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

# Half-yearly financial report

# (1 October 2014 - 31 March 2015)

130th company year

# Contents



*This is a translation of the Italian Half-Yearly Financial Report at 31 March 2015 prepared solely for the convenience of international readers. In the event of any ambiguity the italian text will prevail.*

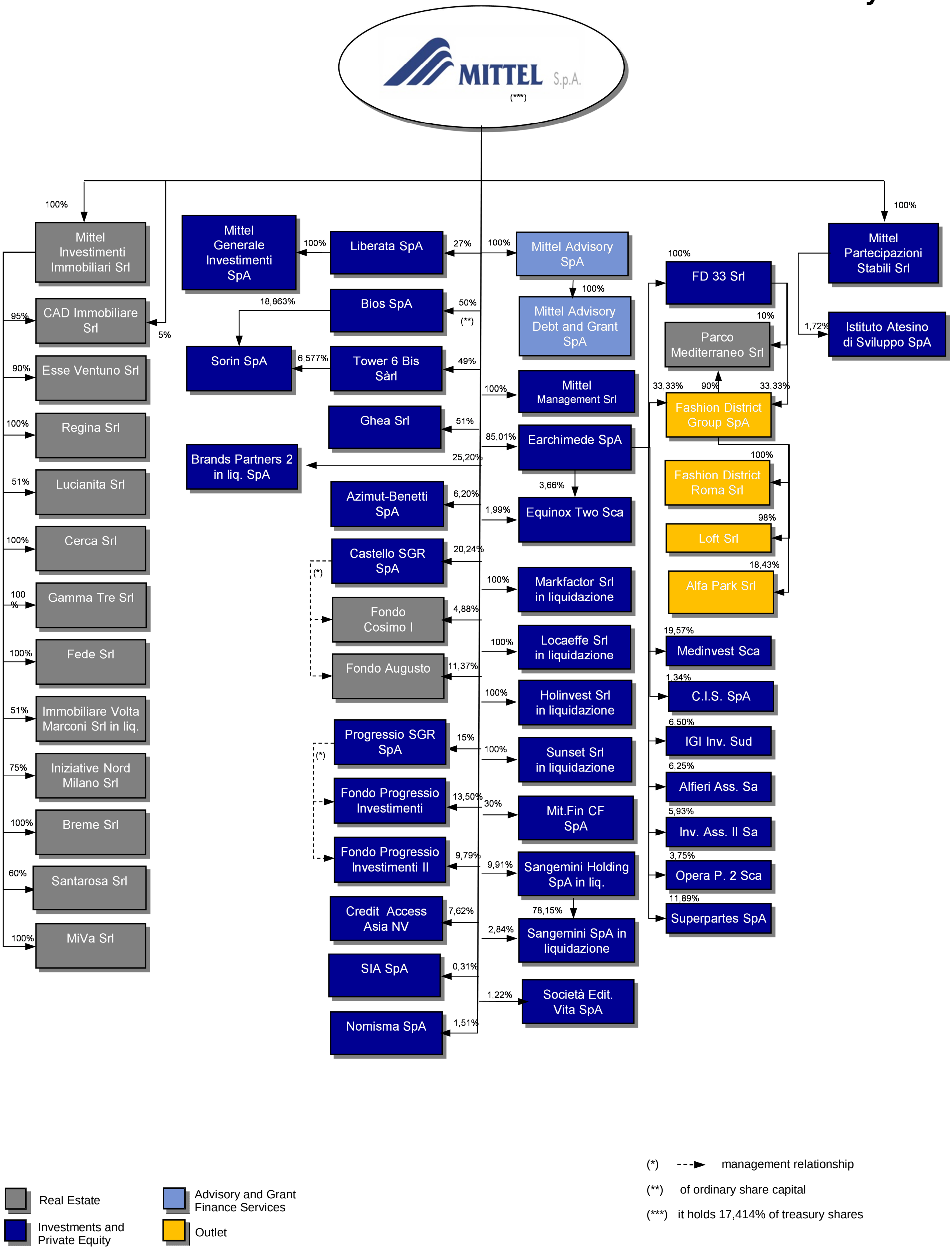
## Corporate bodies

| Board of Directors |
|---|
| *Chairman* |
| Franco Dalla Sega |
| *Deputy Chairman* |
| Giorgio Franceschi (b) |
| *Directors* |
| Maria Vittoria Bruno (a) (c) (e) |
| Marco Colacicco (b) |
| Stefano Gianotti (b) |
| Michele Iori (b) |
| Marco Merler (a) (c) (d) |
| Giuseppe Pasini (b) |
| Duccio Regoli (a) (c) (e) (d) |
| Carla Sora (a) (d) |
| Michela Zeme (a) (e) |
| *General Manager* |
| Gaetano Casertano |
| *Manager responsible for preparing the Company's financial reports* |
| Pietro Santicoli |

| Board of Statutory Auditors |
|---|
| *Standing auditors* |
| Giovanni Brondi – Chairman |
| Maria Teresa Bernelli |
| Simone Del Bianco |
| *Alternate auditors* |
| Roberta Crespi |
| Giulio Tedeschi |
| **Independent Auditors** |
| Deloitte & Touche S.p.A. |

(a) Independent Director
(b) Member of the Executive Committee
(c) Member of the Control and Risks Committee
(d) Member of the Remuneration and Appointments Committee
(e) Member of the Related Party Committee
The duration of the Company shall be until 31 December 2020, as stated in art. 4 of the Articles of Association.

# Group Structure
# as at 27 May 2015



# Directors' Report on Operations

### Introduction

On 18 November 2014, Fashion District Group S.p.A. and IDeA FIMIT SGR S.p.A. – company operating in the name and on behalf of the closed-end real estate fund known as "MOMA" (whose shares are owned by the US investor Blackstone) completed the transfer of the entire share capital of Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l. as well as that of the Bagnolo San Vito (MN) and Molfetta (BA) factory outlets. On 23 December 2014, the definitive transfer of the business unit of the Valmontone (RM) outlet by the subsidiary Fashion District Roma S.r.l. took place. Therefore, the half-year period involved in this half-yearly report includes significant variations deriving from the exit from scope of consolidation of the above companies, essentially making the economic performance and the result for the period ended 31 March 2015 not fully comparable with the same period in the previous year.

## Group Performance

The consolidated economic result of the Mittel Group in the first half of the year 1 October 2014-30 September 2015 ($130^{th}$ year from the foundation of Mittel S.p.A.), posted a loss of EUR 8,0 million, compared to a loss of EUR 33,6 million in the year 2013/2014 and a profit of EUR 0,2 million in the first half of the previous year, hugely impacted by the profits deriving from the transfer of Moncler S.p.A. shares for EUR 18,3 million, through the associate Brands Partners 2 S.p.A., currently in liquidation.

The Group equity, including the result for the period, stood at EUR 330,1 million, compared to EUR 280,6 million as at 30 September 2014, marking an increase for EUR 49,5 million, attributable mainly to the increase deriving from the higher value of the asset Sorin, held through the investees Tower 6 Bis S.à.r.l. and Bios S.p.A..

The net financial position amounted to EUR 83,1 million, in contrast to EUR 201,8 million as at 30 September 2014, an improvement of EUR 118,7 million, mainly due to the effects of the completion during the half of the transfer of property complexes by the Fashion District Group in Mantua and Molfetta.

## 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 fromfinancial statement tables, which provide an overview of the Group's economic, equity and financial performances, bothin 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) | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| **Revenues** | **14.454** | **25.742** | **41.453** |
| Purchases, provision of services, sundry costs | (15.470) | (23.872) | (45.882) |
| Personnel costs | (4.506) | (5.536) | (11.675) |
| **Operating costs** | **(19.976)** | **(29.409)** | **(57.558)** |
| Income (expenses) from investments | 2.115 | 6.586 | 13.571 |
| **Operating margin (EBITDA)** | **(3.408)** | **2.920** | **(2.533)** |
| *EBITDA %* | *(23,58)%* | *11,34%* | *(6,11)%* |
| Amortisation/depreciation, allocations and adjustments to non-current assets | (3.306) | (13.081) | (29.180) |
| Value adjustments to financial assets and receivables | (3.692) | (10.819) | (25.963) |
| Share of income (loss) of investments | (465) | 18.480 | 25.787 |
| Income (loss) from non-recurring transactions net of tax (*) | (288) | - | (13.155) |
| **Operating result (EBIT) (*)** | **(11.158)** | **(2.501)** | **(45.044)** |
| *EBIT %* | *(77,20)%* | *(9,71)%* | *(108,66)%* |
| Income (loss) from financial management | (2.000) | (6.764) | (15.200) |
| Income (loss) from trading of financial assets | 4.661 | 2.781 | 2.426 |
| **Income (loss) before taxes (*)** | **(8.497)** | **(6.484)** | **(57.818)** |
| Taxes | (148) | 1.314 | 5.870 |
| **Net income (loss) for the year** | **(8.645)** | **(5.170)** | **(51.948)** |
| Income (loss) pertaining to non-controlling interests | 625 | 5.321 | 18.358 |
| **Income (loss) pertaining to the Group** | **(8.021)** | **151** | **(33.590)** |

(*) The item as at 30 September 2014 is net of taxes (a positive EUR 5,2 million), due to the realignment of deferred taxes, pursuant to IAS 12, relating to the Mantua and Molfetta properties; said effect is, by contrast, classified under the item "Income taxes" in the financial statements.

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 14,5 million, compared to EUR 25,7 million as at 31 March 2014, marking a decrease of EUR 11,2 million. This variation is the combined result of lower revenues in the half of EUR 16,2 million (from EUR 28,9 million as at 31 March 2014 to EUR 12,7 million as at 31 March 2015, of which EUR 9,6 million attributable to the decrease deriving from the contribution from the Outlet sector and the fall in other income (from EUR 1,4 million as at 31 March 2014 to EUR 0,6 million as at 31 March 2015), partly offset by the increase of EUR 5,8 million inferred from a comparison between the change in property inventories (i.e. the net value between the increase in inventories for property development and the reduction for the sales of living units) of the two periods (from a negative EUR 4,6 million as at 31 March 2014 to a positive EUR 1,2 million as at 31 March 2015);

- **Operating costs**: these amounted to EUR 20,0 million compared to EUR 29,4 million as at 31 March 2014, marking a decrease of EUR 9,4 million (of which EUR 6,2 million attributable to the decrease resulting from the contribution of the outlet sector). These are composed of costs for purchases, provision of services and sundry costs of EUR 15,5 million compared to EUR 23,9 million as at 31 March 2014, marking a decrease of EUR 8,4 million and of personnel costs of EUR 4,5 million compared to EUR 5,5 million as at 31 March 2014, a decrease of EUR 1,0 million. The variation in costs for purchases, provision of services and sundry costs is the combined result of lower costs for services of EUR 9,3 million (from EUR 19,7 million as at 31 March 2014 to EUR 10,4 million as at 31 March 2015), a decrease of EUR 1,0 million in the item ‘other costs’ (from EUR 3,0 million as at 31 March 2014 to EUR 2,0 million as at 31 March 2015) and an increase of EUR 1,9 million in the item ‘costs for purchases’ (from EUR 1,2 million as at 31 March 2014 to EUR 3,1 million as at 31 March 2015);

- **Personnel costs**: this item amounted to EUR 4,5 million, posting decrease of EUR 1,0 million compared to the previous period of the year;

- **Income from investments**: the item, a positive EUR 2,1 million, suffered a decrease of EUR 4,5 million compared to the same figure in the previous year. This is mainly composed, for an amount of EUR 0,6 million, from dividends deriving from financial assets available for sale, compared to EUR 1,0 million in the same period of the previous year and, for an amount of EUR 1,5 million, from income deriving from the partial transfer of Intesa Sanpaolo S.p.A. and RCS Mediagroup securities, held by Mittel Partecipazioni Stabili S.r.l., compared to EUR 5,5 million in the same period of the previous year;

- **Operating margin (EBITDA)**: a negative EUR 3,4 million, compared to a positive EUR 2,9 million as at 31 March 2014, marking a decrease of EUR 6,3 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**: totalled EUR 3,3 million compared to EUR 13,1 million as at 31 March 2014. The decrease is due to the elimination of the depreciation of property, plant and equipment relating to the two property complexes in which the Bagnolo San Vito (MN) and Molfetta (BA) factory outlets operate respectively, given already held for sale in the financial statements as at 30 September 2014 and, therefore, not depreciated in the period between 1 October 2014 and 18 November 2014, the date on which the transfer was finalised. For details, please refer to the financial statements as at 30 September 2014. The item also includes, for EUR 3,0 million, the allocation for contractual disputes set aside in the period by the Parent company Mittel S.p.A. to cover potential losses, in respect of which, at the date of this consolidated half-yearly financial report, the amounts and date of occurrence could still not be determined;

- **Value adjustments to financial assets and receivables**: amounting to EUR 3,7 million (EUR 10,8 million as at 31 March 2014), mainly comprised, for EUR 0,8 million, of the value adjustment to the Progressio Investimenti II fund based on its negative performance, for EUR 1,3 million, of adjustments recorded by Fashion District Group S.p.A. on credit positions it recorded and, for EUR 1,3 million, of the impairment of the two credit positions effected by the subsidiaries Locaeffe S.r.l. and Markfactor S.r.l., both in liquidation;

- **Share of income (loss) of investments**: the item, amounting to a negative EUR 0,5 million is in contrast to a positive EUR 18,5 million in the previous year, marking a decrease of EUR 19,0 million. The figure in the previous year was mainly influenced by the pro-rata share of income of the investee Brands Partners 2 S.p.A. in liquidation, following the partial placement of 3,73% of Moncler S.p.A. during the initial public offering in December 2013;

- **Income (loss) from non-recurring transactions after taxes**: amounting to a negative EUR 0,3 million, refers to the effect of the transfer of the companies Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l. and the property complexes;

- **Operating result (EBIT)**: the result was a negative EUR 11,2 million, compared to a negative EUR 2,5 million in the corresponding period of the previous year, marking a decrease of EUR 8,7 million;

- **Income from financial management**: amounting to a loss of EUR 2,0 million compared to a loss of EUR 6,8 million in the previous year, marking an improvement of EUR 4,8 million. The item was largely impacted by the negative contribution from the parent company Mittel S.p.A. (EUR 3,3 million);

- **Income (loss) from trading of financial assets**: amounting to EUR 4,7 million, compared to EUR 2,8 million in the previous year, marking an increase of EUR 1,9 million. The item is composed of the income from the trading of securities in the portfolio for EUR 1,0 million and, for EUR 3,7 million, the market valuation of the trading securities in the portfolio;

- **Taxes**: amounting to a loss of EUR 0,1 million compared to a profit of EUR 1,3 million in the previous year, marking a variation of EUR 1,4 million.

**Main financial and equity figures of the Group**

| (Thousands of Euro) | **31.03.2015** | **30.09.2014** | **31.03.2014** |
|---|---|---|---|
| Intangible assets | 201 | 310 | 26.048 |
| Property, plant and equipment | 1.016 | 1.669 | 130.838 |
| Investments | 109.317 | 56.184 | 79.697 |
| Non-current financial assets | 228.165 | 243.231 | 253.152 |
| Non-current assets (liabilities) held for sale (**) | 245 | 120.317 | - |
| Provisions for risks, employee severance indemnity and employee benefits | (14.206) | (13.996) | (9.832) |
| Other non-current assets (liabilities) | (563) | (618) | (3.055) |
| Tax assets (liabilities) | 3.215 | 1.428 | (12.959) |
| Net working capital (*) | 123.915 | 112.937 | 113.009 |
| **Net invested capital (**)** | **451.305** | **521.462** | **576.898** |
| Shareholders' equity | (330.128) | (280.605) | (334.746) |
| Non controlling interests | (38.069) | (39.015) | (50.545) |
| **Total shareholders' equity** | **(368.197)** | **(319.620)** | **(385.291)** |
| **Net financial position (***)** | **(83.109)** | **(201.842)** | **(191.607)** |

(*) Comprised of the sum of property inventories and sundry Receivables (Payables) and other current assets (liabilities)
(**) As at 30 September 2014 does not include the Net financial position of EUR 50,8 million of the Group of Assets and Liabilities classified as held for sale pursuant to IFRS 5
(**) As at 30 September 2014 includes the Net financial position of EUR 50,8 million of the Group of Assets and Liabilities classified as held for sale pursuant to IFRS 5.

**Intangible assets** amounted to EUR 0,2 million, almost unchanged with respect to the figure as at 30 September 2014;

**Property, plant and equipment** totalled EUR 1,0 million compared to EUR 1,7 million in 2013-2014, representing a decrease of EUR 0,7 million, attributable to the total depreciation of the residual assets owned by Fashion District Roma S.r.l. following the transfer to RREEF Inv. Gmbh of ownership of the business unit including the commercial licences relating to management of the Valmontone factory outlet (Rome);

**Investments valued using the equity method** totalled EUR 109,3 million, marking an increase of EUR 53,1 million compared to EUR 56,2 million in the year 2013-2014. The increase is mainly due to the higher value of the investee Sorin S.p.A. held through the vehicles Bios S.p.A. (EUR 39,4 million) and Tower 6 Bis S.à.r.l. (EUR 13,8 million);

**Non-current financial assets** amounted to EUR 228,2 million, compared to EUR 243,2 million in 2013-2014, marking a decrease of EUR 15,0 million. This variation is due to the combined effect of the increase of EUR 9,1 million in non-current financial receivables, in contrast to the decrease of EUR 24,7 million in the value of other financial assets. The item ‘non-current financial receivables’ recorded an increase, for an amount of EUR 5,0 million, for the term current account as guarantee established in accordance with the contract for the transfer of the factory outlets to IDeA FIMIT SGR S.p.A. for an amount of EUR 1,6 million, for the classification under non-current assets of two credit positions previously valued in current assets and reclassified on the basis of the changed time period in which the collection is presumed to be realised and, for the residual portion, mainly based on interest accrued on non-current loans, whose payment is envisaged on expiry. The decrease in other financial assets is primarily due to the reclassification under current financial assets of the entire listed share portfolio held by Mittel Partecipazioni Stabili S.r.l..

The value recorded under **assets held for sale** corresponds to the valuation of the investment held in Progressio SGR S.p.A., in respect of the put option exercised by Mittel S.p.A.. The decrease compared to the value of EUR 120,3 million as at 30 September 2014 is due to the completion, on 18 November 2014, of the sale of the factory outlets to IDeA FIMIT SGR S.p.A. and the sale, to said company, of the companies Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l.. It should be noted that this value was comprised of total assets (EUR 131,4 million) net of liabilities (EUR 61,9 million), excluding net financial debt (EUR 50,8 million), directly attributable to the assets of Fashion District Group S.p.A., subject to transfer. In particular, it refers to the value of the property complexes (factory outlets) of Mantua and Molfetta and the associated authorisation licences to carry out retail trade activities, held by Fashion District Group S.p.A, as well as additional assets owned by Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l., subject to transfer, valued at the sale price less the related costs;

**Provisions for risks, employee severance indemnity and employee benefits** amounted to EUR 14,2 million, compared to EUR 14,0 million in 2013-2014, marking an increase of EUR 0,2 million. In particular, as at 31 March 2015, this item is composed, for EUR 2,0 million, of Provisions for personnel (EUR 2,3 million as at 30 September 2014) and, for EUR 12,2 million, of provisions for risks and charges (EUR 11,7 million as at 30 September 2014). The rise in the provision for risks and charges is due mainly to the net increase of EUR 1,8 million in the first half of the year carried out by the parent company Mittel S.p.A. to cover liabilities for contractual guarantees issued by the latter. This increase was partially offset, for EUR 1,3 million, by the decrease registered by the subsidiary Fashion District Group S.p.A.;

The item other **non-current liabilities** totalled EUR 0,6 million, essentially in line with the data in 2013-2014;

The item **tax assets** amounted to EUR 3,2 million, compared to EUR 1,4 million in 2013-2014, marking an increase of EUR 1,8 million. This increase is attributable to the partial release of the tax effect deriving from the allocation of deferred taxes calculated on the property capital gain and on the calculation of the deferred “earn-out” price resulting from the transfer of the Bagnolo San Vito (MN) and Molfetta (BA) factory outlets, partially offset by the net variation in prepaid taxes;

**Net working capital** amounted to EUR 123,9 million, compared to EUR 112,9 million in 2013-2014. The item net working capital is composed of the value of Property inventories of EUR 116,7 million (EUR 115,8 million in the financial statements of the previous year), Sundry receivables and other current assets totalling EUR 22,1 million (EUR 23,4 million in the financial statements of the previous year) and Sundry payables and other current liabilities amounting to EUR 14,9 million (EUR 26,2 million in last year’s financial statements). In particular, the reduction in sundry payables to EUR 11,3 million is mainly due to deferred payment of EUR 7,2 million by Mittel S.p.A. to Bios S.p.A. for the purchase in 2011 of the tax receivable due to the latter from the Revenue Agency, as well as the reduction of EUR 4,1 million, recorded by the subsidiary Fashion District Group S.p.A., as a result of its activities following completion of the transfer of the factory outlets;

**Net invested capital,** amounting to EUR 451,3 million, fell by EUR 70,2 million, financed by equity for EUR 368,2 million and by the net financial position for EUR 83,1 million;

**Equity pertaining to the Group** amounted to EUR 330,1 million, compared to EUR 280,6 million in 2013-2014, marking an increase of EUR 49,5 million, while non-controlling interests came to EUR 38,1 million, compared to EUR 39,0 million in the financial statements of the previous year. Total equity amounted to EUR 368,2 million, compared to EUR 319,6 million in the previous year, marking an increase of EUR 48,6 million. This significant increase is attributable primarily to the higher value of the valuation reserve relating to the investments through which Mittel S.p.A. holds an interest in Sorin S.p.A., or Bios S.p.A. and Tower 6 bis S.à.r.l., valued at equity and which recorded a total increase in the value of the reserve in the period of EUR 53,4 million (and EUR 39,4 million and EUR 14,0 million respectively).

The **net financial position** came to a negative EUR 83,1 million, compared to a negative EUR 201,8 million as at 30 September 2014, an improvement of EUR 118,7 million. This improvement is attributable to the collection, amounting to EUR 120,1 million, which took place at the same as completion of the transfer by the Fashion District Group of the Bagnolo San Vito (MN) and Molfetta (BA) factory outlets in addition to the reclassification, under current assets, of the listed securities held by Mittel Partecipazioni Stabili S.r.l.

amounting to EUR 27,5 million. As regards the payment relating to the factory outlets, it should be noted that this income allowed the extinguishment of bank payables relating to the Fashion District Group amounting to around EUR 52 million and the generation of cash totalling roughly EUR 70 million (of which EUR 5 million restricted as guarantee). It should be noted that bank payables net of cash and cash equivalents totalled EUR 29,2 million as at 31 March 2015, marking a decrease of EUR 103,8 million (EUR 133,0 million as at 30 September 2014). As at 31 March 2015, the item other cash equivalents included EUR 3,1 million (same amount in the financial statements as at 30 September 2014), amounts that are classified in current financial receivables in the financial statements, referring to the giro account in place between Earchimede S.p.A. and the indirect investee Mittel Generale Investimenti S.p.A.. This inclusion reflects the fact that the receivables can readily be converted to a known amount of cash, with no risk of a change in the value.

**Statement relating to the net financial position**

| *(Thousands of Euro)* | **31.03.2015** | **30.09.2014** | **Variazione** |
|---|---|---|---|
| Cash | 24 | 706 | (682) |
| Other cash equivalents (*) | 76.318 | 35.887 | 40.431 |
| Securities held for trading (**) | 46.311 | 15.812 | 30.499 |
| **Current liquidity** | **122.653** | **52.405** | **70.248** |
| **Current financial receivables (*)** | **2.157** | **20.294** | **(18.137)** |
| Bank payables | (105.591) | (168.912) | 63.321 |
| Bonds | (98.225) | (97.974) | (251) |
| Other financial payables | (4.104) | (7.655) | 3.552 |
| **Financial debt** | **(207.920)** | **(274.541)** | **66.621** |
| **Net financial position** | **(83.109)** | **(201.842)** | **118.732** |

(*) the item other cash equivalents includes receivables of EUR 3,1 million classified under the item current financial receivables in the financial statements and relates to the giro account in place between Earchimede S.p.A. and the investee Mittel Generale Investimenti S.p.A.; this inclusion reflects the fact that the receivables can readily be converted to a known amount of cash, with no risk of a change in the value.
(**) Available-for-sale assets posted under current assets and financial assets held for trading were reclassified to this item.

## INCOME STATEMENT BY BUSINESS SEGMENT AND CONTRIBUTIONS TO GROUP RESULTS

### *31 March 2015*

| *Figures in millions of Euro* | 31 March 2015 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **AGGREGATE / CONSOLIDATED** | **Net revenues** | **Operating costs** | **Income (expenses) from investments** | **Amortisation/depreciation and write-downs** | **Share of income (loss) of investments** | **Income (loss) from financial management** | **Income (loss) from trading of financial assets** | **Income (loss) from non-recurring transactions net of taxes** | **Taxes** | **Income (loss) pertaining to non controlling interests** | **Income (loss) pertaining to the Group** |
| *Real Estate Sector* | 4,6 | (4,4) | 0,6 | (0,1) | 0,0 | (2,2) | 0,0 | 0,0 | (0,3) | (0,2) | (1,5) |
| *Advisory Sector* | 1,5 | (1,8) | 0,0 | (0,1) | 0,0 | (0,1) | 0,0 | 0,0 | 0,1 | 0,0 | (0,3) |
| *Investments and PE Sector* | 0,7 | (6,3) | 1,5 | (5,4) | (0,5) | 0,6 | 4,7 | 0,0 | (0,1) | 0,4 | (5,1) |
| *Outlet/Entertainment Sector* | 7,9 | (7,8) | 0,0 | (1,4) | 0,0 | (0,3) | 0,0 | (0,3) | 0,1 | (0,8) | (1,0) |
| *IC ELIMINATION* | (0,27) | 0,27 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | | | |
| **CONSOLIDATED TOTAL** | **14,5** | **(20,0)** | **2,1** | **(7,0)** | **(0,5)** | **(2,0)** | **4,7** | **(0,3)** | **(0,1)** | **(0,6)** | **(8,0)** |

### *31 March 2014*

| *Figures in millions of Euro* | 31 March 2014 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **AGGREGATE / CONSOLIDATED** | **Net revenues** | **Operating costs** | **Income (expenses) from investments** | **Amortisation/depreciation and write-downs** | **Share of income (loss) of investments** | **Income (loss) from financial management** | **Income (loss) from trading of financial assets** | **Income (loss) from non-recurring transactions net of taxes** | **Taxes** | **Income (loss) pertaining to non controlling interests** | **Income (loss) pertaining to the Group** |
| *Real Estate Sector* | 4,6 | (2,3) | 0,7 | (0,0) | (0,2) | (2,0) | 0,0 | 0,0 | (0,7) | 0,3 | (0,2) |
| *Advisory Sector* | 2,4 | (2,9) | 0,0 | (4,6) | 0,0 | (0,1) | 0,0 | 0,0 | (0,4) | 0,0 | (5,5) |
| *Investments and PE Sector* | 1,2 | (10,7) | 5,9 | (4,3) | 18,7 | (0,9) | 2,8 | 0,0 | 0,4 | 0,0 | 13,2 |
| *Outlet Sector* | 17,9 | (14,0) | 0,0 | (15,1) | 0,0 | (3,7) | 0,0 | 0,0 | 2,0 | (5,6) | (7,3) |
| *IC ELIMINATION* | (0,5) | 0,5 | 0,0 | (0,0) | 0,0 | 0,0 | 0,0 | 0,0 | | | |
| **CONSOLIDATED TOTAL** | **25,7** | **(29,4)** | **6,6** | **(23,9)** | **18,5** | **(6,8)** | **2,8** | **0,0** | **1,3** | **(5,3)** | **0,2** |

## STRUCTURE OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT

### *31 March 2015*

| *Figures in millions of Euro* | 31 March 2015 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **AGGREGATE / CONSOLIDATED** | **Net working capital** | **Fixed assets** | **Other assets (liabilities)** | **Assets (liabilities) held for sale (*)** | **Invested capital** | **Financed by** | **Net financial position (*)** | **Shareholders' equity** | **of which** | **Shareholders' equity pertaining to non controlling interests** | **Shareholders' equity pertaining to the Group** |
| *Real Estate Sector* | 115,9 | 18,6 | (0,5) | 0,0 | 134,0 | | (102,8) | 31,2 | | 1,5 | 29,7 |
| *Advisory Sector* | 2,1 | 0,3 | 1,4 | 0,0 | 3,8 | | (2,2) | 1,6 | | 0,0 | 1,6 |
| *Investments and PE Sector* | 5,7 | 311,2 | (5,1) | 0,2 | 312,0 | | (13,6) | 298,4 | | 20,6 | 277,7 |
| *Outlet/Entertainment Sector* | 0,1 | 8,6 | (7,3) | 0,0 | 1,4 | | 35,6 | 37,0 | | 15,9 | 21,1 |
| *IC ELIMINATION* | (0,0) | 0,0 | 0,0 | 0,0 | (0,0) | | 0,0 | | | | |
| **CONSOLIDATED TOTAL** | **123,9** | **338,7** | **(11,6)** | **0,2** | **451,3** | | **(83,1)** | **368,2** | | **38,1** | **330,1** |

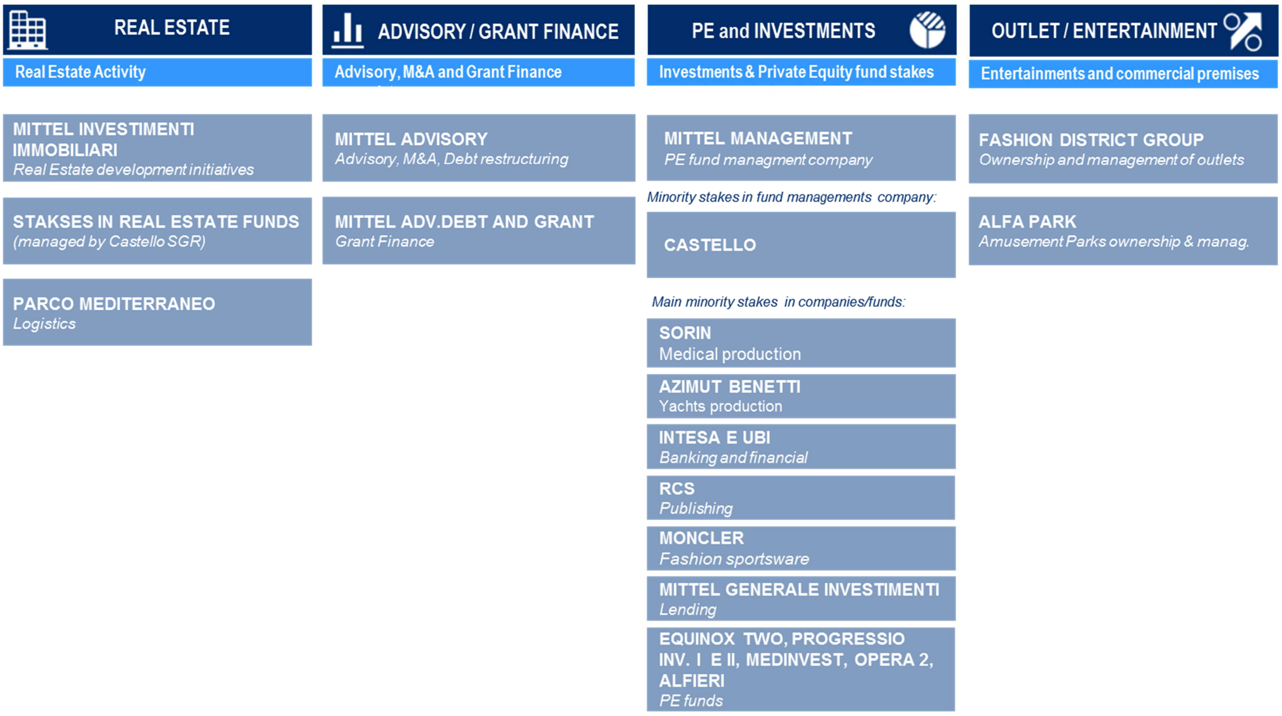
### *30 September 2014*

| *Figures in millions of Euro* | 30 September 2014 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **AGGREGATE / CONSOLIDATED** | **Net working capital** | **Fixed assets** | **Other assets (liabilities)** | **Assets (liabilities) held for sale (*)** | **Invested capital** | **Financed by** | **Net financial position (*)** | **Shareholders' equity** | **of which** | **Shareholders' equity pertaining to non controlling interests** | **Shareholders' equity pertaining to the Group** |
| *Real Estate Sector* | 117,6 | 18,5 | (0,9) | 0,0 | 135,1 | | (101,6) | 33,5 | | 0,1 | 33,4 |
| *Advisory Sector* | 4,7 | 0,4 | (0,2) | 0,0 | 4,9 | | (3,1) | 1,9 | | 0,0 | 1,9 |
| *Investments and PE Sector* | (4,2) | 278,8 | (0,3) | 0,0 | 274,3 | | (35,0) | 239,3 | | 19,5 | 219,8 |
| *Outlet Sector* | (5,2) | 3,7 | (11,8) | 120,3 | 107,0 | | (62,1) | 44,9 | | 19,4 | 25,5 |
| *IC ELIMINATION* | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | | 0,0 | | | | |
| **CONSOLIDATED TOTAL** | **112,9** | **301,4** | **(13,2)** | **120,3** | **521,5** | | **(201,8)** | **319,6** | | **39,0** | **280,6** |

*(*) As at 30 September 2014: Net financial position shown includes EUR 50,8 million relating to net financial payables reclassified in the financial statements under assets/liabilities held for disposal*

*As regards the breakdown of the Income Statement by sector, intercompany revenues and costs are re-allocated to the respective sectors in such a way as to measure the generation of the margin relating to each sector as if this was completely autonomous; as regards the breakdown of the statement of financial position by sector, the receivables and payables of each sector include the existing positions with the other sectors, as if each sub-group was autonomous.*

**Sector performance**




The Mittel Group's activities as at 31 March 2015 break down into the following operating sectors:

- **Real Estate**: the sector includes (i) real estate transactions predominantly of a residential/tertiary nature, currently located in northern Italy (Lombardy and Piedmont), with the exception of an initiative in the province of Catania; investments are made directly by the Group or through companies in which non-controlling interests can be held by external entrepreneurs with proven skill and professionalism; (ii) investments held in closed-end real estate funds;

- **Advisory Services and Grants Finance**: activities targeted at corporate customers, private equity funds and Italian institutions consisting of: i) services involving support for M&A operations of companies or business units in Italy or cross-border and in privatisation processes; ii) assistance with debt restructuring activities, debt raising or share capital operations through the search for shareholders for share capital increases or private placements; and iii) support in obtaining subsidised loans for research, development or other initiatives;

- **Private Equity and Investments**: investments made directly by the Parent Company or indirectly through the subscription of specialised closed-end funds managed by Italian Asset Management Companies (SGR) or foreign companies, of which Mittel sometimes holds part of the share capital, which invest in the capital of medium-sized companies, including listed, with the objective of increasing value in the medium-term;

- **Outlet / Entertainment**: as a result of the extraordinary transactions which occurred last year and completed in the first few months of 2014/15, Fashion District Group, which carried out the largest shopping project in Italy, comprising 3 factory outlet centres, integrated with recreational, leisure and entertainment functions, now operates in the sector solely as the servicer of the Mantua and Molfetta outlets, whose ownership was transferred to Idea Fimit SGR S.p.A.. This sector also includes the investment in the Valmontone and Molfetta theme parks.

**Information by business segment**

The business segments detailed above form the basis of the strategically defined activities and of the operational control by management and, therefore, constitute the key elements of information used for the management of the Group, in accordance with IFRS 8. The segmentation of Group activities by geographical area is not significant, given that Group activities are concentrated at national level.

Sector-based groupings are defined by the following groups of Companies (main):

- Real Estate Sector: Mittel Investimenti Immobiliari S.r.l.; Breme S.r.l.; CAD Immobiliare S.r.l.; Cerca S.r.l.; Esse Ventuno S.r.l.; Fede S.r.l.; Gamma Tre S.r.l.; Immobiliare Volta Marconi S.r.l. in liquidazione (in liquidation); Iniziative Nord Milano S.r.l.; Lucianita S.r.l.; MiVa S.r.l.; Santarosa S.r.l.; Regina S.r.l.; Parco Mediterraneo S.r.l. and the Augusto and Cosimo I real estate funds;
- Advisory Services and Debt & Grant sector: Mittel Advisory S.p.A. and Mittel Advisory Debt and Grant S.p.A.;
- Private Equity and Investments Sector: Mittel S.p.A.; Bios S.p.A; Ghea S.r.l.; Earchimede S.p.A.; FD 33 S.r.l.; Mittel Management S.r.l.; Mittel Partecipazioni Stabili S.r.l.; Tower 6 Bis S.à r.l.; Brands Partners 2 S.p.A. in liquidazione (in liquidation); Holinvest S.r.l. in liquidazione (in liquidation); Locaeffe S.r.l. in liquidazione (in liquidation); Markfactor S.r.l. in liquidazione (in liquidation);
- Outlet/Entertainment Sector: Fashion District Group S.p.A., Fashion District Roma S.r.l., Loft S.r.l.. In relation to Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l., present as at 30 September 2014, it should be noted, in execution of the preliminary contracts signed in the previous year, that they were sold in the first few months of the year 2014/15 (18 November 2014).

***Performance of the Real Estate sector***

| *Figures in EUR/000 - 6 months* | | |
|---|---|---|
| **Real Estate Sector** | **mar-15** | **mar-14** |
| Revenues | 4.648 | 4.642 |
| *Sales and other revenues* | *3.441* | *9.238* |
| *Variations in property inventories* | *1.207* | *(4.597)* |
| Gross Operating Margin | 858 | 3.043 |
| Income (loss) before taxes | (1.453) | 804 |
| Net profit (Group + non controlling interests) | (1.767) | 88 |

Following seven years of losses, property sales in the year just ended (2014) returned to positive territory, marking an increase of 1,8% compared to the total in 2013 (Source: OMI data – Revenue Agency). A positive consolidated result from the increase in the fourth quarter, which, with an increase of 5,5%, confirmed the trends already highlighted in the other periods of the year. It should be noted that, in relation to the recovery in property sales, the residential sector was the driving force for the Mittel Group's initiatives, up 3,6% on an annual basis, with an especially positive fourth quarter (increase of 7,1% compared to the same quarter in 2013).

In this context, revenues in the real estate sector in the first half of 2014/15 amounted to EUR 4,6 million (from EUR 4,6 million), composed of sales and other revenues of EUR 3,4 million and the increase in inventories (EUR 1,2 million). Sales and other revenues were generated by the following initiatives: (i) Lucianita S.r.l. (EUR 2,3 million) in relation to the property located in Milan, Via Lomellina no. 12; (ii) CAD Immobiliare S.r.l. (EUR 0,7 million) with reference to the property complex in a centrally located area in the Municipality of Paderno Dugnano and in the immediate vicinity of the railway station, and to a lesser extent, Fede S.r.l. (EUR 0,4 million). The change in inventories includes the decrease of EUR 1,5 million recorded by Lucianita S.r.l., of EUR 0,6 million registered by Cad Immobiliare S.r.l., in contrast to the increases recorded by Santarosa S.r.l. (EUR 2,7 million), Gamma Tre S.r.l. (EUR 0,2 million) and Miva S.r.l. (EUR 0,3 million).

From an equity point of view, the sector saw essentially unchanged invested capital of EUR 134,0 million, with property inventories amounting to EUR 116,4 million as at 31 March 2015 (EUR 115,8 million as at 30 September 2014) and fixed assets, referring almost exclusively to the shares held in closed-end real estate funds Augusto and Cosimo I, stable at EUR 18,6 million.

***Performance of the Advisory Services and Debt & Grant sector***

| *Figures in EUR/000 - 6 months* | | | | |
|---|---|---|---|---|
| **Advisory Sector** | **mar-15** | **%** | **mar-14** | **%** |
| Mittel Advisory | 433 | *30%* | 672 | *27%* |
| Mittel Debt & Grant | 1.031 | *70%* | 1.776 | *73%* |
| **NET REVENUES** | **1.464** | | **2.448** | |

Revenues in the Advisory Services and Grants Finance Sector include the operating results of the wholly-owned direct and indirect subsidiaries Mittel Advisory Debt and Grant S.p.A. and Mittel Advisory S.p.A..

After five years of fluctuating performances, in 2014, the global M&A market recorded a clear reversal of the trend. In fact, around 30 thousand transactions were closed (up 9% compared to 2013), for a value of USD 2.468 billion, up 21% over the previous year. This is the highest value recorded in the last five years (Source: KPMG 2014 Report).
In this context, still not considering the efforts currently being made to strengthen management and expand the range of services offered, the revenues of the Group companies active in providing advisory services and in the grants finance sector recorded a fall in values with Mittel Advisory Debt and Grant S.p.A. to EUR 1,0 million (from EUR 1,8 million) and a contribution from Mittel Advisory S.p.A. of EUR 0,4 million (from EUR 0,7 million). This fall in revenues meant the sector recorded a loss, albeit limited, of EUR 0,3 million (loss of EUR 5,5 million in the previous year), affected by the impairment of the goodwill of the company Mittel Advisory S.p.A.).

In terms of equity, due to the loss in the period, the sector saw a reduction in equity to EUR 1,6 million (from EUR 1,9 million) but, at the same time, recorded an improved financial position of EUR 2,2 million (from EUR 3,1 million), thanks to the optimisation of the working capital in the period.

