



Offices in Milan - Piazza A. Diaz 7
Share Capital EUR 87.907.017 fully paid-in
Listed in the Milan Register of Companies at no. 00742640154
www.mittel.it

**Interim report on operations
as at 30 June 2016
(1 October 2015 - 30 June 2016)**

131st company year

Contents

Preliminary Information

- Corporate bodies	page	1
- Corporate structure	page	2
- Introduction	page	3

Directors' Report on Operations

- Group performance	page	3
- Financial highlights of the Group	page	3
- Significant events in the first nine months of the year	page	8
- Significant events after 30 June 2016	page	8
- Business outlook for the year	page	8
- Intercompany transactions and transactions with related parties	page	8

Consolidated quarterly position

- Statement of Financial Position	page	10
- Income Statement	page	11
- Consolidation principles	page	12
- Certification of the Manager responsible for preparing the Company's financial reports	page	14

Corporate bodies

Board of Directors

<i>Chairman</i>
Franco Dalla Sega
<i>Deputy Chairman</i>
Giorgio Franceschi
<i>Chief Executive Officer</i>
Rosario Bifulco
<i>Directors</i>
Maria Vittoria Bruno (a) (b) (d)
Marco Colacicco
Michele Iori
Marco Merler (a) (b) (c)
Giuseppe Pasini
Duccio Regoli (a) (b) (c) (d)
Carla Sora (a) (c)
Michela Zeme (a) (d)
<i>Manager responsible for preparing the Company's financial reports</i>
Pietro Santicoli

Board of Statutory Auditors

<i>Standing auditors</i>
Riccardo Perotta - Chairman
Maria Teresa Bernelli
Fabrizio Colombo
<i>Alternate auditors</i>
Aida Ruffini
Giulio Tedeschi

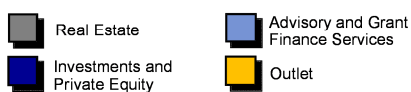
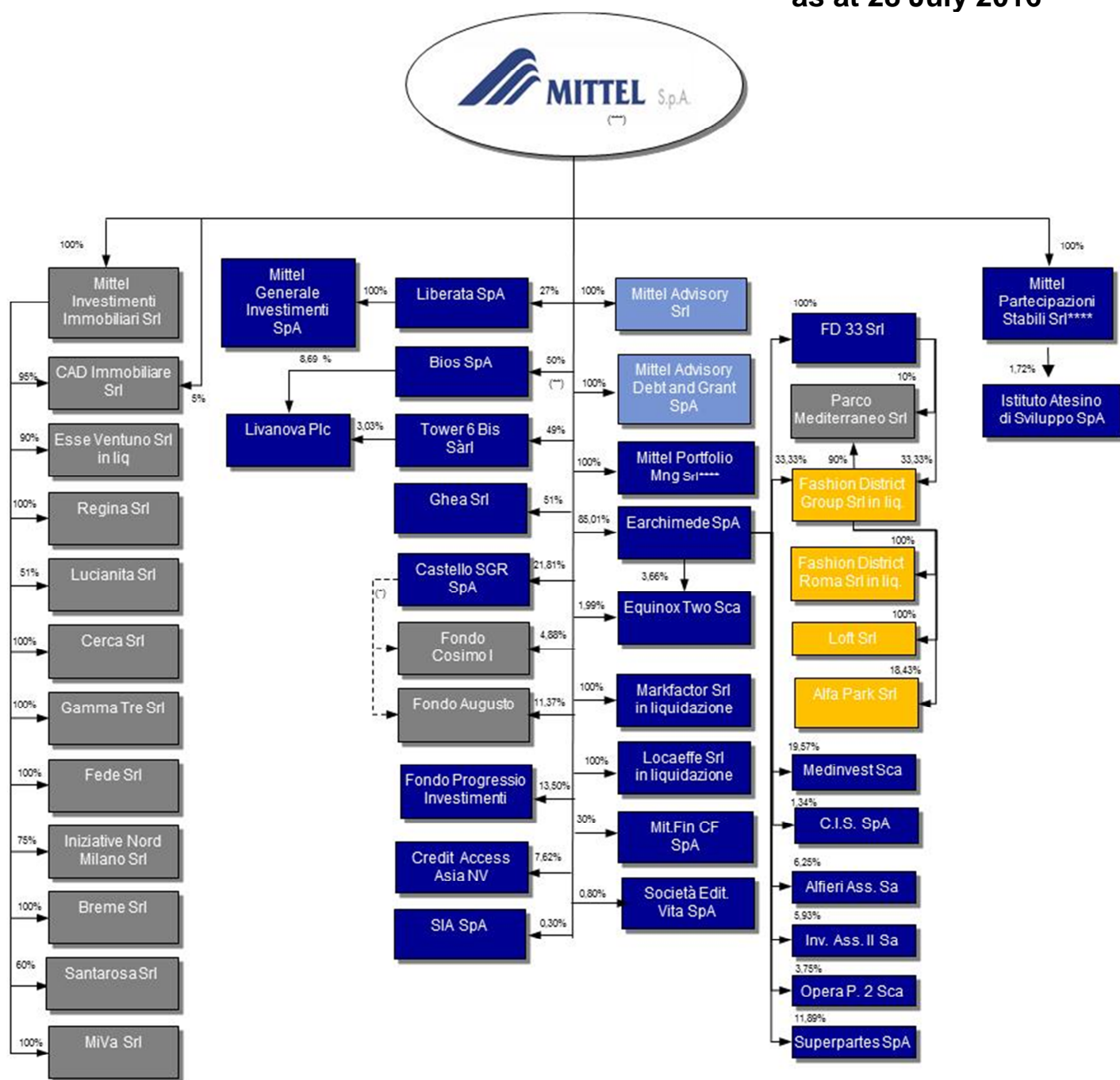
Independent Auditors

