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

Reports and Financial Statements

as at 30 September 2013

128th company year

Contents

"THIS IS A TRANSLATION OF THE ITALIAN CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2013 PREPARED SOLELY FOR THE CONVENIENCE OF INTERNATIONAL READERS. INTHE EVENT OF ANY AMBIGUITY THE ITALIAN TEXT WILL PREVAIL."

Board of Directors

Chairman

Franco Dalla Sega

Deputy Chairman

Romain C. Zaleski (b)

Chief Executive Officer

Arnaldo Borghesi (b)

Directors

Paolo Batocchi

Maria Vittoria Bruno (a) (c)

Giorgio Franceschi (b)

Stefano Gianotti (a) (d)

Giambattista Montini (a)

Giuseppe Pasini (a)

Duccio Regoli (a) (c) (d)

Massimo Tononi (c)

General Manager

Maurizia Squinzi

Manager responsible for preparing the Company's financial reports

Pietro Santicoli

Board of Statutory Auditors

Standing auditors

Giovanni Brondi – Chairman

Simone Del Bianco

Maria Teresa Bernelli

Alternate auditors

Roberta Crespi

Giulio Tedeschi

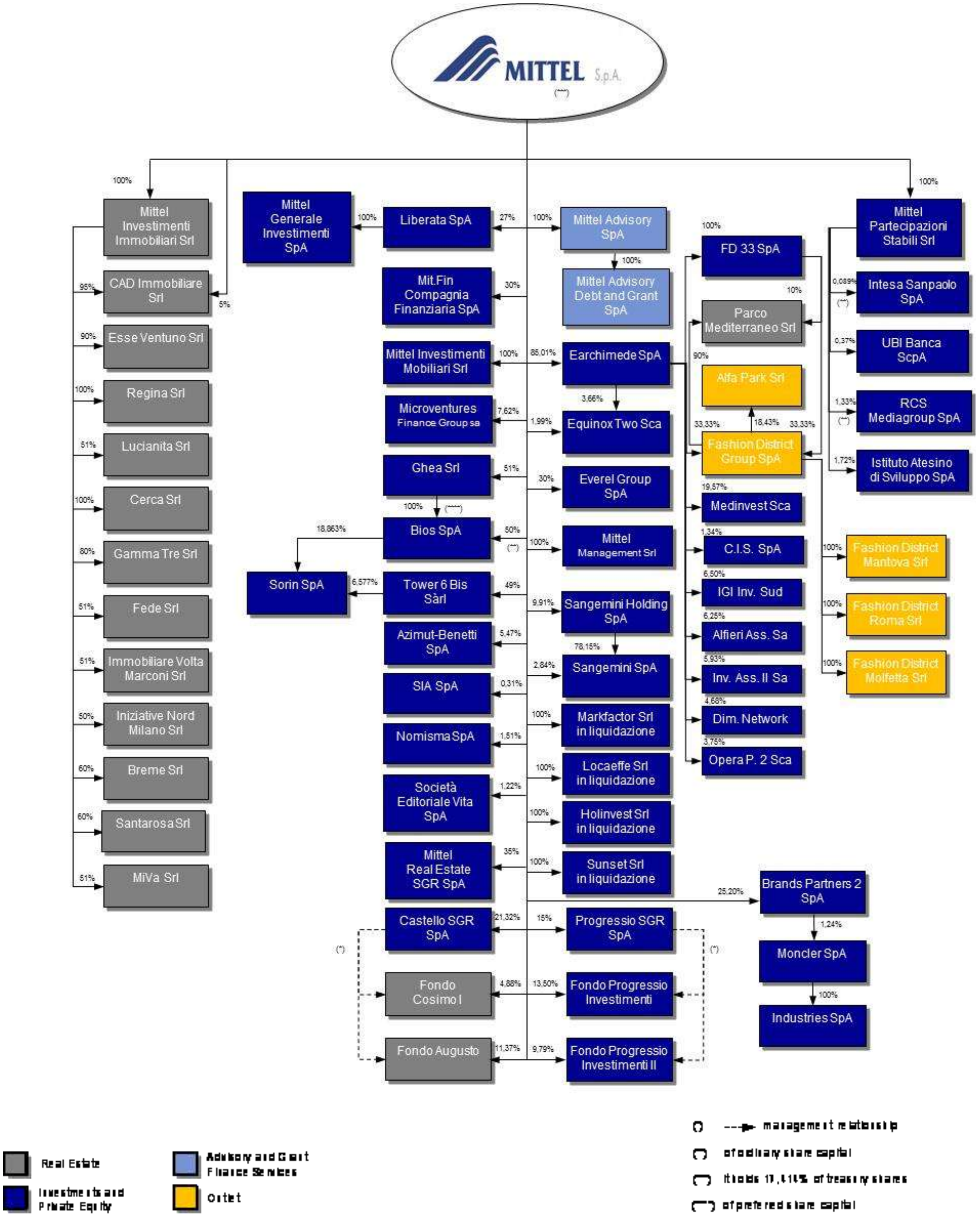
Independent Auditors

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

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 13 January 2014



Group Performance

Dear Shareholders,

The Mittel Group's consolidated financial statements for the year ended as at 30 September 2013 posted a net loss of EUR 38,1 million, compared to a net loss of EUR 17,9 million as at 30 September 2012.

Equity pertaining to the Group amounted to EUR 327,0 million, compared to EUR 342,0 million in 2011-2012, marking a decrease of EUR 15,0 million, while non-controlling interests came to EUR 56,4 million, compared to EUR 55,5 million in the previous year. Total equity amounted to EUR 383,4 million, compared to EUR 397,5 million in the previous year, marking a decrease of EUR 14,1 million.

The consolidated statement of comprehensive income for the year, which also includes valuation components of income deriving from changes in the fair value of equity investments posted to the valuation reserve under Equity, shows income pertaining to the Group of EUR 9,0 million, compared to a loss of EUR 10,7 million as at 30 September 2012.

Financial highlights of the Mittel Group

Economic summary

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

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

Main economic, financial and equity figures of the Group

(Thousands of Euro)	30.09.2013	30.09.2012
Revenues	**59.036**	**66.078**
Purchases, provision of services, sundry costs	(51.114)	(58.491)
Personnel costs	(11.809)	(9.625)
Operating costs	**(62.923)**	**(68.116)**
Income (expenses) from investments	4.295	6.240
Operating margin (EBITDA)	**407**	**4.202**
EBITDA %	*0,69%*	*6,36%*

Amortisation/depreciation, allocations and adjustments to non-current assets	(19.649)	(22.756)
Value adjustments to financial assets and receivables	(28.836)	(9.826)
Share of income (loss) of investments	325	18.076
Operating result (EBIT)	**(47.753)**	**(10.305)**
EBIT %	*(80,89)%*	*(15,59)%*
Income (loss) from financial management	11.399	(4.519)
Income (loss) from trading of financial assets	(1.178)	(1.750)
Income (loss) before taxes	**(37.532)**	**(16.574)**
Taxes	(3.717)	214
Income (loss) from continuing operations	**(41.248)**	**(16.360)**
Income (loss) from discontinued operations	143	(5.748)
Net income (loss) for the year	**(41.105)**	**(22.108)**
Income (loss) pertainig to non controlling interests	3.018	4.187
Income (loss) pertainig to the Group	**(38.087)**	**(17.921)**

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

- **Revenues**: these mainly comprise ordinary revenues of EUR 49,7 million (EUR 47,1 million in the previous year), other income of EUR 3,6 million (substantially in line with the previous year), and the increase of EUR 5,6 million in property inventories. Ordinary revenues gained a EUR 6,0 million benefit due to the increase generated by the contribution of the Advisory sector, mainly due to the acquisition of the 100% interest in Mittel Advisory S.p.A., whose revenues are recognised in these financial statements only for the period 1 January 2013 - 30 September 2013. This was offset by a decrease of EUR 3 million in revenues from sales in the Real Estate sector, due to the persistence of the negative economic situation, which specifically affected the construction sector, as well as the completion of the sales as part of the project by Esse Ventuno S.r.l., which in the previous year had generated sales totalling EUR 5,6 million. The increase in property inventories is due to the substantial completion of several property projects during the year, partially offset by the negative value adjustment of EUR 2,8 million, comprising EUR 1,9 million due to the initiatives by the companies Breme S.r.l. and Santa Rosa S.r.l., which were aligned to their market value as per the appraisal prepared by an independent expert professional.

- **Operating costs**: this item is comprised of costs for purchases of EUR 11,5 million (EUR 19,9 million in the previous year), costs for services of EUR 33,7 million (EUR 32,0 million in the previous year), other costs of EUR 5,9 million (EUR 6,6 million in the previous year). The reduction in costs for purchases is attributable to less construction in the Real Estate sector, due to the substantial completion of several property projects during the current year.

- **Personnel costs**: this item amounted to EUR 11,8 million, posting an increase of EUR 2,2 million compared to the previous year, due to the greater contribution from the Advisory sector, mainly due to the acquisition of Mittel Advisory S.p.A. (consolidated in the period 1 January - 30 September 2013), and costs deriving from the newly-incorporated Mittel Management S.r.l.

- **Income and expenses from investments**: this item is composed of dividends of EUR 1,9 million (EUR 6,1 million in the previous year) and profit from management of financial activities and investments of EUR 2,3 million (EUR 0,2 million in the previous year). Profit from management of financial activities and investments is mainly attributable to the contribution of EUR 1,1 million from the disposal activities by the subsidiary Mittel Partecipazioni Stabili S.r.l. executed in the current year, EUR 0,7 million from Earchimede S.p.A. and EUR 0,7 million to the contribution from the Parent Company Mittel S.p.A.

- **Operating margin (EBITDA):** EUR 0,4 million, compared to EUR 4,2 million in the previous year, marking a decrease of EUR 3,8 million.

- **Amortisation/depreciation, allocations and adjustments to non-current assets**: EUR 19,6 million compared to EUR 22,8 million in the previous year. This item marks a decrease of EUR 3,2 million, as in the previous year it included the full write-down of goodwill amounting to EUR 4,7 million, posted by the subsidiary Earchimede S.p.A. following the business combination with the Group that heads Fashion District Group S.p.A., performed in previous years.

- **Value adjustments to financial assets and receivables**: EUR 28,8 million compared to EUR 9,8 million in the previous year. This item marks an increase of EUR 19,0 million, comprising EUR 5,1 million in higher adjustments by Mittel Partecipazioni Stabili S.r.l. for available-for-sale financial assets it holds, EUR 8,3 million in adjustments in the Outlet sector, mainly due to the write-down of the investment in Alfa Park S.r.l. as a result of the negative performance of theme parks, EUR 2,5 million in higher adjustments recorded by the Parent Company Mitel S.p.A. relating to its receivables as well as investments in private equity funds and foreign investment vehicles, and EUR 3,2 million in higher adjustments posted by the subsidiary Earchimede S.p.A. relating to its investments in private equity funds and foreign investment vehicles.

- **Share of income (loss) of investments**: this item, amounting to EUR 0,3 million compared to EUR 18,1 million in the previous year, decreased by EUR 17,8 million, mainly due to the lack of profits achieved in the previous year by Brands Partners 2 S.p.A., amounting to EUR 16,5 million.

- **Operating result (EBIT):** the loss of EUR 47,8 million, compared to EUR 10,3 million in the previous year, decreased by EUR 37,5 million compared to the previous year's loss.

- **Income (loss) from financial management**: income of EUR 11,4 million compared to a loss of EUR 4,5 million in the previous year, marking an increase of EUR 15,9 million, mainly comprised of EUR 12,7 million as a result of the interest income on the receivable due to Ghea S.r.l. from Bios S.p.A.

- **Income (loss) from discontinued operations**: income of EUR 0,1 million compared to a loss of EUR 5,7 million in the previous year, showing an increase of EUR 5,8 million, mainly due to the effects of the loss in the previous year on discontinued operations of Mittel Generale Investimenti S.p.A.

Main financial and equity figures of the Group

(Thousands of Euro)	**30.09.2013**	**30.09.2012**
Intangible assets	29.943	21.751
Property, plant and equipment	137.659	147.376
Investments	77.301	39.099
Non-current financial assets	274.917	300.220
Non-current assets (liabilities) held for sale	-	2.356
Provisions for risks, employee severance indemnity and employee benefits	(8.095)	(6.011)
Other non-current assets (liabilities)	(2.639)	(1.570)
Tax assets (liabilities)	(14.625)	(9.701)
Net working capital (*)	115.377	100.869
Net invested capital	**609.838**	**594.389**
Equity	(327.046)	(342.009)
Non controlling interests	(56.389)	(55.525)
Total Equity	**(383.435)**	**(397.534)**
Net financial position	**(226.403)**	**(196.855)**

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

Intangible assets amounted to EUR 29,9 million, compared to EUR 21,8 million in 2011-2012. The increase of EUR 8,1 million is mainly due to the recognition of goodwill deriving from the acquisition of control over Mittel Advisory S.p.A. (formerly Borghesi Advisory S.r.l.)

Property, plant and equipment totalled EUR 137,7 million compared to EUR 147,4 million in 2011-2012, representing a decrease of EUR 9,7 million, attributable primarily to the annual depreciation (EUR 13,7 million) of the properties and assets owned by the subsidiary Fashion District Group S.p.A., relating to the Mantua and Molfetta outlets.

Investments valued using the equity method totalled EUR 77,3 million, marking a total net increase of EUR 38,2 million compared to 2011-2012. The increase is mainly due to the change in the share of the valuation reserve pertaining to investees, which increased by a total of EUR 37,9 million, mainly attributable to the Brands Partners 2 S.p.A. investment of EUR 20,2 million (attributable to the revaluation of the fair value of the investment in Moncler S.p.A.) and the revaluation of the investee Sorin held through the vehicles Bios S.p.A. and Tower 6 bis Sarl., EUR 14,0 million and EUR 3,7 million, respectively.

Non-current financial assets amounted to EUR 274,9 million, compared to EUR 300,2 million in 2011-2012, marking a decrease of EUR 25,3 million. The main changes are attributable to: (i) the decrease of EUR 20,4 million recorded by the subsidiary Mittel Partecipazioni Stabili S.r.l., including EUR 18,1 million due to the reclassification of part of its portfolio of listed investments to current assets, (ii) the EUR 4,1 million decrease in value attributable to financial assets held by the subsidiary Earchimede S.p.A., mainly as a result of the impairment recorded by the same, and (iii) the EUR 9,4 million decrease in the value of the assets held by the Group headed up by Fashion District Group, mainly referring to the impairment of the Alfa Park S.r.l. investment.
These decreases were offset by: (i) the increase of EUR 16,7 million in the value of the receivable due to Ghea S.r.l. from Bios S.p.A., classified under current financial receivables in the financial statement tables based on its natural expiry, and here reclassified under financial assets considering the effects of the rescheduling of debt and reorganisation of the equity and corporate structure of the joint subsidiary Bios S.p.A. finalised in December; (ii) the increase of EUR 7,2 million recorded in financial assets held by Mittel S.p.A., mainly deriving from the increase in value of the Fondo Progressio Investimenti (Progressio Investimenti Fund) of EUR 5,4 million, the decrease in value of the Fondo Progressio Investimenti II (Progressio Investimenti II Fund) of EUR 1,2 million and the increases due to the subscription of shares of EUR 3,9 million.

Provisions for risks, employee severance indemnity and employee benefits amounted to EUR 8,1 million, compared to EUR 6,0 million in the previous year, marking an increase of EUR 2,1 million. Provisions for risks as at 30 September 2013 included an allocation of EUR 5,0 million relating to Mittel S.p.A. as a result of the hedging of liabilities for contractual guarantees issued by the latter, partially offset by use of EUR 3,7 million of the provisions for the tax dispute involving Mittel Generale Investimenti S.p.A. for the tax periods 2004-2005 and 2005-2006.

The item **other non-current liabilities** totalled EUR 2,6 million, up by EUR 1,0 million on the previous year.

Tax liabilities amounted to EUR 14,6 million, compared to EUR 9,7 million in 2011-2012, an increase of EUR 4,9 million, mainly due to the allocation of EUR 5,5 million for deferred tax liabilities deriving from the adjustment of the recoverable value of the receivable due to Ghea S.r.l. from Bios S.p.A. recognised during the year for a total of EUR 16,7 million.

Net working capital amounted to EUR 115,4 million, compared to EUR 100,9 million in 2011-2012. The item net working capital is composed of the value of property inventories of EUR 122,0 million (EUR 117,6 million in the financial statements of the previous year), sundry receivables and other current assets totalling EUR 26,9 million (EUR 18,2 million in the financial statements of the previous year) and sundry payables and other current liabilities amounting to EUR 33,5 million (EUR 35,0 million in last year's financial statements). EUR 4,4 million of the increase of EUR 14,5 million is due to the increase in property inventories, and EUR 8,7 million is due to the increase in sundry receivables and other assets, which includes EUR 6,4 million from receivables due from customers in the Advisory sector and EUR 1,5 million from higher receivables posted by the Parent Company Mittel S.p.A.

As a result, **net invested capital** rose by EUR 15,4 million to EUR 609,8 million, financed by Equity for EUR 383,4 million and by the net financial position for EUR 226,4 million.

Equity pertaining to the Group amounted to EUR 327,0 million, marking a decrease of EUR 15,0 million, while non-controlling interests, amounting to EUR 56,4 million, increased by EUR 0,9 million. Consolidated Equity thus amounted to EUR 383,4 million, marking a decrease of EUR 14,1 million on the EUR 397,5 million in the previous year. These changes are attributable to: the loss for the year pertaining to the Group of EUR 38,0 million, the total increase in the valuation reserve of EUR 47,1 million and the decrease of EUR 25,9 million due to the investment in treasury shares deriving from the voluntary partial public exchange offer promoted by Mittel S.p.A., pursuant to art. 102 of the Consolidated Law on Finance, with consideration comprised of “Mittel S.p.A. 2013-2019” bonds. Following this offer, 14.786.458 ordinary Mittel S.p.A. shares were offered.

As a result of an increase in net invested capital and a decrease in consolidated Equity, the net financial position (negative) increased by a total of EUR 29,5 million to EUR 226,4 million. This increase is mainly attributable to (i) the effects of the public exchange offer (“OPSC”) which, as stated above, resulted in a decrease of EUR 25,9 million in consolidated Equity for the issue of “Mittel S.p.A. 2013-2019-TF 6%” bonds in the same amount. Likewise, as a result of said OPSC, Mittel holds 14.786.458 available treasury shares, in addition to those previously held, for a total of 15.308.706 treasury shares; (ii) the increase in net invested capital of EUR 15,4 million, (iii) offset by the positive effect on the net financial position of the positing of EUR 17,8 million in listed securities held in UBI Banca and Intesa Sanpaolo under current financial assets, held for trading.

Statement relating to the net financial position

(Thousands of Euro)	**30.09.2013**	**30.09.2012**	**Variation**
Cash	48	14	33
Other cash equivalents	48.533	25.678	22.855
Securities held for trading	17.826	-	17.826
Current liquidity	**66.407**	**25.692**	**40.715**
Current financial receivables	**30.575**	**37.819**	**(7.243)**
Bank payables	(210.677)	(236.405)	25.728
Bonds	(97.424)	-	(97.424)
Other financial payables	(15.285)	(23.961)	8.676
Financial debt	**(323.386)**	**(260.366)**	**(63.020)**
Net financial position	**(226.403)**	**(196.855)**	**(29.548)**

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

As regards the breakdown of the net financial position, the following is noted:

- the recognition of the “Mittel S.p.A. 2013-2019" bond for a total of EUR 97,4 million, issued during the financial year, which resulted in a net cash flow of EUR 69,7 million (this was the remainder in relation to the OPSC);
- bank payables decreased from EUR 25,7 million to EUR 210,7 million;
- current liquidity increased by EUR 40,7 million (from EUR 66,4 million), including EUR 22,9 million due to the increase in bank and postal deposits and EUR 17,8 million due to the posting of listed securities held in UBI Banca and Intesa Sanpaolo under current financial assets, held for trading.

Moreover, the receivable due to Ghea S.r.l. from Bios S.p.A., amounting to EUR 49,9 million, classified under current financial receivables in the financial statements, was not included in the net financial position, considering its extension for 24-36 months, as part of the rescheduling of debt and reorganisation of the equity and corporate structure finalised in December 2013 by the joint subsidiary Bios S.p.A.
As at 30 September 2013, the item other cash equivalents included EUR 3,0 million in amounts owed classified under current financial receivables in the financial statements, referring to the giro account in place between Earchimede 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.

INCOME STATEMENT BY BUSINESS SEGMENT AND CONTRIBUTIONS TO GROUP RESULTS

30 settembre 2013

Figures in millions of Euro	30 September 2013										
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 discontinued operations**	**Taxes**	**Income (loss) pertaining to non controlling interests**	**Income (loss) pertaining to the Group**
Real Estate Sector	13,4	(14,7)	0,7	(0,4)	(0,2)	(3,8)	0,0	0,0	0,4	(1,5)	(3,1)
Advisory Sector	8,1	(6,3)	0,0	(1,0)	0,0	(0,1)	0,0	0,0	(0,4)	0,0	0,2
Investments and PE Sector	2,8	(14,6)	3,6	(25,1)	0,9	16,8	(1,2)	0,1	(6,4)	4,5	(27,5)
Outlet Sector	35,5	(28,1)	0,0	(22,1)	(0,4)	(1,5)	0,0	0,0	2,7	(6,1)	(7,8)
IC ELIMINATION (*)	(0,7)	0,7	0,0	0,0	0,0	0,0	0,0	0,0			
CONSOLIDATED TOTAL	**59,0**	**(62,9)**	**4,3**	**(48,5)**	**0,3**	**11,4**	**(1,2)**	**0,1**	**(3,7)**	**(3,0)**	**(38,1)**

30 settembre 2012

Figures in millions of Euro	30 September 2012										
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 discontinued operations**	**Taxes**	**Income (loss) pertaining to non controlling interests**	**Income (loss) pertaining to the Group**
Real Estate Sector	25,7	(22,0)	0,5	(0,0)	(0,0)	(3,3)	0,0	0,0	(0,9)	(0,4)	0,4
Advisory Sector	1,9	(3,4)	0,0	(0,5)	0,0	(0,0)	0,0	0,0	0,8	0,0	(1,2)
Investments and PE Sector	3,9	(14,4)	5,7	(17,5)	18,1	2,0	(1,7)	0,1	(2,8)	(0,0)	(6,6)
Outlet Sector	35,8	(29,4)	0,0	(14,6)	0,0	(3,5)	0,0	0,0	3,1	(3,8)	(4,8)
Operating Finance Sector (9 months)	0,6	(1,9)	0,3	(0,3)	0,0	6,4	(1,8)	(7,7)	(1,2)	0,0	(5,7)
IFRS5 reclassification	(0,6)	1,9	(0,3)	0,3	0,0	(6,4)	1,8	2,0	1,2	0,0	0,0
IC ELIMINATION (*)	(1,3)	1,1	0,0	0,0	0,0	0,4	0,0	(0,2)			
CONSOLIDATED TOTAL	**66,1**	**(68,1)**	**6,2**	**(32,6)**	**18,1**	**(4,5)**	**(1,7)**	**(5,7)**	**0,2**	**(4,2)**	**(17,9)**

STRUCTURE OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY BUSINESS SEGMENT

30 settembre 2013

Figures in millions of Euro	30 September 2013									
AGGREGATE / CONSOLIDATED	**Net working capital**	**Fixed assets**	**Other assets (liabilities)**	**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	118,7	20,3	0,3	139,3		(94,1)	45,2		1,5	43,7
Advisory Sector	6,0	8,4	(0,3)	14,1		(5,0)	9,1		0,0	9,1
Investments and PE Sector	(3,4)	327,8	(2,9)	321,5		(73,5)	248,0		19,7	228,3
Outlet Sector	(5,9)	180,9	(22,5)	152,5		(71,4)	81,1		35,2	45,9
IC ELIMINATION (**)	0,0	(17,6)	0,0	(17,6)		17,6				
CONSOLIDATED TOTAL	**115,4**	**519,8**	**(25,4)**	**609,8**		**(226,4)**	**383,4**		**56,4**	**327,0**

30 settembre 2012

Figures in millions of Euro	30 September 2012									
AGGREGATE / CONSOLIDATED	**Net working capital**	**Fixed assets**	**Other assets (liabilities)**	**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	112,0	21,7	(0,2)	133,5		(83,0)	50,5		2,2	48,4
Advisory Sector	1,3	0,1	0,5	2,0		(1,4)	0,5		0,0	0,5
Investments and PE Sector	(6,5)	298,0	10,0	301,5		(41,6)	259,9		15,7	244,2
Outlet Sector	(6,0)	199,9	(25,3)	168,5		(82,1)	86,6		37,6	48,9
IC ELIMINATION (**)	0,0	(11,2)	0,0	(11,2)		11,2				
CONSOLIDATED TOTAL	**100,9**	**508,4**	**(14,9)**	**594,4**		**(196,9)**	**397,5**		**55,5**	**342,0**

(*) Elimination of 2012 Income (loss) from financial management at intercompany (IC) level generated by the Income (loss) from discontinued operations
(**) Elimination of Fixed assets/Financial Position deriving from intercompany position - Non-current Payables (in Financial Position) to Non-current Receivables (in Fixed Assets)

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 activities of the Mittel Group, following the amalgamation of the Fixed Investments Sector and the Investments and Private Equity sector, a change implemented from the statement as at 31 March 2013, is structured into the following operating segments:

- **Real Estate:** the sector includes (i) real estate transactions predominantly of a residential/tertiary nature, currently located in Lombardy, with the exception of an initiative in the province of Catania, with a low risk profile; 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:** construction and management of large commercial spaces in line with the distribution system of factory outlet centres. Fashion District Group is the largest shopping project in Italy and has created a network composed of 3 factory outlet centres, integrated with recreational, leisure and entertainment functions, located in Mantua, Valmontone (Rome) and Molfetta (Bari), strategic locations in terms of population density, vehicle traffic and tourist flows. This sector also includes the investment in the Valmontone and Molfetta theme parks, located near the Group's outlet centres.

It should be noted that the current breakdown by sector is different from the breakdown shown in the financial statements for the year ended 30 September 2012 given that this reflects:
- the amalgamation of the Fixed Investments Sector, previously identified as an autonomous sector, with the Investments and Private Equity sector;
- the transfer of shares held by the Group in closed-end real estate funds from the Private Equity sector to the Real Estate Sector;

- the transfer of the Parco Mediterraneo S.r.l. property project from the Outlet/Entertainment Sector to the Real Estate Sector.

It should be noted that the Operating Finance sector is no longer illustrated as a result of the transfer of Mittel Generale Investimenti S.p.A. in the previous year.

These redeterminations were carried out on the basis of the Group's organisational and management structure and the main source and nature of the risks and rewards of the activities under review. Therefore, the segment figures in the previous year, presented for comparative purposes, were redetermined to reflect said change.

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.; 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 Grants Finance Sector: Mittel Advisory S.p.A. (formerly Borghesi Advisory S.r.l.) and Mittel Advisory Debt and Grant S.p.A. (formerly Mittel Corporate Finance S.p.A.);
- Private Equity and Investments Sector: Mittel S.p.A.; Brands Partners 2 S.p.A.; Bios S.p.A; Ghea S.r.l.; Earchimede S.p.A.; FD 33 S.p.A.; Mittel Investimenti Mobiliari S.r.l.; Mittel Management S.r.l.; Mittel Partecipazioni Stabili S.r.l.; Tower 6 Bis S.à r.l.; Holinvest S.r.l. in liquidazione (in liquidation); Locaeffe S.r.l. in liquidazione (in liquidation); and Markfactor S.r.l. in liquidazione (in liquidation);
- Outlet/Entertainment Sector: Fashion District Group S.p.A., Fashion District Mantova S.r.l., Fashion District Roma S.r.l., and Fashion District Molfetta S.r.l..

Performance of the Real Estate sector

Figures in EUR/000				
Real Estate Sector	**Sept 2013**	**%**	**Sept 2012**	**%**
Revenues	13.402		25.727	
Gross Operating Margin	(569)	(4%)	4.254	*17%*
Income (loss) before taxes	(4.954)	(37%)	872	*3%*
Net profit	(4.533)	(34%)	(2)	*(0%)*

This sector's results should be analysed within the context of the real estate market which, worldwide and in Italy in particular, continues to remain weak, though showing some signs of stabilisation. In the twelve months to June 2013 the performance of home prices marked another sharp drop, 5,9%. Nonetheless, the trend is improving considering that the drop in the second quarter compared to the first quarter of 2013 came to 0,6% (data source: Financial Stability Report – Bank of Italy, November 2013). The number of home purchases and sales stood at the levels observed at the end of 2012. Even in the non-residential market, purchases and sales substantially stabilised and the fall in prices seems to have paused in all the main segments.

Revenues in the sector as at 30 September 2013 broke down as follows: net revenues EUR 7,6 million (EUR 10,6 million as at 30 September 2012) and change in inventories and other income EUR 5,8 million (EUR 15,1 million as at 30 September 2012). The decrease in net revenues (property sales and rent) of EUR 3,0 million is due to the persistent negative economic situation which concerned the construction sector in particular, and the completion, during the course of the previous year, of the project relating to the company Esse Ventuno S.r.l., which generated sales totalling EUR 5,6 million in the same year. In detail, net revenues from property sales and rent as at 30 September 2013 were attributable to property projects developed by the subsidiaries: (i) Immobiliare Volta Marconi S.r.l. for EUR 4,1 million, fully attributable to the execution of a preliminary contract with LIDL S.p.A.; (ii) CAD Immobiliare S.r.l. for EUR 1,4 million, relating to the sales made for the residential complex in the area located in the Municipality of Paderno Dugnano in a central

zone near the railway station; (iii) Lucianita for EUR 1,1 million, relating to the sales made for the property located in Via Lomellina 12, Milan, whose construction is planned to be completed during 2013-14; (iv) Mittel Investimenti Immobiliari S.r.l. for EUR 0,7 million, relating to the initiative in Arluno (Milan); and (v) Fede S.r.l. for EUR 0,3 million, relating to the rent of the industrial/trade complex located in Vimodrone (Milan).
The Gross operating margin (EBITDA), a negative EUR 0,6 million, was positively impacted by the dividends received from the Fondo Augusto (Augusto Fund) (EUR 0,7 million as at 30 September 2013 compared to EUR 0,5 million in the previous year) and negatively impacted by the adjustments to (i) Breme S.r.l. of EUR 1,0 million; (ii) Santarosa S.r.l. of EUR 0,9 million; (iii) Immobiliare Volta Marconi S.r.l. of EUR 0,6 million and, lastly, (iv) on the Parco Mediterraneo S.r.l. initiative of EUR 0,3 million.

In that context, the property sales mentioned above were more than offset by ongoing property developments, translating to a net increase in properties at the end of the period: at statement of financial position level, property inventories, included in net working capital, stood at EUR 122,0 million as at 30 September 2013 (EUR 112,1 million relating to projects of the Mittel Investimenti Immobiliari S.r.l. Group and EUR 9,9 million to Parco Mediterraneo S.r.l.) compared to EUR 117,6 million as at 30 September 2012. The increase is due entirely to the planned development of projects already in the portfolio, while no new property projects were recorded. Fixed assets almost exclusively refer to the shares held in the closed-end real estate funds Augusto and Cosimo I of EUR 18,6 million (EUR 19,3 million as at 30 September 2012).
The net financial position in the sector worsened in the year by EUR 11,1 million, reaching a total of EUR 94,1 million, mainly as a result of the above-mentioned increase in net working capital.

Performance of the Advisory Services and Grants Finance sector

Figures in EUR/000 **Advisory Sector**	**Sept 2013**	%	**Sept 2012**	%
Mittel Advisory (9 months)	5.696	71%	-	*0%*
Mittel Debt & Grant	2.371	29%	1.916	*100%*
NET REVENUES	**8.067**		**1.916**	

Revenues of the Advisory Services and Grants Finance Sector include the operating results of the wholly-owned subsidiaries Mittel Advisory Debt and Grant S.p.A. (formerly Mittel Corporate Finance S.p.A.) and, from January 2013, Mittel Advisory S.p.A (formerly Borghesi Advisory S.r.l.).
In order to strengthen the Group's activities in the segment under review in the first quarter of the year 2012-13, Mittel acquired the entire share capital of Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.), a major domestic operator in the financial advisory sector. Following said acquisition, the company's accounting data was conventionally consolidated from 1 January 2013.
With a view to rationalising the chain of equity investments in the Mittel Groups operating segments, on 30 September 2013 the Shareholders' Meeting of Mittel Advisory S.p.A. was held to approve the contribution by Mittel S.p.A. to said company of the 100% investment in the share capital of Mittel Advisory Debt and Grant S.p.A.

The sector's results should be analysed in the context of the specific market, i.e., the mergers and acquisitions ("M&A") market, which remains difficult, though showing a few signs of recovery. At European M&A market level, the second biggest market in the world in terms of the number of transactions, worse values were recorded in 2012, down 30% compared to 2011, against a decrease of 10% in completed transactions. The first six months of 2013 showed signs of recovery and, in Italy, deals were closed amounting to approximately EUR 10,6 billion, more than double the first half of 2012 (EUR 5,2 billion), with a stable number of operations compared to the previous year: 135 operations compared to 129 in the first half of the previous year (data source: M&A Market in the first half of 2013 - KPMG).

In this context, sector revenues for the year ended as at 30 September 2013 marked an increase of EUR 6,2 million compared to 30 September 2012, due to both growth in business of Mittel Advisory Debt and Grant S.p.A. (EUR 2,4 million compared to EUR 1,9 million as at 30 September 2012) and to turnover of EUR 5,7 million achieved by Mittel Advisory S.p.A. in the nine months of its consolidation into the Mittel Group.
Therefore, the financial year 2012-2013 closed with a positive contribution from the sector of EUR 0,2 million, compared to a loss of EUR 1,2 million in the previous year (and a loss of EUR 1,6 million in the financial year 2010-11). This result is due to the positive contribution of EUR 0,8 million from Mittel Advisory S.p.A. and the negative contribution of EUR 0,6 million from Mittel Advisory Debt and Grant S.p.A. The latter was affected by the internal restructuring during the year, with an exclusive focus on Grant Finance, which resulted in non-recurring costs estimated at approximately EUR 0,5 million.

In terms of equity, the sector witnessed a significant increase in Equity pertaining to the Group, which stood at EUR 9,1 million, mainly as a result of the recognition of goodwill of EUR 8,0 million, deriving from the purchase of the financial consultancy company Borghesi Advisory S.r.l. The net financial position worsened to EUR 5,0 million, mainly as a result of the increase in net working capital in the sector linked to the increase in the business volumes generated.

Performance of the Private Equity and Investments sector

Figures in EUR/000		
Investments and PE Sector	**Sept 2013**	**Sept 2012**
Fixed assets	327.840	297.967
Shareholders' equity	248.009	259.925
Net financial position	(73.512)	(41.616)

The figures as at 30 September 2013 reflect a new sector-based breakdown which excludes investments held by Mittel S.p.A. in the Cosimo I and Augusto real estate funds. In order to make said new sector-based breakdown comparable, the necessary reclassifications of comparative data as at 30 September 2012 were carried out, as previously carried out for the situation as at 31 March 2013.
Fixed assets, amounting to EUR 327,8 million as at 30 September 2013, increased by EUR 29,9 million compared to the situation at the end of the previous year (EUR 298,0 million) and are broken down as follows: investments consolidated using the equity method and other financial assets totalled EUR 170,5 million (from EUR 148,4 million), financial receivables amounted to EUR 106,4 million (from EUR 148,5 million) and other assets came to EUR 0,9 million (substantially unchanged with respect to the previous date). Fixed assets included the credit position of Ghea S.r.l. due from Bios S.p.A. of EUR 50,0 million. The operational reclassification of that receivable from the financial statement item "current financial receivables" to "non-current financial assets" was carried out in consideration of the agreements entered into on 20 December 2013, which extended their expiry by 24-36 months
Equity in the sector decreased by a total of EUR 11,9 million, mainly due to (i) the loss for the period; (ii) the accounting effects of the OPSC operation (i.e., the purchase of treasury shares as part of the OPSC for EUR 26 million, which, in the accounts, were deducted from Equity); (iii) the effect of the capital increase of Fashion District Group S.p.A. carried out in the first half of the year and subscribed by Earchimede S.p.A. and FD 33 S.p.A. for their share of interest, equal to EUR 5,0 million; (iv) the acquisition of Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.) belonging to the Advisory Services sector, for EUR 4,7 million cash; and, lastly, (v) the increase in value of investments consolidated using the equity method as a result of the valuation at fair value of Sorin S.p.A. and Moncler S.p.A. shares held by the investee vehicles Bios S.p.A., Tower 6 Bis S.a.r.l. and Brands Partners 2 S.p.A..
The net financial position worsened during the period by EUR 31,9 million, due to the operations described above and to the positive effect of reclassifying the securities in listed companies held by Mittel Partecipazioni Stabili S.r.l. under current financial assets (EUR 17,8 million) as well as the negative effect of the subscription of the capital increase of RCS MediaGroup S.p.A. for EUR 5,2 million, carried out by the same company in July 2013. In relation to the latter investment, the Shareholders' Agreement terminated early, in October 2013.

The sector recorded a loss of EUR 23,0 million (Group + non-controlling interests) deriving from the revenues for EUR 2,8 million (from EUR 3,9 million), from income from investments and financial assets of EUR 3,6 million (from EUR 5,7 million), from income from investments of EUR 0,9 million (from EUR 18,1 million), from the income from financial management for a positive EUR 16,8 million (from EUR 2,0 million) and assets held for sale or discontinued operations for positive EUR 0,1 million, in contrast to operating costs of EUR 14,6 million (from EUR 14,4 million), amortisation/depreciation and write-downs of EUR 25,1 million (from EUR 17,5 million), losses from trading financial assets totalling EUR 1,2 million (from EUR 1,7 million) and taxes of EUR 6,4 million (from EUR 2,8 million).
Income from investments and financial assets of EUR 3,6 million mainly refer to the portfolio of investments and private equity funds of Mittel S.p.A. and Earchimede S.p.A., as well as the positive contribution from Mittel Partecipazioni Stabili S.r.l. of EUR 2,1 million (including dividends of EUR 1,0 million).
Income from financial management of EUR 16,8 million (from EUR 2 million) is mainly attributable to the contribution from Ghea S.r.l. of EUR 16,7 million (EUR 4,0 million as at 30 September 2012) following the adjustment of the value of its receivable due from Bios S.p.A. This adjustment resulted in the posting of taxes for the year of EUR 5,5 million.
Income from investments valued according to the equity method decreased to EUR 0,9 million from EUR 18,1 million, as the previous year had benefited from the positive effects of the sale of 8,51% of the share capital of Moncler S.p.A. by the investee Brands Partners 2 S.p.A., which took place in October 2011.

The item amortisation/depreciation and write-downs includes amortisation/depreciation of EUR 0,4 million, allocations to provisions for risks of EUR 5,0 million and adjustments of EUR 19,7 million. These latter are attributable to value adjustments to private equity funds of EUR 8,5 million, to listed companies of EUR 5,4 million (including EUR 4,8 million referring to the investment in RCS Mediagroup S.p.A.), to receivables of EUR 4,3 million and to minor investments for approximately EUR 1,5 million.
Lastly, the loss from trading of financial assets amounting to EUR 1,2 million was affected by the penalty paid for the cancellation of the put option granted by Earchimede S.p.A. in 2011, which, if exercised, would have resulted in the obligation of Earchimede S.p.A to purchase 70% of the company Cinestar Italia S.p.A. The penalty paid amounted to EUR 3,2 million, including EUR 1,2 million recorded as expenses on trading financial assets and EUR 1,7 million as use of the provisions of same amount which Earchimede S.p.A. had previously allocated.

Performance of the Outlet/Entertainment Sector

Figures in EUR/000				
Outlet Sector	**2013**	%	**2012**	%
Revenues	35.527	(1%)	35.822	
Operating costs	(28.070)	(4%)	(29.385)	
Gross Operating Margin	7.457	16%	6.437	
Net profit	(13.802)	61%	(8.585)	

The Outlet/Entertainment sector includes the Parent Company Fashion District Group S.p.A. and its subsidiaries, excluding the company Parco Mediterraneo S.r.l. which, starting from this year, has been reclassified in the Real Estate sector. The comparative data acknowledge said modification. 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 construction and management of theme parks.

The market context in which the Fashion District Group operates remains difficult, with an additional drop in consumer spending expected in 2013, following the contraction of 4% in 2012. This fall is also favoured by the increase in VAT to 22%, which entered into force in October (data source: Federmoda).
Nonetheless, in the last 2 years the outlet market has shown a certain responsiveness, which not only took the form of the closing down of non-performing centres, but also the interest of international operators in outlet structures, which translated into the transfer of ownership of the Franciacorta Outlet Village, located in the north of Italy, a few months ago.
Given the persistence of the difficult market scenario and the different status of the 3 initiatives managed (Valmontone Outlet, whose management agreements expire at the end of 2014, Mantua Outlet, which is owned and substantially “mature” and the Molfetta Outlet which is owned and has “start up” potential), in the financial year in question, the Fashion District Group continued developing consolidation strategies, focusing its greatest efforts on the Molfetta Outlet. For the latter centre, which couples considerable potential for growth with a consistently higher risk profile, the “Street High & Loft” has been completed. This initiative made provision, together with a more general repositioning of the outlet, for an indoor skate park alongside full-price stores connected to the innovation and technology sector, street wear and design articles. The inauguration of the centre, which was held as scheduled in June 2013, had a positive response from the market. At the same time, the company Loft S.r.l. (49%) was incorporated to manage a point of sale as part of the “Street High & Loft” project.

During the year, Fashion District felt the effects of the fall in sales of the tenants of the three outlet centres managed (Mantua, Molfetta and Valmontone), recording a slight decrease in revenues, down to EUR 35,5 million (from EUR 35,8 million in the year 2011-12). This fall was offset by a EUR 1,3 million reduction in operating costs, down from EUR 29,4 million to EUR 28,1 million, mainly due to lower adjustments made within the gross operating margin (EBITDA).
Amortisation/depreciation in the year were substantially unchanged at EUR 13,8 million, while allocations and adjustments contributed EUR 8,3 million (from EUR 0,9 million) to the income (loss) for the year. These related to the write-down of the 18,4% investment in Alfa Park S.r.l. (for EUR 5,5 million) as well as adjustments to other positions for EUR 2,8 million. An additional negative contribution to income (loss) of EUR 0,4 million was represented by the share of income (loss) of investments to Equity (Loft S.r.l.).
The loss from financial management was EUR 1,5 million, and is the combined product of interest expenses accrued on existing mortgages on the Mantua and Molfetta properties and on loans granted by shareholders, partially offset by financial income relating to the adjustment of the deferred price on the past transfer of the Valmontone (Rome) outlet by Fashion District Group S.p.A.

As regards the statement of financial position, the net financial position, amounting to EUR 71,4 million, compared to EUR 82,1 million as at 30 September 2012, recorded an improvement of EUR 10,7 million,

mainly due to the increase in share capital totalling EUR 7,5 million, subscribed in full by shareholders in the last quarter of 2012, as well as the reclassification of EUR 4,8 million in financial receivables under current assets, in contrast primarily to the worsening as a result of the payment in December 2012 of a loan of EUR 1,5 million in favour of the investee Alfa Park S.r.l. (18,4% owned).
Fixed assets fell to EUR 180,9 million from EUR 199,9 million, mainly due to the combined effect of investments and amortisation/depreciation in the year. Therefore, as at 30 September 2013, fixed assets were broken down as follows: intangible assets amounted to EUR 21,8 million (unchanged), property, plant and equipment came to EUR 136,4 million (made up mainly of the Mantua and Molfetta structures), financial receivables totalled EUR 15,1 million (EUR 13,6 million for the deferred price of the past transfer of the Valmontone outlet), financial assets totalled EUR 7,6 million, represented by the 18,4% stake in the company Alfa Park S.r.l. (EUR 6,5 million), operating in the construction and management of theme parks ("Terra dei Giganti" in Molfetta and "Rainbow Magicland" in Valmontone). Note that during the year the company made a value adjustment to said investment of EUR 5,5 million as a result of the persistence of the economic crisis that negatively impacted the performance of the 2 theme parks managed by the investee. Specifically, the main theme park, Rainbow Magicland, opened in May 2011, has not yet managed to generate sufficient cash flow to service the significant financial debt on the project, despite the significant results achieved by the Park in terms of visitors and revenues (in 2012 the Park was nominated "Italian Theme Park of the Year"). Note the support provided to the investee by Fashion District Group S.p.A. during the year, paying in EUR 1,5 million as a loan, to complete the commitments undertaken in relation to the project.

Performance of the Parent Company

Dear Shareholders,

Your Company closed the year ended as at 30 September 2013 with a net loss of EUR 27,7 million, compared to a net profit of EUR 53,2 million as at 30 September 2012.

Equity amounted to EUR 278,4 million, compared to EUR 327,8 in 2011-2012, marking a decrease of EUR 49,4 million.

The income for the year was negatively affected by value adjustments to investments (EUR 11,1 million), by amortisation/depreciation and allocations totalling EUR 5,4 million and by value adjustments to financial assets and receivables of EUR 8,7 million.

Financial highlights of Mittel S.p.A.

Main economic, financial and equity figures of Mittel S.p.A.

(Thousands of Euro)	30.09.2013	30.09.2012
Revenues	**2.645**	**3.616**
Purchases, provision of services, sundry costs	(9.477)	(9.265)
Personnel costs	(3.803)	(4.023)
Operating costs	**(13.280)**	**(13.288)**
Income (expenses) from investments	9.709	107.157
Operating margin (EBITDA)	**(927)**	**97.485**
Amortisation/depreciation and allocations	(5.366)	(4.046)
Value adjustments to financial assets and receivables	(8.736)	(2.417)
Value adjustments to investments	(11.060)	(33.477)
Operating result (EBIT)	**(26.089)**	**57.545**
Income (loss) from financial management	(1.538)	(3.553)
Income (loss) before taxes	**(27.627)**	**53.992**
Taxes	(32)	(801)
Income (loss) from continuing operations	**(27.659)**	**53.191**
Income (loss) from discontinued operations	-	-
Net income (loss) for the year	**(27.659)**	**53.191**

- Revenues: EUR 2,6 million compared to EUR 3,6 million as at 30 September 2012, marking a decrease of EUR 1,0 million, due to a decrease in rental revenues of EUR 0,2 million, a decrease in revenues from provision of services of EUR 0,3 million and a reduction in other income of EUR 0,5 million;

- Operating costs: EUR 13,3 million, in line with the figure as at 30 September 2012, marking an increase in the item purchases, provision of services and sundry costs of approximately EUR 0,2 million, offset by an equivalent decrease in the item personnel costs;

- Income (expenses) from investments: EUR 9,7 million compared to EUR 107,2 million in the previous year. This item is mainly composed of dividends from investments of EUR 8,6 million (EUR 64,8 million as at 30 September 2012) and dividends on available-for-sale financial assets of EUR 0,9 million (EUR 3,8 million as 30 September 2012). The decrease on the previous year is mainly the result of the posting in the financial year 2011 - 2012 of dividends received from Mittel Generale Investimenti S.p.A. of EUR 40 million, as well as the capital gain of EUR 38,6 million from the transfer of Mittel Generale Investimenti S.p.A.;

- Operating margin (EBITDA): A negative EUR 0,9 million compared to EUR 97,5 million in the previous year, marking a decrease of EUR 98,4 million;

- Amortisation/depreciation and allocations: EUR 5,4 million compared to EUR 4,0 million in the previous year. This item increased on the previous year, mainly as a result of higher allocations for contractual disputes, which rose from EUR 3,7 million in the previous year to EUR 5,0 million in the current year;

- Value adjustments to financial assets and receivables: EUR 8,7 million compared to EUR 2,4 million in the previous year. This item is mainly composed as follows: EUR 4,0 million in value adjustments to available-for-sale financial assets, EUR 3,7 million for a value adjustment due to the impairment of a credit position due from the subsidiary Markfactor S.r.l. in liquidazione (in liquidation), and EUR 1,0 million as a result of the discounting of two credit positions;

- Value adjustments to investments: EUR 11,1 million compared to EUR 33,5 million. This item is mainly composed of the impairment loss resulting from the distribution of reserves of the subsidiaries Earchimede and Mittel Debt & Grant, amounting to EUR 8,4 million and EUR 2,0 million, respectively. These adjustments are partially offset by income posted under Income from investments.

Main financial and equity figures of Mittel S.p.A.

(Thousands of Euro)	**30.09.2013**	**30.09.2012**
Intangible assets	95	33
Property, plant and equipment	795	1.116
Investments	188.712	190.804
Non-current financial assets	207.155	215.024
Non-current assets (liabilities) held for sale	-	2.500
Provisions for risks, employee severance indemnity and employee benefits	(6.314)	(4.719)
Other non-current assets (liabilities)	(2.475)	(1.636)
Tax assets (liabilities)	13.734	16.244
Net working capital (*)	(1.626)	(5.532)
Net invested capital	**400.076**	**413.834**
Total Equity	**(278.359)**	**(327.761)**
Net financial position	**(121.715)**	**(86.073)**

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

Property, plant and equipment and intangible assets amounted to EUR 0,9 million, decreasing on the previous year as a result of the amortisation and depreciation for the year.

Investments amounted to EUR 188,7 million, compared to EUR 190,8 million in 2011-2012. This net decrease is attributable to increases during the year of EUR 12,8 million (including EUR 8,2 million for the purchase of Mittel Advisory S.p.A., EUR 2,4 million for the share capital increase of Mittel Advisory S.p.A. through the contribution of the investment in Mittel Advisory Debt And Grant S.p.A.), to transfers of EUR 2,4 million for the contribution of Mittel Advisory Debt & Grant S.p.A. to Mittel Advisory S.p.A., described above, and to write-downs for a total of EUR 11,1 million (including EUR 8,4 million relating to the impairment of the investment in Earchimede S.p.A. and EUR 2,0 million of Mittel Advisory Debt & Grant S.p.A.).

Non-current financial assets amounted to EUR 207,2 million, compared to EUR 215,0 million in 2011-2012, marking a decrease of EUR 7,8 million. This was substantially due to:

- the decrease in non-current financial receivables of EUR 37,0 million from EUR 150,2 million in the previous year to EUR 113,2 million as at 30 September 2013, mainly relating to the reclassification of receivables from non-current to current;
- the increase relating to the posting under non-current financial assets of the loan of EUR 21,8 million, from Mittel to Ghea (classified under current financial receivables in the financial statement tables based on its natural expiry) considering the effects of the rescheduling of debt and reorganisation of the equity and corporate structure of the joint subsidiary Bios S.p.A. finalised on 20 December 2013;
- the increase relating to purchases/subscriptions/contributions of available-for-sale financial assets of EUR 8,0 million, including EUR 4 million deriving from the contribution for the share capital increase of the new investee Micro Venture Finance Group S.A. and EUR 2,3 million from the subscription of shares of the Fondo Progressio Investimenti II (Progressio Investimenti II Fund);
- decreases in available-for-sale financial assets of EUR 5,4 million, comprising EUR 4,1 million deriving from the contribution of the Micro Venture S.p.A. and Micro Ventures Investments S.c.a. Sicar investments to the transferee Micro Venture Finance Group S.A. and EUR 1,3 million to the decreases relating to impairment losses, including EUR 1,2 million from the investment in Fondo Progressio Investimenti II (Progressio Investimenti II Fund);
- the net increase relating to the adjustments of the valuation at fair value of available-for-sale financial assets, which increased by a total of EUR 4,6 million, including EUR 5,4 million relating to the adjustment of the valuation of Fondo Progressio Investimenti (Progressio Investimenti Fund), which reflects the change in the fair value of the indirect investment of 4,99% of Moncler S.p.A. held through the investee Brands Partners 2 S.p.A.

Non-current assets held for sale decreased to zero during the year as a result of the transfer of the investment held in Mittel Real Estate SGR S.p.A.

Provisions for risks, employee severance indemnity and employee benefits amounted to EUR 6,3 million, compared to EUR 4,7 million in the previous year, marking an increase of EUR 1,6 million. Specifically, Provisions for risks included an allocation of EUR 5,0 million relating to Mittel S.p.A. as a result of the hedging of the risk attributed to contractual guarantees issued by the latter, partially and recorded use of EUR 3,7 million of the provisions for the tax dispute involving Mittel Generale Investimenti S.p.A. for the tax periods 2004-2005 and 2005-2006, subject to legal settlement during the year.