***Performance of the Private Equity and Investments sector***

| *Figures in EUR/000* | | |
|---|---|---|
| **Investments and PE Sector** | **mar-15** | **set-14** |
| Fixed assets | 311.198 | 278.832 |
| Equity | 298.394 | 239.330 |
| Net financial position | (13.643) | (35.015) |

Fixed assets, amounting to EUR 311,2 million as at 31 March 2015, rose by EUR 32,4 million compared to the situation at the end of the previous year (EUR 278,8 million), mainly attributable to the change in the value of the Sorin S.p.A. security held by the vehicles Bios S.p.A. and Tower 6 Bis S.à.r.l., whose valuation as at 30 September 2014 increased by EUR 53,2 million, up from EUR 45,4 million to EUR 98,6 million as at 31 March 2015; this variation is only partially offset by the reclassification to current assets of the portfolio of listed securities held by Mittel Partecipazioni Stabili S.r.l. (UBI, Intesa and RCS Mediagroup shares) for EUR 27,5 million.
The significant performance of the Sorin S.p.A. security followed the announcement of the extraordinary transaction involving the integration with the US company Cyberonics Inc., which is currently set to be completed by the end of 2015, in respect of which the market appreciated the potential both in terms of cost synergies and as regards the development of revenues thanks to the almost perfectly complementary nature of the 2 groups.

It should be noted that, as disclosed to the public in the press release dated 26 February 2015, Mittel, jointly with Equinox Two S.c.a., a partner in the investment, stated its willingness to support the integration between Sorin S.p.A. and Cyberonics Inc. by voting in favour of approving the transaction at the extraordinary shareholders' meeting, and also committing not to sell its shares until completion of said transaction (currently expected by the end of 2015).
Equity, which recorded an increase of EUR 59,1 million in the half, was directly impacted by the change in the valuation reserve linked to the listed securities held by the Group (Sorin S.p.A. and, to a lesser extent, Intesa and UBI).
At income statement level, the sector posted a loss of EUR 4,7 million (Group and Non-controlling interests) deriving from the revenue contribution of EUR 0,7 million (from EUR 1,2 million), income from investments and financial assets of EUR 1,5 million (from EUR 5,9 million), from financial management for EUR 0,6 million (from a negative EUR 0,9 million) and the income from the trading of financial assets of EUR 4,7 million (from EUR 2,8 million), compared to primarily operating costs of EUR 6,3 million (from EUR 10,7 million), amortisation/depreciation and write-downs of EUR 5,4 million (from EUR 4,3 million) and the share of the loss from investments at equity of EUR 0,5 million (from a positive EUR 18,7 million).

Income from investments and financial assets, of EUR 1,5 million, and the positive result from the trading of financial assets, amounting to EUR 4,7 million, refer to the portfolio of listed investments held by Mittel S.p.A. and Mittel Partecipazioni Stabili S.r.l.; compared to the previous year, the result from investments at equity was negative of EUR 0,5 million, given the elimination of the contribution of the Moncler IPO which had generated a positive value of EUR 18,7 million.
Operating costs fell considerably in the year to EUR 6,3 million (from EUR 10,7 million); in this regard, it should be pointed out that in the same half of the previous year, the settlement with the former Chief Executive Officer was booked under operating costs (EUR 3,3 million).
The item amortisation/depreciation and write-downs came to EUR 5,4 million in the half (EUR 4,3 million) and includes (i) value adjustments to financial assets of EUR 2,3 million, (ii) provisions totalling EUR 3,0 million and (iii) amortisation/depreciation of EUR 0,1 million.

***Performance of the Outlet/Entertainment Sector***

| *Figures in EUR/000 - 6 months* | | |
|---|---|---|
| **Outlet/Entertainment Sector** | **mar-15** | **mar-14** |
| Revenues | 7.874 | 17.928 |
| Operating costs | (7.827) | (14.034) |
| Gross operating margin | 47 | 3.894 |
| Non-recurring transactions (net of taxes) | (288) | - |
| Net profit (Group + non controlling interests) | (1.815) | (12.892) |

The Outlet/Entertainment Sector relates to the Fashion District Group. The sector also includes the 18,4% investment held by Fashion District Group S.p.A. in the holding company Alfa Park S.r.l., a Group that operates in the management of theme parks.
As already described in the financial statements for year ended 30 September 2014, as a result of the extraordinary transactions completed at the end of 2014, and therefore in the course of the current year 2014/15, the company Fashion District Group S.p.A. is currently solely manager of the structures geared towards outlets (Mantua and Molfetta structures); the results as at 31 March 2015 are therefore not wholly comparable with those in the same half of the previous year given that the current year includes the revenues and costs deriving from the direct ownership and management of the Mantua and Molfetta outlets for the period from 1 October to 17 November 2014 (then only management) and the additional management of the Valmontone outlet up until 31 December 2014 (contract terminated).

An analysis of the economic performance of the sector shows that it reflects the initial effects of the evolution of the company as a pure manager of the commercial structures owned by third parties, evolution made possible to exploiting the know-how acquired by the structure of the Fashion District Group in the years of direct ownership and management of the proprietary assets; however, the net result was still affected by the closing of the property transfers (Mantua and Molfetta outlets), and by the additional fine-tuning of the transfer of the business unit, including the commercial licences relating to the Valmontone outlet (Rome.)

A significant reduction in the negative result was registered in the half; despite being influenced by extraordinary transactions, a decrease was recorded in the loss, from EUR 12,9 million to EUR 1,8 million.

From an equity perspective, the reduction in invested capital (from EUR 107,0 million to EUR 1,4 million) highlights the reduction in the sector's risk, with equity of EUR 37,0 million, essentially equal to the positive net financial position as at 31 March 2015 (EUR 35,6 million), a significant improvement compared to the debt position as at 30 September 2014 (EUR 62,1 million), due to the collections relating to the extraordinary transactions completed at the end of 2014.
Fixed assets rose by EUR 4,9 million compared to 30 September 2014, amounting to EUR 8,6 million and mainly include (i) EUR 5,0 million relating to the escrow agreed at the time of the transfer of the Mantua and Molfetta outlets, as well as (ii) EUR 2,2 million relating to the residual value of the receivable due from Alfa Park S.r.l. (shareholder loan). In relation to the latter company, it should be noted that, in April 2015, said company completed a debt restructuring agreement with the banking system, with Fashion District Group S.p.A. making a payment EUR 3,8 million in April 2015 to the investee in order to make a positive contribution to the plan to revamp the theme parks constructed and managed by Alfa Park S.r.l. and, in particular, the Valmontone theme park (Rome), one of the leading Italian amusement parks.

**Significant events in the first half of the year**

On 1 October 2014, Mittel S.p.A.'s Board of Directors co-opted Marco Colacicco, replacing Director Gianluca Ponzellini.

On 9 October 2014, Mittel S.p.A.'s Board of Directors resolved to expand the Executive Committee to 5 members, which is therefore composed of the persons: Giorgio Franceschi (appointed Chairman), Marco Giovanni Colacicco, Stefano Gianotti, Michele Iori and Giuseppe Pasini. At the same meeting, F. Dalla Sega, Chairman of the Board of Directors, resigned from the Company's Executive Committee, making some authoritative best practice recommendations regarding corporate governance, suggesting that it would be advisable for the Chairman of the Board of Directors not to hold executive or management roles.

On 18 November 2014, Fashion District Group S.p.A. (66,7% owned by Earchimede S.p.A., in turn 85% owned by Mittel S.p.A.) executed the sale contract signed on 31 July 2014, regarding the two factory outlets of Bagnolo San Vito (MN) and Molfetta (BA), and 100% of the share capital of the two companies responsible for the local commercial management of the aforementioned outlets, Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l.. The purchaser is IDeA FIMIT SGR S.p.A., a company managing the closed-end real estate investment fund reserved to qualified investors called "MOMA", fully subscribed by entities attributable to the funds managed by the Blackstone Real Estate Partners IV group, a major international operator with a track record in acquiring outlets and shopping centres in Italy. The total consideration of EUR 122,2 million, including around EUR 2 million in payables which remained under discontinued operations, was collected in full on 18 November 2014, also through the simultaneous repayment to banks of mortgages, for an amount of approximately EUR 51 million. On 23 December 2014, in exercising the call option communicated on 17 September 2013 from RREEF Investment Gmbh to Fashion District Roma S.r.l. (indirect subsidiary of Mittel S.p.A.), the latter transferred to RREEF Inv. Gmbh ownership of the business unit including the commercial licences relating to the Valmontone outlet (Rome) for EUR 12,7 million. RREEF Investment Gmbh operates on behalf of the German open-ended real estate investment fund called "Grundbesitz Europa", owner of the properties of the Valmontone outlet.

On 28 January 2015, Mittel S.p.A.'s Board of Directors appointed Gaetano Casertano as the new General Manager of Mittel S.p.A., effective from 31 January 2015. Mr. Casertano boasts significant expertise in the merchant banking, private equity, advisory and real estate sectors (all central to Mittel's future growth plans) and vast managerial experience in some of the most significant industrial and services groups in the country. He is also a lecturer of Real Estate Finance and Business Crisis and Debt Restructuring in the Economic and Finance Department at the Luiss University of Rome. Said Board meeting also acknowledged Ms. Squinzi's leaving of the Group effective from the end of January 2015.

On 26 February 2015, Mittel S.p.A.'s Board of Directors resolved to give its support to the project for the integration of Sorin S.p.A. and Cyberonics Inc. (NASDAQ: CYBX), a company active in the production of medical devices in the United States and specialised in the field of neuromodulation. Mittel S.p.A. and Equinox Two S.c.a., which indirectly hold 25,4% of the share capital of Sorin S.p.A. through the companies Bios S.p.A. and Tower 6bis S.à r.l., stipulated a Support Agreement with Cyberonics Inc., committing to support the integration with Sorin S.p.A. and in particular: (i) to vote in favour at the extraordinary

shareholders' meeting of Sorin S.p.A, which will be called in the future to resolve on the transaction; (ii) not to sell its shares until completion of the transaction.
The proposed transaction will spawn a new global leader in medical technologies with a total capitalisation of around EUR 2,4 billion, calculated on the basis of the closing prices of Sorin S.p.A. and Cyberonics Inc. shares at 25 February 2015. The terms of the transaction require Sorin S.p.A. e Cyberonics Inc. to merge into a newly formed holding company ("NewCo"). Each Sorin S.p.A. shareholder will receive ordinary NewCo shares for each Sorin S.p.A. share held, based on the share swap ratio fixed at 0,0472. Every Cyberonics Inc. shareholder will receive 1 ordinary NewCo share for every Cyberonics Inc. share held. Assuming that no Sorin S.p.A. shareholders exercise the right of withdrawal provided by the applicable regulations, Mittel S.p.A. and Equinox Two S.c.a. will indirectly hold around 11,5% of the new entity. The transaction is expected to be completed by the end of 2015 and is subject to approval by the shareholders, the obtainment of the necessary antitrust authorisations and those of the competent supervisory authorities, as well as other typical conditions for these types of transaction. The NewCo will be listed in New York (on the NASDAQ) and on the London Stock Exchange.

On 12 March 2015, Mittel S.p.A.'s shareholders' meeting approved the Directors' Report on Operations and the financial statements for year ended 30 September 2014, and the confirmation of the appointments to the post of Director of Michele Iori and Marco Giovanni Colacicco respectively, whose term of office was due to expire. Lastly, the shareholders' meeting endorsed the Report on Remuneration drafted by the Board of Directors. In this regard, with reference to the termination of the professional relationship with the previous General Manager of Mittel S.p.A., Ms. Squinzi, communicated to the market on 28 January 2015, it was disclosed that, following and as a result of the signing of the associated agreement on the same date, based on the favourable prior opinion of the Remuneration and Appointments Committee and the Related Party Committee, the company paid Ms. Squinzi not only the fees already accrued and due until 31 January 2015 (effective date of termination of office of General Manager and additional offices covered in the bodies of the subsidiaries) but the following additional gross amounts: (i) EUR 241.666,67 equal to the fixed and variable fee that Ms. Squinzi, based on the contract signed at the time office was taken, would have had the right to receive until the original contractual expiry, i.e. 14 May 2015, as well as (ii) EUR 75.000,00 for special recognition for the undoubted value of the work she performed in the transfer, from the subsidiary Fashion District Group S.p.A., of the property complexes of the Mantua and Molfetta outlets, as well as the entire share capital of Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l., the companies responsible for the commercial management of said outlets.

On 31 March 2015, Mittel S.p.A.'s Board of Directors resolved to confirm the composition of the current Executive Committee. This committee, whose chair was assigned to Giorgio Franceschi, is therefore composed of Giorgio Franceschi, Marco Giovanni Colacicco, Stefano Gianotti, Michele Iori, Giuseppe Pasini. The Board of Directors confirmed, up until approval of the financial statements for year ended 30 September 2016, Pietro Santicoli as the "Manager responsible for preparing the Company's financial reports" pursuant to art. 154 bis of Legislative Decree 58/1998. The appointment was made based on the prior favourable opinion of the Board of Statutory Auditors and in compliance with the requirements of honourability and professionalism set out in the applicable legislation and the Articles of Association. Lastly, the Board of Directors confirmed the verification of the requirements of independence of the Directors who declare that they meet these requirements as at the time of the presentation of their candidacy, i.e. 10 March 2014. The following are independent: Maria Vittoria Bruno, Marco Merler, Duccio Regoli, Carla Sora, Michela Zeme.

**Main ongoing legal proceedings and disputes**

There are no new developments in ongoing legal proceedings to note with respect to that illustrated in the section “Main ongoing legal proceedings and disputes” of the Directors’ Report on Operations in the financial statements as at 30 September 2014, to which reference is made, except for the following updates:

*SNIA S.p.A. in Amministrazione Straordinaria (under extraordinary administration) dispute*
At the hearing on 6 February 2015, the Judge, Mr. Perozziello, deeming the case to be ready for a decision and no other preliminary necessary, postponed the judgment to the hearing of 23 May 2015 for the pre-trial conclusions.
At the last hearing, given Mittel requested, with the other defendants, the presentation of the deed of appearance and reply filed by SNIA in Amministrazione Straordinaria in the proceedings no. 70240/14 pending before the Second Civil Section of the Court of Milan, Investigating Judge Francesca Maria Mammone – considering that in this deed the Extraordinary Administration acknowledges a number of arguments presented by Mittel in its defence – the case, on the request of SNIA’s defence counsel, was put back to the hearing on 4 July 2015 for the same pending issues and for any necessary discussion and verbal reply on said document.

Based on considerations expressed, Mittel is excluded from having to pay any damages, damages that, in the remote case of being ascertained by the Judicial Authorities, should be shared, if necessary, with a large number of defendants.
The risk of being the losing party in these proceedings, in conclusion, also in light of the considerations expressed by the lawyers participating in the case, appears to be remote for both Mittel S.p.A. and BIOS.

In relation to what has been stated above, it should be noted that, neither the Ministry of Environment and of the Economy and Finance, nor Caffaro were included, due to the environmental damages ascertained, in the list of creditors of SNIA’s Extraordinary Administration; with respect to this exclusion, they lodged an objection and proceedings no. 70240/14 are pending before the Second Civil Section of the Court of Milan, Investigating Judge Mammone. On 11 May 2015, Mittel appeared in opposition proceedings in relation to the measure for the exclusion from the list of SNIA creditors, filed by the above-mentioned Ministries against the Extraordinary Administration, filing a statement of intervention pursuant to art. 105 of the Code of Civil Procedure to see the exclusion measure of the appellant Ministries confirmed.

Mittel’s participation in this proceedings was deemed appropriate because Mittel could bring both the appraisal of Mr. Marmiroli, filed in proceedings 5463/2012, and a plenty of documents suited to proving that the claimed damage by the Ministries is non-existent. At the hearing on 12 May, Judge Mammone rejected Mittel’s application for expulsion from the proceedings and granted the parties the terms for presenting further arguments, putting the case back to 10 January 2016.

In relation to the communications received from some parties resident in the Municipality of Brescia in proximity to the industrial plants of companies in the Caffaro Group, and from the Attorney General of the Municipality of Brescia, these communications have not been followed, to date, by additional findings.

*GE Capital S.p.A. and Tellus S.r.l. dispute*
On 2 February 2015, the Court-appointed expert witness filed the final version of his appraisal document; in his conclusions, the Court-appointed expert witness deemed the pre-chosen valuation methods to be adequate with respect to the activities, the characteristics and the nature of the companies involved in the transaction; however, it considered the share swap ratio proposed by the directors as part of the merger project to be inconsistent, recalculating it at 0,040 against a share swap ratio calculated by directors at 0,036, by estimating, in this way, the financial harm suffered by GE Capital (holder of 3,54% prior to the merger) and Tellus (holder of 1,12% prior to the merger) at €/mln 0,599 and €/mln 0,192 respectively.
At the hearing on 26 February 2015 set for the examination of the Court-appointed expert witness, the defence counsels of GE Capital and Tellus filed a brief in which they requested the Court for a declaration of nullity of the Court-appointed expert witness and the subsequent renewal of the same; in order to allow parties’ cross-examination, the Judge granted Mittel the term for replies of up to 24 April 2015, postponing the case to 21 May 2015.
On 23 April 2015, Mittel filed its authorised brief, asserting the groundlessness of the opposing party’s claim for nullity of the Court-appointed expert witness and the instrumental nature of the same.
At the hearing on 21 May 2015, the Judge ordered the adjournment of the case to 16 June 2016 for the pre-trial conclusions, without prejudice to any decision regarding the nullity of the Court-appointed expert witness, raised by the plaintiffs, which will be subject to a ruling.

At the current state of play, also in light of the content of the Court-appointed expert report filed and the counterclaims of Mittel S.p.A., it was not deemed appropriate to set aside any provision for said dispute.

*Litigation against Sofimar S.A. and Mr. Alfio Marchini*
Preliminary activities continued to be carried out between January and March 2015 with the filing, on 14 April 2015, of the respective applications for the production of documents, as well as the replies to the application of the opposing parties and two hearings were held on 30 and 31 March 2015; the parties also filed, in May, within the deadline set of 22 May 2015, their closing briefs; the arbitration proceedings will continue with the filing of the replies to said briefs by 12 June 2015. A hearing for discussion will follow, set for 22 June 2015, while the arbitration award should be issued by November 2015.
In light of the opinions of its consultants and the legal actions undertaken, the Directors did not deem it necessary to set aside any bad debt provision as at 31 March 2015, deeming said receivable fully recoverable.

**Main risks and uncertainties to which Mittel S.p.A. and the investees are exposed**

The main risks and uncertainties that can have a significant impact on the activities of the Mittel Group are outlined below. Additional risks and uncertain events, that are unforeseeable at present or that are deemed unlikely at the moment, could likewise impact the Mittel Group's activities, economic and financial conditions and prospects.

**Risks connected to the general conditions in the economy**

The overall economic situation, characterised by a recessionary phase, could affect the Group's activities, with unique methods and repercussions with respect to the different sectors in which the Group operates, in particular:

- *Private Equity and Investments sector*: the ongoing weakness of the global economies and, in particular, of the financial sector in which the Group mainly operates, could adversely impact the activities carried out by the Group; in particular, the liquidity crisis in the markets and the general and widespread slowdown in industrial development could lead to a deterioration in the Group's assets across the board, and/or lack of adequate financial support, or the need to dispose of those assets with a low valuation. With specific reference to investments in corporate holdings (including listed) - owing to their nature investments characterised by a high level of risk, especially in the current period of volatility in the financial markets - the process of disinvestment could require longer than expected times and/or be carried out using methods that are not entirely satisfactory or under conditions that do generate a sufficient return for the Group.
  Therefore, there is no guarantee that the Group will be able to identify and realise valid opportunities for investment and liquidate the investments made by reaching the profit objectives established beforehand from time to time, i.e. reaching these objectives within the expected timeframe or, within a reasonable period of time;
- *Outlet sector*: the persistence of the negative economic situation affects potential customers' spending capacity, with adverse effects on the trend in tenants' revenues and subsequently on the prospective management revenues of the companies for which the Group currently performs its service activities. Also on the basis of the evaluation of said risk, a disinvestment was carried out in the first quarter of the current year:
- *Advisory sector:* there is a risk that the activities performed by the Group in the advisory sector in a given period may not specifically be indicative of future levels of operations, nor will there be certainties concerning the acquisition of new assignments and/or the profitability of such assignments in a continuing negative market context in the Advisory and Grants Finance sector;
- *Real estate sector*: there is a risk deriving from the problems connected with the temporary stagnation in the real estate market, characterised by the cyclical nature of the purchase/sale and lease values (generally speaking, demand has fallen, bringing down the property prices on the market).
  Subsequently, real estate assets (including land) are subject to market trends, whose changes may affect the time and sale value of the real estate assets.

**Risks connected with the obtainment of financial resources**
The Group has obtained significant credit lines, granted by numerous leading banks and successfully finalised the issue of the Mittel S.p.A. 2013 - 2019 Loan listed on the Mercato Telematico delle Obbligazioni

e dei Titoli di Stato (Screen-based bond market - MOT), organised and managed by Borsa Italiana S.p.A. Nonetheless, in consideration of the major ongoing financial crisis, obtaining financial resources outside the Group represents a factor of criticality for maintaining the Group's investment growth strategy.
Consequently, any worsening in the economic terms and conditions of new loans and any future reduction in the banking system's credit capacity could have negative effects on the Group's economic and financial situation and/or limit its growth capacity.
The Group's ability to cover payments will depend on its capacity to generate sufficient liquidity, also through disposals and/or divestments, and/or to refinance its debt. This capacity depends to a certain extent on the economic, financial and market situations, laws and regulations applicable at each time, competition with other operators and other factors, many of which are outside of the Mittel Group's control.
In relation to potential payments that the Group may have to cover, the Group has undertaken investment commitments for its units held in private equity funds and in foreign investment vehicles. The amount of these commitments is set at the time of subscription, while the time frame for the actual payments, to be made in the event the investments are called, cannot be predicted; in fact, it mainly depends on the investments made by the funds/investment vehicles, which in turn cannot be predicted, and is only residually linked to the costs and expenses incurred by the funds/investment vehicles, which, on the contrary, have scheduled due dates.
Therefore, also in consideration of the potential misalignment between the duration of the Group's invested assets, mainly medium and long term, and the related sources of funding, though this has improved after the finalisation of the Mittel 2013 - 2019 bond loan, the risk that the Group may not be able to meet its payment commitments at the set due dates due to the difficulties in liquidating assets on the market (asset liquidity risk) or raising funds (funding liquidity risk) cannot be ruled out. This would have a subsequent adverse impact on the economic result in the event in which the Group is forced to incur additional costs to meet its commitments. The income of EUR 120 million, generated in the first quarter of the current year and relating to the sale of outlets, improves this risk position.

**Risk of default and debt covenants**

Contractual clauses, commitments and covenants are applied to certain credit lines obtained by the Mittel Group. Failure to comply with these may be considered a non-fulfilment of the contract, leading lending banks to request their immediate collection and causing problems in obtaining alternative financial resources. In particular, the contractual methods of bank exposure of the Fashion District Group, extinguished in November 2014, and of Mittel S.p.A., make provision for capital covenants, non-compliance with which, currently unlikely, could involve the acceleration clause.

It should be noted that short- and long-term loans relating to the construction of the Mantua and Molfetta outlets relating to Fashion District Group S.p.A., amounting to around EUR 51 million on 18 November 2014, were fully repaid and the various covenants were eliminated (nonetheless, respected as at 30 September 2014) and commitments linked to debt.
As regards the Parent Company Mittel S.p.A., it should be noted that a covenant is in place, as at 31 March 2015, on a revolving credit line of EUR 25 million, granted by Banca Monte dei Paschi di Siena S.p.A. - of which EUR 13 million had been used as at 31 March 2015 - which requires compliance, on a half-yearly basis, with the following parameters:
a) ratio of (x) net financial debt to (y) equity (net of any distributable profits) no higher than 65%;
b) equity (net of any distributable profits) no lower than EUR 150 million.
Non-compliance with the financial covenants could involve the termination of the loan agreement pursuant to art. 1456 of the Italian Civil Code (express termination clause), determining a possible request for the early repayment of the entire amount involved in the loan agreement by the lender.
For completeness of information, it is also noted Mittel S.p.A. has a bullet loan in place (i.e. repayable at maturity), for an amount of around EUR 25,7 million, whose duration has been set as up to 23 December 2015 (84 months starting from 23 December 2008). This loan contains a set of clauses and commitments of the debtor, which are usual for that type of loan. Specifically, the contract provides for, inter alia: (i) commitments by Mittel S.p.A. not to implement specific types of extraordinary transactions without the advance approval from the banks, (ii) a negative pledge, and (iii) pari passu clauses, i.e., of non-deferral, which, if breached, could result in Mittel's obligation of early repayment of the amounts disbursed, with resulting negative effects on the Group's economic, equity and financial position. This loan agreement was signed on 22 December 2008 by Tethys S.p.A. (as beneficiary), Banca Monte dei Paschi di Siena S.p.A. (as lender and agent bank) and Banca Popolare di Lodi S.p.A. (as lender). Mittel S.p.A. replaced Tethys S.p.A. in its contractual position as a result of the merger by incorporation of Tethys S.p.A. into the Issuer, effective from 5 January 2012.

**Risks connected with Mittel's obligations pursuant to the regulations of the fixed-rate bond loan "Mittel S.p.A. 2013-2019" (Loan) issued in July 2013 by Mittel S.p.A.**

Pursuant to the Loan Regulations, Mittel is required to respect the following for the entire duration of the Loan: (i) limits to dividend distribution and profit reserves, (ii) compliance with a financial covenant calculated as the ratio of net financial debt to equity in the separate financial statements, (iii) a negative pledge on future bond issues by Mittel or by Significant Subsidiaries within the limits and save for the exceptions set out in the Regulations. In the event of breach that is not remedied, of said obligations set out in Loan Regulations, Mittel could be held to the mandatory early redemption of the Loan, which in turn, could result in the obligation of early repayment, or application of the acceleration clause, termination of or withdrawal from the other loans contracted by Mittel. As at 31 March 2015 the covenant on the loan was respected.
Furthermore, for the entire duration of the Loan, Mittel S.p.A. has undertaken not to distribute dividends or profit reserves exceeding 5% of equity resulting from the financial statements of Mittel S.p.A. approved during each year of the duration of the Loan ("Cap"). In the event of voluntary early reimbursement, the Cap applicable to the year under way at the date of the redemption will be increased by the same percentage of the nominal value of the Bonds redeemed, i.e., by 25% or 50%, depending on the case. In the event that the Issuer purchases and cancels Bonds, prior to four years from the Loan Use Date, in amounts of 25% or 50% of the Bonds issued, the Cap applicable to the year under way at the date of the purchases and cancellations reached 25% or 50% of the Bonds issued will be increased by the same percentage, i.e., by 25% or 50%, depending on the case.

**Risks related to interest rate fluctuation**

The Mittel Group uses various forms of financing to support its investments, therefore, significant changes in interest rates could involve major increases/decreases in the cost of financing or in margins deriving from financial services. In order to mitigate these risks, Group deposits and loans are at a variable rate. Where necessary, the Group uses derivative financial instruments, periodically evaluating, through sensitivity analysis of its positions, the opportunity to stipulate macro/micro hedges.
As at 31 March 2015, 75,3% of the Group's bank payables, amounting to EUR 105,6 million, are variable rate (based on the Euribor) (72,9% as at 30 September 2014).
As at 31 March 2015, the Group had a bond loan in place maturing in July 2019 for EUR 98,2 million at a fixed rate (6%).
In order to reduce the amount of debt subject to fluctuations in interest rates, the subsidiary Fashion District Group S.p.A. has set up several interest rate swap hedging contracts. As already mentioned, Fashion District Group S.p.A.'s bank loans were closed on 18 November 2014 and, on 9 January 2015, the hedging derivatives relating to them were closed with no additional early settlement expenses.
In the event that interest rates rise, and considering the partial sterilisation of interest rate risk as a result of the hedging transactions implemented by the Group, the increase in financial expenses borne by the Group on variable rate debt could have negative effects on the economic, equity and financial situations of Mittel S.p.A. and the Group.
In relation to changes in interest rates, note that if, as at 31 March 2015, the interest rates were 100 basis points higher/lower than the rates actually registered at said date, at consolidated income statement level, higher/lower financial expenses would be recorded of around EUR 1,0 million, before the associated taxes.

**Credit risk**

Financial transactions realised by the Group expose it to credit risk, understood as the possibility that an unexpected change in the counterpart's creditworthiness could impact the credit position, resulting in insolvency (default risk) or in terms of the market value of the position (spread risk).

In detail, the Mittel Group is exposed to potential losses resulting from the non-fulfilment of the obligations assumed by the counterparties (both financial and commercial transactions), with specific reference to the following phenomena in relation to the private equity/investment company segment:

- maintenance of heavy involvement in the entrepreneurial risk of the investments disposed of, also in relation to the presence of the vendor loan for a significant amount;
- concentration of credit on certain major customers;
- increase in the average collection times of trade receivables, with a subsequent worsening in the financial position with respect to the forecasts.

As at 31 March 2015 the credit portfolio contained a significant portion of receivables relating to the deferred component of payment of the consideration for the transfer of investments, mainly represented by the vendor loan granted by Mittel to Liberata S.p.A. and by credit positions acquired following the merger of Hopa S.p.A. mainly comprising the receivable due from Montini S.p.A..

**Risks related to management**

The Group's success depends largely on certain key management figures who provide a significant contribution to business development. Though the Group has adopted a remuneration policy set up in order to ensure a remuneration structure capable of recognising the value and contributions of its managers, the loss of this personnel or the inability to attract, train and retain other qualified staff could lead to a reduction in the Group's competitive capacity, affect the forecast growth objectives and have an adverse impact on the Group's business prospects, and on the economic results and/or the financial position of the Group itself. In addition, should one or more of the aforementioned key personnel end their partnership with the Group, there is a risk of this individual not being quickly replaced with someone who can ensure the same contribution in the short-term, potentially with a direct impact on company performances and on the ability to reproduce the results achieved over time.

**Risks connected to legal disputes and judicial proceedings**

In the normal course of its business, the Group is a party in numerous civil (also concerning employment law), tax and administrative proceedings, as well as an arbitration procedure, whose progress is periodically monitored.

Therefore, there is the risk of the Group having to cover liabilities/reputational damages resulting from various types of legal disputes, also with specific reference to the possibility of having to be liable for previous work as a shareholder of transferred companies (e.g. legal disputes for guarantees issued).
In this case, the Group may be required to liquidate some extraordinary liabilities, with subsequent economic and financial effects and further image damage.

In its consolidated financial statements as at 31 March 2015, the Group allocated a specific provision for risks and charges totalling EUR 12,2 million (EUR 11,7 million as at 30 September 2014), to cover, inter alia, the liabilities that could result from the legal proceedings and other pending disputes.

The total amount of this provision for risks and charges and the amount of annual allocations to the provision are determined based on the probability that the proceedings will have a negative outcome for the Group. Certain proceedings which the Group is a party to and which are predicted to have a possible, remote or unquantifiable negative outcome are not included in the provision for legal risks and charges, as envisaged by IAS 37. Therefore, it is not possible to rule out the possibility that the Group may be required to fulfil payment obligations in the future that are not covered by the provision for risks and charges, or that the allocations made to the provision for risks and charges may be insufficient to cover liabilities deriving from an outcome more negative than expected.

Moreover, in general, irrespective of the legitimate grounds of the claims made, any initiation of legal or arbitration proceedings against Mittel and/or other Group companies, including any disputes concerning the Group's past operations as a shareholder of transferred companies, could result in possibly significant damage to the Group's image and reputation in its sector, with possible negative effects on the business and economic, equity and financial situations of Mittel S.p.A. and the Group.
As regards the most significant disputes of the Group, such as those with SNIA and GE Capital/Tellus, there were no new developments with regard to that reported in the section "Main ongoing legal proceedings and disputes", to which reference should be made.

**Risks connected with the market value of property inventories**

In the last few years, the Italian real estate market has continued to register a fall in investments in both residential and non-residential construction, with a parallel reduction in property sales due primarily to economic uncertainty, poor job market prospects, the decrease in disposable income, and the worsening of tax charges on all types of properties.

The Group recognises its property inventories at cost value; in support of these values, when drafting the financial statements for the year ended 30 September 2014, the Group requested third-party professionals with the necessary skills and qualifications for an appraisal of the main property assets at market values based on the measurement criteria normally used in the practice. The Group effected property asset write-downs in the cases in which the appraisals of the main property assets showed their fair values to be lower than the their book values in the financial statements. As at 31 March 2015, the directors did not deem it necessary to update the appraisals.

The Group cannot ignore the fact that any worsening in the reference market may involve the future need for further potential value adjustments, with the subsequent negative effects on the Group's statement of financial position and income statement.

### Risks relating to disputes in the real estate sector

Risks deriving from legal disputes (civil and administrative proceedings) to which real estate companies could be exposed, with specific reference to:

- disputes regarding the buying/selling of properties;
- disputes with the tax authorities;
- disputes with tenants;
- administrative disputes relating to uses;
- disputes deriving from non-compliance with environmental / workplace health and safety legislation, planning controls, etc.

### Risks related to changes in the legislation applicable to the Group

Some Group companies carry out their activities in regulated sectors. The activities of the Mittel Group are subject to Italian and EU regulations and legislation. There is no guarantee that there will not be any future changes to existing regulations and legislation, including at interpretative level, which may generate an increase in costs, expenses or levels of Group responsibility or adversely impact the Group's activities, with potential prejudicial effects on the activities and/or economic, equity and/or financial situation of the Group itself.

## Significant events after 31 March 2015

There were no events of particular relevance after 31 March 2015 worthy of mention which had a significant effect on the statement of financial position and income statement.

### Business outlook for the year

The entry to the company of Gaetano Casertano as the new General Manager of Mittel S.p.A. on 31 January 2015, and the previous increase in the number of members of the Executive Committee, strengthened Mittel's process of strategic and business repositioning in which the Group's objective is to become a listed investment and services financial platform.
With reference to the business outlook during the year, it should be noted that the Mittel Group started a process to restructure the services and activities currently provided and to define the business strategies it intends to pursue by identifying a reference model and drafting an Industrial Plan. The company will concentrate on increasing the value of its assets and on the active management of the different business lines that characterise it, with a view to maximising the creation of value of investments through integrated services provided by the respective specialised teams.
In particular, the Group will focus on expanding the services offered according to four business lines: Advisory, Debt and Grant, Real Estate and Portfolio Management.

## Other information

### Research and development activities

Given the company operates in the financial, real estate and outlet sectors, no specific research and development activities are carried out.

**Atypical and/or unusual transactions**

Pursuant to Consob communication of 28 July 2006, it should be noted that the Company and the Group did not carry out atypical and/or unusual transactions during the year which were not communicated to the market in accordance with the Issuers' Regulation.

**Significant non-recurring events and transactions**

Pursuant to the aforementioned Consob communication, no significant non-recurring transactions were performed by the Company or the Group during the year.

**Information on the environmental impact**

Given the company operates in the financial, real estate and outlet sectors, no activities were carried out that had an impact on the environment.

Therefore, there are no significant environmental issues to report.

**Human resources**

Personnel are suited to meeting the needs of companies belonging to the sector in which the Group operates.

Training activities were focused on updating staff on the changes in the legislation and regulations that apply to the Group and on training courses regarding IT tools for supporting the organisation of work.

**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 half of the year 2014-2015, 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 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) receivables;
- to the issuing of guarantees from Group companies to investees.

On 14 February 2015 the Board of Directors of Mittel S.p.A. resolved, also pursuant to articles 117 to 129 of the TUIR (Consolidated Law on Income Tax), the renewal for a further three years and, thus, up to the financial year 2016/2017, of the Group tax consolidation option for Mittel Partecipazioni Stabili S.r.l., Gamma Tre S.r.l., Cerca S.r.l., Regina S.r.l., Lucianita S.r.l. and Mi.Va S.r.l.. In addition, said Board of Directors extended the tax area of consolidation to certain investees for which the conditions required by the legislation to access Group taxation were only satisfied in the year 2014/2015. These companies are: FD33 S.r.l., Earchimede S.p.A., Breme S.r.l., Santarosa S.r.l., Fashion District Group S.p.A., Parco Mediterraneo S.r.l., Fashion District Roma S.r.l. and Loft S.r.l..

**Transactions with related parties other than Group companies**

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

- activities connected with Group treasury services from Mittel Generale Investimenti S.p.A. up to 31 January 2015;
- 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**
As at 31 March 2015, the Company held 15.308.706 treasury shares. During the first half of the financial year 2014-2015 no direct or indirect purchases or disposal of treasury shares took place.

**Share-based payment arrangements**
No share-based payment plans were in place.

**Security Policy Document**
Despite the elimination of the obligation to draft the Security Policy Document due to art. 46 of Decree Law on simplifications and development, the Directors acknowledge that the Company implemented all the necessary adjustment measures and actions in relation to the protection of personal data in accordance with the legal terms and methods with reference to changes that occurred within the Company.

Milan, 27 May 2015

for the Board of Directors
The Chairman
(Franco Dalla Sega)

## Statement of reconciliation of equity and profit (loss) for the period

The reconciliation between equity and profit for the period of the Parent Company, as shown in the interim report as at 31 March 2015, and the equity and profit for the period of the Group, as reported in the consolidated condensed half-yearly financial statements as at the same date, is as follows:

| (amounts in thousands of Euro) | 31 March 2015 | | 30 September 2014 | |
|---|---|---|---|---|
| | Equity | Income (loss) for the year | Equity | Income (loss) for the year |
| **Equity and income (loss) of the Parent Company** | **221.931** | **(4.673)** | **226.131** | **(50.366)** |
| **Elimination of book value of consolidated investments:** | | | | |
| Value of investments in consolidated companies | (148.995) | | (146.953) | |
| Goodwill arising from consolidation | | | | (7.963) |
| Intangible assets arising from business combinations | | | | |
| Net capital gain attributed to the activities of consolidated companies | | | | |
| Pro rata amount of equity of consolidated companies | 152.227 | | 154.577 | |
| Results achieved by fully consolidated companies | | (3.555) | | (27.027) |
| Cancellation of write-downs of investments | 45.233 | 195 | 45.233 | 57.213 |
| **Adjustments for consistency with Group accounting policies:** | | | | |
| Fair value adjustments of financial assets | 43.965 | 477 | 39.093 | (3.015) |
| **Investments valued according to the equity method:** | | | | |
| Adjustments for pro-rata results of investments valued according to the equity method | 92.212 | | 39.079 | |
| Income (loss) from Investments valued according to the equity method | | (465) | | 25.736 |
| **Elimination of effects of transactions carried out between consolidated companies:** | | | | |
| Net intercompany income capitalised in consolidated companies | (76.555) | | (76.555) | |
| **Elimination of intercompany dividends:** | | | | |
| Dividends distributed by fully consolidated companies | | | | |
| Dividends distributed by associates | | | | (28.168) |
| **Taxes:** | | | | |
| Adjustment of tax rates | | | | |
| Other adjustments | | | | |
| Equity and income (loss) for the year pertaining to the Group | **330.128** | **(8.021)** | **280.605** | **(33.590)** |
| Non controlling interests | 38.069 | (625) | 39.015 | (18.358) |
| **Consolidated equity and income (loss)** | **368.197** | **(8.646)** | **319.620** | **(51.948)** |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

Amounts in thousands of Euro

| | Notes | 31.03.2015 | 30.09.2014 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 5 | 201 | 310 |
| Property, plant and equipment | 6 | 1.016 | 1.669 |
| Investments accounted for using the equity method | 7 | 109.317 | 56.184 |
| Financial receivables | 8 | 155.983 | 146.841 |
| Other financial assets | 9 | 72.183 | 96.390 |
| Sundry receivables and other assets | 10 | 264 | 278 |
| Prepaid tax assets | 11 | 6.329 | 5.505 |
| **Total non-current assets** | | **345.292** | **307.177** |
| **Current assets** | | | |
| Property inventories | 12 | 116.669 | 115.791 |
| Financial receivables | 13 | 5.234 | 23.348 |
| Other financial assets | 14 | 46.311 | 15.812 |
| Tax assets | 15 | 16.097 | 17.492 |
| Sundry receivables and other assets | 16 | 22.108 | 23.389 |
| Cash and cash equivalents | 17 | 73.265 | 32.424 |
| **Total current assets** | | **279.684** | **228.256** |
| Assets held for sale | 18 | 245 | 131.435 |
| **Total assets** | | **625.221** | **666.867** |
| **Equity** | | | |
| Share capital | | 87.907 | 87.907 |
| Share premium | | 53.716 | 53.716 |
| Treasury shares | | (26.515) | (26.515) |
| Reserves | | 223.040 | 199.086 |
| Profit (loss) for the period | | (8.021) | (33.590) |
| **Equity pertaining to the Group** | 19 | **330.128** | **280.605** |
| Non controlling interests | 20 | 38.069 | 39.015 |
| **Total Equity** | | **368.197** | **319.620** |
| **Non-current liabilities** | | | |
| Bond issue | 21 | 96.924 | 96.661 |
| Financial payables | 22 | 3.640 | 41.151 |
| Provisions for personnel | 23 | 1.965 | 2.275 |
| Deferred tax liabilities | 24 | 17.279 | 20.552 |
| Provisions for risks and charges | 25 | 12.241 | 11.722 |
| Sundry payables and other liabilities | 26 | 827 | 896 |
| **Total non-current liabilities** | | **132.875** | **173.257** |
| **Current liabilities** | | | |
| Bond issue | 27 | 1.302 | 1.313 |
| Financial payables | 28 | 105.591 | 80.710 |
| Other financial liabilities | 29 | 464 | 2.804 |
| Tax liabilities | 30 | 1.931 | 1.017 |
| Sundry payables and other liabilities | 31 | 14.862 | 26.242 |
| **Total current liabilities** | | **124.150** | **112.086** |
| Liabilities held for sale | | - | 61.905 |
| **Total equity and liabilities** | | **625.221** | **666.867** |

(*) Pursuant to Consob resolution no. 15519 of 27 July 2006, the effects of transactions with related parties on the consolidated statement of financial position of the Mittel Group are outlined in the appropriate statement of financial position table shown in the pages below and are described not only in the comments on the individual financial statement items but in the explanatory notes to these financial statements.