KPMG S.p.A.

- (a) Independent Director
- (b) Member of the Control and Risks Committee
- (c) Member of the Remuneration and Appointments Committee
- (d) Member of the Related Party Committee

The duration of the Company shall be until 31 December 2100, as stated in art. 4 of the Articles of Association.

Group Structure as at 28 July 2016



(*) ---> management relationship
(**) of ordinary share capital
(***) it holds 14,057% of treasury shares
(****) merged into the parent company with effect from 30 July 2016

Directors' Report on Operations

Introduction

On 30 March 2016 the Mittel S.p.A. Board of Directors approved the 2016-2019 Strategic Plan, whose guidelines for the next few years focus on the development of private equity with a view to permanent capital, investments in asset management, valuation of assets in the portfolio and the exit from real estate and lending activities. Following approval of the Strategic Plan, the Mittel Group - led by Rosario Bifulco, Chief Executive Officer and shareholder of 7% of the parent company - launched a major process of repositioning on the Italian financial market. The company aims to create value for its shareholders by becoming a dynamic, efficient Investment-Merchant Bank focusing on majority investments in Italian small and medium enterprises with a high cash-generating capacity.

Group Performance

The consolidated economic result of the Mittel Group for the first nine months of the year 1 October 2015 – 30 September 2016 (131st year from the foundation of Mittel S.p.A.), posted a consolidated loss of EUR 8,9 million, compared to a consolidated loss of EUR 22,3 million for the whole of the year 2014/2015 and a consolidated loss of EUR 14,5 million in the corresponding period of the previous year.

Equity pertaining to the Group, including the result for the period, stood at EUR 246,1 million, compared to EUR 283,8 million as at 30 September 2015, marking a decrease of EUR 37,7 million, attributable mainly to the decrease deriving from the lower value of the asset LivaNova Plc, held through the investees Tower 6 Bis S.à.r.l. and Bios S.p.A. (EUR 29,3 million) and to the lower value of Intesa Sanpaolo S.p.A. and UBI Banca S.p.A. shares held through the subsidiary Mittel Partecipazioni Stabili S.r.l. (EUR 7,0 million).

The net financial position of the Group came to a negative EUR 102,8 million, compared to a negative EUR 81,5 million as at 30 September 2015, an increase totalling EUR 21,3 million. This increase is mainly attributable (for EUR 10,8 million) to the distribution to non-controlling interests of part of the available reserves against surplus liquidity by the subsidiary Earchimede S.p.A. and Fashion District Group S.r.l. (in liquidation), for EUR 7,0 million to the downturn in the listed prices of securities held by Mittel Partecipazioni Stabili S.r.l. and for EUR 3,1 million to purchase of the property at Piazza A. Diaz, the Management Offices of Mittel S.p.A., as well as to cash flows absorbed by ordinary management.

Financial highlights of the Mittel Group

Economic summary

The economic, equity and financial tables below are shown in reclassified form with respect to those contained in subsequent paragraphs, in order to highlight certain intermediate results and the equity and financial aggregates deemed most significant for understanding the Group's operating performances. These amounts, even though not provided for by IFRS/IAS, are supplied in compliance with the indications in Consob Communication no. 6064293 of 28 July 2006 and CESR Recommendation dated 3 November 2005 (CESR/05-178b).

This report contains several financial ratios, deriving from financial statement tables, which provide an overview of the Group's economic, equity and financial performances, both in terms of the change with respect to comparative historical data and the incidence on other values for the same period. Details of economic items not taken directly from the financial statements, and comments and evaluations, also help to better qualify the trends in the different values.