Other non-current liabilities amounted to EUR 2,5 million (compared to EUR 1,6 million in the previous year), including EUR 1,9 million for the advance received on the transfer of land located in Naples.

The item other tax assets amounted to EUR 13,7 million, compared to EUR 16,2 in the previous year, marking a decrease of EUR 2,5 million. This item is mainly composed of tax receivables due to overpayments of advances by Hopa S.p.A., which, as a result of incorporation, now pertain to Mittel S.p.A.

Net working capital made up of Sundry receivables and other current assets and Sundry payables and other current liabilities, amounted to a negative EUR 1,6 million, (EUR 5,5 million in the previous year) marking an increase of EUR 3,9 million in absolute value. The change refers to the combined effect of the increase in sundry receivables and other assets, rising from EUR 10,2 million to EUR 11,5 million, and the decrease in sundry payables and other liabilities of EUR 2,6 million. For the details of the individual items, see the description in the explanatory notes.

Total Equity amounted to EUR 278,4 million, compared to EUR 327,8 million in 2011-2012, marking a decrease of EUR 49,4 million. The change during the year is attributable to: (i) the loss for the year of EUR 27,7 million, (ii) the decrease deriving from the investment in treasury shares as a result of the voluntary partial public exchange offer promoted by Mittel S.p.A., pursuant to art. 102 of the Consolidated Law on Finance, with consideration comprised of “Mittel S.p.A. 2013-2019” bonds. Following this offer, 14.786.458 shares were offered for a total value of EUR 25,9 million which, pursuant to IAS 32, resulted in a reduction of Equity in the same amount; and (iii) the total increase in the valuation reserve of EUR 5,3 million.

The negative net financial position amounted to EUR 121,7 million, compared to EUR 86,0 million in the previous year, worsening by EUR 35,6 million. The worsening of the net financial position is mainly attributable to the negative flows of working capital from current operations of EUR 3,1 million, the issue of the “Mittel S.p.A. 2013-2019-TF 6%” bond recorded for a total of 97,4 million, which was offset by a net cash flow deriving from the subscription of EUR 69,7 million in bonds as a result of the OPSC of EUR 25,9 million. Moreover, the pre-existing treasury shares and those deriving from the “OPSC” (totalling nr. 15.308.706 shares) are potentially available and are not included in the net financial position.

Statement relating to the net financial position

(Thousand of Euro)	**30.09.2013**	**30.09.2012**	**Variazione**
Cash	2	2	(0)
Other cash equivalents	3.543	4.062	(519)
Securities held for trading	-	-	-
Current liquidity	**3.545**	**4.064**	**(519)**
Current financial receivables	**67.561**	**54.842**	**12.719**
Bank payables	(94.215)	(106.442)	12.227
Bonds	(97.424)	-	(97.424)
Other financial payables	(1.182)	(38.537)	37.355
Financial debt	**(192.821)**	**(144.979)**	**(47.842)**
Net financial position	**(121.715)**	**(86.073)**	**(35.642)**

In relation to the receivables recognised in the financial statements under current financial receivables, the receivable due to Mittel from Ghea S.r.l., amounting to EUR 21,8 million, was not included in calculating the net financial position, considering the effects of the rescheduling of debt and reorganisation of the equity and corporate structure finalised on 20 December 2013 by the joint subsidiary Bios S.p.A., which resulted in an extension of said receivable by 24-36 months.

As regards the breakdown of the net financial position, at the time the bond loan resulting from the “OPSC” described above was issued, an additional 42.272.697 bonds (“OPSO”) were offered for subscription, with a nominal value of EUR 74,0 million. The cash flows deriving from the bond issue were allocated to reduce other financial payables, in the amount of EUR 31,1 million, mainly represented by the outstanding loan due to the subsidiary Earchimede of EUR 35 million, repaid on 22 July 2013.

Significant events in the year

On 19 November 2012, with reference to the shareholders' agreement signed on 18 May 2011 regarding mutual relations between Mittel S.p.A, Tower 6 S.àr.l. and Ghea S.r.l., as shareholders holding a total of 72,73% of the share capital of Bios S.p.A., as well as investments of Bios S.p.A. and Tower 6 bis S.àr.l. in the company Sorin S.p.A., equal to 25,4392% of share capital, Mittel S.p.A., Equinox Two S.c.A., Tower 6 S.àr.l., Ghea S.r.l. and Tower 6 bis S.àr.l. signed an agreement under which the term of the shareholders' agreement, expiring on 17 May 2014, was extended to 17 May 2015, with no provision for clauses of automatic renewal after said date.

On 10 January 2013, the Board of Directors of Mittel S.p.A. approved the acquisition of 100% of the share capital of the financial consultancy company Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.) for a consideration of EUR 4.750.000 in cash, on closing of the transaction, and of 2,5 million ordinary Mittel S.p.A. shares., at a conventional value of EUR 2,78 each, to be transferred to Arnaldo Borghesi within 60 working days from closing of the transaction. The consideration agreed is consistent with the fair value range of Borghesi Advisory S.r.l. expressed by two independent advisors, appointed by the Board of Directors of Mittel S.p.A. to issue a fairness opinion.
The transaction was realised on 11 January 2013, by means of a notarial deed, with the payment of the consideration in cash.
Subsequently, on 18 February 2013, Mittel S.p.A. delivered 2,5 million ordinary Mittel S.p.A. shares, of which 431.652 shares were deposited with an agent, to guarantee the punctual and proper fulfilment of any indemnity obligations that should arise for the seller. When the purchase contract was signed, the seller, Mr. Borghesi, issued declarations and guarantees to Mittel S.p.A. for any liabilities that should arise after the closing of the transaction in relation to: i) ownership, absence of encumbrances and free transferability of the 100% interest in Borghesi Advisory S.r.l.; ii) regularity and truthfulness of the financial statements of Borghesi Advisory S.r.l. for the year ended as at 30 September 2012 and the accuracy of its corporate and accounting books; iii) existence and collectability of existing receivables; iv) absence of fiscal or tax liabilities; v) absence of labour law or social security payables; vi) absence of pending disputes or written threats; vii) regular execution of business and viii) absence of liabilities, including jointly and severally, deriving from extraordinary transactions that concerned Borghesi Advisory S.r.l. The declarations and guarantees are valid for a period of 24 months from closing, except those regarding tax, social security and labour law matters which shall remain valid and effective for a period of 6 years from closing. Indemnity obligations resulting from breaches of the aforementioned guarantees entail a maximum amount of EUR 8 million and an excess of EUR 150.000.
Mr. Borghesi was confirmed as Chairman of Borghesi Advisory S.r.l., undertaking to maintain said office for a period of at least 5 years.
The purchase contract requires Mr. Borghesi to pay penalties to Mittel S.p.A. in the event of a breach of the aforementioned commitment.
In consideration of the office of Chief Executive Officer of Mittel S.p.A. covered by Mr. Borghesi, the transaction qualifies as a related party transaction pursuant to the related party transaction procedure of Mittel S.p.A. Therefore, the transaction was subject to the prior approval of the Related Party Committee which, at the meeting of the Board of Directors of the Parent Company, held on 10 January, expressed a favourable opinion regarding the company's interest in completing the transaction and on the convenience and substantive correctness of the associated conditions. Lastly, given that the transaction did not exceed the materiality thresholds, it qualifies as a related party transaction of "lesser importance" pursuant to art. 3 of the aforementioned procedure and therefore, did not require the publication of any information document (Consob Regulation no. 17221 of 12 March 2010 and subsequently amended by means of resolution no. 17389 of 23 June 2010).
On 25 February 2013, the extraordinary shareholders' meeting of the company resolved the change of name from Borghesi Advisory S.r.l. to Mittel Advisory S.r.l.
On 14 March 2013, the extraordinary shareholders' meeting of the company resolved, following a free increase in share capital from EUR 110.000 to EUR 120.000, the transformation from a limited liability company to a joint-stock one.

On 10 January 2013, in line with its mission, Mittel S.p.A.'s Board of Directors approved the strategic development guidelines for the 2013-2015 period. The Group will focus on growth in neighbouring/synergic areas of business with respect to current areas (such as private equity activities pursued directly and the family office in partnership with industry operators), on an increase in advisory activities, on increasing the value of assets in the portfolio and on a further reduction in debt, with the objective of achieving a Debt/Equity ratio of 0,2 by 2015.
The Group will work towards natural growth in other business sectors that are less capital intensive and offer attractive and recurring returns, and will concentrate on the launch of direct private equity initiatives, an area in which Mittel S.p.A. can leverage significant expertise acquired over the years, the network and its brand. In addition to private equity, the company will aim to develop real estate advisory activities, leveraging on considerable expertise acquired over the years.

In line with the objective of achieving growth in advisory activities in extraordinary finance transactions, the financial consultancy company Borghesi Advisory S.r.l. was acquired, which made it possible to immediately reach a critical mass (in terms of marketing and execution and as regards the size of a team with an elevated professional profile) and solid track record; growth which, in a market context such as the current one, would have been achieved much more slowly without the acquisition. The development and consolidation of advisory activities also creates the conditions for maximising synergies with grant advisory activities and makes it possible to increase the analysis and consultancy contribution for investment holding activities.
The Group will also focus on further development of the assets in the portfolio, to facilitate their disposal at suitable values, where the opportunity presents itself, hence reducing debt.

On 18 January 2013, in execution of the favourable resolution adopted by the shareholders, Earchimede S.p.A. carried out the distribution in kind of the reserve entitled “other undistributable reserves” for an amount of EUR 9.875.000.
This distribution took place on 30 January 2013 through the assignment of 3.555.003 ordinary Mittel S.p.A. shares held by Earchimede S.p.A. on the basis of said shares’ book value of EUR 2,778. Each Earchimede S.p.A. shareholder received 0,43889 Mittel S.p.A. shares for every Earchimede S.p.A. share held.
Therefore, in execution of the above, Mittel S.p.A. was assigned 3.022.248 Mittel S.p.A. shares (treasury shares), which were assigned a normal value of EUR 1,3629, as per the communication received from Earchimede S.p.A.

On 8 March 2013, Mittel S.p.A. completed the transfer of the 65% stake in subsidiary Mittel Real Estate SGR S.p.A. (Mi.Re SGR) in favour of Vantu S.p.A. (50% of share capital) and Fintrading S.p.A (15% of share capital) for a total consideration of around EUR 1,8 million. Vantu S.p.A. is a company controlled by the heirs of the deceased Mr. Angelo Rovati, who was a Director of Mittel S.p.A. as well as Chairman of Mi.Re SGR S.p.A. and of Mittel Management S.r.l.
Following the purchase transactions, Mi.Re SGR’s share capital is broken down as follows: Vantu S.p.A. 50%, Mittel S.p.A. 35%, Fintrading S.p.A. 15%.

On 15 March 2013, the shareholders’ meeting of Mittel S.p.A., held on second call, resolved: i) to approve the Directors’ Report on Operations and the separate financial statements for the year ended as at 30 September 2012 with the allocation of profit to the legal reserve and to the item Retained earnings; ii) not to distribute the dividend for the year 2012; iii) to call the following individuals to compose the Board of Statutory Auditors, which shall remain in office for three financial years, hence up until the approval of the financial statements for the year ended as at 30 September 2015, Ms. Maria Teresa Bernelli (Standing Auditor), Mr. Simone Del Bianco (Standing Auditor) and Mr. Giulio Tedeschi (Alternate Auditor), taken from the list submitted by Italmobiliare S.p.A. which obtained the majority of votes, and Mr. Giovanni Brondi (Chairman), pursuant to art. 26 of the Articles of Association, and Ms. Roberta Crespi (Alternate Auditor) taken from the list presented by La Scuola S.p.A.; vi) to authorise the purchase and disposal of treasury shares pursuant to article 2357 et seq. of the Italian Civil Code.
Lastly, the shareholders' meeting endorsed the Report on Remuneration drafted by the Board of Directors.

On 18 March 2013, the Board of Directors of Mittel S.p.A. approved the promotion of a voluntary partial public exchange offer of own ordinary shares (“OPSC”) with consideration in Mittel bonds and the promotion of a simultaneous public subscription offer of a bond (“OPSO”) with the same characteristics of the bond servicing the OPSC. The total amount of the bond issue in service of the OPSC and OPSO was approved at around EUR 50 million, which can be increased to roughly EUR 100 million.
The OPSC involved a maximum of 17.059.155 ordinary Mittel S.p.A. shares listed on the MTA, equal to 19,40% of share capital; for every 1 ordinary share offered, 1 bond will be paid in exchange, issued by Mittel at a unit nominal value of EUR 1,75 for a maximum total nominal value of around EUR 29,9 million.
The consideration, equal to EUR 1,75 per share, incorporates a premium of 27,7%, 28,5%, 28,6% and 33,2%, with respect to the weighted average of official prices of ordinary shares of the Issuer in the 1-month, 3-month, 6-month and 12-month periods respectively prior to 18 March 2013.
The OPSO involved an ordinary bond offered under subscription to the public in Italy and to qualified investors in Italy and institutional investors abroad, for an amount equal to roughly EUR 20 million, which can be increased to EUR 70 million.
The bond issue in service of the OPSC and OPSO is unique, 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.

On 10 April 2013, in the name and on behalf of its wholly-owned subsidiary Mittel Partecipazioni Stabili S.r.l., Mittel S.p.A. undertook, in respect of RCS MediaGroup S.p.A., to exercise the option rights held by said entity in relation to the planned recapitalisation of the investee and, therefore, to fully subscribe its entire portion of the share capital increase, with an outlay of around EUR 5 million. It remains understood that the aforementioned commitment relating to the exercise of option rights and the subscription of the share capital increase is subject to: i) the resolution by the Board of Directors of RCS MediaGroup S.p.A. of a proposed share capital increase and delegated share capital increase according to the terms indicated in the press release disseminated by RCS MediaGroup S.p.A. to the market on 27 March 2013; ii) and the approval of said resolution by the extraordinary shareholders' meeting of the company; and iii) the formation of a guarantee consortium to ensure the full subscription of the share capital increase.

On 19 April 2013, the Mittel Group and Roland Berger Strategy Consultants signed a strategic partnership with the objective of developing the Rexelera private equity fund, focussing on the restructuring and turnaround of Italian industrial companies. The Rexelera Fund has a collection target of EUR 300 million, which will be given to leading financial institutions, foundations, pension funds and other Italian and foreign institutional investors, and will be promoted and managed by Mittel Management S.r.l., an advisory company of the Mittel Group dedicated to the direct offering of private equity investment management services. The Rexelera Fund adopts a general approach, geared primarily towards the Italian manufacturing sector and excludes investments in start-ups, companies operating in the real estate sector, unethical sectors, etc.

Director Mr. Angelo Rovati, who joined the Mittel Group in 2009, holding various roles on the Boards of Directors of certain Group companies, and who was then appointed Director of Mittel S.p.A. on 27 March 2012, passed away on 19 April 2013. The Group fondly remembers Angelo Rovati and is grateful for the highly valuable professional and personal contribution he made in an enthusiastic and friendly manner.

On 23 April 2013, Mittel S.p.A. received the resignation of Director Enrico Zobele, effective as of the same date.

On 29 April 2013, the ordinary shareholders' meeting of Mittel S.p.A., in line with the announcement to the market by means of the press release circulated on 19 March 2013, and mentioned in the previous paragraphs, resolved the authorisation for the purchase of a maximum of 17.059.155 ordinary treasury shares with a nominal value of EUR 1,00 each, to be completed through a public exchange offer pursuant to art. 144-bis, paragraph 1, letter a) of Consob Regulation no. 1197/1999.
On 29 April 2013, the Board of Directors resolved the issuing of a bond pursuant to and in accordance with art. 2410 of the Italian Civil Code, in line with the announcement to the market by means of the press release circulated on 19 March 2013, whose details are summarised in the previous paragraphs.

On 29 April 2013, Mittel S.p.A.'s Board of Directors acknowledged the resignation of Giampiero Pesenti from the position of Director and, subsequently, from the role of Chairman of the Remuneration Committee. The Board of Directors co-opted Mr. Enrico Benaglio as Director, Head of Investments and Interests at Italmobiliare S.p.A.
Mr. Enrico Benaglio was appointed a new member of the Remuneration Committee, replacing Giampiero Pesenti, a committee which, at said date, is composed of Stefano Gianotti (Chairman), Mr. Duccio Regoli and Mr. Enrico Benaglio.

On 14 June 2013, Mittel S.p.A. announced that Consob, on 13 June 2013, approved the Prospectus relating to the public subscription offer and the simultaneous admittance to listing on the Mercato Telematico delle Obbligazioni e dei Titoli di Stato (Screen-based bond market), organised and managed by Borsa Italiana S.p.A..

On 17 June 2013, Mittel S.p.A. launched the voluntary partial public exchange on own ordinary shares, promoted on 29 April 2013, pursuant to and in accordance with art. 102, paragraph 1, of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented (Consolidated Law on Finance (TUF)) and art. 37 of the Issuers' Regulation, regarding a maximum of 17.059.155 shares, with consideration in Mittel bonds ("OPSC" - public exchange offer) and the public subscription offer of a maximum of 57.059.155 Mittel bonds ("OPSO" - public subscription offer) deriving from said bond issue.

On 2 July 2013, in the name and on behalf of wholly-owned subsidiary Mittel Partecipazioni Stabili S.r.l., which, at the reference date, held a stake in RCS MediaGroup S.p.A. equal to 1,28% of ordinary share capital, Mittel S.p.A. communicated the exercise of 1.408.881 option rights on 1.408.881 ordinary shares tied to the Block Voting and Consultation Shareholders Agreement which entitle the company to subscribe 4.226.643 ordinary RCS shares for a total investment of EUR 5.219.904.

On 5 July 2013, Mr. Mauro Gambaro was appointed as Chairman of the Board of Directors of Mittel Management S.r.l., a company 100% owned by Mittel, responsible for the management of private equity investments.

On 5 July 2013 Mittel S.p.A. announced the conclusion of the OPSC: given that the subscriptions to the OPSC involved a lower quantity of shares than the maximum of 17.059.155 ordinary Mittel shares, the company stated that the “pro-rata” distribution procedure described in the offer document would not be applied, but that all 14.767.258 ordinary Mittel shares offered for the OPSC would be recalled, for a total value (calculated on the basis of the nominal value of the Bonds offered for exchange) of EUR 25.842.701,50.

On 8 July 2013, Mittel S.p.A. communicated that, with reference to the OPSO, requests were received for 51.178.144 bonds, equal to around 4,5 times the Quantity Offered. In consideration of the high number of subscriptions received, Mittel S.p.A. communicated that it had availed itself, in agreement with the Placement Manager, of the right to increase the total maximum nominal value of the OPSO to EUR 73.977.219,75 (increase including the so-called clawback mechanism).
A total of 42.272.697 bonds were assigned, of which 29.205.000 bonds as part of the Public Offer and 13.067.697 bonds as part of the Institutional Offer. As regards the 29.205.000 bonds assigned to the Public Offer, a total of 7.995.000 bonds were assigned to ordinary public requests for subscriptions to the Minimum Lot and 21.210.000 bonds assigned to ordinary public requests for subscriptions to the Increased Minimum Lot.
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 6,00%.
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 6,00% 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 amount of expenses relating to the OPSO amounted to around EUR 3,1 million.

On 8 July 2013, Mittel S.p.A. communicated that, on the date of closure of the OPSC, a total of 14.786.458 ordinary Mittel shares were offered, equal to 16,821% of the Issuer’s share capital and 86.678% of the ordinary Mittel shares involved in the OPSC, for a total value (calculated on the basis of the nominal value of the bonds offered for exchange) equal to EUR 25.876.301,50. These definitive figures required the provisional results communicated on 5 July 2013 to be revised upwards. The residual bonds offered for exchange were used to increase the OPSO, based on the above (so-called clawback mechanism).

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 6,00%.
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 6,00%, and, therefore, coincides with the Nominal Interest Rate.

The Bonds were listed on the MOT from 12 July 2013.

During the OPSC Subscription Period, Mittel did not carry out any direct or indirect purchases of ordinary Mittel shares outside of the OPSC.
After the OPSC, taking account of the 522.248 treasury shares corresponding to 0,594% of the share capital of Mittel S.p.A. already held in the portfolio, Mittel S.p.A. holds 15.308.706 treasury shares corresponding to 17,415% of its share capital.
The total nominal value of the Bonds issued in service of the OPSC and OPSO amounted to EUR 99.853.521,25, with the issuing of 57.059.155 Bonds with a nominal value of EUR 1,75 each.

On 23 July 2013, following the press release transmitted by MediaGroup S.p.A. for the purposes of the certification of the performance of the share capital increase, resolved by the extraordinary shareholders’ meeting of said entity on 30 May 2013, Mittel Partecipazioni Stabili S.r.l., after the share capital increase, holds 1,33% of share capital with voting rights and 1,06% of existing share capital.

On 13 September 2013, following Italmobiliare S.p.A.’s full subscription of the OPSC on shares for bonds, carried out by Mittel S.p.A., Mr. Enrico Benaglio, Head of Investments and Interests of Italmobiliare, submitted his resignation from the Company’s Board of Directors.

Main ongoing legal proceedings and disputes

SNIA S.p.A. in Amministrazione Straordinaria (under extraordinary administration) Dispute

On 5 November 2013 the parties' first hearing was held in relation to the writ of summons served on 20 January 2012, from SNIA S.p.A. in Amministrazione Straordinaria (hereinafter, "SNIA"), by which that company summoned Mittel S.p.A. (then-Hopa S.p.A.), GE Capital S.p.A., Banca Monte Paschi di Siena S.p.A, Unipol Gruppo Finanziario S.p.A.- Unipol S.p.A, Bios S.p.A. and various natural persons (former Directors and Statutory auditors of Snia and Bios S.p.A.) before the Court of Milan to ascertain their alleged joint liability pursuant to articles 2394 bis, 2476, paragraph 7, 2497, 1175, 1375 and 2043 of the Italian Civil Code, as well as art. 90 of Legislative Decree no. 270 of 1999 and to have them sentenced to compensate the damages allegedly suffered by SNIA, provisionally quantified at approximately EUR 4 billion. As grounds for the claims, the plaintiff company has made allegations of significant illegal conduct attributable to its parent companies, directly and indirectly, as well as to former Directors and Statutory Auditors of SNIA and Bios S.p.A. These specifically include the alleged illegality of the SNIA Shareholders' Meeting resolution adopted on 26 June 2003 with the decisive vote of Bios S.p.A., which allegedly approved a split-off damaging to Snia and the company's creditors. According to the plaintiff's line of reasoning, that operation was specifically carried out to gain interest outside of the company, exclusively attributable to the direct shareholder Bios S.p.A. and the indirect shareholders Mittel S.p.A., GE Capital S.p.A., Banca Monte Paschi di Siena S.p.A and Unipol Gruppo Finanziario S.p.A.- Unipol S.p.A. It is also alleged that the split-off objected to was carried out by drawing up and subsequently approving untruthful financial statements, including, specifically, those for 2002, which, as no significant liabilities were recorded for SNIA, for environmental charges and reclamation costs, allegedly represented a financial situation of the plaintiff company much different from the actual situation. In any event, SNIA attributes liability to Bios S.p.A. as the direct, controlling shareholder, due to management and coordination and unified management, pursuant to art. 2497 of the Italian Civil Code and art. 90 of Legislative Decree no. 270 of 1999, respectively.

SNIA S.p.A. in Amministrazione Straordinaria (under extraordinary administration) is asking for compensation from the defendants (i) of EUR 388 million relating to the above-mentioned split-off, (ii) of around EUR 3,5 billion in relation to alleged environmental damages deriving from the management of chemical sites belonging to SNIA and to its parent companies, and (iii) of around EUR 200 million in relation to the consequences of SNIA continuing in its business despite the fact that, according to the plaintiff's arguments, it had already lost its share capital. The case is currently pending before the Court of Milan. The parties' first hearing, following an initial deferment by the Judge, was set for 20 November 2012. With deed of appearance and reply filed on 31 October 2012, the company appeared before the court, contesting the claims made against it and requesting total rejection thereof on the basis of well-structured defence claims in fact and in law. By means of said deed, Mittel S.p.A and its joint subsidiary Bios S.p.A., as with the other defendants, also asked the presiding Judge to be authorised to bring legal action against Reconta Ernst & Young S.p.A., i.e., the company appointed to audit SNIA's financial statements in the reference period. According to the Company's line of reasoning, if the claims for compensation made by the plaintiff were accepted, that company would at least be liable for the resulting damages that Mittel S.p.A., Bios S.p.A. would be required to pay SNIA. The Judge, as a result of the motions contained in the deeds of appearance filed by the defendants, authorised, pursuant to art. 269 of the code of civil procedure, the latter to bring third-party legal proceedings and, as a consequence, deferred the appearance hearing of the parties to 21 May 2013, to allow the parties to correctly set up the cross-examination of the third parties summoned. With the writ of summons of the third party, served on 18 January 2013, the Company, just as the other parties, thus brought legal proceedings against Reconta Ernst & Young S.p.A., so that, in the unlikely event that the claims formulated by the plaintiff against Mittel S.p.A. and di Bios S.p.A. are accepted, the co-liability of Reconta Ernst & Young S.p.A., jointly with Mittel S.p.A and Bios S.p.A. and the other defendants for the damages that may be recognised to SNIA is also verified and declared. With deed of appearance and reply filed on 29 April 2013, Reconta Ernst & Young S.p.A. appeared before the court, raising several preliminary objections and requesting, in any event, the rejection of the claims formulated against it by Mittel S.p.A., Bios S.p.A. and the other parties to the case. With order dated 3 May 2013, the Judge once again deferred the first hearing, postponing it to 5 November 2013. On 4 November 2013 the Ministry of the Environment and Protection of Land and Sea and the Ministry of the Economy and Finance appeared before the court, having filed a single notice of voluntary joinder pursuant to articles 105 and 267 of the code of civil procedure supporting the claims formulated by SNIA and, specifically, those regarding the considerable environmental damages for which the plaintiff is demanding compensation. Thus, the parties' first hearing was held on 5 November 2013. Following this, the Judge scheduled for 24 January 2014 the continuation of the hearing pursuant to art. 183 of the code of civil procedure, assigning the following deadlines: (i) up to 10 December 2013 for SNIA to specify the claims formulated in the writ of summons and to reply to the objections raised by the defendants in the deed of appearance and reply; (ii) up to 10 December 2013 for the defendants that brought third party legal proceedings, including Mittel S.p.A. and Bios S.p.A., to reply to the objections raised by the third parties in the deed of appearance and reply; (iii) up to 15 January 2014 for all defendants to reply to the arguments that will be presented by SNIA in the brief pursuant to point (i) above. Considering the complexity of the multiple preliminary objections raised by the defendants - including several proposals also

by Mittel S.p.A. and by Bios S.p.A. - as well as their potential to absorb several of the demands formulated by SNIA, we cannot rule out the possibility that the Court of Milan could rule on those objections during 2014. Nonetheless, as things stand, our lawyers are unable to predict how the Court will rule on said objections considering, *inter alia,* that the parties still have to exchange the authorised briefs and that, during the hearing of 24 January 2014, the merits of these issues will be analysed in further detail by the parties.
With regard to the merits of the dispute, based on the legal arguments provided by SNIA in the writ of summons and the detailed defence presented by our lawyers in the deeds of appearance and reply - reserving the right to examine the brief that will be filed by SNIA by 10 December 2013, as well as the fact that, as the case proceeds, the plaintiff company could specify its claims and provide additional elements of proof different from those attached to the introductory deed - the company believes it has provided numerous valid defence arguments in fact and in law and for the objections, both preliminary and prejudicial and, alternatively, concerning the merits.
Primarily, the environmental damage, which, based on the investigations conducted by the assigned lawyer, in the reclamation works would amount to a figure in line with (or, in any event, not far from) the allocations indicated at the time in the financial statements of SNIA and Caffaro, is attributable to Caffaro S.p.A. and not to SNIA.
Caffaro has never been involved, as an entity, in any split-off, unlike that which occurred in its parent company SNIA.
Moreover, the damage claimed by SNIA in relation to Mittel is the result of SNIA's position as the undeclared sole shareholder of Caffaro as well as its influence as dominant shareholder (and, thus, the influence of the alleged dominant shareholders in the SNIA shareholders' meeting, a circumstance firmly denied by Mittel). However, irrespective of the fact that the declaration that SNIA was the sole shareholder – even though this was not finalised in administrative form – was filed prior to the reform, it is important to note that the statute of limitations of SNIA's liability as sole shareholder would be five years, thus, all claims for this purpose would seem null and void, especially due to the fact that many of the events that SNIA cites as grounds for its claims – in addition to having occurred in Caffaro – date back to periods from the beginning of the 1900's to the 1980's. As regards liability for management and coordination, at the current state of play, it is not clear what this would consist of and, in any event, this could not relate to events occurring such a long time ago.
Therefore, under these conditions, it is not possible to determine, on the basis of what was somewhat confusingly stated in the deed, the actual existence of damages or the amount of damages for which Mittel S.p.A. and Bios S.p.A. should be liable, damages which, however, should be shared with a large number of defendants.

GE Capital S.p.A. and Tellus S.r.l. dispute
By means of a writ of summons notified on 7 December 2011, GE Capital Interbanca S.p.A. (hereinafter "GE Capital") and Tellus S.r.l. ("Tellus") – at that time non-controlling shareholders of Hopa Holding di Partecipazioni Aziendali S.p.A. ("Hopa"), – brought legal proceedings against the latter, asking the presiding Court of Brescia (i) as a preliminary matter, to urgently suspend the implementation of the resolution taken by the extraordinary shareholders' meeting of Hopa of 13 October 2011 by means of which the merger by incorporation of Tethys S.p.A. and Hopa into Mittel S.p.A. ("Mittel") was approved and (ii) in this regard, to declare the nullity, voidability or, in any case, the invalidity of the resolution of the shareholders' meeting being challenged, given not in compliance with the law and the Articles of Association and unlawful.
Upon conclusion of the interlocutory stage with the rejection of the request for the suspension by the opposing party, on 30 December 2011, the deed of merger by incorporation of Hopa into Mittel was stipulated, with the subsequent registration of same in the registers of companies of the participants in the merger. Given that the registration of the merger in the Register of Companies precludes, pursuant to art. 2504-quater of the Italian Civil Code, any pronunciation of the invalidity of the same, GE Capital and Tellus converted the original requests to claims for compensation for damages, as they had already reserved the right to do in the writ of summons in the event of the execution of the merger.
In particular, the plaintiffs requested, first and foremost, the compensation for estimate damages totalling EUR 10.238.995,00 (of which EUR 7.775.853,00 claimed by GE Capital, and EUR 2.463.142,00 claimed by Tellus), plus legal interest and monetary revaluation, due to the alleged absence, for Hopa, of "economic grounds" for the merger. Alternatively, said parties requested damages totalling EUR 9.672.602,00 (of which EUR 7.345.714,00 for GE Capital and EUR 2.326.888,00 for Tellus), plus legal interest and monetary revaluation, due to the alleged "inconsistency of the share exchange ratio" adopted during the merger.
Mittel contested the inadmissibility and grounds of the claims for compensation made by the plaintiff companies, reaffirming, in this regard, the propriety of the merger procedure, the completeness of all merger documentation and the non-existence of any damage for the former shareholders of Hopa. The defence arguments prepared by Mittel are also based on the observations and remarks made by the technical consultants appointed by the company on an ad hoc basis, whose analyses were presented in court in order to demonstrate the non-existence of objections and of the damage reported by the plaintiff companies.
On 9 November 2012 the Judge appointed the Court-appointed expert witness in the person of Proft. Renato Camodeca who was called to fulfil the following deposition: "(i) to state whether the ratio for the exchange of the shares of Hopa S.p.A. (merged company) in Mittel S.p.A. (merging company) as part of the merger operation involved in the legal proceedings, is consistent or not, taking into account the characteristics of the

transaction in question and the activities, characteristics and the nature of the two companies involved, also with reference to the possible earnings that could be generated in alternative operations with respect to the merger provided that they can be reasonably and objectively determined; (ii) in the event in which the Court-appointed expert witness does not deem the ratio for the exchange of the shares of Hopa S.p.A. (merged company) into Mittel S.p.A. (merging company) consistent, he shall redetermine and calculate the correct share exchange ratio and as a result, determine the financial harm suffered by the shareholders of Hopa S.p.A., GE Capital S.p.A. and Tellus S.r.l."

To date, the Court-appointed expert witness, Prof. Renato Camodeca, drew up a technical note concerning the valuation criteria used in the merger, with regard to Mittel and to Hopa/Earchimede, asking the parties' expert witnesses (for Mittel Professors Angelo Provasoli and Massimiliano Nova, for GE Capital Mr. Enrico Broli and for Tellus Professor Lorenzo Caprio) to gather the documents that the Court-appointed expert witness deems useful. These documents were promptly provided by Mittel.

On 13 May 2013 the Court-appointed expert witness filed a justified motion for extension with the Reporting Judge, obtaining a new deadline of 28 February 2014 for filing the Court-appointed expert witness' report. At the latest hearing of 27 September 2013, the case was postponed to 27 March 2014, for the discussion of the results of the report of the Court-appointed expert witness.

Mittel S.p.A. and Società Espansione Mediterranea S.r.l. dispute

As regards the dispute between Mittel S.p.A. and Società Espansione Mediterranea S.r.l., relating to the preliminary contract for the sale of a piece of land in Naples, on Via Giochi del Mediterraneo, signed on 16 June 2008 and where the purchaser Espansione Mediterranea S.r.l. had filed an appearance, also requesting, by way of a counter-claim, the declaration of nullity, ineffectiveness, cancellation and/or termination of the preliminary contract and, as a consequence, the sentencing of Mittel to return the earnest money of EUR 1,9 million, at the hearing on 28 March 2013, the Judge: i) upheld the claim filed by Mittel S.p.A., declaring the non-fulfilment of contractual obligations by the defendant company (Espansione Mediterranea S.r.l.), rejecting the counter-claims put forward by the latter; ii) ordered the transfer of full ownership of the piece of land located in Naples, on Viale Giochi del Mediterraneo to Espansione Mediterranea S.r.l., rendering the transfer of title subject to the payment, by the latter, of a sum of EUR 1.900.000,00; iii) ordered Espansione Mediterranea S.r.l. to pay the sum of EUR 1.900.000,00, plus interest at the rate set out in art. 5, Legislative Decree no. 231/2002, effective from 29 April 2012 until payment in full (currently around EUR 0,5 million), as well as the payment of legal expenses totalling EUR 19.272,02, of which EUR 1.272,02 for disbursements and EUR 18.000,00 for professional fees plus VAT and CPA (Lawyers' social security fund contribution) according to the amounts established by law.

Ongoing dispute with the Revenue Agency

On 23 January 2013, settlement reports were signed with Direzione Provinciale I di Milano (Milan Provincial Tax Commission) pursuant to art. 48 of Legislative Decree no. 546/92, and concerning the tax assessment notices issued as a result of the report on findings communicated to Mittel Generale Investimenti S.p.A on 30 July 2010: relating to the tax periods 2004-2005 and 2005-2006. As a result of the settlement certain irregularities were cancelled and the total amount paid came to EUR 5,2 million (of which EUR 1,2 million relating to Mittel S.p.A), plus annual interest of 2,5% given that the payment will be made in three equal quarterly instalments. During the current year, Mittel S.p.A. also signed the associated settlement report with the Regional Revenue Department; the amount requested amounts to around EUR 1,2 million.

It should be pointed out that, at the time of the transfer of 100% of the share capital of Mittel Generale Investimenti S.p.A. to Liberata S.p.A., Mittel issued contractual guarantees in favour of the acquirer, on liabilities that arose as a result of the above-mentioned dispute, and solely for the amount exceeding the specific provision of EUR 2,8 million, appropriately allocated in the financial statements of Mittel Generale Investimenti S.p.A..

Mittel S.p.A. subsequently set aside the necessary provision for risks and charges in the financial statements for the year ended as at 30 September 2012, totalling EUR 3,6 million, to cover both the payment of the amount for which it is responsible relating to said dispute (EUR 2,4 million) and the amount it will be required to pay to Liberata S.p.A. (EUR 1,2 million) on the basis of the guarantees issued.

Threat of Class Action by Everel Group S.p.A. Shareholders

In December 2012 and January 2013, Mittel S.p.A. was the object of the threat of class action by the former shareholders of Everel Group S.p.A. The latter parties sent compensation requests for the loss of its investment following the cancellation of Everel Group S.p.A. shares held by the same, a transaction which was then followed by the transfer of control of Everel Group S.p.A. to Hopa S.p.A., now Mittel S.p.A.

The total involved in the petition currently amounts to around EUR 1,8 million. These parties are supported by the Sindacato SITI (Italian Syndicate for the Protection of Investments and Savings).

It should be noted that the operation concluded between 2009 and 2010, a period in which Hopa S.p.A. acquired all the shares of Everel Group S.p.A. (then listed on the MTA - Screen-based share market - organised and managed by Borsa Italiana S.p.A.) following the cancellation and reconstitution, pursuant to art. 2447 of the Italian Civil Code, of the share capital of Everel Group S.p.A., open to all Shareholders. In view of the non-subscription, by the other shareholders, of the share capital increase offered to shareholders under option, with the exception of Hopa S.p.A., who subscribed to it, the latter exceeded the 95% threshold of Everel and, in accordance with art. 108 of the Consolidated Law on Finance (TUF), was obliged to purchase the remaining Everel Group S.p.A. shares, with the subsequent delisting of the company. As a result, the majority of shares was transferred to third parties, reducing the stake in share capital to the current 30%.

Litigation against Sofimar S.A. and Mr. Alfio Marchini

In relation to the receivable of EUR 12,8 million (scheduled by way of supplementary private agreement of 23 June 2009 three tranches of EUR 4,3 million plus interest - the first tranch of which due on 31 July 2013), in execution of the in commitments undertaken by Sofimar S.A. and by Mr. Alfio Marchini due to the acquisition of bare ownership of the 222.315 shares of Finaster S.p.A. (now Finaster S.p.A. in liquidazione - in liquidation) during the year ended as at 30 September 2005, on 2 August 2013 Mittel S.p.A. warned the counterparties to comply, to be able to collect the first instalment, including interest, amounting to EUR 4,6 million. The notice to comply with payment sent by Mittel S.p.A. did not receive a response, and the counterparty did not formulate any proposals concerning an amicable settlement of the issue. That being said, on 25 October 2013, due to the persistent breach by Sofimar S.A. and Mr. Alfio Marchini, Mittel S.p.A. notified the counterparties of the termination of the private agreement of 23 June 2009, with the consequent obligation for the Defendants to fully repay the amounts for principal, interest and arrears interest.
Mittel S.p.A., having received no response from the counterparty following the communication of 25 October 2013, filed a petition for arbitration with the on Board of Arbitrators of Milan on 19 December 2013, by virtue of the express arbitration clause in the sales contract of 30 September 2005, appointing Domenico Di Pietro, Esq. as its arbitrator, in order to obtain fulfilment of the obligations undertaken by Sofimar S.A. and Mr. Alfio Marchini. In the past, the counterparties had regularly paid, up to July 2012 (last deadline for repayment of interest alone), Mittel S.p.A. the interest due on the extension of the payment into three tranches, expressly recognising its payable.
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 30 September 2013, deeming said receivable fully recoverable.

BNL S.p.A. "Takeover Bid"

As regards the offence committed by Emilio Gnutti (at the time the legal representative of Hopa S.p.A.) of market manipulation during the "takeover bid" at BNL S.p.A. to the detriment of Banco Bilbao Vizcaya Argentaria S.A. and the subsequent summons of Hopa S.p.A. (now Mittel S.p.A), pursuant to Italian Legislative Decree 231/2011, on 19 December 2012, the judgment of the Supreme Court of Cassation was filed, issued on 6 December 2012, which upheld the appeal of the Attorney General against the acquittal judgment of the Milan Court of Appeal on 30 May 2012 against the defendants and the entities involved (Hopa S.p.A.), rejecting the reasons proposed by the defendants sentenced. It should be noted that, on 30 May 2012, the Milan Court of Appeal absolved, after the first instance conviction, Hopa S.p.A. from the payment of the administrative penalty of EUR 480.000.
On 6 December 2013 the third criminal section of the Milan Court of Appeal acquitted all the defendants as there was no case to answer, revoking the fines.

Information on investees

Mittel S.p.A. subsidiaries

- **Mittel Advisory S.p.A.** (share capital EUR 120.000 – 100% owned)
  Mittel Advisory S.p.A. closed the year 1 October 2012-30 September 2013 with a profit of EUR 0,9 million, Equity totalling EUR 3,6 million and revenues from sales and services of EUR 6,4 million. The company is a leading domestic operator in the advisory field, with a solid track record, also due to its qualified team of around 15 people offering services in all areas of financial advisory, with experience in the financial sector and in various business sectors. The company has an exclusive focus on advisory services, taking on no propriety positions.
  The Company's operations mainly consist in providing advisory services on corporate finance, debt restructuring (restructuring companies in crisis and reorganising their financial structure), corporate governance (defining shareholders' agreements reviewing existing agreement, family agreements, etc.), as well as other activities such as analysis and valuation of instruments listed on regulated markets and analysis and selection of possible investment opportunities.
  Specifically, corporate finance advisory services focus on sales and purchases of companies or investments, mergers, contributions, split-offs and corporate reorganisation, setting up joint ventures and partnership agreements, structured finance transactions (buy-outs, re-leverages and project finance), capital market transactions (takeover bids, IPOs, capital increases), debt and equity funding, valuations and fairness opinions (mergers, split-off, leveraged buy outs - pursuant to articles 2501 bis, 2501/6 and 2506/3 of the Italian Civil Code).
  As part of a rationalisation of the Group's structure, on 30 September 2013 the Extraordinary Shareholders' Meeting of Mittel Advisory S.p.A., pursuant to art. 2343-ter of the Italian Civil Code, approved a share capital increase against payment of EUR 2,4 million, to be released through the contribution by the sole shareholder Mittel S.p.A., of the shares representing 100% of the capital of Mittel Advisory Debt and Grant S.p.A., which also has sole shareholder Mittel S.p.A.
  On 14 October 2013, pursuant to art. 2343-quater of the Italian Civil Code, the Board of Directors of Mittel Advisory S.p.A. issued a certification of fairness of the value of EUR 2,4 million resolved by the aforementioned Shareholders' Meeting. The Board of Mittel Advisory S.p.A. was supported by a fairness opinion drawn up by Prof. Gabriele Villa.

  Investments of Mittel Advisory S.p.A.

  Mittel Advisory Debt and Grant S.p.A., formerly Mittel Corporate Finance S.p.A. (share capital EUR 120.000 – 100% owned)
  On 20 February 2013, the Extraordinary Shareholders' Meeting of Mittel Corporate Finance S.p.A. resolved: i) to cover previous losses amounting to EUR 139.226 through the elimination of the extraordinary reserve for EUR 53.380 and through the use, for EUR 85.846, of the capital contribution reserve; ii) pursuant to art. 2445 of the Italian Civil Code, to voluntarily reduce share capital from EUR 1.591.540 to EUR 120.000 through repayment to the sole shareholder of the corresponding part once the terms set out in art. 2445 of the Italian Civil Code for creditors to lodge an objection have elapsed with no objections lodged. This reduction in share capital is consistent with the focusing of the company solely on providing customers with support in obtaining grant finance for research, development or other initiatives, and with concentrating advisory activities in Mittel Advisory S.p.A.; and iii) to change the company name to Mittel Advisory Debt and Grant S.p.A.
  Mittel Advisory Debt and Grant S.p.A. closed the year 1 October 2012-30 September 2013 with a loss of EUR 0,8 million, compared to a net profit of EUR 1,4 million in the previous year. The profit for the previous year benefitted from the capital gain of EUR 2,4 million, deriving from the transfer of the entire Castello SGR S.p.A. investment to Mittel S.p.A. on 20 September 2012.
  Revenues from sales and services, amounting to EUR 2,4 million (EUR 1,8 million in the previous year), of which EUR 0,2 million (EUR 0,6 million in the previous year) relating to the Corporate Finance sector and EUR 2,2 million (EUR 2,2 million in the previous year) relating to the Grants Finance sector. Equity as at 30 September 2013, including the net loss for the year, amounted to EUR 0,1 million (EUR 5,8 million as at 30 September 2012). This decreased following the distribution of profits for a total of EUR 1,4 million, a portion of extraordinary reserves for EUR 2,0 million and the reduction in share capital of EUR 1,5 million.

Mittel Advisory Debt and Grant S.p.A. is the Mittel Group company that provides grant advisory services to Italian and international companies, generally medium-sized or large, operating in high tech sector, to provide financial support to their development, investment in research and/or internationalisation. Its usual target sectors are: infrastructure, energy, manufacturing and chemical-pharmaceuticals. The company has a team of around 11 people, mainly professionals, who have a solid track record and are exclusively focused on debt and grant advisory activities.

The company's business is focused on consultancy operations with medium-large clients, which are the ideal candidates for larger loans.
In relation to the changes to the corporate purpose resolved by the Shareholders' Meeting on 24 January 2013, the company enrolled in the Elenco degli Agenti e dei Mediatori Creditizi (List of Credit Agents and Mediators) kept by the Board of Agents and Mediators (OAM), following the verification of the requirements of honorability and professionalism of its Directors.

❖ **Mittel Management S.r.l.** (share capital EUR 110.000 – 100% owned)
The corporate purpose of the company, established on 18 February 2013, is to offer private equity investment management services. As part of the development of the parent company's private equity project, the Company's main purpose is to develop 2 funds that are being set up: i) Rexelera (restructuring and turnaround investments in large cap companies throughout Italy in partnership with Roland Berger, with the target of inflows of EUR 300 million and first closing at EUR 100 million) and ii) Estability (expansion investments for mid cap companies mainly located in the northeast of Italy, with a target of inflows of EUR 100 million and first closing at EUR 50 million).
During the year, the implementation of the organisational structure was launched: i) in July 2013, Mauro Gambaro - a professional with a long track record in the financial and private equity sectors joined the Board of Directors of the Company as Chairman; ii) the Key Managers were identified for the Rexelera Fund in the persons of Angelo Facchinetti and Francesco D'Antonio, both members of the Company's Board of Directors and, in Angelo Facchinetti's case, the position of Chief Executive Officer; iii) the Key Managers were identified for the Estability Fund; iv) for the Rexelera Fund, two additional professionals were identified, involved in investment analysis; and v) for the Estability Fund, the structure of human resources involved in investment analysis is being completed.
As regards the legal structure to be used to manage the investment functions, following an in-depth analysis and taking account of the preferences expressed by potential investors, the current market scenario and the regulations in force, the Company decided to set up a Società di Gestione del Risparmio (asset management company) incorporated in Italy, in which the parent company Mittel S.p.A. will also invest.

The company, incorporated on 18 February 2013, closed its first financial year as at 30 September 2013 recording a loss of EUR 334.000 and share capital of EUR 180.000.

❖ **Mittel Investimenti Immobiliari S.r.l.** (share capital EUR 17.693.878 – 100% owned)
The Mittel Group, through Mittel Investimenti Immobiliari S.r.l., operates in the real estate field, making investments in the residential and tertiary sectors, both directly and through companies invested in also by external entrepreneurs with proven expertise and professionalism who contribute specific skills that complement those of the Mittel Group.
The year closed as at 30 September 2013 posted a loss of EUR 0,9 million, compared to a profit of EUR 1,2 in the year ended as at 30 September 2012.
During the course of the financial year, dividends totalling EUR 1,5 million (EUR 1,3 million in the year ended as at 30 September 2012) were collected from subsidiary investments, and write-downs were made totalling EUR 2,2 million, deriving from the fair value measurement of the properties held by Iniziative Nord Milano S.r.l, Immobiliare Volta Marconi S.r.l. Breme S.r.l. and Santarosa S.r.l.
Equity as at 30 September 2013 amounted to EUR 26,2 million, compared to EUR 24,9 million as at 30 September 2012.

Direct investments of Mittel Investimenti Immobiliari S.r.l.: Arluno – Via Donatori del Sangue
On 22 April 2013, the company completed the construction, on an area purchased in December 2008 in Arluno, province of Milan, of a residential complex composed of two buildings of four floors each above ground, in addition to attics and basements, for a total of 98 apartments, a garage with 1 underground level, for a total of 105 garages, and uncovered parking for a total of 44 parking spaces.
All the units for which preliminary contracts were signed and the demonstration units have been completed, and the stipulation of the final sales agreements have been initiated.
For the unsold units, the internal finishing work will be postponed based on the performance of the real estate market and in agreement with the contractor.
Next to the residential complex, according to the provisions of the Agreement, the urban development works were completed by 30 June 2013. These consist of green areas and car parks in terms of

construction and landscaping works. The providing entities are completing the works under their responsibility, to allow for final testing with the Public Administration.
Notary deeds as at 30 September 2013, for a total of EUR 0,6 million in relation to 4 apartments, 4 garages and 1 parking space.
Notary deeds must be drawn up for units which already have preliminary purchase agreements for EUR 1,6 million, corresponding to 8 apartments, 5 garages and 3 parking spaces, including the units for which preliminary contracts were signed by the contracting firm, for which the initial agreements are being revised.

Investments of Mittel Investimenti Immobiliari S.r.l.

Esse Ventuno S.r.l. (share capital EUR 100.000 – 90% owned)
In May 2012, the company completed the sales of all property units in the building on Via Santa Sofia no. 21 in Milan which it owned. As at 30 September 2013, a rental agreement remains in place between the company and the telephone operator H3G S.p.A for the positioning of a radio-telephonic station on a portion of the solar panel, which is expected to expire in November 2018, which can be further extended for 6 years.
Not having carried out significant transfers in the year, as at 30 September 2013, the company posted a net profit of EUR 50.000 (net profit of EUR 1,5 million as at 30 September 2012). Equity as at 30 September 2013 amounted to EUR 167.000, compared to EUR 1,8 million as at 30 September 2012. The decrease is attributable to the distribution of a dividend of EUR 1,7 million.

Gamma Tre S.r.l. (share capital EUR 100.000 - 80% owned)
The company Gamma Tre S.r.l., 20% owned by Ediltecnica S.r.l., headed up by the Valsecchi family, owns an area in Como housing a disused industrial complex (around 15.800 square metres of buildings out of an area of 22.000 square metres) in Via Cumano and a building in Via Canturina, used for offices (around 1.800 square metres) plus 800 square metres of basement space and an external courtyard area.
For the Via Cumano area, the Recovery Plan approved and the associated Agreement stipulated in November 2010 for the completion of the urban development works, expiring in November 2015, make it possible to build 5 residential towers for a total volume of 38.200 cubic metres, which can be further increased by 10% for a total of more than 200 apartments, to be built by November 2020.
In order to guarantee that the area is made safe, on 13 May 2013 the contract for the demolition of the existing buildings was assigned, for a total amount of EUR 0,5 million. The company awarded the contract is planning, with the project management and the safety coordinator, the stages of the work in order to ensure the prompt launch of the operations, which are planned to be finalised within the next 12 months.
At a later stage the project and the possibility of implementing it in several stages will be assessed, in relation to the trend in purchases and sales in the residential real estate market.
Assessments are under way for the transfer of the buildable land to local operators and/or co-operatives.
As at 30 September 2013, for the office building, notary deeds were stipulated for a total of EUR 1,5 million. Currently, the project is at a standstill.
As at 30 September 2013, the company recorded a loss of EUR 199.000 (loss of EUR 122.000 as at 30 September 2012) with Equity of EUR 84.137 (EUR 32.287 as at 30 September 2012), and a non-interest bearing shareholders’ loan of EUR 1,1 million.

Cad Immobiliare S.r.l. (share capital EUR 100.000 - 95% owned by Mittel Investimenti Immobiliari S.r.l. and 5% owned by Mittel S.p.A.)
The company, which owns a centrally located area in Paderno Dugnano, in the immediate vicinity of the railway station, owns a residential complex housing 149 apartments and around 1.800 square metres of tertiary/commercial space, plus 2 underground garage levels, and public works, such as a library, a square with portico and an underground public car park.
Notary deeds were stipulated on 30 September 2013, for a total of EUR 20 million in relation to 79 apartments and 87 garages. Notary deeds are still to be drawn up for a value of EUR 1,2 million, corresponding to 4 apartments and 4 garages.
As at 30 September 2013, the company recorded a loss of EUR 0,9 million (profit of EUR 0,4 million as at 30 September 2012) and Equity of EUR 1,9 million (EUR 2,8 million as at 30 September 2012).