## CONSOLIDATED INCOME STATEMENT (*)

Amounts in thousands of Euro

| | | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|---|
| Revenues | 32 | 12.672 | 28.942 | 52.039 |
| Other income | 33 | 575 | 1.397 | 5.269 |
| Variations in property inventories | 34 | 1.207 | (4.597) | (15.855) |
| Costs for purchases | 35 | (3.110) | (1.171) | (2.860) |
| Costs for services | 36 | (10.355) | (19.670) | (37.194) |
| Personnel costs | 37 | (4.506) | (5.536) | (11.675) |
| Other costs | 38 | (2.005) | (3.032) | (5.828) |
| Dividends | 39 | 595 | 1.037 | 7.721 |
| Profit (loss) from management of financial activities and investments | 40 | 1.520 | 5.549 | 5.850 |
| **Gross operating margin (EBITDA)** | | **(3.408)** | **2.920** | **(2.533)** |
| Amortisation and value adjustments to intangible assets | 41 | (314) | (11.083) | (22.581) |
| Allocations to the provision for risks | 42 | (2.992) | (1.997) | (6.599) |
| Value adjustments to financial assets and receivables | 43 | (3.692) | (10.819) | (25.963) |
| Share of income (loss) of investments accounted for using the equity method | 44 | (465) | 18.480 | 25.787 |
| Income (loss) from non-recurring transactions | 45 | (288) | - | (18.375) |
| **Operating result (EBIT)** | | **(11.158)** | **(2.501)** | **(50.264)** |
| Financial income | 46 | 4.483 | 4.177 | 6.923 |
| Financial expenses | 47 | (6.483) | (10.941) | (22.122) |
| Profit (loss) from trading of financial assets | 48 | 4.661 | 2.781 | 2.426 |
| **Income (loss) before taxes** | | **(8.497)** | **(6.484)** | **(63.038)** |
| Income taxes | 49 | (148) | 1.314 | 11.090 |
| **Profit (loss) for the period** | | **(8.645)** | **(5.170)** | **(51.948)** |
| **Attributable to:** | | | | |
| Income (loss) pertaining to non controlling interests | 50 | (625) | (5.321) | (18.358) |
| **Income (loss) pertaining to the Group** | | **(8.021)** | **151** | **(33.590)** |

(*) Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of transactions with related parties on the consolidated income statement of the Mittel Group are outlined in the appropriate income statement table shown in the pages below and are described not only in the comments on the individual financial statement items but in the explanatory notes to these financial statements, to which reference should be made.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousands of Euro

| | Notes | 01.10.2014 31.03.2015 | 01.10.2013 31.03.2014 |
|---|---|---|---|
| **Profit (loss) for the period (A)** | | **(8.646)** | **(5.170)** |
| **Other comprehensive profit/(loss) that will not be subsequently reclassified under profit (loss) for the period:** | | | |
| Profits/(losses) from remeasurement of defined benefit plans | | (77) | (5) |
| Tax effect relating to Other profits/(losses) that will not be subsequently reclassified under profit (loss) for the period | | 21 | 2 |
| **Total other profit/(loss) that will be not subsequently reclassified under profit (loss) for the period, net of taxes (B.1)** | | **(56)** | **(3)** |
| **Other comprehensive profit/(loss) that will be subsequently reclassified under profit (loss) for the period:** | | | |
| Effective part of the profits/(losses) on cash flow hedges | 19 | - | 322 |
| Profits/(losses) from the redetermination of available-for-sale financial assets | 19 | 6.598 | 7.931 |
| Profits/(losses) from the transfer of available-for-sale financial assets | 19 | (927) | (4.016) |
| Release to the income statement of losses for fair value impairment of available-for-sale financial assets | 19 | - | 353 |
| Share of profits/(losses) of companies valued using the equity method | 19 | 53.163 | 3.434 |
| Tax effect relating to other profits/(losses) that will be subsequently reclassified under profit (loss) for the period | - | (2) | (380) |
| **Total other profit/(loss) that will be subsequently reclassified under profit (loss) for the period, net of taxes (B.2)** | | **58.832** | **7.644** |
| **Total other profit/(loss) that will be subsequently reclassified under profit (loss) for the period, net of taxes (B) = (B.1) + (B.2)** | | **58.776** | **7.641** |
| **Total comprehensive profit/(loss) (A) + (B)** | | **50.130** | **2.471** |
| **Total comprehensive income/(loss) attributable to:** | | | |
| Non-controlling interests | | (523) | (5.204) |
| Income (loss) pertaining to the Group | | 50.654 | 7.675 |

# Statement of changes in consolidated equity for the half-year ended as at 31 March 2015

Amounts in thousands of Euro

| | Share capital | Treasury shares | Capital reserves | Profit reserves | Reserve from remeasurement of defined benefit plans | Cash flow hedge reserve | Reserve from available-for-sale financial assets | Share of comprehensive profits/(losses) of companies valued using the equity method | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 October 2013** | **87.907** | **(26.515)** | **53.716** | **146.126** | **(182)** | **(950)** | **13.777** | **53.167** | **56.389** | **383.435** |
| Change in the area of consolidation | | | | (154) | | | | | (118) | **(272)** |
| Other changes | | | | 179 | | | | | 453 | **631** |
| Dividends distributed | | | | | | | | | (975) | **(975)** |
| **Total comprehensive profit/(loss)** | | | | 151 | (12) | 150 | 4.128 | 3.258 | (5.204) | **2.471** |
| | - | - | - | - | - | - | - | - | - | **-** |
| **Balance as at 31 March 2014** | **87.907** | **(26.515)** | **53.716** | **146.302** | **(194)** | **(800)** | **17.905** | **56.425** | **50.545** | **385.291** |
| **Balance as at 1 October 2014** | **87.907** | **(26.515)** | **53.716** | **112.751** | **(135)** | **-** | **18.553** | **34.328** | **39.015** | **319.620** |
| Change in the area of consolidation | - | - | - | (1.577) | - | - | - | - | 1.577 | **-** |
| Other changes | - | - | - | 445 | - | - | - | - | - | **445** |
| Dividends distributed | - | - | - | - | - | - | - | - | (2.000) | **(2.000)** |
| **Total comprehensive profit/(loss)** | - | - | - | (8.021) | (39) | - | 5.551 | 53.163 | (523) | **50.131** |
| **Balance as at 31 March 2015** | **87.907** | **(26.515)** | **53.716** | **103.598** | **(174)** | **-** | **24.104** | **87.491** | **38.069** | **368.196** |

# Consolidated cash flow statement

Amounts in thousands of Euro

| | Notes | 31.03.2015 | 31.03.2014 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Net income (loss) for the year pertaining to the Parent Company and non-controlling interests** | | **(8.646)** | **(5.170)** |
| Adjustments to reconcile net income (loss) with cash flows generated (absorbed) by operating activities: | | | |
| *Current taxes* | | 1.304 | 657 |
| *Deferred taxes* | | (1.155) | (1.971) |
| *Amortisation of property, plant and equipment* | | 185 | 204 |
| *Amortisation of intangible assets and write-downs* | | 129 | 6.907 |
| *Dividends received* | | (595) | (1.037) |
| *Financial income* | | (4.483) | (4.177) |
| *Financial expenses* | | 6.483 | 10.941 |
| *Allocations to provisions for risks and charges* | | 2.992 | 1.997 |
| *Provisions for employee severance indemnity* | | 189 | 255 |
| *Other non-monetary net income* | | - | (116) |
| *Net capital loss from disposal group* | | 288 | - |
| *Profits/(losses) of investments valued according to the equity method* | | 465 | (18.480) |
| *Write-downs (write-backs) of receivables* | | 2.715 | 2.110 |
| *Capital gains (losses) from transfer of investments* | | (1.523) | (5.350) |
| *Adjustment due to goodwill impairment* | | - | 3.972 |
| *Write-downs (write-backs) of available-for-sale financial assets* | | 975 | 8.550 |
| *Profits/(losses) from trading of financial assets* | | (4.661) | - |
| **Cash flows from operating activities before changes in working capital** | | **(5.338)** | **(708)** |
| (Increase)/decrease in property inventories | | (878) | 4.396 |
| (Increase)/decrease in other current assets | | 2.132 | 1.355 |
| Increase/(decrease) in trade payables and other current liabilities | | (13.642) | (5.854) |
| **Cash and cash equivalents generated (absorbed) by operating activities** | | **(17.726)** | **(811)** |
| Uses of provisions for risks and charges | | (2.473) | (47) |
| Payments of employee severance indemnity | | (554) | (137) |
| Change in deferred taxes | | 246 | 545 |
| **(A) CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES** | | **(20.507)** | **(450)** |
| **INVESTMENT ACTIVITIES** | | | |
| Dividends received from subsidiaries and associates | | - | 19.732 |
| Dividends received on financial assets | | 595 | 1.037 |
| Investments in interests | | | |
| Increase in available-for-sale financial assets | | (1.255) | (555) |
| Other investments (property, plant and equipment and intangible assets) | | (138) | - |
| Realisation from disposal of: | | | |
| *Equity instruments available for sale* | | 4.774 | 23.060 |
| *Net cash flow connected with disposal group* | **54** | 62.956 | - |
| *Other non-current assets (property, plant and equipment, intangible assets and other)* | | 586 | (342) |
| Collections/payments deriving from derivative financial instruments held for trading | | 858 | - |
| (Increase) decrease in financial receivables due from customers and financial institutions | | 12.321 | (3.530) |
| Interest collected | | 3.853 | 4.177 |
| **(B) NET CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES** | | **84.550** | **43.579** |
| **FINANCING ACTIVITIES** | | | |
| Increase (decrease) in payables due to banks and other lenders | | (15.434) | (22.244) |
| Interest paid | | (5.767) | (6.403) |
| Capital payments by non-controlling shareholders | | - | 453 |
| Payment of dividends | | (2.000) | (975) |
| **(C) NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES** | | **(23.202)** | **(29.169)** |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A+B+C)** | | **40.841** | **13.960** |
| **OPENING CASH AND CASH EQUIVALENTS (E)** | | 32.424 | 45.617 |
| **CLOSING CASH AND CASH EQUIVALENTS (F= D+ E)** | | **73.265** | **59.577** |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

Amounts in thousands of Euro

| | Notes | 31.03.2015 | *of which related parties* | *% incidence* | 30.09.2014 | *of which related parties* | *% incidence* |
|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | |
| Intangible assets | 5 | 201 | - | | 310 | - | |
| Property, plant and equipment | 6 | 1.016 | - | | 1.669 | - | |
| Investments accounted for using the equity method | 7 | 109.317 | - | | 56.184 | - | |
| Financial receivables | 8 | 155.983 | 117.103 | 75,1% | 146.841 | 115.265 | 78,5% |
| Other financial assets | 9 | 72.183 | - | | 96.390 | - | |
| Sundry receivables and other assets | 10 | 264 | - | | 278 | - | |
| Prepaid tax assets | 11 | 6.329 | - | | 5.505 | - | |
| | | **345.292** | **117.103** | **33,9%** | **307.177** | **115.265** | **37,5%** |
| **Current assets** | | | | | | | |
| Property inventories | 12 | 116.669 | - | | 115.791 | - | |
| Financial receivables | 13 | 5.234 | 3.275 | 62,6% | 23.348 | 3.314 | 14,2% |
| Other financial assets | 14 | 46.311 | - | | 15.812 | - | |
| Tax assets | 15 | 16.097 | - | | 17.492 | - | |
| Sundry receivables and other assets | 16 | 22.108 | 125 | 0,6% | 23.389 | 24 | 0,1% |
| Cash and cash equivalents | 17 | 73.265 | - | | 32.424 | - | |
| **Total current assets** | | **279.684** | **3.400** | **1,2%** | **228.256** | **3.338** | **1,5%** |
| Assets held for sale | 18 | 245 | - | | 131.435 | - | |
| **Total assets** | | **625.221** | **120.503** | **19,3%** | **666.867** | **118.603** | **17,8%** |
| **Equity** | | | | | | | |
| Share capital | | 87.907 | - | | 87.907 | - | |
| Share premium | | 53.716 | - | | 53.716 | - | |
| Treasury shares | | (26.515) | - | | (26.515) | - | |
| Reserves | | 223.040 | - | | 199.086 | - | |
| Profit (loss) for the year | | (8.021) | - | | (33.590) | - | |
| **Equity pertaining to the Group** | 19 | **330.128** | **-** | | **280.605** | **-** | |
| Non controlling interests | 20 | 38.069 | - | | 39.015 | - | |
| **Total Equity** | | **368.197** | **-** | | **319.620** | **-** | |
| **Non-current liabilities** | | | | | | | |
| Bond issue | 21 | 96.924 | - | | 96.661 | - | |
| Financial payables | 22 | 3.640 | - | | 41.151 | - | |
| Provisions for personnel | 23 | 1.965 | - | | 2.275 | - | |
| Deferred tax liabilities | 24 | 17.279 | - | | 20.552 | - | |
| Provisions for risks and charges | 25 | 12.241 | - | | 11.722 | - | |
| Sundry payables and other liabilities | 26 | 827 | - | | 896 | - | |
| **Total non-current liabilities** | | **132.875** | **-** | **0,0%** | **173.257** | **-** | **0,0%** |
| **Current liabilities** | | | | | | | |
| Bond issue | 27 | 1.302 | - | | 1.313 | - | |
| Financial payables | 28 | 105.591 | - | | 80.710 | 1.212 | 1,5% |
| Other financial liabilities | 29 | 464 | - | | 2.804 | - | |
| Tax liabilities | 30 | 1.931 | - | | 1.017 | - | |
| Sundry payables and other liabilities | 31 | 14.862 | 1.070 | 7,2% | 26.242 | 8.204 | 31,3% |
| **Total current liabilities** | | **124.150** | **1.070** | **0,9%** | **112.086** | **9.416** | **8,4%** |
| Liabilities held for sale | | - | | | 61.905 | | |
| **Total equity and liabilities** | | **625.221** | **1.070** | **0,2%** | **666.867** | **9.416** | **1,4%** |

## CONSOLIDATED INCOME STATEMENT PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

Amounts in thousands of Euro

| | | 31.03.2015 | *of which related parties* | *% incidence* | 31.03.2014 | *of which related parties* | *% incidence* | 30.09.2014 | *of which related parties* | *% incidence* |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenues | 32 | 12.672 | 271 | 2,1% | 28.942 | 339 | 1,2% | 52.039 | 681 | 1,3% |
| Other income | 33 | 575 | 22 | 3,8% | 1.397 | 11 | 0,8% | 5.269 | 11 | 0,2% |
| Variations in property inventories | 34 | 1.207 | | | (4.597) | - | | (15.855) | - | |
| Costs for purchases | 35 | (3.110) | | | (1.171) | - | | (2.860) | - | |
| Costs for services | 36 | (10.355) | (1.479) | 14,3% | (19.670) | (6.929) | 35,2% | (37.194) | (6.438) | 17,3% |
| Personnel costs | 37 | (4.506) | (424) | 9,4% | (5.536) | (316) | 5,7% | (11.675) | (775) | 6,6% |
| Other costs | 38 | (2.005) | | | (3.032) | - | | (5.828) | - | |
| Dividends | 39 | 595 | 587 | 98,7% | 1.037 | 668 | 64,4% | 7.721 | 668 | 8,7% |
| Profit (loss) from management of financial activities and investments | 40 | 1.520 | | | 5.549 | - | | 5.850 | - | |
| **Gross operating margin (EBITDA)** | | **(3.408)** | | | **2.920** | | | **(2.533)** | | |
| Amortisation and value adjustments to intangible assets | 41 | (314) | | | (11.083) | - | | (22.581) | - | |
| Allocations to the provision for risks | 42 | (2.992) | | | (1.997) | - | | (6.599) | - | |
| Value adjustments to financial assets and receivables | 43 | (3.692) | | | (10.819) | - | | (25.963) | - | |
| Share of income (loss) of investments accounted for using the equity method | 44 | (465) | | | 18.480 | - | | 25.787 | - | |
| Income (loss) from non-recurring transactions | 45 | (288) | | | - | - | | (18.375) | - | |
| **Operating result (EBIT)** | | **(11.158)** | | | **(2.501)** | | | **(50.264)** | | |
| Financial income | 46 | 4.483 | 1.181 | 26,3% | 4.177 | 1.402 | 33,6% | 6.923 | 2.820 | 40,7% |
| Financial expenses | 47 | (6.483) | (20) | 0,3% | (10.941) | (120) | 1,1% | (22.122) | (214) | 1,0% |
| Profit (loss) from trading of financial assets | 48 | 4.661 | | | 2.781 | - | | 2.426 | | |
| **Income (loss) before taxes** | | **(8.497)** | | | **(6.484)** | **-** | | **(63.038)** | **-** | |
| Income taxes | 49 | (148) | | | 1.314 | | | 11.090 | | |
| **Profit (loss) for the period** | | **(8.645)** | | | **(5.170)** | **-** | | **(51.948)** | **-** | |
| **Attributable to:** | | | | | | | | | | |
| Income (loss) pertaining to non controlling interests | 50 | (625) | | | (5.321) | | | (18.358) | | |
| **Income (loss) pertaining to the Group** | | **(8.021)** | | | **151** | | | **(33.590)** | | |

# Explanatory notes

## 1. Form and content of the Financial Statements

The consolidated half-yearly financial report is composed of the Statement of Financial Position, Income statement, Statement of comprehensive income, Cash flow statement and Statement of changes in equity, accompanied by the explanatory notes. The income statement was drafted in line with the minimum contents of IAS 1 - Presentation of Financial Statements - with classification of costs by nature; the Statement of Financial Position was prepared according to the layout which highlights the breakdown of 'current/non-current' assets and liabilities. The cash flow statement was drafted using the indirect method.

The consolidated half-yearly financial report is expressed in thousands of Euros.

## 2. Significant accounting standards and drafting criteria

### 2.1 General principles

The consolidated condensed half-yearly financial statements as at 31 March 2015 were drafted in compliance with the International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union as at 31 March 2015, and the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005. IFRS also mean all revised international accounting standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

The half-yearly financial statements for the 1 October 2014 - 31 March 2015 period were drafted according to IAS 34 "Interim financial reporting". The half-yearly financial statements as at 31 March 2015 do not include all the additional information required in the annual financial statements and should be read together with the annual financial statements of the Group as at 30 September 2014. The explanatory notes are also presented in accordance with the minimum information required by IAS 34 and the additions deemed useful for a better understanding of the half-yearly financial report as at 31 March 2015.

The consolidated condensed half-yearly financial statements were prepared on the basis of the general historical cost principle, amended as required for the valuation of certain financial instruments. The directors established that, despite the presence of a difficult economic and financial context, no significant uncertainties existed, as defined by paragraph 24 of IAS 1, regarding business continuity.

This chapter illustrates the general principles adopted in the drafting of the consolidated condensed half-yearly financial statements as at 31 March 2015, as required by IAS.

*a) Business continuity*
Assets, liabilities and "off-balance sheet" transactions are valued according to operating values, given set to last over time.

*b) Accrual basis accounting*
Costs and revenues are recorded, regardless of the moment of their monetary settlement, on an accrual basis and according to the correlation criterion.

*c) Consistency of presentation*
The presentation and classification of items are maintained constant over time in order to ensure the comparability of information, except where their change is required by an International Accounting Standard or interpretation, or it makes the presentation of values more appropriate, in terms of significance and reliability. If a presentation or classification criterion is changed, the new one applies, where possible, retroactively; in this case, the nature and the reason for the change are also indicated, as well the affected items.

*d) Aggregation and relevance*
Each relevant class of similar items is shown separately in the financial statements. Items with a dissimilar nature or function are presented separately.

*e) Prohibition of offsetting*
Assets and liabilities, costs and revenues are not offset against one another, except where required or permitted by an International Accounting Standard.

*f) Comparative information*
Comparative information is shown for all figures contained in the financial statements, unless prescribed or permitted otherwise by an international accounting standard or interpretation. Descriptive information is also included, when useful for understanding the data.

## 2.2 Financial statements and tables

The consolidated condensed half-yearly financial statements are composed of the Income Statement, Statement of comprehensive income, Statement of Financial Position, Cash flow statement and Statement of changes in equity, accompanied by the explanatory notes. The financial statements were drafted in line with the minimum contents of IAS 1 – "Presentation of Financial Statements".

The table "Other comprehensive income" includes the components of income suspended in equity such as:
- profits and losses from the redetermination of available-for-sale financial assets;
- the effective part of the profits and losses on cash flow hedges.

Other profits (losses) that will or will not be subsequently reclassified under profit (loss) for the period are also shown.

The variations generated by transactions with non-shareholders must be shown in a single separate table that shows the performance in the period (table of total profits and losses) or in two separate tables: a table that shows the components of profit (loss) for the period (income statement) and a second table that starts from profit (loss) for the period and shows the items of the table of other comprehensive income (Statement of comprehensive income).

These changes generated by transactions with non-shareholders must also be shown separately in the Statement of changes in equity with respect to variations generated by transactions with shareholders.

The Group chose to show all changes generated by transactions with non-shareholders in two tables which measure the performance in the period, entitled "Income Statement" and "Statement of comprehensive income" respectively.

The income statement is drafted according to the layout with the classification of costs by nature, showing the interim results relating to the gross operating margin (EBITDA), operating result (EBIT) and the pre-tax result. EBIT is determined as the difference between net revenues and operating costs (the latter including non-monetary costs relating to amortisation/depreciation and write-downs of current and non-current assets, net of any write-backs) and including capital gains and losses generated by the disposal of non-current assets. In order to permit a better measurement of the trend in ordinary operations, cost and revenue components deriving from events or transactions that are considered non-recurring due to their nature or the relevance of their amount, are indicated separately, where significant.

The Statement of Financial Position is prepared according to the layout that shows a breakdown of assets and liabilities between current and non-current. Assets and liabilities are classified as current when they meet the following criteria:
- current assets are represented by cash or cash equivalents, by assets that are expected to be realised, sold or consumed during the normal execution of the company's operating cycle, assets held for trading, or those that are expected to be realised within twelve months from the closing date of the reporting period;
- current liabilities are those that are expected to be extinguished during the normal operating cycle of the company or within twelve months from the reporting date, liabilities held for trading or those that do not have an unconditional right to deferment of their extinguishment after twelve months. All other liabilities must be classified as non-current liabilities.

The Statement of changes in equity illustrates the changes that took place in items of equity relating to:
- allocation of the Group's profit (loss) for the period to non-controlling shareholders;

- amounts relating to transactions with shareholders;
- each item of profit and loss net of taxes, which is booked directly to equity or has a contra-item in an equity reserve;
- change in the valuation reserve of available-for-sale financial assets and in the cash flow hedge reserve;
- effect of any changes in accounting standards.

The Cash flow statement was drafted by applying the indirect method, through which the net income is adjusted by the effects of non-monetary transactions, any deferment or provision of previous or future operating collections or payments and by elements of revenues or costs connected to the cash flows deriving from investment or financing activities. Income and expenses relating to medium/long-term financing transactions and to the associated hedging instruments, as well as the dividends paid, are included in financing activities.

The figures of these consolidated condensed half-yearly financial statements are compared with:

- the statement of financial position: 30 September 2014;
- the income statement: 31 March 2014 and 30 September 2014;
- the statement of comprehensive income: 31 March 2014;
- the changes in equity: 31 March 2014;
- cash flow statement: 31 March 2014.

It should also be noted that, in order to comply with the indications in Consob Resolution no. 15519 of 27 July 2006 “Provisions governing financial statement layouts”, in addition to the mandatory tables, the appropriate Income Statement and Statement of Financial Position tables were prepared, with evidence of the amounts of positions or transactions with related parties indicated separately from the respective reference items.

The values of the items in the consolidated financial statements are expressed in thousands of Euro.

This half-yearly consolidated financial report was authorised for publication by the Board of Directors on 27 May 2015, in accordance with IAS 10. Reference should be made to the information in the Report on Operations for a description of the significant events after the close of the half-year as at 31 March 2015. From 31 March 2015 to 27 May 2015 no events arose that would result in an adjustment to the figures presented in the condensed consolidated half-yearly financial statements.

## 2.3 Accounting standards adopted by the Mittel Group

**Intangible assets (IAS 38)**

Intangible assets are non-monetary assets which are without physical substance and identifiable, held to be used in a multi-year or indefinite period. These are recorded at cost, adjusted for additional expenses only if it is probable that the future economic benefits that are attributable to the asset will be realised and if the cost of the asset can be measured reliably. In the opposite case, the cost of the intangible asset is booked to the income statement in the year in which it was incurred.

The cost of intangible fixed assets with a definite useful life is amortised using the straight line method on the basis of the relative useful life.

If the useful life is indefinite, no amortisation is carried out, solely the periodic verification of the adequacy of the book value of the fixed assets. Intangible assets originating from software developed internally and acquired from third parties are amortised on a straight line basis, effective from the completion and entry into operation of the applications based on the relative useful life. At the close of each financial year, in the presence of impairment, the recoverable value of the asset is estimated.

The amount of the loss, booked to the income statement, is equal to the difference between the asset’s book value and its recoverable value.

An intangible asset is eliminated from the statement of financial position on disposal or when no future economic benefits are expected from its use.

Goodwill can be recorded if representative of future income capacities of the investee. A test is conducted at the close of each financial year to check the value of goodwill. Any reduction in value is determined on the basis of the difference between the book value of goodwill and its realisable value, equal to the higher of the fair value of the cash generating unit, less costs to sell, and the associated value in use.

Development costs refer to new product innovation projects and are recorded under assets in compliance with the considerations of IAS 38, i.e.:

- demonstrability of the technical feasibility of the products;
- intention of the Group to complete the development project;
- reliable determination of the costs incurred for the project;
- recoverability of the values recorded through the future expected benefits from completion of the development project.

It should be noted that said item includes intangible assets under construction to be amortised starting from the year their useful life starts.

*Intangible assets with an indefinite life*

An intangible asset shall be regarded by the company as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group.

Intangible assets with an indefinite useful life are not amortised but are subject to an impairment test, to verify the recoverability of the book value; this test pertains to the value of the individual asset and is carried out when impairment has been identified and, in any case, at least on an annual basis.

**Property, plant and equipment (IAS 16)**

Property, plant and equipment are initially measured at cost which includes not only the purchase price, but all additional expenses directly attributable to the purchase and to bringing the asset to working condition for its intended use.

Extraordinary maintenance costs which involve an increase in future economic benefits are booked to increase the value of the assets, while other ordinary maintenance costs are recognised in the income statement.

Property, plant and equipment include operating premises, plants, furniture, fittings and equipment of any type.

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Property, plant and equipment are valued at cost, less any accumulated depreciation and impairment.

Property, plant and equipment are systematically depreciated over their useful life, by adopting the straight line method.

The depreciation rates used by Group companies are as follows:

- Buildings, between a range of 3,0% and 6,0%
- Vehicles 25,00%
- Furniture and fittings 12,00%
- Electronic machines 33,33%
- Equipment 15,00%

Land is not depreciated as it has an indefinite useful life.

Capitalisable costs for improvements to leased third-party assets are attributed to the asset classes to which they refer and amortised at the lower of the residual term of the rental agreement and the residual useful life of the nature of the asset to which the improvement relates. At the close of each financial year, testing must be performed for any signs of impairment, or indications that show that an asset may have been impaired.

In the event of signs of impairment, a comparison is made between the book value of the asset and its recoverable value, equal to the higher of the fair value, less costs to sell, and the associated value in use of the asset, understood as the present value of future cash flows originating from the asset. Any adjustments are booked to the income statement. If the reasons for the recognition of the loss no longer exist, the value is written back, which cannot exceed the value that the asset would have had, net of depreciation calculated in the absence of previous impairment.

A tangible asset is eliminated from the statement of financial position on disposal.

Profits and losses deriving from transfers or disposals of assets are determined as the difference between the sales revenue and the net book value of the assets and are recognised in the income statement in the period.

Improvements to third-party assets are classified under property, plant and equipment, consistent with the nature of the cost incurred. The depreciation period corresponds to the lower of the residual useful life of the tangible asset and the residual duration of the lease.

**Leased assets (IAS 17)**
Assets acquired under a finance lease are recorded under property, plant and equipment, with the recognition of a financial debt for the same amount under liabilities.
The debt is gradually reduced on the basis of the repayment plan of principal amounts included in contractual rents, while the value of the asset recorded under property, plant and equipment is systematically depreciated on the basis of the economic-technical life of the asset itself, or if lower, based on the terms of expiry of the lease.
Costs for lease charges deriving from operating leases are recorded on a straight line basis, based on the duration of the lease.

**Investments accounted for using the equity method (IAS 28 - IFRS 11)**
Associates
The item includes interests held in:
- associates, recorded according to the equity method. Companies in which at least 20% of voting rights is held and companies whose interests ensure influence over governance are considered associates;
- jointly controlled companies, also recorded according to the equity method;
- other minor investments, maintained at cost.

Investments in associates are valued according to the equity method, determined on the basis of international accounting standards. According to said method, investments in associates are recognised in the statement of financial position at cost, adjusted for changes following the acquisition in the net assets of the associates, net of any impairment of the individual investments. The excess of the acquisition cost over the Group's percentage of the present value of the identifiable assets, liabilities and contingent liabilities of the associate at the acquisition date is recognised as goodwill.
If the acquisition cost is lower than the Group's percentage of the fair value of the identifiable assets, liabilities and contingent liabilities of the associate at the acquisition date, the value is credited to the income statement in the year of the acquisition. With reference to transactions which take place between a Group company and an associate, unrealised profits and losses are eliminated to the extent of the Group's percentage interest in the associate, with the exception of the cases in which unrealised losses constitute evidence of impairment of the transferred asset.
If there is evidence that the value of an investment has been impaired, the recoverable value of said investment is estimated, taking into account the present value of future cash flows that the investment may generate, including the final disposal value of the investment.
If the recoverable value is lower than the book value the relative difference is booked to the income statement. If the reasons for the impairment no longer exist following an event that occurred after the recognition of the impairment, write-backs are effected which are booked to the income statement.

Companies subject to joint control
IFRS 11, in force from 1 January 2014, replaces IAS 31, "Interests in joint ventures", and SIC 13, "Jointly Controlled-Entities - Non-monetary Contributions by Venturers", and eliminated the possibility of adopting the proportional consolidation method, imposing the move to the equity method for consolidating jointly controlled entities.

**Other financial assets (IAS 32 and 39)**
The item includes available-for-sale financial assets (current and non-current assets) and financial assets designated at fair value (non-current assets) and financial assets held for trading (current assets), as detailed below.

***Available-for-sale financial assets***
Financial assets are initially recognised at the settlement date for debt securities or equities.
The assets are initially recognised at fair value which corresponds to the prices recorded in active markets and, for unlisted securities, based on third party evaluations or on internal valuation models generally used in financial practice.
This category includes non-derivative financial assets that are not classified as receivables or financial assets designated at fair value through profit or loss.
In particular, this item includes unmanaged investments held for trading which do not qualify as subsidiaries, associates or joint ventures, and bonds which are not traded. Following initial recognition, available-for-sale

financial assets continue to be designated at fair value, with profits/losses deriving from the change in fair value recorded in a special reserve of equity, with the exception of impairment losses. Equities, for which the fair value cannot be determined reliably, are maintained at cost, adjusted in the event impairment losses are identified.
The fair value is determined using the same process illustrated below for financial assets held for trading.
If the fair value cannot be determined reliably available-for-sale financial assets are maintained at cost.
Testing is carried out to check for any objective evidence of impairment at the close of each financial year or interim period.
The amount of any write-down recorded after impairment testing is booked to the income statement as a cost for the year under the item Value adjustments to financial assets and receivables.
If the reasons for the impairment no longer exist following an event that occurred after the recognition of the impairment, write-backs are effected. These write-backs are booked to equity, in the case of equities, and to the income statement in the case of debt securities.
Financial assets are derecognised when they are transferred, transferring substantially all inherent risks and rewards.
At the time of disposal, the effects deriving from the profit or loss accumulated in the reserve relating to available-for-sale financial assets are reversed to the income statement under the item Profits/(Losses) from the management of financial assets and investments.
Dividends and interest relating to available-for-sale financial assets are recognised in the income statement.
Based on the time frame for sale (within or beyond twelve months from the date of closing of the financial year), available-for-sale financial assets are classified under “Other financial assets” in current or non-current assets.

***Financial assets designated at fair value***
This valuation category contains securities acquired for the purpose of being held in the medium/long-term, and which are specifically designated as “non-current assets”, carried at fair value in the income statement. These assets are designated at fair value with a contra-item in the income statement. No impairment testing is conducted on said assets. Additional costs are charged to the income statement. Purchases and sales of these financial assets are accounted for on the settlement date.

***Financial assets held for trading***
Financial assets are initially recognised at the settlement date. Upon initial recognition, financial assets held for trading are recorded at their fair value which normally corresponds to the consideration paid without taking into account the transaction costs or income directly attributable to said instrument which are, instead, booked directly to the income statement.
Debt securities, equities acquired mainly in order to obtain profits in the short-term and the positive value of derivative contracts (with the exception of those designated as hedging instruments) are classified in this category.
After initial recognition, financial assets held for trading are designated at fair value, with the recognition of changes in a contra-item in the income statement.
For the determination of the fair value of financial instruments, a three-level hierarchy is envisaged:
1) Listing on an active market, not adjusted. An active market is one where prices, which reflect normal market transactions, are quickly and regularly available via Stock Markets, Brokers, Intermediaries, Industry companies, Listing services or authorised entities and express the price, of actual, adequate, continuous and regular market transactions that occur within a normal reference period.
2) Recognition of the fair value through components observable directly or indirectly on a listed market. In the event in which the components used contain elements not observable directly on the market and/or adjusted, the significance of the same is established with respect to the fair value to verify whether said fair value can be considered second or third level.
3) The use of estimate methods and evaluation models commonly adopted by the international financial community which take account of the specific characteristics of the instrument to be evaluated, with particular focus on the different types of risk associated to it and simultaneously use values not taken from the market and involve estimates and assumptions.

Financial assets are derecognised when the contractual rights on the cash flows derived from said assets expire or when the financial asset is transferred, transferring substantially all related risks and rewards.

Profits and losses deriving from the variation in the fair value of the financial assets are recorded in the income statement under the item Profit (Loss) from trading of financial assets.

**Property inventories (IAS 2)**
Property inventories are composed of land, properties under construction-renovation and properties completed for sale.
The initial recognition of inventories of completed properties held for sale occurs at the moment costs are incurred which are directly attributable to the order under construction. At the time of initial recognition, property inventories are valued at cost, increased by incremental expenses and the financial expenses incurred.
The release of property inventories to the income statement takes place proportionally and at the same time as the transfer of the properties or parts of them.
During the initial phases of the order, given no sales have been verified, the result of the order cannot be estimated reliably, therefore, revenues are recognised under changes in inventories up to the limits of the costs incurred which are expected to be recovered. At the time of the transfer of the properties or parts of them, the actual order costs are recorded (incurred and estimated) by thousandths transferred, with the release of the property inventories to the income statement, under variations in inventories. It is only at this moment that the margin of the order emerges in an accounting sense, in proportion to the part transferred.

Following the initial recognition, property inventories held for sale continue to be valued at the lower of the cost (increased by incremental expenses and the financial expenses) and the market value taken from transactions involving similar properties in terms of area and type.
Properties under construction and/or undergoing renovation are valued at the lower of the cost, increased by incremental expenses, capitalisable financial expenses and the corresponding presumed realisable value.

**Receivables (IAS 32 and 39)**
All non-derivative financial assets with fixed or determinable payments that are not listed in an active market are classified under receivables, with the exception of:
- those that are set aside for immediate or short-term sale, which are classified as held for trading and those that, at the moment of initial recognition, are designated at fair value and booked to the income statement;
- those that, at the time of initial recognition, are designated as available for sale;
- those for which there is a risk of all the initial investment not being recovered, not due to the impairment of the receivable, which must be classified as available for sale.

Receivables are initially recognised when the right to receive the payment of the contractually agreed sums is acquired and, therefore, at the time of the disbursement. The initial book value coincides with the fair value of the asset, normally equal to the amount disbursed, including costs/income directly attributable to the individual instrument and determinable from the origin of the transaction, even if settled at a later date.
In the event in which the recognition under the item Receivables takes place after the reclassification from financial assets designated at fair value through profit or loss, then the fair value of the asset at the date of the reclassification represents the initial recognition value.
Following the initial recognition, receivables are valued at amortised cost, equal to the initial recognition value, net of principal repayments, increased or decreased by adjustments or write-backs and amortisation calculated using the effective interest rate method.
The effective interest rate is the rate that matches the present value of the future cash flows of the receivable, for principal and interest, to the amount disbursed, including costs/income attributable directly to the receivable.
At the date of the statement of financial position, or interim situation, receivables are tested for impairment, in order to identify any objective evidence that said receivables have suffered impairment.
If there is objective evidence that the receivables have suffered impairment, the amount of the loss is measured as the difference between the book value of the asset and the present value of estimated future cash flows, discounted at the original effective interest rate of the financial asset. The amount of the adjustments is booked to the income statement.
The original value of the receivables is written back in subsequent years, with recognition in the income statement, to the extent in which the reasons that determined the adjustment no longer exist.
Receivables are derecognised from assets only if (i) the contractual rights to the cash flows deriving from the financial assets expire or (ii) the Group transfers all risks and rewards related to the financial assets.
If it is not possible to ascertain the substantial transfer of the risks and rewards, the receivables are derecognised in the event no type of control is retained over said receivables. In the opposite case, the maintenance of control, including partial, involves the retention of the receivables in the financial statements to the extent of the continuing involvement. The value of the continuing involvement in the transferred receivables corresponds to the extent to which the Company is exposed to a change in the value of said receivables.

Depending on their nature and expiry, receivables are classified into the following items:
- financial receivables;
- sundry receivables and other assets.

Where, at the time of the recognition, the collectability of the receivable is contractually established as after one year, these are classified under "non-current" assets. Receivables falling due within one year or indeterminate are classified under "current" assets.

**Cash and cash equivalents (IAS 32 and 39)**

Cash and cash equivalents include bank and postal deposits, cash at bank and in hand and other forms of short-term investment, originally expiring in three months or earlier. Bank overdrafts are classified under financial payables in current liabilities. Elements included under cash and cash equivalents are valued at fair value and the associated changes booked to the income statement.

**Hedging derivatives (IAS 32 and 39)**

The types of hedging transactions are as follows:
- fair value hedge, aimed at neutralising the exposure to changes in the fair value of a financial statement item;
- cash flow hedge, targeted at neutralising the exposure to changes in the future cash flows attributable to particular types of risks associated to financial statement items.

Hedging derivatives are designated at fair value and recognised in the items "other financial assets" and "other financial liabilities"; in particular:
- for fair value hedging instruments the rules established by IAS 39 in relation to the provisions for "Fair Value Hedges" are complied with. These relate to hedging instruments whose objective is to hedge the exposure to fair value changes of certain financial activities relating to financial assets, deriving, in particular, from risks associated to variability in their value. Profit or loss resulting from the remeasurement of the fair value hedging instrument, is recorded in the income statement for a hedging derivative. Profit or loss on the hedged element attributable to the hedged risk adjusts the book value of the hedged element, recorded immediately in the income statement, even if the hedged element is otherwise valued at cost. As required by IAS 39, the recognition of profit or loss attributable to the hedged risk in the income statement also applies if the hedged element is an available-for-sale financial asset;
- in the case of cash flow hedges, fair value changes are booked to equity for the effective portion of the hedge and to the income statement solely where, with reference to the hedged item, a change occurs in the cash flows to be offset.

The derivative can be considered a hedge if there is formalised documentation on the unique relationship with the hedged element and if this is effective at the time the hedge was entered into and, in prospective terms, throughout the life of the hedge.

A relationship only qualifies as a hedge, and is accounted for accordingly, when all the following conditions are met:
- at the start of the hedge there is formal designation and documentation of the hedge of the Group's risk management objectives and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the company will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed on an ongoing basis and is considered highly effective for all reporting periods for which the hedge was designated.

The hedge is considered highly effective if, both at the start and during its life, fair value changes in the monetary amount hedged are almost completely offset by fair value changes in the hedging derivative, i.e. the actual results of the hedge are within a range of 80% - 125%.

The effectiveness of the hedge is initially verified through the prospective test and at the time of preparation of the annual financial statements through the performance of retrospective and prospective tests; the results of said tests justify the application of hedge accounting given that it demonstrates its expected effectiveness.

**Assets and Liabilities held for sale and discontinued operations (IFRS 5)**

Assets and Liabilities held for sale and Discontinued Operations are classified as such if their book value will be recovered mainly through sale rather than continuous use.

These conditions are considered to be met at the moment in which the sale or discontinuity of the disposal group are considered highly likely and the assets and liabilities are immediately available for sale in the conditions in which they are found.
When the Group is involved in a disposal plan which involves the loss of control of an investee, all assets and liabilities of said investee are classified as held for sale when the above conditions are satisfied, also in the case in which, after the disposal, the Group continues to hold a non-controlling interest in the subsidiary.
Assets held for sale are measured at the lower of their net book value and the fair value less costs to sell.

