011, consequently affecting the 'Gross profit' figure, resulting in the restatement of the separate income statement for the entire financial year 2011. These changes had no impact on the consolidated statements of financial position at 31 December 2011, however.

The tables below show the impact of the restatement process described on the separate income statements previously published for the approval of the annual statements for the financial year ended 31 December 2011.

	12 months 2011								
(euro/000)	**Restated**			**Published**			**Variation**		
	Italy	**Spain**	**Group**	**Italy**	**Spain**	**Group**	**Italy**	**Spain**	**Group**
Sales	1,621,496	520,336	2,096,480	1,621,496	520,336	2,096,480	-	-	-
Cost of sales	(1,507,850)	(496,203)	(1,958,721)	(1,521,466)	(499,033)	(1,975,148)	13,616	2,830	16,427
Gross profit	**113,646**	**24,133**	**137,759**	**100,030**	**21,303**	**121,332**	**13,616**	**2,830**	**16,427**
Sales and marketing costs	(29,325)	(3,975)	(33,679)	(32,763)	(5,135)	(38,281)	3,438	1,160	4,602
Overheads and administrative costs	(49,206)	(31,636)	(80,448)	(32,152)	(27,646)	(59,419)	(17,054)	(3,990)	(21,029)
Operating income (Ebit)	**35,115**	**(11,478)**	**23,632**	**35,115**	**(11,478)**	**23,632**	**-**	**-**	**-**
Finance costs - net			(5,326)			(5,326)			-
Profit before income taxes			**18,306**			**18,306**			**-**
Income tax expenses			(10,339)			(10,339)			-
Net income			**7,967**			**7,967**			**-**

2.6 Summary of significant valuation criteria and accounting policies

Non-current assets

Intangible assets and goodwill

Intangible assets are assets that have no identifiable physical nature, that are controlled by the company and that are able to generate future income. They include goodwill, when it is acquired for a consideration.

Intangible assets with a defined useful life are systematically amortized over their useful life, taken as the estimate of the period that the assets shall be used by the Group. In particular the item *'Industrial and other patent rights'* is amortized within three years.
Goodwill and other intangible assets with indefinite useful lives are not amortized on a straight-line basis, but are subject to an annual impairment test.

The Impairment test is described below in the section entitled '*Impairment of non-financial assets*'. The increased carrying amount of an intangible asset with defined or indefinite useful life attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized for the asset in prior years. This reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

Revaluation of goodwill is not permitted, even in application of specific laws, as it is not reinstated when the reasons for a write-down no longer apply.

Property, plant and equipment

Property, plant and equipment are shown in the financial statements at purchase or production cost, or at their conveyance value, including any directly attributable incidental costs and costs deemed necessary to make them operable.

Ordinary maintenance and repair costs are charged to the income statement for the year in which they are incurred. Extraordinary maintenance costs leading to a significant and tangible increase in the productivity or useful life of an asset are added to the value of the asset concerned and amortized over a period representing its remaining useful life.
Costs for leasehold improvements are entered under their relevant tangible assets category.
Individual components of a facility that have different useful lives are recognized separately, so that each component may be depreciated at a rate consistent with its useful life.

Fixed assets are systematically depreciated every year, in line with depreciation schedules drawn up to reflect the remaining usefulness of the assets concerned. The value reported in the statement of financial position is shown net of accumulated depreciation according to the remaining possible use of the asset.

The depreciation rates applied for each asset category are detailed as follows:

	Economic - technical rate
Security systems	25%
Generic plants	from 3% to 21.4%
Conditioning plants	from 3% to 15%
Telephone systems and equipment	10% - 20%
Communication and telesignal plants	25%
Industrial and commercial equipment	from 7.1% to 20%
Electronic office machines	20% - 25%
Furniture and fittings	from 10% to 20%
Other assets	from 8.3% to 25%

If there are indications of a decline in value, assets are subjected to an impairment test in the manner described below under the section '*Impairment of non-financial assets*'.
When the reasons for a write-down no longer apply, the asset's cost may be reinstated. The increased carrying amount attributable to the reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years. This reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

Leasing transactions

Assets acquired through financial leases are registered under property, plant and equipment, and are entered at the lower of the market value and the value obtained by time-discounting the rents and redemption price determined at the time the contract is signed.
The liabilities in question are entered under *'Financial liabilities'*.

The leases, in which the lessor substantially maintains the risks and benefits associated with the ownership of assets, are itemized as operating leasing. The earnings (costs) emerging from operating leasing are entered in linear fashion in the income statement during the life of the leasing contract.

Impairment of non-financial assets

IAS 36 requires the testing of property, plant and equipment and intangible assets for impairment when there are indications that impairment has occurred.

In the case of goodwill and other assets with indefinite lives or assets that are not available for use, this test must be conducted at least annually. In the case of goodwill and other assets with indefinite lives or assets that are not available for use, this test must be conducted at least annually.
In the case of goodwill, the Group carries out the impairment tests foreseen by IAS 36 in respect of all cash generating units to which goodwill has been allocated.
The recoverability of a carrying amount is tested by comparing it against an asset's fair value, less cost to sell, when there is an active market, or its value in use, whichever is greater.
Value in use is the present value of future cash flows expected to be derived from an asset or a Cash Generation Unit (CGU) and from its disposal at the end of its useful life.
CGUs have been identified within the Group's organizational and business structure as homogeneous groups of assets that generate cash inflows independently through the continued use of the assets included in each group.

Deferred income tax assets

Deferred income tax assets are recorded at face value. They are entered in the books when their recovery is deemed probable. See also the comment under item *'Income taxes'*.

Financial assets

Receivables and financial fixed assets that will be held until their maturity are stated at the cost represented by the fair value of the initial payment given in exchange, increased by the costs of the transaction (e.g. commissions, consultancy fees, etc.).
The initial statement value is subsequently modified to take into account any capital repayments, write-downs and amortization of the difference between the reimbursement value and the initial statement value.
The amortization is carried out based on the effective internal rate which is the rate that renders the current value of expected cash flows and the initial statement value identical at the moment of the initial statement (so-called amortized cost method).

Financial assets destined for negotiation and financial assets available for sale are stated at fair value with the effect accounted in the income statement item *'Finance income/(cost)'* and the Shareholders' Equity item *'Other reserves'* respectively.
When the purchase or sale of a financial asset foresees the payment for the transaction and the delivery of the asset within a set number of days, established by the market authorities or by convention (e.g. purchase of shares on regulated markets), the transaction is stated at the payment date.
Financial assets that are sold are eliminated from the assets when the right to receive cash flow is transferred together the risks and benefits associated with the ownership of that asset.
At each reporting date the Group assess whether there is any indication that a financial asset or a group of financial assets may be impaired.

Current assets

Inventory

Stock is taken at the lower of acquisition cost and realizable value, as obtained from market trends, whilst taking into account the features peculiar to the target sector of the Group concerned, which sells mainly IT products and consumer electronics that rapidly become obsolete.

The configuration of cost adopted when valuating stock is based on the FIFO method of accounting.
Purchase cost considers additional expenses as well as any discounts and allowances granted by vendors, in accordance with the sector's standard business practice, in relation to predetermined sales

targets being achieved and marketing activities being adequately developed in order to promote the brands being distributed and to develop the sales channels utilized. Cost includes 'price protections' on inventories granted by suppliers on the purchasing prices.
Obsolete and surplus stock and stock characterized by slow turnover is written down to reflect the chances of selling it.

Trade and other receivables

Trade and other receivables are initially stated at 'fair value'.
After first appraisal, receivables are stated at the amortized cost based on the real IRR (Internal Rate of Return), that is, the rate that renders the current value of expected cash flows and the initial statement value identical at the moment of the initial appraisal (so-called amortized cost method).
The amount obtained using the amortized cost method, is then reduced to the realizable amount in the case of loss occurring.
Write-downs are determined by considering the solvency of individual creditors, the insurance coverage and the level of credit risk, based on the available information and accumulated historical experience.

Receivables assigned without recourse can be de-recognized only when they meet the de-recognition requirements of IAS 39.

Income tax assets

Current taxation assets are stated at fair value; they include all those assets that are taxable by the Tax Authorities or that can be financially compensated in the short term. For further information please refer to the heading *'Income taxes'*.

Other current assets

Other current assets are stated at the lesser of the cost and the net realizable value.

Cash and cash equivalents

Cash in hand includes all liquid funds and deposits in bank accounts that are immediately available, as well as other liquidity with a duration of less than three months.
The liquid funds in euro are stated at their face value, while liquid funds in other currencies are stated at the current exchange rate at the end of the year.

Non-current assets held for sale

A non-current asset held for sale (or assets of a disposal group) is an asset whose carrying amount will be recovered principally through a sale transaction rather than through continuing use. As consequence a non-current asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell, and depreciation on such asset ceases.
It is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal group) and its sale is highly probable.

Net equity

Own shares

Where existing, own shares are stated at cost and deducted from equity. In the case of any subsequent sale, the difference between the cost of own shares and the selling price is recognized in equity.

Current and non-current liabilities

Financial liabilities

Financial liabilities are recognized in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially stated at fair value, to which any eventual costs related to the transaction are added. Afterwards, financial liabilities are stated at the amortized cost using the actual interest rate for the discount calculation.
Financial liabilities are removed from the income statement once the obligation specified in the contract has been fulfilled, cancelled or expired. The difference between the book value of the financial liability which is paid off or transferred to another party and the sum paid is reported in the income statement.

The fair value of a financial asset or liability quoted in an active market is defined, at each reporting date, in terms of the quoted market price or of the dealers' price ('bid price' for asset held or liability to be issued, 'asking price' for an asset to be acquired or a liability held), without any deduction for transaction costs. If the market for a financial instrument is not active the fair value is established by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Provisions for risks and charges

Provisions are made when: (the) there is the probable existence of an obligation, be it actual, legal or implicit, due to past events; (ii) it is probable that the fulfilment of the obligation be against payment; (iii) the amount of the obligation can be reasonably ascertained. The provisions are stated at the value that represents the best estimate of the year. Where there is a significant financial effect over time and the payment date of the obligations can be reasonably estimated, the provisions are actualized; the increase in the provisions linked to the passing of time is stated in the separate income statement in the item *'Finance costs'*.

Staff post-employment benefits

Staff post-employment benefits are defined on the basis of plans which even though not yet official are called either 'fixed contribution' or 'defined benefit' plans, depending on their characteristics.
In the 'fixed contribution' plans the obligation of the company, limited to the payment of contributions to the State or entity or a distinct legal authority (fund), is calculated on the basis of the contributions owed.

Until the 2007 Financial Law and relative enforcing decrees came into force, the uncertainty regarding payment times meant that staff severance indemnity (TFR) was likened to a defined benefit plan.
Following the reform, the allocation of accruing staff severance indemnity quotas to the pension fund or to INPS, the Italian Social Security body, caused the transformation of the plan into a fixed contribution plan, where the company's obligation is exclusively the payment of the contributions either to the fund or to INPS.
Liabilities relating to past staff severance indemnity still represent a defined benefits plan calculated by independent actuaries using an actuarial-type method. Actuarial profits and losses deriving from changes to actuarial hypotheses are entirely reported in the year's separate income statement.

Pursuant to IAS 19, the above-mentioned reform has made it necessary to recalculate the value of the past staff severance indemnity provision due to the exclusion of the actuarial hypotheses linked to salary increases and the revision of financial-type hypotheses.
This effect (curtailment) has been reported in the 2007 separate income statement in reduction of personnel costs.

Payables, other debts, other liabilities

Payables, other debts and other liabilities are initially reported at their fair value increased by any costs linked to the transaction. They are later reported in the income statement at their face value, since no time-discounting or separate entry of interest payable is deemed necessary given the foreseen payment times.

Provisions for presumed debt are liabilities paid for goods or services which have been received or supplied but not yet paid and include amounts due to staff or other subjects.
The degree of uncertainty regarding the timing or amount of the allocations for 'Other debt/liability' is rather less than that of the provisions.

For further details regarding trade payables please see '*Definitions*' below.

Income statement

Revenues and expenses

Revenues from sales and services are stated at the moment of transfer of the typical risks and advantages of property or at the time the service is performed.
Revenues are recognized at the time of shipment when the risk of loss is transferred to the buyer at that time.
Revenues are stated net of returns, discount, allowances and bonuses, as well as directly related taxation.
Costs are recognized when related to goods and services sold or used in the period or proportionally when their useful future life cannot be determined.
The purchase cost of products is reported net of any discounts granted by vendors for 'protection' provided in respect of price-list reductions and product replacements.
Credits arising from any such allowances are recorded by using the accrual method of accounting, based on information from the vendors concerned.
Discounts granted for immediate cash payments of invoices payable upon presentation are used to reduce the cost of the products purchased, since – as is standard practice in the sector in which the Group operates – the commercial component is considered predominant.

Dividends

Dividend payable is stated at the date of approval of the decision by the Assembly.

Earnings per share

Basic

Basic earnings per share are calculated by dividing the Group's year-end profit by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the company and held as own shares.

Diluted

The diluted profit per share is calculated by dividing the Group's year-end profit by the weighted average of ordinary shares in circulation during the accounting period, excluding any own shares. For the purposes of the calculation of the diluted profit per share, the weighted average of the shares in circulation is modified by assuming the exercising by all owners of rights that potentially having diluting effects, while the net result of the Group is adjusted to take into account any effects, net of taxes, of the exercising of said rights. The result per diluted share is not calculated in the case of losses, in that any diluting effect would determine an improvement in the result per share.

Stock grants

Labour costs include stock options and/or stock grants awarded to managers in as much as they represent actual remuneration accruing at the closing date of the financial statements.
The cost is calculated in reference to the fair value of the assignment awarded to the employee.
The portion belonging to the period is calculated pro rata temporis over the vesting period.

The fair value of assigned stock grants is measured by the 'Black-Scholes and is stated in the form of a counterparty in the *'Reserves'*.

Income taxes

Current income taxes are calculated with an estimate of taxable income for each company of the Group; the forecast payable is stated in the item '*Current income tax liabilities*' but, if surplus accounts have been paid, the receivable is stated in the item '*Current income tax assets*'.
Tax payables and receivables for current taxation are stated at the value that it is expected to pay to or to recover from the Tax Authorities when applying the rates and current tax law or laws which have been substantially approved at the end of the period.

Deferred and advance income taxes are calculated using the '*liability method*' on the temporary differences between the values of assets and liabilities stated on the statement of financial position and

the corresponding values recognized for tax purposes. The statement of assets for advanced taxation is made when their recovery is probable.
Deferred and advance taxation are not stated if they are linked to the initial statement of an asset or liability in a different transaction by a business combination and that does not have an impact on the results and taxable income.
Assets for advanced taxation and liabilities for deferred taxation are stated in the fixed assets and liabilities and are off-set for each single company if they are taxes that can be off-set. If the balance of this off-set is positive, it is stated in the item '*Deferred income tax assets*'; if it is negative, it is stated in the item '*Deferred income tax liabilities*'.

Foreign currency translation, transactions and balances

Functional and presentation currency

Items included in this financial statement are measured using the currency of the primary economic environment in which each Group's entity operates (the functional currency). The consolidated financial statements are presented in euro, which is the Group's functional and presentation currency.

Currency transactions and balances

Foreign currency transactions are entered under functional currency using the exchange rates prevailing at the date of the transactions.
Monetary assets and liabilities in foreign currency are converted into euro by applying the current exchange rate at the end of the period and the effect is stated in the separate income statement.
Non-monetary assets and liabilities in foreign currency valued at cost are stated at the initial exchange rate; when they are valued at fair value or their recoverable or sale value, the current exchange rate is used on the date that the evaluation is made.

Financial derivatives

Derivatives are financial assets and liabilities that are stated at their fair value.
Derivatives are classified as hedging instruments when the relationship between the derivative and the underlying instrument is documented and the effectiveness of the hedge is both high and regularly verified.

When a derivative covers the risk of variation of cash flow of the underlying instrument (cash flow hedge; e.g. to cover the variability of cash flow of assets/liabilities due to changes in interest rates), the variation in the fair value of the derivative is initially stated in the shareholders' equity (and, consequently, in the statement of comprehensive income) and afterwards in the separate income statement in line with the economic effects produced by the covered transaction.
If the hedging instrument expires or is sold, terminated or exercised (replacement excluded), or if the entity revokes the designation of the hedging relationship, the cumulative gain or loss on the hedging instrument recognized directly in equity from the period when the hedge was effective shall remain separately recognized in equity until the forecast transaction occurs.

Variations of fair value derivatives that do not fulfil the requirements necessary to be defined as hedging instruments are stated in the separate income statement.

Other information

Please note that the information required by Consob regarding significant operations and balances with related parties has been entered separately in the statement of accounts solely when significant and can also be found under '*Other significant information'*.

2.7 Critical accounting estimates and definitions

2.7.1 Introduction

The IT and electronic consumables distribution sector presents some significant specific features, as it is to some extent independent of geographic constraints, especially as regards commercial relations with suppliers of products or vendors.

This is particularly evident in the conditions and formation of the so-called back-end profit margin, which results from the difference between the purchase price of the products and the sales price to the final consumer or reseller according to the terms of each supplier (with respect of the distributor's main function which naturally remains that of brokering the flow of products between supplier/producer and reseller/retailer).

Purchase conditions typically provide for a basic discount on end-users'/resellers' price lists and a series of additional conditions that vary from vendor to vendor in terms of function and terminology but which can normally be summarized in the following categories:

- bonuses/rebates for attaining targets ('sell-in', 'sell-out', number of clients, logistic efficiency);
- development funds, co-marketing and other incentives;
- cash discounts (so-called 'prompt payment discounts').

The Esprinet Group further benefits from current agreements with almost all the vendors in the form of specific contractual protections concerning the value of unsold stock, the aim of which is to neutralise the financial risk associated with variations in list prices of products ordered ('price protection') or already present in the distributor's warehouses ('stock protection'), within certain limits.
In the first case, the protection is generally recognised through the invoicing of products ordered and not yet sent at the new price; in the second case, the vendor usually accords a credit equal to the reduction in price of the products.

As for the cash discounts, these are generally recognised following respect of the contractually fixed payment terms and provide an incentive to pay punctually.
These conditions allow for deferred payments in all cases with respect to the issue of the relative invoice or sending of the merchandise.

In line with what happens for the financial discounts offered to some selected groups of customers, which are accounted for as reduced earnings, the cash discounts are accounted for in the form of reduced purchase costs.

It is not possible within the sector to establish mid-norm payment terms policies regarding payment to suppliers as there is a considerable variety of conditions according to supplier.
More in particular, the intervals in deferral of payments set out in the invoices range from a minimum of 7 to a maximum of 120 days, and in only one case is cash payment required.
In some cases, the payment terms set out in the invoice are the object of further agreed deferrals, for each shipment or on the basis of clearly-defined commercial programmes set up by the suppliers.
In the cases in which the above-mentioned deferrals carry an additional charge, the interest rate applied is not explicit, except in rare cases. Further, it often happens that implicit deferral terms – sometimes applied through a reduction in the contractually agreed cash discounts – have no connection with the current financial market rates, thus revealing how the commercial item takes precedence over the strictly financial item compensating for the delay between the date the debt arises and its effective payment.
This element is also suborned by the relatively brief duration, on average, of the deferral period, even when extended, which never, except in rare cases, exceeds 90 days.

2.7.2 Critical Definitions

For the purposes of the drafting of the present statement of accounts, and as a further qualification of the definitions contained in the IFRS, some conventional definitions regarding the nature of the liability entries have been adopted.

Financial debt

'Financial debt' is the term used to describe obligations to pay given amounts on a given date arising from the obtaining of financial liquidity as a loan.

These include the type of transaction set out below, prevalently of a financial character and explicitly remunerated, and, in terms of the identity of the creditor, typically represented by a financial body or institution.

As examples, and regardless of the item's current or non-current character, the following liabilities are considered financial debt:

- payables to banks;
- payables to leasing companies (financial leasing operations);
- payables to factoring companies (without recourse advances).

Not included in the category of financial debt are those liabilities which, although not deferred payment for the purchase of goods or services, nevertheless do not strictly constitute loans.
Liabilities towards a seller in the case of the acquisition of shareholdings with deferred payment do fall into this category.
By contrast, costs deriving from the above-mentioned loans, including interest on current account overdrafts, on short and medium/long-term loans, the amortisation of initial loan operation costs, costs associated with financial leasing and exchange-rate differences, are entered in the books among the financial costs.

Trade payables

The category 'payables to suppliers' includes liabilities arising from the deferred purchase of goods or services.
Liabilities representing the deferred payment of goods or services are therefore entered under payables to suppliers at their face value, since no updating and separate itemisation in the income statement in terms of explicit or separate interest due is deemed necessary for considering the expected payment times.

2.7.3 Critical accounting estimates and assumptions

The preparation of the financial statements and the related notes has required the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent assets and liabilities.
Estimates and assumptions have been made based on historical experience and other factors, including expectations of future events, the manifestation of which are deemed reasonable.

Estimates and assumptions are revised on a regular basis, and the impact of such revision is immediately recognised in the income statement in the period of the change, if the change affects that period only, or in the period of the change and future periods if the change affects both.

The assumptions regarding future performance are characterized by uncertainties. This means that different results - obviously neither estimable nor foreseeable, today – which might even cause significant adjustments to the book values of the relative items, cannot be excluded for the next financial year.

The financial statement items mainly affected by these situations of uncertainty are certain sales revenues, some sales reversals, the provisions for risks and charges, the allowances for doubtful accounts, depreciations and amortisation, employee benefits, income taxes and goodwill.

The critical valuation processes and the estimates and assumptions deemed likely to produce significant effects on the financial situation of the Esprinet Group, should the future events set out not take place in whole or in part, are summarised below.

Goodwill

For purposes of verifying loss of goodwill value entered in the books, the 'value in use' of the Cash Generating Units ('CGUs') to which a goodwill value has been attributed has been calculated.

The CGUs have been identified within the Group's organisational and business structure as homogeneous groups of assets that generate cash inflows independently, through the continued use of the assets included in each group.
The use value has been calculated by the discounting back of expected cash-flows for each CGU as well as of the value expected from its disposal at the end of its useful life.
To this end, the so-called Discounted Cash Flow Model (DCF) has been used, which requires that future financial flows be discounted at a rate adjusted to the specific risks of each single CGU.

'Fair value' of derivatives

For purposes of the present statement of accounts it has been necessary to measure the fair value of the two IRS - Interest Rate Swap contracts signed in November 2007 in order to hedge the risk of changes in future cash flows of the hedged loans technically defined as 'amortising - forward start'.

Their conditions up to 30 November 2012 fully comply with International Accounting Standard 39 regarding 'hedge accounting'(formal designation and documentation of the hedging relationship; hedge expected to be highly effective and reliably measured; forecast transaction highly probable and affecting profit or loss) and as a consequence, until that date both of the two derivative contracts were subject to the 'cash flow hedge' accounting rules. At inception date the portion of the gain or loss on the hedging instrument (that has been determined to be an effective hedge) has been recognised directly in equity.

Subsequent changes in fair value of the expected future cash flows on the hedge item from inception of the hedge (due to changes in the interest rate curve) have been similarly recognised directly in equity (always within limits of being an effective hedge) and, consequently, shown in the statement of comprehensive income.

Since 1 December 2012, as a consequence of the retrospective effective test failure, the fair value hedging instrument variation has been recognised in the separate income statement.

Stock grant

For the purposes of the present statement of accounts, it has been necessary to include in the books the economic/asset effects associated with the stock grant plans in favour of some managers of Esprinet S.p.A. and its subsidiaries, the operation of which is better illustrated in the paragraphs *'Share incentive plans'* and *'Share capital'*.
The cost of these plans have been specifically determined with reference to the fair value of the rights assigned to the single beneficiaries at assignment date.
Bearing in mind the unusual and manifold operating conditions – in part governed by the consolidated financial results of the Group and in part by the permanence of the beneficiary in the Group until the vesting date of the plans – this fair value has been measured using the 'Black-Scholes' method, taking expected volatility, presumed dividend yield and the risk-free interest rate into account.

Revenue recognition

For purposes of recognising earnings on sales and services, insufficient information regarding haulers' actual consignment dates, means that dates are usually estimated by the Group on the basis of historical experience of average delivery times which differ according to the geographical location of the destination.

Credit notes due from vendors

Bearing in mind the unusual practices of the sector regarding the way purchase and sale conditions are defined and, ultimately, the way the trading margin is formed and stated, estimates are usually effected by the Group, especially where the occurrence of events might provoke significant financial effects.
Estimates of the sums of credit notes due from vendors to suppliers as rebates for the achieving of targets and incentives of various kinds, reimbursements for joint marketing activities, contractual stock protection, etc. at the drafting date of this document are referred to in particular.

The Group has developed a series of procedures and checks to minimise possible errors in evaluations and estimates of the credit notes due.

The possibility of differences emerging from between the estimated sums and those actually received in the final statement of financial position cannot be excluded, however.

Depreciation and amortisation of fixed assets

Tangible and intangible assets with a defined useful life are systematically depreciated throughout their useful life. Useful life is defined as the period in which the activities will be used by the Group.
This is estimated on the basis of experience with similar assets, market conditions and other events likely to exercise any influence on the useful life including, just as an example, significant technological changes. As a result, the actual economic life may differ from the estimated useful life.
The validity of the expected useful life in terms of its asset category is regularly checked by the Group.
This revision may result in variations to the periods of depreciation and amortization quotas in future accounting periods.

Bad debt provision

For purposes of calculating the presumed degree of encashment of receivables, the Group makes forecasts concerning the degree of solvency of the other parties, on the basis of available information and historical experience.
The actual value of encashment of receivables may differ from that estimated because of uncertainties regarding the conditions underlying the appraisal of solvency made.

Any extension and/or deterioration of the present economic and financial crisis may cause a further worsening in the financial conditions of the Group’s debtors as opposed to that already taken into consideration when estimating the provision entered in the statement of financial position.

Stock obsolescence provision

The Group usually effects forecasts regarding the value of encashment of obsolete, surplus or slow-moving warehouse stocks.
This estimate is mainly based on historical experience and takes into consideration the peculiarities of the respective stock sectors.
The value of encashment of the stocks may differ from that estimated because of the uncertainty affecting the conditions underlying the estimates made.
The present economic and financial crisis may cause a further worsening in market conditions compared with that taken into consideration when estimating the provision entered in the financial statements.

Provision for risks and charges

The Group makes provision for risks and charges on the basis of assumptions referred essentially to sums that might reasonably be paid to meet obligations for payment relating to past events.
The estimate is the result of a complex process including the involvement of legal and tax consultants and which also includes personal opinions on the part of the Group's management.
The sums actually paid to extinguish or transfer the obligations for payment to third parties may also differ significantly from those estimated for purposes of provision.

Benefits to employees

Liabilities arising from benefits to employees subsequent to the employment noted in the statement of accounts are calculated by the application of actuarial methods as per IAS 39.
These methods have required the identification of several employment possibilities and estimates of a demographic (probability of death, disability, leaving the labour market, etc.) and financial nature (technical rate of discounting back, inflation rate, rate of increase in remuneration, rate of increase of severance indemnity).

The validity of the estimates made depends essentially on the stability of the regulations used as a reference point, the progress of market interest rates, the progress of the remuneration dynamics and eliminations, and also on the frequency of access to advances on the part of employees.

Taxes

Current income taxes are calculated on the basis of the estimate of liable earnings, by applying the current fiscal rates pertaining on the date of the drafting of the statement of accounts.

Deferred and advance taxes are determined by the temporary differences arising between the values of the assets and liabilities reported and the corresponding values recognised for tax purposes, using those tax rates considered possible upon encashment of the asset or extinguishment of the liability.
Deferred tax assets are registered when the associated recovery is deemed probable; this probability depends upon the effective existence of taxable results in the future enabling deductible temporary differences to be used.

The future taxable results have been estimated by taking into consideration the budget results and the plans consistent with those used to effect impairment tests. The fact that deferred tax assets refer to temporary tax differences/losses, a significant amount of which may be recovered over a very long time-span, compatible therefore with a situation where overcoming the crisis and economic recovery might extend beyond the time-frame implicit in the aforementioned plans, has also been taken into account.

2.8 Recently issued accounting standards

The IASB (*International Accounting Standard Board*) and the IFRIC (*Financial Reporting Interpretation Committee*) have approved some variations of IFRS (*International Financial Reporting Standards*) and some interpretations, some of which already endorsed and published in the Official Journal of the European Union, applicable starting 1 January 2012.

Changes (new or revised accounting principles, additions to the same or new interpretations) specifically significant for the Group are as follows. In particular in the next paragraphs are firstly listed the variations already applicable in the 2012 financial statements and, subsequently, the new variations released during all 2012 but not applicable before 1 January 2013.

Insignificant variations applicable from 1 January 2012[2]:

IFRS 1 – 'First-time adoption of IFRS'. This amendment, effective for annual periods beginning on or after 1 July 2011 even if an earlier application was permitted, replaces references to a fixed transition date of '1 January 2004' with 'the date of transition to IFRSs' and provide guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

IFRS 7 - 'Financial instruments: disclosures'. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The amendments are effective for annual periods beginning on or after 1 July 2011.

IAS 12 – 'Income taxes'. The amendment introduces a presumption that recovery of the carrying amount of an asset classified as Investment property and measured using the fair value model will normally be through sales and not through use. The amendment also incorporates into IAS 12 the guidance previously contained in *SIC 21 – 'Income taxes – Recovery of revalued non-depreciable assets'* which has been accordingly withdrawn.

Significant variations applicable from 1 January 2013 and after:

IAS 19 – 'Employee benefits'. The amendment eliminates the option to defer the recognition of actuarial gains and losses by the 'corridor method', orders the recognition of these gains and losses in 'other comprehensive income of the ' without a subsequent transfer in the separate income statement and requires additional disclosures to be given.
The amendment is significant for the Esprinet Group relating to the recognition of actuarial gains and

[2] 'Significant' refers to those principles and interpretations regarding Group operations, which could lead to significant amounts being reported.

losses in ‘other comprehensive income’ and no more in the separate income statement. This change will be effective with reference to the financial years beginning on 1 January 2013 and after.

Insignificant variations applicable from 1 January 2013 and after:

Improvements to IFRS. 17 May 2012 the IASB issued a series of necessary but non-urgent amendments to the IFRSs which were presented in one sole provision. The changes refer to the following principles:

IFRS 1 – ‘First-time adoption of IFRS’;

IAS 1 - ‘Presentation of Financial Statements’;

IAS 16 – ‘Property, plant and equipment’;

IAS 32 – ‘Financial Instruments – Presentation’

IAS 34 - ‘Interim financial reporting’;

IAS 1 – ‘Presentation of Financial Statements’ - Presentation of Items of Other Comprehensive Income. The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or ‘recycled’) to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and becomes effective for annual periods beginning on or after 1 July.

IAS 28 (2011) – ‘Investments in Associates and Joint Ventures (as revised in 2011)’. As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

IAS 32 – *‘Financial Instruments – Presentation’ – Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32).* These amendments clarify the meaning of “currently has a legally enforceable right to set-off”. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments will become effective for annual periods beginning on or after 1 January 2014.

IFRS 1 – ‘First-time adoption of IFRS’;- Government Loans (Amendments to IFRS 1). These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after 1 January 2013.

IFRS 7 – ‘Financial instruments: disclosures’ – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7). These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity’s financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will become effective for annual periods beginning on or after 1 January 2013.

IFRS 10 – ‘Consolidated financial statements’, IAS 27 (2011) – ‘Separate Financial Statements’. IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12

Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 – 'Joint Arrangements'. IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after 1 January 2013, and is to be applied retrospectively for joint arrangements held at the date of initial application.

IFRS 12 – 'Disclosure of interests in Other Entities'. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 – 'Fair Value Measurement'. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRIC 20 – 'Stripping Costs in the Production Phase of a Surface Mine'. This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The interpretation is effective for annual periods beginning on or after 1 January 2013.

3. Segment information

3.1 Introduction

An operating segment is a component of the Group:

a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Group);
b) whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;
c) for which discrete financial information is available.

The Esprinet Group is organised in the geographical business areas of Italy and Spain (operating segments) where it performs the business-to-business (B2B) distribution of Information Technology (IT) and consumer electronics.

The B2B IT and consumer electronics distribution is aimed at professional dealers, including large-scale distributors/retailers, and regards traditional IT products (desktop PCs, PC notebooks, printers, photocopiers, servers, standard software, etc.), consumables (cartridges, tapes, toners, magnetic supports), networking products (modems, routers, switches), state-of-the-art digital and entertainment products such as photo cameras, video cameras, videogames, LCD TVs, handhelds and MP3 readers.

Solely in Italy, the Group is also marginally active in the business-to-consumer (B2C) IT and consumer electronics distribution and business-to-business (B2B) micro-electronic components distribution business segments.
The former consists mainly in selling products for personal computing, printers, audio-video, accessories, photography, telephony, air-conditioning and small and large electric household appliances to private customers on-line exclusively via the www.monclick.it web-site.
B2B micro-electronic components distribution consists in purchasing micro-electronic components, such as semiconductors (so-called "active" devices), passive components, connections, displays and sub-systems for industrial applications from manufacturers operating worldwide. It then resells them to companies directly involved in the design and production of electronic equipment (so-called 'Original Equipment Manufacturers-OEMs') or to operators that are typically only assigned production activities (so-called 'Contract Electronic Manufacturers-CEMs').

A 'geographical segment' is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those achievable in other geographical segments.
A 'business segment' is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

Although the organisation by geographical segments is the main way of managing and analysing the Group's results, the next tables also provide a fuller picture of the operating results and assets balances of the business segments where the Group operates in Italy.

3.2 Segment results

The separate income statement, statement of financial position and other significant information regarding each of the Esprinet Group's operating segments are as follows:

Separate income statement and other significant information by operating segments:

(euro/000)	2012										
	Italy						Spain				
	Distr. IT & CE B2B	Distr. IT & CE B2C	Electr. Comp. Distr.	Elim. And other	Total	% [1]	Distr. IT & CE B2B	% [1]	Not allocated	Elim. and other	Group
Sales to third parties	1,383,604	50,026	33,823	-	1,467,454		464,446				1,931,900
Intersegment sales	83,393		-	(48,357)	35,036					(35,036)	-
Sales	1,466,997	50,026	33,823	(48,357)	1,502,490		464,446		-	(35,036)	1,931,900
Cost of sales	(1,367,508)	(46,806)	(26,844)	48,324	(1,392,834)		(442,481)			35,091	(1,800,224)
Gross profit	**99,489**	**3,220**	**6,979**	**(32)**	**109,656**	***7.47%***	**21,965**	***4.73%***	**-**	**55**	**131,676**
Sales and marketings costs	(24,141)	(2,272)	(4,295)	(114)	(30,822)	*-2.10%*	(3,953)	*-0.85%*		(573)	(35,348)
Overheads and administr. costs	(44,934)	(1,445)	(1,788)	146	(48,021)	*-3.27%*	(12,321)	*-2.65%*		578	(59,764)
Operating income (Ebit)	**30,414**	**(497)**	**896**	**-**	**30,813**	***2.10%***	**5,691**	***1.23%***	**-**	**60**	**36,564**
Finance costs - net											(3,289)
Profit before income tax											**33,275**
Income tax expenses											(9,937)
Profit for the period											**23,338**
Non-controlling interests											-
Net income											**23,338**
Depreciation and amortisation	2,028	14	54	175	**2,271**		**430**			256	**2,957**
Other non-cash items	2,685	100	245	-	**3,030**		**4**			-	**3,034**
Investments					**6,824**		**80**			-	**6,904**
Total assets					**588,752**		**192,091**			(95,992)	**684,851**

(euro/'000)	2011										
	Italy						Spain				
	Distr. IT & CE B2B	Distr. IT & CE B2C	Electr. Comp. Distr.	Elim. And other	Total	% [1]	Distr. IT & CE B2B	% [1]	Not allocated	Elim. And other	Group
Sales to third parties	1,507,033	30,491	38,621		1,576,144		520,336				2,096,480
Intersegment sales	73,701			(28,349)	45,352					(45,352)	-
Sales	1,580,734	30,491	38,621	(28,349)	1,621,496		520,336		-	(45,352)	2,096,480
Cost of sales	(1,478,066)	(27,428)	(30,655)	28,299	(1,507,850)		(496,203)			45,332	(1,958,721)
Gross profit	**102,668**	**3,063**	**7,966**	**(51)**	**113,646**	***7.21%***	**24,133**	***4.64%***	**-**	**(20)**	**137,759**
Sales and marketings costs	(22,609)	(2,044)	(4,557)	(115)	(29,325)	*-1.86%*	(3,975)	*-0.76%*		(379)	(33,679)
Overheads and administr. costs	(43,670)	(1,570)	(4,132)	166	(49,206)	*-3.12%*	(31,636)	*-6.08%*		394	(80,448)
Operating income (Ebit)	**36,389**	**(551)**	**(723)**	**-**	**35,115**	***2.23%***	**(11,478)**	***-2.21%***	**-**	**(5)**	**23,632**
Finance costs - net											(5,326)
Profit before income tax											**18,306**
Income tax expenses											(10,339)
Profit for the period											**7,967**
Non-controlling interests											-
Net income											**7,967**
Depreciation and amortisation	2,028	14	2,105	53	**4,200**		**18,730**			268	**23,198**
Other non-cash items	2,269	99	317	-	**2,685**		**-**			-	**2,685**
Investments					**2,213**		**158**			-	**2,371**
Total assets					**588,150**		**228,623**			(101,392)	**715,381**

[1] Measured on 'Sales to third parties'.

Statement of financial position by operating segments

(euro/000)	31/12/12							
	Italy					Spain		
	Distr. IT & CE B2B	Distr. IT & CE B2C	Electr. Comp. Distr.	Elim. And other	Total Italy	Distr. IT & CE B2B	Elim. And other	Group
ASSETS								
Non-current assets								
Property, plant and equipment	8,882	14	33	-	8,929	829	-	9,758
Goodwill	10,625	-	2,126	867	13,618	58,561	1,040	73,219
Intangible assets	760	1	-	-	761	167	-	928
Investments in associates	6	-	-	-	6	-	-	6
Investments in subsidiaries	66,224	-	-	(4,321)	61,903	-	(61,903)	-
Deferred income tax assets	2,623	28	926	-	3,577	8,215	11	11,803
Receivables and other assets	1,336	-	4	-	1,340	183	-	1,523
	90,456	**43**	**3,089**	**(3,454)**	**90,134**	**67,955**	**(60,852)**	**97,237**
Current assets								
Inventory	161,286	1,985	3,941	-	167,212	48,976	(38)	216,150
Trade receivables	186,555	2,247	11,099	-	199,901	43,156	-	243,057
Income tax assets	2,150	1	36	-	2,187	-	-	2,187
Other assets	52,260	494	989	(4,214)	49,529	694	(35,102)	15,121
Cash and cash equivalents	78,558	1,058	173	-	79,789	31,310	-	111,099
	480,809	**5,785**	**16,238**	**(4,214)**	**498,618**	**124,136**	**(35,140)**	**587,614**
Non-current assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total assets	**571,265**	**5,828**	**19,327**	**(7,668)**	**588,752**	**192,091**	**(95,992)**	**684,851**
EQUITY								
Share capital	7,881	100	500	(620)	7,861	54,693	(54,693)	7,861
Reserves	203,980	666	4,630	(2,834)	206,442	8,473	(6,239)	208,676
Net income for the period	20,213	(364)	450	-	20,299	2,997	42	23,338
	232,074	**402**	**5,580**	**(3,454)**	**234,602**	**66,163**	**(60,890)**	**239,875**
Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total equity	**232,074**	**402**	**5,580**	**(3,454)**	**234,602**	**66,163**	**(60,890)**	**239,875**
LIABILITIES								
Non-current liabilities								
Borrowings	4,990	-	-	-	4,990	7,120	-	12,110
Derivative financial liabilities	72	-	-	-	72	109	-	181
Deferred income tax liabilities	2,225	2	718	-	2,945	2,288	-	5,233
Retirement benefit obligations	4,078	229	463	-	4,770	-	-	4,770
Provisions and other liabilities	1,288	-	291	-	1,579	122	-	1,701
	12,653	**231**	**1,472**	**-**	**14,356**	**9,639**	**-**	**23,995**
Current liabilities								
Trade payables	294,433	1,054	3,727	-	299,214	57,054	-	356,268
Short-term financial liabilities	18,525	13	7,072	-	25,610	44,190	(30,000)	39,800
Income tax liabilities	6	-	-	-	6	249	-	255
Derivative financial liabilities	339	-	-	-	339	509	-	848
Provisions and other liabilities	13,235	4,128	1,476	(4,214)	14,625	14,287	(5,102)	23,810
	326,538	**5,195**	**12,275**	**(4,214)**	**339,794**	**116,289**	**(35,102)**	**420,981**
Total liabilities	**339,191**	**5,426**	**13,747**	**(4,214)**	**354,150**	**125,928**	**(35,102)**	**444,976**
Total equity and liabilities	**571,265**	**5,828**	**19,327**	**(7,668)**	**588,752**	**192,091**	**(95,992)**	**684,851**

(euro/000)	31/12/11							
	Italy					Spain	Elim. And other	Group
	Distr. IT & CE B2B	Distr. IT & CE B2C	Electr. Comp. Distr.	Elim. And other	Total Italy	Distr. IT & CE B2B		
ASSETS								
Non-current assets								
Property, plant and equipment	5,157	28	76	-	5,261	1,171	-	6,432
Goodwill	10,625	-	2,126	867	13,618	58,561	1,040	73,219
Intangible assets	217	1	1	-	219	198	-	417
Investments in subsidiaries	65,715	-	-	(3,812)	61,903	-	(61,903)	-
Deferred income tax assets	3,396	23	1,032	-	4,451	8,453	29	12,934
Receivables and other assets	1,941	-	3	(81)	1,863	183	-	2,045
	87,051	**52**	**3,238**	**(3,026)**	**87,315**	**68,566**	**(60,834)**	**95,047**
Current assets								
Inventory	158,097	213	4,937	-	163,247	54,165	(97)	217,315
Trade receivables	192,960	3,266	11,008	-	207,234	55,951	-	263,185
Income tax assets	4,401	30	-	-	4,431	9	-	4,440
Other assets	62,941	391	453	(4,373)	59,413	521	(40,461)	19,473
Cash and cash equivalents	65,312	956	242	-	66,510	49,411	-	115,921
	483,711	**4,856**	**16,640**	**(4,373)**	**500,835**	**160,057**	**(40,558)**	**620,334**
Non-current assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total assets	**570,762**	**4,908**	**19,878**	**(7,399)**	**588,150**	**228,623**	**(101,392)**	**715,381**
EQUITY								
Share capital	7,881	100	500	(620)	7,861	54,693	(54,693)	7,861
Reserves	198,587	598	5,459	(2,325)	202,320	21,541	(19,970)	203,891
Net income for the period	8,879	(442)	(829)	-	7,608	(13,373)	13,732	7,967
	215,347	**256**	**5,130**	**(2,945)**	**217,789**	**62,861**	**(60,931)**	**219,719**
Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total equity	**215,347**	**256**	**5,130**	**(2,945)**	**217,789**	**62,861**	**(60,931)**	**219,719**
LIABILITIES								
Non-current liabilities								
Borrowings	14,939	-	-	-	14,939	21,300	-	36,239
Derivative financial liabilities	368	-	-	-	368	552	-	920
Deferred income tax liabilities	2,282	4	728	-	3,014	2,137	-	5,151
Retirement benefit obligations	3,854	217	402	-	4,473	-	-	4,473
Provisions and other liabilities	2,795	29	454	(81)	3,197	118	-	3,315
	24,238	**250**	**1,584**	**(81)**	**25,991**	**24,107**	**-**	**50,098**
Current liabilities								
Trade payables	287,929	349	3,691	-	291,969	78,071	-	370,040
Short-term financial liabilities	26,867	11	7,899	-	34,777	44,119	(30,000)	48,896
Income tax liabilities	15	-	24	-	39	-	-	39
Derivative financial liabilities	381	-	-	-	381	571	-	952
Provisions and other liabilities	15,985	4,042	1,550	(4,373)	17,204	18,894	(10,461)	25,637
	331,177	**4,402**	**13,164**	**(4,373)**	**344,370**	**141,655**	**(40,461)**	**445,564**
Total liabilities	**355,415**	**4,652**	**14,748**	**(4,454)**	**370,361**	**165,762**	**(40,461)**	**495,662**
Total equity and liabilities	**570,762**	**4,908**	**19,878**	**(7,399)**	**588,150**	**228,623**	**(101,392)**	**715,381**

3.3 Other information

The Group's operating segments can be identified by the geographical markets where the Group operates: Italy and Spain.
'Spain' is represented by the Esprinet Iberica S.L.U. subsidiary which has business relations solely with the Esprinet S.p.A. holding company within the Italian operating segment.
Besides the main B2B IT and consumer electronics distribution segment answering to the Esprinet S.p.A. holding company and to the subsidiary V-Valley S.r.l., two Italian marginal business areas, the B2C IT and consumer electronics distribution, effected exclusively by the Monclick S.r.l. subsidiary and the B2B micro-electronic components distribution, effected exclusively by the Comprel S.r.l. subsidiary, are also included.
Intra-segment operations, including those between the minor Italian segments, are identified in terms of the counter-party and the accounting rules are the same as those used in the case of transactions with third-parties which can be found under *'Main valuation criteria and accounting'*.