Main economic, financial and equity figures of the Group

(Thousands of Euro)	30.06.2016	30.06.2015	30.09.2015
Revenues	5.571	19.527	16.980
Purchases, provision of services, sundry costs	(11.846)	(22.411)	(29.087)
Personnel costs	(5.279)	(7.187)	(9.363)
Operating costs	(17.125)	(29.597)	(38.450)
Income (expenses) from investments	2.587	6.529	4.547
Operating margin (EBITDA)	(8.967)	(3.542)	(16.923)
Amortisation/depreciation, allocations and adjustments to non-current assets	(389)	(7.368)	(3.078)
Value adjustments to financial assets, receivables and investments	(12.370)	(5.372)	(3.757)
Share of income (loss) of investments	5.504	(422)	(1.362)
Income (loss) from non-recurring transactions net of tax	-	253	176
Operating result (EBIT)	(16.221)	(16.450)	(24.944)
Income (loss) from financial management	(2.533)	(2.859)	(2.094)
Income (loss) from trading of financial assets	(209)	5.032	5.357
Income (loss) before taxes	(18.962)	(14.277)	(21.682)
Taxes	5.398	(640)	(1.524)
Income (loss) from continuing operations	(13.565)	(14.917)	(23.205)
Income (loss) pertaining to non-controlling interests	(4.708)	(460)	(887)
Income (loss) pertaining to the Group	(8.857)	(14.456)	(22.318)

Details on the most significant items mentioned above are shown below:

- **Revenues:** the item includes revenues, other income and the change in property inventories and amounted to EUR 5,6 million, compared to EUR 19,5 million as at 30 June 2015, marking a decrease of EUR 13,9 million due mainly to there no longer being a contribution from the outlet sector;
- **Purchases, provision of services, sundry costs:** these amounted to EUR 11,8 million compared to EUR 22,4 million as at 30 June 2015, marking a decrease of EUR 10,6 million (of which EUR 5,1 million attributable to the decrease resulting from the lower contribution of the outlet sector). They comprise costs for purchases of EUR 1,9 million, costs for services of EUR 7,2 million and sundry costs of EUR 2,7 million;
- **Personnel costs:** this item amounted to EUR 5,3 million, posting a decrease of EUR 1,9 million compared to the previous period of the year, due mainly to the decreased contribution from the outlet sector;
- **Income from investments:** this item, a positive EUR 2,6 million, suffered a decrease of EUR 3,9 million compared to the same figure in the previous period. This item is mainly composed of the Mittel S.p.A. contribution of EUR 1,2 million and by the Mittel Partecipazioni Stabili S.r.l. contribution of EUR 1,1 million;
- **Operating margin (EBITDA):** a negative EUR 9,0 million, compared to EUR 3,5 million as at 30 June 2015, marking a decrease of EUR 5,5 million compared to the same period in the previous year, due to the combined effect of the above;

- **Amortisation/depreciation, allocations and adjustments to non-current assets:** EUR 0,4 million, compared to EUR 7,4 million as at 30 June 2015. The balance for the previous year included EUR 6,8 million as the provision for contractual disputes, allocated in that period by the Parent Company Mittel S.p.A.;
- **Value adjustments to financial assets and receivables:** amounting to EUR 12,4 million (EUR 5,4 million as at 30 June 2015) refer for EUR 12,0 million to the lower value of receivables recorded by Ghea S.r.l. as due from Bios S.p.A. This adjustment affects the income statement for this interim report, net of the effect of income (loss) pertaining to non-controlling interests, for EUR 6,1 million, offset for EUR 6,0 million by the positive effect of the profit of the investee Bios S.p.A. recorded under "Share of income (loss) of investments".
- **Share of income (loss) of investments:** this item, amounting to a positive EUR 5,5 million compares to a negative EUR 0,4 million in the previous period, marking an increase of EUR 5,9 million. The item comprises the profit (loss) of companies valued using the equity method and is largely influenced by the profit of the investee Bios S.p.A. for EUR 6,0 million due to the reduced payables recognised as due to Ghea S.r.l. for a total of EUR 12,0 million;
- **Operating result (EBIT):** the result was a negative EUR 16,2 million, compared to a negative EUR 16,5 million in the corresponding period of the previous year, marking an improvement of EUR 0,3 million;
- **Income (loss) from financial management:** amounting to a loss of EUR 2,5 million compared to a loss of EUR 2,9 million in the previous period, marking an improvement of EUR 0,4 million affected mainly by the negative contribution of the Parent Company Mittel S.p.A.;
- **Income (loss) from trading of financial assets:** a loss of EUR 0,2 million, compared to income of EUR 5,0 million in the previous period, marking a decrease of EUR 5,2 million. Note that in the previous year this value included the positive effect of disposal of the listed securities held in the Mittel S.p.A. portfolio;
- **Taxes:** amounting to a positive EUR 5,4 million compared to a negative EUR 0,6 million in the previous period, marking a EUR 6,0 million improvement, were mainly influenced by the contribution from the subsidiary Ghea S.r.l. of EUR 3,6 million, in turn determined by the release of deferred tax liabilities allocated on the receivable due from Bios S.p.A. which was reduced by EUR 12,0 million during the period, and by the positive effect for EUR 0,9 million of the parent company Mittel S.p.A.'s reversal of its own tax losses.