Non-current assets held for disposal, disposal groups and discontinued operations whose book value will be recovered mainly through sale rather than continuous use, are measured at the lower of their net book value and the fair value less costs to sell.
In particular, a disposal group is a collection of directly related assets and liabilities held for disposal as part of a single transaction.
Discontinued operations are, by contrast, comprised of a significant component of the group, e.g. an important autonomous branch of activity or geographic business area or a subsidiary acquired on the exclusive basis of a resale.
In compliance with IFRS, the data relating to non-current assets held for disposal, disposal groups and discontinued operations are presented in two specific items of the Statement of financial position: assets held for sale and liabilities directly associated to assets held for sale.
Non-current assets held for sale are not subject to amortisation/depreciation and are measured at the lower of their book value and associated fair value, less costs to sell; any difference between the book value and the fair value less costs to sell is charged to the Income statement as a write-down.
With exclusive reference to any discontinued operations, the net economic results achieved by them pending disposal, capital gains/losses deriving from said disposal and the corresponding comparative data of the previous year/period are presented in a specific item of the Income Statement: net profit (loss) from discontinued operations/assets held for sale.
By contrast, as regards capital gains/losses recorded as a result of the fair value measurement less costs to sell or from the disposal of non-current assets (or disposal groups) classified as "held for sale" pursuant to IFRS 5, as at 30 September 2014, a specific item was created in the Income Statement called "Income (loss) from non-recurring transactions" included in the result from discontinued operations As at 31 March 2015, this item included the net loss recorded as a result of the effective sale of property complexes and outlet centre management companies amounting to EUR 0,3 million.

**Derecognition of financial assets and liabilities**
*Financial assets:*
A financial asset (or, where applicable, part of a financial asset or part of a Group of similar financial assets) is derecognised from the financial statements when:
- the rights to receive the cash flows from the asset expire;
- the Group retains the right to receive the cash flows of the asset, but assumes a contractual obligation to pay the cash flows in full and without delay to a third party;
- the Group has transferred the right to receive the cash flows from the asset and (a) has transferred substantially all the risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

In cases where the Group has transferred the rights to receive the cash flows from an asset and has neither transferred nor substantially retained all the risks and rewards or has not lost control of the asset, the asset is recognised in the company's financial statements to the extent of its continuing involvement in the financial asset. Continuing involvement which takes the form of guaranteeing the transferred asset is measured at the lower of the initial book value of the asset and the maximum amount of the consideration that the company could be required to repay.

*Financial liabilities:*
A financial liability is derecognised from the financial statements when the obligation underlying the liability is extinguished, cancelled or fulfilled.

**Payables and Bond Loans (IAS 32 and 39)**
These financial liabilities are initially recognised at the time the contract is signed, which coincides with the moment the sums collected are received.
Liabilities are initially recognised on the basis of the fair value, normally equal to the amount collected or the issue price, increased by additional costs/income directly attributable to the individual funding transaction and not repaid to the credit counterparty. Internal administrative costs are excluded.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.
Depending on their nature and expiry, payables are classified into the following items:
- bond loans;
- financial payables;
- sundry payables and other liabilities.

Where, at the time of the recognition, the collectability of the payable is contractually established as after one year, these are classified under "non-current" liabilities. Payables falling due within one year or indeterminate are classified under "current" liabilities.

**Other financial liabilities (IAS 32 and 39)**
Financial liabilities are initially recognised at the settlement date both for debt securities and for derivative contracts.

Upon initial recognition, financial liabilities held for trading are recorded at their fair value which normally corresponds to the consideration collected without taking into account the transaction costs or income directly attributable to said instrument which are, instead, booked directly to the income statement.
Debt securities and the negative value of derivative contracts (with the exception of those designated as hedging instruments) are classified in this category.
After initial recognition, financial liabilities held for trading are valued at fair value, with the recognition of changes in a contra-item in the income statement.
For the determination of the fair value of financial instruments listed in an active market, market prices are used. In the absence of an active market, estimates and generally accepted valuation models are used, and which are based on observable market data, such as: methods based on the valuation of listed instruments with similar characteristics, discounting of future cash flows, models for the determination of option prices and values recorded in recent comparable transactions.
Financial liabilities are derecognised when they expire or are extinguished also against purchases of the same securities. The difference between the book value of the liability and the amount paid to acquire it is recorded in the income statement.
Profits and losses deriving from the variation in the fair value of the financial liabilities are recorded in the income statement in the item Net income (loss) from trading activity.

**Provisions for personnel (IAS 19)**
The employee severance indemnity (TFR) is considered a defined benefit plan. Benefits guaranteed to employees are recognised monthly on an accrual basis and disbursed at the time of termination of employment.
The severance indemnity is allocated on the basis of the seniority reached at the end of the year by each individual employee in compliance with the laws and labour agreements in force at the financial statements date. The allocation reflects the actual amount due to employees, based on the seniority accrued and salaries paid, recalculated on the basis of its actuarial value. The actuarial evaluations adopted are the best estimates regarding the variables that determine the final cost of the services after the termination of employment.
For discounting purposes, the company uses the projected unit credit method which projects future disbursements on the basis of historical statistical analysis and the demographic curve and the financial discounting of these flows on the basis of a market interest rate. Actuarial gains and losses are recognised in the valuation reserve following the adoption of IAS 19 Revised.

**Treasury shares (IAS 32)**
Treasury shares in the portfolio are deducted from equity. No profit or loss deriving from the purchase, sale, issue or cancellation of treasury shares is recorded in the income statement. The difference between the purchase and sale prices deriving from said transactions are recorded under reserves of equity.

**Business combinations and Goodwill**
A business combination consists of an amalgamation of businesses or company activities distinguished into a single entity responsible for preparing the financial statements.
The business combination may give rise to a shareholding relationship between the parent company (acquirer) and the subsidiary (acquiree) or may also involve the acquisition of the net assets of another entity, including goodwill.
Business combinations are accounted for using the acquisition method provided by IFRS 3 – Business Combinations. The cost of a business combination identified as the fair value, on the date control is acquired,

of the assets transferred, liabilities assumed and equity instruments issued for the purposes of performing the combination, including directly attributable costs, is therefore allocated by recording, at the acquisition date, the fair value of the identifiable assets, liabilities and contingent liabilities in the acquisition that meet the conditions for recognition set out in IFRS 3.
Additional costs in business combination transactions are booked to the income statement in the period in which they are incurred.
Conditional considerations are considered part of the transfer price of the net assets acquired and designated at fair value on the acquisition date. Similarly, if the business combination contract makes provision for the right to the return of certain price components when specified conditions are met, this right is classified by the acquirer as an asset. Any subsequent changes in fair value shall be recognised to adjust the original accounting treatment only if they are caused by additional or better information about this fair value and if they take place within 12 months from the acquisition date; all other changes shall be recognised in the income statement.
Any positive difference between the cost of the acquisition and the Group's share of the fair value of the acquired identifiable assets, liabilities or contingent liabilities is recorded as goodwill. If the difference is negative, it is booked directly to the Income Statement. If the initial accounting for a business combination can be determined only provisionally, the adjustments to values initially attributed are recorded within 12 months from the acquisition date.
Non-controlling interests in the acquiree are initially measured to the extent of their share of the present values of the assets, liabilities and contingent liabilities recorded.
If a business combination is realised in several phases with subsequent purchases of shares, each phase is measured separately using the cost and information relating to the fair value of the assets, liabilities and contingent liabilities at the date of each transaction to determine the amount of any difference.
The initial allocation to the above assets and liabilities, by availing of the option provided by IFRS3, may be determined provisionally before the end of the year in which the transaction was carried out, and it is possible to record the adjustment to the values assigned provisionally in the initial accounting within 12 months from the date of the acquisition of control.
Following the initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill always relates to the profit-generating activities identified, whose income and cash-flow generating capacity is constantly monitored for the purposes of impairment testing.
In the case of an acquisition of a subsidiary in phases, the non-controlling interest held previously, up until that moment accounted for in accordance with IAS 39 - Financial Instruments: Recognition, or according to IAS 28 - Investments in Associates or IFRS 11 - Interests in Joint Ventures, is treated as if it had been sold and re-acquired on the date on which control was acquired. This investment is therefore measured at its fair value at the "transfer" date and the profits and losses resulting from the valuation are recorded in the income statement. In addition, each value previously recorded in equity as Other comprehensive profit and loss, booked to the income statement following the transfer of the asset to which it refers, is reclassified in the income statement. Goodwill or income (in the case of badwill) deriving from business concluded with subsequent acquisition is determined as the sum of the price paid to obtain control, the value of non-controlling interests (measured according to one of the methods permitted by the standard), the fair value of the non-controlling interest held previously, net of the fair value of the net identifiable assets acquired.
Accounting of the acquisition of additional investments in companies already controlled are considered transactions with shareholders and, therefore, the differences between the acquisition costs and the book value of the non-controlling shares acquired are booked to equity pertaining to the Group.
Similarly, sales of non-controlling shares without the loss of control do not generate profits/losses in the income statement, but changes to equity pertaining to the Group.

**Income taxes (IAS 12)**
The effects relating to current and deferred taxes calculated in compliance with national tax legislation based on the accrual principle are recognised, consistent with the methods of recognition in the financial statements of the costs and revenues that generated them, by applying the applicable tax rates.
Income taxes are recorded in the income statement, with the exception of those relating to items debited from or credited directly to equity.
The provision for income taxes is determined on the basis of a prudential forecast of current, prepaid and deferred taxes.
In particular, current taxes include the net balance of current liabilities in the year and current tax assets represented by payments on account and other tax credits for withholding tax.
Prepaid and deferred taxes are determined on the basis of temporary differences - with no time limits - between the value assigned to an asset or to a liability according to statutory criteria and the corresponding values assumed for tax purposes.

Prepaid tax assets are recognised in the financial statements to the extent they are likely to be recovered, measured on the basis of the capacity of the interested company or group of subscribing companies, due to exercising of the “tax consolidation” option, to generate positive taxable income on an ongoing basis.
Prepaid and deferred taxes are accounted for at equity level by carrying out offsets at said tax level and for each year by taking into account the time profile of expected repayment.
In years in which the deductible temporary differences are higher than the taxable temporary differences, the associated prepaid taxes are recorded under assets in the statement of financial position, in the item deferred tax assets. By contrast, in years in which the taxable temporary differences are higher than the deductible temporary differences, the associated deferred taxes are recorded under liabilities in the statement of financial position, in the item deferred tax liabilities.
Prepaid and deferred tax assets and liabilities are systematically measured to take account of any changes to the regulations or the tax rates and any different subjective situations of Group companies. In addition to the allocation of current and deferred/prepaid tax items, the Group monitors, in line with IAS 37, any risks that may result from tax assessments already announced or, in any case, ongoing disputes with the tax authorities.

**Provisions for risks and charges (IAS 37)**
Allocations to the provision for risks and charges are made exclusively when:
- there is an actual obligation (legal or implicit) as a result of a past event;
- it is likely that it will be necessary to use resources to generate economic benefits to fulfil the obligation;
- the amount of the obligation can be reliably estimated.

Where the time element is significant, the allocations are discounted. The allocation to the provision is recorded in the income statement. Interest expense accrued on provisions that have been discounted is also recorded in the income statement.
“Other provisions” include allocations to cover presumed losses on legal proceedings in which the company is the defendant and any revocatory action; estimated disbursements for customer complaints relating to activities; other estimated disbursements in respect of existing legal or implicit obligations at the close of the year.

**Revenue recognition (IAS 18)**
Revenues are measured at the fair value of the consideration received for the sale of the products or services.

*Sales of products*
Revenues from product sales are recorded when all the following conditions are met:
- the significant risks and rewards related to ownership of the assets have been transferred to the acquirer;
- effective control of the assets involved in the transaction and the normal continuous level of activity associated with ownership are discontinued;
- the value of revenues is determined in a reliable manner;
- it is likely that the economic benefits deriving from the sale will be used by the company;
- the costs incurred or to be incurred are determined reliably.

In cases where the nature and measurement of the seller involvement may mean that the risks and rewards relating to ownership may not, in fact, be transferred, revenue recognition is deferred to the date on which said transfer may be considered to have taken place.

*Provision of services*
Revenues from services are only recognised when the results of the transaction can be reliably estimated, with reference to the stage of completion of the transaction at the reporting date.
The results of a transaction can be reliably estimated when all the following conditions are met:
- the amount of revenues can be determined in a reliable manner;
- it is likely that the company will use the economic benefits of the transaction;
- the stage of completion of the transaction at the reporting date can be reliably measured;
- the costs incurred for the transaction and the costs to be incurred to complete it can be reliably determined.

*Interest*
Interest is recognised on a pro-rata temporis basis, based on the contractual interest rate or the effective interest rate in the case of application of the amortised cost method;

*Commissions*
Commissions for service revenues are recognised on the basis of the existence of contractual agreements, in the period in which said services have been provided;

*Royalties*
Royalties are recorded on an accrual basis, according to the provisions of the contents of the related agreement.

**Financial guarantees**
Financial guarantees issued are initially recognised at fair value. If the financial guarantee has been issued in an arm's length transaction to a Group third party, the fair value equals the consideration agreed, unless there is evidence to the contrary. Subsequently, the value of the guarantee is equal to the higher amount of: (I) the amount determined in accordance with IAS 37; (II) the amount initially recognised, redetermined in accordance with the method of cumulative amortisation recognised (IAS 18). Guarantees received that are excluded from the field of application of IAS 39 and IFRS 4 are accounted for in accordance with paragraphs 10-12 of IAS 8, i.e. through the recognition of the relative cost to the income statement.

**Earnings per share (IAS 33)**
Basic earnings per share are determined on the basis of the ratio of net profit for the year attributable to Shareholders of the Parent Company's ordinary shares to the weighted average number of ordinary shares outstanding in the period.
Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to take account of all potential ordinary shares, deriving, for example, from the possibility of exercising stock options assigned, which may determine a dilutive effect.

**Use of estimates**
Preparation of the consolidated half-yearly financial report and the associated notes in application of IFRS requires management to use estimates and assumptions that effect the values of statement of financial position assets and liabilities and information relating to the contingent assets and liabilities.
The estimates and assumptions used are based on experience and other factors considered relevant. The final results may, therefore, differ from said estimates. The estimates and assumptions are reviewed periodically and the effects of each change made to them are reflected in the income statement in the period in which the estimate revision takes place if said revision only has an impact on said period, or also in subsequent periods if the revision has an effect on both the current period and future periods
The main items in the financial statements affected by this estimate process are goodwill, deferred taxes, the fair value of financial instruments and the provision for risks and charges.
Moreover, in compliance with the provisions of IAS 34, income taxes are recognised based on the best estimate of the expected average weighted rate.
Please refer to the specific areas for more details.

**Main sources of uncertainty in making financial statement estimates**
The critical valuation processes and key assumptions used by the Group in the IAS/IFRS application process are summarised below.

**Discretional choices in the accounting standard application process**

*Available-for-sale financial assets in the portfolio*
Available-for-sale financial assets in the portfolio are tested for impairment (evaluation of losses of value dependent on the deterioration in issuers' solvency) each time events occur which suggest that the investment has suffered impairment.
The evaluation process is structured into two phases:
- identification of situations of deterioration in issuers' solvency and identification of impaired assets;
- quantification of losses associated to impairment situations. These losses are compared with the negative difference between the current market value (or, for unlisted instruments, the present value - at current rates of return on investments with similar levels of risk - of expected cash flows) of impaired assets and their book value.

The criteria applied by the Group to identify impairment are differentiated between debt securities and equities.

*Impairment of debt securities*
Objective evidence that a debt security has suffered impairment can be traced to the list of loss events shown in IAS 39.59.
In the event of bonds with a rating, the deterioration of the creditworthiness of the issuer is evaluated; in this regard, it is deemed that bonds that suffer impairment which cause them to fall into rating categories below the "investment grade" threshold are, reasonably, subject to a write-down (impairment) while, in other cases, deterioration in the creditworthiness is instead to be assessed jointly with the other available factors.
In the case of bonds, the availability of specialised funds is considered (e.g. investment indications supplied by financial institutions, rating reports, etc.) or information available on "info-providers" (e.g. Bloomberg, Reuters, etc.), through which the relevance of the issuer's deterioration is determined more accurately.
In the absence of said elements, where possible, reference is made to the listing of bonds similar to those being examined in terms of both financial characteristics and the issuer's standing.
In the event of financial assets recorded at amortised cost, the impairment test is, in contrast, targeted at establishing whether the estimated value of future cash flows, discounted at the original effective interest rate, is lower than the asset's book value. If the present value, calculated at the original rate, of the new expected cash flows is lower than the book value, impairment must be recorded in the income statement.
In the event of investments recognised at cost, the impairment test is based on the estimate of the present value of the cash flows at the current market rate and the impairment test assumes the form of a "discounted cash flow test".
In this regard, it should be noted that the impairment test on debt instruments must be based on losses already actually incurred (incurred loss model) and not simply on expected losses.

Impairment testing according to the incurred loss model always assumes a cash flow forecast, but said forecast must be based exclusively on past events and not on expected events that attest to the existence of actual deterioration in the quality of credit and, therefore, of the reduction in expected cash flows (both for losses in principal and interest).

*Impairment of equities*
With reference to equities classified as Available-for-sale, it is reasonable to assume that shares in the portfolio are to be written down before bonds issued by said issuer company; therefore, indicators of the write-down of debt securities issued by a company, i.e. the write-down of said debt securities, are in themselves strong indicators of the impairment of the equities of said company.

More generally speaking, to establish whether there is evidence of impairment of an equity, as well as the presence of the events indicated in IAS 39.59, and the considerations shown previously where applicable, the following two events are to be considered in particular (IAS 39.61):
- significant changes with adverse effects relating to technologies, markets, economic or legal environment relating to the issuer, which indicate that the cost of the investment can no longer be recovered;
- a significant or prolonged decline in the fair value of the investment below its cost.

In particular, in quantitative terms, if the fair value of the security is 30% lower than the book value or the time period of a situation of fair value lower than the book value is above 12 months, the company will conduct an analysis of the fundamental aspects of the investments and, in general, of the conditions that negatively impacted the market performance of the investment so as to keep the investment closely monitored.
By contrast, if one of the two parameters shown below is verified, impairment will automatically have to be recorded:
- fair value of the security 75% lower than the book value initially recognised;
- persistence of the situation of fair value lower than the book value initially recognised for a time period of more than 20 months.

In relation to investments in equity instruments, the need to record impairment also considers, on an individual basis or jointly, the following situations:
- the fair value of the investment is significantly below the acquisition cost or, in any case, is considerably lower than that of similar companies in the same sector;
- company management is not considered of an adequate standing and, in any case, capable of ensuring a recovery in prices;
- a reduction in the credit rating from the acquisition date is recorded;
- a significant decrease in profits, of cash flows or in the net financial position of the issuer from the acquisition date;

- a reduction or interruption in the distribution of dividends is recorded;
- an active market for the bonds issued disappears;
- changes are verified in the legislative, economic and technological context of the issuer which have an adverse impact on the profit, equity and financial situation of the same;
- negative prospects exist in the market, sector or geographical area of the issuer.

For available-for-sale financial assets, the impairment test is targeted at establishing whether the variation between the acquisition cost and the present fair value is recoverable or if, on the contrary, an impairment of the asset must be recorded (Fair Value impairment Test).
In the case in which there is evidence of impairment, it is necessary to calculate the impairment loss to be booked to the income statement coinciding with the accumulated loss in the statement of financial position without using additional estimates.

*Recoverable value of non-current assets (including goodwill)*
Non-current assets include property, plant and equipment and intangible assets (including goodwill), investments and other financial assets. Management periodically reviews the book value of the non-current assets held and used and the assets which must be disposed of, when facts and circumstances request said revision. This activity is performed by using estimates of expected future cash flows from the use or sale of the asset and adequate discount rates for the calculation of the present value. When the book value of a non-current asset has suffered impairment, the Group records a write-down for the value of the excess of the book value of the asset over its recoverable value through use or sale of the same, determined with reference to the Group's more recent plans.
As at 31 March 2015 no value adjustments were made to non-current assets with the exception of available-for-sale assets.

*Realisability of deferred tax assets*
As at 31 March 2015, the Group has deferred tax assets deriving from deductible temporary differences.
Management recorded the value of deferred tax assets up to the value for which it deems their recovery likely, also taking into account a further worsening in the assumptions envisaged over a medium-term period and the fact that the net deferred tax assets allocated refer to temporary differences/tax losses which can be recovered.
The forecasts are based on taxable income that can be generated with reasonable certainty in light of budget results and the forecasts for subsequent years which consider the reasonable expectation of implementation of the planned transactions.
More specifically, it should be noted that the Group did not set aside any deferred tax assets on tax losses, unless within the limits of the amount recorded under current taxes considered recoverable in the year through the fee due in accordance with the provisions of the tax consolidation contract.

*Receivables*
For receivables and other assets evaluations are regularly performed in order to verify the existence of objective evidence that these have been impaired. In particular, in measuring receivables, account is taken of creditor solvency and of the characteristics of credit risk which is indicative of the individual debtor's payment capacity. Any impairment is recorded as cost in the income statement for the year.
Non-current loans and receivables, trade receivables and other receivables originated by the Group fall into this category. The estimate of the bad debt provision is based on expected losses by the Group, determined on the basis of past experience with similar receivables, losses and collections.

*Contingent liabilities*
The Group is subject to legal and tax disputes, and considering the inherent uncertainties, it is difficult to predict with any certainty the disbursement involved with these disputes. Legal proceedings and disputes derive from complex legal problems, which are subject to a different degree of uncertainty, including facts and circumstances concerning each case. The Group identifies a liability in respect of these disputes when it believes that the dispute will result in a financial outlay and when the amount of the resultant losses can be reasonably estimated. In the event in which a financial outlay becomes possible but the amount cannot be determined, this is reported in the notes to the condensed consolidated half-yearly financial statements.

**Changes of accounting estimates**
Pursuant to IAS 8, changes of accounting estimates are booked prospectively to the income statement starting from the year in which they are adopted.

**Accounting standards, amendments and interpretations applied from 1 October 2014**
The following accounting standards and amendments were adopted by the Group from 1 October 2014 for the preparation of the these Condensed Consolidated Half-Yearly Financial Statements:

Through Regulation no. 1254/2012, certain changes were introduced in 2014 regarding consolidation through the approval of some accounting standards (IFRS 10, IFRS 11, IFRS 12) and the subsequent introduction of amendments to already existing standards (IAS 27 and IAS 28).

*IFRS 10 - Consolidated Financial Statements*
The objective of IFRS 10 is to provide a single model for the consolidated financial statements, a model that provides for the presence of "control" or "de facto" control as a basis for the consolidation of all possible types of entities. The standard accurately defines the case of an investor's control of a company.
In fact, according to IFRS 10, control exists if - and only if - the investor:
- has the power to decide on the activities of the investee;
- is exposed to the variability of the returns of the investee in which it has invested;
- has the capacity to influence, through using its available power, the future returns of the investee.

The Group adopted IFRS 10 from 1 October 2014 (application of the standard from the year starting on 1 January 2014).
The new standard is based on existing standards, identifying a single control model applicable to all entities, including "structured entities".
It also provides a guide for determining the existence of control where it is difficult to ascertain. In accordance with the rules of transition of IFRS 10, the Group re-examined the conclusions regarding control over its investees as at 1 October 2014 without recording any significant effects from the adoption of the new standard.
As regards consolidation, Regulation 1174/2013 is worthy of note which, as part of IFRS 10, introduced the definition of investment entity, certain exceptions regarding consolidation and disclosure requirements (amendments to IFRS 12).
The scope of consolidation of the Mittel Group was not impacted by the adoption of the new standard which did not involve any effect on these Condensed Half-yearly Financial Statements.

*IFRS 11 – Joint arrangements*
By contrast, IFRS 11 establishes standards for financial reporting for parties to a joint arrangement, which may take the form of a joint venture (entity in which the parties are entitled to a share of equity) or a joint operation, i.e., an operation over which the parties that have joint control have rights to the assets involved and the obligations for the liabilities.
The Group adopted IFRS 11 from 1 October 2014.
The adoption of the new standards required the classification of interests in jointly controlled companies pursuant to IAS 31 – Interests in joint ventures, under "jointly controlled assets" (if the Group has rights over the assets and obligations for the liabilities relating to the arrangement) and interests in "joint ventures" (if the Group has rights over the net assets of the arrangement).
The classification of the arrangements is based on the rights and obligations of the same, and on their legal form. In accordance with the new standard, interests in joint ventures are valued using the equity method, while for jointly controlled assets, the Group recognises its share of the assets, liabilities, costs and revenues (as per IAS 31, these interests were accounted for using the equity method).
The adoption of the new standard did not involve any effect on these Condensed Half-yearly Financial Statements.

*IFRS 12 - Disclosure of interests in other entities*
Lastly, IFRS 12 combines, enhances and replaces the disclosure obligations for subsidiaries, joint arrangements, associates and unconsolidated structured entities.
This standard was developed with the objective of unifying and improving, also through the introduction of some changes regarding the information required, the disclosure requirements set out in the previous IAS 27, 28 and 31.
The Group adopted IFRS 12, as amended, from 1 October 2014, a new and complete standard on disclosure to be provided on each type of interest, including therein on subsidiaries, joint arrangements, associates, structured entities and other unconsolidated vehicle companies.
In addition to the amendments to the information reported in these Condensed Consolidated Half-yearly Financial Statements, the adoption of the new standard did not entail any effect on these Condensed Consolidated Half-yearly Financial Statements.

**Accounting standards, amendments and interpretations applied for the half ended as at 31 March 2015 and not relevant for the Group**

- On 16 December 2011, the IASB issued certain amendments to IAS 32 – Financial Instruments: Presentation, to clarify the application of certain criteria for offsetting financial assets and liabilities present in IAS 32. The amendments must be adopted retrospectively for years starting on or after 1 January 2014.

- On 29 May 2013, the IASB published the amendment to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets, which limits the obligation to indicate in disclosures the recoverable amount of assets or of cash generating units (CGU). To this end, note that IFRS 13 "Fair Value Measurement" amended IAS 36, introducing the requirement of indicating in the disclosures the recoverable value of each (group of) CGU(s) to which a significant portion of the net book value of goodwill or intangible assets with an indefinite life is attributed. This amendment also explicitly requires the provision of information on the discount rate used to determine an impairment loss (or a reversal) when the recoverable value (based on the fair value less costs to sell) is determined using the present value technique.

- On 20 May 2013 the IFRS IC issued IFRIC 21 - Levies, which defines the accounting treatment of levies paid to government authorities (based on laws in a specific jurisdiction), in exchange for which the entity does not receive any performance (i.e. specific goods or services). The event that triggers the obligation of the entity is usually specified in the legislation introducing the levy. A liability must be recognised on the occurrence of the obligating event, even if the levy is calculated on a past performance (i.e. revenues from the previous year). The occurrence of the past performance is mandatory, but not sufficient, to trigger the recognition of a liability. The Interpretation applies retrospectively from financial statements for years starting on or after 1 January 2014.

**Accounting standards, amendments and interpretations not yet applicable and not adopted early by the Group**

- On 12 December 2013 the IASB issued a set of amendments to the IFRS (Annual Improvements to IFRSs - 2010-2012 Cycle and Annual Improvements to IFRSs - 2011-2013 Cycle). Among others, the most important issues covered by those amendments are: the definition of vesting conditions in IFRS 2 – Share-Based Payments, the aggregation of operating segments in IFRS 8 – Operating Segments, the definition of key managers in IAS 24 – Related Party Disclosures, the exclusion from the scope of application of IFRS 3 – Business Combinations, of all types of joint arrangements (as defined in IFRS 11 – Joint Arrangements), and several clarifications on the exceptions to the application of IFRS 13 – Fair Value Measurement.

- On 21 November 2013, the IASB published several minor improvements to IAS 19 – Defined Benefit Plans: employee contributions. These amendments regard the simplification of the accounting treatment of employee contributions to defined benefit plans from employees or third parties in specific cases. The amendments are retrospectively applicable, for financial years beginning from 1 February 2015 and early adoption is permitted.

- On 30 January 2014 the IASB published the document "IFRS 14 Regulatory Deferral Accounts", the first step in the larger Rate-Regulated Activities project, initiated by the IASB in September 2012. IFRS 14 permits entities that are first-time adopters of the IFRS to continue to recognise amounts relating to rate-regulatory assets/liabilities in accordance with its previous GAAP. In order to improve comparability with entities that already apply the IFRS and do not separately recognise those amounts, the standard requires the effect of rate-regulated activities to be presented separately from the other items on the statement of financial position, the income statement and the statement of comprehensive income. The standard is applicable from 1 January 2016 but early application is permitted.

**IFRS and IFRIC accounting standards, amendments and interpretations not yet approved by the European Union**

At the date of this half-yearly financial report, the competent bodies of the European Union have still not completed the approval process necessary for the adoption of the following main accounting standards and amendments:

- IFRS 14 Regulatory Deferral Accounts (issued on 30 January 2014);
- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014);
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (issued on 18 December 2014);
- Amendments to IAS 1: Disclosure Initiative (issued on 18 December 2014);
- Annual Improvements to IFRSs 2012–2014 Cycle (issued on 25 September 2014);
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014);
- Amendments to IAS 27: Equity Method in Separate Financial Statements (issued on 12 August 2014);
- Amendments to IAS 16 and IAS 41: Bearer Plants (issued on 30 June 2014);
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May 2014);
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2014).

Finally, the publication of IFRS 9 "Financial Instruments" on 24 July 2014 should be noted. The IASB concluded the process, subdivided into the three phases "Classification and Measurement", "Impairment" and "General Hedge Accounting", of full revision of IAS 39 "Financial Instruments: Recognition and Measurement". The standard, now subject to the approval process by the European Commission, which will only become effectively applicable in the EU Member States on completion of the process, establishes mandatory adoption of the new provisions from 1 January 2018.
The standard introduces some new criteria for the classification and measurement of financial assets and liabilities. In particular, as regards financial assets, the new standard applies a single approach based on the management criteria of financial instruments and the contractual cash flow characteristics of financial assets in order to determine a measurement standard that replaces the different rules envisaged by IAS 39. As regards financial liabilities, by contrast, the main change applied refers to the accounting of the fair value differences of a financial liability recognised as a financial liability valued at fair value through the income statement in the case in which these differences are due to a variation in the credit worthiness of the same liability. According to the new principle such variations must be recognised in the statement of "Other comprehensive profit/(loss)" and no longer in the income statement. IFRS 9 also contains provisions relating to the so-called "general hedge accounting model" aimed at better reflecting the risk management policies of company management.
The Group will adopt these new standards and amendments according to the specified application dates, and will assess the potential impacts on the consolidated financial statements, once the standards and amendments have been approved by the European Union.

## 3. Area of consolidation

The Condensed Consolidated Half-yearly Financial Statements include Mittel S.p.A. and its direct and indirect subsidiaries, including in the area of consolidation - as specifically provided for in IAS/IFRS also companies operating in business sectors dissimilar to those to which the Parent Company belongs.
The following are considered subsidiaries: companies in which Mittel 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.
Control only exists when the following elements are simultaneously present:

- power to direct the relevant activities of the investee;
- exposure or the rights to variable returns deriving from the relationship with the investee;
- the ability to use its power over the investee to affect the amount of the investor’s returns.

The area of consolidation does not include structured entities for which the requirements of effective control may be met, including regardless of the existence of an equity interest.
Entities in which, on a contractual basis, control is shared between the Parent Company, directly or indirectly, and one or more other entities, or when decisions about the relevant activities require the unanimous consent of the parties sharing control, are considered jointly controlled.
Companies in which Mittel, directly or indirectly, holds at least 20% of voting rights (including therein “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 a significant influence.
Any interests exceeding 20%, however for a small amount are excluded from the area of consolidation and classified under available-for-sale assets, given that Mittel directly or indirectly, exclusively holds rights over 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.
Lastly, the area of consolidation excludes non-investee companies for which pledged shares have been received with voting rights exceeding 20%, in consideration of the purpose of said instrument which is the protection of the credit granted and not the exercising of control and management of the financial and economic policies, in order to enjoy the economic benefits deriving from them.
With respect to the situation as at 30 September 2014, no changes were recorded in the area of consolidation, as regards companies consolidated on a line-by-line basis, associates and investments subject to joint control deriving from the application of IFRS 10 and IFRS 11 .

The table below indicates the investments included in the area of full consolidation of the consolidated financial statements as at 31 March 2015:

| | | | | | Rapporto di partecipazione | | | |
|---|---|---|---|---|---|---|---|---|
| | Company name | Office / Country | Type of relationship | Consolidation method | Participating company | Direct interest % | Direct availability of votes - % (b) | Total interest % |
| **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.p.A. | Milan | (1) | Full | Mittel S.p.A. | 100,00% | 100,00% | 100,00% |
| 3 | Mittel Investimenti Immobiliari S.r.l. | Milan | (1) | Full | Mittel S.p.A. | 100,00% | 100,00% | 100,00% |
| 4 | Ghea S.r.l. | Milan | (1) | Full | Mittel S.p.A. | 51,00% | 51,00% | 51,00% |
| 5 | Earchimede S.p.A. | Milan | (1) | Full | Mittel S.p.A. | 85,01% | 85,01% | 85,01% |
| 6 | Locaeffe S.r.l. in liquidation | Brescia | (1) | Full | Mittel S.p.A. | 100,00% | 100,00% | 100,00% |
| 7 | Markfactor S.r.l. in liquidation | Brescia | (1) | Full | Mittel S.p.A. | 100,00% | 100,00% | 100,00% |
| 8 | Holinvest S.r.l. in liquidation | Milan | (1) | Full | Mittel S.p.A. | 100,00% | 100,00% | 100,00% |
| 9 | Mittel 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 | Mittel Advisory Debt and Grant S.p.A. | Milan | (1) | Full | Mittel Advisory S.p.A. | 100,00% | 100,00% | 100,00% |
| 12 | Esse Ventuno S.r.l. | Milan | (1) | Full | MII S.r.l. | 90,00% | 90,00% | 90,00% |
| 13 | Gamma Tre S.r.l. | Milan | (1) | Full | MII S.r.l. | 100,00% | 100,00% | 100,00% |
| 14 | Breme S.r.l. | Milan | (1) | Full | MII S.r.l. | 100,00% | 100,00% | 100,00% |
| 15 | Santarosa S.r.l. | Milan | (1) | Full | MII S.r.l. | 60,00% | 60,00% | 60,00% |
| 16 | Fede S.r.l. | Milan | (1) | Full | MII S.r.l. | 100,00% | 100,00% | 100,00% |
| 17 | Immobiliare Volta Marconi S.r.l. | Milan | (1) | Full | MII S.r.l. | 51,00% | 51,00% | 51,00% |
| 18 | Cerca S.r.l. | Milan | (1) | Full | MII S.r.l. | 100,00% | 100,00% | 100,00% |
| 19 | Lucianita S.r.l. | Milan | (1) | Full | MII S.r.l. | 51,00% | 51,00% | 51,00% |
| 20 | MiVa S.r.l. | Milan | (1) | Full | MII S.r.l. | 100,00% | 100,00% | 100,00% |
| 21 | Regina S.r.l. | Milan | (1) | Full | MII S.r.l. | 100,00% | 100,00% | 100,00% |
| 22 | Iniziative Nord Milano S.r.l. in liquidation | Milan | (1) | Full | MII S.r.l. | 75,00% | 75,00% | 75,00% |
| 23 | FD33 S.r.l. | Brescia | (1) | Full | Earchimede S.p.A. | 100,00% | 100,00% | 85,01% |
| 24 | Fashion District Group S.p.A. | Brescia | (1) | Full | Earchimede S.p.A. - FD33 S.r.l. | 66,66% | 66,66% | 56,67% |
| 25 | Fashion District Roma S.r.l. | Brescia | (1) | Full | Fashion District Group | 100,00% | 100,00% | 56,67% |
| 26 | Parco Mediterraneo S.r.l. | Brescia | (1) | Full | FD33 – Fashion District G. | 100,00% | 100,00% | 59,50% |
| 27 | Loft S.r.l. | Brescia | (1) | Full | Fashion District Group | 100,00% | 100,00% | 56,67% |
| **B. Companies consolidated using the equity method** | | | | | | | | |
| **Jointly controlled and 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 | Brands Partners 2 S.p.A. in liquidation | Milan | (6) | Equity | Mittel S.p.A. | 25,20% | 25,20% | 25,20% |
| 5 | Mit.Fin. S.p.A. | Milan | (6) | Equity | Mittel S.p.A. | 30,00% | 30,00% | 30,00% |
| 6 | Chase Mittel Capital Holding II NV | Antille Olandesi | (6) | Cost ( c ) | Mittel S.p.A. | 21,00% | 21,00% | 21,00% |
| 7 | Castello SGR S.p.A. | Milan | (6) | Equity | Mittel S.p.A. | 20,24% | 20,24% | 20,24% |
| **Indirect associates:** | | | | | | | | |
| 8 | Mittel Generale Investimenti S.p.A. | Milan | (6) | Equity | Liberata S.p.A. | 100,00% | 100,00% | 27,00% |
| 9 | 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.

## Significant valuations and assumptions for determining the area of consolidation

As stated previously, the following are considered subsidiaries: companies in which Mittel 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. Control only exists when the following elements are simultaneously present:
- power to direct the relevant activities of the investee;
- exposure or the rights to variable returns deriving from the relationship with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

More specifically, the Group considers the following factors when assessing the existence of control:
- the purpose and the structure of the investee, in order to identify the entity's objectives, its relevant activities or those that significantly affect returns, and how these activities are governed;
- the power, in order to understand whether the Group has contractual rights that attribute the ability to direct the relevant activities;

- the exposure to the variability of the returns of the investee, in order to evaluate whether the return received by the Group may potentially vary based on the results achieved by the investee.

Furthermore, in order to assess the existence of control, the potential principal-agent relations are taken into consideration; to assess whether the Group operates as a principal or an agent, it takes into consideration the following factors:
- decision-making power over the relevant activities of the investee;
- the rights held by other entities;
- the remuneration the Group is entitled to;
- the Group's exposure to the variability of the returns deriving from any investment held in the investee.

IFRS 10 identifies only activities that significantly impact the returns of the investee as "relevant activities". In general terms, when the relevant activities are managed through voting rights, the following factors provide evidence of control:
- ownership, directly or indirectly through its subsidiaries, of more than half of the voting rights of an entity unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control;
- ownership of half, or less than half, of voting rights that can be exercised at shareholders' meetings and the practical ability to unilaterally govern the relevant activities through: power over more than half of the voting rights by virtue of an agreement with other investors; or the power to determine the financial and operating policies of the entity under a statute or an agreement; or the power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or the power to cast the majority of votes at meetings of the board of directors or equivalent governing body.

In order to exercise this power, the Group's rights over the investee must be substantial; to be substantial, these rights must be practically exercisable when the decisions over relevant activities must be taken.
The existence and effect of potential voting rights, where substantial, are taken into consideration when assessing whether the power to direct the financial and management policies of another entity exists or not.
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.

As at 31 March 2015, it should be noted that the Group owns the majority of the voting rights in all operating entities subject to line-by-line consolidation.
It should also be pointed out that there are no cases in which control derives from the ownership of potential voting rights.

The investment funds managed by management companies subject to a significant influence of the Group are considered subsidiaries if the Group is significantly exposed to the variability of returns and in the event in which third party investors do not have the rights to remove the asset management company.
In this regard, it is presumed, unless there is evidence to the contrary, that the exposure to the variability of returns is significant if the Group is exposed to the same for at least 30% due to the subscription of shares and due to the receipt of commissions for the management of the fund's assets.
Subsequently, the investment funds managed by Castello SGR S.p.A., in which there are shares held directly and indirectly by the Group, are not considered under the control of the Group in consideration of the insignificant exposure to the variability of the associated returns and the absence of a control relationship with the management company.

The investment funds managed by third party companies are considered controlled if the Group is significantly exposed to the variability of returns and at the same time holds a unilateral right to remove the management company.
In this regard, it is presumed, unless there is evidence to the contrary, that the exposure to the variability of returns is significant if the Group has subscribed at least 30% of the fund's shares.

**Significant valuations and assumptions for establishing whether joint control or a significant influence exists**

Entities for which, on a contractual basis, control is shared between the Group and one or more other entities, or when decisions about the relevant activities require the unanimous consent of all the parties sharing control, are considered joint ventures.

An associate is a company in which the investor exercises a significant influence and which is neither a wholly-owned subsidiary nor a joint venture.
Entities in which the Group holds at least 20% of voting rights (including therein "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 to be companies subject to a significant influence (associates).
A significant influence is presumed to exist when the investor:
- owns, directly or indirectly, at least 20% of the capital of another company, or
  is able, also through shareholder agreements, to exercise a significant influence through:
- representation in the company's governing body;
- participation in the policy definition policy, including therein participation in
  decisions relating to dividends or other distributions;
- the existence of significant transactions;
- the exchange of managerial personnel;
- the supply of essential technical information

Any interests exceeding 20% in which the Group exclusively holds equity rights over 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, are not considered subject to a significant influence.

**Changes in the area of consolidation**
The following significant changes to the area of consolidation occurred in the half ended as at 31 March 2015:

On 30 September 2014, the subsidiary Mittel Investimenti Immobiliari S.r.l. participated in the coverage of the interim losses as at 30 June 2014 of the subsidiary Gamma Tre S.r.l. (subsidiary already consolidated in the Group on a line-by-line basis), resolved by the extraordinary shareholders' meeting through the elimination of share capital of EUR 100 thousand and use of the share premium reserve for EUR 69 thousand and the simultaneous recomposition of share capital on a payment basis, bringing it to EUR 100 thousand, with total premium of EUR 200 thousand offered to shareholders for subscription.
Due to the recomposition of the share capital of Gamma Tre S.r.l. subscribed exclusively by Mittel Investimenti Immobiliari S.r.l., with total premium of EUR 70 thousand, its interest in Gamma Tre S.r.l. rose from 80% to 100%, given the completion of the proportional subscription of capital by the other non-controlling shareholder, due to relinquishment of the option right in accordance with the legal terms.

On 30 September 2014, the subsidiary Mittel Investimenti Immobiliari S.r.l. participated in the coverage of the interim losses as at 30 June 2014 of the subsidiary Fede S.r.l. (subsidiary already consolidated in the Group on a line-by-line basis), resolved by the extraordinary shareholders' meeting through the elimination of share capital of EUR 100 thousand and use of the available reserves for EUR 100 thousand and the simultaneous recomposition of share capital on a payment basis, bringing it to EUR 300 thousand, with total premium of EUR 111 thousand offered to shareholders for subscription and to be allocated to cover residual losses.