Details of the Group's revenues from external customers by product family and geographical area, with quotas effected in the country where the parent company is headquartered highlighted, can be found under the section 'Revenues' in the 'Notes to income statement items'. Geographical area breakdown depends in particular on the customers' country of residence.

The Group is not dependent on its major customers despite revenues from transactions with entities operating in the 'B2B' of IT and consumer electronics known to be under common control of one sole entity and, pursuant to IAS 8.34 considered as a single customer, amounting to an over 10% in terms of consolidated revenues.

4. Disclosure on risks and financial instruments

4.1 Definition of risks

The international accounting principle IFRS 7 requires entities to provide disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the entity's financial position and performances;
- the nature and extent of risks arising from financial instruments to which the entity is exposed during the year and at the reporting date, and how the entity managed those risks.

The principles in this IFRS complement and/or supersede the principles for recognising, measuring and presenting financial assets and financial liabilities in IAS 32 'Financial instruments: Presentation' and IAS 39 'Financial instruments: Recognition and Measurement'. Disclosures as per IFRS 7 are therefore reported in this section.
Accounting principles regarding financial instruments used in preparing the consolidated financial statements can be found in the section *'Accounting principles and valuation criteria'* whereas the definition of financial risks, the degree of the Group's exposure to the various identified categories of risk, such as:
a) credit risk;
b) liquidity risk
c) market risk (currency risk, interest rate risk, other price risk);

and the relevant risk management policies have been analysed in depth under *'Main risks and uncertainties facing the Group and Esprinet S.p.A.'* in the *'Director's Report on Operations'*.

4.2 Financial instruments pursuant to IAS 39: classes of risk and 'fair value'

The next table illustrates the relationship between the financial instruments items in the statement of financial position and the financial assets and liabilities categories in accordance with accounting principle IAS 39:

Assets	**31/12/12**				**31/12/11**			
(euro/000)	**Carrying amount**	**Financial assets at FVTPL(1)**	**Loans and receiv.**	**Not IAS 39**	**Carrying amount**	**Financial assets at FVTPL(1)**	**Loans and receiv.**	**Not IAS 39**
Guarantee deposits	*1,500*			*1,500*	*2,022*			*2,022*
Consortium membership fees	*23*			*23*	*23*			*23*
Rec.and other non-curr. Assets	1,523		-	1,523	2,045		-	2,045
Non-current assets	**1,523**	**-**	**-**	**1,523**	**2,045**	**-**	**-**	**2,045**
Trade receivables	243,057		243,057		263,185		263,185	
Receivables from associates	*92*		*92*					
Receivables from factors	*2,940*		*2,940*		*13,804*		*13,804*	
Other tax receivables	*6,041*			*6,041*	*755*			*755*
Receivables from suppliers	*2,700*			*2,700*	*1,225*			*1,255*
Receivables from insurances	*2,022*		*2,022*		*2,051*		*2,051*	
Receivables from employees	*1*		*1*		*4*		*4*	
Receivables from others	*89*		*89*		*105*		*105*	
Pre-payments	*1,235*			*1,235*	*1,529*			*1,529*
Other receivables	15,120		5,144	9,976	19,473		15,964	3,539
Cash and cash equivalents	111,099		111,099		115,921		115,921	
Current assets	**369,276**	**-**	**359,300**	**9,976**	**398,579**	**-**	**395,070**	**3,539**

Liabilities	**31/12/12**				**31/12/11**			
(euro/000)	**Carrying amount**	**Financial liabilities at FVTPL(1)**	**Financial liabilities amortized cost**	**Not IAS 39**	**Carrying amount**	**Financial liabilities at FVTPL(1)**	**Financial liabilities amortized cost**	**Not IAS 39**
Borrowings	12,110		12,110		36,239		36,239	
Derivative financial liabilities	181	181			920	920		
Provisions of pensions	*1,141*			*1,141*	*1,058*			*1,058*
Other provisions	*390*			*390*	*1,417*			*1,417*
Cash incentive liabilities	*170*		*170*		*840*		*840*	
Provis. And other non-curr. Liab.	1,701		170	1,531	3,315		840	2,475
Non-current liabilities	**13,992**	**181**	**12,280**	**1,531**	**40,474**	**920**	**37,079**	**2,475**
Trade payables	356,268		356,268		370,040		370,040	
Short-term financial liabilities	39,800		39,800		48,896		48,896	
Derivative financial liabilities	848	848			952	952		
Associates liabilities	*23*		*23*		-		-	
Social security liabilities	*2,818*		*2,818*		*2,853*		*2,853*	
Other tax liabilities	*8,945*			*8,945*	*14,176*			*14,176*
Payables to others	*11,790*		*11,790*		*8,427*		*8,427*	
Accrued expenses (insurance)	*85*		*85*		*152*		*152*	
Deferred income	*149*			*149*	*29*			*29*
Provisions and other liabilities	23,810		14,716	9,094	25,637		11,432	14,205
Current liabilities	**420,726**	**848**	**410,784**	**9,094**	**445,525**	**952**	**430,368**	**14,205**

(1) 'FVTPL': Fair Value Through Profit and Loss.

For further details about the contents of individual balance sheet items please see the analyses provided in the specific sections in the chapter *'Notes to the statement of financial position items'.*

As can be seen in the previous table, the statement of financial position classifications provide an almost immediate distinction between classes of financial instruments, as per their different valuation methods and exposure to financial risk:

- financial instruments measured at amortised cost:
  - cash and cash equivalents and receivables from factoring companies
  - receivables from insurance companies
  - trade receivables
  - receivables from employees

- receivables from associated companies
- receivables from others
- trade payables
- financial liabilities
- other debts (current and non-current)

- financial instruments measured at ‘fair value’ since initial recognition:
  - derivative financial assets
  - derivative financial liabilities

Cash and cash equivalents are almost entirely immediately available bank deposits.
These, together with the receivables from factoring companies, the Group’s usual counter-parties for its operations, and the derivative financial assets (even though the latter are measured at fair value and not at amortised cost) have a very low risk rating, limited to that of the credit risk in the case in question.
This last circumstance is linked to the high standing of counter-parties, which are banks and factoring companies with high ratings and often also to credits as a result of loans and/or advance payments.
Receivables in the form of reimbursements already recognised by international insurance companies, and consequently with consolidated relationships with the Group, are of the same type and risk level.
Trade receivables are subject to credit risk.
They are the result of a structured process that starts with customer selection and admission to a credit line and then monitoring the same credit facilities. The risk is mitigated by recourse to traditional insurance contracts with leading international insurance companies, without-recourse factoring schemes and, for the remainder, by specific guarantees (bank guarantees typically).
It should be noted that no significant financial effects have ever arisen from insolvency problems.

Receivables from others are subject to a sensibly lower credit risk compared to trade receivables due to the existence of contractual guarantees
Receivables from employees, both advances and loans, have a lower credit risk than trade receivables, given the closer relationship between the parts and considering the continuity of the employment.
Receivables from associated companies are subject to the same risk level, due to the significant influence exerted by Esprinet S.p.A. as a consequence of the operative and management relationships established with the parent company.
Both trade payables and other debts, are subject to the risk that the Group will be unable to respect the payment commitments undertaken on time (liquidity risk).
Financial liabilities and derivative financial liabilities (even though the latter are measured at fair value and not at amortised cost) are exposed at the same but higher risky kind of risk than trade payables, due to the superior negotiating power of banks and the implicitly less flexible nature of covenants and obligations of the ‘negative pledge’, ‘pari passu’ or similar type in the case of medium/long-term loans.
The fair value measurement of financial assets and liabilities reported in the statement of financial position and provided by IAS 39 and governed by IFRS 7, grouped into classes of risk, and the methods and the assumptions applied in determining them, are as follows:

Assets	**31/12/12**						**31/12/11**					
		Fair value						**Fair value**				
(euro/000)	**Carrying amount**	Trade receiv.	Financial receiv.	Receiv. From others	Receiv. From insurers	Receiv. From employees	**Carrying amount**	Trade receiv.	Financial receiv.	Receiv. From others	Receiv. From insurers	Receiv. From employees
Non-current assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Trade receivables	243,057	243,057					263,185	263,185				
Receiv. From associates	*92*					*92*	*-*					*-*
Receiv. From factors	*2,940*		*2,940*				*13,804*		*13,804*			
Receiv. From insurances	*2,022*				*2,022*		*2,051*				*2,051*	
Receiv. From employees	*1*					*1*	*4*					*4*
Receiv. From others	*89*			*89*			*105*			*105*		
Other receivables	5,144		2,940	89	2,022	93	15,964		13,804	105	2,051	4
Cash and cash equival.	111,099		111,099				115,921		115,921			
Current assets	**359,300**	**243,057**	**114,039**	**89**	**2,022**	**93**	**395,070**	**263,185**	**129,725**	**105**	**2,051**	**4**

Liabilities	**31/12/12**						**31/12/11**					
		Fair value						**Fair value**				
(euro/000)	**Carrying amount**	Trade payables	Financial payables	FVTPL derivat.	Other payables		**Carrying amount**	Trade payables	Financial payables	FVTPL derivat.	Other payables	
Borrowings	12,110		12,032				36,239		35,266			
Financial derivatives	181			181			920			920		
Cash incentive liab.	*170*				*170*		*840*				*836*	
Provisions and other liab.	170				170		840				836	
Non-current liabilities	**12,461**	**-**	**12,032**	**181**	**170**	**-**	**37,999**	**-**	**35,266**	**920**	**836**	**-**
Trade payables	356,268	356,268					370,040	370,040				
Short-term financial liab.	39,800		39,651				48,896		48,558			
Financial Derivatives	848			848			952			952		
Associates liabilities	*23*				*23*		-				-	
Social security liabilities	*2,818*				*2,818*		*2,853*				*2,853*	
Payables to others	*11,790*				*11,790*		*8,427*				*8,427*	
Accroued exp. (insurance)	*85*				*85*		*152*				*152*	
Provisions and other liab.	14,716				14,716		11,432				11,432	
Current liabilities	**411,632**	**356,268**	**39,651**	**848**	**14,716**	**-**	**431,320**	**370,040**	**48,558**	**952**	**11,432**	**-**

Given their short-term due date, in the case of current assets (excluding those of derivatives if any), trade payables, short-term financial liabilities and other payables (excluding liabilities for cash incentives), the carrying amount is a reasonable approximation of ‘fair value’.
In order to hedge the risk of interest rate fluctuations, at the end of November 2007, Esprinet S.p.A. and Esprinet Iberica SLU entered into two ‘IRS - Interest Rate Swap’ contracts (‘hedging instruments’) with Intesa Sanpaolo S.p.A. The two contracts had different notional, 45.5 million euro and 68.2 million euro respectively, but the same conditions.

The ‘fair value’ of the two ‘IRS-Interest Rate Swap’ was measured by discounting expected cash flows according to the due dates of each derivative contract and using the market interest curve at the closing date of the financial year.
In detail, the spot interest rates used were obtained from the ‘Forward Curve Euro’ as at 31 December of provided by Bloomberg. Since all inputs entered in the valuation model were based on observable market data, as per the new requirements of IFRS 7 (the so-called ‘fair value hierarchy’), derivative instruments are classified at hierarchy level 2.
The soundness of the measurement made with this valuation technique was confirmed by the comparison with the value provided by the bank issuer.

The ‘fair value’ of non-current assets and medium/long-term loans was estimated by discounting expected cash flows, according to the due dates of each contract, of capital and interests, and using the market interest curve at the ending date of the financial year.
The spot interest rates used to quantify the amount at the due date and discount the expected cash flows were obtained from the ‘Forward Curve Euro’ at 31 December, provided by Bloomberg, increased by a suitable spread as per clauses in the contract (no spread when using the market interest curve for discounting cash flows).

Disclosures regarding net gains or net losses, interest income and interest expenses, fee income and expenses arising from financial instruments have been already given in the table dedicated to finance costs under *‘42) Finance costs’*.

Also consider that general and administrative expenses include 1.6 million euro (1.7 million euro in 2011) of write-down for doubtful accounts estimated on the basis of analyses of each single debtor’s solvency.

4.3 Additional information about financial assets

As during the previous year, no reclassification of a financial asset as one measured at cost or amortised cost, rather than at fair value, and vice versa, was made (the initial recognition of a financial instrument at fair value and the subsequent measurement at cost or amortised cost for some specified financial assets not detecting at this end).

As highlighted in the section *'Trade and other receivables'* in the paragraph *'Summary of significant valuation criteria and accounting policies'*, in the case of impairment by credit losses, the value of receivables is adjusted. This operation is effected by specially allocating a bad debt provision that directly reduces the carrying amount of the devaluated financial asset.
In the year closed at 31 December 2012 (as in the previous one) it was used solely in the case of trade receivables, since it was not deemed necessary in the case of other financial assets.
The following table illustrates the above-mentioned movements of trade receivables bad debt provision during the year:

(euro/000)	Starting provision	Additions	Uses	Final provision
2012 financial year	8,775	1,576	(2,207)	8,144
2011 finacial year	13,924	1,683	(6,832)	8,775

The Group usually transfers financial assets. These operations involve giving factoring companies trade receivables, for both discounting-back and without-recourse factoring schemes, as well as presenting promissory notes (known by their Italian acronym as RIBA) to banks as credit operations on realisation under usual reserves.
In the case of transfers of receivables for without-recourse factoring and advances under usual reserves, this operation not qualifying for derecognition, the Group continues to recognise all of these assets, the carrying amount of which continues to appear in the statement of financial position, under 'trade receivables' with an offsetting entry under the current financial liabilities as 'other financing payables' and 'payables to banks'.
As at 31 December 2012 the with-recourse sold receivables which obtained advances under usual reserves amounted to 3.7 million euro (3.2 million euro at 31 December 2011); the same kind of advances (under usual reserves) about effects amounted to 4.0 million euro (10.5 million euro at 31 December 2011).
The financial assets' gross book value is the Group's maximum exposure to credit risk.

The following tables show an analysis of the status of trade receivables and the ageing of those not overdue and not impaired by credit losses:

(euro/000)	31/12/12	Receivables impaired	Receivables past due not impaired	Receivables not past due not impaired
Gross trade receivables	251,201	15,433	25,506	210,262
Bad debt provision	(8,144)	(8,144)	-	-
Net trade receivables	**243,057**	**7,289**	**25,506**	**210,262**

(euro/000)	31/12/11	Receivables impaired	Receivables past due not impaired	Receivables not past due not impaired
Gross trade receivables	271,960	18,990	48,573	204,397
Bad debt provision	(8,775)	(8,775)	-	-
Net trade receivables	**263,185**	**10,215**	**48,573**	**204,397**

(euro/000)	Total	Past due over 90 days	Past due 60 - 90 days	Past due 30 - 60 days	Past due under 30 days
Receiv. Past due not impaired at 31/12/12	25.506	9.443	1.328	1.140	13.595
Receiv. Past due not impaired at 31/12/11	48.573	3.215	4.468	6.668	34.222

Due to its historical experience and to its policy of not accepting orders from insolvent customers unless paid in advance, the Group does not believe that premises for allocating provisions for doubtful receivables for amounts not yet overdue exist.
There are no financial assets which would otherwise be past due or impaired whose terms have been re-negotiated, except for some re-entry plans agreed with customers for not-material amounts.

The following instruments are usually used by the Group to limit its credit risk (the percentages refer to trade receivables at 31 December 2012):

- traditional credit insurance (covering between 80% and 90% of the face value of the insured receivables provided they are within the limit of the credit line given by the insurance company) covering approx. 57% of the total amount of trade receivables;
- without-recourse factoring with leading factoring companies covering approx. 7% of the receivables (the amount refers to receivables existing at the closing date of the financial year but subject to revolving credit at the times and with the methods of the schemes);
- real guarantees (bank guarantees and asset mortgagees) in the case of approx. 2% of total gross amount of trade receivables;

No financial or non-financial assets were obtained by the Group during the period by taking possession of collateral it holds as security or calling on other credit enhancements (e.g. guarantees). Nor did the Group hold collateral (of financial or non-financial assets) it was permitted to sell or re-pledge in the absence of default by the owner of the collateral.
No other financial assets regulated by IFRS 7 have been impaired in the current or in the previous year.

The two tables below illustrate their status and the ageing of those not overdue and not impaired by credit losses:

	31/12/12				**31/12/11**			
(euro/000)	**Carrying amount**	**Receiv. Impaired**	**Receivables past due not impaired**	**Receivables not past due not impaired**	**Carrying amount**	**Receiv. Impaired**	**Receivables past due not impaired**	**Receivables not past due not impaired**
Non-current assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Receivables form associates	*92*		*47*	*45*	*-*		*-*	
Receivables from factor	*2,940*		*1,287*	*1,653*	*13,804*		*2,370*	*11,434*
Receivables from insurance	*2,022*		*2,022*		*2,051*		*2,051*	
Receivables from employees	*1*			*1*	*4*			*4*
Receivables from others	*89*		*89*		*105*		*93*	*12*
Other receivables	5,144		3,445	1,699	15,964		4,514	11,450
Cash and cash equivalents	111,099		111,099		115,921		115,921	
Current assets	**116,243**	**-**	**114,544**	**1,699**	**131,885**	**-**	**120,435**	**11,450**

(euro/000)	**Total**	**Past due over 90 days**	**Past due 60 - 90 days**	**Past due 30 - 60 days**	**Past due under 30 days**
Receivables from associates companies	47	-	-	23	24
Receivables from factoring companies	1,287	-	-	-	1,287
Receivables from insurance companies	2,022	1,677	63	9	273
Receivables from others	89	89	-	-	-
Receiv. Past due not impaired at 31/12/12	**3,445**	**1,766**	**63**	**32**	**1,584**
Receivables from associates companies	-	-	-	-	-
Receivables from factoring companies	2,370	-	-	-	2,370
Receivables from insurance companies	2,051	1,720	100	205	26
Receivables from others	93	89	-	-	4
Receiv. Past due not impaired at 31/12/11	**4,514**	**1,809**	**100**	**205**	**2,400**

Receivables from factoring companies relate wholly to ‘without-recourse’ factoring operations, where the ownership and connected risks of the sold receivables have therefore been wholly transferred to factoring companies. The past due quota relates to sums due at the closing date of the year which were paid during the first days of the following year for technical reasons. The not yet due quota regards amounts collectable by contract only at the original due date of the receivable existing between the sold customers and the Group companies. It should be noted, however, that these receivables had also almost completely been paid by the time this report was drawn up as the deadlines were met.

4.4 Additional information about financial liabilities

Amounts detailed in the following maturity analysis are the contractual undiscounted cash flows, including interests to be paid and excluding the effects of netting agreements:

(euro/000)	Carrying amount 31/12/12	Future cash flow	in 6 months	6-12 months	1-2 years	2-5 years	after 5 years
Borrowings	12.110	12.367	69	96	12.202	-	-
Derivative financial liabilities	181	518	177	159	182	-	-
Cash incentive liabilities	*170*	*170*	-	-	-	*170*	-
Provisions and other non-curr. Liabilities	170	170	-	-	-	170	-
Non-current liabilities	**12.461**	**13.055**	**246**	**255**	**12.384**	**170**	**-**
Trade payables	356.268	423.312	360.966	4.697	9.265	23.749	24.635
Short-term financial liabilities	39.800	40.115	27.879	12.236	-	-	-
Derivative financial liabilities	848	514	355	159	-	-	-
Associates liabilities	*23*	*23*	*23*	-	-	-	-
Social security liabilities	*2.818*	*2.818*	*2.818*	-	-	-	-
Payables to others	*11.790*	*11.790*	*11.790*	-	-	-	-
Accrued expenses (insurance)	*85*	*85*	*85*	-	-	-	-
Provisions and other liabilities	14.716	14.716	14.716	-	-	-	-
Current liabilities	**411.632**	**478.657**	**403.916**	**17.092**	**9.265**	**23.749**	**24.635**

(euro/000)	Carrying amount 31/12/11	Future cash flow	in 6 months	6-12 months	1-2 years	2-5 years	after 5 years
Borrowings	36,239	38,023	456	565	24,727	12,275	-
Derivative financial liabilities	920	1,507	284	278	815	130	-
Cash incentive liabilities	*840*	*851*	-	-	-	*851*	-
Provisions and other non-curr. Liabilities	840	851	-	-	-	851	-
Non-current liabilities	**37,999**	**40,381**	**740**	**843**	**25,542**	**13,256**	**-**
Trade payables	370,040	431,224	374,569	4,529	7,831	20,103	24,192
Short-term financial liabilities	48,896	49,628	37,300	12,328	-	-	-
Derivative financial liabilities	952	329	237	92	-	-	-
Associates liabilities	-	-	-	-	-	-	-
Social security liabilities	*2,853*	*2,853*	*2,853*	-	-	-	-
Payables to others	*8,427*	*8,427*	*8,427*	-	-	-	-
Accrued expenses (insurance)	*152*	*152*	*152*	-	-	-	-
Provisions and other liabilities	11,432	11,432	11,432	-	-	-	-
Current liabilities	**431,320**	**492,613**	**423,538**	**16,949**	**7,831**	**20,103**	**24,192**

The above tables can be understood more easily if the following are considered:

- when a counter-party has a choice of when an amount is paid, the liability has been included on the basis of the earliest date on which the Group can be required to pay;
- the amounts shown relate to contractual undiscounted cash flows gross of interests to be paid;
- the amount of floating rate loans payable has been estimated by reference to the conditions existing at the reporting date (i.e. the interest rate curve at the end of the year).

During 2007, as part of the re-negotiation of a previous loan, the Group obtained a credit facility from a pool of banks, made up of three credit lines guaranteed by a pledge on all Esprinet Iberica S.L.U. capital quotas. This guarantee is still existing at 31 December 2012 and its value is formally assumed as the amount of the Esprinet Iberica net equity at the same date: 66.2 million euro (62.9 million euro at 31 December 2011).

The loan agreements described contain the usual agreements which take into account the possible loss of the benefit to pay reimbursements at deferred maturity should certain financial covenants not be met when checked against consolidated and audited financial statements data.
At 31 December 2012 according to the available evidence and using management estimates (since the same will be checked against the consolidated and audited financial statements), the covenants resulted fully met.
Apart from 31 December 2007 and 30 June 2008, when one of the financial covenants contained in the agreements described above was missed, even if with no consequences for the Group, the same has never been in a condition of default regarding principal, interest, sinking fund or redemption terms of passive loans.

Up to now the Group has not issued any instruments containing both a liability and an equity component.

4.5 Hedge accounting

Introduction

The Esprinet Group signs derivative contracts in order to hedge some loan agreements against fluctuating interest rates by means of a strategy of cash flow hedge.
Hedging operations are therefore reported in the financial statements according to the instructions of the IAS 39 accounting principle regarding 'hedge accounting'.
In order to verify the hedge effectiveness, the Group carry out perspective and retrospective tests

Effectiveness retrospective tests, individually carried out for each derivative instruments showed a 'high' effectiveness until 30 November 2012. As a consequence of this, until that date the derivative instruments were booked using cash-flow hedge technique; while subsequently the fair value variations were directly accounted in the separate income statement.

Derivative instruments as at 31 December 2012

The Group didn't enter into any new derivative contract during the year.
In order to hedge the risk of interest rate fluctuations, at the end of November 2007, Esprinet S.p.A. and Esprinet Iberica SLU entered into two 'IRS - Interest Rate Swap' contracts ('hedging instruments') with Intesa Sanpaolo S.p.A. The two contracts had different notional, 45.5 million euro and 68.2 million euro respectively, but the same conditions.
Such contracts can be technically defined as 'amortising - forward start' in as much as they provide for the exchange or 'swap' of a fixed rate debt with a floating 6 Month Euribor rate starting at 27 December 2007, coinciding with the beginning of the interest period of the hedged item.
The Esprinet S.p.A. hedged item is the 65.0 million euro as notional (15.0 million euro as at 31 December 2012) of the 'Senior Amortizing Term Loan' signed on 27 June 2007 with a pool of banks and mainly aimed at repositioning part of the short-term indebtedness to medium/long-term. The Esprinet Iberica S.L.U. hedged item is the 109.3 million euro as notional (36.4 million euro as at 31 December 2012) of the 'Senior Amortizing Term Loan' also signed on 27 June 2007 with the same banks and mainly aimed at refinancing the debt remaining from the Memory Set purchase and the 'Bridge Loan' agreed at the end of December 2006 as part of the loan to purchase UMD S.A.U. (both the two subsidiaries merged into Esprinet Iberica S.L.U. at the end of 2007).

The main features of the two contracts are summarized below:

Trade date	20 November 2007
Effective date	27 December 2007
Termination date	27 June 2014 subject to adjustment in accordance with the modified business day convention
National amount	Esprinet S.p.A.: 45,5 million euro (subject to an amortisation plan) Esprinet Iberica S.L.U.: 68.25 million euro (subject to an amortisation plan)
Fixed rate	4,33%, act/360
Fixed rate payment dates	27/06/08, 29/12/08, 29/06/09, 28/12/09, 28/06/10, 27/12/10, 27/06/11, 27/12/11, 27/06/12, 27/12/12, 27/06/13, 27/12/13, 27/06/14 subject to adjustment in accordance with the modified business day convention
Fixed rate payer	Esprinet S.p.A. and Esprinet Iberica S.L.U. respectively
Floating rate	Euribor 6M, act/360, fixed as the first day of each interest calculation period
Floating rate payment dates	27/06/08, 29/12/08, 29/06/09, 28/12/09, 28/06/10, 27/12/10, 27/06/11,

	27/12/11, 27/06/12, 27/12/12, 27/06/13, 27/12/13, 27/06/14 subject to adjustment in accordance with the modified business day convention
Floating rate payer	Intesa Sanpaolo S.p.A.

The aim of these hedging transactions against the interest rate risk is to fix the funding cost of each of the two middle-term floating-rate loans by entering into a derivative contract that enables the Group the floating rate to be received and the fixed rate to be paid.

Since, until 30 November 2012, it was fully in compliance with International Accounting Standard 39 regarding ‘hedge accounting’ (formal designation and documentation of the hedging relationship; hedge expected to be highly effective and reliably measured; forecast transaction highly probable and affecting profit or loss) both of the two derivative contracts had been subject to the ‘cash flow hedge’ accounting rules until that date. At inception date the portion of the gain or loss on the hedging instrument (that has been determined to be an effective hedge) was recognised directly in equity (and shown, consequently, in the statement of comprehensive income), the ineffective portion of the gain or loss on the hedging instrument was recognised in profit or loss.

Subsequent changes until 30 November 2012 in the fair value of the expected future cash flows on the hedge item from inception of the hedge (due to changes in the interest rate curve), always within limits of being an effective hedge, had been similarly recognised directly in equity (and in the statement of comprehensive income).

After 30 November 2012, as a consequence of the ‘high’ effectiveness termination, the fair value variation of the derivative instruments has been booked as financial costs directly in the separate income statement.

Entering into these derivative contracts was part of the commitments assumed at the time of the closing of the Senior Amortizing Loan contract financing the purchase of the Memory Set Group.
It was thus necessary to sell two previous IRS contracts signed in 2006 by Esprinet Iberica S.L.U. as the total hedge of the remaining amount of 48.8 million euro of the pool loan in 2005 granted by Intesa Sanpaolo S.p.A. and MCC S.p.A. (Group Unicredit) as part of the latters’ financial support in the Memory Set S.A.U. purchase.

Both the contracts were recognised in accordance with ‘cash flow hedge’ accounting methods.
As a result of this accounting method and their sale, at 31 December 2012 the Group has a 94 thousand euro amount generated by cumulative changes in the fair value of these two derivatives recognised under net equity in the ‘cash flow hedge’ reserve, which will be gradually recognised in profit or loss at the maturity of the restructured loans.

The main features of the above said derivative contracts sold in 2007 are summarized below:

Trade date	2 August 2006
Effective date	5 December 2006
Termination date	5 December 2012
Notional amount	Euro 24,428,571.43, subject to an amortisation plan
Fixed rate	4,055%, act/360
Fixed rate payment dates	Every 5 December and 5 June starting from 5 June 2007 up to 5 December 2012
Fixed rate payer	Yedraint S.L.U. (now Esprinet Iberica S.L.U.)
Floating rate	Euribor 6M, act/360, fixed two days before the interest calculation period
Floating rate payment dates	Every 5 December and 5 June starting from 5 June 2007 up to 5 December 2012
Floating rate payer	Banca di Roma S.p.A.

The next tables illustrate the following information regarding the derivative contracts with reference to the cash flow hedge accounting technique (used until 30 November 2012):
- the notional amount at 31 December 2012 and 2011 shared into portions maturing within or beyond a 12-months period;

- the amount recognised in the statement of financial position as at 31 December 2012 and 2011 representing the 'fair value' of the contracts at the date of the 'highly 'effective hedge termination (31 December 2011 and 30 November 2012 respectively);
- the cumulative change in fair value from the inception to the date of 'highly 'effective hedge termination with reference to the instalments still effective at the financial statement closing date;
- the ineffective portion of gains/losses on the hedging instrument computed to the income statement under *'Finance costs'* from the inception with reference to the instalments still effective at the same date.

(euro/000)	31/12/12 Notional amount Within 1 year	Beyond 1 year	Fair value[1]	Income statement [2]	Taxes on FV contracts [3]	Retained earnings [4]
Interest rate risk management						
- cash flow hedge on derivatives 2007	17,500	8,750	999	283	(290)	(426)
- cash flow hedge on derivatives 2006	-	-	-	-	-	94
Total	**17,500**	**8,750**	**999**	**283**	**(290)**	**(332)**

(euro/000)	31/12/11 Notional amount Within 1 year	Beyond 1 year	Fair value[1]	Income statement [2]	Taxes on FV contracts [3]	Retained earnings [4]
Interest rate risk management						
- cash flow hedge on derivatives 2007	17,500	26,250	1,872	282	(543)	(1,047)
- cash flow hedge on derivatives 2006	-	-	-	-	-	157
Total	**17,500**	**26,250**	**1,872**	**282**	**(543)**	**(890)**

(1) Amount of the (assets)/liabilities recorded in the statement of financial position as per the 'fair value' measurement of derivatives using cash flow hedge accounting technique.
(2) Ineffective portion of the gain or loss on the hedging instrument as per IAS 39.
(3) Deferred income taxes related to the fair value of the derivative contracts using cash flow hedge accounting technique.
(4) Cumulative change in fair value from inception to the statement of financial position date recognised in equity using cash flow hedge accounting technique.

The events that caused the changes in the amount of the 'cash flow hedge' equity reserve during the year are so detailed:

(euro/000)	2012 Change in fair value of derivatives	Transfer to P&L[1]	Ineffective portion of (gain)/loss to P&L	Taxes on fair value of derivatives	Change in equity reserve
- equity reserve on derivatives 2007	(79)	952	1	(253)	621
- requity reserve on derivatives 2006	-	(63)	-	-	(63)
Total	**(79)**	**889**	**1**	**(253)**	**558**

(euro/000)	2011 Change in fair value of derivatives	Transfer to P&L[1]	Ineffective portion of (gain)/loss to P&L	Taxes on fair value of derivatives	Change in equity reserve
- equity reserve on derivatives 2007	(359)	1,624	-	(366)	899
- equity reserve on derivatives 2006	-	(64)	-	-	(64)
Total	**(359)**	**1,560**	**-**	**(366)**	**835**

(1) Accounted as increase/(decrease) of 'Financial charges'.

The following are the periods when the cash flows relating to the hedged items (even though since 30 November 2012 the 'highly' effective hedge terminates, interrupting the cash flow hedge accounting technique) are expected to occur, and when they are expected to affect profit or loss:

(euro/000)		Expected cash flow	0-6 months	6-12 months	1-2 years	2-5 years	After 5 years
Loans:	31/12/12	331	148	138	45	-	-
	31/12/11	1,510	548	542	323	97	-

As a consequence of the derivatives fair value variation from 30 November until 31 December 2012 directly reported in the profit & loss statement, 30 thousand euro financial costs have been recorded, as mentioned in the paragraph '42) Financial costs – net'.

The fair value variation is exclusively due to the change of the market interest tax curve at the financial statement closing date compared to the same curve at the end of the 'highly' effective hedge date (as well as 27 December 2012, an instalment due date).

The derivative instrument changes referring to the fair value variations recorded in the P&L statement are reported below:

(euro/000)	Year	Fair value 30/11/12	Rates past due	Variation FV rates not past due	Fair value 31/12/12
Derivatives 2007:	2012	(1,604)	605	(30)	(1,029)
	2011	n.a.	n.a.	n.a.	n.a.

4.6 Sensitivity analysis

Since the Group is exposed to a limited currency risk it has decided not to effect sensitivity analyses regarding this type of risk (for more details see section *'Main risks and uncertainties facing the Group and Esprinet S.p.A.'* in the *'Director's Report on Operations')*.

A sensitivity analysis regarding the interest rate risk was performed in order to show how profit or loss and equity would have been affected by changes in the interest rate curve that were reasonably possible during the period.
For these purposes, the 2012 market interest rate trend was taken into account together with the Group's estimates on rates in the immediate future and a forward shifting of spot/forward interest rate curves +/- 100 basis points was simulated.

The following tables show the results of the simulation (net of tax effects):

Scenario 1: +100 basis points

	31/12/12		31/12/11	
(euro/000)	Net equity	Profit/(loss)	Net equity	Profit/(loss)
Cash and cash equivalents	262	262	295	295
Short-term financial liabilities	(118)	(118)	(350)	(350)
Borrowings [(1) (2)]	(50)	(50)	(75)	(75)
Derivative financial liabilities	190	130	310	193
Total	**284**	**224**	**180**	**63**

(1) Medium/long-term loans include the portion falling due within 12 months.
(2) Impact on the loans hedged by IRS regards solely the uncovered portion of the loans.

Scenario 2: -100 basis points

	31/12/12		31/12/11	
(euro/000)	**Net equity**	**Profit/(loss)**	**Net equity**	**Profit/(loss)**
Cash and cash equivalents	(283)	(283)	(284)	(284)
Short-term financial liabilities	129	129	350	350
Borrowings (1) (2)	50	50	75	75
Derivative financial liabilities	(109)	(96)	(321)	(193)
Total	**(213)**	**(200)**	**(180)**	**(52)**

(1) Medium/long-term loans include the portion falling due within 12 months.
(2) Impact on the loans hedged by IRS regards solely the uncovered portion of the loans.

5. Notes to the statement of financial position items

Non-current assets

1) Property, plant and equipment

Property, plant and equipment amount to 9.8 million euro as at 31 December 2012 (versus the 6.4 million euro as at 31 December 2011). Changes occurring during the year are as follows:

(euro/000)	Plant and machinery	Ind. & comm. equipment & other assets	Assets under construction & advances	Total
Historical cost	10,516	24,550	171	**35,237**
Accumulated depreciation	(8,996)	(19,809)	-	**(28,805)**
Balance at 31 December 2011	**1,520**	**4,741**	**171**	**6,432**
Historical cost increase	231	1,359	4,418	**6,008**
Historical cost decrease	(247)	(263)	(40)	**(550)**
Historical cost reclassification	59	43	(131)	**(29)**
Write-down	(32)	(199)	-	**(231)**
Increase in accumulated depreciation	(564)	(1,754)	-	**(2,318)**
Decrease in accumulated depreciation	189	257	-	**446**
Total changes	**(364)**	**(557)**	**4,247**	**3,326**
Historical cost	10,559	25,689	4,418	40,666
Accumulated depreciation	(9,403)	(21,505)	-	(30,908)
Balance at 31 December 2012	**1,156**	**4,184**	**4,418**	**9,758**

Investments mainly refer to the "*Assets under construction*" category (4.4 million euro), and are related to new plants, furniture and fittings for the organization of Esprinet S.p.A. new administrative head office.

The following is the breakdown of the item '*Industrial and commercial equipment and other assets'*:

(euro/000)	31/12/12	31/12/11	Var.
Electronic machines	1,714	1,835	(121)
Furniture and fittings	1,079	1,468	(389)
Industrial and commercial equipment	633	804	(171)
Other assets	758	634	124
Total	**4,184**	**4,741**	**(557)**

There are no temporarily unused tangible fixed assets intended for sale.

There were no significantly changes in the depreciation rates adopted for each asset category with respect to the previous year.

2) Goodwill

(euro/000)	31/12/12	31/12/11	Var.
Goodwill	73,219	73,219	-

All goodwill items identify the excess of the price paid for obtaining the control of another business over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Disclosures regarding impairment tests of assets: goodwill

Scope of application

IAS 36 requires the testing of property, plant and equipment and intangible assets with indefinite useful life for impairment whether there are indications that impairment has occurred. In the case of goodwill and other intangible assets with an indefinite useful life, this test, so said 'impairment test', must be conducted at least annually and whenever 'triggering events' occur, i.e. extraordinary negative events implying the asset may be impaired.

Goodwill does not generate cash flows independently of other assets or group of assets so, in compliance with IFRS, it is not an 'individual asset' and may not be subjected to a separate impairment test being tested for impairment together with the group of activities to which it has been allocated.

For the purposes of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's 'CGU - Cash-Generating Units', or groups of CGUs that must not to be larger than an operating segment determined in accordance with IFRS 8.

Cash Generating Unit: identification and goodwill allocation

The next table summarises the original values of the single goodwill items in terms of the business combinations from which they arose and a summary by company:

(euro/000)	Entity	Goodwill original values
Memory Set S.a.u.	Esprinet Iberica	50,427
UMD S.a.u.	Esprinet Iberica	25,916
Esprinet Iberica S.l.u.(1)	Esprinet Iberica	1,040
Comapel Milano S.r.l.	Comprel S.r.l.	870
Comapel Torino S.r.l.	Comprel S.r.l.	261
Skylab S.r.l.	Comprel S.r.l.	371
Italwest S.r.l.	Comprel S.r.l.	2,667
Assotrade S.p.A.	Esprinet S.p.A.	5,500
Pisani S.p.A.	Esprinet S.p.A.	3,878
Esprilog S.r.l.	Esprinet S.p.A.	2,115
Total by business combination		**93,045**
Esprinet Iberica S.L.U.		77,383
Esprinet S.p.A.		11,493
Comprel S.r.l.		4,169
Total by entity		**93,045**

1) Transaction costs sustained for the UMD and Memory Set business combinations.

Allocation of goodwill to each CGUs, identified as homogeneous groups of assets that generate cash inflows independently through the continued use of the assets included in each group, was made by charging the above mentioned goodwill to the relevant CGUs, that is, to the elementary units which received the businesses purchased in strictly operational terms.

The following table (referring exclusively to fiscal years 2010 and 2011) summarises the goodwill allocations to the 3 CGUs, highlighting the relationships between the operating segments and the legal entities which form the Group[1]:

[1] We point out that the goodwill original values split by companies had no significant difference after the CGU1 and CGU2 values allocation process.

(euro/000)	31/12/11	31/12/10	Var.		
Esprinet S.p.A.	11,456	11,456	-	CGU 1	Distrib.B2B di Inf.Technology e Consumer Electronics (Italy)
Comprel S.r.l.	2,162	4,206	(2,044)	CGU 2	Distrib.B2B di Componenti micro-elettronici (Italy)
Esprinet Iberica S.l.u.	59,601	77,383	(17,782)	CGU 3	Distrib.B2B di Inf.Technology e Consumer Electronics (Spain)
Total	**73,219**	**93,045**	**(19,826)**		

This allocation reflects the organizational and business structure of the Group, who operate in the core business of IT and consumer electronics business-to-business distribution (i.e. exclusively for business customers made up of resellers, who in turn refer to end-users, both private and company) in two geographical markets, Italy and Spain, both managed by, on one hand, two basically independent structures and, on the other hand, a “corporate” structure where coordination and strategy are centralized for almost all activities that contribute to the reseller “value chain” (sales, purchasing, product marketing, logistics).
Moreover, it reflects the operating segments identified also for the *Segment Information as* required by IFRS.
In addition, CGU referring to B2B micro-electronics distribution managed by the affiliated company Comprel is separate, even if some back-office activities (administration and finance, controlling, treasury and HR) are undertaken by the holding company Esprinet through a service contract. This separation is related to the diversity of the respective core business activities as well as the prevalence of internally managed activities (marketing and sales) compared to those managed externally, according to the specific characteristics of the corresponding sector.
The Group also operates in the B2C distribution sector, through the affiliated company Monclick S.r.l., which does not present goodwill values, being an initiative developed by ‘green-field’.

