



RAI GROUP
Reports
and financial statements **2012**



**Reports and financial statements
at 31.12.2012**





General contents

2	Corporate Bodies
3	Organisational Structure
5	Report on operations
11	Rai
21	Rai's offering
27	TV division
41	Radio division
47	Web division
51	Commercial and broadcasting division
55	Parent Company Balance Sheet, Income Statement and Financial Position
71	Further information
83	Recommendation to Shareholders
85	Rai SpA Parent Company Financial Statements at 31 December 2012
155	Shareholders' Meeting
157	Consolidated Financial Statements of the Rai Group at 31 December 2012
245	Financial Statements of Subsidiaries
283	Corporate Directory

Corporate Bodies

Board of Directors

		(from 13 July 2012)
Chairman	Paolo Garimberti	Anna Maria Tarantola
		(from 10 July 2012)
Directors	Giovanna Bianchi Clerici ⁽¹⁾ Rodolfo De Laurentiis Alessio Gorla Angelo Maria Petroni Nino Rizzo Nervo ⁽²⁾ Guglielmo Rositani Giorgio Van Straten Antonio Verro	Gherardo Colombo Rodolfo De Laurentiis Antonio Pilati Marco Pinto Guglielmo Rositani Benedetta Tobagi Luisa Todini Antonio Verro
Secretary	Nicola Claudio	

Board of Statutory Auditors

Chairman	Carlo Cesare Gatto
Statutory Auditors in office	Antonio Iorio Maria Giovanna Basile
Alternate Statutory Auditors	Liana Meucci Pietro Floriddia

(from 17 July 2012)

General Manager	Lorenza Lei	Luigi Gubitosi
------------------------	-------------	----------------

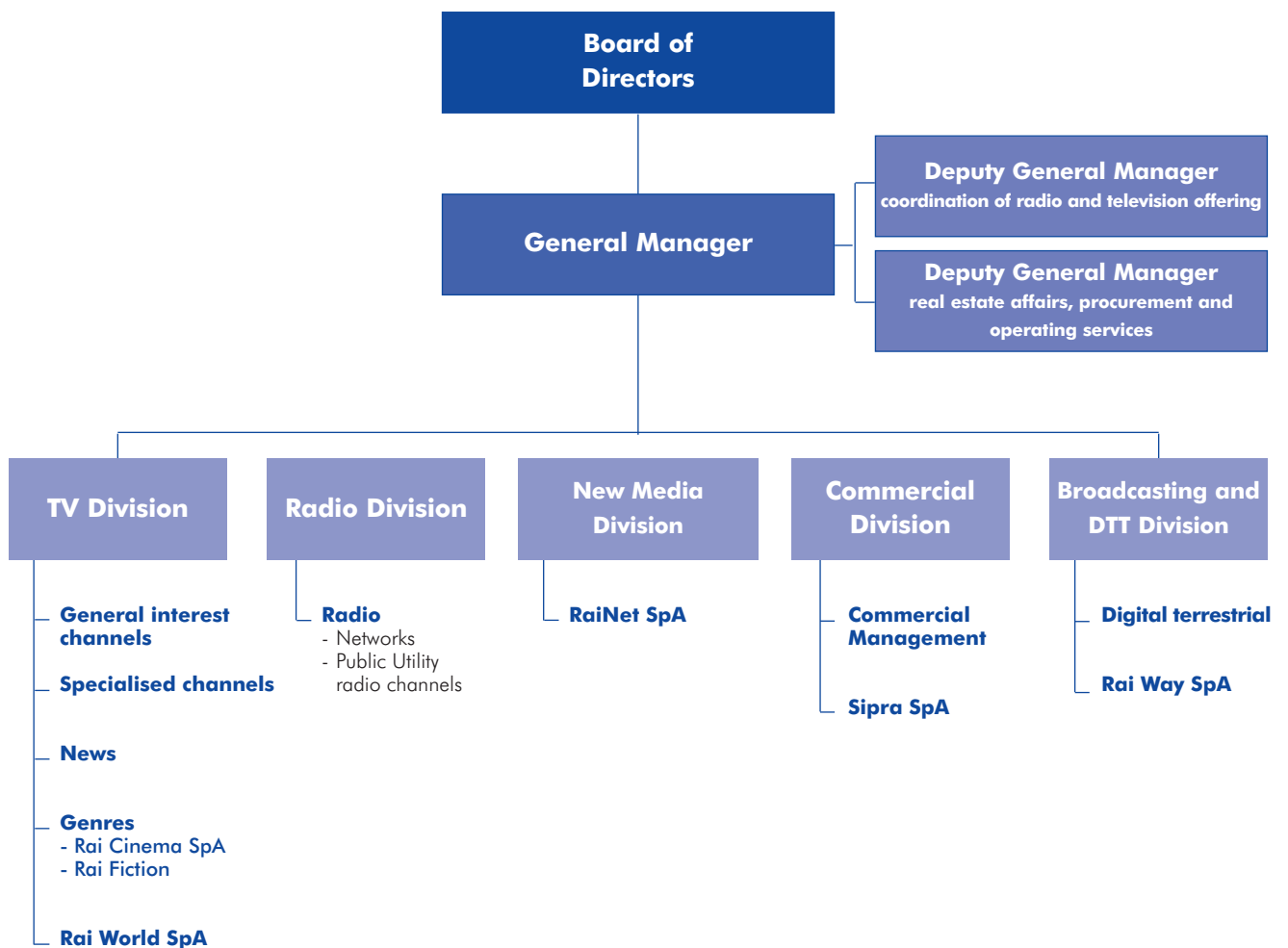
Independent Auditors	PricewaterhouseCoopers
-----------------------------	------------------------

(1) Resigning as from 15 June 2012.

(2) Resigning as from 31 January 2012.

Organisational Structure

Summary







Report on operations

Shareholders,

The deterioration of the international setting and tensions in the Euro area led to an acceleration in 2012 of the recessive trend of the Italian economy, which was already evident as of the second half of 2011.

Within a macroeconomic framework characterized by the reduction in consumption, the advertising market, following the decline of over 13% recorded in 2009 and the almost 4% recovery in 2010, totalled a decline close to 4% in 2011 and a reduction of over 14% in 2012.

These economic aspects were accompanied by a structural change in the competitive context, invested by intensified, more articulate and multilevel competition, in short, multidimensional: a competition between platforms, offering and business models.

The main activators of the evolution in the competitive context were the switchover to digital terrestrial television, a process which is now complete, and the gradual consolidation of the Internet.

The switchover to digital television initially determined the extensive development of pay-TV and subsequently the creation of interesting market spaces for the affirmation of new specialised free offerings, leading to an audience breakdown process to the detriment of the general general-interest offerings.

The consolidation of the Internet in terms of volumes and frequency of use, and the relative capacity to attract advertising investments, have made the Internet indispensable for individuals and advertisers.

The television market structure has changed considerably: in fact, the competition between the general-interest offering and pay-TV has been joined – within the scope of the free offering – by the competition between the general-interest and new specialized channels, led by the semi-general-interest entertainment, channels dedicated to TV series and films, those for children and sports channels.

The rapid ascent of the new free channels, of which there are now over 70, determines the need for the big operators to have a broad spectrum offering to adequately respond to the breakdown of audiences and of preferences and requirements.

In such a complex and increasingly open market, the Rai confirmed its role as undisputed leader of the television market once again in 2012: with a 39.8% share over the 24 hours and with 41.3% in primetime, Rai prevails over the Mediaset Group, with an advantage of about 6 percentage points, up on the previous year.

Rai is also leader in the specialized offering. With an offering of 11 semi-general interest and specialized channels, Rai totals a 6.2% average share on the full day, bypassing Mediaset (5.3%) and Sky (4.6%).

Not only does Rai lead the viewing figures, it also enjoys an excellent Corporate Reputation.

The summarized Corporate Reputation index has settled at a value of 6.7 points on a scale of 1 to 10, a positive value slightly higher than the average of previous assessments.

Rai's economic results and Group's consolidated results in 2012, albeit in the presence of the positive effects induced by actions taken to reduce the Company's main cost items, have been inevitably influenced by the economic and structural phenomena described above.

The costs of sports events and exceptional expenses linked mainly to provisions for staff resignation incentives also significantly influenced said results.

Rai's net revenues amount to 2,625.5 million euros (2,761.4 million euros at Group level), reflecting a reduction of 199.3 million euros (-212.5 million euros at Group level), attributable entirely to a drop in advertising revenues.

Continuing the trend begun in 2008, advertising revenues fell almost 210 million euros in 2012, corresponding to a 23.6% decline compared to 2011.

Other revenues also fell by 30 million euros, partly due to the general economic weakness, largely concentrated in agreements with the Public Administration, in relation to government budget and sovereign debt tensions.

The adaptation of the per-unit licence fee created almost 40 million euros of higher income, in relation to the increase of the per-unit licence fee by 1.4% (from 110.5 to 112.0 euros), a percentage largely in line with the scheduled rate of inflation, and therefore insufficient to recover the real erosion of purchasing power.

The policy for the annual adaptation of the per-unit licence fee was confirmed, on the same basis, also for 2013, with an increase of 1.5 euros, corresponding to a daily cost for the user of just over 30 cents, against a

television, radio and Internet offering of considerable relevance.

The fee is among the lowest in Europe for public broadcasting companies and also holds the record for particularly high tax evasion, estimated at around 27%, almost 19 percent higher than the European average.

A gradual alignment with the European standard, with a consequent recovery of significant resources, estimated at around 500 million euros a year, would require a revision of the payment collection methods, joined by a strengthening of the regulatory instruments designed to combat evasion, which are currently blatantly inadequate.

Attacking the anomalous phenomenon of fee evasion represents a decisive enabling factor which, besides contributing to restoring Rai's financial equilibrium, would accelerate the product technological renewal process which is indispensable to Rai and of investments in quality products.

You are also reminded that the deficit of public resources accumulated with respect to the costs sustained by the Concession holder for the fulfilment of Public-Service responsibilities amounts, since 2005, to over 2 billion euros. The annual imbalance, as you know, is the result of separate accounting, in compliance with the form approved by the Italian Communications Authority and certified by the independent auditor.

In terms of operating costs, the tendency towards a reduction in expenditure was strengthened, within a constant setting – i.e.: a substantial invariance of production layouts and extent of the offering, – thanks to a combination of coordinated projects. In fact, on an equal basis, without considering the cost sustained for

big sports events, which take place in even years, amounting to about 140 million euros, a reduction in costs of almost 110 million euros was obtained.

Actions to improve rationalisation and efficiency, and reductions in spending across all areas of the Company, including product and related investment, had an immediate positive impact and created the conditions to consolidate the benefits permanently.

These results were achieved through a reasoned and definitely not linear combination of targeted and selective operations which made it possible to attain real and significant increases in operating efficiency and to optimize the level of utilisation of internal resources, also thanks to the implementation of more streamlined and effective production models.

The income statement also benefited from the reduction of employee-related costs, which also include costs deriving from the renewal of the collective labour contract of middle management, office staff and blue collars, which expired on 31 December 2009 and was signed in February 2013.

Lastly, the result is influenced by exceptional items totalling 48.8 million euros for Rai (50.9 million euros at Group level), connected mainly to provision for staff resignation incentives aimed to reduce structural costs with pre-pensioning of employees belonging to all professional categories.

Rai records a loss of 245.7 million euros in 2012 (244.6 million euros at Group level). Due to the aforementioned phenomena, 2012 was clearly down on the total of the previous year, which closed with a net profit of 39.3 million euros (a net profit of 4.1 million euros at Group level).

The net financial position at 31 December 2012 was negative for both Rai (122.7 million euros) and for the Group (366.2 million euros), down 123.5 million euros for Rai and 93.8 million euros at Group level.

At Group level, the positive difference of 150.8 million between the change in the net financial position and the net result of 2012 is largely attributable to accruals to provisions which did not undergo any monetary movement during the year and to other changes in operating capital.

Shareholders' equity at 31 December 2012 amounts to 294.1 million euros.

Despite the aforementioned structural crisis of resources, in recent years Rai has launched an intense programme of investments, mainly dedicated to the development of the digital terrestrial platform.

This is a project which has required a considerable financial commitment, starting with that for the construction of the network infrastructure which, by the time it has been completed, has absorbed resources of about 500 million euros, as well as significant commitments and investments in the area of contents to expand the offering.

These investments have been almost entirely sustained by Rai, through bank loans, without any public contribution, as happens in other European countries.

The outlook of the Italian economy for 2013 continues to be characterised by a high level of uncertainty, which translates into lower consumption and spending on advertising by companies. In this complex setting, Rai has elaborated and is about to enter into further, increasingly extensive and effective interventions to rationalize spending.

The review of processes and activities, together with the forthcoming review of the organizational model, will enable improvement of the level of operating efficiency and allow Company resources to focus on the editorial activity.

An extensive review of the organizational model can never be accomplished without meticulous mapping of the potential of in-house staff in preparation for a more careful assessment of the roles, functions and responsibilities to be assigned.

At the end of the staff resignation incentives, what we expect is a 'younger' Rai, better equipped to take on the challenges it will have to face.

Company management will be guided by the choices of the 2013-2015 Business Plan. This is a Plan which, over the three years, together with the corresponding operating instruments, is intended to achieve a sustainable level of profitability.





Rai

- 12 Mission**
- 13 The Service Contract**
- 15 The television broadcasting market**
- 16 Revenues**
- 17 The regulatory framework**

Mission

The mission of general Public Service broadcasting is founded in the principles of the Italian Constitution and of the European Union in the 'Television Without Frontiers' Directive of 1989 and subsequent amendments, the ninth protocol on the system of public broadcasting as part of the 1993 Amsterdam Treaty, and the subsequent interpretative Communication of the Commission of the European Communities 2009/C 257/01 published in the Official Gazette dated 27 October 2009.

This mission is governed by Italian legislation and regulation, in compliance with the aforementioned principles.

Specifically, the Public Service obligations are defined by a series of sources, including Italian Law 249 of 31 July 1997, Law 112 of 3 May 2004, the Consolidated Broadcasting Law approved by Italian legislative decree no. 177 of 31 July 2005, and by the Service Contract entered into with the Ministry of Economic Development.

In accordance with Article 45 of the Consolidated Broadcasting Law, general Public Service broadcasting must establish the minimum content requirements that can be integrated through the service contract, so as to provide for the following:

- a) the broadcast of all public service television and radio transmissions throughout Italy to the extent possible based on current science and technology;
- b) a sufficient number of hours of television and radio broadcasts dedicated to education, information, and cultural promotion, with particular emphasis on promoting theatre, cinema, television (including foreign language programmes), and music which is either of significant artistic value or particularly innovative; such number of hours is set every three years by the Communications Authority; children's entertainment broadcasts are not included in these hours;
- c) the broadcast of the programming specified under point (b) above in a proportionate manner across all time periods, including those with the highest viewing figures, and across all television and radio networks;
- d) access to programming, within the limits and in accordance with the methods established by law, in favour of political parties and groups represented in Parliament and in regional assemblies and councils, of local self-government associations, national trade unions, religious groups, political movements, political and cultural associations, legally recognized national associations of the cooperative movement, associations for social promotion listed in regional and national registers, ethnic and linguistic groups, and other groups of social significance that should request it;
- e) the establishment of a company for the production, distribution, and broadcast of radio and television programming abroad for the purpose of promoting the Italian language, culture, and economy by broadcasting programmes and the nation's leading audiovisual productions;
- f) the broadcast of television and radio programming in German and Ladin for the autonomous province of Bolzano, in Ladin for the autonomous province of Trento, in French for the autonomous region of Valle d'Aosta, and in Slovenian for the autonomous region of Friuli-Venezia Giulia;
- g) the free broadcast of public service messages required by the Italian Prime Minister's Office and the broadcast of sufficient information regarding Italian roadways and traffic;
- h) the broadcast, at appropriate times, of content specifically designed for children and which takes account of the needs and sensitivities of all childhood age groups;
- i) the maintenance of radio and television archives and the guarantee of public access to such archives;
- j) the allocation of no less than 15% of total annual revenues to the production of European programming, including programmes produced by independent providers;
- k) the provision, within the terms specified by Italian Law 112 of 3 May 2004, of the infrastructure for digital terrestrial broadcasting;
- l) the provision of interactive digital public services;
- m) observance of the limits of advertising defined by Article 38 of the Consolidated Broadcasting Law;
- n) the distribution of the broadcasting company in one or more national offices and in branches in each region and, for the region of Trentino-Alto Adige, in the autonomous provinces of Trento and Bolzano;
- o) the adoption of appropriate accessibility measures for the hearing and vision impaired;
- p) the promotion and strengthening of decentralized production centres;
- q) the provision of distance learning services.

The Service Contract

On 6 April 2011, at the Ministry of Economic Development, the Service Contract with Rai, issued for the 2010-2012 term, was signed.

The Contract was approved by Ministerial Decree on 27 April 2011.

The main elements of the Contract are summarised below.

Digital Terrestrial Television

The term of validity of the Contract covers the switchover phase by the Italian television system from analogue to digital. Within this framework, the switchover represents the central element of the Contract, both in terms of the offering and of technological development.

As regards the offering, the Contract requires Rai to create *“general interest, semi-general interest and specialized channels to fulfil the Public Service mission; in this area, Rai develops and articulates the offering of new channels with the aim of reaching all audience targets thanks to programming open to innovation and conceived in view of the growing complexity of television audiences”*.

More specifically, it envisages:

- expansion to the new digital channels of the setting for definition of the predetermined offer of Public Service, with an increase in the minimum charge share from 65% to 70%;
- the development of specialized channels. This concerns minors (with Rai making a commitment to create two channels specifically for pre-school and school children), Italian and European audio and visual channels, information (with a

commitment by Rai to reserve *“a specialized channel for information and general investigation”*).

As regards technology, the forecasts requiring Rai to play a driving role in the switchover of the Italian television system to the new digital technology are of particular importance. In this setting, the Concession Holder is required to *“implement the process of conversion of the networks to digital technology in accordance with the timing and methods indicated by the Ministry, as well as the Master Plan of conversion activities, drawn up by the Ministry for each of the technical areas”*.

Consolidation of the Public Service role

The Contract introduces a series of standards aimed at consolidating the public service role assigned to Rai. In this sphere Rai is required to *“create a comprehensive offering of quality programming, which is to be in line with Italian identity, values and ideals, as well as with audience sensitivities and the interest of minors, respectful of women and their human, cultural and professional dignity, characterized by a broad range of content and efficiency in production”*, identifying the principles and general criteria for the pursuit of this aim.

The principle which establishes that Rai – among other things – must ensure *“the quality of information as a necessary presidium of pluralism, completeness and objectivity”* and favour *“also through journalistic information, the development of a critical, civil and ethical sense of national collectiveness, with respect for the right/duty to provide information, the truth of the facts and people’s right to be informed”*.

This also comprises the provisions requiring that Rai *“apply, during the exercise of its activity, the principles, criteria and rules of conduct contained in the Code of Ethics and the Charter of Duties of Public Service Operators, considered as the combination of values which Rai acknowledges, accepts and shares and the combination of responsibilities taken on by Rai within its own organization and with others, and consequently to sanction every form of behaviour that goes against the letter and spirit of the above-mentioned documents, using the methods envisaged therein”*.

The principles that establish that Rai *“is required to acknowledge in the Code of Ethics (the pertinent part) and in the Charter of Duties, the Code of Self-conduct on the matter of the portrayal of legal issues in radio and television broadcasts, signed on 21 May 2009, the Code of Self-conduct of broadcasts commenting on sporting events, known as the “Sport and media code”, signed on 25 July 2007, and the TV and minors code pursuant to article 34 of the Consolidated Law, as well as specific provisions for reality programmes, to be communicated to the Ethics Commission within three months of entry into force of this Contract”*.

Also of importance are the commitment to contrast *“concealed forms of advertising”*, developing a new monitoring system, and the commitment to publish the results to the Ministry of Economic Development, the AGCOM (Italian Communications Authority) and the Parliamentary Monitoring Commission.

The new Contract aims to launch a new cultural trend, requiring Rai to observe *“the correct portrayal by television of the image of women and the female world in general”* also through the promotion

and exploitation of *"a new direction in the use of the female figure, with complete respect for the professional and cultural dignity of women, also with a view to contributing to the removal of the obstacles that limit equal opportunities"*.

Ratio between costs and revenues relating to the Public Service mission

The Contract introduces a series of defensive standards that allow Rai to propose changes to the Contract in the event of significant alterations to ratio between Public Service costs and revenues.

In this setting, we can see how the role of the Ministry-Rai Joint Commission has been strengthened. Not only is the Commission responsible (as already seen in the Contract currently in force) for *"defining – in line with the evolution of the reference setting – the most effective operating methods for application and development of the activities and obligations envisaged in this contract"*, but also for:

- *"a) defining the appropriate interventions to overcome the difficulties of application and interpretation which might emerge;*
- *b) informing the parties to the contract of significant alterations to the contractual balance, also in terms of the proportional and adequate ratio between Public Service mission and costs and relative funding, suggesting the measures best suited to re-establishing it"*.

It is also deemed appropriate to mention the Ministry's commitment to *"identify, with the involvement of the pertinent administrations, the most effective methods to contrast evasion of the licence fee, suggesting appropriate legislative initiatives and taking the necessary administrative measures"*.

The Service Contract has made Rai's Ethical Code, as approved by the Company's Board of Directors in 2003, binding with regard to the importance of the commitments envisaged in said Code.

With a subsequent resolution, the Company's Stable Commission, as envisaged by article 1.5 of the Ethical Code, was set up, in order to supply assistance and support with the implementation and control of the observance and effectiveness of the Ethical Code.

As envisaged by its regulations, approved in the first meeting held on 29 November 2004, the Commission met once a month.

Since 2005, the Ethical Code has been an integral part of Rai's Organization and Management Model under Legislative Decree 231/2001. It has been distributed to employees and staff members and is referred to for formal adhesion in all the agreements and contracts entered into. The Code can also be found on the corporate website (www.rai.it).

Contacts are underway with the Ministry of Economic Development for the renewal of the Service Contract for 2013-2015.

The television broadcasting market

2012 was a particularly significant year for the evolution of the television broadcasting market:

- the switchover to the digital broadcasting platform throughout the whole of Italy was completed on 4 July. Italy now has a full digital television broadcasting market, with over sixty free national channels plus local networks and pay-to-view bouquets broadcast on the digital terrestrial platform, which, according to Auditel figures, reached 97% of the population at the end of the year;
- the segment of live and on demand video services and applications available through Internet and also available for the latest connectable devices (smartphones, tablets, smart tvs/decoders, etc.), which are becoming increasingly popular, has really taken off. Among the most important effects, with a considerable impact particularly on the future, the extensive innovation of the offering and business models, as well as the

entry of new players, often of a global nature and from a non-editorial background, into the sector;

- the further consolidation of the so-called 'social tv' phenomenon, i.e.: the integration between live television and social media, also thanks to the editorial innovation proposed by broadcasters. While, on one hand, a certain segment of live television is enjoying a new season of vitality, on the other we are witnessing the unstoppable growth of the role and value of the social platforms as holders of an inestimable wealth of knowledge of users.

The tv multi-channel format, accessibility on several screens and platforms and real-time interaction through the social media have attributed even greater value to television, which, despite the crowded and extremely competitive digital media context, confirms its central role in the information and entertainment system.

The historical record of television consumption rose again in 2012. According to the Auditel figures, viewing on televisions in first homes alone rose 2% for the full day and 1% for prime

time, reaching unprecedented levels of 10.4 and 26.0 million viewers respectively.

The inevitable redistribution of market shares among the traditional seven general-interest channels and new channels continued, drawn by the national digital terrestrial free-view channels.

The general-interest channels (Rai 1, Rai 2, Rai 3, Canale 5, Italia 1, Rete 4 and La7) totalled a 65.4% share, down more than 5 points on 2011. Compared to 2008, the year in which the switchover to the digital platform began, with the pilot experience in Sardinia, these channels have fallen almost 20 points.

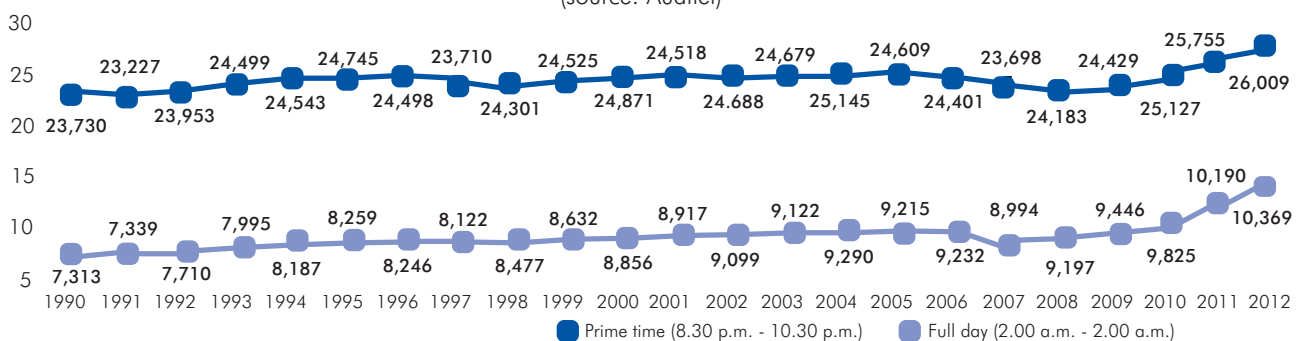
In economic terms however, the year was not particularly positive.

The worsening of the on-going economic crisis has had a considerable impact on the television system:

- investments in advertising fell by 14.3% (source: Nielsen Media Research), with a performance that is slightly worse than the total advertising market, and the redistribution of investments in favour of the new free-view and pay-to-view

Changes in television audience

(source: Auditel)



channels, alternative to the general-interest channels, was accentuated;

- the pay-tv sector experienced a reduction in the number of customers, which the operators tried to offset by raising the average level of spending. Specifically, the leading operator Sky ended the year with over 4.5 million households (about 18% of the population), with a drop of about 300,000.

Lastly, the satellite television platform grew again.

Tivù Sat (Joint venture between Rai, Mediaset and Telecom Italia Media), which reached 1.7 million active cards and 1.5 million households at the end of 2012, as well as the substantial elimination of lptv, partly due to the closure of the Fastweb service.

Revenues

In line with longstanding trends throughout Europe, in recent years the Italian television market has drawn in increasing revenues from fee-based services alongside public funding and advertising revenues.

In this development, the licence fee, which is higher than the previous year (+1.4%), ends to gradually reduce its weight on the system's total resources. Already, the inflows generated by the various forms of pay TV have exceeded funding from the licence fee.

Historically, the parameter used to adapt public funding has been the programmed inflation rate, and not the actual rate of inflation, meaning that not only does it not allow the company to recover the entire effect of inflation within the Italian economy, it also fails to consider the significant pressure on production created by the level of competition of communication within the marketplace that has been growing for several years now. In a context of such competitiveness, the Italian licence fee remains the lowest in Western Europe.

It should also be noted that in Italy, reliable estimates point to a significantly high rate of evasion with reference to both the special licence fee and the ordinary fee, the latter estimated at between 25 and 30% and far and away the highest in Europe, where the average rate of evasion is 10%.

The Italian television system will, however, continue to be funded primarily through advertising revenues, although we are seeing progressive growth in revenues from pay TV on one hand and a shift towards investments in other emerging media on the other.

The gradual decline or suffering of revenues from television advertising in recent years is common to the main public service broadcasters throughout Europe, although audience figures continue to remain quite stable.

The regulatory framework

2012 was characterized by legislative intervention concerning the regulation of the broadcasting industry, as detailed below.

Assignment for the frequencies available in television band for digital terrestrial radio broadcasting

As you know, in April 2009, the Italian Communications Authority (hereinafter AGCOM) implemented resolution no. 181/09/CONS containing the criteria for the complete digitalization of the terrestrial television networks, which indicated that a bid procedure would be held for the assignment of television band frequencies for digital terrestrial radio broadcasting systems.

With directorial decree of 20 January 2012, the Ministry of Economic Development suspended the bid procedure for the assignment of the rights to use these frequencies (so-called Beauty Contest), in relation to which Rai has presented an application to take part in September 2011, for 90 days.

Subsequently, art 3-quinquies of Decree Law 16 of 2 March 2012, as converted, with amendments, by Law 44 of 26 April 2012, in paragraph 6, containing urgent measures for the efficient use and economic value enhancement of the radio spectrum, cancelled the Ministry of Economic Development tender and the corresponding regulations of 8 July 2011 for the procedure for the assignment of the rights to use frequencies, establishing, in order to ensure the efficient use and economic value enhancement of the radio spectrum, that they be assigned by

public tender called by the Ministry of Economic Development on the basis of the procedures established by the Italian Communications Authority.

Technological innovation

Art 3-quinquies of Decree Law 16/2012, converted by Law 44 of 2012, assigns to the Ministry of Economic Development and to the Authority, within the sphere of actions to guarantee competitiveness and innovation in compliance with the management policy established by the European Union and the objectives of the Italian and European digital agenda, every action useful to the promotion of the television standards DVB-T2 and MPEG-4 or subsequent developments approved within the sphere of ITU. Also, to encourage technological innovation and the efficient use of the spectrum, the law envisages that, as of 1 January 2015, appliances for the reception of television and radio broadcasts sold to distributors must have a built-in decoder compatible with DVB-T2 and codification MPEG-4 or subsequent evolutions and, as of 1 July 2015, all appliances sold through retail channels must possess such features.

Guidelines on the content of the further general public service broadcasting obligations

With resolution no. 587/12/CONS, AGCOM approved the guidelines on the content of the further general public service broadcasting obligations in accordance with article 45, paragraph 4, of the Consolidated Broadcasting Law (TUSMAR) for 2013-2015, in order to make the public service mission consist with Italy's new technological, cultural and social context. According to the Authority, achieving the aim could be pursued by improving the

quality of programming, technological innovation and transparency in the provision of the public service. Therefore, the following aims have been established in relation to the supply of public service broadcasting and the relative obligations:

- ensure that the entire management of Rai is inspired by the principles of the public service;
- recuperate the identity of public service broadcasting in the eyes of the user;
- improve the quality of programming in the broadest sense. Quality must be considered first and foremost as the capacity to plan and renew contents, to be developed by experimenting new formats and languages, the improvement of the qualitative level of information, the promotion of audiovisual productions to export the country's image, the reaching of different audiences through the variety of genres offered and thematic investigations, overcoming cultural stereotypes and strengthening the social and cultural commitment, as well as enhancing the value of archive materials to conserve the country's historical memory. It is also necessary, according to the Authority, to spread vast information on the public service offering to offer an understanding of what the licence fee represents and why it has to be paid, as well as guaranteeing protection of minors and improving fruition of production by hearing and sight-impaired users;
- promote technological innovation, extending the benefits of new technologies to as many people as possible, in a competitive context. According to the Authority, Rai must instruct the public in how to use the new technologies, extend the offering of Internet broadcasting, develop innovative technologies, guarantee

technological neutrality and improve technical quality;

- stimulate creativity and culture, encouraging the image of Italy abroad;
- favour knowledge of Europe and the European Union and also of the international setting, as well as people's ethic and civic sense;
- guarantee the correct development of minors;
- expand the fruition of public service programming by people who are hearing and sight-impaired;
- pursue efficiency in the use of resources generated by the licence fee;
- strengthen the relationship with people/users, improving transparency in the provision of the public service and use of the licence fee.

Defence of minors

Legislative Decree no. 120 of 28 June 2012 amended art. 34 of the Consolidated Broadcasting Law (TUSMAR), envisaging new provisions in defence of minors: consequently, television programmes that can seriously harm the physical, mental or moral development of minors are forbidden. This particularly refers to programmes containing unnecessary, excessive or extreme violence or pornography and the broadcasting of films the viewing of which has not been approved or has been forbidden for under-18s. Radio or television broadcasts do not therefore contain programmes that can seriously harm the physical, mental or moral development of minors and films the viewing of which has been forbidden for under-14s, unless they are broadcast between 11.00 pm and 7.00 am or another technical application prevents minors within the broadcasting area from seeing or listening to such programmes. Should such programmes be broadcast, either

through free of pay-TV, in the case of radio broadcasts they must be preceded by an acoustic warning, and, in the case of television broadcasts, they must be preceded by an acoustic warning and accompanied for their entire duration by a clearly visible visual symbol.

Advertising limits

Legislative Decree no. 120 of 28 June 2012 amended article 38 of Legislative Decree no. 177 of 31 July 2005, envisaging that the promotional messages, belonging to initiatives promoted by institutions, organisations, trade associations, publishers and bookstores, aimed at arousing public awareness of books and reading, also transmitted by public and private radio and radio broadcasters free of charge or at special conditions, as well as promotional films or presentations of forthcoming European cinema production, not be considered solely for the purposes of calculating advertising limits.

Television voting

With resolution no. 443/CONS, the AGCOM amended and integrated the regulation of the transparency and effectiveness of the television voting system pursuant to resolution no. 38/11/CONS, introducing, among other things, methods of allowing broadcasters to supply the television voting service through traditional telephone services (phone calls, texts) and also through Internet applications, which guarantee the identification of the person voting and the traceability of the votes. It has also been established that, in the event of cancellation or suspension of single sessions or of the whole television voting service, for reasons other than mere chance or force majeure, without

the results of the competitions for which users have been asked to express a preference having been defined, the price of the votes expressed until the time of cancellation or suspension must be refunded in full to users.

Advertising messages concerning games with cash prizes

Decree Law no. 158 of 13 September 2012, converted into Law, with amendments, by article 1, paragraph 1, Law no. 289 of 8 November 2012, containing urgent provisions for promoting the development of the country with a higher level of protection of health, in article 7 forbade advertising messages concerning games with cash prizes during television or radio broadcasts aimed at minors and during the 30 minutes before and after their broadcast, as well as advertising messages concerning games with cash prizes in newspapers, magazines and publications during television or radio broadcasts, and also via Internet, in which even just one of the following elements is highlighted:

- a) encouragement of gambling, or the promotion of its practice;
- b) presence of minors;
- c) absence of warnings against the risk of dependence on gambling, as well as the indication of the possibility of consulting informative notes on the probabilities of winning published on the institutional websites of the independent administration of the state monopolies and, after its incorporation in accordance with the legislation in force, of the customs and monopolies department, as well as the single licence holders, available from the gambling points.

News flashes relating to events of outstanding public interest

With resolution no. 392/12/CONS, the AGCOM amended the regulation concerning the broadcasting News flashes relating to events of outstanding public interest. The use of pictures of the event for news flashes is now allowed, limited to an overall duration of 90 seconds for each event, only within the context of news bulletins, also in subsequent editions, from one hour after the end of the event until 48 hours after its ending. For particularly short events, the news flashes must have a proportionate duration, not in excess of 3% of the duration of the event, respecting the maximum limit of 90 seconds.

Events of particular importance to society

With resolution no. 131/12/CONS, the AGCOM approved the list of events of particular importance to society, for which broadcasting is guaranteed on free television. The television broadcasters subject to Italian jurisdiction cannot broadcast exclusively and only in codified form:

- a) the summer and winter Olympics;
- b) the final and all matches played by the Italian national football team in the World Cup;
- c) the final and all matches played by the Italian national football team in the European Cup;
- d) all home and away matches played by the Italian national football team in official competitions;
- e) the final and semi-finals of the Champions League and the Europa League if Italian teams are involved;
- f) the Giro d'Italia;
- g) the Italian Formula 1 Grand Prix;
- h) the Italian Moto GP Grand Prix;
- i) the finals and semi-finals of the world basketball, water polo, volley ball and rugby championships in which Italian teams are competing;

- j) matches of the Six Nations rugby series in which the Italian national team is competing;
- k) the finals and semi-finals of the Davis Cup and the Fed Cup in which the Italian national team is competing and the Italian International tennis tournament in which Italian players are competing;
- l) the world road cycling championship;
- m) Sanremo Festival;
- n) the first performance of the opera season at Milan's La Scala Theatre;
- o) the New Year's Day Concert of Venice's La Fenice Theatre.





Rai's offering

Rai Group covers all the consolidated and emerging platforms in the marketplace, with a very broad and articulate offering capable of appealing to all types of audiences.

During 2012, within Rai's Board of Directors, two consulting committees were set up on the editorial lines and on the quality of the offering.

Digital terrestrial and satellite television

Digital terrestrial is the digital platform of reference for Rai, which has pursued a multichannel development of the offering and broadcasting infrastructures in recent years, enabling the provision of decisive support to the consolidation of the digital terrestrial platform during the switchover of the television system to the digital standard.

Rai sees satellite television as a complementary broadcasting platform with respect to digital terrestrial, which makes it possible to reach areas which are not served, even just partially, by this broadcasting technology. In this sense, the strategic choice made by Rai, together with Mediaset and Telecom Italia Media, was to create Tivù Sat, launched in July 2009, the free satellite platform which offers viewers the chance to access free digital terrestrial channels via satellite.

As regards the television offering, Rai envisages a bouquet of fifteen free channels, one of which in **HD**, broadcast on digital terrestrial and through Tivù Sat.

All this configures the broadest free offering available in Italy and among the main European countries.

With the completion of the switchover to digital terrestrial, Rai's television offering is standardised nationwide and – at the end of 2012 – consisted of:

- three general-interest channels – Rai 1, Rai 2 and Rai 3;
- eleven specialised channels - Rai 4, Rai 5, Rai Movie, Rai Premium, Rai News, Rai Storia, Rai Sport 1, Rai Sport 2, Rai Gulp, Rai Yoyo and Rai Scuola;
- one high definition channel – Rai HD.

In addition and in support of the linear television offering, Rai proposes interactive applications and video services on demand via the Internet for use through specific decoders and connected TV.

International television offering

Rai also operates on the international television market with an offer consisting of two channels:

- **Rai Italia**, a channel aimed at Italian living abroad, outside of Europe;
- **Euronews**, pan-European multilingual news and information channel created by a consortium of which Rai is one of the founder partners.

Radio

The lines of action concerning the definition and production, and the development of the offer pursue a style of Radio present on all analogue and digital platforms, implementing the guidelines for the relaunch of Radio (2009), borrowing the example of the major European public services, and take into account the dynamics of the competitive market. It should be said that a series of structural interventions have improved RadioRai's functional layout, integrating the flows, responsibilities and results with the company's disciplines.

In 2012 the Radio completed the alignment to the processes of planning, validation and control of the offering of the TV area, making a decisive step towards the full integration of Radio into the strategies of the various media in the digital age. This will allow the harmonisation of programming for the different periods of

time, guaranteeing the modularity of the offer and control of costs.

The radio offering produced entirely in-house consists of:

- Radio1 and the Giornale Radio, Radio2 and Radio3;
- the public utility channels - Isoradio, Cciss Viaggiare Informati, Filodiffusione IV and V canale;
- the parliamentary information channel Gr Parlamento;
- 3 WebRadio.

Internet

Together with DTT, the web represents a central platform in Rai's programming and industrial strategy, both in the light of its growing popularity with Italian families and due to its ability to determine in-depth innovation in the offering, consumption and business models.

Rai's offering consists essentially of two components:

- **Rai.it** is the portal that aggregates and increases the accessibility to the vast web offering of the Group. In particular Rai.it promotes and offers access to all the programming broadcast and to the relative contents of all the general-interest and specialised tv networks available on the web, all the radio channels and all the informative and multimedia contents of all the news programmes. Rai.it also proposes a series of important and interesting services for users, such as the programming guide to all the Rai radio and TV channels and the community that enables interaction with Rai's most popular programmes and celebrities, and with other fans who share this passion;
- **Rai.tv** is the environment through which it is possible to access the whole Rai audio-video offering available on the Internet, via an advanced graphic interface.

Rai.tv's offering comprises different services: the live streaming of 15 TV channels and 10 radio channels; replay tv, which envisages access on demand to the offering covered by rights of Rai 1, Rai 2, Rai 3 and Rai 5 broadcast in the last 7 days. The on demand system, which can be used to access almost all the TV offering of the general-interest and news channels, as well as extensive content available exclusively on the web, taken from the Teche and Rai production archives.

Rai.tv is also present with a series of official channels on the YouTube platform.

Some of Rai's web services (e.g.: Rai.tv, Radio Rai, Televideo, Rai News, Tg1, Tg3, Rai Sport) are also accessible in the form of applications for the main smartphone and tablet platforms.

Rai's video on demand offering is also available on Sony Bravia connectable televisions with five theme-based channels (current affairs, entertainment, tv fiction series, children's tv and music), as well as on DTT interactive televisions and decoders (certified with the Gold stamp) with the Rai Replay and TGR services.

At the end of 2012 Rai signed a commercial agreement with Telecom Italia to supply three theme-based channels (tv fiction series, children's tv and culture) destined to the basic service of the Cubovision platform and distribution of the Rai Replay service.

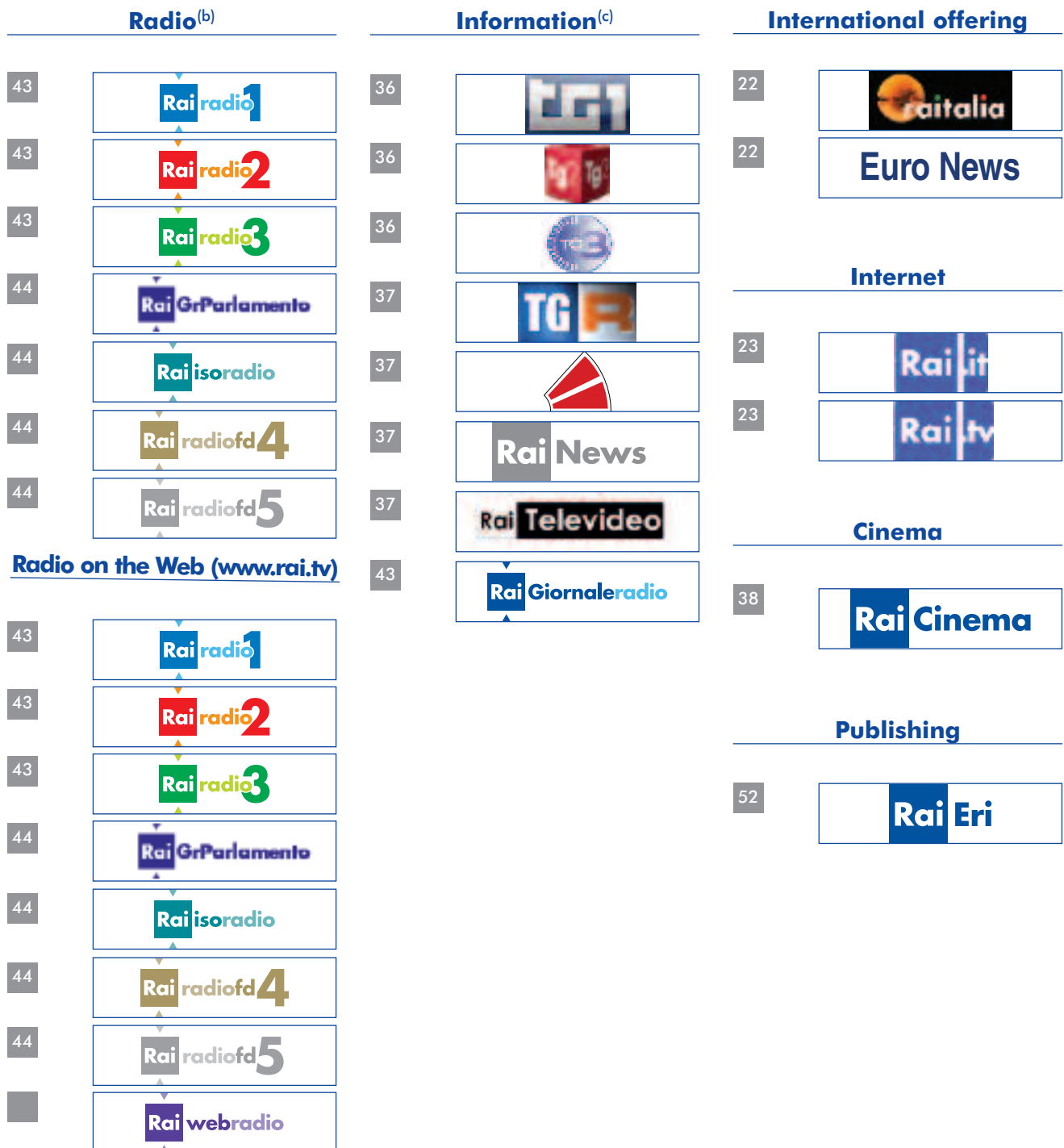
Rai's official presence on the leading social networks (Facebook and Twitter) was strengthened in 2012 with the activation of official profiles/accounts of televising and radio channels and programmes.

Lastly, at the end of 2012, **Rai social TV** was launched. Accessible with a Rai, Twitter or Facebook account Rai social tv can be used to interact with other users and with the programme departments in real time and to make use of non-linear additional contents.

Map of Rai's offering

Digital terrestrial		Satellite		Web (www.rai.tv)	
32		37		32	
32		37		32	
33		37		33	
34	(a)	24	(a)	34	
34	(a)	37		34	
34	(a)			34	
34	(a)			34	
35	(a)			35	
35				35	
35				35	
35				35	
				35	
				37	
				37	
				22	

(a) These channels on the satellite digital terrestrial can only be seen through the Tivù Sat platform.



(b) Radio channels are also available on digital terrestrial and satellite tv.
 (c) TV and radio information is available on all transmission platforms.





TV division

28	TV product performance	36	News and Information
32	General-interest channels	36	Tg1
32	Rai 1	36	Tg2
32	Rai 2	36	Tg3
32	Rai 3	37	TGR
34	Specialised channels	37	Rai Parlamento
34	Rai 4	37	Televideo
34	Rai 5	37	RaiNews
34	Rai Premium	37	Rai Sport
34	Rai Movie	38	Genres and TV Support
35	Rai YoYo	38	Rai Cinema
35	Rai Gulp	38	Rai Fiction
35	Rai Educational	39	Rai Teche
35	Rai Storia		
35	Rai Scuola		

TV product performance

2012 was characterised by the completion of the switch-off of the analogue signal on the whole national territory.

From the fourteen regions that were already 'all digital' at the beginning of 2012 (about 78% of the Italian population) the entire population was reached in the months of May and June with the switch-off of the remaining Southern Italian regions (Abruzzo, Molise, Puglia, Basilicata, Calabria and Sicilia, where the operations were completed on the 4th of July in the province of Trapani).

As observed during previous switch-offs, the most significant effects due to the expansion and diversification of the television offering include:

- the increase in the audience which continues to show a growth trend which has witnessed levels increasingly higher than those of previous years since 2009;
- the redistribution of viewing figures among general-interest and specialized channels.

Thanks also to the presence of big sports events like the European Football Championships and the London Olympics, the records established the year before were broken in 2012: for the second year running, 10 million viewers on the full day were exceeded (almost 10.4 million average viewers compared to 10.2 million in 2011) and for the first time since the Auditel measurement system became operational, 26 million viewers were reached in prime time (compared to 25.8 million average viewers in 2011).

The general-interest channels (Rai 1, Rai 2, Rai 3, Canale 5, Italia 1, Rete 4 and La7) continue to record a downtrend, falling to a total share of 65.4% on a daily basis (-5.5 points on 2011) and to

69.7% in prime time (-4.7 points on 2011).

In this setting of growing competition, the Rai Group retains its leadership, succeeding in containing the drop in viewers to a better extent overall than its main historical rival.

On the **average day**, Rai takes a 39.8% share (-0.4% on 2011) against Mediaset's 33.8% (-2.5%).

This result was obtained within the scope of a general increase in the number of free channels available on satellite and/or DTT. Excluding the Rai and Mediaset channels measured by Auditel, the combination of 'Other Free Tv' rose to 13.8% (+3.4 points compared to 2011), while 'Other Pay Tv' is largely stable at 9.2% (-0.1 points).

A determinant contribution to the Rai Group performance was made by the specialised channels ('Rai Specializzate') which obtained a total 6.2% share on the full day (with a +1.4% increase on 2011) thanks, first and foremost, to the performances of Rai Premium, Rai 4, Rai Movie and the pre-school children's channel Rai Yoyo, all in the ranking of the top ten channels in terms of viewers in 2012.

Among all the specialised channels, that with the best result is Real Time belonging to the Discovery Group, recording an average 1.4%, followed by Rai Premium, 1.2% and Rai 4, 1.1%. Rai also presents the highest number of channels in this ranking, four compared to the three Mediaset channels (Iris, Boing and La5), to the two of Discovery (Real Time and DMax) and to the only channel of Switchover Media (Giallo).

These results confirm Rai with its completely free offering as the first digital broadcaster on the Italian market, bypassing Mediaset (5.3%), Sky

(4.6%), Discovery (2.4%) Fox (1.7%), Switchover Media (1.6%) and all the other national and international competitors of the calibre of Disney, Viacom and Turner.

Rai's general-interest channels, like those of the competition, show a physiological decline, with the three Rai channels maintaining their leadership positions in front of the respective competitors and being confirmed among the most popular national channels:

- Rai 1 with a share of 18.3% (-0.3 points on 2011) is confirmed as the most popular channel overall and retains a good margin compared to the leading Mediaset channel (with a share of 15.2%, -1.6 points on 2011, which represents the biggest decline among the general-interest channels);
- Rai 2 settles at 7.6% (-0.7 points) confirming its position as fourth national channel after Canale 5 and the other two Rai channels;
- Rai 3, despite falling to 7.7% (-0.9 points) continues to be the third national channel after the two leading Rai and Mediaset channels.

In **prime time**, the Rai Group maintains its market share, confirming its leadership with a 41.3% share against the 34.9% of Mediaset (-1.9 points).

During prime time, where the general-interest channels usually concentrate their leading products, the growth of the other specialised offers seems to be more contained: the combination of 'other Free Tv' takes an 11.0% share (+2.4 points compared to 2011), while 'Other Pay Tv' remains stable at 8.7%.

As regards the single channels:

- Rai 1 continues to be the most popular channel, with a 19.4% share (+0.4 on 2011) and bypasses Canale 5 by over 3 points (16.1%, -0.9).

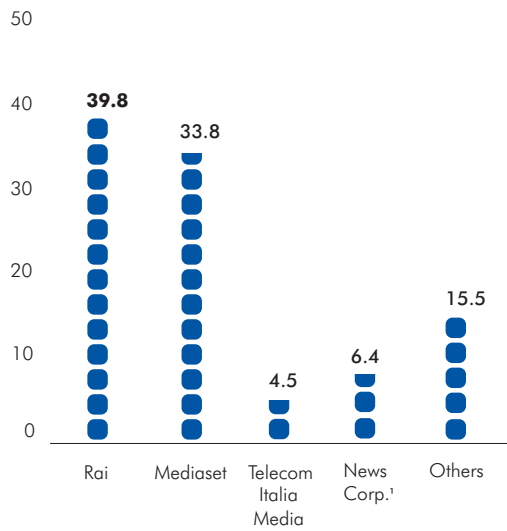
Rai 1 is also the only general-interest channel with a positive figure, achieved thanks partly to the presence of the European Football Championships and the excellent sporting result of Italy in the finals of this competition;

- Rai 2 and Rai 3 recorded similar results, with 8.4% (-1 point) and 8.3% (-0.8) shares respectively, confirming their positions as the channels with most viewers after the leading Rai and Mediaset channels.

The combined offer of the 'Rai Specializzate' channels reached 5.3% (a share of +1.4 points compared to 2011) equalling Mediaset's specialised offering (+0.8) which, in this time bracket, also benefits from the relevant contribution made by the premium football events (such as the Serie A, Champions League and the Europa League).

Average daily share

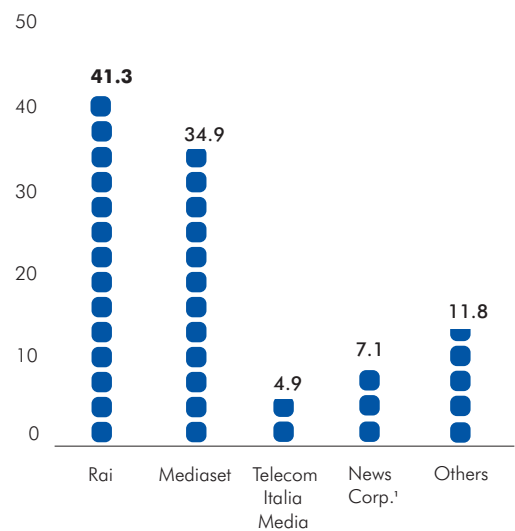
(source: Auditel)



1. News Corporation (Sky and Fox publishers)

Prime time share

(source: Auditel)

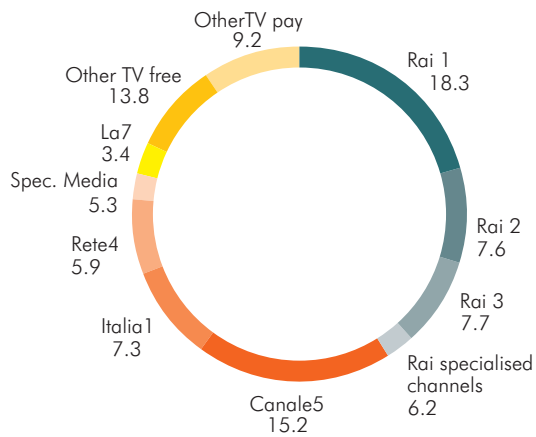


1. News Corporation (Sky and Fox publishers)

Average daily share per channel

(source: Auditel)

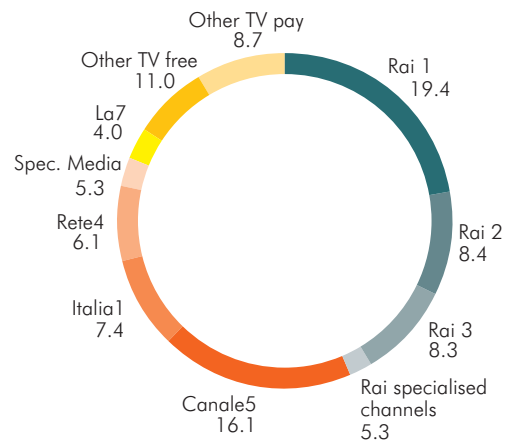
Full day (2.00 a.m. - 2.00 a.m.⁺)



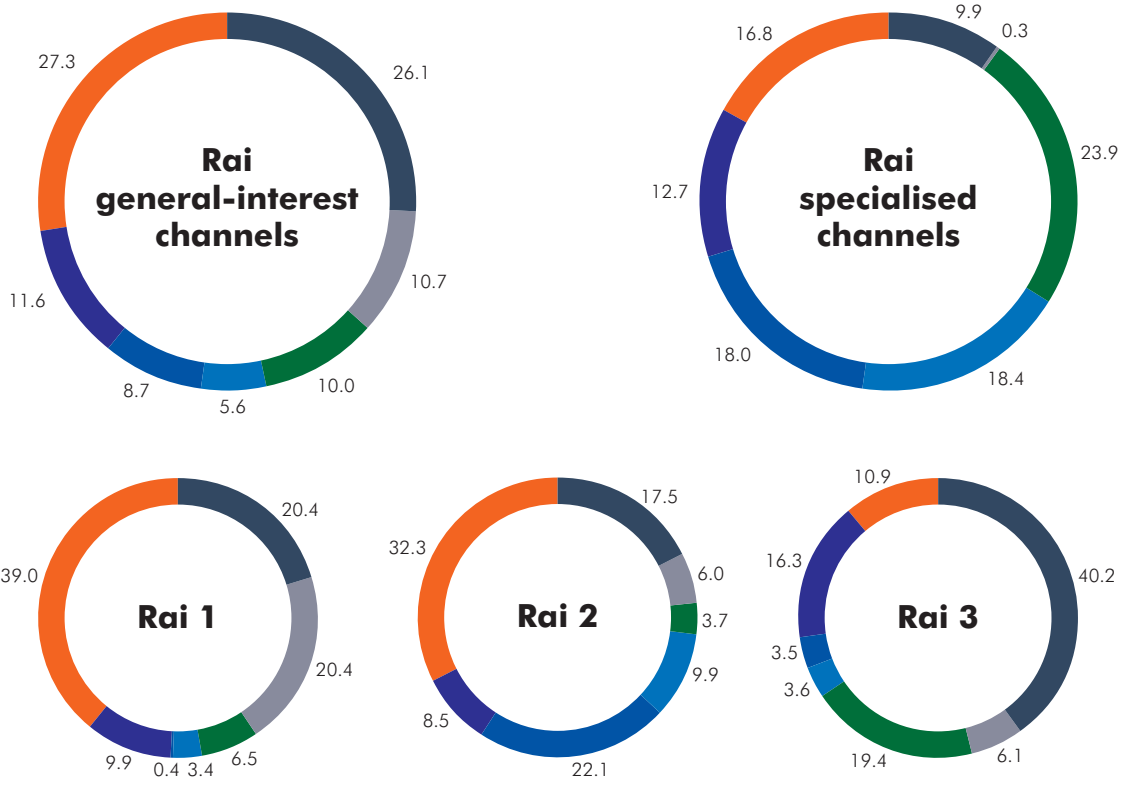
Prime time share per channel

(source: Auditel)

Prime time (8.30 p.m. - 10.30 p.m.)



Television programming by genre
Rai general-interest channels (6.00 a.m. to midnight time slot) and
Rai specialised channels (2.00 a.m. - 2.00 a.m.⁺¹ time slot)
Children account for 9.28% of general-interest channel audience (7.00 a.m. to 10.30 p.m. time slot)



	Public Service Genres	Other Genres
Rai Networks	72.7	27.3
Rai 1	61.0	39.0
Rai 2	67.6	32.4
Rai 3	89.1	10.9

- News & Information and analysis
- Service programmes and slots
- Cultural promotion programmes and slots
- Sports news and programmes
- Children's programmes
- Italian and European audio-visual productions
- Other genres

62nd Sanremo Festival with Gianni Morandi

2012 was the year of the complete switchover to digital terrestrial technology for **Rai 1**. The setting is much more competitive, partly due to the growing viewing figures relating to the specialised channels.

This is the new panorama of reference in which Rai 1 maintains its leadership, improving on the prime time result of 2011 and increasing the advantage over its direct competitor, Canale 5.

Rai 1 has consolidated the relationship with the public, thanks to a popular, high-quality offering across a variety of television genres.

Rai 1 tackles a difficult challenge: consolidating its authority as Public Service broadcaster while experimenting new products and languages.

18.3%

full day share
(source: Auditel)

A map of Rai 1

Emotions: Un passo dal cielo 2, Il Giovane Montalbano, Una grande famiglia, Il restauratore, Terra ribelle, Questo nostro amore, L'isola, Maria di Nazareth, Walter Chiari, Il sogno del maratoneta, Suor Pascalina, Caruso, Né con te né senza di te, La vita che corre, A fari spenti nella notte, Mai per amore, Il paese delle piccole piogge, Santa Barbara, E' stato solo un flirt?

Events: Sanremo Festival, La più bella del mondo, Concerto per l'Emilia, Paolo Borsellino - i 57 giorni, Premio regia televisiva, Il Galà da Verona, Miss Italia, Sabato domenica e lunedì

Entertainment: Ballando con le Stelle, Attenti a quei due, Affari tuoi, L'eredità, Tale e quale show, Superbrain, Che Dio ci aiuti, Provaci ancora prof, Nero Wolfe, Sposami

Music: Ti lascio una canzone, 4 serate omaggio ai grandi artisti, Non separate sul pianista, Wind Music Awards

Children and Teenagers: Zecchino d'oro, Alice in wonderland, Il libro della giungla, Bambi, Il re leone, Le mille e una notte, Little lady

Commitment: Il Generale dei briganti, La figlia del capitano, La certosa di Parma, Barbarossa, Titanic, L'olimpiade nascosta, Prefetto di ferro, Anita Garibaldi, Il commissario Nardone

Culture and Science: Superquark, Quark atlante, Passaggio a Nord-Ovest, L'Appuntamento, Cinematografo, Applausi

Travel: Dreams Road, Overland

News & Information: Porta a porta, Confronto Bersani-Renzi



Rai 2 is a trend-setting channel, attentive to emerging cultural movements, current events and recent history. A channel associated with semantic connotations, such as modernity, dynamism, curiosity, originality and creativity.

2012 was a year of transition for Rai 2. Having overcome the difficulties of 2011, Rai 2 faced its public with an organic programming project, with considerable innovations in formula and layout and with the introduction of new faces.

Rai 2 is the most digital of Rai's general-interest channels. A channel aimed at a demanding and active public which follows it by choice and not out of habit, a public which knows how to move among the various platforms but appreciates an innovative yet recognisable proposal.

19.4%

prime time share
(source: Auditel)

Victoria Cabello and the irony of Quelli che



Giovanni Floris presents Ballarò, the Rai 3's news analysis

A map of Rai 2

News & Information: L'ultima parola, La storia siamo noi

Sport: Domenica sportiva, 90° minuto

Entertainment: L'isola dei famosi, Mezzogiorno in famiglia, I fatti vostri, Quelli che, Made in Sud, Un minuto per vincere, Pechino Express

Music: Musica sul 2

TV series: NCIS, NCIS Los Angeles, Criminal minds, Cold case, Squadra speciale Cobra 11, The good wife, Castle, Hawaii Five-0, Numb3rs, Blue Bloods

Children: Cartoon flakes, L'albero azzurro, Ragazzi c'è Voyager, A come Avventura

Religious programmes: Protestantesimo, Sulla via di Damasco, Sorgente di vita

Divulgation: Voyager, Sereno Variabile



In 2012 **Rai 3** confirmed its editorial line based on a consolidated but also innovative interpretation of Public Service television. The fundamental assets of this interpretation are information and analysis, cultural talk shows and current affairs programmes, satire, entertainment focused on the reality that surrounds us and authentic service programmes.

Rai 3 is a Public Service channel offering a view of reality in Italy, analysing issues, discussing different opinions and placing them in an international context. A place for cultural and scientific divulgation and for cultured entertainment. It has a recognised identity, consolidated over the years, which continues to experiment, with an innovative offering in the interests of viewers.

A map of Rai 3

News & Information: Ballarò, In 1/2 ora, Agorà, Cominciamo bene, Telecamere, Telepatia

Inquiries: Report, Presa diretta, Lucarelli racconta, C'era una volta, Sirene

Irony: Che tempo che fa, Blob, Glob spread, Volo in diretta, Lilit

Memory: La grande storia, Correva l'anno, Sfide, Ritratti, F.I.L.

Social, commitment and service: Chi l'ha visto, Robinson, Paesereale, Doc3, Codice a Barre, Percorsi

Culture: Le storie di Augias, Il Capitale, Per un pugno di libri, Prima della prima, La musica di Rai 3

Noir: Un giorno in pretura, Amore criminale, Storie maledette

Fiction and emotions: Un posto al sole, Boris, Julia, Medium, Boss, Law and order, Sulle tracce del crimine

Nature and Science: Ulisse, Nanuk, Geo&Geo, E se domani, Cosmo, Elisir, Pronto Elisir, Buongiorno Elisir

Travel and entertainment: Alle falde del Kilimangiaro, Il circo, Concerto del primo maggio, Il Viaggio di Baudo

7.6%

full day share
(source: Auditel)

8.4%

prime time share
(source: Auditel)

7.7%

full day share
(source: Auditel)

8.3%

prime time share
(source: Auditel)



Rai 4 - The Truman Show



Rai 5 - David Letterman Show

Rai 4

The year of the completion of the switch-off process and the final arrival at an all-digital national market confirm the ascending viewing trend of the previous three years for **Rai 4**, while this year's increase was more contained: with reference to the full day, the annual average individual share was 1.08%, while the value referred to the 25-54 year-old target was 1.38%. Figures also show a better audience response among more qualified clusters from an advertising point of view ('eclectic' and 'explorative').

The trend in average monthly viewing figures during 2012 confirms the consumer dynamics already highlighted in the previous two years, with an 'alternative and complementary' positioning of the channel to that of general-interest tv. In particular, the physiological drop in viewers in the summer was again accompanied by very high levels of share, while the period not guaranteed by Christmas equalled the high viewing averages and shares recorded during the previous winter guarantee period.

765

thousand

viewers on the 4th of July 2012 for the film

The Truman Show

Rai 5

Rai 5 was born in 2010 with the mission of proposing an offering of cultural entertainment and with the ambitious aim of bringing back to television a demanding audience with lots of different entertainment resources available and numerous ways of enjoying the specific products in which it is interested.

With this formula, the channel has succeeded so far in interpreting the most authentic spirit of the public service, offering its viewers non-pedagogical or academic 'cultural' programming which is lively and innovative, interesting, modern, varied and capable of arousing the varied curiosity of its public.

Being a semi-general-interest channel, Rai 5 offers numerous topics: art, show, travel, science, opera and dancing, theatre and design, trends and lifestyle, documentary and auteur films. All topics are treated "after the fashion of Rai 5" always trying to combine culture with entertainment, in line with models of excellence and international success, to meet the needs of the more attentive and curious audience.

1,031

thousand viewers

for the repeat of *La più bella del mondo*

by Roberto Benigni

Rai Premium

2012 was a year of metamorphosis for **Rai Premium**: from the 'Italian story' to the 'story' channel.