Main financial and equity figures of the Group

(Thousands of Euro)	30.06.2016	30.09.2015
Intangible assets	68	147
Property, plant and equipment	3.829	854
Investments	64.940	87.968
Non-current financial assets	192.152	207.969
Provisions for risks, employee severance indemnity and employee benefits	(4.734)	(7.148)
Other non-current assets (liabilities)	(259)	(475)
Tax assets (liabilities)	3.416	139
Net working capital (*)	112.394	114.337
Net invested capital	371.806	403.791
Shareholders' equity	(246.122)	(283.805)
Non-controlling interests	(22.886)	(38.483)
Total shareholders' equity	(269.008)	(322.288)
Net financial position	(102.798)	(81.504)

(*) Comprised of the sum of property inventories, sundry receivables (payables) and other current assets (liabilities)

- **Intangible assets** amounted to EUR 0,1 million, almost unchanged with respect to the figure as at 30 September 2015;
- **Property, plant and equipment** totalled EUR 3,8 million compared to EUR 0,9 million in 2014-2015, representing an increase of EUR 2,8 million, attributable mostly to purchase of the 12th floor of the property at Piazza Diaz 7, used as Management Offices by the parent company Mittel S.p.A.;
- **Investments valued using the equity method** totalled EUR 64,9 million, compared to EUR 88,0 million in 2014-2015, marking a decrease of EUR 23,1 million. The decrease is mainly due to the lower value of the investee Livanova Plc held through the Bios S.p.A. vehicles, which recorded a decrease of EUR 16,4 million (from EUR 49,9 million to EUR 33,5 million) and Tower 6 Bis S.à.r.l. which decreased by EUR 7,1 million (from EUR 29,2 million to EUR 22,1 million);
- **Non-current financial assets** amounted to EUR 192,2 million, compared to EUR 208,0 million in 2014-2015, marking a decrease of EUR 15,8 million. This item is mainly composed of financial receivables of EUR 149,6 million (EUR 163,5 million as at 30 September 2015) and other financial assets of EUR 42,6 million (EUR 44,4 million as at 30 September 2015). The decrease in financial receivables refers to: EUR 12,0 million as the reduction in the receivable due to Ghea S.r.l. from Bios S.p.A. following the decisions made at the latter's extraordinary shareholders' meeting of 29 April 2016, which amended art. 26 of the articles of association to reduce the entitlement to reimbursement of class B shareholders (Ghea S.r.l.); EUR 5,0 million as the reclassification among current assets of the escrow account set up by Fashion District Group S.r.l. (in liquidation) to take into account the approaching due date of the receivable. This guarantee item refers to property sales made in November 2014 in favour of the MoMa Fund and will be released in May 2017;
- **Provisions for risks, employee severance indemnity and employee benefits** amounted to EUR 4,7 million, compared to EUR 7,1 million in 2014-2015, marking a decrease of EUR 2,4 million. In particular, as at 30 June 2016, this item is composed, for EUR 1,4 million, of *Provisions for personnel* (EUR 1,7 million as at 30 September 2015) and, for EUR 3,4 million, of *Provisions for risks and charges* (EUR 5,4 million as at 30 September 2015). The decrease was due to the use of

restructuring funds and of provisions for personnel associated with the cessation of business activities of Fashion District Group S.r.l. (in liquidation);