Due to the recomposition of the share capital of Fede S.r.l. subscribed exclusively by Mittel Investimenti Immobiliari S.r.l., with total premium of EUR 111 thousand, given the non-completion of the proportional subscription of capital by the other non-controlling shareholder due to relinquishment of the option right in accordance with the legal terms, in the current year, the interest in Fede S.r.l. rose from 51% to 100%.

On 7 November 2014, the subsidiary Mittel Investimenti Immobiliari S.r.l. participated in the coverage of the interim losses as at 31 August 2014 of its subsidiary MiVa S.r.l. (subsidiary already consolidated in the Group on a line-by-line basis), resolved by the extraordinary shareholders' meeting through the elimination of share capital of EUR 100 thousand and use of the available reserves for EUR 16,2 thousand and the simultaneous recomposition of share capital on a payment basis for EUR 10 thousand, with total premium of EUR 916,2 thousand offered to shareholders for subscription and to be allocated to cover residual losses.

Said extraordinary shareholders' meeting of MiVa S.r.l. also resolved the paid increase in share capital from EUR 10 thousand to EUR 3.000 thousand, without premium offered to shareholders for subscription in proportion to their stake in share capital.
Due to the recomposition and increase of the share capital of MiVa S.r.l. subscribed exclusively by Mittel Investimenti Immobiliari S.r.l. totalling EUR 1.510 thousand with total premium of EUR 916,2 thousand, its interest in MiVa S.r.l. rose from 51% to 100%, given the non-completion of the proportional subscription of capital also by the other shareholders due to relinquishment of the option right in accordance with the legal terms.

In addition, during the half, the area of consolidation of the subsidiaries on a line-by-line basis changed due to the deconsolidation of the subsidiary Mittel Investimenti Mobiliari S.r.l. (in liquidation) as a result of the completion and closing of liquidation proceedings.

**Disposal of the group of assets relating to the Mantua and Molfetta outlet centre property complexes and the investees Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l.**

For the purposes of a comparison with the information of the half in the previous year, the effects on the presentation of the consolidated income statement as at 31 March 2015 deriving from the disposal of the group of assets represented by the Mantua and Molfetta Factory Outlet Centres performed by the subsidiary Fashion District Group S.p.A. on 18 November 2014 concerned the income statement figures from 1 October 2014 until 18 November 2014 relating to the management companies of the Factory Outlet Centres, Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l., which are presented on a line-by-line basis, according to the normal rules of full consolidation.
Therefore, the consolidated condensed half-yearly financial statements of the Mittel Group as at 31 March 2015 involved the line-by-line deconsolidation of the subsidiaries falling under the disposal operation which took effect on 18 November 2014.

**Additional information on companies controlled with significant non-controlling interests:**

With reference to the information required by IFRS 12 aimed at illustrating the interest non-controlling interests have in the Group's activities and cash flows, the subsidiaries with significant non-controlling interests are considered to be represented by investments with non-controlling interests of greater than 10% of the relative higher value.
For each of the subsidiaries with significant non-controlling interests a summary is provided below of the economic and financial data of the subsidiary as at 31 March 2015 and the information relating to the share of the interests held by non-controlling shareholders and the percentage of voting rights.

The aforementioned economic and equity data derive from the interim positions as at 31 March 2015 of the subsidiaries with significant non-controlling interests, appropriately reclassified and adjusted to take account of the consolidation requirements and, where necessary, to bring them into line with the Group accounting standards for the purpose of the half-yearly consolidation as at 31 March 2015:

| Subsidiaries: | Ghea S.r.l. | Iniziative Nord Milano S.r.l. | Lucianita S.r.l. | Santarosa S.r.l. | Earchimede S.p.A. | FD 33 S.r.l. | Fashion District Group S.p.A. | Parco Meditterraneo S.r.l. |
|---|---|---|---|---|---|---|---|---|
| **Gross operating margin (EBITDA)** | **(32)** | **(24)** | **473** | **288** | **(61)** | **(14)** | **426** | **(133)** |
| *of which:* | | | | | | | | |
| *Revenues* | *-* | *19* | *2.306* | *-* | *-* | *-* | *7.270* | *-* |
| *Variations in property inventories* | *-* | *-* | *(1.469)* | *2.709* | *-* | *-* | *-* | *-* |
| *Costs for services* | *(26)* | *(44)* | *(65)* | *(22)* | *(88)* | *(12)* | *(5.336)* | *(74)* |
| **Operating result (EBIT)** | **(32)** | **(30)** | **473** | **288** | **(224)** | **(15)** | **(1.956)** | **(133)** |
| *of which:* | | | | | | | | |
| *Amortisations* | - | - | - | - | (1) | (1) | (118) | - |
| *Value adjustments to financial assets* | - | (6) | - | - | (162) | - | (1.263) | - |
| *Income (loss) from non-recurring transactions* | - | - | - | - | - | - | (288) | - |
| Financial income | 1.563 | - | - | - | 752 | 5 | 670 | - |
| Financial expenses | (542) | (187) | (130) | (345) | - | (1) | (703) | (192) |
| **Income (loss) before taxes** | **989** | **(217)** | **343** | **(57)** | **528** | **(10)** | **(1.989)** | **(38)** |
| Income taxes | (338) | - | (344) | (6) | (80) | (12) | 6 | 26 |
| **Profit (loss) for the period** | **651** | **(217)** | **(2)** | **(63)** | **448** | **(22)** | **(1.983)** | **(12)** |
| of which Income (loss) pertaining to non controlling interests | (319) | 54 | 1 | 25 | (67) | 3 | 912 | 5 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Non-current assets** | **50.433** | **1** | **3** | **-** | **15.864** | **0** | **20.259** | **-** |
| *of which:* | | | | | | | | |
| Financial receivables | 50.433 | - | - | - | 1.130 | - | 13.460 | - |
| Other financial assets | - | - | - | - | 14.127 | - | 1.139 | - |
| **Current assets** | **54** | **8.407** | **8.693** | **16.477** | **58.537** | **32** | **33.724** | **8.248** |
| *of which:* | | | | | | | | |
| Property inventories | - | 8.300 | 6.524 | 15.906 | - | - | - | 8.070 |
| Financial receivables | - | - | - | - | 28.077 | - | - | - |
| Cash and cash equivalents | 44 | 39 | 50 | 15 | 30.023 | 32 | 29.992 | - |
| **Total assets** | **50.487** | **8.408** | **8.696** | **16.477** | **74.401** | **33** | **53.983** | **8.248** |
| **Non-current liabilities** | **8.314** | **2.596** | **276** | **180** | **7** | **1.139** | **11.642** | **-** |
| *of which:* | | | | | | | | |
| Financial payables | - | 2.000 | 270 | 180 | - | 1.139 | - | - |
| **Current liabilities** | **22.379** | **7.363** | **6.474** | **16.130** | **1.256** | **11** | **5.144** | **7.209** |
| *of which:* | | | | | | | | |
| Financial payables | - | 7.322 | 4.583 | 14.891 | - | - | - | - |
| **Equity** | **19.795** | **(1.550)** | **1.946** | **167** | **73.138** | **(1.118)** | **37.198** | **1.040** |
| ***of which attributable to non-controlling interests*** | ***9.695*** | ***(387)*** | ***953*** | ***67*** | ***10.963*** | ***(168)*** | ***17.207*** | ***421*** |

**Non-controlling interests, availability of third party votes and dividends distributed to non-controlling interests**

| | Interests in capital of non-controlling interests | Availability of votes of non-controlling interests % (1) | Income (loss) pertaining to non-controlling interests | Equity pertaining to non-controlling interests | Dividends distributed to non-controlling interests |
|---|---|---|---|---|---|
| Ghea S.r.l. | 49,00% | 49,00% | 319 | 9.695 | - |
| Iniziative Nord Milano S.r.l. | 25,00% | 25,00% | (54) | (387) | - |
| Immobiliare Volta Marconi S.r.l. in liq. | 49,00% | 49,00% | (6) | 16 | - |
| Lucianita S.r.l. | 49,00% | 49,00% | (1) | 953 | - |
| Esse Ventuno S.r.l. | 10,00% | 10,00% | 1 | 20 | - |
| Santarosa S.r.l. | 40,00% | 40,00% | (25) | 67 | - |
| Earchimede S.p.A. | 14,99% | 14,99% | 67 | 10.963 | - |
| FD 33 S.r.l. | 14,99% | 0,00% | (3) | (168) | - |
| Fashion District Group S.p.A. | 43,33% | 33,34% | (912) | 17.207 | 2.000 |
| Loft S.p.A. | 43,33% | 0,00% | (6) | (32) | - |
| Parco Mediterraneo S.r.l. | 40,50% | 0,00% | (4) | (265) | - |
| | | | **(625)** | **38.069** | **2.000** |

With reference to these significant non-controlling interests in subsidiaries, it should be noted that there are no particular rights of protection of non-controlling shareholders that can significantly limit the Group’s ability to transfer assets and extinguish liabilities.

The section ‘significant accounting standards and drafting criteria’, to which reference should be made, contains an illustration of the criteria and methods of determination of the area of consolidation and the reasons for which an investee is subject to joint control or a significant influence.

The consolidated financial statements are prepared on the basis of the accounting situations as at 31 March 2015 drafted by the respective consolidated companies, adjusted, where necessary, in order to align these to the Mittel Group classification criteria and accounting standards compliant with IFRS.

## Statement of financial position - Assets

## Non-current assets

### 5. Intangible assets

This item totalled EUR 201 thousand, a decrease of EUR 109 thousand over 30 September 2014.
The item saw the following changes:

| | Goodwill | Patents | Plant | Concessions and licences | Other | Total |
|---|---|---|---|---|---|---|
| **Values as at 01.10.2014** | **-** | **-** | **-** | **130** | **181** | **310** |
| **Changes in the year:** | | | | | | |
| - acquisitions | - | - | - | 5 | 15 | 20 |
| - change in scope of consolidation | - | - | - | - | - | - |
| - disposals | - | - | - | - | - | - |
| - reclassifications | - | - | - | - | - | - |
| - amortisation | - | - | - | (30) | (63) | (93) |
| - value adjustments | - | - | - | (34) | (2) | (36) |
| **Total changes** | **-** | **-** | **-** | **(59)** | **(50)** | **(109)** |
| **Values as at 31.03.2015** | **-** | **-** | **-** | **70** | **131** | **201** |

The item "Concessions and licences" fell by EUR 59 thousand; in particular, the variation of EUR 34 thousand in "Other changes" is due to the elimination, by Mittel Management S.r.l., of fixed assets booked by said entity and relating to initiatives the company decided not to go ahead with.
The item "Other" fell by EUR 50 thousand, with contributions made by the following: for EUR 15 thousand, acquisitions by Mittel S.p.A. (EUR 9 thousand) and Fashion District Group S.p.A. (EUR 6 thousand), and, for EUR 63 thousand, legal amortisation attributable to Mittel S.p.A. (EUR 20 thousand), Fashion District Group S.p.A., (EUR 18 thousand), Mittel Advisory S.p.A. (EUR 17 thousand) and Mittel Advisory Debt and Grant S.p.A. (EUR 8 thousand).

### 6. Property, plant and equipment

This item totalled EUR 1,0 million, marking a decrease of EUR 0,7 million over 30 September 2014.
The item saw the following changes:

| | Land and buildings | Investment property | Plant and machinery | Office machines and equipment | Other assets | Total |
|---|---|---|---|---|---|---|
| **Value as at 01.10.2014** | **164** | **563** | **126** | **393** | **423** | **1.669** |
| **Changes in the period:** | | | | | | |
| - acquisitions | - | - | - | 114 | - | **114** |
| - change in scope of consolidation | - | - | - | - | - | **-** |
| - disposals | - | (96) | (112) | (4) | (31) | **(243)** |
| - reclassifications | - | (342) | - | - | - | **(342)** |
| - amortisation | (6) | (47) | (13) | (57) | (63) | **(185)** |
| - other changes | - | - | - | 4 | - | **4** |
| **Total changes** | **(6)** | **(485)** | **(125)** | **57** | **(94)** | **(652)** |
| **Values as at 31.03.2015** | **159** | **78** | **1** | **450** | **329** | **1.016** |

The acquisitions refer to the purchases of furniture and fittings by Mittel S.p.A. (EUR 86 thousand), Breme S.r.l. (EUR 27 thousand) and Mittel Advisory Debt and Grant S.p.A. (EUR 1 thousand).
Disposals (EUR 243 thousand) and reclassifications (EUR 342 thousand) are attributable entirely to Fashion District Group S.p.A. and derive mostly from the transfer of the Fashion District Roma S.r.l. business unit.
Depreciation, determined in accordance with the law, is comprised as follows:

- Land and buildings, EUR 6 thousand, relating entirely to Mittel S.p.A.;
- Investment property, EUR 47 thousand, attributable to Fashion District Group S.p.A.;
- Plant and machinery, EUR 13 thousand, attributable to Fashion District Group S.p.A.;
- Office machines and equipment, EUR 57 thousand, attributable to Mittel S.p.A. (EUR 29 thousand), Fashion District Group S.p.A. (EUR 12 thousand), Mittel Advisory Debt and Grant S.p.A. (EUR 6 thousand), Mittel Advisory S.p.A. (EUR 4 thousand), Mittel Investimenti Immobiliari S.r.l. (EUR 3 thousand), Cad Immobiliare S.r.l. (EUR 1 thousand), Breme S.r.l. (EUR 1 thousand) and Mittel Management S.r.l. (EUR 1 thousand);
- Other assets, EUR 63 thousand, attributable to Mittel S.p.A. (EUR 21 thousand), Fashion District Group S.p.A. (EUR 18 thousand), Mittel Advisory S.p.A. (EUR 16 thousand) and Mittel Advisory Debt and Grant S.p.A. (EUR 8 thousand).

## 7. Investments accounted for using the equity method

These totalled EUR 109,3 million, up by EUR 53,1 million.

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Chase Mittel Capital Holding II NV in liquidation | 6 | 6 |
| Tower 6 bis S.à.r.l. | 33.554 | 19.727 |
| Brands Partners 2 S.p.A. in liquidation | 677 | 419 |
| Liberata S.p.A. | 6.679 | 6.763 |
| Bios S.p.A. | 65.074 | 25.666 |
| Sunset S.r.l. in liquidation | - | 1 |
| Castello SGR S.p.A. | 2.700 | 2.945 |
| Mit.Fin S.p.A. | 131 | 156 |
| Superpartes S.p.A. | 495 | 500 |
| | **109.317** | **56.184** |

The change in the item is as follows:

| Name | % interest | Balances 1.10.2014 | Purchase | Sales | Profit (loss) pro rata | Adjustments to valuation reserve | Other changes | Dividends distributed | Closing balances 31.03.2015 |
|---|---|---|---|---|---|---|---|---|---|
| **Direct associates** | | | | | | | | | |
| Liberata S.p.A. | 27% | 6.763 | - | - | (80) | - | 755 | (758) | 6.679 |
| Tower 6 bis S.a.r.l. | 49% | 19.727 | - | - | (213) | 14.039 | - | - | 33.554 |
| Chase Mittel Capital Holding II NV | 28% | 6 | - | - | - | - | - | - | 6 |
| Brands Partners 2 S.p.A. in liquidation | 25% | 419 | - | - | (54) | (127) | 438 | - | 677 |
| Castello SGR S.p.A. | 20% | 2.945 | - | - | (88) | (157) | - | - | 2.700 |
| Bios S.p.A. | 50% | 25.666 | - | - | - | 39.408 | - | - | 65.074 |
| Sunset S.r.l. in liquidation | 100% | 1 | - | - | - | - | (1) | - | - |
| Mit.Fin Compagnia Finanziara S.p.A. | 30% | 156 | - | - | (26) | - | 1 | - | 131 |
| **Over Earchimede S.p.A.** | | | | | | | | | |
| Superpartes S.p.A. | 12% | 500 | - | - | (5) | - | - | - | 495 |
| | | **56.184** | **-** | **-** | **(465)** | **53.163** | **1.192** | **(758)** | **109.317** |

The main changes refer to:

- EUR 39,4 million as the increase in the value of the investee Bios S.p.A. as a result of the adjustment of the fair value, with a contra-item in the valuation reserve, of the equity investment it holds in Sorin S.p.A.;
- EUR 14,0 million as the increase in the value of the investee Tower 6 Bis S.à.r.l. as a result of the adjustment of the fair value, with a contra-item in the valuation reserve, of the equity investment it holds in Sorin S.p.A.;

**Information on joint interests and associates:**

The companies Bios S.p.A. and Tower 6 Bis S.à.r.l., entities for which, on a contractual basis, control is shared between the Group and one or more other entities, or when decisions about the relevant activities require the unanimous consent of all the parties sharing control, are considered jointly ventures.

The income statement and statement of financial position figures deriving from the accounting positions as at 31 March 2015 of the jointly controlled companies adjusted to reflect the adjustments made in compliance with IAS/IFRS for the purposes of application of the equity method to the half-yearly consolidated position of the Group and the reconciliation between the summary of the economic-financial data presented and the book value of the joint interests are detailed below:

| | **Bios S.p.A.** | **Tower 6 bis S.a.r.l.** |
|---|---|---|
| **Jointly controlled companies**<br>(thousands of Euro) | | |
| **Non-current assets** | **257.245** | **89.732** |
| *Available-for-sale financial assets – Equity investments* | 257.233 | 89.732 |
| **Current assets** | **2.768** | **29** |
| *Cash and cash equivalents* | 2.755 | 20 |
| **Total Assets** | **260.013** | **89.761** |
| **Equity** | **130.148** | **68.477** |
| **Non-current liabilities** | **-** | **-** |
| **Current liabilities** | **129.865** | **21.284** |
| | **260.013** | **89.761** |
| **Gross operating margin (EBITDA)** | **1.220** | **(67)** |
| Costs for services | (28) | (70) |
| **Operating result (EBIT)** | **1.216** | **(67)** |
| Amortisation/depreciation | (4) | - |
| Financial income | 3 | 0 |
| Financial expenses | (1.219) | (367) |
| **Income (loss) before taxes** | **-** | **(434)** |
| Income taxes | - | - |
| **Profit/(Loss) for the period (1)** | **-** | **(434)** |
| Other profit components after taxes (2) | 82.175 | 28.652 |
| **Comprehensive profit (loss) (3) = (1) + (2)** | **82.175** | **28.218** |

In terms of significant restrictions on the capacities of investees subject to joint control or a significant influence to transfer funds to the investor, it should be noted that Bios S.p.A. and Tower 6 Bis S.à.r.l., companies subject to joint control, the loan agreements in place with two banks provide that the company can distribute dividends subject to the transfer of investments in Sorin S.p.A. and limited to the available resources after the fulfilment of the obligations with repayment priorities based on the contractual agreements.
Entities in which the Group holds at least 20% of 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 of the investee by virtue of particular legal links, are considered to be companies subject to a significant influence (associates).
Interests in which the Group exclusively holds equity rights over a portion of the profits from the investments, has no access to the management policies and exercises governance rights limited to the protection of its own equity interests, are not considered subject to a significant influence.

With regard to the existence and measurement of protection rights and guarantees regarding the joint interests which limit the capacity to access the associated assets, or use them, it should be noted that the shares of Bios S.p.A. and Tower 6 Bis S.à.r.l. are pledged entirely in favour of its two creditor banks.
In addition, with reference to the risks associated to events or circumstances which could expose the Group to a loss in relation to joint interests, it should be noted that Bios S.p.A. has a dispute in progress relating to the Snia S.p.A. (under extraordinary administration) proceedings described in detail in the previous paragraph “Main ongoing legal proceedings”.

The income statement and statement of financial position figures deriving from the accounting positions as at 31 March 2015 of the associates adjusted to reflect the adjustments made in compliance with IAS/IFRS for the purposes of application of the equity method to the preparation of the half-yearly consolidated position of the Group and the reconciliation between the summary of the economic-financial data presented and the book value of the associate investments are detailed below:

| **Companies subject to significant influence** | **Brands Partners 2 S.p.A. (in liq.)** | **Castello SGR S.p.A.** | **Mit.Fin Compagnia Finanziaria S.p.A.** | **Superpartes S.p.A.** | **Liberata S.p.A.** | **Mittel Generale Investimenti S.p.A.** |
|---|---|---|---|---|---|---|
| (thousand of Euro) | | | | | | |
| **Non-current assets** | **-** | **16.334** | **9** | **423** | **73.848** | **145.785** |
| *Financial receivables* | - | 8.978 | - | 8 | - | 137.359 |
| *Other financial assets* | - | 6.050 | - | - | - | 5.039 |
| **Current assets** | **3.252** | **4.246** | **530** | **968** | **598** | **9.968** |
| *Cash and cash equivalents* | 3.114 | - | 385 | 611 | 492 | 3.529 |
| **Total assets** | **3.252** | **20.580** | **539** | **1.391** | **74.446** | **155.753** |
| **Equity** | **2.685** | **13.341** | **438** | **1.129** | **21.060** | **85.272** |
| **Non-current liabilities** | **438** | **346** | **25** | **28** | **34.406** | **643** |
| *Non-current financial payables* | - | - | - | - | 34.406 | - |
| **Current liabilities** | **129** | **6.893** | **76** | **234** | **18.980** | **69.838** |
| *Current financial payables* | - | - | - | - | 18.934 | 64.680 |
| **Total equity and liabilities** | **3.252** | **20.580** | **539** | **1.391** | **74.446** | **155.753** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Gross operating margin** | **(1.186)** | **768** | **(85)** | **(37)** | **(44)** | **(954)** |
| *Costs for services* | (45) | (1.630) | (233) | (126) | (40) | (566) |
| **Operating result** | **(1.229)** | **657** | **(87)** | **(47)** | **(44)** | **(1.460)** |
| *Amortisations* | (1) | (111) | (2) | - | - | (49) |
| *Value adjustments to financial assets* | (42) | - | - | - | - | (457) |
| Financial income | - | 47 | 2 | - | 43 | 3.384 |
| Financial expenses | (2) | (4) | - | - | (1.378) | (999) |
| Profit (loss) from trading of financial assets | - | 432 | - | - | - | 877 |
| **Income (loss) before taxes** | **(1.231)** | **1.132** | **(85)** | **(47)** | **(1.379)** | **1.802** |
| Income taxes | 558 | (1.567) | - | - | - | (721) |
| **Profit (loss) for the year (1)** | **(673)** | **(435)** | **(85)** | **(47)** | **(1.379)** | **1.081** |
| Other income net of taxes (2) | - | (472) | - | - | - | - |
| **Total profit(loss) (3) = (1) + (2)** | **(673)** | **(907)** | **(85)** | **(47)** | **(1.379)** | **1.081** |

There are no significant restrictions on the capacities of investees subject to a significant influence to transfer funds to the investor and particularly significant commitments relating to companies subject to a significant influence.

The reconciliation between the summary of the economic-financial data presented and the book value of the joint interests and associates are detailed below:

| (thousands of Euro) | Total equity | Pro-rata equity | Goodwill | Other changes | Consolidated book value |
|---|---|---|---|---|---|
| **Jointly controlled companies:** | | | | | |
| Bios S.p.A. | 130.148 | 65.074 | - | - | **65.074** |
| Tower 6 bis S.a.r.l. | 68.477 | 33.554 | - | - | **33.554** |
| | **198.625** | **98.628** | **-** | **-** | **98.628** |
| **Companies subject to a significant influence:** | | | | | |
| Gruppo Liberata S.p.A. | 32.484 | 8.771 | - | (2.092) | **6.679** |
| Chase Mittel Capital Honding II NV | - | - | - | - | **-** |
| Brands Partners 2 S.p.A. | 2.685 | 677 | - | - | **677** |
| Castello SGR S.p.A. | 13.341 | 2.700 | - | - | **2.700** |
| Mit.Fin Compagnia Finanziara S.p.A. | 438 | 131 | - | - | **131** |
| Superparters S.p.A. | 1.129 | 134 | 362 | - | **496** |
| | **50.077** | **12.413** | **362** | **(2.092)** | **10.683** |
| | **248.702** | **111.041** | **362** | **(2.092)** | **109.311** |

## 8. Financial receivables

These totalled EUR 156,0 million, up by EUR 9,2 million.

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Loans | 150.230 | 146.421 |
| Other receivables | 5.753 | 420 |
| Security deposits | - | - |
| | **155.983** | **146.841** |

The item Loans is composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| - Loans - financial institutions | 30.000 | 30.000 |
| - Loans - customers | 120.230 | 116.421 |
| | **150.230** | **146.421** |

The item “Loans” mainly includes:

- the receivable of EUR 50,4 million due to Ghea from Bios S.p.A..
- loans of EUR 34,4 million, in place between Mittel S.p.A. and Liberata S.p.A., taken out on the transfer of the Mittel Generale Investimenti S.p.A. investment;
- the mortgage loan of EUR 30,0 million due from Fondo Augusto acquired at the time of the transfer of the Mittel Generale Investimenti S.p.A. investment;
- non-current credit positions of EUR 18,4 million originally held by Hopa S.p.A. (incorporated into Mittel S.p.A. on 5 January 2012) and its subsidiaries;
- the receivable of EUR 13,5 million due from Sofimar S.A. currently at the dispute phase;
- the receivable of EUR 2,2 million of Fashion District Group S.p.A. for a loan granted to investee Alfa Park;
- for EUR 1,3 million, for the receivable due from Locaeffe S.r.l. in liquidation;

The item “other receivables” comprises EUR 5,0 million from a restricted current account as guarantee pursuant to the contract for the sale of the outlets to IDeA FIMIT SGR S.p.A..

## 9. Other financial assets

These totalled EUR 72,2 million, down by EUR 24,2 million.
The item is composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Available-for-sale financial assets** | | |
| Equities and shares of funds | 71.124 | 96.360 |
| Bonds | 1.058 | 30 |
| | **72.183** | **96.390** |

*Available-for-sale financial assets*
The item includes equity instruments recorded as available-for-sale financial assets and bonds and financial assets valued at fair value and is composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Available-for-sale financial assets** | | |
| **Equities and shares of funds:** | | |
| Azimut - Benetti S.p.A. | 20.189 | 20.189 |
| Fondo Augusto | 14.465 | 14.418 |
| Equinox Two S.c.a. Earchimede | 7.800 | 6.860 |
| Equinox Two S.c.a. Mittel | 4.285 | 3.732 |
| Credit Access Asia NV (già Micro Ventures Finance S.p.A.) | 4.089 | 4.089 |
| Fondo Cosimo I | 4.013 | 4.038 |
| Istituto Atesino di Sviluppo S.p.A. | 3.313 | 3.313 |
| Alfieri Ass. Inv. S.A. | 2.681 | 2.681 |
| Fondo Progressio Investimenti II | 2.521 | 3.335 |
| SIA - SSB S.p.A. | 1.400 | 1.400 |
| Medinvest International S.A. | 1.357 | 1.357 |
| Opera 2 Participations S.C.A. | 1.309 | 1.363 |
| Pioneer - Fondo comune di investimento | 1.139 | 1.126 |
| Fondo Progressio Investimenti | 1.006 | 1.006 |
| Investitori Associati II S.A. | 891 | 907 |
| Industrial Stars | 206 | 200 |
| Warrant Industrial Stars | 16 | - |
| Mc Link | 144 | 131 |
| Nomisma S.p.A. | 100 | 100 |
| Frendy Energy | 96 | 116 |
| IGI Sud | 85 | 193 |
| Società Editoriale Vita S.p.A. | 13 | 9 |
| Isfor 2000 S.c.p.a. | 3 | 3 |
| Inn. Tec S.r.l. | 1 | 1 |
| Progressio SGR S.p.A. | - | 245 |
| Intesa San Paolo S.p.A. | - | 10.827 |
| UBI Banca - Unione di Banche Italiane S.c.p.a. | - | 8.676 |
| RCS Media Group S.p.A. | - | 6.036 |
| Consorzio Polo Turistico | - | 4 |
| Warrant Mc Link | - | 5 |
| | - | - |
| | - | - |
| **Bonds:** | | |
| Editoriale Vita S.p.A. (bond) | 31 | 30 |
| Credit Acess 6,50% (bond) | 1.027 | - |
| | **72.183** | **96.390** |

The change in other financial assets (current and non-current) breaks down as follows:

| Amount in thousands of Euro | | Changes in the period | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name/company name | Amounts as at 01/10/2014 | Purchases | (Recall of funds) Reimbursements | Transfers | Capital gains (losses) | Write-downs for impairment | Fair value adjustments | Reclassification in the current and other changes | Value as at 31/03/2015 |
| **Non current available-for-sale financial assets:** | | | | | | | | | |
| SIA - SSB S.p.A. | 1.400 | - | - | - | - | - | - | - | 1.400 |
| Azimut - Benetti S.p.A. | 20.189 | - | - | - | - | - | - | - | 20.189 |
| Intesa San Paolo S.p.A. | 10.827 | - | - | - | - | - | - | (10.827) | - |
| UBI Banca - Unione di Banche Italiane S.c.p.a. | 8.676 | - | - | - | - | - | - | (8.676) | - |
| RCS Media Group S.p.A. | 6.036 | - | - | - | - | - | - | (6.036) | - |
| Istituto Atesino di Sviluppo S.p.A. | 3.313 | - | - | - | - | - | - | - | 3.313 |
| Progressio SGR S.p.A. | 245 | - | - | - | - | - | - | (245) | - |
| Fondo Progressio Investimenti | 1.006 | - | - | - | - | - | - | - | 1.006 |
| Fondo Progressio Investimenti II | 3.335 | - | - | - | - | (814) | - | - | 2.521 |
| Fondo Cosimo I | 4.038 | - | - | - | - | - | (25) | - | 4.013 |
| Fondo Augusto | 14.418 | - | - | - | - | - | 47 | - | 14.465 |
| Equinox Two S.c.a. Mittel | 3.732 | - | 90 | - | - | - | 463 | - | 4.285 |
| Equinox Two S.c.a. Earchimede | 6.860 | - | 165 | - | - | - | 775 | - | 7.800 |
| Credit Access Asia NV (già Micro Ventures Finance S.p.A.) | 4.089 | - | - | - | - | - | - | - | 4.089 |
| Società Editoriale Vita S.p.A. | 9 | - | - | - | - | - | 4 | - | 13 |
| Diritti Società Editoriale Vita S.p.A. | - | - | - | (0) | 0 | - | - | - | - |
| Nomisma S.p.A. | 100 | - | - | - | - | - | - | - | 100 |
| Mc Link | 131 | - | - | - | - | - | 13 | - | 144 |
| warrant Mc Link | 5 | - | - | (0) | (5) | - | - | - | 0 |
| Frendy Energy | 116 | - | - | - | - | - | (20) | - | 96 |
| Industrial Stars | 200 | - | - | - | - | - | 6 | - | 206 |
| Warrant Industrial Stars | - | - | - | - | - | - | 16 | - | 16 |
| Alfa Park S.r.l. | - | - | - | - | - | - | - | - | - |
| Inn. Tec S.r.l. | 1 | - | - | - | - | - | - | - | 1 |
| Isfor 2000 S.c.p.a. | 3 | - | - | - | - | - | - | - | 3 |
| Fondo comune di investimento Pioneer | 1.126 | - | - | - | - | - | 14 | - | 1.139 |
| Medinvest International S.A. | 1.357 | - | - | - | - | - | - | - | 1.357 |
| Opera 2 Participations S.C.A. | 1.363 | - | - | - | - | (54) | - | - | 1.309 |
| Investitori Associati II S.A. | 907 | - | - | - | - | - | (15) | - | 891 |
| Alfieri Ass. Inv. S.A. | 2.681 | - | - | - | - | - | 0 | - | 2.681 |
| Dimensioni Network | - | - | - | - | - | - | - | - | - |
| IGI Sud | 193 | - | - | - | - | (108) | - | - | 85 |
| Consorzio Polo Turistico | 4 | - | - | (4) | - | - | - | - | - |
| Credit Access 6,5% | - | 1.000 | - | - | - | - | - | 27 | 1.027 |
| Obbligazioni Editoriale Vita S.p.A. | 30 | - | - | - | - | - | 1 | - | 31 |
| | **96.390** | **1.000** | **255** | **(4)** | **(5)** | **(977)** | **1.280** | **(25.756)** | **72.183** |
| **Current available-for-sale financial assets:** | | | | | | | | | |
| Intesa San Paolo S.p.A. (current) | 3.609 | | | (2.096) | 412 | | 4.028 | 10.827 | 16.780 |
| UBI Banca - Unione di Banche Italiane S.c.p.a. (current) | 2.898 | | | | | | 1.086 | 8.676 | 12.660 |
| RCS Media Group S.p.A. | - | - | - | (2.674) | 190 | - | 212 | 6.036 | 3.764 |
| | **6.507** | **-** | **-** | **(4.770)** | **601** | **-** | **5.326** | **25.538** | **33.203** |
| | **102.897** | **1.000** | **255** | **(4.774)** | **597** | **(977)** | **6.606** | **(218)** | **105.386** |

Some information on the main changes in investments classified as “Available-for-sale financial assets” is provided below:

*Increases:*

- EUR 1,0 million for the subscription of a convertible bond loan in relation to the investee Credit Access Asia NV;
- EUR 0,3 million for payments by Mittel S.p.A. and Earchimede S.p.A. as a result of calls by Equinox Two S.c.a.;
- EUR 1,4 million in positive fair value adjustments, in particular regarding Equinox Two Sca (EUR 0,5 million pertaining to Mittel S.p.A. and EUR 0,8 million pertaining to Earchimede S.p.A.).

*Decreases for impairment:*

- EUR 1 million for write-downs relating to the fund Progressio Investimenti II (EUR 0,8 million), Opera 2 Partecipations S.p.A. (EUR 0,1 million) and IGI Sud (EUR 0,1 million).

*Reclassifications to current assets and other changes*

- EUR 25,7 million, attributable primarily to the reclassification to current financial assets for sale, of the book value of all listed securities owned by Mittel Partecipazioni Stabili S.r.l. and the associated investments in Intesa Sanpaolo S.p.A. (EUR 10,8 million), UBI Banca S.c.p.a (EUR 8,7 million) and RCS Media Group S.p.A. (EUR 6 million). This reclassification was due to the change in the purpose of said equity investment portfolio, which was identified as for trading by way of resolution of the administrative body of the company Mittel Partecipazioni Stabili S.r.l.;

*Losses due to reductions in the recoverable value of equities and shares of funds*
Impairment testing of available-for-sale financial assets represented by equity instruments and shares of funds is targeted at establishing whether the variation between the acquisition cost and the present fair value of the financial asset is recoverable or if, on the contrary, an impairment of the asset must be recorded. For equity instruments, impairment losses are recorded when there is objective evidence of impairment of the financial asset as a result of the loss events specifically indicated by IAS 39.59, such as:

- the fair value of the investment is significantly below the acquisition cost or, in any case, is considerably lower than that of similar companies in the same sector;
- company management is not considered of an adequate standing and, in any case, capable of ensuring a recovery in prices;
- a reduction in the credit rating from the acquisition date is recorded;
- a significant decrease in profits, of cash flows or in the net financial position of the issuer from the acquisition date;
- a reduction or interruption in the distribution of dividends is recorded;
- an active market for the bonds issued disappears;
- changes are verified in the legislative, economic and technological context of the issuer which have an adverse impact on the profit, equity and financial situation of the same;
- negative prospects exist in the market, sector or geographical area of the issuer.

Furthermore, in order to establish whether there is impairment risk, risk situations relating to the following should be considered:

- significant changes with adverse effects relating to technologies, markets, economic or legal environment relating to the issuer, which indicate that the cost of the investment can no longer be recovered;
- a significant or prolonged decline in the fair value of the investment below its cost.

Therefore, the need to record impairment considers, individually or jointly, situations such as: a significant decrease in profits, of cash flows or in the net financial position of the issuer from the acquisition date, changes in the economic and technological context of the investee, which have an adverse impact on its current and future income, equity and financial situation.When these events occur, if the fair value of the security is 30% lower than the book value or the time period of a situation of fair value lower than the book value is above 12 months, the company will conduct an analysis of the fundamental economic values of the investments and, in general, of the conditions that negatively impacted the market performance of the investment so as to keep the investment closely monitored.
Moreover, impairment is automatically recognised in the event of a significant or prolonged decline in the fair value of the investment below its cost, supported by one of the following two parameters:

- fair value of the security 75% lower than the book value initially recognised;
- persistence of the situation of fair value lower than the book value initially recognised for a time period of more than 20 months.

These criteria, as far as applicable, are also adopted for the impairment of shares of funds held.
Specifically, when an impairment loss occurs, the write-down of the financial asset is posted to the income statement through a reversal from the revaluation reserve recognised under equity up to the limit of the same, and the remaining amount is posted directly in the income statement. With regard to equities for which previous impairment losses have been recognised, the loss is determined using the “original cost” of the investment as reference, not the value determined following the previous impairment. Therefore, the “significance” and “prolonged nature” of the decrease in fair value, which resulted in the recognition of an impairment loss to be transferred to the income statement, are commensurate to the amount of the original cost of the investment and the duration of the period in which it dropped below the original cost.
For the investments in Fondo Progressio Investimenti II (Progressio Investimenti II Fund) and IGI Sud, as at 30 September 2014 these investments were written down in the financial statements after maintaining fair values drawn from their respective net current assets that were lower than their historical cost for a period of time exceeding 20 months. Therefore, their recoverable values determined as at 31 March 2015 were posted to the income statement for EUR 0,9 million.

By contrast, for Opera 2 Participations S.C.A. as at 31 March 2015, this security showed a reduction in its current recoverable values estimated based on criteria that reflect its current fundamental economic value, considered unrecoverable, with the corresponding recognition of a write-down of EUR 0,1 million in the income statement.

## 10. Sundry receivables and other assets

The item “Sundry receivables and other assets” totalled EUR 264 thousand (EUR 278 thousand as at 30 September 2014) and is composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Tax receivables | 35 | 35 |
| Other receivables | 209 | 219 |
| Other assets | 20 | 24 |
| | **264** | **278** |

## 11. Prepaid tax assets

These totalled EUR 6,3 million, up by EUR 0,8 million.

The item tax assets is mainly composed of the contribution from the Fashion District Group to the tax consolidation, which consists of prepaid taxes totalling EUR 5,4 million. The Advisory sector contributed EUR 0,6 million, while the remainder of EUR 0,3 million relates to companies in the Private Equity sector.

Changes in the item tax assets with a contra-item in the income statement are as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Prepaid taxes** | | |
| Assets/liabilities held for trading | - | 6 |
| Property, plant and equipment/intangible assets | - | 992 |
| Allocations | 1.332 | 503 |
| Other assets/liabilities | 249 | 272 |
| Receivables | 1.592 | 1.323 |
| Retained losses | 3.142 | 2.401 |
| Other | 14 | 8 |
| | **6.329** | **5.505** |

Changes in the item tax assets with a contra-item in the income statement are as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Opening Balance** | **5.483** | **8.441** |
| **Increases** | **5.803** | **1.580** |
| **Prepaid taxes recorded in the year:** | **2.482** | **1.564** |
| - relating to previous years | - | - |
| - other | 2.482 | 1.564 |
| Increases in tax rates | - | - |
| Other increases | 3.321 | 16 |
| **Decreases** | **(4.986)** | **(4.537)** |
| **Prepaid taxes cancelled in the year:** | **(4.594)** | **(1.654)** |
| - reversals | (4.594) | (1.654) |
| Decreases in tax rates | - | - |
| Other reductions | (392) | (2.883) |
| | **6.300** | **5.483** |

Changes in the item tax assets with a contra-item in equity are as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Opening Balance** | **22** | **86** |
| **Increases** | **27** | **10** |
| **Prepaid taxes recorded in the year:** | **15** | **-** |
| - relating to previous years | - | - |
| - other | 15 | - |
| Increases in tax rates | - | - |
| Other increases | 12 | 9 |
| **Decreases** | **(20)** | **(74)** |
| **Prepaid taxes cancelled in the year:** | **(8)** | **(74)** |
| - reversals | (8) | (74) |
| Decreases in tax rates | - | - |
| Other reductions | (12) | - |
| | **29** | **22** |

The item acknowledges the reclassification, of EUR 3,3 million, of prepaid taxes previously recorded under assets held for disposal.

Prepaid taxes are recognised given that it is deemed likely that positive taxable income will be generated to allow the use of the amount recognised as at 31 March 2015.

Management recorded the value of deferred tax assets in Group companies up to the value for which it deems their recovery likely, also taking into account a prudent appreciation in the assumptions envisaged over a medium-term period and the fact that the net deferred tax assets allocated refer to temporary differences/tax losses, whose recovery has been valued based on the time period implicit in the Group's planning. The tax losses of the Mittel S.p.A. tax consolidation as at 31 March 2015, for which no prepaid taxes were allocated, amounted to EUR 35,6 million, an increase due to the changes in the period with respect to EUR 30,8 million as at 30 September 2014.

The Group companies did not set aside any deferred tax assets on tax losses, unless within the limits of the amount recorded under current taxes considered recoverable in the year through the fee due in accordance with the provisions of the tax consolidation contract.

In addition to the tax consolidation losses, Mittel S.p.A. recorded, following the positive response received last year to the questions submitted, tax losses of EUR 60,0 million relating to the merged companies Hopa S.p.A. and Tethys S.p.A., in respect of which, for the above reasons, no prepaid taxes were recognised.

## Current assets

### 12. Property inventories

As at 31 March 2015, the item amounted to EUR 116,7 million, an increase of EUR 0,9 million compared to 30 September 2014. In particular, the item is composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Properties under construction | 108.599 | 107.721 |
| Properties under development | 8.070 | 8.070 |
| Properties held for trading | 0 | 0 |
| | **116.669** | **115.791** |

The item "properties under development" refers to a development site in the province of Catania held via Parco Mediterraneo S.r.l., a subsidiary of Fashion District Group.