In fact, to comply with AGCOM Resolution no. 366/10/CONS, at least 7 hours a day of non-European programmes were included starting from April.

This change did not, however, ruin the identity of Rai Premium built up over the years by selecting the most effective titles and the best loved protagonists, deriving from an increasingly standardised and modern offering, by dense narration and by a stronger and longer-lasting involvement.

Rai Movie

In 2012, in its general lines **Rai Movie** consolidated the philosophy of programming which defines its programming, that of a film channel aimed at a broad rather than 'niche' offering, simultaneously introducing some considerable innovations.

With a view to creating audience loyalty, prime time and evening programming every day of the week maintained serialisation by genres and theme-based cycles.

The most important innovations in 2012 included a weekly prime time space dedicated to new Italian films.



Rai YoYo - YoYo's post



Rai Educational - Tv Talk



Rai Storia - Why Poverty



Rai YoYo: to learn and grow with games and stories.

Rai YoYo is the channel dedicated to preschool children (aged 3-5, with a secondary target extended to children aged 6-7) and their families.

The aim is to accompany children on their daily discovery of themselves and the world around them, with contents based on a solid and carefully created narrative foundation, focusing on high quality and an extensive 'edutainment' content.



Rai Gulp: fun, participation, excitement and... connection.

Rai Gulp is the channel dedicated to school children (aged 8 to 12) and young teenagers. The offering of Rai Gulp proposes to involve and create loyalty among an audience of 'millennial kids' who are increasingly protagonists of multimediality, who make their own selective decisions as to what they watch on tv and tend to focus their interests and hopes on very specific topics, such as music, performance, action, videogames, sport, interactivity and direct participation.



The fundamental thematic nucleus and the *raison d'être* of **Rai Educational** are the promotion and dissemination of the culture and training, in the innovative forms made possible by the meeting between educational television and *new digital media*.



In 2012, the programming of **Rai Storia** developed around the programme *Res*, which looked at topics of poverty, with the internationally co-produced series *Why Poverty*, of legality, with the 12 *Lezioni di mafia* with the National Anti-Mafia Prosecutor Pietro Grasso and with *Maxi+25* on the anniversary of the big Palermo lawsuit, the conflicts that characterised the 20th century and women.

In addition to this, *Res* produced two prestigious titles: the third part of *Dai nostri inviati*, presented on a non-competitive basis at the Venice Film Festival and the series *Ben & Clara*, on which the documentary *Mussolini il cadavere vivente* was based, shown on prime time on Rai 3 and presented in competition at the most prestigious international festivals.

Also worth remembering is the new magazine *Italia in 4D*, which told the story of Italy from the 50s to the 80s.

In addition to history in the strict sense, the channel also covered art and culture,

with *Magazzini Einstein* and *Art News*, literature with *Scrittori per un anno* and *CultBook*, the contextualized re-proposal of historical fiction series with *Rewind* and the memoirs of celebrities from television's past with *Visioni Private*.



Rai Scuola is the Rai Educational channel created to encourage communication between the world of education, young people, families and students of all ages.

In 2012, various programmes were created in association with the M.I.U.R. (Ministry for Education, University and Research) focused of a variety of subjects, including school careers advice, education towards legality and the understanding of the Constitution of the Italian Republic, road education, health and learning English.

Also of particular importance was the ordinary production of Rai Scuola, with programmes appreciated by the public such as *Nautilus*, a cultural itinerary in the company of significant personalities for the new generations, *Zettel – Filosofia in movimento*, to explain how philosophy aids the understanding and construction of the world we live in, *Terza pagina*, weekly look at the cultural pages of the daily press, with a glance at the world of the web and reports from Italian and foreign cultural magazines, and *Gate C*, a project involving Rai Educational and other partners of the European public television broadcasters for the creation of exceptional quality documentaries on the broadest scientific and cultural themes.



The Tg1 studio



The Tg2 studio



Tg1 continues to be Rai's leading news and information product: the moment when people-viewers are able to meet the world of institutions, politics, society, the economy, culture and religion, with considerable attention dedicated to the national territory and lots of spaces dedicated to what's going on outside of Italy. In this framework, Tg1 aims to continue being the leading Italian television news programme, both in terms of audience and with regard to the authority of the general view of news and information in Italy.

*Once again in 2012
Italians preferred the
Tg1 as their leading
source of information.*

1,146

total hours of broadcasting 2012



On 31 December 2012, **Tg2** was the leading Italian television news programme broadcast by a general-interest channel to switch entirely to digital, revolutionising its way of producing services, with a new studio, new editing rooms, new cameras, new direction teams and new graphics.

Over the last year, Tg2 has broadcast over 4,400 events comprising news bulletins, special, investigations and live events, for a total 2,000 hours of broadcasts.

Overall, every day Tg2 bypasses the channel average.

*Tg2 has always been the
television news
programme of innovation
and investigation,
qualifying elements of
the public service.*

about **2,000**
hours of broadcasts 2012



Tg3 is the news programme that is instantly recognisable by its originality, its live coverage and the way it tells stories. It combines authority with unpredictability, capable of surprising and breaking free from traditional restraints to be there, where things are happening, and take viewers inside the events.

The commitment is to help viewers to formulate their own opinion, providing all the useful elements, information, background and characterisers.

*Tg3 is the people's news
programme, the news
programme of society,
attentive to social issues
and rights.*

*It keeps an eye on
politics, but not
'parliament' and is
particularly sensitive to
issues which determine
the quality of everyday
life.*

12.8%

share in 2012 of the evening edition
at 7.00 p.m.



Giuseppe Castellano presenter of Buongiorno Italia



Settegiorni



In 2012 **TGR** stood out once again for the speed and attention with which it covered small and big events on the territory.

Unfortunately this was a year full of events, in which the Testata Giornalistica Regionale played a leading and driving role for the whole world of information at Rai.

With the contribution to the national programmes, thanks to an excellent partnership with the Rai News channel, TGR told the country's big stories but all those of a smaller nature.

Speed, punctuality and objectivity are the daily commitments of the Testata Giornalistica Regionale with viewers of the Public Service.

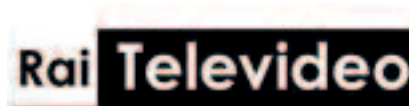
16.3%

share in 2012 of the 2.00 p.m. edition



Rai Parlamento is the news programme that keeps television viewers abreast of the workings of the Italian and European Parliaments, in close connection with political developments, with three news bulletins and specific investigations in the political-parliamentary sector.

Rai Parlamento also produces the Tribune Politiche and Tribune Elettorali broadcasts. Lastly, it makes national publicly accessible programmes.



With 29 years of history behind it, with its real-time news and its 60 indexes and over four thousand pages published simultaneously, **Televideo** is one of the most recognisable and timeless Rai brands. The teletext service is available on the three general-interest networks (Rai 1, Rai 2 and Rai 3), and the broadcast is presented on all of Rai's DTT channels and, in different original versions, also on the web, mobile telephone and the Mhp application of digital terrestrial television.

Televideo is on air and on the web and has a very loyal audience, with about eight and a half million readers a day for teletex. This is an absolute leadership in terms of 'page views' on the Internet and high figures for apps on tablets and the latest mobile phones.



With a full day average of 59,500 views on an annual basis, in 2012 **Rai News** substantially confirmed the result obtained the previous year, when it overtook its direct competitor Sky Tg 24 in numerical terms.

In a year as complicated for the television market as 2012, with digital terrestrial technology across the whole country changing habits and breaking down the overall offer, the stability of the all-news channel is a sure sign of vitality.



In 2012 **Rai Sport** stood out particularly in the management of big events and new programming, both on Rai Sport 1 and Rai Sport 2.

As regards big events, Rai Sport broadcast: the European Football Championships in Poland and the Ukraine, for which it held exclusive coverage rights; the London Olympics, for which it held shared coverage rights and enjoyed a huge number of viewers, constantly beating the competition, despite the limited number of broadcasting hours.

In 2012 Rai Sport continued investigating all the topics linked to this world, such as healthcare, school and the disabled, also adding cinema, which progressed parallel with sport.



ACAB by Stefano Sollima

Rai Cinema

Rai Cinema's main activities are the purchase of film and TV series in compliance with the needs of Rai's general-interest channels and topics which arise in the context of development of the television offering represented by DTT, film production and theatrical and home video distribution.

Generally speaking, despite a constantly falling investment capacity, Rai Cinema succeeded in maintaining a leading role in terms of weight and consideration thanks to a careful buying policy, cutting out a space of its own in a highly competitive and constantly evolving market, thanks to consolidated relationships and fast action.

Rai Cinema continues to pay increasing attention to the different types of rights available for purchase, against the consolidation of more and more new forms of exploitation and a strategy of the Rai Group based on the development of DTT and renewed business models.

For more detailed information on the activities of Rai Cinema, see the report on operations of the consolidated financial statements.

Rai Cinema product on Rai channels

- 21.3% of programming throughout the day (5,595 hours)
- 37% of prime time programming (812 hours)
- 758 'pieces' (films, TV movies and series) with 476 prime time placements (43.3% of the total)

Film

- 169 prime time placements, of which:
 - 26 on Rai 1 (15.2% average share)
 - 26 on Rai 2 (7.6% average share)
 - 117 on Rai 3 (5.5% average share)

Tv movies

- 10 prime time slots on Rai 1 with an average share of 16.5%
- 15 prime time slots on Rai 2 with an average share of 8.9%
- 2 prime time slots on Rai 3 with an average share of 4.1%

Series

- 278 evenings, mainly on Rai 2
- 7.9% average share on Rai 2
- 4.2% average share on Rai 3

Rai Fiction

Rai Fiction is the Rai structure responsible for the production of TV fiction series and cartoons for the Rai general-interest and theme-based channels.

Rai's commitment to the promotion of Italian and European audiovisual production is also an obligation dictated by the Service Contract and one of the Company's programming strengths in relation to its public.

Rai's production of TV fiction series is the genre which appeals most to television audiences and the cartoons co-produced by Rai are aligned to the best international productions.

2012 was an important year for Rai's fiction series, with regard to the results of broadcasting and the launch of new productions to broadcast in subsequent seasons.

New fiction series broadcast on Rai 1 in prime time reached the record level of 124 evenings, with almost 250 television hours. The viewing average was above 20%, with 5.5 million viewers.

The results of tv fiction series on Rai 1 are now joined by those of the specialised channel, Rai Premium, which, basing its programming throughout the whole day mainly on repeats of Rai tv fiction series, became one of the specialised channels most followed by the public in 2012.

Particularly important is the fact that fiction series, representing the essence of the public service at its best, succeeded in reaching huge audiences with programmes of great editorial value: it is no coincidence that two of the most popular titles, both receiving over 8 million viewers, were the mini-series *Maria di Nazaret* and the tv-movie *Paolo Borsellino – i 57 giorni*.

169

evenings of film in 2012

278

evenings of TV movies in 2012

But also programmes like *Mai per amore*, the cycle of 4 tv-movies on the topic of violence against women, or *A fari spenti nella notte* on the topic of disability, *La vita che corre*, on the accidents that take place on Italy's roads on Saturday nights, or the mini-series *Le Olimpiadi nascoste*, set a German prison camp in the Second World War, showed how Rai's tv fiction series are characterised by large numbers of viewers and programming commitment.

Rai Fiction presented no fewer than thirteen tv series in 2012, ten of which were new while three were sequels, bearing witness to a capacity for innovation and renewal. Some new series, like *Una Grande Famiglia*, *Che Dio ci aiuti*, *Il Giovane Montalbano*, *Questo nostro Amore* and *Il Restauratore*, have already triggered the launch of a second season, putting the investment in research to good use and consolidating an already loyal public.

The Rai 1 fiction series re-proposed on Rai Premium joins the constant commitment towards the production of the soap *Un posto al Sole*, with 250 episodes a year, now in its seventeenth year, a record series also at European level, which maintains its young and attentive public in peak viewing slots.

In terms of production, 2012 was the year in which most of the fiction series due to be broadcast the following year were produced: titles include Rai classics, such as *Un Medico in Famiglia* (created for the first time in collaboration with the Rai tv production centre in Rome, to optimize resources) and four new tv-movies in the *Commissario Montalbano* series. With this in mind, it should be mentioned that *Commissario Montalbano* was also broadcast last season by the BBC, with significant success among viewers and critics.

From the production viewpoint, two more qualifying points deserve a mention.

The first is Rai's decision to shoot its forthcoming fiction productions in Italy, avoiding delocalisation. This is an important decision in terms of costs, to sustain Italian markets at a difficult time and also to maintain all-Italian taste and quality.

The second was the approval of the 2013 fiction production plan by the end of 2012, with a significant reduction in average costs and an increase in the number of evenings and the extent of the offer: fiction series will also be produced for Rai 2 and the web. This made it possible to start launching the new series immediately, avoiding that start-of-year three-month pause which had created production and product procurement difficulties in the past.

In addition to the production of fiction series, Rai Fiction also co-produces cartoons.

These are usually series, for children and for the whole family, which feed the Rai 2 children's slot and those of the specialised channels Rai YoYo and Gulp everyday.



During 2012, **Teche Rai's** new version of the archive's multimedia catalogue entered into operation after four years of preparation. The new website was operational across the Company in the month of September.

At the end of 2012 one could look up in the new catalogue more than a million hours of television product and almost twice that amount of radio product, as well as photographs, scripts and the over 70,000 books contained in the Rai libraries. The catalogue no longer requires registration by Rai users, who are all automatically allowed access.

During the year the relationships with Rai Storia, with which Teche collaborates also at concept level, and with some Rai 3 broadcasts with a format based on archive materials, were consolidated. The collaboration with Rai 1 for the summer programme *Techetechetè* was extremely proactive and successful.

Rai archive is a unique company asset and a great treasure for the country. This is why UNESCO has included Teche Rai in its official register of Italian Records.

877

hours of Rai-produced fiction on

Rai 1, Rai 2 e Rai 3

8,464 thousand

viewers for

Maria di Nazareth on 2 April 2012





Radio division

42 Performance

43 The stations

43 Radio1 - Giornale Radio

43 Radio2

43 Radio3

44 Public Utility Stations

44 Gr Parlamento

Performance

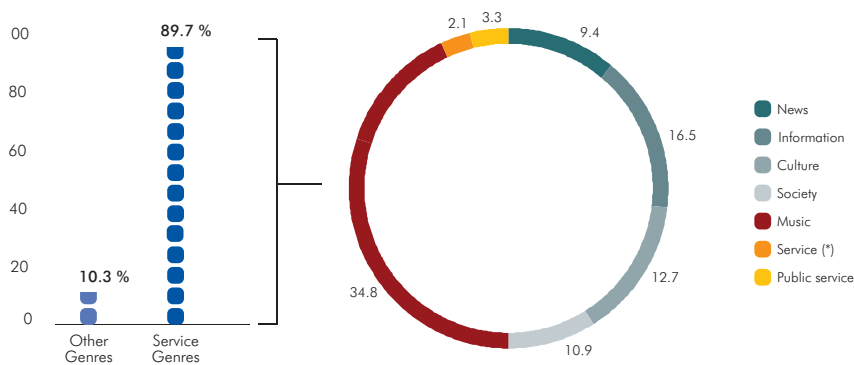
The main interventions of 2012 were aimed at defining more fluid programming consistent with the profiles of the stations, at reducing fragmentation and duplications, at creating original audio accompaniments and at drawing up a layout by genre and time slot which is effective also at commercial level.

The results have highlighted overall improvements but also further requalification prospects, some of which already planned in 2013. In particular, the rationalisation of the Giornale Radio formats, already consolidated for the Gr1 and the Gr3, to be extended to the Gr2, the improvement of the programming profile of Isoradio and in general of the services of infomobility and the creation of a more adequate online offer by Radio1.

The boost to the implementation of the offer and of digital services involved the entire division: from web-only theme-based products (especially on the Radio2 and Radio3 websites) to the exceptional result of the RadioRai Podcasting (over 50 million downloads, up 35% on 2011), from the three WebRadios specialised by profile and target to the associated view contents, from the experiments of radio-tv-web-social network hybridisation to the successful mobile app *Tutta la Radio in tasca* (to be implemented in 2013). Ending with the technological innovation of production, from HD audio recording to the digitalisation of the audio library.

From the market and listening figure points of view, in 2012 a system to measure the number of listeners was perfected and from 2013 it will produce new data for planning advertising, filling a gap which has accentuated the negative trend in investments.

Radio programming by genre



(*) does not include audio descriptions for enjoyment of TV by the blind (190 hours).

A map of RadioRai

Radio1

News: GR1 (25 editions a day)

Information: Radio anch'io, Zapping 2.0, Prima di tutto, Questione di Borsa, Prima di domani, Inviato speciale

Sport: Tutto il calcio minuto per minuto, Euro 2012 (Uefa), London Olympics, Zona Cesarini, Formula 1, Moto GP

Culture: Con parole mie, In Europa, Il trucco e l'anima

Society: Baobab, La radio ne parla, Il comunicativo, Gr1 Ragazzi

Music: Sanremo Festival, Radio1 Musica, Invito personale, Brasil

Service: Tra cielo e terra, La bellezza contro le mafie, Area di servizio, Asolta si fa sera, Dio e le donne

Other: Attenti a Pupo, Citofonare Cucarini, GianVarietà, Doppio femminile

Radio2

News: GR2 (11 editions a day)

Sport: Circo Massimo, Chiambrettepoli

Culture: Caterpillar, Io Chiara e l'oscuro, Italia, Così parlò Zap Mangusta

Society: Un giorno da pecora, Radio2 Days, Brave ragazze, 28 minuti, Decanter

Music: Radio2 Social Club, Effetto notte a Sanremo, RaiTunes, Babylon, Pocorner

Other: Il ruggito del coniglio, Radio2 SuperMax, 610 - Sei uno zero, Ottovolante, Chiambretti ore 10

Radio3

News: GR3 (7 editions a day)

Information: Prima pagina, Radio3 Mondo, Tutta la città ne parla

Culture: Fahrenheit, Hollywood party, Ad alta voce, WikiRadio, Uomini e profeti

Society: Radio3 Scienza, Tre soldi

Music: I Concerti del Quirinale, Concerto del mattino, Radio 3 Suite, Momus, Sei gradi

Other: Il Dottor Djembè, La Barcaccia



Radio2 Supermax



Radio3 Scienza



During 2012, **Radio1** further strengthened its identity as an all-news channel, combining prompt information on the day's events – through the Gr and the breaking news of the networks programmes – with the analysis and reflection supplied prime time broadcasts and service specials.

2012 was a year of confirmation, with few variations in programming. The changes that were made, however, created a better balance of programming, focusing particular attention on a public which, while continuing to believe in the importance of radio and the fact that it is irreplaceable, in the workplace, while studying or during leisure time, increasingly interacts with new technologies and the wide variety of new products offered by the Internet.



The **radio news programmes** have confirmed their role as the backbone of RadioRai's flagship station, both in terms of quality and promptness of information and with regard to the flexibility of the news team, which is capable of organising the real time 'direct lines' that, once again in 2012, proved to be an undeniable point of strength.



Radio2 is a flexible structure from a programming and organisational point of view, in line with the most modern European radios. The project combines public service and appeal for advertising investors, thanks to a multiplatform offer and programming on demand. Variety, music and entertainment are the distinguishing features of the station and with a daily production of 24 hours of original broadcasts, 365 days a year.

Radio2 has made 'alternative' choices, focusing on auteur music and emerging artists, unbridled by exclusively commercial logics, alongside current contents like the specials for the primaries of the Pd (democratic party) of *Un giorno da pecora*.

Radio2 is immediately recognisable also in relation to the style of the various entertainment programmes which are then developed into other forms on the web and in the different cross-media initiatives. The potential and opportunities of the web are exploited to multiply the contacts, using social networks, downloads, streaming, tv as a vehicle of the product.

Radio2 has its own YouTube channel, network profiles and profiles of the various programmes on the social networks.



In 2012 the programming of **Radio3** strengthened some of its basic vocations (first of all, the information and broadcast of the most significant moments of national and international music and attention to major cultural products), presented some new products in terms of programmes and language, and undertook the challenge of new technologies with decision.

The considerable editorial and productive commitment of musical programming, with the strong presence of live music, should be mentioned. By way of example: 342 concerts broadcast in the evening programmes, 133 live, 27 concerts of the thirteenth season of Radio3 Concerts from the Paolina Chapel of Palazzo del Quirinale and 34 appointments with Stanza della musica, broadcast from Via Asiago or from the RadioRai studios in Milan and Turin.

Also with regard to big cultural topics, the live presence at major public events responds to the logic of making subjects at the centre of daily planning even more involving, also documenting their presence on the territory.

In relation to decisions regarding radio language, we ought to point out the effort made by all the Radio3 programmes with a view to making contents accessible to a vaster audience.



Torchetti speaking into the Isoradio microphone



The CCISS studio

The public service stations manage the travel information service on all the platforms, radio, tv, digital terrestrial, web, rds, etc., and guarantee a wide variety of radio offerings. They organise the programming of Isoradio, CCISS Viaggiare Informati, Canali Metropolitani and Filodiffusione Channel IV and V.



In 2012 **Isoradio** strengthened its mission, expanding the concept of safety, from roads to civil protection, acting as intermediary between the Institutions (Civil Protection Department, Regions, Provinces and Municipalities) and the public. As proof of the above, Isoradio was in the front line during the snow in February, during the earthquake that struck Emilia, alongside the 24h user, with continuous updates and intervention on the development of events.

The implementation of the editorial plan includes an average of 180 daily interventions with information on traffic, concentrated in the morning time slot dedicated to users travelling to work.



The flow of **Radiofd4** underwent a complete review on 16 April 2012. The station took on a completely different character and role, based on high-quality music of all types.

fd4 offers space to those new or veteran Italian and foreign artists who do not receive sufficient exposure in the radio programming.

Radiofd5 has expanded its already rich and articulate offering with the introduction of new spaces reserved for religious music, to the country's musical panorama and to the record production of Italian and international winners of prestigious awards. There was also an extensive series of broadcasts dedicated to seven famous orchestra conductors born in 1912 and a small music quiz for opera buffs.



In 2012, **CCISS-Viaggiare Informati** confirmed its role as the travel information service for the other radio and television networks, offering over 30 Onda Verde news bulletins, a tv news bulletin every 30 minutes. Along with Isoradio it is part of the National System of Civil Protection and cooperates with CCISS, Centre for the Coordination of Road Safety Information of the Ministry of Infrastructure and

Transport, with the Centre for the Coordination of Viability of the Ministry of the Interior and with the National Council on Road Safety of Motorways for Italy.

The news of CCISS is published on the website www.traffico.rai.it along with a news video with the traffic and weather forecasts three times a day. The station offers a close up on road safety, with investigations on technology, weather, traffic and road safety.



Gr Parlamento is the Rai station that takes care of information on the activities of the Italian Senate and Chamber of Deputies, of the other constitutional bodies, the territorial authorities and the European Union. It is the first radio station of the institutions in the European panorama, bringing the institutions closer to citizens and vice versa and the station's entire programming is inspired by this aim, which is the final objective of modern democracies.

The entire programming of Rai Gr Parlamento can be accessed and listened to on the recently renewed website, which offers not only the chance to follow what is being broadcast by the station live, but also, and especially, a valuable database.





Web division

Performance

In December 2012, 29 million Italians connected to the Internet from home or work. Almost 24 million of these users used video.

The Rai website totalled a monthly average of 9.3 million single browsers and generated an overall traffic in pages visited of 1.7 billion, recording a growth of 15.5 and 12.5 points respectively compared to 2011.

In 2012 Rai's multimedia website, Rai.tv, totalled a monthly average of 4.3 million single browsers (+15% on 2011) for an overall total pages visited of 639.2 million, recording a growth of 24.9% compared to 2011.

In 2012, Rai enhanced its video presence on the Internet, both by enriching the Rai.tv platform and by carrying out a more structured distribution of its offering on YouTube, the video sharing platform par excellence, used by 86.5% of users of on line videos.

Rai is the most important Italian partner in terms of the number of single users (4.3 million): 20% of YouTube users also uses Rai contents.

In 2012, Rai's offering on YouTube generated almost 204.7 million views. In the same year, the overall offering of video on Rai.tv generated 134.6 million views.

Rai has strengthened its presence on the main social networks: at the end of 2012, 427,000 people were registered on the official Rai channels on YouTube; the Rai account on Twitter had 1 million followers and 2.7 million fans follow Rai's offering on Facebook.

Rai's presence on mobile devices, which was already rich and varied, was further diversified to be available on the different operating systems. To date, there are 19 Rai apps available for

iPhone, 10 for iPad, 4 for Android phone, 2 for Android tablet and one for Windows store (Rai.tv). The app with most downloads during the year was Rai.tv, with 1.3 million downloads, followed by the app created for the European Football Championships, with 452 thousand downloads.

Overall, in 2012, the Rai apps were downloaded 2.3 million times (83% on the iOS system, 9.5% on Android and 7.5% on WindowsPhone).

For more detailed information on the Group's web offering, through the subsidiary RaiNet SpA, please see the report on operations of the consolidated financial statements.





Commercial and broadcasting division

Commercial division

The **Commercial Division** markets all the intellectual property rights of the Rai and third parties in Italy and abroad with the aim of finding economic resources in addition to those from the traditional licence fee and advertising, working on a variety of markets, in different business areas and on numerous projects. The Division also defines the Group's commercial strategies, identifying and consolidating new revenue opportunities at Italian and international level, as well as developing and managing conventions with central and local public administration, institutions, non-profit organisations, consortia and foundations, and purchasing, marketing and distributing broadcasting and phonographic rights to contemporary, light and classical music and prose, and the sporting rights of Rai and third parties and the library of the Clubs in Italy and abroad.

Despite on-going difficulties on the national and international markets, the Commercial Division has strengthened the presence of Rai-branded products on both of the above-mentioned markets, achieving significant aims, developing important agreements with the football clubs on the sports libraries, as well as the musical publications and editorial activities of Eri.

Management and Development of Conventions with the Public Administration

The renewal of the Conventions with the Presidency of the Council of Ministers for the defence of linguistic minorities and for programming destined to Italians abroad for 2013-2015 deserves a special mention.

The above-mentioned Conventions envisage the blockage of funding by the

Administration for three years and establish the principle of reimbursement of the costs effectively sustained by Rai for the performance of the service.

Sale of Rights

The activities in this sphere determined higher results again in 2012. The good performances of the foreign area and Teche offset the crisis of the Italian market, which suffered a considerable decline with respect to previous years.

Musical Editions and Productions

The Musical Editions and Productions area develops and promotes the catalogue of musical publications aimed at its use in contemporary music, radio and television broadcasts and record production. It also purchases rights, produces and sells rights and distributes soundtracks, original music for radio and TV productions, contemporary and classical music and prose in Italy and abroad.

Sports sales

In the 2012 financial year, revenues for the sales of Sport recorded higher values than expected, via:

- the foreign co-distribution with Media Partner & Silva of the Italian Football Championship for the 2011/2012 season and for the 2012/2013 season;
- the sale of the cycling races of the RCS package (Giro d'Italia, Milano-Sanremo, Giro di Lombardia and Tirreno-Adriatico), of the home matches (friendlies and qualifiers) of the Italian National Football Team;
- the marketing abroad of the Inter, Juventus and Roma channels.

Sports Library

Within the scope of the development of initiatives to enhance the Rai Library, the development of agreements with the Football clubs continued.

Agreements were formalised during the year with: Fiorentina, Udinese, Genoa and Parma.

A commercial agreement was also defined with Juventus, envisaging the return, for just six years, to the Club of the rights over the sale and distribution of the Club's Library in Italy and of the activity of the accomplishment, production and economic exploitation of the production of home matches which, by virtue of an agreement signed on 31 March 2006, were transferred by Juventus to Rai for 25 years.

With reference to this football club, Rai's production of the Juventus Channel, distributed in the Sky platform, continues.



The publishing activity developed in line with the television and radio programming choices, giving a recognisable identity to the Rai library, maintaining the success of the Rai Eri brand in the world of culture and publishing.

Rai Eri continues to pursue the aim of offering the book market a "Rai to read".

The offering of Rai Eri, with a catalogue of over 500 titles, has as its main aim that of responding to the public's desire to know about and analyse the various areas of culture, from narration to essays.

Broadcasting division

On 4 July 2012, the digitalisation process which has involved Italy over the past five years was completed.

During these five years, the switchover to DTT took place in Sardinia first, followed by Northern Italy and Lazio and Campania. These regions were followed, in 2010, by the completion of the digitalisation of Northern Italy and, in 2011, with the switchover of the central regions to the new technology. The switchover to DTT was completed in 2012 for the remaining Southern Italian regions.

Digital terrestrial television represented the opportunity for Rai and the Italian television system to create a far-reaching publishing innovation, keeping free television in first place in the offering of information, entertainment and culture. It enabled the articulation of the free offering on several channels, enhancing programming, experimenting and reaching the most critical public groups for traditional general-interest television.

Besides a broader choice of channels, DTT also offers better quality pictures: viewing in cinema format (16:9) and the possibility for broadcasting in high definition, the next development of the digital switchover.

Rai's Digital Terrestrial structure carried out the following activities:

- participation in technical tables and task forces called by AGCOM and the Ministry for Economic Development – Communications Department for planning the switch-off activities, coordinated with the other national and local broadcasters;
- planning with the Ministry for Economic Development – Communications Department of communication with users regarding the switch-off;
- management of relations with the regional and local consumer institutions for the planning and management of the switch-off in the area;
- participation in the activities of DGTVi for the coordination of the switch-off activities and for the definition of the technical standards of digital television;
- management of relations with the manufacturers of decoders and televisions with built-in decoders, to sustain the dissemination of devices with adequate functionalities and contrast the dissemination of decoders and televisions that do not comply with these standards;
- coordination of the planning of Rai's positioning on platforms for the integration of DTT.

For more detailed information on the activities of the Rai Group in broadcasting and dissemination, performed through the subsidiary Rai Way SpA, please see the report on operations of the consolidated financial statements.

Tivù Sat

The satellite platform Tivù Sat offers satellite access to the free television offering available in DTT from Rai, Mediaset, La7 and other operators, and hosts numerous international channels.

With the digital offering, TivùSat proposes, free of charge, to reach those areas where terrestrial broadcasting does not arrive fully or at all. Rai's participation in the platform ensures the observance by the public service of the neutrality restriction regarding technology.

Throughout the whole of 2012, the company carried out communication campaigns, especially during the switch-off, to promote the terrestrial platform (Tivù) and the satellite platform (Tivù Sat), with about 1,750,000 cards active.



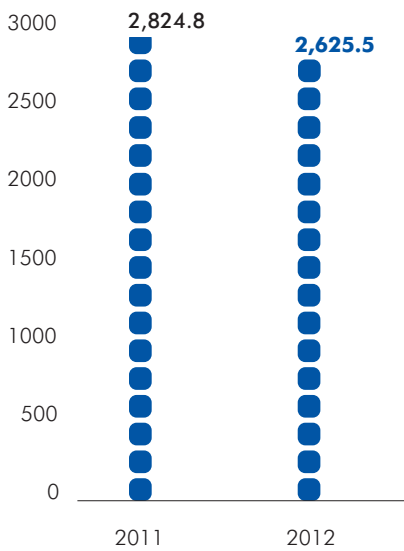


Parent Company Balance Sheet, Income Statement and Financial Position

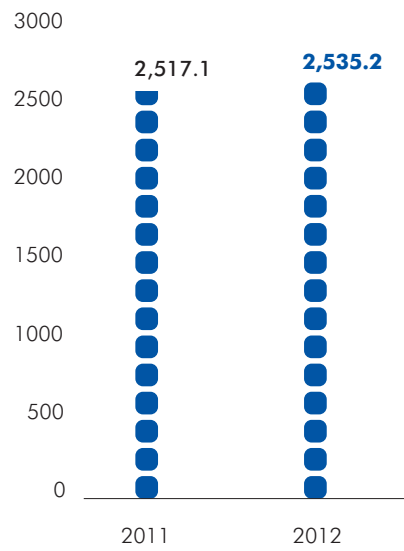
- 56 **Highlights**
- 58 **Reclassified financial statements**
- 59 **Review of Balance Sheet, Income Statement and Financial Position**

Highlights (in millions of euros)

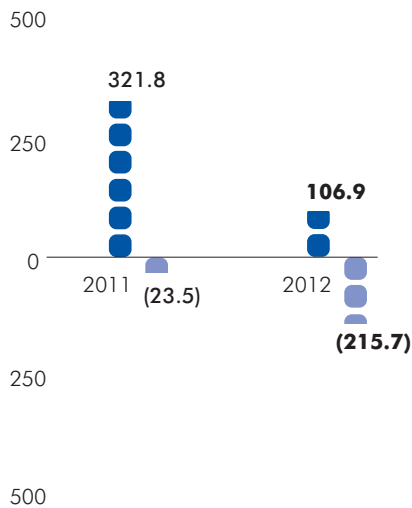
Revenues



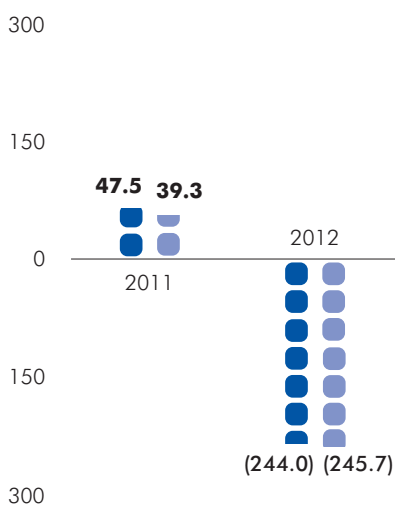
Operating Costs



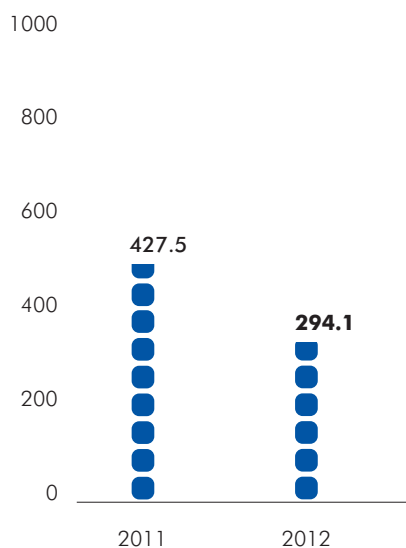
GOM - Operating Result



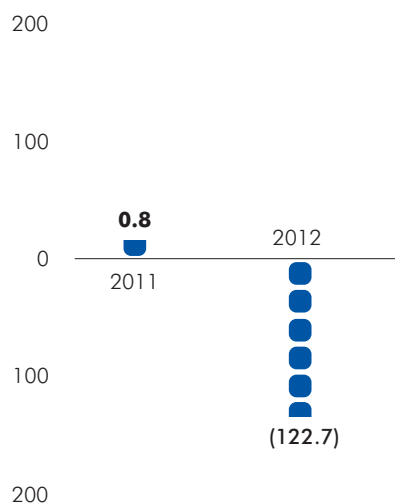
Result before Taxes - Profit (Loss) for the year



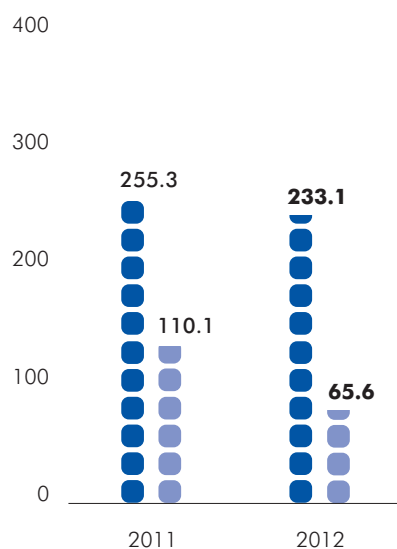
Shareholders' Equity



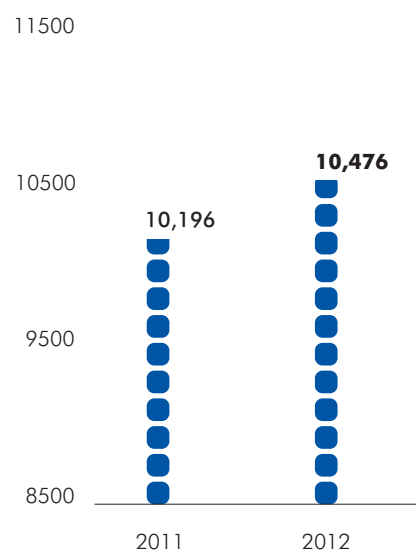
Net Financial Position



Investments (in programmes and other)



Workforce at 31 December



Reclassified financial statements

Income Statement (millions of euros)

	2012	2011	Change	Change %
Revenues from sales and services	2,625.5	2,824.8	(199.3)	-7.1
Change in inventories of products in progress, unfinished and finished products	0.3	0.1	0.2	200.0
Internal cost capitalisations	16.3	14.0	2.3	16.4
Total revenues	2,642.1	2,838.9	(196.8)	-6.9
External goods and services	(1,612.6)	(1,581.8)	(30.8)	1.9
Personnel costs	(922.6)	(935.3)	12.7	-1.4
Total operating costs	(2,535.2)	(2,517.1)	(18.1)	0.7
Gross operating margin	106.9	321.8	(214.9)	-66.8
Amortisation of programmes	(217.4)	(240.3)	22.9	-9.5
Depreciation and other amortisation	(68.8)	(68.1)	(0.7)	1.0
Other net charges	(36.4)	(36.9)	0.5	-1.4
Operating result	(215.7)	(23.5)	(192.2)	817.9
Net financial income (expense)	(3.8)	(0.6)	(3.2)	533.3
Income from equity investments	24.3	76.4	(52.1)	-68.2
Result before exceptional items	(195.2)	52.3	(247.5)	-473.2
Net exceptional expense	(48.8)	(4.8)	(44.0)	916.7
Result before taxes	(244.0)	47.5	(291.5)	-613.7
Income taxes for the year	(1.7)	(8.2)	6.5	-79.3
Profit (Loss) for the year	(245.7)	39.3	(285.0)	-725.2

Balance Sheet (millions of euros)

	31.12.2012	31.12.2011	Change	Change %
Non-current assets	1,225.5	1,108.1	117.4	10.6
Working capital	(519.9)	(385.3)	(134.6)	34.9
Staff severance pay provision	(288.8)	(296.1)	7.3	-2.5
Net invested capital	416.8	426.7	(9.9)	-2.3
Net equity	294.1	427.5	(133.4)	-31.2
Net financial debt (Net available funds)	122.7	(0.8)	123.5	-15,437.5
	416.8	426.7	(9.9)	-2.3

Review of Balance Sheet, Income Statement and Financial Position

Income Statement

The Income Statement of the Parent Company for financial year 2012 recorded a **net loss of 245.7 million euros**, against a net profit of 39.3 million euros for financial year 2011, mainly determined by the strong and unexpected reduction of advertising revenues (-209.0 million euros) and the costs of big sports events.

As reported in greater detail further ahead in this report, the 2012 result benefits from a positive component equating to 20.5 million euros deriving from the adoption, as of this year, of the valuation of investments at equity, instead of evaluation at cost adopted until 31 December 2011.

The reasons for this change arise from the need to offer a better representation of the financial and earnings situation along with the results of operations and to increase the consistency of the Company's equity, aligning equity figures with those of the consolidated financial statements.

This change also determines the booking of a Shareholders' equity reserve of 112.1 million euros, by effect of the change in principle adopted until 31 December 2011.

The following section provides an overview of the main items of the Income Statement and the reasons behind the more significant changes from the previous year.

Revenues from sales and services

Revenues from sales and services consist of licence fees, advertising revenues and other commercial revenues.

They totalled 2,625.5 million euros, down 199.3 million euros (-7.1%) on 2011.

Licence fees (1,747.8 million euros). These include licence fees for the current year as well as those for previous years, collected through

coercive payment following legal registration.

The overall increase (+2.3%) refers to the increase in the per-unit licence fee from 110.50 euros to 112.00 euros (+1.4%) and to the increase in the number of paying subscribers due to the significant growth in new subscribers compared to the number of new subscribers in 2011 (506,486 units, +26.0%) capable of offsetting the rise in cancellations and arrears, or of the number of subscribers entered in the list of debtors who have not paid their licence fee.

Revenues from sales and services (millions of euros)

	Actual 2012	Actual 2011	Change	Change %
Licence fees	1,747.8	1,708.4	39.4	2.3
Advertising revenues	674.9	883.9	(209.0)	-23.6
Other revenues	202.8	232.5	(29.7)	-12.8
Total	2,625.5	2,824.8	(199.3)	-7.1

Licence fees (millions of euros)

	2012	2011	Change	Change %
Fees for the year - ordinary subscribers	1,656.3	1,624.9	31.4	1.9
Fees for the year - special subscribers	72.9	64.2	8.7	13.6
Fees from coercive payment	18.6	19.3	(0.7)	-3.6
Total	1,747.8	1,708.4	39.4	2.3

TV subscriptions - changes

	2012	2011	2010	Change % 2012/2011
New	506,486	401,958	415,001	26.0
Renewals	15,614,136	15,629,150	15,580,879	-0.1
Paying subscribers	16,120,622	16,031,108	15,995,880	0.6
Delinquent subscribers	963,091	903,856	865,244	6.6
Total subscribers entered in the list of debtors	17,083,713	16,934,964	16,861,124	0.9
Delinquent subscribers %	5.79%	5.45%	5.26%	
Cancellations	357,737	328,118	310,368	9.0
Cancellations + delinquent positions	1,320,828	1,231,974	1,175,612	7.2

Once again in 2012 the licence fee paid in Italy continues to be one of the lowest in Europe.

By way of example, the table shows the annual licence fee, in euros, in force in selected European countries.

Licence fees in Europe (euros)			
Switzerland	385.00	United Kingdom	184.00
Norway	344.50	Ireland	160.00
Sweden	228.50	Italy	112.00
Germany	215.76	Czech Republic	87.00

Advertising revenues. In a framework characterised by the deceleration of the economy and the drop in consumption, advertising revenues in 2012 also recorded evident signs of difficulty. The Nielsen figures, while failing to allow a fully standardised comparison due to the fact that changes have been made in the setting in which data is measured, show a 14.3% contraction in the advertising, affecting all media, apart from the Internet, which closed at +5.3%. Television and radio advertising investments in particular show a decline of 15.3% and 10.2% respectively.

In this context, Rai's advertising revenues (674.9 million euros) highlight a reduction of 209.0 million euros (-23.6%) compared with 2011, as shown in the table to the right.

The drop in advertising revenues was higher than the contraction of the reference market, determining a considerable loss of the market share by the Rai concession holder during the year. To offset this, incisive actions were taken to intervene on the various corporate areas of Sipra, including a review of commercial practices and a strengthening of the managerial layout and of in-house procedures.

It should be noted that revenues from advertising on specialised channels continue to grow (+3.7 million euros, +9.0%).

Advertising (millions of euros)				
	2012	2011	Change	Change %
TV advertising				
on general-interest channels:				
- commercials	539.7	734.7	(195.0)	-26.5
- promotions and sponsorships	56.0	63.6	(7.6)	-11.9
- product placement	1.4	1.7	(0.3)	-17.6
	597.1	800.0	(202.9)	-25.4
On specialised channels	45.0	41.3	3.7	9.0
	642.1	841.3	(199.2)	-23.7
Radio advertising	31.2	40.4	(9.2)	-22.8
Other advertising	1.6	2.2	(0.6)	-27.3
Total	674.9	883.9	(209.0)	-23.6

Other revenues present a reduction of 29.7 million euros (-12.8%), as highlighted in detail in the table to the right.

The reduction is determined mainly by the drop in the Special services under agreement item (-22.3 million euros), resulting largely from reduction of amounts provided by the Presidency of the Council of Ministers to 50% compared to that envisaged for the previous year and by the Sale of rights to utilise materials to football clubs item (-7.6 million euros), the reduction of which is due to different agreements entered into during the two years.

Due to the advertising crisis and because of the reduction of other revenues, as indicated in the table to the right, revenues from licence fees represent two thirds of overall income.

Operating costs

The item includes internal costs (labour cost) and external costs, regarding ordinary business activities.

These total 2,535.2 million euros, up 18.1 million euros, (+0.7%), compared with 2011, the reasons for which are listed below.

Consumption of goods and external services – This caption includes purchases of goods and services required to make programmes of immediate use (purchases of consumables, external services, artistic collaborations, etc.), filming rights for sports events, copyright, services from subsidiaries, running costs (rental and

Other revenues (millions of euros)

	2012	2011	Change	Change %
Special services under agreement	32.6	54.9	(22.3)	-40.6
Sale of rights and musical publications	57.2	58.5	(1.3)	-2.2
Sale of rights to utilise archive materials to football clubs	37.4	45.0	(7.6)	-16.9
Service and other performances for subsidiaries	29.4	30.5	(1.1)	-3.6
Different services, performed mainly for public entities	6.8	7.0	(0.2)	-2.9
Telephone services	3.5	5.1	(1.6)	-31.4
Technical services for digital terrestrial broadcasting	5.1	4.5	0.6	13.3
Recovery of emoluments and cost of seconded staff	4.9	3.8	1.1	28.9
Repayment of programme production costs	2.9	3.3	(0.4)	-12.1
Production services	0.7	1.1	(0.4)	-36.4
Other	22.3	18.8	3.5	18.6
Total	202.8	232.5	(29.7)	-12.8

% of revenues

	2012	2011
License fees	66.6	60.5
Advertising revenues	25.7	31.3
Other revenues	7.7	8.2
Total	100.0	100.0

hire fees, telephone and postage costs, cleaning, maintenance, etc.) and other operating costs (direct and indirect taxes, contribution to the Authority, the public broadcasting concession fee, etc.).

Compared with the previous year, the item shows an increase of 30.8 million euros (+1.9%), due to the presence during the year of costs related to four-yearly sports events (European Football Championship and Olympic Games) for 143.0 million euros (including costs for the production of these events amounting to 8.1 million euros).

Net of this component, there was a net reduction of about 110 million euros in external costs compared to 2011,

determined largely by initiatives implemented during the year to contain spending.

The table on the following page shows details of savings in most items, apart from filming rights which presents an increase of 97.5 million euros for the reasons already disclosed.

Consumption of goods and external services (millions of euros)				
	2012	2011	Change	Change %
Materials purchased	22.9	22.6	0.3	1.3
External services:				
Freelance services	130.7	138.6	(7.9)	-5.7
Services for acquisition and production of programmes	189.2	216.4	(27.2)	-12.6
Staff allowances, travel and accessory costs	35.7	35.4	0.3	0.8
Signal broadcasting and transport – Rai Way	188.9	190.3	(1.4)	-0.7
General services (postage, telephones, transport, maintenance, cleaning, archive services etc.)	140.6	148.8	(8.2)	-5.5
Others	62.1	66.6	(4.5)	-6.8
	747.2	796.1	(48.9)	-6.1
Use of third-party assets:				
Acquisition of viewing rights from Rai Cinema	284.7	294.0	(9.3)	-3.2
Leases and rentals	59.0	66.6	(7.6)	-11.4
Filming rights (mainly for sports events and the Sanremo Festival)	310.1	212.6	97.5	45.9
Utilisation rights	105.1	110.3	(5.2)	-4.7
	758.9	683.5	75.4	11.0
Change in inventories	0.0	0.1	(0.1)	-100.0
Concession fee	27.9	28.0	(0.1)	-0.4
Other operating costs:				
Prizes and winnings	11.9	10.2	1.7	16.7
Authority contribution	5.5	5.3	0.2	3.8
Municipal property tax	7.5	3.7	3.8	102.7
Other indirect taxes, duties and levies	9.9	8.6	1.3	15.1
Newspapers, magazines, books and publications	2.1	2.7	(0.6)	-22.2
Membership fees	3.1	3.1	0.0	0.0
Others	3.3	4.9	(1.6)	-32.7
	43.3	38.5	4.8	12.5
Other	12.4	13.0	(0.6)	-4.6
Total	1,612.6	1,581.8	30.8	1.9

Personnel costs – These amount to 922.6 million euros, down 12.7 million euros on the total at 31 December 2011 (-1.1%), according to the breakdown in the table to the right.

Personnel costs (millions of euros)				
	2012	2011	Change	Change %
Wages and salaries	661.1	667.3	(6.2)	-0.9
Social security contributions	184.7	188.5	(3.8)	-2.0
Staff severance pay	48.1	49.7	(1.6)	-3.2
Pension and similar costs	12.2	14.5	(2.3)	-15.9
Other	16.5	15.3	1.2	7.8
Total	922.6	935.3	(12.7)	-1.4

The reduction in personnel costs is determined mainly by the provision of a bonus system for employees, about 19 million euros lower than that assigned in the previous year.

Net of the phenomenon mentioned above, personnel costs presented a modest increase (about 6 million euros) due to the positive effects of incentives in 2011 which offset the physiological growth in personnel costs as a result of contractual automatic pay increases and the impact of the renewal of the collective labour contracts.

Lower inflation also positively influenced the trend of personnel costs, having a positive impact on the revaluation of the provision for staff severance pay and the continuation, once again in 2012, of the substantial blockage of payment policies.

Personnel on payroll at 31 December 2012 amounted to 10,476 units, up 280 on 31 December 2011.

The **average number of employees**, including those on fixed-term contracts, came to 11,851, with an increase of 22 members of staff compared to last year. In details, there has been a drop of 214 members of staff on fixed-term contracts following the final hiring of staff on temporary contracts and an increase of 236 members of staff on permanent contracts.

Gross Operating Margin

The Gross Operating Margin, as a consequence of the above, is positive by 106.9 million euros, down 214.9 million euros, or -66.8%, on the previous year.

Amortisation of programmes

This caption is related to **investments in programmes**, which during 2012 amounted to 233.1 million euros, down 22.2 million euros (-8.7%), largely for TV fiction series.

Investments in programmes (millions of euros)				
	2012	2011	Change	Change %
TV fiction series	188.1	205.3	(17.2)	-8.4
Other programmes	45.0	50.0	(5.0)	-10.0
Total	233.1	255.3	(22.2)	-8.7

Amortisation charged to the above captions for the year, 217.4 million euros, shows a reduction of 22.9 million euros compared with the previous year (-9.5%) related to the trend in investments.

Amortisation of programmes (millions of euros)				
	2012	2011	Change	Change %
TV fiction series	181.9	206.3	(24.4)	-11.8
Other programmes	35.5	34.0	1.5	4.4
Total	217.4	240.3	(22.9)	-9.5

Other amortisation and depreciation

The 2012 movement in this item, shown in the following table, is linked to investments in **tangible non-current assets** and **other investments**, and presents a total reduction of 44.5 million euros, largely determined by the previous year's acquisition of the DEAR property complex for an amount of 52.5 million euros.

Other investments (millions of euros)				
	2012	2011	Change	Change %
Tangible non-current assets	57.5	100.3	(42.8)	-42.7
Other intangible non-current assets	8.1	9.8	(1.7)	-17.3
Total	65.6	110.1	(44.5)	-40.4

Amortisation and depreciation for the period referring to the items mentioned above amount to 68.8 million euros, with a slight increase of 0.7 million euros compared to 2011.

This substantial stability is due to the offsetting effect between new amortisation/depreciation due to investments made during the year and the reduction determined by the gradual completion of the amortisation/depreciation of assets brought into use in past years.

Depreciation and amortisation of other non-current assets (millions of euros)				
	2012	2011	Change	Change %
Tangible non-current assets	59.6	59.0	0.6	1.0
Other intangible non-current assets	9.2	9.1	0.1	1.1
Total	68.8	68.1	0.7	1.0

Other net income (charges)

The item comprises costs/revenues not directly related to the Company's core business and, in 2012, highlights net expenses of 36.4 million euros (36.9 million euros in the previous year). In detail, it comprises expenses for repeat-usage programmes which it is not expected will be used, repeated or commercially exploited (28.2 million euros in 2011: 29.2 million euros), provision for the company supplementary pension fund for former employees (12.0 million euros, in 2011: 13.8 million euros), provisions for risks and charges (21.0 million euros, in 2011: 10.8 million euros), partially offset by net contingent assets (20.5 million euros, in 2011: 18.1 million euros) and the release of funds allocated in previous years (10.3 million euros, in 2011: 8.8 million euros).

Operating Result

The performance described above for operating revenues and costs led to a reduction in the operating result, from -23.5 million euros in the previous year to -215.7 million euros this year, with a deterioration of 192.2 million euros.

Net financial expense

Net financial expense shows a loss of 3.8 million euros (0.6 million euros in 2011). The item shows the economic effects of typical financial operations and comprises bank interest expense and income as well as that relating to Group companies and net gains in relation to exchange rates.

The figures show an increase in net interest payable to banks of 5.0 million euros due to higher financial exposure to third parties and an increase in the average interest rates on loans. Net intercompany positions, particularly with Rai Cinema and Rai Way, determined higher intercompany interest income of about 7 million euros, similarly to the previous year.

Exchange rate differences, mainly generated by the acquisition of rights to sports events in US dollars, were positive and increased thanks partly to hedging activities carried out in previous years, which counteracted the fluctuations in the euro/dollar exchange rate during the year. Other financial expenses, which grew modestly, deteriorated as a result of higher bank commissions for new loans.

The average cost of loans, consisting of current account credit lines, 'hot money', stand-by and medium-term loans, settled at 3.4% (2.8% in the previous year), up in relation to the increased weight of fixed rate debts compared to the previous year.

Net financial expense on financial operations (millions of euros)

	2012	2011	Change
Net interest expense payable to banks	(12.6)	(7.6)	(5.0)
Net interest income from subsidiaries and associated companies	7.0	6.7	0.3
Net exchange gains (losses)	3.1	1.4	1.7
Other net financial income (expense)	(1.3)	(1.1)	(0.2)
Total	(3.8)	(0.6)	(3.2)

Income from equity investments

As indicated in the table on the following page, the item amounts to a total of 24.3 million euros.

As already highlighted, as of 2012 investments in subsidiaries and associated companies are assessed using the equity method instead of the previous valuation method based on the purchase cost adjusted in the event of durable losses in value.

The equity method envisages that the value at which investment is booked be the same as the corresponding fraction of the Shareholders' equity resulting from the last financial statements, minus the dividends and after the adjustments required by the principles used in the preparation of the consolidated financial statements.

The gain or loss by the investee company for the year, duly adjusted, is booked to the Income Statement in the year to which the result refers.

Also, as 2012 is the year of first application of said principle, the higher values of the investments consequential to the profits of previous years, amounting to about 112 million euros, were carried in the specific Shareholders' equity reserve.

The following table shows details of the item by company.

Income from equity investments (millions of euros)			
	2012	2011	Change
Dividends:			
- Rai Cinema	0.0	55.4	(55.4)
- Rai Way	0.0	20.7	(20.7)
- Sipra	0.0	4.0	(4.0)
- Euronews	0.0	0.1	(0.1)
	0.0	80.2	(80.2)
Revaluations (writebacks):			
- Rai World	1.7	0.9	0.8
- Rai Cinema	16.1	0.0	16.1
- Rai Way	3.3	0.0	3.3
- Rai Corporation	0.2	(5.0)	5.2
- RaiNet	1.8	1.7	0.1
- Sipra	0.4	0.0	0.4
- Tivù	0.5	0.0	0.5
- Audiradio	0.0	(1.4)	1.4
- Auditel	0.2	0.0	0.2
- Euronews	0.4	0.0	0.4
- S. Marino RTV	(0.3)	0.0	(0.3)
	24.3	(3.8)	28.1
Total	24.3	76.4	(52.1)

Net exceptional expense

This item amounts to 48.8 million euros (4.8 million euros in 2011) and refers mainly to costs sustained for actions to incentivise early staff resignation (62.2 million euros) partially offset by the gain from the reimbursement of IRES (corporate income tax) for the full deductibility of IRAP (regional tax on production) relating to personnel costs and similar (12.8 million euros).

Income taxes

The item amounts to 1.7 million euros (8.2 million euros in 2011), determined by the balance between current and deferred taxes, as detailed in the table.

As regards the IRES tax, no amount was booked as the year's result for tax purposes was negative.

IRAP, amounting to 25.0 million euros, shows a decrease of 11.0 million euros compared with the previous year, determined by a lower taxable base.

Deferred tax liabilities determine a positive effect of 3.0 million euros (2.7 in 2011), as a consequence of the reversal of the temporary differences of income deriving from the higher amortisation applied in previous years for tax purposes only.

Deferred tax assets (20.3 million euros) originated from the booking of IRES credit deriving mainly from:

- the negative taxable amount, which was offset by the positive taxable amounts of the subsidiaries, included within the scope of consolidation for the 2012 tax year, with a positive tax effect of 13.3 million euros;
- newly booked temporary differences for programme assets, which we are sure will be recovered in that they are transformable into tax credits, as provided for by paragraphs 55, 56 and 56 bis of Law Decree 225/2010, as amended by Law Decree 201/2011, with a positive tax effect of 8.1 million euros.

Income taxes (millions of euros)			
	2012	2011	Change
IRES	-	-	0.0
IRAP	(25.0)	(36.0)	11.0
Deferred tax liabilities	3.0	2.7	0.3
Deferred tax assets	20.3	25.1	(4.8)
Total	(1.7)	(8.2)	6.5

Balance sheet

Non-current assets

Tangible non-current assets, which have remained largely stable, are detailed in the table to the right.

Investments in programmes are mainly represented by TV fiction series (291.9 million euros), which accounted for the greater part of total investments during the year (233.1 million euros). The details are given in the table to the right.

Equity investments increased (+136.1 million euros) as a result of application of the equity method to investments in subsidiaries and associated companies, as mentioned earlier. The details are given in the table to the right.

Other non-current assets, which also remained largely stable, are detailed in the table on the following page.

Non-current assets (millions of euros)				
	31.12.2012	31.12.2011	Change	Change %
Tangible non-current assets	359.4	362.6	(3.2)	-0.9
Programmes	386.6	400.5	(13.9)	-3.5
Equity investments	435.9	299.8	136.1	45.4
Other non-current assets	43.6	45.2	(1.6)	-3.5
Total	1,225.5	1,108.1	117.4	10.6

Tangible non-current assets (millions of euros)				
	31.12.2012	31.12.2011	Change	Change %
Land and buildings	168.1	176.3	(8.2)	-4.7%
Plant and machinery	110.0	99.6	10.4	10.4
Industrial and sales equipment	3.9	4.4	(0.5)	-11.4
Other assets	27.0	26.6	0.4	1.5
Non-current assets under construction and payments on account	50.4	55.7	(5.3)	-9.5
Total	359.4	362.6	(3.2)	-0.9

Investments in programmes (millions of euros)				
	31.12.2012	31.12.2011	Change	Change %
TV fiction series	291.9	314.1	(22.2)	-7.1
Other	94.7	86.4	8.3	9.6
Total	386.6	400.5	(13.9)	-3.5

Equity investments (millions of euros)				
	31.12.2012	31.12.2011	Change	Change %
In subsidiaries:				
Rai Cinema SpA	257.8	200.1	57.7	28.8
Rai Corporation in liquidation	1.9	1.7	0.2	11.8
RaiNet SpA	12.1	10.3	1.8	17.5
Rai Way SpA	125.2	70.2	55.0	78.3
Rai World SpA	5.7	4.0	1.7	42.5
Sipra SpA	22.7	11.1	11.6	104.5
	425.4	297.4	128.0	43.0
In associated companies:				
Auditel Srl	0.3	0.0	0.3	=
Euronews	5.0	0.8	4.2	525.0
San Marino RTV SpA	2.4	0.3	2.1	700.0
Tivù Srl	2.0	0.5	1.5	300.0
	9.7	1.6	8.1	506.3
Others	0.8	0.8	0.0	0.0
Total	435.9	299.8	136.1	45.4

Working capital

The change from 2011 (-134.6 million euros) is due mainly to normal developments in the business.

Major changes relate to:

- **Trade receivables:** down 214.9 million euros, due to lower amounts of receivables from Group companies (-124.2 million euros), mainly from Sipra as a result of the contraction of advertising and from minority customers, (-90.7 million euros), the latter determined largely by lower receivables for special services rendered to the Government under contract.
- **Other assets:** down 65.2 million euros largely due to the recoupment of the advance payments made to purchase the broadcasting rights for sports events held during the year (particularly the European Football Championships and the Olympic Games).
- **Trade payables:** down 187.3 million euros, due partially to lower debts towards subsidiaries and partially to certain previous year's accounts payable to suppliers for the purchase of sports broadcasting rights and the DEAR property complex.
- **Provisions for risks and charges:** up 78.4 million euros, mainly to cover charges for staff resignation incentives (62.2 million euros).

It should be noted that **Trade receivables** consist mainly of accounts receivable from subsidiaries, mainly Sipra, and from public entities and institutions.

Other non-current assets (millions of euros)

	31.12.2012	31.12.2011	Change	Change %
Digital terrestrial frequencies	11.2	14.6	(3.4)	-23.3
Alterations and improvements to leased properties	8.8	10.0	(1.2)	-12.0
Non-current receivables	9.7	8.4	1.3	15.5
Securities	1.4	3.7	(2.3)	-62.2
Other	12.5	8.5	4.0	47.1
Total	43.6	45.2	(1.6)	-3.5

Working capital (millions of euros)

	31.12.2012	31.12.2011	Change	Change %
Inventories	1.6	1.4	0.2	14.3
Trade receivables	535.4	750.3	(214.9)	-28.6
Other assets	212.0	277.2	(65.2)	-23.5
Trade payables	(612.2)	(799.5)	187.3	-23.4
Provisions for risks and charges	(466.4)	(388.0)	(78.4)	20.2
Other liabilities	(190.3)	(226.7)	36.4	-16.1
Total	(519.9)	(385.3)	(134.6)	34.9

Net financial position

The year-end net financial position is negative by 122.7 million euros, deteriorating compared to 2011 (positive by 0.8 million euros), and is made up as indicated in the table below.

There was an increase in the amount payable to banks (about 97 million euros) and a reduction in the balance of receivables from intercompany accounts (about 26 million euros). The growth of debt was caused by a flow of activity during the year which, due to the negative economic result,

Net financial position (millions of euros)

	2012	2011	Change
Net amounts due from (to) banks and other lenders:			
- in the medium/long term	(295.0)	(210.0)	(85.0)
- In the short term – net	(66.0)	(53.9)	(12.1)
	(361.0)	(263.9)	(97.1)
Net financial position with investee companies:			
- payables	(27.4)	(43.8)	16.4
- receivables	265.7	308.5	(42.8)
	238.3	264.7	(26.4)
Net financial position	(122.7)	0.8	(123.5)

was insufficient to cover the requirements determined by the year's investments. The latter include the payment of the second instalment for purchase of the DEAR property complex (34 million euros).

In relation to cash flows for the year:

- the negative flows are due to the considerable reduction in advertising revenues, the absence of dividends from the subsidiaries and the application of previous charges relating to the development of the digital terrestrial network by Rai Way;
- the positive flows relate to the recovery of amounts receivable for special services rendered to the Government under contract and the limitation of the outlays to third parties outside the Group for current expenses.

The unsecured loan of 295 million euros taken out as part of a pool envisages the respect of two parametric/equity ratios, to be calculated on the figures of the consolidated financial statements, and these ratios were respected.

The average net financial position is negative by 55 million euros (positive by 18 million euros in 2011), with a deterioration of 73 million euros which is more limited than the final figure, which reflects the more favourable breakdown of the fee instalments, consequential to the 100 million increase in the amount paid with the second and third instalments.

The analysis carried out on the basis of the **balance sheet and income statement ratios** highlighted that:

- the **net invested capital coverage ratio**, determined in the ratio between net invested capital and own means, is 1.42 (1.00 in 2011);
- the **current ratio**, identified as the ratio between current assets

(inventories, current assets, cash and cash equivalents and financial receivables) and current liabilities (current liabilities and financial debts), is 1.13 (1.19 in 2011);

- the **self-coverage ratio of non-current assets**, calculated as the ratio of shareholders' equity to non-current assets, is 0.24 (0.39 in 2011).

The financial risks to which the Company is exposed are monitored using appropriate computerised and statistical instruments. A policy regulates financial management in accordance with best international practices, the aim being to preserve the corporate value by taking an adverse attitude towards risk, pursued via active monitoring of the exposure and the implementation of suitable hedging strategies, also acting on behalf of the Group companies.

In particular:

- The **exchange risk** is significant in relation to the exposure in US dollars generated by the acquisition of sports events rights. These commitments generated payments for about 65 million dollars during 2012. Operation takes place from the date of subscription to the commercial commitment, often lasting several years, and aims to defend the counter value in euros of commitments estimated at the time of order or in the budget. Hedging strategies are implemented using financial derivative instruments – such as forward purchases, swaps and options – without ever taking on an attitude of financial speculation. The Company policy envisages operating limits to be observed by the hedging activity.
- The **interest rate risk** is also regulated by the Company policy, particularly for medium/long-term exposure with specific operating

limits. In relation to the medium-term loan described above, Interest Rate Swap agreements were entered into during 2011 for 205 million euros, with the aim of transforming the cost of the loan, issued at floating rate and therefore subject to market volatility, to fixed rate.