- The item **other non-current liabilities** amounted to EUR 0,3 million, compared to EUR 0,5 million for the year ending 30 September 2015;
- The item **tax assets** amounted to EUR 3,4 million, compared to EUR 0,1 million as at 30 September 2015, marking an increase of EUR 3,3 million, most of which due to the partial release of deferred tax liabilities recorded by the subsidiary Ghea S.r.l., reduced from EUR 9,2 million to EUR 5,6 million as a result of taxation calculated on the EUR 12,0 million decrease in the period of the receivable due from Bios S.p.A.;
- **Net working capital** amounted to EUR 112,4 million, compared to EUR 114,3 million as at 30 September 2015. The item net working capital is composed of the value of property inventories of EUR 109,5 million (EUR 109,8 million in the financial statements of the previous year), sundry receivables and other current assets totalling EUR 12,8 million (EUR 16,1 million in the financial statements of the previous year) and sundry payables and other current liabilities amounting to EUR 9,9 million (EUR 11,6 million in last year's financial statements);
- **Net invested capital**, amounting to EUR 371,8 million, fell by EUR 32,0 million as a result of the above, financed by equity for EUR 269,0 million and by the net financial position for EUR 102,8 million;
- **Equity pertaining to the Group** amounted to EUR 246,1 million, compared to EUR 283,8 million as at 30 September 2015, marking a decrease of EUR 37,7 million, while non-controlling interests came to EUR 22,9 million, compared to EUR 38,5 million in the financial statements of the previous year. Total equity amounted to EUR 269,0 million, compared to EUR 322,3 million in the previous year, marking a decrease of EUR 53,3 million. This significant decrease in equity pertaining to the Group is attributable primarily to the lower value of the valuation reserve of the vehicles through which Mittel S.p.A. holds an interest in Livanova Plc, i.e. Bios S.p.A. and Tower 6 bis S.à.r.l., valued at equity and which in the period recorded a total decrease in the value of the reserve of EUR 29,5 million, EUR 7,0 million due to the lower value of the valuation reserve of Mittel Partecipazioni Stabili S.r.l. for the decrease associated with the valuation of listed Intesa and UBI Banca shares, added to which is the effect of the loss for the period of EUR 8,9 million. These effects were partly offset by the disposal of treasury shares during the period for EUR 9,2 million;
- The **net financial position** came to a negative EUR 102,8 million, compared to a negative EUR 81,5 million as at 30 September 2015, a decline totalling EUR 21,3 million. In addition to the cash flows absorbed by ordinary management, this decline is mainly attributable (for EUR 10,8 million) to the distribution to non-controlling interests of part of the available reserves against surplus liquidity by the subsidiary Earchimede S.p.A. and Fashion District Group S.r.l. (in liquidation), for EUR 7,0 million to the downturn in the listed prices of securities held by Mittel Partecipazioni Stabili S.r.l. and for EUR 3,1 million to purchase of the property at Piazza A. Diaz, the Management Offices of Mittel S.p.A.

Statement relating to the net financial position

(Thousands of Euro)	30.06.2016	30.09.2015
Cash	19	15
Other cash equivalents	65.028	100.583
Securities held for trading (*)	10.065	20.074
Current liquidity	75.112	120.672
Current financial receivables	5.514	911

Bank payables	(80.264)	(96.870)
Bonds	(100.501)	(98.553)
Other financial payables	(2.659)	(7.664)
Financial debt	(183.424)	(203.087)
Net financial position	(102.798)	(81.504)

(*) Available-for-sale assets posted under current assets and financial assets held for trading were reclassified to this item.

Significant events in the third quarter of the year

On 2 May the Mittel S.p.A. Board of Directors resolved, pursuant to art. 2502 and art. 2505, paragraph 2 of the Italian Civil Code, on the merger into Mittel S.p.A. of Mittel Portfolio Management S.r.l. and Mittel Partecipazioni Stabili S.r.l.

After verifying all the prerequisites and completing all the preliminary formalities, the Board of Directors resolved to approve the aforementioned merger plan, and consequently to merge the two companies Mittel Portfolio Management S.r.l. and Mittel Partecipazioni Stabili S.r.l. into the merging company Mittel S.p.A. The merger approval resolution of 2 May 2016 was recorded in the Register of Companies on 3 May 2016 and, therefore, from that date the terms of art. 2503 of the Italian Civil Code applied to any objection raised by creditors.

Significant events after 30 June 2016

After the deadline passed pursuant to art. 2503 of the Italian Civil Code, on 8 July the deed was signed for the merger of Mittel Portfolio Management S.r.l. and Mittel Partecipazioni Stabili S.r.l. The legal effects will enter into force from 30 July 2016. The Merger will not lead to any change in the Merging Entity's Articles of Association. With regard to transactions performed by the merged entities, these will be recognised in Mittel financial statements with effect from 1 October 2015. The tax effects of the Merger, pursuant to art. 172, paragraph 9 of Italian Presidential Decree 917/1986, will apply from that same date.

On 25 July, following the outcome of the option right and pre-emption right offered on the shares withdrawn and in view of the share price performances, the parent company did not offer the 2,348,696 shares withdrawn but remaining unoptioned on the MTA market operated by Borsa Italiana S.p.A. On that date, therefore, arrangements were made to credit the parties entitled with the total value pursuant to art. 2437-quater, paragraph 5 of the Italian Civil Code.

As a result of the repurchase transaction, Mittel share capital remains unchanged and comprises 87,907,017 ordinary shares with a nominal value of EUR 1,00 each, of which 12,357,402 ordinary treasury shares equal to 14,057% of the share capital.

Business outlook for the year

As disclosed in the half-yearly financial report, on 30 March 2016 the Mittel S.p.A. Board of Directors approved the 2016-2019 Strategic Plan, whose guidelines focus on the development of private equity with a view to permanent capital, investing resources to be generated from the valuation of non-core assets in the portfolio (exit from real estate and lending activities). In the next few months the Group will be committed to implementing the Strategic Plan, the aim of which is to transform Mittel S.p.A. into an Investment-Merchant Bank, shifting the centre of gravity towards high prospective income activities and creating value for shareholders, through a process which, on the one hand, frees up resources for new investments and, on the other, allows the Group to achieve current economic balance through a significant reduction in holding costs.