No changes occurred either in the amounts entered under goodwill as a consequence of extraordinary operations or in re-allocation operations between CGUs during 2012. So the following table summarises the goodwill values recorded in the 31 December 2012 balance sheet and subject to impairment test.

(euro/000)	31/12/12	31/12/11	Var.		
Esprinet S.p.A.	11,456	11,456	-	CGU 1	B2B distr.of Inf. Technology and Consumer Electronics (Italy)
Comprel S.r.l.	2,162	2,162	-	CGU 2	B2B distr. of micro-electronic components (Italy)
Esprinet Iberica S.l.u.	59,601	59,601	-	CGU 3	B2B distr. of Inf. Technology and Consumer Electronics (Spain)
Total	**73,219**	**73,219**	-		

The impairment test valuation process and the results on 31 December 2012 goodwill items as previously explained are below described.

A) Valuation system

The valuation framework and the methodological structure adopted are summarised below:

The extreme rarefaction of the comparable market transactions and, for the few concluded deals, the low quantity of usable published information, make difficult the identification of implicit multiples applicable for the calculation purposes of a reasonably reliable “fair value”.
Recoverability of goodwill is tested by comparing the carrying amount of each single CGU to which the goodwill has been allocated, with the recoverable amount of the unit in the meaning of ‘value in use’.
The latter is the present value, at the date of the test, of the future cash flows (inflows and outflows) expected to be derived from the continuing use of assets which are part of the tested CGU.
The ‘value in use’ was estimated using the Discounted Cash Flow (DCF) model, which requires an appropriate discount rate to estimate the discounting back of future cash flows.
An ‘asset side’ approach was used which presupposes discounting unlevered cash flows generated by operations.
These cash flows were calculated net of ‘figurative income taxes’ measured by applying an estimated tax rate to the operating income (EBIT).

In the case of the Spanish CGU 3, the estimated effective and nominal tax rates correspond (30%). In the case of the Italian CGU 1 and CGU 2, the effective tax rates calculated as per Italian tax law and deriving from the calculation of the IRES and IRAP tax rates on their different tax bases were applied, taking into account the different structure of the tax bases and, in particular, the non-deductibility of some relevant costs for the IRAP impact calculation.

Disclosures required by the international accounting principles regarding the main methods chosen when calculating the recoverable amount are as follows.

Basis for estimates of future cash flows

As required by the IAS 36 accounting principle, paragraph 50, estimated cash flows exclude financial charges, as per the 'asset side' approach already described.
Projections based on forecasts cover a 5-year period, from 2013 to 2017.
The discount rate includes the effect of price increases attributable to general inflation so future cash flows are estimated in nominal terms.

Projection method

Future cash flows have been estimated for each CGU in its current condition which means not including estimates of future cash inflows that are expected to arise from the business combination, or from improving or enhancing its performance, or from extraordinary operations representing a discontinuity compared with this status.
The definition of forecasted plans and of the resulting cash flows took into account each CUG's peculiarity, therefore basing the whole, as already mentioned, on the so called "unique scenario". The latter was identified as the "normal" cash flow, or rather, taken as the one with the highest degree of probability of occurrence (so called 'probabilistic approach').
The operating sustainability of the plans in terms of the 'entrepreneurial model' used, and of the business size, and therefore also the plans financial sustainability, was assessed by taking into account the value drivers of each CGUs as well as the Group financial capability.
The latter has been considered as appropriate, also taking into account both the low investments level necessary for each CGU activities substantially limited to maintenance levels, and the liquidity risk management strategy.
This risk is essentially managed by the preservation of a substantial number of non-used credit lines, mainly of self-liquidating nature, as well as by a conservative financial strategy focused on stable financial sources – i.e. middle term borrowings supported by financial covenants with which the Group is constantly provided – also for working capital purposes.
The Board of Directors' Meeting on 15 March 2013 approved the forecasted plans arising from the analytical budget of 2013, considered a 'pivot' year. These plans were drawn up thanks to forecasting techniques useful both for a separate management of fixed and variables costs, and for defining the revenues and product gross margin trend. This was done utilising a *'benchmarking'* of the sector trends and of the end market in its entirety, as evaluated by reliable external sources, as well as assuming, for each CGU, different trends according to the current and prospective competitive position.

Flows discounted or weighted for probability

Future cash flows have been estimated for each CGU following the 'traditional approach'. This hinges on the so called 'unique scenario' defined as the 'normal' flow profile in which accounting applications of present value have used a single set of estimated cash flows and a single discount rate, both assumed as those with the highest degree of probability of occurrence (so said 'probabilistic approach').

Terminal value

The terminal value recorded at the end of the forecast period was calculated using the 'Perpetuity Method' (unlimited capitalisation model of the plan last year's cash flow).
The approach used presumes that at the end of the 5^{th} year on, cash flow will grow at a constant rate of 'g' and therefore the terminal value is calculated as perpetual income by means of the capitalisation of the plan's last flow at a rate corresponding to the discounting back rate used (WACC) adjusted by a growth factor presumed stable.

This last factor is presumed to be 2% for all the CGU and approximates the long-term nominal growth rate of the corresponding sector both in Italy and Spain, the cyclical requirements of which approximate the same rate to the long-term nominal growth rate of the two economies in their entirety.

In order to avoid the risk of an overestimation of the terminal value, taking into account both the conjuncture trend, that embraces, even if not in the same way, all the business and the geographic Group areas, and the macro-hypothesis of the crisis termination in 2014 and of a progressive gradual recovery, was assumed that for each CGU the perpetual sustainable financial cash flow was approximately equal to the average of that in the last 3 years' defined forecast.

As a precaution no working capital releases are foreseen but, consistently with the past, the achievement of a 'steady state' is assumed, characterized by an absence of incremental investments, also with reference to the working capital.

Discount rate

The discount rate used must be that of the return required by the suppliers of both risk and debt capital and takes into account risks specific to the activities relating to each single CGU.
As a consequence, a *Weighted Average Cost of Capital* ('WACC') notion has been used, whose cost of the risk capital has been measured using a *Capital Asset Pricing Model* ('CAPM') approach.
In particular, in order to calculate the cost of the risk capital (K_e), the average unlevered Beta was measured on a sample of comparable companies with international operations listed in official markets and later it was re-levered in terms of a 'target' financial structure for each CGU, in hypothesis similar to the average financial structure of the different panels analysed.
So doing the independence of the discount rate from the actual financial structure has been obtained.
The panel of comparable entities is made up of the followings:

CGU1/3 **(Distr B2B IT&CE in Italy/Spain)** [(1)]	**CGU2** **(Distr. B2B di comp. micro-elettronica in Italy)**
Ingram Micro Inc.	Anixter International Inc.
Tech Data Corp.	Arrow Electronics Inc.
Also-Actebis Holding A.G.	Avnet Inc.
Synnex Corp.	Acal Plc
Digital China Ltd.	Premier Farnell Plc
ABC Data S.A.	TTM Technologies Inc.
Action S.A.	MSC Konsult AB
Redington Ltd.	WPG Holdings Ltd.
Datatec Ltd.	WT Microelectronics Co. Ltd.
Arena	
ASBIS Enterprises Plc	
Scansource Inc.	
Esprinet S.p.A.	

(1) The panel has been reviewed, compared with the previous year, due to the elimination of comparable companies for the 'Distribution B2B IT&CE' of CDC Point, a listed company in the Italian Stock Exchange CGU 'de-listed' that recently asked for insolvency procedure.

To discount cash flows the Group used a different discount rate for each CGU in order to reflect the impact of the different nominal tax rates in Italy and Spain on the average weighted cost of capital.

The values attributed to the components of each discount rate per single CGU are as follows:

- the risk-free rate used is the 10-years BTP 'benchmark' rate of return exactly as at 31.12.2012, 4.5% (source: Bloomberg, 31 December 2012) for CGU 1 and 2, and the 10-years Bonos 'benchmark' rate of return exactly as at 31.12.2012, 5.2% (source: Bloomberg, 31 December 2012) for CGU 3;
- the Equity risk premium is 5.0% (source: Dimson et alter, 2011);
- the marginal cost of borrowed capital (K_d) was approximated through the average cost analysis of the senior borrowing dispensed by Italian and Spanish 'corporate industrial' issuing banks with a S&P B/BB+ ('speculative grade') long term rating; the above mentioned rate is considered representative of

the cost applied both to Esprinet and to each CGU in cases of the issue of high duration debt instruments on the market.
- The credit spread to be applied to the 10-years IRS at the evaluation date is equal to 510 bps and appears to be consistent with both the financial market situation and the Esprinet assignable financial credit rate.

Please note that, in compliance with IAS 36 (A20) provisions that require a discount rate used to be a pre-tax rate, the post-tax version CAPM-calculated WACC was adjusted into the pre-tax equivalent defined as pre-tax WACC which leads to the same result when discounting back pre-tax cash flows.

B) Basic assumption / critical variables

The following table describes the main basic assumptions used to calculate the recoverable value for each CGU with reference to the technical methods underlying the 'DCA Model'.

	Italy IT&CE "B2B" CGU 1 Esprinet	**Italy Microel. "B2B" CGU 2 Comprel**	**Spain IT&CE "B2B" CGU 3 Esprinet Iberica**
Future cash flow expected:			
Forecast horizon	5 years	5 years	5 years
g (long-term growth rate)	2.0%	2.0%	2.0%
Discount rates:			
Equity Risk Premium	5.0%	5.0%	5.0%
ß "*unlevered*" di industry	0.74	0.98	0.74
Credit spread (1)	5.1%	5.1%	5.1%
Target financial structure (D/D+E)	16%	23%	16%
Target financial structure (E/D+E)	84%	77%	84%
WACC *post-tax*	8.13%	9.21%	8.71%
WACC *pre-tax*	10.99%	13.86%	10.70%

(1) referred to the 10-years IRS at the evaluation date (31 December 2012)

Please note that current studies regarding Esprinet shares do not involve valuation through the so-called 'sum of the parts', consequently extrapolating from them the cost of capital applied to the single CGUs is not possible.
In general terms, the agreed WACC applied to the Group cash flows by the 'stock analysts', who deal with Esprinet stocks, based on the most recent published studies is equal to approx. 10%.

With reference to the key assumptions used in the cash flow forecast and for the 'value in use calculation' we point out that the CGU values are particularly sensitive to the following assumptions:

- revenues growth rate
- gross product margin / fixed costs contribution margin
- operating leverage
- cash flow discounted rate
- growth rate 'g' applied to the cash flow of the last defined year utilized for the Terminal Value calculation.

C) External indicators of loss of values and "*impairment test*"

The management, in order to review the impairment indicators, takes into account, amongst other factors, (i) market rate growth or other rates of cost of capital return (ii) the ratio between the book value total net asset of the CGU and the relative market capitalisation.

The market rate situation during the year, and particularly in the second half of 2012, progressively normalised compared to initial year levels.

As at 31 December 2012 the 10 year BTP and the 10 year Bonos rates were settled close to the minimum year values, decreasing by -60% and -45% respectively compared to the maximum peaks reached in January and July respectively.

With reference to the market value, as at 31 December 2012 the Group Esprinet market capitalisation was equal to 176 million euro compared to the consolidation net equity value equal to 239.9 million euro. This situation seems to be mostly a consequence of the financial and real crisis begun in 2011 that led to a general drop in share price in the Italian Stock Exchange in the same period of the economic cycle. This cycle reached the minimum peak with reference to both GDP growth and the absence of growth prospect that could attract share requests and increase the premium of the actual market risk pay-off.

The management believes that during moments of financial crisis the market prices, in addition to not properly expressing the control shareholding values nor the recoverable amount for IFRS acceptation – as generally also occurs in 'normal' situation -, do not reflect, for the minority interest values, a 'fair' value in the light of the Group economic and financial basis, and taking into account the operative area condition in which the same is present.

Moreover, these considerations are based also on the analysis of the average target price reflected in the Esprinet share studies, the value of which, equal to 4.2 euro per share, approximates the net equity value per share.

D) Value adjustments and 'sensitivity analysis

In conclusion the impairment test did not highlight the need for a write-down in the value of the goodwill entry as at 31 December 2012.

In addition, the management believes it unlikely that there will be key assumption changes able to generate a reduction in the CGU1 (Esprinet) value below the carrying amount.
With reference to the CGU 2 (Comprel) and CGU 3 (Esprinet Iberica), the estimated recoverable amount is closer to the carrying amount, and consequently, any possible negative changes in one or more basic assumptions could lead to a write-down posting.
More specifically, different sensitivity analysis of the test results were performed taking into account simultaneously the variation of the following basic assumptions.

- the long term growth rate 'g' in order to obtain the cash flows beyond plan horizon;
- the cash flow discounted rate;
- the forecasted EBIT.

The variation range compared to the 'normal' case taken into account are as follows:
- 'g' equal to 0% and to 1%;
- WACC lower than -2% and -1%;
- EBITDA lower than -10% and -20%.

The implications of the basic assumption variations compared to the recoverable amount are summarised as follows.

With reference to the CGU 'Comprel', as per the scenario where 'g' is equal to 0%, WACC is equal to 11.21% and the forecasted EBITDA for the 5 year plan – and consequently the terminal EBITDA also as average value between the 3rd and 5th plan years - is lower than -20%, a goodwill write-off of the residual value equal to 2.125 million euro would be necessary.

With reference to the 'Esprinet Iberica' CGU, a similar scenario ('g' equal to 0%, WACC equal to 10.71% and EBITDA lower than -20%) would lead to a write-down of 41.3 million euro. Moreover, the sole reduction in the WACC rate from 10.71% to 9.71% (i.e. -1% compared to the 'normal' case 2) would significantly decrease the write-down to 29.7 million euro (-11.6 million euro compared to the 'worst' scenario).

The abovementioned sensitivity analysis was performed as required by IAS 36 solely for purposes of information and the directors do not believe further write-downs will be necessary since the cash flow

forecasts and basic assumptions used in the impairment test are considered reasonably representative of "unique scenarios" where a certain symmetry between "best" and "worst" scenarios can be expected.
In addition, we point out that the cash flows structure of the terminal plan year, i.e. the cash flows capitalized perpetually for the Terminal Value calculation, already includes highly prudential elements, considering that the utilisation as terminal cash flow of a cash flow incremented of 2% compared to the last year plan – as often happens for professional praxis – would have determined a higher value in use of 12.5 million euro and 0.5 million euro for the Esprinet Iberica CGU and for the Comprel CGU respectively.

3) Intangible assets

Intangible assets amount to 928 thousand euro at 31 December 2012 versus the 417 thousand euro at 31 December 2011. The following table highlights the changes occurred during the year:

(euro/000)	Industrial and other patent rights	Assets under construction and advances	Total
Historical cost	10,886	37	**10,923**
Accumulated amortisation	(10,506)	-	**(10,506)**
Balance at 31 December 2011	**380**	**37**	**417**
Historical cost increase	754	142	**896**
Historical cost decrease	(102)	(5)	**(107)**
Historical cost reclassification	44	(15)	**29**
Write-down	(3)	-	**(3)**
Increase in accumulated amortisation	(406)	-	**(406)**
Decrease in accumulated amortisation	102	-	**102**
Totale changes	**389**	**122**	**511**
Historical cost	11,582	159	**11,741**
Accumulated amortisation	(10,813)	-	**(10,813)**
Balance at 31 December 2012	**769**	**159**	**928**

The item *'Industrial and other patent rights'* includes the costs sustained for the long-term renewal and upgrade of IT operating system (software).

The item *'Assets under construction and advances'* refers to software being set-up.

6) Deferred income tax assets

(euro/000)	31/12/12	31/12/11	Var.
Deferred income tax assets	11,803	12,934	(1,131)

The balance of this item is represented by prepaid tax assets due to tax losses carried forward and by taxed provisions and other temporary differences between carrying amounts and other values recognised for tax purposes which the Group expects to recover in future operating years when taxable earnings will be accounted.

Past tax losses refer to the Spanish subsidiary and will expire in fifteen years. The expiry period for the years 2011, 2012 and 2013 was extended since the Spanish inland revenue granted the possibility of recovering solely 50% of the current income tax matured in these years. Should they not be used, therefore, the Spanish subsidiary's past losses will expire from 1st January 2024 on.

As shown in the following table, the change in this item is mainly due to the decrease of the bad debt provision, to tax losses carried forward, to taxed provisions and to the adjustment in the fair value of derivative instruments.

(euro/000)	31/12/12			31/12/11		
	Temporary differences	Fiscal effect (tax rate)	Amount	Temporary differences	Fiscal effect (tax rate)	Amount
Deferred income tax:						
Tax losses carried forward	25,524.00	30.0%	7,657.20	26,685.00	30.0%	8,005.50
Derivative instruments	412.00	27.5%	113.30	749.00	27.5%	205.98
Derivative instruments	628.00	30.0%	188.40	1,123.00	30.0%	336.90
Interest expenses	926.00	30.0%	277.80	-	30.0%	-
Exceeding amortisation	2,493.44	27.5%	685.70	2,771.71	27.5%	762.22
Write-downs of fixed assets	230.00	27.5%	63.25	-	27.5%	-
Bad debt provision	5,741.50	27.5%	1,578.91	6,479.85	27.5%	1,781.96
Bad debt provision	39.00	30.0%	11.70	44.00	30.0%	13.20
Inventory obsolescence provision	693.18	27.5%	190.63	1,068.86	27.5%	293.94
Inventory obsolescence provision	693.18	3.9%	27.03	1,068.86	3.9%	41.69
Change in inventory	38.00	30.0%	11.40	97.00	30.0%	29.10
Director's fees not paid	998.30	27.5%	274.53	1,171.50	27.5%	322.16
Foreign exchange estimate	63.66	27.5%	17.51	95.48	27.5%	26.26
Agent suppl. indemnity provision	1,094.53	27.5%	301.00	1,011.99	27.5%	278.30
Agent suppl. indemnity provision	1,094.53	3.9%	42.69	1,011.99	3.9%	39.47
Provisions for risks	153.00	27.5%	42.08	1,216.75	27.5%	334.60
Provisions for risks	125.00	3.9%	4.88	1,164.75	3.9%	45.43
Ineffec. on cash-flow hedge derivatives	122.00	27.5%	33.55	113.00	27.5%	31.08
Ineffec. on cash-flow hedge derivatives	170.00	30.0%	51.00	169.00	30.0%	50.70
Derivatives 2006	95.00	30.0%	28.50	158.00	30.0%	47.40
Other	347.04	27.5%	95.44	654.34	27.5%	179.94
Other	0.04	3.9%	0.00	0.34	3.9%	0.01
Deferred income tax assets			**11,803**			**12,934**

The time-related allocation of this item is as follows:

(euro/000)		Within 1 year	1-5 year	Over 5 years	Total
Deferred income tax assets	31/12/12	3,338	8,082	383	11,803
	31/12/11	3,735	759	8,440	12,934

9) Receivables and other non-current assets

(euro/000)	31/12/12	31/12/11	Var.
Guarantee deposits receivables	1,500	2,022	(522)
Other receivables	23	23	-
Receivables and other non-current assets	**1,523**	**2,045**	**(522)**

The item *Guarantee deposits receivables* includes mainly Esprinet S.p.A. guarantee deposits relating to utilities and renting agreements. The amount entered under *Other receivables* refers to the Ecor'it consortium membership fees of the Italian entities Esprinet and Comprel.

Current assets

10) Inventory

(euro/000)	31/12/12	31/12/11	Var.
Finished products and goods	217,144	218,767	(1,623)
Provision for obsolescence	(994)	(1,452)	458
Inventory	**216,150**	**217,315**	**(1,165)**

Inventory totalled 216.2 million euro, down 1.2 million euro as against that at 31 December 2011.

The 1.0 million euro allocated to *Provision for obsolescence* is intended to address the risks associated with the presumed lower realisable value of obsolete and slow-moving stock.

The movement in the provision during the period was as follows:

(euro/000)	31/12/12	31/12/11	Var.
Provision for obsolescence: year-beginning	**1,452**	**1,806**	**(354)**
Uses	(884)	(583)	(301)
Accruals	426	229	197
Provision for obsolescence: year-end	**994**	**1,452**	**(458)**

11) Trade receivables

Trade receivables arise from normal sales dealings engaged in by the Group in the context of ordinary marketing activities.

These operations are effected almost entirely with customers resident in the two countries where the Group is present, such as Italy and Spain, are almost wholly in euro and are short-term.

(euro/000)	31/12/12	31/12/11	Var.
Trade receivables - gross	251,201	271,960	(20,759)
Bad debt provision	(8,144)	(8,775)	631
Trade receivables - net	**243,057**	**263,185**	**(20,128)**

The decrease in trade receivables-gross was caused by the reduction in December 2012 turnover compared with the last month of previous year. Also without recourse agreements reduced (110 million euro in 2012 instead of 179 million euro in 2011) while days of sales outstanding (i.e. DSO) remained, in 2012 and 2011, at the same level (38 days).

Adjustments to the presumed net realisable value of receivables collected is effected through bad debt provision (further information can be found under *'Disclosure on risks and financial instruments'*). The movement in this provision during the period was as follows:

(euro/000)	31/12/12	31/12/11	Var.
Bad debt provision: year-beginning	**8,775**	**13,924**	**(5,149)**
Uses	(2,207)	(6,832)	4,625
Accruals	1,576	1,683	(107)
Bad debt provision: year-end	**8,144**	**8,775**	**(631)**

The uses in the bad debt provision significantly decreased compared to last year mainly for the recording in 2011 of the conclusion of some insolvency procedures determining as a consequence the write-off of some credits. In addition we point out that the value of uses comes back in alignment with the figure booked in 2010 (equal to 2.6 million euro).

The *Trade receivables* balance includes 5.4 million euro of receivables transferred to factoring firms under the ‘with-recourse’ factoring agreement for which the Group maintains credit risk.

12) Income tax assets

(euro/000)	31/12/12	31/12/11	Var.
Income tax assets	2,187	4,440	(2,253)

The *Income tax assets* include 1.7 million euro related to the right to the repayment of IRES tax paid in previous years as a result of the non-deduction of the IRAP tax on personnel costs in fiscal years 2004-2007 and 2007-2011 (further information can be found under ‘*Significant events occurred during the period“* in the “*Directors’ report on operations”*).

13) Other assets

(euro/000)	31/12/12	31/12/11	Var.
Receivables from associates companies (A)	**92**	**-**	**92**
VAT receivables	5,973	508	5,465
Other tax assets	68	247	(179)
Other receivables from Tax authorities (B)	**6,041**	**755**	**5,286**
Receivables from factoring companies	2,940	13,804	(10,864)
Receivables from insurance companies	2,022	2,051	(29)
Receivables from suppliers	2,700	1,225	1,475
Receivables from employees	2	4	(2)
Receivables from others	89	105	(16)
Other receivables (B)	**7,753**	**17,189**	**(9,436)**
Prepayments (C)	**1,235**	**1,529**	**(294)**
Other assets (E= A+B+C+D)	**15,121**	**19,473**	**(4,352)**

Vat receivables sharply increased compared to last year value as a consequence of an higher VAT advance payment made in December by the parent company compared to the amount in the settlement of VAT.

Receivables from factoring companies, mainly referred to the parent company, are those still unpaid by 31 December 2012 owed to Group companies as a result of ‘without recourse’ factoring operations effected in the last part of the year. At the time this report was drafted, almost all the receivables payable had been paid since the remainder had not yet reached maturity.

The decrease versus that of the balance at the previous year-end is due to the difference between the intensity of the use of the service and the duration of the transferred receivables remaining.

Receivables from insurance companies include the insurance compensation – after deductibles – recognized by the insurance companies for claims of various kinds not yet paid, but which are reasonably expected to be collected within the end of 2013.

Receivables from suppliers refer to receivables from suppliers for credit notes received exceeding the amount owed at year-end and to advance payments demanded by suppliers before purchase orders are executed and to receivables from hauliers for advance VAT payments and customs duties pertaining to imports.

Prepayments are costs (mainly maintenance fees, insurance premiums, payable rents and payable interest on unused loans) the accrual date of which is deferred compared with that of the cash movement.

17) Cash and cash equivalents

(euro/000)	31/12/12	31/12/11	Var.
Bank and postal deposits	111,081	115,858	(4,777)
Cash	17	28	(11)
Cheques	1	35	(34)
Total cash and cash equivalents	**111,099**	**115,921**	**(4,822)**

Cash and cash equivalents are almost entirely made up of bank balances, all immediately available.
Of a partly temporary nature, the level of liquidity (originated in the normal short-term financial cycle of collections) dramatically fluctuates not only along the calendar year but also during each month, due for the most part to the concentration of payments received from customers at the end and middle of each month, while the maturities of payments to suppliers are distributed more evenly over the month.
The market value of the cash and cash equivalents is the same as the carrying amount.

Net Equity

(euro/000)	31/12/12	31/12/11	Var.
Share capital (A)	**7,861**	**7,861**	**-**
Legal reserve	1,572	1,572	-
Share premium reserve	22,947	22,947	-
Extraordinary reserve	185,576	181,467	4,109
Profit/(loss) carried over	5,071	5,757	(686)
Merger surplus reserve	5,369	5,369	-
Share incentive plan reserve	1,790	986	804
IFRS - 'First time adoption' reserve	1,588	1,588	-
Cash flow hedge' reserve	(332)	(890)	558
Revaluation reserve	30	30	-
Reserves and profit carried over (B)	223,611	218,826	4,785
Own shares (C)	(14,935)	(14,935)	-
Total reserves (D=B+C)	**208,676**	**203,891**	**4,785**
Net income for the year (E)	**23,338**	**7,967**	**15,371**
Net equity (F=A+D+E)	**239,875**	**219,719**	**20,156**

Items composing consolidated shareholders' equity are explained in the following notes:

19) Share capital

The Esprinet S.p.A. *Share capital*, fully subscribed and paid-in as at 31 December 2012, is 7,860,651 euro and comprises 52,404,340 shares with a face value of 0.15 euro each.

The main information items used in reporting the value of the rights for the free assignment of the shares can be found in the *'Directors' Report on Operations'*.

The value of these rights was reported in the separate income statement under costs relating to salaried staff and under those relating to Directors, with a balancing item reported in the statement of financial position under the item *'Reserves'*.

20) Reserves

Legal reserve

This item consists of provisions allocated pursuant to Article 2430 of the Italian Civil Code.

Share premium reserve

This item amounts to 22.9 million euro and comprises 11.3 million euro arising from the share premium generated by the effect of the Share Capital increase resulting from the listing on the 'Nuovo Mercato' (New Market) of Borsa Italiana in July 2001 and 11.6 million euro arising from the share premium generated by the effect of the share capital increases in 2004 and 2006 relating to servicing the stock option plan.

Extraordinary reserve

This item is made up of the allocations of profits from previous years, after the sums foreseen by Article 2430 of the Civil Code have been allocated to the Legal Reserve.
The 4.1 million euro increase derives from Esprinet S.p.A. 2011 profits of 8.6 million euro after the 4.5 million euro dividend payments (0.089 euro per every ordinary share) of 17 May 2012.

Profit/(loss) carried over reserve

This item is made up of profits or losses of consolidated companies carried over.
The increase is due to the previous year profits/losses of entirely consolidated companies.

Merger surplus reserve

The *Merger surplus reserve* is composed as follows:

- 342 thousand euro from the merger of Micromax S.p.A. into Celo S.p.A in 1999 resulting in Celomax S.p.A.;
- 3.7 million euro from the merger of Comprel S.p.A. into Celomax S.p.A. (now Esprinet S.p.A.) in 2000;
- 845 thousand euro from the merger of Multimediaplanet S.p.A. into Esprinet S.p.A. in 2003;
- 62 thousand euro from the merger of Nilox S.r.l. into Esprinet S.p.A. in 2007;
- 376 thousand euro from the merger of Actebis Computer S.p.A. into Esprinet S.p.A in 2007.

Share incentive plan reserve

The *Share incentive plan reserve* includes the counter-item of costs relating to the on-going stock grant plans (further details can be found under *'Share incentive plans'* in the *'Directors' Report on Operations'*). The costs related to 2012 amount to 804 thousand euro of which 608 thousand euro refer to the plan approved on May 2012.

IFRS Reserve – 'First time adoption'

The *IFRS Reserve* amounts to 1.6 million euro as a result of the so-called 'First time adoption' of the international accounting principles by Esprinet S.p.A. at 1 January 2005.
The item was also increased by the Nilox S.r.l. and Actebis Computer S.p.A. mergers into Esprinet S.p.A..

'Cash flow hedge' reserve

This item, pursuant to the 'cash flow hedge' accounting rules, equals, solely in the case the hedging instrument is determined to be an effective hedge, to the lesser between the cumulative gain or loss on the hedging instrument from inception of the hedge, and the cumulative change in fair value of the expected future cash flows on the hedged item from inception of the hedge (ref. *'Disclosures on risks and financial instruments'*).
It should be pointed out that the hedge effectiveness terminated on 30 November 2012 and, from then on, the fair value variation of the derivative contracts have been booked in the separate income statement. Thus, the change versus 31 December 2011 refers to the combined effect of the transfer to the income statement of the fair value variations accumulated regarding the instalments matured in 2012, and to the fall in interest rates at 30 November 2012 relating to the expiry dates of derivatives still in existence.

Revaluation reserve

This item refers to the monetary revaluation of fixed assets (now definitively sold) pursuant to the Italian Law No. 413/91.

Own shares on hand

The amount of own shares on hand refers to the total purchase price of No. 1,350,000 Esprinet S.p.A. shares (cf. '*Number and value of own shares'* in the *'Directors' Report on Operations'*).

21) Net income

The year's consolidated profits amount to 23.3 million euro, considerably more than the previous year's 8.0 million euro, mainly due to the non-recurring charges regarding the goodwill write-downs of the subsidiary companies (17.2 million euro after taxes) booked only in 2011.

Non-current liabilities

22) Borrowings

(euro/000)	31/12/12	31/12/11	Var.
Borrowings	12,110	36,239	(24,129)

Borrowings consist in the valuation at the amortized cost of the portion of two medium-/long-term pool loans agreed in June 2007 by Esprinet S.p.A. and Esprinet Iberica S.L.U. falling due after the following year.

The reduction in the debt versus the end of the previous year is a result of the instalments falling due within the twelve months following 31 December 2012, transferred to *Short-term financial*.

The above said loans contractually contain a set of no. 6 financial covenants to be attained based on audited consolidated financial statements whose details can be found under the paragraph *'Loans and loan covenants'.*

23) Derivative financial liabilities (non-current)

(euro/000)	31/12/12	31/12/11	Var.
Derivative financial liabilities	181	920	(739)

The amount refers to the 'fair value' of two 'IRS-Interest Rate Swap' contracts entered in November 2007 to hedge the risk of interest rate fluctuations on the 'Senior Amortizing Loan' signed in June 2007 with a pool of banks originally for 174.3 million euro (reduced to 36.4 million euro as book value of loan principal as at 31 December 2012 because of reimbursements).

For further details regarding the operation please refer to the section headed '*Disclosures on risks and financial instruments*'.

The variation compared with 31 December 2011 is due to the combined effect of a reduction in the notional and in the relevant interest rates, and of the transfer to current liabilities of the quota due within the next financial year simply as a consequence of the time spending.

24) Deferred income tax liabilities

(euro/000)	31/12/12	31/12/11	Var.
Deferred income tax liabilities	5,233	5,151	82

(euro/000)	31/12/12			31/12/11		
	Temporary differences	Fiscal effect (tax rate)	Amount	Temporary differences	Fiscal effect (tax rate)	Amount
Deferred income tax liabilities						
Goodwills' amortisation	8,808	27.50%	2,422	8,446	27.50%	2,323
Goodwills' amortisation	8,808	3.90%	344	8,446	3.90%	329
Goodwills' amortisation	7,030	30.00%	2,109	6,377	30.00%	1,913
Derivatives ineffectiveness	13	30.00%	4	-	30.00%	-
Changes in staff leaving indemnity	316	27.50%	87	865	27.50%	238
Foreign exchange estimate	179	27.50%	49	238	27.50%	65
Exceeding amortisation	151	3.90%	6	301	3.90%	12
Change in inventory	117	27.50%	32	149	27.50%	41
Change in inventory	117	3.90%	5	149	3.90%	6
Change in inventory	203	30.00%	61	254	30.00%	76
Leasing quotas	381	30.00%	114	491	30.00%	147
Total deferred income tax liabilities			**5,233**			**5,151**

The balance of this item depends on higher taxes that the Group has to pay in the next operating years due to temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding values recognised for tax purposes.

As shown in the previous table, these differences mainly arise from the elimination of the tax amortisation of goodwill and from the adjustment of the staff severance provision ('TFR') to the actuarial valuation.

The time-related allocation of deferred income liabilities is as follows:

(euro/000)		Within 1 year	1-5 years	Over 5 years	Total
Deferred income tax liabilities	31/12/12	3,042	82	2,109	5,233
	31/12/11	3,117	121	1,913	5,151

25) Retirement benefit obligations

'Retirement benefit obligations' reflects the 'TFR' provision and other benefits accruing to salaried staff at the close of the period, assessed in accordance with actuarial criteria, pursuant to IAS 19.

The provisions totally belong to Italian companies, since a similar system does not exist in Spain.
Please note that from 1 January 2007 important modifications governing the Staff Severance Fund, among which the possibility for the worker to choose the destination of the accruing Staff Severance Fund, were introduced.

In particular, the new Staff Severance Fund flows can be channelled by the worker into a selected pension fund or kept in the company (in this case the Staff Severance Fund contributions will be paid into a treasury fund instituted at the INPS).

Changes occurred during the year are shown in the tables below:

(euro/000)	31/12/12	31/12/11	Var.
Balance at year-beginning	**4,473**	**4,745**	**(272)**
Service cost	61	52	9
Interest cost	194	207	(13)
Actuarial (gain)/loss	528	(41)	569
Provision for new hirings	3	9	(6)
Pensions paid	(489)	(499)	10
Changes	**297**	**(272)**	569
Balance at year-end	**4,770**	**4,473**	**297**

Values recognised in the separate income statement are as follows:

(euro/000)	31/12/12	31/12/11	Var.
Amounts booked under personnel costs	61	52	9
Amounts booked under financial costs	722	166	556
Total	**783**	**218**	**565**

The increase of '*retirement benefit obligations'* and the higher financial costs occurred in 2012 are mainly due to the discounted rate variation that had a significant impact in the 'actuarial gain or losses' figure. The abovementioned rate reflects the market returns, at the financial statement date of a panel of primary company bonds with a maturity date connected with the employee average residual permanence in the Group companies (more than 10 years)[2].

The method known as 'Project Unit Credit Cost' used to assess the Staff Severance Indemnity (TFR) as per the IAS 19 accounting standard is based on the following assumptions (substantially unchanged with respect to the assumptions made as at 31 December 2011 except for the different discounting rate):

a) Demographic assumptions

- probability of death: the values for the Italian population reported by ISTAT (Italian Central Statistics Institute) in reference to 2002, indicated separately according to gender;
- probability of disability: the results adopted in the INPS (Italian National Social Security Institute) model for projections up to 2010, indicated separately according to gender;
- period of retirement: attainment of first requirement for pension eligibility valid for the General Compulsory Insurance Scheme in the case of a generic worker;
- probability of terminating employment for reasons other than death: 6% annual frequency has been considered based on available statistics;
- probability of anticipating: an annual rate of 3% has been assumed.

[2] Please notice that, as at 31 December 2012 the iBoxx Eurozone Corporates A10+ index was used as parameter for the above mention calculation. The latter differs from the one used as at 31 December 2011 financial statement (iBoxx Eurozone Corporates AA10+) as a consequence of the highly decreased number of companies included in the basket that brought to a less significant value detected. The parameter change had a non-significant positive impact of 0.3 million euro in the actuarial gain or losses figures.

b) Economic-financial assumptions

	31/12/12	31/12/11
Cost of living increase	2.0%	2.0%
Discounting rate	3.3%	4.6%
Remuneration increase	3,5% (1)	3,5% (1)
Staff severance indemnity (TFR) - annual rate increase	3.0%	3.0%

(1) The possibility of a remuneration increase refers solely to Monclick S.r.l. which has fewer than 50 employees.

26) Non-current provisions and other liabilities

(euro/000)	31/12/12	31/12/11	Var.
Long-term liabilities for cash incentives	170	840	(670)
Provisions for pensions and similar obligations	1,141	1,058	83
Other provisions	390	1,417	(1,027)
Non-current provisions and other liabilities	**1,701**	**3,315**	**(1,614)**

The item *Long-term liabilities for cash incentives* refers to the present value of cash incentives matured by beneficiaries of the 'Long-term Incentive Plan' drawn up in May 2012 but payable solely on achievement of the targets established for the consolidated financial statements, following approval of the 2014 Esprinet S.p.A. financial statements.
Previous year amount refers to the "Long Term Incentive Plan" approved in April 2010 and accruing in 2013 whose liability has been booked under "*Provisions and other liabilities".*

The item *Provisions for pensions* includes the supplementary customer indemnity provision payable to agents based on current regulations disciplining the subject. Movements in the year are as follows:

(euro/000)	31/12/12	31/12/11	Var.
Provisions for pensions: year-beginning	**1,058**	**751**	**307**
Uses	(64)	(17)	(47)
Accruals	147	324	(177)
Provisions for pensions: year-end	**1,141**	**1,058**	**83**

The amount, entered under *Other provisions* is intended as cover for risks linked with current legal and tax-related disputes. Changes in this item during the year are as follows:

(euro/000)	31/12/12	31/12/11	Var.
Other provisions: year-beginning	**1,417**	**2,651**	**(1,234)**
Uses	(1,202)	(1,298)	96
Accruals	175	64	111
Other provisions: year-end	**390**	**1,417**	**(1,027)**

Development of disputes involving Esprinet S.p.A. and the Group

In 2012 the following developments occurred in relation to the main disputes involving the Group, for which the Company has conducted the pertinent risk assessments and, where deemed appropriate, recognized the ensuing allocations to the provision for risks.

The list below summarizes the development of the main on-going tax disputes.

Esprinet S.p.A.: direct taxes for the year 2002

In the tax dispute for tax period 2002 relating to VAT, IRPEG and IRAP, in connection with which Esprinet S.p.A. obtained favourable judgments in both the first and second instance, against the assessment notice issued in late 2007, the Italian Revenue Office lodged an appeal with the Italy's Supreme Court of Appeal on 19 July 2011.
Considering the grounds for the judgments in the two instances of the proceedings already completed, as well as the degree of likelihood of a favourable outcome for Esprinet S.p.A. before the Supreme Court of Appeal, no allocations have been recognized to account for this dispute, with the support of an opinion from tax advisors.

Actebis Computer S.p.A. (now Esprinet S.p.A.)

a) Indirect taxes for the year 2005

In the tax disputes involving Actebis Computer S.p.A. relating to periods prior to the acquisition of the company (subsequently merged into Esprinet S.p.A.), as also disclosed in the financial statements for the previous year, all outstanding litigation has been put to rest, with the exception of that pertaining to the year 2005, for which Esprinet, on indication from the seller of Actebis, after the attempted assessment by adhesion failed, proceeded to pay the reduced penalties and lodge an appeal before the Provincial Tax Commission. This appeal was rejected on 8 October 2012. Esprinet S.p.A. is awaiting the assessment by the seller's advisor concerning a possible appeal.

b) Indirect taxes for the year 2002

On 27 December 2012 Esprinet S.p.A. was served an assessment notice referring to the report on findings of 19 December 2003 that on 16 March 2004 Actebis Computer S.p.A. had settled according to the facilitated procedure pursuant to article 15 of Italian Law 289/2002. This facilitated settlement was deemed void by the Italian Revenue Office on the basis of a complex reconstruction that is founded upon the principles of judgments of the European Court of Justice (17 July 2008 no. C-132/06) and Italy's Constitutional Court (no. 247 of 25 July 2011).
On 25 February 2013, upon the request of the previous owners of Actebis Computer S.p.A. – as contractually envisaged – Esprinet S.p.A. lodged a petition for assessment by adhesion.

It should also be noted that the payments made in respect of the assessments relating to Actebis have been reimbursed by the previous owners – with the exception of minor amounts falling below the contractual "threshold quotas" ("de minimis" amounts) – inasmuch as they were within the limits of the warranties granted to Esprinet S.p.A. at the time in the context of the purchase and sale agreement for Actebis Computer S.p.A.
In conclusion, considering that the existing risks in connection with former Actebis Computer S.p.A. disputes are covered by contractual warranties previously granted to Esprinet S.p.A., it is believed that the cases in question will not result in significant impacts of an economic nature for the Company.

Esprinet S.p.A.- direct taxes for the years 2005-2009 (black list) and indirect taxes (2005-2009)

A general audit of Esprinet S.p.A. by the Finance Police – Milan Tax Police Unit concerning direct taxes for the period 2005-2008 and VAT for the period 2005-2009 began in September 2010.
The audit focused in particular, with respect to direct taxes, on purchase transactions undertaken with entities residing in countries with privileged tax regimes with the aim of verifying the proper deductibility of the costs concerned, and, with respect to VAT, on the invoicing cycle, and in particular on the proper taxation of commercial dealings with clients.
The audit concluded on 29 February 2012, after 59 days of the presence of auditors in the Company's offices.

Late 2012 saw the conclusion of the dispute that arose following the receipt by Esprinet in December 2011 of the assessment notices concerning IRES (corporate income tax) and IRAP (regional tax on productive activities) for the year 2005 seeking to disallow the deduction of costs incurred with respect to suppliers residing in countries having privileged tax regimes (known as "black-list" countries).

In further detail, on 21 December 2012 the settlement agreements were signed and payment was made of the sums resulting from the settlement proposals received by Esprinet S.p.A. with a total cost of approximately 1% of the claims initially put forth by the tax authorities.
At the hearing of 18 January 2013, the Provincial Tax Commission acknowledged the settlement and ruled that the subject matter of the dispute had been put to rest.

With respect to the years 2006 and 2007, in late December 2012 Esprinet S.p.A. received assessment notices relating to IRES and IRAP concerning the disallowance of costs incurred in dealings with suppliers residing in countries or territories having privileged tax regimes.
The Company, with the support of its advisors, having evaluated the grounds underlying the assessment notices as entirely unfounded, lodged a self-protection petition on the merits of both assessments, a petition for assessment by adhesion with respect to the assessment relating to the year 2007 and, on 4 March 2013, an appeal against the assessment notice pertaining to the year 2006.
With respect to the following years, the conclusion of the audit process by the Finance Police entailed service of a report on findings pertaining to the transactions undertaken with entities residing in countries having privileged tax regimes for the years 2008 and 2009 as well.

In the matter of the risks potentially arising from the disputes associated with purchases of goods from “black-list” countries, in light of the propriety of Esprinet’s conduct and considering the experience gained in the dispute of the same nature pertaining to costs incurred in 2005, the Company, with the support of its advisors, has decided not to recognize any allocation to the provision for risks at 31 December 2012, considering the risk in question to be possible.