The inventories under “properties under construction” relate to the following companies:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Breme S.r.l. | 11.621 | 11.514 |
| CAD Immobiliare S.r.l. | 19.527 | 20.119 |
| Fede S.r.l. | 8.083 | 8.277 |
| Gamma Tre S.r.l. | 6.148 | 5.992 |
| Iniziative Nord Milano S.r.l. | 8.300 | 8.300 |
| Lucianita S.r.l. | 6.524 | 7.992 |
| Mittel Investimenti Immobiliari S.r.l. | 14.199 | 14.060 |
| MiVa S.r.l. | 16.638 | 16.324 |
| Regina S.r.l. | 1.653 | 1.617 |
| Santarosa S.r.l. | 15.906 | 13.526 |
| **Total** | **108.599** | **107.721** |

| | 30.09.2014 | Initiative transfers | Increases for capitalisation of costs | Decreases for sales | Write-downs | Other changes | 31.03.2015 |
|---|---|---|---|---|---|---|---|
| Breme S.r.l. | 11.514 | | 107 | | | | 11.621 |
| CAD Immobiliare S.r.l. | 20.119 | | 5 | (596) | | | 19.528 |
| Fede S.r.l. | 8.277 | | - | (194) | | | 8.083 |
| Gamma Tre S.r.l. | 5.992 | | 156 | | | | 6.148 |
| Iniziative Nord Milano S.r.l. in liquidation | 8.300 | | - | | | | 8.300 |
| Lucianita S.r.l. | 7.992 | | 320 | (1.788) | | | 6.524 |
| Mittel Investimenti Immobiliari S.r.l. | 14.060 | | 139 | | | | 14.199 |
| MiVa S.r.l. | 16.324 | | 313 | | | | 16.637 |
| Regina S.r.l. | 1.617 | | 36 | | | | 1.653 |
| Santarosa S.r.l. | 13.526 | | 2.708 | | | (329) | 15.906 |
| **Totale** | **107.721** | | **3.785** | (2.579) | - | (329) | **108.599** |

## 13. Financial receivables

As at 31 March 2015, the item amounted to EUR 5,2 million, a decrease of EUR 18,1 million, and is composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Loans | 4.337 | 10.114 |
| Other receivables | 897 | 13.234 |
| Security deposits | - | - |
| | **5.234** | **23.348** |

The item Loans is composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Loans - financial institutions | 3.275 | 3.266 |
| Loans - customers | 1.062 | 6.848 |
| | **4.337** | **10.114** |

Current financial receivables are mainly composed of the following:

- EUR 3,1 million for the outstanding receivable for a giro account credit balance in place between Earchimede and Mittel Generale Investimenti S.p.A.;
- EUR 1,0 million for a credit position in relation to the subsidiary Locaeffe S.r.l. in liquidazione (in liquidation);
- EUR 0,9 million for the liquidity stock held with a financial intermediary for trading transactions of Mittel Partecipazioni Stabili S.r.l. (EUR 0,3 million) and of Mittel S.p.A. (EUR 0,6 million);
- EUR 0,2 million as interest accrued, still not collected, on the mortgage loan due from Fondo Augusto.

As regards the decrease in the item compared to the balance recorded as at 30 September 2014, the main variation is due to the collection of the deferred price (earn-out) provided for the definitive transfer of management of the Valmontone outlet (Rome) collected in the half totalling EUR 12,4 million.

## 14 Other financial assets

As at 31 March 2015 the item refers mainly to the valuation of the share of securities held by Mittel S.p.A. for EUR 13 million and by Mittel Partecipazioni Stabili S.r.l. (EUR 33,2 million), reclassified under current assets as a result of the planned disposal of said securities in the next year. For details of the listed securities of Mittel Partecipazioni Stabili, please see the table at the bottom of note no. 9 "Other financial assets".

The item is composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Bonds | - | - |
| Equity instruments | 46.169 | 15.812 |
| Derivative financial instruments | 142 | - |
| | **46.311** | **15.812** |

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Bonds | - | - |
| Equity instruments | **46.169** | **15.812** |
| - securities held for trading | 12.697 | 9.305 |
| - available-for-sale financial assets | 33.202 | 6.507 |
| Derivative financial instruments | 142 | - |
| | **46.311** | **15.812** |

## 15. Tax assets

As at 31 March 2015, the item amounted to EUR 16,1 million, a decrease of EUR 1,4 million compared to 30 September 2014.

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| IRES (corporate income tax) | 13.932 | 14.834 |
| IRAP (regional business tax) | 1.364 | 2.014 |
| Other taxes | 801 | 644 |
| | **16.097** | **17.492** |

The item showed the following changes:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Opening balance** | **17.492** | **15.935** |
| **Increases** | **2.454** | **3.565** |
| **Current tax assets recorded in the period:** | **229** | **2.887** |
| - relating to previous years | - | 1.424 |
| - other | 229 | 1.463 |
| Other increases | 2.225 | 678 |
| **Decreases** | **(3.849)** | **(2.008)** |
| **Current tax assets cancelled in the period:** | **(246)** | **(63)** |
| - reimbursements | (246) | (63) |
| - Other decreases | (3.604) | (1.945) |
| | **16.097** | **17.492** |

## 16. Sundry receivables and other assets

As at 31 March 2015, the item amounted to EUR 22,1 million, decreasing by EUR 1,3 million, and was composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Trade receivables | 4.990 | 5.743 |
| Receivables from leases | 149 | 868 |
| Other tax receivables | 12.601 | 12.701 |
| Other receivables | 3.741 | 3.030 |
| Accrued income and prepaid expenses | 627 | 1.047 |
| | **22.108** | **23.389** |

The item trade receivables is mainly comprised of receivables due from the customers of the companies in the Advisory sector deriving from ordinary operations (EUR 3,8 million), EUR 0,4 million from companies in the real estate sector and EUR 0,7 million for the contribution from the Outlet sector.
Receivables from leases refer to the Outlet group’s contribution to the consolidated financial statements, and refer to lease rentals still to be collected from some tenants of the centres.
Tax receivables refer to: EUR 5,1 million in VAT receivables; EUR 7,5 million in other current tax receivables, of which EUR 7,2 million for the IRES (corporate income tax) receivable, for which a refund was requested, subject to acquisition by Bios S.p.A., in execution of the contract for the purchase of the portion of share capital of Tethys S.p.A. on 18 May 2011.
The item ‘other receivables’ is comprised, for EUR 2,7 million, of other receivables and advances to suppliers booked by companies in the real estate sector and other receivables amounting to EUR 0,9 million of the Fashion District Group S.p.A. Group.

## 17. Cash and cash equivalents

Cash and cash equivalents, amounting to EUR 73,3 million (EUR 32,4 million as at 30 September 2014), include cash held by Group companies and investments in bank deposits. The item is composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Cash | 24 | 706 |
| Bank and postal deposits | 73.241 | 31.718 |
| | **73.265** | **32.424** |

As regards changes in the item, please refer to the consolidated cash flow statement. Cash and cash equivalents are mainly held in the accounts of the subsidiaries Earchimede S.p.A. and Fashion District Group S.p.A., which cumulatively recorded cash and cash equivalents of EUR 60,0 million as at 31 March 2015.

## 18. Assets held for sale

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Non-current assets held for disposal** | | |
| Investments | 245 | |
| Other non-current assets | | 131.435 |
| | **245** | **131.435** |

These amounted to EUR 245 thousand and refer to the value of the investee Progressio SGR S.p.A. recorded under assets held for sale as a result of the exercising of a PUT option which provides for the transfer of the same to a third party company. As at 30 September 2014, the item was composed of the set of assets relating to property complexes and the management of the Mantua and Molfetta outlet centre controlled by Fashion District Group S.p.A..

## 19. Equity pertaining to the Group

Equity pertaining to the Group stood at EUR 330,1 million, an increase of EUR 49,5 million over 30 September 2014.

The breakdown of Equity pertaining to the Group is shown in the following table:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Share capital | 87.907 | 87.907 |
| Legal reserve | 16.760 | 16.760 |
| Treasury shares | (26.515) | (26.515) |
| Share/holding premium reserve | 53.716 | 53.716 |
| Valuation reserves | 111.420 | 52.746 |
| Other reserves | 92.712 | 120.904 |
| Profit (loss) of previous years | 2.149 | 8.677 |
| Profit (loss) for the period | (8.021) | (33.590) |
| **Equity** | **330.128** | **280.605** |

Changes in equity during the half year are shown in detail in the relative table attached previously.

*Share capital*

Share capital is made up of 87.907.017 ordinary shares with a nominal value of EUR 1,00.

*Treasury shares*

As at 31 March 2015, the Parent Company held 15.308.706 treasury shares.

*Valuation reserve*

The Valuation Reserve relates to the fair value adjustment to the following financial assets, represented by equity securities, classified as available for sale net of the associated taxes.

The breakdown and changes in the valuation reserve in the half ended 31 March 2015 are shown below:

| Fair value measurement reserve | Evaluation reserve pertaining to the Group as at 01.10.2014 | Fair value changes | | Release of reserve to the income statement for transfers of financial assets | Release of reserve to the income statement for fair value impairment | Evaluation reserve pertaining to the Group as at 31.03.2015 | Share pertaining to non controlling interests as at 30.09.31.03.2015 | Total evaluation reserve as at 30.09.31.03.2015 |
|---|---|---|---|---|---|---|---|---|
| | | Increases | Decreases | | | | | |
| **Available-for-sale financial assets:** | | | | | | | | |
| Ubi Banca Scpa | 6.685 | 1.086 | - | - | - | 7.771 | | 7.771 |
| Intesa San Paolo SpA | 7.949 | 4.028 | - | (927) | - | 11.050 | | 11.050 |
| RCS Media Group SpA | - | 209 | - | - | - | 209 | | 209 |
| Isa SpA | 969 | - | - | - | - | 969 | | 969 |
| Fondo Cosimo I | 745 | - | (25) | - | - | 720 | | 720 |
| Fondo Augusto | - | 47 | - | - | - | 47 | | 47 |
| Mc Link SpA | (16) | 13 | - | - | - | (3) | | (3) |
| Editoriale Vita SpA | - | 4 | - | - | - | 4 | | 4 |
| Frendy Energy SpA | 22 | - | (21) | - | - | 1 | | 1 |
| SIA - SSB SpA | 1.168 | - | - | - | - | 1.168 | | 1.168 |
| Equinox Two SCA (Mittel S.p.A.) | 183 | 463 | - | - | - | 646 | | 646 |
| Equinox Two SCA (Earchimede S.p.A.) | 285 | 659 | - | - | - | 944 | 167 | 1.111 |
| Investitori Associati II SA (in liquidation) | 457 | - | (13) | - | - | 444 | 78 | 522 |
| Industrial Stars | - | 22 | - | - | - | 22 | - | 22 |
| Fondo Pioneer | 105 | 6 | - | - | - | 111 | 84 | 195 |
| **Total** | **18.552** | **6.537** | **(59)** | **(927)** | **-** | **24.103** | **329** | **24.432** |
| | | | | | | - | | - |
| **Investments valued using the equity method:** | | | | | | | | - |
| Tower 6 bis S.a.r.l. | 17.700 | 14.039 | - | - | | 31.739 | | 31.739 |
| Bios SpA | 16.470 | 39.408 | - | - | | 55.878 | | 55.878 |
| Brands Partners 2 SpA | 127 | - | - | (127) | | - | | - |
| Castello SGR SpA | 31 | - | (157) | - | | (126) | | (126) |
| **Total** | **34.328** | **53.447** | **(157)** | **(127)** | **-** | **87.491** | | **87.491** |
| | | | | | | | | - |
| **Employee defined benefit plans (IAS 19 revised):** | | | | | | | | - |
| Reserve for actuarial gains and losses | (135) | - | (39) | - | | (174) | (19) | (193) |
| | **52.745** | **59.984** | **(255)** | **(1.054)** | **-** | **111.420** | **310** | **111.730** |

## *Other comprehensive profit/(loss)*

The value of Other profits/(losses) is composed as follows:

| | | | Non controlling interests | | Income (loss) pertaining to the Group | |
|---|---|---|---|---|---|---|
| | **01.10.2014 31.03.2015** | **01.10.2013 31.03.2014** | **01.10.2014 31.03.2015** | **01.10.2013 31.03.2014** | **01.10.2014 31.03.2015** | **01.10.2013 31.03.2014** |
| **Profit (loss) for the year (A)** | **(8.646)** | **(5.170)** | **(625)** | **(5.321)** | **(8.021)** | **151** |
| Effective part of the profits/(losses) on cash flow hedges | - | 322 | - | 115 | - | 207 |
| Profits/(losses) from the redetermination of available-for-sale financial assets | 6.598 | 7.931 | 118 | (14) | 6.480 | 7.945 |
| Profits/(losses) from the transfer of available-for-sale financial assets | (927) | (4.016) | - | - | (927) | (4.016) |
| Release to the income statement of losses for fair value impairment of available-for-sale financial assets | - | 353 | - | 39 | - | 314 |
| Profits/(losses) of companies valued using the equity method | 53.163 | 3.434 | - | - | 53.163 | 3.434 |
| Profits/(losses) from remeasurement of defined benefit plans | (77) | (5) | (23) | 12 | (54) | (17) |
| Tax effect relating to other profits/(losses) | 19 | (378) | 6 | (35) | 13 | (343) |
| **Total other profits/(losses), net of taxes (B)** | **58.776** | **7.641** | **102** | **117** | **58.675** | **7.524** |
| **Total comprehensive profit/(loss) (A) + (B)** | **50.130** | **2.471** | **(523)** | **(5.204)** | **50.654** | **7.675** |

The tax effect relating to Other consolidated profits/(losses) is composed as follows:

| | **01.10.2014 31.03.2015** | | | **01.10.2013 31.03.2014** | | |
|---|---|---|---|---|---|---|
| | **Gross value** | **Tax expense/benefit** | **Net value** | **Gross value** | **Tax expense/benefit** | **Net value** |
| Effective part of the profits/(losses) on cash flow hedges | - | - | - | 322 | (89) | 233 |
| Profits/(losses) from the redetermination of available-for-sale financial assets | 6.598 | (2) | 6.596 | 7.931 | (115) | 7.816 |
| Profits/(losses) from the transfer of available-for-sale financial assets | (927) | - | (927) | (4.016) | - | (4.016) |
| Release to the income statement of losses for fair value impairment of available-for-sale financial assets | - | - | - | 353 | - | 353 |
| Profits/(losses) of companies valued using the equity method | 53.163 | - | 53.163 | 3.434 | (176) | 3.258 |
| Profits/(losses) from remeasurement of defined benefit plans | (77) | 21 | (56) | (5) | 2 | (3) |
| Other components of the statement of comprehensive income reclassified to the income statement | - | - | - | - | - | - |
| **Total other profits/(losses)** | **58.757** | **19** | **58.776** | **8.019** | **(378)** | **7.641** |

## 20. Non-controlling interests

The breakdown of equity pertaining to non-controlling interests is shown in the following table:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Share capital pertaining to non controlling interests | 6.231 | 6.305 |
| Tresury shares pertaining to non controlling interests | - | - |
| Other reserves pertaining to minority interests | 32.153 | 50.857 |
| Non controlling interests - Reserve from available-for-sale financial assets | 329 | 211 |
| Non controlling interests - Cash flow hedge reserve | - | - |
| Non controlling interests - Reserve from valuation IAS 19 | (19) | - |
| Profit (loss) for the year pertaining to non controlling interests | (625) | (18.358) |
| **Equity pertaining to non-controlling interests** | **38.069** | **39.015** |

# Non-current liabilities

## 21. Bond loans

The item “Bond Loans”, recognised under current and non-current liabilities, for the respective shares falling due, was composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Bond "Mittel S.p.A. 2013-2019" TF 6%** | | |
| Current portion | 1.302 | 1.313 |
| Non current portion | 96.924 | 96.661 |
| | **98.225** | **97.974** |

More specifically, the liability for Bond Loans breaks down as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Current portion** | | |
| Bond "Mittel S.p.A. 2013-2019" TF 6% | 1.301 | 1.313 |
| **Non current portion** | | |
| Bond "Mittel S.p.A. 2013-2019" TF 6% | 99.854 | 99.854 |
| **Total nominal repayment** | **101.155** | **101.167** |
| Evaluation at amortized cost | (2.930) | (3.193) |
| **Total book value** | **98.225** | **97.974** |

The single issue of the bonds in service of the OPSC and OPSO has a duration of 6 years from the issue date, accrues annual interest of at least 6% and is earmarked for listing on the MOT (Screen-based bond market).
Starting from the fourth year from the issue date, Mittel will have the right of early redemption from a minimum of 25% up to a maximum of 50% of the value of the bond issued.

The bonds involved in the OPSO were offered and issued at a price equal to 98,500% of their nominal value ("Offer Price"). The bonds accrue interest, from the Loan Use Date (12 July 2013) to the Loan Expiry Date (12 July 2019), at the gross definitive fixed annual nominal rate (the "Nominal Interest Rate") of 6,000%.

The gross effective annual rate of return on expiry of the Bonds involved in the OPSO, (i) calculated on the basis of the Nominal Interest Rate of the Bonds of 6,000% and the Offer Price equal to 98,500% of the nominal value of said Bonds and (ii) assuming that the Issuer does not make any early redemption of the Bonds, is equal to 6,304%.
The Bonds paid during the OPSC have the same characteristics as the bonds involved in the OPSO and, therefore, accrue interest, from the Loan Use Date (12 July 2013) to the Loan Expiry Date (12 July 2019), at the gross definitive fixed annual nominal rate (the "Nominal Interest Rate") of 6,000%. The gross annual rate of return on expiry of the Bonds offered for exchange, (i) calculated on the basis of the Nominal Interest Rate and of the issue price of the Bonds offered for exchange equal to 100% of the nominal value and (ii) assuming that the Issuer does not make any early redemption, is equal to 6,000%, and, therefore, coincides with the Nominal Interest Rate.
The prospectus for the bond loan is available on the website www.mittel.it, in the section "Investor Relations".
The Bonds were listed on the MOT from 12 July 2013.
Therefore, the total nominal value and the number of the bonds issued in service of the OPSC and OPSO, with a nominal value of EUR 1,75 each as at 31 March 2015 were as follows:

| | Bonds issued in the OPSO | Bonds issued in the OPSC | Outstanding bonds |
|---|---|---|---|
| **Number of bonds** | | | |
| Bond "Mittel S.p.A. 2013-2019" TF 6% | 42.272.697 | 14.786.458 | 57.059.155 |
| **Nominal value of bonds redemption (Euro)** | | | |
| Bond "Mittel S.p.A. 2013-2019" TF 6% | 73.977.220 | 25.876.302 | 99.853.522 |

The following table summarises the main terms and conditions of the bond loan issued:

| | Currency | Issue amount (Euro) | Redemption Nominal Value Euro | Interest rate and coupon timing | Issue date | Expiry date | Issue price per bond (Euro) |
|---|---|---|---|---|---|---|---|
| Bond "Mittel S.p.A. 2013-2019" subscription public offer ("OPSO") | Euro | 72.867.561 | 73.977.220 | yearly 6,00% coupon paid every six months on a deferred basis | **12/07/13** | **12/07/19** | **1,75** |
| Bond "Mittel S.p.A. 2013-2019" public exchange offer ("OPSC") | Euro | 25.876.302 | 25.876.302 | | | | |
| | | **98.743.863** | **99.853.522** | | | | |

Note that for the purposes of drawing up the consolidated half-yearly financial statements, in line with previous periods, no separate value was recognised for the right to partial early redemption in the fourth and/or fifth year of the term of the bond loan, for an amount of 25% or 50% of the nominal value of the loan for each year of partial early redemption, without prejudice to the maximum limit of 50% of the nominal value which may overall be subject to early redemption based on a partial early redemption price in the fourth year at 102% of the nominal value and in the fifth year at 101% of the nominal value. This right pertains to a call option for early redemption incorporated in a host debt contract represented by the bond loan, which may influence the redemption cash flows, with regard to the trend in the benchmark interest rates and based on its economic characteristics.
The issuer's call option can be measured based on the difference between the fair value of the embedded instrument (equal to the product of the amount of principal redeemed and the effective interest rate spread of the host debt compared to the interest rate perceptible at the date of early redemption, which may be reinvested in an equivalent contract for the term of redemption of the host debt) and the fair value of the host contract. Nonetheless, note that the lender of the host instrument (the bondholders) have no influence on the

issuer's call option. Therefore, the option should be deemed strictly correlated to the host financial instrument, and impossible to record separately in the accounts from the host debt.
Furthermore, at the current state of play, the consideration for the year for the early redemption option of the issuer does not reimburse the bondholders in an amount equal to or less than the approximate present value of the interest lost during the residual term of the bond loan.

## 22. Financial payables

As at 31 March 2015, the item amounted to EUR 3,6 million, a decrease of EUR 37,5 million over 30 September 2014.

The item is composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Bank loans | - | 37.511 |
| Other loans | - | - |
| Financial leasing payables | - | - |
| Other financial payables | 3.640 | 3.640 |
| | **3.640** | **41.151** |

The item other financial payables is comprised of third party shareholder loans received from the real estate companies Breme S.r.l. (EUR 0,3 million), Gamma Tre S.r.l. in liquidation (EUR 0,2 million), Fede S.r.l. (EUR 0,1 million), Lucianita S.r.l (EUR 0,3 million), Mi.Va S.r.l. (EUR 1,6 million), Santarosa S.r.l. (EUR 0,2 million) and Iniziative Nord Milano S.r.l. (EUR 1 million).

The decrease is due to the reclassification to current payables of financial payables recorded by Mittel S.p.A. and Mittel Investimenti Immobiliari S.r.l. due to the approaching expiry of the same. In particular, the item was composed, as at 30 September 2014, for EUR 31,7 million, of the loan granted to Tethys S.p.A., subsequently incorporated in the Parent Company, by Banca Popolare di Lodi S.p.A. and Banca Monte dei Paschi di Siena S.p.A. for the acquisition of the Hopa S.p.A. investment. This loan was disbursed on 23 December 2008, expiring on 23 December 2015, and contains a set of clauses and commitments of Mittel, which are usual for that type of loan. Specifically, the contract provides for, inter alia: (i) commitments by Mittel S.p.A. not to implement specific types of extraordinary transactions without the advance approval from the banks, (ii) a negative pledge, and (iii) pari passu clauses, i.e., of non-deferral, which, if breached, could result in Mittel's obligation of early repayment of the amounts disbursed, with resulting negative effects on the Group's economic, equity and financial position.

## 23. Provisions for personnel

As at 31 March 2015, the item amounted to EUR 2,0 million, decreasing by EUR 0,3 million, and was composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Employee severance indemnity | 1.965 | 2.275 |
| Other allowances | - | - |
| | **1.965** | **2.275** |

Employee severance indemnity, which includes indemnities accrued by employees, already net of employee advances, refers to the Parent Company and subsidiaries operating in Italy.

The change in the item during the period is as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Opening balances** | **2.275** | **2.313** |
| **Increases:** | | |
| - Allocation in the period | 176 | 505 |
| - Increase due to business combination | - | - |
| - Other increases | 24 | 13 |
| | | |
| **Decreases:** | | |
| - Liquidations carried out | (562) | (367) |
| - Other decreases | 52 | (189) |
| | **1.965** | **2.275** |

The valuation was performed on the basis of IAS 19, given that Employee Severance Indemnity is similar to a "post-employment benefit" of the "defined benefit plan" type, whose amount already accrued must be projected in the future to estimate the amount to be paid when the employment relationship ends and must then be discounted, using the "Projected unit credit method", to take account of the time that will elapse before the actual payment.

The actuarial assumptions adopted refer to:

a) assumptions regarding the causes of exit from the Group: death, total and permanent disability, staff turnover, such as resignations, dismissals and retirement due to seniority and old age;

b) economic and financial assumptions: rate of discounting of future services; salary growth curve, which determines the trend in remuneration; annual inflation and the rate of return recognised annually on accrued employee severance indemnity;

c) additional assumptions were formulated on the frequency of advances on employee severance indemnity, on tax withholdings and, on the whole, on the legislation in force.

All assumptions used in the valuations, given the small sample size of the community in question, were taken from market experiences, and reflect the current corporate, legislative and existing market conditions at the valuation date, and are based on the assumption of the company as a going concern.

Note that for discounting, AA-rated EUR Composite rates were used.

As regards the quantification of employee severance indemnity, governed by art. 2120 of the Italian Civil Code, a portion of 7,41% of the amount of projected remuneration was calculated for each year of service, valid for employee severance indemnity purposes and due for the same year. The contribution to the employee severance indemnity (TFR) guarantee fund established at INPS (National Social Security Institute) is deducted from this amount.

The amount of projected salary in future years has been estimated, for each employee, annually increasing the salary of the year to which the valuation refers, valid for employee severance indemnity purposes, based on the projected inflation rate and other contractual increases. The projections also take account of any employee severance indemnity additions, communicated by the Parent Company.

For revaluation purposes, employee severance indemnity is increased, with the exclusion of the portion accrued in the year, each year through the application of a rate with a fixed component of 1,50%, on a fixed basis, and a variable component of 75% of the projected inflation rate. Substitute income tax of 17% is applied on annual returns (this rate was raised from 11% to 17% due to the legislative amendment pursuant to paragraph 623, art. 1 of Law no. 190 of 23 December 2014 – 'Stability Law').
For each of the basic assumptions, an analysis is performed on the effect on the results of actuarial evaluations of a variation of 10% more or 10% less than said amount. One amount was varied at a time, without prejudice to all other amounts.
It should be pointed out that, for example, by focusing attention on the discount rate of 1,52%, an increase in the rate of 10% (from 1,10% to 1,21%) involves, on the whole, a reduction of around 0,96% in the amount of the employee severance indemnity provision on an IAS basis - for Companies as at 31 March 2015.

Similarly, a reduction in the annual rate of inflation of 10% (from 1,00% to 0,90%) involves, on the whole, a reduction of 0,77% in the amount of the provision for Group Companies as at 31 March 2015.

## 24. Deferred tax liabilities

These amounted to EUR 17,3 million and include deferred taxes calculated on the basis of temporary differences which emerge between the values of assets and liabilities in the financial statements and the corresponding values relevant for tax purposes.

The item is composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Tax liabilities whit contra-item in income statement | 10.842 | 11.891 |
| Tax liabilities with contra-item in shareholders' equity | 6.437 | 8.661 |
| | **17.279** | **20.552** |

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Deffered liabilities** | | |
| Receivables | 10.834 | 11.971 |
| Assets/liabilities held for sale | 296 | 296 |
| Investments | - | - |
| Property, plant and equipment/intangibles assets | 6.111 | 8.249 |
| Other assets/liabilities | 38 | 36 |
| Other | - | - |
| | **17.279** | **20.552** |

This item primarily included EUR 8,3 million in deferred taxes calculated on the value adjustment to the receivable due to Ghea from Bios and EUR 8,7 million from the contribution to the consolidated total of the Outlet sector. The contribution to the consolidated total of the Fashion Group, amounting to EUR 8,7 million, is mainly determined, for EUR 6,1 million, by deferred taxes calculated for the transfer to IDEA Fimit Sgr of the Mantua and Molfetta outlets and the two subsidiaries Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l, divided into instalments over five years and, for EUR 2,5 million, the tax effect deriving from the allocation of deferred taxes calculated on the collection of the deferred price (‘earn-out’) on the transfer to RREEF Inv. Gmbh of ownership of the business unit, including the commercial licences relating to the Valmontone outlet (Rome) by the subsidiary Fashion District Roma S.r.l..

Changes in the item tax liabilities with a contra-item in the income statement are as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Opening balance** | **11.979** | **12.571** |
| **Increases** | **517** | **50** |
| **Deferred taxes recorded in the period:** | **517** | **42** |
| - relating to previous years | - | - |
| - other | 517 | 42 |
| Increases in tax rates | - | - |
| Other increases | - | 8 |
| **Decreases** | **(1.654)** | **(730)** |
| **Deferred taxes cancelled in the period:** | **(1.654)** | **(730)** |
| - reversals | (1.654) | (730) |
| Decreases in tax rates | - | - |
| Other reductions | - | - |
| | **10.842** | **11.891** |

Changes in the item tax liabilities with a contra-item in equity are as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Opening balance** | **8.573** | **25.175** |
| **Increases** | **(2)** | **186** |
| **Deferred taxes recorded in the period:** | **(2)** | **186** |
| - relating to previous years | - | - |
| - other | (2) | 186 |
| Increases in tax rates | - | - |
| Other increases | - | - |
| **Decreases** | **(2.134)** | **(16.700)** |
| **Deferred taxes cancelled in the period:** | **(2.138)** | **(8.933)** |
| - reversals | (2.138) | (8.933) |
| Decreases in tax rates | - | - |
| Other reductions | 4 | (7.767) |
| | **6.437** | **8.661** |

The changes in deferred taxes in the table above indicated in the section “tax liabilities with contra-item in equity” partly feeds the amount in note 49 of the explanatory notes “Income taxes - Deferred tax liabilities”, as a result of the reversal of deferred taxes relating to the revaluation of the value of land/properties of the subsidiary Fashion District S.p.A. which, in previous years, originated as a contra-item in equity and which, from the current year, will be reversed in five years as a contra-item in the income statement.

## 25. Provisions for risks and charges

As at 31 March 2015, the item amounted to EUR 12,2 million, an increase of EUR 0,5 million, and was composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Provision for risks:** | | |
| Legal disputes | - | - |
| Disputes with personnel | - | - |
| Contractual disputes | 9.081 | 7.276 |
| Other disputes | 284 | 150 |
| **Other provisions:** | | |
| Expenses for personnel | - | - |
| Other expenses | 2.876 | 4.296 |
| | **12.241** | **11.722** |

The item saw the following changes:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Opening balance** | **11.722** | **5.688** |
| **increases:** | | |
| Allocation in the period | 2.757 | 6.599 |
| Other increases | (6) | - |
| **Decreases:** | | |
| Use in the period | (2.217) | (532) |
| Other decreases | (15) | (33) |
| | **12.241** | **11.722** |

The item Provision for risks and charges is composed of allocations made by Mittel S.p.A. of EUR 9,2 million, by the real estate sector for EUR 2,3 million, by the advisory sector for EUR 0,2 million and by the real estate sector for EUR 0,4 million.
The allocation of the Parent company Mittel is mainly composed, for EUR 8,7 million, of the allocation for contractual risks of EUR 0,4 million and allocations linked to ongoing and potential legal disputes.
The allocation of the outlet sector records the current obligation relating to a rental contract of the subsidiary Loft S.r.l. in place; the contribution of the real estate sector, of EUR 0,4 million, refers to the provision for risks allocated to cover the costs which will be incurred in relation to delays in the delivery of residential units, for which the necessary deeds have still to be drawn up.
Lastly, the contribution of the advisory sector, refers to the allocation of costs relating to other disputes regarding an ongoing labour law case.
These provisions are allocated to cover potential losses. At the date of these financial statements, the amounts and date of occurrence were still undetermined.

## 26. Sundry payables and other non-current liabilities

These amounted to EUR 0,8 million, essentially in line with the value of EUR 0,9 million recorded as at 30 September 2014. The item includes EUR 0,1 million for the residual payable to the Direzione Regionale delle Entrate (Regional Revenue Department) for the payment resulting from the settlement of the Mittel Generale Investimenti dispute for the tax periods 2004-2005 and 2005-2006 and EUR 0,7 million for the payable deriving from the collection of earnest money following the sale of residential units by Miva Sr.l.

## Current liabilities

### 27. Bond loans

These amount to EUR 1,3 million and refer to the interest accrued in the period from 12 January 2015, the coupon registration date of the bond loan, to the date of these consolidated half-yearly financial statements.

### 28. Financial payables

The item totalled EUR 105,6 million, up by EUR 24,9 million.

The item is composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Bank loans | 67.889 | 66.968 |
| Current portion of medium/long-term bank loans | 37.702 | 12.531 |
| Other financial payables | - | 1.211 |
| | **105.591** | **80.710** |

The item Financial payables is composed mainly of the current bank payables of Mittel S.p.A. (EUR 84,0 million), Mittel Investimenti Immobiliari S.r.l (EUR 12,8 million), Mittel Partecipazioni Stabili S.r.l. (EUR 8,5 million and Mittel Advisory S.p.A. (EUR 0,2 million).

The loans of Mittel Partecipazioni Stabili S.r.l. are composed of a partially used credit line, in respect of which 4.500.000 Intesa Sanpaolo S.p.A. shares and 1.381.763 UBI Banca S.c.p.a. shares are pledged on the dossier at the daily Euribor rate plus 0,65 bps.

### 29. Other financial liabilities

Other financial liabilities totalled EUR 0,5 million, down by EUR 2,3 million. The item is composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Derivative financial instruments | 464 | 2.804 |
| Other financial liabilities | - | - |
| | **464** | **2.804** |

The item refers to the valuation of the negative fair values of the options subscribed by Mittel Partecipazioni Stabili S.r.l. and Mittel S.p.A..

The breakdown of the item relating to derivative financial instruments is as follows:

| | Type of underlying asset | | | | | |
|---|---|---|---|---|---|---|
| | Interest rates | Currencies | Equities | Other | 31.03.2015 | 30.09.2014 |
| **"Over the counter" derivative financial instruments** | | | | | | |
| Interest Rate Swap | - | - | - | - | - | 2.804 |
| Equity Linked Swap | - | - | - | - | - | - |
| Options | - | - | - | - | - | - |
| **Other derivative financial instruments** | | | | | | |
| Interes rate swap | - | - | - | - | - | - |
| Equity Linked Swap | - | - | - | - | - | - |
| Options | - | - | 464 | - | 464 | - |
| | | | | | **464** | **2.804** |

As regards the elimination of the item 'Interest Rate Swaps', it should be noted that these instruments were closed on 9 January 2015, following the full repayment of the underlying mortgages, as a result of the transfer of the Mantua and Molfetta Outlets. The consideration paid for the aforementioned extinguishment was essentially in line with the book value as at 30 September 2014, amounting to EUR 2,8 million.

## 30. Tax liabilities

As at 31 March 2015, the item amounted to EUR 1,9 million, an increase of EUR 0,9 million compared to the previous year, and is composed of tax payables which break down as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| IRES (corporate income tax) | 644 | 348 |
| IRAP (regional business tax) | 1.176 | 608 |
| Other | 111 | 61 |
| | **1.931** | **1.017** |

The item showed the following changes:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Opening balance** | **1.017** | **1.341** |
| **Increases** | **1.426** | **1.168** |
| **Current tax liabilities recorded in the period:** | **1.333** | **425** |
| - relating to previous years | - | - |
| - other | 1.333 | 425 |
| Other increases | 92 | 742 |
| **Decreases** | **(511)** | **(1.491)** |
| **Current tax liabilities cancelled in the period:** | **50** | **-** |
| - reimbursements | 50 | - |
| Other decreases | (561) | (1.491) |
| | **1.931** | **1.017** |

The payable refers to the contribution of the outlet sector and is related to the taxable income generated by both the transfer of the Mantua and Molfetta property complexes and the collection of the deferred price (earn-out) provided for the definitive transfer of management of the Valmontone outlet (Rome), collected in the half totalling EUR 12,4 million.

## 31. Sundry payables and other liabilities

This item amounted to EUR 14,9 million, down by EUR 11,3 million compared to the previous year. The item is composed as follows:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| Trade payables | 6.845 | 10.500 |
| Tax payables | 424 | 475 |
| Payables relating to employees | 986 | 1.862 |
| Payables relating to other personnel | 29 | 59 |
| Payables due to directors and statutory auditors | 1.070 | 866 |
| Payables due to social security institutions | 534 | 444 |
| Disputed | - | - |
| Other payables | 4.839 | 11.369 |
| Accrued expenses and deferred income | 135 | 667 |
| | **14.862** | **26.242** |

The item “trade payables” mainly includes the payables recorded by Fashion District Group S.p.A. for invoices received and to be received (EUR 2,2 million), the payables of real estate companies for the respective property projects in place (EUR 1,3 million) and trade payables recognised by the Parent Company Mittel S.p.A. (EUR 2,5 million) and the payables of the advisory sector (EUR 0,4 million).

The item “other payables” includes the contribution of the real estate companies (EUR 0,8 million), the contribution to the item “other payables” of the parent company Mittel S.p.A. (EUR 1,1 million), the contribution to the item of the subsidiary Earchimede S.p.A. (EUR 1,2 million) and the contribution of the Outlet sector (EUR 1,0 million).

# Information on the consolidated income statement

## 32. Revenues

The breakdown of revenues is shown below, with the main types highlighted:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| Revenues from property sales | 3.254 | 8.981 | 12.123 |
| Revenues from rent | 6.997 | 17.100 | 35.658 |
| Revenues from provision of services | 787 | 468 | 390 |
| Other revenues | 1.634 | 2.393 | 3.868 |
| | **12.672** | **28.942** | **52.039** |

The item revenues from property sales is composed of revenues from sales of properties. In particular, the item is composed of the contribution made by Lucianita S.r.l. (EUR 2,3 million), Cad Immobiliare S.r.l. (EUR 0,7 million) and Fede S.r.l. (EUR 0,3 million).

The item revenues from rent comprises EUR 6,6 million relating to the contribution of the Outlet sector to the consolidated total of the Mittel Group as well as EUR 0,1 million to the rental agreement in force on a portion of the property held by Fede S.r.l., and EUR 0,2 million for debits charged by Mittel S.p.A. for the leasing of offices owned.

Revenues from the provision of services relate to services provided by the parent company Mittel S.p.A. (EUR 0,2 million) and Fashion District Group S.p.A. (EUR 0,6 million) for chargebacks for outsourced direct debit, administrative and IT services.

Other revenues mainly comprise EUR 0,4 million in revenues from advisory services performed by Mittel Advisory S.p.A. and EUR 1,0 million for the activities performed by Mittel Advisory Debt & Grant S.p.A..

## 33. Other income

The breakdown of the item is shown in the following table:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| Recoveries of various expenses | 26 | 53 | 38 |
| Contingent assets | 67 | 561 | 1.630 |
| Income from elimination of assets | 131 | - | 11 |
| Other revenues and income | 351 | 783 | 3.590 |
| | **575** | **1.397** | **5.269** |

The item other revenues and income is mainly composed of the contribution from the Fashion District Group, relating to the compensation for the illegal tenancy of the outlet relating to rental agreements for business units terminated by law for which the tenants continued to occupy the space, as well as other compensation for contractual terminations.

## 34. Variations in property inventories

The breakdown of revenues is shown below, with the main types highlighted:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| Increases in property inventories | 3.786 | 1.903 | 3.877 |
| Decreases in property inventories | (2.579) | (6.500) | (8.855) |
| Write-down and losses in property inventories | - | - | (10.877) |
| | **1.207** | **(4.597)** | **(15.855)** |

As regards the changes in this item, see the information set forth in the tables and comments under the item Property inventories.

## 35. Costs for purchases

The breakdown of the item is shown in the following table:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| Purchases and property increases | (2.664) | (860) | (1.787) |
| Provision of services and consultancy | (228) | (114) | (170) |
| Urbanisation expenses | - | - | (308) |
| Registration tax | - | - | - |
| Insurance | (16) | (10) | (35) |
| Maintenance | (1) | (3) | (15) |
| Other | (201) | (184) | (545) |
| | **(3.110)** | **(1.171)** | **(2.860)** |

The item costs for purchases includes the contribution relating to the property initiative headed up by Santarosa S.r.l. (EUR 2,2 million) and, to a lesser extent, the other intiatives relating to the vehicles Lucianita S.r.l., Breme S.r.l. and Mittel Investimenti Immobiliari S.r.l..

Provision of services, amounting to EUR 0,2 million, is comprised of advisory services relating to studies and designs pertaining to property projects. The contributions to the item come from said initiatives indicated above and are attributable to the companies Santarosa S.r.l., Lucianita S.r.l., Breme S.r.l. and Mittel Investimenti Immobiliari S.r.l..

## 36. Costs for services

The breakdown of the item is shown in the following table:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| Legal consultancy | (676) | (466) | (2.637) |
| Notary consultancy | (73) | (107) | (164) |
| Other consultancy | (1.868) | (1.791) | (4.124) |
| General services and maintenance | (965) | (1.915) | (3.627) |
| Administrative, organisational and audit services | (231) | (198) | (444) |
| Project-based partner costs | (16) | (68) | (73) |
| Directors' fees | (544) | (4.583) | (5.182) |
| Board of Statutory Auditors’ fees | (216) | (240) | (452) |
| Supervisory Body’s fees | (82) | (100) | (175) |
| Fees for prosecutors and Manager in charge | (8) | (8) | (45) |
| Rentals | (4.794) | (6.949) | (14.075) |
| Leases | (63) | (271) | (541) |
| Insurance | (331) | (515) | (974) |
| Utilities | (322) | (650) | (1.326) |
| Advertising | (145) | (781) | (1.120) |
| Commercial services | (21) | (1.028) | (2.235) |
| | **(10.355)** | **(19.670)** | **(37.194)** |

Costs for services recorded a decrease over the same period in the previous year; the reduction in directors’ fees was particularly significant, down by EUR 4,0 million. This decrease is partly attributable (EUR 3,3 million) to the allocation, in last year’s financial statements, of the extraordinary costs deriving from the agreement with former Chief Executive Officer Arnaldo Borghesi.

## 37. Personnel costs

The breakdown of the item is shown in the following table:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| Wages and salaries | (3.271) | (3.974) | (8.398) |
| Social security costs | (986) | (1.204) | (2.524) |
| Employee termination indemnity | - | (26) | (97) |
| Pension costs | (8) | (15) | (25) |
| Allocation to employee severance indemnity | (175) | (253) | (494) |
| Allocation to retirement fund and similar obligations | - | - | - |
| Payments to external supplementary pension funds | (14) | (2) | (29) |
| Other personnel costs | (52) | (62) | (108) |
| | **(4.506)** | **(5.536)** | **(11.675)** |

Personnel costs registered a drop of EUR 1,0 million, mainly due to the lower contribution from Mittel Advisory S.p.A. (EUR 0,7 million) and the Fashion District Group (EUR 0,4 million).