Transactions with related parties of the Group

In terms of transactions with related counterparties identified on the basis of art. 2359 of the Italian Civil Code and IAS 24, it should be noted that, in the first nine months of the year 2015-2016, transactions were

entered into with said counterparties as part of ordinary Group operations and that no atypical and unusual transactions were carried out. All transactions were performed on an arm's length basis and generally refer:

- to the supply of general and administrative services between the Group companies;
- to intercompany loan relationships and surety obligations;
- to the intercompany transfer of IRES (corporate income tax)/VAT receivables;
- to the issue of guarantees from Group companies to investees.

Transactions with related parties other than Group companies

Other transactions with related parties other than Group companies refer to:

- billing of administrative and consultancy services, falling under ordinary operations, by associate Mittel Generale Investimenti S.p.A. and by Mittel S.p.A. to natural persons and companies falling within the wider definition of related parties;
- salaries and other fees due to key Group managers.

All transactions with related parties were conducted on an arm's length basis and, therefore, there are no atypical and unusual transactions to report.

Treasury shares

During the first nine months of the year 2015-2016, 5.300.000 treasury shares were sold at the price of EUR 1,73 per share, equal to the average book value of treasury shares in the portfolio, for a total of EUR 9.169.000. As at 30 June 2016, the Company held 10.008.706 treasury shares. As a result of the outcome of the rights offer and pre-emption of shares withdrawn, on 25 July 2016 2.348.696 additional treasury shares were purchased, as described in the section "Significant events after 30 June 2016".

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in thousands of Euro

	30.06.2016	30.09.2015
Non-current assets		
Intangible assets	68	147
Property, plant and equipment	3.829	854
Investments accounted for using the equity method	64.940	87.968
Financial receivables	149.598	163.546
Other financial assets	42.554	44.424
Sundry receivables and other assets	309	244
Prepaid tax assets	2.163	4.608
Total non-current assets	263.461	301.791
Current assets		
Property inventories	109.534	109.830
Financial receivables	5.514	911
Other financial assets	10.065	20.074
Tax assets	11.036	14.721
Sundry receivables and other assets	12.784	16.136
Cash and cash equivalents	65.047	100.598
Total current assets	213.980	262.269
Total assets	477.441	564.060
Equity		
Share capital	87.907	87.907
Share premium	53.716	53.716
Treasury shares	(17.335)	(26.515)
Reserves	130.691	191.015
Profit (loss) for the period	(8.857)	(22.318)
Equity pertaining to the Group	246.122	283.805
Non-controlling interests	22.886	38.483
Total Equity	269.008	322.288
Non-current liabilities		
Bond issue	97.703	97.239
Financial payables	4.650	2.919
Other financial liabilities	-	-
Provisions for personnel	1.366	1.751
Deferred tax liabilities	9.770	17.698
Provisions for risks and charges	3.368	5.397
Sundry payables and other liabilities	568	719
Total non-current liabilities	117.424	125.722
Current liabilities		
Bond issue	2.798	1.313
Financial payables	78.273	101.370
Other financial liabilities	-	246
Tax liabilities	14	1.492
Sundry payables and other liabilities	9.924	11.628
Total current liabilities	91.009	116.050
Total equity and liabilities	477.441	564.060

CONSOLIDATED INCOME STATEMENT

Amounts in thousands of Euro

	3 months	9 months	3 months	9 months	12 months
	01.04.2016 30.06.2016	01.10.2015 30.06.2016	01.04.2015 30.06.2015	01.10.2014 30.06.2015	01.10.2014 30.09.2015
Revenues	1.791	4.888	3.645	16.317	18.740
Other income	392	807	167	742	1.538
Variations in property inventories	(989)	(123)	1.262	2.469	(3.298)
Costs for purchases	(259)	(1.907)	(2.133)	(5.243)	(6.342)
Costs for services	(2.039)	(7.197)	(3.588)	(13.943)	(17.006)
Personnel costs	(1.450)	(5.279)	(2.680)	(7.187)	(9.363)
Other costs	(838)	(2.742)	(1.220)	(3.225)	(5.738)
Dividends	472	493	1.294	1.888	1.958
Profit (loss) from management of financial activities and investments	985	2.094	3.120	4.640	2.589
Gross operating margin	(1.934)	(8.967)	(134)	(3.542)	(16.923)
Amortisation and value adjustments to intangible assets	(84)	(239)	(214)	(528)	(705)
Allocations to the provision for risks	-	(150)	(3.849)	(6.840)	(2.373)
Value adjustments to financial assets and receivables	(12.103)	(12.370)	(1.680)	(5.372)	(3.757)
Share of income (loss) of investments accounted for using the equity method	6.153	5.504	44	(422)	(1.362)
Income (loss) from non-recurring transactions	-	-	541	253	176
Operating result	(7.968)	(16.221)	(5.292)	(16.450)	(24.944)
Financial income	902	4.228	1.622	6.105	9.600
Financial expenses	(2.144)	(6.761)	(2.481)	(8.964)	(11.694)
Profit (loss) from trading of financial assets	(120)	(209)	371	5.032	5.357
Income (loss) before taxes	(9.331)	(18.962)	(5.780)	(14.277)	(21.682)
Income taxes	4.348	5.398	(492)	(640)	(1.524)
Profit (loss) for the period	(4.984)	(13.565)	(6.272)	(14.917)	(23.205)
Attributable to:					
Income (loss) pertaining to non-controlling interests	(4.278)	(4.708)	163	(461)	(887)
Income (loss) pertaining to the Group	(706)	(8.857)	(6.435)	(14.456)	(22.318)