Monclick S.r.l. – direct and indirect taxes for the years 2010-12

A general audit by the Finance Police – Lieutenancy of Paderno Dugnano (MI) of tax periods 2010, 2011 and 2012 for the purposes of IRES (corporate income tax), IRAP (regional tax on productive activities) and VAT and a control of salaried employees at the inspection date began on 7 September 2012.

The audit was concluded on 1 October 2012 with service of the associated report on findings, which did not present irregularities of any kind.

Comprel S.r.l. – direct and indirect taxes for the year 2006

On 16 September 2011 Comprel S.r.l. received two assessment notices pertaining, respectively, to IRAP (regional tax on productive activities) and VAT and IRES (corporate income tax) for the year 2006.
In respect of these assessments, Comprel initiated the assessment by adhesion procedure, the negative outcome of which resulted in the decision to lodge an appeal before the Provincial Tax Commission.
Following the hearing for discussion of the dispute on the merits held on 7 November 2012, the judgment has yet to be filed.

Esprinet Iberica S.l.U. – direct and indirect taxes

A general audit of Esprinet Iberica S.L.U. by the Spanish Revenue Office concerning corporate income taxes (for the period 2006-2009), VAT (period 2006-2009) and withholding taxes (period 2006-2009) began on 13 July 2011.
In June 2012, given the breadth of the period of time under observation and the extremely large number of the areas to be audited, the inspection was extended for another year.
Audit activities were still on-going at the date of this report.

<u>*Legal disputes*</u>

The on-going legal disputes involving the Esprinet Group primarily relate to claw-back claims lodged against Esprinet S.p.A.

The policies followed by the Group in managing its legal and tax disputes are presented in the section “*Main risks and uncertainties to which the Group and Esprinet S.p.A. are exposed*” of the Report on Operations, to which the reader is referred.

Current liabilities

27) Trade payables

(euro/000)	31/12/12	31/12/11	Var.
Trade payables	415,956	438,375	(22,419)
Receivables - credit notes	(59,688)	(68,335)	8,647
Total trade payables	**356,268**	**370,040**	**(13,772)**

The fall in *Trade payables* is due to the decrease in volumes purchased in the last quarter of the year compared with the same period of 2011 partially balanced by longer suppliers' payment terms (from 55 days in 2011 to 56 days in 2012).

28) Short-term financial liabilities

(euro/000)	31/12/12	31/12/11	Var.
Bank loans and overdrafts	35,214	36,542	(1,328)
Other financing payables	4,586	12,354	(7,768)
Short-term financial liabilities	**39,800**	**48,896**	**(9,096)**

Bank loans and overdrafts account for 24.1 million euro of the current portion of existing medium/long-term loans (24 million euro as at 31 December 2011) while the difference is mainly accounted for by trade bills and advances against invoices, subject to usual reserve, and to import loans.

The *'current quotas of medium-/long-term loans'* refer to the amortized cost of the instalments falling due within the twelve months after 31 December 2012 of the two seven-year pool loans entered in June 2007 which are subject to the observance of 6 covenants (further information can be found under '*Loans and loan covenants'*).
The consistency of the debt with that of the previous year-end is due to the simultaneous transfer of the new instalments falling due within the twelve months after 31 December 2012 from *'Borrowings'*, despite the reimbursement of the instalments during the year as per the amortization schedules.
The remaining 11.1 million euro in bank loans and overdrafts at the end of 2012 was in line with the 12.5 million euro recorded at the end of the previous year.

Other financing payables are mainly advances obtained from factoring companies and derive from the usual assignment of credits to the Group through recourse factoring and by outstanding payables received in the name and on behalf of clients transferred under the without-recourse factoring agreement.

29) Income tax liabilities

Income tax liabilities entirely refer to Esprinet Iberica and V-Valley. The variation compared with previous year, is mainly due from the change of Esprinet Iberica position from a "debtor" to a "creditor" one.

(euro/000)	31/12/12	31/12/11	Var.
Income tax liabilities	255	39	216

30) Derivative financial liabilities (current)

(euro/000)	31/12/12	31/12/11	Var.
Derivative financial liabilities	848	952	(104)

The amount refers to the 'fair value' of two 'IRS-Interest Rate Swap' contracts entered in November 2007 to hedge the risk of interest rate fluctuations on the 'Senior Amortizing Loan' signed in June 2007 with a pool of banks originally for 174.3 million euro (reduced to 36.4 million euro as book value of loan principal as of 31 December 2012 because of reimbursements). For further details regarding the operation please refer to the section headed '*Disclosures on risks and financial instruments*'.

The variation versus the liability in place at the end of the previous year is the result of the short-term interest rate decrease, of the payment of the spreads matured at the end of June and December 2012, of the decrease of notional amounts and of the transfer of quotas due within the 12 months after 31 December 2012 from non-current financial liabilities.

32) Provisions and other liabilities

(euro/000)	31/12/12	31/12/11	Var.
Social security liabilities (A)	**2,818**	**2,853**	**(35)**
Associates companies liabilities (B)	**23**	**-**	**23**
VAT payables	7,679	12,953	(5,274)
Withholding tax liabilities	200	174	26
Other tax liabilities	1,066	1,049	17
Other payables to Tax authorities (C)	**8,945**	**14,176**	**(5,231)**
Payables to personnel	3,668	3,445	223
Payables to customers	7,060	3,677	3,383
Payables to others	1,062	1,305	(243)
Total other creditors (D)	**11,790**	**8,427**	**3,363**
Accrued expenses and deferred income related to:			
- Accrued expenses for insurance costs	85	152	(67)
- Deferred income - advanced receivables	141	18	123
- Other deferred income	8	11	(3)
Total accrued expenses and deferred income (E)	**234**	**181**	**53**
Provisions and other liabilities (F=A+B+C+D+E)	**23,810**	**25,637**	**(1,827)**

Social security liabilities mainly refer to payables to Welfare Institutions linked to wages and salaries paid in December and to social contributions accrued on deferred monthly payables, monetary incentives included.

Vat payables refer to the VAT matured during December 2012, after advance payments effected. The decrease over that of 2011 is mainly due to the bigger advanced payment due by Esprinet S.p.A. compared with its Vat debit for December (for further information refer to note 13 before).

Payables to personnel refer to the December wages and salaries, as well as deferred monthly payables (holidays not taken, year-end bonus, summer salary, monetary incentives included) accruing at 31 December 2012.

Payables to customers mainly refer to credit notes not yet paid by Esprinet S.p.A. relating to current trading relationships.

Payables to others include payables amounting to 0.8 million euro to Directors relating 2012 emoluments accrued and unpaid (1.0 million euro in 2011), as well as payables of 0.2 million euro to the Group's agents' network relating to commissions due and payable.

Accrued expenses and deferred income are, respectively, charges/income whose accrual date is anticipated/deferred compared with the cash expenditure/collection.

6. Guarantees, commitments and potential risks

Commitments and potential risks

The commitments and risks potentially facing the Group are as follows:

(euro/000)	31/12/12	31/12/11	Var.
Third-party assets on consignment to the Group	5,085	14,482	(9,397)
Real securities	66,163	62,862	3,301
Bank guarantees issued in favour of other companies	22,730	11,651	11,079
Other commitments and risks	9	9	-
Total guarantees issued	**93,987**	**89,004**	**4,983**

Third-party assets on consignment to the Group

This amount refers to the value of goods owned by third parties deposited at the Esprinet S.p.A. (1.9 million euro) and at the Esprinet Iberica (3.2 million euro) warehouses.

Real securities

Real securities refer to a pledge on all Esprinet Iberica S.L.U. capital quotas in favour of Intesa Sanpaolo for loans valued according to the Esprinet Iberica consolidated net equity as per IFRSs at 31 December 2012.

Bank guarantees issued in favour of other companies

The amount mainly refers to bank guarantees issued for deposits in relation to property lease agreements entered into in Italy, and bank and insurance suretyships issued to the Public Administration in order to participate in tenders for services or supplies.

Other commitments and risks

The amount refers to the value of the Esprinet S.p.A. securities account at Monte Titoli S.p.A. containing the shareholdings of third parties subject to restraints and lock-up agreements.

Guarantees received

Bank suretyships received

The Esprinet Group holds bank suretyships totalling 0.9 million euro received as guarantees of contractual commitments assumed by their seller counterparts during acquisition operations concluded in previous years.

7. Notes to the income statement items

33) Sales

The following are some breakdowns of sales performance of the Group during the year. Other analysis on sales have been provided in "*Directors' report on operations*".

Sales by business segment

(euro/million)	2012	%	2011	%	Var.	% Var.
IT&CE B2B distribution [1]	1,383.6	94.3%	1,507.1	95.6%	(123.5)	-8%
IT&CE B2C distribution	50.0	3.4%	30.5	1.9%	19.5	64%
B2B microelectronic components distribution	33.8	2.3%	38.6	2.4%	(4.8)	-12%
Sales - Subgroup Italy	**1,467.4**	**100.0%**	**1,576.2**	**100.0%**	**(108.8)**	***-7%***
IT&CE B2B distribution	464.5	100.0%	520.3	100.0%	(55.8)	-11%
Sales - Subgroup Spain	**464.5**	**100.0%**	**520.3**	**100.0%**	**(55.8)**	***-11%***
IT&CE B2B distribution [1]	1,848.1	95.6%	2,027.4	96.7%	(179.3)	-9%
IT&CE B2C distribution	50.0	2.6%	30.5	1.5%	19.5	64%
B2B microelectronic components distribution	33.8	1.7%	38.6	1.8%	(4.8)	-12%
Group sales	**1,931.9**	**100.0%**	**2,096.5**	**100.0%**	**(164.6)**	***-8%***

[1] Net of any intercompany sales that may occur to and from subsidiaries.

Sales from products and services

(euro/million)	2012	%	2011	%	Var.	% Var.
Product sales	1,458.5	75.5%	1,564.4	74.6%	(105.9)	-7%
Services sales	9.0	0.5%	11.8	0.6%	(2.8)	-24%
Sales - Subgroup Italy	**1,467.5**	**76.0%**	**1,576.2**	**75.2%**	**(108.7)**	***-7%***
Product sales	464.4	24.0%	520.3	24.8%	(55.9)	-11%
Sales - Subgroup Spain	**464.4**	**24.0%**	**520.3**	**24.8%**	**(55.9)**	*-11%*
Group sales	**1,931.9**	**100.0%**	**2,096.5**	**100.0%**	**(164.6)**	***-8%***

Sales by geographical segment

(euro/million)	2012	%	2011	%	Var.	% Var.
Italy	1,432.7	74.2%	1,539.2	73.4%	(106.5)	-7%
Spain	436.0	22.6%	476.2	22.7%	(40.2)	-8%
Other EU countries	51.5	2.7%	65.3	3.1%	(13.8)	-21%
Extra EU countries	11.7	0.6%	15.8	0.8%	(4.1)	-26%
Group sales	**1,931.9**	**100.0%**	**2,096.5**	**100.0%**	**(164.6)**	***-8%***

Sales in other E.U. countries mainly refer to sales made by Esprinet Iberica to clients whose place of residence is in Portugal and by the Italian subsidiaries to clients whose place of residence is France and Luxembourg. Sales to extra E.U. countries refer almost wholly to the sales to clients whose residence is in the Republic of San Marino.

35) Gross profit

(euro/000)	2012	%	2011	%	Var.	% Var.
Sales	1,931,900	100.00%	2,096,480	100.00%	(164,580)	-8%
Cost of sales	1,800,224	93.18%	1,958,721	93.43%	(158,497)	-8%
Gross profit	**131,676**	**6.82%**	**137,759**	**6.57%**	**(6,083)**	***-4%***

The gross profit on sales, totalling 131.7 million euro, corresponding to 6.8% of turnover, shows a reduction in absolute terms (-4%, i.e. -6.1 million euro) in spite of the slight improvement in terms of the impact on sales, compared to the result recorded in the previous year.

As is prevalent in the sectors where the Group operates, the cost of sales is adjusted downwards to take into account the premiums, premiums/rebates for having achieved targets, development provisions and co-marketing, cash discounts (so-called ‘prompt payment discounts’) and other incentives. This is further reduced by the credit notes issued by vendors in relation to protection agreed for the value of stock.

Gross profit is affected by the difference between the amount of trade receivables sold ‘without-recourse’ to factoring companies within the usual revolving programmes and the amounts collected.
This is calculated as approx. 3.2 million euro for the 2012 operating year (3.9 million euro in 2011).

37-38) Operating costs (SG&A)

(euro/000)	2012	%	2011	%	Var.	% Var.
Sales	**1.931.900**		**2.096.480**		**(164.580)**	***-8%***
Sales and marketing costs	35.348	1,83%	33.679	1,61%	1.669	*5%*
Overheads and administrative costs	59.764	3,09%	60.622	2,89%	(858)	*-1%*
Subtotal	**95.112**	**4,92%**	**94.301**	**4,50%**	**811**	***1%***
Goodwill write-downs	-	0,00%	19.826	0,95%	(19.826)	*N/S*
Total SG&A	**95.112**	**4,92%**	**114.127**	**5,44%**	**(19.015)**	***-17%***
- of which non-recurring	1.800		20.217		(18.417)	*N/S*
Total SG&A 'recurring'	**93.312**	**4,83%**	**93.910**	**4,48%**	**(598)**	***-1%***

Recurring operating costs, thus excluding goodwill impairment and other non-recurring costs, amount to 93.3 million euro and show a reduction of -1% in relation to the previous year.

The following table gives a detailed breakdown of the consolidated operating costs and their performance:

(euro/000)	2012	%	2011	%	Var.	% Var.
Sales	**1,931,900**		**2,096,480**		**(164,580)**	***-8%***
Sales & marketing personnel costs	30,262	*1.57%*	29,088	*1.39%*	1,174	*4%*
Other sales & marketing costs	5,086	*0.26%*	4,591	*0.22%*	495	*11%*
Sales & marketing costs	**35,348**	***1.83%***	**33,679**	***1.61%***	**1,669**	***5%***
Administr., IT, HR and general service personnel costs	20,976	*1.09%*	22,094	*1.05%*	(1,118)	*-5%*
Directors' compensation	3,859	*0.20%*	3,317	*0.16%*	542	*16%*
Consulting services	4,705	*0.24%*	4,729	*0.23%*	(24)	*-1%*
Logistics services	12,147	*0.63%*	13,276	*0.63%*	(1,129)	*-9%*
Amortisation, depreciation and provisions	4,171	*0.22%*	24,630	*1.17%*	(20,459)	*-83%*
Other overheads and administrative costs	13,906	*0.72%*	12,402	*0.59%*	1,504	*12%*
Overheads and administrative costs	**59,764**	***3.09%***	**80,448**	***3.84%***	**(20,684)**	***-26%***
Totale SG&A	**95,112**	***4.92%***	**114,127**	***5.44%***	**(19,015)**	***-17%***

Sales and marketing costs mainly include the following:
- costs relating to personnel working in the marketing, sales and Web functions, corresponding social security contributions and accessory charges;
- management cost for the Cash and Carry shops owned by the Esprinet S.p.A.;

Overheads and administrative costs include:
- costs relating to management and administrative personnel, including the EDP area, human resources, general services and logistic costs;
- fees paid to corporate bodies and the related charges, travel, board and lodging expenses as well as remuneration of the stock option plans;

- business consultancy, EDP consultancy to develop software and assistance with IT systems and payments to other consultants and free-lance personnel (for auditing services, real estate, tax, legal and various other consultancy services);
- postal, telephone and telecommunications costs;
- depreciation of tangible fixed assets, goodwill write-downs, amortisation of intangible fixed assets (assets relating to logistic equipment and plants allocated by function to sales costs excluded) and also provisions for risks and write-downs;
- overheads and administrative costs, among which, leasing of premises, utilities, bank charges and commission, insurance, data connections and telephone costs.

Reclassification by nature of some categories of operating costs

For purposes of providing greater information, some categories of operating costs allocated by 'function' have been reclassified by 'nature'.

Labour costs

(euro/000)	**2012**	**%**	**2011**	**%**	**Var.**	***% Var.***
Sales	**1,931,900**		**2,096,480**		**(164,580)**	***-8%***
Wages and salaries	32,277	1.67%	31,950	1.52%	327	*1%*
Social contributions	9,588	0.50%	9,583	0.46%	5	*0%*
Pension obligations	1,860	0.10%	1,808	0.09%	52	*3%*
Other personnel costs	848	0.04%	869	0.04%	(21)	*-2%*
Employee termination incentives	5	0.00%	391	0.02%	(386)	*-99%*
Share incentive plans	342	0.02%	457	0.02%	(115)	*-25%*
Total labour costs [(1)]	**44,920**	**2.33%**	**45,058**	**2.15%**	**(138)**	***0%***

[(1)] Costs of temporary workers excluded.
[(2)] Referred only to Esprinet Iberica.

Labour costs amounts to 45.0 million euro in 2012, i.e. in line with the previous year's value.

Compared with 31 December 2012 the number of people grew by 10 units, from 961 to 971 while the average number of employees in 2012 increased by 2 units versus the same period of the previous year.

Details of the Group's employees at 31 December 2012, status defined as per contract and company, can be found under section *'Human Resources'* in the *'Directors' Report on Operations'*.

<u>Share incentive plans</u>

On 27 April 2010 the Esprinet S.p.A. shareholders' meeting approved a 'Long Term Incentive Plan' for members of the Boards of Directors of the Company and/or its subsidiaries and also for the Company's employees and/or its subsidiaries' employees, valid for the 2010-2012 three-year period and regarding the stock grant of a maximum number of 200,000 ordinary Esprinet S.p.A. shares to beneficiaries.
The stock grant was assigned on 30 April 2012 with maturity deferred up to the 'approval' date of the Group's consolidated financial statements for the fiscal year 2012.
The exercise rights of the stock grant are conditional on the achievement of the Group's income targets in 2010-2012, as well as on the permanence of the beneficiary in the Group until the 'approval' date of the Group's consolidated financial statements for the fiscal year 2012.

Besides the previous plan, on 9 May 2012 the Esprinet S.p.A. shareholders' meeting approved the proposal of the compensation Committee for a new 'Long Term Incentive Plan' for members of the Boards of Directors of the Company and also for some of the Company's executives, valid for the 2012-2014 three-year period and regarding the stock grant of a maximum number of 1.150.000 ordinary Esprinet S.p.A. shares to beneficiaries.
The stock grant was assigned on 14 May 2012 with maturity deferred up to the 'approval' date of the Group's consolidated financial statements for the fiscal year 2014.

The exercise rights of the stock grant are conditional on the achievement of the Group's income targets in 2012-2014, as well as on the permanence of the beneficiary in the Group until the 'approval' date of the Group's consolidated financial statements for the fiscal year 2014.

The ordinary Esprinet S.p.A. shares underlaid the two "long term incentive plans", of the face value of 0.15 euro each, are already held in the Esprinet S.p.A. portfolio.
Both plans have been entered at their 'fair value' using the 'Black-Scholes' method, taking expected volatility, presumed dividend yield (calculated according to the last dividend distributed to shareholders) and the risk-free interest rate into account.
The main information items used in reporting the value of the stock grant plans are summarized as follows:

	Plan 1	Plan 2
Allocation date	30/04/10	14/05/12
Vesting date	30/04/13	30/04/15
Expiry date	30/05/12	30/06/15
Total number of stock grant	200,000	1,150,000
Total number of stock grant allocated	183,333 (1)	1,150,000
Unit fair value (euro)	7.11	2.38
Total fair value (euro)	1,303,115	2,737,897
Risk free interest rate (BTP 3 years)	1.8% (2)	1.1% (3)
Implied volatility (260 days)	43.6% (2)	47.4% (3)
Duration (years)	3	3
Spot price	7.62 (4)	2.64
Dividend yield	2.3%	3.4%

(1) Reduced from starting No. 200.000 due to the employment termination by some of the beneficiaries.
(2) Source: Bloomberg, 30 April 2010.
(3) Source: Bloomberg, 11 May 2012.
(4) Official price of Esprinet S.p.A. shares at assignment date.

Costs entered in the 2012 income statement relating to plans totalled to 804 thousand euro, of which 342 thousand euro referred to employees and 462 thousand euro to board of directors' member.

Amortisation, depreciation, write-downs and provisions

(euro/000)	2012	%	2011	%	Var.	% Var.
Sales	**1,931,900**		**2,096,480**		**(164,580)**	***-8%***
Depreciation of tangible assets	2,318	0.12%	2,764	0.13%	(446)	*-16%*
Amortisation of intangible assets	406	0.02%	489	0.02%	(83)	*-17%*
Amortisation & depreciation	**2,724**	0.14%	**3,253**	0.16%	**(529)**	***-16%***
Write-downs of fixed assets	233	0.01%	119	0.01%	114	*96%*
Goodwill write-downs	-	0.00%	19,826	0.95%	(19,826)	*100%*
Write-downs	**233**	0.01%	**19,945**	0.95%	**(19,712)**	***N.S.***
Amortisation & depreciation, write-downs (A)	**2,957**	0.15%	**23,198**	1.11%	**(20,241)**	***N.S.***
Accruals for risks and charges (B)	322	0.02%	388	0.02%	(66)	*-17%*
Amort. & depr., write-downs, provisions (C=A+B)	**3,279**	**0.17%**	**23,586**	**1.13%**	**(20,307)**	***-86%***

Costs relating to operating leasing and future payments pertaining to leasing rentals and operating leasing are detailed in the tables below:

(euro/000)	2012	%	2011	%	Var.	% Var.
Sales	**1,931,900**		**2,096,480**		**(164,580)**	***-8%***
Lease of buildings	7,212	0.37%	8,052	0.38%	(840)	*-10%*
Lease of cars	1,357	0.07%	1,311	0.06%	46	*4%*
Lease of equipment	378	0.02%	339	0.02%	39	*12%*
Lease of data connection lines	258	0.01%	241	0.01%	17	*7%*
Leasing costs	**9,205**	**0.48%**	**9,943**	**0.47%**	**(738)**	***-7%***

(euro/000)	2013	2014	2015	2016	2017	Over	Total
Lease of buildings	7,814	7,908	7,579	7,341	6,884	24,387	61,913
Lease of cars	1,147	923	621	328	187	-	3,206
Lease of equipment	320	320	282	278	249	248	1,697
Lease of data connection lines	114	114	-	-	-	-	228
Leasing costs	**9,395**	**9,265**	**8,482**	**7,947**	**7,320**	**24,635**	**67,044**

42) Finance costs – net

(euro/000)	2012	%	2011	%	Var.	% Var.
Sales	**1.931.900**		**2.096.480**		**(164.580)**	***-8%***
Interest expenses on borrowings	2.334	0,12%	3.535	0,17%	(1.201)	*-34%*
Interest expenses to banks	511	0,03%	986	0,05%	(475)	*-48%*
Other interest expenses	10	0,00%	151	0,01%	(141)	*-93%*
Upfront fees amortisation	387	0,02%	626	0,03%	(239)	*-38%*
IAS 19 expenses/losses	719	0,04%	166	0,01%	553	*333%*
Derivatives ineffectiveness	30	0,00%	-	0,00%	30	*100%*
Total financial expenses (A)	**3.991**	**0,21%**	**5.464**	**0,26%**	**(1.473)**	***-27%***
Interest income from banks	(763)	-0,04%	(620)	-0,03%	(143)	*23%*
Interest income from others	(34)	0,00%	(8)	0,00%	(26)	*325%*
Interest income for credit discounting	(98)	-0,01%	(100)	0,00%	2	*-2%*
Total financial income (B)	**(895)**	**-0,05%**	**(728)**	**-0,03%**	**(167)**	***23%***
Net financial (income)/expenses (C=A-B)	**3.096**	**0,16%**	**4.736**	**0,23%**	**(1.640)**	***-35%***
Foreign exchange gains	(1.000)	-0,05%	(1.133)	-0,05%	133	*-12%*
Foreign exchange losses	1.193	0,06%	1.723	0,08%	(530)	*-31%*
Net foreign exchange (profit)/losses (D)	**193**	**0,01%**	**590**	**0,03%**	**(397)**	***-67%***
Net finance (income)/costs (E=C+D)	**3.289**	**0,17%**	**5.326**	**0,25%**	**(2.037)**	***-38%***

The overall balance between finance costs and income, which is negative by 3.3 million euro, shows a significant improvement (-38%, equal to 2.0 million euro) compared to the negative balance of 5.3 million euro in 2011.
Net of the negative balance on foreign exchange handling, which showed an improvement of 0.4 million euro, the overall reduction amounted to 1.6 million euro.
The net balance on finance interest alone, while negative at 2.1 million euro, showed an improvement of 1.8 million euro owing to the combined effect of the following:

(i) a fall in average recourse to bank debt;
(ii) the re-mix between sources of expenses such as the senior debt to MLT and short-term technical forms, the latter connected with the repayment of the annuities falling due during the year;
(iii) a substantial reduction in market interest rates thanks to a reduction in the Euribor of 70% to

50%, depending on maturities.

The increase of 0.6 million euro in finance costs relating to the actuarial valuation of debts for pension provisions according to IAS 19 is mostly based on the variations in the economic and financial assumptions adopted, particularly the financial rates taken as a basis for discounting purposes.

In percentage terms, the overall effect of revenues on the balance between finance costs and income fell to 0.17% compared to 0.25% in the previous year.

Gross finance costs mainly include the following items:

- 2.3 million euro of interest accrued on medium/long-term loans existing, represented by 2 Senior Loans in favour of the holding company Esprinet S.p.A. and the associate Esprinet Iberica existing at 31 December 2012 totalling 36.4 million euro by way of capital;
- 0.5 million euro of interest paid to banks for cash advances on invoices and trade bills and on short-term loans for imports;
- 0.4 million euro on the repayment of additional costs accruing during the period, mainly by way of organization fees borne in obtaining medium/long-term loans, valued by adoption of the "effective interest rate" criterion, according to IAS 39.

Financial income, equal to 0.9 million euro, comprises 0.8 million euro of interest receivable accrued on the surplus liquidity originating on average during the course of the period and used in deposits with no time constraints on use (-0.2 million euro compared to the previous year).

45) Income tax expenses

(euro/000)	2012	%	2011	%	Var.	% Var.
Sales	**1,931,900**		**2,096,480**		**(164,580)**	***-8%***
Current income taxes	8,977	0.46%	10,174	0.49%	(1,197)	*-12%*
Deferred income taxes	960	0.05%	165	0.01%	795	*482%*
Income tax expenses	**9,937**	**0.51%**	**10,339**	**0.49%**	**(402)**	***-4%***

The following table illustrates the reconciliation between the theoretical and the effective tax rate:

(euro/000)	31/12/12			31/12/11		
	Group	Subgroup Italy	Subgroup Spain	Group	Subgroup Italy	Subgroup Spain
Profit before taxes [A]	**33,275**	**28,940**	**4,275**	**18,306**	**32,664**	**(14,358)**
Operating profit (EBIT)	**36,564**	**30,813**	**5,691**	**35,114**	**35,114**	-
(+) personnel costs [(1)]	22,565	22,565	-	32,825	32,825	-
(+) bad debt provision	1,090	1,090	-	941	941	-
(+) provision for risks and charges	319	319	-	332	332	-
(-) VAT recovery on receivables	(103)	(103)	-	(218)	(218)	-
Taxable amout for IRAP [B]	**60,435**	**54,684**	**-**	**68,994**	**68,994**	**-**
Theoretical taxation IRES Subgroup Italy [A*27,5%]	7,974	7,959	-	8,983	8,983	-
Theoretical taxation IRAP Subgroup Italy [B*3,9%]	2,135	2,133	-	2,691	2,691	-
Theoretical tax. on Subgroup Spain's income [A*30,0%]	1,283	-	1,283	(4,307)	-	(4,307)
Total theoretical taxation [C]	**11,392**	**10,091**	**1,283**	**7,366**	**11,673**	**(4,307)**
Theoretical tax rate [C/A]	***34.2%***	***34.9%***	***30.0%***	***40.2%***	***35.7%***	***30.0%***
(-) tax relief - ACE (Aiuto alla Crescita Economica)	(185)	(185)	-	(152)	(152)	-
(-) recovery taxes previous years	(1,727)	(1,721)	(6)	(10)	-	(10)
(+) non-deductible taxes	239	239		40	40	-
Other permanent differences	218	217	1	3,095	(239)	3,334
Deduction double taxation	-	-	-	-	-	-
Total effective taxation [D]	**9,937**	**8,641**	**1,278**	**10,339**	**11,322**	**(983)**
Effective tax rate [D/A]	***29.9%***	***29.9%***	***29.9%***	***56.5%***	***34.7%***	***6.8%***

[(1)] Staff costs are net of the effect of the 'tax wedge' and IRAP *(Regional tax on productive activities)* deductible costs totalling 14.3 million euro in the 2012 financial year and 12.2 million euro in the 2011 financial year.

46) Net income and earnings per share

	2012	2011	Var.	*% Var.*
Net equity (euro/000)	**23,338**	**7,967**	**15,371**	***193%***
Weighed average no. of shares in circulation: basic	51,054,340	51,054,340		
Weighed average no. of shares in circulation: diluted	51,677,405	51,177,077		
Earnings per share in euro: basic	**0.46**	**0.16**	**0.30**	***188%***
Earnings per share in euro: diluted	**0.45**	**0.16**	**0.29**	***181%***

No own shares held in portfolio were used to calculate the 'basic' earnings per share.
The potential shares involved in the stock grant plans approved on 27 April 2010 and on 9 May 2012 by the Esprinet S.p.A. Shareholders' meeting, resulting in the free assignment of 1,333,333 rights, was used in the calculation of the "diluted" profit per share (cf. '*Share incentive plans'* in the '*Directors' Report on Operations'*) .

8. Other significant information

8.1 Emoluments paid to the board members, statutory auditors and key

(euro/000)	Office	Term of office	Emoluments of office [1]	Bonuses and other benefits [2]	Non monetary benefits [4]	Other emoluments [5]	Total
Board of Directors							
Francesco Monti	Chairman	2012/14	400	200	3		603
Maurizio Rota	Deputy Chairman	2012/14	400	200	5		605
Alessandro Cattani	C.E.O.	2012/14	400	200	4		604
Giuseppe Calì	Director	2012/14	31				31
Stefania Calì	Director	2012/14	31				31
Valerio Casari	Director	2012/14	286	150	4		440
Andrea Cavaliere	Director [3]	2012/14	31			44	75
Mario Massari	Director [3]	2012/14	31			46	77
Angelo Miglietta	Director [3]	2012	12			14	26
Marco Monti	Director	2012/14	31				31
Matteo Stefanelli	Director	2012	12				12
Paolo Stefanelli	Director	2012	12				12
Umberto Giovanni Quilici	Director [3]	2012/14	19				19
Chiara Mauri	Director [3]	2012/14	19				19
Paolo Vantellini	Director [3]	2012	19			30	49
			1,734	**750**	**16**	**134**	**2,634**
Board of Statutory Auditors							
Giorgio Razzoli	Chairman	2012/14	80				80
Emanuele Calcaterra	Permanent Auditor	2012/14	57				57
Mario Conti	Permanent Auditor	2012/14	61				61
			198	**-**	**-**	**-**	**198**
Other key management personnel			**234**	**9**	**4**	**-**	**247**
(I) Payments in company preparing financial statements			**2,166**	**759**	**20**	**134**	**3,079**
Board of Statutory Auditors							
Emanuele Calcaterra	Permanent Auditor	2012/14	14				14
Mario Conti	Permanent Auditor	2012/14	11				11
			25	**-**	**-**	**-**	**25**
Other key management personnel			**250**	**223**			**473**
(II) Payments from subsidiaries and affiliates			**275**	**223**	**-**	**-**	**498**
(III) Total			**2,441**	**982**	**20**	**134**	**3,577**

[1] Solely in the case of the director Casari (CFO), the item also includes Remuneration from subordinate employment.
[2] Includes the share of the monetary component accrued in the exercise for the "Long Term Incentive Plan", the payment of which are linked to the economic and financial results achievements.
[3] Independent Director.
[4] Company car fringe benefit.
[5] Payments for membership of Committees.

In the above reported table, we provide information regarding the emoluments of directors, statutory auditors of Esprinet S.p.A. and 'Key Managers', payable to them in respect of the positions held by them in the latter company and in other Group companies during the year.

As defined by accounting principle IAS 24 and quoted by Consob Resolution No. 17221 of 12 March 2010, 'key managers are those persons having authority and responsibility for planning, directing and controlling the activities of the entity preparing the financial statements, including any director (whether executive or otherwise) of that entity'.
Besides directors and statutory auditors, the definition of 'key managers' includes the Country Manager Italy, the Country Manager Spain and to the Group CFO (this last also covering the role of executive director).

The aforementioned compensation includes all the emolument items, benefits in kind and compensation received by Group company directors.
The table below illustrates the Incentive Plan based on financial instruments other than Stock options, to members of the Board of Directors and other key managers.

Beneficiaries	**Options held at 1 January 2011**			**Options assigned (taken up) in 2011**	**Options held at 31 December 2012**		
	Quantity	Average strike price	Average due date	Quantity	Quantity	Average strike price	Average due date
Maurizio Rota	-			-	308,036	-	apr-15
Alessandro Cattani	-			-	308,036	-	apr-15
Valerio Casari [1]	35,000			-	291,112	-	apr-14
Other key management personnel	35,000			-	126,827	-	apr-14

[1] Director.

The table below illustrates the Monetary Incentive Plans for members of the Board and other key management personnel (in thousands of euro):

Beneficiaries	**Bonus for the year**			**Bonuses from previous years**		
	Due for payment/ Paid	**Deferred**	**Period**	**No longer eligible for payment**	**Payable/ Paid**	**Still deferred**
Maurizio Rota		37				-
Alessandro Cattani		37				-
Valerio Casari [1]		40				54
Other key management personnel		20				54
Total	-	134		-	-	108

[1] Director.

8.2 Relationships with related parties

Next tables summarise balances of the statement of financial position and of the separate income statement deriving from operations with related parties (as defined by IAS 24) except for relationships with members of the key management personnel because shown in the previous paragraph.
Operations between the Esprinet S.p.A. parent company and the subsidiaries included in the consolidation area have been eliminated from the consolidated financial statements and therefore do not figure in this section.

Relationships with 'other related parties'

The following table details operations occurred between the Group companies and the companies where Esprinet S.p.A. directors and shareholders play important roles.

Sales regard consumer electronics products sold at normal market conditions, mainly to key managers and close members of their family.

Services mainly refer to leasing agreements entered into at market conditions in periods prior to this interim period with the real estate companies, Immobiliare Selene S.r.l. in the case of the Cambiago (MI) logistics site, Immobiliare Dea 81 S.p.A. and M.B. Immobiliare S.r.l. in the case of the Esprinet S.p.A. administrative and commercial headquarters, M.B. Immobiliare S.r.l. in the case of the Cavenago (MB) logistics site, respectively.

(euro/000)		2012				2011			
	Type	Sales	Costs	Receiv.	Payab.	Sales	Costs	Receiv.	Payab.
Sales									
Infoklix S.p.A.	Sale of goods	-	-	2	-	-	-	3	-
Autentica S.r.l.	Sale of goods	-	-	-	-	15	-	-	-
Smart Res S.p.A.	Sale of goods	3	-	-	-	3	-	-	-
Aledo S.r.l.	Sale of goods	1	-	-	-	-	-	-	-
Key managers and family	Sale of goods	27	-	2	-	17	-	-	-
Subtotal		**31**	**-**	**4**	**-**	**35**	**-**	**3**	**-**
Cost of sales									
Autentica S.r.l.	Purchase of goods	-	47	-	-	-	153	-	27
Subtotal		**-**	**47**	**-**	**-**	**-**	**153**	**-**	**27**
Overheads and administrative costs									
Immobiliare Selene S.r.l.	Lease - premises	-	1,432	-	-	-	1,991	1,320	-
M.B. Immobiliare S.r.l.	Lease - premises	-	1,882	-	-	-	2,074	663	-
Immobiliare Dea 81 S.p.A.	Lease - premises	-	189	-	-	-	185	-	-
Immobiliare Dea 81 S.p.A.	Overheads	-	18	-	17	-	1	-	-
Immobiliare Selene S.r.l.	Overheads	-	-	-	-	-	10	-	-
M.B. Immobiliare S.r.l.	Lease - premises	-	243	-	-	-	237	40	-
M.B. Immobiliare S.r.l.	Overheads	-	230	-	233	-	14	-	-
Immobiliare Selene S.r.l.	Guarantee deposits	-	-	717	-	-	-	-	-
M.B. Immobiliare S.r.l.	Guarantee deposits	-	-	471	-	-	-	-	-
Subtotal		**-**	**3,994**	**1,188**	**250**	**-**	**4,512**	**2,023**	**-**
Finance costs-net									
Immobiliare Selene S.r.l.	Interest on guar.deposits	14	-	14	-	-	-	-	-
M.B. Immobiliare S.r.l.	Interest on guar.deposits	12	-	9	-	-	-	-	-
Subtotal		**26**	**-**	**23**	**-**	**-**	**-**	**-**	**-**
Total		**57**	**4,041**	**1,215**	**250**	**35**	**4,665**	**2,026**	**27**

As shown in the previous table, the total value of the aforementioned transactions is not material compared with the total volume of the Group's activities, however.

Relationships with associated companies

The following table details operations occurred with Assocloud S.r.l. only in 2012:

(euro/'000)	Type	Sales	Costs	Receiv.	Payab.
Assocloud S.r.l.	Sales from services	84	-	92	-
Assocloud S.r.l.	Consulting	-	23	-	23
Total		**84**	**23**	**92**	**23**

Revenues refer to services provided by Esprinet S.p.A. to Assocloud S.r.l., which was established in 2012.

8.3 Cash flow analysis

As can be seen in the table below and illustrated in the *Consolidated statement of cash flows,* the Esprinet Group 2012 posted a 61.1 million euro cash surplus at 31 December, versus the 42.7 million euro cash surplus as at 31 December 2011.

(euro/000)	**31/12/12**	**31/12/11**
Net financial debt at year-beginning	**(42,718)**	**(2,990)**
Cash flow provided by (used in) operating activities	29,064	50,737
Cash flow provided by (used in) investing activities	(6,025)	(2,060)
Cash flow provided by (used in) changes in net equity	(3,986)	(8,100)
Total cash flow	**19,053**	**40,577**
Unpaid bank interests	(671)	(849)
Net financial debt at year-end	**(61,100)**	**(42,718)**
Short-term financial liabilities	39,800	48,896
Current financial (assets)/liabilities for derivatives	848	952
Financial receivables from factoring companies	(2,940)	(13,804)
Cash and cash equivalents	(111,099)	(115,921)
Net current financial debt	**(73,391)**	**(79,877)**
Non-current financial (assets)/liabilities for derivatives	181	920
Borrowings	12,110	36,239
Net financial debt	**(61,100)**	**(42,718)**

8.4 Net financial indebtedness and financial liabilities analysis

Pursuant to Consob Communication No. DEM/6064293 of 28 July 2006, the net financial indebtedness (or ‘net financial position’ also) is substantially calculated in compliance with the criteria specified in the CESR or Committee of European Securities Regulators recommendation of 10 February 2005: *‘CESR’s recommendations for the consistent implementation of the European Commission’s Regulation on Prospectuses nº 809/2004*’ and referred to by Consob itself.

With reference to the next table, it should be underlined that the net financial indebtedness measured according to the CESR criteria coincides with the notion of ‘net financial debt’ as explained under the previous paragraph ‘*Cash flow analysis’*.

(euro/000)	31/12/12	31/12/11
A. Bank deposits and cash on hand	111,098	115,886
B. Cheques	1	35
C. Trading securities	-	-
D. Liquidity (A+B+C)	111,099	115,921
Financial assets for derivatives	-	-
Financial receivables from factoring companies	*2,940*	*13,804*
E. Current financial receivables	2,940	13,804
F. Current bank debt	11,085	12,503
G. Current portion of non current debts	24,129	24,039
H. Other current financial debt and financial liability for derivatives	5,434	13,306
I. Current financial debt (F+G+H)	40,648	49,848
J. Net current financial indebtedness (I-E-D)	**(73,391)**	**(79,877)**
K. Non-current bank loans	12,110	36,239
L. Bonds issued	-	-
M. Non-current financial liabilities for derivatives	181	920
N. Non-current financial indebtedness (K+L+M)	**12,291**	**37,159**
O. Net financial indebtedness (J+N)	**(61,100)**	**(42,718)**
Breakdown of net financial indebtedness:		
Short-term financial liabilities	39,800	48,896
Current financial (assets)/liabilities for derivatives	848	952
Financial receivables from factoring companies	(2,940)	(13,804)
Cash and cash equivalents	(111,099)	(115,921)
Net current financial debt	**(73,391)**	**(79,877)**
Non-current financial (assets)/liabilities for derivatives	181	920
Borrowings	12,110	36,239
Net financial debt	**(61,100)**	**(42,718)**

The Group's net financial debt, showing a surplus of 61.1 million euro, results from the balance between gross financial debt of 51.9 million euro, financial liabilities for derivatives of 1.0 million euro, financial receivables from factoring companies of 2.9 million euro and cash and cash equivalents of 111.1 million euro.

Cash and cash equivalents, mainly made up of bank deposits, are not tied-up. These funds are of a partially transitory nature, accumulating at the end of the month, due to the Group's peculiar kind of payment/encashment cycle.

This cycle is characterised by the concentration of payments received from customers and from factoring companies – the latter as consequence of the 'without-recourse' sale of trade account receivables - at the end and middle of each month, while the maturities of payments to suppliers are distributed more evenly over the month. For this reason, the figure resulting at 31 December 2012, or at the end of each month, is not totally representative of the average net financial indebtedness or the average level of cash on hand customarily observable during the same period.

The without-recourse sale of account receivables revolving programme focussing on the large-scale distribution sector in particular, continued during 2012 both in Italy and in Spain as part of the processes aimed at the structural optimisation of the management of working capital.
The aforementioned programmes completely transfer the risks and benefits to the assignees so that receivables in question are removed from assets as per IAS 39.
The overall effect on the levels of financial debt as at 31 December 2012 can be quantified as approx. 110 million euro (approx. 179 million euro as at 31 December 2011).

Details of the current portion of medium-/long-term financial debt and the portion falling due beyond the following year, regarding 'Subgroup Italy' and 'Subgroup Spain', are illustrated below:

(euro/000)	31/12/12			31/12/11			Var.		
	Curr.	Non-curr.	Tot.	Curr.	Non-curr.	Tot.	Curr.	Non-curr.	Tot.
Pool loan (ag. Intesa Sanpaolo)(1)	9,949	4,990	14,939	9,921	14,939	24,860	28	(9,949)	(9,921)
Total Subgroup Italy	**9,949**	**4,990**	**14,939**	**9,921**	**14,939**	**24,860**	**28**	**(9,949)**	**(9,921)**
Pool loan (ag. Intesa Sanpaolo)(1)	14,180	7,120	21,300	14,118	21,300	35,418	62	(14,180)	(14,118)
Total Subgroup Spain	**14,180**	**7,120**	**21,300**	**14,118**	**21,300**	**35,418**	**62**	**(14,180)**	**(14,118)**
Total Group	**24,129**	**12,110**	**36,239**	**24,039**	**36,239**	**60,278**	**90**	**(24,129)**	**(24,039)**

(1) Amounts different from the book value of loan principal since they represent the amortised cost calculated on the basis of the real interest rate as specified by IFRS.