- The **credit risk** on cash deployment is limited in that the Company policy envisages the use, for limited periods of cash surpluses, of low-risk financial instruments with parties with high ratings. Only tied deposits or sight deposits with remunerations close to the Euribor rate were used during 2012.
- As regards the **liquidity risk**, the Company has, in the medium term, a loan, taken out as part of a pool, for 295 million euros (expiring in 2015), with six-monthly amortisation as of 2013. With the banking system, short-term and reversible credit lines were opened for a maximum amount of about 450 million euros. Stand-by loans are also in place for a total of 90 million euros, maturing in February 2013. The existing loans allow coverage of overdrafts during the year, on condition that payment of the fees by the Ministry of the Economy and Finance takes place in observance of the contractual quarter-end deadlines. A specific long-term loan of 100 million euros was taken out with the European Investment Bank to provide further coverage of the requirements of the progress of the DTT project during the year. This loan will be disbursed in two instalments during 2013.





Further information

- 72 Human Resources**
- 76 Research and Development**
- 79 Intercompany transactions**
- 82 Significant post-period events**
- 82 Outlook and going-concern**
- 83 Supplemental information**
- 83 Recommendation to Shareholders**

Human Resources

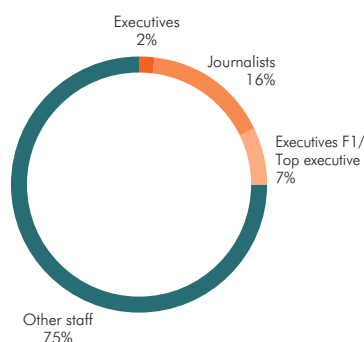
The on-going financially and economically critical situation has made it necessary to strengthen the measures already taken to contain the main cost items and, particularly for the Human Resources and Organisation Department, activities were increasingly focused on containing personnel costs, in line with the aims of the 2012 budget.

Therefore, once again this year, attention was focused on operations to rationalise the resources available, prioritising internal mobility and the conversion of professional profiles, but also carefully placing and using staff, as indicated in the trade union agreements – entered into in implementation of Law 247/2007, which established the assignment of permanent employment contracts to employees who had had fixed term employment contracts for a total of 36 months as at 1 April 2009 and had had, after such date, further fixed-term contracts with the same employer – both at office level and as journalists.

Towards the end of 2012, the Board of Directors authorised the use of a fund for incentivised resignation, to reduce the Group's structural costs by encouraging staff to take retirement. This process, launched at the beginning of 2013 and initially destined to those who have matured pension requirements, is aimed also at favouring the decongestion of careers and a physiological recovery of bonus programmes – which have been idle for several years –, the accelerated stabilisation of temporary contracts and the introduction of young staff members via apprenticeship contracts.

This operation will generate future savings as of the second half of 2013.

In numerical terms, the **Company workforce** increased in number from 10,196 units at the beginning of the year to 10,476 in December 2012, broken down by macro categories as shown in the chart:



Changes consisted of 184 resignations and 464 new employees, most of the latter being women (59%). The new employees were hired as follows: 409 in application of trade union agreements; 16 for mobility within the group; 15 arrivals finalised at the limited reformation of the workforce due to turnover or to satisfy new structural requirements; and lastly, 24 returns following legal disputes.

As regards the **organisational aspects**, action was taken to implement rationalisation measures, aimed at streamlining the overall macro-structural layout, reducing the number of corporate reports and making operational mechanisms more efficient; in particular, the layouts and consequent adaptation of processes deriving from certain board decisions (such as the reallocation of contractual activities relating to the fiction contracts for example, as well as the abolition of the New Media Division,

which has merged with RaiNet, and the cancellation of the Rai Entertainment Division and its reallocation among the Channel programming structures). As regards micro-organisation interventions, support was provided, within the scope of the work teams and in collaboration with the other Divisions, for the definition of the interdivision and intercompany processes (e.g.: definition of the flow of approval of the Radio Product datasheet, Project for new programming system, product placement, etc.) which have an impact on the procedures and operating methods of the Divisions and corporate structures involved, optimizing processes and resources.

In agreement with the other structures operating in this sector, the update and validation continued of the so-called "Organisation and Management Model pursuant to Legislative Decree 231/2001" and of the corresponding "231 protocols" and types of company proxy, in keeping with the evolution of company processes and the reference standards.

For optimisation and control activities, in collaboration with the ICT Department, an extensive plan of operations has been drawn up to simplify and dematerialise the management processes, which is one of the levers for recovering internal efficiency. As regards rationalisation and savings, certain policies were adapted, including those for mobile and landline phones, deriving from adherence to the CONSIP agreements.

As regards interventions on the governance of variable costs, key indicators and reporting for spot checks and systematic checks with regard to travelling and production expenses have been improved.

Lastly, the monitoring of business trips for so-called "Big Events" continues, expanding the setting of the latter to include "minor" events for the purposes of governance and increased efficiency.

In terms of **relations with the Trade Unions**, confrontation with the Trade Unions representing middle management, white collars and blue collars continued with regard to the renewal of the collective labour contract, which expired on 31 December 2009. Confrontation expanded to include the debate on the provisions contained in the Special Plan for Renewal approved by the Board of Directors.

Negotiations led, in February 2013, to an agreement for closure of the regulatory part, with the introduction of professional profiles that respond more to technological evolution, and of the economic part.

Also with reference to middle management and to white and blue collars, the associate Rai Cinema was supported in confrontation with the trade unions at local level on issues linked to the merger by incorporation of 01 Distribution.

As regards journalistic staff, during the first half of the year, the Special Plan for Renewal (and particularly the interventions regarding Rai Internazionale, the Correspondence Offices and Rai Corporation) was the main subject of discussion with the UsigRai. In July the subject of intervals between temporary contracts was tackled with the Trade Union, with regard to the entry into force of Law no. 92 of 28 June 2012 for the reform of the labour market. On this subject, on 19 July 2012, the Parties signed an agreement which, implementing the

reference to the collective bargaining contained in the aforementioned Law, established the reduction to 20 and 30 days of the intervals of 60 and 90 days envisaged by the same Law, for contracts with a duration of up to 6 months and a duration of more than 6 months.

Subsequently, again with UsigRai, discussion was developed in relation to the new digital system for the production of news and, on 14 November 2012, the Parties signed an agreement on the matter, with which it was, among other things, envisaged that, in relation to the greater versatility and simplification of the production equipment, all journalistic staff can also perform the complementary activities that can be carried out without the aid of technical staff, such as, by way of example, the pre-selection of images, placement in sequence and assembly (where, obviously, time and place, as well as the product complexity, allow).

Within the scope of the **out-of-court labour dispute**, in addition to ordinary consulting activity, the investigation

activity was launched on numerous in and out of court claims received by the Company, to check the possibility of reaching an amicable settlement to the individual issues. In particular, this activity led to the out-of-court transaction of 35 potential disputes and 53 individual legal disputes, by agreement with the defending lawyers of the plaintiffs, mainly through the employees' final hiring within the Company workforce, following orders to such end by the judge. As regards the staff reduction policy, the transaction statements were prepared and signed with the employees who were awarded resignation incentives, accompanied by the closure of the case in court, where pending.

As regards **legislation**, indispensable interpretative and operational instructions were provided, as usual, to the various company sectors with regard to the year's most important innovations, reflecting particularly on the adaptations deriving from the application of the new legislation on the computerised certification of sickness, also by activating specific agreements with the INPS social security department,

Staff by qualifications

	31.12.2012	31.12.2011
Executives and equivalent		
Executives	255	252
Journalists	324	327
Journalists	1,373	1,325
Middle management	1,097	1,108
White collars (incl. health staff)	2,517	2,505
Production staff	1,535	1,534
Cameramen	693	648
Directing staff	1,517	1,353
Technicians	138	136
Blue collars	906	890
Orchestra and other artistic staff	121	118
Permanent staff	10,476	10,196

which allowed the mass reception of certificates, or the amendments made to the regulations on pensions and to those on defence for the assistance of the disabled.

Moreover, details were provided on the relevant innovations introduced by the law on the reform of the labour market (Law 92/2012) on the matter of fixed-term contracts, contracts with freelancers and for specific projects, for the regulation of resignations and consensual termination, also reviewing company contracts. The fulfilment continued to be implemented of obligations with an impact on declaring and paying contributions to the welfare and social security departments, activating the latest computerised procedures with the INPS. Lastly, constant relations were held with the competent administrative bodies in order to acquire clarifications with regard to the exact extent of the different provisions of a labour and welfare-related nature, also taking an active part in the initiatives of Confindustria.

In terms of **regulatory control**, about 270 potentially relevant cases in terms of disciplinary action were examined and prepared, following reports by structures concerned.

On the basis of the preliminary inquiries carried out, disciplinary action was taken in over 170 cases. In 2 cases, the sanction applied implicated dismissal. All the activities linked to preliminary action and representation of the Company within the scope of mediation and arbitration procedures envisaged by article 7, paragraph 6, Law 300/70 were pursued, as were those envisaged by the Rai/UsigRai agreement of 21 May 2007. The usual aid was also supplied to the competent company structures, and also to the associated companies, in the case of appeal in court against the disciplinary order.

On the matter of **training**, the most significant activities performed during the year include, in the first half of 2012, the accomplishment of the second phase of the training course for executives appointed during 2008. This course included outdoor activities, individual coaching and seminars held by international experts.

In the second half of the year, the training activity focused particularly on needs linked to technological and productive adaptation processes for the news. Of particular importance was the creation of the training plan relating to the project for the digitalisation and computerisation of the Tg2, which involved about 350 people, among journalists, technicians and office staff, for just over two months, with in-house training staff working with all those involved.

Considerable commitment went into activating training initiatives dedicated to safety. Training in relation to the certification of the management systems regulated by the OHSAS legislation involved over 600 people for the Radio Division and about 300 for 4 regional offices (Venice, Ancona, Florence and Bari). The training campaign aimed at appointees was completed in the regional offices. Remember that all training was provided by in-house training staff, who attended a specific training course for "safety training staff". Lastly, a refresher course in First Aid was held for the members of the First Aid Team. This campaign, which initially involved about 150 people, was entirely planned and carried out using in-house resources only.

2012 also witnessed the continuation of training in the use of the Company's IT applications and the Office package, as well as the usual

activity for the specialised update destined to the different areas of the Company. As regards this last point, a refresher seminar on the new legislation introduced by the Labour Market reform approved during the year was held, involving about 110 resources operating in personnel management.

Among the other initiatives carried out, there was a training course dedicated to executives, which involved the presence of very high profile speakers with vast professional experience (such as Tal Ben Shahr, professor at Harvard University), as well as individual coaching and mentoring with top managers from big companies. There were also a special course for Marketing Management on semiotics, a highly specialised IT course for the Staff IT Systems area, and the participation in masters or master modules focused on specific training needs.

In the light of the numerous training activities pursued during the year, the sourcing of financing from interprofessional funds dedicated to training intensified significantly, allowing the recovery of a large amount of self-financing to cover direct expenses.

The recruitment activity in 2012 regarded the process used for the assessment of the professional profiles of about 210 resources. Each profile was assessed and subject to specific technical tests during the overall recruitment process.

The recruitment activity was mainly carried out taking into account the Company's need to fulfil certain compulsory placement regulations. During the period of time considered, the recruitment process involved numerous candidates who, in accordance with Law no. 68 of 12 March 1999 relating to the "right to

employment of the disabled”, could become part of the Company staff. The recruitment activity also regarded assessments required by the competent personnel office for the change of job duties aimed at existing members of staff.

Following the signing of an agreement in April 2012 between the Company and UsigRai, an initiative was promoted and pursued for the internal search for new ordinary editors among those registered in the roll/list of professionals already employed by the Company in another role, for assignment to the Testata Giornalistica Regionale.

The assessment sessions to recruit a team of new researchers were completed and the team is now collaborating on an important project of the Turin Research Centre aimed at generating patents. Some sessions to recruit producers of subscriptions to use in the Division for Subscription Production and Sales Agents for the Commercial Division were also completed.

In observance of the Company policy on internship programmes at Rai, we would like to point out that 156 internees were taken on from the main Universities and Journalism Schools recognised by the Order of Journalists, also within the context of bringing enterprise and the country’s educational system closer together.

The **Company Health Service** fulfilled the obligations envisaged by Lgs. Decree 81/08 for Rai (2500 preventive and periodical health checks at the Company premises throughout the country), and also for the Associated Companies (Rai Cinema, Rai World, RaiNet and Rai Way; the latter also received support for the updating of the Risk Assessment Document).

125 preventive interventions (medical examinations and vaccinations) in defence of the health of staff on foreign missions were also carried out in the Rome and Milan offices.

12 health assistance plans for big production of events throughout the territory.

Once again this year, flu vaccinations were carried out in all territorial offices.

In terms of **safety in the workplace**, activities continued to maintain and gradually extend the Rai offices that are certified in accordance with OHSAS 18001, within the scope of the Health and Safety Management System. During 2012, this model witnessed the application of certification to the offices of Florence, Venice, Bari and Ancona and the launch of the activity for the TV Production Centre in Rome and for the Radio Division.

On the matter of improving the health and safety of employees, in preparation for local updates to the Risk Assessment Documents, Risk Assessment operating models were implemented and updated in the light of technical and regulatory innovations.

The Risk Assessment Document – General Part was also updated, signed by the General Manager and distributed to all the Directors Appointed for Local Safety and Prevention and Protection Services.

In the light of the new Government-Regions Agreement of 21 December 2011 on the matter of employee training on H&S, the following were implemented:

- updates to compulsory training envisaged for operators and coordinators of the prevention and protection services;
- update and compulsory training envisaged for the workers’ health and safety representative (RLS);

- in collaboration with the Production Division, the training process for Executives and Appointees was launched.

In this context, the overall actions undertaken determined a progressive reduction of the Index of Relative Frequency of Accidents, settling at levels well below the National Average recorded by Inail: in particular, the Company value, with reference to 2012 – together with other characteristics of the system considered as a whole – earned the Company a percentage reduction by Inail of the insurance premiums owed, with a consequential lower impact on the cost of labour.

Work continued on the safety activities of the Subsidiaries, aimed at guaranteeing a standardisation of assessments and actions in terms of prevention and protection of employees within the Rai Group, with the supply by Rai of the Prevention and Protection Service to Rai World and coordination with the Prevention and Protection Services of Rai Cinema and Rai Way.

Lastly, among the activities linked to **internal communication**, there was an update of the RaiPlace website, with significant technological innovations both of an infrastructural and functional nature, with the aim of supplying a wider range of services to employees. With this in mind, an application has been created that allows employees to consult their payslips during the year and it will be available for use and printing exclusively online.

Finally, you are reminded of the organisation of the sixth edition of ‘Bimbo Rai’, the day on which the Company opens its doors to the children of its employees.

Research and Development

The Technological Strategies Division worked on guaranteeing a single line of technological development in the Rai Group and experimenting the synergic use of the Broadcast and Telco technological platforms.

The functional coordination of the various internal technical operating structures and checking of the consistency of the technological decisions made by the various structures with the guidelines implements are aimed at identifying and exploiting every useful synergy.

Technological Strategies division also includes the Management of the Centre for Research and Technological Innovation in Turin, which has the mission, also, to address Rai's research towards operating projects and the implementation of new technologies in the production and dissemination system.

The digital transformation

In the television market, the expansion and differentiation of the distribution platforms, and the renewal of the technical equipment on the professional and consumer markets, is founded on all areas of digital technology.

The public service role has to extend from the traditional platforms to those that are more innovative and to multimediality.

Rai Group's technological choices to adapt the entire production process to the requirements of flexibility and effectiveness to feed an efficient multi-platform offering are addressed by a Digital Regulatory Plan.

The main activities focused on:

- the technical study and design of an adequate network infrastructure, with the use of fibre optics, to sustain the envisaged growth of interoffice connectivity (video, audio and data) due to the increase in quality (contents in HD 2K and 4K) and the renewal of production processes and infrastructures;
- experimentation of the contribution via Satellite KaSat within the regional sphere and for the proposition of new nomadic television production models.

Digital Terrestrial Television DVB-T and DVB-T2

2012 witnessed the completion of the digitalisation of television in Italy.

Rai has played a leading role in this transition, which has taken several years, as driver of change and increasing the offer to the public.

Within this context, the 'Telecomando' (Remote Control) application has been developed. This application can be activated with decoders or interactive televisions tuned to a Rai channel, to easily explore Rai's offering of radio and television, preventing the dispersive numbering of channels. Receivers connected to the broadband network can access other interactive and multimedia applications, such as Rai Replay and TG Regionali on-demand, which will gradually become available.

Meanwhile there has been a slow but constant transferral of the terrestrial frequencies from television services to broadband mobile services and a continuing increase in video quality which requires more resources in terms of band/frequencies.

The DVB-T2 system, second generation DTT, makes it possible to almost double the potential of each terrestrial frequency compared to the existing DVB-T, allowing the broadcasting of at least 4 HDTV programmes to users, using the capacity of a multiplex. The new system requires the use of new receivers. The DVB-T2 standard has recently been enhanced with a new profile, called T2-Lite, for reception with mobile terminals.

With a view to assessing the performance of the DVB-T2 system, besides carrying out laboratory tests, an experiment is underway in Valle d'Aosta, with the aim of checking out the efficiency of the system in the different network configurations (SFN) and reception modes (fixed, portable and mobile) along with the coexistence on the same frequency of services for fixed and mobile reception.

UltraHD (Ultra High Definition) 3D Television and the Encoding of Signals

HDTV services are now available on the various platforms, mainly on satellite, but also on the terrestrial and cable networks.

Meanwhile, the research activity is focusing on future systems of Ultra High Definition (UHDTV-4K) and Full HD 3D television.

To optimise the transport of HD and 3D contents, an international study is being carried out into a new video compression standard HEVC (High Efficiency Video Coding), the aim of which is to guarantee the same video quality using half the bit-rate currently necessary. Besides contributing to the definition of the specifications, the compression of the 2D, 3D-Stereo and Multiview signal on the video content typically used for broadcasting is currently being assessed.

Within this sphere, in collaboration with EBU and other European broadcasters, high quality sequences in 4K and Full HD 3D formats have been created for use at international level as reference for the development and assessment of future coding systems like the new HEVC standard.

Work continues on the production of experimental films in stereoscope, including the documentaries *Le non persone* by Roberto Olla, broadcast in the 3D version on Rai HD, *Un Gigante* on the life of Pope John Paul II and *Venezia Carnevale 3D*, as well as *San Sepolcro*, which explains the meaning of the sculptures of the church of the same name and the fair of S. Orso in Aosta Television adaptations of the theatrical productions *Signorina Giulia* by August Strindberg and *Amleto 2* by Filippo Timi were also produced.

Innovative sound recording systems

So that HDTV can be an involving experience for the user, the associated sound experience has to be equally exciting.

Research and experimentation in the sound recording field with the use of holophonic and ambisonic microphones is focused on a very high quality sound system adapted to the different types of programmes.

Practical tests continued, with recordings at the Verdi Conservatory in Turin, at Santa Maria Maggiore in Rome and at Turin's Teatro Regio.

The Rai National Symphony Orchestra was also broadcast in 5.1 multichannel streaming via Internet during the concerts held at the Auditorium Toscanini in Turin, with the creation of an archive accessible by Web of the events recorded during the last symphonic season.

The television experience beyond the TV screen

Webcam and microphones built into televisions allow views to switch the TV on and off using voice control, also activating one application as opposed to another, or to use a gesture of the hand to scroll down a menu and select the contents.

New technologies also enable the use of the television set to offer people new services and enrich their entertainment and interactive experience.

This sphere comprised agreements with leading companies in the sector for the development and experimentation of on-line applications, through gold stamp receivers connected to the Internet, such as payment of the TV licence fee and post office payment slips.

The main applications created include:

- a prototype for use of television news, which automatically acquires news from the TV, creating links with similar web content, as customised in line with the user's behaviour on the social networks;
- the prototype of a Rai Multiscreen channel, which envisages the reuse of existing contents, prepared for other platforms (e.g.: linear channels and IP contents), integrated and enriched with a new offering of services, some of which interactive. The apps developed make it possible to reach the different terminals present on the market (e.g.: smartTV, tablets and smartphones);
- the Rai viaggi project – *interactivity for tourism*, is a geo-referenced application for tablets and smartphones aimed at enhancing the value of tourism on the territory.

Users visiting one of the places included within the project can find out about points of interest, displaying a gallery of pictures, descriptions, films and audio recordings taken from Rai's audiovisual archives. With this project, Rai has been awarded the Prize for Innovation (ICMT Prize) by Confindustria Sistemi Innovativi e Tecnologici.

The Digital Dimension of the Radio

Hybrid radio unites the power of a radio broadcasting station with the flexibility and interactivity of an Internet connection.

The Radio DNS project was conceived for the most common broadcasting technologies (FM, DAB+, DRM): after connection to a radio station (e.g.: Radio2 in FM) the receiver is able to obtain additional contents via Internet. In close collaboration with RadioRai, an experimental hybrid radio service was launched with the broadcasting of events and guests synchronised with the programme on air, with informative articles on news and traffic. An innovative application was also developed allowing the reception on smartphones of radio programmes enhanced with pictures and information, the guide to the week's programmes, the podcasts of past programmes, the geo-localisation of users' comments and the forwarding of photos to the production department.

Technical quality

Rai considers the commitment to technical quality to be one of the primary duties of the Public Service, as established by the Service Contract. Technological Strategies, with its sector dedicated to technical quality, is committed to the coordination of the

activities that are performed on these topics in all the business sectors and in the promotion of attention to quality in all Group products/processes.

The commitment to quality was also subject to constant monitoring aimed at improving and maintaining corporate quality standards.

Deserving of mention are:

- the EVAluator monitoring system, which collects data and analyses broadcasting disservices and covers the entire production process of the Rai product, from going on air to distribution and broadcasting to users with the elaboration of the relative reports for Company management;
- the direct interface with users and with the Institutions following specific reports;
- the relationship with the Regional Committees for Communications (Co.Re.Com.) for checking and improving the quality perceived by users.

The strategic front of research

Significant results were achieved in the financing of research, maximising the presence in projects financed by the European Community and by the Regions.

A project is underway to enhance the value of the patents of the Research Centre, implemented through business-oriented training of researchers and participation in business consortia which have essential patents on widely used technologies.

Different high-tech projects are in progress in the respective sectors, including:

- the Muscade European project, which studies the future of 3D television without the use of glasses;

- the PrestoPrime project, relating to the study of techniques for multimedia archiving, which has led to the definition of a data model for the description of broadcasting rights, approved as the ISO/IEC MPEG 2 international standard;
- the ATLAS project, financed by Piedmont Region, which studies the automatic generation of subtitles for the hearing-impaired and the automatic translation of Italian Sign Language, to control avatars.

The 'RaiNewsBook' application allows users to interactively browse through a database of events, specifying search elements, such as people, organisations and places.

The application integrates different sources of information, such as websites, television news programmes and the Eurovision EVN service, as well as the Rai Multimedia Catalogue and general search tools such as Google, within a single ergonomic interface.

Within the scope of a collaboration with Tivù Sat, the 'tivùon!' application has been developed and tested for connected TVs. This app allows access, in a single integrated environment, to the on-demand offer of the different broadcasters.

International collaboration and Basic Research

The Technological Strategies Division with the Research Centre presides over the Technical Committee and the Work Teams on the Production Platforms, on the Metadata and on the Broadband Networks of the EBU (the European public radio broadcasters' organisation). It guides the DVB committee for the DVB-S2 satellite platforms, actively participates in technical groups on digital terrestrial, mobile, satellite and cable television and is active in MPEG,

EBU, SMPTE, DVB, ITU, DigiTAG, ETSI, CEI, HDFORUM Italia.

The Research Centre dedicates part of its resources to wide-ranging studies, often made possible by the collaboration with the BBC and ZDF/ARD Research Centres in Europe and the Japanese NHK and Canadian CRC Research Centres in the world. Additional agreements exploit the synergies with the Fiat Research Centre, Telecom Italia Labs, CSP, Fondazione Ugo Bordoni and the development laboratories of certain private Italian companies.

Intercompany transactions

During 2012, the Rai Group continued its operations on the basis of a decentralised organisational model for certain activities managed by specially set-up companies.

Relations with subsidiaries and associated companies are settled at arm's length.

Certain services, such as accounting and administration, personnel, real estate, legal affairs, research and development, and the management of information systems, are centrally managed for some companies.

Between the subsidiaries and Rai there is a financial relationship in force for the management of centralised treasury in order to guarantee the coverage of financial requirements and the optimisation of the investment of cash holdings.

Earnings highlights of subsidiaries (in millions of euros)

Company	Revenues		Gross Operating Margin		Operating result		Net result	
	2012	2011	2012	2011	2012	2011	2012	2011
Rai Cinema	345.2	357.2	278.9	283.9	28.2	35.6	16.1	18.0
RaiNet	14.5	15.7	2.6	2.6	2.0	1.9	1.8	1.7
Rai Way	224.6	225.6	88.7	89.0	13.2	31.1	3.3	16.9
Rai World	5.8	5.3	2.4	1.6	2.5	1.0	1.7	0.9
Sipra	751.2	972.3	6.4	17.4	3.3	12.3	0.1	6.2

Financial highlights of subsidiaries (in millions of euros)

Company	Shareholders' equity		Net financial position		Investments		Staff on payroll (*)	
	2012	2011	2012	2011	2012	2011	2012	2011
Rai Cinema	257.8	241.7	(129.7)	(153.8)	237.4	240.4	92	90
RaiNet	12.1	10.3	11.7	3.0	0.7	0.4	38	46
Rai Way	125.2	121.8	(135.1)	(153.9)	75.9	88.4	625	637
Rai World	5.7	4.0	7.8	4.1	-	-	2	2
Sipra	32.0	31.9	1.9	28.5	2.1	1.9	428	439

(*) includes staff on temporary contracts, new hires and apprentices.

Transactions between Rai and Group companies (in thousands of euros)

	Miscellaneous trading relations				Financial relations			Memorandum accounts			
	Receivables	Payables	Costs	Revenues	Receivables	Payables	Charges	Income	Guarantees	Commitm.	Others
Rai Corporation	2	186	2,627	96	-	3,416	..	-	-	-	-
Sipra	204,279	12,031	294	677,996	2,164	3,887	641	25	37,054	-	2,164
Rai Way	39,184	71,166	188,951	19,112	133,651	-	-	3,372	2,333	-	-
RaiNet	3,400	4,774	8,836	1,998	-	11,695	85	-	-	-	-
Rai World	2,857	2,031	5,840	2,879	-	7,815	61	-	89	-	-
Rai Cinema	23,416	4,524	285,168	10,432	129,881	59	-	4,340	-	34,520	-
San Marino RTV	95	3,102	1	211	-	533	4	4	-	-	516
Auditel	-	-	7,200	-	-	-	-	-	2,582	-	-
Audiradio	-	-	-	-	-	-	-	-	-	-	-
Euronews	1	-	1,610	2	-	-	-	-	-	-	-
Tivù	105	669	2,276	471	-	-	-	-	-	-	-
	273,339	98,483	502,803	713,197	265,696	27,405	791	7,741	42,058	34,520	2,680

Significant post-period events

From 1 January 2013, the licence fee was adjusted in line with programmed inflation and set at 113.50 euros, rising 1.50 euros on the previous year's fee. This rise will not allow recovery of the real erosion of purchasing power.

Outlook and going-concern

The financial statements at 31 December 2012 close with a loss that significantly reduces the overall amount of Shareholders' equity. The financial statements are prepared in consideration of the Company as a going concern, in that the 2013-2015 business plan, approved by the Board of Directors, envisages a loss for 2013 which will not materially affect the amount of Shareholders' equity.

A substantial breakeven is envisaged for 2014, while a significant and positive operating result is expected for 2015. The plan takes into particular consideration the fact that the outlook of the Italian economy for 2013 continues to be characterised by a high level of uncertainty, which translates into lower consumption and spending on advertising by companies.

The macro-economic picture will have negative repercussions for Rai in terms of advertising revenues, confirmed by the disappointing market trend in the first quarter, substantially in line with the negative trends of the last part of 2012.

Against this backdrop, Rai has elaborated and is about to enter into further, increasingly extensive and effective interventions to rationalise spending.

The review of processes and activities, together with the forthcoming review of the organisational model, will enable improvement of the level of operating efficiency and allow Company resources to focus on the editorial and production activity.

Given the above and considering the absence of big sporting events in

programming for 2013, it is reasonable to sustain that, for Rai, 2013 is characterised by the requirements for a marked improvement in the operating result compared to 2012. In fact, on the basis of the projections currently available, 2013 should record a limited loss.

The three guidelines that Rai intends to pursue during the year are:

- the completion of the in-depth organisational review of the advertising concession holder and of the management of revenues as a tool and basis for achieving the aim of recovering market shares;
- the launch of a process to strengthen the product according to a logic of allocation of resources which prioritises the segments placed on the lines of development, especially the specialised channels and the Internet;
- the continuation, intensification and sophistication of the process to rationalise spending within constant settings, intervening in all company areas and, where necessary, redefining the processes with a view to simplifying and saving on activities and therefore costs.

In short, Rai will put into effect management to fairly and determinedly combine rigour and discipline in terms of costs with a targeted and selective support for corporate areas of excellence, the strengthening of which represents the best guarantee of vitality of the editorial offer in the name of the Public Service mission and to strengthen the Rai brand.

The commitment is to free up resources from ancillary activities, acting on the rationalisation of the mechanisms of

Company operation to redirect them towards the development of the product, offer and new channels, using all the levers available, including technology.

Company management will be guided by the choices of the 2013-2015 Business Plan. This is a Plan which, over the three years, together with the corresponding operating instruments, is intended to achieve a sustainable level of profitability and lower financial exposure. We believe that, also in relation to the obtainment of the financial resources envisaged by the plan, there will be no particular difficulty.

Supplemental information

With regard to the technical requirements associated with the obligation of preparing consolidated financial statements, pursuant to Article 16, paragraph 4 of the Articles of Association, Rai may exercise the option envisaged under Article 2364 of the Civil Code, whereby the Company may call an Ordinary Shareholders' Meeting to approve the financial statements within 180 days of the close of the financial year.

As regards the administrative responsibility introduced by Legislative Decree no. 231/2001, subsequently integrated by numerous legislative instructions, Rai has, for some time now, adopted its own Organisation, Management and Control Model and set up, in accordance with the law, an Oversight Committee, with independent powers of initiative and control, with the task of overseeing the implementation of the Model and updating it.

Rai is currently completing the overall review of the Organisation, Management and Control Model and, to this end, has already completed the preliminary risk assessment pursuant to Legislative Decree 231/2001.

As regards provisions in force on the matter of privacy and data security, the Company has adopted an organisational model for privacy (in accordance with organisational provision DG/0122 of the General Manager, dated 2 December 2005).

Finally, we report that the Company holds no treasury stock, either directly or through trust companies or other third parties, and that the Company did not purchase or sell such shares during the year.

Recommendation to Shareholders

The Board of Directors recommends:

- the approval of the draft statutory Financial Statements of Rai which consist of a Balance Sheet, Income Statement and Notes to the Financial Statements, which close with a loss of 245,662,838.10 euros, as well as the approval of the Report on Operations;
- to cover the loss of 245,662,838.10 euros with:
 - Other reserves – Non-distributable reserve for revaluation of equity investments, for the sum of 111,712,137.60 euros;
 - Other reserves – Distributable reserve for revaluation of equity investments, for the sum of 551,093.00 euros;
 - Other reserves – Merger surplus, for the sum of 133,399,607.50 euros.





Parent Company Financial Statements at 31 December 2012

- 87 Parent Company Balance Sheet and Income Statement
– in statutory form**
- 95 Notes to the Parent Company financial statements**
- 141 Parent Company supplementary schedules**
- 147 Report of the Board of Statutory Auditors**
- 152 Report of the Independent Auditors**
- 155 Shareholders' Meeting**





**Parent Company Balance Sheet
and Income Statement**
(Statutory form)

Balance Sheet - Assets (in euros)

	31.12.2012	31.12.2011
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
3.- Industrial patents and intellectual property rights	182,797,774	222,442,674
4.- Concessions, licences, trademarks and similar rights	11,290,278	14,676,797
6.- Tangible assets under construction and payments on account	215,160,160	184,710,701
7.- Other intangible assets	9,859,353	11,723,864
TOTAL INTANGIBLE ASSETS	419,107,565	433,554,036
II. TANGIBLE ASSETS		
1.- Land and buildings	168,066,632	176,342,782
2.- Plant and machinery	110,016,532	99,569,532
3.- Industrial and sales equipment	3,874,943	4,346,222
4.- Other assets	27,045,492	26,625,667
5.- Tangible assets under construction and payments on account	50,408,060	55,699,017
TOTAL TANGIBLE ASSETS	359,411,659	362,583,220
III. FINANCIAL ASSETS		
1.- Equity investments in		
a) subsidiaries	425,359,118	297,344,601
b) associated companies	9,718,273	1,610,557
d) other companies	824,549	812,650
	435,901,940	299,767,808
2.- Receivables		
a) subsidiaries		
due within 12 months	40,454	10,800
due after 12 months	25,916	-
	66,370	10,800
d) others		
due within 12 months	433,637	218,764
due after 12 months	9,154,922	8,211,052
	9,588,559	8,429,816
	9,654,929	8,440,616
3.- Other securities	1,444,494	3,737,101
TOTAL NON-CURRENT FINANCIAL ASSETS	447,001,363	311,945,525
TOTAL NON-CURRENT ASSETS	1,225,520,587	1,108,082,781

follows

Balance Sheet - Assets (in euros)

	31.12.2012	31.12.2011
C) CURRENT ASSETS		
I. INVENTORIES		
1.- Raw materials, supplies and consumables	611,176	586,749
4.- Finished products and merchandise	1,041,776	778,817
TOTAL INVENTORIES	1,652,952	1,365,566
II. RECEIVABLES		
1.- customers		
due within 12 months	257,095,471	351,883,203
due after 12 months	4,058,333	-
2.- subsidiaries	538,770,152	705,699,297
3.- associated companies	200,583	339,539
4.bis- tax receivables		
due within 12 months	85,303,690	48,631,676
due after 12 months	16,809,339	-
4.ter- deferred tax assets		
due within 12 months	32,052,000	26,163,000
due after 12 months	1,462,000	1,752,000
5.- other		
due within 12 months	51,669,978	151,377,766
due after 12 months	4,935,613	5,782,823
TOTAL RECEIVABLES	992,357,159	1,291,629,304
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	10,227,990	18,239,489
2.- Cheques	51,612	21,382
3.- Cash and cash equivalents on hand	361,770	399,527
TOTAL CASH AND CASH EQUIVALENTS	10,641,372	18,660,398
TOTAL CURRENT ASSETS	1,004,651,483	1,311,655,268
D) ACCRUED INCOME AND PREPAID EXPENSES	20,697,710	44,358,755
TOTAL ASSETS	2,250,869,780	2,464,096,804

Balance Sheet - Liabilities (in euros)

	31.12.2012	31.12.2011
A) SHAREHOLDERS' EQUITY		
I. SHARE CAPITAL	242,518,100	242,518,100
IV. LEGAL RESERVE	8,943,984	6,977,058
VII. OTHER RESERVES	288,349,032	138,714,212
IX. PROFIT (LOSS) FOR THE YEAR	(245,662,838)	39,338,514
TOTAL SHAREHOLDERS' EQUITY	294,148,278	427,547,884
B) PROVISIONS FOR RISKS AND CHARGES		
1.- for pension and similar liabilities	153,848,801	154,820,669
2.- for taxes (also deferred taxes)	4,209,261	7,215,261
3.- other	308,388,092	225,930,624
TOTAL PROVISIONS FOR RISKS AND CHARGES	466,446,154	387,966,554
C) PROVISION FOR STAFF SEVERANCE PAY	288,759,490	296,113,533
D) PAYABLES		
4.- Due to banks		
. due within 12 months	174,963,614	72,526,668
. due after 12 months	196,666,667	210,000,000
6.- Advances	2,822,940	3,076,630
7.- Suppliers	510,925,395	658,685,665
9.- Subsidiaries		
. due within 12 months	117,547,784	177,281,408
. due after 12 months	4,035,390	-
10.- Associated companies	4,304,035	4,256,274
12.- Tax payables	45,781,682	67,664,870
13.- Welfare and social security institutions	46,464,136	47,824,626
14.- Other payables	60,723,968	66,389,045
TOTAL PAYABLES	1,164,235,611	1,307,705,186
E) ACCRUED EXPENSES AND DEFERRED INCOME	37,280,247	44,763,647
TOTAL LIABILITIES	2,250,869,780	2,464,096,804

Memorandum accounts (in euros)

	31.12.2012	31.12.2011
1.- Unsecured guarantees granted		
a) Sureties:		
- for subsidiaries	39,475,848	59,704,916
- for associated companies	2,582,285	2,582,285
- for others	44,733	89,466
- other sureties	-	1,920,111
	42,102,866	64,296,778
c) Other:		
- for subsidiaries	-	2,009,429
	-	2,009,429
Total unsecured guarantees granted	42,102,866	66,306,207
2.- Secured guarantees granted		
b) for own commitments other than payables	1,440,000	3,730,000
c) for debt recorded in the balance sheet	-	50,561,130
Total secured guarantees granted	1,440,000	54,291,130
3.- Purchase and sale commitments	34,519,703	45,453,656
4.- Other	220,491,622	383,880,665
	298,554,191	549,931,658

Income Statement (in euros)

	31.12.2012	31.12.2011
A) PRODUCTION VALUE		
1.- Revenues from sales and services	2,550,012,794	2,751,712,367
2.- Changes in inventories of work in progress, semifinished and finished goods	262,959	54,890
3.- Changes in work contracts in progress	-	(8,849)
4.- Internal cost capitalisations	16,321,440	13,998,715
5.- Other production-related income		
a) operating grants	9,813,074	7,662,772
b) gains on disposal of assets	60,819	216,897
c) other	107,520,726	100,718,435
	<u>117,394,619</u>	<u>108,598,104</u>
TOTAL PRODUCTION VALUE	2,683,991,812	2,874,355,227
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(22,931,888)	(22,606,691)
7.- Services	(747,172,976)	(796,076,537)
8.- Use of third-party assets	(758,870,711)	(683,584,442)
9.- Personnel		
a) wages and salaries	(661,150,104)	(667,317,613)
b) social security contributions	(184,646,960)	(188,537,942)
c) staff severance pay	(48,097,276)	(49,674,007)
d) pension and similar costs	(12,259,533)	(14,488,781)
e) other costs	(16,469,129)	(15,229,757)
	<u>(922,623,002)</u>	<u>(935,248,100)</u>
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(238,790,926)	(262,041,525)
b) depreciation of tangible assets	(59,618,419)	(59,008,617)
c) other non-current asset writedowns	(28,271,918)	(29,185,628)
d) writedown of current receivables and cash and cash equivalents	(4,193,029)	(6,368,205)
	<u>(330,874,292)</u>	<u>(356,603,975)</u>
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	24,427	(59,539)
12.- Provisions for risks	(12,200,428)	(9,560,966)
13.- Other provisions	(8,975,183)	(1,401,090)
14.- Other operating costs		
a) capital losses on disposal of assets	(1,527,427)	(3,587,370)
b) concession fee	(27,944,028)	(28,006,817)
c) other	(66,244,983)	(60,895,076)
	<u>(95,716,438)</u>	<u>(92,489,263)</u>
TOTAL PRODUCTION COSTS	(2,899,340,491)	(2,897,630,603)
Difference between production value and costs	(215,348,679)	(23,275,376)

follows

Income Statement (in euros)

	31.12.2012	31.12.2011
C) FINANCIAL INCOME AND EXPENSES		
15.- Income from equity investments		
a) dividends from subsidiaries	-	80,098,357
b) dividends from associated companies	-	55,271
d) other income from equity investments	-	35,258
	-	80,188,886
16.- Other financial income		
a) from non-current receivables		
. other	16,132	35,431
	16,132	35,431
b) from non-current securities other than equity investments	90,420	87,875
d) financial income other than the above		
. interest and commissions from subsidiaries	7,737,488	7,070,152
. interest and commissions from associated companies	3,881	-
. interest and commissions from others and miscellaneous income	899,245	591,886
	8,640,614	7,662,038
	8,747,166	7,785,344
17.- Interest and other financial expenses		
a) interest and commissions payable to subsidiaries	(787,620)	(408,535)
b) interest and commissions payable to associated companies	(3,869)	(6,379)
d) interest and commissions payable to others and miscellaneous charges	(14,916,148)	(9,399,666)
	(15,707,637)	(9,814,580)
17 bis.- Foreign exchange gains and losses - net	3,099,653	1,415,321
TOTAL FINANCIAL INCOME AND EXPENSES	(3,860,818)	79,574,971
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
18.- Revaluations		
a) of equity investments	24,761,257	2,676,671
b) of non-current securities other than equity investments	29,350	-
	24,790,607	2,676,671
19.- Writedowns		
a) of equity investments	(373,920)	(6,434,045)
b) of non-current securities other than equity investments	(387,740)	(219,856)
	(761,660)	(6,653,901)
TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS	24,028,947	(3,977,230)
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Exceptional income		
b) out-of-period gains and reversal of non-existent liabilities	13,421,007	14,443
	13,421,007	14,443
21.- Exceptional expense		
b) prior years' taxes	-	(410,386)
d) other	(62,200,000)	(4,375,908)
	(62,200,000)	(4,786,294)
TOTAL EXCEPTIONAL INCOME AND EXPENSE	(48,778,993)	(4,771,851)
Result before taxes	(243,959,543)	47,550,514
22.- Current income taxes for the year, and deferred tax assets and liabilities	(1,703,295)	(8,212,000)
23.- Profit (loss) for the year	(245,662,838)	39,338,514





**Notes to the Parent Company
financial statements**

1) Activity of the Company

RAI-Radiotelevisione Italiana SpA (hereinafter Rai) is exclusively assigned the public service broadcasting of radio and television programmes.

The Company may enlist the aid of subsidiaries for activities relating to the performance of the pertinent services. Rai is also allowed to perform commercial and publishing activities connected to the dissemination of pictures, sound and data, as well as other related activities, either directly or through associated companies, as long as these activities do not influence the best pursuit of the public services for which it holds the concession and contribute to balanced company operation.

Rai's operations must be conducted in compliance with the applicable regulations in force contained in Law 103 of 14 April 1975 ("New regulations governing radio and television broadcasting"), Law 223 of 6 August 1990 ("Regulation of the public and private radio and television system"), the "Measures governing the concession holder for the public radio and television broadcasting service" issued with Law 206 of 25 June 1993 and subsequent amendments, Law 249 of 31 July 1997 on the "Establishment of the Communications Authority and regulations governing telecommunications and the radio and television system" and Law 112 of 3 May 2004 ("Regulations establishing principles for the organization of the radio and television system and RAI-Radiotelevisione Italiana SpA, as well as granting authority to the Government to issue a consolidated radio and television law"). With Legislative Decree 177 of 31 July 2005 approval was given to the "Consolidated Broadcasting Law", which was amended and renamed "Consolidated Broadcasting Law" by Legislative Decree 44 of 15 March 2010, incorporating additional clauses, amendments and cancellations necessary for the co-ordination of the services or their proper implementation. The Consolidated Law also contains the provisions of Law 112/04, relating to the radio and television general public service and, consequently, articles 3 and 5 of Law 206/93 not repealed by Law 112/04.

The general public radio and television service concession is assigned to Rai until 6 May 2016, on the basis of Consolidated Law governing audio-visual and radio media services, issued with article 49 of the Legislative Decree 177 of 31 July 2005.

Article 45 of the same Consolidated Law envisages that the general public radio and television service be provided by the concession holder on the basis of a National Service Agreement lasting three years, entered into with the Italian Ministry of Communications, identifying the rights and obligations of the concession holder.

The new service agreement for 2010-2012 was entered into between the Ministry of Economic Development and Rai on 6 April 2011 and was approved with ministerial decree of 27 April 2011, published in Official Gazette of 27 June 2011.

The rationale underlying the above regulatory framework lies in the public interest functions entrusted to the concession holder. Under these regulations, Rai has special institutional characteristics and operating constraints, in addition to the specific obligations undertaken with the Service Contract.

2) Introduction

The Parent Company financial statements at 31 December 2012 are prepared in conformity to the relevant provisions of the Italian Civil Code. They are supplemented with annexes featuring the reclassified statements comprised of tables for the analysis of the balance sheet and income statement, and of cash flows.

The financial statements are expressed in euros, without decimals; the Notes to the financial statements and the related detailed Schedules are stated in thousands of euros.

Rai's financial statements have been audited by PricewaterhouseCoopers SpA.

3) Accounting policies

Before examining the individual items, we have provided an overview of the main accounting policies used in drafting the financial statements, which were adopted from the perspective of the Company as a going concern and comply with the provisions of Articles 2423 et seq. of the Civil Code. These policies are unchanged from those applied in the preceding year, with the only exception being the valuation of investments in subsidiaries and associated companies which, starting from 2012, are valued using the equity method instead of the cost method, which was adopted until 31 December 2011.

The reasons for this change arise from the need to offer a better representation of the income statement, balance sheet and financial situation and to increase the consistency of the Company's equity, aligning the equity figures with those of the consolidated financial statements.

At the time of first application, the higher values of the investments consequential to the profits gained in previous years with effect on a specific non-distributable reserve for revaluation of equity investments were disclosed for an amount of 112,074 thousand euros, which represents the previous effect determined by the change in the accounting standard. The part of this reserve realised during the year consequential to the distribution of dividends, equating to 551 thousand euros, was reassigned to other available reserves.

The change in the criterion used to assess equity investments determined the following effects on the financial statements at 31 December 2012:

- increase in the value of equity investments: 132,767 thousand euros;
- higher result for the year: 20,504 thousand euros;
- increase in Shareholders' equity: 132,767 thousand euros.

There are no exceptional cases requiring derogation from the requirements under Article 2423-bis et seq. of the Civil Code.

a) Industrial patents and intellectual property rights:

The acquisition and production costs of programmes, composed of external costs that can be allocated directly to each project and the cost of internal resources used to create programmes, are recorded according to the following criteria:

- 1) costs for repeat-use television productions are capitalised under intangible assets and, if such productions are usable at year-end, are carried under industrial patents and intellectual property rights and amortised on a straight-line basis over the period of their estimated useful life. If such programmes are not yet usable at year-end, the costs are carried under intangible assets under development and payments on account.

The objective difficulty of establishing an appropriate correlation between advertising revenues and licence fees and the amortisation of the rights, which is further complicated by the many ways in which they can be used, has prompted Rai to designate three years as the useful life of repeat-use programmes, represented by TV series, cartoons and comedies, and four years for that of library exploitation rights for football events.

Costs for concession rights with a shorter duration are amortised over the period they are available.

In addition, an impairment provision has been established for programmes for which transmission, re-broadcasting or commercial exploitation is at risk.

- 2) Costs for immediate-use television programmes are expensed in a single year, which is normally that in which they are used. More specifically:
 - *News, light entertainment and all radio programming.* Costs are expensed in the year in which they are incurred, which is normally the year in which the programmes are broadcast.
 - *Sports events.* Costs are booked to the year in which the event takes place.
 - *Documentaries, classical music and drama.* Costs are charged against income in a single amount at the time the programmes are ready for broadcasting or the rights are usable.

- b) Software licences are carried with industrial patents and intellectual property rights net of amortisation and are amortised over three years from the year they enter service.

- c) Costs incurred for the construction of the digital terrestrial network are capitalised under intangible assets net of amortisation and amortised on a straight-line basis over the forecast period of use from the date the service is activated.
- d) Trademarks are amortised over ten years from the year they enter service.
- e) Deferred charges are carried under other intangible assets net of accumulated amortisation. They regard improvements to leased or licensed property and accessory charges on loans. Amortisation for leasehold improvements is determined on the basis of the shorter of the residual duration of the related contracts and the estimated period of benefit of the costs, calculated using amortisation rates which reflect the rate of economic deterioration of the relative assets. Accessory charges on loans are amortised in relation to the duration of the loan.
- f) Tangible fixed assets – which are shown net of accumulated depreciation – are recorded at cost, increased by internal personnel costs incurred in preparing them to enter service, and revaluations pursuant to laws. The costs of non-current assets as determined above are depreciated in accordance with Article 2426 (2) of the Civil Code. Ordinary maintenance costs are expensed in the year in which they are incurred.
- g) Investments in subsidiaries and associated companies are valued using the equity method. This method, introduced from this year in place of assessment based on purchase cost adjusted in the case of durable losses in value envisages that the value at which investments is booked be the same as the corresponding fraction of the Shareholders' equity resulting from the last financial statements, minus the dividends and after the adjustments required by the principles used in the preparation of the consolidated financial statements. The profit or loss by the investee for the year, duly adjusted, is booked to the Income Statement in the year to which the result refers, on line *D18 Revaluations a) of equity investments* or on line *D19 Writedowns a) of equity investments*. For companies with negative shareholders' equity, the cost of the investment is set at zero and Rai's share of the deficit is specifically provided for under the provisions for risks and charges.
- h) Investments in other companies are valued on the basis of purchase cost adjusted in the case of durable losses in value. For companies with negative Shareholders' equity, the cost of the investment is set at zero and Rai's share of the deficit is specifically provided for under the provisions for risks and charges. Adjustments for durable losses in value are reversed in the event that such loss is subsequently recovered due to sufficient operating earnings by the investee company.
- i) Fixed-income securities carried as non-current financial assets are valued at purchase cost. Positive or negative differences between purchase cost and redemption value are taken to income in the amount accruing for the year.
- j) Non-current assets which, at the balance sheet date, have suffered a permanent impairment in value, are carried at the lower value. Should the reasons for the writedown made in previous years no longer apply, the assets are revalued within the limits of the amount of the writedown.
- k) Other securities carried under current financial assets are valued at the lower of purchase cost – determined as the weighted average cost – and estimated realisable value, which is given by market value.
- l) Inventories of raw materials, supplies and consumables (technical materials) are valued at purchase cost, which is determined on the basis of weighted average cost, written down taking account of market trends and estimated non-use due to obsolescence and slow turnover. Inventories of items for resale are carried at the lower of purchase cost, which is determined on the basis of weighted average cost, and estimated realisable value as determined by market prices.
- m) Receivables are shown at the presumable realisable value, net of the provision for bad debts as determined on the basis of a case-by-case assessment of the solvency risks of the individual debtors.
- n) Accrued income and prepaid expenses, and accrued expenses and deferred income, are recorded on an accruals basis for the individual entries.
- o) Provisions for pension and similar liabilities, which comprise the provision for supplementary staff severance pay, the social security benefits provision and the Company supplementary pension fund, are made in accordance with collective bargaining agreements. The Company supplementary pension fund is valued on the basis of an actuarial appraisal.

- p) The provision for taxes includes probable tax liabilities arising out of the settlement of tax disputes and includes deferred tax liabilities calculated on timing differences which have resulted in lower current taxes. Deferred tax assets arising from charges which are tax-deductible on a deferred basis and from tax losses are taken up under Current Assets caption 4 *ter* ("Deferred tax assets") if there is reasonable certainty that they will be recovered in the future.
- q) Other provisions for risks and charges include provisions to cover specific losses or liabilities, the existence of which is certain or probable, but the amount or date of occurrence of which is uncertain. They are set up on a case-by-case basis in relation to specific risk positions and their amount is determined on the basis of reasonable estimates of the liability that such positions could generate.
- r) The provision for staff severance pay is determined in conformity to applicable law and labour contracts. It reflects the accrued entitlement of all employees at the balance-sheet date net of advances already paid.
- s) Payables are shown at nominal value.
- t) Payables and receivables denominated in currencies other than the euro – with the exception of hedged positions, which are valued at the rate applying to the financial instrument – are recorded at the exchange rates applying at the balance sheet date. Profits and losses ensuing from such conversion are taken to the income statement as components of financial income or expense. Any net profit is taken to a specific non-distributable reserve until the profit is realised.
- u) Payments on account include advances paid by customers for services that have not yet been performed.
- v) Costs and revenues are taken to the income statement on a consistently applied accruals basis.
- w) Income taxes are recorded on the basis of an estimate of taxable income in conformity with applicable regulations, taking account of deferred tax positions. The tax liability to be settled on presentation of the tax declaration is carried under taxes payable, together with liabilities relating to taxes already assessed and due.
The Company has opted for the Group to be taxed on a consolidated basis and accordingly, as the consolidating entity, attends to all requirements connected with the settlement of IRES tax for all companies within the consolidated taxation arrangement.
The procedure for the consolidation of the Group's taxable amounts is regulated by a specific agreement between the Parent Company and the subsidiaries.
The fundamental standards that regulate this agreement are neutrality (absence of negative effects on the single companies), proportionality in the use of losses and their integral remuneration on the basis of the rate of IRES in force at the time of effective use, offsetting the incomes booked.
- x) In order to hedge interest rate and exchange rate risk, the Company uses derivative contracts to hedge net exposures arising from specific transactions. Interest differentials to be collected or paid on interest rate swaps are taken to the income statement on an accruals basis over the duration of the contract. Accrued interest differentials that have not been settled at the end of the year or which have been settled before they actually accrue are taken to accrued income and prepaid expenses, or accrued expenses and deferred income, as the case may be. Derivative contracts hedging exchange rate risks are used to cover contractual commitments in foreign currencies and entail adjusting the value of the underlying item. The premium or discount arising from the differential between the spot and future exchange rates for hedging transactions carried out via future acquisition of value and premiums paid in relation to options is taken to the income statement over the duration of the contract.

If the market value of derivatives contracts that do not fully qualify for hedge accounting is negative, a specific risk provision is set up for this value.
- y) Collections are recorded by bank transaction date; for payments account is likewise taken of the instruction date.

4) Parent Company Balance Sheet

Assets

Non-current assets

Intangible assets

This caption includes the cost of non-physical factors of production with lasting utility, net of amortisation and writedowns in the event of permanent impairment of value.

Intangible assets (thousands of euros)

Schedule 1

	31.12.2011 (a)			Changes during the year				31.12.2012		
	Costs	Amortisat.	Book value	Increases and capitalis.	Reclassificat.	Writedowns eliminations and disposals	Amortisat.	Costs	Amortisat.	Book value
Industrial patents and intellectual property rights:										
programmes (b)	525,568	(267,054)	258,514	120,584	91,096	-	(258,059)	737,248	(525,113)	212,135
provision for impairment of programmes being amortised	(39,155)	-	(39,155)	-	-	(21,847)	28,420	(61,002)	28,420	(32,582)
	486,413	(267,054)	219,359	120,584	91,096	(21,847)	(229,639)	676,246	(496,693)	179,553
software licences (c)	5,777	(2,693)	3,084	3,124	-	-	(2,963)	8,901	(5,656)	3,245
	492,190	(269,747)	222,443	123,708	91,096	(21,847)	(232,602)	685,147	(502,349)	182,798
Digital Terrestrial Television	40,537	(25,961)	14,576	-	-	-	(3,364)	40,537	(29,325)	11,212
Concessions, licences, trademarks and similar rights (d)	228	(127)	101	-	-	-	(23)	228	(150)	78
	40,765	(26,088)	14,677	-	-	-	(3,387)	40,765	(29,475)	11,290
Intangible assets under development and payments on account:										
programmes (e)	181,105	-	181,105	124,081	(91,096)	(7,037)	(l)	207,053	-	207,053
software licences	1,205	-	1,205	573	-	-	-	1,778	-	1,778
long-term costs relating to third-party property	351	-	351	606	(128)	-	-	829	-	829
other rights	2,050	-	2,050	2,850	600	(h)	-	5,500	-	5,500
	184,711	-	184,711	128,110	(90,624)	(7,037)	-	215,160	-	215,160
Others										
long-term costs relating to third-party property (f)	37,165	(27,555)	9,610	477	(3)	(i)	(2,149)	36,929	(28,994)	7,935
accessory charges on loans (g)	3,840	(1,726)	2,114	263	-	-	(642)	4,103	(2,368)	1,735
other rights	-	-	-	200	-	-	(11)	200	(11)	189
	41,005	(29,281)	11,724	940	(3)	-	(2,802)	41,232	(31,373)	9,859
	758,671	(325,116)	433,555	252,758	469	(28,884)	(238,791)	982,304	(563,197)	419,107

(a) Includes only those values which 31.12.2011 have not been fully amortised, apart from the writedown provision for programmes under amortisation, disclosed net of the portion of use and of the "Others" which includes long-term charges on third-party assets fully amortised with leasing agreement in progress (see point (f))

(b) Book values:										
. not fully amortised	525,568	(267,054)	258,514					467,181	(255,046)	212,135
. fully amortised	253,697	(253,697)	-					270,067	(270,067)	-
	779,265	(520,751)	258,514					737,248	(525,113)	212,135

(c) Book values:										
. not fully amortised	5,777	(2,693)	3,084					6,713	(3,468)	3,245
. fully amortised	1,116	(1,116)	-					2,188	(2,188)	-
	6,893	(3,809)	3,084					8,901	(5,656)	3,245

(d) Book values:										
. not fully amortised	228	(127)	101					203	(125)	78
. fully amortised	114	(114)	-					25	(25)	-
	342	(241)	101					228	(150)	78

(e) Costs for the right to use intellectual property under production at 31 December 2011 and not yet transferred by the end of December 2012 to non-current assets under amortisation, refer to rights becoming valid after 31 December 2012 or still to be defined, as well as internal productions of programmes still to be completed on such date. In any case, these are costs referring to programmes which are expected to be used in the future.

(f) Long-term charges on third-party property, with book values:										
. not fully amortised	30,361	(20,751)	9,610					29,096	(21,161)	7,935
. fully amortised - with contract in progress	6,804	(6,804)	-					7,833	(7,833)	-
	37,165	(27,555)	9,610					36,929	(28,994)	7,935
. fully amortised - with contract expired	-	-	-					-	-	-
	37,165	(27,555)	9,610					36,929	(28,994)	7,935

(g) Book values:										
. not fully amortised	3,840	(1,726)	2,114					2,573	(838)	1,735
. fully amortised	80	(80)	-					1,530	(1,530)	-
	3,920	(1,806)	2,114					4,103	(2,368)	1,735

(h) Reclassification from prepaid expenses

(i) Reclassification:										
. from non-current assets in progress and payments on account				. costs						128
. to tangible assets:				. costs						(841)
				. amortisation						710
										(3)

(l) of which:										
writedowns of unmade or unusable programmes								(6,425)		
programmes sold								(612)		
								(7,037)		

Industrial patents and intellectual property rights. As indicated in schedule 1, they amount to 182,798 thousand euros, as follows:

- 179,553 thousand euros for the cost of television programmes available for use, and compared with the figure as at 31 December 2011, shows a net decrease of 39,806 thousand euros. The aforementioned reduction represents the balance between the increase determined by new assets for 211,680 thousand euros (of which 91,096 thousand euros transferred from intangible assets under development and payments on account for rights that became available during the year) and the decrease determined by the writedown against the risk of non-transmission, repeatability and commercial exploitation of certain programmes amounting to 21,847 thousand euros and the amortisation charge for the year of 229,639 thousand euros;
- 3,245 thousand euros refer to software licences, 3,084 thousand euros as at 31 December 2011, with a net increase of 161 thousand euros.
The aforementioned increase represents the balance between the increase determined by new assets for 3,124 thousand euros and the amortisation charge for the year (2,963 thousand euros).

As regards television programmes available for use, the overall sum, gross of the writedown, is broken down between:

- rights to television programmes owned or held under unlimited-term licences amounting to 181,452 thousand euros (at 31 December 2011: 230,898 thousand euros);
- rights to television programmes owned or held under fixed-term licences amounting to 30,683 thousand euros (at 31 December 2011: 27,616 thousand euros).

Overall investments in television programmes made in 2012 amount to 244,665 thousand euros, including 124,081 thousand euros in programmes which are not yet available at 31 December 2012, which are carried under non-current assets under development and payments on account.

Analysing investments by type, at 31 December 2012, 188,056 thousand euros was invested in fiction programmes (series, miniseries, TV movies, soap operas etc.), 11,531 thousand euros in documentaries, 12,823 thousand euros in cartoons and comedy programmes, 19,400 thousand euros in football libraries, 12,016 thousand euros in cultured music and prose and 839 thousand euros in other categories.

Concessions, licences, trademarks and similar rights. The item, which is stated net of accumulated amortisation, includes costs incurred on the acquisition of licences for digital terrestrial frequencies, and own trademarks. They total 11,290 thousand euros, of which 11,212 thousand euros relating to digital network frequencies.

Non-current assets under development and payments on account. The item amounts to 215,160 thousand euros, including:

- 207,053 thousand euros for the cost of television programmes which are not yet available, and therefore not subject to amortisation, and compared with the figure as at 31 December 2011, showing a net increase of 25,948 thousand euros, as indicated in Schedule 1. In particular, the aforementioned increase is equal to the balance between increases for new assets (124,081 thousand euros), decreases for items transferred to Industrial patents and intellectual property rights in that they relate to productions and/or purchases that became usable during the year (91,096 thousand euros), to eliminations of unmade or unusable programmes (6,425 thousand euros) or disposals (612 thousand euros);
- 1,778 thousand euros refer to software licences and, compared with the figure as at 31 December 2011, show a net increase of 573 thousand euros, determined entirely by new assets;
- 829 thousand euros refer to alterations and improvements underway on property under leasehold or concession and, compared with the figure as at 31 December 2011, show a net increase of 478 thousand euros; the aforementioned increase is equal to the balance between increases for new assets (606 thousand euros) and reductions for items transferred to Other intangible assets (128 thousand euros);
- 5,500 thousand euros refer to the cost to purchase options on agreements for the commercial exploitation of products held in football libraries and, compared with the figure as at 31 December 2011, show a net increase of 3,450 thousand euros.

For television programmes that have not yet become available, the total of 207,053 thousand euros includes:

- 140,865 thousand euros for television programmes owned by the Company that were not ready at 31 December 2012 or for which usage rights began after 31 December 2012 (at 31 December 2011: 122,229 thousand euros). These comprise costs of 9,039 thousand euros relating to the production of a long-running fiction series which has been interrupted for the moment following production problems with the company responsible for production. On this matter, this amount was prudently assigned to the provision for "risks of non-usability of non-current assets";
- 66,188 thousand euros regarding third-party television programmes held on fixed-term licence beginning after 31 December 2012 (at 31 December 2011: 58,876 thousand euros).

Other intangible assets. The amount of 9,859 thousand euros includes:

- 7,935 thousand euros for costs incurred, net of accumulated amortisation, on alterations and improvements to property under leasehold or concession (at 31 December 2011: 9,610 thousand euros);
- 1,735 thousand euros for costs incurred, net of accumulated amortisation, on long-term loan agreements to be distributed throughout their duration (at 31 December 2011: 2,114 thousand euros);
- 189 thousand euros refer to the cost to purchase options on agreements for the commercial exploitation of products held in football libraries, net of shares of amortisation, calculated in relation to the period of use.

Tangible assets

These comprise the costs and related revaluations of non-current tangible assets with an economic life of several years that are owned by the Company and used in operations. They are carried net of standard depreciation and writedowns for lasting value impairments, if any.

The annual standard depreciation rates applied are listed below:

- Buildings and light structures
 - offices in industrial buildings 3%
 - other industrial buildings and roads 6%
 - light structures 10%
- Plant and machinery
 - General and radio technical systems 12.5%
 - Transmission and television systems 19%
 - Recording systems and fitted vehicles 25%
- Industrial and sales equipment 19%
- Other assets:
 - Standard equipment 19%
 - Office furniture and equipment 12%
 - Electronic office equipment 20%
 - Transport vehicles 20%
 - Motor cars, motor vehicles and the like 25%

Tangible assets at 31 December 2012 amount to 359,412 thousand euros, showing an overall net decrease of 3,172 thousand euros on 31 December 2011. The aforementioned reduction represents the balance between increases of 57,679 thousand euros and reductions of 60,851 thousand euros, as detailed in Schedule 2.

Tangible assets and accumulated depreciation (thousands of euros)

Schedule 2

	31.12.2011					Changes during the year					31.12.2012				
	Costs	Revaluat.	Writedowns	Accumulated depreciation	Book value	Increases and capitalis.	Reclassificat.	Net eliminat. (a)	Depreciat.	Costs	Revaluat.	Writedowns	Accumulated depreciation	Book value	
Land and buildings	516,033	562,010	(36,529)	(865,171)	176,343	3,203	2,032 (b)	(306)	(13,204)	521,173	561,940	(36,529)	(878,517)	168,067	
Plant and machinery	1,205,395	8,292	-	(1,114,117)	99,570	28,567	20,874 (b)	(43)	(38,952)	1,239,055	8,224	-	(1,137,262)	110,017	
Industrial and sales equipment	81,238	2,985	-	(79,877)	4,346	1,072	263	(6)	(1,801)	79,095	2,907	-	(78,127)	3,875	
Other assets	100,363	983	-	(74,720)	26,626	5,808	320 (b)	(47)	(5,661)	103,535	972	-	(77,462)	27,045	
Tangible assets under construction and payments on account	55,699	-	-	-	55,699	18,898	(23,358)	(831)	-	50,408	-	-	-	50,408	
	1,958,728	574,270	(36,529)	(2,133,885)	362,584	57,548	131 (b)	(1,233)	(59,618)	1,993,266	574,043	(36,529)	(2,171,368)	359,412	

(a) including:

. Costs - tangible assets	(23,851)
. Revaluations - tangible assets	(227)
. Depreciation - tangible assets	22,845
	(1,233)

(b) changes for reclassification under intangible assets under development

. Costs - tangible assets	841
. Depreciation - tangible assets	(710)
	131

It should be noted that new tangible assets recorded, which reflect investments made in the year, comprise 5,715 thousand euros for the capitalisation of the cost of internal personnel engaged in the construction of buildings, systems and machinery.