Fede S.r.l. (share capital EUR 100.000 - 51% owned)
The company, 49% owned by the Valsecchi family directly and indirectly through their subsidiary Ediltecnica S.r.l., owns an industrial/craft complex in Vimodrone (Mi) covering roughly 5.000 square metres in which renovation and expansion works were performed, contracted to Ediltecnica S.r.l., for the relevant split-up sale. The works have been completed and tested.
Notary deeds were stipulated as at 30 September 2013, for a total of EUR 1,2 million in relation to 2 laboratory units, constituting the grouping of 8 lots.

Notary deeds are still to be drawn up for units for which preliminary agreements have been signed for a value of EUR 1,6 million, corresponding to 6 lots.
The company also owns a property complex in Felizzano (Al) which sits on an area of 116.720 square metres, housing industrial facilities, warehouses and offices, for a commercial area of 46.500 square metres. Marketing of the entire area has been in progress since last year.
It should be noted that a lease is in place with the former owner company on a portion of the complex, covering 17.790 square metres. The contract is expected to expire on 30 November 2015 and can be renewed for a further 6 years. Annual rent is EUR 0,3 million, secured by a bank surety.
As at 30 September 2013, the company recorded a loss of EUR 310.000 (loss of EUR 143.000 as at 30 September 2012) and Equity of EUR 29.000 (EUR 40.000 as at 30 September 2012) and a non-interest bearing shareholders' loan of EUR 0,3 million.

Immobiliare Volta Marconi S.r.l. (share capital EUR 15.000 - 51% owned)
The company, 49% owned by Redilco Real Estate S.p.A., owned a disused industrial building in a central location in Bresso (Mi) – Viale Vittorio Veneto, which was sold by deed dated 2 September 2013 to LIDL Italia S.r.l. for a total price of EUR 4,1 million, in addition to VAT, collected on 2 September 2013.
The company year ends on 30 June each year. As at 30 June 2013, the company recorded a loss of EUR 321.000 (loss of EUR 26.000 as at 30 June 2012) and Equity of EUR 1,7 million (EUR 2,0 million as at 30 June 2012).

Iniziative Nord Milano S.r.l. (share capital EUR 50.000 - 50% owned)
The company, 50% owned by Redilco Real Estate S.p.A., owns a management/industrial/craft building complex in Bresso (Mi), composed of three lots which have been gradually renovated.
As at 30 September 2013, notary deeds of sale were stipulated on 19 property units, including offices, laboratories and shops, with the associated car parking spaces, for a total of EUR 8,3 million. Evaluations are in progress for the stipulation of lease agreements targeted at future sale.
The company year ends on 31 December each year. The financial statements for the year ended 31 December 2012 posted a loss of EUR 375 thousand (profit of 103.000 as at 31 December 2011) with Equity of EUR 743 thousand (EUR 1.117.000 as at 31 December 2011).

Breme S.r.l. (share capital EUR 10.000 - 60% owned)
The company, 40% owned by Sant'Ilario S.r.l., headed up by the Pedercini family, constructed a management building with 8 above-ground levels for a total commercial space of 4.010 square metres, plus an underground garage with 55 car parking spaces, external green areas and an uncovered car park with 20 car parking spaces. Works were completed and the associated definitive testing is at the completion stage.
As at 30 September 2013, based on the methods used by the independent appraiser assigned by the company, it was deemed suitable to write down the asset owned by the company by EUR 1,0 million, to align it with the market value, bringing its book value to EUR 12,2 million.
On 12 December 2012, Breme S.r.l.'s administrative body prepared and filed at its headquarters, a project for the partial and proportional split of the company, to be implemented through the allocation of part of the assets of the split-off company to a limited liability company which will be formed as a result of the split itself, with the proportional allocation of the shares of the beneficiary company to the shareholders of the split-off company, according to the proportion of shares held by the latter in the split-off company.
The beneficiary company assumed the name Santarosa S.r.l. with registered office in Milan, in piazza Diaz no. 7 and a share capital of EUR 10.000, formed through the use, for the same amount, of the Equity item "Capital reserves", transferred as a result of the split.
The split-off project was filed at the Milan Register of Companies on 12 December 2012 and on 13 December 2012.
On 14 December 2012, the extraordinary shareholders' meeting of Breme S.r.l. resolved favourably on said transaction.
On 28 December 2012, having obtained the consent of all creditors regarding the execution of the split-off, before the term established in art. 2503 of the Italian Civil Code, the split-off deed was signed. On 15 January 2013, by means of the registration in the Companies Register of Milan, the partial and proportional split of Breme S.r.l. took effect, implemented through the assignment of part of its equity to Santarosa S.r.l.
The company year ends on 31 December each year. The financial statements for the year ended 31 December 2012 posted a net loss of EUR 212.609 with Equity of EUR 38.974.

Santarosa S.r.l. (share capital EUR 10.000 - 60% owned)
The company, which was initially 40% owned by Sant'Ilario S.r.l. (Pedercini family), was incorporated on 28 December 2012 for the purpose of purchasing from BREME S.r.l. the business unit comprising the area located in Piazzale Santorre di Santarosa 9, Milan, through the partial split-off of the latter, which became operational on 15 January 2013.

Subsequently, on 14 February 2013 Sant'Ilario S.r.l. transferred its investment in the company to Residenza Altaguardia 11 S.r.l. (a company owned by Impresa Mangiavacchi Pedercini and the Lo Russo family).
As at 30 September 2013, based on the methods used by the independent appraiser assigned by the company, it was deemed suitable to write down the asset owned by the company by EUR 0,9 million, to align it with the market value, bringing its book value to EUR 12 million.
Once the construction permits are obtained, on this building, purchased in March 2010, the realisation of approximately 5.000 square meters of gross floor area of residential units is planned.
To preserve the development rights, following the appropriate tender, works relating to the structures and external brickwork of a multi-level building were contracted to the company Mangiavacchi e Perdercini in August 2012, at a total "turnkey" cost of EUR 2,8 million.
For this "unfinished" work, completed in December 2012, the assessment is under way for completion of the building, also in relation to the trend in the real estate market and administrative time frames.

MiVa S.r.l. (share capital EUR 10.000 - 51% owned)
The company, 29% owned by Mr. Fiorenzo Valsecchi and 20% owned by the company he heads up Ediltecnica S.r.l., owns a property complex in Milan, with access from both Via Vespri Sicilani 29 and from Via Metauro 9.
Ediltecnica, as the general contractor, has developed a project involving a residential complex of about 50 units, in addition to a 2 floor underground garage with about 128 parking spaces.
Assessments and architectonic choices are under way, which will result in small internal modifications, all also depending on the new PGT (general town planning document) that set out the new guidelines for renovation works.
Construction is continuing without problems and works are expected to finish by 30 September 2014.
Preliminary purchase agreements were stipulated as at 30 September 2013 on 6 apartments, 12 garages and 4 basements, for a total of EUR 2,4 million.
The stipulation of an additional preliminary agreement is under way relating to 1 apartment, 1 garage and 1 basement, for a total of EUR 650 thousand.
As at 30 September 2013, the company recorded a net loss of EUR 124 thousand (loss of EUR 59 thousand as at 30 September 2012) with Equity of EUR 26 thousand (Equity of EUR 30 thousand as at 30 September 2012).

Lucianita S.r.l. (share capital EUR 10.400 - 51% owned)
The company, 39% owned by Mr. Fiorenzo Valsecchi and 10% owned by the company he heads up Ediltecnica S.r.l., owns a property on Via Lomellina 12, in Milan, acquired from the Court of Milan in July 2011. As at 30 September 2013, the company Ediltecnica S.r.l., as general contractor, finalised the construction of a residential complex composed of 47 apartments, plus a garage with 2 underground levels and 96 parking spaces. All the units for which preliminary contracts were signed and the stipulation of the final sales agreements have been initiated. For the unsold units, the internal finishing work will be postponed based on the performance of the real estate market and in agreement with the contractor. The current progress status of the work as at 30 September 2013 amounted to around EUR 15,4 million. Notary deeds as at 30 September 2013, for a total of EUR 1,1 million in relation to 3 apartments, 6 garages and 1 basement. Notary deeds are still to be drawn up for a value of EUR 10,6 million, corresponding to 22 apartments, 23 garages and 5 basements. The stipulations of additional preliminary agreements are under way relating to 8 apartments, 8 garages and 1 basement, for a total of EUR 2,9 million.
As at 30 September 2013, the company recorded a net profit of EUR 84 thousand (loss of EUR 75 thousand as at 30 September 2012) and Equity of EUR 162 thousand (EUR 78 thousand as at 30 September 2012) and a non-interest bearing shareholders' loan of EUR 1,8 million.

Regina S.r.l. (share capital EUR 50.000 - 100% owned)
The company owns a property complex on Via Regina 23 in Como. The property complex was acquired in July 2011, at the same time as the stipulation of the Agreement with the Municipality, in enactment of the Implementation Plan approved previously for the construction of a residential building covering 6.731 cubed metres.
The verification of the executive design is under way, targeted at the tender between companies and the planning of the works start times that are compatible with the trend in the real estate market, as well as with the expiry of the Agreement by June 2016.
As at 30 September 2013, the company recorded a net loss of EUR 21 thousand (loss of EUR 15 thousand as at 30 September 2012) and Equity of EUR 50 thousand (EUR 31 thousand as at 30 September 2012) and a non-interest bearing shareholders' loan of EUR 1,5 million.

Cerca S.r.l. (share capital EUR 50.000 - 100% owned)
The company, incorporated on 6 June 2011, is now non-operational. As at 30 September 2013, the company recorded a net loss of EUR 2 thousand (loss of EUR 1 thousand as at 30 September 2012) with Equity of EUR 43 thousand (Equity of EUR 45 thousand as at 30 September 2012).

Livia S.r.l. in liquidazione (in liquidation) (share capital EUR 10.000 – 68,23% owned post-share capital increase)
The company, in liquidation from 17 June 2011, and without any asset inventories, as at 29 August 2013, i.e., at the date of the final liquidation balance sheet, recorded a profit of EUR 12 thousand (loss of EUR 12 thousand as at 30 September 2012) and zero Equity pertaining to the liquidation (EUR 12 thousand as at 30 September 2012).

On 23 September 2013 the liquidation processes were concluded for **Gamma Uno S.r.l. in liquidazione (in liquidation)** and **Spinone S.r.l. in liquidazione (in liquidation)**, both subsidiaries of Mittel Investimenti Immobiliari S.r.l., which transferred their real estate orders some time ago.

- **Mittel Partecipazioni Stabili S.r.l.** (share capital EUR 99.000 - 100% owned)

Investments of Mittel Partecipazioni Stabili S.r.l.

Istituto Atesino di Sviluppo S.p.A. (share capital EUR 79.450.676 – 1,72% owned)
Group holding company present in the following sectors: banking, financial insurance, media/telecommunications, environmental energy, real estate and industrial. The consolidated financial statements for the year ended as at 31 December 2012, the last set approved as at today's date, posted a net profit of EUR 5,8 million, compared to EUR 3,5 million in the previous year. The consolidated Equity of the Group as at 31 December 2012 amounted to EUR 149,7 million (EUR 147,6 million as at 31 December 2011).
At the same date, bonds and other short-term securities totalled EUR 78,8 million (EUR 79,2 million as at 31 December 2011), while investments, including those in Group companies, amounted to EUR 98,7 million (EUR 122,0 million as at 31 December 2011).
These investments as at 31 December 2012 relate mainly to the investees Mittel S.p.A. (8,82%), UBI Banca S.c.p.A (0,26%), Castello SGR S.p.A. (41,45%), Liberata S.p.A (36,50%), Inser S.p.A. (76,84%) and Progressio SGR S.p.A. (12,00%).

Mittel Partecipazioni Stabili S.r.l. also holds the following investments listed on the regulated screen-based share market (MTA), managed by Borsa Italiana S.p.A.:

Intesa Sanpaolo S.p.A. (share capital EUR 8.545.681.412,32 - investment of 0,089% in ordinary share capital)
The consolidated results in the first nine months of 2013 posted a net profit of EUR 640 million, down from EUR 1.688 million in the same period in 2012. Income statement operations resulted in total income of EUR 12.351 million, down compared to the EUR 13.387 million in the same period of 2012, essentially due to the drop in interest margin and income (loss) from trading, which in the first nine months of 2012 had benefited from higher non-recurring income.

UBI Banca S.c.p.A. (share capital EUR 2.254.371.430 – 0,369% owned);
The consolidated results in the first nine months of 2013 posted a net profit of EUR 101,9 million, down from EUR 222,8 million in the same period in 2012. Income statement operations resulted in a total income of EUR 2.486,3 million, down from EUR 2.635,5 million in the same period of 2012, essentially due to the drop in interest margin which, furthermore, as a result of the positive quarterly performance, is reducing the gap in relation to 2012 - and other operating income. Growth was seen in net commissions and income (loss) from financial operations and profit of investments at equity.

RCS MediaGroup S.p.A. (share capital EUR 475.134.602,10 - investment of 1,326% in ordinary share capital).
The publishing sector continues to be heavily affected by negative macroeconomic trends. Net revenues in the first nine months of 2013 amount to EUR 965,4 million, marking a decrease of EUR 154 million compared to the same period of 2012. EBITDA was a negative EUR 121,6 million, down by EUR 91,2 million compared to the same period of 2012, including non-recurring expenses of EUR 100,3 million. Excluding these expenses, EBITDA would be a negative EUR 21,3 million, which would compare with a positive EBITDA before non-recurring expenses in 2012 of EUR 12,6 million. In this difficult scenario, at the end of 2013, the company's Board of Directors approved the 2013-2015 Development Plan with economic and business objectives for the relaunch of the Group. During 2013, the cost reduction actions

planned were implemented. The key elements and economic and business objectives of the plan can be summarised as follows:

- focus on publishing innovation and on increasing the quality of the power brands, also thanks to high-quality born-digital publishing content;
- digital development and expansion of the offering to enhance the reader's publishing experience;
- focusing of the portfolio on areas of business in which RCS can assert strong leadership
- close monitoring of margins with a focus on the recovery of efficiency, also through significant reductions in costs;
- disposals of "non-core" assets.

❖ **Mittel Real Estate SGR S.p.A.** (share capital EUR 2.500.000 – 35% owned);
The financial statements for the year ended as at 31 December 2012 showed net commissions of EUR 1,1 million (EUR 0,2 million as at 31 December 2011), an intermediation margin of EUR 1,1 million (EUR 0,2 million as at 31 December 2011) and net profit of EUR 0,2 million (loss of EUR 0,2 million as at 31 December 2011). Shareholders' equity, equal to EUR 2,4 million, was substantially in line with that reported in the previous financial statements. The company is assessing the possibility of expanding its business from the property sector to the securities sector, with a view of optimising costs and differentiating risks, as well as to best exploit its management team, which has expertise in numerous sectors.

❖ **Mittel Investimenti Mobiliari S.r.l.** (share capital EUR 100.000 - 100% owned)
The company's financial statements for the year ended as at 31 December 2012 posted a loss of EUR 76.893 (profit of EUR 22.749 as at 31 December 2011) and Equity of EUR 10.513 (EUR 87.406 as at 31 December 2011).
The corporate purpose of the company is to take on stable investments in other companies in Italy and abroad, and investments in securities and other short-term financial instruments. Furthermore, the Company can carry out any commercial, industrial/financial, securities-related and real estate transaction instrumental in achieving the corporate purpose with the exception of any financial activities with the public.
From 1 January 2013 to 30 September 2013, the company's statement of financial position posted a loss of EUR 0,1 million and Equity of EUR 0,1 million.

❖ **Earchimede S.p.A.** (share capital EUR 4.680.000 – 85,01% owned by Mittel S.p.A.).
The company's financial statements for the year ended as at 31 December 2012 posted a loss for the year of EUR 28,0 million (profit of EUR 8,9 million as at 31 December 2011). The Equity of Earchimede S.p.A. as at 31 December 2012 amounted to EUR 141,9 million (EUR 170,0 million as at 31 December 2011). The company carries out private equity fund activities and acts as a holding company for investments. As regards holding activities, it is important to note the investment held in Fashion District Group S.p.A., 66,67% of the share capital, held in equal measure both directly and through the wholly-owned subsidiary FD33 S.p.A. The latter company was incorporated following the conclusion of the non-proportional split of Draco S.p.A., finalised on 15 September 2011, as a result of which Earchimede became the owner of all shares in FD33 S.p.A., a newly formed company which was assigned a 33,33% stake in Fashion District Group S.p.A., 33,33% in Fashion District Service S.r.l. (subsequently merged into Fashion District Group S.p.A) and 10% in Parco Mediterraneo S.r.l., and due to loans currently in place with the investees indicated previously.
It should also be pointed out that the Fashion District Group holds a 90% stake in the capital of Parco Mediterraneo S.r.l., owner of an area of land covering around 600 thousand square metres in the Belpasso (Catania) district, in addition to a further 10% share held through the subsidiary FD33 S.p.A., and an 18,43% share in the capital of Alfa Park S.r.l, operating in the amusement park sector (Rainbow Magicland in Valmontone Roma and Terra dei Giganti in Molfetta – Bari).
The loss in the financial statements as at 31 December 2012 was the result of the recognition of write-downs of investments and of securities posted to current assets for a total of EUR 26,9 million and an allocation to the provision for risks and charges of EUR 3,2 million. The write-downs comprise EUR 22,1 million in write-downs on the investee Fashion District Group S.p.A. and were determined based on the valuation conducted by an independent professional, who determined the recoverable value by estimating the relative value in use, in addition to further write-downs concerning the investments in the investee Medinvest International S.c.a. for EUR 2,9 million. The allocation to the provision for risks and charges refers to the fair value measurement of the put option on 70% of the share capital of Cinestar Italia S.p.A. at a price of EUR 6,2 million. If the option had been exercised in the period from 21 March to 20 April 2013, this would have worsened the Net Financial Position by around EUR 21 million. On 28 March 2013 Earchimede S.p.A. signed off on the termination by mutual accord of the agreement signed on 23 June 2011 with the Faustini S.p.A. Group, Finanziaria e Immobiliare Pa.Ri.Gi. S.p.A. and Investment S.p.A. concerning the sale of 70% of the share capital of Cinestar Italia S.p.A. at a price of

EUR 6,2 million. This agreement envisaged the exercise, in the period from 21 March 2013 to 20 April 2013, of a put option by Investment S.p.A. against the payment of a price by Earchimede S.p.A. totalling EUR 6,3 million. The termination of the agreement resulted in an outlay of EUR 3,25 million by Earchimede S.p.A.
From 1 January 2013 to 30 September 2013, the company's statement of financial position posted a loss of EUR 2,3 million, mainly attributable to value adjustments to financial assets of EUR 3,2 million, and Equity of EUR 129,8 million.

Investments of Earchimede S.p.A.

Fashion District Group S.p.A. (share capital EUR 1.380.000 – 66,66% owned via Earchimede S.p.A).
The company's statutory financial statements for the year ended as at 30 September 2012 posted a loss of EUR 4,1 million (loss of EUR 4,8 million as at 30 September 2011). The Equity of Fashion District Group S.p.A. as at 30 September 2011 amounted to EUR 87,9 million (EUR 91,7 million as at 30 September 2012).
The consolidated financial statements of the Fashion District Group for the year ended as at 30 September 2012 posted a loss pertaining to the Group of around EUR 5,8 million (loss of EUR 4,6 million as at 30 September 2011), affected, in the year under review, considering like-for-like revenues from sales, by an increase of around EUR 2 million in costs of production (up from EUR 34,0 million to EUR 36,0 million) and by write-downs of investments of EUR 1,1 million, attributable to the write-down of the subsidiary Parco Mediterraneo S.r.l., offset by other income from contingent assets of EUR 0,8 million. The consolidated financial statements of the Fashion Group as at 30 September 2012, drafted according to national accounting standards, aggregate, on a line-by-line basis, the statement of financial position and income statement figures of the 3 subsidiaries (Fashion District Mantova S.r.l, Fashion District Roma S.r.l. and Fashion District Molfetta S.r.l.).
Fashion District Group S.p.A. is a group that designs, builds, markets and manages large commercial spaces geared towards outlet centres, that also provide recreational, leisure and entertainment services such as theme parks, family entertainment centres, multiplex cinemas and exhibition spaces. As at 30 September 2013, the Fashion District Group has a 90% stake in Parco Mediterraneo S.r.l. and a 18,43% investment in Alfa Park S.r.l.
Due to the state of ongoing uncertainty described above, it is important to note that the Group's Industrial Plan, drawn up with the assistance of Roland Berger Strategy Consultants, and approved by the Shareholders' Meeting with resolution dated 12 January 2011, was necessarily revised in the last year, as the start of the activities planned and the full operation of the individual Outlet centres had already been extended by 15 months.
The final figures for the financial year ended and the budget approved for the year 2013 - 2014 confirmed the substantial gap compared to the economic-financial expectations set forth in said Industrial Plan.
Thus, it was necessary to draw up a document estimating the outlook for development for the years 2014 - 2015 and 2015 - 2016, based on reasonable revenue projections, in line with the actions set out in the approved budget, as well as the on the extraordinary transactions which are certain to date. This document also contains several scenarios on future development, which contemplate possible, but still hypothetical extraordinary transactions.
The Board of Directors acknowledged these forecasts, reserving the right to subsequently approve the Group's Industrial Plan as soon as there is a clearer picture of the most likely outlook for development.
During the year, the Group received the necessary financial support from shareholders through the share capital increase from EUR 1.380.000 to EUR 8.880.000 resolved on 12 November 2012, fully subscribed and paid-in to date through the disbursement and extension, with maturity beyond the end of the next financial year, of loans to the Company totalling EUR 16,2 million.
As a result of this support, the Group was able to significantly reduce its exposure to suppliers, as well as continue investing, both in infrastructure and in marketing and communications campaigns, in order to guarantee the pursuit of the objectives set.
Moreover, based on the forecast flows of the approved budget for the financial year 2013-2014, the shareholder Earchimede S.p.A. confirmed the necessary financial support by demonstrating its willingness to disburse loans and/or additional types of support to cover the requirements deriving from the consolidated budget, quantified at EUR 10 million.
In confirmation of the above, note that in October 2013, said shareholder disbursed loans of EUR 1,55 million.
Regarding the Molfetta Outlet, on 14 June 2013 the "Street High & Loft" project was officially inaugurated. This is the real driver of the repositioning of the Centre's commercial offering.

Taking account of all of the above, the main events occurring during the year may be summarised as follows:
The Fashion District Group continued in its business of managing and marketing shopping centres, and

it is noted that the Factory Outlet of Valmontone, with approximately 6 million visitors per year, remains the most visited outlet centre in Italy. The visitors to the Valmontone Outlet are joined by over 4,8 million in visitors to the Mantua and Molfetta outlets, which bring the aggregate total to 10,8 million, equal to 26% of the national outlet market.
The process of reorganising the structure continued. A Suppliers Department has been set up in Fashion District Group S.p.A., for the purpose of overseeing the direct coordination of the selection, assessment and monitoring of Group suppliers.
On 23 July 2013 Fashion District Roma S.r.l. sent RREEF Investment Gmbh, a Fund that owns the Valmontone Outlet (Rome) the notice of cancellation of the commercial lease agreement on the property, effective from 31 December 2014. On 17 September 2013, in response to said cancellation, RREEF Investment Gmbh communicated its exercise of the call option, following which the date of transfer of the licences currently held by Fashion District Roma S.r.l. was set for 16 January 2015. The letter follows on the option contract entered into on 2 March 2004 (subsequently amended by the supplementary deed of 14 February 2008) between RREEF and Fashion District Roma S.r.l. It pertains to the exercise of the call option on the commercial licences against payment of an earn-out, which is calculated as the price difference between an amount of profitability of the outlet set on signing the contract (minimum rent) and the average actual return of the three stages the Valmontone outlet was divided into based on the different times of opening hours.

Equity pertaining to the Group (IAS/IFRS for the consolidated financial statements of the Mittel Group) amounted to EUR 82,5 million, compared to EUR 91,7 in 2011-2012, marking a decrease of EUR 9,2 million. The year closed with a consolidated loss of EUR 14,6 million, compared to a consolidated loss of EUR 9,3 million in the previous year. The increase in the loss was the result of the write-down of EUR 5,5 million in the investment held in Alfa Park S.r.l., the write-down of the earn-out on the transfer of the Valmonte outlet for EUR 1,7 million, as well as the write-down of outstanding receivables due from the associate Loft S.r.l. for EUR 0,9 million and the result of the decrease in sales revenues during the year.

FD33 S.p.A. (share capital EUR 7.608.177 – 85,01% owned via Earchimede S.p.A.)
The company's first statutory financial statements for the year ended as at 31 December 2012 posted a loss of EUR 47 thousand (EUR 0,5 million in the previous year). Equity amounted to EUR 7,0 million (EUR 7,1 million as at 31 December 2011). The company was incorporated on 15 September 2011, the date on which the extraordinary shareholders' meeting of the company Draco S.p.A. resolved the non-proportional split, as a result of which the company became the owner of the industrial projects Fashion District Group S.p.A. (a share of 33,33%) and Parco Mediterraneo S.r.l.. In the 1/10/2012 – 30/09/2013 period, the company realised a loss (from ITAGAAP financial statements) of EUR 23 thousand. As regards the description and performance of the business of the Fashion District Group, please refer to the specific description above.
From 1 January 2013 to 30 September 2013, the company's statement of financial position posted a loss of EUR 27 thousand and Equity of EUR 7,0 million.

- **Bios S.p.A.** is jointly controlled by Mittel S.p.A. and Tower 6 S.à r.l. (share capital of EUR 3.000.000 divided into 1.500.000 ordinary shares and 1.500.000 category B shares with no voting rights - Mittel S.p.A. holds 750.000 ordinary shares).
The company is a Group holding company which holds roughly a 19% stake in Sorin S.p.A., a company listed on the MTA (screen-based share market) organised and managed by Borsa Italiana S.p.A. The Sorin Group is a global leader in the treatment of cardiovascular diseases. The Group develops, produces and markets medical technologies and innovative therapies for heart surgery and the treatment of heart rhythm problems. The Group specialises in three therapeutic areas: cardiopulmonary; cardiac rhythm management; artificial heart valves, mechanical-biological valves and annuloplasty rings.
Bios S.p.A.'s financial statements for the year ended as at 31 December 2012 posted a loss of EUR 7,3 million (loss of EUR 6,2 million as at 31 December 2011). The Equity of Bios S.p.A. as at 31 December 2012 amounted to EUR 52,1 million (EUR 59,4 million as at 31 December 2011). The loss for the year, amounting to EUR 7,3 million, was generated mainly by the provision for interest expenses accrued on the Ghea S.r.l. and Monte dei Paschi di Siena S.p.A. loans and for the return accrued by category B shares for the 1 January - 31 December 2012 period; this provision is a result of the rescheduling of the above-mentioned debts.
On 20 December 2013 the company finalised a significant transaction to renegotiate and restructure its debt position, in order to strengthen its equity. Note that prior to said renegotiation, the position of the lenders of Bios S.p.A. (Banca Monte dei Paschi di Siena S.p.A. e Ghea S.r.l.) was partly represented by debt and partly by Bios S.p.A. category B shares. In full agreement with its partner Equinox, Mittel negotiated with Banca Monte dei Paschi di Siena and with Ghea S.r.l. (51%-owned subsidiary of Mittel S.p.A.) a rescheduling of these positions to two years with the option of renewing for a further year at specific conditions. At the same time, Mittel S.p.A. rescheduled its receivable due from Ghea S.r.l.,

setting conditions *pari passu* with the loan from Ghea S.r.l. and Banca Monte dei Paschi di Siena S.p.A. to Bios S.p.A. Moreover, Ghea S.r.l. partially waived the receivable due from Bios S.p.A., enabling a significant strengthening of equity.

Also note that Bios, along with Mittel S.p.A., was notified, at the request of Snia S.p.A. in Amministrazione Straordinaria (in extraordinary administration), of a writ of summons whose details are illustrated in the paragraph pertaining to ongoing legal disputes.

From 1 January 2013 to 30 September 2013, the company's statement of financial position posted a loss of EUR 5,6 million and Equity of EUR 46,6 million. The loss for the period was generated mainly by the provision for interest expenses accrued on the Ghea S.r.l. and Monte dei Paschi di Siena S.p.A. loans and for the return accrued by category B shares for the 1 January - 30 September 2013 period; this provision is a result of the rescheduling of the above-mentioned debts.

Investment of Bios S.p.A.

- **Sorin S.p.A.** (share capital EUR 478.738.144 divided into 478.738.144 ordinary shares - BIOS S.p.A. directly holds 18,86%).
  Sorin S.p.A. is a major European group in medical technologies for the treatment of cardiovascular illnesses and boasts a global presence, serving over 5.000 public and private health facilities.
  In the third quarter 2013, the Sorin Group reported revenues of EUR 180,3 million, up by 19% at like-for-like exchange rates compared to the third quarter 2012. This result reflects the full recovery from the effects of the earthquake at one of its plants (Mirandola). EBITDA amounted to EUR 32,1 million, compared to EUR 14,1 million in the third quarter 2012. Net income (loss) was EUR 14,6 million compared to EUR 0,2 million in the third quarter 2012. Net financial debt as at 30 September 2013 amounted to EUR 91,3 million compared to EUR 90,9 million as at 30 June 2013 and EUR 89,1 million as at 30 September 2012.
  On 27 November 2013 the company presented its 2013-2018 Strategic Plan, in which the company forecasts consolidated revenues growing at an annual average rate of 3-5% in the period 2013-2016, accelerating as a result of new ventures, to 8-19% in the subsequent period 2016-2018. The company estimates net earnings per share for the business base increasing by over 10% per year and amounting to over EUR 0,20 in 2018.

- **Ghea S.r.l.** (share capital EUR 1.000.000 - 51% owned)
  In February 2009, the company had acquired on a non-recourse basis from Banco di Brescia ("BBS"), for a consideration of EUR 25 million, the receivables due to the latter from Bios S.p.A. amounting to EUR 50 million, receivables secured by a pledge on a total of 34.796.687 Sorin S.p.A. shares, at the same time replacing BBS in the so-called "Bios Protocol".
  The Protocol is a complex restructuring agreement that was signed at the end of 2008 between Bios and its Parent Company Hopa on one side, and BBS on the other, within the context of a wider transaction involving the acquisition of control of Hopa by Mittel and Equinox, i.e. the same shareholders of this company.
  In April 2009, as a result of the resolution of the extraordinary shareholders' meeting of Bios S.p.A., by virtue of the Protocol, the receivable of EUR 25 million (EUR 50 million in nominal value) due to Ghea S.r.l. from Bios S.p.A. was transformed into an investment consisting of 681.818 category B shares in the company Bios S.p.A. and a receivable with a face value of EUR 32.998.124 which, on the basis of the Protocol, does not accrue interest as long as the volume of Bios assets, and therefore the valuation of the investment in Sorin, does not exceed certain thresholds. The investment, as mentioned in art. 14 of the Articles of Association of Bios S.p.A., entitles the holder with the right to "participate, on a priority basis with respect to the ordinary shares, in the distribution of profits, as with all reserves resolved by the shareholders' meeting, until a total amount has been distributed, to category B shares, of EUR 37.404.127, plus a return of 4,875% capitalised on an annual basis and effective from 1 July 2008".
  In the Mittel Group consolidated financial statements, the total investment of Ghea S.r.l. in Bios S.p.A. is recognised as a financial receivable with a value of EUR 50,0 million, compared to EUR 33,3 million in the previous year. The change of EUR 17,7 million, posted under "other financial income", is comprised of EUR 4,5 million in interest on the loan accrued based on the previous recovery forecast, and EUR 12,2 million from the effect of the release of higher interest income deriving from the recalculation of amortised cost, resulting from the new forecasts for recovery and collection time (linked to the positive performance of the Sorin S.p.A. share).

  The financial statements for the year ended 31 December 2012 posted a net loss of EUR 549 thousand compared to EUR 580 thousand in the previous year. Equity totalled EUR 3,4 million compared to EUR 4,0 million in the previous year.

On 20 December 2013 the company finalised a significant transaction to renegotiate and restructure the debt position of Bios S.p.A., in order to strengthen the company's equity. For a description of this transaction, see the paragraph pertaining to the investee Bios S.p.A.

The statement of financial position and income statement of Ghea S.r.l. for the 1 January 2013 - 30 September 2013 period, drafted for the purposes of the consolidated financial statements of the Mittel Group, prior to IAS adjustments, (the company year ends on 31 December each year) posted a loss of EUR 0,3 million and Equity of EUR 3,1 million. The loss for the period is attributable mainly to the interest expenses recorded by the company relating to the loan of EUR 20 million granted by Mittel S.p.A. in February 2009.

- **Locaeffe S.r.l. in liquidazione** (in liquidation) (share capital EUR 3.640.000 - 100% owned by Mittel S.p.A.)
  The company's financial statements for the year ended as at 31 December 2012 posted profit of EUR 32 thousand (loss of EUR 0,6 million as at 31 December 2011). The Equity of Locaeffe S.r.l. in liquidazione (in liquidation) as at 31 December 2012 amounted to EUR 3,8 million (EUR 3,8 million as at 31 December 2011). The company did not stipulate any new finance leases in 2012. The company was put into liquidation on 11 October 2011. From 1 January 2013 to 30 September 2013, the company's statement of financial position posted a loss of EUR 0,2 million and Equity of EUR 3,6 million.

- **Markfactor S.r.l. in liquidazione (in liquidation)** (share capital EUR 91.138 - 100% owned by Mittel S.p.A.). The company's financial statements for the year ended as at 31 December 2012 posted a loss of EUR 0,3 million (loss of EUR 4,3 million as at 31 December 2011). The Equity of Markfactor S.r.l. in liquidazione (in liquidation) as at 31 December 2012 amounted to a negative EUR 186 thousand (negative EUR 3,3 million as at 31 December 2011). The loss for the year was the result of the allocation of an adjusted bad debt provision during the year due to the rejection of the claim as creditor in bankruptcy of a company that had registered a mortgage as collateral for Markfactor S.p.A., for a receivable claimed from Bregoli S.p.A., which also went bankrupt and has little equity. The ruling was appealed to the Court of Cassation and the relating proceedings are currently pending. From 1 January 2013 to 30 September 2013, the company's statement of financial position posted a loss of EUR 3,5 million, mainly due to the adjustment to the receivable mentioned above, and negative Equity of EUR 3,7 million.

- **Holinvest S.r.l. in liquidazione (in liquidation)** (share capital EUR 20.000 - 100% owned by Mittel S.p.A.).
  The company's financial statements for the year ended as at 31 December 2012 posted a loss of EUR 17 thousand (loss of EUR 35 thousand as at 31 December 2011). The Equity of Holinvest S.r.l. in liquidazione (in liquidation) as at 31 December 2012 amounted to EUR 53 thousand (EUR 0,1 million as at 31 December 2011). The company was put into liquidation on 29 April 2011. The company remained essentially inactive throughout 2013. From 1 January 2013 to 30 September 2013, the company's statement of financial position posted a loss of EUR 1 thousand and Equity of EUR 52 thousand.

- **Sunset S.r.l. in liquidazione** (in liquidation) (share capital EUR 55.529 - 100% owned by Mittel S.p.A.).
  The company's financial statements for the year ended as at 31 December 2012 posted a loss of EUR 36 thousand (loss of EUR 40 thousand as at 31 December 2011). The Equity of Sunset S.r.l. in liquidazione (in liquidation) as at 31 December 2012 amounted to a negative EUR 1,2 million (a negative EUR 1,2 million as at 31 December 2011). The company ceased the wholesale and retail manufacturing and trade of stationery, leather goods, gifts, prints, paintings and other objects of art, as well as items of clothing, all in the luxury goods sector, in April 2005 when it sold its business unit, comprising the brand, five points of sale, the investments in Antiche Officine Pineider S.r.l. and Pineider Gallery S.r.l and the warehouse. Following the aforementioned sale, the liquidation proceedings of the company continued, consisting mainly of the recovery of trade receivables, payment of the remaining debt items and the management of ongoing disputes.

Mittel S.p.A. associates

- **Castello SGR S.r.l.** (share capital EUR 2.664.556 – 21,32% owned)

By availing itself of expertise in the real estate finance sector, Castello SGR S.p.A. now manages 12 ordinary Real Estate funds, including 10 Institutional Funds and 2 Retail Funds, for total assets of EUR 1,39 billion.
Castello SGR S.p.A. closed the year ended as at 31 December 2012 with a net profit of EUR 1,5 million (net profit of EUR 1,4 million as at 31 December 2011) while Equity totalled EUR 8,3 million (EUR 8,0 million as at 31 December 2011).
Subsequent to the notarial deed of 16 January 2013, the split-off of Reef Fondimmobiliari SGR S.p.A. (split-off company) in favour of Castello SGR S.p.A. (beneficiary company) took effect on 1 February 2013 for legal purposes. Due to said transaction, Castello SGR S.p.A.'s share capital increased by EUR 566.885, up from EUR 2.664.556 to EUR 3.231.441, and 566.885 new shares with a nominal value of EUR 1,00 were assigned to the sole shareholder of the split-off company Deutsche Bank AG, therefore holding 17,54% of the share capital of the beneficiary company. As a result of said transaction, the share premium reserve increased by EUR 4.115.582. As a result of the split-off operation, Castello SGR S.p.A. was assigned the management of 5 closed-end real estate funds and 5 personnel.
This transaction led to a dilution of all the beneficiary company's shareholders, including Mittel S.p.A., whose stake in share capital fell from 23,69% to 19,53%.
On 6 February 2013, Deutsche Bank AG sold Castello SGR S.p.A. shares exceeding the 10% quota to other shareholders. In respect of said transfer, Mittel S.p.A. acquired 57.732 shares, at a value of EUR 8,26 per share, totalling EUR 476.866,32, corresponding to the value based on the share swap ratio defined in the split-off project, bringing its investment to 21,32%. On the same date, shareholders' agreements, put & call agreement, as well as the cooperation agreement were signed by Castello SGR S.p.A.
Mittel S.p.A. subscribes to two ordinary funds and, more specifically, to:

Fondo Augusto (Augusto Fund)
Augusto is a closed-end mutual real estate fund reserved to qualified investors, which primarily invests in property assets with stable income profiles and measurable performance. The Fund's target is, above all, to invest in investment property assets in Italy, with intended use of offices - logistics - retail and light industrial.
As at 30 June 2013, 96% of the area of the porfolio was leased, amounting to 92.967 square metres, for a total annual amount of around EUR 10 million; 2%, equal to 1.907 square metres, is comprised of empty units with rent guaranteed for a total amount of EUR 73.154 (the surety is in favour of several units of the Trezzano property and has been granted by Redilco, the seller of the property), while the remaining 2%, equal to 2.388 square metres, is composed of empty units without guarantees.
In 2013 an extraordinary transaction was conducted, resulting in the amendment of the Regulations approved by Fund subscribers as of July 2013, and an extension of the duration of the Fund to 31 December 2020 (from 31 December 2017), in order to integrate the assets of the Augusto Fund with the assets of the Dolomit Fund, managed separately by Castello SGR (former RREEF branch). On conclusion of the transaction, the fund will have an estimated NAV of around EUR 130 million, against financial payables of EUR 100 million. As a result of this transaction, Mittel S.p.A. will see its stake in the Augusto Fund reduced from the current 19% to approximately 11,2%.

Fondo Cosimo 1 (Cosimo 1 Fund)
The Fund's current portfolio is fully leased, and shows a balance between core/core plus (Fonteverde and Grotta Giusti) and value added (Chia Laguna Resort) assets.
The original strategy pertaining to the individual properties, which does not deviate from the current strategy, even though it has been revised in light of the current market conditions and medium-term forecasts, remains as follows:
a) Chia Laguna Resort: asset repositioning, asset price arbitrage (variable rent lease-up);
b) Fonteverde: asset price arbitrage (variable rent lease-up);
c) Grotta Giusti: asset repositioning, asset price arbitrage (variable rent lease-up).
The economic and financial situation of Società Terme e Benessere S.p.A. ("STB"), the lessee of the Fonteverde and Grotta Giusti properties, gradually worsened during 2012, already impacted by the consistent debt of the group, in addition to the losses for the past few years.
The absence of these flows, along with the need to continue supporting the turnaround of Chia Laguna Resort S.p.A. (management company of the Chia Laguna Resort asset, "CLR") by injecting new resources totalling around EUR 1,7 million, caused financial stress for the Cosimo I Fund.
In light of that situation and in order to find the best solution to ensure a stable financial structure for the Cosimo I Fund over the medium and long term, on 10 December 2012 the Board of Directors of Castello SGR approved the assignment of an Advisor mandate for the asset management company, in name and on behalf of the Fund, to Leonardo & Co., to support the asset management company in assessing the strategic alternatives available to the Fund. During the first half of 2013, also in light of the dialogue implemented with the Fund's lending banks, this process resulted in the preparation of a plan ("Plan"), approved by the Board of Directors of Castello SGR. The Plan's goal is to preserve the property value of

the Fund, assisting operators at a time of crisis by significantly reducing the fixed component of the lease rentals.
This should permit:
 greater flexibility in the income statements of the operators as a result of the improvement in profitability and increased attractiveness to possible third party investors;
 the possibility to return to (and, in the event the market takes off again, even exceed) the levels of the lease rentals set out in the Fund's original Business Plan.
Under the mandate granted, Leonardo & Co. will also develop and share with all Fund subscribers possible solutions to strengthen the equity and financial position of the management company, while also enhancing the Fund's direct commitment in CLR, also through the possible entrance of business and financial partners.
With the assistance of its financial and business advisors, STB drew up and presented a long-term economic-financial plan to its lending banks and the Fund for the purpose of developing a restructuring agreement to rebalance its equity, economic and financial situation.
If this process is not successful, the Fund reserves the right, in any event, to enforce the applicable contractual guarantees. This possibility is one of the scenarios analysed in the Plan drawn up with the assistance of the Advisor Leonardo & Co.

❖ **Everel Group S.p.A.** (share capital EUR 15.359.290 – 30,00% owned by Mittel S.p.A.).
The consolidated financial statements of the Everel Group for the year ended as at 31 December 2012 recorded profit pertaining to the Group of around EUR 0,1 thousand (up from a negative EUR 7,1 million).
The company is a leading supplier of electromechanical and electronic components for small and large household appliance manufacturers and for the manufacturing industry. Everel's range of products includes switches, selector switches and encoders, engines and heating elements, pressure switches and signal lights, electronic systems for various platforms, customised for clients. During the year ended as at 31 December 2012 all income statement ratios improved. However, this was not reflected in a concurrent, equivalent improvement in the statement of financial position. The restructuring actions undertaken in 2011, some of which were only completed during 2012, absorbed considerable financial resources, postponing to 2013 the expectation of a reduction in financial debt.
Turnover in 2012 totalled EUR 39,2 million (compared to EUR 40,5 million recorded in the previous year), while income from operations improved and came to EUR 0,9 million, up from a loss of EUR 6,0 million in the previous year.
Mittel S.p.A. holds a put option on the sale of the entire shareholding in Everel Group S.p.A., at a minimum price of EUR 3,3 million, which can be exercised from 30 June 2014 for 6 months.

❖ **Brands Partners 2 S.p.A.** (share capital EUR 150.000 – 25,20% owned)
Brands Partners 2 S.p.A. closed the financial year ended as at 31 October 2012 with net profit of EUR 1.274.522 (EUR 64.239.959 as at 31 October 2011) and shareholders' equity of EUR 9.723.442 (EUR 66.574.859 as at 31 October 2011). On 10 April 2013, Brands Partners 2 S.p.A., following the resolution of the shareholders' meeting of 13 March 2013, arranged for the cash distribution, reducing the retained earnings reserve, of EUR 1,2 million due to holders of associated equity instruments. In respect of said resolution, Mittel S.p.A. collected around EUR 0,8 million.
The company is now a corporate vehicle which holds a residual investment of 1,24% in the capital of Moncler S.p.A., following the partial placement of 3,75% during the initial public offering (as at 30 September 2013 the stake in Moncler amounted to 4,99% of share capital) in December 2013. In this regard, the Moncler IPO recorded significant demand from the public, which was only minimally covered by the shares offered for placement.
As at 30 September 2013, the Moncler Group operated in 66 countries, through the retail channel, composed of a network of 98 directly managed points of sale, as well as through the wholesale distribution channel, comprising 1.858 points of sale. Mono-brand points of sale are composed of 23 Shop-in-Shops and 1 franchisee.
In the last three years, the Moncler Group has grown significantly in terms of turnover as well as profitability. These results were achieved through both organic growth of the business and through the development of the direct retail sales, primarily in international markets. Specifically, as at 30 September 2013 (nine months of operations), for the period 1 January - 30 September 2013, the Moncler Group generated consolidated revenues of the Moncler Division alone of EUR 389,0 million (EUR 331,2 million as at 30 September 2012), with carve-out EBITDA of EUR 114,7 million (EUR 99,0 million as at 30 September 2012). During the entire year 2012, the consolidated carve-out revenues amounted to EUR 489,2 million (EUR 363,7 million for 2011 and EUR 282,5 million for the Moncler Division for 2010), with carve-out EBITDA of EUR 161,5 million (EUR 114,4 million for 2011 and EUR 90,6 million for the Moncler Division for 2010). As at 30 September 2013, the Moncler Group had 1.200 employees.
Over the last few years, the Moncler Group has pursued a strategy of geographical diversification, expanding its international presence on both developed markets and emerging markets. This resulted in a

gradual decrease in Italy's weight from 41,5% of sales as at 31 December 2010 to 26,2% of sales as at 31 December 2012.

Companies not controlled by Mittel S.p.A.

- **Tower 6 Bis S.à.r.l.** (share capital EUR 4.500.000 - 49% owned)
  In March 2009, Tower 6 Bis S.à.r.l. acquired from Bios S.p.A. a 6,693% stake in Sorin S.p.A., a company listed on the market organised and managed by Borsa Italiana S.p.A., as part of a wider operation involving the restructuring of Bios S.p.A.'s debt position.
  A 51% stake in Tower 6 Bis S.à.r.l. is held by Tower 6 S.à.r.l. (a Luxembourg-based company headed up by Equinox Two S.c.a.).
  The financial statements of Tower 6 Bis S.à.r.l. for the year ended as at 31 December 2012 showed Equity of EUR 4,8 million (EUR 5,4 million as at 31 December 2011), with a net loss of EUR 0,3 million (EUR 2,4 million as at 31 December 2011) attributable mainly to interest expense accrued in the year on the 5-year loan in place for an amount of EUR 19,2 million.
  The statement of financial position and income statement of Tower 6 Bis S.à.r.l. for the 1 October 2012 - 30 September 2013 period, drafted for the purposes of the consolidated financial statements of the Mittel Group, posted a loss of EUR 120 thousand (portion pertaining to Mittel of EUR 60 thousand) and Equity of EUR 42,8 million, of which EUR 38,0 million relating to the valuation reserve which books the variation in the fair value valuation of the Sorin S.p.A. investment to Equity.

- **Liberata S.p.A.** (share capital EUR 6.750.000- 27% owned by Mittel S.p.A.).
  Liberata S.p.A. has full control of the Mittel Generale Investimenti S.p.A. investment, as a result of the acquisition transaction finalised during the previous year.
  The draft financial statements as at 30 September 2013 recorded a loss of EUR 3,9 million (profit of EUR 3,7 million as at 30 September 2012) and Equity of EUR 6,5 million (EUR 10,5 million as at 30 September 2012).

Investments of Liberata S.p.A.

Mittel Generale Investimenti S.p.A. (share capital EUR 17.000.000 - 100% owned by Liberata S.p.A.)
The company provides credit (directly and/or syndicated) or acts as a consultant in organising the financing of mainly extraordinary transactions, carried out by companies and private or institutional investors, on security and real estate markets. In line with the objective of offering an integrated service to the customer, Mittel Generale Investimenti S.p.A. may assume investments in companies (listed and unlisted) generally associated to guaranteed disposal options.
During the year, the company achieved a net profit of EUR 3,9 million, compared to a net profit of EUR 5,7 million as at 30 September 2012. As at 30 September 2013, the income statement of Mittel Generale Investimenti S.p.A. recorded performance of gross profit from operations of EUR 6,1 million, substantially in line with the previous year (positive EUR 6,9 million in the previous year) as well as a positive overall intermediation margin of EUR 7,9 million compared to the EUR 8,8 million recorded in the previous year. The decrease of EUR 0,9 million in the intermediation margin was mainly determined by:
- an increase in income from trading activity of a positive EUR 2,3 million as at 30 September 2013 (positive EUR 1,1 million in the previous year, mainly due to the fair value measurement of financial instruments classified as held for trading in the portfolio at the date of the close of the previous year);
- the recording of gains from the transfer of receivables of EUR 0,3 million (loss of EUR 0,5 million in the previous year);
- a decrease in the interest margin, amounting to EUR 4,8 million as at 30 September 2013 (positive EUR 7,8 million at the closing date of the previous year).

Gross income from operations, amounting to EUR 6,1 million (a positive EUR 6,9 million in the previous year), represents the income from operations before expenses and non-monetary costs (amortisation/depreciation, net provisions for expenses and adjustments for impairment of assets) and is an indicator of the potential cash flow from the company's operations, in fact incorporating the level of self-financing generated by operations. The decrease of EUR 0,8 million was determined by the reduction of EUR 0,9 million in the intermediation margin (from a positive EUR 8,8 million in the previous year to a positive EUR 7,9 million as at 30 September 2013), compared to a decrease in operating expenses of EUR 0,1 million, down from EUR 2,0 million in the previous year to EUR 1,9 million. Personnel expenses fell by EUR 0,4 million in the year, from EUR 1,2 million to EUR 0,9 million.

Net income (loss) from operations (equal to the difference between the gross profit from operations and value adjustments to property, plant and equipment and intangible assets, allocations to the provision for

risks and charges and value adjustments for impairment of loans and assets available for sale) was a positive EUR 5,7 million (positive EUR 7,5 million in the previous year). The decrease of EUR 1,8 million in income is mainly attributable to the decrease of EUR 3,0 million in the interest margin, an increase of EUR 0,3 million in net commissions, an increase in income from trading of EUR 2,2 million, an increase in gains from transfers of loans of EUR 0,3 million and higher net value adjustments on financial assets of EUR 1,1 million.
Equity as at 30 September 2013 amounted to EUR 85,5 million (compared to EUR 86,3 million as at 30 September 2012). The change in shareholders' equity, which includes net profit for the year of EUR 3,9 million, is attributable to the partial distribution of profit for the year for EUR 4,7 million, as resolved by the Shareholders' Meeting of 21 December 2012.

- **Progressio SGR S.p.A.** (share capital EUR 1.200.000 – 15% owned)
  The company, authorised and listed in the Register of Asset Management Companies from 2004, is owned by Pteam S.r.l. (51%), Fondazione Cassa di Risparmio di Trento e Rovereto (22%), Mittel S.p.A. (15%) and Istituto Atesino di Sviluppo – ISA S.p.A. (12%).
  The financial statements for the year ended as at 31 December 2012 posted a net profit of EUR 0,8 million (EUR 4,6 million in the previous year). Equity as at 31 December 2012 amounted to EUR 2,8 million (EUR 6,4 million in the previous year). This result derives from the posting of net commissions which decreased from EUR 15,0 million to EUR 3,1 million in the current year, and an intermediation margin which dropped from EUR 15,1 million to EUR 3,2 million. Note that in April, the Shareholders' Meeting resolved to distribute dividends totalling EUR 0,5 million and reserves of EUR 0,3 million.

- **Microventure Finance Group S.A.** (share capital EUR 14.117.000 – stake of 7,62%)
  During the year, the Microventure Group underwent a significant change in terms of shareholder structure and size, through a series of corporate restructuring transactions, as a result of which the management company Microventure S.A. (MVI SA) became the parent company of the initiative. In the Microventure Group, Mittel was not a direct investor in MVI S.A. (which subsequently changed its company name to Microventure Finance Group S.A.), rather, it held 15% of Microventure Holding S.p.A. (MVH S.p.A.) and 5% of Microventure Sicar only in the Equity segment (MV SICAR). MVI S.A.'s offer involved the integration of the three structures into MVI S.A. through a capital increase dedicated to shareholders of MV SICAR and MVH S.p.A., payable in kind through the delivery of shares held by the shareholders in these two companies. At the same time, an increase in cash of EUR 15 million was approved, at the same value as the "stock for stock" increase. The purpose of the transaction is to create a group operating in microfinance with a capitalisation of EUR 60 million. The Microventure Group manages 4 investments in the Microfinance sector, including two in India, one in Indonesia and one in Perù, even though the group's business strategy requires a greater focus on Southeast Asia, where the scenario is more favourable to this type of business.