8.5 Loans and loan covenants

The book value of loan principal of the loans granted by a pool of banks, with Intesa Sanpaolo as bank agent, is as follows:

(euro/000)	31/12/12	31/12/11	Var.
Unsecured pool loan (agent: Intesa Sanpaolo) to Esprinet S.p.A. repayable in 5 six-monthly instalments by June 2014	15,000	25,000	(10,000)
Unsecured pool loan (agent: Intesa Sanpaolo) to Esprinet Iberica S.L.U. repayable in 5 six-monthly instalments by June 2014	21,420	35,700	(14,280)
Total book value of loan principal	**36,420**	**60,700**	**(24,280)**

Their notional portions falling due beyond 31 December 2012 will be repaid in the following operating years, as per the amortisation schedule:

(euro/000)	2013	2014	Total
Book value of loan principal	24,280	12,140	36,420

The weighted average rate used during 2012 on the above loans was approx. 4.3% (4.5% in the previous year).

They refer to the loan agreements entered in 2007 during the total renegotiation of the Group's financial debt, the main features of which are summarised below:

- 'Senior amortizing term loan' to Esprinet S.p.A. originally of 65.0 million euro and seven-year duration;
- 'Senior amortizing term loan' to Esprinet Iberica originally of 110.0 million euro (later reduced to 109.3 million euro) and seven-year duration;
- 'Revolving facility' to Esprinet S.p.A. and Esprinet Iberica originally of 100.0 million euro, reduced to 25.0 million euro in December 2008 (unused).

Such loans, still existing at 31 December 2012 and accounted for 36.2 million euro (corresponding to 36.4 million euro as book value of loan principal), are subject to the observance of 6 covenants, the failure to observe of which allow the issuing institutes to claim their immediate reimbursement.
These covenants, which are subject to 6-monthly checks against the audited and consolidated financial statements, are as follows:

i) ratio between net financial indebtedness and EBITDA;
ii) ratio between net financial indebtedness and net equity;
iii) ratio between EBITDA and net financial charges;
iv) ratio between gross financial indebtedness and EBITDA;
v) ratio between gross financial indebtedness and tangible equity;
vi) amount of gross financial indebtedness.

At 31 December 2012, according to management estimates, the covenants were fully observed.
Such loan contracts also contain the usual ‘negative pledge’, ‘pari passu’ and similar type clauses. At the time this report was drafted none of the above-mentioned clauses had been violated.

8.6 Lines of credit

Apart from the uses described in the previous paragraphs, the Esprinet Group had a total 762 million euro (729 million ready money) at its disposal in bank credit lines as at 31 December 2012, subdivided as follows:

(euro/000)	Group	Subgroup Italy	Subgroup Spain
Credit unblocking / import financing / credit lines	239,600	198,250	41,350
Medium/long-term borrowings	36,300	14,990	21,310
Endorsement credit	33,570	33,570	-
Factoring (trasferor) [1]	441,380	331,380	110,000
Bank overdrafts	6,887	6,887	-
Credit cards	580	580	-
Derivatives / forward currency transactions	4,000	2,500	1,500
Total	**762,317**	**588,157**	**174,160**

(1) Includes both recourse and non-recourse maximums.

The financial situation as at 31 December 2012, excluding the maximums granted by the banks for a without-recourse factoring scheme with a revolving credit facility and endorsement loans, shows that a total 18% of credit lines was used, as can be seen in the table below:

(euro/000)	Uses %	Uses gross	Credit lines
Credit unblocking / import financing / credit lines	7%	15,607	239,600
Medium/long-term borrowings	100%	36,248	36,300
Factoring (trasferor) - with recourse	14%	4,469	31,300
Other	7%	1,029	13,737
Total Group	**18%**	**57,353**	**320,937**

The maintenance of short-term credit lines with contained usage rates and high flexibility of usage is the main liquidity risk management method used by the Group.

8.7 Seasonal nature of business

The table below highlights the impact of sales per solar quarter in the years 2012 and 2011.

	2012			2011		
	Group	**Italy**	**Spain**	**Group**	**Italy**	**Spain**
Sales Q1	25.3%	25.9%	23.6%	23.6%	24.5%	20.9%
Sales Q2	23.8%	23.8%	24.0%	23.5%	24.4%	20.8%
Sales H1	**49.1%**	**49.7%**	**47.6%**	**47.1%**	**48.9%**	**41.7%**
Sales Q3	21.9%	21.7%	22.4%	22.9%	21.6%	26.8%
Sales Q4	29.0%	28.6%	30.0%	30.0%	29.5%	31.5%
Sales H2	**50.9%**	**50.3%**	**52.4%**	**52.9%**	**51.1%**	**58.3%**
Sales for the year	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The IT and electronic markets both in Italy and in Spain are traditionally characterised by seasonal sales which involve an increase in demand in the fourth quarter of the solar year essentially in terms of purchases concentrated in the pre-Christmas and in the so-called ‘back-to-school' seasons to consumers and by the spending dynamics of budgets dedicated to IT investments which are statistically concentrated around the months of November and December.
The seasonable nature of IT and electronics sales has an influence both on the business volumes of the distribution industry and on the sales volumes of the Esprinet Group.

The winter trend provides a contrast to the drop in demand in the summer months, in August, in particular. As a result of the increasing reluctance to suspend work during the summer months, this last trend also appears to be re-dimensioning, in the *business* sector in particular.
In addition to the above, operating results are also seasonal, but even more so than those of sales since the absolute profit margin levels track the seasonal nature of sales, while overheads tend to be more regular during the year.

The seasonal nature of sales described above also has an influence on the part of the levels of borrowings that is closely linked to working capital needs, which peak in the last part of each solar year.
The level of net borrowings fluctuates dramatically not only along the calendar year but also during each month, due for the most part to the concentration of payments received from customers at the end and middle of each month, while the maturities of payments to suppliers are distributed more evenly over the month. For this reason, the figure resulting at the end of the period, or at the end of each month, is not much representative of the average net financial indebtedness customarily observable during the same period.
The circumstances described above give rise to higher financial and commercial risk levels for the Group compared with those whose business is subject to less seasonable fluctuations.

30-31% sales have constantly tended to concentrate in the last quarter of the solar year since 2006, with the sole exception of 2010, due to a considerable fall in consumer demand in the so-called Christmas Campaign.

8.8 Non-recurring significant events and operations

During 2012, the costs incurred owing to the change of office of several Group companies and the positive income components connected with the accrual of the right to the repayment of IRAP tax paid in previous years were posted as non-recurring items.

During 2011 staff down-sizing costs sustained by Esprinet Iberica and the goodwill write-downs were entered as non-recurring items, however.

The table below highlights these events and transactions as shown on the income statement for the period, gross of the related fiscal effects:

(euro/000)	2012	2011	Var.
Early disposal of assets, side offices or warehouses		(119)	119
Cost of sales (a)	**-**	**(119)**	**119**
Employees termination incentives	-	(391)	391
Early disposal of assets	230	-	230
Goodwill impairment	-	(19.826)	19.826
Headquarter change costs	1.570	-	1.570
Overheads and administrative costs (b)	**1.800**	**(20.217)**	**22.017**
Taxes refund	(1.721)	-	(1.721)
Total before income taxes (a + b)	**79**	**(20.336)**	**20.415**
Total	**(556)**	**(17.543)**	**20.415**

8.9 Main disputes pending

Developments in existing legal and tax-related disputes can be found in a similar section under the comment to the statement of financial position item ‘*Non-current provisions and other liabilities*’ in the ‘*Notes to the consolidated financial statements’*.
Similarly, the ‘*Directors’ Report on Operations’* also contains the Group’s policies regarding the management of legal and tax-related disputes under ‘*Main risks and uncertainties facing the Group and Esprinet S.p.A.’.*

8.10 Operations relating to derivative instruments

Disclosures regarding operations relating to derivative instruments can be found under the chapter ‘*Disclosures on risks and financial instruments’.*

8.11 Compensation for Group auditing services

The following table drafted pursuant to Article 149-duodecies of the Consob Issuing Regulation, shows the emoluments posted during the 2012 financial year on the accrual basis of accounting for auditing services and others performed by the same auditing company and/or bodies belonging to its network:

Description	Provider of service	Fees (euro/000)	
		2012	2011
Auditing services:			
Examination of the annual accounts of one single company, accompanied by professional opinion	Reconta	221.3	215.2
Examination of the annual consolidated accounts of a group of companies accompanied by professional opinion	Reconta	12.7	11.3
Quarterly examination of accounts of one single company or group of companies during the year	Reconta	37.8	36.6
Subtotal		**271.8**	**263.1**
Certification services:			
Certification other then auditing	Reconta	13.3	13
Subtotal		**13.3**	**13.0**
Total		**285.1**	**276.1**

9. Publication of the Draft Annual Report

The draft annual report and its publication were approved by the Esprinet Board of Directors during the meeting of 15 March 2013, which also authorised the Chairman to make any necessary or appropriate changes or additions to the structure of the document, in order to complete or improve it in any of its parts.

Vimercate, 15 March 2013

For and on behalf of the Board of Directors
The Chairman
Francesco Monti

Statement on the 'Consolidated financial statements' pursuant to Article 81-*ter* of Consob Regulation No. 11971 of 14 May 1999, as amended

1. In consideration of the provisions of Article 154-bis, subsections 3 and 4, of legislative decree No. 58 of 24 February 1998, the undersigned Alessandro Cattani, Chief Executive Officer of Esprinet S.p.A and Giuseppe Falcone, executive charged with drawing up the Esprinet S.p.A. accounting documents, hereby declare that the administrative and accounting procedures used in drawing up the consolidated financial statements relating to the period between 1 January 2012 – 31 December 2012 were:

- appropriate to the features of the Group
- effectively applied.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at 31 December 2012 was effected in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internally-accepted reference framework.
No significant aspects emerged.

3. We further declare that:

3.1 the consolidated financial statements as at 31 December 2012:

a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) of the European Parliament and Counsel, dated 19 July 2002 as implemented in Italy by Article 9 of Legislative Decree no. 38 of 2005;
b) correspond to the amounts shown in the Companies' accounts, books and records; and
c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries as of 31 December 2012.

3.2 The *Directors' Report on Operations* includes a reliable operating and financial review of the Company and of the Group as well as a description of the main risks to which they are exposed.

Vimercate, 15 March 2013

Chief Executive Officer of Esprinet S.p.A.	Executive charged with drafting the Esprinet S.p.A. accounting documents.
(Alessandro Cattani)	(Giuseppe Falcone)

esprinet®

Esprinet S.p.A.
Separate Financial Statements
2012

CONTENTS of the Esprinet S.p.A. Financial Statements

ESPRINET S.p.A.: Financial Statements (Separate financial statements[1])

[1] Esprinet S.p.A. separate financial statements, as defined by international accounting principles IFRSs

Statement of financial position

The table below shows the Esprinet S.p.A. statement of financial position drawn up according to IFRS requirements[1]:

(euro)	Note	31/12/12	31/12/11
ASSETS			
Non-current assets			
Property, plant and equipment	1	8,882,315	5,157,016
Goodwill	2	10,625,555	10,625,555
Intangible assets	3	760,004	216,899
Investments in associates companies		6,000	-
Investments in subsidiaries and other companies	5	66,223,537	65,714,525
Deferred income tax assets	6	2,612,732	3,396,324
Receivables and other non-current assets	9	1,336,237	1,940,906
		90,446,380	**87,051,225**
Current assets			
Inventory	10	161,286,122	158,096,719
Trade receivables	11	167,752,827	174,536,318
Income tax assets	12	2,150,259	4,400,855
Other assets	13	71,657,217	81,232,686
Cash and cash equivalents	17	77,500,198	65,105,025
		480,346,623	**483,371,603**
Total assets		**570,793,003**	**570,422,828**
EQUITY			
Share capital	19	7,860,651	7,860,651
Reserves	20	203,760,677	198,594,675
Net income	21	19,972,492	8,652,754
Total equity		**231,593,820**	**215,108,080**
LIABILITIES			
Non-current liabilities			
Borrowings	22	4,989,654	14,938,880
Derivative financial liabilities	23	72,398	368,282
Deferred income tax liabilities	24	2,225,268	2,281,526
Retirement benefit obligations	25	4,077,506	3,854,310
Provisions and other liabilities	26	1,288,355	2,795,142
		12,653,181	**24,238,140**
Current liabilities			
Trade payables	27	294,362,405	287,777,170
Short-term financial liabilities	28	18,356,090	26,758,237
Income tax liabilities	29	-	-
Derivative financial liabilities	30	339,230	380,668
Provisions and other liabilities	32	13,488,277	16,160,533
		326,546,002	**331,076,608**
Total liabilities		**339,199,183**	**355,314,748**
Total equity and liabilities		**570,793,003**	**570,422,828**

[1] Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of relationships with related parties on the Esprinet S.p.A. statement of financial position items can be found in the statement of financial position in the next pages and commented on in the *'Notes to the Esprinet S.p.A. financial statements'*.

Separate income statement

The Esprinet S.p.A. separate income statement is set out below. It is drawn up according to IFRS requirements and expenses are classified by 'function'[2]:

(euro)	Notes	2012	2011
Sales	33	**1,467,033,786**	**1,580,741,823**
Cost of sales		(1,367,508,520)	(1,478,097,130)
Gross profit	35	**99,525,266**	**102,644,693**
Sales and marketing costs	37	(25,040,121)	(23,284,384)
Overheads and administrative costs	38	(44,451,793)	(43,296,283)
Operating income (Ebit)		**30,033,352**	**36,064,026**
Finance costs - net	42	(1,458,131)	(2,253,564)
(Cost) income from investments	43	-	(13,734,217)
Profit before income tax		**28,575,221**	**20,076,245**
Income tax expenses	45	(8,602,729)	(11,423,491)
Net income		**19,972,492**	**8,652,754**

Statement of comprehensive income

(euro)	2012	2011
Net income	**19,972,492**	**8,652,754**
Other comprehensive income:		
- changes in 'cash flow hedge' equity reserve	349,651	506,058
- taxes on changes in 'cash flow hedge' equity reserve	(96,155)	(139,166)
Other comprehensive income	**253,496**	**366,892**
Total comprehensive income	**20,225,988**	**9,019,646**

Statement of changes in equity

(euro/000)	Share capital	Reserves	Own shares	Profit for the period	Net equity
Balance at 31 December 2010	**7,861**	**194,292**	**(14,935)**	**27,348**	**214,566**
Total comprehensive income/(loss)	**-**	**367**	**-**	**8,653**	**9,020**
Allocation of 2010 net income/(loss)	-	18,413	-	(18,413)	-
Dividend payment	-	-	-	(8,935)	**(8,935)**
Transactions with owners	-	18,413	-	(27,348)	**(8,935)**
Increase/(decrease) in 'stock option' plan reserve	-	457	-	-	**457**
Balance at 31 December 2011	**7,861**	**213,529**	**(14,935)**	**8,653**	**215,108**
Total comprehensive income/(loss)	**-**	**254**	**-**	**19,972**	**20,226**
Allocation of 2011 net income/(loss)	-	4,109	-	(4,109)	-
Dividend payment	-	-	-	(4,544)	**(4,544)**
Transactions with owners	-	4,109	-	(8,653)	**(4,544)**
Increase/(decrease) in 'stock grant' plan reserve	-	804	-	-	**804**
Balance at 31 December 2012	**7,861**	**218,696**	**(14,935)**	**19,972**	**231,594**

[2] Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of relationships with related parties on the Esprinet S.p.A. income statement items can be found in the separate income statement in the next pages and commented on in the *'Notes to the Esprinet S.p.A. financial statements'*.

Statement of cash flows[3]

(euro/000)	2012	2011
Cash flow provided by (used in) operating activities (D=A+B+C)	**31,477**	**15,682**
Cash flow generated from operations (A)	**32,024**	**38,012**
Operating income (EBIT)	30,033	36,064
Depreciation, amortisation and other fixed assets write-downs	2,491	2,348
Net changes in provisions for risks and charges	(1,507)	(520)
Net changes in retirement benefit obligations	224	(285)
Stock option/grant costs	783	405
Cash flow provided by (used in) changes in working capital (B)	**5,979**	**(9,586)**
Inventory	(3,189)	40,970
Trade receivables	6,783	(8,880)
Other current assets	959	(28,395)
Trade payables	6,701	(18,840)
Other current liabilities	(5,275)	5,559
Other cash flow provided by (used in) operating activities (C)	**(6,526)**	**(12,744)**
Interests paid, net	(1,014)	(1,271)
Foreign exchange (losses)/gains	(142)	(159)
Income taxes paid	(5,370)	(11,314)
Cash flow provided by (used in) investing activities (E)	**(6,575)**	**(2,193)**
Net investments in property, plant and equipment	(5,868)	(2,095)
Net investments in intangible assets	(891)	(72)
Changes in other non current assets and liabilities	700	-
Assocloud establishment	(6)	-
Investments due to 'stock grant' plans to subsidiaries' employees	(510)	(26)
Cash flow provided by (used in) financing activities (F)	**(12,507)**	**(48,358)**
Repayment/renegotiation of medium/long-term borrowings	(10,000)	(10,000)
Net change in gross short-term financial liabilities	(8,768)	(1,277)
Borrowings due within 12 months granted	-	(30,000)
Net change in financial assets and derivative instruments	10,530	1,435
Dividend payments	(4,544)	(8,935)
Increase/(decrease) in 'cash flow hedge' equity reserve	254	367
Equity reserve increase due to 'stock grant' plans to subsidiaries' employees	21	52
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**12,395**	**(34,869)**
Cash and cash equivalents at year-beginning	**65,105**	**99,974**
Net decrease (increase) in cash and cash equivalents	**12,395**	**(34,869)**
Cash and cash equivalents at year-end	**77,500**	**65,105**

[3] No effects of relationships with related parties have been considered significant.

Statement of financial position (Pursuant to Consob Resolution No. 15519 of 27 July 2006)

(euro/000)	31/12/12	related parties [1]	31/12/11	related parties [1]
ASSETS				
Non-current assets				
Property, plant and equipment	8,882		5,157	
Goodwill	10,626		10,626	
Intangible assets	760		217	
Investments in associates companies	6		-	
Investments in subsidiaries and other companies	66,224		65,714	65,714
Deferred income tax assets	2,613		3,396	
Receivables and other non-current assets	1,336	1,188	1,941	1,711
	90,447	**1,188**	**87,051**	**67,425**
Current assets				
Inventory	161,286		158,097	
Trade receivables	167,753	27	174,536	3
Income tax assets	2,150		4,401	
Other assets	71,657	58,540	81,233	63,298
Cash and cash equivalents	77,500		65,105	
	480,346	**58,567**	**483,372**	**63,301**
Total assets	**570,793**	**59,755**	**570,423**	**130,726**
EQUITY				
Share capital	7,861		7,861	
Reserves	203,761		198,594	
Net income	19,972		8,653	
	231,594	**-**	**215,108**	**-**
LIABILITIES				
Non-current liabilities				
Borrowings	4,990		14,939	
Derivative financial liabilities	72		368	
Deferred income tax liabilities	2,225		2,282	
Retirement benefit obligations	4,078		3,854	
Provisions and other liabilities	1,288		2,795	
	12,653	**-**	**24,238**	**-**
Current liabilities				
Trade payables	294,363	250	287,777	27
Short-term financial liabilities	18,356		26,758	
Income tax liabilities	-		-	
Derivative financial liabilities	339		381	
Provisions and other liabilities	13,488	853	16,161	618
	326,546	**1,103**	**331,077**	**645**
Total liabilities	**339,199**	**1,103**	**355,315**	**645**
Total equity and liabilities	**570,793**	**1,103**	**570,423**	**645**

[1] For further details regarding related parties please see the section *'Relationships with related parties'* in the *'Notes to Esprinet S.p.A. financial statements'*.

Separate income statement (Pursuant to Consob Resolution No. 15519 of 27 July 2006)

(euro/000)	2012	non-recurring	related parties (1) (2)	2011	non-recurring	related parties (1) (2) (3)
Sales	**1,467,034**		81,942	**1,580,742**		73,245
Cost of sales	(1,367,509)	-	(1,531)	(1,478,097)	-	(582)
Gross profit	**99,525**	**-**		**102,645**	**-**	
Sales and marketing costs	(25,040)		(249)	(23,285)		(221)
Overheads and administrative costs	(44,452)	(1,800)	(6,221)	(43,296)	-	(6,717)
Operating income (Ebit)	**30,033**	**(1,800)**		**36,064**	**-**	
Finance costs - net	(1,458)		403	(2,254)		332
(Cost) income from investments	-	-	-	13,734	(13,734)	
Profit before income tax	**28,575**	**(1,800)**		**20,076**	**(13,734)**	
Income tax expenses	(8,603)	2,123		(11,423)	-	
Net income	**19,972**	**323**		**8,653**	**(13,734)**	

(1) For further details regarding related parties please see the section *'Relationships with related parties'* in the *'Notes to Esprinet S.p.A. financial statements'*.
(2) Emoluments to key managers excluded.
(3) Sales figures change of 47,465 thousand euro compared with last year due to the sales to the affiliated company, V-Valley, in order to homogenise data with the current year.

Notes to the Esprinet S.p.A. financial statements

1. General information

Esprinet S.p.A. (or the 'Company') distributes IT products (hardware, software and services) pitching itself at a customer base made up of resellers that in turn target both consumer and business users.
It is also the parent company with both direct and indirect shareholdings in companies operating in Italy and Spain. In Italy the Group operates in the following business segments:

- 'business-to-business' (B2B) distribution of Information Technology (IT) and consumer electronics;
- 'business-to-consumer' (B2C) distribution of IT and consumer electronics;
- 'business-to-business' (B2B) distribution of microelectronic components.

In Spain the Group operates solely in the B2B distribution of Information Technology (IT) and consumer electronics.

Esprinet S.p.A. has its registered and administrative offices in Italy at Vimercate (Monza e Brianza). Ordinary shares in Esprinet S.p.A. (ticker: PRT.MI) have been listed in the 'STAR' segment (segment of securities with high qualification) of the MTA market of Borsa Italiana S.p.A., the Italian Stock Exchange, since 27 July 2001.
The parent company, Esprinet S.p.A. drafted the Esprinet Group consolidated financial statements as at 31 December 2012.

2. Accounting principles and valuation criteria

The principal accounting policies applied in the preparation of these Esprinet S.p.A. financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

2.1 Accounting principles

The Esprinet S.p.A financial statements (or 'separate financial statements' as defined by IFRS) as at 31 December 2012 have been drawn up in compliance with IFRS requirements issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as the regulations issued as per art. 9 of D. Lgs. n. 38/2005.

The acronym IFRS stands for the International Financial Reporting Standards (IFRS), which include the recent evolution of the International Accounting Standards (IAS) and all interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

The financial statements have been drawn up using the historical cost, except for the assessment of some financial instruments, where the fair value criteria is applied, and also the going concern presumption.

2.2 Presentation of financial statements

The presentation formats of the financial position and income and cash-flow statements have the following characteristics:

- statement of financial position: current and non-current assets and current and non-current liabilities are reported separately;
- statement of comprehensive income: income statement and statement of comprehensive income are reported in two different statements;
- separate income statement: costs have been analysed by function;
- statement of cash flows: drawn up as per the indirect method set out in IAS 7.

The choices made in terms of the presentation of the statement of accounts derive from the conviction that these contribute to an improvement in the quality of the information provided.

The figures presented in this document are expressed in thousands of euro, unless otherwise indicated. Furthermore, in some cases the tables might have some inaccuracies due to the rounding-up to thousands.

The figures presented in the separate and comprehensive income statements and in the statement of financial position are expressed in euro, whereas those in the statement of cash flows are expressed in thousands of euro.
Furthermore, in some cases the tables might have some inaccuracies due to the rounding-up to thousands.

2.3 Summary of significant valuation criteria and accounting policies

Non-current assets

Intangible assets and goodwill

Intangible assets are assets that have no identifiable physical nature, that are controlled by the company and that are able to generate future income. They include goodwill, when it is acquired for a consideration.

Intangibles and goodwill deriving from business combinations occurred until the end of 2009 are recorded at purchase cost, including incidentals and necessary costs to make them available for use. For business combinations occurred from 1 January 2010, except some particular cases, goodwill is measured as the excess of the acquisition-date fair value of the consideration transferred compared to the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (any costs directly attributable to the combination, except costs of issuing debt or equity instruments, are expensed).

Intangible assets with a defined useful life are systematically amortized over their useful life, taken as the estimate of the period that the assets shall be used by the Group. In particular the item *'Industrial and other patent rights'* is amortized within three years.
Goodwill and other intangible assets with indefinite useful lives are not amortized on a straight-line basis, but are subject to an annual impairment test.
The Impairment test is described below in the section entitled '*Impairment of non-financial assets*'. The increased carrying amount of an intangible asset with defined or indefinite useful life attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of amortisation) had no impairment loss been recognised for the asset in prior years. This reversal is

recognised in profit or loss unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

Revaluation of goodwill is not permitted, even in application of specific laws, as it is not reinstated when the reasons for a write-down no longer apply.

Property, plant and equipment

Property, plant and equipment are shown in the financial statements at purchase or production cost, or at their conveyance value, including any directly attributable incidental costs and costs deemed necessary to make them operable.
Ordinary maintenance and repair costs are charged to the income statement for the year in which they are incurred. Extraordinary maintenance costs leading to a significant and tangible increase in the productivity or useful life of an asset are added to the value of the asset concerned and amortised over a period representing its remaining useful life.
Costs for leasehold improvements are entered under their relevant tangible assets category.
Individual components of a facility that have different useful lives are recognized separately, so that each component may be depreciated at a rate consistent with its useful life.

Fixed assets are systematically depreciated every year, in line with depreciation schedules drawn up to reflect the remaining usefulness of the assets concerned. The value reported in the statement of financial position is shown net of accumulated depreciation according to the remaining possible use of the asset.

The depreciation rates applied for each asset category are detailed as follows:

	Economic - technical rate
Security systems	25%
Generic plants	from 12.5% to 21.4%
Conditioning plants	14.3% - 15%
Telephone systems and equipment	20%
Communication and telesignal plants	25%
Industrial and commercial equipment	from 7.1% to 15%
Electronic office machines	20%
Furniture and fittings	11.1% - 12%
Other assets	from 9.1% to 25%

If there are indications of a decline in value, assets are subjected to an impairment test in the manner described below under the section '*Impairment of non-financial assets*'.
When the reasons for a write-down no longer apply, the asset's cost may be reinstated. The increased carrying amount attributable to the reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. This reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

Leasing transactions

Assets acquired through financial leases are registered under property, plant and equipment, and are entered at the lower of the market value and the value obtained by time-discounting the rents and redemption price determined at the time the contract is signed.
The liabilities in question are entered under *'Financial liabilities'*.
The leases, in which the lessor substantially maintains the risks and benefits associated with the ownership of assets, are itemised as operating leasing. The earnings (costs) emerging from operating leasing are entered in linear fashion in the income statement during the life of the leasing contract.

Impairment of non-financial assets

IAS 36 requires the testing of property, plant and equipment and intangible assets for impairment when there are indications that impairment has occurred.

In the case of goodwill, other assets with indefinite lives and investments in subsidiaries, associates and other companies, this test must be conducted at least annually.
In the case of goodwill, Esprinet S.p.A. carries out the impairment tests foreseen by IAS 36 in respect of all cash generating units to which goodwill has been allocated.
The recoverability of a carrying amount is tested by comparing it against an asset's fair value, less cost to sell, when there is an active market, or its value in use, whichever is greater.
Value in use is the present value of future cash flows expected to be derived from an asset or a Cash Generation Unit (CGU) and from its disposal at the end of its useful life.
CGUs have been identified within the Company's organizational and business structure as homogeneous groups of assets that generate cash inflows independently through the continued use of the assets included in each group.

With reference to the investments in subsidiaries and in associated companies, in case of dividend distribution, the following should also be considered as 'impairment indicators':

- Investment in subsidiary book value in the financial statement exceeding the consolidated carrying amount of the subsidiary net asset (possible connected goodwill included);
- The dividend exceeding the total comprehensive income of the subsidiary in the period to which the dividends refer.

Investments in subsidiaries and other companies

Investments in subsidiaries, associates and other companies are valued at acquisition or subscription cost.
Cost is reduced for long-term losses, where investments have endured losses and are not expected – in the immediate future at least – to realise profits that will be such to absorb the losses incurred; the original value is restored in later years, should the reasons for a given write-down cease to exist.
Positive balances arising at the time of acquisition between the acquisition cost and the quota of net equity of the company invested in and belonging to the company at current values, is therefore included in the value charged to the investment

Deferred income tax assets

Deferred income tax assets are recorded at face value. They are entered in the books when their recovery is deemed probable. See also the comment under item *'Income taxes'*.

Financial assets

Receivables and financial fixed assets that will be held until their maturity are stated at the cost represented by the fair value of the initial payment given in exchange, increased by the costs of the transaction (e.g. commissions, consultancy fees, etc.).
The initial statement value is subsequently modified to take into account any capital repayments, write-downs and amortization of the difference between the reimbursement value and the initial statement value.
The amortization is carried out based on the effective internal rate which is the rate that renders the current value of expected cash flows and the initial statement value identical at the moment of the initial statement (so-called amortized cost method).

Financial assets destined for negotiation and financial assets available for sale are stated at fair value with the effect accounted in the income statement item *'Finance income/(cost)'* and the Shareholders' Equity item *'Other reserves'* respectively.
When the purchase or sale of a financial asset foresees the payment for the transaction and the delivery of the asset within a set number of days, established by the market authorities or by convention (e.g. purchase of shares on regulated markets), the transaction is stated at the payment date.
Financial assets that are sold are eliminated from the assets when the right to receive cash flow is transferred together the risks and benefits associated with the ownership of that asset.
At each reporting date the Company assess whether there is any indication that a financial asset or a group of financial assets may be impaired.

Current assets

Inventory

Stock is taken at the lower of acquisition cost and realisable value, as obtained from market trends, whilst taking into account the features peculiar to the target sector of the Company concerned, which sells mainly IT products and consumer electronics that rapidly become obsolete.

The configuration of cost adopted when valuating stock is based on the FIFO method of accounting.
Purchase cost considers additional expenses as well as any discounts and allowances granted by vendors, in accordance with the sector's standard business practice, in relation to predetermined sales targets being achieved and marketing activities being adequately developed in order to promote the brands being distributed and to develop the sales channels utilised. Cost includes 'price protections' on inventories granted by suppliers on the purchasing prices.
Obsolete and surplus stock and stock characterised by slow turnover is written down to reflect the chances of selling it.

Trade and other receivables

Trade and other receivables are initially stated at 'fair value'.
After first appraisal, receivables are stated at the amortised cost based on the real IRR (Internal Rate of Return), that is, the rate that renders the current value of expected cash flows and the initial statement value identical at the moment of the initial appraisal (so-called amortised cost method).
The amount obtained using the amortised cost method, is then reduced to the realisable amount in the case of loss occurring.
Write-downs are determined by considering the solvency of individual creditors, the insurance coverage and the level of credit risk, based on the available information and accumulated historical experience.

Receivables assigned without recourse can be de-recognized only when they meet the de-recognition requirements of IAS 39.

Income tax assets

Current taxation assets are stated at fair value; they include all those assets that are taxable by the Tax Authorities or that can be financially compensated in the short term. For further information please refer to the heading *'Income taxes'*.

Other current assets

Other current assets are stated at the lesser of the cost and the net realisable value.

Cash and cash equivalents

Cash in hand includes all liquid funds and deposits in bank accounts that are immediately available, as well as other liquidity with a duration of less than three months.
The liquid funds in euro are stated at their face value, while liquid funds in other currencies are stated at the current exchange rate at the end of the year.

Net equity

Own shares

Where existing, own shares are stated at cost and deducted from equity. In the case of any subsequent sale, the difference between the cost of own shares and the selling price is recognized in equity.

Current and non-current liabilities

Financial liabilities

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially stated at fair value, to which any eventual costs related to the transaction are added. Afterwards, financial liabilities are stated at the amortized cost using the actual interest rate for the discount calculation.
Financial liabilities are removed from the income statement once the obligation specified in the contract has been fulfilled, cancelled or expired. The difference between the book value of the financial liability which is paid off or transferred to another party and the sum paid is reported in the income statement.

The fair value of a financial asset or liability quoted in an active market is defined, at each reporting date, in terms of the quoted market price or of the dealers' price ('bid price' for asset held or liability to be issued, 'asking price' for an asset to be acquired or a liability held), without any deduction for transaction costs. If the market for a financial instrument is not active the fair value is established by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Provisions for risks and charges

Provisions are made when: (i) there is the probable existence of an obligation, be it actual, legal or implicit, due to past events; (ii) it is probable that the fulfilment of the obligation be against payment; (iii) the amount of the obligation can be reasonably ascertained. The provisions are stated at the value that represents the best estimate of the year. Where there is a significant financial effect over time and the payment date of the obligations can be reasonably estimated, the provisions are actualised; the increase in the provisions linked to the passing of time is stated in the separate income statement in the item *'Finance costs'*.

Staff post-employment benefits

Staff post-employment benefits are defined on the basis of plans which even though not yet official are called either 'fixed contribution' or 'defined benefit' plans, depending on their characteristics.

In the 'fixed contribution' plans the obligation of the company, limited to the payment of contributions to the State or entity or a distinct legal authority (fund), is calculated on the basis of the contributions owed.

Until the 2007 Financial Law and relative enforcing decrees came into force, the uncertainty regarding payment times meant that staff severance indemnity (TFR) was likened to a defined benefit plan.
Following the reform, the allocation of accruing staff severance indemnity quotas to the pension fund or to INPS, the Italian Social Security body, caused the transformation of the plan into a fixed contribution plan, where the company's obligation is exclusively the payment of the contributions either to the fund or to INPS.

Liabilities relating to past staff severance indemnity still represent a defined benefits plan calculated by independent actuaries using an actuarial-type method. Actuarial profits and losses deriving from changes to actuarial hypotheses are entirely reported in the year's separate income statement.

Pursuant to IAS 19, the above-mentioned reform has made it necessary to recalculate the value of the past staff severance indemnity provision due to the exclusion of the actuarial hypotheses linked to salary increases and the revision of financial-type hypotheses.
This effect (curtailment) has been reported in the 2007 separate income statement in reduction of personnel costs.

Payables, other debts, other liabilities

Payables, other debts and other liabilities are initially reported at their fair value increased by any costs linked to the transaction. They are later reported in the income statement at their face value, since no time-discounting or separate entry of interest payable is deemed necessary given the foreseen payment times.

Provisions for presumed debt are liabilities paid for goods or services which have been received or supplied but not yet paid and include amounts due to staff or other subjects.
The degree of uncertainty regarding the timing or amount of the allocations for 'Other debt/liability' is rather less than that of the provisions.

For further details regarding trade payables please see '*Definitions*' below.

Income statement

Revenues and expenses

Revenues from sales and services are stated at the moment of transfer of the typical risks and advantages of property or at the time the service is performed.
Revenues are recognised at the time of shipment when the risk of loss is transferred to the buyer at that time.
Revenues are stated net of returns, discount, allowances and bonuses, as well as directly related taxation.
Costs are recognised when related to goods and services sold or used in the period or proportionally when their useful future life cannot be determined.
The purchase cost of products is reported net of any discounts granted by vendors for 'protection' provided in respect of price-list reductions and product replacements.
Credits arising from any such allowances are recorded by using the accrual method of accounting, based on information from the vendors concerned.
Discounts granted for immediate cash payments of invoices payable upon presentation are used to reduce the cost of the products purchased, since – as is standard practice in the sector in which the Company operates – the commercial component is considered predominant.

Dividends

Dividend payable is stated at the date of approval of the decision by the Assembly.

Stock grants

Labour costs include stock options and/or stock grants awarded to managers in as much as they represent actual remuneration accruing at the closing date of the financial statements.
The cost is calculated in reference to the fair value of the assignment awarded to the employee.
The portion belonging to the period is calculated pro rata temporis over the vesting period.

The fair value of assigned stock grants is measured by the 'Black-Scholes and is stated in the form of a counterparty in the *'Reserves'*.

Income taxes

Current income taxes are calculated with an estimate of taxable income; the forecast payable is stated in the item '*Current income tax liabilities*' but, if surplus accounts have been paid, the receivable is stated in the item '*Current income tax assets*'.
Tax payables and receivables for current taxation are stated at the value that it is expected to pay to or to recover from the Tax Authorities when applying the rates and current tax law or laws which have been substantially approved at the end of the period.

Deferred and advance income taxes are calculated using the '*liability method*' on the temporary differences between the values of assets and liabilities stated on the statement of financial position and the corresponding values recognised for tax purposes. The statement of assets for advanced taxation is made when their recovery is probable.
Deferred and advance taxation are not stated if they are linked to the initial statement of an asset or liability in a different transaction by a business combination and that does not have an impact on the results and taxable income.
Assets for advanced taxation and liabilities for deferred taxation are stated in the fixed assets and liabilities and are off-set for each single company if they are taxes that can be off-set. If the balance of this off-set is positive, it is stated in the item '*Deferred income tax assets*'; if it is negative, it is stated in the item '*Deferred income tax liabilities*'.

Foreign currency translation, transactions and balances

Functional and presentation currency

Items included in this financial statement are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euro, which is the Company's functional and presentation currency.

Currency transactions and balances

Foreign currency transactions are entered under functional currency using the exchange rates prevailing at the date of the transactions.
Monetary assets and liabilities in foreign currency are converted into euro by applying the current exchange rate at the end of the period and the effect is stated in the separate income statement.
Non-monetary assets and liabilities in foreign currency valued at cost are stated at the initial exchange rate; when they are valued at fair value or their recoverable or sale value, the current exchange rate is used on the date that the evaluation is made.

Financial derivatives

Derivatives are financial assets and liabilities that are stated at their fair value.
Derivatives are classified as hedging instruments when the relationship between the derivative and the underlying instrument is documented and the effectiveness of the hedge is both high and regularly verified.

When a derivative covers the risk of variation of cash flow of the underlying instrument (cash flow hedge; e.g. to cover the variability of cash flow of assets/liabilities due to changes in interest rates), the variation in the fair value of the derivative is initially stated in the shareholders' equity (and, consequently, in the statement of comprehensive income) and afterwards in the separate income statement in line with the economic effects produced by the covered transaction.
If the hedging instrument expires or is sold, terminated or exercised (replacement excluded), or if the entity revokes the designation of the hedging relationship, the cumulative gain or loss on the hedging instrument recognised directly in equity from the period when the hedge was effective shall remain separately recognised in equity until the forecast transaction occurs.

Variations of fair value derivatives that do not fulfil the requirements necessary to be defined as hedging instruments are stated in the separate income statement.

Other information

Please note that the information required by Consob regarding significant operations and balances with related parties has been entered separately in the statement of accounts solely when significant and can also be found under '*Other significant information'*.

2.4 Critical accounting estimates and definitions

2.4.1 Introduction

The IT and electronic consumables distribution sector presents some significant specific features, as it is to some extent independent of geographic constraints, especially as regards commercial relations with suppliers of products or vendors.

This is particularly evident in the conditions and formation of the so-called back-end profit margin, which results from the difference between the purchase price of the products and the sales price to the final consumer or reseller according to the terms of each supplier (with respect of the distributor's main function which naturally remains that of brokering the flow of products between supplier/producer and reseller/retailer).

Purchase conditions typically provide for a basic discount on end-users'/resellers' price lists and a series of additional conditions that vary from vendor to vendor in terms of function and terminology but which can normally be summarised in the following categories:

- bonuses/rebates for attaining targets ('sell-in', 'sell-out', number of clients, logistic efficiency);

- development funds, co-marketing and other incentives;
- cash discounts (so-called 'prompt payment discounts').

Esprinet S.p.A. further benefits from current agreements with almost all the vendors in the form of specific contractual protections concerning the value of unsold stock, the aim of which is to neutralise the financial risk associated with variations in list prices of products ordered ('price protection') or already present in the distributor's warehouses ('stock protection'), within certain limits.
In the first case, the protection is generally recognised through the invoicing of products ordered and not yet sent at the new price; in the second case, the vendor usually accords a credit equal to the reduction in price of the products.

As for the cash discounts, these are generally recognised following respect of the contractually fixed payment terms and provide an incentive to pay punctually.
These conditions allow for deferred payments in all cases with respect to the issue of the relative invoice or sending of the merchandise.

In line with what happens for the financial discounts offered to some selected groups of customers, which are accounted for as reduced earnings, the cash discounts are accounted for in the form of reduced purchase costs.

It is not possible within the sector to establish mid-norm payment terms policies regarding payment to suppliers as there is a considerable variety of conditions according to supplier.
More in particular, the intervals in deferral of payments set out in the invoices range from a minimum of 7 to a maximum of 120 days, and in only one case is cash payment required.
In some cases, the payment terms set out in the invoice are the object of further agreed deferrals, for each shipment or on the basis of clearly-defined commercial programmes set up by the suppliers.
In the cases in which the above-mentioned deferrals carry an additional charge, the interest rate applied is not explicit, except in rare cases. Further, it often happens that implicit deferral terms – sometimes applied through a reduction in the contractually agreed cash discounts – have no connection with the current financial market rates, thus revealing how the commercial item takes precedence over the strictly financial item compensating for the delay between the date the debt arises and its effective payment.
This element is also suborned by the relatively brief duration, on average, of the deferral period, even when extended, which never, except in rare cases, exceeds 90 days.

2.4.2 Critical Definitions

For the purposes of the drafting of the present statement of accounts, and as a further qualification of the definitions contained in the IFRS, some conventional definitions regarding the nature of the liability entries have been adopted.

Financial debt

'Financial debt' is the term used to describe obligations to pay given amounts on a given date arising from the obtaining of financial liquidity as a loan.
These include the type of transaction set out below, prevalently of a financial character and explicitly remunerated, and, in terms of the identity of the creditor, typically represented by a financial body or institution.

As examples, and regardless of the item's current or non-current character, the following liabilities are considered financial debt:

- payables to banks;
- payables to leasing companies (financial leasing operations);
- payables to factoring companies (without recourse advances).

Not included in the category of financial debt are those liabilities which, although not deferred payment for the purchase of goods or services, nevertheless do not strictly constitute loans.
Liabilities towards a seller in the case of the acquisition of shareholdings with deferred payment do fall into this category.