As regards disclosure of financial lease transactions it should be noted that the building located in Aosta, used as the regional headquarters for Valle d'Aosta, acquired under this type of contract in 2004, was purchased during the year and is therefore booked to tangible assets at the redemption value. The statements required under article 2427 (22) of the Civil Code, showing the effects on the balance sheet and the income statement of the so-called financial method, are presented hereunder.

Balance Sheet effect (thousands of euros)		Income Statement effect (thousands of euros)	
a) Outstanding contracts:			
Assets held under financial leases at end of previous year	3,385	Instalment payments of financial leases charged against income	634
+ Assets acquired under financial leases during the year	-	Financial charges on financial lease transactions	(21)
- Assets under financial leases acquired through end-lease purchase option during the year	(3,385)	Shares of depreciation on lease-end purchases	(341)
- Depreciation for the year	-	- Value adjustments/write-backs of assets held under financial leases	-
+/- Value adjustments/re-adjustments	-		
Assets held under financial leases at the end of the year	-	Effect on result before taxes	272
		Tax effect	(110)
b) Assets acquired through end-lease purchase option			
Higher overall value of assets acquired through lease-end purchase option, determined according to the financial method, compared to net book value at year end	2,444	Effect on the result for the year of accounting for financial leases using the international accounting method	162
c) Liabilities:			
Implicit debt for financial leases at end of previous year	(1,212)		
+ Implicit debt arising during the year	-		
- Repayment of principal and exercise of purchase option during the year	1,212		
Implicit debt for financial leases at the end of the year	-		
d) Total gross effect at end of the year (a+b+c)	2,444		
e) Tax effect	(633)		
f) Effect on equity	1,811		

The gross value of revaluations recorded under non-current tangible assets is reported below, listed according to the applicable regulations:

- 36,325 thousand euros gross in implementation of Law 576 of 2 December 1975 and Law 72 of 19 March 1983, the purchase cost of which was 44,913 thousand euros. This comprises property acquired by 31 December 1946, the gross value of which, amounting to 424 thousand euros, includes revaluation pursuant to Law 74 of 11 February 1952;
- 52,260 thousand euros gross in implementation of Law 413 of 30 December 1991;
- 485,458 thousand euros gross in implementation of Decree Law 263 of 29 April 1994, the effects of which were ratified by Law 650 of 23 December 1996.

Financial assets

These represent the cost of durable financial investments and related revaluations, net of any writedowns described in the comments on the individual items.

Equity investments: these amount to 435,901 thousand euros and include investments in shares or other forms of equity in companies, including consortiums. They are reported in the balance sheet under separate headings arranged by decreasing levels of ownership.

As already mentioned in point 3) Accounting policies, from this year, investments in subsidiaries and associated companies are valued using the equity method. At the time of first application, the higher values of the investments consequential to the profits gained in previous years with effect on a specific non-distributable reserve for revaluation of equity investments were disclosed for an amount of 112,074 thousand euros, as shown in Schedule no. 3.

Non-current financial assets - investments in subsidiaries and associated companies effects of the change in evaluation criterion (thousands of euros) Schedule 3

	Evaluation at cost 31.12.2011				Reserve from evaluation at equity	Evaluation at cost 01.01.2012			
	Costs	Revaluations	Writedowns (a)	Book value		Costs	Revaluations	Writedowns (a)	Book value
Subsidiaries									
Rai Cinema SpA	200,103	-	-	200,103	41,629	200,103	41,629	-	241,732
Rai Corporation in liquidation	8,713	-	(7,057)	1,656	-	8,713	-	(7,057)	1,656
RaiNet SpA	47,900	-	(37,649)	10,251	-	47,900	-	(37,649)	10,251
Rai Way SpA	70,244	-	-	70,244	51,601	70,244	51,601	-	121,845
Rai World SpA	5,300	-	(1,323)	3,977	-	5,300	-	(1,323)	3,977
Sipra SpA	11,114	-	-	11,114	11,182	11,114	11,182	-	22,296
	343,374	-	(46,029)	297,345	104,412	343,374	104,412	(46,029)	401,757
Associated companies									
Audiradio Srl in liquidation	1,428	-	(1,419)	9	-	1,428	-	(1,419)	9
Auditel Srl	10	-	-	10	111	10	111	-	121
Euronews	851	-	-	851	3,744	851	3,744	-	4,595
San Marino RTV SpA	258	-	-	258	2,435	258	2,435	-	2,693
Tivù Srl	483	-	-	483	1,372	483	1,372	-	1,855
	3,030	-	(1,419)	1,611	7,662	3,030	7,662	(1,419)	9,273
	346,404	-	(47,448)	298,956	112,074	346,404	112,074	(47,448)	411,030

(a) net of capital replenishment

The components of the value of equity investments, their distribution among the individual investee companies and transactions during the period are detailed in schedule 3bis. Schedule 4 shows the list of investments in subsidiaries and associated companies pursuant to article 2427, item 5, of the Civil Code.

Non-current financial assets - equity investments (thousands of euros)

Schedule 3bis

	01.01.2012				Changes during the year					31.12.2012			
	Costs	Revaluat.	Write-downs (a)	Book value	Acquisit. Subscript.	Disposals	Dividends	Writedowns (-) Reval. (+)	Loss coverage and capital replenish.	Costs	Revaluat.	Write-downs (a)	Book value
Subsidiaries													
Rai Cinema SpA	200,103	41,629	-	241,732	-	-	-	16,087	-	200,103	57,716	-	257,819
Rai Corporation in liquidation	8,713	-	(7,057)	1,656	-	-	-	235	-	8,713	-	(6,822)	1,891
RaiNet SpA	47,900	-	(37,649)	10,251	-	-	-	1,805	-	47,900	-	(35,844)	12,056
Rai Way SpA	70,244	51,601	-	121,845	-	-	-	3,330	-	70,244	54,931	-	125,175
Rai World SpA	5,300	-	(1,323)	3,977	-	-	-	1,714	-	5,300	391	-	5,691
Sipra SpA	11,114	11,182	-	22,296	-	-	-	431	-	11,114	11,613	-	22,727
	343,374	104,412	(46,029)	401,757	-	-	-	23,602	-	343,374	124,651	(42,666)	425,359
Associated companies													
Audiradio Srl in liquidation	1,428	-	(1,419)	9	-	-	-	(9) (b)	-	1,428	-	(1,428)	-
Auditel Srl	10	111	-	121	-	-	-	244	-	10	355	-	365
Euronews	851	3,744	-	4,595	-	-	(166)	576 (c)	-	851	4,154	-	5,005
San Marino RTV SpA	258	2,435	-	2,693	-	-	-	(330)	-	258	2,105	-	2,363
Tivù Srl	483	1,372	-	1,855	-	-	(385)	515	-	483	1,502	-	1,985
	3,030	7,662	(1,419)	9,273	-	-	(551)	996	-	3,030	8,116	(1,428)	9,718
Other companies													
Almaviva SpA	324	-	-	324	-	-	-	-	-	324	-	-	324
Banca di Credito Cooperativo di Roma	1	-	-	1	-	-	-	-	-	1	-	-	1
CFI	30	-	(30)	-	-	-	-	-	-	30	-	(30)	-
Consorzio Nettuno	21	-	(21)	-	-	-	-	-	-	21	-	(21)	-
Consorzio Valle D'Aosta Digitale in liquidation	7	-	(7)	-	-	-	-	-	-	7	-	(7)	-
Int. Multimedia University Umbria SpA	52	-	(52)	-	-	-	-	-	-	52	-	(52)	-
Immobiliare Editori Giornali Srl	12	-	-	12	-	-	-	-	-	12	-	-	12
Ist. Enciclopedia Treccani SpA	513	-	(38)	475	-	-	-	12	-	513	-	(26)	487
	960	-	(148)	812	-	-	-	12	-	960	-	(136)	824

(a) net of capital replenishment

(b) Rai's equity deficit amounting to 35 thousand euros is hedged by a provision for charges of the same amount.

(c) 189 thousand euros of which to increase the Non-distributable reserve from valuation of investments using the equity method mainly consequential to the increase in Share Capital, subscribed by new shareholders, with payment of a share premium which determined an increase in the portion of Shareholders' equity attributable to Rai.

List of equity investments in subsidiaries and associated companies (thousands of euros)

Schedule 4

Name	Headquarters	Share Capital	Investee Shareholders' Equity	Profit (loss)	Portion held (%)	Portion of equity of the investee	Book value
Subsidiaries							
Rai Cinema SpA	Rome	200,000	257,819	16,087	100.00%	257,819	257,819
Rai Corporation in liquidation (1)	New York (USA)	379 (2)	1,891 (3)	268 (4)	100.00%	1,891	1,891
RaiNet SpA	Milan	5,160	12,056	1,805	100.00%	12,056	12,056
Rai Way SpA	Rome	70,176	125,175	3,330	100.00%	125,175	125,175
Rai World SpA	Rome	1,300	5,691	1,714	100.00%	5,691	5,691
Sipra SpA	Turin	10,000	31,980	88	100.00%	31,980	22,727 (6)
							425,359
Associated companies							
Audiradio Srl in liquidation	Milan	258	(128)	(2)	27.00%	(35) (5)	0
Auditel Srl	Milan	300	1,107	740	33.00%	365	365
Euronews	Ecully (F)	4,033	24,343	1,884	20.56%	5,005	5,005
San Marino RTV SpA	S. Marino (RSM)	516	4,727	(660)	50.00%	2,363	2,363
Tivù Srl	Rome	1,002	4,121	1,069	48.16%	1,985	1,985
							9,718

(1) The above values consider the charges connected to the closure of the activities resolved on 29 November 2011 and the entry into liquidation of the company resolved on 31 May 2012

(2) USD 500,000 at the exchange rate as a 31.12.2012 of 1,31940 euros

(3) USD 2,495,501 at the exchange rate as a 31.12.2012 of 1,31940 euros

(4) USD 353,008 at the exchange rate as a 31.12.2011 of 1,31940 euros

(5) The equity deficit is hedged by a provision for charges of the same amount.

(6) The difference between book value and equity of the company, amounting to 9,253 thousand euros, refers to adjustments to intercompany operations required by the standards applied to the drawing up of the consolidated financial statements for valuation at equity.

The following section discusses the more significant developments in investee companies and the consequent impact on the Rai financial statements.

Equity investments in subsidiaries

- *Rai Cinema SpA* (100% Rai): the share capital of 200,000 thousand euros is represented by 38,759,690 shares with a par value of 5.16 euros each. The investment was revalued for an amount of 16,087 thousand euros, corresponding to the positive result attained by the company in 2012.
- *Rai Corporation* in liquidation (100% Rai): the share capital of 500,000 thousand US\$ is represented by 50,000 shares with a par value of 10 US\$ each. The investment is carried at a gross value of 8,713 thousand euros, in that this includes the payment on account of share capital in US\$ 10,000,000 which was made during 2005. On 29 November 2011, Rai's Board of Directors resolved the closure of the company and on 31 May 2012, the Shareholders' Meeting decided to put it into liquidation. At 31 December 2012 the value of the investment, written down on 31 December 2011 by 7,057 thousand euros, was revalued by 235 thousand euros to adapt the value of the investment to the company shareholders' equity, drawn up on the basis of the Italian accounting standards, at the exchange rate in force on 31 December 2012.
- *Rai Net SpA* (100% Rai): the share capital of 5,160 thousand euros is represented by 1,000,000 shares with a par value of 5.16 euros each. At 31 December 2012 the gross value of the holding, 47,900 thousand euros which had been written down at 31 December 2011 by 37,649 thousand euros, was revalued by 1,805 thousand euros in view of the profit earned by the company in 2012.
- *Rai Way SpA* (100% Rai): the share capital of 70,176 thousand euros is represented by 13,600,000 shares with a par value of 5.16 euros each. The investment was revalued for an amount of 3,330 thousand euros, corresponding to the positive result attained by the company in 2012.
- *Rai World SpA* (100% Rai): the share capital of 1,300 thousand euros is represented by 1,300,000 shares with a par value of 1 euro each. In relation to the positive result achieved by the company in 2012, equating to 1,714 thousand euros, the writedown carried out in previous years for the amount of 1,323 thousand euros, was zeroed and the investment was further revalued by 391 thousand euros.
- *Sipra SpA* (100% Rai): the share capital of 10,000 thousand euros is represented by 100,000 shares with a par value of 100 euros each. Assessment of the investment using the equity method determined a revaluation of 431 thousand euros, deriving from the profits made by the company in 2012, equating to 88 thousand euros, increased by further adjustments to intercompany operations required by the standards applied to the drawing up of the consolidated financial statements.

Equity investments in associated companies

- *Audiradio Srl in liquidation* (27% Rai): the share capital of 258 thousand euros is represented by 258,000 shares with a par value of 1 euro each. The gross value of the investment equating to 1,428 thousand euros previously written down on 31 December 2011 by 1,419 thousand euros, was further written down by 9 thousand euros on the basis of the results of the financial statements at 31 December 2012, which highlight a negative Shareholders' equity of 128 thousand euros. The portion of the capital deficit amounting to 35 thousand euros was allocated to a special provision for charges.
- *Auditel Srl* (33% Rai): the share capital of 300 thousand euros is represented by 300,000 shares with a par value of 1 euro each. The gross value of the investment equating to 10 thousand euros previously revalued on 31 December 2011 by 111 thousand euros, was further revalued by 244 thousand euros in relation to the positive result achieved by the company in 2012, equating to 740 thousand euros.
- *Euronews - Société Anonyme* (20.56% Rai): following the resolution to increase the share capital on 14 December 2012 due to the entry of new Shareholders, it now totals 4,033 thousand euros and consists of 268,856 shares with a par value of 15 euros each. This operation determined the reduction of the percentage held by Rai from 21.54% to 20.56%. During 2012, the distribution of a dividend of 770 thousand euros against the 2011 result was resolved, 166 thousand euros of which assigned to Rai. The investment was revalued by 576 thousand euros altogether, 387 thousand euros of which in relation to the 2012 operating result (1,884 thousand euros) and by 189 thousand euros as an increase to the

Non-distributable reserve for revaluation of investments using the equity method mainly consequential to the increase in share capital with payment of a share premium reserve by new Shareholders.

- *San Marino Rtv SpA* (50% Rai): this company was established in 1991 by Rai and E.R.A.S. - Ente di Radiodiffusione Sammarinese - with an equal holding in the company. It was set up pursuant to Law 99 of 9 April 1990 ratifying the collaboration treaty between the Republic of Italy and the Republic of San Marino concerning radio and television. It has a share capital of 516 thousand euros consisting of 1,000 shares with a par value of 516.46 euros each. In relation to the negative result achieved by the company in 2012, equating to 660 thousand euros, the revaluation of 2,435 thousand euros referred to the previous years was reduced by the portion attributable to Rai, equating to 330 thousand euros.
- *Tivù Srl* (48.16% Rai): the share capital of 1,002 thousand euros was subscribed by Rai and by R.T.I. – Reti Televisive Italiane SpA – with equal holdings of 48.16%, by TI Media – Telecom Italia Media SpA – with a share of 3.5% and by two associations – FRT and Aeranti Corallo – each with a 0.09% share. During 2012, the distribution of a dividend of 800 thousand euros valid against the 2011 result was resolved, 385 thousand euros of which assigned to Rai. In relation to the positive result achieved by the company in 2012, equating to 1,069 thousand euros, the investment was revalued by the portion attributable to Rai, equating to 515 thousand euros.

Equity investments in other companies

- *Almaviva – The Italian Innovation Company SpA* (1.201% Rai): the value of the holding is unchanged from 2011, amounting to 324 thousand euros. The share capital is represented by 107,567,301 ordinary shares with a par value of 1.00 euro each.
- *Banca di Credito Cooperativo di Roma S.c.p.a.* (variable capital company; insignificant percentage held by Rai): carried at a value of 1 thousand euros, equivalent to that paid on 16 January 2009 for the purchase of 100 shares.
- *C.F.I – Consorzio per la Formazione Internazionale (consortium for international education)*: the investment, which was carried at the value of the share in the consortium paid in upon joining, 30 thousand euros, has been fully written off since, under the bylaws of the consortium, withdrawal does not entitle members to reimbursement of their contribution.
- *Consorzio Nettuno – Consorzio per la realizzazione di università a distanza (consortium for the distance learning university)*: the investment of 21 thousand euros, has been fully written off since, under the bylaws of the consortium, withdrawal does not entitle members to reimbursement of their contribution.
- *Consorzio Valle d’Aosta Digitale in liquidazione – Consortium for the switchover from analogue to DTT in the Valle d’Aosta region*. The company, was put into liquidation by deed on 23 December 2010. The investment of 7 thousand euros has been fully written off since, under the bylaws of the consortium, withdrawal does not entitle members to reimbursement of their contribution.
- *International Multimedia University Umbria SpA* (1.533% Rai): the investment has been fully written off since there is no longer any certainty that the amounts paid in can be recovered.
- *Immobiliare Editori Giornali Srl* (1.75% Rai): the investment consists of 23,815 pay shares and of 4,306 free shares for a total of 28,121 shares with a par value of 0.51 euro each, out of a total of 1,608,00 shares making up the Share Capital of 1.75%.
- *Istituto Enciclopedia Treccani SpA* (0.87% Rai): the investment is carried at a gross value of 513 thousand euros, written down on 31 December 2011 by 38 thousand euros and revalued by 12 thousand euros thanks to the profit made by the company in 2011. The share capital is represented by 41,245,128 shares with a par value of 1.00 euro each.

Receivables

Receivables total 9,654 thousand euros, showing an increase of 1,214 thousand euros on 31 December 2011, net of a provision for bad debts amounting to 10,885 thousand euros, as can be seen in Schedule 5. In relation to this provision for bad debts, 10,486 thousand euros are allocated against the risk of failure to achieve commercial recovery of the advance payments made as the guaranteed minimum. Schedule 9 details their distribution by maturity and Schedule 10 by geographic area.

Receivables from subsidiaries: these consist of 66 thousand euros in guaranteed minimum towards Rai Cinema SpA relating to mandates for the sale of rights.

Receivables from others: disclosed for 9,588 thousand euros, they consist of 7,698 thousand euros of guaranteed minimums relating to mandates for the sale of rights and other commercial initiatives, 1,548 thousand euros of guarantee deposits and 342 thousand euros of loans disbursed to employees.

Non-current financial assets - receivables (thousands of euros)

Schedule 5

	31.12.2011			Changes during the year			31.12.2012		
	Par value	Bad debt provision	Book value	Disbursements	Refunds/ Recoveries	Writedowns (-) Writebacks (+)	Par value	Bad debt provision	Book value
Due from subsidiaries:									
- Rai Cinema - guaranteed minimums on marketing mandates	175	(164)	11	106	(5)	(46)	276	(210)	66
	175	(164)	11	106	(5)	(46)	276	(210)	66
Due from others:									
- guaranteed minimums on marketing mandates	18,264	(11,772)	6,492	1,937	(389) (a)	(342)	17,974	(10,276)	7,698
- employees	550	(179)	371	70	(99)	-	521	(179)	342
- guarantee deposits	1,566	-	1,566	39	(57)	-	1,548	-	1,548
- Ponteco	249	(249)	-	-	(29)	29	220	(220)	-
	20,629	(12,200)	8,429	2,046	(574)	(313)	20,263	(10,675)	9,588
	20,804	(12,364)	8,440	2,152	(579)	(359)	20,539	(10,885)	9,654

(a) determined by:

- recoveries and cancellations
- uses of the provision for bad debts

(2,227)

1,838

(389)

Other securities: these are carried at 1,444 thousand euros and relate entirely to securities pledged as collateral; details thereof are given in Schedule 6.

Non-current financial assets - other securities (thousands of euros)

Schedule 6

	31.12.2011				Changes during the year				31.12.2012			
	Costs	Revaluations (a)	Writedowns (a)	Book value	Acquisitions	Refunds	Revaluations (a)	Writedowns (-) Writebacks (+) (a)	Costs	Revaluations (a)	Writedowns (a)	Book value
Fixed-income securities:												
- B.T.P.	2,322	-	(27)	2,295	3,252	(4,580)	-	(7)	994	-	(34)	960
- C.C.T.	1,501	4	(63)	1,442	-	(957)	-	(1)	544	4	(64)	484
	3,823	4	(90)	3,737	3,252	(5,537)	-	(8)	1,538	4	(98)	1,444

(a) issue and trading discounts

4 (90)

- (8)

4 (98)

Current assets

Inventories

Inventories amount to 1,653 thousand euros net of the writedown provision (at 31 December 2011: 1,366 thousand euros). As shown in Schedule 7, they comprise:

- *Raw materials, supplies and consumables*: these amount to 611 thousand euros net of the inventory provision for 13,266 thousand euros. They consist entirely of supplies and spare parts for maintenance and the operation of equipment, considered as consumables since they are not directly incorporated into products.
- *Finished products and merchandise*: these consist of inventories associated with the book and periodicals publishing business, amounting to 532 thousand euros net of a writedown of 686 thousand euros to bring them into line with their estimated realisable value, and by inventories associated with the commercial activity, amounting to 510 thousand euros net of a writedown of 216 thousand euros to bring them into line with their estimated realisable value.

Inventories (thousands of euros)				Schedule 7
	31.12.2011	Changes during the year		31.12.2012
		Increases (+) Reductions (-)	Balance of provisions made (-) and released (+)	
Raw materials, supplies and consumables	14,247	(370)	-	13,877
Inventory writedown provision	(13,660)	-	394	(13,266)
	587	(370)	394	611
Finished products	779	263	-	1,042
	779	263	-	1,042
Total	1,366	(107)	394	1,653

Receivables

Receivables total 992,357 thousand euros, showing a decrease of 299,272 thousand Euros on 31 December 2011, as can be seen in Schedule 8, which gives a breakdown of receivables, and in Schedules 9 and 11 which show their distribution by maturity, type and by currency. Their distribution by geographic area is shown in Schedule 10.

Current assets - Receivables (thousands of euros)					Schedule 8
	31.12.2011	Changes during the year			31.12.2012
		Balance of entries (+) repayments (-)	Utilisations/ releases	Allocation to provisions	
Customers					
. government and other public entities for public broadcasting services	107,087	(62,548)	-	-	44,539
. net receivables for licence fees	12,153	(2,692)	-	-	9,461
. other receivables	257,790	(23,281)	-	-	234,509
<i>less</i>					
. bad debts provision	(25,147)	-	1,374	(3,582)	(27,355)
	351,883	(88,521)	1,374	(3,582)	261,154
Subsidiaries					
. Rai Corporation in liquidation	37	(35)	-	-	2
. Sipra SpA	323,625	(117,182)	-	-	206,443
. Rai Way SpA	180,727	(7,953)	-	-	172,774
. RaiNet SpA	2,430	967	-	-	3,397
. Rai Cinema SpA	197,137	(43,730)	-	-	153,407
. Rai World SpA	1,809	1,048	-	-	2,857
<i>less</i>					
. bad debts provision (Rai Cinema)	(66)	-	-	(44)	(110)
	705,699	(166,885)	-	(44)	538,770
Associated companies					
. Tivù Srl	233	(128)	-	-	105
. San Marino RTV	106	(11)	-	-	95
. Euronews SA	1	-	-	-	1
	340	(139)	-	-	201
Tax receivables	48,632	53,481	-	-	102,113
Deferred tax assets	27,915	5,599	-	-	33,514
Others					
. payments on account to social security and welfare	14,036	4,578	-	-	18,614
. future sports events	123,403	(111,763)	-	-	11,640
. payments on account to suppliers, collaborators, agents	9,249	780	-	-	10,029
. personnel	6,361	1,791	-	-	8,152
. European Union for subsidies and grants	835	112	-	-	947
. other	5,273	4,478	-	-	9,751
<i>less</i>					
. bad debts provision	(1,997)	-	36	(567)	(2,528)
	157,160	(100,024)	36	(567)	56,605
Total	1,291,629	(296,489)	1,410	(4,193)	992,357

**Receivables, accrued income and prepaid expenses,
distributed by maturity and type** (thousands of euros)

Schedule 9

	31.12.2012				31.12.2011			
	within following year	within 2 to 5 years	after 5 years	Book value	within following year	within 2 to 5 years	after 5 years	Book value
NON-CURRENT RECEIVABLES								
subsidiaries	40	26	-	66	11	-	-	11
other	433	8,245	910	9,588	218	7,273	938	8,429
	473	8,271	910	9,654	229	7,273	938	8,440
CURRENT RECEIVABLES								
Financial receivables								
subsidiaries	265,696	-	-	265,696	308,487	-	-	308,487
	265,696	-	-	265,696	308,487	-	-	308,487
Trade and other receivables								
customers	257,096	4,058	-	261,154	351,883	-	-	351,883
subsidiaries	273,074	-	-	273,074	397,212	-	-	397,212
associated companies	201	-	-	201	340	-	-	340
tax receivables	85,304	16,809	-	102,113	48,632	-	-	48,632
deferred tax assets	32,052	1,462	-	33,514	26,163	1,752	-	27,915
other:								
- future sports events	6,705	4,935	-	11,640	117,620	5,783	-	123,403
- other	44,965	-	-	44,965	33,757	-	-	33,757
	699,397	27,264	-	726,661	975,607	7,535	-	983,142
TOTAL CURRENT RECEIVABLES	965,093	27,264	-	992,357	1,284,094	7,535	-	1,291,629
Accrued income	15	-	-	15	32	-	-	32
Prepaid expenses	20,683	-	-	20,683	44,327	-	-	44,327
Total	986,264	35,535	910	1,022,709	1,328,682	14,808	938	1,344,428

Receivables - distribution by geographical area (thousands of euros)

Schedule 10

	31.12.2012				31.12.2011			
	Italy	EU countries	Other	Book value	Italy	EU countries	Other	Book value
Non-current financial receivables								
subsidiaries	66	-	-	66	11	-	-	11
other	9,481	106	1	9,588	8,297	119	13	8,429
	9,547	106	1	9,654	8,308	119	13	8,440
Current receivables								
customers	246,506	8,912	5,736	261,154	338,106	10,519	3,258	351,883
subsidiaries	538,768	-	2	538,770	705,662	-	37	705,699
associated companies	105	1	95	201	233	1	106	340
tax receivables	102,113	-	-	102,113	48,632	-	-	48,632
deferred tax assets	33,514	-	-	33,514	27,915	-	-	27,915
other:								
- future sports events	4,587	1,815	5,238	11,640	26,782	9,595	87,025	123,402
- other	42,416	2,116	433	44,965	32,187	1,267	304	33,758
	968,009	12,844	11,504	992,357	1,179,517	21,382	90,730	1,291,629

**Receivables, cash and equivalents and accrued income in foreign currency
or exposed to exchange rate risk** (thousands of euros)

Schedule 11

	31.12.2012				31.12.2011			
	In euros	In foreign currency or exposed to exchange rate risk	Bad debts provision	Book value	In euros	In foreign currency or exposed to exchange rate risk	Bad debts provision	Book value
Non-current financial receivables								
subsidiaries	275	-	(209)	66	175	-	(164)	11
other	20,257	6	(10,675)	9,588	20,623	6	(12,200)	8,429
	20,532	6	(10,884)	9,654	20,798	6	(12,364)	8,440
Current receivables								
customers	283,776	4,733	(27,355)	261,154	372,453	4,577	(25,147)	351,883
subsidiaries	538,879	2	(111)	538,770	705,728	37	(66)	705,699
associated companies	201	-	-	201	340	-	-	340
tax receivables	102,113	-	-	102,113	48,632	-	-	48,632
deferred tax assets	33,514	-	-	33,514	27,915	-	-	27,915
other:								
- future sports events	7,302	4,339	-	11,641	112,086	11,316	-	123,402
- other	47,006	486	(2,528)	44,964	35,364	391	(1,997)	33,758
	1,012,791	9,560	(29,994)	992,357	1,302,518	16,321	(27,210)	1,291,629
Cash and cash equivalents								
Bank and post office deposits	7,951	2,277	-	10,228	16,616	1,623	-	18,239
Cheques	52	-	-	52	21	-	-	21
Cash and cash equivalents on hand	362	-	-	362	400	-	-	400
	8,365	2,277	-	10,642	17,037	1,623	-	18,660
Accrued income								
	15	-	-	15	32	-	-	32
Total	1,041,703	11,843	(40,878)	1,012,668	1,340,385	17,950	(39,574)	1,318,761

Receivables from customers: these relate to trade receivables, excluding those from subsidiaries and associated companies, which are carried under separate headings. They total 261,154 thousand euros, with a nominal value of 288,509 thousand euros which has been written down by 27,355 thousand euros to bring them to their estimated realisable value and compared with 31 December 2011 they show a decrease of 90,729 thousand euros.

Details of the caption are divided into:

- receivables for public broadcasting services to central government and other public entities: as shown in the following table, these amount to a par value of 44,539 thousand euros, down 62,548 thousand euros on 31 December 2011, equivalent to the balance between the increase in invoices issued and for amounts accrued for 2012 less collections.

(thousands of euros)		
	2012	2011
Prime Minister's Office:		
- Operating grant to be transferred to San Marino RTV	3,099	3,099
- Radio, television and multimedia offering for the foreign market	6,058	45,192
- Broadcasting from Trieste in Slovenian	4,401	6,501
- Radio and television broadcasts in French for the Autonomous Region of Valle d'Aosta	1,310	1,954
- Radio and television broadcasts in German for the Province of Bolzano and radio broadcasts in Ladin for the Val Badia, Val Gardena and Val di Fassa	9,916	30,190
- Extension of the Rai1 signal to Tunisia and subsequent maintenance	1	1
Total Prime Minister's Office	24,785	86,937
Ministries:		
- Economy and Finance: management of television licence fee collection	10,532	11,145
Regions:		
- Autonomous Region of Valle d'Aosta: management of equipment for reception of programmes from the French-speaking area	9,222	9,005
	44,539	107,087

The following should be noted in connection with the above receivables:

- Prime Minister's Office: receivables for television, radio and multimedia offering for broadcasting abroad refer to services rendered in 2012; receivables for broadcasts in Slovenian relate to services rendered in 2011, amounting to 137 thousand euros, and in 2012 to 4,264 thousand euros, while receivables for broadcasts in French, German and Ladin relate to services rendered in 2012;
- Ministry for the Economy and Finance: in relation to the management of television licence fee collection, the receivable refers only to 2012;
- Autonomous Region of Valle d'Aosta: the receivable of 9,222 thousand euros relates to the reimbursement of costs incurred for the operation of equipment for the reception of French-language programmes for the years from 1994 to 2012.
- *Net receivables for licence fees*: these amount to 9,461 thousand euros, down 2,692 thousand euros on 31 December 2011, representing licence fees not yet transferred to Rai. Activities, already successfully pursued in the previous year, will be launched to recover such receivables. They consist in asking the Ministry of the Economy and Finance to increase the specific provision of the expense section during the settlement of the Government Financial Statements for 2013, in order to allow recovery, with liquidation of the fourth instalment of transfer of the fees, envisaged to take place in December 2013.
- *Other receivables*: these amount to a par value of 234,509 thousand euros, down 23,281 thousand euros on 31 December 2011. They relate to the sale of rights and to services of varying nature.

Receivables from subsidiaries: disclosed at a par value of 538,770 thousand euros (705,699 thousand euros at 31 December 2011) net of a provision for bad debts of 110 thousand euros, set-up against the risk of recoverability of costs sustained in relation to commercial initiatives. They represent the year-end balance of transactions with subsidiaries, as shown in Schedule 8. They include financial receivables of 265,696 thousand euros (308,487 thousand euros at December 2011) 2,164 thousand euros of which unavailable due to restriction by attachment and other receivables amounting to 273,074 thousand euros (at 31 December 2011: 397,212 thousand euros).

Receivables from associated companies: these amount to 201 thousand euros (340 thousand euros at 31 December 2011) and represent the balance of non-financial transactions with Tivù (105 thousand euros), San Marino Rtv (95 thousand euros) and Euronews (1 thousand euros).

Tax receivables: these are carried at nominal value of 102,113 thousand euros (48,632 thousand euros at 31 December 2011). They comprise 74,381 thousand euros for the balance of Group VAT credits for tax refunds requested pursuant to article 2 paragraph 1 quater Decree Law 201/2011 for IRES relating to the company and to the subsidiaries that adhered to the tax consolidation arrangement, deriving from the deductibility of IRAP relating to personnel costs and similar (16,809 thousand euros), and other tax reimbursements requested (7,022 thousand euros), for IRAP paid on account exceeding the amount accrued (3,791 thousand euros) with the remainder consisting of minority captions.

Deferred tax assets: these amount to 33,514 thousand euros and represent the credit deriving from items deductible on a deferred basis for tax purposes, as explained more fully in the section dealing with *income taxes*.

Details of deferred tax assets, regarding movements in 2012, are provided in the following table:

Deferred tax assets (thousands of euros)					
	Amount of IRES timing differences	IRES 27.5%	Amount of IRAP timing differences	IRAP 4.882% (average)	Total
Situation at 31 December 2011:					
- Taxable loss	57,500	15,813	==	==	15,813
- Writedown of programmes	19,717	5,422	39,155	1,903	7,325
- Statutory/fiscal difference on amortisation of programmes	11,344	3,120	==	==	3,120
- Other timing differences	0	0	34,096	1,657	1,657
Deferred tax assets at start of year	88,561	24,355	73,251	3,560	27,915
Movements in the year:					
- Alignment of prior year tax loss	(4,076)	(1,121)	==	==	(1,121)
- Taxable loss	48,300	13,283	==	==	13,283
- Writedown of programmes	16,383	4,505	(6,572)	(312)	4,193
- Statutory/fiscal difference on amortisation of programmes	13,011	3,578	==	==	3,578
- Other timing differences	0	0	7,183	358	358
Changes having effect on income statement	73,618	20,245	611	46	20,291
Offsetting of taxes due to: the effect of tax consolidation	(53,424)	(14,692)	==	==	(14,692)
Changes having effect on balance sheet	(53,424)	(14,692)	==	==	(14,692)
Total changes in the year	20,194	5,553	611	46	5,599
Situation at 31 December 2012:					
- Taxable loss	48,300	13,283	==	==	13,283
- Writedown of programmes	36,100	9,927	32,583	1,591	11,518
- Statutory/fiscal difference on amortisation of programmes	24,355	6,698	==	==	6,698
- Other timing differences	0	0	41,279	2,015	2,015
Deferred tax assets at end of year	108,755	29,908	73,862	3,606	33,514

Receivables from others: these amount to 56,605 thousand euros (157,160 thousand euros at 31 December 2011). Net of writedowns of 2,528 thousand euros, they reflect the value of other types of receivable as described below:

- *advances to Social Security institutions* on contributions payable for artistic activities, carried at nominal value of 18,614 thousand euros;
- *advances to suppliers* on sports events filming rights, carried at a par value of 11,640 thousand euros;
- *miscellaneous advances to suppliers* carried at a par value of 10,029 thousand euros;
- *receivables from personnel* carried at a par value of 8,152 thousand euros. These are composed mainly of receivables for labour disputes (2,140 thousand euros), payments in advance for travel expenses (2,196 thousand euros) and payments in advance for production expenses (1,779 thousand euros);
- *receivables from the European Union for subsidies and grants* for a par value of 947 thousand euros, consisting entirely of receivables for research projects;
- *receivables from others*, carried at a par value of 9,751 thousand euros.

Cash and cash equivalents

These are listed in Schedule 12 and comprise:

- Bank and post office deposits: these amount to 10,228 thousand euros (18,239 thousand euros at 31 December 2011). They represent sight or short-term balances on deposit or current account with banks, financial institutions and the Post Office.
- Cheques: these amount to 52 thousand euros (21 thousand euros at 31 December 2011).
- Cash and cash equivalents on hand: these amount to 362 thousand euros (400 thousand euros at 31 December 2011) and include liquid funds in the form of cash and equivalent instruments (duty stamps, cashier's cheques or bank-guaranteed cheques etc) held by the Company at 31 December 2012.

Schedule 11 gives a breakdown of the caption by euros and other currencies, while Schedule 24 shows amounts at banks and the Post Office restricted by attachments.

Cash and cash equivalents (i)thousands of euros)

Schedule 12

	Changes during the year		
	31.12.2011	Balance of movements	31.12.2012
Bank and post office deposits	18,239	(8,011)	10,228
Cheques	21	31	52
Cash and cash equivalents on hand	400	(38)	362
Total	18,660	(8,018)	10,642

Accrued income and prepaid expenses

Accrued income and prepaid expenses total 20,698 thousand euros. They are detailed in Schedule 13.

Accrued income and prepaid expenses (thousands of euros)		Schedule 13	
	Changes during the year		
	31.12.2011	Balance of movements	31.12.2012
Prepaid expenses:			
. sports event filming rights	35,155	(20,154)	15,001
. hire costs	3,523	(1,064)	2,459
. software licenses	2,651	(586)	2,065
. EDP	203	16	219
. programme production exclusives	475	(300)	175
. maintenance and repairs	106	(9)	97
. documentation and information services	5	69	74
. insurance and accident prevention	175	(108)	67
. premiums payable on currency hedges	62	2	64
. Rai Way service costs	101	(40)	61
. commissions on guarantee policies	117	(63)	54
. rent	106	(93)	13
. association dues	770	(760)	10
. various production services	528	(524)	4
. other	350	(30)	320
	44,327	(23,644)	20,683
Accrued income:			
. premiums earned on foreign currency hedges	25	(25)	-
. interest income on securities deposited for guarantee purposes	6	(2)	4
. interest income on current accounts	1	10	11
	32	(17)	15
Total	44,359	(23,661)	20,698

Liabilities

Shareholders' equity

Shareholders' equity totals 294,148 thousand euros.

The components of Shareholders' equity and the effects of operations carried out in 2012 and the previous year are shown in Schedule 14.

Schedule 15 presents the classification of the Shareholders' equity items in compliance with their origin, possibility of use and distribution, as well as their use during the previous three years.

The notes indicated hereunder provide further details on the contents of the individual items.

Shareholders' equity (thousands of euros)

Schedule 14

	31.12.2010	Changes during the year			31.12.2011	Changes during the year				31.12.2012
		Rai Trade Merger	Loss coverage during the year	Profit for the year		Allocation of profit for the year	Release of reserve on gains from exchange rate valuations	Evaluation of investments at equity	Loss for the year	
Share capital (a)	242,518	-	-	-	242,518	-	-	-	-	242,518
Legal reserve	6,977	-	-	-	6,977	1,967	-	-	-	8,944
Other reserves:										
. merger surplus	253,774	13,407	(128,467)	-	138,714	-	-	-	-	138,714
. non-distributable reserve from revaluation of investments	-	-	-	-	-	-	-	111,712	-	111,712
. distributable reserve from revaluation of investments	-	-	-	-	-	-	-	551	-	551
. non-distributable reserve arising from exchange valuation gains	-	-	-	-	-	928	(928)	-	-	-
. other reserves	-	-	-	-	-	36,444	928	-	-	37,372
Profit / (Loss) for the year	(128,467)	-	128,467	39,339	39,339	(39,339)	-	-	(245,663)	(245,663)
	374,802	13,407	-	39,339	427,548	-	-	112,263	(245,663)	294,148
(a) number of ordinary shares	242,518,100				242,518,100					242,518,100
per-unit value	1 euro				1 euro					1 euro

Availability of Shareholders' equity (thousands of euros)

Schedule 15

Nature - Description	Amount	Possibility for utilisation	Portion available	Utilisations in the previous three years	
				to cover losses	other
Share Capital	242,518	-	-		
Legal reserve	8,944	2	8,944		
Other reserves:					
- merger surplus	138,714	1-2-3	138,714	208,397	-
- non-distributable reserve from revaluation of investments	111,712	1-2	111,712		
- distributable reserve from revaluation of investments	551	1-2-3	551		
- other reserves	37,372	1-2-3	37,372		
Total available			297,293	208,397	-
Non-distributable share:					
Legal reserve			(8,944)		
- non-distributable reserve from revaluation of investments			(111,712)		
Loss for the year			(245,663)		
Total distributable			-		

Key:

1: for capital increase – 2: for coverage of losses – 3: for distribution to Shareholders

Share Capital

At 31 December 2012 the share capital was represented by 242,518,100 ordinary shares with a par value of 1 euro each, owned by the Ministry of the Economy and Finance (241,447,000 shares, equal to 99.5583% of the share capital) and SIAE, the Italian Association of Authors and Publishers (1,071,100 shares, equal to 0.4417% of the share capital).

Legal Reserve

The legal reserve amounts to 8,944 thousand euros.

Other reserves

These total 288,349 thousand euros and are comprised as follows:

- merger surplus: 138,714 thousand euros;
- revaluation of equity investments: 112,263 thousand euros, 111,712 thousand of which are not available for distribution;
- other: 37,372 thousand euros.

Loss for the year

This amounts to 245,662,838.10 euros.

Provisions for risks and charges

These amount to 466,446 thousand euros, up 78,479 thousand euros net on 31 December 2011. The breakdown of these items and details of the aforementioned reduction are shown in Schedule 16. The notes which follow provide additional information on the individual provisions.

Provisions for risks and charges (thousands of euros)

Schedule 16

	31.12.2011	Provisions made	Direct utilisations	Transferred to income statement	Reclassifications	31.12.2012
Provision for pension and similar liabilities:						
- supplementary seniority benefits	1,071	48 (a)	(123)	(32) (i)	-	964
- retirement benefits	239	5 (a)	(88)	-	(1)	155
- supplementary company pension fund	153,511	12,028 (b)	(11,309)	(1,500) (i)	-	152,730
	154,821	12,081	(11,520)	(1,532)	(1)	153,849
Provision for taxes	7,215	-	(3,006)	-	-	4,209
Other:						
- litigation	105,800	13,821 (c)	(13,821)	-	-	105,800
- doubtful receivables from the concession holder Sipra for the Rai portion	14,100	128 (e)	(978)	-	-	13,250
- renovation and restructuring of properties	20,366	-	(1,520)	-	-	18,846
- staff resignation incentives	-	62,200 (l)	-	-	-	62,200
- litigation with social security institutions	17,000	-	-	(5,000) (i)	-	12,000
- accrued costs	31,008	17,763 (g)	-	(700) (i)	-	48,071
- lease disputes	3,357	126 (e)	(42)	-	-	3,441
- disputes with controlling bodies	1,500	126 (e)	(126)	-	-	1,500
- risks of non-usability of non-current assets (*)	2,200	8,500 (h)	-	-	-	10,700
- miscellaneous:						
. for liabilities	16,019	661 (d)	(956)	(1,508) (i)	-	14,216
. for risks	14,581	5,375 (f)	(22)	(1,570) (i)	-	18,364
	225,931	108,700	(17,465)	(8,778)	-	308,388
Total	387,967	120,781	(31,991)	(10,310)	(1)	466,446
(*) including:						
- programmes under development	611					9,039
- technical	1,589					1,661
(a) contra-account:	item B 9 d) pension and similar liabilities		(e) contra-accounts:	item B 12 provisions for risks		
(b) contra-account:	item B 14 c) other operating costs	12,028	(f) contra-accounts:	item B 12 provisions for risks		5,348
(c) contra-accounts:	item B 9 e) other personnel costs	7,349		item C 17 d) various financial charges		27
	item B 12 provisions for risks	6,472	(g) contra-accounts:	item B 9 a) wages and salaries		14,037
(d) contra-accounts:	item B 9 a) wages and salaries	152		item B 9 b) welfare and social security charges		3,726
	item B 13 other provisions	474	(h) contra-account:	item B 13 other provisions		
	item D 19 a) writedown of equity investments	35	(i) contra-account:	item A 5 c) other revenues and income		
			(l) contra-account:	item E 21 c) other exceptional expense		

Provision for pension and similar liabilities: this amounts to 153,849 thousand euros and comprises the supplementary seniority benefits provision, the retirement benefits provision and the company supplementary pension fund.

- The *provision for supplementary seniority benefits* amounts to 964 thousand euros (1,071 thousand euros at 31 December 2011). It represents the liability in respect of indemnities in lieu of notice towards employees hired before 1978 who have reached the compulsory retirement age. The amount is revalued each year for consumer price inflation. In the event of early termination of employment, or changes in category, the amounts accrued are released.
- The *provision for retirement benefits* amounts to 155 thousand euros (239 thousand euros at 31 December 2011) and includes amounts accrued until 31 December 1988 and the revaluations of these amounts allocated in subsequent periods in order to protect the real value of the provision for eligible employees in accordance with the terms of the national collective labour agreement.
Since 1 January 1989 retirement benefits paid by Rai and withholdings from employees have been paid into the CRAIPI (supplementary retirement fund for Rai employees) and the FIPDRAI (supplementary retirement fund for Rai managers), associations which are responsible for managing retirement funds under the agreements entered into between Rai and the trade unions.

Following the agreement entered into on 25 October 2001, the provision for retirement benefits for non-executive staff was completely liquidated (with disbursement to employees or to the CRAIPI). For executive staff, upon retirement, the funds accumulated by Rai, CRAIPI and FIPDRAI are paid out unless employees opt, at the time they obtain the pension rights, to obtain equivalent life annuities. In this case, the Rai and FIPDRAI funds remain with the associations to finance the said life annuities.

- The provision for supplementary seniority benefits amounts to 152,730 thousand euros (153,511 thousand euros at 31 December 2011) and includes:
 - 145,297 thousand euros for supplementary pension benefits currently being paid (144,578 thousand euros at 31 December 2011). It consists of funds accrued for employees who have opted for the supplementary pension plan under the trade union agreements, which are kept at an adequate level to ensure said benefits, with respect to actuarial reserves.
 - 7,433 thousand euros (8,933 thousand euros at 31 December 2011) for supplementary pensions that will be paid to eligible executive staff still in service in the event that they opt for the supplementary pension plan with the envisaged term. The downsizing of the fund compared to the previous year is due to the cancellation of the previous agreement entered into on 29 January 2013. On the basis of said agreement, the option available only regards executives over the age of 60 and must be exercised within three months of said cancellation, with departure from the company. The charge is determined, only for those employees implicated, with reference to pay earned, seniority and financial and demographic parameters normally used in similar cases.

For taxes: these amount to 4,209 thousand euros (7,215 thousand euros at 31 December 2011). The following table shows a breakdown of the item and changes during 2012.

Deferred tax provision (thousands of euros)

	Amount of IRES timing differences	IRES 27.5%	Amount of IRAP timing differences	IRAP 4.882% (average)	Total
Balance at 31 December 2011:					
- Tax assessment 1975					297
- Tax charge for long-term loan	512	141	==	==	141
- Neutralisation of foreign exchange valuations	790	217	==	==	217
- Higher tax amortisation on programmes	0	0	22,840	1,110	1,110
- Accelerated depreciation for tax purposes non-current tangible assets	17,240	4,741	14,584	709	5,450
Deferred tax provision at beginning of year	18,542	5,099	37,424	1,819	7,215
Movements in the year					
- Tax assessment 1975					0
- Tax charge for long-term loan	15	4	==	==	4
- Neutralisation of foreign exchange valuations	(790)	(217)	==	==	(217)
- Higher tax amortisation on programmes	0	0	(11,420)	(552)	(552)
- Accelerated depreciation for tax purposes non-current tangible assets	(6,867)	(1,888)	(7,292)	(353)	(2,241)
Total changes in the year	(7,642)	(2,101)	(18,712)	(905)	(3,006)
Balance at 31 December 2012:					
- Tax assessment 1975					297
- Tax charge for long-term loan	527	145	==	==	145
- Neutralisation of foreign exchange valuations	0	0	==	==	0
- Higher tax amortisation on programmes	0	0	11,420	558	558
- Accelerated depreciation for tax purposes non-current tangible assets	10,373	2,853	7,292	356	3,209
Deferred tax provision at end of year	10,900	2,998	18,712	914	4,209

Other provisions: these amount to 308,388 thousand euros (225,931 thousand euros at 31 December 2011). They include provisions for costs or losses, the existence of which is certain but the amount of which cannot be exactly determined, or which are probable and the amount of which can be reasonably estimated. The main items are detailed in Schedule 16. As regards pending litigation with employees and third parties, the amount carried in the *provisions for risks and charges* is the best estimate of the likely charges based on the most up-to-date information available.

Provision for staff severance pay

The provision totals 288,759 thousand euros (296,114 thousand euros at 31 December 2011). The provision for staff severance pay is determined at individual level in conformity to the provisions of art. 2120 of the Italian Civil Code, complemented by Budget Law 2007 (Law 296 of 27 December), which established the entry into force of the new legislation on pension funds (Legislative decree 252 of 5 December 2005) as of 1 January 2007.

By effect of this legislation, provisions for staff severance pay converge into pension funds other than those inside the company, unless employees ask to maintain the severance pay within the company: In this case, the provisions are paid into a reserve managed by the INPS, which will transfer to the company all the benefits disbursed by the latter in the event of payment of advances or termination of the employment contract, as envisaged by Article 2120 of the Civil Code.

The breakdown of the caption and changes during the year are shown in Schedule 17.

Provision for staff severance pay (thousands of euros)						Schedule 17
31.12.2011	Changes during the year					31.12.2012
	Provisions	Severance pay disbursed	Staff transfers	Transfer to INPS supplementary retirement funds	Other movements	
296,114	48,097	(16,260)	337	(38,552)	(977)	288,759

Payables

These amount to 1,164,236 thousand euros, down 143,469 thousand euros on 31 December 2011.

More specifically, financial debt to banks totals 371,630 thousand euros, with a net increase of 89,103 thousand euros on the figure disclosed in the 2011 financial statements. No payables covered by collateral in the form of company assets are recorded.

A breakdown of the caption is given in Schedule 18, while Schedules 19 and 20 show the composition of payables by maturity, type and currency.

With regard to geographic distribution, about 95% relates to Italian residents, about 1% relates to EU residents and about 4% relates to non-EU residents.

Payables (thousands of euros)

Schedule 18

	Changes during the year		
	31.12.2011	Balance of new positions (+) and repayments (-)	31.12.2012
Due to banks	282,527	89,103	371,630
Advances	3,077	(254)	2,823
Suppliers	658,686	(147,760)	510,926
Subsidiaries (a)	177,281	(55,698)	121,583
Associated companies (b)	4,256	48	4,304
Tax payables	67,665	(21,883)	45,782
Welfare and social security institutions	47,825	(1,361)	46,464
Other payables	66,388	(5,664)	60,724
	1,307,705	(143,469)	1,164,236
(a) including:			
- Rai Cinema SpA	10,268	(5,685)	4,583
- Rai Corporation in liquidation	7,453	(3,851)	3,602
- RaiNet SpA	13,784	2,684	16,468
- Rai Way SpA	100,835	(29,669)	71,166
- Rai World SpA	7,258	2,588	9,846
- Sipra SpA	37,683	(21,765)	15,918
	177,281	(55,698)	121,583
(b) including:			
- Auditel Srl	5	(5)	-
- San Marino RTV SpA	3,544	91	3,635
- Tivù Srl	707	(38)	669
	4,256	48	4,304

**Payables, accrued expenses and deferred income,
by maturity and type** (thousands of euros)

Schedule 19

	31.12.2012				31.12.2011			
	Amounts due				Amounts due			
	Within 1 year	within 2 to 5 years	after 5 years	Book value	Within 1 year	within 2 to 5 years	after 5 years	Book value
Medium/long-term financial debt:								
Due to banks	98,333	196,667	-	295,000	-	210,000	-	210,000
Short-term financial debt:								
Due to banks	76,630	-	-	76,630	72,527	-	-	72,527
Suppliers	-	-	-	-	-	-	-	-
Subsidiaries	26,872	-	-	26,872	43,353	-	-	43,353
Associated companies	533	-	-	533	438	-	-	438
	104,035	-	-	104,035	116,318	-	-	116,318
Trade and other payables:								
Advances	2,823	-	-	2,823	3,077	-	-	3,077
Suppliers	510,926	-	-	510,926	658,686	-	-	658,686
Subsidiaries	90,676	4,035	-	94,711	133,928	-	-	133,928
Associated companies	3,771	-	-	3,771	3,818	-	-	3,818
Taxes payable	45,782	-	-	45,782	67,665	-	-	67,665
Welfare and social security institutions	46,464	-	-	46,464	47,825	-	-	47,825
Other payables	60,724	-	-	60,724	66,388	-	-	66,388
	761,166	4,035	-	765,201	981,387	-	-	981,387
Total payables	963,534	200,702	-	1,164,236	1,097,705	210,000	-	1,307,705
Accrued expenses	502	-	-	502	37	-	-	37
Deferred income	36,778	-	-	36,778	44,727	-	-	44,727
Total	1,000,814	200,702	-	1,201,516	1,142,469	210,000	-	1,352,469

**Payables and accrued expenses in foreign currency or exposed
to exchange rate risk** (thousands of euros)

Schedule 20

	31.12.2012			31.12.2011		
	In euros	In foreign currency or exposed to exchange rate risk	Book value	In euros	In foreign currency or exposed to exchange rate risk	Book value
	Payables					
Due to banks	371,630	-	371,630	282,489	38	282,527
Suppliers	506,024	4,902	510,926	646,325	12,361	658,686
Subsidiaries	117,981	3,602	121,583	169,828	7,453	177,281
Associated companies	4,304	-	4,304	4,256	-	4,256
Tax payables	45,782	-	45,782	67,665	-	67,665
Welfare and social security institutions	46,464	-	46,464	47,825	-	47,825
Other payables	60,681	43	60,724	66,340	48	66,388
Total payables (a)	1,152,866	8,547	1,161,413	1,284,728	19,900	1,304,628
Accrued expenses	502	-	502	37	-	37
Total	1,153,368	8,547	1,161,915	1,284,765	19,900	1,304,665

(a) Does not include Advances.

The notes indicated hereunder provide further details on the contents of the individual items.

Due to banks: these amount to 371,630 thousand euros (282,527 thousand euros at 31 December 2011) and consist of:

- 295,000 thousand euros of *amounts payable in the future*, belonging to an unsecured loan taken out in May 2011 with five banks. The loan envisages full repayment by 31 December 2015, with amortisation beginning in June 2013, in constant six-monthly instalments. This loan, converted in observance of the company policy for about 70% at a fixed rate through an *Interest Rate Swap* is destined to hedge investments in Digital Terrestrial and on the radio and television offering, as well as other production investments. The loan envisages the observance of two parametric/equity indexes to calculate on the consolidated financial statements, and they have been fully observed;
- 76,630 thousand euros, representing the negative balance of current account overdrafts with certain banks.

Advances: these amount to 2,823 thousand euros (3,077 thousand euros at 31 December 2011), relating entirely to miscellaneous advances.

Due to suppliers: these amount to 510,926 thousand euros (658,686 thousand euros at 31 December 2011). They refer entirely to non-financial payables.

Accounts payable to subsidiaries: these amount to 121,583 thousand euros (177,281 thousand euros at 31 December 2011), as detailed in Schedule 18. They include financial debt for 26,872 thousand euros (43,353 thousand euros at 31 December 2011) and non-financial payables of 94,711 thousand euros (133,928 thousand euros at 31 December 2011).

Accounts payable to associated companies: these amount to 4,304 thousand euros (4,256 thousand euros at 31 December 2011), as detailed in Schedule 18. They include financial debt for 533 thousand euros (438 thousand euros at 31 December 2011) and non-financial payables of 3,771 thousand Euros (3,818 thousand euros at 31 December 2011).

Tax payables: these amount to 45,782 thousand euros (67,665 thousand euros at 31 December 2011). They consist of:

(thousands of euros)		
	2012	2011
- Tax withholdings on earnings of employees and free-lance workers to be paid over	31,238	30,442
- IRES under taxation arrangements on consolidated basis	10,037	21,894
- IRAP relating to the year	-	9,316
- Deferred VAT	4,144	5,400
- Other withholdings and "substitute" taxes	363	613
Total	45,782	67,665

As regards debt in relation to IRES, as reported in the accounting policies, the Company has opted for Group taxation, transferring to itself, as the consolidating entity, the activities inherent in liquidation and payment of the tax with regard to the following companies: Rai World, Rai Cinema, Rai Way, RaiNet and Sipra, within the consolidated taxation arrangement. The national tax consolidation option was renewed for all the companies until the tax year ending 31 December 2012, with the exception of Sipra, for which the option is exercised until 31 December 2013.

Welfare and social security institutions: these payables amount to 46,464 thousand euros (47,825 thousand euros at 31 December 2011). They reflect contributions due on remuneration paid to employees and consultants, to be paid over to the institutions at the scheduled dates. They consist of:

(thousands of euros)		
	2012	2011
- ENPALS	17,105	16,449
- INPGI	14,662	17,194
- Contributions on assessed remuneration	7,145	6,814
- INPS	5,812	5,637
- Other	1,740	1,731
Total	46,464	47,825

Other payables: these amount to 60,724 thousand euros (66,388 thousand euros at 31 December 2011) and consist of:

(thousands of euros)		
	2012	2011
- Employees for assessed remuneration	37,349	46,133
- Other for assessed pertinent remuneration	6,733	5,753
- FCPGI	9,761	9,685
- FIPDRAI	1,370	-
- Other	5,511	4,817
Total	60,724	66,388

Accrued expenses and deferred income

This caption totals 37,280 thousand euros. Details and a comparison with the previous year are provided in Schedule 21.

Accrued expenses and deferred income (thousands of euros)		Schedule 21	
	Changes during the year		
	31.12.2011	Balance of movements	31.12.2012
Deferred income:			
. contribution for switchover to digital terrestrial broadcasting	42,630	(8,820)	33,810
. broadcasting and related rights on own productions	1,420	32	1,452
. special licence fees	432	384	816
. interest income for extension of payments	-	506	506
. sponsorship of minor FIFA events	162	(16)	146
. teletext services	68	(21)	47
. other	15	(14)	1
	44,727	(7,949)	36,778
Accrued expenses:			
. commitment fees on credit lines	21	450	471
. interest on rate hedging operations	8	4	12
. interest on short-term loans	5	14	19
. premiums payable on currency hedges	3	(3)	-
	37	465	502
Total	44,764	(7,484)	37,280

The caption contains the entire amount contributed of 33,810 thousand euros, net of the amount already booked to the income statement, disbursed by the Ministry for Communications from 2007 to 2011 in support of initiatives to accelerate the switch-over to the digital terrestrial platform, consisting of operations on systems and adaptation of the site infrastructures to extend areas covered by the digital signal and improve reception and the quality of service perceived by the user.

The task of making the necessary investments is entrusted to the subsidiary Rai Way SpA, which is also responsible for the design, installation, construction, maintenance, implementation, development and operation of the telecommunications networks.

The contribution is disclosed in the income statement of each year in relation to amortisation booked by the subsidiary, taking into account the relationship between the amount of contributions collected and the investments necessary for the accomplishment of related projects.

5) Memorandum accounts

Memorandum accounts amount to 298,554 thousand euros. A breakdown by type is provided in the table attached to the Parent Company Balance Sheet.

Unsecured guarantees granted (thousands of euros)	Schedule 22	
	31.12.2012	31.12.2011
Unsecured guarantees granted for sureties:		
In favour of subsidiaries		
- for Group VAT	37,143	57,237
- other	2,333	2,468
	<u>39,476</u>	<u>59,705</u>
In favour of associated companies	2,582	2,582
In favour of others	45	2,010
	<u>42,103</u>	<u>64,297</u>
Unsecured guarantees granted - others		
In favour of subsidiaries	-	2,009
	-	2,009
Total	42,103	66,306

Secured guarantees granted (thousands of euros)	<i>follows</i> Schedule 22	
	31.12.2012	31.12.2011
Secured guarantees on behalf of others	-	-
Secured guarantees granted for own commitments other than payables		
Assets pledged as collateral:		
- fixed-income securities	1,440	3,730
	<u>1,440</u>	<u>3,730</u>
Secured guarantees for debt		
Mortgages on:		
- land and industrial buildings	-	25,281
Other secured guarantees	-	25,281
	-	50,562
Total	1,440	54,292

Purchase and sales commitments (thousands of euros)	Schedule 23	
	31.12.2012	31.12.2011
Purchase commitments	-	-
Sales commitments	-	-
Derivative financial contracts on behalf of Rai Cinema:		
- future currency purchases	9,966	5,915
- options strategies acquired in foreign currencies (collars)	24,554	39,539
	<u>34,520</u>	<u>45,454</u>
Total	34,520	45,454

The terms of the hedge contracts covering the specific company commitments or those taken on for the subsidiary Rai Cinema SpA relating to fair value are summarised in Schedule 25. The fair value of these instruments is determined with reference to the market value on the closing date of the period under assessment; in the case of unlisted instruments, fair value is determined using commonly used financial evaluation techniques.

Other memorandum accounts (thousands of euros)

Schedule 24

		31.12.2012	31.12.2011
Secured guarantees received			
Assets pledged as collateral:	(a)		
- passbook savings accounts		2	2
		2	2
Unsecured guarantees received			
Sureties:			
- Banca di Credito di Trieste covering loan granted to Ponteco	(b)	220	249
- Miscellaneous banks and insurance companies covering advances to suppliers for the purchase of goods and services	(a)	50,172	36,873
- Banca di Brescia covering agreement with the City of Sanremo for filming the Italian Song Festival	(a)	100	100
- Miscellaneous banks and insurance companies covering full performance of contracts for the production of radio/television programmes	(a)	53,461	151,668
- Banca Sanpaolo IMI covering advance granted to Michele Alberico	(a)	10	10
- Banca Popolare di Sondrio-Fideiuss for Juventus F.C. contract	(a)	4,354	-
- Sun Insurance Office Limited covering insurance-related advisory and assistance activity granted to AON	(a)	224	224
- Monte dei Paschi di Siena covering the offer to purchase Palazzo Labia by Valore Reale	(a)	3,200	3,200
- Banca Popolare di Sondrio-guarantee for Comune di Genova	(a)	-	37
- Credito Bergamasco-guarantee for Sky Italia	(a)	21,780	21,600
- Banca Popolare Sondrio covering the obligations undertaken with the subscription of the contractual renewal relating to the Auditorium Foro Italico	(a)	285	285
- Banca Intesa Sanpaolo - guarantee for Andrea Bosco	(a)	52	52
Other:			
- E.RAS. comfort letters issued on behalf of San Marino RTV for credit line agreed by us	(a)	516	516
		134,374	214,814
Leased assets received		-	1,255
Third party assets under development		-	-
Third party assets held under free loan for use, custody, leased or for similar reasons		..	..
Assets with third parties under development awaiting assignment		1,416	2,429
Third party assets held under free loan for use, custody, leased or for similar reasons		1,810	1,361
Guarantees granted by other parties for obligations of the company:			
Against debt:			
- Banca Intesa for guarantee granted to UEFA for sports rights relating to the Champions League		-	13,500
- UniCredit SpA for guarantee granted to UEFA for sports rights relating to the 2012 European Football Championship		-	20,980
- Intesa Sanpaolo for guarantee granted by COFIRI in the interest of Rai to guarantee loans		1,744	4,859
- Sanpaolo IMI for guarantees granted to tax authorities covering prize competitions		23,673	23,673
- Banca Intesa - Cariplo for guarantee granted to Enel Trade guaranteeing electricity supply		-	697
- Banca Intesa - for guarantee granted to Dear Srl		-	35,036
- Banca Intesa Sanpaolo for guarantees granted to different companies for presentation of bids for tender		27	21,827
- Sanpaolo IMI for guarantee granted to FIFA covering payment of sporting rights relating to the 2014 World Football Championships		35,000	35,000
- Other guarantees		1,117	5,048
		61,561	160,620
Any other cases in hand:			
- Bank deposits at Unicredit and Intesa Sanpaolo in favour of third parties		2	2
- Sums not available at various banks due to restriction by attachment	(c)	19,162	1,079
- Sums not available at Bancoposta due to restriction by attachment		1	155
- Sums not available in correspondence current account with the subsidiary Sipra due to restriction by attachment		2,164	2,164
		21,329	3,400
Total		220,490	383,879

(a) against obligations of others

(b) against receivables

(c) includes amounts attached for 7,026 thousand euros, released by BNL in January 2013, for which, during 2012, release had been ordered by the legal authorities.

On the whole, hedging contracts entered into are, in observance of the Group policy, of a reasonable amount in relation to the overall entity of the commitments subject to such risks.

At 31 December 2012 there were no commitments, other than those highlighted among the memorandum accounts, of particular significance for the purchase or sale of goods and services in addition to those taken on in the normal course of business that would require specific information to be given for a better understanding of the Company's financial position.

Schedule 24 details the amount of company assets held by third parties for the various reasons indicated therein.