- **Equinox Two S.c.a.** (share capital EUR 133.720 – 5,7% owned)
  In 2012, the company Equinox Two S.c.a. continued to monitor the investments in the portfolio (Alitalia S.p.A., Biotedim S.r.l., Esaote S.p.A. and Sorin S.p.A.) and in April 2013 it made an investment in the German apparel chain Adler. The latest report received at the end of October shows positive performance for Sorin and Adler, while for Alitalia, following the recently implemented capital increase, the fund's share (EUR 40 million) will soon be reduced to zero. As a result of the extension obtained during the year, the investment period currently expires in May 2013.
  The total amount of committed contributions stood at EUR 301 million (Mittel group EUR 17 million), roughly 71% of which called at present.

- **Azimut – Benetti S.p.A.** (share capital EUR 9.756.000 – 5,465% owned)
  The Azimut Benetti Group operates through three divisions: Azimut division, active in the production of flybridge motor cruisers (from 39 to 62 feet), motor-yachts (from 68 to 116 feet) open boats (from 43 to 86 feet); Benetti division, active in the production of fibreglass and steel mega-yachts (from 90 to 210 feet); Atlantis division, active in the production of open boats under the Gobbi brand names (from 31 to 42 feet) and Atlantis (from 39 to 55 feet).
  The year 2011/2012 (the company closes each financial year on 31 August) closed with a value of production of EUR 640 million, compared to EUR 649 million in the previous year, and a positive EBITDA of EUR 23,5 million (EUR 36 million in the previous year). Note that during the year there was a change in the criteria for recognising inventories of products on order measured based on considerations accrued.
  The group's net financial position as at 31 August 2012 worsened, amounting to around negative EUR 33 million. On drawing up the financial statements, the directors stated that this deterioration is expected

to be recovered in the first part of the current year, following delivery of an order. Moreover, through information published in the press, we became aware of the appointment of the new Chief Executive Officer, Ferrucci Luppi.

- **SIA S.p.A.** (share capital EUR 22.091.286.62 - stake of 0,31%)
  The SIA Group is a European leader in financial services and payment systems, providing technology solutions to banks, corporate entities, public administrations and central institutions in the areas of credit and debit card processing, collections and payments, capital markets and network services for connectivity and messaging.
  During 2012 all company divisions of SIA generated improved results compared to 2011, with a highly positive performance by the Card Processing area and services linked to the EBA platform.
  In 2012, the company recorded revenues of EUR 347,7 million (EUR 333,3 million as at 31 December 2011) and an operating margin of EUR 64,7 million (EUR 47,5 million as at 31 December of the previous year).

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 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 the spending capacity of potential customers, with an adverse impact on the trend in the revenues of tenants and, consequently, of the Group. In addition, there is a risk of the properties being left vacant by the current occupants, with a subsequent interruption in rents obtained from the merchants in the factory outlet and the associated difficulties in re-allocating the properties;
- *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. During the year, it 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 signed 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, as 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 issue, 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 or, in extreme cases, a situation of insolvency which could place business continuity at risk.

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 and Mittel S.p.A. make provision for capital covenants, non-compliance with which, currently unlikely, could involve the acceleration clause.

Bank payables as at 30 September 2013, totalling EUR 210,7 million, are made up mainly of the current and non-current bank payables of the Fashion District Group (EUR 63,4 million), Mittel S.p.A. (EUR 133,4 million), Mittel Investimenti Immobiliari S.r.l. (EUR 51,9 million) and Mittel Partecipazioni Stabili S.r.l. (EUR 9,6 million).
It should be noted that the Group headed up by Fashion District Group S.p.A. has short- and long-term loans in place relating to the implementation of the individual property projects.
During 2011, Fashion District Group S.p.A requested and obtained the benefit deriving from subscription to the Common ABI (Italian Banking Association) agreement, whose direct consequence was the suspension of the repayment of principal amounts of loans until 31 December 2011, 31 March 2012 and 29 June 2012 respectively, with the subsequent extension of the expiry of the debts for a period corresponding to the above-mentioned suspension.
In addition, it should be noted that Fashion District Group S.p.A. has mortgages in place for a total residual value of EUR 30,2 million, stipulated with GE Capital Interbanca S.p.A. and with a pool of banks composed of Unicredit S.p.A. and Monte dei Paschi di Siena S.p.A. which make provision for equity and profit covenants. The covenants are linked to equity ratios (Equity/debt) and profit ratios (rents collected/debt).
It should be noted that non-compliance with covenants, which is verified at the end of the year, would involve the acceleration clause. As at 30 September 2013, these covenants were respected.
As regards the Parent Company Mittel S.p.A., it should be noted that a covenant is in place on a revolving credit line of EUR 25 million, granted by Banca Monte dei Paschi di Siena S.p.A. - of which EUR 20 million had been used as at 30 September 2013 - 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 higher 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. In addition, there is also a negative pledge on present and future property, plant and equipment and intangible assets, on receivables and on the investments of the Parent Company, without prejudice to prior written consent of the bank, which cannot be unreasonably denied. As at 30 September 2013, this covenant was respected.
For completeness of information, it is noted that on 22 December 2008, 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) entered into a bullet loan agreement (i.e., repayable on expiry) for a total amount of around EUR 26,1 million. 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. The duration of the loan 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.

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 30 September 2013 the covenants on the loan were 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 shareholders' 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 generic/specific hedges.
As at 30 September 2013, 85,1% of the Group's bank payables, amounting to EUR 179,3 million, are variable rate (based on the Euribor) (87,8% as at 30 September 2012).
As at 30 September 2013, Group variable rate loans hedged amounted to EUR 52,8 million, equal to 29,4% of total variable rate bank payables.
As at 30 September 2013, the Group had a bond issue in place maturing in July 2019 for EUR 97,4 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 at 30 September 2013, these contracts hedged a debt of EUR 52,8 million, equal to 83,28% of total bank loans of EUR 63,4 million, all variable rate (EUR 72,5 million as at 30 September 2012), and representing around 25,1% of the Group's total bank loans, amounting to EUR 210,4 million (31% as at 30 September 2012).
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, at 30 September 2013, 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 1,7 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;
- 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 30 September 2013 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 previously held by Hopa S.p.A.

Risks related to management

The Group's success depends largely on certain key management figures who have made a significant contribution to business development, specifically in the Advisory and Private Equity sectors. 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 risk 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 30 September 2013, the Group allocated a specific provision for risks and charges totalling EUR 5,7 million (EUR 4,5 million as at 30 September 2012), 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 on the Main Ongoing Legal Proceedings, to which reference should be made.

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;
- 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.

Risks connected with the status of holding company for investments – Parent Company Mittel S.p.A.

Considering Mittel's status as a holding company for investments, its economic performance is linked, *inter alia,* to circumstances that are not periodic and/or recurring in nature, such as the distribution of dividends by investee companies and the formation and realisation of capital gains on divestments of investments held. Thus, the performance of the company's results in different years may not be linear and/or significantly comparable.
There is also no guarantee of continuity and consistency in the amount of dividends that will be distributed by Mittel.

Significant events after 30 September 2013

The Agreement signed on 12 October 2009 between Mittel S.p.A., Equinox Two S.c.A., Hopa S.p.A. (to date merged in Mittel S.p.A.), Banca Monte dei Paschi di Siena S.p.A. and Unipol Gruppo Finanziario S.p.A., pertaining to their mutual relationships as direct and indirect shareholders, expired on 18 November 2013 and has not been renewed again. The Agreement concerned 171.098.423 shares of Sorin S.p.A., equal to 35,7395% of the Company's ordinary share capital. In announcing the deadline in question, the parties to the Agreement expressed their unchanged belief in Sorin's outlook for the future and emphasised their faith in the company, whose considerable contribution is a solid foundation for future development.

On 11 December 2013, the Global Offer to Sell aimed at listing Moncler S.p.A. on the Mercato Telematico Azionario (MTA), organised and managed by Borsa Italiana S.p.A., was concluded successfully, subordinate to the order to start trading by Borsa Italiana S.p.A. At the Offer Price, demand from institutional investors exceeded the quantity of shares offered about 31 times, for a total value of over EUR 20 billion, net of the demand from investors under the Offer in Italy and from investors participating in the Public Offer Without Listing in Japan.
The demand from institutional investors derived from leading international investors with widespread geographical diversification, including the United States, Europe and Asia.
The Offer Price of the Moncler S.p.A. ordinary shares was fixed at EUR 10,20 per share.
Brands Partners 2 S.p.A., company of which Mittel S.p.A. holds 25,20% of the share capital, complied with the Global Offer to Sell for the purpose of listing of Moncler S.p.A., contributing 9,3 million in ordinary shares of that company. The collection, net of commissions due to placement banks, amounted to EUR 93,4 million. To date, Brands Partners 2 S.p.A. still holds 3,1 million of Moncler S.p.A. ordinary shares in its portfolio.

Business outlook for the year

Based on the assumption that the Italian economic and financial situation will effectively show the improvement currently expected during 2014 and on the transactions already conducted in the first few months of the year, described in the paragraph above, the Issuer deems that the current year could post a significant improvement on the results for the year ended as at 30 September 2013, with the consolidated net profit (loss) nearing the positive range. This objective assumes an unchanged current investment portfolio, excluding potential extraordinary transactions, disposals and/or acquisitions (save for those already performed, indicated above), and also any value adjustments to investments or receivables.

Corporate Governance

Mittel S.p.A. signed up to the original 1999 version of the Corporate Governance Code of for listed companies promoted by Borsa Italiana S.p.A., and currently adheres to the Corporate Governance Code approved in December 2011.

The Company shall annually provide disclosure concerning its governance system and its acceptance of the Corporate Governance Code, through a Report, also drawn up pursuant to article 123-bis of the Consolidated Law on Finance, which shall illustrate the degree of compliance with the principles and criteria applied thereto, established by the Code and by international best practice.

The Report shall be provided to Shareholders annually with the documentation envisaged for the Shareholders' Meeting to approve the financial statements, and shall also be promptly published on the Company's website (www.mittel.it) in the "Corporate Governance/Corporate Documents" section.

At the meeting on 20 December 2012, on the proposal of the Remuneration Committee (now the Remuneration and Appointments Committee), the Board of Directors resolved the Remuneration Policy, in compliance with the recommendations of the Corporate Governance Code and regulatory provisions issued by Consob which came into force on 31 December 2011. Pursuant to law, the Remuneration Policy constitutes the first section of the Remuneration Report and was subject to review by the Shareholders' Meeting held on 15 March 2013, also called to approve the 2012 separate financial statements.

The Director and Statutory Auditor offices held by the members of the Board of Directors and the Board of Statutory Auditors in other companies listed on regulated Italian and foreign markets, in financial companies, banks, insurance companies or large companies are shown below:

Prof. Franco Dalla Sega	Director of the Supervisory Board of Intesa Sanpaolo S.p.A. Standing Auditor of RCS Media Group S.p.A.
Mr. Romain C. Zaleski	---
Mr. Arnaldo Borghesi	Chairman of Mittel Advisory S.p.A. Director of Mittel Management S.r.l.
Mr. Paolo Battocchi	Chairman of Fondazione Cassa di Risparmio di Trento e Rovereto Director of Dolomiti Energia S.p.A.
Ms. Maria Vittoria Bruno	---
Mr. Giorgio Franceschi	Deputy Chairman and Chief Executive Officer of Iniziative Finanziarie Atesine S.r.l. Deputy Chairman of Botzen Invest AG S.p.A. Chief Executive Officer of ISA Istituto Atesino di Sviluppo S.p.A. Chief Executive Officer of Calisio S.p.A. Director of Castello SGR S.p.A. Director of Banco di Brescia S.p.A. Director of Mittel Investimenti Immobiliari S.r.l. Director of Dolomiti Energia S.p.A.
Mr. Stefano Gianotti	Director of Banco di Brescia S.p.A. Director of Calisio S.p.A. Director of Fondazione Banca San Paolo di Brescia Director of Associazione Banca Lombarda e Piemontese
Mr. Giambattista Montini	Director of Banco di Brescia S.p.A.
Giuseppe Pasini	Chairman of Feralpi Holding S.p.A. Chairman and Chief Executive Officer of Feralpi Siderurgica S.p.A.
Prof. Duccio Regoli	---
Mr. Massimo Tononi	Chairman of Borsa Italiana S.p.A. Chairman of Istituto Atesino di Sviluppo S.p.A. Chairman of Prysmian S.p.A. Director of Sorin S.p.A. Director of the London Stock Exchange Group Plc
Mr. Giovanni Brondi	Chairman of the Board of Statutory Auditors of Banca Prossima S.p.A. Chairman of the Board of Statutory Auditors of Bios S.p.A. Standing Auditor of Commerciale Siderurgica Bresciana S.p.A.
Ms. Maria Teresa Bernelli	Chairman of the Board of Statutory Auditors of Dana Italia S.p.A. Member of the Board of Autostrade del Brennero S.p.A.
Mr. Simone del Bianco	Chairman of Mazars S.p.A.
Ms. Roberta Crespi	--
Mr. Giulio Tedeschi	Chairman of the Board of Statutory Auditors of Agos Ducato S.p.A. Chairman of the Board of Statutory Auditors of Italease Finance S.p.A. Chairman of the Board of Statutory Auditors of Bulova Italy S.p.A. Standing Auditor of Carlo Tassara S.p.A. Chairman of the Board of Statutory Auditors of Mittel Investimenti Immobiliari S.r.l. Sole Director of Unico Sorfid S.r.l.

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 2012-2013, 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 purchase/sale of securities and investments between Group companies;
- to the intercompany transfer of IRES (corporate income tax)/VAT receivables;
- to the issuing of guarantees from Group companies to investees.

In particular, as regards the most significant related party transactions, it should be noted that on 10 January 2013, the Board of Directors of Mittel S.p.A. approved the acquisition of 100% of the share capital of the financial consultancy company Borghesi Advisory S.r.l. for a consideration of EUR 4.750.000 in cash and of 2,5 million Mittel S.p.A. shares. The operation was completed on 11 January 2013, by means of a notarial deed. The consideration agreed is consistent with the fair value range of Borghesi Advisory S.r.l. expressed by the independent advisors appointed by the Board of Directors of Mittel S.p.A. to issue a fairness opinion. Mr. Borghesi was confirmed as Chairman of Borghesi Advisory S.r.l., undertaking to maintain said office for a period of at least 5 years. In consideration of the office of Managing Director of Mittel S.p.A. covered by Mr. Borghesi, the transaction qualifies as a related party transaction pursuant to the related party transaction procedure of Mittel S.p.A. Therefore, the transaction was subject to the prior approval of the Related Party Committee which, at the meeting of the Board of Directors of the Parent Company, held on 10 January 2013, expressed a favourable opinion regarding the company's interest in completing the transaction and on the convenience and substantive correctness of the associated conditions. Lastly, given that the transaction did not exceed the materiality thresholds, it qualifies as a related party transaction of "lesser importance" pursuant to art. 3 of the aforementioned procedure and therefore, did not require the publication of any

information document (Consob Regulation no. 17221 of 12 March 2010 and subsequently amended by means of resolution no. 17389 of 23 June 2010).
For details on the statement of financial position and the income statement, please refer to the section in the explanatory notes.

On 9 February 2012, the Board of Directors of Mittel S.p.A. renewed the Group tax consolidation option pursuant to articles 117-129 of the TUIR (Consolidated Law on Income Tax) for the 2011/2012, 2012/2013, 2013/2014 three-year period, also for the subsidiaries Mittel Partecipazioni Stabili S.r.l. and Gamma Tre S.r.l., and resolved to subscribe, for the next three-year period, and therefore up until the 2013/2014 company year, to the Group tax consolidation option, in accordance with articles 117-129 of the Consolidated Law on Income Tax for the companies Lucianita S.r.l., Regina S.r.l., Cerca S.r.l. and MiVa S.r.l..
In 2012/2013, Mittel Advisory Debt and Grant S.p.A. (formerly Mittel Corporate Finance S.p.A.) renewed its participation in Group tax consolidation for the 2012/2013, 2013/2014 and 2014/205 three-year period.

It should also be pointed out that, on 10 February 2011, the Board of Directors of Mittel S.p.A. acknowledged the renewal of Group tax consolidation pursuant to articles 117-129 of the Consolidated Law on Income Tax for the 2010/2011, 2011/2012 and 2012/2013 three-year period for the subsidiaries Mittel Investimenti Immobiliari S.r.l., Cad Immobiliare S.r.l., Esse Ventuno S.r.l., Gamma Uno S.r.l. in liquidazione (in liquidation), Spinone S.r.l. in liquidazione (in liquidation) and Livia S.r.l. in liquidazione (in liquidation).

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

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 30 September 2013, the company held 15.308.706 treasury shares. It should be noted that the subsidiary Earchimede S.p.A. held 98.750.125 ordinary shares in Parent Company Hopa S.p.A., equal to 7,15% of the latter’s share capital. Hopa S.p.A. shares, following the merger by incorporation of Tethys S.p.A. in Mittel S.p.A. and the merger of Hopa S.p.A. in Mittel S.p.A., which took effect on 5 January 2012 as per the deed of notary Marchetti dated 30 December 2011, a total of 3.555.003 ordinary Mittel S.p.A. shares were swapped. On 18 January 2013 Earchimede made a distribution of reserves in kind, through the assignment of 3.555.003 shares, of which 3.022.248 assigned to Mittel S.p.A. On 18 February Mittel delivered 2.500.000 of its treasury shares as partial payment to the financial advisory firm, Borghesi Advisory S.r.l.
Following the voluntary partial public exchange offer on Mittel shares, which is described in the report on operations, with use date of 12 July 2013, 14.786.458 Mittel ordinary shares were exchanged. Added to the shares already held in portfolio, 522.248 shares, Mittel S.p.A. currently holds 15.308.706 treasury shares, equal to 17,415% of its share capital.

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.

Interests of members of administration and control bodies, general managers and key managers
(pursuant to art. 79 of Consob resolution no. 11971 of 14.5.1999 and subsequent amendments)

Name and surname	Investee company	Shares held as at 30.09.2012		Shares purchased	Shares sold	Shares held as at 30.09.2013
Borghesi Arnaldo	Mittel S.p.A.	68.319		2.540.441		2.608.760
Brondi Giovanni	Mittel S.p.A.	38.401	(a)			38.401
Gianotti Stefano	Mittel S.p.A.	143.029				143.029
Rovati Angelo	Mittel S.p.A.	468.570				468.570
Tononi Massimo	Mittel S.p.A.	414.089				414.089
Zaleski Romain Camille	Mittel S.p.A.	685.851	(b)			685.851
Zobele Enrico	Mittel S.p.A.	57.000				57.000

(a) of which 271 held by spouse
(b) of which 685.851 held by spouse

Proposal of the Board of Directors

Dear Shareholders,

We submit for your approval the separate financial statements for the 1 October 2012 - 30 September 2013 period, comprised of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of changes in Equity, Cash flow statement and the Explanatory notes, as well as the annexes and Report on operations.

The Board of Directors proposes that the Shareholders' Meeting carry forward the loss for the year of EUR 27.658.637.

Milan, 13 January 2014

for the Board of Directors

The Chairman

(Prof. Franco Dalla Sega)

Statement of reconciliation of Equity and profit (loss) for the year

The reconciliation between Equity and profit for the year of the Parent Company, as shown in the separate financial statements for the year ended as at 30 September 2013, and the Equity and profit for the year of the Group, as reported in the consolidated financial statements as at the same date, is as follows:

(amounts in thousands of Euro)	**30 September 2013**		**30 September 2012**	
	Equity	Income (loss) for the year	Equity	Income (loss) for the year
Equity and income (loss) of the Parent Company	**278.359**	**(27.659)**	**327.761**	**53.191**
Elimination of book value of consolidated investments:				
Value of investments in consolidated companies	(230.395)		(190.228)	
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	216.284		162.132	
Results achieved by fully consolidated companies		(13.429)		(37.078)
Cancellation of write-downs of investments	37.220	13.288	60.148	55.986
Adjustments for consistency with Group accounting policies:				
Fair value adjustments of financial assets	41.274	(1.040)	41.218	(657)
Investments accounted for using the equity method:				
Adjustments for pro-rata results of investments valued according to the equity method	52.896	325	17.113	19.302
Profit (loss) of investments accounted for using the equity method		573		
Elimination of effects of transactions carried out between consolidated				
Net intercompany income capitalised in consolidated companies	(76.555)	7	(76.136)	(41.004)
Elimination of intercompany dividends:				
Dividends distributed by fully consolidated companies		(9.048)		(51.418)
Dividends distributed by associates		(1.104)		(16.243)
Taxes:				
Adjustment of tax rates				
Other adjustments				
Equity and income (loss) for the year pertaining to the Group	**327.046**	**(38.087)**	**342.008**	**(17.921)**
Minority interests	56.389	(3.018)	55.525	(4.187)
Consolidated Equity and income (loss)	**383.435**	**(41.105)**	**397.533**	**(22.108)**

Consolidated financial statements as at 30 September 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

Amounts in EUR

	Notes	30.09.2013	30.09.2012
Non-current assets			
Intangible assets	5	29.943.208	21.751.420
Property, plant and equipment	6	137.658.870	147.375.964
Investments accounted for using the equity method	7	77.300.543	39.098.753
Financial receivables	8	105.362.066	156.970.846
Other financial assets	9	119.593.635	143.249.182
Sundry receivables and other assets	10	294.824	329.648
Prepaid tax assets	11	8.526.732	9.456.406
Total non-current assets		**478.679.878**	**518.232.219**
Current assets			
Property inventories	12	122.011.696	117.640.612
Financial receivables	13	83.500.455	48.620.504
Other financial assets	14	17.826.076	-
Current tax assets	15	15.935.274	16.580.927
Sundry receivables and other assets	16	26.909.465	18.213.603
Cash and cash equivalents	17	45.617.101	14.890.371
Total current assets		**311.800.067**	**215.946.017**
Assets held for sale	18	-	2.550.369
Total assets		**790.479.945**	**736.728.605**
Equity			
Share capital		87.907.017	87.907.017
Share premium		53.716.218	53.716.218
Treasury shares		(26.514.895)	(9.875.000)
Reserves		250.024.823	228.181.886
Profit (loss) for the year		(38.087.255)	(17.920.929)
Equity pertaining to the Group	19	**327.045.908**	**342.009.192**
Non controlling interests	20	56.389.143	55.524.942
Total Equity		**383.435.051**	**397.534.134**
Non-current liabilities			
Bonds	21	96.103.299	-
Financial payables	22	103.793.527	109.922.609
Other financial liabilities	23	-	402.285
Provisions for personnel	24	2.406.769	1.500.636
Deferred tax liabilities	25	37.746.179	34.998.430
Provisions for risks and charges	26	5.687.986	4.510.158
Sundry payables and other liabilities	27	2.933.782	1.900.000
Total non-current liabilities		**248.671.542**	**153.234.118**
Current liabilities			
Bonds	28	1.320.537	-
Financial payables	29	117.427.659	142.991.780
Other financial liabilities	30	4.740.747	7.049.128
Tax liabilities	31	1.340.584	739.783
Sundry payables and other liabilities	32	33.543.825	34.984.837
Total current liabilities		**158.373.352**	**185.765.528**
Liabilities held for sale	33	-	194.825
Total Equity and liabilities		**790.479.945**	**736.728.605**

(*) 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 EUR

		01.10.2012 30.09.2013	01.10.2011 30.09.2012
Revenues	34	49.747.989	47.071.261
Other income	35	3.647.502	3.908.396
Variations in property inventories	36	5.640.028	15.098.076
Costs for purchases	37	(11.541.750)	(19.937.171)
Costs for services	38	(33.741.507)	(32.043.689)
Personnel costs	39	(11.808.675)	(9.625.253)
Other costs	40	(5.830.955)	(6.509.888)
Dividends	41	1.947.030	6.081.284
Profit (loss) from management of financial activities and investments	42	2.347.585	158.865
Gross operating margin (EBITDA)		**407.247**	**4.201.881**
Amortisation and value adjustments to intangible assets	43	(14.656.429)	(18.899.071)
Allocations to the provision for risks	44	(4.992.872)	(3.857.142)
Value adjustments to financial assets and receivables	45	(28.836.194)	(9.825.885)
Share of income (loss) of investments accounted for using the equity method	46	325.307	18.075.638
Operating result (EBIT)		**(47.752.941)**	**(10.304.579)**
Financial income	47	24.123.637	9.074.767
Financial expenses	48	(12.724.611)	(13.594.231)
Profit (loss) from trading of financial assets	49	(1.177.735)	(1.750.000)
Income (loss) before taxes		**(37.531.650)**	**(16.574.043)**
Income taxes	50	(3.716.664)	213.646
Income (loss) from continuing operations		**(41.248.314)**	**(16.360.397)**
Income (loss) from assets held for sale	51	143.205	(5.747.995)
Profit (loss) for the year		**(41.105.109)**	**(22.108.392)**
Attributable to:			
Income (loss) pertaining to non controlling interests	52	3.017.854	4.187.463
Income (loss) pertaining to the Group		**(38.087.255)**	**(17.920.929)**
Earnings (loss) per share (in EUR)	53		
From continuing ordinary operations:			
- Basic		(0,459)	(0,222)
- Diluted		(0,459)	(0,222)
From assets transferred and disposed:			
- Basic		0,002	(0,071)
- Diluted		0,002	(0,071)

(*) 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 EUR

	Notes	01.10.2012 30.09.2013	01.10.2011 30.09.2012
Profit (loss) for the year (A)		**(41.105.109)**	**(22.108.392)**
Other profits / (losses) comprehensive which are subsequently reclassified to profits / (losses) for the year:			
Effective part of the profits/(losses) on cash flow hedges	19	1.161.556	677.361
Profits/(losses) from the redetermination of available-for-sale financial assets	19	5.651.139	(1.896.288)
Profits/(losses) from the transfer of available-for-sale financial assets	19	676.844	(1.483)
Release to the income statement of losses for fair value impairment of available-for-sale financial assets	19	4.302.438	-
Profits/(losses) of companies valued using the equity method	19	37.871.209	7.318.921
Tax effect relating to other profits/(losses) whitch will be subsequently relassified to profit or (loss)	-	(1.976.109)	863.160
Total Other profits / (losses), net of taxes (B)		**47.687.077**	**6.961.671**
Total comprehensive profit/(loss) (A) + (B)		**6.581.968**	**(15.146.721)**
Total comprehensive profit/(loss) attributable to:			
Non controlling interests		(2.456.700)	(4.481.771)
Income (loss) pertaining to the Group		9.038.668	(10.664.950)

Statement of changes in consolidated Equity for the year ended as at 30 September 2013

Amounts in EUR

	Share capital	Treasury shares	Capital reserves	Profit reserves	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 2011	**70.504.505**	-	**53.716.218**	**155.263.676 -**	**468.052**	**3.855.337**	**10.922.243**	**187.536.984**	**481.330.912**
Capital increase	17.402.512								**17.402.512**
Purchase of treasury shares									
Effects of merger by incorporation of Hopa SpA		(9.875.000)		8.393.750				1.481.250	-
Effect of changes in the area of consolidation				45.657.024	(1.237.680)	1.482.092	(2.945.449)	(124.343.405)	**(81.387.418)**
Other changes								-	-
Dividends distributed								(4.465.000)	**(4.465.000)**
									-
Total comprehensive profit/(loss)				(17.920.929)	278.086	(338.062)	7.318.921	(4.684.887)	**(15.346.871)**
Balance as at 1 october 2012	**87.907.017**	**(9.875.000)**	**53.716.218**	**191.393.521**	**(1.427.646)**	**4.999.367**	**15.295.715**	**55.524.942**	**397.534.135**
Capital increase								3.216.748	**3.216.748**
Purchase of treasury shares		(25.063.046)		(1.328.224)					**(26.391.270)**
Payment for business combination with regulation through shares	-	6.945.000		(3.472.500)					**3.472.500**
Change in scope of consolidation								4.000	**4.000**
Other changes		1.478.151		(2.561.333)				1.751.364	**668.182**
									-
Dividends distributed								(1.651.211)	**(1.651.211)**
									-
Total comprehensive profit/(loss)				(38.087.255)	477.214	8.777.500	37.871.209	(2.456.700)	**6.581.968**
Balance as at 30 september 2013	**87.907.017**	**(26.514.895)**	**53.716.218**	**145.944.209**	**(950.432)**	**13.776.867**	**53.166.924**	**56.389.143**	**383.435.051**

Consolidated cash flow statement

Amounts in EUR	Notes	30.09.2013	30.09.2012
OPERATING ACTIVITIES			
Net income (loss) for the year pertaining to the Parent Company and non controlling interests		**(41.105.109)**	**(22.108.392)**
Adjustments to reconcile net income (loss) with cash flows generated (absorbed) by operating activities:			
Current taxes		1.191.625	1.232.825
Deferred taxes		2.525.039	(786.868)
Amortisation of property plant and equipment		14.268.544	14.091.490
Amortisation of intangible assets and write-downs		387.885	4.807.581
Dividends received		(1.947.030)	(6.081.284)
Financial income		(24.123.637)	(9.074.767)
Financial expenses		12.724.611	13.594.231
Allocations to provisions for risks and charges		4.992.872	3.857.142
Provisions for employee severance indemnity		688.903	251.678
Other non-monetary net income		(391.363)	-
Capital loss from net discontinued operations		-	5.650.000
Profits/(losses) of investments valued according to the equity method		(325.307)	(17.449.744)
Write-downs (write-backs) of receivables		10.733.509	6.576.010
Capital gains (losses) from transfer of investments		(318.973)	(751.299)
Write-downs of property inventories		1.930.996	-
Write-downs (write-backs) of available-for-sale financial assets		20.899.128	3.183.302
Write-downs (write-backs) of investments		376.500	66.573
Cash flows from operating activities before changes in working capital		**2.508.193**	**(2.941.522)**
Increase/(decrease) in property inventories		(6.302.080)	(13.986.969)
Increase/(decrease) in other current assets		(5.686.492)	(10.324.658)
Increase/(decrease) in trade payables and other current liabilities		(3.715.896)	7.217.614
Cash and cash equivalents generated (absorbed) by operating activities		**(13.196.275)**	**(20.035.535)**
Change in current financial assets		391.363	187.585
Uses of provisions for risks and charges		(3.815.044)	(2.762.338)
Payments of employee severance indemnity		(206.770)	(73.130)
(A) CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES		**(16.826.726)**	**(22.683.418)**
INVESTMENT ACTIVITIES			
Dividends received from subsidiaries and associates		1.104.926	54.278.591
Dividends received on financial assets		1.947.030	6.081.284
Investments in interests for:			
Acquisitions		(1.506.766)	(37.761.186)
Recapitalisations of associates net of specific loans		-	(1.949.951)
Cash flow connected to business combinations	**3**	(4.298.000)	-
Increase in available-for-sale financial assets		(10.603.324)	(9.240.268)
Other investments (property, plant and equipment and intangible assets)		(5.114.623)	(3.078.258)
Realisation from disposal of:			
Investments		123.390	-
Equity instruments available for sale		8.222.202	5.959.996
Net cash flow connected with assets held for sale		-	(2.071.165)
Net cash flow connected with discontinued operations		-	38.017.000
Other non-current assets (Property, plant and equipment, intangible assets and other)		-	2.101.911
Increase (decrease) in financial receivables due from customers and financial institutions		26.504.203	(52.987.674)
Interest collected		4.777.463	5.070.576
(B) NET CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES		**21.156.501**	**4.420.856**
FINANCING ACTIVITIES			
Increase (decrease) in payables due to banks and other lenders		(33.937.741)	(17.758.904)
Bond issue	**21**	69.772.601	
Interest paid		(11.286.432)	(13.594.231)
Payment of dividends		1.848.527	(150.000)
(C) NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES		**26.396.955**	**(31.503.135)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A+B+C)		**30.726.730**	**(49.765.697)**
OPENING CASH AND CASH EQUIVALENTS (E)		14.890.371	64.656.068
CLOSING CASH AND CASH EQUIVALENTS (F= D+ E)		**45.617.101**	**14.890.371**

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

Amounts in EUR

	Notes	30.09.2013	of which related parties	% incidence	30.09.2012	of which related parties	% incidence
Non-current assets							
Intangible assets	5	29.943.208	-		21.751.420	-	
Property, plant and equipment	6	137.658.870	-		147.375.964	-	
Investments accounted for using the equity method	7	77.300.543	-		39.098.753	-	
Financial receivables	8	105.362.066	68.569.842	65,1%	156.970.846	104.615.716	66,6%
Other financial assets	9	119.593.635	-		143.249.182	-	
Sundry receivables and other assets	10	294.824	-		329.648	-	
Prepaid tax assets	11	8.526.732	-		9.456.406	-	
Total non-current assets		**478.679.878**	**68.569.842**	**14,3%**	**518.232.219**	**104.615.716**	**20,2%**
Current assets							
Property inventories	12	122.011.696	-		117.640.612	-	
Financial receivables	13	83.500.455	62.716.442	75,1%	48.620.504	11.696.429	24,1%
Other financial assets	14	17.826.076	-		-	-	
Current tax assets	15	15.935.274	-		16.580.927	-	
Sundry receivables and other assets	16	26.909.465	-		18.213.603	-	
Cash and cash equivalents	17	45.617.101	-		14.890.371	-	
Total current assets		**311.800.067**	**62.716.442**	**20,1%**	**215.946.017**	**11.696.429**	**5,4%**
Assets held for sale	18	-	-		2.550.369	-	
Total assets		**790.479.945**	**131.286.284**	**16,6%**	**736.728.605**	**116.312.145**	**15,8%**
Equity							
Share capital		87.907.017	-		87.907.017	-	
Share premium		53.716.218	-		53.716.218	-	
Treasury shares		(26.514.895)	-		(9.875.000)	-	
Reserves		250.024.823	-		228.181.886	-	
Profit (loss) for the year		(38.087.255)	-		(17.920.929)	-	
Equity pertaining to the Group	19	**327.045.908**	**-**		**342.009.192**	**-**	
Non controlling interests	20	56.389.143	-		55.524.942	-	
Total Equity		**383.435.051**	**-**		**397.534.134**	**-**	
Non-current liabilities							
Bond issue	21	96.103.299	-		-	-	
Financial payables	22	103.793.527	-		109.922.609	-	
Other financial liabilities	23	-	-		402.285	-	
Provisions for personnel	24	2.406.769	-		1.500.636	-	
Deferred tax liabilities	25	37.746.179	-		34.998.430	-	
Provisions for risks and charges	26	5.687.986	-		4.510.158	3.650.000	80,9%
Sundry payables and other liabilities	27	2.933.782	-		1.900.000	-	
Total non-current liabilities		**248.671.542**	**0**	**0,0%**	**153.234.118**	**3.650.000**	**2,4%**
Current liabilities	-	-	-		-	-	
Bond issue	28	1.320.537	-		-	-	
Financial payables	29	117.427.659	2.592.074	2,2%	142.991.780	8.675.907	6,1%
Other financial liabilities	30	4.740.747	-		7.049.128	-	
Tax liabilities	31	1.340.584	-		739.783	-	
Sundry payables and other liabilities	32	33.543.825	7.595.760	22,6%	34.984.837	7.475.632	21,4%
Total current liabilities		**158.373.352**	**10.187.834**	**6,4%**	**185.765.528**	**16.151.539**	**8,7%**
Liabilities held for sale	33	-			194.825		
Total Equity and liabilities		**790.479.945**	**10.187.834**	**1,3%**	**736.728.605**	**19.801.539**	**2,7%**

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

Amounts in EUR

		01.10.2012 30.09.2013	*of which related parties*	*% incidence*	01.10.2011 30.09.2012	*of which related parties*	*% incidence*
Revenues	34	49.747.989	-		47.071.261	-	
Other income	35	3.647.502	716.793	19,7%	3.908.396	331.367	8,5%
Variations in property inventories	36	5.640.028	-		15.098.076	-	
Costs for purchases	37	(11.541.750)	-		(19.937.171)	-	
Costs for services	38	(33.741.507)	(4.045.280)	12,0%	(32.043.689)	(1.653.559)	5,2%
Personnel costs	39	(11.808.675)	(1.126.381)	9,5%	(9.625.253)	(2.233.556)	23,2%
Other costs	40	(5.830.955)	-		(6.509.888)	-	
Dividends	41	1.947.030	736.200	37,8%	6.081.284	-	
Profit (loss) from management of financial activities and investments	42	2.347.585	-		158.865	-	
Gross operating margin (EBITDA)		**407.247**			**4.201.881**		
Amortisation and value adjustments to intangible assets	43	(14.656.429)	-		(18.899.071)	-	
Allocations to the provision for risks	44	(4.992.872)	-		(3.857.142)	-	
Value adjustments to financial assets and receivables	45	(28.836.194)	-		(9.825.885)	-	
Share of income (loss) of investments accounted for using the equity method	46	325.307	-		18.075.638	-	
Operating result (EBIT)		**(47.752.941)**	**-**		**(10.304.579)**	**-**	
Financial income	47	24.123.637	19.674.431	81,6%	9.074.767	5.004.934	55,2%
Financial expenses	48	(12.724.611)	(46.609)	0,4%	(13.594.231)	(117.233)	0,9%
Profit (loss) from trading of financial assets	49	(1.177.735)	-		(1.750.000)	-	
Income (loss) before taxes		**(37.531.650)**			**(16.574.043)**		
Income taxes	50	(3.716.664)	-		213.646	-	
Income (loss) from continuing operations		**(41.248.314)**	-		**(16.360.397)**	-	
Income (loss) from assets held for sale	51	143.205	-		(5.747.995)	(5.747.995)	100,0%
Profit (loss) for the year		**(41.105.109)**	-		**(22.108.392)**	-	
Attributable to:							
Income (loss) pertaining to non controlling interests	52	3.017.854	-		4.187.463	-	
Income (loss) pertaining to the Group		**(38.087.255)**	-	-	**(17.920.929)**	-	-

Explanatory Notes

1. Form and content of the financial statements

The consolidated financial statements are 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.

2. Significant accounting standards and drafting criteria

2.1 General principles

The consolidated financial statements for the year ended as at 30 September 2013 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 30 September 2013, 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 consolidated 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 financial statements for the year ended as at 30 September 2013, 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 for the previous year 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. Discontinued operations

During the course of the previous year ended as at 30 September 2012, Mittel S.p.A. concluded the transfer of activities relating to operating finance through the transfer of the entire share capital of Mittel Generale Investimenti S.p.A. to Liberata S.p.A. (also the "Acquirer"), a company 36,5% owned by ISA (Istituto Atesino di Sviluppo S.p.A.), 36,5% owned by Fondazione CARITRO (Fondazione Cassa di Risparmio di Trento e Rovereto) and 27% owned by Mittel S.p.A..

The consolidated financial statements as at 30 September 2012 refer to the Mittel Group subsequent to the disposal of MGI, given that said transaction took effect on 25 July 2012. Therefore, pursuant to IFRS 5 (*"Assets Held for Sale and Discontinued Operations*"), the group of MGI businesses qualifies as discontinued operations for the Mittel Group and was represented as such in the previous financial statements.

From a methodological point of view, it should be noted that, with reference to the presentation of discontinued operations envisaged under IFRS 5, these were included in the area of consolidation of the Mittel Group as at 30 September 2012 and, therefore, the total balances relating to the entire Group were determined by effecting the necessary cancellations of economic and financial transactions under continuing operations and discontinued operations.

For the purposes of comparing data with the consolidated financial statements as at 30 September 2013, said representation involved the reclassification of cost and revenue items relating to discontinued operations as at 30 September 2012 under the item Income (loss) from discontinued operations in the income statement.

2.3 Financial statements and tables

The consolidated and separate 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 year 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 year (table of total profits and losses recorded) or in two separate tables: a table that shows the components of profit (loss) for the year (income statement) and a second table that starts from profit (loss) for the year and shows the items of the table of the other comprehensive income statement (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 year, 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 year 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 a 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 financial statements are compared with those of last year's financial statements drafted using the same criteria.

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 significant 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 Euros.

Events which occurred after the close of the year (IAS 10)
These financial statements were authorised for publication, in accordance with IAS 10, by the Board of Directors on 13 January 2014. Reference should be made to the information in the Report on Operations for a description of the significant events after the close of the year.

2.4 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 year.

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)
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 (in any case, above 10%) 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.

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 valued 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 for debt securities and for derivative contracts.
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 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, 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 used 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 liabilities 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.

Non-current assets held for sale (IFRS 5)

Non-current assets held for sale are measured at the lower of their previous net book value and the market value less costs to sell. Non-current assets are classified as held for sale if their book value is expected to be recovered through a sale transaction rather than use in the company’s operations. This condition is only met when the sale is considered highly probable and the asset is available for immediate sale in its present condition. To this end, management must be committed to the sale, which should be completed within 12 months from the date of classification of said item.

Presentation of the aforementioned assets in the financial statements requires evidence of the profits and losses net of taxes resulting from the sale on a single line of the income statement. Assets and liabilities are likewise classified on separate rows of the statement of financial position.

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 (ii) 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 Issues (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 issues;
- 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, equities acquired 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.

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 measured 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 IAS 31 - 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 income and losses, 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 financial statements 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 at the reporting date.
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 year and future years.
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.
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.

Owing to the current economic-financial crisis at national and international macroeconomic level which has generated risks of impairment of significant assets belonging to the Parent Company and to the Group it heads up, for the purposes of the drafting of the separate and consolidated financial statements as at 30 September 2013, and in particular, in performing the investment impairment tests, forecasts of the expected trend in the next year were taken into consideration, as well as the effects of uncertainties identified with respect to the times, originally scheduled, of the process of disposal of investments at consistent values.

Realisability of deferred tax assets

As at 30 September 2013, 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.

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 consolidated 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 to the Group in the year ended as at 30 September 2013

- On 16 June 2011, the IASB issued an amendment to IAS 1 - Presentation of Financial Statements, to request companies to group together all items within OCI depending on whether or not they can then be reclassified to the income statement. The amendment is applicable for years starting on or after 1 July 2012. The adoption of said amendment required the supplementing of the statement of comprehensive income.

- On 7 October 2010, the IASB published some amendments to IFRS 7 - Financial Instruments: Disclosures, to be applied prospectively by the Group from 1 January 2012. The amendments were issued in order to improve the understanding of transactions involving the transfer (derecognition) of financial assets, including an understanding of the possible effects of any risk which remains for the company that transferred said assets. In addition, the amendments require more information in the event in which a disproportionate amount of said transactions is entered into close to the end of an accounting period. The adoption of this amendment did not have significant effects on the information provided in these financial statements or on the valuation of the relative items.

Accounting standards, amendments and interpretations effective for the year ended as at 30 September 2013 and irrelevant for the Group

- On 20 December 2010, the IASB issued a minor amendment to IAS 12 - Income Taxes which requires the company to measure deferred taxes on investment property valued at fair value based on the method in which the book value of said asset will be recovered (through continuous use or through sale). Specifically, the amendment establishes the relative presumption that the book value of an investment property measured at fair value according to IAS 40 is realised entirely through sale and that the measurement of deferred taxes, in the jurisdictions in which the tax rates are different, reflects the tax rate relating to the sale.

The amendment must be adopted retrospectively from 1 January 2012.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, but still not applicable and not adopted early by the Group

- On 12 May 2011, the IASB issued IFRS 10 - Consolidated Financial Statements, which will replace SIC 12 Consolidation - Special Purpose Entities and parts of IAS 27 - Consolidated and Separate Financial Statements, which will be renamed Separate Financial Statements and shall govern the accounting of investments in the separate financial statements. The main changes established by the new standard are as follows:

  - According to IFRS 10, there is one basic principle for consolidating all types of entity, and said principle is based on control. This variation removes the perceived inconsistency between previous IAS 27 (based on control) and SIC 12 (based on the transfer of risks and rewards);

  - A more solid definition of control was introduced with respect to the previous one, based on three elements: (a) power of the investee; (b) exposure, or rights, to variable returns deriving from involvement with the investee; (c) capacity to use power to influence the amount of said returns;

  - IFRS 10 requires an investor, to evaluate if he has control over the investee, to focus on the activities that significantly affect the investee's returns;

  - IFRS 10 requires, in assessing the existence of control, solely substantive rights to be considered, i.e. rights that can be practically exercised when significant decisions have to be taken over the investee;

  - IFRS 10 provides practical application guidance for assessing whether control exists in complex situations, such as de facto control, potential voting rights, situations in which it must be established whether the entity that has the decision-making power is acting as an agent or a principal, etc.

Overall, the application of IFRS 10 requires significant judgment on a number of aspects. The standard is applicable retrospectively from 1 January 2014.

The Group verified that the effects of the new standard on the area of consolidation are not significant.

- On 12 May 2011, the IASB issued IFRS 11 - Joint Arrangements, which will replace IAS 31 - Interests in Joint Ventures and SIC 13 - Jointly Controlled Entities - Non-Monetary Contributions by Venturers. The new standard, without prejudice to criteria for the identification of the presence of joint control, provides criteria for the identification of joint arrangements based on the rights and obligations deriving from the agreements rather than on their legal form and establishes the equity method as the only method of accounting for interests in jointly-controlled entities in the consolidated financial statements. According to IFRS 11, the existence of a separate vehicle is not a sufficient condition for classifying a joint arrangement as a joint venture. The new standard is applicable retrospectively from 1 January 2014. Following the issuing of the standard, IAS 28 - Investments in Associates was amended to include in its field of application, from the effective date of the standard, also interests in jointly-controlled entities. The Group has still not performed an analysis of the effects on the area of consolidation of said new standard, or the Group has verified that the effects of new standard on the area of consolidation are not significant.

- On 12 May 2011, the IASB issued IFRS 12 - *Disclosure of Interests in Other Entities*, which constitutes a new and complete standard on additional information to be provided in the consolidated financial statements on each type of interest, including therein on subsidiaries, joint arrangements, associates, special purpose entities and other unconsolidated vehicle companies. The standard is applicable retrospectively from 1 January 2014.

- On 12 May 2011, the IASB issued IFRS 13 - *Fair Value Measurement*, which illustrates how to calculate fair value for financial statement purposes and applies to all IFRSs that require or permit fair value measurement or the presentation of information based on fair value, with certain limited exclusions. In addition, the standard requires more extensive information on fair value measurement (fair value hierarchy) than that currently required by IFRS 7. The standard is applicable prospectively from 1 January 2013.

- 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 16 December 2011, the IASB issued some amendments to IFRS 7 - Financial Instruments: Disclosures. The amendment requires information on the effects or potential effects of contracts for offsetting financial assets and liabilities on the statement of financial position. The amendments are applicable for years starting on or after 1 January 2013 and interim periods after said date. The information must be provided retrospectively.

- On 16 June 2011, the IASB issued an amendment to IAS 19 - Employee Benefits, which eliminates the option of deferring the recognition of actuarial gains and losses with the corridor method, requiring the presentation, in the statement of financial position, of the deficit or surplus of the fund and the recognition, in the income statement, of the components of cost connected to employment and net financial expenses, as well as the recognition of actuarial gains and losses that derive from the remeasurement of liabilities and assets under OCI. In addition, the return on assets included under net financial expenses must be calculated on the basis of the liability discount rate and no longer on the expected return on the same. Lastly, the amendment introduces new additional disclosures to be provided in the notes to the financial statements, and must be applied retrospectively for years starting on or after 1 January 2013.

- On 17 May 2012, the IASB published the document Annual Improvements to IFRSs: 2009-2011 Cycle, which incorporates amendments to the standards as part of the annual improvements process, concentrating on the amendments deemed necessary, but not urgent. Shown below are those that will involve a change of presentation, recognition and measurement of items in the financial statements, instead omitting those that will only determine changes in terminology or publishing changes with minimal impact in accounting terms, or those that have an effect on standards or interpretations that are not applicable to the Group:

  - IAS 1 Presentation of Financial Statements - Comparative Disclosures: clarifies that in the event additional comparative disclosures are provided, these must be presented in line with IAS/IFRS. In addition, it is clarified that, in the event an entity changes an accounting standard or carries out a retrospective adjustment/reclassification, said entity must present a statement of financial position also at the start of the comparative period (“third statement of financial position” in the financial statements), while the explanatory notes do not require comparative disclosures also for said “third statement of financial position”, apart from the items concerned.

  - IAS 16 Property, Plant and Equipment - Classification of Servicing Equipment: clarifies that servicing equipment must be classified under the item Property, plant and equipment if used for more than one year, and under warehouse inventories in the opposite case.

  - IAS 32 Financial Instruments: Presentation - Direct taxes on distributions to holders of equity instruments and on transaction costs of equity instruments: clarifies that direct taxes relating to these cases adhere to the rules of IAS 12.

  - IAS 34 - Interim Financial Reporting - Total assets per reportable segment: total assets must only be disclosed if said information is regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

The effective date for the proposed amendments is for years starting on or after 1 January 2013 or at a later date, with early application permitted.

These amendments are applicable, together with the reference standards, for years starting on or after 1 January 2013, unless adopted early.

- On 28 June 2012, the IASB published the document Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12). Firstly, the document intends to clarify the Board’s intentions with regard to the rules of transition of IFRS 10 Consolidated Financial Statements. The document issued defines the “date of initial application” of IFRS 10 as “the beginning of the annual period in which IFRS 10 is applied for the first time”. Therefore, for an entity with financial year coinciding with the calendar year and first-time application of IFRS 10 to the financial statements for the year ended 31 December 2013, the “date of initial application” will be 1 January 2013. In the event in which the consolidation conclusions reached at the “date of initial recognition” are the same under IAS 27 Separate and Consolidated Financial Statements / SIC 12 Consolidation - Special Purpose Entities (vehicle companies) and IFRS 10, the entity will not have any obligation. Likewise, no obligation shall arise in the event in which the investment is transferred during the comparative period (and as such no longer present at the "date of initial application"). The document proposes to modify IFRS 10 to clarify how an investor should adjust comparative period(s) retrospectively if the consolidation conclusions reached at the "date of initial application" are different under IAS 27 / SIC 12 and IFRS 10. In particular, when a retrospective adjustment as defined above is not feasible, an acquisition/transfer will be accounted at the start of the comparative period presented, with a subsequent adjustment recorded under retained earnings. In addition, the Board amended IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" to provide a similar allowance for the presentation or amendment of comparative information relating to periods preceding the one defined "the immediately preceding period" (i.e. the comparative period presented in the financial statements). IFRS 12 was further amended, limiting the request to present comparative information for disclosures relating to unconsolidated "structured entities" in periods prior to the date of application of IFRS 12.

- On 31 October 2012, amendments to IFRS 10, IFRS 12 and IAS 27 "Investments Entities" were issued, which introduce an exception to the consolidation of subsidiaries for an investment company, excluding cases in which the subsidiaries provide services which relate to the investment activities of said companies. In application of these amendments, an investment company must value its investments in subsidiaries at fair value through the income statement. In order to qualify as an investment company, an entity must:
    - obtain funds from one or more investors for the purpose of providing them with professional investment management services;
    - commit to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
    - measure and evaluate the performance of substantially all of its investments on a fair value basis.

These amendments apply for financial statements for years starting on or after 1 January 2014, with early application permitted.

- 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.

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

At the date of these financial statements, the competent bodies of the European Union have still not completed the approval process necessary for the adoption of the following accounting standards and amendments:

- On 12 November 2009, the IASB published IFRS 9 - Financial Instruments; said standard was subsequently amended on 28 October 2010. The standard, applicable from 1 January 2015 retrospectively, represents the first part of a phased process which aims to fully replace IAS 39 and introduce 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 income/(loss)" and no longer in the income statement.

Phases two and three of the financial instruments project, relating to impairment of financial assets and hedge accounting respectively, are still in progress. The IASB is also assessing limited improvements to IFRS 9, as regards the part relating to classification and measurement of financial assets.

- 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.

3. Area of consolidation

The consolidated financial statements are prepared on the basis of the accounting situations as at 30 September 2013 drafted by the respective consolidated companies, adjusted, where necessary, in order to align these to the Group classification criteria and accounting standards compliant with IFRS.