By contrast, costs deriving from the above-mentioned loans, including interest on current account overdrafts, on short and medium/long-term loans, the amortisation of initial loan operation costs, costs associated with financial leasing and exchange-rate differences, are entered in the books among the financial costs.

Trade payables

The category ‘payables to suppliers’ includes liabilities arising from the deferred purchase of goods or services.
Liabilities representing the deferred payment of goods or services are therefore entered under payables to suppliers at their face value, since no updating and separate itemisation in the income statement in terms of explicit or separate interest due is deemed necessary for considering the expected payment times.

2.4.3 Critical accounting estimates and assumptions

The preparation of the financial statements and the related notes has required the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent assets and liabilities.
Estimates and assumptions have been made based on historical experience and other factors, including expectations of future events, the manifestation of which are deemed reasonable.
Estimates and assumptions are revised on a regular basis, and the impact of such revision is immediately recognised in the income statement in the period of the change, if the change affects that period only, or in the period of the change and future periods if the change affects both.

The assumptions regarding future performance are characterized by uncertainties. This means that different results - obviously neither estimable nor foreseeable, today – which might even cause significant adjustments to the book values of the relative items, cannot be excluded for the next financial year.

The financial statement items mainly affected by these situations of uncertainty are certain sales revenues, some sales reversals, the provisions for risks and charges, the allowances for doubtful accounts, depreciations and amortisation, employee benefits, income taxes and goodwill.

The critical valuation processes and the estimates and assumptions deemed likely to produce significant effects on the financial situation of the Esprinet S.p.A., should the future events set out not take place in whole or in part, are summarised below.

Goodwill

For purposes of verifying loss of goodwill value entered in the books, the ‘value in use’ of the Cash Generating Units (‘CGUs’) to which a goodwill value has been attributed has been calculated.
The CGUs have been identified within the Company’s organisational and business structure as homogeneous groups of assets that generate cash inflows independently, through the continued use of the assets included in each group.
The use value has been calculated by the discounting back of expected cash-flows for each CGU as well as of the value expected from its disposal at the end of its useful life.
To this end, the so-called Discounted Cash Flow Model (DCF) has been used, which requires that future financial flows be discounted at a rate adjusted to the specific risks of each single CGU.

‘Fair value’ of derivatives

For purposes of the present statement of accounts it has been necessary to measure the fair value of the two IRS - Interest Rate Swap contracts signed in November 2007 in order to hedge the risk of changes in future cash flows of the hedged loans technically defined as ‘amortising - forward start’.

Their conditions up to 30 November 2012 fully comply with International Accounting Standard 39 regarding ‘hedge accounting’(formal designation and documentation of the hedging relationship; hedge expected to be highly effective and reliably measured; forecast transaction highly probable and affecting profit or loss) and as a consequence, until that date both of the two derivative contracts were subject to the ‘cash flow hedge’ accounting rules. At inception date the portion of the gain or loss on the hedging instrument (that has been determined to be an effective hedge) has been recognised directly in equity.

Subsequent changes in fair value of the expected future cash flows on the hedge item from inception of the hedge (due to changes in the interest rate curve) have been similarly recognised directly in equity (always within limits of being an effective hedge) and, consequently, shown in the statement of comprehensive income.

Since 1 December 2012, as a consequence of the retrospective effective test failure, the fair value hedging instrument variation has been recognised in the separate income statement.

Stock grant

For the purposes of the present statement of accounts, it has been necessary to include in the books the economic/asset effects associated with the stock grant plans in favour of some managers of Esprinet S.p.A. and its subsidiaries, the operation of which is better illustrated in the paragraphs *‘Share incentive plans’* and *‘Share capital’*.
The cost of these plans has been specifically determined with reference to the fair value of the rights assigned to the single beneficiaries at assignment date.
Bearing in mind the unusual and manifold operating conditions – in part governed by the consolidated financial results of the Group and in part by the permanence of the beneficiary in the Group until the vesting date of the plans – this fair value has been measured using the ‘Black-Scholes’ method, taking expected volatility, presumed dividend yield and the risk-free interest rate into account

Revenue recognition

For purposes of recognising earnings on sales and services, insufficient information regarding haulers’ actual consignment dates, means that dates are usually estimated by the Group on the basis of historical experience of average delivery times which differ according to the geographical location of the destination.

Credit notes due from vendors

Bearing in mind the unusual practices of the sector regarding the way purchase and sale conditions are defined and, ultimately, the way the trading margin is formed and stated, estimates are usually effected by the Company, especially where the occurrence of events might provoke significant financial effects.
Estimates of the sums of credit notes due from vendors to suppliers as rebates for the achieving of targets and incentives of various kinds, reimbursements for joint marketing activities, contractual stock protection, etc. at the drafting date of this document are referred to in particular.

The Company has developed a series of procedures and checks to minimise possible errors in evaluations and estimates of the credit notes due.
The possibility of differences emerging from between the estimated sums and those actually received in the final statement of financial position cannot be excluded, however.

Depreciation and amortisation of fixed assets

Tangible and intangible assets with a defined useful life are systematically depreciated throughout their useful life. Useful life is defined as the period in which the activities will be used by the Company.
This is estimated on the basis of experience with similar assets, market conditions and other events likely to exercise any influence on the useful life including, just as an example, significant technological changes. As a result, the actual economic life may differ from the estimated useful life.
The validity of the expected useful life in terms of its asset category is regularly checked by the Company.
This revision may result in variations to the periods of depreciation and amortization quotas in future accounting periods.

Bad debt provision

For purposes of calculating the presumed degree of encashment of receivables, the Company makes forecasts concerning the degree of solvency of the other parties, on the basis of available information and historical experience.
The actual value of encashment of receivables may differ from that estimated because of uncertainties

regarding the conditions underlying the appraisal of solvency made.
Any extension and/or deterioration of the present economic and financial crisis may cause a further worsening in the financial conditions of the Company's debtors as opposed to that already taken into consideration when estimating the provision entered in the statement of financial position.

Stock obsolescence provision

The Company usually effects forecasts regarding the value of encashment of obsolete, surplus or slow-moving warehouse stocks.
This estimate is mainly based on historical experience and takes into consideration the peculiarities of the respective stock sectors.
The value of encashment of the stocks may differ from that estimated because of the uncertainty affecting the conditions underlying the estimates made.
The present economic and financial crisis may cause a further worsening in market conditions compared with that taken into consideration when estimating the provision entered in the financial statements.

Provision for risks and charges

The Company makes provision for risks and charges on the basis of assumptions referred essentially to sums that might reasonably be paid to meet obligations for payment relating to past events.
The estimate is the result of a complex process including the involvement of legal and tax consultants and which also includes personal opinions on the part of the Company's management.
The sums actually paid to extinguish or transfer the obligations for payment to third parties may also differ significantly from those estimated for purposes of provision.

Benefits to employees

Liabilities arising from benefits to employees subsequent to the employment noted in the statement of accounts are calculated by the application of actuarial methods as per IAS 39.
These methods have required the identification of several employment possibilities and estimates of a demographic (probability of death, disability, leaving the labour market, etc.) and financial nature (technical rate of discounting back, inflation rate, rate of increase in remuneration, rate of increase of severance indemnity).

The validity of the estimates made depends essentially on the stability of the regulations used as a reference point, the progress of market interest rates, the progress of the remuneration dynamics and eliminations, and also on the frequency of access to advances on the part of employees.

Taxes

Current income taxes are calculated on the basis of the estimate of liable earnings, by applying the current fiscal rates pertaining on the date of the drafting of the statement of accounts.
Deferred and advance taxes are determined by the temporary differences arising between the values of the assets and liabilities reported and the corresponding values recognised for tax purposes, using those tax rates considered possible upon encashment of the asset or extinguishment of the liability.
Deferred tax assets are registered when the associated recovery is deemed probable; this probability depends upon the effective existence of taxable results in the future enabling deductible temporary differences to be used.

The future taxable results have been estimated by taking into consideration the budget results and the plans consistent with those used to effect impairment tests. The fact that deferred tax assets refer to temporary tax differences/losses, a significant amount of which may be recovered over a very long time-span, compatible therefore with a situation where overcoming the crisis and economic recovery might extend beyond the time-frame implicit in the aforementioned plans, has also been taken into account.

2.5 Recently issued accounting standards

Information regarding the new approved accounting principles starting 1 January 2012, as well as the principles applicable starting 1 January 2013, together with the specifications concerning the approach of the Group towards them and the effects on the Esprinet S.p.A. financial statements can be found in the '*Notes to the consolidated financial statements'.*

2.6 Changes in accounting estimates and reclassifications

No changes in the critical accounting estimates regarding previous periods, pursuant to IAS 8, and no reclassifications have been made in 2012.

Reclassifications in income statement

With reference to the separate income statement, expenses are classified by ‘function’ and costs deriving from activities to make products and services available for sale are included in ‘cost of sales’.

Following a more rigorous allocation of some types of cost to better apply the classification by ‘function’ criterion, some not material changes to the classification rules of ‘cost of sales’ and ‘operating costs’ were made for the first 12 months of 2011, consequently affecting the ‘Gross profit’ figure, resulting in the restatement of the separate income statement for the entire financial year 2011. These changes had no impact on the consolidated statements of financial position at 31 December 2011, however.

The tables below show the impact of the restatement process described on the separate income statements previously published for the approval of the annual statements for the financial year ended 31 December 2011.

(euro/000)	2011		
	Restated	Published	Variation
Sales	1,580,742	1,580,742	-
Cost of sales	(1,478,097)	(1,491,518)	13,421
Gross profit	**102,645**	**89,224**	**13,421**
Sales and marketing costs	(23,285)	(26,250)	2,965
Overheads and administrative costs	(43,296)	(26,910)	(16,386)
Operating income (Ebit)	**36,064**	**36,064**	**-**
Finance costs - net	(2,254)	(2,254)	-
(Cost) income from investments	(13,734)	(13,734)	
Profit before income tax	**20,076**	**20,076**	**-**
Income tax expenses	(11,423)	(11,423)	-
Net income	**8,653**	**8,653**	**-**

In all the following tables and notes the separate income statement for 2011, whether for the interim period or the full year, is presented in the ‘restated’ form.

3. Notes to the statement of financial position items

Non-current assets

1) Property, plant and equipment

(euro/000)	Plant and machinery	Ind. & comm. equipment & other assets	Assets under construction & advances	Total
Historical cost	8,393	21,158	101	**29,652**
Accumulated depreciation	(7,140)	(17,355)	-	**(24,495)**
Balance at 31 December 2011	**1,253**	**3,803**	**101**	**5,157**
Historical cost increase	223	1,281	4,414	**5,918**
Historical cost decrease	(85)	(126)	(40)	**(251)**
Historical cost reclassification	59	2	(61)	**-**
Write-down	(32)	(199)	-	**(231)**
Increase in accumulated depreciation	(466)	(1,450)	-	**(1,916)**
Decrease in accumulated depreciation	85	120	-	**205**
Total changes	**(216)**	**(372)**	**4,313**	**3,725**
Historical cost	8,590	22,315	4,414	35,319
Accumulated depreciation	(7,553)	(18,884)	-	(26,437)
Balance at 31 December 2012	**1,037**	**3,431**	**4,414**	**8,882**

The tangible assets as at 31 December 2012 amount to 8.9 million euro with an increase of 3.7 million compared to 31 December 2011.

Investments mainly refer to the "*Assets under construction*" category (4.4 million euro), and are related to new plants, furniture and fittings for the organization of Esprinet S.p.A. new administrative head office.
Disposals of tangible assets mainly refer to the replacement and divestment of air-conditioning plants and electronic machines practically entirely depreciated or rather no longer being used in the new head office in Vimercate.
The following is the breakdown of the item '*Industrial and commercial equipment and other assets'*:

(euro/000)	31/12/12	31/12/11	Var.
Electronic machines	1,491	1,622	(131)
Furniture and fittings	564	778	(214)
Industrial and commercial equipment	618	769	(151)
Other assets	758	634	124
Total	**3,431**	**3,803**	**(372)**

The depreciation rates adopted for each asset category did not change significantly from the previous year.

Please note that there are no temporarily unused tangible fixed assets intended for sale and that supply contracts signed within the financial year, but not recognised in the financial statements are insignificant.

2) Goodwill

Goodwill amounted to 10.6 million euro.

The following table summarises the values of the single goodwill items in terms of the business combinations from which they arose:

(euro/000)	31/12/12	31/12/11	Var.
Assotrade S.p.A.	5,500	5,500	-
Pisani S.p.A.	3,878	3,878	-
Esprilog S.r.l.	1,248	1,248	-
Total	**10,626**	**10,626**	**-**

The Assotrade S.p.A. goodwill arose from the Esprinet's combination of the Assotrade 'IT Distribution' business unit. The Pisani S.p.A. and the EspriLog S.r.l. goodwill items refer to the merger deficit arisen from the merger into Esprinet S.p.A. of Pisani S.p.A. and EspriLog S.r.l..

Disclosures about impairment tests of assets: goodwill

IAS 36 requires the testing of property, plant and equipment and intangible assets with an indefinite useful life for impairment whether there are indications that impairment has occurred. In the case of goodwill and other intangible assets with an indefinite useful life, this test, so said 'impairment test', must be conducted at least annually and whenever 'triggering events' occur, i.e. extraordinary negative events implying the asset may be impaired.

Goodwill does not generate cash flows independently of other assets or group of assets so, in compliance with IFRS, it is not an 'individual asset' and may not be subjected to a separate impairment test being tested for impairment together with the group of activities to which it has been allocated.
For the purposes of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's 'CGU - Cash-Generating Units', or groups of CGUs that must not to be larger than an operating segment determined in accordance with IFRS 8.
In this case it was only possible to consider the company as a whole, since no smaller independent CGU-Cash Generating Units were identified where all or part of the goodwill items could be allocated.

The method of testing the recoverable amount of the above goodwill items and the valuation system used can be found in the same section of the Consolidated Financial Statements and in the subsequent section 'Investments in subsidiaries and other companies', to which refer.

The tests performed did not highlight any impairment. Consequently no write-downs appear in the financial statements as at 31 December 2012 and goodwill amounts have therefore not changed versus the previous year.

In addition, the management believes it unlikely that there will be key assumption changes able to generate a reduction in the Esprinet S.p.A.'s net asset recoverable amount below the respective carrying amount.

Consequently, also in compliance with joint Bank of Italy/Consob/Isvap document n. 4 of 3 March 2010, a sensitivity test was performed on the results of the test regarding the combined variation in the following basic assumptions:

- the long term growth rate 'g' in order to obtain the cash flows beyond plan horizon;
- the cash flow discounted rate;
- the forecasted EBIT;

The variation range compared to the 'normal' case taken into account are as follows:
- 'g' equal to 0% and to 1%;
- WACC lower than -2% and -1%;
- EBITDA lower than -10% and -20%.

With reference to this, we point out that in the 'worst case' scenario, when simultaneously all the variables get the lowest value of the above mentioned ranges, no write-down of the goodwill booked in the financial statement as at 31 December 2012 would be necessary.

3) Intangible assets

(euro/000)	Industrial and other patent rights	Assets under construction and advances	Total
Historical cost	7,215	37	**7,252**
Accumulated amortisation	(7,035)	-	**(7,035)**
Balance at 31 December 2011	**180**	**37**	**217**
Historical cost increase	754	142	**896**
Historical cost decrease	(2)	(5)	**(7)**
Historical cost reclassification	15	(15)	**-**
Write-down	-	-	**-**
Increase in accumulated amortisation	(348)	-	**(348)**
Decrease in accumulated amortisation	2	-	**2**
Totale changes	**421**	**122**	**543**
Historical cost	7,982	159	**8,141**
Accumulated amortisation	(7,381)	-	**(7,381)**
Balance at 31 December 2012	**601**	**159**	**760**

The item 'Industrial and other patent rights' is amortized over three years and includes the costs sustained for the long-term renewal and upgrade of IT operating system (software).

5) Investments in subsidiaries and other companies

(euro/000)	31/12/12	31/12/11	Var.
Investments in subsidiaries and other companies	66,224	65,714	510

The following information regards the Company's investments in associates companies. Data concerning net equity and net income refer to the draft financial statements as at 31 December 2012 approved by the respective Boards of Directors.

(euro)	Headquarter	Net equity [1]	Profit/(loss)	% possession	Cost	Value
Subsidiaries						
Comprel S.r.l.	Vimercate	4,120,056	375,984	100%	500,000	500,000
Monclick S.r.l.	Vimercate	408,217	(343,383)	100%	3,736,225	3,800,537
V-Valley S.r.l.	Vimercate	478,941	240,260	100%	20,000	20,000
Esprinet Iberica S.L.U.	Saragozza-Spain	66,163,253	2,997,457	100%	75,637,217	61,903,000
Total		**71,170,467**	**3,270,318**			**66,223,537**

[1] Data from draft financial statements as at 31 December 2012 drawn up in compliance with the respective local accounting principles.

The following table shows the movement in investments in subsidiaries during the year:

(euro/000)	Balance at 31/12/2011	Increase	Decrease	Balance at 31/12/2012
Comprel S.r.l.	500	-	-	500
Monclick S.r.l.	3,291	510	-	3,801
V-Valley S.r.l.	20	-	-	20
Esprinet Iberica S.L.U.	61,903	-	-	61,903
Total	**65,714**	**510**	**-**	**66,224**

During 2012, the Monclick S.r.l. investment rose by 10 thousand euro as a result, on one hand, of the maturity of the Esprinet S.p.A. stock grant of beneficiaries who are also employed by the same company, in accordance with IFRS 2, and on the other hand of the Esprinet credits waiver vs. Monclick S.r.l. on 24 October 2012, equal to 500 thousand euro, for the cover of the losses raised as at 30 September 2012.

The company V-Valley has a role of “sales dealer”, managing the sales operations in its own name and on behalf of its parent company. It develops a service activity towards that of the headquarters, in totally subordinated conditions, representing a company vehicle where part of the “value chain” of the parent company is merged (basically the invoicing and the credit management, included the management of the insurance related to the factoring programmes).

No specific impairment test was conducted for the above mentioned company, on one hand because of the complete subordination to Esprinet, given also by the inclusion into the same CGU tested for the goodwill ‘impairment test’, and on the other hand considering the non-material value of the same (the company is booked for 20 thousand euro in the financial statement as per the initial establishment payment from the unique shareholder, Esprinet S.p.A).

In compliance with IAS 36, in order to verify whether there is any indication that its investments in subsidiaries may be impaired, the entity perform at least annually an impairment test by comparing the value in use and the carrying amount of these investments.

A) Valuation system

In the case of the abovementioned investments, their value in use was calculated starting with the cash flow reasonably obtainable from operations, discounted-back to the date of the analysis.

The abovementioned cash flows were estimated on the basis of the Group’s plans forecast approved by the Board of Directors. These plans were drawn up, starting from the analytical budget of 2013 considered a ‘pivot’ year, thanks to forecasting techniques useful both for a separate management of fixed and variables costs, and for defining the revenues and product gross margin trend. This was done utilising a *‘benchmarking’* of the sector trends and of the end market in its entirety, as evaluated by reliable external sources, as well as assuming, for each investments, different trends according to the current and prospective competitive position.

Projections are thus based on forecasts covering a 5-year period and the ‘value in use’ was estimated using the Discounted Cash Flow (DCF) model which, in order to estimate the discounting back of future cash flows, requires an appropriate discount rate reflecting the degree of risk of the same cash flows.

An ‘asset side’ approach was used which presupposes discounting unlevered cash flows, gross of financial components, generated by operations.
These cash flows were calculated net of ‘figurative income taxes’ measured by applying an estimated tax rate to the operating income (EBIT).
The discount rate includes the effect of price increases attributable to general inflation so future cash flows are estimated in nominal terms.

In order to calculate the value in use of the investments in subsidiaries needed to assess their recoverable value versus their book value the respective net financial debt was deducted for each company at 31 December 2012.

To estimate the discount rate the WACC’, or *Weighted Average Cost of Capital,* has been used. Its cost of the capital (K_e) has been calculated using a *Capital Asset Pricing Model* (‘CAPM’) approach.

The terminal value recorded at the end of the forecast period was calculated using the ‘Perpetuity Method’ (unlimited capitalisation model of the last year’s cash flow).
The approach used presupposes that from the end of the 5^{th} year on, the cash flow will grow at a constant rate of “g” and that therefore the terminal value will be calculated as perpetual income through the capitalisation of the last cash flow of the plan at a rate corresponding to the discount-back rate used (WACC) corrected by a supposedly stable growth factor.
This last factor is seen as 2% in the case of all investments.

In order to avoid the risk of an overestimation of the terminal value, taking into account both the conjuncture trend, that embraces, even if not in the same way, all the business and the geographic Group areas, and the macro-hypothesis of the crisis termination in 2014 and of a progressive gradual recovery, was assumed that for each subsidiary the perpetual sustainable financial cash flow was approximately equal to the average of that in the last 3 years' defined forecast.

As a precaution no working capital releases are foreseen but, consistently with the past, the achievement of a 'steady state' is assumed, characterized by an absence of incremental investments, also with reference to the working capital.

Please note that, in compliance with IAS 36 (A20) provisions that require a discount rate used to be a pre-tax rate, the post-tax version CAPM- calculated WACC was adjusted into the pre-tax equivalent defined as pre-tax WACC which leads to the same result when discounting back pre-tax cash flows.

B) Basic assumptions/ critical variables

The following table describes the main basic assumptions used to calculate the recoverable value of the investment in subsidiaries:

	Monclick S.r.l.	**Comprel S.r.l.**	**Esprinet Iberica S.L.U.**
Future cash flow expected:			
Forecast horizon	5 years	5 years	5 years
g (long-term growth rate)	2.0%	2.0%	2.0%
Discount rates:			
Equity Risk Premium	5.0%	5.0%	5.0%
Sector Beta unlevered	0.95	0.98	0.74
Credit spread (1)	5.1%	5.1%	5.1%
Target financial structure (D/D+E)	0%	23%	16%
Target financial structure (E/D+E)	100%	77%	84%
WACC *post-tax*	9.22%	9.21%	8.71%
WACC *pre-tax*	12.57%	13.86%	11.43%

(1) The credit spread obtained, applicable to 10-year IRS contracts as at 31 December 2012.

C) Value adjustments

The impairment test regarding the Monclick, Comprel S.r.l., V-Valley S.r.l. and Esprinet Iberica S.L.U. investments did not reveal any need for write-downs.

D) Sensitivity analysis

The management believes it unlikely that there will be key assumptions changes able to generate a reduction in Comprel S.r.l. and V-Valley S.r.l. investments values.
With reference to the Comprel S.r.l., Monclick S.r.l. and Esprinet Iberica S.L.U. investments, the estimated recoverable amount is closer to the carrying amount, and consequently, any possible negative changes in one or more basic assumptions could lead to a write-down posting.

More specifically, different sensitivity analysis on the test results was performed taking into account simultaneously the variation of the following basic assumptions

- the long term growth rate 'g' in order to obtain the cash flows beyond plan horizon;
- the cash flow discounted rate;
- the forecasted EBIT;

The variation range compared to the 'normal' case taken into account are as follows:
- 'g' equal to 0% and to 1%;
- WACC lower than -2% and -1%;
- EBITDA lower than -10% and -20%.

The outcomes of the basic assumption variations compared to the recoverable amount are summarised as follows.
With reference to the ‘Comprel’ investment we point out that, even in the ‘worst case scenario’, that is to say with all the three variables set in the most adverse extremes of the possible range fluctuation, no write-downs would be necessary.

As regards to ‘Monclick’ investment, instead, the ‘worst’ scenario write-down would be equal to 0.9 million euro.

With reference to the ‘Esprinet Iberica’ investment, a similar scenario (‘g’ equal to 0%, WACC equal to 10.71% and EBITDA lower than -20%) would lead to a 36.1 million euro write-down. Moreover, the WACC rate reduction from 10.71% to 9.71% (i.e. -1% compared to the ‘normal’ case) would significantly decrease the write-down to 24.5 million euro (-11.6 million euro compared to the ‘worst’ scenario).
The abovementioned sensitivity analysis was performed as required by IAS 36 solely for purposes of information and the directors do not believe write-downs will be necessary since the cash flow forecasts and basic assumptions used in the impairment test are considered reasonably representative of “unique scenarios” where a certain symmetry between “best” and “worst” scenarios can be expected.

6) Deferred income tax assets

(euro/000)	31/12/12	31/12/11	Var.
Deferred income tax assets	2,613	3,396	(783)

The balance of this item is represented by taxed provisions and other temporary differences between carrying amounts and other values recognised for tax purposes which the Company expects to recover in future operating years when tax when taxable earnings will be accounted.

As shown in the following table, the change in this item is mainly due to the decrease of the provisions (bad debt provision, provision for obsolescence, fixed assets and prevision for risks) and to the change in fair value of derivatives and director’s fees not paid.

(euro/000)	31/12/12			31/12/11		
	Temporary differences	Fiscal effect (tax rate)	Amount	Temporary differences	Fiscal effect (tax rate)	Amount
Bad debt provision	5,601	27.50%	1,540	6,335	27.50%	1,742
Write-downs of fixed assets	230	27.50%	63	-	-	-
Write-downs of fixed assets	230	3.90%	9	-	-	-
Excessive amortisation	89	27.50%	24	351	27.50%	97
Excessive amortisation	89	3.90%	3	351	3.90%	14
Director's fees not paid	979	27.50%	269	1,147	27.50%	315
Inventory obsolescence provision	663	27.50%	182	809	27.50%	222
Inventory obsolescence provision	663	3.90%	26	809	3.90%	32
Agent suppl. indemnity provision	867	27.50%	238	762	27.50%	210
Agent suppl. indemnity provision	867	3.90%	34	762	3.90%	30
Provisions for risks	153	27.50%	42	1,197	27.50%	329
Provisions for risks	125	3.90%	5	1,145	3.90%	45
Ineffec. on cash-flow hedge derivatives	122	27.50%	34	113	27.50%	31
Derivative instruments	412	27.50%	113	749	27.50%	206
Other	106	27.50%	29	453	27.50%	124
Deferred income tax assets			**2,613**			**3,396**

The time-related allocation of this item is as follows:

(euro/000)		Whitin 1 year	1-5 year	Over 5 years	Total
Deferred income tax assets	31/12/12	2,511	102	-	2,613
	31/12/11	3,236	160	-	3,396

9) Receivables and other non-current assets

(euro/000)	31/12/12	31/12/11	Var.
Guarantee deposits receivables	1,315	1,838	(523)
Receivables from subsidiaries	-	82	(82)
Other receivables	21	21	-
Receivables and other non-current assets	**1,336**	**1,941**	**(605)**

The item *Guarantee deposits receivables* includes guarantee deposits relating to utilities and leasing agreements whereas the amount entered under *Other receivables* refers to the Ecor'it consortium membership fees.

Current assets

10) Inventory

(euro/000)	31/12/12	31/12/11	Var.
Finished products and goods	161,949	158,906	3,043
Provision for obsolescence	(663)	(809)	146
Inventory	**161,286**	**158,097**	**3,189**

Inventory amount to 161.3 million euro as at 31 December 2012, remaining in line with that of 31 December 2011 (158.1 million euro).

The 0.7 million euro allocated to *Provision for obsolescence* is intended to address the risks associated with the presumed lower realisable value of obsolete and slow-moving stock.

The movement in the provision during the period was as follows:

(euro/000)	31/12/12	31/12/11	Var.
Provision for obsolescence: year-beginning	**809**	**1,191**	**(382)**
Uses	(346)	(382)	36
Accruals	200	-	200
Provision for obsolescence: year-end	**663**	**809**	**(146)**

11) Trade receivables

(euro/000)	31/12/12	31/12/11	Var.
Trade receivables - gross	174,016	181,388	(7,372)
Bad debt provison	(6,263)	(6,852)	589
vables - net	**167,753**	**174,536**	**(6,783)**

Trade receivables arise from normal sales dealings engaged in by the Company in the context of ordinary marketing activities. These operations are effected almost entirely with customers resident in Italy, are wholly in euro and are short-term.

The decrease in trade receivables-gross was caused by the reduction in the last quarter turnover compared with the same period of 2011, only partially counterbalanced by the without recourse agreements reduction (52 million euro in 2012 instead of 86 million euro in 2011).
The *Trade receivables* balance includes 5.3 million euro of receivables transferred to factoring firms under the 'with-recourse' factoring agreement.

Adjustments to the presumed net realisable value of receivables collected is effected through bad debt provision. This provision is made up of allocations estimated on the basis of a valuation analysis of each single customer in terms of the relevant receivables overdue, or existing trade disputes and by also taking into account insurance covers, however (further information can be found under *'Disclosures on risks and financial instruments'*).
The table below illustrates the movements in the bad debt provision:

(euro/000)	31/12/12	31/12/11	Var.
Bad debt provision: year-beginning	**6,852**	**11,810**	**(4,958)**
Uses	(1,507)	(5,857)	4,350
Accruals	918	899	19
Bad debt provision: year-end	**6,263**	**6,852**	**(589)**

The uses in the bad debt provision significantly decreased compared to last year mainly for the recording in 2011 of the conclusion of some insolvency procedures determining as a consequence the write-off of some credits. In addiction we point out that the value of uses comes back in alignment with the figure booked in 2010 (equal to 1.8 million euro).

12) Income tax assets

(euro/000)	31/12/12	31/12/11	Var.
Income tax assets	2,150	4,401	(2,251)

The *Income tax assets* include 1.7 million euro (of which 1.5 million euro are provided directly by Esprinet S.p.A) related to the right to the repayment of IRES tax paid in previous years as a result of the non-deduction of the IRAP tax on personnel costs in fiscal years 2004-2007 and 2007-2011 (further information can be found under '*Significant events occurred during the period"* in the "*Directors' report on operations"*).
It should be noted that IRES receivables also include the amounts transferred by the Monclick S.r.l., Comprel S.r.l and V-Valley S.r.l. subsidiaries to Esprinet S.p.A. as a result of the National consolidated tax regime, the option of which was used by Monclick and Comprel starting since 2005, and by V-Valley starting since 2010.

13) Other assets

(euro/000)	31/12/12	31/12/11	Var.
Receivables from subsidiaries (A)	**58,448**	**62,986**	**(4,538)**
Receivables from associates (B)	**92**	**-**	**92**
VAT receivables	5,546	388	5,158
Other tax assets	15	236	(221)
Other receivables from Tax authorities (C)	**5,561**	**624**	**4,937**
Receivables from factoring companies	2,677	13,545	(10,868)
Receivables from insurance companies	1,846	2,051	(205)
Receivables from suppliers	1,970	722	1,248
Receivables from employees	1	4	(3)
Receivables from others	89	98	(9)
Other receivables (D)	**6,583**	**16,420**	**(9,837)**
Prepayments (E)	**973**	**1,203**	**(230)**
Other assets (F=A+B+C+D+E)	**71,657**	**81,233**	**(9,668)**

(euro/000)	31/12/12	31/12/11	Var.
Comprel S.r.l.	665	615	50
Monclick S.r.l.	2,935	3,365	(430)
V-Valley S.r.l.	19,665	18,515	1,150
Esprinet Iberica S.L.U.	5,076	10,434	(5,358)
Trade receivables (A)	**28,341**	**32,929**	**(4,588)**
Comprel S.r.l.	99	23	76
Monclick S.r.l.	8	34	(26)
Receivables as per national cons. tax regime (B)	**107**	**57**	**50**
Esprinet Iberica S.L.U.	30,000	30,000	-
Financial receivables (C)	**30,000**	**30,000**	**-**
Total receivables from subsidiaries (A+B+C)	**58,448**	**62,986**	**(4,538)**

(euro/000)	31/12/12	31/12/11	Var.
Comprel S.r.l.	764	638	126
Monclick S.r.l.	2,943	3,365	(422)
V-Valley S.r.l.	19,665	18,549	1,116
Esprinet Iberica S.L.U.	35,076	40,434	(5,358)
Totale crediti verso controllate	**58,448**	**62,986**	**(4,538)**

The previous tables show *Receivables from subsidiaries* detailed by type and by single company. For further information regarding the source figures please refer to the section headed '*Relationships with related parties*.

Vat receivables sharply increased in comparison to last year value as a consequence of an higher VAT advance payment paid on December by the parent company compared to the amount as in the settlement of VAT.

Other tax receivables are mainly reimbursements of sanctions and/or duties recognized by the tax authorities but not yet paid.

Receivables from factoring companies include sums owed to the Company as a result of 'without recourse' factoring operations effected. At the draft date of this report was drafted, almost all the receivables payable had been paid since the remainder had not yet reached maturity.
The decrease compared with that of the balance at the end of the previous year is due to the combination of the original due dates of the receivables transferred and the level of advances requested.

Receivables from insurance companies include the insurance compensation – after deductibles – recognized by the insurance companies for claims of various kinds not yet paid, but which are reasonably expected to be collected within the end of 2013.

Receivables from suppliers refer to credit notes received exceeding the amount owed at the end of the year. This item also includes receivables from hauliers for advance VAT payments and customs duties pertaining to imports, to receivables from suppliers for advance payments demanded by suppliers before purchase orders are executed.

Prepayments are costs the accrual date of which is deferred compared with that of the cash movement (mainly payables for leasing contracts, maintenance fees, service fees).

17) Cash and cash equivalents

(euro/000)	31/12/12	31/12/11	Var.
Bank and postal deposits	77,485	65,062	12,423
Cash	14	25	(11)
Cheques	1	18	(17)
Total cash and cash equivalents	**77,500**	**65,105**	**12,395**

Cash and cash equivalents are almost entirely made up of bank balances, all immediately available.
Of a partly temporary nature, the level of liquidity (originated in the normal short-term financial cycle of collections) dramatically fluctuates not only along the calendar year but also during each month, due for the most part to the concentration of payments received from customers at the end and middle of each month, while the maturities of payments to suppliers are distributed more evenly over the month.

The market value of the cash and cash equivalents is the same as the carrying amount.

Net Equity

Items composing shareholders' equity are explained in the following notes.

(euro/000)	31/12/12	31/12/11	Var.
Share capital (A)	**7,861**	**7,861**	**-**
Legal reserve	1,572	1,572	-
Share premium reserve	22,947	22,947	-
Extraordinary reserve	185,576	181,467	4,109
Merger surplus reserve	5,369	5,369	-
Share incentive plan reserve	1,790	986	804
IFRS - 'First time adoption' reserve	1,588	1,588	-
Cash flow hedge' reserve	(176)	(430)	254
Revaluation reserve	30	30	-
Reserves and profit carried over (B)	218,696	213,529	5,167
Own shares (C)	(14,935)	(14,935)	-
Total reserves (D=B+C)	**203,761**	**198,594**	**5,167**
Net income for the year (E)	**19,972**	**8,653**	**11,319**
Net equity (F=A+D+E)	**231,594**	**215,108**	**16,486**

19) Share capital

The Esprinet S.p.A. *Share capital*, fully subscribed and paid-in as at 31 December 2012, is 7,860,651 euro and comprises 52,404,340 shares with a face value of 0.15 euro each.

The main information items used in reporting the value of the rights for the free assignment of the shares can be found in the *'Directors' Report on Operations'*.
The value of these rights was reported in the separate income statement under costs relating to salaried staff with a balancing item reported in the statement of financial position under the item *'Reserves'*.

20) Reserves

Legal reserve

This item consists of provisions allocated pursuant to Article 2430 of the Italian Civil Code.

Share premium reserve

This item amounts to 22.9 million euro and comprises 11.3 million euro arising from the share premium generated by the effect of the Share Capital increase resulting from the listing on the 'Nuovo Mercato' (New Market) of Borsa Italiana in July 2001 and 11.6 million euro arising from the share premium generated by the effect of the share capital increases in 2004 and 2006 relating to servicing the stock option plan.

Extraordinary reserve

This item is made up of the allocations of profits from previous years, after the sums foreseen by Article 2430 of the Civil Code have been allocated to the Legal Reserve.

The 4.1 million euro increase derives from Esprinet S.p.A. 2011 profits of 8,6 million euro after the 4,5 million euro dividend payments (0.089 euro per every ordinary share) of 17 May 2012.

Merger surplus reserve

The *Merger surplus reserve* is composed as follows:

- 342 thousand euro from the merger of Micromax S.p.A. into Celo S.p.A in 1999 resulting in Celomax S.p.A.;
- 3.7 million euro from the merger of Comprel S.p.A. into Celomax S.p.A. (now Esprinet S.p.A.) in 2000;
- 845 thousand euro from the merger of Multimediaplanet S.p.A. into Esprinet S.p.A. in 2003;
- 62 thousand euro from the merger of Nilox S.r.l. into Esprinet S.p.A. in 2007;
- 376 thousand euro from the merger of Actebis Computer S.p.A. into Esprinet S.p.A in 2007.

Share incentive plan reserve

The *Share incentive plan reserve* includes the counter-item of costs relating to the on-going stock grant plans (further details can be found under *'Share incentive plans'* in the *'Directors' Report on Operations'*). The costs related to 2012 amount to 804 thousand euro of which 608 thousand euro refer to the plan approved on May 2012.

IFRS Reserve – 'First time adoption'

The *IFRS Reserve* amounts to 1.6 million euro as a result of the so-called 'First time adoption' of the international accounting principles by Esprinet S.p.A. at 1 January 2005. The item was also increased by the Nilox S.r.l. and Actebis Computer S.p.A. mergers into Esprinet S.p.A..

'Cash flow hedge' reserve

This item, pursuant to the 'cash flow hedge' accounting rules, equals, solely in the case the hedging instrument is determined to be an effective hedge, to the lesser between the cumulative gain or loss on the hedging instrument from inception of the hedge, and the cumulative change in fair value of the expected future cash flows on the hedged item from inception of the hedge (ref. *'Disclosures on risks and financial instruments'*).
It should be pointed out that the hedge effectiveness terminated on 30 November 2012 and, from then on, the fair value variation of the derivative contracts have been booked in the separate income statement. Thus, the change versus 31 December 2011 refers to the combined effect of the transfer to the income statement of the fair value variations accumulated regarding the instalments matured in 2012, and to the fall in interest rates at 30 November 2012 relating to the expiry dates of derivatives still in existence.

Revaluation reserve

This item refers to the monetary revaluation of fixed assets (now definitively sold) pursuant to the Italian Law No. 413/91.

Own shares on hand

The amount of own shares on hand refers to the total purchase price of No. 1,350,000 Esprinet S.p.A. shares (cf. '*Number and value of own shares'* in the *'Directors' Report on Operations'*).

The following table shows the amount and the distributability of the reserves composing the net equity as per Article 2427, 7-bis of the Italian civil Code and their past usage:

(euro/000)				Summary of the uses in the three previous years:	
Type/description	**Amount**	**Possible uses**	**Quota available**	**to cover losses**	**for other reasons**
Share capital	**7,861**	---	**-**		
Reserves as per OIC:					
Share premium reserve (*)	19,749	A,B,C	19,749		
Revaluation reserve	30	A,B,C	30		
Legal reserve	1,572	B	-		
Own shares on hand	14,935	---	-		
Merger surplus	5,369	A,B,C	5,369		
Extraordinary reserve	166,291	A,B,C	166,291		
IFRS reserve	10,750	---	-		
Total reserves	**218,696**		**191,439**	**-**	**-**
Total share capital and reserves	**226,557**		**191,439**		
Non-distributable quota (**)			-		
Residual distributable quota			**191,439**		

(*) Pursuant to Article 2431 of the Civil Code the whole amount of this reserve can be distributed solely provided that the legal reserve has reached the limit established by Article 2430 of the Civil Code, including through the transfer of the share premium reserve. This limit had been reached as at 31 December 2008.
(**) Pursuant to Article 2426, 5), this is the non-distributable quota allocated to cover long-term costs not yet amortised.

Key:
A: share capital increase.
B: cover of losses.
C: distribution to shareholders.

The main changes in net equity during 2012 can be found in the *'Statement of changes in equity'*.

21) <u>Net income</u>

The year's profits amount to 20.0 million euro, increasing by 11.3 million euro from previous year's 8.7 million, mainly due to the non-recurring charges regarding the impairment loss of the investment in Esprinet Iberica S.L.U. subsidiary (13.7 million), booked only in 2011.

Non-current liabilities

22) <u>Borrowings</u>

(euro/000)	31/12/12	31/12/11	Var.
Borrowings	4,990	14,939	(9,949)

Borrowings consist of the portion of medium/long-term loans falling due beyond the following year.

The balance as at 31 December 2012 reflects the measurement at amortised cost of the seven-year pool loan entered by Esprinet S.p.A. in June 2007.

The decrease versus the end of the previous year is due to the transfer to *Short-term financial liabilities* of quotas due within 12 months after 31 December 2012.

The above said loan contractually contains a set of no. 6 financial covenants to be attained based on audited consolidated financial statements whose details can be found under the paragraph *'Loans and loan covenants'.*

23) Derivative financial liabilities (non-current)

(euro/000)	31/12/12	31/12/11	Var.
Derivative financial liabilities	72	368	(296)

The amount refers to the 'fair value' of the 'IRS-Interest Rate Swap' contract entered in November 2007 to hedge the risk of interest rate fluctuations on the 'Senior Amortizing Loan' signed in June 2007 with a pool of banks originally for 65.0 million euro (reduced to 15.0 million euro as book value of loan principal as of 31 December 2012 because of reimbursements).
For further details regarding the operation please refer to the section headed '*Disclosures on risks and financial instruments*'.
The variation compared with 31 December 2011 is due to the combined effect of a reduction in the notional and in the relevant interest rates, and of the transfer to current liabilities of the quota due within the next financial year simply as a consequence of the time spending.

24) Deferred income tax liabilities

(euro/000)	31/12/12	31/12/11	Var.
Deferred income tax liabilities	2,225	2,282	(57)

The balance of this item depends on higher taxes that the Company has to pay in the next operating years due to temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding values recognised for tax purposes.

As shown in the next table, these differences mainly arise from the elimination of the tax amortisation of goodwill, the adjustment of the staff severance provision ('TFR') to the actuarial valuation, the write-off - for tax purposes- of the amortisation on revaluated fixed assets.

(euro/000)	31/12/12			31/12/11		
	Temporary differences	Fiscal effect (tax rate)	Amount	Temporary differences	Fiscal effect (tax rate)	Amount
Goodwills' amortisation	6,683	27.50%	1,838	6,541	27.50%	1,799
Goodwills' amortisation	6,683	3.90%	261	6,541	3.90%	255
Changes in staff leaving indemnity	280	27.50%	77	763	27.50%	210
Exceeding amortisation (fixed assets)	151	3.90%	6	301	3.90%	12
Estimated foreign exchange gains	160	27.50%	44	22	27.50%	6
Total deferred income tax liabilities			**2,225**			**2,282**

The time-related allocation of deferred income tax liabilities is as follows:

(euro/000)		Within 1 year	1-5 years	Over 5 years	Total
Deferred income tax liabilities	31/12/12	2,225	-	-	2,225
	31/12/11	2,276	6	-	2,282

25) Retirement benefit obligations

Retirement benefit obligations reflects the staff severance indemnities ('TFR') and other benefits accruing to salaried staff at the close of the period, assessed in accordance with actuarial criteria, pursuant to IAS 19.