Consolidation principles

Consolidation is performed using the line-by-line method. The criteria adopted for the application of said method remained unchanged with respect to those used as at 30 September 2015. The consolidated interim report on operations as at 30 June 2016, as with the consolidated financial statements as at 30 September 2015, derive from the consolidation, at said dates, of the accounting positions and the financial statements of Parent Company Mittel and all direct and indirect subsidiaries, jointly controlled companies or associates.

Accounting standards applied

The accounting standards applied to draft the consolidated interim report on operations as at 30 June 2016 are the same as those applied to the financial statements as at 30 September 2015, to which reference should be made for more details.

Area of consolidation

The consolidated financial statements are prepared on the basis of the accounting situations as at 30 June 2016 drafted by the respective consolidated companies, adjusted, where necessary, in order to align these to the Group classification criteria and accounting standards compliant with IFRS.

The area of consolidation as at 30 June 2016 is as follows:

Company name	Office / Country	Type of relationship (a)	Consolidation method	Investment relationship			Total interest %
				Participating company	Direct interest %	Direct availability of votes % (b)	
Parent Company							
Mittel S.p.A..							
A. Companies fully consolidated							
Direct subsidiaries:							
1 Mittel Partecipazioni Stabili S.r.l.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
2 Mittel Advisory S.r.l.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
3 Mittel Advisory Debt and Grant S.p.A.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
4 Mittel Investimenti Immobiliari S.r.l.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
5 Ghea S.r.l.	Milan	(1)	Full	Mittel S.p.A.	51,00%	51,00%	51,00%
6 Earchimede S.p.A.	Milan	(1)	Full	Mittel S.p.A.	85,01%	85,01%	85,01%
7 Locaefte S.r.l. in liquidation	Brescia	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
8 Markfactor S.r.l. in liquidation	Brescia	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
9 Mittel Portfolio Management S.r.l.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
10 CAD Immobiliare S.r.l.	Milan	(1)	Full	Mittel S.p.A. - MII S.r.l.	100,00%	100,00%	100,00%
Indirect subsidiaries:							
11 Esse Ventuno S.r.l. in liquidation	Milan	(1)	Full	MII S.r.l.	90,00%	90,00%	90,00%
12 Gamma Tre S.r.l.	Milan	(1)	Full	MII S.r.l.	100,00%	100,00%	100,00%
13 Brema S.r.l.	Milan	(1)	Full	MII S.r.l.	100,00%	100,00%	100,00%
14 Santarosa S.r.l.	Milan	(1)	Full	MII S.r.l.	60,00%	60,00%	60,00%
15 Fede S.r.l.	Milan	(1)	Full	MII S.r.l.	100,00%	100,00%	100,00%
16 Immobiliare Volta Marconi S.r.l. in liq.	Milan	(1)	Full	MII S.r.l.	51,00%	51,00%	51,00%
17 Cerca S.r.l.	Milan	(1)	Full	MII S.r.l.	100,00%	100,00%	100,00%
18 Lucianita S.r.l.	Milan	(1)	Full	MII S.r.l.	51,00%	51,00%	51,00%
19 MiVa S.r.l.	Milan	(1)	Full	MII S.r.l.	100,00%	100,00%	100,00%
20 Regina S.r.l.	Milan	(1)	Full	MII S.r.l.	100,00%	100,00%	100,00%
21 Iniziative Nord Milano S.r.l.	Milan	(1)	Full	MII S.r.l.	75,00%	75,00%	75,00%
22 FD33 S.r.l.	Brescia	(1)	Full	Earchimede S.p.A.	100,00%	100,00%	85,01%
23 Fashion District Group S.r.l. in liquidation	Brescia	(1)	Full	Earchimede S.p.A. - FD33 S.r.l.	66,66%	66,66%	56,67%
24 Fashion District Roma S.r.l. in liquidation	Brescia	(1)	Full	Fashion District Group	100,00%	100,00%	56,67%
25 Parco Mediterraneo S.r.l.	Brescia	(1)	Full	FD33 – Fashion District G.	100,00%	100,00%	59,50%
26 Loft S.r.l.	Brescia	(1)	Full	Fashion District Group	100,00%	100,00%	56,67%
B. Companies consolidated using the equity method							
Direct associates:							
1 Liberata S.p.A.	Milan	(6)	Equity	Mittel S.p.A.	27,00%	27,00%	27,00%
2 Bios S.p.A.	Milan	(4)	Equity	Mittel S.p.A.	50,00%	50,00%	50,00%
3 Tower 6 Bis S.à r.l.	Lussembourg	(4)	Equity	Mittel S.p.A.	49,00%	49,00%	49,00%
4 MitFin. S.p.A.	Milan	(6)	Equity	Mittel S.p.A.	30,00%	30,00%	30,00%
5 Chase Mittel Capital Holding II NV	Antille Olandesi	(6)	Cost (c)	Mittel S.p.A.	21,00%	21,00%	21,00%
6 Castello SGR S.p.A.	Milan	(6)	Equity	Mittel S.p.A.	21,81%	23,17%	23,17%
Indirect associates:							
7 Mittel Generale Investimenti S.p.A.	Milan	(6)	Equity	Liberata S.p.A.	100,00%	100,00%	27,00%
8 Superpartes S.p.A.	Brescia	(7)	Equity	Earchimede S.p.A.	11,89%	11,89%	10,11%