The area of consolidation as at 30 September 2013 is as follows:

	Company name	Office / Country	Consolidation method		Investment relationship			
					Participating company	Direct interest %	Direct availability of votes - %	Total interest %
Parent Company								
	Mittel S.p.A.							
A. Companies fully consolidated								
Direct subsidiaries:								
1	Mittel Partecipazioni Stabili S.r.l.	Milano	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
2	Mittel Investimenti Mobiliari S.r.l.	Milano	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
3	Mittel Advisory S.p.A. (formerly Borghesi Advisory S.r.l.)	Milano	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
5	Mittel Investimenti Immobiliari S.r.l.	Milano	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
6	Ghea S.r.l.	Milano	Full		Mittel S.p.A.	51,00%	51,00%	51,00%
7	Earchimede S.p.A.	Milano	Full		Mittel S.p.A.	85,01%	85,01%	85,01%
8	Locaeffe S.r.l. in liquidation	Brescia	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
9	Markfactor S.r.l. in liquidation	Brescia	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
10	Sunset S.r.l. in liquidation	Brescia	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
11	Holinvest S.r.l. in liquidation	Milano	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
12	Mittel Management S.r.l.	Milano	Full		Mittel S.p.A.	100,00%	100,00%	100,00%
13	CAD Immobiliare S.r.l.	Milano	Full		Mittel S.p.A. - MII S.r.l.	100,00%	100,00%	100,00%
Indirect subsidiaries:								
14	Mittel Advisory Debt and Grant S.p.A. (formerly MCF S.p.A.)	Milano	Full		Mittel Advisory S.p.A.	100,00%	100,00%	100,00%
15	Livia S.r.l. in liquidation	Milano	Full		MII S.r.l.	68,23%	68,23%	68,23%
16	Esse Ventuno S.r.l.	Milano	Full		MII S.r.l.	90,00%	90,00%	90,00%
17	Gamma Tre S.r.l.	Milano	Full		MII S.r.l.	80,00%	80,00%	80,00%
18	Breme S.r.l.	Milano	Full		MII S.r.l.	60,00%	60,00%	60,00%
19	Santarosa S.r.l.	Milano	Full		MII S.r.l.	60,00%	60,00%	60,00%
20	Fede S.r.l.	Milano	Full		MII S.r.l.	51,00%	51,00%	51,00%
21	Immobiliare Volta Marconi S.r.l.	Milano	Full		MII S.r.l.	51,00%	51,00%	51,00%
22	Cerca S.r.l.	Milano	Full		MII S.r.l.	100,00%	100,00%	100,00%
23	Lucianita S.r.l.	Milano	Full		MII S.r.l.	51,00%	51,00%	51,00%
24	MiVa S.r.l.	Milano	Full		MII S.r.l.	51,00%	51,00%	51,00%
25	Regina S.r.l.	Milano	Full		MII S.r.l.	100,00%	100,00%	100,00%
26	FD33 S.p.A.	Brescia	Full		Earchimede S.p.A.	100,00%	100,00%	85,01%
27	Fashion District Group S.p.A.	Brescia	Full		Earchimede S.p.A. - FD33 S.p.A..	66,66%	66,66%	56,67%
28	Fashion District Roma S.r.l.	Brescia	Full		Fashion District Group	100,00%	100,00%	56,67%
29	Fashion District Molfetta S.r.l.	Brescia	Full		Fashion District Group	100,00%	100,00%	56,67%
30	Fashion District Mantova S.r.l.	Brescia	Full		Fashion District Group	100,00%	100,00%	56,67%
31	Parco Mediterraneo S.r.l.	Brescia	Full		FD33 – Fashion District G	100,00%	100,00%	59,50%
B. Companies consolidated using the equity method								
Direct associates:								
1	Liberata S.p.A.	Milano	Equity		Mittel S.p.A.	27,00%	27,00%	27,00%
2	Bios S.p.A.	Milano	Equity	(*)	Mittel S.p.A.	50,00%	50,00%	50,00%
3	Tower 6 Bis S.à r.l.	Lussemburgo	Equity		Mittel S.p.A.	49,00%	49,00%	49,00%
4	Brands Partners 2 S.p.A.	Milano	Equity		Mittel S.p.A.	25,20%	25,20%	25,20%
5	Mit.Fin. S.p.A.	Milano	Equity		Mittel S.p.A.	30,00%	30,00%	30,00%
6	Everel Group S.p.A.	Verona	Equity		Mittel S.p.A.	30,00%	30,00%	30,00%
7	Chase Mittel Capital Holding II NV	Antille Olandesi	Equity		Mittel S.p.A.	21,00%	21,00%	21,00%
8	Castello SGR S.p.A.	Milano	Equity		Mittel S.p.A.	21,32%	21,32%	21,32%
9	Mittel Real Estate SGR S.p.A.	Milano	Equity		Mittel S.p.A.	35,00%	35,00%	35,00%
Indirect associates:								
10	Mittel Generale Investimenti S.p.A.	Milano	Equity		Liberata S.p.A.	100,00%	100,00%	27,00%
11	Iniziative Nord Milano S.r.l.	Milano	Equity	(*)	MII S.r.l.	50,00%	50,00%	50,00%

(*) Investment subject to joint control
MII S.r.l. = Mittel Investimenti Immobiliari S.r.l.
MCF S.p.A. = Mittel Corporate Finance S.p.A.

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

The Group consolidation area includes investments in subsidiaries and associates (for associates if the investor holds a stake of more than 20%), given that said percentage presumes the recognition of a significant influence by the investor, understood as the investor's ability to determine the financial and management decisions of the investee without having control of it except where, in the presence of said shareholding, the non-existence of a significant influence can be clearly demonstrated.

Investments in associates defined in this way are valued according to the equity method.

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

The area of consolidation as at 30 September 2013 shows the following changes with respect to 30 September 2012:

Business combination transactions - Acquisition of 100% interest in Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.)

On 11 January 2013, Mittel S.p.A. acquired 100% of the share capital of the financial consultancy company Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.).

Borghesi Advisory S.r.l. (operational from July 2012 and the beneficiary of the assignment of assets and liabilities deriving from the split of Borghesi Colombo & Associati S.p.A. effective from 8 October 2012) operates in the sector dealing with company finance consultancy, strategic consultancy and corporate governance.

The acquisition of the 100% interest in Borghesi Advisory S.r.l. was completed with Arnaldo Borghesi, Chief Executive Officer of Mittel S.p.A. (60%), and another third party (40%) and, therefore qualifies as a related party transaction.

Borghesi Advisory S.r.l. was acquired for a total consideration of EUR 11,6 million, paid jointly to the sellers for a value determined as follows:

- cash payment of EUR 4.750.000;
- through the assignment of 2.500.000 Mittel shares at a unit price of EUR 2,78 each. For accounting purposes, the acquisition price, as regards the part paid in treasury shares, was calculated on the basis of the fair value of Mittel shares corresponding to the relative price registered on Borsa Italiana S.p.A. on 18 February 2013 equal to EUR 1,389 per share for a total amount of EUR 3.472.500.

With reference to the general profile of substantive cost-effectiveness of the economic terms and of the contractual conditions of the transaction, please refer to the paragraph "Significant events in the year". The acquisition of total control of Borghesi Advisory S.r.l., constitutes a business combination according to IFRS 3 and, therefore, resulted in said company entering the area of consolidation of the Mittel Group starting from the date of acquisition, which was completed on 11 January 2013.

Based on IFRS 3, the initial recognition of a business combination requires the identification and determination of the fair value to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquisition and of the cost of the combination.

For the purposes of the consolidated financial statements as at 30 September 2013, the recognition of the business combination relating to the company Borghesi Advisory S.r.l. was determined based on the fair values assigned to the assets, liabilities and contingent liabilities of the combination.

In this regard, it should be noted that the reference book values of the business combination correspond to the net assets as at 31 December 2012 given that the values were not determinable at the date of the completion of the transaction on 11 January 2013, also taking into account the irrelevance of the assets of Borghesi Advisory S.r.l. in the first 11 days of January 2013.

Details of net assets acquired and the determination of the goodwill recognised are shown below:

(amounts in thousands of Euro)	Continuity of data values	Data based on the fair value
Property, plant and equipment	54	54
Other financial assets	4	4
Prepaid tax assets	80	80
Total non-current assets	**138**	**138**
Other financial assets	2.109	2.109
Cash and cash equivalents	452	452
Total current assets	**2.561**	**2.561**
Provisions for personnel	(424)	(424)
Provisions for risks and charges	-	-
Total non-current liabilities	**(424)**	**(424)**
Financial payables	(376)	(376)
Sundry payables and other liabilities	(1.640)	(1.640)
Total current liabilities	**(2.016)**	**(2.016)**
Net assets	**259**	**259**

Paid as follows:	
In cash	4.750
Payment deferred via shares Mittel S.p.A.	3.472
Cost of the business	**8.222**
Provisional goodwill of the business enterprise	**7.963**

Details of the liquidity used for the acquisition are shown below:

Net cash flow deriving from transfer:	
Collection in cash	(4.750)
Cash and cash equivalents transferred	452
Net cash used	**(4.298)**

Partial transfer and loss of control of the investment Mittel Real Estate Società di Gestione del Risparmio S.p.A.

On 8 March 2013, Mittel S.p.A. completed the transfer of the 65% stake in subsidiary Mittel Real Estate Società di Gestione del Risparmio S.p.A.. (MiRe SGR) in favour of Vantu S.p.A. and Fintrading S.p.A for a total consideration of around EUR 1,8 million; Vantu S.p.A acquired 50% of MiRe SGR and Fintrading S.p.A. 15%.
Vantu S.p.A. is a company controlled by the heirs of Mr. Angelo Rovati, former Director of Mittel S.p.A. as well as Chairman of MiRe SGR S.p.A. and Mittel Management S.r.l..
The transfer is consistent with the strategic guidelines of Mittel S.p.A. which make provision for the focussing of activities on the direct management of Private Equity initiatives, on Advisory services and on increasing the value of the assets in the portfolio, to facilitate their disposal at suitable values, where the opportunity presents itself, hence further reducing debt.
Following the purchase transactions, MiRe SGR’s share capital is broken down as follows: Vantu S.p.A. 50%, Mittel S.p.A. 35%, Fintrading S.p.A. 15%.
The aforementioned transfers were subject to obtainment of the certificate of no impediment from the Bank of Italy, which intervened on 19 February 2013, in compliance with the regulations that govern the assumption of investments in asset management companies, and in particular, in accordance with art. 15 of the Consolidated Law on Finance (TUF) and the associated implementation regulations.
In the previous year closed as at 30 September 2012, the assets and liabilities of Mittel Real Estate SGR S.p.A. were represented respectively by assets (EUR 2,6 million) and liabilities (EUR 0,2 million) held for

sale following the signing of a preliminary sales agreement with the acquirers with which the investment sale was completed.
In the consolidated financial statements as at 30 September 2013, due to the partial transfer and subsequent loss of control and deconsolidation of the MiRe SGR investment, total net profit of EUR 263 thousand was recorded, which was stated in the income statement under income from discontinued operations.

Partial and proportional split of Breme S.r.l. with assignment of part of its equity to Santarosa S.r.l.
On 12 December 2012, Breme S.r.l.'s administrative body prepared and filed at its headquarters, a project for the partial and proportional split of the company, to be implemented through the allocation of part of the assets of the split-off company to a limited liability company which will be formed as a result of the split itself, with the proportional allocation of the shares of the beneficiary company to the shareholders of the split-off company, according to the proportion of shares held by the latter in the split-off company.
The beneficiary company assumed the name Santarosa S.r.l. and a share capital of EUR 10.000, formed through the use, for the same amount, of the Equity item "Capital reserves", transferred as a result of the split.
The split-off project was filed at the Milan Register of Companies on 12 December 2012 and on 13 December 2012. On 14 December 2012, the extraordinary shareholders' meeting of Breme S.r.l. resolved favourably on said transaction.
On 28 December 2012, having obtained the consent of all creditors regarding the execution of the split-off, before the term established in art. 2503 of the Italian Civil Code, the split-off deed was signed, with registration in the Milan Register of Companies on 15 January 2013.

Formation of Mittel Management S.r.l., included in the area of consolidation
On 18 February 2013, by means of notarial deed of Mr. Fabio Pantè, Mittel Management S.r.l. was incorporated, an advisory company with share capital of EUR 110.000, wholly-owned by Mittel S.p.A. and dedicated to offering private equity investment management services. The formation of Mittel Management S.r.l. is a significant step in the Mittel Group's strategic path of natural growth in business sectors that are less capital intensive and which offer attractive and recurring returns, by leveraging the considerable expertise acquired by the Group over the years, the network and its brand.

Transfer of Mittel Advisory Debt and Grant S.p.A. from Mittel S.p.A. to Mittel Advisory S.p.A.
As part of a rationalisation of the Group's structure, on 30 September 2013 the Extraordinary Shareholders' Meeting of Mittel Advisory S.p.A., pursuant to art. 2343-ter of the Italian Civil Code, approved a share capital increase against payment of EUR 2,4 million, to be released through the contribution by the sole shareholder Mittel S.p.A., of the shares representing 100% of the capital of Mittel Advisory Debt and Grant S.p.A., which also has sole shareholder Mittel S.p.A.
On 14 October 2013, pursuant to art. 2343-quater of the Italian Civil Code, the Board of Directors of Mittel Advisory S.p.A. issued a certification of fairness of the value of EUR 2,4 million resolved by the aforementioned Shareholders' Meeting. The Board of Mittel Advisory S.p.A. was supported by a fairness opinion drawn up by Prof. Gabriele Villa.

Investments not included in consolidation
The subsidiary Fashion District Group S.p.A. holds a 49% stake in the capital of Loft S.r.l. The book value of the investment is equal to the nominal subscription value of 49% of the shares. The company was incorporated on 30 April 2013. Its corporate mission is to manage a point of sale within the Street High & Loft project of the Molfetta Outlet, for the sale of home and personal designer items as well as administration services, which was opened to the public in June 2013.
At the date of drafting of this document, the newly-incorporated company was unable to provide its results from the first few months of operation, due to difficulty in starting up and integrating the accounting reporting systems and the company organisation. Taking account of the above, the board of directors of the investee resolved to apply the longer term envisaged for approving the draft financial statements, and initiated control and auditing of the accounting balances, with specific regard to inventories, credit notes to be received for faulty and/or broken goods and the methods for collecting considerations. Moreover, considering the recent start up of the investee's operations and its substantial irrelevance in the Group's consolidated financial statements in terms of balance sheet assets and revenues, this investment was not included in the area of consolidation.
It is also noted that, in drafting these financial statements, the loss accruing was taken into account, zeroing the book value of said investment.

Information on the Consolidated Statement of Financial Position

Non-current assets

5. Intangible assets

Intangible assets amounted to EUR 29,9 million, registering an increase of EUR 8,2 million compared to the previous year, due in particular to the recognition of the value of goodwill generated by the purchase, completed on 11 January 2013, of 100% of the share capital of the financial advisory company Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.), for a consideration of EUR 4.750.000 in cash, at the closing of the transaction, and of 2,5 million Mittel S.p.A. shares.
The item saw the following changes:

	Goodwill	Patents	Plant	Concessions and licences	Other	Total
Values as at 01.10.2012	**-**		**-**	**21.699.904**	**51.516**	**21.751.420**
Changes in the year:						
- acquisitions				135.512	234.485	**369.997**
- change in scope of consolidation	7.963.000					**7.963.000**
- disposals						**-**
- reclassifications						**-**
- amortisation			-	(51.669)	(91.227)	**(142.896)**
- value adjustments			-	3.145	(1.458)	**1.687**
Total changes	**7.963.000**	**-**	**-**	**86.988**	**141.800**	**8.191.788**
Values as at 30.09.2013	**7.963.000**		**-**	**21.786.892**	**193.316**	**29.943.208**

The item "Goodwill" increased by EUR 7.963 thousand in the year due to the recognition of initial goodwill deriving from the business combination relating to the acquisition of full control and subsequent consolidation of the company Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.) on 11 January 2013.
For the purposes of the consolidated financial statements as at 30 September 2013, the recognition of the business combination pursuant to IFRS 3 relating to the company Mittel Advisory S.r.l. was determined based on the fair values assigned to the assets, liabilities and contingent liabilities of the combination. In this regard, it should be noted that the reference book values of the business combination correspond to the net assets as at 31 December 2012 given that the values were not determinable at the date of the completion of the transaction on 11 January 2013, also taking into account the irrelevance of the assets of Borghesi Advisory S.r.l. in the first 11 days of January 2013.

Impairment testing procedure
In consideration of the regulatory provisions of IAS 36, the procedure for impairment testing goodwill as at 30 September 2013 is described below.

Goodwill allocation method
Goodwill is allocated to a single CGU represented by the entire Mittel Advisory investment (excluding the investment it held in Mittel Advisory Debt & Grant S.p.A. as at 30 September 2013). As goodwill generates flows indistinct from those of the CGU, impairment testing consists in comparing the recoverable value of the entire investment (excluding the investment in Mittel Advisory Debt & Grant S.p.A.) with its carrying amount (in Mittel Advisory Debt & Grant S.p.A.) including the respective allocated goodwill.

Recoverable value
For the purpose of estimating recoverable value, the value in use is used as a reference.
The value in use was determined using a financial criterion (Discounted Cash Flows (DCF)), according to which the value of the asset equals the sum of the present value of future cash flows that can be generated, discounted at a rate that considers the risk of such flows.

The cost of equity is estimated in line with the rules set out in IAS 36, and taking account of the Guidelines for impairment testing of goodwill in scenarios of financial or real crises by the Italian Accounting Standard Authority (OIV), based on the "Capital Asset Pricing Model":

cost of equity = Risk Free + Beta x Equity Risk Premium

The cost of equity is equal to the sum of the risk free rate and a risk premium equal to the product of the security's beta times the Equity Risk Premium.

More specifically, the main amounts used to calculate the value in use are as follows:

- the flows envisaged in the 2013-2014 budget, subject to approval by the investee's Board of Directors, and the outlook for the two subsequent years based on the reasonable development of revenues/costs as a result of the actions set forth in the 2013-2014 budget, in line with the Mittel Group Strategies for development for the 2013-2015 period, approved on 10 January 2013;
- the weighted average cost of capital (WACC) was estimated at 13,92%, considering:
  - a cost of debt (Kd) of 2,54%
  - Debt/Equity financial structure assumed to be fully financed using equity, in line with sector practice
  - Equity Risk premium equal to 5,06%
  - Levered Beta = 1,36x
  - Risk free = 3,04% (ten-year BTP - government bond)
  - Small size specific risk factor = 4%
- to calculate the terminal value, a growth rate (g) of 1,5% was used.

Note that the comparison of the book value with the value deriving from the impairment test did not show a need to record any impairment.
A sensitivity analysis was also conducted on the results in relation to changes in the WACC (+/-1%) and considering a concurrent reduction in the growth rate of the terminal value to 0,2%. This analysis did not show any problematic situations or situations where the book value exceeded the recoverable value.

Impairment of intangible assets with an indefinite life

Intangible assets include assets considered to have an indefinite life (EUR 21,7 million) given there is no foreseeable limit to the period over which the assets are expected to generate cash inflows for the Group.

These assets refer to the subsidiary Fashion District Group S.p.A. and relate to the value assigned to the authorisation licences to carry out retail trade activities via the concentration of points of sale for outlet use in a purpose built extra-urban commercial complex (factory outlet village), located in the province of Mantua and in Molfetta.

With the help of a qualified independent expert, the company Fashion District Group S.p.A. determined the recoverable value of the commercial licences of the Mantua and Molfetta outlets, using the value in use as reference. The value of these licences was determined using an indirect method, calculated as the difference between the total value of the property complexes if the commercial licences are assigned, and the value of just the "walls", i.e., the sole construction components in which the business is conducted. The value of the property complexes in the event the commercial licences are assigned was determined using a financial criterion (Discounted Cash Flows (DCF)), according to which the value of the asset equals the sum of the present value of future cash flows that can be generated, discounted at a rate that considers the risk of such flows.
More specifically, the main amounts used to calculate the value in use of commercial licences are as follows:

- for each Outlet, cash flows forecast in the 2013 – 2014 budget and the outlook for the two subsequent financial years covered, considering a reasonable development of revenues/costs as a result of the actions set out in the 2013 - 2014 budget approved by the investee's Board of Directors;

- WACC – Mantua Outlet equal to 9,30%, considering:
  - Kd = 10-year IRS rate (1,93%) + spread (4%) = 5,93%
  - Debt/Equity financial structure = 50%
  - Operational Risk Premium: 7,90%
  - Financial Risk Premium: 2,83%

- WACC of 9,21%, considering:
    - Kd = 10-year IRS rate (1,93%) + spread (4%) = 5,93%
    - Debt/Equity financial structure = 50%
    - Operational Risk Premium: 7,80%
    - Financial Risk Premium: 2,76%

- Estimated inflation rates:
    - 2014 = 1,5%
    - Subsequent years = 2%

Note that the comparison of the book value with the value deriving from the analysis conducted, including with the assistance of the independent expert, did not show a need to record any impairment.
A sensitivity analysis was also conducted on the results of the impairment test, recalculating the values of the licences by using an income criterion and a WACC of 10,30% for Mantua and 9,73% for Molfetta, respectively, without prejudice to the other cases set forth above, as far as applicable, also further increasing the WACC by +1% and assuming an inflation rate of 1%. The analyses conducted consistently confirmed no impairment in the book values.

6. Property, plant and equipment

This item totalled EUR 137,7 million, marking a decrease of EUR 9,7 million over 30 September 2012, attributable to the depreciation of the properties owned by the Fashion District Group (EUR 12,5 million).
More specifically, the item saw the following changes:

	Land and buildings	Investment property	Plant and machinery	Office machines and equipment	Other assets	Total
Value as at 01.10.2012	**19.345.058**	**116.065.102**	**10.307.593**	**396.056**	**1.262.155**	**147.375.964**
Changes in the year:						
- acquisitions		3.808.486	178.258	259.105	481.532	**4.727.381**
- change in scope of consolidation						**-**
- disposals		(52.480)		(33.577)	(185.510)	**(271.567)**
- reclassifications						**-**
- amortisation	(11.013)	(12.542.418)	(1.033.847)	(129.873)	(419.882)	**(14.137.033)**
- other changes	-	(21.550)	-	(22.552)	8.227	**(35.875)**
Total changes	**(11.013)**	**(8.807.962)**	**(855.589)**	**73.103**	**(115.633)**	**(9.717.094)**
Values as at 30.09.2013	**19.334.045**	**107.257.140**	**9.452.004**	**469.159**	**1.146.522**	**137.658.870**

The item investment property mainly relates to the value of the outlets owned by the Fashion District Group. This item decreased by EUR 12,5 million due to the depreciation of properties owned by the Mantua and Molfetta outlets. Increases of EUR 3,8 million were also reported in investment property. As illustrated under Intangible assets, with the help of a qualified independent expert, the company Fashion District Group S.p.A. determined the recoverable value of the commercial licences using an indirect method, i.e. calculating the difference between the total value of the property complexes if the commercial licences are assigned, and the value of just the “walls”, i.e., the sole construction components in which the business is conducted. The value of the “walls”, determined with the assistance of the independent expert, was greater than the book value as at 30 September 2013.

7. Investments accounted for using the equity method

These totalled EUR 77,3 million, up by EUR 38,2 million.

	30.09.2013	30.09.2012
Chase Mittel Capital Holding II NV in liquidation	6.249	6.249
Tower 6 bis S.a.r.l.	20.965.564	17.324.545
Brands Partners 2 S.p.A.	22.361.701	2.451.955
Liberata S.p.A. / Mittel Generale Investimenti S.p.A.	2.824.700	3.912.768
Bios S.p.A.	23.509.209	9.493.068
Everel Group S.p.A.	3.300.000	3.300.000
Sunset S.r.l. in liquidation	500	500
Castello SGR S.p.A.	2.866.529	1.807.286
Mit.Fin S.p.A.	314.354	
MiRe SGR S.p.A.	925.285	
Iniziative Nord Milano S.r.l.	226.452	802.382
	77.300.543	**39.098.753**

The change in the item is as follows:

Name	% interest	Balances 01/10/2012	Purchases	Sales	Profit (loss) pro-rata	Adjustments to valuation reserve	Other changes	Dividends distributed	Closing balances 30/09/2013
Direct associates:									
Liberata S.p.A.	27%	2.825.269	-	-	(1.064.034)	-	(1.257.917)	-	503.318
Tower 6 bis S.a.r.l.	49%	17.324.545	-	-	(58.955)	3.702.619	(2.645)	-	20.965.564
Chase Mittel Capital Holding II NV	28%	6.249	-	-	-		-	-	6.249
Brands Partners 2 S.p.A.	25%	2.451.955	-	-	(432)	20.212.596	537.632	(840.050)	22.361.701
Castello SGR S.p.A.	21%	1.807.286	476.866	-	574.782	(60.148)	332.619	(264.876)	2.866.529
Everel Group S.p.A.	30%	3.300.000	-	-	-	-	-	-	3.300.000
Bios S.p.A.	50%	9.493.068	-	-	-	14.016.141		-	23.509.209
Sunset S.r.l. in liquidation	100%	500	-	-	-	-	-	-	500
MiRe SGR S.p.A.	35%	-	875.000	-	64.678	-	(14.393)	-	925.285
Mit.Fin Compagnia Finanziara S.p.A.	30%	123.390	150.000 -	123.390	28.725	-	135.629	-	314.354
Indirect over Liberata S.p.A.									
Mittel Generale Investimenti S.p.A.	27%	964.109	-	-	1.357.273	-	-	-	2.321.382
over Mittel Invesimenti Immobiliari S.r.l.									
Iniziative Nord Milano S.r.l.	50%	802.382	-	-	(199.430)	-	(376.500)	-	226.452
over Fashion District Group S.p.A.									
Loft S.r.l. (*)	49%	-	4.900	-	(4.900)	-	-	-	-
		39.098.753	**1.506.766**	**(123.390)**	**697.707**	**37.871.208**	**(645.575)**	**(1.104.926)**	**77.300.543**

Please note that the pro-rata loss of the investee Loft S.r.l. Euro 377 300 is implemented as a reset value and, for the excess value, as an adjustment of credit.

The increases in the year relate mainly to:

- the increase in the value of the investee Brands Partners 2 S.p.A. (EUR 19,9 million) mainly as a result of the adjustment of the valuation reserve to the fair value of the equity investment it holds in Moncler S.p.A.;
- the increase in the value of the investee Bios S.p.A. (EUR 14,0 million) as a result of the adjustment to the valuation reserve to the fair value of the equity investment it holds in Sorin S.p.A.;
- EUR 3,6 million mainly due to the increase in the value of the investee Tower 6 Bis S.a.r.l. as a result of the adjustment to the valuation reserve to the fair value of the equity investment it holds in Sorin S.p.A.;
- EUR 2,0 million as a result of the adjustments for pro-rata profits of the Castello SGR S.p.A. investment for EUR 0,5 million and the Mittel Generale Investimenti S.p.A. investment for EUR 1,4 million;
- EUR 0,9 million, including the pro-rata profit of EUR 0,1 million, the residual stake of the investment in the capital of Mi.Re Sgr SpA, remaining after the transfer of the controlling interest in said investment and deriving from the proportionate reclassification of the pertaining share in the net assets of the investee recorded under “Assets held for sale” in the previous year. The value of the investment was determined based on a valuation equal to the book value of the investment before it was classified as held for sale in the previous year;
- EUR 0,5 million, due to the pro-rata subscription of the share capital increase of Castello Sgr SpA;

- EUR 0,1 million for the acquisition of a 30% stake in the capital of Mit.Fin. Compagnia Finanziaria S.p.A..

The decreases in the year relate mainly to:

- EUR 1,6 million as a result of the adjustments for pro-rata losses of the Liberata S.p.A. investment for EUR 1,0 million and the Iniziative Nord Milano S.p.A. investment for EUR 0,6 million;
- EUR 1,1 million as a result of the distribution of dividends received from the Brands Partners 2 S.p.A. investment for EUR 0,8 million, the Castello SGR S.p.A. investment for EUR 0,2 million and the Iniziative Nord Milano S.p.A. investment for EUR 0,6 million;

8. Financial receivables

These totalled EUR 105,4 million, down by EUR 51,6 million.

	30.09.2013	**30.09.2012**
Loans	90.808.628	140.596.023
Other receivables	14.553.438	16.374.519
Security deposits	-	304
	105.362.066	**156.970.846**

The item Loans is composed as follows:

	30.09.2013	**30.09.2012**
- Loans - financial institutions	30.000.000	30.000.000
- Loans – customers	60.808.628	110.596.023
	90.808.628	**140.596.023**

The item “Loans” mainly includes:

- loans of EUR 35,6 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 in the previous year;
- 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 18,9 million previously held by Hopa S.p.A. (incorporated into Mittel S.p.A. in the previous year) and its subsidiaries;
- EUR 15,1 million for the receivable of Fashion District Group S.p.A. deriving from the better estimate of contractual integration of the earn-out due on 16 January 2015, the date set for the final transfer of management of the Valmontone Rome outlet;
- the non-current portion of a loan (EUR 4,3 million) due from Sofimar SA totalling EUR 13,2 million payable in three equal instalments expiring on 31 July 2013, 31 July 2014 and 31 July 2015, currently the subject of a dispute;
- a shareholders’ loan granted to the investee Iniziative Nord Milano S.r.l. (EUR 1,5 million).

The short-term account transfers of financial receivables are due to the reclassification of the portion of receivables contractually falling due within 12 months of the current year.

In this regard, the reclassification of the receivable due to Ghea S.r.l. from Mittel S.p.A. was particularly significant. This receivable was posted to current financial receivables for a value of EUR 50,0 million in the current year, and, in the financial statements as at 30 September 2012, recognised under non-current financial receivables for a value of EUR 33,3 million, as it fell due on 21 December 2013. This credit exposure was renegotiated based on agreements finalised on 20 December 2013, which amended the contractual terms and eligibility conditions. For the description of these amendments, see the paragraph “Information on investees” in the report on operations accompanying these financial statements.

Value adjustments to receivables of EUR 2,8 million relates to the full write-down of a credit position due to Markfactor from Bregoli S.p.A. (undergoing bankruptcy) as a result of the rejection of the claim as creditor in bankruptcy ruled in the bankruptcy proceedings. Note that this receivable was guaranteed by a mortgage from a third party, which also went bankrupt and has little equity.
The decision to reject the claim as creditor in bankruptcy was appealed before the Court of Cassation and the relating proceedings are currently pending.

9. Other financial assets

These totalled EUR 119,6 million, down by EUR 23,6 million.

The item is composed as follows:

	30.09.2013	30.09.2012
Available-for-sale financial assets		
Equities and shares of funds	119.563.635	141.875.978
Bonds	30.000	534.868
Financial assets designated at fair value	-	838.336
	119.593.635	**143.249.182**

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:

	30.09.2013	30.09.2012
Available-for-sale financial assets		
Equities and shares of funds:		
Azimut - Benetti S.p.A.	29.186.630	29.186.630
Fondo Augusto (fund)	14.552.159	15.143.605
Fondo Progressio Investimenti (fund)	10.018.109	4.587.788
Intesa San Paolo S.p.A.	9.150.000	17.745.000
RCS Media Group S.p.A.	6.818.984	12.651.682
UBI Banca - Unione di Banche Italiane S.c.p.a.	6.492.555	12.488.348
Alfa Park S.r.l.	6.478.477	11.936.053
Equinox Two S.c.a. Earchimede	6.036.999	4.987.959
Fondo Progressio Investimenti II (fund)	4.273.618	3.091.388
Micro Ventures Finance S.p.A.	4.088.703	-
Fondo Cosimo I (fund)	4.006.589	4.207.000
Istituto Atesino di Sviluppo S.p.A.	3.312.953	3.312.953
Equinox Two S.c.a. Mittel	3.282.300	2.720.894
Alfieri Ass. Inv. S.A.	2.812.499	3.935.000
Opera 2 Participations S.C.A.	1.797.620	2.019.256
Medinvest International S.A.	1.605.275	2.281.299
SIA - SSB S.p.A.	1.400.000	1.400.000
Pioneer – mutual investment fund	1.095.672	1.130.567
Investitori Associati II S.A.	917.531	921.365
IGI Sud	798.971	1.430.407
Progressio SGR S.p.A.	649.711	649.711
Industries Star	200.000	-
Dimensioni Network	175.734	241.516
Frendy Energy	159.360	-
Mc Link	131.076	-
Nomisma S.p.A.	100.000	100.000
Società Editoriale Vita S.p.A.	9.354	99.999
Warrant Mc Link	4.776	-
Consorzio Polo Turistico	4.000	4.000
Isfor 2000 S.c.p.a.	3.000	3.000
Inn. Tec S.r.l.	980	5.200
Opera Participations S.C.A.	-	712.441
CIS S.p.A.	-	1.234.214
Micro Ventures S.p.A.	-	3.088.703
Micro Ventures Investments S.c.a. Sicar	-	560.000
Bonds:		
A2A S.p.A. (bonds)	-	504.868
Editoriale Vita S.p.A. (bonds)	30.000	30.000
Financial assets designated at fair value:		
AXA-MPS policy	-	838.336
	119.593.635	**143.249.182**

The change in available-for-sale financial assets breaks down as follows:

Amounts in EUR					Changes in the period				
Name/company name	Amounts as at 01/10/2012	Purchases and subscriptions	(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 30/09/2013
Non current available-for-sale financial assets									
SIA - SSB S.p.A.	1.400.000	-	-	-	-	-	-	-	1.400.000
Azimut - Benetti S.p.A.	29.186.630	-	-	-	-	-	-	-	29.186.630
Intesa San Paolo S.p.A.	17.745.000	-	-	-	-	(610.900)	2.662.900	(10.647.000)	9.150.000
UBI Banca - Unione di Banche Italiane S.c.p.a.	12.488.348	-	-	-	-	-	1.497.214	(7.493.007)	6.492.555
RCS Media Group S.p.A.	12.651.682	5.219.904	-	(149.805)	(9.774)	(4.769.065)	(6.123.958)	-	6.818.984
Istituto Atesino di Sviluppo S.p.A.	3.312.953	-	-	-	-	-	-	-	3.312.953
Progressio SGR S.p.A.	649.711	-	-	-	-	-	-	-	649.711
Fondo Progressio Investimenti	4.587.788	-	-	-	-	-	5.430.321	-	10.018.109
Fondo Progressio Investimenti II	3.091.388	-	2.345.739	-	-	(1.163.509)	-	-	4.273.618
Fondo Cosimo I	4.207.000	-	-	-	-	-	(200.411)	-	4.006.589
Fondo Augusto	15.143.605	-	-	-	-	-	(591.447)	-	14.552.158
Equinox Two S.c.a. Mittel	2.720.894	-	708.188	-	-	(146.783)	-	-	3.282.299
Equinox Two S.c.a. Earchimede	4.987.959	-	1.298.823	-	-	(249.783)	-	-	6.036.999
Micro Ventures S.p.A.	3.088.703	-	-	-	-	-	-	(3.088.703)	-
Micro Ventures Investments S.c.a. Sicar	560.000	440.000	-	-	-	-	-	(1.000.000)	-
Micro Ventures Finance S.p.A.	-	-	-	-	-	-	-	4.088.703	4.088.703
Società Editoriale Vita S.p.A.	99.999	-	-	-	-	-	(90.645)	-	9.354
Nomisma S.p.A.	100.000	-	-	-	-	-	-	-	100.000
Mc Link	-	151.470	-	-	-	-	(20.394)	-	131.076
Warrant Mc Link	-	-	-	-	-	-	4.776	-	4.776
Frendy Energy	-	99.200	-	-	-	-	60.160	-	159.360
Industries Star	-	200.000	-	-	-	-	-	-	200.000
Alfa Park S.r.l.	11.936.053	-	-	-	-	(5.457.576)	-	-	6.478.477
CIS S.p.A.	1.234.214	-	-	-	-	(1.234.214)	-	-	-
Inn. Tec S.r.l.	5.200	-	-	-	-	(4.220)	-	-	980
Isfor 2000 S.c.p.a.	3.000	-	-	-	-	-	-	-	3.000
Pioneer - Fondo comune di investimento	1.130.567	-	-	-	-	-	(34.895)	-	1.095.672
Medinvest International S.A.	2.281.299	-	-	-	-	(676.024)	-	-	1.605.275
Opera Participations S.C.A.	712.441	-	(712.441)	-	-	-	-	-	-
Opera 2 Participations S.C.A.	2.019.256	-	-	-	-	-	(221.634)	-	1.797.622
Investitori Associati II S.A.	921.365	-	-	-	-	-	(3.834)	-	917.531
Alfieri Ass. Inv. S.A.	3.935.000	-	(587.778)	-	-	(534.723)	-	-	2.812.499
Dimensioni Network	241.516	-	-	-	-	-	(65.782)	-	175.734
IGI Sud	1.430.407	-	-	-	-	(490.690)	(140.746)	-	798.971
Consorzio Polo Turistico	4.000	-	-	-	-	-	-	-	4.000
AXA-MPS policy	838.336	-	(838.336)	-	-	-	-	-	-
Editoriale Vita S.p.A. (bonds)	30.000	-	-	-	-	-	-	-	30.000
A2A S.p.A. (bonds)	504.868	-	(504.868)	-	-	-	-	-	-
	143.249.182	**6.110.574**	**1.709.327**	**(149.805)**	**(9.774)**	**(15.337.487)**	**2.161.625**	**(18.140.007)**	**119.593.635**
									-
									-
Intesa San Paolo S.p.A. (current)				(1.738.872)	295.612	-	2.660.760	10.647.000	11.864.500
UBI Banca - Unione di Banche Italiane S.c.p.a. (current)		140.000		(3.690.102)	643.903		1.374.767	7.493.007	5.961.575
	-	**140.000**	**-**	**(5.428.974)**	**939.515**	**-**	**4.035.527**	**18.140.007**	**17.826.075**
	143.249.182	**6.250.574**	**1.709.327**	**(5.578.779)**	**929.741**	**(15.337.487)**	**6.197.152**	**-**	**137.419.710**

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

Increases:

- EUR 8,2 million in positive adjustments to the fair value of listed investments Intesa Sanpaolo S.p.A. (EUR 5,3 million) and UBI Banca Scpa (EUR 2,9 million);
- EUR 5,2 million for purchases of listed shares of RCS Media Group S.p.A.;
- EUR 2,3 million for subscriptions of shares of the Fondo Progressio Investimenti II (Progressio Investimenti II Fund);
- EUR 2,0 million for subscriptions of shares of Equinox Two S.c.a.;
- EUR 0,4 million for subscriptions of shares of Micro Ventures Investments S.c.a.;
- EUR 0,4 million, for purchases of equity investments in Industries Star S.p.A. (EUR 0,2 million), Frendy Energy S.p.A. (EUR 0,1 million) and Mc Link S.p.A. (EUR 0,1 million);
- EUR 5,4 million in positive adjustments to the fair value of shares of the Fondo Progressio Investimenti (Progressio Investimenti Fund)

Decreases

- EUR 6,1 million for the negative adjustment of the fair value of listed shares of RCS Media Group S.p.A., posted to the income statement;

- EUR 5,4 million for the write-down of the investment held in Alfa Park S.r.l.
- EUR 5,4 million for the sale of shares of Intesa Sanpaolo S.p.A. (EUR 1,7 million) and UBI Banca Scpa (EUR 3,7 million);
- EUR 5,4 million for write-downs of listed shares of Intesa Sanpaolo S.p.A. (EUR 0,6 million) and RCS Media Group S.p.A. (EUR 4,8 million);
- EUR 3,3 million for write-downs of investment funds and foreign vehicles held - Fondo Progressio Investimenti II (Progressio Investimenti II Fund) (EUR 1,2 million), Equinox Two S.c.a. (EUR 0,3 million), Medinvest International S.A. (EUR 0,7 million), Alfieri Ass. Inv S.A. (EUR 0,5 million) and IGI Sud (EUR 0,5 million);
- EUR 1,2 million for the total write-down of the investment held in CIS S.p.A.;
- EUR 1,0 million in negative adjustments to the fair value of shares of the Fondo Cosimo I (Cosimo I Fund) (EUR 0,2 million), Opera 2 Partecipations Sca (EUR 0,2 million) and the Fondo Augusto (Augusto Fund) (EUR 0,6 million);
- EUR 0,7 million for partial repayments of capital for the shares of Opera Partecipations Sca (EUR 0,7 million) and Alfieri Ass. Inv. S.A. (EUR 0,6 million)
- EUR 0,8 million for the full reimbursement of the AXA insurance policy;
- EUR 0,5 million for the full redemption of bonds issued by A2A SpA.

Reclassifications to current assets and other changes

- EUR 18,3 million for the reclassification of the initial book value of the stake in listed shares relating to the investments in Intesa Sanpaolo S.p.A. (EUR 10,7 million) and UBI Banca S.c.p.a (EUR 7,6 million), which was reclassified to “Available-for-sale financial assets” under current assets which, therefore, increased by EUR 18,3 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 investee Mittel Partecipazioni Stabili S.r.l.;

Moreover, available-for-sale financial assets decreased by EUR 15,3 million due to write-downs for impairment of the recoverable value of equity investments. These write-downs were the result of reductions in the recoverable value of investments due to impairment or effects of future cash flows which may be reliably estimated, or due to the presence of a significant or long-lasting reduction in the present fair value of the investment as compared to its cost.

Specifically, said write-downs refer to the following equity investments:

(Thousands of Euro)	
Alfa Park S.r.l.	5.458
RCS Media Group S.p.A.	4.769
CIS S.p.A.	1.234
Fondo Progressio Investimenti II	1.164
Medinvest International S.A.	676
Intesa San Paolo S.p.A.	611
Alfieri Ass. Inv. S.A. (in liquidation)	535
IGI Sud	491
Equinox Two S.c.a.	397
Inn. Tec S.r.l.	4
	15.339

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.

In this regard, as a result of the recognition of objective evidence of unrecoverable impairment of equity instruments, the entire amount of accumulated impairment on the acquisition cost at the beginning of the year, totalling EUR 9,4 million was posted to the income statement for the year, eliminating the valuation reserve totalling EUR 4,8 million, analytically broken down into the various financial assets as follows:

Value in thousand of Euro

	Acquisition cost	Fair value on 30.09.2012	Deferred taxes on fair value change	Net change in fair value Equity on 30.09.2012	Fair value on 30.09.2013	Write-down to income statement
	A				*B*	*C= A-B*
Impairment due to long lasting decrease in fair value compared to the cost of equity instruments::						
Fondo Progressio Investimenti II	4.970	3.091	(621)	(1.257)	1.928	3.041
IGI Sud SGR S.p.A.	1.294	1.430	(2)	138	801	493
Unrecoverable decrease in value compared to the fundamental economic value of equity instruments:						
Equinox Two Sca	9.650	7.709	(12)	(1.929)	7.312	2.338
CIS S.p.A.	1.469	1.234	-	(234)	-	1.469
Alfieri Ass. Inv. SA (in liquidation)	5.440	3.935	-	(1.505)	3.400	2.040
	22.822	**17.400**	**(635)**	**(4.788)**	**13.441**	**9.381**

In relation to the investment in listed shares of RCS Mediagroup S.p.A. held by the subsidiary Mittel Partecipazioni Stabili S.r.l., as at 30 September 2013 the listing price of said shares was 75% lower than their historical cost, leading to the subsequent recognition of objective evidence of impairment of the fair value compared to the acquisition value, posting a write-down of EUR 4.8 million to the income statement equal to the entire amount of accumulated impairment on the acquisition cost.

The investment in listed shares of Intesa Sanpaolo S.p.A. held by the subsidiary Mittel Partecipazioni Stabili S.r.l. was written down in the previous years following the recognition of objective evidence of impairment of the present fair value compared to the acquisition value. Therefore, the recording of a listing price at the reporting date of the consolidated condensed half-yearly financial statements as at 31 March 2013 lower than the book value written down at the beginning of the year resulted in the recognition of impairment in the fair value totalling EUR 0,6 million.

For the investments in Fondo Progressio Investimenti II (Progressio Investimenti II Fund) and IGI Sud SGR S.p.A., as at 30 September 2013 these financial assets recorded fair values drawn from their respective net current assets that were lower than their historical cost for a period of time exceeding 20 months. This resulted in objective evidence of a reduction in their recoverable values, posting write-downs of EUR 2,8 million to the income statement, equal to the entire amount of accumulated impairment on the acquisition cost, eliminating the losses posted to the valuation reserve (totalling EUR 1,2 million), including EUR 2,3 million for the shares in the Fondo Progressio Investimenti (Progressio Investimenti Fund) and EUR 0,5 million for the investment in IGI Sud SGR SpA.

In relation to the financial assets Equinox Two SCA, CIS S.p.A., Inn. Tec S.r.l. and the Alfieri Ass. Inv. S.A. fund, as at 30 September 2013, these securities showed reduction in their current recoverable values estimated based on criteria that reflect their current fundamental economic value considered unrecoverable, posting write-downs to the income statement totalling EUR 5,8 million, equal to the entire amount of accumulated impairment on the acquisition cost, including the elimination of the losses posted to the valuation reserve totalling EUR 3,7 million.

As regards the investment in Alfa Park S.r.l., posted at a value of EUR 6,5 million, following a write-down of EUR 5,5 million posted during the year, as there is no active market for this equity investment and there are no indications of recent comparable market transactions, the reference fair value was determined using an approach based on the fundamental economic value of the investment considered equivalent to its presumed realisable value. That value was estimated as the pro-rata amount of the corresponding consolidated Equity of the group for the year 2013 in order to prudently reflect the estimate of the generally used fundamental value. As at 30 September 2013 the consolidated interim financial statements of the investee was not yet available. Therefore, that value was determined using all the available information to establish the real conditions of the investee's economic-financial situation, analysing the negative results drawn from the documentation relating to the performance of operations, presented by the investee's administrative body. There is evidence of operating losses which, accompanied by and/or added to the negative situations in the company (unbalanced financial structure, business plans not followed), it would seem reasonable to deem unrecoverable during the year, as it is unlikely that the investee could generate positive income statement results in the short term.

The investment in Medinvest International S.A., held by the subsidiary Earchimede S.p.A. was written down in previous years due to impairment of the fundamental economic value of the investment compared to its acquisition cost.
Owing to the current economic-financial crisis which has resulted in persistent risks of impairment of significant assets belonging to the investee, the book value of the investment was subject to impairment testing based on the valuation of its recoverable value, with a view to reflecting its fundamental economic value, which is equivalent to the adjusted net current assets of the investee calculated at the reporting date using available information and reports to be able to establish the real conditions of the investee's economic-financial situation.
The comparison of the higher book value of the investment in Medinvest International S.A. with its recoverable value determined based on the abovementioned value in use resulted in a write-down of EUR 0,7 million.

10. Sundry receivables and other assets

The item “sundry receivables and other non-current assets” totalled EUR 295 thousand (EUR 330 thousand as at 30 September 2012) and is composed as follows:

	30.09.2013	30.09.2012
Tax receivables	34.788	-
Other receivables	232.485	208.306
Other assets	27.551	121.342
	294.824	**329.648**

11. Prepaid taxes

These totalled EUR 8,5 million, down by EUR 0,9 million.

	30.09.2013	30.09.2012
Tax assets with contra-item in Income statement	8.440.557	7.043.572
Tax assets with contra-item in Shareholders' Equity	86.175	2.412.834
	8.526.732	**9.456.406**

	30.09.2013	30.09.2012
Prepaid taxes		
Assets/liabilities held for trading	64.741	424.890
Investments	1.251.000	1.254.250
Property, plant and equipment/intangible assets	1.696.502	663.332
Allocations	159.624	99.385
Other assets/liabilities	570.745	1.071.833
Receivables	501.518	2.323.728
Retained losses	4.272.445	3.613.845
Other	10.157	5.143
	8.526.732	**9.456.406**

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 6,5 million. The Advisory sector contributes EUR 1,1 million and the Real Estate sector EUR 0,6 million. The contribution from the Outlet sector includes EUR 3,8 million in prepaid taxes calculated on the loss carried forward. Changes in the item tax assets with a contra-item in the income statement are as follows:

	30.09.2013	30.09.2012
Opening Balance	**7.043.572**	**6.688.685**
Increases	**2.281.305**	**750.930**
Prepaid taxes recorded in the year:	**2.036.930**	**750.930**
- relating to previous years	-	-
- other	2.036.930	750.930
Increases in tax rates	-	-
Other increases	244.375	-
Decreases	**(884.320)**	**(396.043)**
Prepaid taxes cancelled in the year:	**(251.675)**	**-**
- reversals	(251.675)	-
Decreases in tax rates	-	-
Other reductions	(632.645)	(396.043)
	8.440.557	**7.043.572**

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

	30.09.2013	30.09.2012
Opening Balance	**2.412.834**	**998.324**
Increases	**21.434**	**1.414.510**
Prepaid taxes recorded in the year:	**21.434**	**872.821**
- relating to previous years	-	-
- other	21.434	872.821
Increases in tax rates	-	-
Other increases	-	541.689
Decreases	**(2.348.093)**	**-**
Prepaid taxes cancelled in the year:	**-**	**-**
- reversals	-	-
Decreases in tax rates	-	-
Other reductions	(2.348.093)	-
	86.175	**2.412.834**

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 30 September 2013.
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 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 within a time period implicit in the Group's planning. The tax losses of Mittel S.p.A. as at 30 September 2013 amounted to EUR 20,8 million. The company 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.

Current assets

12. Property inventories

As at 30 September 2013, the item amounted to EUR 122,0 million, an increase of EUR 4,4 million compared to the previous year. In particular, the item is composed as follows:

	30.09.2013	30.09.2012
Properties under construction	112.091.696	107.440.612
Properties under development	9.920.000	10.200.000
	122.011.696	**117.640.612**

Property inventories, which as at 30 September 2012, amounted to EUR 117,6 million, registered an increase of EUR 4,4 million in the year, due to typical property activities (purchase of buildable areas, sales of property units, etc.) carried out by Mittel Investimenti Immobiliari S.r.l. and by companies it heads up for initiatives already under way during the previous year.

In particular, the inventories under “properties under construction” relate to the following companies:

	30.09.2013	30.09.2012
Breme S.r.l.	12.158.621	22.991.078
CAD Immobiliare S.r.l.	21.803.712	23.097.637
Fede S.r.l.	8.635.240	8.520.531
Gamma Uno S.r.l. in liquidation	-	153.000
Gamma Tre S.r.l.	9.479.989	9.091.551
Immobiliare Volta Marconi S.r.l.	-	3.801.540
Lucianita S.r.l.	15.365.674	12.388.930
Mittel Investimenti Immobiliari S.r.l.	15.523.668	14.063.761
MiVa S.r.l.	15.584.580	11.817.690
Regina S.r.l.	1.547.212	1.480.542
Breme S.r.l.	11.993.000	-
Spinone S.r.l. in liquidation	-	34.352
Total	**112.091.696**	**107.440.612**

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 decrease during the year is due to the write-down as a result of an appraisal drawn up by an external expert, updated to 30 September 2013.

The change in the item “properties under construction” is as follows:

	30.09.2012	Increase	Sales and other decreases	Write-down and losses	Giro credit transfer and advanced payments	30.09.2013
Breme S.r.l.	22.991.078	2.116.537	-	(1.011.292)	(11.937.702)	12.158.621
CAD Immobiliare S.r.l.	23.097.637	-	(1.293.925)	-	-	21.803.712
Fede S.r.l.	8.520.531	114.709	-	-	-	8.635.240
Gamma Uno S.r.l. in liquidation	153.000	-	-	-	(153.000)	-
Gamma Tre Srl	9.091.551	307.438	-	-	81.000	9.479.989
Immobiliare Volta Marconi S.r.l.	3.801.540	826.193	(4.030.026)	(597.707)	-	-
Lucianita S.r.l.	12.388.930	4.132.849	(719.179)	-	(436.926)	15.365.674
Mittel Investimenti Immobiliari S.r.l.	14.063.761	2.059.950	(584.474)	-	(15.569)	15.523.668
MiVa S.r.l.	11.817.690	4.340.215	-	-	(573.325)	15.584.580
Regina S.r.l.	1.480.542	66.670	-	-	-	1.547.212
Santarosa S.r.l.		1.111.775	-	(919.704)	11.800.929	11.993.000
Spinone S.r.l. in liquidation	34.352	-	-	-	(34.352)	-
Total	**107.440.612**	**15.076.336**	**(6.627.604)**	**(2.528.703)**	**(1.268.945)**	**112.091.696**

Specifically note an account transfer of EUR 11,8 million, attributable to the partial and proportional split of Breme S.r.l. in favour of Santarosa S.r.l., beneficiary of the assignment of part of the split-off company's equity and, in particular, of the project located in Via Santa Rosa, previously under Breme S.r.l..

The item "sales and other decreases" refers almost completely to disposals during the year, while "write-downs and losses" mainly refers to the verification of the recoverability of the single projects under way, conducted by an expert based on an appraisal updated to 30 September 2013.