Average number of Group employees broken down by category:

| | Exact number 31 March 2015 | Average in the year 2014/2015 | Average in the year 2013/2014 |
|---|---|---|---|
| Managers | 12 | 12 | 14 |
| Officials | 21 | 20 | 27 |
| Employees | 102 | 103 | 90 |
| **Total** | **135** | **135** | **131** |

## 38. Other costs

The breakdown of the item is shown in the following table:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| Taxes and duties | (1.466) | (2.037) | (3.706) |
| Capital losses from transfer of receivables | - | - | - |
| Adjustment to deferred price - Fashion District Group | - | - | - |
| Losses on receivables | (37) | - | (578) |
| Capital losses from transfer of property, plant and equipment | - | (5) | (9) |
| Extraordinary contingent liabilities | (220) | (393) | (564) |
| Other sundry operating expenses | (282) | (597) | (971) |
| | **(2.005)** | **(3.032)** | **(5.828)** |

The item taxes and duties recorded a decrease of EUR 1,0 million and is mainly composed of the contribution from the Parent Company Mittel S.p.A of EUR 0,7 million and of the Fashion District Group (EUR 0,4 million).

## 39. Dividends and similar income

The breakdown of the item is shown in the following table:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| Dividends from financial assets held for trading | 8 | - | 80 |
| Dividends from available-for-sale financial assets | - | 1.037 | 7.641 |
| Dividends from financial assets designated at fair value | - | - | - |
| Dividends from investments | 587 | - | - |
| Other | - | - | - |
| | **595** | **1.037** | **7.721** |

This item is composed primarily of dividends received by the Parent Company Mittel S.p.A. on the investment held in Fondo Augusto (Augusto Fund).

## 40. Profit (loss) from management of financial activities and investments

The breakdown of the item is shown in the following table:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| **Available-for-sale financial assets** | | | |
| Capital gains | 1.533 | 5.351 | 5.655 |
| Profits from fair value measurement | - | - | - |
| Other income | 47 | 102 | 149 |
| Capital losses | (5) | - | (51) |
| **Capital gains (losses) from transfer of receivables** | **(48)** | **-** | **-** |
| **Capital gains (losses) from transfer of investments** | **(8)** | **96** | **98** |
| | **1.520** | **5.549** | **5.850** |

Capital gains are mainly attributable to the sales of listed shares held by Mittel Partecipazioni Stabili S.r.l..

## 41. Amortisation and value adjustments to intangible assets

The breakdown of the item is shown in the following table:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| **Intangible assets** | | | |
| Amortisation | (93) | (81) | (190) |
| Adjustments for impairment | (36) | (3.972) | (7.963) |
| Write-backs | - | - | - |
| **Property, plant and equipment** | | | |
| Amortisation of investment property | (47) | (6.252) | (12.874) |
| Amortisation of other assets owned | (139) | (778) | (1.554) |
| Amortisation - finance lease | - | - | - |
| Adjustments for impairment | - | - | - |
| Write-backs | 1 | - | - |
| **Assets relating to financial leasing** | **-** | **-** | **-** |
| | **(314)** | **(11.083)** | **(22.581)** |

For more details see the detailed description in the item intangible assets and property, plant and equipment in these half-yearly financial statements.

## 42. Allocations to the provision for risks

The breakdown of the item is shown in the following table:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| **Provisions for ongoing disputes:** | | | |
| for legal disputes | (261) | - | - |
| for expenses for personnel | - | - | - |
| | - | - | - |
| Provision for contractual disputes | (2.731) | (1.963) | (3.025) |
| Provision for restructuring expenses | - | - | - |
| Other provisions | - | (34) | (3.574) |
| | **(2.992)** | **(1.997)** | **(6.599)** |

The provisions made in the half refer to the allocations of Mittel S.p.A. to cover potential losses on contractual guarantees issued. At the date of these financial statements, the amounts and date of occurrence were still undetermined.

## 43. Value adjustments to financial assets and receivables

The breakdown of the item is shown in the following table:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| Write-downs of financial receivables | (2.291) | (1.522) | (2.392) |
| Write-downs of other receivables | (424) | (1.281) | (2.173) |
| Write-downs of available-for-sale financial assets | (977) | (8.550) | (21.940) |
| Write-downs of non-current assets held for sale | - | - | - |
| Write-backs of financial assets | - | 533 | 542 |
| | **(3.692)** | **(10.819)** | **(25.963)** |

The write-downs of financial receivables mainly relate, for EUR 1,0 million, to adjustments registered by Fashion District Group S.p.A. on credit positions it recorded and, for EUR 1,3 million, to the impairment of the two credit positions effected by the subsidiaries Locaeffe S.r.l. and Markfactor S.r.l., both in liquidation.

Write-downs of other receivables refer to adjustments made by Fashion District Group S.p.A. (EUR 0,3 million).

The write-downs of available-for-sale financial assets relate, for EUR 0,8 million to the adjustment of the value of the Fondo Progressio Investimenti II (Progressio Investimenti II Fund) based on its negative performance.

## 44. Share of income (loss) of investments accounted for using the equity method

The item includes:

- the pro-rata profit/(loss) of the net result of companies valued using the equity method, including any impairment;
- write-downs/(write-backs) of the value of investments valued according to the equity method;
- capital gains/(losses) realised on the transfer of investments valued according to the equity method;
- capital gains/(losses) corresponding to the net economic result of the period of investments no longer fully consolidated, due to the disposal of the controlling interest in the same;
- any write-downs for impairment of investees exceeding the respective book value to the extent corresponding to the actual obligations for the coverage of losses and with a contra-item in the form of an allocation to the provision for risks.

The item is composed as follows:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| **Pro-rata profits** | | | |
| Brands Partners 2 S.p.A. in liquidation | | 18.349 | 25.834 |
| Castello SGR S.p.A. | | 279 | 613 |
| Mit-Fin | | - | - |
| Mi Re SGR S.p.A. | | 26 | 26 |
| Mittel Generale Investimenti (through Liberata S.p.A.) | 292 | 172 | 841 |
| | **292** | **18.826** | **27.315** |
| **Pro-rata losses** | | | |
| Iniziative Nord Milano S.r.l. | | (235) | |
| Castello SGR S.p.A. | (88) | | |
| Brands Partners 2 S.p.A. in liquitation | (54) | | |
| Mit-Fin | (26) | (85) | (158) |
| Tower 6 Bis Sarl | (213) | (26) | (313) |
| Liberata S.p.A. | (372) | | (1.057) |
| Superpartes S.p.A. | (5) | | - |
| | **(757)** | **(346)** | **(1.528)** |
| | **(465)** | **18.480** | **25.787** |

## 45. Income (loss) from non-recurring transactions

The item, a negative EUR 0,3 million, refers to the disposal of the group of assets relating to the Mantua and Molfetta outlet centre property complexes and the investees Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l.. For a description see the next paragraph “54. Disposal of the group of assets relating to the Mantua and Molfetta outlet centre property complexes and the investees Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l”.

## 46. Financial income

The item is composed as follows:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| Bank interest income | 87 | 73 | 101 |
| Interest income on financial receivables | 3.887 | 3.159 | 5.483 |
| Other interest income | 317 | 567 | 639 |
| Other financial income | 43 | 70 | 111 |
| Fair value hedging derivatives | 149 | 308 | 589 |
| | **4.483** | **4.177** | **6.923** |

Interest income on financial receivables relates mainly to Ghea S.r.l.'s loan to Bios S.p.A. (EUR 1,5 million), the contribution of parent company Mittel S.p.A for loans it granted (EUR 1,8 million) and the contribution from the subsidiary Fashion District Group S.p.A. (EUR 0,4 million), primarily for interest accrued on the loan to Alfa Park S.r.l..

## 47. Financial expenses

The item is composed as follows:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| Interest expense on bonds | (3.247) | (3.263) | (6.541) |
| Interest expense on bank current accounts | (31) | (94) | (166) |
| Interest expense on bank loans | (2.247) | (3.222) | (6.191) |
| Interest expense on other loans | (20) | (2.876) | (4.863) |
| Other interest expenses | (33) | (59) | (128) |
| Other financial expenses | (469) | (475) | (774) |
| Fair value hedging derivatives | (436) | (952) | (3.459) |
| | **(6.483)** | **(10.941)** | **(22.122)** |

## 48. Profit (loss) from trading of financial assets

The item is composed of the contribution from Mittel S.p.A as a result of the listed securities held by said entity as well as the higher value of said securities based on the differential between the purchase value and their value as at 31 March 2015.

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| Profit (loss) on disposal of securities (current) | 969 | 1.082 | - |
| Capital gains (losses) on securities valuation (current) | 3.679 | 1.699 | (660) |
| Derivative financial instruments | 13 | - | 3.086 |
| | **4.661** | **2.781** | **2.426** |

## 49. Income taxes

The amount is composed as follows:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| IRES (corporate income tax) | (4) | 94 | 300 |
| IRAP (regional business tax) | (1.299) | (455) | (945) |
| Taxes of previous years | (1) | - | 3.327 |
| **Total current taxes** | **(1.304)** | **(361)** | **2.682** |
| Deferred tax liabilities | 3.267 | 1.255 | 9.661 |
| Prepaid income taxes | (2.112) | 420 | (1.253) |
| **Total deferred taxes** | **1.156** | **1.675** | **8.409** |
| Other taxes | - | - | - |
| **Total income taxes** | **(148)** | **1.314** | **11.090** |

The item is mainly determined by the contribution made by Fashion District Group S.p.A. as a result of the significant disposal of the Mantua and Molfetta outlets and the associated property capital gains realised.

## 50. Income (loss) pertaining to non-controlling interests

The item is composed as follows:

| | 31.03.2015 | 31.03.2014 | 30.09.2014 |
|---|---|---|---|
| Profit (loss) pertaining to non controlling interests | (625) | (5.321) | (18.358) |
| | **(625)** | **(5.321)** | **(18.358)** |

## 51. Basic and diluted earnings (loss) per share

As set forth in IAS 33, the Mittel Group shows basic earnings per share calculated as net income for the period attributable to the Parent Company divided by the weighted average number of shares outstanding in the period; diluted earnings are calculated by adjusting net profit attributable to holders of ordinary equity instruments of the Parent Company Mittel S.p.A. to take account of the effects of all potential ordinary shares with a dilutive effect.

In particular, basic and diluted earnings per share are calculated as follows:

- *Basic earnings or loss per share:*
  Basic earnings or loss per share is determined by dividing the net profit attributable to holders of ordinary equity instruments of the Parent Company Mittel S.p.A. by the weighted average of ordinary shares outstanding during the year.
- *Diluted earnings or loss per share:*
  As required by IAS 33, diluted earnings (loss) per share should take account of the effects of all potential ordinary shares with a dilutive effect.

Basic and diluted earnings or loss per share attributable to the Parent Company as at 31 March 2015, compared with the half in the previous year, are as follows:

| Earnings/(loss) per share attributable to the Parent Company (in EUR) | 31.03.2015 | 31.03.2014 |
|---|---|---|
| From income statement: | | |
| - Basic | (0,110) | 0,002 |
| - Diluted | (0,110) | 0,002 |
| From comprehensive income: | | |
| - Basic | 0,698 | 0,106 |
| - Diluted | 0,698 | 0,106 |

Reconciliation of the weighted average number of shares outstanding for the purposes of the calculation of basic earnings or loss per share from the consolidated income statement and from the statement of comprehensive income as at 31 March 2015, compared with the half in the previous year, is as follows:

| Basic earnings/(loss) per share attributable to the Parent Company | 31.03.2015 | 31.03.2014 |
|---|---|---|
| (no. ordinary shares) | | |
| No. of shares at start of the period | 87.907.017 | 87.907.017 |
| Average weighted number of ordinary shares subscribed in the period | - | - |
| No. of treasury shares at start of the period | (15.308.706) | (15.308.706) |
| Average weighted number of treasury shares acquired in the period | - | - |
| Average weighted number of treasury shares sold in the period | - | - |
| **Average weighted number of shares outstanding at the end of the period** | **72.598.311** | **72.598.311** |
| Thousands of Euro | | |
| **Net profit/(loss) attributable to the Parent Company** | **(8.021)** | **151** |
| EUR | | |
| **Basic earnings/(loss) per share attributable to the Parent Company** | **(0,110)** | **0,002** |

| | | |
|---|---|---|
| Thousands of Euro | | |
| **Total net profit/(loss) attributable to the Parent Company** | **50.654** | **7.675** |
| EUR | | |
| **Total basic earnings/(loss) per share attributable to the Parent Company** | **0,698** | **0,106** |

Reconciliation of the weighted average number of shares outstanding for the purposes of the calculation of diluted earnings or loss per share from the consolidated income statement and from the statement of comprehensive income as at 31 March 2015, compared with the half in the previous year, is as follows:

| **Diluted earnings / (loss) per share** | **31.03.2015** | **31.03.2014** |
|---|---|---|
| (no. ordinary shares) | | |
| Average weighted number of shares outstanding at the end of the period | 72.598.311 | 72.598.311 |
| *plus shares necessary for:* | | |
| subscription of shares | - | - |
| Potential dilution of ordinary shares | - | - |
| **Average weighted number of shares at the end of the period** | **72.598.311** | **72.598.311** |
| Thousands of Euro | | |
| Net profit/(loss) attributable to the Parent Company | (8.021) | 151 |
| Effect of subscriptions of potential new shares | - | - |
| **Net profit/(loss) available for ordinary shareholders plus assumed subscriptions** | **(8.021)** | **151** |
| EUR | | |
| **Diluted earnings / (loss) per share** | **(0,110)** | **0,002** |

| | | |
|---|---|---|
| Thousands of Euro | | |
| Net profit/(loss) attributable to the Parent Company | 50.654 | 7.675 |
| Effect of subscriptions of potential new shares | - | - |
| **Total net profit/(loss) available for ordinary shareholders plus assumed subscriptions** | **50.654** | **7.675** |
| EUR | | |
| **Total diluted earnings/(loss) per share attributable to the Parent Company** | **0,698** | **0,106** |

## 52. Consolidated net financial position

According to the provisions of Consob Communication of 28 July 2006 and in compliance with the Recommendation of CESR dated 10 February 2005 "Recommendations for the consistent implementation of the regulation of the European Commission on prospectuses", it should be noted that the net position of the Mittel Group as at 31 March 2015 was a negative EUR 83,1 million, as shown in the table below:

| (Thousands of Euro) | **31.03.2015** | **30.09.2014** | **variation** |
|---|---|---|---|
| Cash | 24 | 706 | (682) |
| Other cash equivalents (*) | 76.318 | 35.887 | 40.431 |
| Securities held for trading (**) | 46.311 | 15.812 | 30.499 |
| **Current liquidity** | **122.653** | **52.405** | **70.248** |
| **Current financial receivables (*)** | **2.157** | **20.294** | **(18.137)** |
| | | | |
| Current bank payables | (67.889) | (118.870) | 50.981 |
| Current portion of medium/long-term bank loans | (37.702) | (12.531) | (25.171) |
| Bonds | (1.302) | (1.313) | 12 |
| Other current financial payables | (464) | (4.016) | 3.552 |
| **Current financial debt** | **(107.356)** | **(136.729)** | **29.373** |
| **Net current financial debt** | **17.454** | **(64.030)** | **81.484** |
| Non-current bank payables | - | (37.511) | 37.511 |
| - Bank payables expiring in the medium-term | - | (37.511) | 37.511 |
| - Bank payables expiring in the long-term | - | - | - |
| Bonds issued | (96.924) | (96.661) | (263) |
| Other financial payables | (3.640) | (3.640) | - |
| **Non-current financial debt** | **(100.563)** | **(137.812)** | **37.249** |
| **Net financial position** | **(83.109)** | **(201.842)** | **118.733** |

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

As regards the determination of the net financial position, please refer to the report on operations of these financial statements. Moreover, in compliance with the indications of Consob Communication no. 6064293 of 28 July 2006 relating to the impact of transactions or positions with related parties on the net financial position, refer to the financial statement tables drawn up pursuant to Consob Resolution no. 15519 of 27 July 2006. Specifically, the significant items pertaining to the net financial position, which include balances to/from related parties, are current and non-current financial receivables and non-current financial payables. For the details of these, please refer to note 55 of these consolidated financial statements.

## 53. Commitments and guarantees

As at 31 March 2015, guarantees were given, summarised in the following table:

| | 31.03.2015 | 30.09.2014 |
|---|---|---|
| **Guarantees:** | | |
| financial | - | - |
| commercial | 31.943 | 41.149 |
| assets pledged as collateral for third party bonds | 3.722 | 4.502 |
| **Commitments:** | | |
| disbursement of funds | 16.807 | 17.247 |
| other irrevocable commitments | 4.210 | 4.284 |
| | **56.682** | **67.182** |

Commercial guarantees refer:

- to the contribution of the Parent Company Mittel S.p.A (EUR 22,2 million), and are mainly composed of EUR 20 million for the guarantee in favour of Liberata S.p.A. issued to secure the equity of Mittel Generale Investimenti S.p.A. against risks on credit, labour law and tax losses, EUR 1,9 million for the sureties in favour of the Revenue Agency for VAT for which a refund/offset was requested and EUR 0,2 million for a surety issued for the rental of its offices;
- a total of EUR 8,7 million refers to the guarantees issued by Mittel Investimenti Immobiliari S.r.l., Gamma Tre S.r.l., Miva S.r.l., Santarosa S.r.l. and Lucianita S.r.l., relating to their real estate activities;
- EUR 1,1 million relates to commercial guarantees of the Fashion District Group, including EUR 1,0 million for a VAT refund and EUR 0,1 million for a surety issued to guarantee the surface rights contract for two companies merged by incorporation in Fashion District Group S.p.A..

The assets pledged as collateral for third party bonds are composed of EUR 3,7 million in shares owned by Mittel Partecipazioni Stabili S.r.l, represented by 4.500.000 ordinary shares of Intesa Sanpaolo S.p.A. with a nominal value of EUR 0.52 each, and 1.381.763 shares of Ubi Banca ScpA with a nominal value of EUR 1 each, to secure a credit facility of EUR 20 million, of which around EUR 8,5 million was used as at 31 March 2015.

Commitments to disburse funds refer to the commitments for payments to be made into private equity funds and foreign investment vehicles.

The item “other irrevocable commitments” mainly comprises EUR 4,0 million for the guarantee given in the years 2003, 2004 and 2005 in favour of the acquirers of leasing contracts transferred by the subsidiary Locaeffe S.r.l. in liquidation (in liquidation).

It should also be pointed out that, as part of the agreements described previously, which led to the transfer of the assets held by Fashion District Group S.p.A. in favour of IDEeA FIMIT SGR S.p.A., the shareholders of said entity, in proportion to the share held and without any joint and several liability between them (Earchimede S.p.A. for 66,67%, also considering the share held by FD33 S.r.l.), granted a guarantee in favour of the acquirer for any breach of the guarantees given by Fashion District Group S.p.A.. Guarantors' liability can be invoked by the acquirer solely in the case of depletion of the escrow account agreed at the time of the transfer (EUR 5 million) and Fashion District Group S.p.A.'s non-fulfilment of its payment obligations.

## 54. Disposal of the group of assets relating to the Mantua and Molfetta outlet centre property complexes and the investees Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l.

On 18 November 2014, Fashion District Group S.p.A. (66,7% owned by Earchimede S.p.A., in turn 85% owned by Mittel S.p.A.) executed the sale contract signed on 31 July 2014, regarding the two property complexes in which the Fashion District outlet of Bagnolo San Vito (MN) and the Fashion District outlet of Molfetta (BA) operate respectively, and 100% of the share capital of the two companies responsible for the local commercial management of the aforementioned outlets, Fashion District Mantova S.r.l. and Fashion District Molfetta S.r.l.. The purchaser is IDeA FIMIT SGR S.p.A., a company managing the closed-end real estate investment fund reserved to qualified investors called "MOMA", fully subscribed by entities attributable to the funds managed by the Blackstone Real Estate Partners IV group, a major international operator with a track record in acquiring outlets and shopping centres in Italy.
The completion of the transaction was coordinated with the stipulation of specific transaction deeds which were finalised on 18 November 2014, the date on which control of the group of assets (hereinafter "Group of assets disposed") concerning the property complexes and the investments in the Mantua and Molfetta management companies was actually transferred to the purchaser.

In this regard, it should be noted that the disposal took place after a number of preliminary obligations requested by the purchasing counterparty were fulfilled successfully in the last quarter of the previous year, which concerned, in particular, personnel, properties and the companies transferred as part of the transaction, and which led to the change of certain terms and conditions set out in the purchase contract through the stipulation of a contractual addendum on 28 October 2014.

In particular, the contractual addendum, which amended the framework agreement of the Transaction, determined an addition to the forecast considerations relating to the transfer of the investments in the two management companies for around EUR 2,1 million, recognised to the seller, Fashion District Group S.p.A. in respect of the expected assumption, by the management companies, of given current payables and potential liabilities which are certain and/or likely to arise after 30 September 2014.
This integration of the transfer price of the disposal group is to be considered as a component of the consideration of the disposal subject to specific contractual conditions, together with additional consideration differences subject to subsequent definitive adjustment of the forecast considerations to be verified in relation to the equity figures of the net assets transferred as at 18 November 2014, to be drafted on the basis of specific contractual configurations.
As a result of said change, the Purchase Contract envisaged a provisional consideration totalling EUR 122,2 million for the disposal as a whole, including around EUR 2 million in payables which remained under discontinued operations, and was collected in full on 18 November 2014, also through the simultaneous repayment to banks of mortgages, for an amount of approximately EUR 51 million.
The settlement of the total consideration relates, for EUR 18,4 million, to the sale price of the 100% investments of the two management companies, and for EUR 101,5 million, to the properties, and was paid in full on 18 November 2014 (EUR 120,1 million).
In addition, during the first quarter of the year, an adjustment to the provisional considerations was defined for the transfer of the outlet management companies which, based on the contractual agreements, was determined and agreed with reference to the current values of the net assets of the management companies on 18 November 2014 at EUR 0,2 million in favour of the purchaser.
It should be noted that, as part of the agreements underlying the Transaction, provision was also made for a portion of the consideration (EUR 5 million) to be placed as a security deposit in an escrow account at the date of execution of the transaction, in order to fulfil the obligations pertaining to the declarations and guarantees set out in the contractual clauses.
The escrow account was set up through the opening of a joint trust account via a third party agent, with expiry taking effect 30 days from the date of execution of the Transaction (18 November 2014), whose expiration conditions are provided, according to the guarantee terms established, so that the agreement may be considered concluded.

The sale plan regarding the complex disposal involved the classification of a disposal group as held for sale in last year's consolidated financial statements, determining the presentation of the associated Assets and Liabilities including the values of the property complexes held for disposal and the associated debt as well as the equity values of the two subsidiaries Fashion District Mantova Srl and Fashion District Molfetta Srl which were incorporated in the perimeter of the disposal group, adjusted for the valuation loss at fair value less costs to sell.

With reference to the effects on the economic result for the half closed as at 31 March 2015 of the Group's consolidated operating assets, the presentation of the group of assets disposed involved, as in the previous year, the recognition of a special item in the consolidated income statement known as "Income (loss) from non-recurring transactions", which includes the net loss booked in the half (EUR 0,3 million) following the effective sale of the property complexes and of the outlet centre management companies.

For the purposes of a comparison of the information with the previous year in relation to the effects on the consolidated statement of financial position and income statement as at 31 March 2015 deriving from the transfer of the group of assets disposed, the main information on the assets and liabilities that make up the group of assets disposed as at 30 September 2014 is shown below, as well as the net loss recorded in the half (EUR 0,3 million) and the total net cash flow relating to the consideration paid (EUR 62,9 million), as detailed in the note below:

| Amounts in thousands of Euro | Book values of disposal group before reclassification under assets/liabilities held for sale | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Outlet management companies** | **Property complexes** | **Disposal group** | Cancellations of intercompany relations | Allocation of net capital loss for fair value reduction net of costs to sell | **Total – Disposal group as at 1 October 2014** | |
| | | | *( 1 )* | *( 2 )* | *( 3 )* | *(1) + (2) + (3)* | |
| Intangible assets | 21.671 | - | 21.671 | - | - | 21.671 | |
| Property, plant and equipment | 1.696 | 120.139 | 121.836 | - | (15.061) | 106.775 | |
| Sundry receivables and other assets | 47 | - | 47 | - | - | 47 | |
| Prepaid tax assets | 3.938 | - | 3.938 | - | (3.315) | 623 | |
| **Total non-current assets** | **27.352** | **120.139** | **147.491** | **-** | **(18.375)** | **129.116** | |
| Sundry receivables and other assets | 3.895 | - | 3.895 | (2.692) | - | 1.203 | |
| Cash and cash equivalents | 1.115 | - | 1.115 | - | - | 1.115 | |
| **Total current assets** | **5.011** | **-** | **5.011** | **(2.692)** | **-** | **2.318** | |
| **Assets held for sale as at 1 October 2014** | **32.363** | **120.139** | **152.502** | **(2.692)** | **(18.375)** | **131.435** | **(a)** |
| Provisions for personnel | (160) | - | (160) | - | - | (160) | |
| Deferred tax liabilities | (6.805) | - | (6.805) | - | - | (6.805) | |
| Provisions for risks and charges | (31) | - | (31) | - | - | (31) | |
| **Total non-current liabilities** | **(6.996)** | **-** | **(6.996)** | **-** | **-** | **(6.996)** | |
| Financial payables | 15 | - | 15 | - | - | 15 | |
| Sundry payables and other liabilities | (10.899) | - | (10.899) | 7.878 | - | (3.021) | |
| **Total current liabilities** | **(10.884)** | **-** | **(10.884)** | **7.878** | **-** | **(3.006)** | |
| **Liabilities related to assets held for sale as at 1 October 2014** | **(17.880)** | **-** | **(17.880)** | **7.878** | **-** | **(10.002)** | **(b)** |

| | | |
|---|---|---|
| **Total net assets of the disposal group** | **(121.433)** | **(c = a-b)** |
| **Consideration for the transfer of the disposal group:** | | |
| Corrispettivo provvisorio di cessione del 100% della partecipazione Fashion District Mantova S.r.l. | 12.683 | |
| Corrispettivo provvisorio di cessione del 100% della partecipazione Fashion District Molfetta S.r.l. | 5.908 | |
| Consideration for the transfer of the property complex of the Mantua outlet centre | 63.730 | |
| Consideration for the transfer of the property complex of the Molfetta outlet centre | 37.770 | |
| | **120.091** | **(d)** |
| **Risultato netto intermedio delle società di gestione degli outlet alla data di perfezionamento della dismissione (18 novembre 2014) :** | | |
| Loss of Fashion District Mantova S.r.l from 1 October 2014 to 18 November 2014 | 144 | |
| Loss of Fashion District Molfetta S.r.l from 1 October 2014 to 18 November 2014 | 434 | |
| | **578** | **(e)** |
| **Aggiustamento prezzo per la cessione delle società di gestione alla data della dismissione:** | | |
| Aggiustamento prezzo contrattuale determinato sui valori attuali degli attivi netti al 19 novembre 2014 | **(232)** | **(f)** |
| **Differences from final determinations and settlement of disposed assets:** | | |
| Settlement of receivables and other components of current assets | 380 | |
| Differences on determination of values of disposed property complexes | 327 | |
| | **707** | **(g)** |
| **Net loss in the half deriving from the transfer of the disposal group** | **(288)** | **(c+d+e+f+g)** |

| | |
|---|---|
| **Inflow from consideration deriving from the transfer of the disposal group:** | **120.091** |
| *paid as follows:* | |
| Reimbursement with total extinguishment of financial payables with collateral security on disposed property complexes | (51.903) |
| Establishment of escrow account of the purchaser | (5.000) |
| Establishment of escrow account of the purchaser | (232) |
| **Net flow of cash and cash equivalents deriving from the transfer of the disposal group** | **62.956** |

## 55. Intercompany transactions and transactions with related parties

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, during the half-year 1 October 2014 to 31 March 2015, 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 arm's length basis and refer:

| | Due to directors, auditors and internal committees | Due to associates and jointly controlled | Due to other related parties | Total |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Financial receivables | 0 | 87.103 | 30.000 | **117.103** |
| **Current assets** | | | | **0** |
| Financial receivables | 0 | 3.077 | 198 | **3.275** |
| Sundry receivables and other assets | 0 | 93 | 33 | **126** |
| **Current liabilities** | | | | **0** |
| Sundry payables and other liabilities | 1.070 | 0 | 0 | **1.070** |
| **Income Statement** | | | | |
| Income | 0 | 156 | 115 | **271** |
| Other income | 0 | 4 | 18 | **22** |
| Costs for services | (1.381) | (98) | 0 | **(1.479)** |
| Personnel costs | (424) | 0 | 0 | **(424)** |
| Dividends | 0 | 0 | 587 | **587** |
| Financial income | 0 | 771 | 410 | **1.181** |
| Financial expenses | 0 | (20) | 0 | **(20)** |

- Non-current financial receivables refer to loans granted by Mittel S.p.A. to Liberata S.p.A. (EUR 34,4 million), by Ghea S.r.l. to Bios S.p.A. (EUR 50,4 million) and to the loan granted by Fashion District Group S.p.A. to investee Alfa Park (EUR 2,2 million). Receivables due from other related parties (EUR 30 million) relate to the loan in place with "Fondo Augusto", a closed-end mutual investment fund reserved to qualified investors, of which Mittel S.p.A. is a subscriber and which is managed by investee Castello SGR S.p.A..

- Current financial receivables refer to loans granted to Mittel Generale Investimenti S.p.A. by Earchimede S.p.A. (EUR 3,1 million). Receivables due from other related parties (EUR 0,2 million) relate to the current portion of the loan of Mittel S.p.A in place with "Fondo Augusto", a closed-end mutual investment fund reserved to qualified investors, of which Mittel S.p.A. is a subscriber and which is managed by Castello SGR S.p.A.

- The item sundry receivables and other assets refers mainly to the amount due to Mittel S.p.A. from Mittel Generale Investimenti S.p.A. of EUR 0,1 million and Castello of EUR 0,03 million and, for chargebacks of rents and sundry services.

- The item sundry payables and other current liabilities refers to the amount due to directors and statutory auditors for fees accrued but still to be paid.

- The item revenues refers to the chargeback of services administered and direct debit services provided to third parties.

- The item other income refers to the chargeback (EUR 0,02 million) of administrative services and direct debit services provided to third parties.

- The item costs for services refers to EUR 0,5 million in directors' fees, EUR 0,6 million in fees to General Manager Ms. Squinzi in office until 31 January 2015, EUR 0,2 million in fees to the Board of Statutory Auditors, the chargeback of services by Mittel Investimenti Immobiliari S.r.l. to Mittel Generale

Investimenti S.p.A. (EUR 0,02 million), the chargeback of services by Mittel S.p.A. to Mittel Generale Investimenti S.p.A. (EUR 0,1 million).

- The item personnel costs refers to the remuneration of the company's key managers. For further details, please refer to the "Report on Remuneration" which will be available on www.mittel.it, "investor relations" section, according to the legal terms.

- The item dividends refers entirely to the amount received by Mittel S.p.A. from "Fondo Augusto" (Augusto Fund).

- The item financial income refers to interest income of EUR 0,7 million accrued by Mittel S.p.A. from Liberata S.p.A., interest of EUR 0,4 million accrued from Fondo Augusto (Augusto Fund) and interest of EUR 0,01 million accrued by Earchimede S.p.A. from Mittel Generale Investimenti S.p.A..

## 56. Additional disclosures on financial instruments and risk management policies

With reference to supplementary disclosures regarding financial instruments and the inherent risks required under IFRS 7 and IFRS 13, aimed at outlining the impact of financial instruments with respect to the size of the associated risk exposures and the fair value measurement of financial instruments, details on the measures and mechanisms the Group has implemented to manage the exposure to financial risks are provided below.

### 56.1 Fair value measurement

The international accounting standard IFRS 13 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". Where transactions are directly observable on a market, it may be relatively simple to determine the fair value. Otherwise, valuation techniques are used such as the "market" approach, which use prices and other relevant information generated by other transactions involving similar assets and liabilities, the "income approach", which consists of the discounting of future incoming and outgoing cash flows, and, lastly, the "cost approach", which requires that the entity determine a value that reflects the amount that would be required currently to replace the service capacity of an asset.
IFRS 13 establishes a fair value hierarchy that classifies the input of the valuation techniques used to measure fair value into three levels.
The fair value hierarchy assigns the maximum priority to listed prices (not adjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the minimum priority to inputs that are not observable (Level 3 inputs).

The levels used in the hierarchy are as follows:

**Level 1** inputs: listed prices (not adjusted) in active markets for identical assets or liabilities which the entity may access at the valuation date. A market is defined as active when prices reflect transactions that occur with a frequency and at sufficient volumes to provide useful information for determining the price on an ongoing basis.
**Level 2** inputs: are variables other than listed prices included in Level 1 that are directly or indirectly observable for assets or for liabilities. These valuation techniques are used if the instrument to be valued is not listed in an active market. The valuation of the financial instrument is based on market prices taken from market listings of identical or similar assets or through valuation techniques for which all significant values are taken from parameters observable or corroborated on the market.
**Level 3** inputs: are variables that are not observable for assets or for liabilities. These techniques consist of the calculation of the listed price of the instrument by using significant parameters which are not observable but must reflect the assumptions that market participants would use in calculating the price of the asset or liability, including the assumptions regarding risk.

For the financial instruments outstanding as at 31 March 2015, and for comparative purposes, as at 30 September 2014, the table below illustrates the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

| | 31 March 2015 | | | 30 September 2014 | | |
|---|---|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Level 1** | **Level 2** | **Level 3** |
| **Available-for sale assets designated at fair value:** | | | | | | |
| - Investments designated at fair value with a contra-entry in Other comprehensive profit/(loss) | 34.583 | 25.966 | 43.779 | 33.423 | 26.935 | 42.509 |
| - Investments designated at fair value with a contra-entry in the Income Statement | - | - | - | - | - | - |
| - Other non-current securities | - | - | 1.058 | - | - | 30 |
| **Financial assets designated at fair value held for trading:** | 12.966 | | | 9.305 | | |
| **Other financial assets:** | | | | | | |
| - Trading derivatives | 142 | - | - | - | - | - |
| **TOTAL** | **47.691** | **25.966** | **44.837** | **42.728** | **26.935** | **42.539** |
| **Other financial liabilities:** | | | | | | |
| - Hedging derivatives | - | - | - | - | (2.804) | - |
| - Trading derivatives | (464) | - | - | - | - | - |
| **TOTAL** | **(464)** | **-** | **-** | **-** | **(2.804)** | **-** |

Completing the analyses required by IFRS 13, the types of financial instruments contained in the financial statement items as at 31 March 2015 are shown, indicating the valuation criteria applied and, for financial instruments designated at fair value, the exposure (income statement or equity), specifically assigning the fair value category. The last column of the table shows, where applicable, the fair value of the financial instrument at the end of the period.

**Situation as at 31 March 2015**

| **Types of financial instruments** | **Criteria applied in the measurement of the financial instruments in the financial statements** | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Financial instruments designated at fair value** | | | | | | **Financial instruments designated at amortised cost** | **Unlisted investments measured at cost (Level 3)** | Financial statement total as at 31 March 2015 | Fair value as at 31 March 2015 | | |
| | with change in fair value with contra-item recognised in: | | **Total Fair Value** | Fair Value Hierarchy | | | | | | | | |
| | *Income statement* | *Equity in Other comprehensive profit (loss)* | **(A)** | Level 1 | Level 2 | Level 3 | **(B)** | **(C)** | **(A+B+C)** | Level 1 | Level 2 | Level 3 |
| **ASSETS** | | | | | | | | | | | | |
| Available-for-sale investments (c) | - | - | **-** | - | - | - | **-** | **8.906** | **8.906** | - | - | 8.906 |
| Available-for-sale investments (a) (d) | - | 95.422 | **95.422** | 34.583 | 25.966 | 34.873 | **-** | **-** | **95.421** | 34.583 | 25.966 | 34.873 |
| Available-for-sale debt securities (a) (d) | - | 1.058 | **1.058** | - | - | 1.058 | **-** | **-** | **1.058** | - | - | 1.058 |
| Non-current financial receivables (b) | - | - | **-** | - | - | - | **155.983** | **-** | **155.983** | - | - | 154.126 |
| Other receivables and financial assets (*) (b) | - | - | **-** | - | - | - | **209** | **-** | **209** | - | - | 209 |
| Other assets (*) | - | - | **-** | - | - | - | **19** | **-** | **19** | - | - | 19 |
| Current financial receivables (b) | - | - | **-** | - | - | - | **5.234** | **-** | **5.234** | - | - | 5.234 |
| Investments held for trading (d) | 13.108 | - | **13.108** | 13.108 | - | - | **-** | **-** | **13.108** | - | - | 13.108 |
| Trade receivables (*) (b) | - | - | **-** | - | - | - | **5.139** | **-** | **5.139** | - | - | 5.139 |
| Current sundry receivables (*) (b) | - | - | **-** | - | - | - | **3.703** | **-** | **3.703** | - | - | 3.703 |
| Cash and cash equivalents (*) | - | - | **-** | - | - | - | **73.265** | **-** | **73.265** | - | - | 73.265 |
| | **13.108** | **96.480** | **109.588** | **47.691** | **25.966** | **35.931** | **243.552** | **8.906** | **362.045** | 34.583 | 25.966 | 299.639 |
| **LIABILITIES** | | | | | | | | | | | | |
| Bond loans (current and non current) (b) | - | - | **-** | | | - | **(98.225)** | **-** | **(98.225)** | (107.243) | - | - |
| Financial payables (current and non current) (*) (b) | - | - | **-** | - | - | - | **(109.230)** | **-** | **(109.230)** | - | - | (108.974) |
| Financial payables (b) (f) | - | - | **-** | - | - | - | **(827)** | **-** | **(827)** | - | - | (827) |
| Other financial liabilities (d) | (464) | - | **(464)** | (464) | - | - | **-** | **-** | **(464)** | (464) | - | - |
| Trade payables (*) (b) | - | - | **-** | - | - | - | **(6.845)** | **-** | **(6.845)** | - | - | (6.845) |
| Sundry payables (*) (b) | - | - | **-** | - | - | - | **(4.839)** | **-** | **(4.839)** | - | - | (4.839) |
| | **(464)** | **-** | **(464)** | **(464)** | **-** | **-** | **(219.966)** | **-** | **(220.430)** | (107.707) | - | (121.484) |

**Notes**

(*) Receivables and payables for which the fair value was not calculated as the corresponding book value substantially approximates the fair value

(a) Available-for-sale financial assets designated at fair value with profits/losses posted to equity.

(b) Financial receivables and financial liabilities designated at amortised cost.

(c) Available-for-sale financial assets comprised of unlisted investments for which the fair value cannot be measured reliably, which are measured at cost, possibly decreased due to impairment.

(d) Financial assets and liabilities designated at fair value on a recurring basis.

(e) Investment designated at fair value deriving from exercisable put option.

(f) Payables for loans from non-controlling shareholders with undetermined maturity, for which fair value cannot be measured.

**Situation as at 30 September 2014**

| Types of financial instruments | Criteria applied in the measurement of the financial instruments in the financial statements | | | | | | | | Financial statement total as at 30 September 2014 | Fair value as at 30 September 2014 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Financial instruments designated at fair value | | | | | | Financial instruments designated at amortised cost | Unlisted investments measured at cost (Level 3) | | | | |
| | with change in fair value with contra-item recognised in: | | Total Fair Value | Fair Value Hierarchy | | | | | | | | |
| | *Income statement* | *Equity in Other comprehensive profit (loss)* | (A) | Level 1 | Level 2 | Level 3 | (B) | (C) | (A+B+C) | Level 1 | Level 2 | Level 3 |
| **ASSETS** | | | | | | | | | | | | |
| Available-for-sale investments (c) | - | - | **-** | - | - | - | **-** | **8.910** | **8.910** | - | - | 8.910 |
| Available-for-sale investments (a) (d) | - | 93.957 | **93.957** | 33.423 | 26.935 | 33.599 | **-** | **-** | **93.957** | 33.423 | 26.935 | 33.599 |
| Available-for-sale debt securities (a) (d) | - | 30 | **30** | - | - | 30 | **-** | **-** | **30** | - | - | 30 |
| Non-current financial receivables (b) | - | - | **-** | - | - | - | **146.841** | **-** | **146.841** | - | - | 145.177 |
| Other receivables and financial assets (*) (b) | - | - | **-** | - | - | - | **219** | **-** | **219** | - | - | 219 |
| Other assets (*) | - | - | **-** | - | - | - | **24** | **-** | **24** | - | - | 24 |
| Current financial receivables (b) | 12.491 | - | **12.491** | - | - | - | **10.857** | **-** | **23.348** | - | - | 22.905 |
| Investments held for trading (d) | 9.305 | - | **9.305** | 9.305 | - | - | **-** | **-** | **9.305** | - | - | 9.305 |
| Trade receivables (*) (b) | - | - | **-** | - | - | - | **6.610** | **-** | **6.610** | - | - | 6.610 |
| Current sundry receivables (*) (b) | - | - | **-** | - | - | - | **2.992** | **-** | **2.992** | - | - | 2.992 |
| Cash and cash equivalents (*) | - | - | **-** | - | - | - | **32.424** | **-** | **32.424** | - | - | 32.424 |
| | **21.796** | **93.987** | **115.783** | **42.728** | **26.935** | **33.629** | **199.967** | **8.910** | **324.660** | 33.423 | 26.935 | 262.196 |
| **LIABILITIES** | | | | | | | | | | | | |
| Bond loans (current and non current) (b) | - | - | **-** | | | - | **(97.974)** | **-** | **(97.974)** | (107.642) | - | - |
| Financial payables (current and non current) (*) (b) | - | - | **-** | - | - | - | **(121.861)** | **-** | **(121.861)** | - | - | (121.517) |
| Financial payables (b) (f) | - | - | **-** | - | - | - | **(896)** | **-** | **(896)** | - | - | na |
| Other financial liabilities (d) | - | (2.804) | **(2.804)** | - | (2.804) | - | **-** | **-** | **(2.804)** | - | (2.804) | - |
| Trade payables (*) (b) | - | - | **-** | - | - | - | **(10.500)** | **-** | **(10.500)** | - | - | (10.500) |
| Sundry payables (*) (b) | - | - | **-** | - | - | - | **(11.369)** | **-** | **(11.369)** | - | - | (11.369) |
| | **-** | **(2.804)** | **(2.804)** | **-** | **(2.804)** | **-** | **(242.600)** | **-** | **(245.404)** | (107.642) | (2.804) | (143.385) |
| **Disposal group:** | | | | | | | | | | | | |
| **Assets** | | | | | | | | | | | | |
| Other assets (*) | - | - | **-** | - | - | - | **47** | - | **47** | - | - | 47 |
| Trade receivables (*) (b) | - | - | **-** | - | - | - | **205** | - | **205** | - | - | 205 |
| Cash and cash equivalents (*) | - | - | **-** | - | - | - | **1.115** | - | **1.115** | - | - | 1.115 |
| | **-** | **-** | **-** | **-** | **-** | **- -** | **1.367 -** | **-** | **1.367 - -** | - | - | 1.367 |
| **Liabilities** | | | | | | | | | | | | |
| Financial payables (current and non current) (*) (b) | - | - | **-** | - | - | - | **(51.887)** | - | **(51.887)** | - | - | (51.887) |
| Trade payables (*) (b) | - | - | **-** | - | - | - | **(1.941)** | - | **(1.941)** | - | - | (1.941) |
| Sundry payables (*) (b) | - | - | **-** | - | - | - | **(824)** | - | **(824)** | - | - | (824) |
| | **-** | **-** | **-** | **-** | **-** | **- -** | **(54.652) -** | **-** | **(54.652) - -** | - | - | (54.652) |

**Notes**

(*) Receivables and payables for which the fair value was not calculated as the corresponding book value substantially approximates the fair value

(a) Available-for-sale financial assets designated at fair value with profits/losses posted to equity.
(b) Financial receivables and financial liabilities designated at amortised cost.
(c) Available-for-sale financial assets comprised of unlisted investments for which the fair value cannot be measured reliably, which are measured at cost, possibly decreased due to impairment.
(d) Financial assets and liabilities designated at fair value on a recurring basis.
(e) Investment designated at fair value deriving from exercisable put option.
(f) Payables for loans from non-controlling shareholders with undetermined maturity, for which fair value cannot be measured.