Fair value of derivatives

Schedule 25

	Notional 31.12.2012 thousands of USD	Notional 31.12.2012 thousands of CHF	Fair value at 31.12.2012 thousands of euros
Derivative financial instruments for hedges			
- on exchange rates (1):			
. futures purchased and swaps	265	1,037	-
. optional currency purchase strategies	1,760	-	(53)
	2,025	1,037	(53)
- on interest rates (2)	see note (3)		(7,586)
Hedges for the account of Rai Cinema			
- on exchange rates (4):			
. futures purchased and swaps	13,200	-	36
. optional currency purchase strategies	32,001	-	(144)
	45,201	-	(108)

(1) The transactions are carried out to hedge commercial agreements in USD and CHF, in observance of the Group policy.

(2) Irs transactions to hedge the Rai SpA loan of 295 million euros.

(3) Reference notional 205 million euros.

(4) The transactions are carried out on behalf of Rai Cinema under a specific mandate, to hedge commercial agreements entered into by the company in USD, in observance of the Group policy.

6) Income Statement

Production value

Revenues from sales and services: these amount to 2,550,013 thousand euros (2,751,712 thousand euros at 31 December 2011). They basically include revenues pertaining to the year from licence fees and advertising. A breakdown into major components is given in Schedule 26. As can be seen from the distribution of revenues by geographic area, they almost all originate in Italy.

Revenues from sales and services (thousands of euros)	Schedule 26	
	Year 2012	Year 2011
Revenues from sales	685	891
Revenues from services:		
- Licence fees:		
. private subscriptions	1,656,338	1,624,874
. special subscriptions	72,850	64,178
	1,729,188	1,689,052
- General-interest TV advertising		
. commercials	539,718	734,749
. TV promotions	24,197	31,053
. sponsorships	31,759	32,456
. product placement	1,379	1,709
	597,053	799,967
- Specialist channel TV advertising	45,019	41,280
- Radio advertising:		
. commercials	26,113	34,439
. radio promotions	627	929
. sponsorships	4,508	5,117
	31,248	40,485
- Other advertising	1,599	2,162
	674,919	883,894
- Special services under agreements	32,554	54,907
- Other services		
. sale of transmission rights, programme distribution and musical publications	94,603	103,468
. agreements with telephone companies	3,498	5,059
. production services	716	1,151
. television broadcasting services through digital terrestrial techniques	5,056	4,494
. teletext services	248	350
. miscellaneous	8,546	8,446
	112,667	122,968
	2,549,328	2,750,821
Total	2,550,013	2,751,712

As regards revenues from licence fees, the mechanism used to determine the per-unit fee envisaged by the Consolidated Broadcasting Law ("separate accounting"), aimed at guaranteeing the proportions between costs sustained by Rai, and certified by an independent auditor, for the performance of its public service remit and resources from licence fees, highlights a lack of the latter for the period from 2005 to 2011, totalling over 2 billion euros, of which more than 287 million euros refer to 2011 alone. In 2011, Rai requested, issuing warnings to such effect, the payment of the sums owing to it, as highlighted on the separate accounting forms, as well as interest matured and to mature.

For 2012, the "separate accounting" figures will be available, as established, within four months of the date on which the Shareholders' Meeting approves the financial statements.

Changes in inventories of work in progress, semi-finished and finished goods: the positive amount of 263 thousand euros (up 55 thousand euros on 31 December 2011) expresses the increase in the value of inventories associated with the commercial activity.

Changes in work contracts in progress: no value (9 thousand euros at 31 December 2011).

Internal cost capitalisations: the amount of 16,321 thousand euros (13,999 thousand euros at 31 December 2011); represents internal costs associated with *non-current assets*, which were capitalised under the specific asset captions. Details are shown in Schedule 27.

Internal cost capitalisations (thousands of euros)	Schedule 27	
	Year 2012	Year 2011
Intangible assets	10,606	9,951
Tangible assets	5,715	4,048
Total	16,321	13,999

Other production-related income: these amount to 117,395 thousand euros (108,598 thousand euros at 31 December 2011) as detailed in Schedule 28.

Other production-related income (thousands of euros)	Schedule 28	
	Year 2012	Year 2011
Operating grants	9,813	7,663
Gains on disposals	61	217
Other		
Recovery and reimbursement of expenses	15,362	15,822
Out-of-period gains from licence fees	18,595	19,291
Other out-of-period gains	31,486	26,462
Provisions released	10,310	8,810
Income from real estate investments	237	238
Other income from equity investments:		
- Rai Way service contract	15,895	15,702
- Rai Cinema service contract	9,045	10,010
- RaiNet service contract	1,147	1,117
- other	2,147	2,389
Miscellaneous	3,297	877
	107,521	100,718
Total	117,395	108,598

Production costs

This caption comprises costs and losses related to ordinary activities, excluding financial operations. The costs shown here do not include those relating to *non-current tangible* and *intangible assets*, which are recorded under the respective asset accounts.

Raw materials, supplies, consumables and merchandise: these total 22,932 thousand euros (22,607 thousand euros at 31 December 2011), which includes purchases of technical materials for inventory – excluding items used in the construction of plant, which are allocated directly to *non-current tangible assets* – production materials (sets, costumes etc.) and miscellaneous operating materials (fuel, office supplies, printed documents etc.), net of discounts and allowances, as shown in Schedule 29.

Production costs for raw, supplies, consumables and merchandise (thousands of euros)

Schedule 29

	Year 2012	Year 2011
Technical materials for inventory	4,009	3,657
Miscellaneous production materials	4,391	5,178
Miscellaneous non-production materials	11,595	11,277
Other materials	2,944	2,510
Discounts, allowances and premiums on purchases of goods	(7)	(15)
Total	22,932	22,607

Services: these amount to 747,173 thousand euros (796,077 thousand euros at 31 December 2011) and comprise costs for freelance workers and other external services, net of discounts and allowances, as shown in Schedule 30.

Production costs for services (thousands of euros)

Schedule 30

	Year 2012	Year 2011
Freelance services	130,666	138,608
Services for acquisition and production of programmes	137,361	154,632
Ancillary services for the acquisition and production of programmes	51,854	61,791
Allowances, travel expenses and transfer of personnel	24,034	24,397
Ancillary personnel service costs	11,683	11,017
Maintenance and repairs	18,682	19,222
Documentation and information services	43,275	43,121
Insurance and accident prevention	17,389	17,906
Advertising and promotion	8,714	7,034
General services	60,379	68,622
Supply services	23,873	22,170
Expenses for the promotion and distribution of our products	1,408	4,040
Signal broadcasting and transport under service contract and other Rai Way costs	188,871	190,335
Services under RaiNet contract	6,908	6,806
Other	22,076	26,376
Total	747,173	796,077

Among other things, they include emoluments, remuneration for special functions and reimbursement of expenses paid to Directors for 1,592 thousand euros and to Statutory Auditors for 177 thousand euros.

They also include 153 thousand euros of fees for the statutory audit of the annual accounts by independent auditors, 23 thousand euros for other independent auditing services, and 17 thousand euros for other services.

Use of third-party assets: these amount to 758,871 thousand euros (683,584 thousand euros at 31 December 2011) and express costs for rents, leases, usage rights and filming rights, as detailed in Schedule 31.

Production costs for use of third party assets (thousands of euros)

Schedule 31

	Year 2012	Year 2011
Rent and hire costs	58,301	65,818
Lease instalments	634	814
Filming rights	310,094	212,600
Usage rights	97,068	101,487
Acquisition of viewing rights from Rai Cinema	284,716	294,049
Other rights	8,058	8,816
Total	758,871	683,584

Personnel: employee-related costs amount to 922,623 thousand euros (935,248 thousand euros at 31 December 2011), broken down as indicated in the income statement. The average number of employees on the payroll in 2012 was 11,851, including employees on fixed-term contracts (11,829 employees at 31 December 2011), distributed as detailed in Schedule 32.

Average number of employees

Schedule 32

	Year 2012			Year 2011		
	Staff on permanent contracts (average)	Staff on fixed-term contracts (average)	Total	Staff on permanent contracts (average)	Staff on fixed-term contracts (average)	Total
- Managers	249	-	249	252	-	252
- Junior managers and supervisors	1,103	1	1,104	1,119	-	1,119
- Journalists	1,677	262	1,939	1,641	331	1,972
- Office staff, production employees, camera staff, film directors' staff, technicians	6,342	999	7,341	6,122	1,127	7,249
- Blue-collars	904	177	1,081	906	192	1,098
- Orchestra members and other artistic staff	120	6	126	119	9	128
- Medical staff	11	-	11	11	-	11
Total	10,406	1,445	11,851	10,170	1,659	11,829

Amortisation, depreciation and writedowns: these amount to 330,874 thousand euros (356,604 thousand euros at 31 December 2011). The breakdown is shown directly in the income statement. In detail, amortisation in relation to intangible assets refers basically to industrial patents and intellectual property rights for 232,602 thousand euros (255,224 thousand euros at 31 December 2011), while Schedules 33 and 34 provide details of depreciation of tangible assets and writedowns in relation to non-current assets. They include a writedown of capitalised programmes amounting to 21,847 thousand euros, which was made to take account of the risk that certain programmes may not be transmitted, re-broadcast or commercially exploited.

Depreciation of tangible assets (thousands of euros)

Schedule 33

	Year 2012	Year 2011
Land and buildings	13,204	11,400
Plant and machinery	38,952	39,739
Industrial and sales equipment	1,801	1,966
Other assets	5,661	5,904
Total	59,618	59,009

Other writedowns of non-current assets (thousands of euros)

Schedule 34

	Year 2012	Year 2011
Programmes being amortised	21,847	28,566
Intangible assets under development	6,425	618
Total	28,272	29,184

Changes in inventories of raw materials, supplies, consumables and merchandise: the amount of 24 thousand euros (minus 60 thousand euros at 31 December 2011) represents the increase in net *inventories* carried under current assets at 31 December 2012 with respect to the previous year.

Provisions for risks: these amount to 12,200 thousand euros (9,561 thousand euros at 31 December 2011) and consist of allocations to provisions for risks. The most significant items are detailed in Schedule 16.

Other provisions: these amount to 8,975 thousand euros (1,401 thousand euros at 31 December 2011). The main items are shown in Schedule 16.

Other operating costs: these amount to 95,716 thousand euros (92,489 thousand euros at 31 December 2011). Their composition is shown directly in the income statement and further information is provided in Schedule 35.

Other operating costs (thousands of euros)	Schedule 35	
	Year 2012	Year 2011
Capital losses		
Non-current tangible assets:		
- land and buildings	306	3,378
- plant and machinery	30	83
- industrial and sales equipment	6	15
- other assets	47	30
- in progress	827	81
Non-current intangible assets:		
- in progress	311	-
	1,527	3,587
Concession fee	27,944	28,007
Other costs:		
- gifts, prize contests and entertainment expenses	12,920	11,792
- association dues	3,131	3,132
- IMU (2012) - ICI (2011) (municipal property taxes)	7,510	3,677
- other indirect taxes and contributions	9,995	8,638
- contribution to the Authority - Min. Decr. 16/07/99	5,481	5,307
- payment of uninsured damages, fines and penalties	315	1,048
- newspapers, books, periodicals, specific documentation and publications	2,114	2,749
- prior-year charges and reversal of non-existent liabilities	10,904	8,395
- provision for pension fund - former employees	12,028	13,844
- other	1,847	2,313
	66,245	60,895
Total	95,716	92,489

Financial income and expense

Income from equity investments: no value (80,189 thousand euros at 31 December 2011), as shown in Schedule 36. The dividends collected in 2012 from Tivù Srl (385 thousand euros) and Euronews (166 thousand euros) following the adoption of the equity method, already highlighted in the previous points, were deducted from the value of the investment, without effects on the income statement.

Income from equity investments (thousands of euros)	Schedule 36	
	Year 2012	Year 2011
Dividends from subsidiaries:		
- Rai Cinema SpA	-	55,426
- Rai Way SpA	-	20,672
- Sipra SpA	-	4,000
	-	80,098
Dividends from associated companies:		
- Euronews SA	-	55
Other income from equity investments:		
- Capital gain from sale of quotas of Audiradio Srl in liquidation	-	36
Total	-	80,189

Other financial income: this amounts to 8,747 thousand euros (7,785 thousand euros at 31 December 2011) broken down as follows:

- from *non-current receivables*: booked for 16 thousand euros for interest income on guarantee deposits;
- from *non-current securities other than equity investments*: booked for 90 thousand euros and referring to interest earned;
- *financial income other than the above*: this amounts to 8,641 thousand euros and mainly relates to interest on current receivables as shown directly in the income statement and detailed even further in Schedule 37.

Other financial income on current receivables other than the above (thousands of euros)

Schedule 37

	Year 2012	Year 2011
Interest and commissions receivable from subsidiaries	7,738	7,070
Interest and commissions from associated companies	4	-
Interest and commissions receivable from others and miscellaneous income:		
- interest from banks, post office current accounts and other financial institutions	658	382
- default interest on customer receivables	11	1
- interest from others	230	209
	899	592
Total	8,641	7,662

Interest and other financial expenses: these amount to 15,708 thousand euros (9,815 thousand euros at 31 December 2011). They relate to interest expense, commission expense for financial services received and other charges for financial operations, as shown directly in the income statement and in further detail in Schedule 38.

Interest and other financial charges (thousands of euros)

Schedule 38

	Year 2012	Year 2011
Interest and commissions payable to subsidiaries	788	409
Interest and commissions payable to associated companies	4	6
Interest and commissions payable to others and miscellaneous charges:		
- interest and commissions payable to banks and other financial institutions	12,348	8,561
- interest expense and charges on interest rate hedges	2,493	249
- interest to suppliers	39	535
- allocations to risks for interest expense	27	16
- other interest expense and miscellaneous charges	9	39
	14,916	9,400
Total	15,708	9,815

Foreign exchange gains and losses: these show a gain of 3,100 thousand euros (1,415 thousand euros at 31 December 2011), representing the balance of foreign exchange charges and premiums on foreign currency hedge transactions as well as the effect of translating the value of payables and receivables in foreign currencies at year-end exchange rates or the rate in force at the time of the hedge in the case of exchange risk hedges, as detailed further in Schedule 39.

Foreign exchange gains and losses (thousands of euros)		Schedule 39
	Year 2012	Year 2011
Foreign exchange gains from valuation	(29)	928
Other foreign exchange gains	3,129	487
Total	3,100	1,415

Value adjustments to financial assets

Revaluations: these amount to 24,790 thousand euros (2,677 thousand euros at 31 December 2011) and express the income from revaluations of financial assets as a consequence of net gains from investments, recorded during the year for 24,761 thousand euros (Schedule 3 bis shows the breakdown by company), and of value adjustments of non-current assets for 29 thousand euros.

Writedowns: these total 762 thousand euros (6,654 thousand euros at 31 December 2011). They comprise writedowns of *non-current financial assets* following losses incurred for the year by the investee companies for 374 thousand euros, and of value adjustments of non-current receivables for 388 thousand euros.

Exceptional income and expense

The caption is comprised of expenses for 62,200 thousand euros (4,786 thousand euros at 31 December 2011) and income of 13,421 thousand euros (14 thousand euros at 31 December 2011), as detailed in Schedule 40.

Exceptional income (thousands of euros)		Schedule 40
	Year 2012	Year 2011
IRES refund requested for deductibility of IRAP relating to personnel costs and similar for 2007-2011	12,774	-
Lower taxes for previous years	209	14
Other out-of-period gains	438	-
Total	13,421	14

Exceptional expense (thousands of euros)		
	Year 2012	Year 2011
Costs connected with the staff voluntary resignation incentives scheme	62,200	4,376
Prior years' taxes	-	410
Total	62,200	4,786

Current income taxes for the year, and deferred tax assets and liabilities

These amount to 1,703 thousand Euros. They represent the total tax charge for the year and are made up as follows:

(thousands of euros)				
	Current	Deferred tax liabilities	Deferred tax assets	Total
IRES (corporate income tax)	-	2,101	20,245	22,346
IRAP (regional tax on production)	(25,000)	905	46	(24,049)
	(25,000)	3,006	20,291	(1,703)

The following table shows the origin and effects of deferred tax items during the year.

(thousands of euros)					
	Amount of IRAP timing differences	IRES 27.5%	Amount of timing differences IRAP	IRAP 4.882% (average)	Total
DEFERRED TAX ASSETS					
Changes in the year:					
- Adjustment of prior year taxable loss	(4,076)	(1,121)	==	==	(1,121)
- Taxable loss	48,300	13,283	==	==	13,283
- Writedown of programmes	16,383	4,505	(6,572)	(312)	4,193
- Statutory/fiscal difference on amortisation of programmes	13,011	3,578	==	==	3,578
- Other timing differences	0	0	7,183	358	358
Total	73,618	20,245	611	46	20,291

(thousands of euros)					
	Amount of IRAP timing differences	IRES 27.5%	Amount of timing differences IRAP	IRAP 4.882% (average)	Total
DEFERRED TAX LIABILITIES					
Changes in the year:					
- Tax charge for long-term loan	(15)	(4)	==	==	(4)
- Neutralisation of foreign exchange valuations	790	217	==	==	217
- Tax-purpose accelerated amortisation on fixed asset programmes	0	0	11,420	552	552
- Accelerated depreciation for tax purposes non-current tangible assets	6,867	1,888	7,292	353	2,241
Total	7,642	2,101	18,712	905	3,006

The following table presents the estimated reconciliation between the statutory result for the year and the taxable amount for IRES and IRAP purposes.

(thousands of euros)	IRES 27.5%	(thousands of euros)	IRAP 4.882%
Result before taxes	(243,960)	Production value	2,683,992
Reversal of depreciation on tangible assets from EC framework	6,867	Raw materials, supplies, consumables and merchandise	(22,932)
Non-deducted provisions – balance of movements	102,359	Service costs	(747,173)
Non-deductible contingent liabilities	3,522	Cost of use of third-party assets	(758,871)
IMU (municipal property tax)	7,510	Amortisation of intangible assets	(238,791)
Non-deductible vehicle costs	3,800	Depreciation of tangible assets	(59,618)
Non-deductible portion of telephone expenses	2,207	Changes in inventories of raw materials, supplies, consumables and merchandise	24
Writedown on non-deductible investments	374	Other operating costs	(95,716)
Amortisation of programmes not deducted	13,001	Costs similar to employee costs (ongoing coordinated and occasional contracts)	10,641
Hotel and restaurant expenses – non deductible portion	920	Reversal of amortisation on intangible assets from EC framework	11,420
Other changes – increases	4,359	Provision for pension fund of former employees	12,028
Portion deductible for IRAP on personnel costs for the year	(33,925)	Reversal of depreciation on tangible assets from EC framework	7,292
Revaluation of equity investments	(24,761)	IMU (municipal property tax)	7,510
Refunding of IRES for deductibility of IRAP on personnel costs for previous years	(12,774)	Other changes – increases	1,738
Other changes – decreases	(1,464)	Prior years' personnel costs	(4,671)
Loss for the year	(171,965)	Income from staff secondment and reimbursement of emoluments	(4,869)
Adjustment of tax loss for deductibility of IRAP on personnel costs	(88,035)	Utilisation/release of taxed provisions	(47,825)
		Tax wedge	(238,234)
		Other changes – decreases	(3,860)
Tax loss	(260,000)	Taxable amount	512,085

On the taxable amount for IRAP, current taxes of 25,000 thousand euros have been calculated.

7) Result for the year

The year closed with a loss of 245,662,838.10 euros.

8) Other information

As regards related party disclosures, no significant transactions took place outside the normal market conditions. For details on relations with Group companies, see the Report on Operations.

For important events occurring after the closing date, see the Report on Operations.





**Parent Company
supplementary schedules**

Balance sheet reclassified in vertical form (thousands of euros)

	31.12.2012	31.12.2011
A.- NON-CURRENT ASSETS		
Intangible assets	419,107	433,554
Tangible assets	359,412	362,583
Financial assets	447,001	311,946
	1,225,520	1,108,083
B.- WORKING CAPITAL		
Inventories	1,653	1,366
Trade receivables	535,376	750,270
Other assets	211,983	277,232
Trade payables	(612,231)	(799,509)
Provisions for risks and charges	(466,446)	(387,967)
Other liabilities	(190,250)	(226,642)
	(519,915)	(385,250)
C.- INVESTED CAPITAL		
net of current liabilities	(A+B)	705,605
D.- PROVISION FOR STAFF SEVERANCE PAY	288,759	296,114
E.- INVESTED CAPITAL		
net of current liabilities and provision for staff severance pay	(C-D)	416,846
financed by:		
F.- SHAREHOLDERS' EQUITY		
Share capital paid up	242,518	242,518
Reserves and results brought forward	297,293	145,691
Profit (loss) for the year	(245,663)	39,339
	294,148	427,548
G.- NET MEDIUM/LONG-TERM FINANCIAL DEBT	295,000	210,000
H.- NET SHORT-TERM DEBT (NET CASH FUNDS)		
. net short-term debt	104,035	116,318
. cash and short-term financial receivables	(276,337)	(327,147)
	(172,302)	(210,829)
I.- TOTAL NET FINANCIAL DEBT	(G+H)	(829)
L.- TOTAL, AS IN E	(F+I)	416,846

Income statement reclassified in vertical form (thousands of euros)

	31.12.2012	31.12.2011
A.- REVENUES	2,625,551	2,824,821
Change in inventories of work in progress semifinished and finished goods	263	55
Internal cost capitalisations	16,321	13,999
Changes in work contracts in progress	0	(9)
B.- "TYPICAL" PRODUCTION VALUE	2,642,135	2,838,866
Cost of materials and external services	(1,612,662)	(1,581,787)
C.- VALUE ADDED	1,029,473	1,257,079
Personnel costs	(922,623)	(935,248)
D.- GROSS OPERATING MARGIN	106,850	321,831
Amortisation of programmes	(217,371)	(240,274)
Other amortisation/depreciation	(68,769)	(68,123)
Other value adjustments	(32,852)	(35,774)
Provisions for risks and charges	(20,992)	(10,817)
Miscellaneous income and charges - net	17,427	9,662
E.- OPERATING RESULT	(215,707)	(23,495)
Financial income and expenses	(3,861)	(614)
Income from equity investments	24,387	76,431
F.- RESULT BEFORE EXCEPTIONAL ITEMS AND TAXES	(195,181)	52,322
Exceptional income and expense - net	(48,779)	(4,771)
G.- RESULT BEFORE TAXES	(243,960)	47,551
Income taxes for the year	(1,703)	(8,212)
H.- PROFIT (LOSS) FOR THE YEAR	(245,663)	39,339

Cash flow statement (thousands of euros)

	31.12.2012	31.12.2011
A.- NET OPENING CASH FUNDS (NET OPENING SHORT- TERM FINANCIAL DEBT)	210,829	4,257
B.- CASH FLOW FROM OPERATING ACTIVITIES		
Profit (loss) for the year	(245,663)	39,339
Amortisation and depreciation	286,140	308,397
(Gains) losses on disposal of non-current assets	1,466	3,336
(Revaluations) writedowns of non-current assets	4,251	33,177
Change in working capital	134,630	(10,718)
Net change in staff severance pay provision	(7,355)	(10,493)
	173,469	363,038
C.- CASH FLOW FROM INVESTING ACTIVITIES IN NON-CURRENT ASSETS		
Investment in non-current assets:		
. intangible assets	(241,227)	(265,138)
. tangible assets	(57,548)	(100,310)
. financial assets	(5,404)	(5,762)
Sale proceeds, or reimbursement value, of non-current assets	7,183	4,744
	(296,996)	(366,466)
D.- CASH FLOW FROM FINANCING ACTIVITIES		
New loans	85,000	210,000
Contributions by shareholders	-	-
Capital grants	-	-
Loan repayments	0	0
Equity repayments	-	-
	85,000	210,000
E.- PROFIT DISTRIBUTION	-	-
F.- CASH FLOW FOR THE YEAR	(B+C+D+E)	(38,527)
G.- NET CLOSING CASH FUNDS (NET CLOSING SHORT- TERM FINANCIAL DEBT)	(A+F)	210,829





Report of the Board of Statutory Auditors

Report on Parent Company financial statements

Shareholders,

during the year which ended 31 December 2012, as regards **the activity of the Board of Statutory Auditors**, we performed our duties in compliance with the laws in force, observing the principles of conduct recommended by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*).

The statutory audit activities were assigned to the Independent Auditors, PricewaterhouseCoopers SpA (hereinafter "PwC"), whose three-year mandate (2011-2013) was resolved by the Shareholders' Meeting held on 3 August 2011.

Our activities consisted of the following:

We carried out the monitoring activities and the principles of correct administration envisaged by the Law and the Company's Bylaws. The Board met with the company executives in charge of certain Corporate Divisions to obtain the information required to assess the adequacy and the operation of the organisational structure, the internal auditing system and the administrative-accounting system, as well as the reliability of the latter to correctly portray the Company's operations.

Various meetings were also held:

- a) with PwC, during which no "censurable actions" were reported to us and extensive information on the audit of the accounts was provided by them;
- b) with the Internal Auditing Management, analysing – also on the basis of information received from PwC – the status of the procedures and internal audits, with reference to Rai SpA and to the Group;
- c) with the Supervisory Board on the status of the Parent Company's Organisation, Management and Control Model pursuant to Legislative Decree 231/2001.

The Board was informed, through quarterly reports by the Supervisory Board, of the adoption of new Sections of the Model following amendments and additions of the provisions of the aforementioned Legislative Decree 231/01 and that a complete and organic review of the Model has been launched, in order to take into consideration the numerous organisational changes recently introduced within the Company, also taking into account the merger of subsidiaries and subsequent effects on the pertinent business structures.

No reports pursuant to article 2408 of the Civil Code were made during the year and the Ethical Committee had nothing of note to report.

On 5 July 2012, the Shareholders' Meeting appointed the new Board of Directors for 2012-2014. The Chairwoman, Anna Maria Tarantola, was appointed by the Board on 10 July 2012 and said appointment was approved on 12 July by the Supervisory Commission in Parliament. On 17 July 2012, the Board of Directors appointed the new General Manager, Luigi Gubitosi, in agreement with the Shareholders.

We ought to point out that the Board of Directors – taking into account the invitation extended by the Ministry of the Economy and Finance Shareholder during the Shareholders' Meeting held on 5 July 2012 – with resolution passed in the sessions held on 18-19 July, decided to delegate part of its duties to the Chairman, pursuant to article 26 of the Company's Bylaws (with a spending limit of 10 million and appointment of level 1 and 2 executives in the non-publishing sectors).

During the Board Meeting held on 5 September 2012, the Directors also confirmed the two Consulting Committees which had been set up by the previous Board of Directors, in accordance with article 13, paragraph 12 bis of Law 244/07, redefining the areas of analysis and reappointing the current Directors as the respective members and coordinators of the two Committees.

The Board of Statutory Auditors met 33 times during the year and the meetings were also attended by the Magistrate of the Court of Audit. The minutes, when deemed necessary, were brought to the attention of the Chairman of the Board of Directors and the General Manager.

The Statutory Auditors attended all the meetings of the Board of Directors (39 times) during which they obtained information from the Directors on the general performance of the business and its outlook, as well as on Company operations of greater economic and financial significance. On the basis of the information available, there were no breaches of the law or of the Bylaws, nor were there any manifestly imprudent or rash operations in potential contrast with interests, or such as to compromise the integrity of the company assets.

During the year, 7 Shareholders' Meetings were held, all of which were attended by the Auditors.

Moving on to the **Rai SpA Financial Statements as at 31 December 2012** – the draft of which was approved by the Board on 23 April 2013 and now submitted for your approval – consist of the Balance Sheet, Income Statement and Notes to the Financial Statements and are accompanied by the Directors' Report on the operations.

As we were not assigned the statutory audit of the financial statements, we monitored their general layout, their general conformity to the law in terms of formation and structure and, to this end – also, as mentioned earlier, on the basis of our meetings with PwC – have nothing of significance to report.

The **Notes to the Parent Company Financial Statements** provide, with the supplementary schedules presented, the other disclosures required under article 2427 of the Civil Code; in accordance with the various regulations, information is given on revaluations made to tangible fixed assets still carried in the balance sheet.

All the Balance Sheet and Income Statement items are presented in comparison, pursuant to article 2423 ter (5) of the Civil Code, to those of the Financial Statements as at 31 December 2011.

As regards the evaluation of accounts, as far as this falls within the **sphere of competence of the Board of Statutory Auditors**, we have no specific comments to make with regard to the valuation methods reported for the individual financial statement items, which have remained unchanged from the previous financial statements, apart from the valuation of equity investments which we will discuss below. We should add that the financial statements are in accordance with the general principles set out in article 2423 bis of the Civil Code and with the more specific provisions of the following article 2426 of the Civil Code.

As regards the valuation of equity investments in subsidiaries and associated companies, from this year the equity method has been applied instead of the valuation method based on purchase cost adjusted in the case of durable losses in value.

The reasons for this change, as stated by the Board of Directors, lie in the need to offer a better presentation of the financial situation and results of operations, also to align the equity to the results of the consolidated financial statements.

In detail, the change in method has had the following effects on the financial statements as at 31 December 2012:

- increase in the value of equity investments: 132.5 million euros;
- higher result for the year: 20.3 million euros;
- increase in Shareholders' Equity: 132.5 million euros.

In addition, we wish to report that:

- there are no formation, start-up and expansion costs, nor deferred costs for research, development or advertising, carried under intangible assets in the balance sheet;
- deferred tax liabilities are largely related to accelerated depreciation of tangible assets and higher fiscal amortisation of programmes, disclosed solely in the Tax Returns;
- deferred tax assets are booked in the case of reasonable certainty of their future recovery;
- there have been no "exceptional cases" during the year which would entail making derogations as permitted under article 2423 (4) of the Civil Code.

The **Report on Operations**, which should be referred to for further details, contains, as envisaged by article 2428 of the Civil Code, information on the Company activities, also with regard to the single sectors presided over through its structures and through subsidiaries. Furthermore, it contains details of relations with subsidiaries and associated companies, on the outlook, on important events occurring after the end of the year and on the aims and policies of financial risk management, exposure to the interest rate, credit and liquidity risk, fulfilling the informative obligations regarding the main risks for the Company and the Group.

Specific chapters of the Report analyse the television market setting, resources, the regulatory framework and, particularly, Rai's offering and the performances of the TV product.

The Report is completed by the commented exposure of a review of the balance sheet, income statement and financial position, stating the reasons for the differences compared to the previous year.

Pursuant to article 2429 (paragraph 3) of the Civil Code, complete copies of the latest financial statements of subsidiaries have been deposited at the Company's registered office together with the reports of the relative Boards of Statutory Auditors and Independent Auditors, as well as a summary statement of the key data from the latest financial statements of the associated companies. The examination of these documents has not revealed criticalities or reservations.

The Report shows that the financial statements of Rai SpA at 31 December 2012 close with a loss of 245.7 million euros against a net profit of 39.3 million euros in the previous year, while the Group consolidated financial statements close with a loss of 244.6 million euros against a net profit at 31 December 2011 of 4.1 million euros. The Group's debt has risen to 366.2 million euros (272.4 million euros in 2011).

Given the above, with reference to the economic trend, in short, we can assume the following.

As regards revenues and in relation to the ordinary licence fee, the Ministry of Economic Development, with Decree of 19 December 2011, established an increase for 2012 of 1.5 euros, almost in line with the scheduled rate of inflation, taking the licence fee to 112.00 euros, with positive influences on proceeds of around 40 million euros, reaching the overall amount of 1,747.8. In relation to advertising, the decline of approximately 60 million euros that characterised 2011 was joined by another heavy reduction in 2012 of about 210 million euros, falling overall to 674.9 million euros.

Consequently, the influence of advertising on total revenues is down to 26%, lower than in previous years.

As regards costs, despite discounting expenses of about 140 million euros for big sports events and the influence of an exceptional provision of 62.2 million euros for staff leaving incentives resolved by the Board of Directors in December 2012 – a tendency to contain spending, on a like-for-like basis, continued in 2012.

This resulted in savings of almost 110 million euros, making it possible to contain the loss, before taxes, at 244 million euros.

We can also see that, at the end of 2012, reserves are reduced to 51 million euros, which, together with a share capital of 243 million, take the Shareholders' Equity to 294 million euros. Reserves in the last 5 years have endured a net reduction of 320 million euros, as a consequence of their use to cover losses recorded in the above-mentioned period.

The Statutory Auditors invited the Company to assess all actions aimed at consolidating and increasing cost savings. On this matter, we ought to share the strategy implemented by the management of an analysis of the productive choices that lead to insource processes/productions currently outsourced, in order to saturate existing production capacities. Likewise, in terms of staff policies, it would be appropriate to continue devoting attention to the enhancement of all in-house resources, in line with the aims to be achieved with regard to staff leaving incentives.

Looking again at revenues, we should highlight the on-going adverse effect deriving from the high rate of evasion of payment of the ordinary licence-fee estimated for 2012 at around 27% (almost 19 percent higher than the European average), with a lower annual income of about 500 million euros. It is to be hoped that effective legal provisions will be taken to contrast the above evasion allowing Rai to pursue its public service mission properly, placing the Company in a position to make indispensable investments in technology and offering that the evolution of the media setting imposes more and more strictly.

Therefore, in terms of technological investments, in 2012 Rai completed the construction of the DTT network technology. This project, which has now been extended to the whole country, has absorbed resources for almost 500 million euros, requiring bank borrowings, contributing to a significant increase in the level of debt. The Group's net financial situation at the end of 2012 was up to 366 million euros against 272 at the end of 2011.

The Board of Statutory Auditors observes that the above investment, implemented in execution of the specific provisions of the Service Contract (article 6, paragraph 3), should have been covered substantially by contributions pursuant to Legislative Decree 296 of 2006, but it has been gradually reduced over time, reaching the amount of about 60 million euros.

It is also highlighted that, on the basis of the results of the "Separate accounting" (pursuant to article 47 of the Consolidated Broadcasting Law), certified by an independent auditor and drawn up on the basis of the schedule approved by the Regulator, relating to 2011, the imbalance between public resources (licence fee) and the costs sustained by Rai for fulfilment of the public service amounts to 278.1 million euros.

On this matter, remember that the above-mentioned law envisages a mechanism such as to ensure full coverage of the costs sustained for the Public Service activities delegated to the Concession Holder using resources from licence fees. However, to date this law has not been applied. From 2005, the year in which separate accounting was introduced, until 2011, the total imbalance is over 2.0 billion euros.

It should be noted that the Board of Directors, during the session held on 20 October 2011, unanimously resolved to ask the Ministry for Economic Development for payment of the sum due for performance of the public broadcasting service in accordance with article 47 of Legislative Decree 177/2005, in the measure resulting from the annual costs until 2010, equating to 1.7 billion euros.

The Board of Statutory Auditors recommend confirmation of the above initiative, updating the imbalance with the figures for 2011, and the fulfilment of every initiative in defence of the Concession Holder's rights.

In the meantime, it is hoped that, when the service contract is renewed for 2013/2015, clauses will be included to prevent the formation of the above-mentioned imbalances.

The Directors announce that the 2013-2015 Business Plan has been defined. With regard to the Plan, the Board of Statutory Auditors hope that the actions behind the Plan will be pursued with the aim of restoring a sustainable and durable future economic balance. As regards the prospects for the year in progress, they are still negative, but recovering evidently on 2012.

* * * * *

In the light of all the matters described and considered above, within the scope of our competence and also considering the results of the activity carried out by the independent auditors of the accounts set out in the auditors' report on the financial statements, we express our favour for the approval of the Parent Company financial statements at 31 December 2012, as proposed by the Board of Directors, closing with a loss of 245,662,838.10 euros. We also agree with the Board's further request, contained in the same proposal, to cover the loss of 245,662,838.10 euros as follows:

• Other reserves – merger surplus	133,399,607.50 euros
• Other reserves – non-distributable investment revaluation reserve	111,712,137.60 euros
• Other reserves – distributable investment revaluation reserve	551,093.00 euros
	<u>245,662,838.10 euros</u>

* * * * *

Lastly, we wish to remind you that our mandate ends with the approval of these financial statements. We would like to thank you for your faith in us and invite you to renew the Board of Statutory Auditors.

Rome, 13 May 2013

THE STATUTORY AUDITORS

Mr Carlo GATTO
Ms Maria Giovanna BASILE
Mr Antonio IORIO



AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No.39 OF JANUARY 2010

To the shareholders of
RAI – Radiotelevisione italiana SpA

- 1 We have audited the financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2012. The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of these financial statements in compliance with the laws governing the criteria for their preparation. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 19 April 2012.

- 3 In our opinion, the financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2012 comply with the laws governing the criteria for their preparation; accordingly, they have been prepared clearly and give a true and fair view of the financial position and result of operations of the Company.
- 4 The Company changed the accounting treatment to measure equity investments in subsidiaries and associates which, starting from 2012, are measured with the equity method while in previous years these were measured at cost. The effect of such change on the result for the year and on shareholders' equity is shown in chapter "Accounting policies" of the notes to the financial statements.
- 5 The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of a report on operations in compliance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and recommended by Consob. In our opinion the report on operations is

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wührer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001

www.pwc.com/it



consistent with the financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2012.

Rome, 13 May 2013

PricewaterhouseCoopers SpA

Signed by

Aurelio Fedele
(Partner)

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

Shareholders' Meeting

The Rai Shareholders' Meeting, held on 30 May 2013, unanimously resolved:

- to approve the Statutory Financial Statements of RAI – Radiotelevisione Italiana SpA as at 31 December 2012, consisting of the balance sheet, income statement and notes to the financial statements, showing a loss equal to 245,662,838.10 euros, as well as the report on operations;
- to cover the loss of 245,662,838.10 through the use of:
 - Other reserves - Non-distributable reserve from revaluation of investments for 111,712,137.60 euros;
 - Other reserves - Distributable reserve from revaluation of investments for 551,093.00 euros;
 - Other reserves – Merger surplus for 133,399,607.50 euro;
- to take cognizance of the Consolidated Financial Statements of the Group for 2012 – consisting of the balance sheet, income statement and explanatory notes, as well as the report on operations – showing a loss of 244.6 million of euros.





Consolidated Financial Statements at 31 December 2012

158	Report on operations
168	Highlights
170	Reclassified consolidated financial statements
171	Review of Consolidated Balance Sheet, Income Statement and Financial position
187	Consolidated Balance Sheet and Income Statement – in statutory form
195	Notes to the consolidated financial statements
233	Consolidated supplementary schedules
239	Report of the Board of Statutory Auditors
242	Report of the Independent Auditors

Appendices

245	Financial Statements of Subsidiaries
277	Financial Statements of Associated Companies (summary schedules)

Report on operations

Shareholders,

The deterioration of the international setting and tensions in the Euro area led to an acceleration in 2012 of the recessive trend of the Italian economy, which was already evident as of the second half of 2011.

Within a macroeconomic framework characterized by the reduction in consumption, the advertising market, following the decline of over 13% recorded in 2009 and the almost 4% recovery in 2010, totalled a decline close to 4% in 2011 and a reduction of over 14% in 2012.

These economic aspects were accompanied by a structural change in the competitive context, invested by intensified, more articulate and multilevel competition, in short, multidimensional: a competition between platforms, offering and business models.

The main activators of the evolution in the competitive context were the switchover to digital terrestrial television, a process which is now complete, and the gradual consolidation of the Internet.

The switchover to digital television initially determined the extensive development of pay-TV and subsequently the creation of interesting market spaces for the affirmation of new specialised free offerings, leading to an audience breakdown process to the detriment of the general-interest offerings.

The consolidation of the Internet in terms of volumes and frequency of use, and the relative capacity to attract advertising investments, have made the Internet indispensable for individuals and advertisers.

The television market structure has changed considerably: in fact, the competition between the general-interest offering and pay-TV has been joined – within the scope of the free offering – by

the competition between the general-interest and new specialized channels, led by the semi-general-interest entertainment, channels dedicated to TV series and films, those for children and sports channels.

The rapid ascent of the new free channels, of which there are now over 70, determines the need for the big operators to have a broad spectrum offering to adequately respond to the breakdown of audiences and of preferences and requirements.

In such a complex and increasingly open market, the Rai confirmed its role as undisputed leader of the television market once again in 2012: with a 39.8% share over the 24 hours and with 41.3% in primetime, Rai prevails over the Mediaset Group, with an advantage of about 6 percentage points, up on the previous year.

Rai is also leader in the specialized offering. With an offering of 11 semi-general-interest and specialized channels, Rai totals a 6.2% average share on the full day, bypassing Mediaset (5.3%) and Sky (4.6%).

Not only does Rai lead the viewing figures, it also enjoys an excellent Corporate Reputation. The summarized Corporate Reputation index has settled at a value of 6.7 points on a scale of 1 to 10, a positive value slightly higher than the average of previous assessments.

The Group's consolidated results in 2012, albeit in the presence of the positive effects induced by actions taken to reduce the company's main cost items, have been inevitably influenced by the economic and structural phenomena described above.

The costs of sports events and exceptional expenses linked mainly to provisions for staff resignation incentives also significantly influenced said results.

The Group's net revenues amount to 2,761.4 million euros, reflecting a reduction of 212.5 million euros at Group level, attributable entirely to a drop in advertising revenues.

Continuing the trend begun in 2008, the Group's advertising revenues fell almost 220 million euros in 2012, corresponding to a 22.8% decline compared to 2011.

Other revenues also fell by 30 million euros, partly due to the general economic weakness, largely concentrated in agreements with the Public Administration, in relation to government budget and sovereign debt tensions.

The adaptation of the per-unit licence fee created almost 40 million euros of higher income, in relation to the increase of the per-unit licence fee by 1.4% (from 110.5 to 112.0 euros), a percentage largely in line with the scheduled rate of inflation, and therefore insufficient to recover the real erosion of purchasing power.

The policy for the annual adaptation of the per-unit licence fee was confirmed, on the same basis, also for 2013, with an increase of 1.5 euros, corresponding to a daily cost for the user of just over 30 cents, against a television, radio and Internet offering of considerable relevance.

The fee is among the lowest in Europe for public broadcasting companies and also holds the record for particularly high tax evasion, estimated at around 27%, almost 19 percent higher than the European average.

A gradual alignment with the European standard, with a consequent recovery of significant resources, estimated at around 500 million euros a year, would require a revision of the payment collection methods, joined by a strengthening of the regulatory instruments designed to combat evasion, which are currently blatantly inadequate.

Attacking the anomalous phenomenon of fee evasion represents a decisive enabling factor which, besides contributing to restoring Rai's financial equilibrium, would accelerate the product technological renewal process which is indispensable to Rai and for investments in quality products.

You are also reminded that the deficit of public resources accumulated with respect to the costs sustained by the Concession holder for the fulfilment of Public-Service responsibilities amounts, since 2005, to over 2 billion euros. The annual imbalance, as you know, is the result of separate accounting, in compliance with the form approved by the Italian Communications Authority and certified by the independent auditor.

In terms of operating costs, the tendency towards a reduction in expenditure was strengthened, within a constant setting – i.e.: a substantial invariance of production layouts and extent of the offering, – thanks to a combination of coordinated projects. In fact, on an equal basis, without considering the cost sustained for big sports events, which take place in even years, amounting to about 140 million euros, a reduction in costs of almost 110 million euros was obtained.

Actions to improve rationalisation and efficiency, and reductions in spending across all areas of the company, including product and related investment, had an immediate positive impact and created the conditions to consolidate the benefits permanently.

These results were achieved through a reasoned and definitely not linear combination of targeted and selective operations which made it possible to attain real and significant increases in operating efficiency and to optimize the level of utilisation of internal resources, also thanks to the implementation of more streamlined and effective production models.

The income statement also benefited from the reduction of employee-related costs, which also include costs deriving from the renewal of the collective labour contract of middle management, office staff and blue collars, which expired on 31 December 2009 and was signed in February 2013.

Lastly, the result is influenced by exceptional expenses totalling 50.9 million euros, connected mainly to provisions for staff resignation incentives aimed to reduce structural costs with pre-pensioning of employees belonging to all professional categories.

The Rai Group records a loss of 244.6 million euros in 2012. Due to the aforementioned phenomena, 2012 was clearly down on the total of the previous year, which closed with a net profit of 4.1 million euros.

The Group's net financial position at 31 December 2012 was negative by 366.2 million euros, down 93.8 million euros.

At Group level, the positive difference of 150.8 million between the change in the net financial position and the net result of 2012 is largely attributable to accruals to provisions which did not undergo any monetary movement during the year and to other changes in operating capital.

Shareholders' equity at 31 December 2012 amounts to 290.9 million euros.

Despite the aforementioned structural crisis of resources, in recent years Rai has launched an intense programme of investments, mainly dedicated to the development of the digital terrestrial platform.

This is a project which has required a considerable financial commitment, starting with that for the construction of the network infrastructure which, by the time it has been completed, will have absorbed resources of about 500 million euros, as well as significant

commitments and investments in the area of contents to expand the offering. These investments have been entirely sustained by Rai, also through bank loans, without any public contribution, as happens in other European countries.

The outlook of the Italian economy for 2013 continues to be characterised by a high level of uncertainty, which translates into lower consumption and spending on advertising by companies. In this complex setting, Rai has elaborated and is about to enter into further, increasingly extensive and effective interventions to rationalize spending.

The review of processes and activities, together with the forthcoming review of the organizational model, will enable improvement of the level of operating efficiency and allow company resources to focus on the editorial activity.

An extensive review of the organizational model can never be accomplished without meticulous mapping of the potential of in-house staff in preparation for a more careful assessment of the roles, functions and responsibilities to be assigned. At the end of the staff resignation incentives, what we expect is a "younger" Rai, better equipped to take on the challenge it will have to face.

Company management will be guided by the choices of the 2013-2015 Business Plan. This is a Plan which, over the three years, together with the corresponding operating instruments, is intended to achieve a sustainable level of profitability.

A brief explanation of the activities performed by the main Group companies follows.

Rai Cinema

The main activities of Rai Cinema are the purchase of films and TV fiction series to suit the needs of Rai's general interest and specialised channels, film production and theatrical and home video distribution.

Purchase

In 2012, the profile of the Italian television market for purchased products shares aspects common to 2011. The year ended has witnessed growth generated by the continuation of the general economic crisis and conformation of the general drop in the aggression of the leading broadcasters. 2012 is also the year of completion of the digitalisation of the free television offering.

In this setting, in 2012 Rai Cinema continued to purchase television rights, aimed at the overall supply of purchased products to a total of 9 channels, each with different and specific needs and publishing lines. Rai Cinema worked to ensure that relations were maintained with the traditional American and German suppliers – whose products are fundamental to the editorial identity of the three major general interest channels – and to stabilise and improve relationships entered into in 2011 with new partners, for the procurement of product aimed mainly at satisfying the needs of the specialised channels. The important partnership between Rai Cinema and CBS Corporation was further confirmed by the implementation of the five-year framework agreement in force until 2015, by virtue of which Rai Cinema also acquires all the new series produced and presented by CBS to

the L.A. Screening during the year in progress. From Disney, with which there is a strategic three-year agreement which was entered into in 2010, Rai Cinema is ensured new episodes of series considered to be among the best produced in the entire American television system.

On the European front, the relationship with important German production and distribution companies, Rai's historical partners, was strengthened. Once again in 2012, the long-term framework agreement (2011-2014) with Beta/Eos supplied the Rai Cinema storeroom with a multiform product of outstanding productive quality, which has become, in many cases, synonymous with the Rai brand. A perfect example is the historical series *Il Commissario Rex* (in the now consolidated version set in Rome) of which 12 new films are planned for the next two years.

With the Global Screen package, a new brand born in January 2012 from the merger of the Telepool and Bavaria companies, Rai Cinema is guaranteed repeats and first screenings of various types of German product that offer the opportunity for intensive and reiterated exploitation.

With the German public broadcaster ZDF, an agreement has been formalised for 2013/2014, for the procurement of new and continuing products. With a view to stabilising and strengthening the relationships entered into with new partners in 2011, further important agreements have been negotiated with HBO and Universal in order to consolidate the relationship and offer new potential.

Growing suppliers in 2012 include the BBC while the relationship with Warner Bros. is kept active with the renewal of certain series for the Rai channels. Continuations of series for Rai 4 come from Lionsgate, along with the first run *Boss* for prime time on Rai 3. The agreements with Endemol and Fox Channels Italia on the other hand are related exclusively to the specialised channels.

Film production

Numerous different types of films were shot during 2012, with release due during 2013: *Educazione siberiana* – based on the best seller of the same name, directed by Gabriele Salvatores, who took on a big international project shot entirely in English due for release in February 2013; *Bianca come il latte rossa come il sangue*, directed by Giacomo Campiotti – based on the cult teenage novel of the same name by Alessandro D'Avenia with Filippo Scicchitano, the young star of *Scialla!* and Luca Argentero; Sergio Rubini's comedy *Mi rifaccio vivo*; *La mafia uccide solo d'estate*, a surreal comedy based on a young boy and the first work directed by Pif, the well-known presenter of *Il Testimone*; the new film by Fausto Brizzi, *Pazze di me*, with Francesco Mandelli; Alessandro Siani's directing debut, *Il Principe Abusivo*, featuring Siani himself and Christian De Sica; the second work by Alessio Maria Federici, *Amore mio porti (s)fortuna*, with Enrico Brignano and Ambra Angiolini; the new film by Marco Ponti, *Passione Sinistra*, with Valentina Lodovini and Alessandro Preziosi; the detective story *Il cecchino* by Michele Placido with Daniel Auteuil and Luca Argentero; the surprising debut of Giorgia Farina, *Amiche da morire*, with Claudia Gerini, Cristiana Capotondi and Sabrina Impacciatore, in an exhilarating dark comedy, due for release on 8 March.

In the experimental film sector, Michelangelo Frammartino followed up *Le quattro volte* with *Alberi*, a work midway between film and video arte, and is developing a project for a 3D film with Rai Cinema, *Viale Aretusa, 19*. Within the scope of international co-productions, we should mention: *Romeo and Juliet*, by Carlo Carlei and *Still Life*, a short auteur film directed by Uberto Pisolini with the great English actor Eddie Marsan. Shooting began during 2012 on *Benvenuto presidente!*, a comedy directed by Riccardo Milani, with Claudio Bisio, Kasia Smutniak and Beppe Fiorello. Shooting is still

in progress for *Storia mitologica della mia famiglia* by Daniele Luchetti, with Micaela Ramazzotti and Kim Rossi Stuart, set in the lively and turbulent 70s, and for *Viva la libertà*, a political film by Roberto Andò with Tony Servillo and Valerio Mastandrea. As regards debut films, due for release in 2013 are *Miele*, important directing debut by Valeria Golino, invited to take part in the Panorama section of the forthcoming Berlin Film Festival; the new film by Maria Sole Tognazzi, *Viaggio sola*, with the consolidated couple made up of Margherita Buy and Stefano Accorsi; the noir film *Cha cha cha* by Marco Risi and *La città ideale* by Luigi Lo Cascio. 2012 was the year of completion of an innovative project launched by Rai Cinema in 2010: to make a low-budget film destined exclusively for distribution on line.

At the Rome Film Festival the first title visible free of charge on the web was announced, thanks to the agreement reached with Telecom: *Fairy tale* by Christian Besceglia and Ascanio Malgarini, obtained the top number of contacts (9,000) among the films offered by Cubovision in just one month. The initiative for this type of production and for exclusive distribution in Italy completes Rai Cinema's editorial aim to identify new genre, thriller or horror directors or those attentive to new young themes, to regain the faith of Italian audiences in genre films made by Italian directors. The cycle will run from November 2012 until November 2013 with the release of 10 titles, first on the web and then on Rai.

Production of documentaries

33 documentaries were completed and 38 new titles were launched in 2012. The choice of topics confirms and expands the editorial lines sustained thus far, focusing more attention on proposals from young people, which are innovative in terms of language and productive solution, often of international breadth. This year that has just ended was also important in terms

of the acknowledgements received: *Fratelli e sorelle. Storie di carcere* by Barbara Cupisti won the Flaiano prize and the Ilaria Alpi prize in its category, *Noi non siamo come James Bond* by Mario Balsamo and Guido Gabrielli was selected – as the only documentary – in the fiction series competition at the Turin Film Festival, winning the Special Prize of the Jury. Numerous other titles were invited to the main film festivals, with appreciations by critics and the public.

Distribution

2012 was a critical year for the film market and O1 Distribution, no less than other distribution, felt the effects of the crisis that has affected the entire sector. Specifically, O1 Distribution, which distributed 24 films in 2012, 13 of which Italian and co-productions, occupies fourth place in the ranking of distributors, with almost 8 million tickets sold, takings in excess of 50 million euros and a market share of 8.6%. For the Home Video market, 2012 ended 16% down on 2011. The determining factors were piracy, both physical and on the Internet, which is increasing constantly, due to the absence of laws to defend the Home Video sector and the economic crisis affecting Italy. O1 Distribution ended 2012 with a market share of 15% in rental and 6% in sales, with about 2,000,000 DVDs sold.

Commercial agreements

Alongside the physical home video market, Italy also witnessed the development of new pay media, non-linear and on-demand web-based utilisations, in all their different forms (Electronic sell through, Download to rent, Vod ect.). In 2012, Rai Cinema entered into various agreement which will guarantee strategic supervision for the distribution of its product on the new platforms. The most important agreements include those with Chili, iTunes, Cubovision, Sony and Anica on-

line, which will make it possible to use the products of Rai Cinema on all the technological equipment connected to the Internet, such as tablets, consoles and smart tv.

Presence at festivals

Also in 2012, Rai Cinema fulfilled its role in the Italian film industry, taking part in the major Italian and international film festivals. The year began with an outstanding victory: the Golden Bear for *Cesare deve morire* by Paolo and Vittorio Taviani. This prestigious prize had not been won by an Italian film for 21 years. Accompanied by remarkable success with critics, the film by the Taviani brothers told the story of the staging of Shakespeare's *Julius Caesar*, by the theatre company of Rome's Rebibbia prison, from a very original artistic viewpoint. The film was then chosen to represent Italy at the Oscars. Rai Cinema took part in the Cannes Film Festival with *Reality*, the film by Matteo Garrone made after the huge success of *Gomorra*. Once again the director won the Grand Prix, the second prize at Cannes. Rai Cinema took no fewer than 20 works to the Venice Film Festival, participating in the various sections, three of which competed, two of them Italian: the work by Marco Bellocchio, *Bella addormentata*, and the directing debut of Daniele Cipri, *È stato il figlio*. 12 films took part in the 7th Rome International Film Festival, with many of them being the first works of young newcomers. In addition to the prizes received at film festivals, there were also the David di Donatello – 14 Davids out of a total 24 assigned – , the Silver Ribbons and Golden Globes awarded to *Scialla!* by Francesco Bruni, *Io sono Li* by Andrea Segre, *ACAB* by Stefano Sollima and *L'Industriale* by Giuliano Montaldo. Lastly, at the Turin Film Festival, Rai Cinema participated with *Su Re*, by Giovanni Columbu and with the aforementioned *Noi non siamo come James Bond*.



2012 confirmed the solidity of the Rai Group Internet project and the all-round success of the editorial offering proposed.

The Rai websites recorded excellent results in terms of traffic:

- a monthly average of 9.3 single users, up 15% on 2011;
- 1,697 million pages visits in total, up 13% on 2011;
- 336 million videos released on Rai.tv, up 7% on 2011.

In January 2012, the Rai.it and Rai.tv websites went on line with radically renewed graphics and content architecture, functionalities and services.

The Rai Replay service is available not only on the Rai.tv website, but also on the Rai.tv smartphone and tablet applications, on mhp through a dedicated application and on Cubovision at experimental level.

At the moment, over 2,000 titles are available on demand with over 100 available in podcast mode. Monthly production is around 450 hours of product on demand available on Rai.tv, organised by programmes and topics.

In April 2012, the new Rai.tv foreign website was launched.

As a result of the collaboration between RaiNet and Rai World, the website offers a structured proposal only of the content of the Rai.tv website available for use abroad.

Along with the consolidation of the Rai.tv brand on the web, work continued on the planning and development of its natural evolution on the new media. In February 2012, the first version of the free Rai.tv application for iPad was

released, conceived to allow users to use the different services while in motion.

Together with the upgrade of the tablet application, in May 2012 the Rai.tv application was released for iPhone, with graphic and functional characteristics identical to the tablet release.

The version of the application for Android smart phones was released at the end of June.

Lastly, on Windows smart phones, the application has been upgraded following the restyling of the Rai.tv website.

The Rai.tv application has also been made available on the new Windows 8 and Windows 8 RT operating system launched by Microsoft at the end of October 2012. The application allows immediate access – from tablet and pc – to the main services of Rai's digital offering.

In October 2012, in its beta version, the Social Rai.tv application was launched (available on Rai.tv on the web and on the Rai.tv application for iOS and Android tablets), in its fully evolutionary phase as regards the upgrade of functionality envisaged by the project. The application currently allows the management of social events related to the broadcast of television or radio programmes. In a single environment, as well as following the streaming of the programme and commenting and interacting with other users through the Twitter, Facebook or MyRai profiles, it is also possible to receive additional contents relating to the utilisation of live broadcasts, express personal opinions and communicate with the 'special guests' present. With the next upgrade, as well as the release of the smartphone version, the application will present numerous new functionalities which intend to improve the usability and the overall look & feel, as well as increasing potential in terms of sharing/viral distribution.

In line with the evolutions outlined by the new media market analysis, the coverage of the Rai.tv offering on SMART TVs, or televisions capable of connecting to the broadband network in order to allow direct access to television contents offered by associated on-line providers directly on the display, has been enriched and expanded.

RaiNet launched a first partnership with Sony in 2010-2011 for the offer of on-demand contents on Sony Bravia; 5 Rai.tv channels are available on Bravia.

During the 2012 European Football Championships, RaiNet also developed the free application Rai Euro 2012, dedicated to the event and present on the Samsung and Sony platforms. The application allowed users to watch all the matches live and to watch repeats of the whole videos, with the index of highlights to see the best action of the match being played. In addition to classic television shoots, the application also offered alternative angles, thanks to the use of 6 web cameras, to see what goes on around the pitch. The offer was completed with a section of exclusive videos: link-ups from Casa Italia, Rai Sport spaces dedicated to the European championships and constantly updated news on every event in the competition.

In November 2012, thanks to a three-year commercial agreement, a Rai offer was launched on Telecom Italia's Cubovision platform, currently available on different devices.

During the second half of 2012, the project was launched to make Rai.tv available on Xbox; the application is in the implementation phase. The offer will allow users of Xbox Gold to access a Rai.tv application which will supply access to different services related to the Rai offer.

The websites of the three general-interest channels have always offered more space to editorial launches that

enhance the value of multimedia and other contents, of the network's main programming.

In comparison with the past, not only has the number of daily updates increased but the dynamics and freshness of the launches has increased too: from previews, to VOD to live broadcasts, advanced new sites and UGC, etc. The Rai.tv official coverage of the social networks has highlighted a growth of loyal users, reaching over 235,000 fans on Facebook and over 137,000 followers on Twitter. Besides the ordinary management of these official Rai.tv profiles on Facebook and Twitter, in both the first and second halves of 2012, RaiNet increasingly supported the programming departments to offer them guidelines on using the Social Networks and to open Facebook fan pages and Twitter accounts for the various programmes.

RaiNet supervised the opening and editorial policy set-up of over 30 programme fan pages and over 20 Twitter accounts.

The presence of the Rai brand on the leading social networks is consolidated: having begun on Facebook at the end of 2009 with the opening of the Rai.tv institutional profile, accounts are currently open for the most important tv and radio programmes, totalling 2.7 million fans during the first few days of January 2013. It is also starting to have a big impact on Twitter, with the most important Rai accounts reaching 1.5 million followers.

It is more than just service and support though: this experience has strongly revealed the need for constant coverage by RaiNet to promote a correct use of the Social networks by the various Rai editors, in order to maximise results in terms of communication, brand identity and return traffic on the various Rai websites.

In 2012 communication activity continued and was consolidated with web, television, radio and press campaigns focused on the launch of the single product or service.

Communication for the launch of upgrades and new applications for mobile devices on the Apple Store and Android Market was also important during the year. In February, and during the summer, the first two self-promo display campaigns were released on mobile devices for the promotion of the Rai.tv application and the 2012 European Football Championship application.



Sipra's mission consists in enhancing the value of advertising potential of Rai's editorial product and harmonising the objectives and peculiarities with the need for business communication, with complete respect for viewers' requirements.

Sipra manages, exclusively for Rai, the advertising spaces on its radio and television networks broadcast in digital terrestrial and satellite technology and on the web, with all the websites of the www.rai.it and www.rai.tv dominions, promoting the high value of the media under concession in terms of the quality of programming, audience results and less crowding to investors.

In a context characterised by the deceleration of the economy and the drop in consumptions, advertising revenues in 2012 also recorded evident signs of difficulty, with a contraction of 14.3%, losing about 1.2 billion euros. All media have endured significant reductions, apart from Internet (excluding searches) which closed at +5.3%.

Television advertising investments show a decline of 15.3%, losing about 707 million euros. Mediaset and La 7 declined by 16.0% and 2.6% respectively, while Sky closed at +2.4%. The medium was affected by considerable cuts to the budgets available for Extensive Consumption, Telecommunications and Automobiles.

Sipra's sales of advertising on the general-interest channels and specialised channels of the Rai Group recorded a contraction of 23.4% (excluding Product Placement). During the year, 135 new customers were activated on the general-interest channels (excluding Product Placement).

As regards Rai's Specialised Channels, income from advertising in 2012 shows a positive trend (+8.9%), also thanks to the acquisition of 120 new customers.

With the offering of the Specialised Channels, Rai is able to reach more segmented targets which make it possible to expand the customer portfolio. At the moment, General-interest TV continues to be the medium that represents the main part of the concession holder's advertising revenues.

During 2012 broadcasts/productions which hosted Product Placement operations continued, both for entertainment (*La prova del cuoco*, *I fatti vostri*, *I soliti ignoti*, *Ti lascio una canzone*, *Zecchino d'oro* etc.) and for TV fiction series (*Una grande famiglia*, *La vita che corre* and *Un posto al sole*). 2012 witnessed the introduction of Product Placement also in the Film medium, and within the scope of programmes on General-interest TV and the Specialised Channels. Throughout the whole year, 49 initiatives were completed by 32 customers, 21 of these customers being new since 2011.

Overall, **Radio** lost about 44 million euros during the whole year, recording a 10.2% contraction. Advertising investments in the Broad Consumption, Telecommunications and Automobiles are clearly in decline. A positive result, going against the current trend, was recorded by the Distribution, Home and Tourism/Travel sectors. The decline can be attributed to an overall market phenomenon due to the general contraction in the demand for advertising spaces and also to the absence of official audience figures. As a result of its listener profile, Rai is penalised more than its commercial counterparts. Despite the difficulties indicated, over the year Sipra gained 103 new radio customers.

As regards **Film**, research institutes indicate advertising revenues of about 37.9 million euros for 2012.

In an increasingly competitive context, Sipra, on the strength of a circuit of over 500 fully digitalised cinemas, 19.5 million film-goers in 2012 and a more variegated offering capable of covering more communication needs and customers (standard and otherwise), gained 84 new advertisers during the year.

The market of **web** revenues has also grown this year, albeit less than in the past, highlighting a +5.3%. at the end of the year (excluding searches) In the media mix, compared to the media monitored by Nielsen, the web has risen from a share of 7.3% to 9.0%.

By virtue of the editorial performances of www.rai.it and www.rai.tv and the presence of events, Sipra increased its revenues with a growth of 21.7% above the market (+5.3%) and gained 54 new advertisers. Sipra also offered the market new video formats during the year.

During 2012, Rai's offering on smartphone and tablet extended to new operating systems (Android, Windows 8). During the European Football Championships, the editor made an application available for mobile devices.

Social TV is now also part of the offering.

Outlook for 2013

In the light of evidence on the trend in the first part of 2013, compliance with Nielsen's forecast issued in December 2012 (-3.2%) seems ambitious and the concession holder will have to deploy its professionalism and specific skills relating to market knowledge and coverage and exploit them to the full.

To this end it is also necessary to point out that the year in progress will be a year without big sports events for Rai/Sipra, which usually offer a positive contribution in terms of advertising revenues on several media.

Sipra's aim is to increase its share of revenue from advertising investments, by introducing new customers and increasing the penetration of those already held in the portfolio or who are inactive.

To achieve this ambitious aim, Sipra is pursuing an extensive transformation begun in 2012, which will focus particularly on:

- completing the redefinition of the organisational arrangement of the Marketing & Sales and Staff departments, in order to increase Sipra's productivity and effectiveness;
- raising the level of sophistication and innovation of the commercial offering to meet new market demands (special cross-media initiatives for example);
- optimising the allocation of the customer portfolio to the sales force so as to be closer to our customers and better understand their needs;
- completing the process to transform the instruments and processes in support of the sales force with the aim of increasing its effectiveness;
- continuing the strengthening of coverage of the media centres as key players in the production chain.



Rai Way approaches the Italian market as a provider of network infrastructures and services for broadcasters and telecommunications operators. It seeks to maximize the network's potential, leveraging on important staff knowledge and know-how to offer a high quality service to Rai and third parties.