Please note that from 1 January important modifications governing the Staff Severance Fund, among which the possibility for the worker to choose the destination of the accruing Staff Severance Fund, were introduced.
In particular, the new Staff Severance Fund flows can be channelled by the worker into a selected pension fund or kept in the company (in this case the Staff Severance Fund contributions will be paid into a treasury fund instituted at the INPS).

Changes occurred during the year are shown in the tables below:

(euro/000)	**31/12/12**	**31/12/11**	**Var.**
Balance at year-beginning	**3,854**	**4,139**	**(285)**
Service cost	-	-	-
Interest cost	168	181	(13)
Actuarial (gain)/loss	463	(45)	508
Pensions paid	(407)	(421)	14
Changes	**224**	**(285)**	509
Balance at year-end	**4,078**	**3,854**	**224**

Values recognised in the separate income statement are as follows:

(euro/000)	**31/12/12**	**31/12/11**	**Var.**
Amounts booked under personnel costs	-	-	-
Amounts booked under financial costs	631	136	495
Total	**631**	**136**	**495**

Please note that the item "service costs" no longer includes any costs since the Company, which has more than 50 employees, transfers the staff severance indemnity quotas to third parties.
The increase of '*retirement benefit obligations'* and the higher financial costs occurred in 2012 are mainly due to the discounted rate variation that had a significant impact in the 'actuarial gain or losses' figure. The abovementioned rate reflects the market returns, at the financial statement date of a panel of primary company bonds with a maturity date connected with the employee average residual permanence in the Group companies (more than 10 years)[4].

The method known as 'Project Unit Credit Cost' used to assess the Staff Severance Indemnity (TFR) as per the IAS 19 accounting standard is based on the following assumptions (substantially unchanged with respect to the assumptions made as at 31 December 2011 except for the different discounting rate):

a) Demographic assumptions

- probability of death: the values for the Italian population reported by ISTAT (Italian Central Statistics Institute) in reference to 2002, indicated separately according to gender;

[4] Please notice that, as at 31 December 2012 the iBoxx Eurozone Corporates A10+ index was used as parameter for the above mention calculation. The latter differs from the one used as at 31 December 2011 financial statement (iBoxx Eurozone Corporates AA10+) as a consequence of the highly decreased number of companies included in the basket that brought to a less significant value detected. The parameter change had a non-significant positive impact of 0.3 million euro in the actuarial gain or losses figures.

- probability of disability: the results adopted in the INPS (Italian National Social Security Institute) model for projections up to 2010, indicated separately according to gender;
- period of retirement: attainment of first requirement for pension eligibility valid for the General Compulsory Insurance Scheme in the case of a generic worker,
- probability of terminating employment for reasons other than death: 6% annual frequency has been considered based on available statistics;
- probability of anticipating: an annual rate of 3% has been assumed.

b) Economic-financial assumptions

	31/12/12	31/12/11
Cost of living increase	2.0%	2.0%
Discounting rate	3.3%	4.6%
Remuneration increase	n/a	n/a
Staff severance indemnity (TFR) - annual rate increase	3.0%	3.0%

26) Non-current provisions and other liabilities

(euro/000)	31/12/12	31/12/11	Var.
Long-term liabilities for cash incentives	170	775	(605)
Provisions for pensions and similar obligations	912	807	105
Other provisions	206	1,213	(1,007)
Non-current provisions and other liabilities	**1,288**	**2,795**	**(1,507)**

The item *Long-term liabilities for cash incentives* refers to the present value of cash incentives matured by beneficiaries of the 'Long-term Incentive Plan' – drawn up in May 2012- but payable solely on achievement of the targets established for the consolidated financial statements, following approval of the 2014 Esprinet S.p.A. financial statements.
Previous year amount refers to the "Long Term Incentive Plan" approved in April 2010 and accruing in 2013 whose liability has been booked under "P*rovisions and other liabilities".*

The item *Provisions for pensions* includes the supplementary customer indemnity provision payable to agents based on current regulations disciplining the subject. Movements in the year are as follows:

(euro/000)	31/12/12	31/12/11	Var.
Provisions for pensions: year-beginning	**807**	**559**	**248**
Uses	(24)	(8)	(16)
Accruals	129	256	(127)
Provisions for pensions: year-end	**912**	**807**	**105**

The amount, entered under *Other provisions* is intended as cover for risks linked with current legal and tax-related disputes. Changes in this item during the year are as follows:

(euro/000)	31/12/12	31/12/11	Var.
Other provisions: year-beginning	**1,213**	**2,341**	**(1,128)**
Uses	(1,179)	(1,188)	9
Accruals	172	60	112
Other provisions: year-end	**206**	**1,213**	**(1,007)**

The notes regarding developments on the main disputes involving the Group, for which the company effected the relevant risk assessments and consequently effected accruals to the provision for risks, where considered appropriate, can be found under *“Developments in legal and tax-related disputes*” in the notes to the item ‘*Non-current provisions and other liabilities’*, in turn in the *“Notes to the consolidated financial statements”*.
The Company’s and the Group’s policies regarding the management of legal and tax-related disputes can be found under ‘*Main risks and uncertainties facing the Group and Esprinet S.p.A.’* in the ‘*Directors’ Report on Operations’*.

Current liabilities

27) Trade payables

(euro/000)	**31/12/12**	**31/12/11**	**Var.**
Trade payables	345,883	342,178	3,705
Receivables - credit notes	(51,520)	(54,401)	2,881
Total trade payables	**294,363**	**287,777**	**6,586**

The increase *Trade payables* is due to longer suppliers’ payment terms (from 57 days in 2011 to 62 days in 2012) partially balanced by less purchase volumes registered in the last quarter of the year in comparison with the same period of 2011.

28) Short-term financial liabilities

(euro/000)	**31/12/12**	**31/12/11**	**Var.**
Bank loans and overdrafts	13,823	14,404	(581)
Other financing payables	4,533	12,354	(7,821)
Short-term financial liabilities	**18,356**	**26,758**	**(8,402)**

Bank loans and overdrafts account for 9.9 million euro of the current portion of existing medium/long-term loans (9.9 million euro as at 31 December 2011) while the ‘remainder’ is mainly accounted for by trade bills and advances against invoices. This ‘remainder’ amounted to 4.5 million euro at year end, highlighting a 0.6 million euro decrease therefore.

The *‘current quotas of medium-/long-term loans’* refer to the amortized cost of the instalments falling due within the twelve months after 31 December 2012 of the two seven-year pool loans entered in June 2007 which are subject to the observance of 6 covenants (for further information refer to paragraph ‘*Loans and loan covenants’*).
The constancy in the debt compared with that of the end of the previous year, despite the reimbursement of the instalments during the year as foreseen by the amortization schedules, is due to the simultaneous transfer of the new instalments falling due within the twelve months after 31 December 2012 from *‘Borrowings’.*

Other financing payables are mainly advances obtained from factoring companies and derive from the usual assignment of credits to the Company through recourse factoring and by outstanding payables received in the name and on behalf of clients transferred under the without-recourse factoring agreement.

30) Derivative financial liabilities (current)

(euro/000)	**31/12/12**	**31/12/11**	**Var.**
Derivative financial liabilities	339	381	(42)

The amount refers to the 'fair value' of the 'IRS-Interest Rate Swap' contract entered in November 2007 to hedge the risk of interest rate fluctuations on the 'Senior Amortizing Loan' signed in June 2007 with a pool of banks originally for 65.0 million euro (reduced to 15.0 million euro as book value of loan principal as of 31 December 2012 because of reimbursements).
For further details regarding the operation please refer to the section headed '*Disclosures on risks and financial instruments*'.

The variation versus the liability in place at the end of the previous year is the result of the short-term interest rate decrease, of the payment of the spreads matured at the end of June and December 2012, of the decrease of notional amounts and of the transfer of quotas due within the 12 months after 31 December 2012 from non-current financial liabilities.

32) Provisions and other liabilities

Provisions and other liabilities includes solely payables whose maturity is within the following 12 months.

(euro/000)	31/12/12	31/12/11	Var.
Payables to subsidiary and associated companies (A)	**853**	**618**	**235**
Social security liabilities (B)	**2,269**	**2,229**	**40**
VAT payables	-	5,832	(5,832)
Withholding tax liabilities	65	63	2
Other tax liabilities	927	907	20
Other payables to Tax authorities (C)	**992**	**6,802**	**(5,810)**
Payables to customers	5,511	2,719	2,792
Payables to personnel	2,594	2,329	265
Paybles to others	1,038	1,285	(247)
Total other creditors (D)	**9,143**	**6,333**	**2,810**
Accrued expenses - Insurance premiums	83	150	(67)
Deferred income - advance revenues	140	18	122
Other deferred income	8	11	(3)
Total accrued expenses and deferred income (E)	**231**	**179**	**52**
Provisions and other liabilities (F=A+B+C+D+E)	**13,488**	**16,161**	**(2,673)**

The breakdown of *Payables to subsidiaries and associated companies* by type and by single company is as follows:

(euro/000)	31/12/12	31/12/11	Var.
Comprel S.r.l.	91	88	3
Monclick S.r.l.	36	18	18
V-Valley S.r.l.	265	221	44
Esprinet Iberica S.L.U.	27	27	-
Assocloud S.r.l.	23	-	23
Trade payables (A)	**442**	**354**	**88**
Comprel S.r.l.	147	-	147
Comprel S.r.l. - Click day	194		194
Monclick S.r.l.	-	264	(264)
Monclick S.r.l. - Click day	38	-	38
V-Valley S.r.l.	32	-	32
Payables due to the national cons. tax regime (B)	**411**	**264**	**147**
Total payables to subsidiary and associated companies (C=A+B)	**853**	**618**	**235**

(euro/000)	31/12/12	31/12/11	Var.
Monclick S.r.l.	74	282	(208)
V-Valley S.r.l.	297	221	76
Comprel S.r.l.	432	88	344
Esprinet Iberica S.L.U.	27	27	-
Assocloud S.r.l.	23	-	23
Total payables to subsidiary and associated companies (C=A+B)	**853**	**618**	**235**

Social security liabilities mainly refer to payables to Welfare Institutions linked to wages and salaries paid in December and to social contributions accrued on deferred monthly payables, monetary incentives included.

Vat payables refer to the VAT matured during December 2012, after advance payments effected. The decrease over that of 2011 is mainly due to the bigger advanced payment due the Company compared with its Vat debit for December (for further information refer to note 13 before).

Other tax liabilities are mainly taxes withheld by the Company from employees' income of December and from fees to consultants.

Payables to customers refer to credit notes not yet paid by Esprinet S.p.A. relating to current trading relationships.

Payables to personnel refer to the December wages and salaries, as well as deferred monthly payables (holidays not taken, year-end bonus, summer salary, monetary incentives included accruing at 31 December 2012.

Payables to others include payables amounting to 0.8 million euro to Directors for fees accrued and unpaid relating to the year (1.0 million in 2011), as well as payables of 0.2 million euro to the Company's agents' network relating to commissions due and payable.

Accrued expenses and deferred income are, respectively, charges/income whose accrual date is anticipated/deferred compared with the cash expenditure/collection.

4. Guarantees, commitments and potential risks

Commitments and potential risks

(euro/000)	31/12/12	31/12/11	Var.
Third-party assets on consignment to the Company	1,930	3,710	(1,780)
Real securities	66,163	62,862	3,301
Bank guarantees issued in favour of subsidiaries	189,377	276,959	(87,582)
Bank guarantees issued in favour of other companies	21,328	11,349	9,979
Securities deposited	9	9	-
Total guarantees issued	**278,807**	**354,889**	**(76,082)**

Third-party assets on consignment to the Company

It refers to the value of goods owned by third parties deposited at the Esprinet S.p.A. warehouses.

Real securities

Real securities refer to a pledge on all Esprinet Iberica S.L.U. capital quotas in favour of Intesa Sanpaolo for loans valued according to the Esprinet Iberica consolidated net equity as per IFRSs at 31 December 2012.

Bank guarantees issued in favour of subsidiaries

The amount refers to the 150 million euro of guarantees given during 2007 in favour of Intesa Sanpaolo on behalf of Esprinet Iberica for loans granted to the latter (see also *'Loans and loan covenants'*).
The remaining amount refers to letters of credit or comfort letters issued in favour of some banks and factor companies as guarantee for credit limits granted to Esprinet' subsidiaries.

Bank guarantees issued in favour of other companies

The amount mainly refers to bank guarantees issued for deposits in relation to property lease agreements entered into in Italy, and bank and insurance suretyships issued to the Public Administration in order to participate in tenders for services or supplies.

Securities deposited

The amount refers to the value of the Esprinet S.p.A. securities account at Monte Titoli S.p.A. containing the shareholdings of third parties subject to restraints and lock-up agreements.

Guarantees received

Bank suretyships received

The Company holds bank suretyships totalling 0.9 million euro received as guarantees of contractual commitments assumed by their seller counterparts during acquisition operations concluded in previous years.

5. Notes to the income statement items

In order to complete this section, please consider that other analysis on Esprinet S.p.A. economic results have been provided in the *Directors' report on operations,* after tables on Group results.

33) Sales

The following are some breakdowns of sales performance. Sales by product family and by customer type has been moved to *Directors' report on operations*.

Sales from products and services

(milioni di euro)	2012	%	2011	%	Var.	% Var.
Product sales	1,458.0	99.4%	1,568.9	99.3%	(110.9)	-7%
Services sales	9.0	0.6%	11.8	0.7%	(2.8)	-24%
Sales	**1,467.0**	**100.0%**	**1,580.7**	**100.0%**	**(113.7)**	**-7%**

Sales by geographical segment

(milioni di euro)	2012	%	2011	%	Var.	% Var.
Italy	1,404.4	95.7%	1,501.8	95.0%	(97.4)	-6%
Other EU countries	51.8	3.5%	64.3	4.1%	(12.5)	-19%
Extra EU countries	10.8	0.7%	14.6	0.9%	(3.8)	-26%
Sales	**1,467.0**	**100.0%**	**1,580.7**	**100.0%**	**(113.7)**	**-7%**

Sales in other E.U. countries mainly refer to sales to the Spanish subsidiary Esprinet Iberica; sales to extra E.U. countries refer almost wholly to sales to clients whose residence is in the San Marino Republic.

35) Gross profit

(euro/000)	2012	%	2011	%	Var.	% Var.
Sales	1,467,034	100.00%	1,580,742	100.00%	(113,708)	-7%
Cost of sales	1,367,509	93.22%	1,478,097	93.51%	(110,588)	-7%
Gross profit	**99,525**	**6.78%**	**102,645**	**6.49%**	**(3,120)**	**-3%**

Gross profit is 99.5 million euro, or 6.78% of turnover, and reflects a drop of -3% compared with previous year.

As it is prevalent in the sectors where the Company operates, the cost of sales is adjusted downwards to take into account the premiums, premiums/rebates for having achieved targets, development provisions and co-marketing, cash discounts (so-called 'prompt payment discounts') and other incentives. This is further reduced by the credit notes issued by vendors in relation to protection agreed for the value of stock.

Gross profit is affected by the difference between the amount of trade receivables sold 'without-recourse' to factoring companies within the usual revolving programmes and the amounts collected.
This is calculated as approx. 1.4 million euro for the 2012 operating year (1.8 million euro in 2011).

37-38) Operating costs (SG&A)

(euro/000)	2012	%	2011	%	Var.	% Var.
Sales	**1,467,034**		**1,580,742**		**(113,708)**	**-7%**
Sales and marketing costs	25,040	1.71%	23,285	1.47%	1,755	8%
Overheads and administrative costs	44,452	3.03%	43,296	2.74%	1,156	3%
Total SG&A	**69,492**	**4.74%**	**66,581**	**4.21%**	**2,911**	**4%**
- of which non-recurring	1,800	0.12%	-		1,800	100%
Total SG&A 'recurring'	**67,692**	**4.61%**	**66,581**	**4.21%**	**1,111**	**2%**

2012 operating costs of 69.5 million euro increased by 4% on 2011. The same trend was accounted for SG&A ratio on sales increased by 0.52% compared to 2012.

The following table gives a detailed breakdown of operating costs and their performance in the two years compared:

(euro/000)	2012	%	2011	%	Var.	% Var.
Sales	**1,467,034**		**1,580,742**		**(113,708)**	**-7%**
Sales & marketing personnel costs	21,273	1.45%	19,779	1.25%	1,494	8%
Other sales & marketing costs	3,767	0.26%	3,506	0.22%	261	7%
Sales & marketing costs	**25,040**	**1.71%**	**23,285**	**1.47%**	**1,755**	**8%**
Administr., IT, HR and general service personnel costs	14,157	0.97%	15,006	0.95%	(849)	-6%
Directors' compensation	3,591	0.24%	3,050	0.19%	541	18%
Consulting services	3,831	0.26%	3,626	0.23%	205	6%
Logistic costs	10,427	0.71%	11,365	0.72%	(938)	-8%
Amortisation, depreciation and provisions	2,797	0.19%	2,789	0.18%	8	0%
Other overheads and administrative costs	9,649	0.66%	7,460	0.47%	2,189	29%
Overheads and administrative costs	**44,452**	**3.03%**	**43,296**	**2.74%**	**1,156**	**3%**
Totale SG&A	**69,492**	**4.74%**	**66,581**	**4.21%**	**2,911**	**4%**

Sales and marketing costs mainly include the following:

- costs relating to personnel working in the marketing, sales and Web functions, corresponding social security contributions and accessory charges;
- management cost for the Cash and Carry shops owned by Esprinet S.p.A.;

Overheads and administrative costs include:

- costs relating to management and administrative personnel, including the EDP area, human resources, general services and logistic;
- fees paid to corporate bodies and the related charges, travel, board and lodging expenses as well as remuneration of the stock option plans;
- business consultancy, EDP consultancy to develop software and assistance with IT systems and payments to other consultants and free-lance personnel (for auditing services, real estate, tax, legal and various other consultancy services);
- postal, telephone and telecommunications costs;
- depreciation of tangible fixed assets and amortisation of intangible fixed assets (assets relating to logistic equipment and plants allocated by function to sales costs excluded) and also provisions for risks and write-downs;
- overheads and administrative costs, among which, leasing of premises, utilities, bank charges and commission, insurance, data connections and telephone costs.

Reclassification by nature of some categories of operating costs

For purposes of providing greater information, some categories of operating costs allocated by 'function' have been reclassified by 'nature'.

Amortisation, depreciation, write-downs and provisions

(euro/000)	2012	%	2011	%	Var.	*% Var.*
Sales	**1,467,034**		**1,580,742**		**(113,708)**	***-7%***
Depreciation of tangible assets	1,719	0.12%	1,837	0.12%	(118)	*-6%*
Amortisation of intangible assets	237	0.02%	190	0.01%	47	*25%*
Amortisation & depreciation	**1,956**	0.13%	**2,027**	0.13%	**(71)**	***-4%***
Write-downs of fixed assets	230	0.02%	-	0.00%	230	*100%*
Write-downs	**230**	0.02%	**-**	0.00%	**230**	***N.S.***
Amortisation & depreciation, write-downs (A)	**2,186**	0.15%	**2,027**	0.13%	**159**	***N.S.***
Accruals for risks and charges (B)	301	0.02%	316	0.02%	(15)	*-5%*
Amort. & depr., write-downs, provisions (C=A+B)	**2,487**	**0.17%**	**2,343**	**0.15%**	**144**	***6%***

(euro/000)	2012	2011	Var.
Depreciation of tangible assets increasing the accumulated deprec.	1,916	2,066	(150)
Debited to subsidiaries	(197)	(229)	32
Depreciation of tangible fixed assets	**1,719**	**1,837**	**(118)**
Amortisation of intangible assets increasing the accumulated amortis.	348	282	66
Debited to subsidiaries	(111)	(92)	(19)
Amortisation of intangible fixed assets	**237**	**190**	**47**

Amortisation and depreciation of fixed assets have been adjusted as shown in the previous table so that, a reconciliation with the movements shown in the respective assets schedules, is allowed.

Labour costs

Due to the allocation of costs by destination, Esprinet S.p.A. labour costs have been entirely included in SG&A.

In 2012 labour cost amounts to 30.2 million euro, stable in relation to previous year.

(euro/000)	2012	%	2011	%	Var.	% Var.
Sales	**1,467,034**		**1,580,742**		**(113,708)**	***-7%***
Wages and salaries	21,217	1.45%	21,067	1.33%	150	*1%*
Social contributions	6,468	0.44%	6,523	0.41%	(55)	*-1%*
Pension obligations	1,514	0.10%	1,488	0.09%	26	*2%*
Other personnel costs	708	0.05%	742	0.05%	(34)	*-5%*
Share incentive plans	321	0.02%	405	0.03%	(84)	*-21%*
Total labour costs [1]	**30,228**	**2.06%**	**30,225**	**1.91%**	**3**	***0%***

[1] Costs of temporary workers excluded.

Details of the Company's employees at 31 December 2012, status defined as per contract, can be found under *'Human Resources'* in the *'Directors' Report on Oprations'*.

Costs relating to operating leasing are detailed in the table below:

(euro/000)	2012	%	2011	%	Var.	% Var.
Sales	**1,467,034**		**1,580,742**		**(113,708)**	***-7%***
Lease of buildings	5,924	0.40%	6,535	0.41%	(611)	*-9%*
Lease of cars	879	0.06%	841	0.05%	38	*5%*
Lease of equipment	136	0.01%	105	0.01%	31	*30%*
Lease of data connection lines	103	0.01%	84	0.01%	19	*23%*
Leasing costs	**7,042**	**0.48%**	**7,565**	**0.48%**	**(523)**	***-7%***

Commitments for future payments pertaining to leasing rentals and operating leasing are as follows:

(euro/000)	2013	2014	2015	2016	2017	Over	Total
Lease of buildings	6,521	6,530	6,165	5,890	5,395	22,357	52,858
Lease of cars	749	577	354	134	11	-	1,825
Lease of equipment	52	52	14	10	1	-	129
Lease of data connection lines	114	114	-	-	-	-	228
Leasing costs	**7,436**	**7,273**	**6,533**	**6,034**	**5,407**	**22,357**	**55,040**

42) Finance costs - net

(euro/000)	2012	%	2011	%	Var.	% Var.
Sales	**1,467,034**		**1,580,742**		**(113,708)**	***-7%***
Interest expenses on borrowings	973	0.07%	1,463	0.09%	(490)	*-33%*
Interest expenses to banks	312	0.02%	565	0.04%	(253)	*-45%*
Interest expenses to others	9	0.00%	90	0.01%	(81)	*-90%*
Upfront fees amortisation	159	0.01%	271	0.02%	(112)	*-41%*
IAS 19 expenses/losses	630	0.04%	135	0.01%	495	*367%*
Derivatives ineffectiveness	12	0.00%	-	0.00%	12	*100%*
Total financial expenses (A)	**2,095**	**0.14%**	**2,524**	**0.16%**	**(429)**	***-17%***
Interest income from banks	(154)	-0.01%	(363)	-0.02%	209	*-58%*
Interest income from others	(34)	0.00%	(5)	0.00%	(29)	*580%*
Interest income for credit discounting	(98)	-0.01%	(100)	-0.01%	2	*-2%*
Interest income from group companies	(378)	-0.03%	(332)	-0.02%	(46)	*14%*
Total financial income (B)	**(664)**	**-0.05%**	**(800)**	**-0.05%**	**136**	***-17%***
Net financial (income)/expenses (C=A-B)	**1,431**	**0.10%**	**1,724**	**0.11%**	**(293)**	***-17%***
Foreign exchange gains	(751)	-0.05%	(701)	-0.04%	(50)	*7%*
Foreign exchange losses	778	0.05%	1,231	0.08%	(453)	*-37%*
Net foreign exchange (profit)/losses (D)	**27**	**0.00%**	**530**	**0.03%**	**(503)**	***-95%***
Net finance (income)/costs (E=C+D)	**1,458**	**0.10%**	**2,254**	**0.14%**	**(796)**	***-35%***

The overall balance between finance costs and income, which is negative by 1.5 million euro, shows a significant improvement (-35%, equal to 0.8 million euro) compared to the negative balance of 2.2 million euro in 2011.
Net of the negative balance on foreign exchange handling, which showed an improvement of 0.5 million euro, the overall reduction amounted to 0.3 million euro.

The net balance on finance interest alone, while negative at 1.1 million euro, showed an improvement of 0.5 million euro owing to the combined effect of the following:

(i) a fall in average recourse to bank debt;
(ii) the re-mix between sources of expenses such as the senior debt to MLT and short-term technical forms, the latter connected with the repayment of the annuities falling due during the year;
(iii) a substantial reduction in market interest rates thanks to a reduction in the Euribor of 70% to 50%, depending on maturities.

The increase of 0.5 million euro in finance costs relating to the actuarial valuation of debts for pension provisions according to IAS 19 is mostly based on the variations in the economic and financial assumptions adopted, particularly the financial rates taken as a basis for discounting purposes.

In percentage terms, the overall effect of revenues on the balance between finance costs and income fell to 0.10% compared to 0.14% in the previous year.

Gross finance costs mainly include the following items:

- 1.0 million euro of interest accrued on medium/long-term loans existing, represented by 2 Senior Loans in favour of the holding company Esprinet S.p.A. and the associate Esprinet Iberica existing at 31 December 2012 totalling 15.0 million euro by way of capital;
- 0.4 million euro of interest paid to banks for cash advances on invoices and trade bills and on short-term loans for imports;
- 0.2 million euro on the repayment of additional costs accruing during the period, mainly by way of organization fees borne in obtaining medium/long-term loans, valued by adoption of the “effective interest rate” criterion, according to IAS 39.

Financial income, equal to 0.7 million euro, comprises:

- 0.3 million euro of interest receivable accrued on the surplus liquidity originating on average during the course of the period and used in deposits with no time constraints on use;

- 0.4 million euro of interest receivable on the short-term loan granted to the Esprinet Iberica S.L.U. subsidiary in June 2011.

45) Income tax expenses

(euro/000)	2012	%	2011	%	Var.	% Var.
Sales	**1,467,034**		**1,580,742**		**(113,708)**	***-7%***
Current tax - IRES (Corporation income tax)	7,393	0.50%	7,448	0.47%	(55)	*-1%*
Current tax - IRAP (Regional tax on productive activities)	2,066	0.14%	2,322	0.15%	(256)	*-11%*
Rainboursement IRES	(1,488)	-0.10%	-		(1,488)	*-100%*
Current income taxes	**7,971**	**0.54%**	**9,770**	**0.62%**	**(1,799)**	***-18%***
Deferred tax - IRES (Corporation income tax)	590	0.04%	1,631	0.10%	(1,041)	*-64%*
Deferred tax - IRAP (Regional tax on productive activities	42	0.00%	22	0.00%	20	*91%*
Deferred income taxes	**632**	**0.04%**	**1,653**	**0.10%**	**(1,021)**	***-62%***
Total tax - IRES (Corporation income tax)	6,495	0.44%	9,079	0.57%	(2,584)	*-28%*
Total tax - IRAP (Regional tax on productive activities)	2,108	0.14%	2,344	0.15%	(236)	*-10%*
Total taxes	**8,603**	**0.59%**	**11,423**	**0.72%**	**(2,820)**	***-25%***

Income taxes, amounting to 8.6 million euro, fell by -2.8 million euro versus 2011, mainly due to the accrual of the right to the repayment of IRAP tax paid in previous years, a one off 2012 event.

The following table illustrates the reconciliation between the theoretical and the effective tax rate:

(euro/000)	2012	2011
Profit before taxes [A]	**28,575**	**20,076**
Operating profit (EBIT)	**30,033**	**36,064**
(+) personnel costs [(1)]	17,762	19,782
(+) bad debt provision	918	899
(+) provision for risks and charges	301	60
(-) VAT recovery on receivables	(103)	(207)
Taxable amout for IRAP [B]	**48,911**	**56,598**
Theoretical taxation IRES [A*27,5%]	7,858	5,521
Theoretical taxation IRAP [B*3,9%]	1,908	2,207
Total theoretical taxation [C]	**9,766**	**7,728**
Theoretical tax rate [C/A]	***34.2%***	***38.5%***
(+) taxes on write-downs of investments in subsidiaries	-	3,777
(-) tax relief - ACE (Aiuto alla Crescita Economica)	(182)	(152)
(-) right of tax refund (click day)	(1,489)	-
(+) non-deductible bad-debts provisions	85	-
(+) non-deductible taxes	120	40
Other permanent differences	303	30
Total effective taxation [D]	**8,603**	**11,423**
Effective tax rate [D/A]	***30.1%***	***56.9%***

(1) Staff costs are net of the effect of the ‘tax wedge’ and IRAP *(Regional tax on productive activities*) deductible costs totalling 12.5 million euro in the 2012 financial year and 10.4 million euro in the 2011 financial year.

6. Other significant information

6.1 Emoluments paid to the board members, statutory auditors and key managers

Disclosure in accordance with CONSOB Resolution 11971 dated 14 May 1999 and in compliance with the following amendments introduced with resolution 15520 dated 27 July 2006, regarding the emoluments of directors, statutory auditors of Esprinet S.p.A. and 'Key Managers', payable to them in respect of the positions held by them in the company during the year can be found in the paragraph of the same name in the *'Notes to the consolidated financial statements'*.

6.2 Net financial indebtedness and financial liabilities analysis

Pursuant to Consob Communication No. DEM/6064293 of 28 July 2006, the net financial indebtedness (or 'net financial position' also) is substantially calculated in compliance with the criteria specified in the CESR or Committee of European Securities Regulators recommendation of 10 February 2005: *'CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses nº 809/2004*' and referred to by Consob itself.

(euro/000)	**31/12/12**	**31/12/11**
A. Bank deposits and cash on hand	77,499	65,087
B. Cheques	1	18
C. Trading securities	-	-
D. Liquidity (A+B+C)	77,500	65,105
Financial receivables from factoring companies	*2,677*	*13,545*
Financial receivables from group companies	*30,000*	*30,000*
E. Current financial receivables	32,677	43,545
F. Current bank debt	3,874	4,483
G. Current portion of non current debts	9,949	9,921
H. Other current financial debt and financial liability for derivatives	4,872	12,735
I. Current financial debt (F+G+H)	18,695	27,139
J. Net current financial indebtedness (I-E-D)	**(91,482)**	**(81,511)**
K. Non-current bank loans	4,990	14,939
L. Bonds issued	-	-
M. Non-current financial liabilities for derivatives	72	368
N. Non-current financial indebtedness (K+L+M)	**5,062**	**15,307**
O. Net financial indebtedness (J+N)	**(86,420)**	**(66,204)**
Breakdown of net financial indebtedness:		
Short-term financial liabilities	18,356	26,758
Current financial (assets)/liabilities for derivatives	339	381
Financial receivables from factoring companies	(2,677)	(13,545)
Financial receivables/liabilities from/to group companies	(30,000)	(30,000)
Cash and cash equivalents	(77,500)	(65,105)
Net current financial debt	**(91,482)**	**(81,511)**
Non-current financial (assets)/liabilities for derivatives	72	368
Borrowings	4,990	14,939
Net financial debt	**(86,420)**	**(66,204)**

With reference to the previous table, it should be underlined that the net financial indebtedness measured according to the CESR criteria coincides with the notion of 'net financial debt' as explained under the paragraph '*Cash flow analysis'.*

The Company's net financial debt, showing a surplus of 86.4 million euro, results from the balance between gross financial debt of 23.3 million euro, financial liabilities for derivatives of 0.5 million euro, financial receivables from factoring companies of 2.7 million euro, financial receivables from Group companies of 30.0 million euro and cash and cash equivalents of 77.5 million euro.
Cash and cash equivalents, mainly made up of bank deposits and not tied-up, are of a partially transitory nature, accumulating at the end of the month, due to the Company's peculiar kind of payment/encashment cycle.
This cycle is characterised by the concentration of payments received from customers and from factoring companies – the latter as consequence of the 'without-recourse' sale of trade account receivables - at the end and middle of each month, while the maturities of payments to suppliers are distributed more evenly over the month.
For this reason, the figure resulting at 31 December 2012, or at the end of each month, is not totally representative of the average net financial indebtedness or the average level of cash on hand customarily observable during the same period.

The without-recourse sale of account receivables revolving programme focussing on the large-scale distribution sector in particular, continued during 2012 as part of the processes aimed at the structural optimisation of the management of working capital.

The aforementioned programmes completely transfer the risks and benefits to the assignees so that receivables in question are removed from assets as per IAS 39.

The overall effect on the levels of financial debt as at 31 December 2012 can be quantified as approx. 52 million euro (approx. 86 million euro as at 31 December 2011).

Details of the current portion of medium-/long-term financial debt and the portion falling due beyond the following year are illustrated below:

(euro/000)	31/12/12	31/12/11	Var.
Pool loan (ag. Intesa Sanpaolo): (1)			
Quotas falling within the following year	9,949	9,921	28
Quotas falling beyond the following year	4,991	14,939	(9,948)
Total loan	**14,940**	**24,860**	**(9,920)**

(1) Amounts different from the book value of loan principal since they represent the amortised cost calculated on the basis of the real interest rate as specified by IFRS.

6.3 Loans and loan covenants

The book value of loan granted by a pool of banks, with Intesa Sanpaolo as bank agent compared to the previous year, is as follows:

(euro/000)	31/12/12	31/12/11	Var.
Unsecured pool loan (agent: Intesa Sanpaolo) to Esprinet S.p.A. repayable in 5 six-monthly instalments by June 2014	15,000	25,000	(10,000)

Its notional portions falling due beyond 31 December 2012 will be repaid in the following operating years, as per the amortisation schedule:

(euro/000)	2013	2014	Total
Book value of loan principal	10,000	5,000	15,000

The weighted average rate used during 2012 on the above loan was approx. 4.3% (close to the one used in 2011). It refers to the loan agreements entered in 2007 during the total renegotiation of the Group's financial debt, the main features of which are summarised below:

- 'Senior amortizing term loan' originally of 65.0 million euro and seven-year duration;
- 'Revolving facility' to Esprinet S.p.A. and Esprinet Iberica originally of 100.0 million euro, reduced to 25.0 million euro in December 2008 (unused).

Such loans, still existing at 31 December 2012 and accounted for 14.9 million euro (corresponding to 15.0 million euro as book value of loan principal), are subject to the observance of 6 covenants, the failure to observe of which allow the issuing institutes to claim their immediate reimbursement.

These covenants, which are subject to 6-monthly checks against the audited and consolidated financial statements, are as follows:

i) ratio between net financial indebtedness and EBITDA;
ii) ratio between net financial indebtedness and net equity;
iii) ratio between EBITDA and net financial charges;
iv) ratio between gross financial indebtedness and EBITDA;
v) ratio between gross financial indebtedness and tangible equity;
vi) amount of gross financial indebtedness.

At 31 December 2012, according to management estimates, the covenants were fully observed.
Such loan contracts also contain the usual 'negative pledge', 'pari passu' and similar type clauses. At the time this report was drafted none of the above-mentioned clauses had been violated.

6.4 Cash-flow analysis

(euro/000)	**31/12/12**	**31/12/11**
Net financial debt at year-beginning	**(66,204)**	**(61,684)**
Cash flow provided by (used in) operating activities	31,477	15,682
Cash flow provided by (used in) investing activities	(6,575)	(2,193)
Cash flow provided by (used in) changes in net equity	(4,269)	(8,516)
Total cash flow	**20,633**	**4,973**
Unpaid bank interests	(417)	(453)
Net financial debt at year-end	**(86,420)**	**(66,204)**
Short-term financial liabilities	18,356	26,758
Current financial (assets)/liabilities for derivatives	339	381
Financial receivables from factoring companies	(2,677)	(13,545)
Financial receivables from group companies	(30,000)	(30,000)
Cash and cash equivalents	(77,500)	(65,105)
Net current financial debt	**(91,482)**	**(81,511)**
Non-current financial (assets)/liabilities for derivatives	72	368
Borrowings	4,990	14,939
Net financial debt	**(86,420)**	**(66,204)**

As shown in the table, the Esprinet S.p.A. 86.4 million euro cash surplus generated shows a significant improvement on previous year (+20.2 million euro) mainly as consequence of the positive result from operating activities (+31.5 million euro).

6.5 Shareholdings

Here's following the Shareholding Schedule with data referring to the IFRS 'reporting package' at 31 December 2012 of the single entities where the Company owns shareholdings approved by the respective Boards of Directors:

Subsidiaries:

N.	Name	Headquarters	Interest held	Group interest held
1	Comprel S.r.l.	Vimercate (MB) - Italy	100.00%	100.00%
2	Monclick S.r.l.	Vimercate (MB) - Italy	100.00%	100.00%
3	V-Valley S.r.l.	Vimercate (MB) - Italy	100.00%	100.00%
4	Esprinet Iberica S.L.U.	Saragozza -Spain	100.00%	100.00%

N.	Name	Currency	Share capital	Net equity	Result for the period	Carrying amount
1	Comprel S.r.l.	EUR	500,000	5,579,530	449,926	500,000
2	Monclick S.r.l.	EUR	100,000	402,513	(363,679)	3,800,537
3	V-Valley S.r.l.	EUR	20,000	478,941	240,260	20,000
4	Esprinet Iberica S.L.U.	EUR	54,692,844	66,163,253	2,997,457	61,903,000

Associated companies:

N.	Name	Headquarters	Interest held	Group interest held
1	Assocloud S.r.l.	Vimercate (MB) - Italy	8.33%	8.33%

N.	Name	Currency	Share capital	Net equity	Result for the period	Carrying amount
1	Assocloud S.r.l.	EUR	72,000	67,851	(4,149)	6,000

It must be noticed that the associated company Assocloud was established on 16 January 2012. by Esprinet and 10 other shareholders with equal quote of 9.09%. The shareholding quote of Esprinet S.p.A. in Assocloud was reduced to 8.33% on 11 October 2012 due to the entrance of a new shareholder.

6.6 Summary of subsidiaries' main financial and economic figures

In the following tables the subsidiaries' main draft financial statements as at 31 December 2012 approved by the respective Boards of Directors are shown.

Please note that the financial statements have been drawn up in accordance with local accounting policies.

(euro/000)	Comprel S.r.l.	Monclick S.r.l.	V-Valley S.r.l.	Esprinet Iberica S.L.U.
Sales	33,823	50,026	64,661	464,446
Cost of sales	(26,807)	(46,811)	(63,741)	(442,429)
Gross profit	**7,016**	**3,215**	**920**	**22,017**
Sales and marketing costs	(4,301)	(2,277)	0	(3,953)
Overheads and administrative costs	(1,993)	(1,432)	(540)	(12,321)
Operating income (EBIT)	**722**	**(494)**	**380**	**5,743**
Finance costs - net	(307)	5	(24)	(1,478)
Profit before income taxes	**415**	**(489)**	**356**	**4,265**
Income tax expenses	(39)	146	(116)	(1,280)
Net profit before non-controlling interests	**376**	**(343)**	**240**	**2,985**
Net income	**376**	**(343)**	**240**	**2,985**

(euro/000)	Comprel S.r.l.	Monclick S.r.l.	V-Valley S.r.l.	Esprinet Iberica S.L.U.
ASSETS				
Non-current assets				
Property, plant and equipment	32	14	-	829
Goodwill	-	-	-	58,561
Intangible assets	1	1	-	167
Deferred income tax assets	887	-	10	8,132
Receivables and other non-current assets	4	-	-	183
	924	**15**	**10**	**67,872**
Current assets				
Inventory	3,830	1,980	-	48,773
Trade receivables	11,099	2,247	18,802	43,156
Income tax assets	36	1	-	-
Other assets	989	494	564	694
Cash and cash equivalents	173	1,058	1,058	31,310
	16,127	**5,780**	**20,424**	**123,933**
Total assets	**17,051**	**5,795**	**20,434**	**191,805**
EQUITY				
Share capital	500	100	20	55,203
Reserves	3,244	1,519	219	7,754
Undivided income		-868		
Net income	376	(343)	240	2,985
Total equity	**4,120**	**408**	**479**	**65,942**
LIABILITIES				
Non-current liabilities				
Borrowings	-	-	-	7,120
Derivative financial liabilities	-	-	-	109
Deferred income tax liabilities	5	-	-	2,223
Retirement benefit obligations	499	226	-	-
Provisions and other liabilities	292	-	-	122
	796	**226**	**-**	**9,574**
Current liabilities				
Trade payables	3,727	1,054	70	57,054
Short-term financial liabilities	7,072	13	169	44,190
Income tax liabilities	-	-	6	249
Derivative financial liabilities	-	-	-	509
Provisions and other liabilities	1,336	4,094	19,710	14,287
	12,135	**5,161**	**19,955**	**116,289**
Total liabilities	**12,931**	**5,387**	**19,955**	**125,863**
Total equity and liabilities	**17,051**	**5,795**	**20,434**	**191,805**

6.7 Relationships with related parties

In next paragraphs balances of the statement of financial position and of the separate income statement deriving from operations with related parties (as defined by IAS 24), except for relationships with members of the key management that are detailed in the paragraph with the same name are summarised and explained.

6.7.1 Intercompany costs and revenues

The details of revenues and costs recorded by Esprinet S.p.A. in relation to the companies belonging to the Group are as follows:

(euro/000)	Type	2012 Sales	2012 Costs	2011 Sales	2011 Costs
Sales					
Comprel S.r.l.	Sale of goods	254	-	277	-
Monclick S.r.l.	Sale of goods	47,710	-	27,745	-
Esprinet Iberica S.L.U.	Sale of goods	33,874	-	45,195	-
Subtotal		**81,838**	**-**	**73,217**	**-**
Cost of sales					
Comprel S.r.l.	Service costs	-	(28)	-	(30)
Comprel S.r.l.	Purchase of goods	-	392	-	318
Monclick S.r.l.	Services/rebates costs	-	(32)	-	(7)
Monclick S.r.l.	Purchase of goods	-	1	-	9
V-Valley S.r.l.	Service costs	-	(39)		(13)
Esprinet Iberica S.L.U.	Service costs	-	14	-	(4)
Esprinet Iberica S.L.U.	Purchase of goods	-	1,153	-	156
Subtotal		**-**	**1,461**	**-**	**429**
Sales and marketing costs					
Comprel S.r.l.	Labour costs	-	(54)	-	(54)
Monclick S.r.l.	Labour costs	-	(7)	-	(7)
V-Valley S.r.l.	Fees on sales	-	956	-	712
V-Valley S.r.l.	Labour costs	-	(57)	-	(35)
Esprinet Iberica S.L.U.	Administrative services	-	(16)	-	(16)
Esprinet Iberica S.L.U.	Labour costs	-	(573)	-	(379)
Subtotal		**-**	**249**	**-**	**221**
Overheads and administrative costs					
Comprel S.r.l.	Lease - premises	-	(89)	-	(111)
Comprel S.r.l.	Directors' costs	-	(208)	-	(231)
Comprel S.r.l.	Administrative services	-	(575)	-	(545)
Monclick S.r.l.	Administrative services	-	(449)	-	(387)
Monclick S.r.l.	Services costs received	-	62	-	61
V-Valley S.r.l.	Administrative services	-	(112)	-	(113)
Esprinet Iberica S.L.U.	Lease - equipment	-	(74)	-	(49)
Esprinet Iberica S.L.U.	Administrative services	-	(782)	-	(830)
Subtotal		**-**	**(2,227)**	**-**	**(2,205)**
Finance costs - net					
Esprinet Iberica S.L.U.	Interest income	377	-	332	-
Subtotal		**377**	**-**	**332**	**-**
Total		**82,215**	**(517)**	**73,549**	**(1,555)**

It must be underlined that, to maintain homogeneity with the current year, the revenue value related to the subsidiary V-Valley was modified compared to the amount of 47,465 thousand euro recorded in same table of the 31 December 2011 financial statement.