13. Financial receivables

As at 30 September 2013, the item amounted to EUR 83,5 million, an increase of EUR 34,9 million, and is composed as follows:

	30.09.2013	30.09.2012
Loans	80.717.133	44.371.733
Other receivables	2.783.322	4.248.771
	83.500.455	**48.620.504**

The item Loans is composed as follows:

	30.09.2013	30.09.2012
Loans - financial institutions	2.964.089	10.802.145
Loans - customers	77.753.044	33.569.588
	80.717.133	**44.371.733**

Current financial receivables are composed of the following:

- EUR 50,0 million for the receivable due to Ghea from Bios S.p.A. (recognised in an amount of EUR 33,3 million in the previous year), presently under current assets due to its expiry on 21 December 2013 and subject to renegotiation and restructuring pursuant to the agreements signed on 20 December. For a

description thereof, see the more detailed information in the paragraph “Significant events which occurred after the close of the year”;
- EUR 14,6 million in credit positions previously held by Hopa S.p.A. and its investees;
- EUR 8,9 million for the current portion of a loan totalling EUR 13,2 million payable in three equal instalments expiring on 31 July 2013, 31 July 2014 and 31 July 2015, currently the subject of a dispute;
- EUR 4,8 million for the residual receivable due to Fashion District from Alfa Park S.r.l.;
- EUR 2,9 million for the outstanding receivable for a giro account credit balance in place between Earchimede and Mittel Generale Investimenti S.p.A.;
- EUR 2,0 million in liquidity stock held with the financial intermediary for trading transactions of Mittel Partecipazioni Stabili S.r.l.

As regards changes in this item, note the reclassification of financial receivables from non-current to current assets due to the nearing of their contractual expiry, less than 12 months. The most significant reclassified position is Ghea’s position, which was classified under non-current financial receivables in the comparative period for EUR 33,3 million, while as at 30 September 2013 it was included in this item, increased to EUR 50,0 million due to a redefinition of the forecast recovery amount and time frames. This resulted in a recalculation of the related amortised cost and the release of greater interest income.
Also worthy of note is the significant collection, amounting to EUR 21,2 million, attributable to a receivable of Mittel Partecipazioni Stabili S.r.l. (collected on 20 December 2012) and collections of EUR 7,8 million on the credit position of Earchimede, which decreased from EUR 10,8 million to EUR 3,0 million.

14. Other financial assets

As at 30 September 2013 the item refers to the value of the stake of shares held by Mittel Partecipazioni Stabili S.r.l., reclassified under current assets as a result of the planned disposal of said securities in the next year.
The item is composed as follows:

	30.09.2013	30.09.2012
Bonds	-	-
Equity instruments	17.826.076	-
Derivative financial instruments	-	-
	17.826.076	**-**

The change in available-for-sale financial assets breaks down as follows:

Statement of available-for-sale financial assets

Amounts in EUR				Changes in the period					
Name/company name	Amounts as at 01/10/2012	Reclassification from non current	(Recall of funds) Reimbursements	Transfers	Capital gains (losses)	Write-downs for impairment	Fair value adjustments		Value as at 30/09/2013
									-
Intesa San Paolo S.p.A. (current)		10.647.000		(1.738.872)	295.612	-	2.660.760		11.864.500
UBI Banca - Unione di Banche Italiane S.c.p.a. (current)		7.633.007		(3.690.102)	643.903		1.374.767		5.961.575
	-	**18.280.007**	**-**	**(5.428.974)**	**939.515**	**-**	**4.035.527**	**-**	**17.826.075**

15. Current tax assets

As at 30 September 2013, the item amounted to EUR 15,9 million, a decrease of EUR 0,6 million.

	30.09.2013	30.09.2012
IRES (corporate income tax)	14.767.567	15.953.661
IRAP (regional business tax)	519.714	544.929
Other taxes	647.993	82.337
	15.935.274	**16.580.927**

Current IRES tax assets relate, for EUR 13,0 million, to the receivable due from the tax authorities deriving from tax withholdings and payments on account made as of today relating to Mittel S.p.A. and deriving from National Global Tax Consolidation – former Hopa S.p.A. - currently interrupted and in force up to 31 December 2011.

The item showed the following changes:

	30.09.2013	30.09.2012
Opening balance	**16.580.927**	**17.629.827**
Increases	**1.465.906**	**13.840.709**
Current tax assets recorded in the year:	**421.881**	**2.196**
- relating to previous years	-	-
- other	421.881	2.196
Other increases	1.044.025	13.838.513
Decreases	**(2.090.691)**	**(14.889.609)**
Current tax assets cancelled in the year:	**(395.529)**	**-**
- reimbursements	(395.529)	-
- Other decreases	(1.695.162)	(14.889.609)
	15.956.142	**16.580.927**

16. Receivables due from customers and other commercial assets

As at 30 September 2013, the item amounted to EUR 26,9 million, an increase of EUR 8,7 million, and is composed as follows:

	30.09.2013	30.09.2012
Trade receivables	9.275.014	2.396.843
Receivables from leases	1.707.106	1.801.277
Other tax receivables	12.229.685	10.670.067
Other receivables	1.899.486	1.115.764
Accrued income and prepaid expenses	1.798.174	2.229.652
	26.909.465	**18.213.603**

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 8,2 million).
Receivables from leases refer to the Outlet group's contribution to the consolidated financial statements, and refer to lease rentals from single tenants of the three centres.
Tax receivables comprise EUR 7,4 in current tax receivables, of which EUR 7,2 million, in receivables due from the tax authorities and acquired 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 and relating to the IRES (corporate income tax) surplus, for which a refund was requested, and EUR 4,7 relating to the Group VAT receivable.
The item other receivables comprises EUR 0,3 million in advances to suppliers for construction activities in the real estate sector and EUR 0,6 million for the contribution to the item from the Outlet Sector.

The item accrued income and prepaid expenses is composed of the contribution of the Fashion District Group (EUR 0,9 million), and relates to the costs incurred by Outlet centre management companies for the marketing of commercial units through the stipulation of rental agreements for business units and the contribution to the consolidated financial statements of the Parent Company Mittel S.p.A. (EUR 0,6 million).

17. Cash and cash equivalents

Cash and cash equivalents, amounting to EUR 45,6 million (EUR 14,9 million as at 30 September 2012), include cash held by Group companies and investments in bank deposits. The item is composed as follows:

	30.09.2013	30.09.2012
Cash	47.614	14.214
Bank and postal deposits	45.569.487	14.876.157
	45.617.101	**14.890.371**

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 subsidiary Earchimede S.p.A., which recorded cash and cash equivalents of EUR 33,4 million as at 30 September 2013.

18. Assets held for sale

As at 30 September 2012, assets held for sale amounted to EUR 2,6 million and related to the assets of the investee Mittel Real Estate SGR S.p.A. recorded under assets held following the subscription of a preliminary sales agreement which involves the transfer of the same to Vantu S.p.A. (company headed up by a director of Mittel S.p.A.), a transaction outlined in more detail in the report on operations and in note no. 55 of these financial statements.

	30.09.2013	30.09.2012
Non-current assets held for disposal		
Investments		
Other non-current assets		
	-	-
Disposal groups of activities		
Financial receivables		2.468.995
Investments		
Intangible assets		27.726
Property, plant and equipment		2.772
Prepaid tax assets		48.928
Other assets		1.948
	-	**2.550.369**

Equity

19. Equity pertaining to the Group

Equity pertaining to the Group stood at EUR 327,0 million, a decrease of EUR 15,0 million over 30 September 2012.

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

	30.09.2013	30.09.2012
Share capital	87.907.017	87.907.017
Legal reserve	16.760.462	14.100.901
Treasury shares	(26.514.895)	(9.875.000)
Share/holding premium reserve	53.716.218	53.716.218
Valuation reserves	65.993.359	18.867.436
Other reserves	120.903.018	121.370.522
Profit (loss) of previous years	46.367.984	73.843.027
Profit (loss) for the year	(38.087.255)	(17.920.929)
Equity	**327.045.908**	**342.009.192**

Changes in Equity during the 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 30 September 2013, the company held 15.308.706 treasury shares. It should be noted that the subsidiary Earchimede S.p.A. held 98.750.125 ordinary shares in Parent Company Hopa S.p.A., equal to 7,15% of the latter's share capital. Hopa S.p.A. shares, following the merger by incorporation of Tethys S.p.A. in Mittel S.p.A. and the merger of Hopa S.p.A. in Mittel S.p.A., which took effect on 5 January 2012 as per the deed of notary Marchetti dated 30 December 2011, a total of 3.555.003 ordinary Mittel S.p.A. shares were swapped. On 18 January 2013 Earchimede made a distribution of reserves in kind, through the assignment of 3.555.003 shares, of which 3.022.248 assigned to Mittel S.p.A.. On 18 February Mittel delivered 2.500.000 of its treasury shares as partial payment to the financial advisory firm, Borghesi Advisory S.r.l..
Following the voluntary partial public exchange offer on Mittel shares, which is described in the report on operations, with use date of 12 July 2013, 14.786.458 Mittel ordinary shares were exchanged. Added to the shares already held in portfolio, 522.248 shares, Mittel S.p.A. currently holds 15.308.706 treasury shares, equal to 17,415% of its share capital.

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 year are shown below:

Fair value measurement reserve	Evaluation reserve pertaining to the Group as at 01.10.2012	Changes in the area of consolidation	Fair value changes: Increases	Fair value changes: Decreases	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 30.09.2013	Share pertaining to non controlling interests as at 30.09.2013	Total evaluation reserve as at 30.09.2013
Available-for-sale financial assets:									
Ubi Banca	273.562	-	3.036.117	(164.137)	(63.662)	-	3.081.880	-	3.081.880
Intesa San Paolo	-	-	5.323.660	-	-	-	5.323.660	-	5.323.660
RCS Media Group SpA	6.202.177	-	-	(6.123.937)	(78.240)	-	-	-	-
ISA SpA	969.044	-	-	-	-	-	969.044	-	969.044
Fondo Progressio Investimenti	(1.382.139)	-	3.821.960	-	-	-	2.439.821	-	2.439.821
Fondo Progressio Investimenti II	(1.257.153)	-	282.872	-	-	974.281	-	-	-
Fondo Cosimo I	800.617	-	-	(78.670)	-	-	721.947	-	721.947
Fondo Augusto	96.115	-	-	(420.800)	-	-	(324.685)	-	(324.685)
Mc Link	-	-	4.776	(20.394)	-	-	(15.618)	-	(15.618)
Editoriale Vita SpA	-	-	-	(90.645)	-	-	(90.645)	-	(90.645)
Frendy Energy SpA	-	-	60.160	-	-	-	60.160	-	60.160
SIA - SSB SpA	1.168.128	-	-	-	-	-	1.168.128	-	1.168.128
Equinox SCA	(1.814.089)	-	-	(12.458)	-	1.826.547	-	-	-
CIS SpA	(199.263)	-	-	-	-	199.263	-	-	-
IGI Sud	118.003	-	-	(140.746)	-	22.743	-	-	-
Fondo dimensione Network	159.731	-	-	(55.919)	-	-	103.812	18.205	122.017
Investitori Associati II (in liquidation)	469.380	-	-	(3.258)	-	-	466.122	82.192	548.314
Opera Partecipations SCA	597.318	-	-	(597.318)	-	-	-	-	-
Opera 2 Partecipations SCA	(33.285)	-	-	(74.458)	-	-	(107.743)	(19.097)	(126.840)
Opera 2C Partecipations SCA	-	-	-	(115.054)	-	-	(115.054)	(20.093)	(135.147)
Alfieri Ass. Inv. SA (in liquidation)	(1.279.604)	-	-	-	-	1.279.604	-	-	-
Fondo Pioneer	110.825	-	-	(14.787)	-	-	96.038	73.439	169.477
Total	**4.999.367**	**-**	**12.529.545**	**(7.912.581)**	**(141.902)**	**4.302.438**	**13.776.867**	**134.646**	**13.911.513**
							-		-
Investments valued using the equity method:							-		-
Tower 6 bis	14.923.058	-	3.702.619	-	-	-	18.625.677	-	18.625.677
Bios	296.103	-	14.016.141	-	-	-	14.312.244	-	14.312.244
Brands Partners 2 S.p.A.	-	-	20.212.597	-	-	-	20.212.597	-	20.212.597
Castello SGR	76.554	-	-	(60.148)	-	-	16.406	-	16.406
Total	**15.295.715**	**-**	**37.931.357**	**(60.148)**	**-**	**-**	**53.166.924**		**53.166.924**
							-		-
Financial instruments for the hedging of cash flows:							-		-
							-		-
Derivative instruments for interest rate hedging	(1.427.646)	-	569.443	(92.229)	-	-	(950.432)	(726.771)	(1.677.203)
	18.867.436	**-**	**51.030.345**	**(8.064.958)**	**(141.902)**	**4.302.438**	**65.993.359**	**(592.125)**	**65.401.234**

Other comprehensive income/(loss)

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

			Non controlling interests		Income (loss) pertaining to the Group	
	01.10.2012 30.09.2013	01.10.2011 30.09.2012	01.10.2012 30.09.2013	01.10.2011 30.09.2012	01.10.2012 30.09.2013	01.10.2011 30.09.2012
Profit (loss) for the year (A)	**(41.105.109)**	**(22.108.392)**	**(3.017.854)**	**(4.187.463)**	**(38.087.255)**	**(17.920.929)**
Effective part of the profits/(losses) on cash flow hedges	1.161.556	677.361	503.330	293.794	658.226	383.567
Profits/(losses) from the redetermination of available-for-sale financial assets	5.651.139	(1.896.288)		(507.309)	5.651.139	(1.388.979)
Profits/(losses) from the transfer of available-for-sale financial assets	676.844	(1.483)	196.240	-	480.604	(1.483)
Release to the income statement of losses for fair value impairment of available-for-sale financial assets	4.302.438	-		-	4.302.438	-
Profits/(losses) of companies valued using the equity method	37.871.209	7.318.921		-	37.871.209	7.318.921
Tax effect relating to other profits/(losses)	(1.976.109)	863.160	(138.416)	(80.793)	(1.837.693)	943.953
Total other profits/(losses), net of taxes (B)	**47.687.077**	**6.961.671**	**561.154**	**(294.308)**	**47.125.923**	**7.255.979**
Total comprehensive profit/(loss) (A) + (B)	**6.581.968**	**(15.146.721)**	**(2.456.700)**	**(4.481.771)**	**9.038.668**	**(10.664.950)**

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

	01.10.2012 30.09.2013			01.10.2011 30.09.2012		
	Gross value	Tax expense/ benefit	Net value	Gross value	Tax expense/ benefit	Net value
Effective part of the profits/(losses) on cash flow hedges	1.161.556	(319.428)	842.128	677.361	(186.274)	491.087
Profits/(losses) from the redetermination of available-for-sale financial assets	5.651.139	(1.034.175)	4.616.964	(1.896.288)	1.049.434	(846.854)
Profits/(losses) from the transfer of available-for-sale financial assets	676.844	(622.506)	54.338	(1.483)	-	(1.483)
Release to the income statement of losses for fair value impairment of available-for-sale financial assets	4.302.438	-	4.302.438	-	-	-
Profits/(losses) of companies valued using the equity method	37.871.209	-	37.871.209	7.318.921		7.318.921
Other components of the statement of comprehensive income reclassified to the income statement	-	-	-	-	-	-
Total other profits/(losses)	**49.663.186**	**(1.976.109)**	**47.687.077**	**6.098.511**	**863.160**	**6.961.671**

20. Equity pertaining to non-controlling interests

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

	30.09.2013	30.09.2012
Share capital pertaining to non controlling interests	6.284.255	3.063.507
Tresury shares pertaining to non controlling interests		(1.480.263)
Other reserves pertaining to non controlling interests	53.714.867	59.282.440
Non controlling interests - Reserve from available-for-sale financial assets	134.646	(61.594)
Non controlling interests - Cash flow hedge reserve	(726.771)	(1.091.685)
Non controlling interests - Reserve from valuation of company according to the equity method	-	-
Profit (loss) for the year pertaining to non controlling interests	(3.017.854)	(4.187.463)
Non controlling interests	**56.389.143**	**55.524.942**

Non-current liabilities

21. Bond issue

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

	30.09.2013	30.09.2012
Bond "Mittel S.p.A. 2013-2019" TF 6%		
Current portion	1.320.537	-
Non current portion	96.103.299	-
	97.423.836	**-**

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

	30.09.2013	30.09.2012
Current portion		
Bond "Mittel S.p.A. 2013-2019" TF 6%	1.320.537	-
Non current portion		
Bond "Mittel S.p.A. 2013-2019" TF 6%	99.853.522	-
Total nominal repayment	**101.174.059**	**-**
Evaluation at amortized cost	(3.750.223)	**-**
Total book value	**97.423.836**	**-**

On 18 March 2013, the Board of Directors of Mittel S.p.A. approved the promotion of a voluntary partial public exchange offer of own ordinary shares (“OPSC”) with consideration in Mittel bonds and the promotion of a simultaneous public subscription offer of a bond (“OPSO”) with the same characteristics of the bond servicing the OPSC.
The OPSC pertained to a maximum of 17.059.155 ordinary Mittel S.p.A. shares listed on the MTA, equal to 19,40% of share capital; for every 1 ordinary share offered, 1 bond was paid in exchange, issued by Mittel at a unit nominal value of EUR 1,75 for a maximum total nominal value of around EUR 29,9 million.
The OPSO involved an ordinary bond offered under subscription for an amount equal to roughly EUR 20 million, which could be increased to EUR 70 million.
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.
On 14 June 2013, Mittel S.p.A. announced that Consob, on 13 June 2013, approved the Prospectus relating to the public subscription offer and the simultaneous admittance to listing on the Mercato Telematico delle Obbligazioni e dei Titoli di Stato (Screen-based bond market), organised and managed by Borsa Italiana S.p.A..
On 17 June 2013, Mittel S.p.A. launched the voluntary partial public exchange on own ordinary shares, promoted on 29 April 2013, pursuant to and in accordance with art. 102, paragraph 1, of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented (Consolidated Law on Finance (TUF)) and art. 37 of the Issuers' Regulation, regarding a maximum of 17.059.155 shares, with consideration in Mittel bonds (“OPSC” - public exchange offer) and the public subscription offer of a maximum of 57.059.155 Mittel bonds (“OPSO” - public subscription offer) deriving from said bond issue.
On 5 July 2013 Mittel S.p.A. announced the conclusion of the OPSC: given that the subscriptions to the OPSC involved a lower quantity of shares than the maximum of 17.059.155 ordinary Mittel shares, the company stated that the “pro-rata” distribution procedure described in the offer document would not be applied, but that all 14.767.258 ordinary Mittel shares offered for the OPSC would be recalled, for a total value (calculated on the basis of the nominal value of the Bonds offered for exchange) of EUR 25.842.701,50.
On 8 July 2013, Mittel communicated that, with reference to the OPSO, requests were received for 510.178.144 bonds, equal to around 4,5 times the Quantity Offered. In consideration of the high number of subscriptions received, Mittel S.p.A. communicated that it had availed itself, in agreement with the Placement Manager, of the right to increase the total maximum nominal value of the OPSO to EUR 73.977.219,75 (increase including the so-called clawback mechanism).
A total of 42.272.697 bonds were assigned, of which 29.205.000 bonds as part of the Public Offer and 13.067.697 bonds as part of the Institutional Offer.
As regards the 29.205.000 bonds assigned to the Public Offer, a total of 7.995.000 bonds were assigned to ordinary public requests for subscriptions to the Minimum Lot and 21.210.000 bonds assigned to ordinary public requests for subscriptions to the Increased Minimum Lot.
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 amount of expenses relating to the OPSO amounted to around EUR 3,1 million.

On 8 July 2013, Mittel communicated that, on the date of closure of the OPSC, a total of 14.786.458 ordinary Mittel shares were offered, equal to 16,821% of the Issuer's share capital and 86,678% of the ordinary Mittel shares involved in the OPSC, for a total value (calculated on the basis of the nominal value of the bonds offered for exchange) equal to EUR 25.876.301,50.
The residual bonds offered for exchange were used to increase the OPSO, based on the above (so-called clawback mechanism).
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 issue 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 30 September 2013 were as follows:

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

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

Values in Euro

	Currency	Issue amount (Euro)	Redemption Nominal Value (Euro)	Interest rate and coupon timing	Issue date	Expiry date	Issue price per bond (Euro)	Market price on 30/09/2013 (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**	**1,81**
Bond "Mittel S.p.A. 2013-2019" public exchange offer ("OPSC")	Euro	25.876.302	25.876.302					
		98.743.863	**99.853.522**					

The table below shows the evolution of the bond issue measured at amortised cost:

Values in Euro	Bond issue vs OPSC demand	Bond issue vs OPSO subscriptions	Contractual interest accued at 30/09/2013	Bonds as at 30.09.2013
Current portion:				
Bond "Mittel S.p.A. 2013-2019" TF 6%	-	-	1.320.537	1.320.537
Non current portion:				
Bond "Mittel S.p.A. 2013-2019" TF 6%	25.876.302	73.977.220	-	99.853.521
Total nominal value	**25.876.302**	**73.977.220**	**1.320.537**	**101.174.058**
Evaluation at amortized cost	(7.389)	(3.742.833)		(3.750.222)
Total book value	**25.868.912**	**70.234.387**	**1.320.537**	**97.423.836**

As at 30 September 2013 the current portion of the bond issue includes contractual interest of EUR 1.320.000 accrued from 12 July to 30 September 2013 in favour of bondholders of the “Mittel S.p.A. 2013-2019 TF 6.00%” loan.

Therefore, based on that described above, the table below breaks down the current and non-current portions of the bond issue based on amortised cost:

Values in Euro	*Bond "Mittel 2013-2019" in OPSO*	*Bond "Mittel 2013-2019" in OPSC*	*Total bond*
Nominal value of redemption of the bond issue	73.977.220	25.876.302	99.853.522
Offered Price discount in OPSO bond listing	(1.109.658)	-	(1.109.658)
Debt component at the issue date	**72.867.561**	**25.876.302**	**98.743.863**
Booked interests:			
Contractual interests	986.363	334.174	1.320.537
Difference with actual interests	90.422	(7.389)	83.033
Paid interests	-	-	-
Placement charges	(2.723.597)	-	(2.723.597)
Debt book value at 30.09.2013	**71.220.749**	**26.203.087**	**97.423.836**
Of which			
Bond issue - current portion	**986.363**	**334.174**	**1.320.537**
Bond issue - non-current portion	**70.234.386**	**25.868.913**	**96.103.299**

During the financial year, the net cash flows for Mittel S.p.A. deriving from the issue price of the bond loan net of marginal charges and expenses for issue and placement of the bonds were as follows:

	Euro
Cash inflow of the issue amount of the OPSO bonds:	**72.867.561**
Fees and issue and placement charges of the bonds:	
Advisory and coordination fees	(1.008.545)
Placement fees	(1.600.544)
Variable changes for subscription collection	(27.624)
Compliance charges	(281.250)
Legal charges	(146.997)
Listing fees	(30.000)
Bond issue and placement charges paid	**(3.094.960)**
Net cash inflow from the issued bonds	**69.772.601**

Note that for the purposes of drawing up the financial statements, 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 issue, 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 issue, 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 approximative present value of the interest lost during the residual term of the bond issue.

22. Financial payables

As at 30 September 2013, the item amounted to EUR 103,8 million, a decrease of EUR 6,1 million over the previous year.

The item is composed as follows:

	30.09.2013	30.09.2012
Bank loans	100.167.917	105.414.914
Other financial payables	3.625.610	4.507.695
	103.793.527	**109.922.609**

The item comprises the non-current bank payables of the subsidiary Fashion District Group S.p.A. (EUR 51,7 million), the non-current bank payables of the parent company Mittel S.p.A. (EUR 39,2 million) and the non-current payables of the subsidiary Mittel Investimenti Immobiliari S.r.l. (EUR 9,2 million).

As regards the bank payables of the Fashion District Group, secured by property mortgages, it should be noted that in the previous year, the company intervened on the matter of existing debts with various lenders. More specifically, in relation to loans in place with Unicredit S.p.A., Banco Popolare (formerly Efibanca S.p.A.) and BNL S.p.A., a request was made to be able to use the benefit deriving from subscription to the Common ABI (Italian Banking Association) agreement, a concession whose direct consequence was the suspension of the repayment of principal amounts of loans until 31 December 2011, 31 March 2012 and 29 June 2012 respectively, with the subsequent extension of the original expiry of the debts for a period corresponding to the above-mentioned suspension. Some of the mortgages held by the Fashion District Group are subject to annual compliance with given covenants, normal for said type of financing and calculated on the basis of the ratio of financial debt to Equity and rents to debt service. It is acknowledged that the covenants set forth in the loan agreements in place were observed as at the close of the financial year on 30 September 2013.

The outstanding payables stipulated by the Fashion District Group secured by a property mortgage are composed as follows:

- EUR 14,2 million; mortgage contracted with Banco Popolare, expiring on 31 December 2020, disbursed for the construction of Phase 2 of the Bagnolo San Vito (MN) outlet, repayable in deferred six-month instalments. This loan expires on 31 December 2020. This loan is secured by a mortgage on the owned properties, amounting to EUR 54.700.000. Note that debt expiring beyond five years amounted to EUR 6.129.200 and, in order to reduce the risk of fluctuation in interest rates, in 2006 a derivative instrument (IRS) was entered into for a notional value of EUR 22.000.000, expiring on 31 December 2019. At the reporting date, the fair value was a negative EUR 1.321.616, as illustrated in greater detail in the table below. Note that, also for financial year 2013, as a result of the testing conducted, the hedge relationship of this derivative instrument has lost effectiveness in relation to the cash flows deriving from the financial liability.

- EUR 13,4 million; mortgage contracted with BNL S.p.A. for the construction of Phase 1 of the Bagnolo San Vito (MN) outlet. This loan expires on 30 June 2020. This loan is secured by a mortgage on the owned properties, amounting to EUR 54.700.000. Note that in order to reduce the risk of fluctuation in interest rates, in 2006 a derivative instrument (IRS) was entered into for a notional value of EUR 23.314.890, expiring on 30 June 2019. At the reporting date, the fair value was a negative EUR 1.112.196. Note that, also for financial year 2013, as a result of the testing conducted, the hedge relationship of this derivative instrument has lost effectiveness in relation to the cash flows deriving from the financial liability.

- EUR 10,7 million; mortgage contracted for the construction of Phase 2 of the Molfetta outlet, with a pool of banks composed of Unicredit S.p.A. and Monte dei Paschi di Siena S.p.A., repayable in deferred quarterly instalments. This loan expires on 1 July 2019. The loan is secured by mortgages amounting to EUR 22.100.000 in favour of Unicredit, and EUR 11.900.000 in favour of MPS. In order to reduce the risk resulting from fluctuation in interest rates, a derivative contract (IRS) was entered into with UniCredit S.p.A. for a notional amount of EUR 19.607.499, expiring on 30 March 2018, as illustrated in further detail in the table below. At the reporting date, the fair value was a negative EUR 1.026.539. Note that, also for financial year 2013, as a result of the testing conducted, the hedge relationship of this derivative instrument has lost effectiveness in relation to the cash flows deriving from the financial liability.

- EUR 7,9 million from Interbanca S.p.A. (now GE Capital S.p.A.), a mortgage loan granted by Interbanca S.p.A. for the construction of the multiplex cinema real estate complex located in Molfetta. The loan will be repaid in 48 deferred quarterly instalments. This loan expires on 31 March 2021. The loan is secured by a first mortgage on the area owned by the company. In order to reduce the risk resulting from fluctuation in interest rates, the loan agreement is backed by an interest rate swap (IRS) entered into with the same bank, for a notional amount of EUR 13.708.334, expiring on 30 June 2014, as illustrated in greater detail in the table below.

- EUR 5,6 million from Interbanca S.p.A. (now GE Capital S.p.A.), a mortgage loan granted by Interbanca S.p.A. for the construction of Phase 1 of the Molfetta outlet. This loan expires on 30 June 2016. A mortgage has been recorded on the property in favour of the lender bank. In order to reduce the risk resulting from fluctuation in interest rates, an IRS contract was entered into for a notional amount of EUR 19.675.682 million, which expired on 30 June 2013.

The bank payables of the Parent Company Mittel S.p.A., amounting to EUR 38,0 million, are composed as follows:

- the bank payable deriving from the loan granted to Tethys S.p.A. by Banca Popolare di Lodi S.p.A. and Banca Monte dei Paschi di Siena S.p.A. (EUR 30,2 million) 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.

- a loan granted by Banco di Brescia S.p.A. (EUR 7,7 million), expiring on 23 October 2015, at a rate of 4%;

	From after 1 year to 3 years	**From after 3 years to 5 years**	**After 5 years**	**Undetermined term**	**Total**
Bank loans	68.369.623	15.686.447	16.111.848		100.167.917
Other financial payables				3.625.610	3.625.610
	68.369.623	15.686.447	16.111.848	3.625.610	103.793.527

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 liquidazione (in liquidation) (EUR 0,3 million), Fede S.r.l. (EUR 0,1 million), Lucianita S.r.l (EUR 0,9 million), Mi.Va S.r.l. (EUR 1,7 million) and Santarosa S.r.l. (EUR 0,4 million).

23. Other financial liabilities

This item, eliminated as at 30 September 2013, amounted to EUR 0,4 million as at 30 September 2012, relating to the value of the non-current portion of the fair value of the interest rate swaps entered into by the subsidiary Fashion District Group S.p.A.
The item is composed as follows:

	30.09.2013	30.09.2012
Derivative financial instruments		402.285
Other financial liabilities		
	-	**402.285**

24. Provisions for personnel

As at 30 September 2013, the item amounted to EUR 2,4 million, increasing by EUR 0,9 million, and was composed as follows:

	30.09.2013	30.09.2012
Employee severance indemnity	2.313.169	1.500.636
Other allowances	93.600	
	2.406.769	**1.500.636**

Employee severance indemnity, which includes indemnities accrued by employees, totalled EUR 2,3 million, already net of employee advances, and refers to the Parent Company and subsidiaries operating in Italy.

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

	30.09.2013	30.09.2012
Opening balances	**1.500.636**	**1.616.088**
Increases:		
- Allocation in the year	625.803	395.770
- Other increases	427.351	363.424
Decreases:		
- Liquidations carried out	(199.703)	(217.145)
- Other decreases	(40.918)	(657.501)
	2.313.169	**1.500.636**

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 (estimated at a constant 2,0% over time) and other contractual increases. The projections also take account of any TFR additions, communicated by the Parent Company.

For revaluation purposes, TFR 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 11% is applied on annual returns (Legislative Decree 47/2000).

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, that an increase in the rate of 10% (from 2,77% to 3,05%) involves, on the whole, a reduction of around 2,85% in the amount of the employee severance indemnity provision on an IAS basis - for companies as at 30 September 2013.
Similarly, a reduction in the annual rate of inflation of 10% (from 2,00% to 1,80%) involves, on the whole, a reduction of 1,68% in the amount of the provision for Group companies as at 30 September 2013.

25. Deferred tax liabilities

These amounted to EUR 37,7 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:

	30.09.2013	**30.09.2012**
Tax liabilities with contra-item in income statement	12.570.976	9.412.477
Tax liabilities with contra-item in Equity	25.175.203	25.585.953
	37.746.179	**34.998.430**

	30.09.2013	30.09.2012
Deffered liabilities		
Receivables	12.700.905	9.396.032
Assets/liabilities held for sale	1.058.271	18.266
Investments	-	-
Property, plant and equipment/intangibles assets	23.987.003	25.466.906
Other assets/liabilities	-	117.226
Other	-	-
	37.746.179	**34.998.430**

This item primarily included EUR 8,2 million in prepaid taxes calculated on the value adjustment to the receivable due to Ghea from Bios, EUR 28,4 from the contribution to tax consolidation of the Outlet sector, and EUR 1,3 million from the contribution of the Parent Company Mittel S.p.a.. The contribution to tax consolidation from the Fashion Group has been calculated as EUR 14,4 million in relation to deferred taxes due to the differences generated as a result of the split transactions implemented in 2003 and the mergers implemented in 2007 in order to optimise the corporate structure of the Fashion District Group, EUR 4,4 million from the tax effect of the expected collection in January 2015 of the earn-out on the transfer of the Roma outlet and EUR 9,6 million from the reflection in the accounts of the write-back of property and plant as a result of measurement of the Mantua and Molfetta outlets at their fair value.

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

	30.09.2013	30.09.2012
Opening balance	**9.412.477**	**8.191.428**
Increases	**5.508.522**	**3.271.526**
Deferred taxes recorded in the year:	**5.508.522**	**1.324.186**
- relating to previous years	-	-
- other	5.508.522	1.324.186
Increases in tax rates	-	-
Other increases	-	1.947.340
Decreases	**(2.350.023)**	**(2.050.477)**
Deferred taxes cancelled in the year:	**(2.217.422)**	**-**
- reversals	(2.217.422)	-
Decreases in tax rates	-	-
Other reductions	(132.601)	(2.050.477)
	12.570.976	**9.412.477**

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

	30.09.2013	30.09.2012
Opening balance	**25.585.953**	**30.234.929**
Increases	**1.076.132**	**93.226**
Deferred taxes recorded in the year:	**1.076.132**	**93.226**
- relating to previous years	-	-
- other	1.076.132	93.226
Increases in tax rates	-	-
Other increases	-	-
Decreases	**(1.486.882)**	**(4.742.202)**
Deferred taxes cancelled in the year:	**(1.486.882)**	**-**
- reversals	(1.486.882)	-
Decreases in tax rates	-	-
Other reductions	-	(4.742.202)
	25.175.203	**25.585.953**

26. Provisions for risks and charges

As at 30 September 2013, the item amounted to EUR 5,7 million, increasing by EUR 1,2 million, and was composed as follows:

	30.09.2013	30.09.2012
Provision for risks:		
Legal disputes		
Disputes with personnel		
Contractual disputes	4.971.026	3.650.000
Other disputes		
Other provisions:		
Expenses for personnel		
Other expenses	716.960	860.158
	5.687.986	**4.510.158**

The item saw the following changes:

	30.09.2013	30.09.2012
Opening balance	**4.510.158**	**6.215.354**
increases:		
Allocation in the year	4.974.626	3.857.142
Other increases	845.044	577.720
Decreases:		
Use in the year	(4.492.678)	(28.395)
Other decreases	(149.164)	(6.111.663)
	5.687.986	**4.510.158**

The item is made up of the allocation (EUR 4,9 million) for contractual disputes set aside to cover potential losses. At the date of these financial statements, the amounts and date of occurrence were still undetermined.

The decreases refer to EUR 3,6 million for the release of the provision allocated by the Parent Company as a result of the report on findings served on Mittel Generale Investimenti S.p.A on 30 July 2010 relating to the tax periods 2004-2005 and 2005-2006. Specifically, that provision was allocated to cover both the payment of amounts due by Mittel S.p.A. in its role as consolidating company for tax purposes of Mittel Generale Investimenti S.p.A. and as regards the guarantee issued by Mittel S.p.A. in favour of Liberata S.p.A. as a result of the transfer of 100% of the share capital of Mittel Generale Investimenti S.p.A. on 25 July 2012. On 23 January 2013, settlement reports were signed with Direzione Provinciale I di Milano (Milan Provincial Tax Commission) pursuant to art. 48 of Legislative Decree no. 546/92, following which Mittel S.p.A. paid EUR 1,2 million to Liberata S.p.A. in addition to the amounts owing of EUR 2,4 million.
See the information in the report on operations in the paragraph “Main ongoing legal proceedings and disputes” for details of the risks and potential liabilities the Mittel Group is exposed to.

27. Sundry payables and other non-current liabilities

These amounted to EUR 2,2 million and increased by EUR 0,3 million, mainly due to the recognition of 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. The item also includes EUR 1,9 million for the advance received from the company Espansione Mediterranea S.r.l. relating to the preliminary sale agreement for a piece of land in Naples.

Current liabilities

28. Bond Issue

These amount to EUR 1,3 million and refer to the interest accrued in the period from 12 July 2013, the date of issue of the bond loan, to the reporting date.

29. Financial payables

These amount to EUR 117,4 million, down by EUR 25,6 million, mainly due to the closing of several financial payables following the issue of the OPSO.

The item is composed as follows:

	30.09.2013	**30.09.2012**
Bank loans	90.139.765	120.407.506
Current portion of medium/long-term bank loans	20.369.234	10.582.731
Other loans	5.736.238	8.675.905
Other financial payables	1.182.422	3.325.638
	117.427.659	**142.991.780**

The item Financial payables is composed of the current bank payables of Mittel S.p.A. (EUR 56,2 million), Mittel Investimenti Immobiliari S.r.l (EUR 34,9 million), Mittel Partecipazioni Stabili S.r.l. (EUR 9,6 million), the Fashion District Group (EUR 11,7 million), Breme S.r.l. (EUR 4,3 million), FD 33 S.p.A. (0,4 million) and Mittel Advisory S.p.A. (EUR 0,3 million).

In particular, the bank loans are composed of hot money granted by leading banks, regulated at rates indexed to the 1-3 month Euribor and expiring in four months (EUR 82,6 million) and bank loans of Mittel (EUR 47,6 million) and of Mittel Investimenti Immobiliari S.rl. (EUR 35,0 million).

The loans of Mittel Partecipazioni Stabili S.r.l. are composed of a partially used credit line totalling EUR 20 million, in respect of which 13.780.000 Intesa Sanpaolo S.p.A. shares and 1.381.763 UBI Banca S.c.p.a. shares are pledged at the daily Eonia rate plus 125 bps.

The current portion of medium/long-term bank loans is composed of the current portion of the bank loans of the Fashion District Group (EUR 9,5 million), that of Mittel S.p.A. (EUR 5,1 million) and that of Mittel Investimenti Immobiliari S.r.l. (EUR 5,8 million). As regards the description of the loans in place with Fashion District Group S.p.A., please refer to the section non-current financial payables.

The item Other loans is composed of payables for loans disbursed by the investee Mittel Generale Investimenti S.p.A. to the companies Breme S.r.l. (EUR 4,3 million) and Mittel Investimenti Immobiliari S.r.l. (EUR 1,4 million).

The item “Other financial payables” mainly includes the payable due to Liberata S.p.A. of EUR 1.151.000, posted in relation to the capital replenishment in connection with the tax dispute, substantially adjusting the price paid to acquire the 100% investment of Mittel Generale Investimenti S.p.A., on which interest has accrued starting from 1 October 2013, at the 3-month Euribor rate (365) increased by 500 bps.

30. Other financial liabilities

Other financial liabilities totalled EUR 4,7 million, down by EUR 2,3 million. The item is composed as follows:

	30.09.2013	**30.09.2012**
Derivative financial instruments	4.740.747	7.049.128
Other financial liabilities		
	4.740.747	**7.049.128**

The item other liabilities includes the measurement of the negative fair values of options subscribed by Mittel Partecipazioni Stabili S.p.A. as well as the negative mark-to-market of the interest rate swaps contracted by the Fashion District Group S.p.A..

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

Derivative financial instruments

	Type of underlying asset					
	Interest rates	Currencies	Equities	Other	30.09.2013	30.09.2012
"Over the counter" derivative financial instruments						
Interest Rate Swap	78.630.723	-	-	-	3.652.379	5.291.428
Equity Linked Swap	-	-	-	-	-	-
Options	-	-	1.088.367	-	1.088.367	1.757.700
Other derivative financial instruments						
Interes rate swap	-	-	-	-	-	-
Equity Linked Swap	-	-	-	-	-	-
Options	-	-	-	-	-	-
					4.740.746	**7.049.128**

The derivative transactions of the Mittel Group as at 30 September 2013 are detailed below:

Amounts in thousands of Euro			Mark to market (clean price)		
Description	**Outcome of "hedging" tests**	**Notional value**	**Non-current portion**	**Current portion**	**Total**
IRS operation performed by Fashion District Group SpA, subscribed on 01/09/2008 expiring on 31/03/2018 on the Unicredit mortgage loan, notional EUR 19,607,499, with which the fixed interest rate of 4.75% was transformed to a variable 3-month Euribor rate.	Ineffective hedge relationship	19.607	-	(1.027)	(1.027)
Capped dual rate IRS operation performed by Fashion District Group SpA, subscribed on 31/12/2006 expiring on 30/06/2019 on the Efibanca mortgage loan, notional EUR 23,314,890, with which the interest rate with a fixed component of + 1/2 6-month Euribor was transformed to a variable 6-month Euribor rate.	Effective hedge relationship	23.315	-	(1.112)	(1.112)
IRS operation performed by Fashion District Group SpA, subscribed on 01/07/2008 expiring on 30/06/2014 on the GE Capital mortgage loan, notional EUR 13,708,334, with which the fixed interest rate of 4.98% was transformed to a variable 3-month Euribor rate.	Ineffective hedge relationship	13.708	-	(260)	(260)
Capped dual rate IRS operation performed by Fashion District Group SpA, subscribed on 28/07/2006 expiring on 31/12/2019 on the Efibanca mortgage loan, notional EUR 22,000,000, with which the interest rate with a fixed component of + 1/2 6-month Euribor was transformed to a variable 6-month Euribor rate.	Ineffective hedge relationship	22.000	-	(1.253)	(1.253)
Total cash flow hedge derivatives		**78.630**	**-**	**(3.652)**	**(3.652)**

The method chosen beforehand for carrying out the retrospective and prospective effectiveness tests for cash flow hedge derivatives is the Volatility Risk Reduction (VRR) test. This test evaluates the relationship between the portfolio risk (where the portfolio means the derivative and the hedged element) and the risk of the hedged element considered individually. In summary, the portfolio risk must be significantly lower than the risk of the hedged element according to the references set forth by IAS 39.

31. Tax liabilities

As at 30 September 2013, the item amounted to EUR 1,3 million, an increase of EUR 0,6 million compared to the previous year, and was composed of tax payables which break down as follows:

	30.09.2013	**30.09.2012**
IRES (corporate income tax)	386.493	309.229
IRAP (regional business tax)	954.091	430.554
Other		
	1.340.584	**739.783**

The item showed the following changes:

	30.09.2013	**30.09.2012**
Opening balance	**739.783**	**684.110**
Increases	**1.211.542**	**1.504.143**
Current tax liabilities recorded in the year:	**767.696**	**1.504.143**
- relating to previous years	-	-
- other	767.696	1.504.143
Other increases	443.846	-
Decreases	**(610.741)**	**(1.448.470)**
Current tax liabilities cancelled in the year:	**-**	**-**
- reimbursements	-	-
- Other decreases	(610.741)	(1.448.470)
	1.340.584	**739.783**

32. Sundry payables and other liabilities

This item amounted to EUR 33,5 million, down by EUR 1,4 million compared to the previous year. The item is composed as follows:

	30.09.2013	30.09.2012
Trade payables	13.068.354	14.610.127
Tax payables	1.397.197	504.996
Payables relating to employees	2.216.314	1.442.384
Payables relating to other personnel	5.471	
Payables due to directors and statutory auditors	447.001	275.632
Payables due to social security institutions	563.347	157.307
Other payables	15.004.429	17.128.765
Accrued expenses and deferred income	841.712	865.626
	33.543.825	**34.984.837**

The item trade payables mainly includes the payables recorded by Fashion District Group S.p.A. for invoices received and to be received (EUR 8,3 million), the payables of real estate companies for the respective property projects in place (EUR 2,4 million) and trade payables recognised by the Parent Company Mittel S.p.A. (EUR 1,7 million).

The item Other payables includes the payable due to investee BIOS S.p.A. (EUR 7,2 million), which was recorded following the acquisition by Hopa S.p.A. of an equal amount of tax receivables deriving from the IRES surpluses for which a refund was requested, a transaction governed by the preliminary agreement of 18 May 2011 for the purchase of the Tethys S.p.A. investment held by Equinox Two S.c.p.A.. The item also includes the payables recorded by the Parent Company Mittel S.p.A. (EUR 2,5 million) and payables recognised by the Fashion District Group S.p.A. (EUR 2,7 million).

33. Liabilities held for sale

This item amounted to zero as at 30 September 2013. It amounted to EUR 0,2 million as at 30 September 2012 and related to the liabilities of the investee Mittel Real Estate SGR S.p.A. recorded under liabilities held for sale following the transfer of the same to Vantu S.p.A. (company headed up by a Mittel S.p.A. director).

	30.09.2013	30.09.2012
Liability disposal groups		
Tax liabilities		32.520
Other financial liabilities		152.227
Employee severance indemnity		10.078
	-	**194.825**

Information on the Consolidated Income Statement

34. Revenues

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

	30.09.2013	30.09.2012
Revenues from property sales	7.232.040	10.141.500
Revenues from rent	33.733.337	34.372.129
Revenues from provision of services	971.079	726.892
Other revenues	7.811.533	1.830.740
	49.747.989	**47.071.261**

The item revenues from property sales is composed of revenues from sales of properties, down compared to the previous year due to the combined effect of sales of the project by the company Esse Ventuno S.r.l., which had generated sales totalling EUR 5,6 million in the previous year, as well as the negative economic situation which affected the construction sector in particular. Specifically, these revenues comprise EUR 1,4 million in property sales by Cad Immobiliare S.r.l, EUR 4,1 million for the sale of the entire property held by Immobiliare Volta Marconi S.r.l., EUR 1,1 million in property sales by Lucianita S.r.l. and EUR 0,7 million in property projects by Mittel Investimenti Immobiliari S.r.l..

The item revenues from rent comprises EUR 33,4 million relating to the contribution of the Outlet sector to the consolidated financial statements of the Mittel Group as well as EUR 0,3 million to the rental agreement in force on a portion of the property held by Fede S.r.l..

Revenues from provision of services relate to services provided by the Parent Company Mittel S.p.A. for chargebacks for outsourced direct debit, administrative and IT services.

Other revenues comprise EUR 5,4 million in revenues from advisory services performed by Mittel Advisory S.p.A. only for the period 1 January 2013 - 30 September 2013, and EUR 2,3 million for the activities performed by Mittel Advisory Debt & Grant S.p.A.

35. Other income

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

	30.09.2013	30.09.2012
Recoveries of various expenses	54.520	110.643
Contingent assets	1.684.135	2.640.801
Income from elimination of assets	25.001	-
Other revenues and income	1.883.846	1.156.952
	3.647.502	**3.908.396**

The item contingent assets is mainly composed of the contribution from the Parent Company Mittel of EUR 0,8 million, the contribution to the item from the Fashion District Group S.p.A. of EUR 0,6 million and EUR 0,1 million from Earchimede S.p.A.
The item other revenues and income is mainly composed of the contribution from the Parent Company Mittel S.p.A. of EUR 0,3, and of EUR 1,5 million deriving from the Fashion District Group, which includes EUR 1,1 million in 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.

36. Variations in property inventories

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

	30.09.2013	30.09.2012
Increases in property inventories	15.076.336	19.091.980
Decreases in property inventories	6.627.604	(3.993.904)
Write-down and losses in property inventories	(2.808.702)	-
	5.640.028	**15.098.076**

As regards the changes in this item, see the information set forth in the tables and comments under the item Property inventories. Note that, in addition to the write-downs and losses illustrated in the table under the statement of financial position (relating to the changes in properties under construction), there was a higher adjustment to the item write-downs to the income statement, of EUR 280 thousand, attributable to the Parco Mediterraneo project.

37. Costs for purchases

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

	30.09.2013	30.09.2012
Purchases and property increases	(11.089.419)	(19.422.540)
Provision of services and consultancy	(288.158)	(361.467)
Urbanisation expenses	-	(1.211)
Registration tax	-	(120.168)
Insurance	(27.386)	(5.172)
Maintenance	(10.159)	-
Other	(126.628)	(26.613)
	(11.541.750)	**(19.937.171)**

The item costs for purchases recorded a decrease attributable to a lower commitment in the Real Estate sector, due to the completion of several property projects during the current year. The item specifically includes the contribution of EUR 1,3 million from Breme S.r.l., EUR 1,6 million from Mittel Investimenti Immobiliari S.r.l., EUR 3,8 million from Miva S.r.l., EUR 3,6 million from Lucianita S.r.l. and EUR 0,7 million from Santarosa S.r.l.

Provision of services, amounting to EUR 0,3 million, is comprised of advisory services relating to studies and designs pertaining to property projects. The main contributions derive from the vehicles pertaining to Immobiliare Volta Marconi S.r.l., Santarosa, S.r.l., Mittel Investimenti Immobiliari S.r.l. and Breme S.r.l..

38. Costs for services

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

	30.09.2013	30.09.2012
Legal consultancy	(1.757.132)	(2.572.924)
Notary consultancy	(67.633)	(268.219)
Other consultancy	(3.678.589)	(2.870.968)
General services and maintenance	(3.568.598)	(3.679.261)
Administrative, organisational and audit services	(387.495)	(281.081)
Project-based partner costs	(95.502)	(153.933)
Directors' fees	(2.734.938)	(2.126.386)
Board of Statutory Auditors' fees	(607.046)	(561.516)
Supervisory Body's fees	(117.857)	(148.569)
Fees for prosecutors and Manager in charge	(16.000)	(70.000)
Rentals	(13.895.186)	(13.402.418)
Leases	(650.041)	(654.113)
Insurance	(779.892)	(609.129)
Utilities	(1.217.234)	(1.051.494)
Advertising	(2.638.863)	(2.036.914)
Commercial services	(1.529.501)	(1.556.764)
	(33.741.507)	**(32.043.689)**

The item legal consultancy recorded a total decrease of EUR 0,8 million, attributable to the reduction in expenses incurred by the Parent Company Mittel S.p.A., which decreased its contribution to the consolidated financial statements by EUR 0,7 million, to EUR 1,3 million as at 30 September 2013.

The item other consultancy recorded a total increase of EUR 0,8 million, mainly attributable to the increase in costs of the Parent Company Mittel S.p.A., up from EUR 1,4 million in the previous year to EUR 1,9 million as at 30 September 2013.

The item directors' fees posted an increase of EUR 0,6 million, comprising EUR 0,3 million attributable to the increase in the Advisory sector, as a result of the consolidation of Mittel Advisory S.p.A. since 1 January 2013.
The item other consultancy recorded a total increase of EUR 0,6 million, attributable to the increase in other consultancy by Mittel S.p.A. in relation to extraordinary costs incurred for the issue of the Mittel Bond Loan.

The item leases recorded an increase of EUR 0,5 million, attributable to the lease of the new offices located in Via degli Orefici 2, Milan, where the Advisory sector conducts its business, and the new representative offices opened in Vicolo Ghiaia 7, Verona.

The item advertising posted an increase of EUR 0,6 million, mainly attributable to the Fashion District Group S.p.A., which contributed EUR 2,4 million compared to EUR 2,0 million in the previous year.

39 Personnel costs

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

	30.09.2013	30.09.2012
Wages and salaries	(8.297.677)	(5.966.809)
Social security costs	(2.571.636)	(2.021.404)
Employee termination indemnity	(93.600)	-
Pension costs	(24.922)	-
Allocation to employee severance indemnity	(583.081)	(444.439)
Payments to external supplementary pension funds	(4.161)	(5.179)
Other personnel costs	(233.598)	(1.187.422)
	(11.808.675)	**(9.625.253)**

The cost of employees increased by a total of EUR 2,2 million, mainly attributable to the inclusion of Mittel Advisory S.p.A. in the area of consolidation. Specifically, the Advisory sector contributed EUR 3,9 million compared to EUR 1,8 million in the previous year. The Parent Company contributed EUR 3,8 million compared to EUR 4,0 million in the previous year. The Outlet sector contributed EUR 3,8 million compared to EUR 3,5 million in the previous year and, lastly, Mittel Investimenti Immobiliari S.r.l. contributed EUR 0,3 million, unchanged on the previous year.

Average number of Group employees broken down by category:

	Exact number 30 september 2013	**Average in year 2012/2013**	**Average in year 2011/2012**
Managers	15	17	10
Officials	25	26	16
Employees	93	94	86
Total	**133**	**137**	**112**

40. Other costs

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

	30.09.2013	**30.09.2012**
Taxes and duties	(3.912.792)	(3.462.598)
Other sundry operating expenses	(861.610)	(871.439)
Losses on receivables	(561.013)	(18.082)
Extraordinary contingent liabilities	(491.443)	(605.738)
Capital losses from transfer of property, plant and equipment	(4.097)	(5.567)
Adjustment to deferred price - Fashion District Group	-	(1.546.464)
	(5.830.955)	**(6.509.888)**

The item taxes and duties included an increase of EUR 0,5 million, and is mainly composed of taxes of EUR 1,0 million for the Outlet sector, taxes of EUR 1,4 million for Mittel S.p.A. and taxes of EUR 1,3 million for the Real Estate sector.

Other sundry operating expenses comprise EUR 0,3 million attributable to the Fashion District Group, EUR 0,3 million attributable to Mittel S.p.A., EUR 0,1 million attributable to Mittel Advisory S.p.A. and EUR 0,1 million to Mittel Advisory Debt and Grant S.p.A..