(a) Type of relationship:

1 – majority of voting rights at ordinary shareholders' meeting;

2 – dominant influence at ordinary shareholders' meeting;

3 – agreements with other shareholders;

4 – joint control;

5 – other forms of control which, pursuant to IFRS 10, simultaneously attribute availability of the power of governance over the relevant activities and exposure to the variability of the resultant returns;

6 – company subject to significant influence;

7 – company subject to significant influence based on agreements with other shareholders which regulate their governance and administration with binding veto power over significant specific matters;

(b) Availability of votes at ordinary shareholders' meeting, distinguishing between actual and potential.

(c) The investment in Chase Mittel Capital Holding NV which is inactive and irrelevant is maintained at cost given that the valuation using the equity method is approximated by the cost.

Main criteria adopted for the definition of the area of consolidation and in the application of the investment valuation principles

The following are considered subsidiaries: companies in which Mittel S.p.A. is exposed to variable returns, or holds rights over said returns, deriving from its relationship with the same and at the same time has the capacity to affect the returns by exercising its power over said entities.

No situations are recognised in which the Group is in a condition to exercise “de facto control” over an entity which, despite the absence of the majority of voting rights, demonstrates the ownership of such rights as such to allow the unidirectional management of the investee’s relevant activities.

Under subsidiaries, no “structured entities” are identified in which the voting rights do not represent key elements for the evaluation of control, including therein vehicle companies (SPE/SPV) and investment funds.

Companies in which Mittel, directly or indirectly, holds at least 20% of voting rights (including therein any “potential” voting rights) or in which - despite with a lower share of voting rights - has the power to participate in the determination of the financial and management policies by virtue of particular legal links, such as participation in shareholders’ agreements, are considered associates, i.e. subject to significant influence.

A number of interests exceeding 20%, but for a small amount, are excluded from the area of consolidation and classified under available-for-sale assets, given that Mittel S.p.A. directly or indirectly holds exclusive rights to a portion of the profits from the investments, has no access to the management policies and can exercise governance rights limited to the protection of its own equity interests.

Main changes in the area of consolidation with respect to the previous year

The area of consolidation as at 30 June 2016 showed no significant changes, so its comments are found in the half-yearly financial report as at 31 March 2016 to which reference should be made.

Certification of the consolidated interim report on operations as at 30 June 2016 pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned Rosario Bifulco, Chief Executive Officer, and Pietro Santicoli, the Manager responsible for preparing the company financial reports of Mittel S.p.A., also taking into account the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998, attest to the adequacy of the characteristics of the company and the effective application of administrative and accounting procedures for the preparation of the consolidated interim report on operations as at 30 June 2016.

It is also certified that the consolidated interim report on operations as at 30 June 2016:

- a) was drafted in compliance with the international accounting standards recognised in the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;
- b) corresponds to the book results and accounting records;
- c) provides a true and fair view of the equity, economic and financial situation of the issuer and of the group of consolidated companies.

The consolidated interim report on operations includes a reliable analysis of the references to significant events which occurred in the first nine months of the year and their impact on the statement of financial position and income statement. The consolidated interim report on operations also includes a reliable analysis of information on significant related party transactions.

Milan, 28 July 2016

Chief Executive Officer

Rosario Bifulco

Manager responsible for preparing the
Company's financial reports

Pietro Santicoli