Relationships with associated companies

The relationships with the associated company Assocloud S.r.l. related to the sole 2012 are shown in the table below.

(euro/'000)	Type	Sales	Costs	Receiv.	Payab.
Assocloud S.r.l.	Sales from services	84	-	92	-
Assocloud S.r.l.	Consulting	-	23	-	23
Total		**84**	**23**	**92**	**23**

The recorded revenues are related to services charged to the associated company Assocloud S.r.l. established in 2012.

6.7.2 Relationships with subsidiaries

The following is a summary of the Esprinet S.p.A.'s relationships with its subsidiaries.
Intercompany receivables and payables have been detailed in the '*Notes to the statement of financial position items'* whereas intercompany costs and revenues have been detailed in the previous paragraph.
Please note that the relationships between Esprinet S.p.A. and its subsidiaries have been conducted in accordance with market conditions.

Relationships with subsidiaries subject to management and coordination activities

Esprinet S.p.A. manages and co-ordinates activities of the subsidiaries resident in Italy.
This activity consists in setting general and operational strategic policies for the Group, drafting general policies regarding human and financial resources management, defining and adapting:

- the corporate governance and internal control model;
- the Group Organisational Model pursuant to Legislative Decree 231/01;
- the System Security Planning Paper (SSPP) pursuant to Legislative Decree 196/2003;
- the Code of Ethics;
- administrative-accounting procedures regarding financial reports.

Group co-ordination especially involves the centralised management of administrative, corporate and cash services which, in addition to enabling the subsidiary companies to achieve economies of scale, also enable them to focus their internal resources on managing the core business.

National consolidated tax regime – Subgroup Italy

Esprinet S.p.A. and its subsidiaries Comprel S.r.l., Monclick S.r.l. and V-Valley S.r.l. (Comprel and Monclick starting from fiscal year 2005, V-Valley from 2010) have opted for the tax regime as established in the 'National consolidated tax regime', as per Article 117 and followings of Presidential Decree 917/86 (TUIR - *Italian Income Tax Code*).
This option, renewed in June 2011 for the triennium 2011-2013, enables Corporate Income Tax (IRES) to be determined on the tax base resulting from the algebraic sum of the positive and negative tax bases of the single companies.

The economic ratios, as well as the responsibilities and mutual obligations, between the consolidating company and the aforementioned subsidiaries are defined in the '*Consolidation regulations governing Esprinet Group member companies*'.
Tax liabilities are usually reported under the item *'Current income tax liabilities'*, net of advances and the withholding taxes paid and tax credits, in general. The current Corporate Income Tax (IRES) is also reported under *'Current income tax liabilities'* calculated by using estimates of positive and negative taxable amounts of the subsidiary companies which have accepted the National consolidated tax regime, net of advances and withholding taxes paid and the accruing tax credits of the companies in question; the corresponding receivables of the consolidating company referring to Group member companies and regarding the current tax corresponding to the positive taxable amounts transferred in the framework of the National consolidated tax regime, represent the balancing item of the tax liabilities reported.
Payables for compensations due to subsidiaries with negative taxable amounts are reported under the

item ‘*Payables to subsidiaries and associated companies’*.
The deferred and prepaid Corporate Income Tax (IRES) is calculated on the temporary differences between the values of assets and liabilities determined in accordance with the requirements of the Italian civil code and the corresponding tax values referring exclusively to the single companies.
The current, deferred and pre-paid Regional Business Tax (IRAP) is determined exclusively in the case of single companies.

Comprel S.r.l.

During 2012 Comprel sold goods to the parent company totalling 392 thousand euro.
Such transactions were part of a sub-distribution agreement stipulated with Esprinet for the supply of a number of product lines (memories, monitors, motherboards, case and notebooks in particular).

On the other hand, Comprel purchased products from Esprinet S.p.A. totalling 254 thousand euro.

Comprel paid a fee of around 657 thousand euro (item “Administrative Services”) to its parent company for the use of premises and space, the hiring of equipment, the debit of general expenses, telephone charges, IT costs and expenses for the maintenance and management of its ledgers, books and registers, as well as for administrative activities related to its business purpose.
Comprel leases part of the Cambiago (MI) site from the parent company for its logistics operations. In 2012 the amount of the lease was 89 thousand euro.

Comprel also sustained costs of 208 thousand euro as compensation for directors, employed by the parent company.

Monclick S.r.l.

Monclick purchases the products and services forming the object of its activity both from the parent company Esprinet and from other suppliers. During 2012 these purchases totalled 47.7 million euro.

Under a service agreement, Monclick S.r.l. paid a fee of around 487 thousand euro to its parent company (item ‘Administrative services’) for the use of premises and space, the hiring of equipment, the debiting of general expenses, telephone charges, IT costs and expenses for the maintenance and management of its ledgers, books and registers, as well as for administrative activities related to its business purpose.

Monclick also charged to Esprinet staff costs sustained for web developing services for products of the Nilox brand owned by Esprinet as per the service contract signed (61 thousand euro).

V-Valley S.r.l.

As a result of the contract for commission signed on 20 October 2010, V-Valley concluded purchase agreements with its own business name, but on behalf of Esprinet S.p.A.. The total amount of the agreements signed was 63.7 million euro (compared to 47.5 million euro), maturing 956 thousand euro in commission on sales (712 thousand euro in 2011).

Moreover, on the basis of a “service agreement” signed between Esprinet S.p.A. and V-Valley, the latter paid a fee of 208 thousand euro to the parent company in 2012 for the hiring of equipment, the debiting of general expenses, telephone charges, IT costs and expenses for the maintenance and management of its ledgers, books and registers, as well as for administrative activities related to its business purpose.

In 2010 Esprinet S.p.A. gave V-Valley a warranty grant of 1 million euro (at Intesa San Paolo and still current in 2012), by which Esprinet stands guarantee in favour of the company’s use of the same.
Likewise In 2011 Esprinet S.p.A. gave V-Valley a warranty grant of 15 million euro (at Aosta Factor and still current in 2012), by which Esprinet stands guarantee in favour of the company’s use of the same

Esprinet Iberica S.L.U.

During the year Esprinet Iberica purchased goods from Esprinet S.p.A. totalling 33.9 million euro and also sold products to Esprinet S.p.A. totalling 1.2 million euro.

Esprinet Iberica also paid approx. 1.4 million euro according to a service agreement to lease equipment, for the use of data lines and administrative services, and loan interests of about 377 thousand euro.

6.7.3 Relationships with ‘other related parties’

The following table details operations occurred between Esprinet S.p.A. and the companies where its directors and shareholders play important roles.

(euro/000)	Type	2012 Sales	2012 Costs	2012 Receiv.	2012 Payab.	2011 Sales	2011 Costs	2011 Receiv.	2011 Payab.
Sales									
Infoklix S.p.A.	Sales of goods	-	-	2	-	-	-	3	-
Autentica S.r.l.	Sales of goods	-	-	-	-	14	-	-	-
Smart Res S.p.A.	Sales of goods	3	-	-	-	3	-	-	-
Aledo S.r.l.	Sales of goods	1	-	-	-	-	-	-	-
Key managers e familiari	Sales of goods	16	-	2	-	11	-	-	-
Subtotal		**20**	**-**	**4**	**-**	**28**	**-**	**3**	**-**
Cost of sales									
Autentica S.r.l.	Purchase of goods	-	47	-	-	-	153	-	27
Subtotal		**-**	**47**	**-**	**-**	**-**	**153**	**-**	**27**
Overheads and administrative costs									
Immobiliare Selene S.r.l.	Lease - premises	-	1,432	-	-	-	1,991	1,320	-
M.B. Immobiliare S.r.l.	Lease - premises	-	1,882	-	-	-	2,074	663	-
Immobiliare Dea 81 S.p.A.	Lease - premises	-	189	-	-	-	185	-	-
Immobiliare Dea 81 S.p.A.	Overheads	-	18	-	17	-	1	-	-
Immobiliare Selene S.r.l.	Overheads	-	-	-	-	-	10	-	-
M.B. Immobiliare S.r.l.	Lease - premises	-	243	-	-	-	237	40	-
M.B. Immobiliare S.r.l.	Overheads	-	230	-	233	-	14	-	-
Immobiliare Selene S.r.l.	Deposits	-	-	717	-	-	-	-	-
M.B. Immobiliare S.r.l.	Deposits	-	-	471	-	-	-	-	-
Subtotal		**-**	**3,994**	**1,188**	**250**	**-**	**4,512**	**2,023**	**-**
Finance costs-net									
Immobiliare Selene S.r.l.	Interest on deposits	14	-	14	-	-	-	-	-
M.B. Immobiliare S.r.l.	Interest on deposits	12	-	9	-	-	-	-	-
Subtotal		**26**	**-**	**23**	**-**	**-**	**-**	**-**	**-**
Total		**46**	**4,041**	**1,215**	**250**	**28**	**4,665**	**2,026**	**27**

Sales concern consumer electronics products sold at normal market conditions.

Services mainly refer to leasing agreements entered into at market conditions in periods prior to this interim period with the real estate companies, Immobiliare Selene S.r.l. in the case of the Cambiago (MI) logistics site, Immobiliare Dea 81 S.p.A. and M.B. Immobiliare S.r.l. in the case of the Esprinet S.p.A. administrative and commercial headquarters, M.B. Immobiliare S.r.l. in the case of the Cavenago (MB) logistics site, respectively.

As shown in the previous table, the total value of the aforementioned transactions is not material compared with the total volume of the Company’s activities, however.

6.7.4 Relationships with associated companies

During the year Esprinet S.p.A. had no relationships with subsidiaries or associated companies outside the consolidation perimeter.

6.8 Non-recurring significant events and operations

During 2012 the costs incurred for the transfer of Esprinet's headquarter were recorded as non-recurring item, and the positive component of income was related to the maturity of the reimbursement right of the IRES, paid in the preceding years.

During 2011 the write-down of the investment in the Esprinet Iberica S.L.U. subsidiary was booked as a non-recurring item.

The following table shows effects of the above said events and operations on the income statement (before taxes):

(euro/000)	2012	2011	Var.
Early disposal of assets	230		230
Headquarter change costs	1,570	-	1,570
Overheads and administrative costs (b)	**1,800**	**-**	**1,800**
Write-downs of investments in subsidiaries	-	13,734	(13,734)
(Cost) income from investments	**-**	**13,734**	**(13,734)**
Taxes refund	(1,488)		(1,488)
Total - gross of the related fiscal effects (a + b)	**312**	**13,734**	**(13,422)**
Total - net of the related fiscal effects (a + b)	**(323)**	**13,734**	**(14,057)**

6.9 Main disputes pending

Developments in existing legal and tax-related disputes can be found in a similar section under the comment to the consolidated statement of financial position item '*Non-current provisions and other liabilities*' in the '*Notes to the consolidated financial statements'*.
Similarly, the '*Directors' Report on Operations'* also contains the Group's policies regarding the management of legal and tax-related disputes under '*Main risks and uncertainties facing the Group and Esprinet S.p.A.'.*

6.10 Disclosures on risks and financial instruments

6.10.1 Definition of risks

The international accounting principle IFRS 7 requires entities to provide disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the entity's financial position and performances;
- the nature and extent of risks arising from financial instruments to which the entity is exposed during the year and at the reporting date, and how the entity managed those risks.

Disclosure regarding financial risks able to influence the Esprinet S,p.A.'s asset structure, performance and cash flows can be found under *'Main risks and uncertainties facing the Group and Esprinet S.p.A.'* in the *'Directors' Report on Operations'*.
Similarly, accounting principles regarding financial instruments used in preparing the Esprinet S.p.A. financial statements can be found in the section *'Accounting principles and valuation criteria'*.

6.10.2 Financial instruments pursuant to IAS 39: classes of risk and 'fair value'

The next table illustrates the relationship between the financial instruments items in the statement of financial position and the financial assets and liabilities categories in accordance with accounting principle IAS 39:

For further details about the contents of individual balance sheet items please see the analyses provided in the specific sections in the chapter *'Notes to the statement of financial position items'.*

Assets	**31/12/12**				**31/12/11**			
(euro/000)	**Carrying amount**	**Financial assets at FVTPL (1)**	**Loans and receiv.**	**Not IAS 39**	**Carrying amount**	**Financial assets at FVTPL (1)**	**Loans and receiv.**	**Not IAS 39**
Receivables from subsidiaries	*-*		*-*		*82*		*82*	
Guarantee deposits	*1,315*			*1,315*	*1,838*			*1,838*
Consortium membership fees	*21*			*21*	*21*			*21*
Receiv and other non-curr. assets	1,336		-	1,336	1,941		82	1,859
Non-current assets	**1,336**	**-**	**-**	**1,336**	**1,941**	**-**	**82**	**1,859**
Trade receivables	167,753		167,753		174,536		174,536	
Receivables from subsidiaries	*58,448*		*58,448*		*62,986*		*62,986*	
Receivables from associates	*92*		*92*		*-*		*-*	
Other tax receivables	*5,561*			*5,561*	*624*			*624*
Receivables from factors	*2,677*		*2,677*		*13,545*		*13,545*	
Receivables from insurances	*1,846*		*1,846*		*2,051*		*2,051*	
Receivables from suppliers	*1,970*			*1,970*	*722*			*722*
Receivables from employees	*1*		*1*		*4*		*4*	
Receivables from others	*89*		*89*		*98*		*98*	
Pre-payments	*973*			*973*	*1,203*			*1,203*
Other receivables	71,657		63,153	8,504	81,233		78,684	2,549
Cash and cash equivalents	77,500		77,500		65,105		65,105	
Current assets	**316,910**	**-**	**308,406**	**8,504**	**320,874**	**-**	**318,325**	**2,549**

Liabilities	**31/12/12**				**31/12/11**			
(euro/000)	**Carrying amount**	**Financial liabilities at FVTPL (1)**	**Financial liabilities amortized cost**	**Not IAS 39**	**Carrying amount**	**Financial liabilities at FVTPL (1)**	**Financial liabilities amortized cost**	**Not IAS 39**
Borrowings	4,990		4,990		14,939		14,939	
Derivative financial liabilities	72	72			368	368		
Provisions for pensions	*912*			*912*	*807*			*807*
Other provisions	*206*			*206*	*1,213*			*1,213*
Cash incentive liabilities	*170*		*170*		*775*		*775*	
Provis. and other non-curr. liab.	1,288		170	1,118	2,795		775	2,020
Non-current liabilities	**6,350**	**72**	**5,160**	**1,118**	**18,102**	**368**	**15,714**	**2,020**
Trade payables	294,363		294,363		287,777		287,777	
Short-term financial liabilities	18,356		18,356		26,758		26,758	
Derivative financial liabilities	339	339			381	381		
Payables to assoc. and subsid.	*853*		*853*		*618*		*618*	
Social security liabilities	*2,269*		*2,269*		*2,229*		*2,229*	
Other tax liabilities	*992*			*992*	*6,802*			*6,802*
Payables to others	*9,143*		*9,143*		*6,333*		*6,333*	
Accrued expenses (insurance)	*83*		*83*		*150*		*150*	
Deferred income	*148*			*148*	*29*			*29*
Provisions and other liabilities	13,488		12,348	1,140	16,161		9,330	6,831
Current liabilites	**326,546**	**339**	**325,067**	**1,140**	**331,077**	**381**	**323,865**	**6,831**

(1) 'FVTPL': Fair Value Through Profit and Loss.

As can be seen in the previous table, the statement of financial position classifications provide an almost immediate distinction between classes of financial instruments, as per their different valuation methods and exposure to financial risk:

- financial instruments measured at amortised cost:
  - cash and cash equivalents and receivables from factoring companies
  - receivables from insurance companies

- intercompany receivables
- trade receivables
- other receivables
- receivables from employees
- trade payables
- financial liabilities
- intercompany payables
- other debts (current and non-current)

- financial instruments measured at 'fair value' since initial recognition:
  - derivative financial assets
  - derivative financial liabilities

Qualitative disclosures regarding the different risk classes can be found under the same section in the *'Notes to the consolidated financial statements'*.

The followings are the fair value measurement of financial assets and liabilities reported in the statement of financial position and provided by IAS 39 and governed by IFRS 7, grouped into classes of risk, and the methods and the assumptions applied in determining them:

Assets	**31/12/12**						**31/12/11**					
		Fair value						**Fair value**				
(euro/000)	**Carrying amount**	Trade receiv.	Financial receiv.	Receiv. from insurers	Receiv. from Group	Rec. from emplo yees	**Carrying amount**	Trade receiv.	Financial receiv.	Receiv. from insurers	Receiv. from Group	Rec. from emplo yees
Receivables from subsid.	*-*				*-*		*82*				*82*	
Other non-curr. assets	-				-		82				82	
Non-current assets	**-**	**-**	**-**	**-**	**-**	**-**	**82**	**-**	**-**	**-**	**82**	**-**
Trade receivables	167,753	167,753					174,536	174,536				
Receivables from subsid.	*58,448*				*58,448*		*62,986*				*62,986*	
Receivables from associat.	*92*				*92*		*-*				*-*	
Receiv. from factors	*2,677*		*2,677*				*13,545*		*13,545*			
Receiv. from insurances	*1,846*			*1,846*			*2,051*			*2,051*		
Receiv. from employees	*1*					*1*	*4*					*4*
Receiv. From others	*89*					*89*	*98*					*98*
Other receivables	63,153		2,677	1,846	58,540	90	78,684		13,545	2,051	62,986	102
Cash and cash equival.	77,500		77,500				65,105		65,105			
Current assets	**308,406**	**167,753**	**80,177**	**1,846**	**58,540**	**90**	**318,325**	**174,536**	**78,650**	**2,051**	**62,986**	**102**

Liabilities	**31/12/12**						**31/12/11**					
		Fair value						**Fair value**				
(euro/000)	**Carrying amount**	Trade payables	Financial liabilities	FVTPL derivat.	Other payab.	Payab. to Group	**Carrying amount**	Trade payables	Financial liabilities	FVTPL derivat.	Other payab.	Payab. to Group
Borrowings	4,990		4,957				14,939		14,538			
Financial derivatives	72			72			368			368		
Cash incentive liabilities	*170*				*170*		*775*				*772*	
Provis. and other liabil.	170				170		775				772	
Non-current liabilites	**5,232**	**-**	**4,957**	**72**	**170**	**-**	**16,082**	**-**	**14,538**	**368**	**772**	**-**
Trade payables	294,363	294,363					287,777	287,777				
Short-term financial liab.	18,356		18,317				26,758		26,619			
Financial derivatives	339			339			381			381		
Intercompany payables	*853*					*853*	*618*					*618*
Social security liabilities	*2,269*				*2,269*		*2,229*				*2,229*	
Payables to others	*9,143*				*9,143*		*6,333*				*6,333*	
Accrued exp. (insurance)	*83*				*83*		*150*				*150*	
Provis. and other liabil.	12,348				11,495	853	9,330				8,712	618
Current liabilities	**325,406**	**294,363**	**18,317**	**339**	**11,495**	**853**	**324,246**	**287,777**	**26,619**	**381**	**8,712**	**618**

Given their short-term due date, in the case of current assets (excluding those of derivatives), trade payables, short-term financial liabilities and other payables (excluding liabilities for cash incentives), the carrying amount is a reasonable approximation of 'fair value'.
In order to hedge the risk of interest rate fluctuations, at the end of November 2007, Esprinet S.p.A. entered into a 45.5 million euro as notional 'IRS - Interest Rate Swap' contract ('hedging instrument') with Intesa Sanpaolo S.p.A..

The 'fair value' of the 'IRS-Interest Rate Swap' was measured by discounting expected cash flows according to the due dates of the derivative contract and using the market interest curve at the ending date of the financial year.
In detail, the spot interest rates used were obtained from the 'Forward Curve Euro' as at 31 December of provided by Bloomberg. Since all inputs entered in the valuation model were based on observable market data, as per the new requirements of IFRS 7 (the so-called 'fair value hierarchy'), the derivative instrument is classified at hierarchy level 2.
The soundness of the measurement made with this valuation technique was confirmed by the comparison with the value provided by the bank issuer.

The 'fair value' of non-current assets and medium/long-term loans was estimated by discounting expected cash flows, according to the due dates of each contract, of capital and interests, and using the market interest curve at the ending date of the financial year.
The spot interest rates used to quantify the amount at the due date and discount the expected cash flows were obtained from the 'Forward Curve Euro' at 31 December, provided by Bloomberg, increased by a suitable spread according to clauses in the contract (no spread when using the market interest curve for discounting cash flows).

Disclosures regarding net gains or net losses, interest income and interest expenses, fee income and expenses arising from financial instruments have been already given in the table dedicated to finance costs under *'42) Finance costs'*.

Also consider that general and administrative expenses include 0.9 million euro (same amount in 2011) of write-down for doubtful accounts estimated on the basis of analyses of each single debtor's solvency.

6.10.3 Additional information about financial assets

As during the previous year, no reclassification of a financial asset as one measured at cost or amortised cost, rather than at fair value, or vice versa, was made (the initial recognition of a financial instrument at fair value and the subsequent measurement at cost or amortised cost for some specified financial assets not being effected for this purpose, as per the international accounting principles).
As highlighted in the section *'Trade and other receivables'* in the paragraph *'Summary of significant valuation criteria and accounting policies'*, in case of impairment by credit losses, the value of receivables is adjusted. This operation is effected by specially allocating a bad debt provision that directly reduces the carrying amount of the devaluated financial asset.

In the year closed at 31 December 2012 (and in the previous one) it was used solely in the case of trade receivables, since it was not deemed necessary in the case of other financial assets.
The following table illustrates the abovementioned movements of trade receivables bad debt provision during the year:

(euro/000)	**Starting provision**	**Additions**	**Uses**	**Final provision**
2012 financial year	6,852	918	(1,507)	6,263
2011 financial year	11,810	899	(5,857)	6,852

Esprinet S.p.A. Group usually transfers financial assets.

These operations involve giving factoring companies trade receivables, for both discounting-back and without-recourse factoring schemes, as well as presenting promissory notes (known by their Italian acronym as RIBA) to banks as credit operations on realisation under usual reserves.

In the case of transfers of receivables for without-recourse factoring and advances under usual reserves, this operation not qualifying for derecognition, the Company continues to recognise all of these assets, the carrying amount of which continues to appear in the statement of financial position, under 'trade receivables' with an offsetting entry under the current financial liabilities as 'other financing payables' and 'payables to banks'.
As at 31 December 2012 the with-recourse sold receivables which obtained advances under usual reserves amounted to 3.7 million euro (3.2 million euro at 31 December 2011); same kind of advances (under usual reserves) about effects amounted to 3.6 million euro (4.3 million euro at 31 December 2011).
The financial assets' gross book value is the Company's maximum exposure to credit risk.

The following tables shows an analysis of the status of trade receivables and the aging of those not overdue and not impaired by credit losses:

(euro/000)	**31/12/12**	**Receivables impaired**	**Receivables past due not impaired**	**Receivables not past due not impaired**
Gross trade receivables	174,016	9,492	21,569	142,955
Bad debt provision	(6,263)	(6,263)	-	-
Net trade receivables	**167,753**	**3,229**	**21,569**	**142,955**

(euro/'000)	**31/12/11**	**Receivables impaired**	**Receivables past due not impaired**	**Receivables not past due not impaired**
Gross trade receivables	181,388	11,456	39,020	130,912
Bad debt provision	(6,852)	(6,852)	-	-
Net trade receivables	**174,536**	**4,604**	**39,020**	**130,912**

(euro/000)	**Total**	**Past due over 90 days**	**Past due 60 - 90 days**	**Past due 30 - 60 days**	**Past due under 30 days**
Receiv. past due not impaired at 31/12/12	21,569	8,477	1,372	1,363	10,357
Receiv. past due not impaired at 31/12/11	39,020	1,673	3,791	5,384	28,172

Due to its historical experience and to its policy of not accepting orders from insolvent customers unless paid in advance, Esprinet S.p.A. does not believe that the premise for allocating provisions for doubtful receivables for amounts not yet overdue exist.
There are no financial assets which would otherwise be past due or impaired whose terms have been re-negotiated, except for some re-entry plans agreed with customers for not-material amounts.

The following instruments are usually used by the Company to limit its credit risk (the percentages refer to trade receivables at 31 December 2012):

- traditional credit insurance (covering between 80% and 90% of the face value of the insured receivables provided they are within the limit of the credit line given by the insurance company) covering approx. 54% of the total amount of trade receivables;
- without-recourse factoring with leading factoring companies covering 6% of the receivables (the amount refers to receivables existing at the ending date of the financial year but subject to revolving credit at the times and with the methods of the schemes);
- real guarantees (bank guarantees and asset mortgagees) in the case of approx. 4% of total gross amount of trade receivables.

No financial or non-financial assets were obtained by the Company during the period by taking possession of collateral it holds as security or calling on other credit enhancements (e.g. guarantees). Nor Esprinet S.p.A. hold collateral (of financial or non-financial assets) it was permitted to sell or re-pledge in the absence of default by the owner of the collateral.

No other financial assets regulated by IFRS 7 have been impaired in the current or in the previous year.

The two following tables illustrate their status and the aging of those not overdue and not impaired by credit losses:

(euro/000)	31/12/12				31/12/11			
	Carrying amount	**Receiv. impaired**	**Receivables past due not impaired**	**Receivables not past due not impaired**	**Carrying amount**	**Receiv. impaired**	**Receivables past due not impaired**	**Receivables not past due not impaired**
Receivables from subsid.	-			-	82			82
Other non-current assets	-			-	82			82
Non-current assets	**-**	**-**	**-**	**-**	**82**	**-**	**-**	**82**
Receivables from subsid.	58,448		2,552	55,896	62,986			62,986
Receivables from asscociat.	92		47	45	-		-	-
Receivables from factors	2,677		1,287	1,390	13,545		2,370	11,175
Receivables from insurances	1,846		1,846		2,051		2,051	
Receivables from employees	1			1	4			4
Receivables from others	89		89		98		89	9
Other receivables	63,153		5,821	57,332	78,684		4,510	74,174
Cash and cash equivalents	77,500		77,500		65,105		65,105	
Current assets	**140,653**	**-**	**83,321**	**57,332**	**143,789**	**-**	**69,615**	**74,174**

(euro/000)	Total	Past due over 90 days	Past due 60 - 90 days	Past due 30 - 60 days	Past due under 30 days
Receivables from subsid.	2,552	-	45	225	2,282
Receivables from associat.	47	-	-	23	24
Receivables from factoring companies	1,287	-	-	-	1,287
Receivables from insurance companies	1,846	1,613	63	9	161
Receivables from others	89	89	-	-	-
Receiv. past due not impaired at 31/12/12	**5,821**	**1,702**	**108**	**257**	**3,754**
Receivables from subsid.	-	-	-	-	-
Receivables from associat.	-	-	-	-	-
Receivables from factoring companies	2,370	-	-	-	2,370
Receivables from insurance companies	2,051	1,720	100	205	26
Receivables from others	89	89	-	-	-
Receiv. past due not impaired at 31/12/11	**4,510**	**1,809**	**100**	**205**	**2,396**

Receivables from factoring companies relate wholly to ‘without-recourse’ factoring operations, where the ownership and connected risks of the sold receivables have therefore been wholly transferred to factoring companies.

The past due quota relates to sums due at the ending date of the year which were paid during the first days of the following year for technical reasons. The not yet due quota regards amounts collectable by contract only at the original due date of the receivable existing between the sold customers and the Company. It should be noted, however, that these receivables had also been entirely paid by the time this report was drawn up, as the deadlines had been met.

6.10.4 Additional information about financial liabilities

Amounts detailed in the following maturity analysis are the contractual undiscounted cash flows, including interests to be paid and excluding the effects of netting agreements:

(euro/000)	Carrying amount 31/12/12	Future cash flows	in 6 months	6-12 months	1-2 years	2-5 years	after 5 years
Borrowings	4,990	5,093	28	39	5,026	-	-
Derivative financial liabilities	72	208	71	64	73	-	-
Cash incentive liabilities	*170*	*170*	-	-	-	*170*	-
Provisions and other non-corr. liabilities	170	170	-	-	-	170	-
Non-current liabilities	**5,232**	**5,471**	**99**	**103**	**5,099**	**170**	**-**
Trade payables	294,363	349,403	298,081	3,718	7,273	17,974	22,357
Short-term financial liabilities	18,356	18,498	13,458	5,040	-	-	-
Derivative financial liabilities	339	205	142	63	-	-	-
payables to assoc. and subsidiaries	*853*	*853*	*853*	-	-	-	-
Social security liabilities	*2,269*	*2,269*	*2,269*	-	-	-	-
Payables to others	*9,143*	*9,143*	*9,143*	-	-	-	-
Accrued expenses (insurance)	*83*	*83*	*83*	-	-	-	-
Provisions and other liabilities	12,348	12,348	12,348	-	-	-	-
Current liabilites	**325,406**	**380,454**	**324,029**	**8,821**	**7,273**	**17,974**	**22,357**

(euro/000)	Carrying amount 31/12/11	Future cash flows	in 6 months	6-12 months	1-2 years	2-5 years	after 5 years
Borrowings	14,939	15,660	188	232	10,184	5,056	-
Derivative financial liabilities	368	631	142	111	326	52	-
Cash incentive liabilities	*775*	*786*	-	-	-	*786*	-
Provisions and other non-corr. liabilities	775	786	-	-	-	786	-
Non-current liabilities	**16,082**	**17,077**	**330**	**343**	**10,510**	**5,894**	**-**
Trade payables	287,777	338,788	291,255	3,475	5,758	14,109	24,191
Short-term financial liabilities	26,758	27,040	21,962	5,078	-	-	-
Derivative financial liabilities	381	132	95	37	-	-	-
payables to assoc. and subsidiaries	*618*	*618*	*618*	-	-	-	-
Social security liabilities	*2,229*	*2,229*	*2,229*	-	-	-	-
Payables to others	*6,333*	*6,333*	*6,333*	-	-	-	-
Accrued expenses (insurance)	*150*	*150*	*150*	-	-	-	-
Provisions and other liabilities	9,330	9,330	9,330	-	-	-	-
Current liabilites	**324,246**	**375,290**	**322,642**	**8,590**	**5,758**	**14,109**	**24,191**

The above tables can be understood more easily if the following are considered:

- when a counter-party has a choice of when an amount is paid, the liability has been included on the basis of the earliest date on which the Company can be required to pay;
- the amounts shown relate to contractual undiscounted cash flows gross of interests to be paid;
- the amount of floating rate loans payable has been estimated by reference to the conditions existing at the reporting date (i.e. the interest rate curve at the end of the year).

In 2007 Esprinet S.p.A. obtained a seven-year loan (‘Senior Amortizing Term Loan’) from a pool of banks of a nominal value of 15.0 million euro after reimbursements, recognised in the financial statements at its amortised cost of 14.9 million euro.

The loan agreement described contain the usual agreements which take into account the possible loss of the benefit to pay reimbursements at deferred maturity should certain financial covenants not be met when checked against consolidated and audited financial statements data.

At 31 December 2012 according to the available evidence and using management estimates (since the same will be checked against the consolidated and audited financial statements), the covenants resulted fully met.

Apart from 31 December 2007 and 30 June 2008, when one of the financial covenants contained in the agreements described above was missed, even if with no consequences for the Company, the same has never been in a condition of default regarding principal, interest, sinking fund or redemption terms of passive loans.

Up to now Esprinet S.p.A. has not issued any instruments containing both a liability and an equity component.

6.10.5 Hedge accounting

Introduction

Esprinet S.p.A. signs derivative contracts in order to hedge some loan agreements against fluctuating interest rates by means of a strategy of cash flow hedge.
Hedging operations are therefore reported in the financial statements according to the instructions of the IAS 39 accounting principle regarding 'hedge accounting'.

In order to verify the hedge effectiveness, Esprinet S.p.A. carries out perspective and retrospective tests

Effectiveness retrospective tests, showed a 'high' effectiveness until 30 November 2012. As a consequence of this, until that data the derivative instrument had been booked using cash-flow hedge technique, while subsequently the fair value variations were directly accounted in the separate income statement.

Derivative instruments as at 31 December 2012

Esprinet S.p.A. didn't enter in any new derivative contract during the year.
Disclosures regarding the derivative contract as at 31 December 2012 and signed in November 2007 (type, purpose, accounting methods, loan covered etc.) can be found in the same section of the *'Notes to the consolidated financial statements'.* The main features of the contract are summarized below, however:

Trade date	20 November 2007
Effective date	27 December 2007
Termination date	27 June 2014 subject to adjustment in accordance with the modified business day convention
Notional amount	45.5 million euro (subject to an amortisation plan)
Fixed rate	4,33%, act/360
Fixed rate payment dates	27/06/08, 29/12/08, 29/06/09, 28/12/09, 28/06/10, 27/12/10, 27/06/11, 27/12/11, 27/06/12, 27/12/12, 27/06/13, 27/12/13, 27/06/14 subject to adjustment in accordance with the modified business day convention
Fixed rate payer	Esprinet S.p.A.
Floating rate	Euribor 6M, act/360, fixed as the first day of each interest calculation period
Floating rate payment dates	27/06/08, 29/12/08, 29/06/09, 28/12/09, 28/06/10, 27/12/10, 27/06/11, 27/12/11, 27/06/12, 27/12/12, 27/06/13, 27/12/13, 27/06/14 subject to adjustment in accordance with the modified business day convention
Floating rate payer	Intesa Sanpaolo S.p.A.

The table below illustrates the detailed information regarding the derivative contract entered by Esprinet S.p.A with reference to the cash flow hedge accounting rules (so until 30 November 2012).

(euro/000)	Year	Notional amount		Fair value (1)	Income statement (2)	Taxes on FV contracts (3)	Retained earnings (4)
		within 1 year	beyond 1 year				
Interest rate risk management							
- cash flow hedge pursuant to IAS 39:	2012	7,000	3,500	399	113	(110)	(176)
	2011	7,000	10,500	749	113	(206)	(430)

1) Amount of the (assets)/liabilities recorded in the statement of financial position as per the 'fair value' measurement of derivatives using cash flow hedge accounting technique.
(2) Ineffective portion of the gain or loss on the hedging instrument as per IAS 39.
(3) Deferred income taxes related to the fair value of the derivative contracts using cash flow hedge accounting technique.
(4) Cumulative change in fair value from inception to the statement of financial position date recognised in equity using cash flow hedge accounting technique.

The information relates to:
- the notional amount at 31 December 2012 and 2011 shared into portions maturing within or beyond a 12-months period;

- the amount recognised in the statement of financial position as at 31 December 2012 and 2011 representing the 'fair value' of the contracts at the date of the 'highly 'effective hedge termination (31 December 2011 and 30 November 2012 respectively);
- the cumulative change in fair value from the inception to the date of 'highly 'effective hedge termination with reference to the instalments still effective at the financial statement closing date;
- the ineffective portion of gains/losses on the hedging instrument computed to the income statement under *'Finance costs'* from the inception with reference to the instalments still effective at the same date.

The events that caused the changes in the amount of the 'cash flow hedge'- equity reserve during the year are so detailed:

(euro/000)	Year	Change in fair value of derivatives	Transfer to P&L [1]	Ineffective portion of (gain)/loss	Taxes on fair value of derivatives	Change in equity reserve
equity reserve on derivatives:	2012	(31)	381	-	(96)	254
	2011	(144)	650	-	(139)	367

[1] Accounted as increase/(decrease) of 'Financial charges'.

The following are the periods when the cash flows relating to the hedged items (even though since 30 November 2012 the 'highly' effective hedge terminates, interrupting the cash flow hedge accounting technique) are expected to occur, and when they are expected to affect profit or loss:

(euro/000)		Expected cash flows	0-6 months	6-12 months	1-2 years	2-5 years	After 5 years
Loans:	31/12/12	132	59	55	18	-	-
	31/12/11	604	219	217	129	39	-

As a consequence of the derivatives fair value variation from 30 November until 31 December 2012 directly reported in the profit & loss statement, 12 thousand euro financial costs have been recorded, as mentioned in the paragraph '42) Financial costs – net'.
The fair value variation is exclusively due to the change of the market interest tax curve at the financial statement closing date compared to the same curve at the end of the 'highly' effective hedge date (as well as at 27 December 2012, an instalment due date).
The derivative instrument changes referring to the fair value variations recorded in the P&L statement are reported below:

(euro/000)	Year	Fair value 30/11/12	Rates past due	Variation FV rates not past due	Fair value 31/12/12
Derivatives 2007:	2012	(641)	242	(12)	(411)
	2011	n.a.	n.a.	n.a.	n.a.

6.10.6 Sensitivity analysis

Since Esprinet S.p.A. is exposed to a limited currency risk it has decided not to effect sensitivity analyses regarding this type of risk (for more details see section *'Main risks and uncertainties facing the Group and Esprinet S.p.A.'* in the *'Director's Report on Operations')*.
A sensitivity analysis regarding the interest rate risk was performed in order to show how profit or loss and equity would have been affected by changes in the interest rate curve that were reasonably possible during the period.
For these purposes, the 2012 market interest rate trend was taken into account together with the Company's estimates on rates in the immediate future and a forward shifting of spot/forward interest rate curves +/-100 basis points was simulated.
The following table shows the results of the simulation (net of tax effects):

Scenario 1: +100 basis points

(euro/000)	31/12/12 Net equity	31/12/12 Profit/(loss)	31/12/11 Net equity	31/12/11 Profit/(loss)
Financial assets	217	217	116	116
Cash and cash equivalents	79	79	206	206
Short-term financial liabilities	(48)	(48)	(207)	(207)
Borrowings (1) (2)	(13)	(13)	(31)	(31)
Derivative financial liabilities	77	53	127	79
Total	**312**	**288**	**211**	**163**

Scenario 2: -100 basis points

(euro/000)	31/12/12 Net equity	31/12/12 Profit/(loss)	31/12/11 Net equity	31/12/11 Profit/(loss)
Financial assets	(129)	(129)	(116)	(116)
Cash and cash equivalents	(111)	(111)	(206)	(206)
Short-term financial liabilities	48	48	207	207
Borrowings (1) (2)	22	22	31	31
Derivative financial liabilities	(45)	(39)	(131)	(79)
Total	**(215)**	**(209)**	**(215)**	**(163)**

1) Medium/long-term loans include the portion falling due within 12 months.
(2) Impact on the loan hedged by IRS regards solely the uncovered portion of the loan.

6.11 Compensation for Esprinet S.p.A. auditing services

The following table drafted pursuant to Article 149-duodecies of the Consob Issuing Regulation, shows the emoluments posted during the 2012 financial year on the accrual basis of accounting for auditing services and others performed by the same auditing company and/or bodies belonging to its network:

Description	Provider of service	Fees (euro/000) 2012	Fees (euro/000) 2011
Auditing services:			
Examination of the annual accounts of one single company, accompanied by professional opinion	Reconta (1)	151.5	146.9
Examination of the annual consolidated accounts of a group of companies accompanied by professional opinion	Reconta (1)	11.7	11.3
Quarterly examination of accounts of one single company or group of companies during the year	Reconta (1)	27.5	26.7
Subtotal		**190.6**	**184.9**
Certification services:			
Certification services other than audit	Reconta	4	13
Subtotal		**4.0**	**13.0**
Total		**194.6**	**197.9**

(1) Reconta Ernst & Young S.p.A. – Milan.

7. Publication of the Draft Annual Report

The draft annual report and its publication were approved by the Esprinet Board of Directors during the meeting of 15 March 2013, which also authorised the Chairman to make any necessary or appropriate changes or additions to the structure of the document, in order to complete or improve it in any of its parts.

Vimercate, 15 March 2013

For and on behalf of the Board of Directors
The Chairman
Francesco Monti

Statement on the 'separate financial statements' pursuant to Article 81-*ter* of Consob Regulation No. 11971 of 14 May 1999, as amended

1. In consideration of the provisions of Article 154-bis, subsections 3 and 4, of legislative decree No. 58 of 24 February 1998, the undersigned Alessandro Cattani, Chief Executive Officer of Esprinet S.p.A and Giuseppe Falcone, executive charged with drawing up the Esprinet S.p.A. accounting documents, hereby declare that the administrative and accounting procedures used in drawing up the separate financial statements relating to the period between 1 January 2012 – 31 December 2012 were:

- appropriate to the features of the Company
- effectively applied.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the separate financial statements at 31 December 2012 was effected in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internally-accepted reference framework.
No significant aspects emerged.

3. We further declare that:

3.1 the separate financial statements as at 31 December 2012:

a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) of the European Parliament and Counsel, dated 19 July 2002 as implemented in Italy by Article 9 of Legislative Decree no. 38 of 2005;
b) correspond to the amounts shown in the Company's accounts, books and records; and
c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company as of 31 December 2012.

3.2 The *Directors' Report on Operations* includes a reliable operating and financial review of the Company as well as a description of the main risks to which it is exposed.

Vimercate, 15 March 2013

Chief Executive Officer of Esprinet S.p.A.	Executive charged with drafting the Esprinet S.p.A. accounting documents.
(Alessandro Cattani)	(Giuseppe Falcone)

Statutory Auditors' Report

Statutory Auditors have audited the financial statements of Esprinet S.p.A. as of 31 December 2012 and their opinion is attached to the Italian version of the document.

The financial statements referred to in the previous page of this document have been translated by the company from those issued in Italy from the Italian into the English language solely for the convenience of international readers.

The translation has not been examined by Statutory Auditors and consequently their opinion in English on this document is not available.

Independent Auditors' Reports

Reconta Ernst & Young S.p.A. has audited both the consolidated financial statements of Esprinet S.p.A. and the separate financial statements of Esprinet S.p.A. as of 31 December 2012 and its opinions are attached to the Italian version of the document.

The financial statements referred to in the previous page of this document have been translated by the company from those issued in Italy from the Italian into the English language solely for the convenience of international readers.

The translations have not been examined by Reconta Ernst & Young S.p.A. and consequently its opinions in English on those documents are not available.