Losses on receivables include EUR 0,2 million from the contribution of Mittel Advisory Debt and Grant S.p.A. and EUR 0,6 million from the contribution of the group headed by the Fashion District Group.

Contingent liabilities comprise EUR 0,2 million attributable to the Fashion District Group, EUR 0,1 million attributable to Mittel Advisory S.p.A., EUR 0,1 million attributable to Mittel S.p.A. and EUR 0,1 million to Cad S.r.l..

41. Dividends and similar income

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

	30.09.2013	30.09.2012
Dividends from available-for-sale financial assets	1.947.030	6.081.284
Other	-	-
	1.947.030	**6.081.284**

This item is composed of EUR 1,0 million in dividends received by Mittel Partecipazioni Stabili S.r.l. on the UBI Banca S.c.p.A. and Banca Intesa S.p.A. shares, and EUR 0,9 million in dividends received by the Parent Company Mittel S.p.A. on investments held in Fondo Augusto (Augusto Fund) of EUR 0,7 million, SIA S.p.A. of EUR 0,1 million and Fondo Progressio (Progressio Fund) of EUR 0,1 million.

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

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

	30.09.2013	30.09.2012
Available-for-sale financial assets		
Capital gains	1.093.663	108.487
Other income	759.241	-
Capital losses	(15.607)	-
Capital gains (losses) from transfer of receivables	**(222.139)**	**-**
Capital gains (losses) from transfer of investments	**160.388**	**50.378**
Write-backs/adjustments in investments	**572.039**	**-**
	2.347.585	**158.865**

Capital gains mainly refer to the capital gains deriving from the sales of listed shares (UBI Banca S.c.p.A. and Intesa Sanpaolo S.p.A.) held by Mittel Partecipazioni Stabili S.r.l. for EUR 1,0 million.

43. Amortisation/depreciation

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

	30.09.2013	30.09.2012
Intangible assets		
Amortisation	(142.896)	(66.581)
Adjustments for impairment	(376.500)	(4.741.000)
Property, plant and equipment		
Amortisation of investment property	(12.542.418)	(13.150.405)
Amortisation of other assets owned	(1.594.615)	(941.085)
Assets relating to financial leasing	**-**	**-**
	(14.656.429)	**(18.899.071)**

The item amortisation is mainly attributable to the contribution of the Fashion District Group S.p.A. (EUR 13,8 million).
The decrease on the previous year is attributable to the full write-down of the goodwill allocated during the initial consolidation of the group headed by Fashion District Group S.p.A., equal to EUR 4,7 million, posted to the income statement in the previous year.

44. Allocations to the provision for risks

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

	30.09.2013	30.09.2012
Provisions for ongoing disputes:		
Provision for contractual disputes	(4.971.026)	(3.650.000)
Other provisions	(21.846)	(207.142)
	(4.992.872)	**(3.857.142)**

The item “provisions for contractual disputes” mainly refers to an allocation set aside by Mittel S.p.A. to cover potential losses on contractual guarantees. At the date of these financial statements, the amounts and date of occurrence were still undetermined.

45. Value adjustments to financial assets and receivables

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

	30.09.2013	30.09.2012
Write-downs of financial receivables	(6.275.234)	(5.724.278)
Write-downs of other receivables	(1.661.823)	(1.123.344)
Write-downs of available-for-sale financial assets	(20.899.137)	(3.183.302)
Write-backs of financial assets	-	205.039
	(28.836.194)	**(9.825.885)**

Write-downs of financial receivables are mainly attributable to:

- EUR 2,8 million relating to the full write-down of a credit position due to Markfactor from Bregoli S.p.A. (undergoing bankruptcy) as a result of the rejection of the claim as creditor in bankruptcy ruled in the bankruptcy proceedings. Note that this receivable was guaranteed by a mortgage from a third party, which also went bankrupt and has little equity. The decision to reject the claim as creditor in bankruptcy was appealed before the Court of Cassation and the relating proceedings are currently pending.
- EUR 2,0 million relating to the write-down of receivables due to the Fashion District Group S.p.A., including EUR 1,5 million for the adjustment to the earn-out due on the previous sale of the Valmontone outlet and EUR 0,5 million for the write-down of the receivable due from the investee Loft S.r.l.;
- EUR 0,9 million for two non-current credit positions of the Parent Company Mittel, valued on the basis of the recoverable value of the future cash flows relating to expected reimbursements, discounted at a rate of return which reflects the counterparty risk;
- EUR 0,2 million to write-downs of receivables due to Locaeffe S.r.l. in liquidazione (in liquidation);

The write-downs of other receivables include EUR 0,7 million for an adjustment to a receivable due to Mittel Advisory S.p.A. from a customer undergoing insolvency proceedings, EUR 0,8 million in write-downs to outstanding doubtful positions of the Fashion District S.p.A. Group due from tenants and EUR 0,1 million for outstanding positions of Mittel Advisory Debt and Grant S.p.A..

Write-downs of available-for-sale financial assets totalling EUR 20,9 million relate to direct write-downs of the carrying amount of investments (EUR 15,3 million) and the cancellation of the accumulated losses in the valuation reserve deemed unrecoverable (EUR 5,1 million) and the corresponding reversal of deferred taxes (EUR 0,5 million).

The write-downs refer to the following equity investments:
- EUR 5,5 million for Alfa Park S.r.l.
- EUR 4,8 million for RCS MediaGroup S.p.A.;
- EUR 3,0 million for investments held in the Fondo Progressio Investimenti II (Progressio Investimenti II Fund);
- EUR 2,3 million for Equinox Two S.c.a.;
- EUR 2,0 million for Alfieri Associati Investment S.A. in liquidazione (in liquidation);
- EUR 1,5 million for CIS S.p.A.;
- EUR 0,7 million for Medinvest International S.A.;
- EUR 0,6 million for Intesa Sanpaolo S.p.A.;
- EUR 0,5 million for IGI Sud SGR S.p.A..

46. 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:

	30.09.2013	**30.09.2012**
Pro-rata profits		
Brands Partners 2 S.p.A.		16.516.750
Castello SGR S.p.A.	574.782	421.940
Mit-Fin	28.725	
Mi Re SGR S.p.A.	64.678	
Liberata S.p.A.	293.239	713.700
	961.424	**17.652.390**
Pro-rata losses		
Iniziative Nord Milano S.r.l.	(199.430)	(36.886)
Brands Partners 2 S.p.A.	(432)	
Tower 6 Bis Sarl	(58.955)	(165.760)
Loft S.r.l.	(377.300)	
	(636.117)	**(202.646)**
Other		
BH Holding S.p.A. in liquidation		31.488
Vimerati S.p.A.		594.406
	-	**625.894**
	325.307	**18.075.638**

47. Financial income

The item is composed as follows:

	30.09.2013	30.09.2012
Bank interest income	107.508	651.785
Interest income on financial receivables	5.590.599	3.959.840
Other interest income	165.116	160.861
Other financial income	17.004.374	4.302.281
Hedging activities		
Fair value hedging derivatives	1.256.040	-
	24.123.637	**9.074.767**

The item "Other financial income" is composed of EUR 16,7 million deriving from the redefinition of the recovery forecast and the related time frames for the receivable due to Ghea S.r.l. from Bios S.p.A., which resulted in the recalculation of the related amortised cost and the release of higher interest income. As regards the redefinition of the agreements for the above-mentioned loan, refer to the information set forth in the description of the investees Bios S.p.A. and Ghea S.r.l..

48. Financial expenses

The item is composed as follows:

	30.09.2013	30.09.2012
Interest expense on bonds	(1.403.569)	-
Interest expense on bank current accounts	(169.335)	(78.881)
Interest expense on bank loans	(7.518.256)	(10.806.373)
Interest expense on other loans	(381.017)	(170.120)
Other interest expenses	(121.729)	(278.908)
Other financial expenses	(834.304)	(1.511.499)
Hedging activities		
Fair value hedging derivatives	(2.296.145)	(748.267)
Exchange losses	(256)	(183)
	(12.724.611)	**(13.594.231)**

Specifically, interest expense was recorded in relation to the issue of the Mittel S.p.A. 2013-2019 bond loan for the specific period (12 July 2013 - 30 September 2013) as well as an increase in charges relating to hedging derivatives contracted by the Fashion District Group S.p.A..

49. Profit (loss) from trading of financial assets

The item is composed as follows:

	30.09.2013	30.09.2012
Financial assets designated at fair value	**-**	**-**
Trading loss	(13.910)	-
Derivative financial instruments	(1.163.825)	(1.750.000)
	(1.177.735)	**(1.750.000)**

The loss from trading of financial assets was impacted by EUR 1,5 million allocated for the penalty paid by Earchimede S.p.A. for the cancellation of obligations deriving from the put option granted to third parties in previous years (2011) for the sale of 70% of the company Cinestar Italia S.p.A.. As regards the valuation of said right, Earchimede had already recognised the negative fair value of the derivative of EUR 1,7 million in its statement of financial position, drafted for the purposes of the financial statements of Parent Company Mittel S.p.A. as at 30 September 2012. The option was extinguished during the year as a result of the payment of the total amount of EUR 3,2 million in April 2013 by Earchimede.

50. Income taxes

The amount is composed as follows:

	30.09.2013	30.09.2012
IRES (corporate income tax)	(906.318)	(49.661)
IRAP (regional business tax)	(805.775)	(1.913.654)
	557.968	3.196.140
Total current taxes	**(1.154.125)**	**1.232.825**
Deferred tax liabilities	(3.320.248)	(1.179.872)
Prepaid income taxes	795.209	393.004
Total deferred taxes	**(2.525.039)**	**(786.868)**
Other taxes	(37.500)	(232.311)
Total income taxes	**(3.716.664)**	**213.646**

51. Income (loss) from assets held for sale and discontinued operations

As at 30 September 2013 this item amounted to EUR 0,1 million, compared to EUR 5,7 million as at 30 September 2012. The previous year's income was mainly the result of the transfer of Mittel Generale Investimenti S.p.A.. In this regard, note that on 24 July 2012, the Group signed an agreement for the transfer of the company Mittel Generale Investimenti S.p.A.. The transfer was completed on 25 July 2012, the date on which control of MGI was transferred to the acquirer Liberata S.p.A..

52. Income (loss) pertaining to non-controlling interests

The item is composed as follows:

	30.09.2013	30.09.2012
Profit (loss) for the year pertaining to non controlling interests	(3.017.854)	(4.187.463)
	(3.017.854)	**(4.187.463)**

53. 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 year attributable to the Parent Company divided by the weighted average number of shares outstanding in the year; 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.

  The calculation of the average weighted number of shares outstanding includes the effect of the transactions involving the number of treasury shares owned by the Parent Company which occurred during the year. In this regard, changes occurred in the portfolio of treasury shares as a result of the following:
  - the assignment of 3.555.003 ordinary shares as a result of the distribution of reserves in kind resolved by the subsidiary Earchimede S.p.A. and executed in January 2013. Of these, 3.022.248 shares were assigned to the Parent Company Mittel S.p.A.;
  - the transfer of 2.500.000 ordinary shares as partial payment of the consideration for the acquisition of Borghesi Advisory S.r.l (now Mittel Advisory S.p.A.) on 18 February 2013;
  - the exchange of ordinary shares offered as a result of the voluntary partial public exchange offer promoted by the Parent Company Mittel S.p.A. on its shares, with a consideration comprised of bonds issued through subscription of the "Mittel S.p.A. 2013-2019" bond loan. As a result of the voluntary public exchange offer on Mittel S.p.A. shares, which concluded in July 2013, 14.786.458 ordinary Mittel shares were offered, equal to 16,821% of the Issuer's share capital and 86,678% of the ordinary shares involved in the voluntary public exchange offer, for a total value (calculated on the basis of the nominal value of the bonds offered for exchange) equal to EUR 25.876.301,50.

- *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 30 September 2013, compared with the previous year, are as follows:

Earnings/(loss) per share attributable to the Parent Company (in EUR)	**30.09.2013**	**30.09.2012** recalculated	**30.09.2012**
From income statement:			
- Basic	(0,459)	(0,216)	(0,222)
- Diluted	(0,459)		(0,222)
From comprehensive income:			
- Basic	0,109	(0,128)	(0,132)
- Diluted	0,109		(0,132)

As required by the reference legislation, the recalculated figures for earnings (loss) per share in the previous year are presented for the purposes of comparative information, as a result of the decrease in shares outstanding as a consequence of the transactions in treasury shares which occurred in the year.

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 30 September 2013, compared with the previous year, is as follows:

Basic earnings/(loss) per share attributable to the Parent Company	30.09.2013	30.09.2012
(no. ordinary shares)		
No. of shares at start of the year	84.352.014	70.504.505
Average weighted number of ordinary shares subscribed in the year		12.790.371
No. of shares at start of the year		-
Average weighted number of treasury shares acquired in the year	(3.240.868)	(2.612.830)
Average weighted number of treasury shares sold in the year	1.888.930	-
Average weighted number of shares outstanding at the end of the year	**83.000.077**	**80.682.046**
EUR		
Net profit/(loss) attributable to the Parent Company	**(38.087.255)**	**(17.920.929)**
EUR		
Basic earnings/(loss) per share attributable to the Parent Company	**(0,459)**	**(0,222)**
EUR		
Total net profit/(loss) attributable to the Parent Company	**9.038.668**	**(10.664.950)**
EUR		
Total basic earnings/(loss) per share attributable to the Parent Company	**0,109**	**(0,132)**

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 30 September 2013, compared with the previous year, is as follows:

Diluted earnings / (loss) per share	30.09.2013	30.09.2012
(no. ordinary shares)		
Average weighted number of shares outstanding at the end of the year	83.000.077	80.682.046
plus shares necessary for:		
subscription of shares	-	-
Potential dilution of ordinary shares	-	-
Average weighted number of shares at the end of the year	**83.000.077**	**80.682.046**
EUR		
Net profit/(loss) attributable to the Parent Company	(38.087.255)	(17.920.929)
Effect of subscriptions of potential new shares	-	-
Net profit/(loss) available for ordinary shareholders plus assumed subscriptions	**(38.087.255)**	**(17.920.929)**
EUR		
Diluted earnings / (loss) per share	**(0,459)**	**(0,222)**

EUR		
Net profit/(loss) attributable to the Parent Company	9.038.668	(10.664.950)
Effect of subscriptions of potential new shares	-	-
Total net profit/(loss) available for ordinary shareholders plus assumed subscription	**9.038.668**	**(10.664.950)**

EUR		
Total diluted earnings/(loss) per share attributable to the Parent Company	**0,109**	**(0,132)**

The figures relating to the consolidated earnings (loss) per share of groups of assets transferred and disposed of in the current year and in the previous year are as follows:

Total earnings/(loss) per share attributable to the Parent Company	**30.09.2013**	**30.09.2012**
From assets transferred and disposed:		
- Basic	0,002	(0,071)
- Diluted	0,002	(0,071)

54. 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 30 September 2013 was a negative EUR 226,4 million (a negative EUR 105,1 million if we take into consideration non-current financial receivables), as shown in the table below:

(Thousands of Euro)	**30.09.2013**	**30.09.2012**	**variation**
Cash	48	14	33
Other cash equivalents	48.533	25.678	22.855
Securities held for trading	17.826	-	17.826
Current liquidity	**66.407**	**25.692**	**40.715**
Current financial receivables	**30.575**	**37.819**	**(7.243)**
Current bank payables	(90.140)	(120.408)	30.268
Current portion of medium/long-term bank loans	(20.369)	(10.583)	(9.787)
Bond issue	(1.321)	-	(1.321)
Other current financial payables	(11.659)	(19.051)	7.391
Current financial debt	**(123.489)**	**(150.041)**	**26.552**
Net current financial debt	**(26.506)**	**(86.530)**	**60.024**
Non-current bank payables	(100.168)	(105.415)	5.247
- Bank payables expiring in the medium-term	(100.168)	(105.415)	5.247
- Bank payables expiring in the long-term	-	-	-
Bond issue	(96.103)	-	(96.103)
Other financial payables	(3.626)	(4.910)	1.284
Non-current financial debt	**(199.897)**	**(110.325)**	**(89.572)**
Net financial position	**(226.403)**	**(196.855)**	**(29.548)**

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 56 of these consolidated financial statements.

55. Commitments and guarantees

As at 30 September 2013, the guarantees below were given, summarised in the following table:

	30.09.2013	**30.09.2012**
Guarantees:		
financial	-	5.220.475
commercial	42.253.580	53.562.014
assets pledged as collateral for third party bonds	15.161.763	15.000.000
Commitments:		
disbursement of funds	20.093.861	25.893.219
other irrevocable commitments	5.687.591	13.282.944
	83.196.795	**112.958.652**

Commercial guarantees refer to the contribution of the Parent Company Mittel S.p.A (EUR 24,3 million), and are 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 3,0 million for the sureties in favour of the Italian Inland Revenue for VAT for which a refund was requested, EUR 1,0 million for a bank guarantee relating to the residual contractual payable connected with the “Bernardi S.p.A.” tax dispute, and EUR 0,4 million for a guarantee issued for the subscription of the rental agreement for the new offices in Via degli Orefici. A total of EUR 7,3 million refers to the guarantees issued by Mittel Investimenti Immobiliari S.r.l. and Gamma Tre S.r.l., relating to their real estate activities. EUR 10,6 million relates to commercial guarantees of the Fashion District Group, including EUR 2,2 million for a VAT refund, EUR 7,7 million for sureties issued in favour of Unicredit S.p.A. in the interest of REEF Investment Gmbh, and EUR 0,7 for other “operational” guarantees issued by the company as part of its promotional activities.

The assets pledged as collateral for third party bonds are composed of EUR 15,2 million in shares owned by Mittel Partecipazioni Stabili S.r.l, represented by 13.780.000 ordinary shares of Intesa Sanpaolo S.p.A. and 1.381.763 shares of UBI Banca Scpa, to secure a credit facility of EUR 20 million, of which around EUR 9,6 million was used as at 30 September 2013.

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 comprises EUR 5,7 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 liquidazione (in liquidation), formerly F.Leasing S.p.A..

56. 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, in the year 2012-2013, 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	Due to associates	Due to other related parties	Total
Non-current assets				
Financial receivables		38.569.842	30.000.000	**68.569.842**
Current assets				**0**
Financial receivables		58.901.540	3.814.902	**62.716.442**
Current liabilities				**0**
Financial payables		2.592.074		**2.592.074**
Sundry payables and other liabilities	387.247	7.208.513		**7.595.760**
Income statement				
Revenues		716.793		**716.793**
Costs for services	(3.341.984)	(63.296)	(640.000)	**(4.045.280)**
Personnel costs			(1.126.381)	**(1.126.381)**
Dividends			736.200	**736.200**
Financial income		18.779.139	895.292	**19.674.431**
Financial expenses		(46.609)		**(46.609)**

- Non-current financial receivables refer to loans granted by Mittel S.p.A. to Liberata S.p.A. (EUR 35,6 million), from Mittel Investimenti Immobiliari S.r.l. to Iniziative Nord Milano S.r.l. (EUR 1.5 million) and to the loan granted by Fashion District Group S.p.A. to investee Alfa Park (EUR 1.4 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 Castello SGR S.p.A..

- Current financial receivables refer to loans granted by Mittel S.p.A. to Everel Group S.p.A. (EUR 1,1 million), as well as the loan by Ghea S.r.l. to Bios S.p.A. (EUR 50,0 million), to the current portion of the loan granted by Fashion District Group S.p.A. to investee Alfa Park (EUR 4,8 million), and funds provided to Mittel Generale Investimenti S.p.A. by Earchimede S.p.A. (EUR 3,0 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 financial payables refers to the price adjustment for Liberata S.p.A. of EUR 1,2 million, relating to the transfer of Mittel Generale Investimenti S.p.A., as well as the loan granted by Mittel Investimenti Immobiliari S.r.l. to Mittel Generale Investimenti S.p.A. of EUR 1,4 million.

- 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 and to the amount due to the joint subsidiary Bios S.p.A. (EUR 7,2 million) following the acquisition by Mittel S.p.A. of a corresponding tax receivable amount, for which a refund was requested, in execution of the agreement of 18 May 2011 relating to the acquisition of Tethys S.p.A. shares as per the contract of 18 May 2011.

- The item revenues refers to the chargeback (EUR 0,7 million) of services administered and direct debit services provided to associates.

- The item costs for services refers to directors’ fees for Group companies (EUR 2,7 million), fees to the Board of Statutory Auditors of Group companies (EUR 0,6 million), the chargeback of services to Mittel Investimenti Immobiliari S.r.l. by Mittel Generale Investimenti S.p.A. (EUR 0,1 million) and fees paid to attorneys and key managers of Mittel S.p.A. (EUR 0,6 million). 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 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 to the amount received by Mittel S.p.A. from “Fondo Augusto”.

- The item financial income refers to the fair value adjustment of EUR 16,7 million to the receivable due to Ghea from Bios, revised on the basis of the current recovery forecasts and counterparty risk, interest income of EUR 1,8 million accrued by Mittel from Liberata S.p.A., interest income of EUR 0,2 million accrued by Earchimede S.p.A. from Mittel Generale Investimenti S.p.A. and EUR 0,9 million in interest accrued from Fondo Augusto.

- The item financial expenses refers to interest expenses accrued by Mittel Investimenti Immobiliari S.r.l. in respect of Mittel Generale Investimenti S.p.A.

57. 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 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.

57.1 Categories of financial instruments

Categories of financial assets and liabilities

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 30 September 2013	Financial instruments designated at fair value	Assets held to maturity	Loans and receivables	Available-for-sale financial instruments	Book value
Non-current financial assets:					
Investments and fund shares	-	-	-	119.563.635	**119.563.635**
Bonds	-	-	-	30.000	**30.000**
Other financial assets	-	-	-	-	**-**
Non-current receivables:					
Financial receivables	-	-	105.362.066	-	**105.362.066**
Sundry receivables	-	-	294.824	-	**294.824**
Receivables due from customers and other current commercial assets:					
Sundry receivables and other assets	-	-	26.909.465	-	**26.909.465**
Current financial assets:					
Financial receivables	-	-	80.717.133	-	**80.717.133**
Sundry receivables	-	-	2.783.322	-	**2.783.322**
Investments and fund shares	-	-	-	17.826.076	**17.826.076**
Cash and cash equivalents					
Bank and postal deposits	-	-	45.569.487	-	**45.569.487**
TOTAL FINANCIAL ASSETS	**-**	**-**	**261.636.297**	**137.419.711**	**399.056.008**

	IAS 39 CATEGORIES				
Financial liabilities as at 30 September 2013	Financial instruments designated at fair value	Liabilities at amortised cost			Book value
Non-current payables and financial liabilities:					
Payables due to banks		100.167.917			**100.167.917**
Other financial liabilities		3.625.610			**3.625.610**
Sundry payables and other liabilities		2.933.782			**2.933.782**
Bond issue		96.103.299			**96.103.299**
Current liabilities:					
Payables due to banks and other lenders		117.427.659			**117.427.659**
Trade payables		13.068.354			**13.068.354**
Sundry payables		20.475.471			**20.475.471**
Bond issue		1.320.537			**1.320.537**
Other financial liabilities:					
Hedging derivatives	3.652.379				**3.652.379**
Non-hedge derivatives	1.088.367				**1.088.367**
TOTAL FINANCIAL LIABILITIES	**4.740.746**	**355.122.629**	**-**	**-**	**359.863.375**

It should be pointed out that the table also includes the item sundry receivables and other assets and the items sundry payables and other liabilities.

57.2 Information on fair value

In relation to the financial instruments recorded in the Statement of Financial Position at fair value, IFRS 7 requires said values to be classified on the basis of a fair value hierarchy which reflects the significance of the inputs used in determining the fair value.

The fair value used for the purposes of the valuation of financial instruments is determined on the basis of a hierarchy split into the following levels:

- **Level 1** - determined by listed prices (not adjusted) in active markets; the valuation of the financial instruments is equal to the market price of the instrument, i.e. its listing price.
  The market is defined as active when prices reflect normal market transactions, are regularly and quickly available and if said prices represent actual and standard market transactions;
- **Level 2** - determined used valuation techniques based on variables that are directly or indirectly observable on the market; 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 similar assets or through valuation techniques for which all significant values are taken from parameters observable on the market. Although we are talking about the application of a valuation technique, the resultant price essentially lacks discretionality given that all parameters used can be observed on the market and the calculation methods used replicate prices present on active markets;
- **Level 3** - determined using valuation techniques based on significant variables not observable on the market; these techniques consist of the calculation of the listed price of the instrument by using significant parameters not observable on the market and therefore, involve estimates and assumptions by management.

More specifically:

<u>Derivative financial instruments</u>

Derivative instruments included under financial assets and liabilities held for trading relate to Over the Counter derivative instruments in relation to the Interest Rate Swap of the Fashion District Group, and to listed derivative instruments for the options subscribed by Mittel Partecipazioni Stabili S.r.l.. The unlisted instruments are measured using internal models that use market inputs.
The valuation methods remained the same as those used in the previous year.
The fair value of derivative instruments, if listed in an active market, is determined on the basis of market prices; if these prices are not published, different valuation techniques are used depending on the type of instrument.
In particular, as regards the valuation of Interest rate swaps (IRS) subscribed by the Group, to determine the fair value of IRSs, the "discounted cash flow analysis" technique is used.

Securities (other than non-controlling interests recorded in the AFS (Available-for-sale financial assets) portfolio)

Shares of hedge funds, 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 independent transaction, on the basis of normal market considerations, at the valuation date (level 3).

Non-controlling interests recognised in the AFS (Available-for-sale financial assets) portfolio

As at 30 September 2013, 44,2% 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).
For the years 2012-2013 and 2011-2012, 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).

Financial instrument fair value valuation techniques:

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).

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.

The valuation 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.

For derivative contracts, valuation models have been defined which refer to the current market values of essentially similar instruments, the time value of money and to pricing models, by making reference to the specific elements of the entity subject to the valuation and by considering the parameters observable from the market. In using a calculation model, account is also taken of the need to make an adjustment to incorporate the credit risk of the counterparty.

For derivative instruments, reference models have been defined which present common criteria (calculation algorithms, market data processing model, basic assumptions of the model) on which the valuation of each category of derivative instruments is based.

For shares, use of different valuation methods is envisaged. Direct transactions, or significant share transactions over a period of time deemed sufficiently short with respect to the time of the valuation and in constant market conditions, comparable transactions of companies that operate in the same sector and with each type of product/service supplied similar to those of the investee subject to valuation, the application of the average of significant stock market multiples of comparable companies with respect to the economic-equity amounts of the investee and, lastly, analytical financial, profit and equity valuation methods.

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.

The following table highlights the company’s assets and liabilities which are measured at fair value as at 30 September 2013 and 2012, by hierarchical level of fair value measurement:

Amounts in EUR	30 September 2013				30 September 2012			
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	Prices listed on an active market	Valuation techniques based on variables observable from the market	Valuation techniques which incorporate significant variables not observable from the market	Total	Prices listed on an active market	Valuation techniques based on variables observable from the market	Valuation techniques which incorporate significant variables not observable from the market	Total
Financial assets:								
- at fair value through profit or loss (FVTPL)	-	-	-	-			838.336	838.336
- available-for-sale assets (AFS)	41.678.499	32.647.675	63.093.537	137.419.711	44.015.597	39.602.719	58.287.662	141.905.978
- hedging derivatives				-				-
- loans and receivables				-				-
TOTAL	**41.678.499**	**32.647.675**	**63.093.537**	**137.419.711**	**44.015.597**	**39.602.719**	**59.125.998**	**142.744.314**
Financial liabilities:								
- at fair value through profit or loss				-				-
- hedging derivatives		(3.652.379)		(3.652.379)		(5.693.713)		(5.693.713)
- trading derivatives	(1.088.367)			(1.088.367)	(7.700)		(1.750.000)	(1.757.700)
- financial guarantees issued				-				-
TOTAL	**(1.088.367)**	**(3.652.379)**	-	**(4.740.746)**	**(7.700)**	**(5.693.713)**	**(1.750.000)**	**(7.451.413)**

Transfer between portfolios and reclassifications of financial assets

During the 2012 - 2013 financial year, the Group reclassified EUR 18,3 million of its investment portfolio. The reclassification refers to the initial book value of the stake in listed shares relating to the investments in Intesa Sanpaolo S.p.A. (EUR 10,7 million) and UBI Banca S.c.p.a (EUR 7,6 million), which was reclassified to “Available-for-sale financial assets” under current assets which, therefore, increased by EUR 18,3 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 management body of the investee Mittel Partecipazioni Stabili S.r.l.

Annual variations to financial assets designated at fair value level 3

No transfers from level 3 to other levels were effected during the year, deriving from changes to significant input variables of observable valuation techniques. Vice-versa, the fair value of the investment in Fondo Progressio Investimenti (Progressio Investimenti Fund) was transferred from level 2 to level 3 following the internal recalculation of the value of the financial assets to be assigned the higher value of the investment in Moncler S.p.A. compared to the value implicit in the fund’s NAV.
With reference to financial instruments classified in level 3 of the fair value hierarchy, details of changes in the year, including profits/(losses) booked to the income statement, are shown below:

Amounts in EUR	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 2012	**838.336**	**58.287.662**	**-**	**-**	**(1.750.000)**
Profits/losses in the year:					
- in the income statement	-	(8.802.213)	-	-	(1.088.367)
- in the statement of comprehensive income	-	6.373.289	-	-	-
Other changes:					
Purchases	-	6.295.724	-	-	-
Transfers	-	(3.648.703)	-	-	-
Reimbursements	(838.336)	-	-	-	-
Accounting eliminations and reclassifications	-	-	-	-	1.750.000
Reclassifications to other levels of the fair value hierarchy	-	4.587.788	-	-	-
Balance as at 30 september 2013	**-**	**63.093.537**	**-**	**-**	**(1.088.367)**

The financial asset measured at fair value is representative of the value of the AXA MPS policy held via the subsidiary Fashion District Group S.p.A., which was reimbursed during the year.

Available-for-sale financial assets refer mainly to the shares held in the share capital of Azimut Benetti S.p.A. (EUR 29,2 million), shares held in Alfa Park S.r.l. (EUR 6,5 million, EUR 11,9 million as at 30 September 2012), adjusted during the year based on the analysis of the estimated fundamental economic value of the investee, shares held in Equinox Two ScA (EUR 9,3 million), shares held in Micro Venture Finance S.p.A. (EUR 4,1 million), following the subscription of the share capital increase through the contribution of the previously held investees Micro Ventures S.p.A. and Micro Venture Investment S.c.a. Sicar, and shares held in Medinvest International S.c.A. (EUR 1,6 million, EUR 2,2 million as at 30 September 2012).

57.3 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.

Quantitative information

Distribution of credit exposures by relevant portfolio and by credit quality.

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	Portfolio value	Net exposure
Tipologie esposizioni/valori	Esposizione lorda	Rettifiche di valore specifiche	Rettifiche di valore di portafoglio	Esposizione netta
Esposizioni deteriorate:	-	-	-	-
- Esposizioni svalutate	23.844.958	(20.601.798)	-	3.243.161
- Esposizioni ristrutturate	2.182.889		-	2.182.889
	26.027.848	**(20.601.798)**	**-**	**5.426.050**
Esposizioni in bonis:				
- Esposizioni scadute	13.143.598	-	-	13.143.598
- Altre esposizioni	173.459.251	(3.166.378)	-	170.292.873
	186.602.849	**(3.166.378)**	**-**	**183.436.471**
Totale al 30 Settembre 2013	212.630.696	(23.768.175)	-	188.862.521
Totale al 30 Settembre 2012	**225.105.269**	**(19.513.919)**	**-**	**205.591.350**

Details of trade receivables as at 30 September 2013 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"):

Amounts in EUR

	30.09.2013		
	Nominal value	Write-downs	Net value
Falling due	10.601.827	(1.486.071)	9.115.756
0-180 days	820.732	(5.301)	815.431
180-360 days	2.956.684	(1.944.074)	1.012.610
After 360 days	2.762.888	(2.724.566)	38.322
	17.142.131	**(6.160.012)**	**10.982.119**

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 45.617 thousand (EUR 14.890 thousand as at 30 September 2012) and are composed of bank deposits.
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 30 September 2013, 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 30 September 2013 and 2012 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:

	30.09.2013	30.09.2012
Financial guarantees issued	-	20.220.475
Commercial guarantees issued	57.415.343	53.562.014
Irrevocable commitments to disburse funds	20.093.861	25.893.219
Other irrevocable commitments	5.687.591	13.282.944
	83.196.794	**112.958.652**

The financial guarantee is composed as follows:

- 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 24th 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.

- EUR 26,2 million, also in relation to information on the financial assets used as collateral for liabilities, set forth in paragraph 14 of IFRS 7, that the Group pledged a share package comprising 13,8 million ordinary Intesa Sanpaolo S.p.A. shares and approximately 1,4 million ordinary UBI Banca S.p.A. shares, classified under available-for-sale financial assets, to secure a credit facility of EUR 20 million, of which around EUR 9,6 million was used as at 30 September 2013.

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 (the 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 (the 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.
The total cash flow hedge reserve recognised in Equity as at 30 September 2013 with reference to said derivative instruments totalled a negative EUR 0,95 million.
The fair value of the interest rate swap contracts is obtained by using a cash flow model on the basis of the values of the forward curve recorded as at 30 September 2013.
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.
During the course of the year ended as at 30 September 2013, as a result of the misalignment of the amortisation plans between derivatives and the relative underlying mortgages to Efibanca S.p.A., Unicredit S.p.A. and GE Capital S.p.A., for which the request to access the benefits set out in the common agreement of 3 August 2009 and subsequent additions was accepted, the effectiveness test for said derivatives was ineffective, as in the previous year. For more details, please refer to previous note 28 which contains an analysis of the economic effect of derivative financial instruments.

Quantitative information

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

Distribution by residual duration of financial assets and liabilities

Amounts in thousands of Euro

Items/residual duration	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			55.031.435	32.250.000	14.797.811	3.282.820	105.362.066
Current financial receivable:	68.164.691	15.335.764					83.500.455
	68.164.691	**15.335.764**	**55.031.435**	**32.250.000**	**14.797.811**	**3.282.820**	**188.862.521**
Liabilities							
Non-current bank loans			(68.369.623)	(15.686.447)	(16.111.848)		(100.167.917)
Current bank loans	(100.325.273)	(10.183.725)					(110.508.999)
Altri debiti finanziari	(6.918.659)					(3.625.610)	(10.544.269)
Bonds	(1.320.537)				(96.103.299)		(97.423.836)
	(107.243.932)	**(10.183.725)**	**(68.369.623)**	**(15.686.447)**	**(16.111.848)**	**(3.625.610)**	**(318.645.021)**
Financial derivatives							
Hedging derivatives	(748.452)	(492.351)	(1.326.366)	(1.085.211)			(3.652.380)
Trading derivatives	(1.088.367)						(1.088.367)
	(1.836.819)	**(492.351)**	**(1.326.366)**	**(1.085.211)**	**-**	**-**	**(4.740.747)**
	(40.916.060)	**4.659.688**	**(14.664.554)**	**15.478.342**	**(1.314.037)**	**(342.790)**	**(134.523.247)**

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 30 September 2013, 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, while changes in the level of expected interest rates influence the fair value measurement of Group derivatives. Specifically:

- in relation to derivative instruments that transform liabilities incurred by the Group into a fixed rate (cash flow hedging), in application of international accounting standards that regulate hedge accounting, valuation at fair value (mark to market) of said instruments is allocated to the appropriate reserve of Equity. The joint variation in market variables to which the calculation of the mark to market value is subject between the date of stipulation of the transactions and the date of the valuation, makes the use of alternative hypotheses regarding the trend in said variables insignificant. With the approaching expiry of the contracts, the accounting effects described will gradually be absorbed until they are fully exhausted. However, for interest rate swaps, a variation is assumed in the fair value measurement calculated on the basis of implied forward rates in the current interest rate curve at the reporting date by applying a parallel and symmetric shift of 100 basis points to the current interest rate curve at the reporting date.
  By preparing the data relating to said hypothesis, we obtain:
  - increasing interest rate scenario (increase of 100 basis points): negative mark to market value of the IRSs falls by EUR 1,8 million compared to 30 September 2013;
  - downward interest rate scenario (decrease of 100 basis points): negative mark to market value of the IRSs increases by EUR 1,8 million compared to 30 September 2013.
- in relation to the variation in interest rates: if, at 30 September 2013, 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 1,7 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	**30 September 2013**		
	Fixed rate	Variable rate	Total
Bank loans	31.394	179.283	**210.677**
Bonds	97.424		**97.424**
Other financial liabilities	6.249	4.296	**10.544**
Total	**135.066**	**183.579**	**318.645**

Amounts in thousands of Euro	30 September 2013		
	Fixed rate	Variable rate	Total
Financial receivables	6.514	182.348	**188.863**
Total	**6.514**	**182.348**	**188.863**

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 28 "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

	30 September 2013		30 September 2012	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Deposits and cash	45.617	0,5%	14.890	1,6%
Financial receivables	188.863	4,6%	206.430	4,1%
Total	**234.480**	**3,77%**	**221.320**	**3,92%**

Amounts in thousands of Euro

	30 September 2013		30 September 2012	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Bank loans	210.677	(4,17)%	207.612	(3,59)%
Bonds	97.424	(6,38)%		
Other financial liabilities	10.544	(3,61)%	11.969	(1,61)%
Total	**318.645**	**(4,83)%**	**219.581**	**(3,48)%**

As regards the management of market risks by using derivative financial instruments, please see previous note 28 "Other financial liabilities".

Currency risk - Sensitivity analysis

As at 30 September 2013 (as at 30 September 2012), 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.

Current financial assets as at 30 September 2013, together with unused committed lines, allow expiry dates to be fully observed as regards the repayment of debt envisaged over the coming 24 months.
A total of 10,6% of gross non-current financial debt as at 30 September 2013 (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 30 September 2013, 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 thousand of Euro	**expiring within 30.9 of the year:**				
	2014	**2015**	**2016**	**After 2016**	**Total**
Bank loans	110.509	21.062	47.308	31.798	210.677
Other loans	6.918			3.626	10.544
Bonds	5.992	5.992	5.992	117.830	135.806
Derivative financial instruments	1.241	730	596	1.085	3.652
Total	**124.660**	**27.784**	**53.896**	**154.339**	**360.679**

Amounts in thousands of Euro	**expiring within 30.9 of the year:**				
	2014	**2015**	**2016**	**After 2016**	**Total**
Hedging derivatives - net disbursement (collections)	1.241	730	596	1.085	3.652
Non-hedge derivatives - net disbursements (collections)	1.088				1088
Total	**2.329**	**730**	**596**	**1.085**	**4.740**

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 15 million ordinary Intesa Sanpaolo S.p.A. shares, classified under available-for-sale financial assets, to secure a credit facility of EUR 20 million, of which around EUR 9,3 million was used as at 30 September 2012.

It should be noted that the Group headed up by Fashion District Group S.p.A. has short- and long-term loans in place relating to the implementation of the individual property projects.

During the year, Fashion District Group S.p.A requested and obtained the benefit deriving from subscription to the Common ABI (Italian Banking Association) agreement, whose direct consequence was the suspension of the repayment of principal amounts of loans until 31 December 2011, 31 March 2012 and 29 June 2012 respectively, with the subsequent extension of the expiry of the debts for a period corresponding to the above-mentioned suspension.

In addition, it should be noted that Fashion District Group S.p.A. has mortgages in place for a total residual value of EUR 35,9 million, stipulated with GE Capital Interbanca S.p.A. and with a pool of banks composed of Unicredit S.p.A. and Monte dei Paschi di Siena S.p.A. which make provision for equity and profit covenants. The covenants are linked to equity ratios (Equity/debt) and profit ratios (rents collected/debt).

It should be noted that non-compliance with covenants would involve the acceleration clause. As at 30 September 2013, these covenants were respected.

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.

58. 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 - "in 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.

59. Publishing of the fees for auditing and other non-auditing services pursuant to Consob Issuers' Regulation, art. 149 duodecies

Pursuant to the provisions of art. 149-duodecies of Consob Issuers' Regulation, the table below provides information on the fees paid to Independent Auditors Deloitte & Touche S.p.A. and to companies belonging to the same network for the following services:

1) Auditing services which include:
   • auditing of the annual accounts, targeted at expressing a professional judgment;
   • auditing of the interim accounts.
2) Certification services which include offices with which the auditor assesses a specific element, whose determination is made by another responsible party, through the necessary criteria, in order to reach a conclusion that provides the recipient with a degree of reliability in relation to said specific element.
3) Tax consultancy services.
4) Other services.

The fees shown in the table, pertaining to the year 2012-2013, are those set out in the contract, including any indexing (but not including out-of-pocket expenses, any supervisory fees and VAT).
As per the aforementioned provision, the fees paid to any secondary auditors or subjects in the respective networks are not included.

Type of services	Service provider		Recipient	Fees (in €/.000)
	Independent auditors	Other entities belonging to the network		
Auditing	Deloitte & Touche S.p.A.		Mittel S.p.A.	196
Certification services*	Deloitte & Touche S.p.A.		Mittel S.p.A.	396
Tax consultancy services				
Other services				
- Signing of tax declarations	Deloitte & Touche S.p.A.		Mittel S.p.A.	4
- Due Diligence activities	Deloitte & Touche S.p.A.		Mittel S.p.A.	20
- Other services		Deloitte ERS S.r.l.	Mittel S.p.A.	16
Total				**632**

(*)Payments made in relation to the preparatory phase of the OPSO and OPSC transaction:
- Report on the analysis of the consolidated pro-forma statements at 30 September 2012
- Report on the analysis of the consolidated pro-forma statements at 31 March 2013
- Auditors' Report on prospective data
- Comfort Letters and Bring-down Letter
- Certification of Financial Covenants

Type of services	Service provider		Recipient	Fees (in €/.000)
	Independent auditors	Other entities belonging to the network		
Auditing	Deloitte & Touche S.p.A.		Gruppo Mittel	300
Certification services				
Tax consultancy services				
Other services				
- Signing of tax declarations	Deloitte & Touche S.p.A.		Gruppo Mittel	13
- Due Diligence activities				
Total				**313**

Milan, 13 January 2014

for the Board of Directors

The Chairman

(Prof. Franco Dalla Sega)

Annexes and supplementary statements

List of investments

Mittel Group
List of investments

	Registered office		Share capital	Nominal value	% Interest	% Availability votes in shareholders' meeting	Business performed	€/000 Book value consolidated	Close of the year	€/000 Assets Statements of financial position	€/000 Liabilities Statements of financial positions	€/000 Equity	€/000 Last result	€/000 Revenues
Investments														
Direct														
Chase Mittel Capital Holding II NV in liquidation	Netherlands Antilles	€	18.720	-	27,55	27,55	Financial	6	31 December	-	-	9	-	-
Tower 6 bis S.a.r.l.	Luxembourg	€	4.500.000	10	49	49	Investment holding	20.966	31 December	25.194	20.117	5.077	1	-
Brands Partners 2 S.p.A.	Milan - Italy	€	150.000	1	25,2	25,2	Investment holding	22.362	31 October	9.851	-	9.732	1.275	1.553
Liberata S.p.A.	Milan - Italy	€	6.750.000	1	27	27	Investment holding	1.761	30 September	79.914	69.450	10.464	3.711	4.661
Bios S.p.A.	Milan - Italy	€	3.000.000	1	25	25	Investment holding	23.509	31 December	165.049	112.956	52.093	(7.265)	-
Everel Group S.p.A.	Verona - Italy	€	15.359.290	-	30	30	Industrial	3.300	31 December	42.236	29.343	12.893	446	39.238
Sunset S.r.l. in liquidation	Brescia - Italy	€	55.529	1	100	100	-	1	31 December	135	1.364	(1.229)	(36)	-
Castello SGR S.p.A.	Milan - Italy	€	2.664.556	1	21,32	21,32	Fund management	2.867	31 December	10.458	2.206	8.252	1.539	6.313
Mit.Fin S.p.A.	Milan - Italy	€	200.000	1	30	30	Financial	314	31 December	1.254	387	867	65	1.988
MiRe SGR S.p.A.	Milan - Italy	€	2.500.000	1	35	35	Fund management	925	31 December	2.624	206	2.418	239	1.127
Indirect														
Mittel Generale Investimenti S.p.A.	Milan - Italy	€	17.000.000	1	100	100	Financial	1.063	30 September	216.491	130.175	86.316	5.666	8.823
Iniziative Nord Milano S.r.l.	Milan - Italy	€	50.000	1	50	50	Property	226	31 December	10.568	9.825	743	(375)	136
Total								**77.300**						

Certification of the consolidated financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned Arnaldo Borghesi, Executive Director and Pietro Santicoli, 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 financial statements for the year ended as at 30 September 2013.

It is also certified that the consolidated financial statements for the year ended as at 30 September 2013:

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 report on operations includes a reliable analysis of the performance and result of operations, and of the position of the issuer and group of consolidated companies, together with a description of the main risks and uncertainties to which they are exposed.

Milan, 13 January 2014

Executive Director	Manager responsible for preparing the Company's financial reports
Arnaldo Borghesi	Pietro Santicoli

Deloitte.

Deloitte & Touche S.p.A.
Via Tortona, 25
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Italia

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AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
MITTEL S.p.A.

1. We have audited the consolidated financial statements of Mittel S.p.A. and subsidiaries (the "Mittel Group"), which comprise the statement of financial position as of September 30, 2013, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and the related explanatory notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's consolidated financial statements, whose data are presented for comparative purposes, reference should be made to our auditors' report issued on January 28, 2013.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Mittel Group as of September 30, 2013, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005.

4. The Directors of Mittel S.p.A. are responsible for the preparation of the report on operations and the annual report on corporate governance in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on corporate governance, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual report on corporate governance are consistent with the consolidated financial statements of the Mittel Group as of September 30, 2013.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Miccoli
Partner

Milan, Italy
January 27, 2014

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

Separate Financial Statements as at 30 September 2013

STATEMENT OF FINANCIAL POSITION (*)

Amounts in EUR

	Note	30.09.2013	30.09.2012
Non-current assets			
Intangible assets	4	94.634	33.467
Property, plant and equipment	5	794.959	1.115.755
Investments	6	188.711.861	190.804.293
Financial receivables	7	113.221.372	150.158.056
Other financial assets	8	72.092.385	64.865.718
Sundry receivables and other assets	9	160.252	263.838
Prepaid tax assets	10	159.624	972.206
Total non-current assets		**375.235.087**	**408.213.333**
Current assets			
Financial receivables	11	89.401.367	54.841.983
Current tax assets	12	14.650.220	15.621.044
Sundry receivables and other assets	13	11.526.156	10.212.306
Cash and cash equivalents	14	3.545.199	4.063.954
Total current assets		**119.122.942**	**84.739.287**
Assets held for sale	15	-	2.500.000
Total assets		**494.358.029**	**495.452.620**
Equity			
Share capital		87.907.017	87.907.017
Share premium		53.716.218	53.716.218
Treasury shares		(25.778.526)	-
Reserves		190.172.894	132.946.832
Profit (loss) for the year		(27.658.637)	53.191.216
Total Equity	16	**278.358.966**	**327.761.283**
		-	-
Non-current liabilities			
Bond issue	17	96.103.299	-
Financial payables	18	39.163.897	43.825.716
Provisions for personnel	19	796.627	522.280
Deferred tax liabilities	20	1.076.132	-
Provisions for risks and charges	21	5.517.826	4.196.800
Sundry payables and other liabilities	22	2.635.502	1.900.000
Total non-current liabilities		**145.293.283**	**50.444.796**
Current liabilities			
Bond issue	23	1.320.537	-
Financial payables	24	56.233.114	101.152.517
Tax liabilities	25	-	348.721
Sundry payables and other liabilities	26	13.152.129	15.745.303
Total current liabilities		**70.705.780**	**117.246.541**
Liabilities held for sale		-	-
Total Equity and liabilities		**494.358.029**	**495.452.620**

(*) Pursuant to Consob resolution no. 15519 of 27 July 2006, the effects of transactions with related parties on the statement of financial position of Mittel S.p.A. 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, to which reference should be made.

INCOME STATEMENT (*)

Amounts in EUR

		01.10.2012 30.09.2013	01.10.2011 30.09.2012
Revenues	27	1.499.317	2.029.655
Other income	28	1.145.305	1.586.606
Costs for services	29	(7.643.897)	(7.287.852)
Personnel costs	30	(3.803.496)	(4.022.909)
Other costs	31	(1.833.330)	(1.977.385)
Dividends	32	9.548.741	68.513.678
Profit (loss) from management of financial activities and investments	33	160.388	38.643.408
Gross operating margin (EBITDA)		**(926.972)**	**97.485.201**
Amortisation and value adjustments to intangible assets	34	(395.257)	(395.920)
Allocations to the provision for risks	35	(4.971.026)	(3.650.000)
Value adjustments to financial assets and receivables	36	(8.736.068)	(2.417.171)
Value adjustments to investments	37	(11.059.549)	(33.477.118)
Operating result (EBIT)		**(26.088.872)**	**57.544.992**
Financial income	38	5.853.931	2.993.943
Financial expenses	39	(7.391.665)	(6.547.174)
Income (loss) before taxes		**(27.626.606)**	**53.991.761**
Income taxes	40	**(32.031)**	**(800.545)**
Income (loss) from continuing operations		**(27.658.637)**	**53.191.216**
Income (loss) from assets held for sale			
Profit (loss) for the year		**(27.658.637)**	**53.191.216**
Earnings(loss) per share (in EUR)	41		
- Basic		(0,329)	0,639
- Diluted		(0,329)	0,639

(*) Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of transactions with related parties on the consolidated income statement of Mittel S.p.A. Mittel 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.