Rai Way was created to manage Rai's broadcasting and dissemination networks in February 2000 following the company branch of the former Transmission and Broadcasting Division (Divisione Trasmissione e Diffusione). The resources transferred to Rai Way included ownership of infrastructure and systems, all the assets and know-how needed for the planning, design, installation, construction, operation, management and maintenance of the network for the broadcasting of voice, video and data signals.

The main resources of Rai Way comprise over **2,300** dedicated sites throughout the country, **23 regional branch offices** and about **670** employees, mainly **technicians and engineers** with top-level technological expertise in the field of transmission and broadcasting of audio-visual signals.

The company's mission is to provide network services such as the analogue and digital, terrestrial and satellite contribution, broadcasting and dissemination of television and radio signals, paying particular attention to the management of the broadcasting networks for Rai through the specific Service Contract between Rai and Rai Way.

The coverage of the radio and television broadcasting network reached maximum levels in Italy both in relation to the population and to the territory, with a

high level of quality. In this context, Rai Way's objective is to deliver its services at the lowest cost and with the highest technical level in terms of safety and flexibility.

In particular, from the operational viewpoint, Rai Way is responsible for the activation of new broadcasting technologies, development, design and installation of all the radio broadcasting systems, overseeing the operation and maintenance of the network in order to guarantee that high technical standards are evenly distributed which allow excellent reception of programmes by the end users.

During 2012, Rai Way was involved in the activities linked to the analogue-digital switch-off of the Technical Areas envisaged for 2012 (TA11 Abruzzo and Molise; TA14 Apulia and Basilicata; TA15 Sicily and Calabria) and in the completion of the activities connected to the digitalisation of the areas that were already all-digital.

This activity was completed with the switch-off of the last analogue transmitter situated in Palermo on 4 July 2012, which brought the analogue age to its end, implicating the full conversion of the television broadcasting network to DTT.

Also during 2012, the company continued the technical communication initiatives already entered into for the switch-off operations in recent years. In this sense, Rai Way confirmed the following initiatives:

- specialised information aimed at aerial fitters;
- specific information for domestic users.

The first initiative was divided into the two pre switch-off and post switch-off phases.

As regards the pre switch-off communication, the Rai Way technicians held seminars in Campobasso, Pescara, Avezano, Potenza, Matera, Foggia, Lecce, Bari, Cosenza, Catanzaro,

Reggio Calabria, Catania and Palermo; the post switch-off communication was held in Ancona, Perugia, Grosseto, Varazze, La Spezia and Florence. Once again this year, the initiative was very successful among operators in the sector, involving 5,400 operators.

For specific information for domestic users, on the other hand, Rai Way re-proposed the 'Progetto Scuola' initiative, accomplished with the collaboration of Eurosatellite and the Ministry of Public Instruction.

This initiative was aimed at junior high school children, as the perfect target to carry DVB-T information and transfer it into the domestic environment. All of this has been achieved via the creation of certain film clips which tackled the most common problems that emerged during the previous switch-offs, highlighting the possible solutions in a quick and simple way. The initiative regarded the cities of Giulianova, Avezano, Termoli, Isernia, Campobasso, Potenza, Matera, Lecce, Bari, Cosenza, Catanzaro, Reggio Calabria, Catania and Palermo, and involved 2,330 students.

During 2012, Rai Way gave specialised technical assistance to the Parent Company for preventive analysis of the spectrum, coordination and planning of the frequencies during some important sporting events, such as the Giro d'Italia and the Formula 1 GP in Monza, and also provided local technical support during some of the Formula 1 GPs abroad.

During the European Football Championships, the Olympics and the Paralympics, Rai Way also carried out and managed the connectivity service for Rai, which ensured the transport of video contributions directly to Rome.

With a view to innovation and development of digital radio, Rai Way contributed, together with the other radio broadcasting associations, to the preparation of the new AGCOM (*Autorità per le Garanzie nelle Comunicazioni*, Authority

for Communications Guarantees) resolution (180/12) which sanctioned the launch of radio broadcasts in digital technology for the provinces of Trento and Bolzano.

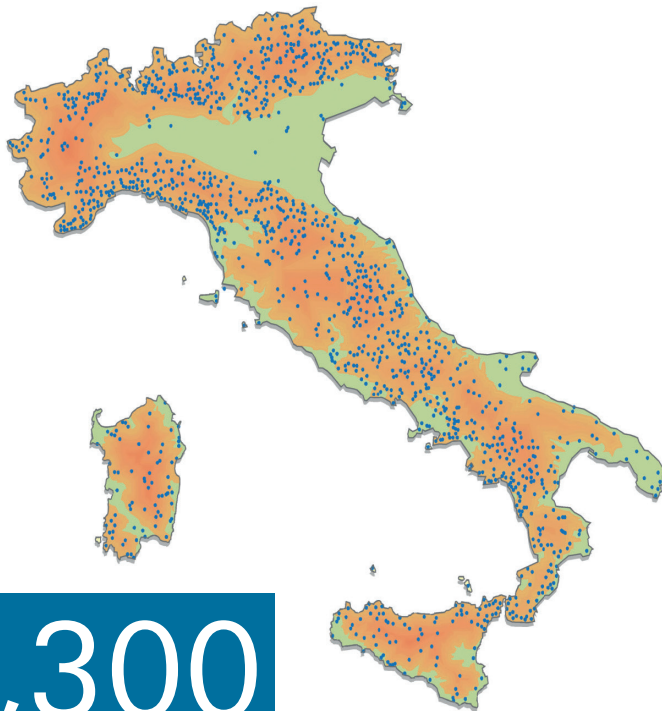
Rai Way works in observance of the Rai Group policies and in accordance with that established by the Group's Ethic Code, to guarantee the broadcasting and dissemination of the radio and television signal in compliance with the regulations in force on safety and the environment. For this reason, the Company obtained an extension of the ISO14001 certification until 19 January 2015, as nothing resulted 'non-compliant' with the abovementioned

regulations from the certifying board's inspection.

We should also point out that the company has held OHSAS 18001/2007 (Occupational Health and Safety Assessment Series) certification since 2011 for the design and management of networks and systems for the broadcasting and dissemination of the radio and television signal in Italy and abroad.

Also for 2012, Rai Way will prepare and publish the **Environmental Report** in order to continue the promotion of information relating to the environmental impacts connected to company operations.

Site across the country

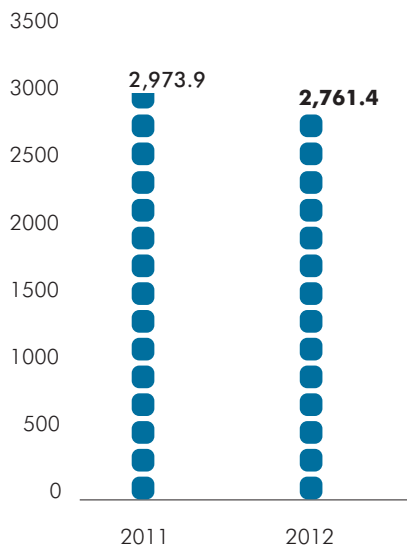


2,300

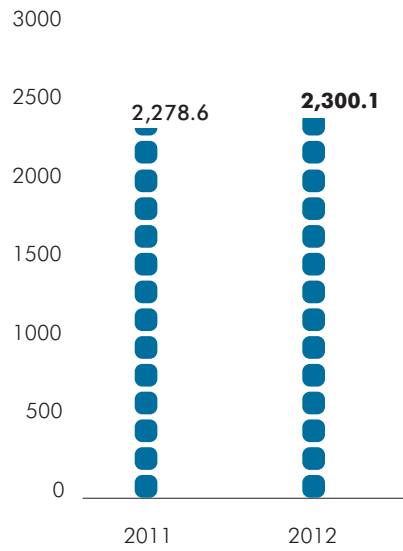
sites located throughout Italy

Highlights (millions of euros)

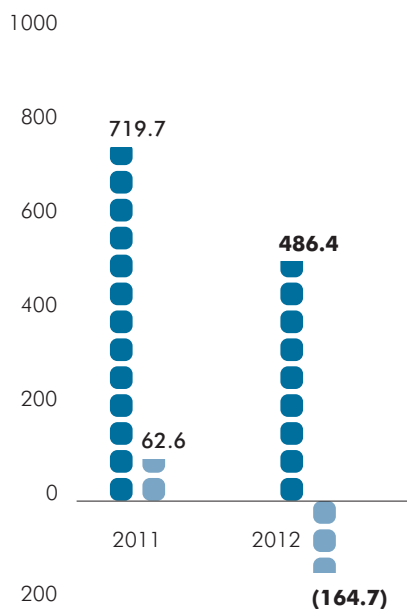
Revenues



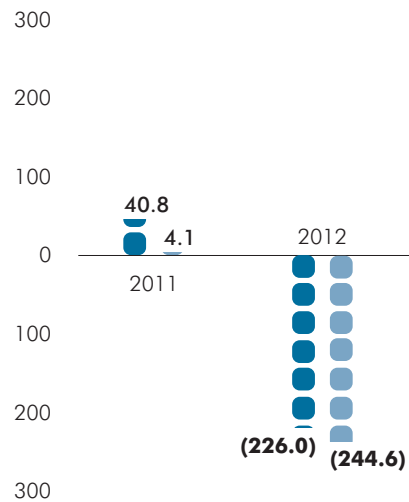
Operating Costs



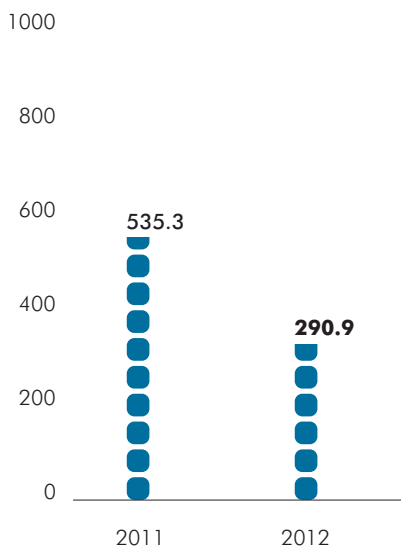
GOM - Operating Result



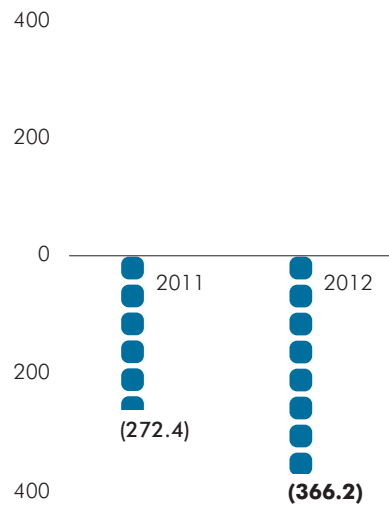
Result before taxes - Profit (loss) for the year



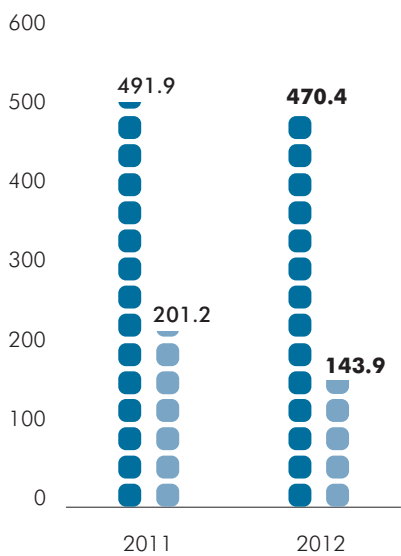
Shareholders' Equity



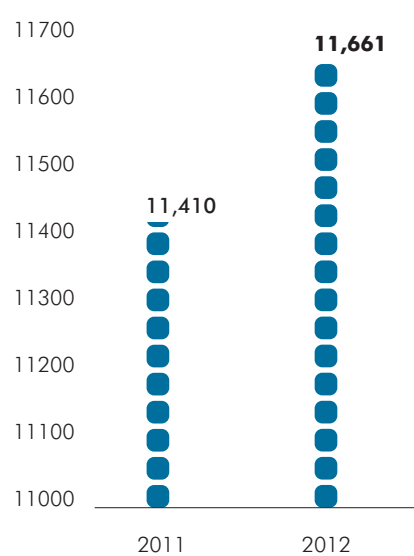
Net Financial debt



Investments (in programmes and other)



Workforce at 31 December



Reclassified consolidated financial statements

Consolidated Income Statement (millions of euros)

	2012	2011	Change	Change %
Revenues from sales and services	2,761.4	2,973.9	(212.5)	-7.1
Change in inventories of products in progress, semi-finished and finished products	-	-	-	==
Internal cost capitalisations	25.1	24.4	0.7	2.9
Total revenues	2,786.5	2,998.3	(211.8)	-7.1
External goods and services	(1,284.8)	(1,250.8)	(34.0)	2.7
Personnel costs	(1,015.3)	(1,027.8)	12.5	-1.2
Total operating costs	(2,300.1)	(2,278.6)	(21.5)	0.9
Gross operating margin	486.4	719.7	(233.3)	-32.4
Amortisation of programmes	(463.2)	(487.1)	23.9	-4.9
Other amortisation and depreciation	(140.6)	(130.2)	(10.4)	8.0
Other net charges	(47.3)	(39.8)	(7.5)	18.8
Operating result	(164.7)	62.6	(227.3)	-363.1
Net financial expense	(11.0)	(9.3)	(1.7)	18.3
Income from equity investments	0.6	(5.7)	6.3	-110.5
Result before exceptional items	(175.1)	47.6	(222.7)	-467.9
Net exceptional expense	(50.9)	(6.8)	(44.1)	648.5
Result before taxes	(226.0)	40.8	(266.8)	-653.9
Income taxes for the year	(18.6)	(36.7)	18.1	-49.3
Profit (Loss) for the year	(244.6)	4.1	(248.7)	-6,065.9
<i>of which portion pertaining to minority interests</i>	-	-	-	==

Balance Sheet (millions of euros)

	31.12.2012	31.12.2011	Change	Change %
Non-current assets	1,610.7	1,639.7	(29.0)	-1.8
Working capital	(635.0)	(505.1)	(129.9)	25.7
Staff severance pay provision	(318.6)	(326.9)	8.3	-2.5
Net invested capital	657.1	807.7	(150.6)	-18.6
Net equity	290.9	535.3	(244.4)	-45.7
Net financial debt	366.2	272.4	93.8	34.4
	657.1	807.7	(150.6)	-18.6

Review of consolidated Balance Sheet, Income Statement and Financial Position

Income Statement

The Income Statement of the Rai Group for financial year 2012 recorded a **net loss of 244.6 million euros**, against a net profit of 4.1 million euros for financial year 2011, mainly determined by the strong and unexpected reduction of advertising revenues (-219.5 million euros) and the costs of big sports events. The difference with the result of the Parent Company Rai SpA, which presents a net loss of 245.7 million euros, is related to adjustments of intercompany transactions.

The following section provides an overview of the main items of the Income Statement and the reasons behind the more significant changes from the previous year.

Revenues from sales and services

Revenues from sales and services consist of licence fees, advertising revenues and other commercial revenues. They totalled 2,761.4 million euros, down 212.5 million euros (-7.1%) on 2011.

Revenues (millions of euros)				
	2012	2011	Change	Change %
Licence fees	1,747.8	1,708.4	39.4	2.3
Advertising	745.3	964.8	(219.5)	-22.8
Other revenues	268.3	300.7	(32.4)	-10.8
Total revenues	2,761.4	2,973.9	(212.5)	-7.1

A breakdown of revenues from sales and services, per company and net of intra-group transactions, is presented in the following table.

Revenues - by company (millions of euros)				
	2012	%	2011	%
Rai	1,915.5	69.4	1,905.7	64.1
Rai Cinema	60.1	2.2	62.9	2.1
RaiNet	0.9	0.0	1.1	0.0
Rai Way	35.7	1.3	35.1	1.2
Sipra	749.2	27.1	969.1	32.6
Total	2,761.4	100.0	2,973.9	100.0

Licence fees (1,747.8 million euros). These include licence fees for the current year as well as those for previous years, collected through coercive payment following legal registration.

Licence fees (millions of euros)

	2012	2011	Change	Change %
Fees for the year – ordinary subscribers	1,656.3	1,624.9	31.4	1.9
Fees for the year – special subscribers	72.9	64.2	8.7	13.6
Fees from coercive payment	18.6	19.3	(0.7)	-3.6
Total	1,747.8	1,708.4	39.4	2.3

The overall increase (+2.3%) refers to the increase in the per-unit licence fee from 110.50 euros to 112.00 euros (+1.4%) and to the increase in the number of paying subscribers due to the significant growth in new subscribers compared to the number of new subscribers in 2011 (506,486 units, +26.0%) capable of offsetting the rise in cancellations and arrears, or of the number of subscribers entered in the list of debtors who have not paid their licence fee.

Advertising revenues. In a framework characterised by the deceleration of the economy and the drop in consumption, advertising revenues in 2012 also recorded evident signs of difficulty. The Nielsen figure, while failing to allow a fully standardised comparison due to the fact that changes have been made in the setting in which data is measured, show a 14.3% contraction in the advertising, affecting all media, apart from the Internet, which closed at +5.3%. Television and radio advertising investments in particular show a decline of 15.3% and 10.2% respectively.

In this context, the Rai Group's **advertising revenues** (745.3 million euros) highlight a reduction of 219.5 million euros (-22.8%) compared with 2011, as shown in the table below.

Advertising (millions of euros)

	2012	2011	Change	Change %
Tv advertising on general-interest channels:				
- commercials	561.2	764.3	(203.1)	-26.6
- promotions and sponsorship	63.1	71.5	(8.4)	-11.7
- product placement	1.7	2.1	(0.4)	-19.0
	626.0	837.9	(211.9)	-25.3
On specialist channels	56.8	51.5	5.3	10.3
	682.8	889.4	(206.6)	-23.2
Radio advertising	35.3	45.6	(10.3)	-22.6
Web advertising	6.6	5.4	1.2	22.2
Cinema advertising	18.2	21.3	(3.1)	-14.6
Other advertising	2.4	3.1	(0.7)	-22.6
Total	745.3	964.8	(219.5)	-22.8

The drop in advertising revenues was higher than the contraction of the reference market, determining a considerable loss of the market share by the Rai concession holder during the year. To offset this, incisive actions were taken to intervene on the various corporate areas of Sipra, including a review of commercial practices and a strengthening of the managerial layout and of in-house procedures.

It should be noted that revenues from advertising on specialised channels (+5.3 million euros, +10.3%) and web advertising (+1.2 million euros, +22.2%) continue to grow.

Other revenues present a reduction of 32.4 million euros (-10.8%), as highlighted in detail in the table below.

Other revenues (millions of euros)				
	2012	2011	Change	Change %
Sale of rights and musical publications	73.8	69.9	3.9	5.6
Sale of rights to the utilise archive materials to football clubs	37.4	45.0	(7.6)	-16.9
Special services under agreement	32.5	54.9	(22.4)	-40.8
Fees for hosting systems and equipment	32.0	31.0	1.0	3.2
Film and home video distribution	31.7	43.4	(11.7)	-27.0
Different services, performed mainly for public entities	8.5	8.3	0.2	2.4
Signal broadcasting, circuit hire, radio bridge and link services	8.3	8.0	0.3	3.8
Telephone services	3.5	5.1	(1.6)	-31.4
Repayment of programme production costs	1.9	1.9	-	-
Other	38.7	33.2	5.5	16.6
Total	268.3	300.7	(32.4)	-10.8

The reduction is determined mainly by the drop in the Parent Company's Special services under agreement item (-22.4 million euros), resulting largely from reduction of amounts provided by the Presidency of the Council of Ministers to 50% compared to that envisaged for the previous year, by Rai Cinema's Film and home video distribution (-11.7 million euros), mainly as a result of the crisis affecting the film industry, with a drop in cinema-goers of about 10% compared with 2011 and by the Parent Company's Sale of rights to utilise materials to football clubs (-7.6 million euros), the reduction of which is due to different agreements entered into during the two years.

A breakdown of other revenues, per company and net of transactions between Group companies, is presented in the following table.

Other revenues - by company (millions of euros)				
	2012	%	2011	%
Rai	167.1	62.3	196.6	65.4
Rai Cinema	60.1	22.4	62.9	20.9
RaiNet	0.2	0.1	0.2	0.1
Rai Way	35.7	13.3	35.0	11.6
Sipra	5.2	1.9	6.0	2.0
Total	268.3	100.0	300.7	100.0

Due to the advertising crisis and the reduction of other revenues, as indicated in the table to the right, revenues from licence fees represent about 63% of the Group's overall income.

% of revenues		
	2012	2011
Licence fees	63.3	57.4
Advertising	27.0	32.4
Other revenues	9.7	10.1
Total	100.0	100.0

Operating costs

These total 2,300.1 million euros, up 21.5 million euros, 0.9%, compared with 2011, the reasons for which are listed below.

The item includes internal costs (labour cost) and external costs, regarding ordinary business activities, according to the following classification.

External goods and services – This caption includes purchases of goods and services required to make programmes of immediate use (purchases of consumables, external services, artistic collaborations, etc.), filming rights for sports events, copyright, running costs (rental and hire fees, telephone and postage costs, cleaning, maintenance, etc.) and other operating costs (direct and indirect taxes, contribution to the Authority, the public broadcasting concession fee, etc.).

Compared with the previous year, the item shows an increase of 34.0 million euros (+2.7%), due to the presence during the year of costs related to four-yearly sports events (European Football Championship and Olympic Games) for 143.0 million euros (including costs for the production of these events amounting to 8.1 million euros). Net of this component, there was a net reduction of about 109 million euros in external costs compared to 2011, determined largely by initiatives implemented during the year to contain spending.

The table below shows details of savings in most items, apart from filming rights which presents an increase of 97.5 million euros for the reasons already disclosed.

Consumption of goods and external services (millions of euros)

	2012	2011	Change	Change %
Materials purchased	27.1	28.0	(0.9)	-3.2
External services:				
Freelance services	132.4	141.8	(9.4)	-6.6
Services for acquisition and production of programmes	197.7	224.6	(26.9)	-12.0
Staff allowances, travel and accessory costs	40.5	40.5	-	-
General services (postage, telephones, transport, maintenance, cleaning, archive services etc.)	176.1	183.9	(7.8)	-4.2
Other	101.4	109.4	(8.0)	-7.3
	648.1	700.2	(52.1)	-7.4
Use of third-party assets:				
Leases and rentals	103.1	112.3	(9.2)	-8.2
Filming rights (mainly for sports events and the Sanremo Festival)	310.1	212.6	97.5	45.9
Utilisation rights	106.3	111.6	(5.3)	-4.7
	519.5	436.5	83.0	19.0
Change in inventories	0.3	1.1	(0.8)	-72.7
Concession fee	27.9	28.0	(0.1)	-0.4
Other operating costs:				
Prizes and winnings	12.0	10.2	1.8	17.6
Authority contribution	6.4	6.1	0.3	4.9
Municipal property tax	9.1	4.5	4.6	102.2
Other indirect taxes, duties and levies	12.6	11.3	1.3	11.5
Newspapers, magazines, books and publications	2.2	2.9	(0.7)	-24.1
Membership fees	3.5	3.5	-	-
Other	3.7	5.7	(2.0)	-35.1
	49.5	44.2	5.3	12.0
Other	12.4	12.8	(0.4)	-3.1
Total	1,284.8	1,250.8	34.0	2.7

A breakdown by individual Group company of the cost of goods and services, net of transactions between Group companies, is given in the following table:

Consumption of goods and external services by company (millions of euros)

	2012	%	2011	%
Rai	1,122.9	87.4	1,079.6	86.3
Rai Cinema	51.3	4.0	56.2	4.5
RaiNet	5.7	0.4	6.7	0.5
Rai Way	71.5	5.6	72.2	5.8
Rai World	0.4	-	1.5	0.1
Sipra	33.0	2.6	34.6	2.8
Total	1,284.8	100.0	1,250.8	100.0

Personnel costs – These amount to 1,015.3 million euros, down by a total of 12.5 million euros on the total at 31 December 2011 (-1.2%), as detailed in the table below.

Personnel costs (millions of euros)

	2012	2011	Change	Change %
Wages and salaries	726.8	733.1	(6.3)	-0.9
Social security contributions	204.0	207.9	(3.9)	-1.9
Staff severance pay	53.8	55.0	(1.2)	-2.2
Pension and similar costs	13.4	15.2	(1.8)	-11.8
Other	17.3	16.6	0.7	4.2
Total	1,015.3	1,027.8	(12.5)	-1.2

The reduction in personnel costs is determined mainly by the provision of a bonus system for employees, about 20 million euros lower than that assigned in the previous year.

Net of the phenomenon mentioned above, personnel costs presented a modest increase (about 8 million euros) due to the positive effects of incentives in 2011 which offset the physiological growth in personnel costs as a result of contractual automatic pay increases and the impact of the renewal of the collective labour contracts.

Lower inflation also positively influenced the trend of personnel costs, having a positive impact on the revaluation of the provision for staff severance pay and the continuation, once again in 2012, of the substantial blockage of payment policies.

A breakdown of personnel costs by individual Group company is given in the following table.

Personnel costs by group company (millions of euros)				
	2012	%	2011	%
Rai	922.7	90.9	934.8	91.0
Rai Cinema	9.2	0.9	8.5	0.8
RaiNet	4.1	0.4	4.2	0.4
Rai Way	50.0	4.9	51.1	5.0
Rai World	0.1	-	0.2	-
Sipra	29.2	2.9	29.0	2.8
Total	1,015.3	100.0	1,027.8	100.0

Personnel on payroll at 31 December 2012 (including 49 work-introduction and apprenticeship contracts) amounted to 11,661, up 251 on the same date of the previous year. In detail, Group company leavers numbered 206, of whom 82 left under resignation incentives, while engagements numbered 457, 413 of which following the signing of permanent employment contracts by temporary workers in application of trade union agreements, 24 returns to work following legal action and 3 compulsory replacements.

The **average number of employees**, including those on fixed-term contracts, came to 13,158, up 25 on the previous year due to an increase of 213 in the number of staff on permanent contracts and reduction of 188 in the number of staff on fixed-term contracts.

Gross Operating Margin

The Gross Operating Margin, as a consequence of the above, is positive by 486.4 million euros, down 233.3 million euros, or 32.4%, on the previous year.

Amortisation of programmes

This caption is related to **investments in programmes** which, during 2012, amounted to 470.4 million euros, down 21.5 million euros (-4.4%), as highlighted in the following table.

Investment in programmes (millions of euros)				
	2012	2011	Change	Change %
Programmes:				
- TV fiction series	292.2	298.9	(6.7)	-2.2
- Films	116.1	125.2	(9.1)	-7.3
- Other programmes	62.1	67.8	(5.7)	-8.4
Total	470.4	491.9	(21.5)	-4.4

A breakdown of investments in programmes by each individual company is shown in the following table:

Investment in programmes by company (millions of euros)				
	2012	%	2011	%
Rai	233.1	49.6	255.3	51.9
Rai Cinema	237.3	50.4	236.6	48.1
Total	470.4	100.0	491.9	100.0

Amortisation charged to the above captions for the year, 463.2 million euros, shows a reduction of 23.9 million euros (-4.9%) compared with the previous year, related to the performance of investments.

Amortisation of programmes (millions of euros)				
	2012	2011	Change	Change %
Programmes:				
- TV fiction series	273.6	289.6	(16.0)	-5.5
- Films	135.3	145.4	(10.1)	-6.9
- Other programmes	54.3	52.1	2.2	4.2
Total	463.2	487.1	(23.9)	-4.9

Other amortisation and depreciation

The 2012 movement in this item, shown in the following table, is linked to **investments in non-current tangible assets and other investments**, and presents a total reduction of 57.3 million euros (28.5%), largely determined by the previous year's acquisition of the DEAR property complex by the Parent Company for an amount of 52.5 million euros.

The tables below show the breakdown by company and type:

Other investments (millions of euros)				
	2012	2011	Change	Change %
Tangible assets	133.6	189.1	(55.5)	-29.3
Other intangible assets	10.3	12.1	(1.8)	-14.9
Total	143.9	201.2	(57.3)	-28.5
including, for the development of the digital network	70.0	79.3	(9.3)	-11.7

Other investments by company (millions of euros)

	2012	%	2011	%
Rai	65.0	45.2	110.1	54.7
Rai Cinema	0.2	0.1	0.4	0.2
RaiNet	0.7	0.5	0.4	0.2
Rai Way	75.9	52.7	88.4	43.9
Sipra	2.1	1.5	1.9	0.9
Total	143.9	100.0	201.2	100.0

Amortisation and depreciation for the period referring to the items mentioned above amount to 140.6 million euros, with an increase of 10.4 million euros compared to 2011, referring mainly to the entry into operation of the investments made by Rai Way, in this and previous years, following extension of the DTT network to the whole country.

Depreciation and amortisation of other non-current assets (millions of euros)

	2012	2011	Change	Change %
Tangible assets	127.8	117.1	10.7	9.1
Other intangible assets	12.8	13.1	(0.3)	-2.3
Total	140.6	130.2	10.4	8.0

Other net income (charges)

The item comprises costs/revenues not directly related to the Company's core business and, in 2012, highlights net expenses of 47.3 million euros (39.8 million euros in the previous year). In detail, it comprises expenses for repeat-usage programmes which it is not expected will be used, repeated or commercially exploited for 31.3 million euros (29.9 million euros at 31 December 2011), provisions for risks and charges for 26.7 million euros (18.1 million euros at 31 December 2011), provision for bad debts for 6.6 million euros (6.5 million euros at 31 December 2011), provision for the supplementary pension fund for former employees for 12.1 million euros (13.9 million euros at 31 December 2011), partially offset by net contingent assets for 21.8 million euros (21.2 million euros at 31 December 2011) and releases of provisions allocated in previous years for 11.5 million euros (8.8 million euros at 31 December 2011).

Operating result

The performance described above for operating revenues and costs led to a deterioration in the operating result, from +62.6 million euros in the previous year to -164.7 million euros this year, with a drop of 227.3 million euros.

Net financial expense

Net financial expense shows a negative 11.0 million euros, down on 2011 (-9.3 million euros). The item shows the economic effects of typical financial operations and comprises bank interest expense and income as well as that relating to Group companies and net gains/losses in relation to exchange rates.

Net financial income (expense) (millions of euros)

	2012	2011	Change
Net interest expense from banks and other lenders	(12.6)	(7.7)	(4.9)
Net charges in relation to exchange rates	3.1	(0.9)	4.0
Other net financial expense	(1.5)	(0.7)	(0.8)
Total	(11.0)	(9.3)	(1.7)

The figures show an increase in net interest payable to banks of 4.9 million euros due to higher financial exposure to third parties and an increase in the average interest rates on loans.

Exchange rate differences, mainly generated by the acquisition by Rai of rights to sports events and by Rai Cinema to film and television rights in US dollars, were positive and increased thanks partly to hedging activities carried out in previous years, which counteracted the fluctuations in the euro/dollar exchange rate during the year. Other financial expenses, which grew, are influenced by higher bank commissions for new loans and interest on the factoring on Sipra receivables.

The average cost of loans, consisting of current account credit lines, "hot money", stand-by and medium-term loans and a factoring line, settled at 3.4% (2.8% in the previous year), up in relation to the increased weight of fixed rate debts compared to the previous year.

Net exceptional expense

This item amounts to 50.9 million euros (6.8 million euros in 2011) and refers mainly to costs sustained for actions to incentivise early staff resignation (68.4 million euros) partially offset by the gain from the reimbursement of IRES (corporate income tax) for the full deductibility of IRAP (regional tax on production) relating to personnel costs and similar (16.8 million euros).

Income taxes

These amount to 18.6 million euros and represent the balance between current and deferred taxes as shown in the table.

Income taxes (millions of euros)			
	2012	2011	Change
IRES	(13.4)	(22.5)	9.1
IRAP	(30.6)	(42.8)	12.2
Deferred tax liabilities:			
- from Group company financial statements	3.2	2.1	1.1
- from consolidation adjustments	0.1	(0.1)	0.2
Deferred tax assets:			
- from Group company financial statements	22.2	27.3	(5.1)
- from consolidation adjustments	(0.1)	(0.7)	0.6
Total	(18.6)	(36.7)	18.1

IRES of 13.4 million euros presents a reduction of 9.1 million euros on the previous year's figure, relating to the better economic results of certain Group companies.

No amount was recorded for IRES for the Parent Company, as the year is expected to have a negative tax result.

IRAP for 30.6 million euros is down on the previous year, mainly due to the lower taxable base of the Parent Company.

Deferred tax liabilities in 2012 determine a positive effect equating to 3.2 million euros (2.1 million euros in 2011), mainly as a consequence of the reversal of the temporary differences in income deriving from higher amortisation applied by the Parent Company in previous years for tax purposes.

Deferred tax assets (22.2 million euros) originated from the booking of IRES credit deriving mainly from:

- the negative taxable base of the Parent Company, which was offset by the positive taxable amounts of the subsidiaries, included within the scope of consolidation for the 2012 tax year, with a positive taxation effect of 13.3 million euros;
- newly booked temporary differences of the Parent Company for programme assets, which we are sure will be recovered in that they are transformable into tax credits, as provided for by paragraphs 55, 56 and 56 bis of Law Decree 225/2010, as amended by Law Decree 201/2011, with a positive tax effect of 8.1 million euros.

Balance Sheet aggregates

Non-current assets

Non-current assets (millions of euros)				
	31.12.2012	31.12.2011	Change	Change %
Tangible assets	683.6	682.3	1.3	0.2
Programmes	868.1	895.3	(27.2)	-3.0
Equity investments	12.4	12.2	0.2	1.6
Other non-current assets	46.6	49.9	(3.3)	-6.6
Total	1,610.7	1,639.7	(29.0)	-1.8

Tangible assets, which have remained largely stable, are detailed in the following table.

Tangible assets (millions of euros)				
	31.12.2012	31.12.2011	Change	Change %
Land and buildings	221.4	232.9	(11.5)	-4.9
Plant and machinery	339.6	293.1	46.5	15.9
Industrial and sales equipment	8.4	10.0	(1.6)	-16.0
Other assets	29.9	29.5	0.4	1.4
Tangible assets under construction and payments on account	84.3	116.8	(32.5)	-27.8
Total	683.6	682.3	1.3	0.2

Investments in programmes are detailed in the following table:

Investments in programmes (millions of euros)				
	31.12.2012	31.12.2011	Change	Change %
TV fiction series	458.6	470.3	(11.7)	-2.5
Films	290.5	313.5	(23.0)	-7.3
Other programmes	119.0	111.5	7.5	6.7
Total	868.1	895.3	(27.2)	-3.0

Equity investments, amount to 12.4 million euros, show no significant changes compared to the previous year.

Other **non-current assets** are shown in the following table:

Other non-current assets (millions of euros)

	31.12.2012	31.12.2011	Change	Change %
Digital terrestrial frequencies	11.2	14.6	(3.4)	-23.3
Alterations and improvements to leased properties	9.2	10.6	(1.4)	-13.2
Non-current receivables	9.9	8.9	1.0	11.2
Securities	1.5	3.7	(2.2)	-59.5
Other	14.8	12.1	2.7	22.3
Total	46.6	49.9	(3.3)	-6.6

Working capital

The change from 2011 (-129.9 million euros) is due mainly to normal developments in the business.

Working capital (millions of euros)

	31.12.2012	31.12.2011	Change	Change %
Inventories	3.2	3.5	(0.3)	-8.6
Trade receivables	523.5	704.9	(181.4)	-25.7
Other assets	239.8	302.6	(62.8)	-20.8
Trade payables	(685.5)	(855.6)	170.1	-19.9
Provisions for risks and charges	(503.2)	(412.9)	(90.3)	21.9
Other liabilities	(212.8)	(247.6)	34.8	-14.1
Total	(635.0)	(505.1)	(129.9)	25.7

Major changes relate to:

- **Trade receivables:** down 181.4 million euros, due to lower amounts of receivables mainly relating to Sipra's advertising receivables as a result of the contraction of advertising and by lower receivables for special services rendered by the Parent Company to the Government under contract;
- **Other assets:** down 62.8 million euros largely due to the recouplement of the advance payments made to purchase the broadcasting rights for sports events held during the year (particularly the European Football Championships and the Olympic Games);
- **Trade payables:** down 170.1 million euros, due mainly to certain Parent Company previous year's accounts payable to suppliers for the purchase of sports broadcasting rights and the DEAR property complex;
- **Provisions for risks and charges:** up 90.3 million euros, mainly to cover charges for staff resignation incentives (68.4 million euros) and expenses linked to the renewal of the labour contract of white and blue collars (about 19 million euros).

Net financial position

The year-end **net financial position** is negative by 366.2 million euros, showing a considerable deterioration compared to the previous year (-272.4 million euros) and is made up as follows:

Net Group financial position (millions of euros)				
	31.12.2012	31.12.2011	Change	Change %
Net amounts due from (to) banks and other lenders				
in the medium/long term	(296.5)	(212.8)	(83.7)	39.3
in the short term - net	(65.8)	(53.7)	(12.1)	22.5
	(362.3)	(266.5)	(95.8)	35.9
Other financial payables	(3.9)	(5.9)	2.0	-33.9
Net financial position	(366.2)	(272.4)	(93.8)	34.4

The growth of debt was caused by a flow of activity during the year which, due to the negative economic result, was insufficient to cover the requirements determined by the year's investments. The latter include the payment of the second instalment for purchase of the DEAR property complex which accounts for 34 million euros.

As regards the effects on cash flow during the year, the following should be pointed out:

- the negative flows are due to considerable reduction in advertising revenues;
- the positive flows relate to the recovery of amounts receivable for special services rendered to the Government under contract and the limitation of the outlays for current expenses by Rai and the associated companies during the year;

The unsecured loan of 295 million euros taken out during the year as part of a pool envisages the respect of two parametric/equity ratios:

- Net Financial Debt, net of government receivables for licence fees/Shareholders' equity ≤ 1.5
- Net Financial Debt, net of government receivables for licence fees/Gross Operating Margin ≤ 1

At 31 December, these ratios were fully respected, settling a 1.23 and 0.73 respectively.

The average net financial position is negative by 338 million euros (-254 million euros in 2011), with a deterioration of 84 million euros which is more limited than the final figure, which reflects the more favourable breakdown of the fee instalments, consequential to the 100 million increase in the amount paid with the second and third instalments.

The analysis carried out on the basis of additional **balance sheet and income statement ratios** highlighted that:

- the **net invested capital coverage ratio**, calculated as the ratio between net invested capital and own capital, is 2.26 (1.51 at 31 December 2011);
- the **financial debt coverage ratio**, calculated as the ratio between net financial debt and own capital, is 1.26 (0.51 at 31 December 2011);
- the **current ratio**, identified in the ratio between current assets (inventories, current assets, cash and cash equivalents and financial receivables) and current liabilities (current liabilities and financial debts), is 0.79 (0.87 at 31 December 2011);
- the **self-coverage ratio** of non-current assets, calculated as the ratio of Shareholders' equity to non-current assets, is 0.18 (0.33 at 31 December 2011).

The **financial risks** to which the Group is exposed are monitored using appropriate computerised and statistical instruments. A policy regulates financial management in accordance with best international practices, the aim being to preserve the corporate value by taking an adverse attitude towards risk, pursued via active monitoring of the exposure and the centralised implementation of suitable hedging strategies by the Parent Company, also acting on behalf of the subsidiaries.

In particular:

- The **exchange risk** is significant in relation mainly to the exposure in US dollars generated by the acquisition of rights to sports events in foreign currencies by Rai and of film and television broadcasting rights by Rai Cinema. These commitments generated payments for about 175 million dollars during 2012. Operation takes place from the date of subscription to the commercial commitment, often lasting several years, and aims to defend the counter value in euros of commitments estimated at the time of order or in the budget. Hedging strategies are implemented using financial derivative instruments – such as forward purchases, swaps and options without ever taking on an attitude of financial speculation. The Group policy envisages the operating limits to be observed by the hedging activity.
- The **rate risk** is also regulated by the Company policy, particularly for medium/long-term exposure with specific operating limits. In relation to the medium-term loan described above, Interest Rate Swap agreements were entered into during 2011 for 205 million euros, with the aim of transforming the cost of the loan, issued at floating rate and therefore subject to market volatility, to fixed rate.
- The **credit risk** on cash deployment is limited in that the company policy envisages the use, for limited periods of cash surpluses, of low-risk financial instruments with parties with high ratings. Only tied deposits or sight deposits with remunerations close to the Euribor rate were used during 2012.
- As regards the **liquidity risk**, the Group has, in the medium term, a loan, taken out as part of a pool, for 295 million euros (expiring in 2015), with six-monthly amortisation as of 2013. With the banking system, short-term and reversible credit lines were opened for a maximum amount of about 450 million euros. Stand-by loans are also in place for a total of 90 million euros, maturing in February 2013, along with a factoring line valid against Sipra receivables for about 50 million euros. The existing loans allow coverage of overdrafts during the year, on condition that payment of the fees by the Ministry of the Economy and Finance takes place in observance of the contractual quarter-end deadlines. A specific long-term loan of 100 million euros was taken out with the European Investment Bank to provide further coverage of the requirements of the progress of the DTT project during the year. This loan will be disbursed in two instalments during 2013.





**Consolidated Balance Sheet
and Income Statement** (in statutory form)

Consolidated Balance Sheet - Assets (millions of euros)

	31.12.2012	31.12.2011
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
1.- Formation, start-up and expansion costs	-	..
3.- Industrial patents and intellectual property rights	568.7	642.3
4.- Concessions, licences, trademarks and similar rights	11.3	14.7
6.- Intangible assets under development and payments on account	311.6	261.9
7.- Other intangible assets	11.7	13.7
TOTAL INTANGIBLE ASSETS	903.3	932.6
II. TANGIBLE ASSETS		
1.- Land and buildings	221.4	232.9
2.- Plant and machinery	339.6	293.1
3.- Industrial and sales equipment	8.4	10.0
4.- Other assets	29.9	29.5
5.- Tangible assets under construction and payments on account	84.3	116.8
TOTAL TANGIBLE ASSETS	683.6	682.3
III. FINANCIAL ASSETS		
1.- Equity investments in:		
a) non-consolidated subsidiaries	1.9	1.7
b) associated companies	9.7	9.7
d) other companies	0.8	0.8
	12.4	12.2
2.- Receivables		
d) others		
. due within one year	0.7	0.2
. due after one year	9.2	8.7
	9.9	8.9
3.- Other securities	1.5	3.7
TOTAL NON-CURRENT FINANCIAL ASSETS	23.8	24.8
TOTAL NON-CURRENT ASSETS	1,610.7	1,639.7

follows

Consolidated Balance Sheet - Assets (millions of euros)

	31.12.2012	31.12.2011
C) CURRENT ASSETS		
I. INVENTORIES		
1.- Raw materials, supplies and consumables	1.3	1.3
3.- Contract work in progress	0.2	0.2
4.- Finished products and merchandise	1.7	2.0
TOTAL INVENTORIES	3.2	3.5
II. RECEIVABLES		
1.- Customers		
. due within one year	518.3	703.7
. due after one year	4.1	-
2.- Non-consolidated subsidiaries	..	..
3.- Associated companies	0.2	0.3
4bis.- Tax receivables		
. due within one year	88.2	52.8
. due after one year	16.9	0.1
4ter.- Deferred tax assets		
. due within one year	38.1	30.7
. due after one year	5.5	5.6
5.- Other		
. due within one year	60.5	158.6
. due after one year	9.0	9.9
TOTAL RECEIVABLES	740.8	961.7
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	10.4	18.4
2.- Cheques	0.1	..
3.- Cash and cash equivalents on hand	0.4	0.4
TOTAL CASH AND CASH EQUIVALENTS	10.9	18.8
TOTAL CURRENT ASSETS	754.9	984.0
D) ACCRUED INCOME AND DEFERRED EXPENSES	22.5	45.8
TOTAL ASSETS	2,388.1	2,669.5

Consolidated Balance Sheet - Liabilities (millions of euros)

	31.12.2012	31.12.2011
A) SHAREHOLDERS' EQUITY		
I. PARENT COMPANY EQUITY		
I. Share Capital	242.5	242.5
IV. Legal reserve	9.0	7.0
VII. Other reserves	284.0	281.7
IX. Group profit (loss) for the year	(244.6)	4.1
TOTAL GROUP SHAREHOLDERS' EQUITY	290.9	535.3
II. MINORITY INTERESTS	-	-
TOTAL SHAREHOLDERS' EQUITY	290.9	535.3
B) PROVISIONS FOR RISKS AND CHARGES		
1.- For pension and similar liabilities	154.6	155.6
2.- For taxes (also deferred taxes)	8.2	11.5
3.- Other	340.4	245.8
TOTAL PROVISIONS FOR RISKS AND CHARGES	503.2	412.9
C) PROVISION FOR STAFF SEVERANCE PAY	318.6	326.9
D) PAYABLES		
4.- Due to banks		
. due within one year	175.0	72.6
. due after one year	197.4	210.7
5.- Due to other lenders		
. due within one year	0.1	1.3
. due after one year	0.7	0.7
6.- Advances	5.0	3.4
7.- Suppliers	676.5	846.3
9.- Non-consolidated subsidiaries	3.6	7.5
10.- Associated companies	4.3	4.3
12.- Tax payables	49.6	71.4
13.- Welfare and social security institutions	51.4	52.7
14.- Other payables	73.7	77.9
TOTAL PAYABLES	1,237.3	1,348.8
E) ACCRUED EXPENSES AND DEFERRED INCOME	38.1	45.6
TOTAL LIABILITIES	2,388.1	2,669.5

Consolidated Memorandum Accounts (millions of euros)

	31.12.2012	31.12.2011
1.- Unsecured guarantees granted		
a) Sureties:		
- for associated companies	2.6	2.6
- for others	39.5	61.7
	42.1	64.3
c) Other:		
- for others	-	2.0
Total unsecured guarantees granted	42.1	66.3
2.- Secured guarantees granted		
b) For own commitments other than payables	1.4	3.7
c) For debt recorded in the balance sheet	-	50.6
Total secured guarantees granted	1.4	54.3
3.- Purchase and sale commitments	1.0	1.9
4.- Other	390.9	550.9
	435.4	673.4

Consolidated Income Statement (millions of euros)

	31.12.2012	31.12.2011
A) PRODUCTION VALUE		
1.- Revenues from sales and services	2,704.9	2,923.6
2.- Changes in inventories of work in progress, semifinished and finished goods	..	..
3.- Changes in contract work in progress	..	0.1
4.- Internal cost capitalisations	25.1	24.4
5.- Other production-related income		
a) operating grants	11.1	9.2
b) gains on disposal of assets	0.1	3.1
c) other	92.9	80.9
	104.1	93.2
TOTAL PRODUCTION VALUE	2,834.1	3,041.3
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(27.1)	(28.0)
7.- Services	(648.1)	(700.2)
8.- Use of third-party assets	(519.5)	(436.5)
9.- Personnel		
a) wages and salaries	(726.8)	(733.1)
b) social security contributions	(204.0)	(207.9)
c) staff severance pay	(53.8)	(55.0)
d) pension and similar costs	(13.4)	(15.2)
e) other costs	(17.3)	(16.6)
	(1,015.3)	(1,027.8)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(488.2)	(512.9)
b) depreciation of tangible assets	(127.8)	(117.1)
c) other non-current asset writedowns	(31.3)	(30.0)
d) writedowns of current receivables, cash and cash equivalents	(6.3)	(6.3)
	(653.6)	(666.3)
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	(0.3)	(1.1)
12.- Provisions for risks	(16.6)	(13.7)
13.- Other provisions	(10.3)	(4.5)
14.- Other operating costs		
a) capital losses on disposals	(4.0)	(4.4)
b) concession fee	(27.9)	(28.0)
c) other	(75.8)	(68.0)
	(107.7)	(100.4)
TOTAL PRODUCTION COSTS	(2,998.5)	(2,978.5)
Difference between production value and costs	(164.4)	62.8

follows

Consolidated Income Statement (millions of euros)

	31.12.2012	31.12.2011
C) FINANCIAL INCOME AND EXPENSES		
16.- Other financial income		
a) from non-current receivables		
. other	..	..
b) from non-current securities other than	0.1	0.1
. equity investments		
d) financial income other than the above	..	-
. interest and commissions from associated companies	1.3	1.1
. interest and commissions from others and miscellaneous income	1.4	1.2
17.- Interest and other financial expenses		
a) interest and commissions to non-cons. subsidiaries	..	..
b) interest and commissions payable to associated companies	..	..
d) interest and commissions payable to others and miscellaneous charges	(15.5)	(9.6)
	(15.5)	(9.6)
17bis.- Foreign exchange gains and losses - net	3.1	(0.9)
TOTAL FINANCIAL INCOME AND EXPENSES	(11.0)	(9.3)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
18.- Revaluations		
a) equity investments	1.2	1.1
b) of non-current securities other than equity investments	..	-
	1.2	1.1
19.- Writedowns		
a) equity investments	(0.6)	(6.8)
b) of non-current securities other than equity investments	(0.3)	(0.2)
	(0.9)	(7.0)
TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS	0.3	(5.9)
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Exceptional income		
b) contingent assets and reversal of non-existent liabilities	18.0	0.1
	18.0	0.1
21.- Exceptional expense		
b) prior years' taxes	(0.1)	(2.5)
c) contingent liabilities and reversal of non-existent assets	..	..
d) other	(68.8)	(4.4)
	(68.9)	(6.9)
TOTAL EXCEPTIONAL INCOME AND EXPENSE	(50.9)	(6.8)
Result before taxes	(226.0)	40.8
22.- Current income taxes for the year, and deferred tax assets and liabilities	(18.6)	(36.7)
23.- Profit (loss) for the year	(244.6)	4.1
Of which:		
- pertaining to the Parent Company	(244.6)	4.1
- pertaining to minority interests	-	-





**Notes to the consolidated
financial statements**

1) Introduction

The Rai Group consolidated financial statements have been prepared in accordance with the provisions of the Italian Civil Code and Legislative Decree 127 of 9 April 1991. The following documents are annexed to the consolidated financial statements: the reclassified statements comprised of tables for the analysis of the balance sheet and income statement, and of cash flows.

The consolidated balance sheet, income statement, notes and related schedules are expressed in millions of euros.

The consolidated financial statements reporting date is 31 December 2012, which is the year-end date for all consolidated companies.

The financial statements of consolidated companies are those approved by their relevant corporate bodies.

The consolidated financial statements and the accounts of the individual consolidated companies have been audited by Price-waterhouseCoopers SpA.

The reconciliation between Rai and Group results and equity for 2012 and 2011 is presented on page 231.

2) Scope of consolidation

Rai and all companies in which the Parent Company Rai holds - directly or indirectly - the majority of voting rights at ordinary Shareholders' Meetings are included in the scope of consolidation.

The following companies are consolidated on a line-by-line basis (figures for share capital are at 31 December 2012):

- *Rai Cinema SpA*; registered office in Rome, Piazza Adriana 12, share capital 200,000,000.40 euros; shareholders: Rai 100%.
- *RaiNet SpA*; registered office in Rome, Via Teulada 66, share capital 5,160,000 euros; shareholders: Rai 100%.
- *Rai Way SpA*; registered office in Rome, Via Teulada 66, share capital 70,176,000 euros; shareholders Rai 100%.
- *Rai World SpA*; registered office in Rome, Viale Mazzini 14, share capital 1,300,000 euros; shareholders: Rai 100%.
- *Sipra SpA*; registered office in Turin, Corso Bernardino Telesio 25, share capital 10,000,000 euros; shareholders: Rai 100%.

The following companies are recorded using the equity method:

- *Audiradio Srl in liquidation*; registered office in Milan, Largo Toscanini 1, share capital 258,000 euros; shareholders: Rai 27%, others 73%.
- *Auditel Srl*; registered office in Milan, Largo Toscanini 1, share capital 300,000 euros; shareholders: Rai 33%, others 67%.
- *Euronews - Société Anonyme*; registered office in Lyon Ecully (France), 60 Chemin des Mouilles; share capital 4,032,840 euros; shareholders: Rai 20.56%, others 79.44%.
- *Rai Corporation - Italian Radio TV System in liquidation*; registered office c/o GC Consultants in New York, 444 Madison Avenue suite 1206; share capital 500,000 US\$; shareholders: Rai 100%.
- *San Marino RTV SpA*; registered office in the Republic of San Marino, Via Kennedy 13; share capital Euro 516,460; shareholders: Rai 50%, E.Ra.S. 50%.
- *Tivu' Srl*; registered office in Rome, Via di Villa Patrizi 8, share capital 1,001,886 euros; shareholders: Rai 48.16%, others 51.84%.

On 31 May 2012, the Shareholders' Meeting of Rai Corporation resolved the dissolution of the company and the consequent liquidation of the company equity.

3) Consolidation principles and foreign currency translation methods

These can be summarised as follows:

- a) The book values of equity investments in consolidated companies and the corresponding portion of their net equities have been eliminated against the total incorporation of the assets, liabilities, costs and revenues of such companies (regardless of percentage of ownership); minority interests' shares in equity (and the results for the year) are shown in specific items. Any differences emerging have been taken directly to consolidated equity.
- b) Payables and receivables, expense and income, dividends and other transactions made between consolidated companies have been eliminated.
- c) For consolidation purposes, the financial statements of consolidated companies have been brought into line with the accounting policies and methods described hereunder.

4) Accounting policies

Before examining the individual items, we have provided an overview of the main accounting policies used, which were adopted from the perspective of the Group as a going concern and comply with the provisions of Articles 2423 et seq. of the Civil Code and Legislative Decree 127 of 9 April 1991. Such policies are substantially unchanged from those applied in the previous year. There are no exceptional cases requiring derogation from the requirements under Article 2423-bis et seq. of the Civil Code.

- a) Industrial patents and intellectual property rights:

The acquisition and production costs of programmes, composed of external costs that can be allocated directly to each project and the cost of internal resources used to create programmes, are recorded according to the following criteria:

- 1) costs for repeat-use television productions are capitalised under intangible assets and, if such productions are usable at year-end, are carried under industrial patents and intellectual property rights and amortised on a straight-line basis over the period of their estimated useful life. If such programmes are not yet usable at year-end, the costs are carried under intangible assets under development and payments on account.

The objective difficulty of establishing an appropriate correlation between advertising revenues and licence fees and the amortisation of the rights, which is further complicated by the many ways in which they can be used, has led to the useful life of repeat-use programmes being estimated as follows:

- three years for TV series productions or in general for all non-film productions;
- four years for football library exploitation rights;
- five years for free TV rights acquired by Rai Cinema, except for products for which the whole range of rights has been acquired (film, television, home video etc.) the useful life of which is estimated at seven years.

Costs for concession rights with a shorter duration are amortised over the period they are available.

In addition, an impairment provision has been established for programmes for which transmission, re-broadcasting or commercial exploitation is at risk.

- 2) Costs for immediate-use television programmes are expensed in a single year, which is normally that in which they are used. More specifically:
- *News, light entertainment and all radio programming.* Costs are expensed in the year in which they are incurred, which is normally the year in which the programmes are broadcast.
 - *Sports events.* Costs are booked to the year in which the event takes place.
 - *Documentaries, classical music and drama.* Costs are charged against income in a single amount at the time the programmes are ready for broadcasting or the rights are usable.
- b) Software licences are carried with industrial patents and intellectual property rights net of amortisation and are amortised over three years from the year they enter service.
- c) Costs incurred for the construction of the digital terrestrial network are capitalised under intangible assets net of amortisation and amortised on a straight-line basis over the estimated period of use from the date the service is activated.
- d) Trademarks are amortised over ten years from the year they enter service.
- e) Deferred charges are carried under other intangible assets net of accumulated amortisation. They regard improvements to leased or licensed property and accessory charges on loans. Amortisation for leasehold improvements is determined on the basis of the shorter of the residual duration of the related contracts and the estimated period of benefit of the costs, calculated using amortisation rates which reflect the rate of economic deterioration of the relative assets. Accessory charges on loans are amortised in relation to the duration of the loan.
- f) Tangible assets – which are shown net of accumulated depreciation – are recorded at cost, increased by internal personnel costs incurred in preparing them to enter service, increased following revaluations carried out in accordance with the law. The costs of tangible assets as determined above are depreciated in accordance with Article 2426 (2) of the Civil Code. Ordinary maintenance costs are expensed in the year in which they are incurred.
- g) Investments in non-consolidated subsidiaries and associated companies are valued using the full equity method. This method envisages that the value at which investments are booked be the same as the corresponding fraction of the Shareholders' equity resulting from the last financial statements, minus the dividends and after the adjustments required by the principles used in the preparation of the consolidated financial statements. The profit or loss by the investee for the year, duly adjusted, is booked to the Income Statement in the year to which the result refers, on line *D18 Revaluation a) of equity investments* or on line *D19 Writedowns a) of equity investments*. For companies with negative shareholders' equity, the cost of the investment is set at zero and Rai's share of the deficit is specifically provided for under the provisions for risks and charges.
- h) Investments in other companies and shares in consortia are booked in the consolidated financial statements at cost, adjusted in the case of durable losses in value. For companies with negative Shareholders' equity, the cost of the investment is set at zero and Rai's share of the deficit is specifically provided for under the provisions for risks and charges. Adjustments for durable losses in value are reversed in the event that such loss is subsequently recovered due to sufficient operating earnings by the investee company.
- i) Fixed-income securities are carried as non-current financial assets valued at purchase cost. Positive or negative differences between purchase cost and redemption value are taken to income in the amount accruing for the year.
- j) Non-current assets which, at the balance sheet date, have suffered a permanent impairment in value, are carried at the lower value. Should the reasons for the writedown made in previous years no longer apply, the assets are revalued within the limits of the amount of the writedown.
- k) Other securities carried under current financial assets are valued at the lower of purchase cost – determined as the weighted average cost – and estimated realisable value, which is given by market value.

- l) Inventories of raw materials, supplies and consumables (technical materials) are valued at purchase cost, which is determined on the basis of weighted average cost, written down taking account of market trends and estimated non-use due to obsolescence and slow turnover. Inventories of items for resale (books, DVDs, etc.) are carried at the lower of purchase cost, which is determined on the basis of weighted average cost, and estimated realisable value as determined by market prices.
- m) Receivables are shown at the presumable realisable value, net of the provision for bad debts as determined on the basis of a case-by-case assessment of the solvency risks of the individual debtors.
- n) Accrued income and prepaid expenses, and accrued expenses and deferred income, are recorded on an accruals basis for the individual entries.
- o) Provisions for pension and similar liabilities, which comprise the provision for supplementary staff severance pay, the social security benefits provision and the company supplementary pension fund, are made in accordance with collective bargaining agreements. The Company supplementary pension fund is valued on the basis of an actuarial appraisal.
- p) The provision for taxes includes probable tax liabilities arising out of the settlement of tax disputes and includes deferred tax liabilities calculated on timing differences which have resulted in lower current taxes. Deferred tax assets arising from charges which are tax-deductible on a deferred basis and from tax losses are taken up under Current Assets caption 4 ter ("Deferred tax assets") if there is reasonable certainty that they will be recovered in the future.
- q) Other provisions for risks and charges include provisions to cover specific losses or liabilities, the existence of which is certain or probable, but the amount or date of occurrence of which is uncertain. They are set up on a case-by-case basis in relation to specific risk positions and their amount is determined on the basis of reasonable estimates of the liability that such positions could generate.
- r) The provision for staff severance pay is determined in conformity with applicable law and labour contracts. It reflects the accrued entitlement of all employees at the balance-sheet date net of advances already paid.
- s) Payables are shown at nominal value.
- t) Payables and receivables denominated in currencies other than the euro – with the exception of hedged positions, which are valued at the rate applying to the financial instrument – are recorded at the exchange rates applying at the balance sheet date. Profits and losses ensuing from such conversion are taken to the income statement as components of financial income or expense. Any net profit is taken to a specific non-distributable reserve until the profit is realised.
- u) Payments on account include advances paid by customers for services that have not yet been performed.
- v) Costs and revenues are taken to the income statement on a consistently applied accruals basis.
- w) Income taxes are recorded on the basis of an estimate of taxable income in conformity with applicable regulations, taking account of deferred tax positions. The tax liability to be settled on presentation of the tax declaration is carried under taxes payable, together with liabilities relating to taxes already assessed and due. The tax charge in the Group's consolidated financial statements reflects the tax charges in the individual financial statements of consolidated companies, which have been aligned on the basis of uniform accounting policies and prepared on a prudent basis. Companies consolidated using the line-by-line method have opted to be taxed on a Group consolidated basis and have transferred to the Parent Company the duty of attending to all requirements regarding the settlement and payment of IRES tax. The procedure for the consolidation of the Group's taxable amounts is regulated by a specific agreement between the Parent Company and the subsidiaries. The fundamental standards that regulate this agreement are neutrality (absence of negative effects on the single companies), proportionality in the use of losses and their integral remuneration on the basis of the rate of IRES in force at the time of effective use, offsetting the incomes booked.
- x) During consolidation, the tax effects on consolidation adjustments resulting in timing differences on the Group's result have been recorded as prepaid taxes and deferred taxes.

y) In order to hedge interest rate and exchange rate risk, the Company uses derivative contracts to hedge specific transactions. Interest differentials to be collected or paid on interest rate swaps are taken to the income statement on an accruals basis over the duration of the contract. Accrued interest differentials that have not been settled at the end of the year or which have been settled before they actually accrue are taken to accrued income and prepaid expenses, or accrued expenses and deferred income, as the case may be. Derivative contracts hedging exchange rate risks are used to cover contractual commitments in foreign currencies and entail adjusting the value of the underlying item. The premium or discount arising from the differential between the spot and future exchange rates for hedging transactions carried out via future acquisition of value and premiums paid in relation to options is taken to the income statement over the duration of the contract.

If the market value of derivatives contracts that do not fully qualify for hedge accounting is negative, a specific risk provision is set up for this value.

z) Collections are recorded by bank transaction date; for payments account is likewise taken of the instruction date.

5) Balance Sheet

Assets

Non-current assets

Intangible assets

This caption includes the cost of non-physical factors of production with lasting utility, net of amortisation and writedowns in the event of permanent impairment of value.

These total 903.3 million euros, with a net reduction of 29.3 million euros on the preceding year, represented by the balance between new investment (492.2 million euros), the amortisation charge for the year (488.2 million euros), and writedowns and eliminations for 31.3 million euros, disposals for 2.4 million euros as well as other increases for 0.4 million euros.

Intangible assets (millions of euros)

Schedule 1

	31.12.2011 (a)				Changes during the year					31.12.2012			
	Cost	Write-downs	Amortisat.	Book value	Increases and capitalis.	Disposals	Reclassificat. (b)	Writedowns/ Eliminations	Amortisat.	Cost	Write-downs	Amortisat.	Book value
Formation, start-up and expansion costs	0.1	-	(0.1)	..	-	-	-	-	..	0.1	-	(0.1)	-
Industrial patents and intellectual property rights:													
programmes (c)	1,381.6	(40.3)	(703.8)	637.5	298.4	-	129.0	(24.5)	(475.4) (d)	1,809.0	(35.2)	(1,208.8)	565.0
software (e)	10.6	-	(5.8)	4.8	3.5	-	0.2	-	(4.8)	14.3	-	(10.6)	3.7
	1,392.2	(40.3)	(709.6)	642.3	301.9	-	129.2	(24.5)	(480.2)	1,823.3	(35.2)	(1,219.4)	568.7
Concessions, licences, trademarks and similar rights													
digital terrestrial television	40.5	-	(25.9)	14.6	-	-	-	-	(3.4)	40.5	-	(29.3)	11.2
other (f)	0.2	-	(0.1)	0.1	-	-	-	-	..	0.2	-	(0.1)	0.1
	40.7	-	(26.0)	14.7	-	-	-	-	(3.4)	40.7	-	(29.4)	11.3
Intangible assets under development and payments on account:													
programmes (g)	257.8	-	-	257.8	183.5	(2.4)	(129.0)	(6.8)	-	303.1	-	-	303.1
software	1.6	-	-	1.6	0.8	..	(0.4)	-	-	2.0	-	-	2.0
long-term costs relating to third-party property	0.5	-	-	0.5	0.6	..	(0.1)	-	-	1.0	-	-	1.0
other	2.0	-	-	2.0	2.9	-	0.6	-	-	5.5	-	-	5.5
	261.9	-	-	261.9	187.8	(2.4)	(128.9)	(6.8)	-	311.6	-	-	311.6
Other:													
long-term costs relating to third-party property (h)	40.3	-	(30.2)	10.1	0.5	..	..	-	(2.4)	40.0	-	(31.8)	8.2
accessory charges on loans (i)	3.8	-	(1.7)	2.1	0.3	-	-	-	(0.6)	4.1	-	(2.3)	1.8
other	4.3	(0.3)	(2.5)	1.5	1.7	-	0.1	-	(1.6)	6.1	-	(4.4)	1.7
	48.4	(0.3)	(34.4)	13.7	2.5	..	0.1	-	(4.6)	50.2	-	(38.5)	11.7
	1,743.3	(40.6)	(770.1)	932.6	492.2	(2.4)	0.4	(31.3)	(488.2)	2,225.9	(35.2)	(1,287.4)	903.3

(a) Includes only those values which, at 31 December 2011, have not been fully amortised apart from the Other item, which includes long-term charges on third-party assets fully amortised with leasing agreement in progress (see point h)

(b) Of which:

Cost	(2.5)
Amortisation and depreciation	0.1
	(2.4)

(c) Programmes, with book values:

not fully amortised	1,381.6	(40.3)	(703.8)	637.5					1,278.0	(35.2)	(677.8)	565.0
fully amortised	530.7	-	(530.7)	-					531.0	-	(531.0)	-
	1,912.3	(40.3)	(1,234.5)	637.5					1,809.0	(35.2)	(1,208.8)	565.0

(d) net of the use of the provision for impairment of programmes for 29.6 million euros

(e) With book values:

not fully amortised	10.6	-	(5.8)	4.8					7.6	-	(3.9)	3.7
fully amortised	2.7	-	(2.7)	-					6.7	-	(6.7)	-
	13.3	-	(8.5)	4.8					14.3	-	(10.6)	3.7

(f) Book values:

not fully amortised	0.2	-	(0.1)	0.1					0.2	-	(0.1)	0.1
fully amortised	0.2	-	(0.2)	-					-	-	-	-
	0.4	-	(0.3)	0.1					0.2	-	(0.1)	0.1

(g) Costs for the right to use intellectual property under production at 31 December 2012 and not yet transferred by the end of December 2012 to non-current assets under amortisation, refer to rights becoming valid after 31 December 2012 as well as internal productions of programmes still to be completed on such date. In any case, these are costs referring to programmes which are expected to be used in the future.