*Fair value valuation techniques:*

The fair value measurement method defined for a financial instrument is adopted on a continuing basis over time and is only modified as a result of significant changes in the market or subjective conditions of the issuer of the financial instrument.
Completing the analyses required by IFRS 13, the additional disclosures concerning the valuation techniques and inputs used to measure fair value on a recurring basis are shown below:

(i) Fair value measurement of financial assets and liabilities:

For active credit relations and financial liabilities recognised in the financial statements at amortised cost, the fair value is determined in accordance with the following methods:

- for medium/long-term assets and liabilities, the valuation is carried out through the discounting of future cash flows. The latter method is based on the “discount rate adjustment approach” which requires the risk factors connected with the disbursement of credit to be included in the rate used for the discounting of future cash flows;
- for assets and liabilities on demand with a short-term or undetermined expiry and for the initial disbursements of financial receivables, the book value recognised net of the analytical write-down is a suitable representation of fair value.

Specifically, note that for financial receivables deriving from loan operations posted at amortised cost in the statement of financial position, the reference figures relating to the fair value measurement are classified under Level 3 of the fair value hierarchy, and were estimated using the discounted cash flow method. The main inputs used for this measurement are the market discount rates, which reflect the conditions applied in the key markets for receivables with similar characteristics, adjusted to take account of the credit risk of the counterparty.

The derivative financial instruments mainly include trading derivatives on share (call options on listed shares) for which prices are available on an active market (for exchange traded options) and where not exchanged on regulated markets, are Over The Counter (OTC) instruments, or traded bilaterally with market counterparties and their valuation is performed using the appropriate pricing models, supplied with input parameters (such as volatility curves) observed on the market and subject to the monitoring processes outlined previously.

The nominal value of Cash and cash equivalents generally approximates their fair value considering the short term of these instruments, which mainly include bank current accounts and time deposits.

Bond loans are recognised at amortised cost in the statement of financial position, and the related bonds are listed in an active market. Therefore, their fair value is measured using the prices at the end of the period. Thus, their fair value is classified in Level 1 of the hierarchy.

The fair value of other financial payables is included in Level 2 of the hierarchy and was measured using the discounted cash flow method. The main inputs used for that measurement are market interest rates at year-end, adjusted to take account of the market expectations of default risk of the Group implicit in the prices of securities traded by the Group and the outstanding derivatives on Group payables.

For financial instruments represented by short-term receivables and payables, for which the present value of future cash flows does not significantly differ from their book value, their book values are assumed to be a reasonable approximation of their fair value.
Specifically, the book value of Receivables and other current assets and Trade payables and Other current liabilities approximates the fair value.

(ii) Fair value measurement of equities represented by non-controlling interests recorded in the portfolio of financial assets at fair value held for trading

Measurement of non-controlling interests recorded in the portfolio of financial assets held for trading refer to the current fair value with recognition of the changes in the Income statement.

As at 31 March 2015, 100% of non-controlling interests recorded in the statement of financial position under assets held for trading are listed in active markets, for which a listing or a price is available, classified in level 1 of the fair value hierarchy. Instruments listed on active markets, both Official and Over the Counter, fall into this category;

(iii) Fair value measurement of equities represented by non-controlling interests recorded in the AFS portfolio

The valuation techniques used to measure the fair value of the non-controlling interests recognised in the AFS portfolio include:
- the reference to market values that can be indirectly linked to the instrument to be measured and taken from similar products in terms of risk characteristics (comparable approach);
- valuations performed by using inputs not taken from observable market parameters for which use is made of estimates and assumptions prepared by the evaluator (mark to model approach).

In detail, for the fair value measurement of equities, different valuation methods are to be used, which involve the use of inputs deriving from direct transactions, i.e.:
- significant share transactions over a period of time deemed sufficiently short with respect to the time of the valuation and under constant market conditions;
- comparable transactions of companies that operate in the same sector and with any type of product/service supplied similar to those of the investee subject to valuation;
- application of the average of significant stock market multiples of comparable companies with respect to the economic-equity amounts of the investee, and
- the application of analytical financial, profit and equity valuation methods.

The choice from the aforementioned methods is not optional, given that these must be applied in hierarchical order; priority is given to official prices available in active markets for assets and liabilities to be measured (effective market quotes) or for similar assets and liabilities (comparable approach), with the lowest priority given to non-observable and, therefore, more discretional inputs (Mark to model approach).
In incorporating all the factors that operators take into consideration in establishing the price, the valuation models developed take account of the time value of money at the risk-free rate, insolvency risks, the volatility of the financial instruments and, if necessary, foreign currency exchange rates.

Shares of private equity funds and foreign investment vehicles are measured using the last NAV (net asset value) available on a sufficiently active market (level 2).
Where a market is not functioning normally, i.e. when the market does not have a sufficient and continuous number of transactions and volatility is not adequately contained, the fair value of these financial instruments is calculated predominantly by using valuation techniques whose objective is to establish the price of a hypothetical transaction that consider assumptions regarding risk that market participants would use in calculating the price of the asset or liability and that also include the risks inherent in a specific valuation technique used and the risk inherent in the inputs of the valuation technique.

As at 31 March 2015, 42,0% of non-controlling interests recorded in the statement of financial position under available-for-sale assets was valued according to methods using the fundamental analysis of the company (level 3).
As at 31 March 2015, no use was made of valuation methods that consider transactions involving the share over a period deemed reasonable with respect to the moment of the valuation or methods involving stock market multiples of comparable companies (level 2).

*Half-yearly variations to financial assets designated at fair value level 3*

As at 31 March 2015, no transfers of financial assets and liabilities designated at fair value on a recurring basis from level 3 to other levels and vice-versa were effected, deriving from changes to significant input variables of observable valuation techniques.
With reference to financial instruments classified in level 3 of the fair value hierarchy, details of changes in the half-year ended as at 31 March 2015, including profits/(losses) booked to the income statement, are shown below:

| | **Financial assets:** | | | **Financial liabilities:** | |
|---|---|---|---|---|---|
| | At fair value through profit or loss (FVTPL) | Available-for-sale assets (AFS) | Derivatives | At fair value through profit or loss | Derivatives |
| **Balance as at 1 october 2014** | **-** | **42.539** | **-** | **-** | **-** |
| **Profit/losses in the year:** | | | | | |
| - in the income statement | - | 27 | - | - | - |
| - in the statement of comprehensive income | - | 1.265 | - | - | - |
| **Other changes:** | | | | | |
| Purchases | - | 1.255 | - | - | - |
| Transfers | - | (4) | - | - | - |
| Reimbursements | - | - | - | - | - |
| Accounting eliminations and reclassifications | - | (245) | - | - | - |
| **Reclassifications to other levels of the fair value hierarchy** | - | - | - | - | - |
| **Balance as at 31 March 2015** | **-** | **44.837** | **-** | **-** | **-** |

Available-for-sale financial assets refer mainly to the shares held in the share capital of Azimut Benetti S.p.A. for EUR 20,2 million (EUR 20,2 million as at 30 September 2014), shares held in Equinox Two ScA for EUR 12,1 million (EUR 10,6 million as at 30 September 2014), shares held in Istituto Atesini di Sviluppo S.p.A. for EUR 4,1 million (EUR 4,1 million as at 30 September 2014), shares held in Micro Venture Finance S.p.A. for EUR 3,3 million (EUR 3,3 million as at 30 September 2014), shares held in Medinvest International S.c.A. for EUR 1,4 million (EUR 1,4 million as at 30 September 2014), shares held in the Progressio Investimenti fund for EUR 1,0 million (EUR 1,0 million as at 30 September 2014), shares held in Sia-SSB for EUR 1,4 million (EUR 1,4 million as at 30 September 2014), shares held in Industrial Stars for EUR 0,2 million (EUR 0,2 million as at 30 September 2014) and shares held in Nomisma S.p.A. for EUR 0,1 million (EUR 0,1 million as at 30 September 2014).

## 56.2 CLASSIFICATIONS OF FINANCIAL INSTRUMENTS

### Categories of financial assets and liabilities

With reference to supplementary disclosures regarding financial instruments and the inherent risks required under IFRS 7, and aimed at outlining the impact of financial instruments with respect to the size of the associated risk exposures, details on the measures and mechanisms the company has implemented to manage the exposure to financial risks are shown below.

Additional disclosures required by IFRS 7 in order to assess the relevance of the financial instruments with reference to the Mittel Group's financial position are shown below:

| | IAS 39 CATEGORIES | | | | |
|---|---|---|---|---|---|
| **Financial assets at 31 March 2015** | Financial instruments designated at fair value | Assets held to maturity | Loans and recevaibles | Available-for-sale financial instruments | Book value |
| **Non-current financial assets:** | | | | | |
| Investments | - | - | - | 71.124 | **71.124** |
| Bonds | - | - | - | 1.058 | **1.058** |
| Other financial assets | - | - | - | - | **-** |
| **Non-current receivables:** | | | | | |
| Financial receivables | - | - | 155.983 | - | **155.983** |
| Sundry receivables | - | - | 228 | - | **228** |
| **Current financial assets:** | | | | | |
| Investments | 12.966 | - | - | 33.203 | **46.169** |
| Financial receivables | - | - | 5.234 | - | **5.234** |
| Trading derivatives | 142 | - | - | - | **142** |
| **Receivables due from customers and other current commercial assets:** | | | | | |
| Sundry receivables and other assets | - | - | 8.842 | - | **8.842** |
| **Cash and cash equivalents** | | | | | |
| Bank and postal deposits | - | - | 73.241 | - | **73.241** |
| **TOTAL FINANCIAL ASSETS** | **13.108** | **-** | **243.528** | **105.385** | **362.021** |

| | IAS 39 CATEGORIES | | | | |
|---|---|---|---|---|---|
| **Financial assets at 30 September 2014** | Financial instruments designated at fair value | Assets held to maturity | Loans and recevaibles | Available-for-sale financial instruments | Book value |
| **Non-current financial assets:** | | | | | |
| Investments | - | - | - | 96.359 | 96.359 |
| Bonds | - | - | - | 30 | 30 |
| Other financial assets | - | - | - | - | - |
| **Non-current receivables:** | | | | | |
| Financial receivables | - | - | 148.841 | - | 148.841 |
| Sundry receivables | - | - | 278 | - | 278 |
| **Receivables due from customers and other current commercial assets:** | | | | | |
| Sundry receivables and other assets | - | - | 23.389 | | 23.389 |
| **Current financial assets:** | | | | | |
| Financial receivables | - | - | 10.114 | - | 10.114 |
| Sundry receivables | - | - | 13.234 | - | 13.234 |
| Other financial assets | 9.305 | - | - | 6.507 | 15.812 |
| **Cash and cash equivalents** | | | | | |
| Bank and postal deposits | - | - | 31.718 | - | 31.718 |
| **TOTAL FINANCIAL ASSETS** | **9.305** | **-** | **227.574** | **102.896** | **339.775** |

| | IAS 39 CATEGORIES | | |
|---|---|---|---|
| **Financial liabilities as at 31 March 2015** | Financial instruments designated at fair value | Liabilities at amortised cost | Book value |
| **Non-current payables and financial liabilities:** | | | |
| Payables due to banks | - | - | **-** |
| Other financial liabilities | - | 3.640 | **3.640** |
| Sundry payables and other liabilities | - | 827 | **827** |
| Bonds | - | 96.924 | **96.924** |
| **Current liabilities:** | | | |
| Payables due to banks and other lenders | - | 105.591 | **105.591** |
| Trade payables | - | 6.845 | **6.845** |
| Sundry payables | - | 4.839 | **4.839** |
| Bonds | - | 1.302 | **1.302** |
| **Other financial liabilities:** | | | |
| Hedging derivatives | - | - | **-** |
| Non-hedge derivatives | 464 | - | **464** |
| **TOTAL FINANCIAL LIABILITIES** | **464** | **219.967** | **220.431** |

| Financial liabilities as at 30 September 2014 | IAS 39 CATEGORIES<br>Financial instruments designated at fair value | Liabilities at amortised cost | Book value |
|---|---|---|---|
| **Non-current payables and financial liabilities:** | | | |
| Payables due to banks | - | 37.511 | **37.511** |
| Other financial liabilities | - | 3.640 | **3.640** |
| Sundry payables and other liabilities | - | 896 | **896** |
| Bonds | - | 96.661 | **96.661** |
| **Current liabilities:** | | | |
| Payables due to banks and other lenders | - | 80.710 | **80.710** |
| Trade payables | - | 10.500 | **10.500** |
| Sundry payables | - | 15.743 | **15.743** |
| Bonds | - | 1.313 | **1.313** |
| **Other financial liabilities:** | | | |
| Hedging derivatives | 2.804 | - | **2.804** |
| Non-hedge derivatives | - | - | **-** |
| **TOTAL FINANCIAL LIABILITIES** | **2.804** | **246.973** | **249.777** |

## 56.3 Risk management policies

### 1. Credit risks

Credit risk represents the exposure of the Mittel Group to potential losses resulting from the non-fulfilment of the obligations assumed by both financial and commercial counterparties. This risk mainly originates from economic-financial factors, or the possibility of counterparty default, or from more strictly technical-commercial factors.
The Mittel Group’s maximum theoretical exposure to credit risk is represented by the book value of the financial assets and trade receivables recorded in the financial statements. It should be pointed out that certain credit positions are secured by mortgages and pledges on securities.
Allocations to the bad debt provision are made specifically on credit positions that present unique elements of risk. By contrast, allocations are made to credit positions that do not present these characteristics on the basis of the average estimated collectability in line with statistical indicators.
As regards credit risk pertaining to income components that contribute to the calculation of Net financial debt, it should be noted that the management of Group liquidity is based on prudential criteria and is structured into the following areas:

- money market management, dealing with the investment of temporary cash surpluses during the year, which are expected to be re-absorbed within the next twelve months;
- bond portfolio management, dealing with the investment of a permanent level of liquidity, the investment of that part of liquidity, whose re-absorption for cash requirements is expected to occur after twelve months, as well as the improvement of the average yield on the asset.

In order to reduce the risk of the non-fulfilment of the obligations assumed by the counterparty, deposits have been made with leading banks with high credit standing.
In order to minimise credit risk, the Group also pursues a policy of diversification of its use of liquidity and of assignment of credit positions to the different bank counterparties; therefore, there are no significant positions with single counterparties to report.
The Group is not exposed to sovereign debts.

### Qualitative information

### General aspects

The Group performs its activities in the private equity, advisory, real estate and Outlet sectors. Credit risk represents the risk of counterparty default with a partial or total loss of capital and of the interest on the credit position.
The analysis of credit risk is a key factor, for the purposes of preparation of the financial statements, in the evaluation of the receivables in the portfolio and as regards their impairment testing required by IAS 39.
In particular, as regards individual impairment, receivables due from customers in the company’s portfolio do not present significant evidence of impairment.

The Group Internal Control and Risk Management Committees constantly monitor risk positions at overall and analytical level.
The risk control department measures the market risks of the Parent Company and those of the individual Group companies, in order to ensure that the overall exposure is monitored.

**Credit exposures**

**Credit exposures: gross and net values**

The situation as regards financial receivables is shown in detail below.

| Type of exposures/amounts | Gross exposure | Specific value adjustments | Portfolio value adjustments | Net exposure |
|---|---|---|---|---|
| **Impaired exposures:** | - | - | - | - |
| - Exposures written down | 26.701 | (21.773) | - | 4.928 |
| - Restructured exposures | - | - | - | - |
| | **26.701** | **(21.773)** | **-** | **4.928** |
| **Performing exposures** | | | | |
| - Past due exposures | 13.544 | - | - | 13.544 |
| - Other exposures | 142.745 | - | - | 142.745 |
| | **156.289** | **-** | **-** | **156.289** |
| **Total as at 31 March 2015** | 182.990 | (21.773) | - | 161.217 |
| **Total as at 30 September 2014** | **190.653** | **(20.464)** | **-** | **170.189** |

As regards expired positions, it should be noted that these consisted mainly of receivables due from Sofimar S.A., considered fully recoverable. For a description, see the directors' report.

Details of trade receivables as at 31 March 2015 are shown below, by trade receivables still not past due ("Falling due" row) and past due receivables, with an indication of the expired period (rows "0-180 days", and "180-360 days" and "After 360 days"):

| | **31.03.2015** | | |
|---|---|---|---|
| | Nominal value | Write-downs | Net value |
| Falling due | 2.517 | (1.493) | 1.024 |
| 0-180 days | 329 | - | 329 |
| 180-360 days | 353 | - | 353 |
| After 360 days | 3.433 | - | 3.433 |
| | **6.632** | **(1.493)** | **5.139** |

Positions for which there is an objective condition of partial or total uncollectability are subject to an individual write-down. The amount of the write-down takes account of the estimate of recoverable flows, the relative collection date and the fair value of any guarantees.
With reference to the valuation criteria of loans and receivables, it should be noted that these financial assets are subject to impairment only if there is objective evidence of a reduction in value as a result of one or more events that occurred after the initial recognition of the asset and that event (or events) has an impact on the estimated future cash flows of the asset.
Expected losses from future events are not incorporated in the impairment estimates, regardless of the likelihood of occurrence (expected loss). If the presence of impairment is verified, Group companies proceed with the evaluation with reference to each receivable when individually significant or when it becomes significant in consideration of the receivables as a whole.

Group companies calculate impairment according to rules which are differentiated by the different credit accounting methods; in particular, the method for calculating the amount of impairment applicable to the

loans and receivables recorded at amortised cost requires the impairment loss on loans and receivables or investments held to maturity and recognised at amortised cost to be measured as the difference between the book value of the asset and present value of estimated future cash flows discounted at the original effective interest rate of the financial instrument.
From an accounting point of view, the value of the asset must be reduced directly or indirectly through an allocation to the liability provision; the amount of the adjustment is recognised in the income statement in the period.

*Cash and cash equivalents*

Cash and cash equivalents of the Group totalled EUR 73.265 thousand (EUR 32.424 thousand as at 30 September 2014) and are composed of bank deposits and certificates of deposit issued by a bank.
As regards the choice of counterparties for the management of temporary surpluses of cash and the stipulation of financial hedge contracts (derivative instruments), the Group only uses contacts with a high credit standing.
In this regard, it should be noted that, as at 31 March 2015, no significant exposures to risks connected to a further deterioration in the overall financial context were highlighted.

*Guarantees given*

The financial statement values as at 31 March 2015 relating to the financial and commercial guarantees issued, assets pledged as collateral in favour of third parties for financial liabilities and irrevocable commitments are shown below:

| | 31.03.2015 | 31.03.2014 |
|---|---|---|
| Financial guarantees issued | 3.722 | 4.502 |
| Commercial guarantees issued | 31.943 | 41.149 |
| Irrevocable commitments to disburse funds | 16.807 | 17.247 |
| Commitments underlying credit derivatives | - | - |
| Other irrevocable commitments | 4.210 | 4.284 |
| | **56.682** | **67.182** |

As regards the main guarantees the following should be pointed out: EUR 20 million for the guarantees issued by Mittel S.p.A. following the transfer, by Mittel, of shares making up 100% of the share capital of Mittel Generale Investimenti S.p.A. to Liberata S.p.A. (hereinafter "the Acquirer"), a company in which Mittel S.p.A. ended up holding a stake of 27%. It should be pointed out that, based on the transfer contract, Mittel S.p.A. issued declarations and guarantees in favour of the Acquirer, according to the practice for similar transactions. In particular, Mittel S.p.A. issued declarations and guarantees in relation to the economic, financial and equity position, the existence and collectability of the receivables of Mittel Generale Investimenti S.p.A. deriving from financing transactions carried out during its company activities, as well as payment at the respective expiry dates, compliance with the legislation and the absence of labour law, social security and tax disputes, and the absence of disputes in general. The potential indemnity obligations deriving from a breach of the aforementioned declarations and guarantees are subject to a maximum total limit of EUR 20,0 million, limited to losses relating to the credit portfolio existing at the date of the transfer and an absolute excess of EUR 50,0 thousand. This guarantee will remain in place until the 24th month after the closing date. Pursuant to the transfer contract, the amount of any indemnities must be reduced by an amount equal to the specific provisions and/or allocations in the financial statements, insurance indemnities or third party reimbursements and contingent assets. The indemnity obligations assumed by Mittel shall remain valid and effective until the $24^{th}$ month after the date of execution of the transfer of the 100% investment in Mittel Generale Investimenti S.p.A. (25 July 2012), with the exception of indemnities relating to any labour law liabilities for which the indemnity obligation is valid for five years.

## 2. Market risks

### Interest rate risk

### General aspects

Interest rate risk generally refers to the effects of changes in market interest rates on the income statement and on the statement of financial position.
In order to measure and monitor the interest rate risk profile at individual company and consolidated level, reports are generated which ensure the accurate monitoring of the trend in debt rates.
This reporting system makes it possible to continuously record the “margin” between the average rate of debt and lending and to determine the impacts of changes in the structure of interest rates on the entire financial statements for the year.

*Derivative financial instruments hedging interest rate risk*

The group of companies headed up by the company Fashion District Group S.p.A. adopted an interest rate risk management policy which makes exclusive provision for the subscription of interest rate swaps defined for the specific hedging of given medium/long-term mortgages with the objective of limiting the fluctuation in financial expenses which affect the economic result, containing the risk of a potential increase in interest rates.
The designation of these derivatives as “hedging transactions” for the purposes of IAS 39 is authorised by the company’s Finance department.
The counterparties are leading banks and financial intermediaries with a minimum rating level equal to investment grade (BBB, S&P), except for exceptions formally authorised by the Board of Directors.
The effectiveness of the hedges is checked by performing the necessary tests, which are carried out:

- at the date of stipulation of the hedge and for the production of accounting/management reports, for the prospective test;
- at the date of each report and at the date of closing of the hedging relationship, for retrospective tests.

Hedge accounting is carried out from the date of stipulation of the derivative contract until the date of its extinguishment or expiry, by documenting, through the appropriate report (so-called hedging relationship) the risk being hedged and the objectives of the hedge, periodically verifying its effectiveness.
In particular, the “cash flow hedge” method set out in IAS 39 is adopted; according to this method, the effective portion of the change in the value of the derivative is recognised in the reserve of equity, adjusting the value of interest in the income statement subject to hedging.
The valuation of the effectiveness aims to demonstrate the high correlation between the technical-financial characteristics of the liabilities hedged (expiry, amount, etc.) and those of the hedging instrument by performing the necessary prospective tests.
Hedge accounting is carried out from the date of stipulation of the derivative contract until the date of its extinguishment or expiry, by documenting, through the appropriate report (so-called hedging relationship) the risk being hedged and the objectives of the hedge, periodically verifying its effectiveness. In particular, the “cash flow hedge” method set out in IAS 39 is adopted; according to this method, the effective portion of the change in the value of the derivative is recognised in the reserve of equity, which is used to adjust the value of interest in the income statement subject to hedging.
The valuation of the effectiveness aims to demonstrate the high correlation between the technical-financial characteristics of the liabilities hedged (expiry, amount, etc.) and those of the hedging instrument by performing the necessary retrospective and prospective tests.
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In particular, the “cash flow hedge” method set out in IAS 39 is adopted; according to this method, the effective portion of the change in the value of the derivative is recognised in the reserve of equity, adjusting the value of interest in the income statement subject to hedging.
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risk being hedged and the objectives of the hedge, periodically verifying its effectiveness. In particular, the "cash flow hedge" method set out in IAS 39 is adopted; according to this method, the effective portion of the change in the value of the derivative is recognised in the reserve of equity, which is used to adjust the value of interest in the income statement subject to hedging.
The valuation of the effectiveness aims to demonstrate the high correlation between the technical-financial characteristics of the liabilities hedged (expiry, amount, etc.) and those of the hedging instrument by performing the necessary retrospective and prospective tests.
The fair value of the Interest Rate Swap contracts is obtained by discounting cash flows, determined as the differential between fixed and variable interest rates provided for in the contract. It should be noted that, on 9 January 2015, all Interest Rate Swaps were closed, also as a result of the sale of the outlets finalised by the subsidiary Fashion District Group S.p.A. and subsequent repayment of the mortgages subject to hedging.

### Quantitative information

The table below identifies the book value of the financial assets and liabilities:

### Distribution by repricing date of financial assets and liabilities

| Items/repricing date | Up to 6 months | From after 6 months to 1 year | From after 1 year to 3 years | From after 3 years to 5 years | After 5 years | Undetermined term | Total |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Debt securities | - | - | - | - | - | - | - |
| Medium/long-term financial receivables | - | - | 135.388 | 18.672 | - | 1.923 | 155.983 |
| Current financial receivables | 5.234 | - | - | - | - | - | 5.234 |
| Available-for-sale financial assets | - | - | - | - | - | - | - |
| Financial assets designated at fair value | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | |
| **Totale assets (a)** | **5.234** | **-** | **135.388** | **18.672** | **-** | **1.923** | **161.217** |
| **Liabilities** | - | - | - | - | - | - | |
| Non-current bank loans | - | - | - | - | - | - | - |
| Current bank loans | (71.054) | (34.537) | - | - | - | - | (105.591) |
| Other financial payables due to related parties | - | - | - | - | - | (3.640) | (3.640) |
| Bonds | (1.302) | - | - | (96.924) | - | - | (98.225) |
| | - | - | - | - | - | - | |
| **Total liabilities (b)** | **(71.054)** | **(34.537)** | **-** | **-** | **-** | **(3.640)** | **(207.455)** |
| **(a)-(b)** | **(65.820)** | **(34.537)** | **135.388** | **18.672** | **-** | **(1.717)** | **(46.239)** |

The financial liabilities which expose the Group to interest rate risk include bank loans payable at a medium/long-term variable rate.

### Models and other methods for the measurement and management of interest rate risk

Interest rate risk is a variable which the Group dedicates considerable attention to and has provided the basis for the operational decisions taken, regarding both financing instruments and lending.
In fact, positions are mostly short on the funding side and loans are characterised by indexed rates. These strategic decisions represent an important factor in mitigating risk and involve a moderate impact in respect of unexpected changes in interest rates on the economic value of the Parent Company and of Group companies.

### Qualitative information

### General aspects

Market risks encompass the risks generated by market transactions with regard to financial instruments, currencies and commodities.
Market risks are composed of position, settlement and concentration risk, with reference to the trading portfolio for supervisory purposes; from exchange risk to the position risk on commodities, with reference to the entire financial statements.
The investment process starts with an analytical activity carried out jointly on a daily basis by the Manager of Securities Investments and the Front Office Manager, which together form the Securities Investments Area. This activity consists essentially of an analysis of the market scenario (i.e. the existing macroeconomic

context in terms of real variables, monetary conditions, current dominant themes..) plus verification of the temporary phase of the various financial markets (in terms of volatility, liquidity,..), supplementing the data with detailed technical information available (research on specific aspects). This analysis is conducted by using IT platform media (mainly Bloomberg and the Internet) and written research distributed via e-mail and the web by the main foreign and Italian intermediaries. Subsequently, via discussions and an exchange of opinions, the “market view” is prepared, which is, in any case, updated constantly during each day of operations. This phase of the process consists of: (i) the preparation/revision of expectations regarding development in the values of the various asset classes (bonds, shares, currencies,..); (ii) the identification of the target asset classes for the construction of investment portfolios; (iii) the evaluation of relationships of correlation between the different asset classes.

Based on the results of the preceding activities, a decision is taken to undertake “strategic investments” (characterised by a target time period of up to 12 months) by identifying the appropriate investment instruments, such as: futures and options on share indexes; futures and options on interest rates; individual shares (selected on the basis of growth potential, quality and the size of past profits, direct knowledge of management, information obtained from available research,..); bonds (diversified in terms of duration, return/spread and credit standing, relevant issuer sector,...).
The dimensions of the strategic investments are established beforehand on the basis of: the desired size of the overall portfolio; the desired share of risk that each individual investment must represent with respect to the total portfolio; use of available scope within the operating limits (delta and VAR) generated by the single investments.
Sometimes, for reduced amounts with respect to the size of the portfolio and always on instruments characterised by a high level of liquidity, “tactical investment” decisions are taken, that is, characterised by particularly reduced time periods and considered prevalently of a “technical nature”.
The positions assumed in the various investment instruments are inserted in the Front Office system in portfolio groups that are subdivided on the basis of the Asset Class criterion (Bond, Equity, FX) and, secondarily, based on sub-criteria (corporate bonds, convertible bonds, government bonds, ...).

**Quantitative information**

**Models and other methods for the measurement and management of price risk**

As regards the Group’s situation, actual and prospective market risk is low.
The strategies implemented in the current year are extremely prudent and have made provision for limited trading in financial assets, on the basis of a careful evaluation of the risks connected to the current phase of market volatility.
Procedures for controlling securities trading activities have been notably improved and strengthened in the last period, introducing a structure of “limits of the portfolio of direct investments in tradable instruments”, supported by a daily check on said limits, formalised in a daily report which shows the percentage use of each limit.

**Other quantitative information on price risk**

**Qualitative information**

**General aspects**

Currency risk may be generally defined as the effects of variations in the different pairs of non-Euro currencies on the performances of the company in terms of economic results of operations and cash flows.
Financial intermediaries are required, as per the legislation, to contain their “net exchange positions” to an amount not exceeding twice the regulatory capital.
Monitoring of the incidence of the trend in exchange rates as regards transactions realised on real estate securities in the various non-Euro currencies, is carried out through reporting which shows the overall exposure and the incidence on the level of intra-year loss.
These indicators are produced on a daily basis and made available to the managers of the operating and control units.
At the current state of play, the Group has no operations in place in areas subject to exchange rate risks.

**Quantitative information**

The Group has no exposures in foreign currency.

**Sensitivity analysis**

The exposure to the different market risks is measured through sensitivity analysis, as envisaged under IFRS 7; this analysis illustrates the effects of a given hypothetical variation in the levels of relevant variables in the different markets (interest rates, prices, currency) on financial expenses and income and, sometimes, directly on equity.

The sensitivity analysis was conducted on the basis of the hypotheses and assumptions shown below:

- the sensitivity analyses were carried out by applying reasonably possible changes in the relevant risk variables to financial statement values as at 31 March 2015, assuming that said values are representative of the entire year;
- changes in the value of fixed rate financial instruments, other than derivative instruments, brought about by variations in interest rates, generate an impact on profit only when accounted for at their fair value, as per IAS 39. All fixed rate instruments which are accounted for at amortised cost are not subject to interest rate risk, as defined in IFRS 7;
- changes in the value of the financial instruments designated in a cash flow hedge relationship, brought about by variations in interest rate, generate an impact on the level of debt and equity and, therefore, are taken into consideration in this analysis;
- changes of value brought about by variations in interest rates, variable rate financial instruments, other than derivative instruments, which are not part of a cash flow hedge relationship, generate an impact on financial income and expenses in the year; therefore, they are taken into consideration in this analysis.

**Interest rate risk – Sensitivity analysis**

The variation in interest rates on the variable component of payables and liquidity may involve higher or lower financial expenses/income. In particular, in relation to the variation in interest rates: if, as at 31 March 2015, the interest rates were 100 basis points higher/lower than the rates actually registered, at income statement level, higher/lower financial expenses would be recorded, before the associated taxes, amounting to EUR 1,0 million.

**Breakdown of the financial structure between fixed and variable rates**

In relation to the breakdown of the financial structure between the fixed rate and variable rate components, both for financial assets and liabilities, the following tables are considered.
In the preparation of these tables, account was taken of the book value and, as regards financial assets, of the intrinsic nature (financial characteristics and duration) of the transactions considered, rather than solely the contractually defined conditions.

| Amounts in thousands of Euro | **31 March 2015** | | | **30 September 2014** | | |
|---|---|---|---|---|---|---|
| | Fixed rate | Variable rate | Total | Fixed rate | Variable rate | Total |
| Bank loans | 26.068 | 79.523 | **105.591** | 31.727 | 85.283 | **117.010** |
| Bonds | 98.225 | | **98.225** | 97.974 | | **97.974** |
| Other financial liabilities | 3.640 | - | **3.640** | 3.640 | 1.212 | **4.851** |
| **Total** | **127.933** | **79.523** | **207.455** | **133.340** | **86.495** | **219.835** |

| Amounts in thousands of Euro | 31 March 2015 | | | 30 September 2014 | | |
|---|---|---|---|---|---|---|
| | Fixed rate | Variable rate | Total | Fixed rate | Variable rate | Total |
| Financial receivables | 60.853 | 100.364 | **161.217** | 74.385 | 95.804 | **170.189** |
| Other financial assets | - | - | **-** | | | **-** |
| **Total** | **60.853** | **100.364** | **161.217** | **74.385** | **95.804** | **170.189** |

The tables indicated above, relating to financial receivables and payables, include the value of non-interest bearing receivables and payables considered fixed rate. Moreover, the bank loans of the Fashion District Group hedged through the subscription of derivatives were considered to be variable rate (see also note 29 "Other financial liabilities").

**Effective interest rate**

The effective interest rate, for categories for which it can be determined, is the one relating to the original transaction net of the effect of any derivative hedging instruments.

The information, given provided by categories of financial assets and liabilities, has been prepared by using, as a weight for weighting purposes, the adjusted book value of accruals, deferrals and fair value adjustments; therefore, this refers to the amortised cost, net of any accruals and fair value adjustments due to hedge accounting.

Amounts in thousands of Euro

| | 31 March 2015 | | 30 September 2014 | |
|---|---|---|---|---|
| | Adjusted book value | Effective interest rate (%) | Adjusted book value | Effective interest rate (%) |
| Deposits and cash | 73.265 | 0,33% | 32.424 | 0,2% |
| Other financial assets | 161.217 | 4,71% | 170.189 | 3,5% |
| **Total** | **234.482** | **3,65%** | **202.613** | **2,95%** |

Amounts in thousands of Euro

| | 31 March 2015 | | 30 September 2014 | |
|---|---|---|---|---|
| | Adjusted book value | Effective interest rate (%) | Adjusted book value | Effective interest rate (%) |
| Bank loans | 105.591 | (4,09)% | 117.010 | (5,63)% |
| Bonds | 98.225 | (6,90)% | 97.974 | (6,90)% |
| Other financial liabilities | 3.640 | (0,00)% | 4.851 | (1,24)% |
| **Total** | **207.455** | **(5,30)%** | **219.835** | **(6,10)%** |

As regards the management of market risks by using derivative financial instruments, please see previous note 29 "Other financial liabilities".

**Currency risk – Sensitivity analysis**

As at 31 March 2015 (as at 30 September 2014), no active and passive financial instruments were denominated in currencies different from the financial statement currency of the individual companies and, therefore, currency risk is not subject to sensitivity analysis.

## 3. Liquidity risk

Liquidity risk is the risk of a company finding it difficult to fulfil future obligations associated to the financial liabilities given that available financial resources are not sufficient to cover the obligations according to the pre-established terms and expiry dates.
The Group pursues the objective of having an adequate degree of financial flexibility, by maintaining a solvency margin that allows refinancing requirements to be met at least for the next twelve months through the availability of irrevocable bank credit lines, liquidity and short-term hot money.
The company's goal is to maintain a balance between the bank credit line capacity and the flexibility of financial resources through the use of overdrafts.
A total of 4,6% of gross non-current financial debt as at 31 March 2015 (nominal repayment values) will fall due and/or is subject to revocation within twelve subsequent months.

With reference to the expiries of cash flows related to the Group's financial exposure, for liquidity risk purposes, the repayment plan set forth for medium-term debt, including medium-term loans obtained for projects to acquire investments, assumes particular significance.
The risk analysis performed is aimed at quantifying, based on contractual expiries, the cash flows deriving from the repayment of non-current financial liabilities held by the company as at 31 March 2015, given deemed relevant for liquidity risk purposes.
For the purposes of a representation of the liquidity risk on the financial exposure of the company deriving from expected cash flows for the repayment of financial debt and other non-current liabilities, the development of cash flows relating to the plan of payments for annual periods is shown below.

| Amounts in thousands of Euro | **expiring within 30.9 of the year:** | | | | |
|---|---|---|---|---|---|
| | **2015** | **2016** | **2017** | **After 2017** | **Total** |
| Bank loans | 105.591 | - | - | - | 105.591 |
| Other loans | - | - | - | 3.640 | 3.640 |
| Bonds | 2.996 | 5.992 | 5.992 | 111.838 | 126.818 |
| **Total** | **108.587** | **5.992** | **5.992** | **115.478** | **236.048** |

In relation to information on the financial assets used as collateral for liabilities, set forth in paragraph 14 of IFRS 7, the Group pledged a share package comprising 4,5 million ordinary Intesa Sanpaolo S.p.A. shares and 1.381.763 UBI Banca S.c.p.A. shares, classified under available-for-sale financial assets, to secure a credit facility of EUR 20 million, of which around EUR 8,5 million was used as at 31 March 2015.
For additional information on the covenants of the Mittel Group, please refer to the paragraph Risk of default and debt covenants in the report on operations.

## 4 Information on equity

Shareholders have always been worried about providing the Group with sufficient equity to allow it carry out its activities and to cover risks. For this reason, a portion of the profits achieved has been carried forward over the years.

The objectives of the Parent Company Mittel S.p.A. as regards the management of capital are based on the protection of the Group's ability to continue, simultaneously, to ensure profitability for shareholders and to retain an efficient capital structure.

## 57. Ongoing disputes

It should be noted that certain Group companies have disputes in progress. The main legal proceedings in progress (i.e. Snia S.p.A. in amministrazione straordinaria - “under extraordinary administration”) are detailed in the paragraph “Main ongoing legal proceedings”. In light of the opinions of its consultants, the Directors did not deem it necessary to set aside any provision for risks with respect to potential liabilities.

Milan, 27 May 2015

for the Board of Directors

The Chairman

(Franco Dalla Sega)

## Certification of the consolidated condensed half-yearly financial statements as at 31 March 2015 pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned Marco Colacicco, Executive Director and Pietro Santicoli, the Manager responsible for preparing the Company's 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 condensed half-yearly financial statements for the period ended as at 31 March 2015.

It is also certified that the consolidated condensed half-yearly financial statements for the period ended as at 31 March 2015:

a) were 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) correspond to the book results and accounting records;

c) provide a true and fair view of the equity, economic and financial situation of the issuer and of the group of consolidated companies.

The interim report on operations includes a reliable analysis of the references to significant events which occurred in the first six months of the year and to their incidence on the consolidated condensed half-yearly financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim report on operations also includes a reliable analysis of the information on significant transactions with related parties.

Milan, 27 May 2015

| Executive Director | Manager responsible for preparing the Company's financial reports |
|---|---|
| Marco Colacicco | Pietro Santicoli |

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**AUDITORS' REVIEW REPORT ON THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**To the Shareholders of MITTEL S.p.A.**

1. We have reviewed the half-year condensed consolidated financial statements of Mittel S.p.A. and its subsidiaries (the "Mittel Group"), which comprise the statement of financial position as of March 31, 2015, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and the related explanatory notes. The Company's Directors are responsible for the preparation and presentation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue a report on these half-year condensed consolidated financial statements based on our review.

2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-year interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-year condensed consolidated financial statements.

   As far as comparative figures related to the year ended September 30, 2014 and the six-month period ended March 31, 2014 are concerned, reference should be made to our auditors' report dated January 27, 2015 and our auditors' review report dated May 30, 2014, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of Mittel Group as of March 31, 2015 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

*Signed by*
Marco Miccoli
Partner

Milan, Italy
May 28, 2015

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