(h) Long-term charges on third-party property, with book values:

not fully amortised or with contracts in progress	40.3	-	(30.2)	10.1					40.0	-	(31.8)	8.2
fully amortised or with contract expired	-	-	-	-					-	-	-	-
	40.3	-	(30.2)	10.1					40.0	-	(31.8)	8.2

(i) Book values:

not fully amortised	3.8	-	(1.7)	2.1					2.6	-	(0.8)	1.8
fully amortised	0.1	-	(0.1)	-					1.5	-	(1.5)	-
	3.9	-	(1.8)	2.1					4.1	-	(2.3)	1.8

As shown in schedule no. 1, the caption is composed as follows:

Formation, start-up and expansion costs. Booked to the financial statements of Rai World for a gross value of 0.1 million euros and fully amortised during the year (at 31 December 2011: insignificant value).

Industrial patents and intellectual property rights. These amount to 568.7 million euros and are composed as follows:

- 565.0 million euros for the cost of television programmes and films available for use, booked mainly to the financial statements of the Parent Company and Rai Cinema, showing a net reduction of 72.5 million euros compared to the figure relating to 31 December 2011. This reduction is represented by the difference between new assets for 427.4 million euros (of which 129.0 million euros transferred from intangible assets under development and payments on account for rights that became available during the year), a writedown against the risk of non-transmission, repeatability and commercial exploitation of certain productions amounting to 24.5 million euros and the amortisation charge for the year of 475.4 million euros;
- 3.7 million euros refer to software licences and, compared with the figure at 31 December 2011, show a net reduction of 1.1 million euros. The aforementioned reduction is particularly represented by the difference between new assets for 3.7 million euros and the amortisation charge for the year of 4.8 million euros.

As regards television and film products available for use, at 31 December 2012 the item total, gross of writedowns, was split between:

- rights to television programmes owned or held under unlimited-term licences amounting to 216.9 million euros (at 31 December 2011: 265.3 million euros);
- rights to third-party television programmes held under fixed-term licences amounting to 383.3 million euros (at 31 December 2011: 412.5 million euros).

Overall investment in television programmes made in 2012 amounts to 481.9 million euros, including 183.5 million euros in programmes which were not yet available at 31 December 2012, which are carried under intangible assets under development and payments on account.

Analysing investments by type, at 31 December 2012, 292.2 million euros had been invested in fiction programmes (series, miniseries, TV movies, soap operas etc.), 116.1 million euros in films, 25.8 million euros in cartoons and comedy programmes, 19.4 million euros in football libraries, 12.3 million euros in classical music and drama, 11.5 million euros in documentaries and 4.6 million euros in other genres.

Concessions, licences, trademarks and similar rights. These items, which are stated net of accumulated amortisation, include costs incurred on the acquisition of licences for digital terrestrial frequencies, and own trademarks. These amount to 11.3 million euros (at 31 December 2011: 14.7 million euros) of which 11.2 million euros referring to digital frequencies (at 31 December 2011: 14.6 million euros).

Non-current assets under development and payments on account. These amount to 311.6 million euros, including:

- 303.1 million euros for the cost of television programmes and films which are not yet available, and therefore not subject to amortisation, and compared with the figure as at 31 December 2011, showing a net increase of 45.3 million euros. In particular, the aforementioned increase is equal to the balance between increases for new assets (183.5 million euros), decreases for items transferred to Industrial patents and intellectual property rights in that they relate to productions and/or purchases that became usable during the year (129.0 million euros), to eliminations of unmade or unusable programmes (6.8 million euros) or disposals (2.4 million euros);
- 2.0 million euros refer to software licences and show a net increase of 0.4 million euros compared with the figure at 31 December 2011.
- 1.0 million euros refer to alterations and improvements underway on property under leasehold or concession and, compared with the figure at 31 December 2011, show a net increase of 0.5 million euros;
- 5.5 million euros refer to the cost to purchase options on agreements for the commercial exploitation of products held in football libraries recorded in the financial statements of the Parent Company and, compared with the figure as at 31 December 2011, show a net increase of 3.5 million euros.

For television programmes and films that have not yet become available, the total of 303.1 million euros includes:

- 150.2 million euros for television programmes owned by the Company that were not ready at 31 December 2012 or for which usage rights began after 31 December 2012 (at 31 December 2011: 131.4 million euros). These comprise costs of 9.0 million euros relating to the production of a long-running fiction series which has been interrupted for the moment following production problems with the company responsible for production. On this matter, this amount was prudently assigned to the provision for "risks of non-usability of non-current assets";
- 152.9 million euros regarding third-party television programmes held on fixed-term licence beginning after 31 December 2012 (at 31 December 2011: 126.4 million euros).

Other intangible assets. The amount of 11.7 million euros includes:

- 8.2 million euros for costs incurred, net of accumulated amortisation, on alterations and improvements to property under leasehold or concession (at 31 December 2011: 10.1 million euros);
- 1.8 million euros, net of accumulated amortisation, relating to long-term loan agreements to be distributed throughout their duration (at 31 December 2011: 2.1 million euros);
- 1.7 million euros relating to investments in software programs and analyses (at 31 December 2011: 1.5 million euros).

Tangible assets

These comprise the costs and related revaluations of non-current tangible assets with a useful life of several years. They are carried net of standard depreciation and writedowns for lasting value impairments if any.

The standard depreciation rates applied are listed below:

- buildings and light structures from 3% to 10%
- systems and machinery from 9% to 33.3%
- industrial and sales equipment from 14.3% to 19%
- other assets from 12% to 30%

At 31 December 2012, tangible assets amount to 683.6 million euros and show, overall, a net increase of 1.3 million euros compared with 31 December 2011, comprised of the balance between new assets for 133.6 million euros, depreciation for 127.8 million euros, disposals for 4.6 million euros and other increases for 0.1 million euros, as specified in Schedule 2.

Tangible assets and accumulated depreciation (millions of euros)										Schedule 2				
31.12.2011					Changes during the year					31.12.2012				
	Costs	Revaluat.	Writedowns	Depreciation Funds	Book value	Increases and capitalis.	Reclassificat.	Net eliminations (a)	Amortisat.	Costs	Revaluat.	Writedowns	Depreciation Funds	Book value
Land and buildings	612.3	583.0	(36.5)	(925.9)	232.9	4.4	3.4	(1.3)	(18.0)	617.6	582.9	(36.5)	(942.6)	221.4
Plant and machinery	1,767.8	8.3	-	(1,483.0)	293.1	86.0	60.8	(1.2)	(99.1)	1,873.4	8.2	-	(1,542.0)	339.6
Industrial and sales equipment	101.6	3.0	-	(94.6)	10.0	1.6	0.8	(0.1)	(3.9)	100.2	2.9	-	(94.7)	8.4
Other assets	116.8	1.0	..	(88.3)	29.5	6.8	0.4	..	(6.8)	118.8	1.0	-	(89.9)	29.9
Tangible assets under construction and advances	116.8	-	-	-	116.8	34.8	(65.3)	(2.0)	-	84.3	-	-	-	84.3
	2,715.3	595.3	(36.5)	(2,591.8)	682.3	133.6	0.1	(4.6)	(127.8)	2,794.3	595.0	(36.5)	(2,669.2)	683.6

(a) including:

. Costs	(55.5)
. Revaluations	(0.2)
. Depreciation	51.1
	(4.6)

It should be noted that new assets recorded, which reflect investments made in the year, comprise 7.9 million euros for the capitalisation of the cost of internal personnel engaged in the construction of buildings, systems and machinery.

The gross value of revaluations recorded under non-current tangible assets is reported below, listed according to the applicable regulations:

- 0.2 million euros gross in implementation of Law 823 of 19 December 1973;
- 38.1 million euros gross in implementation of Law 576 of 2 December 1975 and Law 72 of 19 March 1983;
- 57.4 million euros in implementation of Law 413 of 30 December 1991;
- 499.3 million euros in implementation of Law 650 of 23 December 1996.

Financial assets

These represent the cost of durable financial investments and related revaluations, net of any writedowns described in the comments on the individual items.

These total 23.8 million euros and are composed as follows:

Equity investments in non-consolidated subsidiaries. These amount to 1.9 million euros (at 31 December 2011: 1.7 million euros) and represent the Shareholders' equity of Rai Corporation at the exchange rate in force at 31 December 2012.

Equity investments in associated companies. These relate to companies not falling within the scope of the consolidation in which interests of over 20% are held and over which a dominant influence is not exercised. Details follow:

(millions of euros)				
	Percentage holding		Book value	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Audiradio	27%	27%	-	0.1
Auditel	33%	33%	0.3	0.4
Euronews	20.56%	21.54%	5.0	4.6
San Marino	50%	50%	2.4	2.7
Tivù	48.16%	48.16%	2.0	1.9
Net value			9.7	9.7

Equity investments in the associated companies are all held in the Rai portfolio.

Equity investments in other companies. These total 0.8 million euros and are composed as follows:

(millions of euros)		
	31.12.2012	31.12.2011
Almaviva	0.3	0.3
Istituto Enciclopedia Treccani	0.5	0.5
Others	0.1	0.1
Gross value	0.9	0.9
Impairment provisions	(0.1)	(0.1)
Net value	0.8	0.8

Receivables from others. These amount to 9.9 million euros (at 31 December 2011: 8.9 million euros) and consist of:

- guaranteed minimums relating to mandates for the sale of rights and other commercial initiatives for 7.7 million euros net of the provision for bad debts of 10.3 million euros allocated against the risk of failure to achieve commercial recovery of the advance payments;
- guarantee deposits of 1.9 million euros;
- loans granted to employees for 0.3 million euros, net of the provision for bad debts of 0.2 million euros;
- other receivables booked for a gross value of 0.2 million euros and completely written down.

The breakdown of these captions is shown in Schedule 3. Schedules 6 and 8 detail their distribution by maturity, type and currency, while Schedule 7 by geographic area.

Financial assets - Receivables and other items (millions of euros)										Schedule 3			
31.12.2011				Changes during the year				31.12.2012					
Costs	Revaluat.	Writedowns	Book value	Acquisitions Subscript. Disbursem.	Disposals Refunds (a)	Reclassificat.	Writedowns (-) Writebacks (+)	Costs	Revaluat.	Writedowns	Book value		
Receivables:													
Due from others:													
- guaranteed minimums on sales mandates	18.3	-	(11.8)	6.5	1.9	(0.4)	-	(0.3)	18.0	-	(10.3)	7.7	
- guarantee deposits	2.0	-	-	2.0	0.1	(0.2)	-	..	1.9	-	-	1.9	
- employees	0.6	-	(0.2)	0.4	..	(0.1)	-	-	0.5	-	(0.2)	0.3	
- other	0.2	-	(0.2)	-	-	-	-	-	0.2	-	(0.2)	-	
	21.1	-	(12.2)	8.9	2.0	(0.7)	-	(0.3)	20.6	-	(10.7)	9.9	
Other securities	3.8	-	(0.1)	3.7	3.3	(5.5)	-	..	1.6	..	(0.1)	1.5	

(a) including:

. Costs	(8.0)
. Writedowns	1.8
	(6.2)

Other securities. These amount to 1.5 million euros (at 31 December 2011: 3.7 million euros) and are entirely composed of collateral securities.

The breakdown of the item is shown in Schedule 3.

Current assets

Inventories

Inventories amount to 3.2 million euros net of the writedown provision (at 31 December 2011: 3.5 million euros). As shown in Schedule 4, they comprise:

- *Raw materials, supplies and consumables:* these amount to 1.3 million euros net of the writedown provision for 13.2 million euros. They consist almost entirely of supplies and spare parts for maintenance and the operation of equipment, considered as consumables since they are not directly incorporated into products.
- *Contract work in progress:* this amounts to 0.2 million euros in Rai Way's financial statements, relating to costs incurred on developing the Isoradio network.
- *Finished goods and merchandise:* these amount to 1.7 million euros net of the writedown provision of 0.1 million euros, mostly relating to the books and periodicals business, home video distribution and inventories of items acquired in exchange for advertising.

Inventories (millions of euros)

Schedule 4

	Changes during the year			31.12.2012
	31.12.2011	Increases (+) Reductions (-)	Balance of provisions made (-) and released (+)	
Raw materials, supplies and consumables	15.5	(1.0)	-	14.5
Writedown provision	(14.2)	-	1.0	(13.2)
	1.3	(1.0)	1.0	1.3
Contract work in progress	0.2	..	-	0.2
Finished products and merchandise	2.5	(0.7)	-	1.8
Writedown provision	(0.5)	-	0.4	(0.1)
	2.0	(0.7)	0.4	1.7
Total	3.5	(1.7)	1.4	3.2

Receivables

Receivables total 740.8 million euros, showing a decrease of 220.9 million euros on 31 December 2011, as can be seen in Schedule 5, which gives a breakdown of receivables, and in Schedules 6 and 8 which show their distribution by maturity, type and currency. Their distribution by geographic area is shown in Schedule 7.

Current assets - Receivables (millions of euros)

Schedule 5

	Changes during the year				31.12.2012
	31.12.2011	Balance of entries (+) repayments (-)	Utilisation/ release	Allocation to provisions	
Customers					
. government and other public entities for public broadcasting services	107.1	(62.6)	-	-	44.5
. net receivables for licence fees	12.2	(2.7)	-	-	9.5
. other receivables	639.4	(113.3)	-	-	526.1
<i>less</i>					
. bad debts provision	(55.0)	-	3.0	(5.7)	(57.7)
	703.7	(178.6)	3.0	(5.7)	522.4
Non-consolidated subsidiaries					
. Rai Corporation	..	..	-	-	..
	-	-	..
Associated companies					
. San Marino RTV	0.1	..	-	-	0.1
. Tivù	0.2	(0.1)	-	-	0.1
	0.3	(0.1)	-	-	0.2
Tax receivables	52.9	52.2	-	-	105.1
Deferred tax assets	36.3	7.3	-	-	43.6
Others					
. social security departments	14.2	4.6	-	-	18.8
. payments on account to suppliers, collaborators, agents	15.0	1.8	-	-	16.8
. future sports events	123.4	(111.8)	-	-	11.6
. personnel	6.8	1.7	-	-	8.5
. other	12.0	5.2	-	-	17.2
<i>less</i>					
. bad debts provision	(2.9)	-	0.1	(0.6)	(3.4)
	168.5	(98.5)	-	(0.6)	69.5
Total	961.7	(217.7)	3.1	(6.3)	740.8

**Receivables, accrued income and prepaid expenses,
distributed by maturity and type** (millions of euros)

Schedule 6

	31.12.2012 Amounts due				31.12.2011 Amounts due			
	within following year	within 2 to 5 years	after 5 years	Book value	within following year	within 2 to 5 years	after 5 years	Book value
NON-CURRENT FINANCIAL RECEIVABLES								
others	0.7	8.3	0.9	9.9	0.2	7.7	1.0	8.9
	0.7	8.3	0.9	9.9	0.2	7.7	1.0	8.9
CURRENT RECEIVABLES								
Financial receivables								
other	..	-	-	..	..	-	-	..
	..	-	-	-	-	..
Trade and other receivables								
Customers	518.3	4.1	-	522.4	703.7	-	-	703.7
Subsidiaries	..	-	-	..	..	-	-	..
Associated companies	0.2	-	-	0.2	0.3	-	-	0.3
Tax receivables	88.2	16.9	-	105.1	52.8	0.1	-	52.9
Deferred tax assets	38.1	5.5	-	43.6	30.7	5.6	-	36.3
Due from others:								
- future sports events	6.7	4.9	-	11.6	117.6	5.8	-	123.4
- other	53.8	4.1	-	57.9	41.0	4.1	-	45.1
	705.3	35.5	-	740.8	946.1	15.6	-	961.7
Accrued income and prepaid expenses								
Accrued income	..	-	-	..	..	-	-	..
Prepaid expenses	22.5	-	-	22.5	45.8	-	-	45.8
	22.5	-	-	22.5	45.8	-	-	45.8
Total	728.5	43.8	0.9	773.2	992.1	23.3	1.0	1,016.4

Receivables - Distribution by geographical area (millions of euros)

Schedule 7

	31.12.2012				31.12.2011			
	Italy	EU	Non-EU	Book value	Italy	EU	Non-EU	Book value
Non-current financial receivables								
other	9.8	0.1	..	9.9	8.8	0.1	..	8.9
	9.8	0.1	..	9.9	8.8	0.1	..	8.9
Current receivables								
customers	506.5	9.7	6.2	522.4	686.1	13.7	3.9	703.7
subsidiaries	-	-	..	..	-	-	..	..
associated companies	0.1	-	0.1	0.2	0.2	-	0.1	0.3
tax receivables	105.1	-	-	105.1	52.9	-	-	52.9
deferred tax assets	43.6	-	-	43.6	36.3	-	-	36.3
other								
- future sports events	4.6	1.8	5.2	11.6	26.8	9.6	87.0	123.4
- other	55.3	2.1	0.5	57.9	43.2	1.6	0.3	45.1
	715.2	13.6	12.0	740.8	845.5	24.9	91.3	961.7
Total	725.0	13.7	12.0	750.7	854.3	25.0	91.3	970.6

Receivables, cash and equivalents and accrued income in foreign currency or exposed to exchange rate risk (millions of euros)

Schedule 8

	31.12.2012				31.12.2011			
	In euros	In foreign currency or exposed to exchange rate risk	Bad debts provision	Book value	In euros	In foreign currency or exposed to exchange rate risk	Bad debts provision	Book value
Non-current financial receivables								
other	20.6	..	(10.7)	9.9	21.1	..	(12.2)	8.9
	20.6	..	(10.7)	9.9	21.1	..	(12.2)	8.9
Current receivables								
customers	575.3	4.8	(57.7)	522.4	754.0	4.7	(55.0)	703.7
subsidiaries	-	..	-	..	-	..	-	..
associated companies	0.2	-	-	0.2	0.3	-	-	0.3
tax receivables	105.1	-	-	105.1	52.9	-	-	52.9
deferred tax assets	43.6	-	-	43.6	36.3	-	-	36.3
other:								
- future sports events	7.3	4.3	-	11.6	112.1	11.3	-	123.4
- other	60.8	0.5	(3.4)	57.9	47.6	0.4	(2.9)	45.1
	792.3	9.6	(61.1)	740.8	1,003.2	16.4	(57.9)	961.7
Cash and cash equivalents								
Bank and post office deposits	8.1	2.3	-	10.4	16.8	1.6	-	18.4
Cheques	0.1	-	-	0.1	..	-	-	..
Cash and cash equivalents on hand	0.4	-	-	0.4	0.4	..	-	0.4
	8.6	2.3	-	10.9	17.2	1.6	-	18.8
Accrued income								
	..	-	-	-	-	..
Total	821.5	11.9	(71.8)	761.6	1,041.5	18.0	(70.1)	989.4

Receivables from customers. These are trade receivables. They total 522.4 million euros, with a nominal value of 580.1 million euros which has been written down by 57.7 million euros to bring them to their estimated realisable value and compared with 31 December 2011 they show a decrease of 181.3 million euros.

Details of the caption are divided into:

- *receivables from Sipra customers for advertising services sold:* exposed for a nominal value of 237.3 million euros, they show an 89.1 million euros decrease on 31 December 2011. The item comprises the amount of 53.6 million euros relating to receivables sold to factoring companies without recourse against which there are no anticipations at 31 December 2012;
- *receivables for services rendered by Rai to the Government under specific agreements:* as shown in the following table, these amount to a par value of 44.5 million euros, down 62.6 thousand euros on 31 December 2011, equivalent to the balance between the increase in invoices issued and for amounts accrued for 2012 less collections.

Receivables for services rendered to the Government and other public entities under specific agreements (millions of euros)

	2012	2011
Prime Minister's Office:		
- Operating grant to be transferred to San Marino RTV	3.1	3.1
- Radio, television and multimedia offering for the foreign market	6.1	45.2
- Broadcasting from Trieste in Slovenian	4.4	6.5
- Radio and television broadcasts in French for the Autonomous Region of Valle d'Aosta	1.3	2.0
- Radio and television broadcasts in German for the Province of Bolzano and radio broadcasts in Ladin for the Val Badia, Val Gardena and Val di Fassa	9.9	30.2
- Extension of the Rai 1 signal to Tunisia and subsequent maintenance	..	..
Total Prime Minister's Office	24.8	87.0
Ministries:		
- Economy and Finance: management of television licence fee collection	10.5	11.1
Regions:		
- Autonomous Region of Valle d'Aosta: management of equipment for reception of programmes from the French-speaking area	9.2	9.0
Total	44.5	107.1

- *net receivables for licence fees*: these amount to 9.5 million euros, down 2.7 million euros on 31 December 2011, representing licence fees not yet transferred to Rai. Activities, already successfully pursued in the previous year, will be launched to recover such receivables. They consist in asking the Ministry of the Economy and Finance to increase the specific provision of the expense section during the settlement of the Government Financial Statements for 2013, in order to allow recovery, with liquidation of the fourth instalment of transfer of the fees, envisaged to take place in December 2013;
- *other receivables*: these amount to a nominal value of 288.8 million euros, down 24.2 million euros compared with 31 December 2011, and represent, among the most significant entries, receivables from customers of Rai for the sale of rights and various services for 234.5 million euros, receivables from customers of Rai Cinema for 42.9 million euros, receivables from customers of Rai Way for 9.6 million euros and receivables from customers of Rai World for 1.6 million euros.

Receivables from associated companies. These amount to 0.2 million euros (at 31 December 2011: 0.3 million euros), and represent the balance of non-financial receivables from the companies San Marino RTV and Tivù which are carried in the Parent Company financial statements.

Tax receivables. These are carried at a nominal value of 105.1 million euros (at 31 December 2011: 52.9 million euros). They relate for the most part to receivables recorded in the Parent Company financial statements (102.1 million euros), to Group VAT (74.3 million euros), to IRES deriving from the deductibility of IRAP relating to personnel costs and similar (16.8 million euros), other tax reimbursements requested (7.0 million euros), for IRAP paid on account exceeding the amount accrued (3.8 million euros) with the remainder consisting of minority captions.

Deferred tax assets. These represent the amount receivable from entries subject to deduction of deferred tax assets. They total 43.6 million euros (at 31 December 2011: 36.3 million euros) comprising deferred tax assets recorded by the individual companies (42.5 million euros) and deferred tax assets from consolidation adjustments (1.1 million euros). They are up 7.3 million euros as detailed in Schedule 9. They relate mainly to:

- 33.5 million euros booked to the Parent Company financial statements;
- 5.1 million euros booked to Rai Way's financial statements;
- 3.1 million euros booked to Sipra's financial statements;
- 0.8 million euros booked to Rai Cinema's financial statements.

Deferred tax assets (millions of euros)

Schedule 9

	IRES		IRAP		Total taxes
	Taxable amount	Taxed at 27.5%	Taxable amount	Taxed at 4.9% (average)	
Balance at 31.12.2011:					
Taxable loss	57.5	15.8	0.0	0.0	15.8
Writedown of programmes	19.7	5.4	40.0	1.9	7.3
Other provisions	17.3	4.8	45.5	2.2	7.0
Statutory/fiscal difference	17.2	4.8	0.0	0.0	4.8
Deferred tax assets from consolidation adjustments	3.7	1.0	3.7	0.2	1.2
Other	0.7	0.2	0.6	0.0	0.2
Total	116.1	32.0	89.8	4.3	36.3
Changes in the year:					
Taxable loss	(9.2)	(2.5)	0.0	0.0	(2.5)
Writedown of programmes	16.4	4.5	(4.8)	(0.2)	4.3
Other provisions	6.6	1.8	6.0	0.3	2.1
Statutory/fiscal difference	13.0	3.5	0.0	0.0	3.5
Deferred tax assets from consolidation adjustments	(0.2)	(0.1)	(0.2)	0.0	(0.1)
Other	0.1	0.0	0.0	0.0	0.0
Total	26.7	7.2	1.0	0.1	7.3
Balance at 31.12.2012:					
Taxable loss	48.3	13.3	0.0	0.0	13.3
Writedown of programmes	36.1	9.9	35.2	1.7	11.6
Other provisions	23.9	6.6	51.5	2.5	9.1
Statutory/fiscal difference	30.2	8.3	0.0	0.0	8.3
Deferred tax assets from consolidation adjustments	3.5	0.9	3.5	0.2	1.1
Other	0.8	0.2	0.6	0.0	0.2
Total	142.8	39.2	90.8	4.4	43.6

Receivables from others. These amount to 69.5 million euros (at 31 December 2011: 168.5 million euros). Net of write-downs of 3.4 million euros, they reflect the value of other types of receivable as described below:

- *advances to welfare and social security institutions* on contributions payable for artistic activities and for other payments, carried at a nominal value of 18.8 million euros;
- *miscellaneous advances to suppliers, collaborators and agents* carried at a nominal value of 16.8 million euros;
- *advances to suppliers* on sports events filming rights, carried at nominal value of 11.6 million euros;
- *receivables from personnel* carried at a nominal value of 8.5 million euros. They are mostly composed of amounts receivable in relation to employment disputes, advances for travel expenses and advances for production expenses;
- *receivables from others*, carried at a nominal value of 17.2 million euros.

Cash and cash equivalents

These amount to 10.9 million euros (at 31 December 2011: 18.8 million euros) relating mostly to the Parent Company which manages central treasury services. They comprise the following:

- Bank and post office deposits: these amount to 10.4 million euros (at 31 December 2011: 18.4 million euros). They represent sight or short-term balances on deposit or current account with banks, financial institutions and the Post Office.
- Cheques: these amount to 0.1 million euros (at 31 December 2011: they were of a non-significant value in millions of euros).
- Cash and cash equivalents on hand: these amount to 0.4 million euros (at 31 December 2011: 0.4 million euros) and include liquid funds in the form of cash and equivalent instruments (duty stamps, cashier's cheques or bank-guaranteed cheques, etc.) in hand at 31 December 2012.

Schedule 8 gives a breakdown of cash and cash equivalents in euros and other currencies.

Accrued income and prepaid expenses

These total 22.5 million euros (at 31 December 2011: 45,8 million euros) and consist of prepaid expenses for 22.5 million euros and accrued income for an insignificant value.

The composition is detailed in Schedule 10.

Accrued income and prepaid expenses (millions of euros)		Schedule 10	
	Changes in the year		
	31.12.2011	Balance of movements	31.12.2012
Prepaid expenses:			
. sports event filming rights	35.2	(20.2)	15.0
. rent and hire costs	4.7	(1.1)	3.6
. software licenses	2.7	(0.6)	2.1
. services for acquisition and production of programmes	0.5	(0.5)	..
. documentation services and assistance for informative systems	..	0.1	0.1
. maintenance and repairs	0.3	..	0.3
. insurance and accident prevention	0.2	(0.1)	0.1
. other	2.2	(0.9)	1.3
	45.8	(23.3)	22.5
Accrued income	..	..	..
Total	45.8	(23.3)	22.5

Liabilities

Shareholders' equity

Shareholders' equity amounts to 290.9 million euros, down 244.4 million euros on 31 December 2011 mainly due to the loss for the year (244.6 million euros).

The components of Shareholders' equity and the effects of operations carried out in 2012 and the previous year are shown in Schedule 11.

Changes in consolidated Shareholders' equity (millions of euros)														Schedule 11	
	Balance of 31.12.2010	Transfer result	Dividends	Mergers/ Incorpor.	Other movements	Differences conversion	Result for the year	Balance of 31.12.2011	Transfer result	Dividends	Mergers/ Incorpor.	Other movements	Differences conversion	Result for the year	Balance of 31.12.2012
Shareholders' equity:															
Group equity:															
Share Capital	242.5							242.5							242.5
Legal reserve	7.0							7.0	2.0						9.0
Other reserves:															
- Non-distributable reserve from revaluation of investments	-							-				111.7			111.7
- Merger surplus	253.7	(128.4)		13.4				138.7							138.7
- Reserve for conversion differences	(0.8)							(0.8)							(0.8)
- Other reserves	126.6	30.2		(13.4)	0.4			143.8	2.1			(111.5)			34.4
Group profit (loss) for the year	(98.2)	98.2					4.1	4.1	(4.1)					(244.6)	(244.6)
Total Group equity	530.8	-	-	-	0.4	-	4.1	535.3	-	-	-	0.2	-	(244.6)	290.9
Minority interests:															
Minority interests capital and reserves	-							-							-
Minority interests profit (loss) for the year	-							-							-
Total minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Shareholders' equity	530.8	-	-	-	0.4	-	4.1	535.3	-	-	-	0.2	-	(244.6)	290.9

Share Capital

At 31 December 2012, Rai's fully paid-in and subscribed share capital was represented by 242,518,100 ordinary shares with a par value of 1 euro each, owned by the Ministry of the Economy and Finance (241,447,000 shares, equal to 99.5583% of the share capital) and SIAE, the Italian Association of Authors and Publishers (1,071,100 shares, equal to 0.4417% of share capital).

Legal reserve

This is booked to the Parent Company financial statements for 9.0 million euros.

Other reserves

Other reserves total 284.0 million euros. This combination of items comprises:

- 138.7 million euros, of merger surplus;
- 111.7 million euros as a non-distributable reserve for revaluation of equity investments;
- 33.6 million euros of other reserves.

Group loss for the year

This amounts to 244.6 million euros.

Provisions for risks and charges

These amount to 503.2 million euros, up 90.3 million euros net on 31 December 2011. The composition of these items and details of the aforementioned decrease are shown in Schedule 12. The notes which follow provide additional information on the individual provisions.

Provisions for risks and charges (millions of euros)						Schedule 12
	31.12.2011	Provisions	Direct utilisations	Transferred to income statement	Other movements	31.12.2012
Provision for pension and similar liabilities						
- Provision for supplementary seniority benefits	1.2	0.1	(0.1)	(0.1)	-	1.1
- Retirement benefits	0.2	..	(0.1)	-	..	0.1
- Supplementary company pension fund	154.2	12.1	(11.4)	(1.5)	-	153.4
	155.6	12.2 (a)	(11.6)	(1.6)	..	154.6
Provision for taxes	11.5	..	(3.3) (b)	-	-	8.2
Other:						
- litigation	112.5	17.8 (c)	(13.9)	(0.2)	-	116.2
- staff resignation incentives	-	68.4 (d)	-	-	-	68.4
- accrued costs	33.9	19.4 (e)	-	(0.7)	-	52.6
- renovation and restructuring of properties	20.3	-	(1.5)	-	-	18.8
- litigation with social security institutions	17.0	-	-	(5.0)	-	12.0
- risks of non-usability of non-current assets (*)	5.0	9.6 (f)	(0.9)	-	-	13.7
- lease disputes	3.4	0.1 (g)	-	-	-	3.5
- disputes with controlling bodies	1.5	0.1 (g)	(0.1)	-	-	1.5
- miscellaneous:						
. for risks	29.9	6.6 (h)	(1.1)	(1.6)	-	33.8
. for liabilities	22.3	1.3 (i)	(1.3)	(2.4)	-	19.9
	245.8	123.3	(18.8)	(9.9)	-	340.4
	412.9	135.5	(33.7)	(11.5) (l)	-	503.2
(*) including:						
- programmes under development	1.6					9.0
- technical	3.4					4.7
	5.0					13.7
(a) contra-accounts: item B 9 d) pension and similar liabilities	0.1			(f) contra-account: item B 13 other provisions		
item B 14 c) other operating costs	12.1			(g) contra-account: item B 12 provisions for risks		
(b) contra-account: item E 22 income taxes for the year				(h) contra-accounts: item B 12 provisions for risks		6.1
(c) contra-accounts: item B 9 e) other personnel costs	7.5			item A 1 Revenues from sales and services		0.5
item B 12 provisions for risks	10.3			(i) contra-accounts: item B 9 a) wages and salaries		0.2
(d) contra-account: item E 21 d) other exceptional expense				item B 13 other provisions		0.7
(e) contra-accounts: item B 9 a) wages and salaries	15.3			item E 21 c) other exceptional expense		0.4
item B 9 b) welfare and social security charges	4.1			(l) contra-account: item A 5 c) other revenues and different income		

Provision for pension and similar liabilities: These amount to 154.6 million euros (at 31 December 2011: 155.6 million euros) and comprise the supplementary seniority benefits provision, the retirement benefits provision and the company supplementary pension fund.

- The *provision for supplementary seniority benefits* amounts to 1.1 million euros (at 31 December 2011: 1.2 million euros). It represents the sums owed in respect of indemnities in lieu of notice towards employees of Rai, Rai Way and Rai Cinema hired before 1978 who have reached the compulsory retirement age. The amount is revalued each year in consideration of consumer price inflation. In the event of early termination of employment, or changes in category, the amounts accrued are released.
- The *provision for retirement benefits* amounts to 0.1 million euros (31 December 2011: 0.2 million euros), and includes amounts accrued until 31 December 1988 and annual revaluations allocated in subsequent periods in order to protect the real value of the provision for eligible Rai employees in accordance with the terms of the national collective labour agreement.
- The *provision for supplementary seniority benefits* amounts to 153.4 million euros (at 31 December 2011: 154.2 million euros) and includes:
 - 146.0 million euros for supplementary pension benefits currently being paid (145.3 million euros at 31 December 2011), consisting of funds accrued for Rai and Rai Way employees who have opted for the supplementary pension plan under the trade union agreements, which are kept at an adequate level to ensure said benefits, with respect to actuarial reserves;
 - 7.4 million euros (8,9 million euros at 31 December 2011) for supplementary pensions that will be paid to eligible Rai executive staff still in service in the event that they opt for the supplementary pension plan with the envisaged term. The downsizing of the fund compared to the previous year is due to the cancellation of the previous agreement entered into on 29 January 2013: On the basis of said agreement, the option available only regards executives over the age of 60 and must be exercised within three months of said cancellation, with departure from the company. The charge is determined, only for those employees implicated, with reference to pay earned, seniority and financial and demographic parameters normally used in similar cases.

For taxes. This amounts to 8.2 million euros (at 31 December 2011: 11.5 million euros) represented by provisions booked to the financial statements of the individual companies, particularly Rai (4.2 million euros), Rai Way (1.5 million euros) and Supra (1.8 million euros) and those resulting from consolidation adjustments (0.6 million euros). They are down 3.3 million euros as detailed in Schedule 13.

Provision for deferred taxes (millions of euros)

Schedule 13

	IRES		IRAP		Total taxes
	Taxable amount	Taxed at 27.5%	Taxable amount	Taxed at 4.9% (average)	
Balance at 31.12.2011:					
Disputes					1.8
Capital gains	2.3	0.6	0.0	0.0	0.6
Exchange rate valuations	1.2	0.4	0.0	0.0	0.4
Statutory/fiscal difference on amortisation/depreciation of non-current assets	20.8	5.8	37.4	1.8	7.6
Deferred taxes from consolidation adjustments	2.2	0.6	2.2	0.1	0.7
Other	1.6	0.4	0.0	0.0	0.4
Total	28.1	7.8	39.6	1.9	11.5
Changes in the year:					
Disputes					0.0
Capital gains	(0.6)	(0.1)	0.0	0.0	(0.1)
Exchange rate valuations	(1.0)	(0.3)	0.0	0.0	(0.3)
Statutory/fiscal difference on amortisation/depreciation of non-current assets	(7.4)	(2.1)	(18.7)	(0.9)	(3.0)
Deferred taxes from consolidation adjustments	0.2	(0.1)	0.2	0.0	(0.1)
Other	0.5	0.2	0.0	0.0	0.2
Total	(8.3)	(2.4)	(18.5)	(0.9)	(3.3)
Balance at 31.12.2012:					
Disputes					1.8
Capital gains	1.7	0.5	0.0	0.0	0.5
Exchange rate valuations	0.2	0.1	0.0	0.0	0.1
Statutory/fiscal difference on amortisation/depreciation of non-current assets	13.4	3.7	18.7	0.9	4.6
Deferred taxes from consolidation adjustments	2.4	0.5	2.4	0.1	0.6
Other	2.1	0.6	0.0	0.0	0.6
Total	19.8	5.4	21.1	1.0	8.2

Other provisions. These amount to 340.4 million euros (at 31 December 2011: 245.8 million euros) and include provisions for costs or losses, the existence of which is certain but the amount of which cannot be exactly determined, or which are probable and the amount of which can be reasonably estimated. They are up 94.6 million euros as detailed in Schedule 12.

As regards pending litigation with employees and third parties, the amount carried in the *provisions for risks and charges* is the best estimate of the likely liability based on the most up-to-date information available.

Provision for staff severance pay

The provision totals 318.6 million euros (at 31 December 2011: 326.9 million euros). The provision for staff severance pay is determined at individual level in conformity to the provisions of art. 2120 of the Italian Civil Code, complemented by Budget Law 2007 (Law 296 of 27 December 2006), which established the entry into force of the new legislation on pension funds (Legislative Decree 252 of 5 December 2005) as of 1 January 2007.

By effect of this legislation, provisions for staff severance pay converge into pension funds other than those inside the company, unless employees ask to maintain the severance pay within the company: In this case, the provisions are paid into a reserve managed by the INPS, which will transfer to the company all the benefits disbursed by the latter in the event of payment of advances or termination of the employment contract, as envisaged by Article 2120 of the Civil Code.

The breakdown of the caption and changes during the year are shown in Schedule 14.

Provision for staff severance pay (millions of euros)							Schedule 14
31.12.2011	Provisions	Severance pay disbursed	Changes during the year				31.12.2012
			Advances	Staff transfers	Transfer to INPS supplementary retirement funds	Other movements	
326.9	53.8	(18.2)	(0.2)	-	(42.6)	(1.1)	318.6

Payables

Payables amount to 1,237.3 million euros, down 111.5 million euros on 31 December 2011. More specifically, financial debt payable to banks totals 372.4 million euros, with a net increase of 89.1 million euros on the figure disclosed in the 2011 financial statements. No payables covered by collateral in the form of company assets were recorded.

A breakdown of the caption is given in Schedule 15, while Schedules 16 and 17 show the breakdown of payables by maturity, type and currency.

With regard to geographic distribution, about 94% relates to Italian residents and about 4% relates to non-EU residents.

The notes indicated hereunder provide further details on the contents of the individual items.

Payables (millions of euros)

Schedule 15

	Changes during the year		
	31.12.2011	Balance of new positions (+) and repayments (-)	31.12.2012
Due to banks	283.3	89.1	372.4
Due to other lenders	2.0	(1.2)	0.8
Advances	3.4	1.6	5.0
Suppliers	846.3	(169.8)	676.5
Non-consolidated subsidiaries (a)	7.5	(3.9)	3.6
Associated companies (b)	4.3	0.0	4.3
Tax payables	71.4	(21.8)	49.6
Social security institutions	52.7	(1.3)	51.4
Other payables	77.9	(4.2)	73.7
	1,348.8	(111.5)	1,237.3
(a) including:			
- Rai Corporation	7.5	(3.9)	3.6
(b) including:			
- San Marino RTV	3.6	..	3.6
- Tivù Srl	0.7	..	0.7
	4.3	..	4.3

**Payables and accrued expenses and deferred income,
by maturity and type** (millions of euros)

Schedule 16

	31.12.2012				31.12.2011			
	within 1 year	from 2 to 5 year	after 5 year	Book value	within 1 year	from 2 to 5 year	after 5 year	Book value
Medium/long-term financial debt								
Due to banks	98.3	197.0	0.4	295.7	0.1	210.2	0.5	210.8
Due to other lenders	0.1	0.3	0.4	0.8	1.3	0.3	0.4	2.0
	98.4	197.3	0.8	296.5	1.4	210.5	0.9	212.8
Short-term financial debt								
Due to banks	76.7	-	-	76.7	72.5	-	-	72.5
Non-consolidated subsidiaries	3.4	-	-	3.4	5.5	-	-	5.5
Associated companies	0.5	-	-	0.5	0.4	-	-	0.4
Other payables	..	-	-	..	..	-	-	..
	80.6	-	-	80.6	78.4	-	-	78.4
Trade and other payables								
Advances	5.0	-	-	5.0	3.4	-	-	3.4
Suppliers	676.5	-	-	676.5	846.3	-	-	846.3
Non-consolidated subsidiaries	0.2	-	-	0.2	2.0	-	-	2.0
Associated companies	3.8	-	-	3.8	3.9	-	-	3.9
Tax payables	49.6	-	-	49.6	71.4	-	-	71.4
Welfare and social security institutions	51.4	-	-	51.4	52.7	-	-	52.7
Other payables	73.7	-	-	73.7	77.9	-	-	77.9
	860.2	-	-	860.2	1,057.6	-	-	1,057.6
Total payables	1,039.2	197.3	0.8	1,237.3	1,137.4	210.5	0.9	1,348.8
Accrued expenses	0.5	-	-	0.5	..	-	-	..
Deferred income	37.6	-	-	37.6	45.6	-	-	45.6
Total	1,077.3	197.3	0.8	1,275.4	1,183.0	210.5	0.9	1,394.4

Payables and accrued expenses in foreign currency or exposed to exchange rate risk (millions of euros)

Schedule 17

	31.12.2012			31.12.2011		
	In euros	In foreign currency or exposed to exchange rate risk	Book value	In euros	In foreign currency or exposed to exchange rate risk	Book value
Payables						
Due to banks	372.4	-	372.4	283.3	..	283.3
Due to other lenders	0.8	-	0.8	2.0	-	2.0
Suppliers	648.8	27.7	676.5	828.8	17.5	846.3
Non-consolidated subsidiaries	-	3.6	3.6	-	7.5	7.5
Associated companies	4.3	-	4.3	4.3	-	4.3
Tax payables	49.6	-	49.6	71.4	..	71.4
Social security institutions	51.4	-	51.4	52.7	-	52.7
Other payables	73.7	..	73.7	77.8	0.1	77.9
Total payables (a)	1,201.0	31.3	1,232.3	1,320.3	25.1	1,345.4
Accrued expenses	0.5	-	0.5	..	-	..
Total	1,201.5	31.3	1,232.8	1,320.3	25.1	1,345.4

(a) does not include Advances.

Due to banks. These amount to 372.4 million euros (at 31 December 2011: 283.3 million euros), representing current account overdrafts with certain banks for 76.7 million euros and medium/long-term loans for 295.7 million euros. As regards the latter, the amount of 295.0 million euros booked to the Parent Company financial statements is related to an unsecured loan taken out in May 2011 with five banks. The loan envisages full repayment by 31 December 2015, with amortisation beginning in June 2013, in constant six-monthly instalments. This loan, converted in observance of the company policy for about 70% at a fixed rate through an *Interest Rate Swap* is destined to hedge investments in Digital Terrestrial and on the radio and television offering, as well as other production investments. The loan envisages the observance of two parametric/equity indexes to calculate on the consolidated financial statements, and they have been fully observed.

Due to other lenders. They total 0.8 million euros (at 31 December 2011: 2.0 million euros) for payables booked to the financial statement of Rai Way.

Advances. these amount to 5.0 million euros (at 31 December 2011: 3.4 million euros) relating entirely to miscellaneous advances.

Due to suppliers. They total 676.5 million euros (at 31 December 2011: 846.3 million euros) and show a decrease of 169.8 million euros with respect to the figure disclosed for the previous year. They refer entirely to non-financial payables.

Due to non-consolidated subsidiaries. These amount to 3.6 million euros (at 31 December 2011: 7.5 million euros) and regard Parent Company payables to Rai Corporation. They comprise 3.4 million euros of financial debts and 0.2 million euros of other debts.

Due to associated companies. These amount to 4.3 million euros (at 31 December 2011: 4.3 million euros) and concern Parent Company payables to San Marino RTV for 3.6 million euros and to Tivù for 0.7 million euros. They consist of 0.5 million euros in financial debts (at 31 December 2011: 0.4 million euros) and other debts of 3.8 million euros (at 31 December 2011: 3.9 million euros).

Tax payables. These amount to 49.6 million euros (at 31 December 2011: 71.4 million euros) and show a decrease of 21.8 million euros with respect to the figure for the previous year. They consist of:

(millions of euros)		
	2012	2011
- Tax withholdings on earnings of employees and free-lance workers to be paid over	33.8	33.4
- IRES	10.0	21.9
- IRAP	0.1	9.4
- IVA	4.8	5.8
- Other withholdings and "substitute" taxes	0.9	0.9
- Other	..	..
	49.6	71.4

Welfare and social security institutions. These amount to 51.4 million euros (at 31 December 2011: 52.7 million euros). They reflect contributions due on remuneration paid to employees and free-lance workers, to be paid over to the institutions at the scheduled dates. They consist of:

(millions of euros)		
	2012	2011
- ENPALS	18.8	18.1
- INPGI	14.6	17.2
- Contributions on assessed remuneration	8.4	7.9
- INPS	7.4	7.3
- Other	2.2	2.2
	51.4	52.7

Other payables. These amount to 73.7 million euros (at 31 December 2011: 77.9 million euros). They show a net decrease of 4.2 million euros, as follows:

(millions of euros)		
	2012	2011
- Employees for assessed remuneration	43.3	51.7
- Other for assessed pertinent remuneration	12.7	11.2
- FCPGI	9.8	9.7
- FIPDRAI	1.6	-
- Other	6.3	5.3
	73.7	77.9

Accrued expenses and deferred income

These total 38.1 million euros (at 31 December 2011: 45.6 million euro). Details and a comparison with the previous year are provided in Schedule 18.

Accrued expenses and deferred income (millions of euros)		Schedule 18	
	Changes during the year		
	31.12.2011	Balance of movements	31.12.2012
Deferred income:			
. contribution for switchover to digital terrestrial broadcasting	42.6	(8.8)	33.8
. special licence fees	0.4	0.4	0.8
. teletext services	0.1	-	0.1
. Law 488/92 subsidised loans	0.3	(0.1)	0.2
. real estate investments	0.5	-	0.5
. broadcasting and related rights on own productions	0.5	0.4	0.9
. other	1.2	0.1	1.3
	45.6	(8.0)	37.6
Accrued expenses:			
. commissions	..	0.5	0.5
. other	..	..	..
	..	0.5	0.5
Total	45.6	(7.5)	38.1

The caption contains the entire amount contributed of 33.8 million euros, net of the amount already booked to the income statement, disbursed by the Ministry for Communications since 2007 in support of initiatives to accelerate the switch-over to the digital terrestrial platform, consisting of operations on systems and adaptation of the site infrastructures to extend areas covered by the digital signal and improve reception and the quality of service perceived by the user.

The task of making the necessary investments is entrusted to the subsidiary Rai Way SpA, which is also responsible for the design, installation, construction, maintenance, implementation, development and operation of the telecommunications networks.

The contribution is disclosed in the income statement of each year in relation to amortisation booked by the subsidiary, taking into account the relationship between the amount of contributions collected and the total investments envisaged for the accomplishment of related projects.

6) Memorandum Accounts

These amount to 435.4 million euros (at 31 December 2011: 673.4 million euros), formed as indicated in consolidated balance sheet and analysed in Schedules 19 and 20.

Memorandum accounts - unsecured guarantees (millions of euros)		Schedule 19	
	31.12.2012	31.12.2011	
Unsecured guarantees: sureties			
- for associated companies	2.6	2.6	
- for others:			
. Financial Administration for Group VAT	37.1	57.2	
. other	2.4	4.5	
	39.5	61.7	
Total sureties granted	42.1	64.3	
Unsecured guarantees: other			
- for others	-	2.0	
Total	42.1	66.3	

Memorandum accounts - secured guarantees (millions of euros)			
	31.12.2012	31.12.2011	
Secured guarantees granted for own commitments other than payables			
Assets pledged as collateral:			
- fixed-income securities	1.4	3.7	
Secured guarantees for debt recorded in the balance sheet			
Mortgages on:			
- land and industrial buildings	-	25.3	
Other secured guarantees	-	25.3	
Total secured guarantees for debt recorded in the balance sheet	-	50.6	
Total	1.4	54.3	

Memorandum accounts - commitments and others (millions of euros)

Schedule 20

	31.12.2012	31.12.2011
Purchase and sale commitments		
- Purchase commitments	1.0	1.9
- Sales commitments	-	-
	1.0	1.9
Other		
Secured guarantees received	1.0	1.0
Unsecured guarantees received:		
- Miscellaneous banks and insurance companies covering full performance of contracts for the production of radio/television programmes and films	169.3	262.8
- Other	122.5	106.8
Guarantees granted by other parties for Group obligations:		
- Banca Intesa - Surety of DEAR Srl	-	35.0
- Sanpaolo IMI for guarantee granted to FIFA covering payment of sporting rights relating to the 2010 World Football Championships	35.0	35.0
- Sanpaolo IMI for guarantees granted to tax authorities covering prize competitions	23.7	23.7
- Banca Intesa Sanpaolo SpA for guarantees granted to different companies for presentation of bids for tender	-	21.8
- UniCredit for guarantee granted to UEFA for sports rights relating to the 2012 European Football Championship	-	21.0
- Banca Intesa for guarantee granted to UEFA for sports rights relating to the 2006/2009 Champions League	-	13.5
- Other	11.6	19.4
Leased assets received	-	-
Third-part assets held by the company	-	-
Company assets held by third parties	8.6	9.7
Other cases	19.2	1.2
	390.9	550.9

Conditions in the hedging contracts covering specific Group commitments and the relative fair values are summarised in Schedule 21. The fair value of these instruments is determined with reference to the market value on the closing date of the period under assessment; in the case of unlisted instruments, fair value is determined using commonly used financial evaluation techniques.

Fair value of derivatives

Schedule 21

	Notional 31.12.2012 million USD	Notional 31.12.2012 million CHF	Fair value at 31.12.2012 million euros
Derivative financial instruments for hedges			
- on exchange rates (1):			
. futures purchased and swaps	13.5	1.0	..
. optional currency purchase strategies	33.8	-	(0.2)
	47.2	1.0	(0.2)
- on interest rates (2):			
. Interest Rate Swap	see note (3)		(7.6)
			(7.6)

(1) The transactions are carried out to hedge commercial agreements in USD and CHF, in observance of the Group policy.

(2) Irs transactions to hedge the Rai loan of 295 million euros.

(3) Reference notional 205 million euros.

On the whole, hedging contracts entered into are, in observance of the Group Policy, of a reasonable amount in relation to the overall entity of the commitments subject to such risks.

In addition to the details provided in the memorandum accounts, the amount receivable by the Parent Company from the subsidiary Sipra, 2.2 million euros has been attached in favour of I.N.P.G.I..

At 31 December 2012 there were no commitments, other than those highlighted among the memorandum accounts, of particular significance for the purchase or sale of goods and services in addition to those taken on in the normal course of business that would require specific information to be given for a better understanding of the company's financial position.

Lastly, Schedule 20 details the amount of company assets held by third parties.

7) Income Statement

Production value

Revenues from sales and services. These have been booked for 2,704.9 million euros, down 218.7 million euros on 31 December 2011, and mainly include revenues pertaining to the year, net of transactions between Group companies, from licence fees and advertising. A breakdown into major components is given in Schedule 22. As can be seen from the distribution of revenues by geographic area, they are almost all of national origin.

Revenues from sales and services (millions of euros)	Schedule 22	
	Year 2012	Year 2011
Revenues from sales	1.8	2.5
Revenues from services:		
- Licence fees:		
. private subscriptions	1,656.3	1,624.9
. special subscriptions	72.9	64.2
	1,729.2	1,689.1
- General-interest TV advertising:		
. Commercials	561.2	764.3
. TV promotions	27.2	34.9
. sponsorships	35.9	36.6
. product placement	1.7	2.1
	626.0	837.9
- Specialist channel TV advertising	56.8	51.5
- Radio advertising:		
. Commercials	29.4	38.6
. radio promotions	0.7	1.1
. sponsorships	5.2	5.9
	35.3	45.6
- Web advertising	6.6	5.4
- Cinema advertising	18.2	21.3
- Other advertising	2.4	3.1
	745.3	964.8
- Special services under agreements	32.5	54.9
- Other services		
. sale of rights, musical publications	111.2	114.9
. film and home video distribution	31.7	43.4
. fees for hosting plant and equipment	32.0	31.0
. income from broadcasting, circuit hire, bridge and link services	8.3	8.0
. agreements with telephone companies	3.5	5.1
. other	9.4	9.9
	196.1	212.3
	2,703.1	2,921.1
Total	2,704.9	2,923.6

As regards revenues from licence fees, the mechanism used to determine the per-unit fee envisaged by the Consolidated Broadcasting Law ("separate accounting"), aimed at guaranteeing the proportions between costs sustained by Rai, and certified by an independent auditor, for the performance of its public service remit and resources from licence fees, highlights a lack of the latter for the period from 2005 to 2011, totalling over 2 billion euros, of which more than 287 million euros refer to 2011 alone. In 2011, Rai requested, issuing warnings to such effect, the payment of the sums owing to it, as highlighted on the separate accounting forms, as well as interest matured and to mature.

For 2012, the "separate accounting" figures will be available, as established, within four months of the date on which the Shareholders' Meeting approves the financial statements.

Changes in inventories of work in progress, semi finished and finished goods. These were of a non-significant value in millions of euros (at 31 December 2011: they were of a non-significant value in millions of euros) and express the change in the value of inventories associated with the commercial activity.

Changes in work contracts in progress. These are booked for a non-significant value in millions of euros (at 31 December 2011: 0.1 million euros) and refer to the value resulting in the Rai Way financial statements for the progress in the construction of the Isoradio network.

Internal cost capitalisations. The amount of 25.1 million euros (at 31 December 2011: 24.4 million euros) represents the total of internal costs associated with *non-current assets*, which were capitalised under the specific asset captions. Details are shown in Schedule 23.

Internal cost capitalisations (millions of euros)

Schedule 23

	Year 2012	Year 2011
Intangible assets	17.2	17.4
Tangible assets	7.9	7.0
Total	25.1	24.4

Other production-related income. This totals 104.1 million euros (at 31 December 2011: 93.2 million euros), as detailed in Schedule 24.

Other production-related income (millions of euros)

Schedule 24

	Year 2012	Year 2011
Operating grants	11.1	9.2
Gains on disposals	0.1	3.1
Other		
Recovery and reimbursement of expenses	21.0	18.4
Out-of-period gains from licence fees	18.6	19.3
Other out-of-period gains	36.0	31.0
Provisions released	11.5	8.8
Income from real estate investments	2.4	2.3
Miscellaneous	3.4	1.1
	92.9	80.9
Total	104.1	93.2

Production costs

This caption comprises costs and capital losses related to ordinary activities, excluding financial operations. The costs shown here do not include those relating to *fixed tangible* and *intangible assets*, which are recorded under the respective asset accounts.

Raw materials, supplies, consumables and merchandise. These total 27.1 million euros (at 31 December 2011: 28.0 million euros), which includes purchases of technical materials for inventory – excluding items used in the construction of plant, which are allocated directly to *fixed assets* – production materials (sets, costumes, etc.) and miscellaneous operating materials (fuel, office supplies, printed documents, etc.), net of discounts and allowances, as shown in Schedule 25.

Production costs raw materials, supplies, consumables and merchandise (millions of euros)

Schedule 25

	Year 2012	Year 2011
Technical materials for inventory	4.2	3.8
Miscellaneous programme production materials	4.9	6.3
Other materials	18.0	17.9
Discounts, allowances and premiums on purchases of good	..	..
Total	27.1	28.0

Services. This totals 648.1 million euros (at 31 December 2011: 700.2 million euros) and comprises costs for freelance workers and other external services, net of discounts and allowances, as shown in Schedule 26. Among other things, they include emoluments, remuneration for special functions and reimbursement of expenses paid by the Parent Company to Directors for 1.6 million euros and to Statutory Auditors for 0.2 million euros. The caption includes independent auditors' fees for 0.2 million euros and other auditing services for 0.1 million euros.

Production costs for services (millions of euros)

Schedule 26

	Year 2012	Year 2011
Freelance services	132.4	141.8
Services for acquisition and production of programmes	197.7	224.6
Allowances, travel expenses and transfer of personnel	27.5	28.1
Ancillary personnel service costs	13.0	12.4
Maintenance and repairs	27.8	28.9
Documentation and information services	48.5	47.4
Insurance and accident prevention	18.1	18.9
Advertising and promotion	20.6	21.4
Promotion and distribution expenses	8.2	9.6
Supply services	37.1	34.3
General services	62.7	73.2
Third-party shares of sales figure	34.9	37.5
Other	19.6	22.1
Total	648.1	700.2

It should be noted that two Parent Company statutory auditors have also performed statutory auditor functions in other subsidiaries for remuneration which is not of significant amount.

Use of third-party assets. These amount to 519.5 million euros (at 31 December 2011: 436.5 million euros), and express costs for rents, leases, usage rights and filming rights, as detailed in Schedule 27.

Production costs for use of third party assets (millions of euros)

Schedule 27

	Year 2012	Year 2011
Rent and hire costs	103.1	112.3
Lease instalments	..	..
Usage rights	97.5	102.0
Filming rights	310.1	212.6
Other rights	8.8	9.6
Total	519.5	436.5

Personnel. Employee-related costs amount to 1,015.3 million euros (at 31 December 2011: 1,027.8 million euros), broken down as indicated in the income statement. The average number of employees on the payroll in 2012 was 13,158, including employees on fixed-term contracts, work-introduction and apprenticeship contracts (at 31 December 2011: 13,133), distributed by category and by company, as shown in Schedule 28.

Average workforce (units)

Schedule 28

	Year 2012			Year 2011		
	P.T.	F.T.	Total	P.T.	F.T.	Total
Per Company						
Rai	10,406	1,445	11,851	10,170	1,659	11,829
Rai World	2	-	2	2	-	2
Rai Cinema	91	35	126	89	18	107
RaiNet	42	27	69	46	20	66
Rai Way	621	46	667	637	44	681
Sipra	434	9	443	439	9	448
	11,596	1,562	13,158	11,383	1,750	13,133
Per category						
Executives	311	-	311	314	-	314
Journalists	1,677	262	1,939	1,641	331	1,972
Supervisors	1,297	1	1,298	1,318	-	1,318
Office workers	7,232	1,116	8,348	7,030	1,218	8,248
Blue collars	948	177	1,125	950	192	1,142
Orchestra members and other artistic staff	120	6	126	119	9	128
Medical staff	11	-	11	11	-	11
	11,596	1,562	13,158	11,383	1,750	13,133

Amortisation, depreciation and writedowns. These total 653.6 million euros (at 31 December 2011: 666.3 million euros), of which 488.2 million euros relates to amortisation of intangible assets and 127.8 million euros to depreciation of tangible assets, as detailed in Schedules 1 and 2. They include the writedown of programmes amounting to 24.5 million euros, which was made to take account of the risk that certain programmes may not be transmitted or re-broadcast, as well as the commercial exploitation of certain rights.

Changes in inventories of raw materials, supplies, consumables and merchandise. These are carried at a nominal value of 0.3 million euros (at 31 December 2011: 1.1 million euros) and represent the decrease in net *inventories* carried under current assets at 31 December 2012 with respect to the previous year.

Provisions for risks. These amount to 16.6 million euros (at 31 December 2011: 13.7 million euros). They consist of allocations to provisions for risks. The most significant items are detailed in Schedule 12 and relate mainly to provisions made by the Parent Company (12.1 million euros).

Other provisions. These amount to 10.3 million euros (at 31 December 2011: 4.5 million euros). The most significant items are shown in Schedule 12 and relate mainly to provisions booked to the financial statements of Rai (9.0 million euros) and Rai Way (1.2 million euros).

Other operating costs. These amount to 107.7 million euros (at 31 December 2011: 100.4 million euros). Their distribution is shown directly in the income statement and further information is provided in Schedule 29. For the most part they refer to costs disclosed in the Parent Company financial statements (95.7 million euros).

Other operating costs (millions of euros)	Schedule 29	
	Year 2012	Year 2011
Capital losses:		
- Tangible assets	3.6	4.4
- Intangible assets	0.4	..
	4.0	4.4
Concession fee	27.9	28.0
Other costs:		
- gifts, prize contests and entertainment expenses	13.5	12.6
- association dues	3.5	3.5
- IMU (2012) - ICI (2011) (municipal property taxes)	9.1	4.5
- other indirect taxes and contributions	12.6	11.3
- contribution to the Authority - Min. Decr. 16.07.99	6.4	6.1
- payment of uninsured damages, fines and penalties	0.3	1.1
- newspapers, books, periodicals, specific documentation and publications	2.2	2.9
- prior-year charges and reversal of non-existent liabilities	14.2	9.8
- provision for pension fund - former employees	12.1	13.9
- other	1.9	2.3
	75.8	68.0
Total	107.7	100.4

Financial income and expense

Other financial income. This totals 1.4 million euros (at 31 December 2011: 1.2 million euros) and is divided as shown in Schedule 30.

Financial income (millions of euros)	Schedule 30	
	Year 2012	Year 2011
Other financial income:		
From non-current receivables	..	..
From non-current securities other than equity investments	0.1	0.1
Financial income other than the above:		
- Interest and commissions receivable from associated companies	..	-
- Interest and commissions receivable from others and miscellaneous income:		
. interest from banks, post office current accounts and other financial institutions	0.7	0.4
. default interest on customer receivables	0.4	0.5
. interest from others	0.2	0.2
	1.3	1.1
Total	1.4	1.2

Interest and other financial expense. These amount to 15.5 million euros (at 31 December 2011: 9.6 million euros) and include interest expense, costs for commission on financial services received and other financial operating expenses, as detailed in Schedule 31.

Interest and other financial charges (millions of euros)	Schedule 31	
	Year 2012	Year 2011
Interest and commissions to non-consolidated subsidiaries	..	..
Interest and commissions payable to associated companies	..	..
Interest and commissions payable to others and miscellaneous charges:		
- interest and commissions payable to banks and other financial institutions	12.4	8.7
- interest expense and charges on interest rate hedges	2.5	0.3
- interest on payables to suppliers	0.1	0.5
- other charges	0.5	0.1
	15.5	9.6
Total	15.5	9.6

Foreign exchange gains and losses. These show a gain of 3.1 million euros (at 31 December 2011: a loss amounting to 0.9 million euros). This item comprises both foreign exchange charges and premiums on foreign currency hedge transactions as well as the effect of translating the value of payables and receivables in foreign currencies at year-end exchange rates or the rate in force at the time of the hedge in the case of exchange risk hedges, as detailed in Schedule 32.

Foreign exchange gains and losses (millions of euros)	Schedule 32	
	Year 2012	Year 2011
Foreign exchange gains (losses) from valuation	0.1	1.4
Other foreign exchange gains (losses)	3.0	(2.3)
Total	3.1	(0.9)

Value adjustments to financial assets

Revaluations. These amount to 1.2 million euros (at 31 December 2011: 1.1 million euros) and are determined almost entirely by the valuation at equity of investments in non-consolidated subsidiaries and associated companies.

Writedowns. They total 0.9 million euros (at 31 December 2011: 7.0 million euros) and comprise writedowns of non-current financial assets following losses incurred for the year by the investee companies for 0.6 million euros, and of value adjustments of non-current receivables for 0.3 million euros.

Exceptional income and expense

This item, broken down into income of 18.0 million euros (at 31 December 2011: 0.1 million euros) and expense for 68.9 million euros (at 31 December 2011: 6.9 million euros), is analysed in detail in Schedule 33.

Exceptional income/expense (millions of euros)	Schedule 33	
	Year 2012	Year 2011
Exceptional income		
Out-of-period gains:		
- IRES refund requested for deductibility of IRAP relating to personnel costs and similar for 2007-2011	16.8	-
- Lower taxes for previous years	0.8	0.1
- Other out-of-period gains	0.4	-
	18.0	0.1
Exceptional expense		
Prior years' taxes	(0.1)	(2.5)
Contingent liabilities and reversal of non-existent liabilities	..	..
Other:		
- costs connected with the staff voluntary resignation incentives scheme	(68.4)	(4.4)
- other	(0.4)	-
	(68.9)	(6.9)
Total	(50.9)	(6.8)

Current income taxes for the year, and deferred tax assets and liabilities

The amount of 18.6 million euros (at 31 December 2011: 36.7 million euros) is composed of current and deferred taxes for the year disclosed in the financial statements of the individual companies, and of theoretical taxes resulting from consolidation adjustments. The breakdown of the item is shown in the following table:

(millions of euros)			
	Charged in the accounts of the individual companies	Deriving from consolidation adjustments	Total
Current taxes			
- IRES	(13.4)	-	(13.4)
- IRAP	(30.6)	-	(30.6)
Deferred tax assets	22.2	(0.1)	22.1
Deferred tax liabilities	3.2	0.1	3.3
Total	(18.6)	-	(18.6)

8) Result for the year

The year closed with a loss of 244.6 million euros pertaining exclusively to the Group.

9) Reconciliation between Rai's statutory and consolidated financial statements at 31 December 2012 and 31 December 2011

The following table shows the reconciliation between the result for the year and Shareholders' equity as appearing in the Parent Company and consolidated financial statements:

Reconciliation between Rai Parent Company and consolidated financial statements (millions of euros)				
	Result for the year		Shareholders' Equity	
	2012	2011	2012	2011
Rai financial statements	(245.7)	39.3	294.1	427.5
Elimination of the book value of equity investments against the equities and the dividends distributed against profits for the year	0.0	(39.0)	0.0	114.0
Adjustment of the book value of associated companies valued on the equity method	(0.4)	0.6	0.0	8.1
Other consolidation adjustments	1.4	4.0	(2.6)	(14.8)
Deferred tax assets/liabilities on consolidation adjustments	0.1	(0.8)	(0.6)	0.5
Consolidated financial statements	(244.6)	4.1	290.9	535.3

10) Additional disclosures

As regards disclosure on related parties, no relevant transactions took place within the Group outside of normal market conditions.

For important events occurring after the closing date and the nature of the Group's activity, see the Report on Operations.





Consolidated supplementary schedules

Consolidated Balance Sheet reclassified in vertical form (millions of euros)

	31.12.2012	31.12.2011
A. NON-CURRENT ASSETS		
Intangible assets	903.3	932.6
Tangible assets	683.6	682.3
Financial assets	23.8	24.8
	1,610.7	1,639.7
B. WORKING CAPITAL		
Inventories	3.2	3.5
Trade receivables	523.5	704.9
Other assets	239.8	302.6
Trade payables	(685.5)	(855.6)
Provisions for risks and charges	(503.2)	(412.9)
Other liabilities	(212.8)	(247.6)
	(635.0)	(505.1)
C. INVESTED CAPITAL,		
net of current liabilities	(A+B)	975.7
		1,134.6
D. PROVISION FOR STAFF SEVERANCE PAY	318.6	326.9
E. INVESTED CAPITAL,		
net of current liabilities and provision for staff severance pay	(C-D)	657.1
		807.7
financed by:		
F. SHAREHOLDERS' EQUITY		
Parent Company equity	290.9	535.3
Minority interests	-	-
	290.9	535.3
G. NET MID-TERM/LONG-TERM FINANCIAL DEBT	296.5	212.8
H. NET SHORT-TERM FINANCIAL DEBT		
(NET CASH FUNDS)		
- short-term financial debt	80.6	78.4
- cash and short-term financial receivables	(10.9)	(18.8)
	69.7	59.6
	(G+H)	272.4
I. TOTAL, AS IN E	(F+G+H)	807.7

Consolidated Income Statement reclassified in vertical form (millions of euros)

	31.12.2012	31.12.2011
A. REVENUES	2,761.4	2,973.9
Changes in inventories of work in progress, semifinished and finished goods	..	-
Internal cost capitalisations	25.1	24.4
B. "TYPICAL" PRODUCTION VALUE	2,786.5	2,998.3
Cost of materials and external services	(1,284.8)	(1,250.8)
C. VALUE ADDED	1,501.7	1,747.5
Personnel costs	(1,015.3)	(1,027.8)
D. GROSS OPERATING MARGIN	486.4	719.7
Amortisation of programmes	(463.2)	(487.1)
Other amortisation/depreciation	(140.6)	(130.2)
Other value adjustments	(37.9)	(36.5)
Provisions for risks and charges	(26.7)	(18.1)
Miscellaneous income and charges - net	17.3	14.8
E. OPERATING RESULT	(164.7)	62.6
Financial income and expenses	(11.0)	(9.3)
Income from equity investments	0.6	(5.7)
F. RESULT BEFORE EXCEPTIONAL ITEMS AND TAXES	(175.1)	47.6
Exceptional income and expense - net	(50.9)	(6.8)
G. RESULT BEFORE TAXES	(226.0)	40.8
Income taxes for the year	(18.6)	(36.7)
H. PROFIT (LOSS) FOR THE YEAR	(244.6)	4.1
including:		
- pertaining to the Parent Company	(244.6)	4.1
- minority interests	-	-

Consolidated cash flow statement (millions of euros)

	31.12.2012	31.12.2011
A. NET OPENING CASH FUNDS (NET OPENING SHORT- TERM FINANCIAL DEBT)	(59.6)	(150.5)
B. CASH FLOW FROM OPERATING ACTIVITIES		
Profit (loss) for the year	(244.6)	4.1
Amortisation and depreciation	603.8	617.3
(Gains) losses on disposal of non-current assets	3.9	1.3
(Revaluations) writedowns of non-current assets	31.0	35.9
Change in working capital	129.9	(73.0)
Net change in staff severance pay provision	(8.3)	(11.2)
	515.7	574.4
C. CASH FLOW FROM INVESTING ACTIVITIES IN NON-CURRENT ASSETS		
Investment in non-current assets:		
. intangible assets	(480.7)	(504.0)
. tangible assets	(133.6)	(189.1)
. financial assets	(5.3)	(5.8)
Sale proceeds, or reimbursement value, of non-current assets and other changes	10.1	5.9
	(609.5)	(693.0)
D. CASH FLOW FROM FINANCING ACTIVITIES		
New loans	85.0	210.0
Loan repayments	(1.3)	(0.9)
Other equity movements	-	0.4
	83.7	209.5
E. PROFIT DISTRIBUTION	-	-
F. CASH FLOW FOR THE YEAR	(B+C+D+E)	90.9
G. NET CLOSING CASH FUNDS (NET CLOSING SHORT- TERM FINANCIAL DEBT)	(A+F)	(59.6)





Report of the Board of Statutory Auditors

Report on the consolidated financial statements

Shareholders,

The **Consolidated financial statements of the Rai Group** at 31 December 2012 – placed at your disposal for informative purposes – are drawn up in millions of euros and consist of the Balance Sheet, Income Statement and Notes to the Consolidated Financial Statements and are accompanied by the Directors' Report on the operations.

The Balance Sheet and the Income Statement present comparative figures with those for 2011.

The 2012 scope of consolidation is unchanged from 2011.

The financial statements under examination close with a loss of 244.6 million euros against a net profit of 4.1 million euros in 2011.

In the **Report on Operations**, the Directors illustrate the overall Group performance, repeating and integrating much of what was said in relation to Rai SpA and expanding the information with details relating to the single activities of the consolidated companies.

A review of the balance sheet, income statement and financial position is also provided to facilitate the reader's understanding of the comments on these areas, with information on the breakdown and contents of the main income statement and balance sheet items, highlighting the reasons for the differences compared to the Financial Statements for 2011.

The **Notes to the Consolidated Financial Statements** highlight the scope and the principles of consolidation and the valuation methods applied and provide, with the aid of the supplementary schedules presented, the other disclosures required under article 38 of Legislative Decree 127/1991.

A reconciliation between the Rai statutory financial statements and the Group Consolidated statements at 31 December 2012 is also provided, in relation to the Result for the year and the Shareholders' Equity, compared with the corresponding figures of the Financial Statements at 31 December 2011.

With regard to the competence of the Board of Statutory Auditors, on the basis of our contacts with the Independent Auditors PwC – we would like to state that all three parts of the financial statements under examination have been drawn up in observance of the law and that they correspond to the Parent Company accounting entries and to the information supplied by the other companies included within the scope of consolidation. No criticalities or reservations have emerged in relation to the latter.

In accounting terms, we should also note that:

- there have been no “exceptional cases” during the year which would entail making derogations as permitted under article 29, par. 4 of Legislative Decree 127/91;
- the assets and liabilities are valued using the same methods as in the previous financial statements.

In the light of all the matters described above, we are of the opinion that the Rai Group consolidated financial statements at 31 December 2012 and annexed Report on Operations have been drawn up in compliance with the provisions of the aforementioned Legislative Decree no. 127/1991.

Rome, 13 May 2013

THE STATUTORY AUDITORS

Mr Carlo GATTO
Ms Maria Giovanna BASILE
Mr Antonio IORIO



**AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE
No. 39 OF 27 JANUARY 2010**

To the shareholders of
RAI – Radiotelevisione italiana SpA

- 1 We have audited the consolidated financial statements of the RAI – Radiotelevisione italiana SpA and its subsidiaries (“RAI Group”) as of 31 December 2012. The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of these financial statements in compliance with the laws governing the criteria for their preparation. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior period, which are presented for comparative purposes as required by law, reference is made to our report dated 19 April 2012.
- 3 In our opinion, the consolidated financial statements of the RAI Group as of 31 December 2012 comply with the laws governing the criteria for their preparation; accordingly, they have been prepared clearly and give a true and fair view of the financial position and result of operations of the Group.
- 4 The directors of RAI – Radiotelevisione italiana SpA are responsible for the preparation of a report on operations in compliance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and recommended by Consob. In our opinion the report on operations is

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** Zola Predosa 40069 Via Tevere 18 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhler 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001

www.pwc.com/it



consistent with the consolidated financial statements of RAI – Radiotelevisione italiana SpA as of 31 December 2012.

Rome, 13 May 2013

PricewaterhouseCoopers SpA

Signed by

Aurelio Fedele
(Partner)

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





Financial Statements of Subsidiaries

247 Rai Cinema SpA

251 Rai Corporation - Italian Radio TV System in liquidation

255 Rai Corporation Canada - Italian Radio TV System in liquidation

259 RaiNet SpA

263 Rai Way SpA

267 Rai World SpA

271 Sipra SpA - Società Italiana Pubblicità per Azioni

Rai Cinema SpA

Name:	Rai Cinema SpA
Date of incorporation:	01 December 1999
Object:	The company's objects are the purchase, in Italy and abroad, of usage rights on audiovisual, cinema, TV and multimedia products, depending on the production requirements of Rai and its associated companies; the provision to Rai and its associated companies of the above said rights and the organisation, administration and management of rights according to Rai's information, research and broadcasting requirements; distribution, marketing and sale of rights in Italy and abroad; the production of audiovisual works for the cinema, TV and video communication markets; the construction, organisation and management of distribution circuits, cinemas and multiplex cinemas.
Share capital:	200,000,000.40 euros 38,759,690 shares of par value 5.16 euros each Rai 100 %
Employees:	92 on permanent contracts 38 on fixed-term contracts
Board of Directors	
Chairman:	Franco Scaglia
Managing Director:	Paolo Del Brocco
Directors:	Angela Filipponio Tatarella Franco La Gioia Gloria Tessarolo
Board Secretary:	Massimiliano Orfei
General Manager	Giuseppe Sturiale
Board of Statutory Auditors	
Chairman:	Lanfranco Duo'
Standing Statutory Auditors:	Orlando Fazzolari Cesare Augusto Giannoni
Alternate Statutory Auditors:	Paolo Grasseti Leonardo Quagliata

Rai Cinema SpA

Balance Sheet - Assets (in euros)

	31.12.2012	31.12.2011
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
3.- Industrial patents and intellectual property rights	385,544,638	418,246,043
4.- Concessions, licences, trademarks and similar rights	900	1,297
6.- Intangible assets under development and payments on account	95,988,544	76,638,407
7.- Other intangible assets	117,792	192,157
TOTAL INTANGIBLE ASSETS	481,651,874	495,077,904
II. TANGIBLE ASSETS		
2.- Plant and machinery	6,302	12,474
3.- Industrial and sales equipment	697	1,457
4.- Other assets	100,226	114,976
TOTAL TANGIBLE ASSETS	107,225	128,907
III. FINANCIAL ASSETS		
2.- Receivables		
d) others		
- due within one year	251,178	-
- due after one year	-	251,592
Total receivables	251,178	251,592
TOTAL NON-CURRENT FINANCIAL ASSETS	251,178	251,592
TOTAL NON-CURRENT ASSETS	482,010,277	495,458,403
C) CURRENT ASSETS		
I. INVENTORIES		
4.- Finished products and merchandise	606,643	908,184
TOTAL INVENTORIES	606,643	908,184
II. RECEIVABLES		
1.- Customers	38,982,488	42,249,213
4.- Parent companies	4,582,475	10,267,566
4.bis - Tax receivables	1,566,890	3,770,810
4.ter - Deferred tax assets	729,625	623,422
5.- Other		
- due within one year	6,024,530	4,168,540
- due after one year	446,963	1,237,998
TOTAL RECEIVABLES	52,332,971	62,317,549
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	73,301	75,047
TOTAL CASH AND CASH EQUIVALENTS	73,301	75,047
TOTAL CURRENT ASSETS	53,012,915	63,300,780
D) ACCRUED INCOME AND PREPAID EXPENSES	83,443	59,924
TOTAL ASSETS	535,106,635	558,819,107

Rai Cinema SpA**Balance Sheet - Liabilities (in euros)**

	31.12.2012	31.12.2011
A) SHAREHOLDERS' EQUITY		
I. Share capital	200,000,000	200,000,000
IV. Legal reserve	15,335,608	14,437,585
VII. Other reserves	1,400,388	1,400,387
VIII. Profits (losses) brought forward	24,995,566	7,933,132
IX. Profit (loss) for the year	16,087,383	17,960,457
TOTAL SHAREHOLDERS' EQUITY	257,818,945	241,731,561
B) PROVISIONS FOR RISKS AND CHARGES		
1.- For pension and similar liabilities	6,696	6,482
2.- For taxes (also deferred taxes)	38,885	763
3.- Other	4,051,669	3,221,008
TOTAL PROVISIONS FOR RISKS AND CHARGES	4,097,250	3,228,253
C) PROVISION FOR STAFF SEVERANCE PAY	1,629,714	1,685,114
D) PAYABLES		
6.- Advances	1,569,700	50,207
7.- Suppliers	110,633,548	110,260,855
11.- Parent companies	153,406,835	197,137,913
12. Tax payables	547,663	558,817
13.- Welfare and social security institutions	413,221	378,070
14.- Other payables	4,989,759	3,784,672
TOTAL PAYABLES	271,560,726	312,170,534
E) ACCRUED EXPENSES AND DEFERRED INCOME	-	3,645
TOTAL LIABILITIES	535,106,635	558,819,107

Rai Cinema SpA**Memorandum accounts (in euros)**

	31.12.2012	31.12.2011
4.- Other	117,568,865	113,955,708
TOTAL MEMORANDUM ACCOUNTS	117,568,865	113,955,708

Rai Cinema SpA

Income Statement (in euros)

	31.12.2012	31.12.2011
A) PRODUCTION VALUE		
1.- Revenues from sales and services	333,548,049	349,600,579
2.- Changes in inventories of work in progress, semifinished and finished goods	(301,541)	(33,717)
5.- Other production-related income		
a) operating grants	1,105,107	1,337,880
b) gains on disposal of assets	-	20,000
c) other	12,686,153	8,568,104
Total other production-related income	13,791,260	9,925,984
TOTAL PRODUCTION VALUE	347,037,768	359,492,846
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(601,165)	(1,235,066)
7.- Services	(52,729,276)	(59,914,133)
8.- Use of third-party assets	(1,937,213)	(2,036,999)
9.- Personnel		
a) wages and salaries	(6,525,658)	(6,086,696)
b) social security contributions	(1,898,981)	(1,766,790)
c) staff severance pay	(472,588)	(459,737)
d) pension and similar costs	(140,015)	(185,742)
e) other costs	(180,062)	(47,567)
Total for personnel	(9,217,304)	(8,546,532)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(246,038,926)	(247,078,580)
b) depreciation of tangible assets	(35,812)	(36,711)
c) other non-current asset writedowns	(2,987,157)	(767,620)
d) writedowns of current receivables, cash and cash equivalents	(1,763,574)	(1,904,923)
Total amortisation, depreciation and writedowns	(250,825,469)	(249,787,834)
12.- Provisions for risks	(216,500)	(250,505)
13.- Other provisions	-	(50,400)
14.- Other operating costs		
c) other	(3,272,586)	(2,066,660)
Total miscellaneous operating costs	(3,272,586)	(2,066,660)
TOTAL PRODUCTION COSTS	(318,799,513)	(323,888,129)
Difference between production values and costs (A-B)	28,238,255	35,604,717
C) FINANCIAL INCOME AND EXPENSES		
16.- Other financial income		
a) from non-current receivables		
. other	6,214	3,733
Total income from non-current receivables	6,214	3,733
d) financial income other than the above		
. interest and commissions from parent companies	5	407
. interest and commissions from others and miscellaneous income	2,872	4,625
Total financial income other than the above	2,877	5,032
Total other financial income	9,091	8,765
17.- Interest and other financial expenses		
c) interest and commissions payable to parent companies	(4,340,114)	(4,235,375)
d) interest and commissions payable to others and miscellaneous charges	(143,032)	(84,199)
Total interest and other financial expenses	(4,483,146)	(4,319,574)
17bis.- Foreign exchange gains and losses	427,123	(2,369,553)
TOTAL FINANCIAL INCOME AND EXPENSES	(4,046,932)	(6,680,362)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income		
b) out-of-period gains and reversal of non-existent liabilities	799,980	-
Total income	799,980	-
21.- Expense		
b) prior years' taxes	-	(492,685)
e) other	(150,000)	-
Total expense	(150,000)	(492,685)
TOTAL EXCEPTIONAL INCOME AND EXPENSE	649,980	(492,685)
Result before taxes (A-B+/-C+/-D+/-E)	24,841,303	28,431,670
22.- Current income taxes for the year, and deferred tax assets and liabilities	(8,753,920)	(10,471,213)
23.- Profit (loss) for the year	16,087,383	17,960,457

Rai Corporation - Italian Radio TV System in liquidation

Name:	Rai Corporation – Italian Radio TV System in liquidation
Date of incorporation:	20 January 1960
Object:	The Company operates in North America in the production, distribution and sale of radio and TV programmes. It is engaged in the development of international co-productions and provides support to Group companies.
Share capital:	US\$ 500,000 50,000 shares of par value US\$ 10 each Rai 100%
Ownership:	Rai Corporation Canada in liquidation 100%
Employees:	2 on permanent contracts
Board of Directors	
Chairman:	Lorenza Lei (until 12 October 2012)
Directors:	Antonio Marano (until 12 October 2012) Gianfranco Comanducci (until 12 October 2012)
Board Secretary:	Alessandro Pagano (from 12 October 2012)
Sole Director	Alessandro Pagano (from 12 October 2012)
General Manager	Guido Corso
Liquidator	Luigi Bergomi (from 1 June 2012)

The financial statements presented below are drawn up in accordance with Italian GAAP.

Rai Corporation	Balance Sheet - Assets (in US dollars)	
	31.12.2012	31.12.2011
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS	-	-
II. TANGIBLE ASSETS		
4.- Other assets	23,000	23,000
TOTAL TANGIBLE ASSETS	23,000	23,000
III. FINANCIAL ASSETS		
1.- Equity investments in:		
a) subsidiaries	1,000	1,000
Total equity investments	1,000	1,000
2.- Receivables		
d) others		
. due within one year	-	72,342
Total receivables	1,000	72,342
TOTAL NON-CURRENT FINANCIAL ASSETS	1,000	73,342
TOTAL NON-CURRENT ASSETS	24,000	96,342
C) CURRENT ASSETS		
I. INVENTORIES	-	-
II. RECEIVABLES		
1.- Customers	-	82,328
4.- Parent companies	4,752,828	9,643,991
5.- Other	-	60,375
TOTAL RECEIVABLES	4,752,828	9,786,694
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	405,654	344,986
3.- Cash and cash equivalents on hand	-	2,000
TOTAL CASH AND CASH EQUIVALENTS	405,654	346,986
TOTAL CURRENT ASSETS	5,158,482	10,133,680
D) ACCRUED INCOME AND PREPAID EXPENSES	-	-
TOTAL ASSETS	5,182,482	10,230,022

Rai Corporation**Balance Sheet - Liabilities** (in US dollars)

	31.12.2012	31.12.2011
A) SHAREHOLDERS' EQUITY		
I. Share capital	500,000	500,000
VII. Other reserves	4,822,000	4,822,000
VIII. Profits (losses) brought forward	(3,179,507)	(1,585,896)
IX. Profit (loss) for the year	353,008	(1,593,611)
TOTAL SHAREHOLDERS' EQUITY	2,495,501	2,142,493
B) PROVISIONS FOR RISKS AND CHARGES		
3.- Other	2,147,781	5,458,822
TOTAL PROVISIONS FOR RISKS AND CHARGES	2,147,781	5,458,822
C) PROVISION FOR STAFF SEVERANCE PAY	226,666	1,761,313
D) PAYABLES		
7.- Suppliers	185,113	285,353
9.- Subsidiaries	1,000	1,000
11.- Parent companies	2,739	48,110
12.- Tax payables	15,000	39,456
14.- Other payables	108,682	493,475
TOTAL PAYABLES	312,534	867,394
E) ACCRUED INCOME AND PREPAID EXPENSES	-	-
TOTAL LIABILITIES	5,182,482	10,230,022

Rai Corporation**Memorandum accounts** (in US dollars)

	31.12.2012	31.12.2011
4.- Other	25	2,600,025
TOTAL MEMORANDUM ACCOUNTS	25	2,600,025

Rai Corporation

Income Statement (in US dollars)

	31.12.2012	31.12.2011
A) PRODUCTION VALUE		
1.- Revenues from sales and services	3,584,939	12,794,394
5.- Other production-related income		
c) other	108,681	2,197,425
Total other production-related income	108,681	2,197,425
TOTAL PRODUCTION VALUE	3,693,620	14,991,819
Use of the Provision for liquidation charges and costs, for the revenues already booked to the Provision	(2,915,000)	-
Balance between production value and use of the Provision (A)	778,620	14,991,819
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(5,913)	(100,054)
7. Services	(1,954,591)	(3,132,526)
8.- Use of third-party assets	(1,916,880)	(2,863,192)
9. Personnel		
a) wages and salaries	(1,453,450)	(4,493,996)
b) social security contributions	(129,074)	(1,318,668)
c) staff severance pay	-	(162,196)
e) other costs	(746,540)	(280,822)
Total for personnel	(2,329,064)	(6,255,682)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	-	(379,713)
b) depreciation of tangible assets	-	(95,784)
c) other non-current asset writedowns	-	(3,451,218)
d) writedowns of current receivables, cash and cash equivalents	(13,048)	(13,586)
Total amortisation, depreciation and writedowns	(13,048)	(3,940,301)
12.- Provisions for risks	(42,373)	-
14.- Other operating costs		
a) capital losses on disposals	-	(15,996)
c) other	(250,923)	(107,235)
Total miscellaneous operating costs	(250,923)	(123,231)
TOTAL PRODUCTION COSTS	(6,512,792)	(16,414,986)
Use of the Provision for liquidation charges and costs	6,089,415	-
Balance between production value and use of the Provision (B)	(423,377)	(16,414,986)
Difference between production values and costs (A-B)	355,243	(1,423,167)
C) FINANCIAL INCOME AND EXPENSES		
16.- Other financial income		
d) financial income other than the above		
. interest and commissions from parent companies	237	191
. interest and commissions from others and miscellaneous income	243	2,681
Total financial income other than the above	480	2,872
Total other financial income	480	2,872
17.- Interest and other financial expenses		
d) interest and commissions payable to others and miscellaneous charges	(2,715)	(11,194)
Total interest and other financial expenses	(2,715)	(11,194)
17bis.- Foreign exchange gains and losses	-	(113)
TOTAL FINANCIAL INCOME AND EXPENSES	(2,235)	(8,435)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE	-	-
Result before taxes (A-B+/-C+/-D+/-E)	353,008	(1,431,602)
22.- Current income taxes for the year, and deferred tax assets and liabilities	-	(162,009)
23.- Profit (loss) for the year	353,008	(1,593,611)

Rai Corporation Canada - Italian Radio TV System in liquidation

Name:	Rai Corporation Canada – Italian Radio TV System in liquidation
Date of incorporation:	18 February 1987
Object:	The company is wholly owned by Rai Corporation and its objects are the distribution in Canada of the programmes produced by Rai for foreign viewing; it performs representation functions for Rai Corporation and assists this company in the production of radio and TV programmes in Canada.
Share capital:	Can\$ 1,394 1,000 shares of par value Can\$ 1.394 each Rai Corporation in liquidation 100%
Employees:	none
Board of Directors	
Chairman:	Gianfranco Comanducci (until 29 May 2012)
Directors:	Guido Corso (until 29 May 2012) Rita Carbone-Fleury (until 29 May 2012)
Sole Director	Alessandro Pagano (from 29 May 2012)
General Manager	Guido Corso (until 29 May 2012)

The financial statements presented below are drawn up in accordance with Italian GAAP.

Rai Corporation Canada**Balance Sheet - Assets** (in Canadian dollars)

	31.12.2012	31.12.2011
A) SUBSCRIBED CAPITAL UNPAID	1,394	1,394
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS	-	-
II. TANGIBLE ASSETS	-	-
III. FINANCIAL ASSETS	-	-
C) CURRENT ASSETS		
I. INVENTORIES	-	-
II. RECEIVABLES	-	-
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS	-	-
D) ACCRUED INCOME AND PREPAID EXPENSES	-	-
TOTAL ASSETS	1,394	1,394

Rai Corporation Canada**Balance Sheet - Liabilities** (in Canadian dollars)

	31.12.2012	31.12.2011
A) SHAREHOLDERS' EQUITY		
I. Share capital	1,394	1,394
TOTAL SHAREHOLDERS' EQUITY	1,394	1,394
B) PROVISIONS FOR RISKS AND CHARGES	-	-
C) PROVISION FOR STAFF SEVERANCE PAY	-	-
D) PAYABLES	-	-
E) ACCRUED INCOME AND PREPAID EXPENSES	-	-
TOTAL LIABILITIES	1,394	1,394

Rai Corporation Canada**Income Statement** (in Canadian dollars)

	31.12.2012	31.12.2011
A) PRODUCTION VALUE	-	-
B) PRODUCTION COSTS	-	-
C) FINANCIAL INCOME AND EXPENSES	-	-
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE	-	-
22.- Current income taxes for the year, and deferred tax assets and liabilities	-	-
23.- Profit (loss) for the year	-	-

RaiNet SpA

Name:	RaiNet SpA	
Date of incorporation:	23 June 1999	
Object:	The company's object is the production, distribution and sale of interactive and multimedia products and services for any media platform, making no distinction as to the distribution means, directed to private customers, business customers, the public administration and other authorities; the organisation and sale of third parties' products and services of the kind stated above; the organisation, production and distribution of any kind of product and service that is economically relevant to the development of the Internet and of other interactive services.	
Share capital:	5,160,000 euros 1,000,000 shares of par value 5.16 euros each Rai 100%	
Employees:	38 on permanent contracts 31 on fixed-term contracts	
Board of Directors	(until 12 December 2012)	(from 12 December 2012)
Chairman:	Giampaolo Rossi	Giuseppe Biassoni
Managing Director:	Pietro Gaffuri	
Directors:	Fabio Belli	
	(until 12 December 2012)	(from 12 December 2012)
	Silvia Calandrelli Alessio Gorla	Luca Balestrieri Marcello Giuseppe Ciannamea
Board Secretary:	Felice Ventura	
Board of Statutory Auditors	(until 12 December 2012)	(from 12 December 2012)
Chairman:	Guido Tronconi	Carlo Cesare Gatto
	(until 12 December 2012)	(from 12 December 2012)
Standing Statutory Auditors:	Antonio Falsetti Enrico Laghi	Giampiero Riccardi Angela Salvini
Alternate Statutory Auditors:	Francesco Mariani Maria Eugenia Palombo	

RaiNet SpA		Balance Sheet - Assets (in euros)	
		31.12.2012	31.12.2011
A)	SUBSCRIBED CAPITAL UNPAID	-	-
B)	NON-CURRENT ASSETS		
I.	INTANGIBLE ASSETS		
3.-	Industrial patents and intellectual property rights	144,631	39,175
6.-	Intangible assets under development and payments on account	151,623	106,011
7.-	Other intangible assets	146,609	88,027
	TOTAL INTANGIBLE ASSETS	442,863	233,213
II.	TANGIBLE ASSETS		
2.-	Plant and machinery	47,318	74,768
3.-	Industrial and sales equipment	365	462
4.-	Other assets	890,562	1,018,642
5.-	Tangible assets under construction and payments on account	17,212	-
	TOTAL TANGIBLE ASSETS	955,457	1,093,872
III.	FINANCIAL ASSETS	-	-
	TOTAL NON-CURRENT ASSETS	1,398,320	1,327,085
C)	CURRENT ASSETS		
I.	INVENTORIES	-	-
II.	RECEIVABLES		
1.-	Customers	1,506,855	1,429,220
4.-	Parent companies	16,468,357	13,783,653
4.bis-	Tax receivables	107	793
5.-	Other	103,875	83,617
	TOTAL RECEIVABLES	18,079,194	15,297,283
III.	CURRENT FINANCIAL ASSETS	-	-
IV.	CASH AND CASH EQUIVALENTS	-	-
	TOTAL CURRENT ASSETS	18,079,194	15,297,283
D)	ACCRUED INCOME AND PREPAID EXPENSES	135,258	207,961
	TOTAL ASSETS	19,612,772	16,832,329

RaiNet SpA		Balance Sheet - Liabilities (in euros)	
		31.12.2012	31.12.2011
A)	SHAREHOLDERS' EQUITY		
	I. Share capital	5,160,000	5,160,000
	IV. Legal reserve	452,647	366,629
	VII. Other reserves	1,391,244	1,391,244
	VIII. Profits (losses) brought forward	3,247,623	1,613,295
	IX. Profit (loss) for the year	1,804,865	1,720,346
	TOTAL SHAREHOLDERS' EQUITY	12,056,379	10,251,514
B)	PROVISIONS FOR RISKS AND CHARGES		
	3.-Other	1,011,629	914,820
	TOTAL PROVISIONS FOR RISKS AND CHARGES	1,011,629	914,820
C)	PROVISION FOR STAFF SEVERANCE PAY	452,234	536,043
D)	PAYABLES		
	7.- Suppliers	2,237,791	2,208,634
	11.- Parent companies	3,397,259	2,431,058
	12.- Tax payables	126,655	175,952
	13.- Welfare and social security institutions	158,901	174,804
	14.- Other payables	125,674	139,504
	TOTAL PAYABLES	6,046,280	5,129,952
E)	ACCRUED INCOME AND PREPAID EXPENSES	46,250	-
	TOTAL LIABILITIES	19,612,772	16,832,329

RaiNet SpA		Memorandum accounts (in euros)	
		31.12.2012	31.12.2011
	4.- Other	668,020	356,500
	TOTAL MEMORANDUM ACCOUNTS	668,020	356,500

RaiNet SpA

Income Statement (in euros)

	31.12.2012	31.12.2011
A) PRODUCTION VALUE		
1.- Revenues from sales and services	14,081,543	15,091,836
5.- Other production-related income		
c) other	462,178	663,434
Total other production-related income	462,178	663,434
TOTAL PRODUCTION VALUE	14,543,721	15,755,270
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(38,196)	(47,369)
7.- Services	(7,480,445)	(8,490,762)
8.- Use of third-party assets	(219,805)	(365,563)
9.- Personnel		
a) wages and salaries	(2,969,345)	(2,977,260)
b) social security contributions	(841,900)	(846,872)
c) staff severance pay	(210,189)	(211,357)
d) pension and similar costs	(58,871)	(60,759)
e) other costs	(20,561)	(73,882)
Total for personnel	(4,100,866)	(4,170,130)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(236,067)	(145,572)
b) depreciation of tangible assets	(428,697)	(439,917)
Total amortisation, depreciation and writedowns	(664,764)	(585,489)
12.- Provisions for risks	-	(10,609)
13.- Other provisions	-	(15,766)
14.- Other operating costs		
a) capital losses on disposals	-	(75,183)
c) other	(85,950)	(66,630)
Total miscellaneous operating costs	(85,950)	(141,813)
TOTAL PRODUCTION COSTS	(12,590,026)	(13,827,501)
Difference between production values and costs (A-B)	1,953,695	1,927,769
C) FINANCIAL INCOME AND EXPENSES		
16.- Other financial income		
d) financial income other than the above		
. interest and commissions from parent companies	85,498	26,470
Total financial income other than the above	85,498	26,470
Total other financial income	85,498	26,470
17.- Interest and other financial expenses		
d) interest and commissions payable to others and miscellaneous charges	(628)	(1,149)
Total interest and other financial expenses	(628)	(1,149)
17bis.- Foreign exchange gains and losses	(219)	2,059
TOTAL FINANCIAL INCOME AND EXPENSES	84,651	27,380
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income		
b) out-of-period gains and reversal of non-existent liabilities	16,519	15,197
Total income	16,519	15,197
TOTAL EXCEPTIONAL INCOME AND EXPENSE	16,519	15,197
Result before taxes (A-B+/-C+/-D+/-E)	2,054,865	1,970,346
22.- Current income taxes for the year, and deferred tax assets and liabilities	(250,000)	(250,000)
23.- Profit (loss) for the year	1,804,865	1,720,346

Rai Way SpA

Name:	Rai Way SpA	
Date of incorporation:	29 July 1999	
Object:	<p>The company's object is the design, development and maintenance of software and telecommunications networks, and the installation, implementation and management of these networks; the development and management of a commercial, distribution and assistance network aiming at the transmission, distribution and dissemination, in the territory of the Republic of Italy, San Marino and the Vatican City of signals, sound and video programmes of Rai and its subsidiaries and of telecommunications services of any kind.</p> <p>The company's purpose also includes the provision of wireless infrastructure and relevant services to wireless operators, including the leasing of sites/antennas and co-leases, built-to-suit services, network programming and design, site research and purchase, site design and construction, network optimisation, infrastructure maintenance, network management and maintenance and relevant microwave or optical fibre transmission services.</p>	
Share capital:	70,176,000 euros 13,600,000 shares of par value 5.16 euros each Rai 100 %	
Employees:	625 on permanent contracts 42 on fixed-term contracts	
Board of Directors		
	(until 18 September 2012)	(from 18 September 2012)
Chairman:	Francesco De Domenico	Roberto Sergio
Vice Chairman:	(until 18 September 2012)	
	Franco Modugno	
Managing Director:	Stefano Ciccotti	
Directors:	Luca Balestrieri	
	(until 18 September 2012)	(from 18 September 2012)
	Cesare Bossetti Giovanni Galoppi Marco Zuppi	Luigi Gubitosi Luigi Rocchi
Board Secretary:	Corrado Bontempi	
General Manager	Aldo Mancino	
Board of Statutory Auditors	(until 18 September 2012)	(from 18 September 2012)
Chairman:	Giulio Andreani	Maria Giovanna Basile
Standing Statutory Auditors:	Maurizio Mancianti Pietro Pilello	Giovanni Galoppi Agostino Malsegna
Alternate Statutory Auditors:	Roberto Munno	
	(until 18 September 2012)	(from 18 September 2012)
	Marcello Ronconi	Fernando Sbarbati

Rai Way SpA

Balance Sheet - Assets (in euros)

	31.12.2012	31.12.2011
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
3.- Industrial patents and intellectual property rights	252,271	1,553,883
6.- Intangible assets under development and payments on account	296,022	411,353
7.- Other intangible assets	170,917	239,941
TOTAL INTANGIBLE ASSETS	719,210	2,205,177
II. TANGIBLE ASSETS		
1.- Land and buildings	43,356,507	45,963,886
2.- Plant and machinery	228,928,512	191,455,995
3.- Industrial and sales equipment	4,541,956	5,598,294
4.- Other assets	245,835	257,536
5.- Tangible assets under construction and payments on account	33,840,004	61,014,835
TOTAL TANGIBLE ASSETS	310,912,814	304,290,546
III. FINANCIAL ASSETS		
2.- Receivables		
d) others	34,253	183,875
Total receivables	34,253	183,875
TOTAL NON-CURRENT FINANCIAL ASSETS	34,253	183,875
TOTAL NON-CURRENT ASSETS	311,666,277	306,679,598
C) CURRENT ASSETS		
I. INVENTORIES		
1.- Raw materials, supplies and consumables	609,835	767,897
3.- Contract work in progress	236,240	196,131
TOTAL INVENTORIES	846,075	964,028
II. RECEIVABLES		
1.- Customers	7,421,261	6,864,265
4.- Parent companies		
. due within one year	68,447,471	100,835,314
. due after one year	2,718,036	-
4.bis- Tax receivables	1,157,772	333,163
4.ter- Deferred tax assets		
. due within one year	3,609,675	2,497,309
. due after one year	1,559,017	1,946,976
5.- Other	763,383	819,140
TOTAL RECEIVABLES	85,676,615	113,296,167
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS	-	-
TOTAL CURRENT ASSETS	86,522,690	114,260,195
D) ACCRUED INCOME AND PREPAID EXPENSES	1,106,985	833,333
TOTAL ASSETS	399,295,952	421,773,126

Rai Way SpA**Balance Sheet - Liabilities (in euros)**

	31.12.2012	31.12.2011
A) SHAREHOLDERS' EQUITY		
I. Share capital	70,176,000	70,176,000
IV. Legal reserve	6,128,612	5,283,612
VII. Other reserves	29,588,718	29,501,716
VIII. Profits (losses) brought forward	15,951,455	-
IX. Profit (loss) for the year	3,329,696	16,883,455
TOTAL SHAREHOLDERS' EQUITY	125,174,481	121,844,783
B) PROVISIONS FOR RISKS AND CHARGES		
1.- For pension and similar liabilities	758,644	771,674
2.- For taxes (also deferred taxes)	1,516,354	1,752,648
3.- Other	24,626,204	17,969,151
TOTAL PROVISIONS FOR RISKS AND CHARGES	26,901,202	20,493,473
C) PROVISION FOR STAFF SEVERANCE PAY	21,160,277	21,751,558
D) PAYABLES		
4.- Due to banks		
. due within one year	63,948	60,867
. due after one year	692,251	756,199
5.- Due to other lenders		
. due within one year	74,852	74,479
. due after one year	651,561	726,413
7.- Suppliers	43,194,619	66,088,531
11.- Parent companies	172,774,234	180,730,363
12.- Tax payables	2,159,490	1,911,761
13.- Welfare and social security institutions	2,133,720	2,257,872
14.- Other payables	3,951,957	4,595,166
TOTAL PAYABLES	225,696,632	257,201,651
E) ACCRUED INCOME AND PREPAID EXPENSES	363,360	481,661
TOTAL LIABILITIES	399,295,952	421,773,126

Rai Way SpA**Memorandum accounts (in euros)**

	31.12.2012	31.12.2011
4.- Other	56,242,388	58,869,149
TOTAL MEMORANDUM ACCOUNTS	56,242,388	58,869,149

Rai Way SpA

Income Statement (in euros)

	31.12.2012	31.12.2011
A) PRODUCTION VALUE		
1.- Revenues from sales and services	224,073,178	224,895,109
3.- Changes in contract work in progress	40,109	84,088
4.- Internal cost capitalisations	2,223,854	2,929,918
5.- Other production-related income		
a) operating grants	181,172	187,746
b) gains on disposal of assets	104	2,861,734
c) other	4,513,145	4,981,182
Total other production-related income	4,694,421	8,030,662
TOTAL PRODUCTION VALUE	231,031,562	235,939,777
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(2,235,189)	(1,990,038)
7.- Services	(42,755,729)	(41,873,896)
8.- Use of third-party assets	(40,030,828)	(41,106,926)
9.- Personnel		
a) wages and salaries	(36,191,316)	(36,903,015)
b) social security contributions	(9,965,005)	(10,146,027)
c) staff severance pay	(2,792,658)	(2,949,902)
d) pension and similar costs	(904,007)	(924,833)
e) other costs	(206,630)	(211,097)
Total for personnel	(50,059,616)	(51,134,874)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(1,721,179)	(2,032,358)
b) depreciation of tangible assets	(65,669,785)	(55,515,523)
d) writedowns of current receivables, cash and cash equivalents	(223,000)	(158,000)
Total amortisation, depreciation and writedowns	(67,613,964)	(57,705,881)
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	(158,062)	(755,819)
12.- Provisions for risks	(4,262,500)	(2,335,000)
13.- Other provisions	(1,232,000)	(2,920,000)
14.- Other operating costs		
a) capital losses on disposals	(2,440,118)	(771,629)
c) other	(7,053,611)	(4,265,655)
Total miscellaneous operating costs	(9,493,729)	(5,037,284)
TOTAL PRODUCTION COSTS	(217,841,617)	(204,859,718)
Difference between production values and costs (A-B)	13,189,945	31,080,059
C) FINANCIAL INCOME AND EXPENSES		
16.- Other financial income		
a) from non-current receivables		
. other	85	170
Total income from non-current receivables	85	170
d) financial income other than the above		
. interest and commissions from others and miscellaneous income	3,199	2,884
Total financial income other than the above	3,199	2,884
Total other financial income	3,284	3,054
17.- Interest and other financial expenses		
c) interest and commissions payable to parent companies	(3,371,905)	(2,820,615)
d) interest and commissions payable to others and miscellaneous charges	(26,781)	(31,007)
Total interest and other financial expenses	(3,398,686)	(2,851,622)
17bis.- Foreign exchange gains and losses	(437,535)	56,562
TOTAL FINANCIAL INCOME AND EXPENSES	(3,832,937)	(2,792,006)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income		
b) out-of-period gains and reversal of non-existent liabilities	2,561,984	-
c) differences from round off to the nearest euro	3	-
Total income	2,561,987	-
21.- Expense		
b) prior years' taxes	-	(84,644)
e) other	(2,550,000)	-
Total expense	(2,550,000)	(84,644)
TOTAL EXCEPTIONAL INCOME AND EXPENSE	11,987	(84,644)
Result before taxes (A-B+/-C+/-D+/-E)	9,368,995	28,203,409
22.- Current income taxes for the year, and deferred tax assets and liabilities	(6,039,299)	(11,319,954)
23.- Profit (loss) for the year	3,329,696	16,883,455

Rai World SpA

Name:	Rai World SpA	
Date of incorporation:	28 February 2003	
Object:	The company's objects are the production, co-production, total or partial purchase in any form or manner of radio and TV programmes, and the broadcasting and distribution abroad of these programmes, with any means, standard mode and system permitted by present-day or future technology, directly or through other Italian or foreign enterprises, for this purpose preparing and signing all necessary and appropriate deeds, negotiations, contracts and agreements with Italian and foreign legal and natural persons, public and private entities, in particular with RAI – Radiotelevisione Italiana SpA which is the concession-holder of the public service TV broadcasting, or its subsidiaries.	
Share capital:	1,300,000 euros 1,300,000 shares of par value 1.00 euros each Rai 100 %	
Employees:	2 on permanent contracts	
Board of Directors	(until 12 November 2012)	
Chairman:	Claudio Cappon	
Managing Director:	(until 12 November 2012)	(from 11 December 2012)
	Claudio Cappon	Piero Alessandro Corsini
Directors:	(until 20 September 2012)	
	Giovanni Galoppi	
	(until 12 November 2012)	(from 12 November 2012)
	Antonio Bettanini Manuela Maffioli Daniele Maria Renzoni	Fabio Belli Costanza Esclapon Antonio Marano
	(from 12 November 2012 until 11 December 2012)	
	Piero Alessandro Corsini	
General Manager	(until 11 December 2012)	
	Mario Benotti	
Board of Statutory Auditors		
Chairman:	Marco Buttarelli	
Standing Statutory Auditors:	Giuseppe Ferrazza Luca Anselmi	
Alternate Statutory Auditors:	Antonio Falsetti Eugenio Quaglia	

Rai World SpA

Balance Sheet - Assets (in euros)

	31.12.2012	31.12.2011
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
Values gross of amortisation and write downs	2,839,245	2,886,873
Amortisation and writedowns	(2,827,580)	(2,867,774)
TOTAL INTANGIBLE ASSETS	11,665	19,099
II. TANGIBLE ASSETS		
Values gross of depreciation and write downs	48,471	48,471
Depreciation and writedowns	(30,419)	(21,323)
TOTAL TANGIBLE ASSETS	18,052	27,148
III. FINANCIAL ASSETS	-	-
TOTAL NON-CURRENT ASSETS	29,717	46,247
C) CURRENT ASSETS		
I. INVENTORIES	-	-
II. RECEIVABLES	10,269,787	7,678,976
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS	-	-
TOTAL CURRENT ASSETS	10,269,787	7,678,976
D) ACCRUED INCOME AND PREPAID EXPENSES	1,526	459
TOTAL ASSETS	10,301,030	7,725,682

Rai World SpA**Balance Sheet - Liabilities** (in euros)

	31.12.2012	31.12.2011
A) SHAREHOLDERS' EQUITY		
I. Share capital	1,300,000	1,300,000
IV. Legal reserve	47,031	-
VII. Other reserves	1,736,187	1,736,186
VIII. Profits (losses) brought forward	893,584	-
IX. Profit (loss) for the year	1,714,602	940,615
TOTAL SHAREHOLDERS' EQUITY	5,691,404	3,976,801
B) PROVISIONS FOR RISKS AND CHARGES	1,462,355	1,571,958
C) PROVISION FOR STAFF SEVERANCE PAY	24,490	17,394
D) PAYABLES	3,122,781	2,159,529
E) ACCRUED INCOME AND PREPAID EXPENSES	-	-
TOTAL LIABILITIES	10,301,030	7,725,682

Rai World SpA**Memorandum accounts** (in euros)

	31.12.2012	31.12.2011
4.- Other	89,516	297,268
TOTAL MEMORANDUM ACCOUNTS	89,516	297,268

Rai World SpA

Income Statement (in euros)

	31.12.2012	31.12.2011
A) PRODUCTION VALUE		
1.- Revenues from sales and services	5,840,000	5,298,450
5.- Other production-related income		
. other	120,987	58,973
Total other production-related income	120,987	58,973
TOTAL PRODUCTION VALUE	5,960,987	5,357,423
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(3,960)	(12,574)
7.- Services	(3,200,433)	(2,976,206)
8.- Use of third-party assets	(27,546)	(473,137)
9.- Personnel		
a) wages and salaries	(101,347)	(124,741)
b) social security contributions	(28,556)	(31,295)
c) d) e) staff severance pay, pension and similar costs, other costs	(7,187)	(7,974)
Total personnel costs	(137,090)	(164,010)
10.- Amortisation, depreciation and writedowns		
a) b) c) amortisation of intangible assets, depreciation of tangible assets and other write downs of non-current assets	(16,530)	(48,196)
Total amortisation, depreciation and writedowns	(16,530)	(48,196)
12.- Provisions for risks	-	(553,640)
13.- Other provisions	(39,155)	(52,176)
14.- Other operating costs	(74,807)	(82,974)
TOTAL PRODUCTION COSTS	(3,499,521)	(4,362,913)
Difference between production values and costs (A-B)	2,461,466	994,510
C) FINANCIAL INCOME AND EXPENSES		
16.- Other financial income		
d) financial income other than the above		
. from parent companies	60,951	26,905
Total financial income other than the above	60,951	26,905
Total other financial income	60,951	26,905
17.- Interest and other financial expenses		
. other	(20)	(53)
Total interest and other financial expenses	(20)	(53)
17bis.- Foreign exchange gains and losses	1	60
TOTAL FINANCIAL INCOME AND EXPENSES	60,932	26,912
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income	22,369	4,065
21.- Expense	(15,165)	-
TOTAL EXCEPTIONAL INCOME AND EXPENSE	7,204	4,065
Result before taxes (A-B+/-C+/-D+/-E)	2,529,602	1,025,487
22.- Current income taxes for the year, and deferred tax assets and liabilities	(815,000)	(84,872)
23.- Profit (loss) for the year	1,714,602	940,615

Sipra SpA - Società Italiana Pubblicità per Azioni

Name:	Sipra – Società Italiana Pubblicità per Azioni	
Date of incorporation:	09 April 1926	
Object:	The company object is the acquisition and exploitation of any kind of advertising, specifically advertising through radio broadcasting stations; the acquisition of control or a share, both directly and indirectly, in the exploitation of any radio-electric application. The company may also acquire, grant and sell equity investments in similar companies, in accordance with Article 2361 of the Italian Civil Code and the limitations imposed by Law 103 of 14 April 1975, in any company provided that the Board of Directors believes it is in the interest of the company. It may perform any commercial, industrial, financial securities or real estate transactions, in order to pursue the company's object.	
Share capital:	10,000,000 euros 100,000 shares of par value 100 euros each Rai 100%	
Employees:	428 on permanent contracts 9 on fixed-term contracts	
Board of Directors		
	(until 11 September 2012)	(from 11 September 2012)
Chairman:	Roberto Sergio	Luigi Gubitosi
Managing Director:	(until 11 September 2012)	(until 11 September 2012)
	Aldo Reali	Lorenza Lei
Directors:	(until 11 September 2012)	(until 14 December 2012)
	Mauro Miccio Giuseppe Pasciucco Ugo Ottaviano Zanello	Giancarlo Leone Angelo Teodoli Andrea Vianello
	(from 11 September 2012 until 30 November 2012)	
	Mauro Mazza	
	(from 11 september 2012 until 14 dicembre 2012)	
	Pasquale D'Alessandro Antonio Luca Di Bella	
Board Secretary:	Laura Paschetto	
General Manager	(until 30 November 2012)	(from 30 November 2012)
	Nicola Sinisi	Fabrizio Salvatore Piscopo
Acting Deputy General Manager	(until 30 November 2012)	
	Nicola Sinisi	
Board of Statutory Auditors		
Chairman:	Carlo Maccallini	
Standing Statutory Auditors:	Antonino Parisi Marco Tani	
Alternate Statutory Auditors:	Luigi Lausi Eugenio Quaglia	

Sipra SpA

Balance Sheet - Assets (in euros)

	31.12.2012	31.12.2011
A) SUBSCRIBED CAPITAL UNPAID	-	-
B) NON-CURRENT ASSETS		
I. INTANGIBLE ASSETS		
7.- Other intangible assets	1,381,390	1,455,381
TOTAL INTANGIBLE ASSETS	1,381,390	1,455,381
II. TANGIBLE ASSETS		
1.- Land and buildings	23,030,565	24,269,800
2.- Plant and machinery	633,568	2,015,576
4.- Other assets	1,596,493	1,483,805
5.- Tangible assets under construction and payments on account	-	115,829
TOTAL TANGIBLE ASSETS	25,260,626	27,885,010
III. FINANCIAL ASSETS		
2.- Receivables		
d) others	40,169	41,010
Total receivables	40,169	41,010
TOTAL NON-CURRENT FINANCIAL ASSETS	40,169	41,010
TOTAL NON-CURRENT ASSETS	26,682,185	29,381,401
C) CURRENT ASSETS		
I. INVENTORIES		
4.- Finished products and merchandise	57,477	266,334
TOTAL INVENTORIES	57,477	266,334
II. RECEIVABLES		
1.- Customers	228,151,967	317,116,455
4.- Parent companies		
. due within one year	14,790,085	37,683,726
. due after one year	1,128,104	-
4.bis- Tax receivables		
. due within one year	105,645	12,965
. due after one year	129,439	127,977
4.ter- Deferred tax assets		
. due within one year	583,808	42,784
. due after one year	2,499,153	2,015,402
5.- Other		
. due within one year	1,605,058	1,819,245
. due after one year	3,643,734	2,877,673
TOTAL RECEIVABLES	252,636,993	361,696,227
III. CURRENT FINANCIAL ASSETS	-	-
IV. CASH AND CASH EQUIVALENTS		
1.- Bank and post office deposits	87,903	67,267
3.- Cash and cash equivalents on hand	38,360	38,414
TOTAL CASH AND CASH EQUIVALENTS	126,263	105,681
TOTAL CURRENT ASSETS	252,820,733	362,068,242
D) ACCRUED INCOME AND PREPAID EXPENSES	657,682	438,585
TOTAL ASSETS	280,160,600	391,888,228

Sipra SpA**Balance Sheet - Liabilities (in euros)**

	31.12.2012	31.12.2011
A) SHAREHOLDERS' EQUITY		
I. Share capital	10,000,000	10,000,000
II. Share premium reserve	1,113,870	1,113,870
IV. Legal reserve	2,000,000	2,000,000
VII. Other reserves	12,616,473	12,616,473
VIII. Profits (losses) brought forward	6,161,708	-
IX. Profit (loss) for the year	88,014	6,161,708
TOTAL SHAREHOLDERS' EQUITY	31,980,065	31,892,051
B) PROVISIONS FOR RISKS AND CHARGES		
2.- For taxes (also deferred taxes)	1,750,356	1,773,491
3.- Other	14,127,486	10,325,593
TOTAL PROVISIONS FOR RISKS AND CHARGES	15,877,842	12,099,084
C) PROVISION FOR STAFF SEVERANCE PAY	6,546,772	6,840,775
D) PAYABLES		
6.- Advances	639,330	240,998
7.- Suppliers	11,033,786	10,607,248
11.- Parent companies	206,443,422	323,624,967
12.- Tax payables	957,328	1,035,172
13.- Welfare and social security institutions	2,247,785	2,118,878
14.- Other payables	3,943,984	2,945,915
TOTAL PAYABLES	225,265,635	340,573,178
E) ACCRUED INCOME AND PREPAID EXPENSES	490,286	483,140
TOTAL LIABILITIES	280,160,600	391,888,228

Sipra SpA**Memorandum accounts (in euros)**

	31.12.2012	31.12.2011
3.- Purchase and sale commitments	963,757	1,879,981
4.- Other	37,524,787	57,264,491
TOTAL MEMORANDUM ACCOUNTS	38,488,544	59,144,472

Sipra SpA

Income Statement (in euros)

	31.12.2012	31.12.2011
A) PRODUCTION VALUE		
1.- Revenues from sales and services	746,623,877	967,401,672
5.- Other production-related income		
a) operating grants	18,557	7,588
c) other	6,373,450	5,973,104
Total other production-related income	6,392,007	5,980,692
TOTAL PRODUCTION VALUE	753,015,884	973,382,364
B) PRODUCTION COSTS		
6.- Raw materials, supplies, consumables and merchandise	(1,289,819)	(2,145,088)
7.- Services	(708,212,095)	(917,695,316)
8.- Use of third-party assets	(4,093,877)	(4,149,371)
9.- Personnel		
a) wages and salaries	(19,881,381)	(19,718,564)
b) social security contributions	(6,573,607)	(6,537,500)
c) staff severance pay	(2,184,633)	(1,669,179)
e) other costs	(516,489)	(1,108,595)
Total for personnel	(29,156,110)	(29,033,838)
10.- Amortisation, depreciation and writedowns		
a) amortisation of intangible assets	(1,395,373)	(1,572,678)
b) depreciation of tangible assets	(3,356,701)	(3,373,058)
c) other non-current asset writedowns	-	(71,633)
Total amortisation, depreciation and writedowns	(4,752,074)	(5,017,369)
11.- Changes in inventories of raw materials, supplies, consumables and merchandise	(208,857)	(242,259)
12.- Provisions for risks	(44,000)	(1,004,000)
13.- Other provisions	(102,584)	(75,299)
14.- Other operating costs		
a) capital losses on disposals	(9,135)	-
c) other	(1,857,726)	(1,698,390)
Total miscellaneous operating costs	(1,866,861)	(1,698,390)
TOTAL PRODUCTION COSTS	(749,726,277)	(961,060,930)
Difference between production values and costs (A-B)	3,289,607	12,321,434
C) FINANCIAL INCOME AND EXPENSES		
16.- Other financial income		
a) from non-current receivables		
. other	242	123
Total income from non-current receivables	242	123
d) financial income other than the above		
. interest and commissions from parent companies	640,985	354,605
. interest and commissions from others and miscellaneous income	344,674	432,379
Total financial income other than the above	985,659	786,984
Total other financial income	985,901	787,107
17.- Interest and other financial expenses		
c) interest and commissions payable to parent companies	(25,469)	(14,161)
d) interest and commissions payable to others and miscellaneous charges	(365,900)	(59)
Total interest and other financial expenses	(391,369)	(14,220)
17bis.- Foreign exchange gains and losses	(2)	(45)
TOTAL FINANCIAL INCOME AND EXPENSES	594,530	772,842
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-
E) EXCEPTIONAL INCOME AND EXPENSE		
20.- Income		
b) out-of-period gains and reversal of non-existent liabilities	1,157,932	89,359
Total income	1,157,932	89,359
21.- Expense		
b) prior year's taxes	(18,380)	(1,504,370)
c) contingent liabilities and reversal of non-existent assets	(12,965)	(25,417)
e) other	(3,878,000)	-
Total expense	(3,909,345)	(1,529,787)
TOTAL EXCEPTIONAL INCOME AND EXPENSE	(2,751,413)	(1,440,428)
Result before taxes (A-B+/-C+/-D+/-E)	1,132,724	11,653,848
22.- Current income taxes for the year, and deferred tax assets and liabilities	(1,044,710)	(5,492,140)
23.- Profit (loss) for the year	88,014	6,161,708





**Financial Statements
of Associated Companies**
(summary schedules)

Audiradio Srl in liquidation

Date of incorporation:	22 March 1996
Object:	The objective and impartial measurement with the most appropriate, modern methodologies and the systematic dissemination of Italian radio audience data at national, regional and local levels for advertising purposes.
Share Capital:	258,000 euros
Held by:	Rai 27%; minorities 73%

Auditel Srl

Date of incorporation:	03 July 1984
Object:	The objective and impartial measurement with the most appropriate, modern methodologies and the systematic dissemination of Italian television audience data at national, regional and local levels for advertising purposes.
Share Capital:	300,000 euros
Held by:	Rai 33%; minorities 67%

Euronews - Société Anonyme

Date of incorporation:	30 June 1992
Object:	Multilingual satellite news broadcasting.
Share Capital:	4,032,840 euros 268,856 shares of par value 15.00 euros each
Held by:	Rai 20.56%; minorities 79.44%

San Marino RTV SpA

Date of incorporation:	08 August 1991
Object:	The company operates the concession for radio and television broadcasting in the Republic of San Marino. More specifically, it engages in the installation and operation of radio and television broadcasting equipment; the exclusive operation of radio broadcasting in the Republic of San Marino, which is a public interest service; the production and sale of radio and television programmes, the organisation of shows, sports events and cultural events, including in cooperation with the government, other agencies and companies operating in these sectors; any other activity considered useful to ensuring the cost efficiency of the radio and television broadcaster, provided that such activity is connected or instrumental to the business.
Share Capital:	516,460 euros 1,000 shares of par value 516.46 euros each
Held by:	Rai 50%; ERAS 50%

Tivù Srl

Date of incorporation:	24 September 2008
Object:	The company engages in the following activities: promotion of the "Tivù" digital terrestrial platform; the promotion of the free digital terrestrial platform "Tivù Sat"; the offer of services connected and/or instrumental to the digital terrestrial and satellite platforms; the development of every other activity necessary to allow the dissemination of the digital terrestrial platform and the complementary satellite platform.
Share Capital:	1,001,886 euros
Held by:	Rai 48.16%; R.T.I. 48.16%; TI Media 3.5%; Minorities 0.18%

Summary statement of the 2012 financial statements of associated companies

Balance Sheet - Assets at 31.12.2012 (in euros)					
	AUDIRADIO in liquidation	AUDITEL	SAN MARINO RTV	EURONEWS	TIVÙ
SUBSCRIBED CAPITAL UNPAID	-	-	-	-	-
NON-CURRENT ASSETS					
Intangible assets	-	29,522	292,583	2,751,703	339,017
Tangible assets	-	55,126	197,446	4,400,924	198,481
Financial assets	1,307	31,284	8,149	2,110,819	499,950
CURRENT ASSETS					
Inventories	-	-	330	124,685	255,012
Receivables	87,293	4,094,639	4,143,787	28,908,322	3,547,700
Current financial assets	-	-	999,998	12,312,444	-
Cash and cash equivalents	495,782	6,209,505	688,645	23,057,881	1,749,952
ACCRUED INCOME AND PREPAID EXPENSES	7,610	62,730	97,268	1,298,002	199,083
TOTAL ASSETS	591,992	10,482,806	6,428,206	74,964,780	6,789,195

Balance Sheet - Liabilities at 31.12.2012 (in euros)					
	AUDIRADIO in liquidation	AUDITEL	SAN MARINO RTV	EURONEWS	TIVÙ
SHAREHOLDERS' EQUITY					
Share capital, reserves and shareholder contributions to capital	(126,125)	367,009	5,387,244	22,458,445	3,051,975
Profit (loss) for the year	(2,234)	739,662	(660,076)	1,884,576	1,068,792
PROVISIONS FOR RISKS AND CHARGES	436,288	1,806,604	5,000	9,820,107	214,592
STAFF SEVERANCE PAY	48,077	693,792	177,844	-	14,297
PAYABLES	235,986	6,871,729	1,518,194	39,270,473	2,433,392
ACCRUED EXPENSES AND DEFERRED INCOME	-	4,010	-	1,531,179	6,147
TOTAL LIABILITIES	591,992	10,482,806	6,428,206	74,964,780	6,789,195
MEMORANDUM ACCOUNTS	-	16,553,414	3,038,921	-	23,579

Income Statement at 31.12.2012 (in euros)					
	AUDIRADIO in liquidation	AUDITEL	SAN MARINO RTV	EURONEWS	TIVÙ
PRODUCTION VALUE	339,357	21,068,307	4,994,067	75,535,915	9,611,348
PRODUCTION COSTS	(305,855)	(19,607,154)	(5,666,328)	(72,547,732)	(8,036,743)
FINANCIAL INCOME AND EXPENSES	9,590	117,090	15,814	(260,660)	71,162
VALUE ADJUSTMENTS TO FINANCIAL ASSETS	-	-	-	-	-
EXCEPTIONAL INCOME AND EXPENSE	(45,326)	-	(3,629)	454,392	(8,957)
Income taxes for the year	-	(838,581)	-	(1,297,339)	(568,018)
PROFIT (LOSS) FOR THE YEAR	(2,234)	739,662	(660,076)	1,884,576	1,068,792





Corporate Directory

Corporate Directory

Management headquarters

Viale Mazzini, 14
00195 Rome

Via Cernaia, 33
10121 Turin

Research

Corso Giambone, 68
10135 Turin

Radio production

Via Asiago, 10
00195 Rome

TV production

Largo Willy De Luca, 4
00188 Rome

Production

Corso Sempione, 27
20145 Milan

Production

Via Verdi, 16
10124 Turin

Production

Via Marconi, 9
80125 Naples

Valle d'Aosta

Loc. Grande Charriere, 70
11020 Saint Christophe (AO)

Liguria

Corso Europa, 125
16132 Genova

Veneto

Palazzo Labia
Campo San Geremia, 275
30121 Venice

Trento

Via Flli Perini, 141
38100 Trento

Bolzano

Piazza Mazzini, 23
39100 Bolzano

Friuli Venezia Giulia

Via Fabio Severo, 7
34133 Trieste

Emilia Romagna

Viale della Fiera, 13
40127 Bologna

Toscana

Largo Alcide De Gasperi, 1
50136 Florence

Marche

Piazza della Repubblica, 1
60131 Ancona

Umbria

Via Masi, 2
06121 Perugia

Abruzzo

Via de Amicis, 27
65126 Pescara

Molise

Contrada Colle delle Api
86100 Campobasso

Calabria

Via G. Marconi
87100 Cosenza

Basilicata

Via dell'Edilizia, 2
85100 Potenza

Puglia

Via Dalmazia, 104
70121 Bari

Sicilia

Viale Strasburgo, 19
90146 Palermo

Sardegna

Viale Bonaria, 124
09100 Cagliari

Rai SpA	Viale Mazzini, 14 00195 Rome Tel. +39 06.38781
Rai Cinema SpA	Piazza Adriana, 12 00193 - Rome Tel. +39 06.684701 info@raicinema.it
Rai Corporation	C/O GC Consultants 444 Madison Avenue Suite 1206 New York - NY 10022
Rai World SpA	Viale Mazzini, 14 00195 - Rome Tel. +39 06.36869621
RaiNet SpA	Via Teulada, 66 00195 - Rome Tel. +39 06.36861 rai-net@rai.it
Rai Way SpA	Via Teulada, 66 00195 - Rome Tel. +39 800.111.555 raiway@rai.it
Sipra SpA	Corso Bernardino Telesio, 25 10146 - Turin Tel. +39 011.7441111

RAI - Radiotelevisione italiana SpA

Parent Company

Company name: RAI - Radiotelevisione italiana SpA
Shared capital: 242,518,100,00 euros fully paid in
Registered office: Viale Giuseppe Mazzini, 14 - 00195 Rome

Images: when possible, rights holders on images have been always contacted and rights acquired. If this is not possible, Rai is available for their acquittal.

Produced by: Rai SpA Administration Department and Planning and Control Department

Consulting and editing: Ergon Comunicazione srl