STATEMENT OF COMPREHENSIVE INCOME

Amounts in EUR

	Notes	01.10.2012 30.09.2013	01.10.2011 30.09.2012
Profit/(loss) for the year (A)		**(27.658.637)**	**53.191.216**
Other comprehensive profits / (losses) which will not subsequently reclassified to profit / (loss) for the year:			
Other comprehensive profits / (losses) which will not subsequently reclassified to profit / (loss) for the year:		-	-
Tax effect relating to other comprehensive profits / (losses) which will not subsequently reclassified to profit / (loss) for the year		-	-
Total other comprehensive profits / (losses) which will not subsequently reclassified to profit / (loss) for the year, net of tax (B.1)		-	-
Other comprehensive profits / (losses) which will subsequently reclassified to profit / (loss) for the year:			
Profits/(losses) from the redetermination of available-for-sale financial assets	16	4.592.360	(4.058.035)
Profits/(losses) from the transfer of available-for-sale financial assets	16	-	-
Release to the income statement of losses for fair value impairment of available-for-sale financial assets	16	2.671.245	-
Tax effect relating to other profits/(losses)	16	(1.948.035)	1.090.673
Total other comprehensive profits / (losses) which will subsequently reclassified to profit / (loss) for the year, net of tax (B.2)		**5.315.570**	**(2.967.362)**
Total other comprehensive profits/(losses), net of tax (B) = (B.1) + (B.2)		**5.315.570**	**(2.967.362)**
Total comprehensive profit/(loss) (A) + (B)		**(22.343.067)**	**50.223.854**

Statement of Changes in Equity for the year ended as at 30 September 2013

Amounts in EUR

	Share capital	Treasury shares	Share premium	Profit reserves	Reserve from available-for-sale financial assets	Total
Balance as at 1 october 2011	**70.504.505**	**-**	**53.716.218**	**66.875.325**	**442.772**	**191.538.820**
Increase in share capital	-	-	-	-	-	**-**
Effects of merger by incorporation of Hopa SpA	17.402.512			68.596.097		**85.998.609**
Effects of merger by incorporation of Hopa SpA	-	-	-	-	-	**-**
Effect of changes in the area of consolidation	-	-	-	-	-	**-**
Other changes	-	-	-	-	-	**-**
						-
Dividends distributed	-	-	-	-	-	**-**
						-
Total comprehensive profit/(loss)	-	-	-	53.191.216	(2.967.362)	**50.223.854**
Balance as at 1 october 2012	**87.907.017**	**-**	**53.716.218**	**188.662.638**	**(2.524.590)**	**327.761.283**
Increase in share capital	-	-	-	-	-	**-**
Assignment of treasury shares	-	(4.140.480)	-	-	-	**(4.140.480)**
Sale of treasury shares	-	3.425.000	-	47.500	-	**3.472.500**
Purchase of treasury shares	-	(25.063.046)	-	(1.328.225)	-	**(26.391.271)**
Dividends distributed	-	-	-	-	-	**-**
						-
Total comprehensive profit/(loss)	-	-	-	(27.658.637)	5.315.570	**(22.343.067)**
Balance as at 30 september 2013	**87.907.017**	**(25.778.526)**	**53.716.218**	**159.723.276**	**2.790.980**	**278.358.966**

Cash flow statement

SEPARATE CASH FLOW STATEMENT

Amounts in EUR	Notes	30.09.2013	30.09.2012
OPERATING ACTIVITIES			
Net income (loss) for the year pertaining to the Parent Company and non controlling interests		**(27.658.637)**	**53.191.216**
Adjustments to reconcile net income (loss) with cash flows generated (absorbed) by operating activities:			
Current taxes		(70.945)	1.190.047
Deferred taxes		(158.706)	(386.637)
Amortisation of property plant and equipment		363.675	363.675
Amortisation of intangible assets and write-downs		32.245	32.245
Dividends received		(9.548.741)	(68.513.678)
Financial income		(5.853.931)	(2.993.943)
Financial expenses		7.391.665	6.547.174
Capital gain from transfer of 100% investment - Mittel Generale Investimenti SpA		-	(38.593.030)
Allocations to provisions for risks and charges		4.971.026	3.650.000
Provisions for employee severance indemnity		256.586	125.416
Write-downs (write-backs) of receivables		4.746.729	2.417.171
Other non-monetary net income		-	(50.380)
Write-downs (write-backs) of available-for-sale financial assets		3.981.537	
Write-downs (write-backs) of investments		11.059.549	33.502.118
Cash flows from operating activities before changes in working capital		**(10.487.947)**	**(9.518.606)**
Increase/(decrease) in other current assets		(239.440)	(3.413.680)
Increase/(decrease) in trade payables and other current liabilities		(2.025.160)	(1.188.638)
Cash and cash equivalents generated (absorbed) by operating activities		**(12.752.547)**	**(14.120.924)**
Uses of provisions for risks and charges		(3.650.000)	
Payments of employee severance indemnity			(140.388)
(A) CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES		**(16.402.547)**	**(14.261.312)**
INVESTMENT ACTIVITIES			
Dividends received from subsidiaries and associates		4.473.056	64.759.865
Dividends received on financial assets		935.205	3.753.813
Investments in interests for:			
Acquisitions		(5.461.790)	(46.000.185)
Recapitalisations of subsidiaries		(200.000)	(30.000)
Recapitalisations of associates net of specific loans		(476.866)	(1.773.500)
Cash flow connected to business combinations		-	5.449.984
Increase in available-for-sale financial assets		(3.955.502)	(8.124.216)
Increases in other non-current assets		(136.292)	(243.678)
Realisation from disposal of:			
Investments net of granting of a specific vendor loan			44.800.000
Equity instruments available for sale			2.542.780
Investments held for sale		1.625.000	96.094
Other non-current assets (Property, plant and equipment, intangible assets and other)			88.791
Investments		1.471.540	-
Increase (decrease) in financial receivables due from customers and financial institutions		(1.294.450)	(70.869.209)
Interest collected		4.778.952	2.993.943
(B) NET CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES		**1.758.852**	**(2.555.518)**
FINANCING ACTIVITIES			
Increase (decrease) in payables due to banks and other lenders		(49.581.221)	26.476.002
Bond issue	**21**	69.772.601	
Interest paid		(6.066.440)	(6.547.174)
(C) NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES		**14.124.940**	**19.928.828**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A+B+C)		**(518.755)**	**3.111.998**
OPENING CASH AND CASH EQUIVALENTS (E)		4.063.954	951.956
CLOSING CASH AND CASH EQUIVALENTS (F= D+ E)		**3.545.199**	**4.063.954**

Statement of Financial Position pursuant to Consob Resolution no. 15519 of 27 July 2006

Amounts in EUR

	notes	30.09.2013	of which related parties	% incidence	30.09.2012	of which related parties	% incidence
Non-current assets							
Intangible assets	4	94.634	-		33.467	-	
Property, plant and equipment	5	794.959	-		1.115.755	-	
Investments	6	188.711.861	-		190.804.293	-	
Financial receivables	7	113.221.372	92.379.975	81,6%	150.158.056	114.046.330	76,0%
Other financial assets	8	72.092.385	-		64.865.718	-	
Sundry receivables and other assets	9	160.252	-		263.838	-	
Prepaid tax assets	10	159.624	-		972.206	-	
Total non-current assets		**375.235.087**	**92.379.975**	**24,6%**	**408.213.333**	**114.046.330**	**27,9%**
Current assets							
Financial receivables	11	89.401.367	73.492.964	82,2%	54.841.983	49.924.201	91,0%
Current tax assets	12	14.650.220	-		15.621.044	-	
Sundry receivables and other assets	13	11.526.156	638.678	5,5%	10.212.306	806.342	7,9%
Cash and cash equivalents	14	3.545.199	-		4.063.954	-	
Total current assets		**119.122.942**	**74.131.642**	**62,2%**	**84.739.287**	**50.730.543**	**59,9%**
Assets held for sale	15	-	-		2.500.000	-	
Total assets		**494.358.029**	**166.511.617**	**33,7%**	**495.452.620**	**164.776.873**	**33,3%**
Equity							
Share capital		87.907.017	-		87.907.017	-	
Share premium		53.716.218	-		53.716.218	-	
Treasury shares		(25.778.526)	-		-	-	
Reserves		190.172.894	-		132.946.832	-	
Profit (loss) for the year		(27.658.637)	-		53.191.216	-	
Total Equity	16	**278.358.966**	-		**327.761.283**	-	
Non-current liabilities							
Bond issue	17	96.103.299	-		-	-	
Financial payables	18	39.163.897	-		43.825.716	-	
Provisions for personnel	19	796.627	-		522.280	-	
Deferred tax liabilities	20	1.076.132	-		-	-	
Provisions for risks and charges	21	5.517.826	-		4.196.800	3.650.000	87,0%
Sundry payables and other liabilities	22	2.635.502	-		1.900.000		
Total non-current liabilities		**145.293.283**	-		**50.444.796**	**3.650.000**	
Current liabilities							
Bond issue	23	1.320.537	-		-	-	
Financial payables	24	56.233.114	1.151.447	2,0%	101.152.517	38.505.205	38,1%
Tax liabilities	25	-	-		348.721		
Sundry payables and other liabilities	26	13.152.129	7.785.992	59,2%	15.745.303	7.495.495	47,6%
Total current liabilities		**70.705.780**	**8.937.439**	**12,6%**	**117.246.541**	**46.000.700**	**39,2%**
Liabilities held for sale		-	-		-		
Total Equity and liabilities		**494.358.029**	**8.937.439**	**1,8%**	**495.452.620**	**49.650.700**	**10,0%**

Income Statement pursuant to Consob Resolution no. 15519 of 27 July 2006

Amounts in EUR

		01.10.2012 30.09.2013	*of which related parties*	*% incidence*	01.10.2011 30.09.2012	*of which related parties*	*% incidence*
Revenues	27	1.499.317	1.245.031	83,0%	2.029.655	1.943.338	95,7%
Other income	28	1.145.305	13.328	1,2%	1.586.606		
Costs for services	29	(7.643.897)	(2.354.801)	30,8%	(7.287.852)	(1.907.805)	26,2%
Personnel costs	30	(3.803.496)	(1.126.381)	29,6%	(4.022.909)	(1.692.867)	42,1%
Other costs	31	(1.833.330)			(1.977.385)		
Dividends	32	9.548.741	9.349.736	97,9%	68.513.678	65.278.564	95,3%
Profit (loss) from management of financial activities and investments	33	160.388			38.643.408	38.643.408	100,0%
Gross operating margin (EBITDA)		**(926.972)**			**97.485.201**		
Amortisation and value adjustments to intangible assets	34	(395.257)			(395.920)		
Allocations to the provision for risks	35	(4.971.026)			(3.650.000)		
Value adjustments to financial assets and receivables	36	(8.736.068)			(2.417.171)		
Value adjustments to investments	37	(11.059.549)			(33.477.118)		
Operating result (EBIT)		**(26.088.872)**			**57.544.992**		
Financial income	38	5.853.931	4.829.022	82,5%	2.993.943	1.512.407	50,5%
Financial expenses	39	(7.391.665)	(1.153.377)	15,6%	(6.547.174)	(1.111.103)	17,0%
Income (loss) before taxes		**(27.626.606)**			**53.991.761**		
Income taxes	40	(32.031)			(800.545)		
Income (loss) from continuing operations		**(27.658.637)**			**53.191.216**		
Income (loss) from assets held for sale		-			-		
Profit (loss) for the year		**(27.658.637)**			**53.191.216**		

Explanatory Notes

1. General information

Mittel S.p.A. (hereinafter the "Company") is a joint-stock company incorporated in Italy and listed in the Milan Register of Companies.
The Parent Company holds, directly or indirectly through other sub-holdings, stakes in the share capital of companies in the business sectors in which Mittel S.p.A. operates.
The address of the registered office is Piazza Diaz, 7 – Milan.
The main activities of the company and its subsidiaries are indicated in the Report of Operations.
These separate financial statements are prepared in Euros.
Mittel S.p.A., as Parent Company, also drafted the consolidated financial statements of Mittel S.p.A. as at 30 September 2013.

2. Form and content of the financial statements

The separate financial statements are 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.

3. Significant accounting standards adopted by the Parent Company

General principles

The separate financial statements for the year ended as at 30 September 2013 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 30 September 2013, 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"). With regard to the general principles adopted, please refer to paragraph 2.1 General principles, of the consolidated financial statements.

Events which occurred after the close of the year (IAS 10)

These financial statements were authorised for publication, in accordance with IAS 10, by the Board of Directors on 13 January 2014. Reference should be made to the information in the Report on Operations for a description of the significant events after the close of the year.

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.

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 company 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.

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 the company are as follows:
- Buildings 3,0%
- 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 lower 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 year.

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.

Investments in subsidiaries and associates

Investments in subsidiaries, associates and joint ventures are valued using the cost method, less impairment according to IAS 36.
Investments in associates pursuant to IAS 28 are investments in which Mittel S.p.A. exercises a significant influence, but not control or joint control.
The positive different arising at the time of acquisition, between the cost of the acquisition and the company's share of Equity at the present values of the investee is, therefore, included in the book value of the investment.
In the event of a write-down due to impairment, the cost is charged 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, within the limit of the original value, which are booked to the income statement.

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.
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 used values not taken from the market and involve estimates and assumptions.
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.

Receivables (IAS 32, 39 and 21)

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 company 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, 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.

Non-current assets held for sale (IFRS 5)

Non-current assets held for sale are measured at the lower of their previous net book value and the market value less costs to sell. Non-current assets are classified as held for sale if their book value is expected to be recovered through a sale transaction rather than use in the company’s operations. This condition is only met when the sale is considered highly probable and the asset is available for immediate sale in its present condition. To this end, management must be committed to the sale, which should be completed within 12 months from the date of classification of said item.
Presentation of the aforementioned assets in the financial statements requires evidence of the profits and losses net of taxes resulting from the sale on a single line of the income statement. Assets and liabilities are likewise classified on separate rows of the statement of financial position.

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 company 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 company 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 (ii) 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 company has transferred the rights to receive the cash flows from an asset and has neither transferred nor retained substantially 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 Issues (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 or decreased 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, payables are classified into the following items:
- bond issues;
- 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, equities acquired 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 under the item profit (loss) from trading of financial assets.

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 differences between the purchase and sale prices deriving from said transactions are recorded under reserves of Equity.

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 Company 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 associated agreement.

Dividends

Dividends are recorded at the time the right to collection arises, which normally corresponds to the resolution on the distribution of dividends of the shareholders' meeting.

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 third party of Mittel S.p.A., the initial 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 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 financial statements 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 at the reporting date.
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 year and future years.
The main items in the financial statements affected by this estimate process are deferred taxes, the fair value of financial instruments and the provision for risks and charges.
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 Mittel S.p.A. 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 situations of impairment.

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 similar investments - of expected cash flows) of impaired assets and their book value).
The criteria applied by the Mittel S.p.A. 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 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.

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”.

Recoverable value of non-current assets

Management periodically reviews the recoverable value of non-current assets, represented by property, plant and equipment, intangible assets and investments 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 company 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 company's more recent plans.
Owing to the current economic-financial crisis at national and international macroeconomic level which has generated risks of impairment of significant assets belonging to the company and to the Group it heads up, for the purposes of the drafting of the separate financial statements as at 30 September 2013, and in particular, in performing the investment impairment tests, forecasts of the expected trend in the next year were taken into consideration, as well as the effects of uncertainties identified with respect to the times, originally scheduled, of the process of disposal of investments at consistent values.

Realisability of deferred tax assets

As at 30 September 2013, the Company 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.

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 company fall into this category. The estimate of the bad debt provision is based on expected losses by Mittel S.p.A., determined on the basis of past experience with similar receivables, losses and collections.

Contingent liabilities

The company 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 company 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 separate 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.

Non-current assets

4. Intangible assets

This item totalled EUR 95 thousand (EUR 33 thousand as at 30 September 2012). The item recorded an increase of EUR 124 thousand compared to the previous year, and fell by EUR 63 thousand as a result of amortisation in the year.

Details of the item are as follows:

	Goodwill	Patents	Plant	Concessions and licences	Other	Total
Values as at 01.10.2012				**33.140**	**327**	**33.467**
Changes in the year:						
- acquisitions				80.291	43.700	**123.991**
- amortisation				(47.975)	(14.849)	**(62.824)**
- value adjustments				-	-	**-**
Total changes	**-**	**-**	**-**	**32.316**	**28.851**	**61.167**
Values as at 30.09.2013				**65.456**	**29.178**	**94.634**

5. Property, plant and equipment

This item totalled EUR 795 thousand (EUR 1,116 thousand as at 30 September 2012). The item recorded a total decrease of EUR 321 thousand on 30 September 2012.

More specifically, the item saw the following changes:

	Land and buildings	Investment property	Plant and machinery	Office machines and equipment	Other assets	Total
Value as at 01.10.2012	**245.058**			**240.605**	**630.092**	**1.115.755**
Changes in the year:						
- acquisitions				37.686	133.972	**171.658**
- disposals				(30.112)	(129.909)	**(160.021)**
- amortisation	(11.013)			(57.934)	(263.486)	**(332.433)**
- other changes	-			-	-	**-**
Total changes	**(11.013)**	**-**	**-**	**(50.360)**	**(259.423)**	**(320.796)**
Values as at 30.09.2013	**234.045**			**190.245**	**370.669**	**794.959**

The category “other assets” includes improvements to third party assets of EUR 228 thousand.

The most significant increases in the year concern:
- various furniture and equipment in the company’s premises;
- other assets relating to purchases of company cars;

The most significant decreases in the year concern:
- disposals and other decreases totalling EUR 160 thousand (EUR 89 thousand as at 30 September 2012) which mainly concern furniture, fittings and cars;
- depreciation in the year amounting to EUR 332 thousand (EUR 364 thousand as at 30 September 2012).

6. Investments

This item totalled EUR 188.712 thousand (EUR 190.804 thousand as at 30 September 2012). The item recorded a total decrease of EUR 2.092 thousand on 30 September 2012.

Details of the item are as follows:

	30.09.2013	30.09.2012
Earchimede S.p.A.	114.260.220	122.653.970
Mittel Investimenti Immobiliari S.r.l.	20.947.085	20.947.085
Mittel Partecipazioni Stabili S.r.l.	12.248.506	12.248.507
Mittel Advisory S.p.A.	10.622.500	-
Brands Partners 2 S.p.A.	8.221.850	8.221.850
Castello SGR S.p.A.	4.338.273	3.861.406
Tower 6 Bis S.r.l.	4.178.038	4.178.038
Locaeffe S.r.l. in liquidation (formerly F Leasing S.p.A.)	3.621.037	3.784.913
Everel Group S.p.A.	3.300.000	3.300.000
Ghea S.r.l.	2.805.000	2.805.000
Liberata S.p.A.	1.822.500	1.822.500
Mittel Real Estate SGR S.p.A.	875.000	-
Bios S.p.A.	750.000	750.000
Castello SGR S.p.A. SFP	240.000	240.000
Mittel Management S.r.l.	182.584	-
Mit.Fin S.p.A.	150.000	-
Mittel Investimenti Mobiliari S.r.l. (formerly HPN S.r.l.)	104.518	93.525
Holinvest S.r.l. in liquidation	26.000	26.000
Brands Partners 2 S.p.A. SFP	7.000	7.000
Chase Mittel	6.249	6.249
CAD Immobiliare S.r.l.	5.000	5.000
Sunset S.r.l. in liquidation	500	500
Chase Mittel Priv	1	1
Markfactor S.r.l. in liquidation	-	20.604
Mittel Corporate Finance S.p.A.	-	5.832.145
	188.711.861	**190.804.293**

Changes in investments during the year are shown in the following table:

Name	% interest	Balances 01/10/2012	Purchases and subscriptions	Sales	Impairment	Other changes	Closing balances 30/09/2013
Investments							
Tower 6 bis sarl	49%	4.178.038					4.178.038
Mittel Advisory Debt & Grant	0%	5.832.145		(3.871.540)	(1.953.771)	(6.834)	0
Ghea Srl	51%	2.805.000					2.805.000
Mittel Inv. Immobiliari	100%	20.947.085					20.947.085
Chase Mittel	28%	6.250					6.250
Mittel Part.Stabili	100%	12.248.506					12.248.506
Mittel Investimenti Mobiliari srl (formerly HPN)	100%	93.525	200.000		(189.007)		104.518
Brands Partners 2	25%	8.228.850					8.228.850
Liberata spa	27%	1.822.500					1.822.500
Cad Immobiliare Srl	5%	5.000					5.000
Castello Sgr Spa	21%	4.101.406	476.866				4.578.272
Mire SGR S.p.A.	35%		875.000				875.000
Mit.fin Spa	30%		150.000				150.000
Mittel Management S.r.l.	100%		514.290		(331.706)		182.584
Mittel Advisory S.p.A.	100%		10.622.500				10.622.500
Holinvest Srl in liquidation	100%	26.000					26.000
Sunset Srl in liquidation	100%	500					500
Locaeffe Srl in liquidation formerly F. Leasing Spa	100%	3.784.913			(163.876)		3.621.037
Markfactor Srl in liquidation	100%	20.604			(20.604)		0
Earchimede Spa	85%	122.653.970			(8.393.750)		114.260.220
Everel Group Spa	30%	3.300.000					3.300.000
Bios Spa	50%	750.000					750.000
Total investments		**190.804.292**	**12.838.657**	**(3.871.540)**	**(11.052.714)**	**(6.834)**	**188.711.861**

Specifically, note the acquisition of Mittel Advisory S.p.A. (formerly Borghesi Advisory S.r.l.) on 11 January 2013, for a consideration of EUR 4.750.000 in cash, on closing of the transaction, and of 2,5 million ordinary Mittel S.p.A. shares., at a conventional value of EUR 2,78 each, in favour of Arnaldo Borghesi. The consideration agreed is consistent with the fair value range expressed by two independent advisors, appointed by the Board of Directors of Mittel S.p.A. to issue a fairness opinion. In consideration of the office of Chief Executive Officer of Mittel S.p.A. covered by Mr. Borghesi, the transaction qualifies as a related party transaction pursuant to the related party transaction procedure of Mittel S.p.A.. On 25 February 2013, the extraordinary shareholders' meeting of the company resolved the change of name from Borghesi Advisory S.r.l. to Mittel Advisory S.r.l. On 14 March 2013, the extraordinary shareholders' meeting of the company resolved, following a free increase in share capital from EUR 110.000 to EUR 120.000, the transformation from a limited liability company to a joint-stock one. On 30 September Mittel S.p.A. subscribed a share capital increase against payment of EUR 2,4 million of Mittel Advisory S.p.A. As a result, the subsidiary's share capital was increased to EUR 2.520.000 (increase effective after 30 September) with the issue of 2.400.000 shares. This share capital increase was subscribed through the contribution of the shares representing 100% of the capital of Mittel Advisory Debt and Grant S.p.A., a wholly-owned subsidiary of Mittel S.p.A. The contribution value was supported by a fairness opinion drawn up by an independent expert.

Impairment of investments

Controlling interests recognised on the basis of the cost criterion are subject to impairment testing in accordance with the regulations of IAS 36, which establishes that the specific recoverable value is represented by the higher of the fair value of the investment, less costs to sell, and its value in use.
Though the impairment testing of controlling investments is governed by IAS 36, the conditions determining the need to recognise the impairment of their recoverable value are identified in IAS 39
for equity investments. Nonetheless, in addition to these conditions, IAS 36 also requires
the distribution of dividends by the subsidiary and the concurrent occurrence of two situations:
a) the value of the investment in the separate financial statements exceeds the book value of the net assets of the investee, including goodwill;
b) the dividend exceeds the income of the investee.
The controlling investments in Earchimede S.p.A. and Mittel Advisory Debt and Grant S.p.A. were subject to impairment testing pursuant to IAS 36, considering the distributions of dividends and reserves by these subsidiaries during the year, which exceeded the income of said investees.
Therefore, for these investments, the impairment testing is linked to the occurrence of events of presumed impairment set out in IAS 36 which, in these specific cases, are substantially attributable to the occurrence of events indicating a significant decrease in expected cash flows from the equity investment compared to the time of initial recognition.

For the investment in Earchimede S.p.A., it is specified that on 18 January 2013 the company distributed dividends in kind, against which it assigned 3.555.003 ordinary Mittel S.p.A. shares to its shareholders. In execution of this distribution, Mittel S.p.A. received 3.022.248 shares with an assignment value of EUR 2,778, and Mittel reduced its book value by the equivalent amount of EUR 8,4 million.

In relation to the investment in Mittel Advisory Debt and Grant S.p.A., in the first half of the year, dividends and reserves were distributed to Mittel S.p.A. totalling EUR 3.368 thousand.

As described, for the impairment testing of the controlling investments in Earchimede S.p.A. and Mittel Advisory Debt and Grant S.p.A. a specific recoverable value was used which, lacking a fair value consisting of the direct expression of official listing prices on an active market, took into consideration an estimate of the value in use of the investment.
Therefore, the investments in Mittel Advisory Debt and Grant S.p.A. and Earchimede were valued by comparing the higher book value of the investments recognised at the initial cost and the related recoverable value determined using the above-mentioned value in use, taking account of the distributions of dividends by the companies exceeding the subsidiaries' income. The total write-down calculated, equal to EUR 10.355 thousand, was posted to the income statements.

7. Financial receivables

This item totalled EUR 113.337 thousand (EUR 150.158 thousand as at 30 September 2012). Financial receivables decreased by a total of EUR 36.821 thousand over 30 September 2012 (EUR 150.158 thousand as at 30 September 2012).

	30.09.2013	30.09.2012
Loans	113.221.372	150.158.056
Other receivables	-	-
Security deposits	-	-
	113.221.372	**150.158.056**

	30.09.2013	30.09.2012
- Loans - financial institutions	30.000.000	30.000.000
- Loans - customers	83.221.372	120.158.056
	113.221.372	**150.158.056**

Total loans are broken down as follows:
- loans of EUR 84.984 thousand (EUR 120.836 thousand as at 30 September 2012), interest-bearing at market rates;
- non-interest bearing loans of EUR 28.237 thousand in place with subsidiary Mittel Partecipazioni Stabili S.r.l. (EUR 26.454 thousand) and Fingruppo Holding S.p.A. in liquidazione (in liquidation) (EUR 1.753 thousand).

8. Other financial assets

This item totalled EUR 72.092 thousand (EUR 64.866 thousand as at 30 September 2012). The item increased by a total of EUR 7.226 thousand over 30 September 2012.
Details of the item are as follows:

	30.09.2013	30.09.2012
Available-for-sale financial assets		
Equities and shares of funds	72.062.385	64.835.718
Bonds	30.000	30.000
Derivative financial instruments	-	-
Financial assets designated at fair value	-	-
	72.092.385	**64.865.718**

Available-for-sale financial assets

The item includes equity instruments recorded as available-for-sale financial assets and is composed as follows:

	30.09.2013	30.09.2012
Available-for-sale financial assets		
Equities and shares of funds:		
Azimut - Benetti S.p.A.	29.186.630	29.186.630
SIA - SSB S.p.A.	1.400.000	1.400.000
Fondo Progressio Investimenti	10.018.109	4.587.788
Fondo Progressio Investimenti II	4.273.618	3.091.388
Fondo Cosimo I	4.006.589	4.207.000
Fondo Augusto	14.552.159	15.143.605
Equinox Two S.c.a.	3.282.300	2.720.894
Progressio SGR S.p.A.	649.711	649.711
Micro Ventures S.p.A.		3.088.703
Società Editoriale Vita S.p.A.	9.354	99.999
Micro Ventures Investments S.c.a. Sicar		560.000
Nomisma S.p.A.	100.000	100.000
MC-link S.p.A.	131.076	
MC-link S.p.A. warrant	4.776	
Micro Venture Finance Group S.A.	4.088.703	
Frendy Energy S.p.A.	159.360	
Industrial Stars of Italy S.p.A.	200.000	
Bonds:		
Editoriale Vita S.p.A. (bonds)	30.000	30.000
	72.092.385	**64.865.718**

The change in available-for-sale financial assets during the year is as follows:

Name/company name	Amounts as at 01/10/2012	Purchases, Drawdowns and capital increase	Contribution in capital increase	Write-downs for impairment	Fair value adjustments	Value as at 30/09/2013
Equities and shares of funds:						
Azimut - Benetti S.p.A.	29.186.630					29.186.630
SIA - SSB S.p.A.	1.400.000					1.400.000
Fondo Progressio Investimenti	4.587.788				5.430.321	10.018.109
Fondo Progressio Investimenti II	3.091.388	2.345.739		(1.163.509)		4.273.618
Fondo Cosimo I	4.207.000				(200.411)	4.006.589
Fondo Augusto	15.143.605				(591.447)	14.552.158
Equinox Two S.c.a.	2.720.894	708.189		(146.783)		3.282.300
Progressio SGR S.p.A.	649.711					649.711
Micro Ventures S.p.A.	3.088.703		(3.088.703)			0
Società Editoriale Vita S.p.A.	99.999				(90.645)	9.354
Micro Ventures Investments S.c.a. Sicar	560.000	440.000	(1.000.000)			0
Nomisma S.p.A.	100.000					100.000
MC-link S.p.A.		151.470			(20.394)	131.076
MC-link S.p.A. warrant					4.776	4.776
Micro Venture Finance Group S.A.		4.088.703				4.088.703
Frendy Energy S.p.A.		99.200			60.160	159.360
Industrial Stars of Italy S.p.A.		200.000				200.000
						0
Bonds:						0
Editoriale Vita S.p.A. (bonds)	30.000					30.000
						-
	64.865.718	**8.033.301**	**(4.088.703)**	**(1.310.292)**	**4.592.360**	**72.092.385**

The main changes in the item illustrated above specifically refer to the following:

- increases totalling EUR 8.033 thousand, mainly comprised of the share capital increases subscribed for the company Micro Venture Finance Group S.A. (EUR 4.088 thousand), through the contribution of the investments previously held in Micro Venture Equity and Micro Venture Holding S.p.A. For more information on these transactions, please see the more detailed description in the report on operations. The increase also comprised the partial call of the commitment subscribed in the Fondo Progressio Investimenti (Progressio Investimenti Fund) (EUR 2.345 thousand);

- decreases refer to the above-mentioned transaction relating to the contribution to Micro Venture Finance Group S.A. (EUR 4.088 thousand) and to the negative change in the fair value of Investment Funds (EUR 1,3 million), recorded on the basis of the estimated values in the period communicated by the individual funds involved in the investment, lower than the book value, which the company decided to transfer to the income statement, as these are considered unrecoverable impairment losses;

- the net increase relating to the fair value adjustments is mainly due to the higher value recorded by the Fondo Progressio Investimenti (Progressio Investimenti Fund) which, in turn, was the result of the capital gain relating to the investee Brands Partners 2 S.p.a., which holds 4,99% of Moncler S.p.A..

Moreover, available-for-sale financial assets posted a decrease due to write-downs for impairment of the recoverable value of equity investments. These write-downs were the result of the recognition of objective evidence of reductions in their recoverable value due to impairment or effects of future cash flows which may be reliably estimated, or due to the presence of a significant or long-lasting reduction in the present fair value of the equity investment as compared to its cost, totalling EUR 1,3 million. These are broken down by equity investment as follows:

Amounts in thousand of Euro	
Fondo Progressio Investimenti II	1.163
Equinox Two S.c.a.	147
	1.310

Losses due to reductions in the recoverable value of equities

Impairment testing of available-for-sale financial assets represented by equity instruments 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, individually or jointly relating to 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.

Furthermore, in order to establish whether there is impairment risk for equities, in addition to the presence of the events indicated above, conditions indicative of the occurrence of significant decreases in estimated future cash flows of the financial asset also include risk situations relating to the following:

- 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.

Specifically, 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.

Based on those reference criteria, in the case where there is evidence of impairment, the estimate of the loss deemed unrecoverable, to be posted to the income statement, equals the accumulated impairment of the asset.

Specifically, when an impairment loss occurs, the write-down of the financial asset is posted as a reduction in the revaluation reserve recognised under Equity up to the limit of the same, and any remaining amount is posted 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.

In this regard, as a result of the recognition of objective evidence of unrecoverable impairment of equity instruments, the entire amount of accumulated impairment on the acquisition cost at the beginning of the year was posted to the income statement for the year, eliminating the net valuation reserve totalling EUR 2,0 million, analytically broken down into the various financial assets as follows:

Value in thousand of Euro

	Acquisition cost	Fair value on 30.09.2012	Deferred taxes on fair value change	Net change in fair value to Equity on 30.09.2012	Fair value on 30.09.2013	Write-down to income statement
	A				*B*	*C= A-B*
Impairment due to long lasting decrease in fair value compared to the cost of equity instruments:						
Fondo Progressio Investimenti II	4.970	3.091	(621)	(1.257)	1.929	3.041
Unrecoverable decrease in value commeasured to the fundamental economic value of equity instruments:						
Equinox Two Sca	3.515	2.721	(12)	(782)	2.574	941
	8.485	**5.812**	**(633)**	**(2.039)**	**4.503**	**3.982**

For the investment in Fondo Progressio Investimenti II (Progressio Investimenti II Fund), as at 30 September 2013 these equities recorded a reliable estimated fair value relating to their respective net current assets that was lower than their historical cost for a period of time exceeding 20 months. This resulted in objective evidence of a reduction in their recoverable value, posting write-downs of EUR 3,0 million to the income statement, equal to the entire amount of accumulated impairment on the acquisition cost, including the effect of the elimination of the losses posted to the valuation reserve (totalling EUR 1,2 million), and the transfer of deferred taxes of EUR 0,6 million.

In relation to the investment in Equinox Two SCA, as at 30 September 2013, these equities showed reduction in their current recoverable values estimated based on criteria that reflect their current fundamental economic value considered unrecoverable, posting write-downs to the income statement totalling EUR 0,9 million, equal to the entire amount of accumulated impairment on the acquisition cost, including the elimination of the losses posted to the valuation reserve totalling EUR 0,8 million.

9. Sundry receivables and other assets

The item “Sundry receivables and other non-current assets” totalled EUR 160 thousand (EUR 264 thousand as at 30 September 2012) and includes the beneficial interest on a share equal to EUR 143 thousand.

10. Prepaid tax assets

This item totalled EUR 160 thousand (EUR 972 thousand as at 30 September 2012), decreasing by EUR 813 thousand during the year.

Details of the item are as follows:

	30.09.2013	30.09.2012
Tax assets with contra-item in Income statement	159.624	99.385
Tax assets with contra-item in Equity	-	872.821
	159.624	**972.206**

	30.09.2013	30.09.2012
Prepaid taxes		
Allocations	159.624	99.385
Other assets/liabilities	-	872.821
Other	-	-
	159.624	**972.206**

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 30 September 2013.

Management recorded 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 within a time period implied in the company's planning.

The table below shows the changes in the year:

Tax assets with contra-item in income statement:

	30.09.2013	30.09.2012
Opening Balance	**99.385**	**-**
Increases	**159.624**	**99.385**
Prepaid taxes recorded in the year:	**159.624**	**99.385**
- relating to previous years	-	-
- other	159.624	99.385
Increases in tax rates	-	-
Other increases	-	-
Decreases	**(99.385)**	**-**
Prepaid taxes cancelled in the year:	**(99.385)**	**-**
- reversals	(99.385)	-
Decreases in tax rates	-	-
Other reductions	-	-
	159.624	**99.385**

Tax assets with contra-item in Equity:

	30.09.2013	30.09.2012
Opening Balance	**872.821**	**-**
Increases	**-**	**872.821**
Prepaid taxes recorded in the year:	**-**	**872.821**
- relating to previous years	-	-
- other	-	872.821
Increases in tax rates	-	-
Other increases	-	-
Decreases	**(872.821)**	**-**
Prepaid taxes cancelled in the year:	**-**	**-**
Other reductions	(872.821)	-
	-	**872.821**

Current assets

11. Financial receivables

This item totalled EUR 89.401 thousand (EUR 54.842 thousand as at 30 September 2012). The item increased by a total of EUR 34.559 thousand over 30 September 2012.
Details of the item are as follows:

	30.09.2013	30.09.2012
Loans	89.401.367	54.345.617
Other receivables	-	496.366
Security deposits	-	-
	89.401.367	**54.841.983**

	30.09.2013	30.09.2012
Loans - financial institutions	214.902	260.272
Loans - customers	89.186.465	54.085.345
	89.401.367	**54.345.617**

The most important receivables in this item included the receivables due from the subsidiary Mittel Investimenti Immobiliari S.r.l., amounting to EUR 39,1 million, and from Ghea S.r.l., equal to EUR 21,8 million.

12. Current tax assets

This item totalled EUR 14.650 thousand (EUR 15.621 thousand as at 30 September 2012). The item decreased by a total of EUR 971 thousand over 30 September 2012.

The item is mainly composed of:

- IRES (corporate income tax) receivables totalling EUR 11.944, relating to amounts due from the tax authorities deriving from tax withholdings and payments on account made by Hopa S.p.A. (now Mittel S.p.A.) and its subsidiaries which applied, up until 31 December 2011, the Hopa tax consolidation option, interrupted following the merger in Mittel S.p.A.;
- receivables relating to the tax consolidation of Mittel S.p.A. EUR 2.599 thousand.

	30.09.2013	30.09.2012
IRES (corporate income tax)	14.497.539	15.621.044
IRAP (regional business tax)	152.681	-
Other taxes	-	-
	14.650.220	**15.621.044**

Changes in the item during the year are shown below:

	30.09.2013	30.09.2012
Opening balance	**15.621.044**	**2.966.090**
Increases	**380.819**	**13.838.513**
Current tax assets recorded in the **year:**	**228.138**	**-**
- relating to previous years	-	-
- other	228.138	-
Other increases	152.681	13.838.513
Decreases	**(1.351.643)**	**(1.183.559)**
Current tax assets cancelled in the **year:**	**-**	**-**
- reimbursements	-	-
- Other decreases	(1.351.643)	(1.183.559)
	14.650.220	**15.621.044**

13. Sundry receivables and other assets

This item totalled EUR 11.526 thousand (EUR 10.212 thousand as at 30 September 2012). The item increased by a total of EUR 1.314 thousand over 30 September 2012.
Details of the item are as follows:

	30.09.2013	30.09.2012
Trade receivables	537.683	417.050
Receivables from leases	-	-
Other tax receivables	9.401.065	8.361.865
Other receivables	895.502	894.239
Accrued income and prepaid expenses	691.906	539.152
	11.526.156	**10.212.306**

The item “Other tax receivables” is mainly composed of:

- the receivable due (EUR 7.200 thousand) from the tax authorities that Hopa S.p.A., now Mittel S.p.A., acquired from Bios S.p.A. as part of the contract for the purchase of the portion of share capital of Tethys S.p.A. on 18 May 2011. This receivable relates to the IRES (corporate income tax) surplus, for which a refund was requested;
- VAT credits due from the tax authorities (EUR 2.022 thousand).

The item “Other receivables”, amounting to EUR 895 thousand (EUR 894 thousand as at 30 September 2012), increased by EUR 1 thousand compared to the previous year and mainly includes receivables due from Group companies for taxes, VAT and sundry charges.

The item “Accrued income and prepaid expenses” includes accruals of EUR 119 thousand (EUR 64 thousand as at 30 September 2012), deferrals on contractual rents accruing in the future of EUR 478 thousand (EUR 254 thousand as at 30 September 2012) and deferrals on insurance premiums of EUR 95 thousand (EUR 222 thousand as at 30 September 2012).

14. Cash and cash equivalents

Cash and cash equivalents, amounting to EUR 3.545 thousand (EUR 4.064 thousand as at 30 September 2012), include cash held by the company and investments in bank deposits and bank certificates expiring within three months and, therefore, considered readily convertible to cash.

	30.09.2013	30.09.2012
Cash	2.016	2.205
Bank and postal deposits	3.543.183	4.061.749
	3.545.199	**4.063.954**

Please see the cash flow statement of the separate financial statements for developments in cash and cash equivalents.

15. Assets held for sale

This item totalled EUR 0 (EUR 2.500 thousand as at 30 September 2012).

Details of the item are as follows:

	30.09.2013	30.09.2012
Non-current assets held for disposal		
Investments		2.500.000
Other non-current assets		
	-	**2.500.000**

As at 30 September 2012 the item included the book value of the investment in Mittel Real Estate, reclassified under said item as a result of the preliminary sale agreement signed on 12 June 2012. The transaction was finalised on 8 March 2013 through the endorsement of share certificates before Notary Pantè.

16. Equity

Equity amounted to EUR 278.359 thousand (EUR 327.761 thousand as at 30 September 2012), down by EUR 49.402 thousand over 30 September 2012.

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

	30.09.2013	30.09.2012
Share capital	87.907.017	87.907.017
Legal reserve	16.760.462	14.100.901
Treasury shares	(25.778.526)	
Share/holding premium reserve	53.716.218	53.716.218
Valuation reserves	2.790.979	(2.524.591)
Other reserves	120.903.053	121.370.522
Profit (loss) of previous years	49.718.400	
Profit (loss) for the year	(27.658.637)	53.191.216
Equity	**278.358.966**	**327.761.283**

Table showing the formation and usability of reserves

Nature/description	amount	possibility of use	Available portion	Summary of uses made in three previous years	
				To cover losses	For other reasons
Share capital	87.907.017				
Capital reserves:					
Share premium reserve	53.716.218	A,B,C	53.716.218		
Other:					
- surplus from share swap	10.218.278	A,B	10.218.278		
- revaluation reserve pursuant to Law no. 72/1983	2.372.917	A,B	2.372.917		
- revaluation reserve pursuant to Law no. 413/1991	43.908	A,B	43.908		
Treasury shares	(25.778.526)				
Profit reserves;					
Legal reserve	16.760.462	B			
Other:					
- extraordinary reserve	39.333.835	A,B,C	39.333.835	(81.199.647)	(7.050.450)
- HOPA merger reserve	68.596.096	A,B,C	68.596.096		
- taxed provision for future risks and expenses	774.685	A,B,C	774.685		
- FTA	4.676	A,B,C	4.676		
Valuation reserve	2.790.979	B			
Retained earnings in the year	49.277.058	A,B,C	49.277.058		
Total reserves	**218.110.586**		**224.337.671**		
Undistributable portion			13.456.044		
Residual distributable portion			210.881.626		

Key: A, for share capital increase - B, to cover losses - C, for distribution to shareholders.

Changes in Equity during the 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. It should be noted that, after the merger by incorporation of Tethys S.p.A. and Hopa S.p.A., which took effect on 5 January

2012, the share capital of Mittel S.p.A. increased by 17.402.512 shares with a nominal value of EUR 1,00 each.

Treasury shares

As at 30 September 2013, the company held 15.308.706 treasury shares. It should be noted that the subsidiary Earchimede S.p.A. held 98.750.125 ordinary shares in Parent Company Hopa S.p.A., equal to 7,15% of the latter's share capital. Hopa S.p.A. shares, following the merger by incorporation of Tethys S.p.A. in Mittel S.p.A. and the merger of Hopa S.p.A. in Mittel S.p.A., which took effect on 5 January 2012 as per the deed of notary Marchetti dated 30 December 2011, a total of 3.555.003 ordinary Mittel S.p.A. shares were swapped. On 18 January 2013 Earchimede made a distribution of reserves in kind, through the assignment of 3.555.003 shares, of which 3.022.248 assigned to Mittel S.p.A.. On 18 February Mittel delivered 2.500.000 of its treasury shares as partial payment to the financial advisory firm, Borghesi Advisory S.r.l..
Following the voluntary partial public exchange offer on Mittel shares, which is described in the report on operations, with use date of 12 July 2013, 14.786.458 Mittel ordinary shares were exchanged. Added to the shares already held in portfolio, 522.248 shares, Mittel S.p.A. currently holds 15.308.706 treasury shares, equal to 17,415% of its share capital.

Valuation reserve

The valuation reserve relates to the fair value adjustment to 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 year are shown below:

		Fair value changes		Release of reserve to the income statement for fair value impairment	Release of reserve to the income statement for transfers of financial assets	Deferred taxes	Value as at 30.09.2013
Fair value measurement reserve	Value as at 1.10.2012	Increases	Decreases				
Fondo Progressio	(1.382.139)	5.430.321				(1.608.361)	2.439.821
Fondo Progressio II	(1.257.153)			1.878.311		(621.158)	-
Fondo Cosimo I	800.617		(200.411)			121.741	721.947
Fondo Augusto	96.115		(591.447)			170.646	(324.686)
Equinox Two	(782.031)			792.934		(10.903)	-
MC-Link S.p.A.			(20.394)				(20.394)
MC-Link S.p.A. warrant		4.776					4.776
Editoriale Vita S.p.A.			(90.645)				(90.645)
Frendy Energy S.p.A.		60.160					60.160
	(2.524.591)	**5.495.257**	**(902.897)**	**2.671.245**	-	**(1.948.035)**	**2.790.979**

17. Bond issue

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

	30.09.2013	30.09.2012
Bond "Mittel S.p.A. 2013-2019" TF 6%		
Current portion	1.320.537	-
Non current portion	96.103.299	-
	97.423.836	**-**

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

	30.09.2013	30.09.2012
Current portion		
Bond "Mittel S.p.A. 2013-2019" TF 6%	1.320.537	-
Non current portion		
Bond "Mittel S.p.A. 2013-2019" TF 6%	99.853.522	-
Total nominal repayment	**101.174.059**	**-**
Evaluation at amortized cost	(3.750.223)	**-**
Total book value	**97.423.836**	**-**

On 18 March 2013, the Board of Directors of Mittel S.p.A. approved the promotion of a voluntary partial public exchange offer of own ordinary shares (“OPSC”) with consideration in Mittel bonds and the promotion of a simultaneous public subscription offer of a bond (“OPSO”) with the same characteristics of the bond servicing the OPSC.
The OPSC pertained to a maximum of 17.059.155 ordinary Mittel S.p.A. shares listed on the MTA, equal to 19,40% of share capital; for every 1 ordinary share offered, 1 bond was paid in exchange, issued by Mittel at a unit nominal value of EUR 1,75 for a maximum total nominal value of around EUR 29,9 million.
The OPSO involved an ordinary bond offered under subscription for an amount equal to roughly EUR 20 million, which could be increased to EUR 70 million.
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.
On 14 June 2013, Mittel S.p.A. announced that Consob, on 13 June 2013, approved the Prospectus relating to the public subscription offer and the simultaneous admittance to listing on the Mercato Telematico delle Obbligazioni e dei Titoli di Stato (Screen-based bond market), organised and managed by Borsa Italiana S.p.A..
On 17 June 2013, Mittel S.p.A. launched the voluntary partial public exchange on own ordinary shares, promoted on 29 April 2013, pursuant to and in accordance with art. 102, paragraph 1, of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented (Consolidated Law on Finance (TUF)) and art. 37 of the Issuers' Regulation, regarding a maximum of 17.059.155 shares, with consideration in Mittel bonds (“OPSC” - public exchange offer) and the public subscription offer of a maximum of 57.059.155 Mittel bonds (“OPSO” - public subscription offer) deriving from said bond issue.
On 5 July 2013 Mittel S.p.A. announced the conclusion of the OPSC: given that the subscriptions to the OPSC involved a lower quantity of shares than the maximum of 17.059.155 ordinary Mittel shares, the company stated that the “pro-rata” distribution procedure described in the offer document would not be applied, but that all 14.767.258 ordinary Mittel shares offered for the OPSC would be recalled, for a total value (calculated on the basis of the nominal value of the Bonds offered for exchange) of EUR 25.842.701,50.
On 8 July 2013, Mittel communicated that, with reference to the OPSO, requests were received for 51.178.144 bonds, equal to around 4,5 times the Quantity Offered. In consideration of the high number of subscriptions received, Mittel S.p.A. communicated that it had availed itself, in agreement with the

Placement Manager, of the right to increase the total maximum nominal value of the OPSO to EUR 73.977.219,75 (increase including the so-called clawback mechanism).
A total of 42.272.697 bonds were assigned, of which 29.205.000 bonds as part of the Public Offer and 13.067.697 bonds as part of the Institutional Offer.
As regards the 29.205.000 bonds assigned to the Public Offer, a total of 7.995.000 bonds were assigned to ordinary public requests for subscriptions to the Minimum Lot and 21.210.000 bonds assigned to ordinary public requests for subscriptions to the Increased Minimum Lot.
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 amount of expenses relating to the OPSO amounted to around EUR 3,1 million.
On 8 July 2013, Mittel communicated that, on the date of closure of the OPSC, a total of 14.786.458 ordinary Mittel shares were offered, equal to 16,821% of the Issuer's share capital and 86,678% of the ordinary Mittel shares involved in the OPSC, for a total value (calculated on the basis of the nominal value of the bonds offered for exchange) equal to EUR 25.876.301,50.
The residual bonds offered for exchange were used to increase the OPSO, based on the above (so-called clawback mechanism).
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 6,00%, and, therefore, coincides with the Nominal Interest Rate.
The prospectus for the bond issue 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 30 September 2013 were as follows:

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

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

Values in Euro

	Currency	Issue amount (Euro)	Redemption Nominal Value (Euro)	Interest rate and coupon timing	Issue date	Expiry date	Issue price per bond (Euro)	Market price on 30/09/2013 (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**	**1,81**
Bond "Mittel S.p.A. 2013-2019" public exchange offer ("OPSC")	Euro	25.876.302	25.876.302					
		98.743.863	**99.853.522**					

The table below shows the evolution of the bond issue measured at amortised cost:

Values in Euro	Bond issue vs OPSC demand	Bond issue vs OPSO subscriptions	Contractual interest accued at 30/09/2013	Bonds as at 30.09.2013
Current portion:				
Bond "Mittel S.p.A. 2013-2019" TF 6%	-	-	1.320.537	1.320.537
Non current portion:				
Bond "Mittel S.p.A. 2013-2019" TF 6%	25.876.302	73.977.220	-	99.853.521
Total nominal value	**25.876.302**	**73.977.220**	**1.320.537**	**101.174.058**
Evaluation at amortized cost	(7.389)	(3.742.833)		(3.750.222)
Total book value	**25.868.912**	**70.234.387**	**1.320.537**	**97.423.836**

As at 30 September 2013 the current portion of the bond issue includes contractual interest of EUR 1.320.000 accrued from 12 July to 30 September 2013 in favour of bondholders of the "Mittel S.p.A. 2013-2019 TF 6.00%" loan.

Therefore, based on that described above, the table below breaks down the current and non-current portions of the bond issue based on amortised cost:

Values in Euro	*Bond "Mittel 2013-2019" in OPSO*	*Bond "Mittel 2013-2019" in OPSC*	*Total bond*
Nominal value of redemption of the bond issue	73.977.220	25.876.302	99.853.522
Offered Price discount in OPSO bond listing	(1.109.658)	-	(1.109.658)
Debt component at the issue date	**72.867.561**	**25.876.302**	**98.743.863**
Booked interests:			
Contractual interests	986.363	334.174	1.320.537
Difference with actual interests	90.422	(7.389)	83.033
Paid interests	-	-	-
Placement charges	(2.723.597)	-	(2.723.597)
Debt book value at 30.09.2013	**71.220.749**	**26.203.087**	**97.423.836**
Of which			
Bond issue - current portion	**986.363**	**334.174**	**1.320.537**
Bond issue - non-current portion	**70.234.386**	**25.868.913**	**96.103.299**

During the financial year, the net cash flows for Mittel S.p.A. deriving from the issue price of the bond loan net of marginal charges and expenses for issue and placement of the bonds were as follows:

	Euro
Cash inflow of the issue amount of the OPSO bonds:	**72.867.561**
Fees,issue expenses and placement charges of the bonds:	
Advisory and coordination fees	(1.008.545)
Placement fees	(1.600.544)
Variable changes for subscription collection	(27.624)
Compliance charges	(281.250)
Legal charges	(146.997)
Listing fees	(30.000)
Bond issue and placement charges paid	**(3.094.960)**
Net cash inflow from the issued bonds	**69.772.601**

Note that for the purposes of drawing up the financial statements, 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 issue, 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 issue, 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 approximative present value of the interest lost during the residual term of the bond issue.

18. Financial payables

This item amounted to EUR 38.017 thousand as at 30 September 2013, down by EUR 5.809 thousand over the previous year (EUR 43.826 thousand as at 30 September 2012).

Details of the item are as follows:

	30.09.2013	**30.09.2012**
Bank loans	39.163.897	43.825.716
Other loans		
Other financial payables		
	39.163.897	**43.825.716**

The item includes:

- the non-current portion of the loan granted by Banco di Brescia S.p.A. (EUR 7.770 thousand) for the instalments falling due, the last of which is scheduled for 23 October 2015. Note that the instalments of said loan falling due on 23 October 2013 and 23 April 2014, respectively, which total EUR 5.110 thousand were included in the item “Current financial payables”;
- a loan granted by Banca Monte dei Paschi di Siena (EUR 30.247 thousand), expiring on 23 December 2015;
- the accrual of interest on a loan granted by Banca Monte dei Paschi di Siena (EUR 1.147 thousand), expiring on 23 December 2015.

19. Provisions for personnel

As at 30 September 2013, the item amounted to EUR 797 thousand (EUR 522 thousand as at 30 September 2012), and is composed as follows:

	30.09.2013	30.09.2012
Employee severance indemnity	703.027	522.280
Other allowances	93.600	
	796.627	**522.280**

Employee severance indemnity, which includes indemnities accrued predominantly by employees, totalled EUR 703 thousand, already net of advances disbursed. The item “other provisions for personnel” includes the recognition of Directors’ severance indemnity for the company’s Chief Executive Officer.

Changes during the year are shown in the following table:

	30.09.2013	30.09.2012
Opening balances	**522.280**	**423.452**
Increases:		
- Allocation in the year	183.406	122.749
- Increase due to business combination		104.701
- Other increases	17.761	11.766
Decreases:		
- Liquidations carried out		(140.388)
- Other decreases	(20.420)	
	703.027	**522.280**

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 then 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 Company exit: 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 (estimated at a constant 2,0% over time) and other contractual increases. The projections also take account of any TFR additions, communicated by the Parent Company.

For revaluation purposes, TFR 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%, and a variable component of 75% of the projected inflation rate. Substitute income tax of 11% is applied on annual returns (Legislative Decree 47/2000).
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, that an increase in the rate of 10% (from 2,77% to 3,05%) involves a reduction of around 2,35% in the amount of the employee severance indemnity provision on an IAS basis - for the company as at 30 September 2013.
Similarly, a reduction in the annual rate of inflation of 10% (from 2,00% to 1,88%) involves a reduction of 1,36% in the amount of the provision for Mittel S.p.A. as at 30 September 2013.

20. Deferred tax liabilities

This item totalled EUR 1.076 thousand as at 30 September 2013 (EUR 0 as at 30 September 2012).

Details of the item are as follows:

	30.09.2013	**30.09.2012**
Tax liabilities with contra-item in income statement	-	-
Tax liabilities with contra-item in Equity	1.076.132	-
	1.076.132	**-**

	30.09.2013	**30.09.2012**
Deffered liabilities		
Receivables	-	-
Assets/liabilities held for sale	1.076.132	-
Investments	-	-
Property, plant and equipment/intangibles assets	-	-
Other assets/liabilities	-	-
Other	-	-
	1.076.132	**-**

21. Provisions for risks and charges

This item amounted to EUR 5.518 thousand as at 30 September 2013 (4.197 thousand as at 30 September 2012), up by EUR 1.321 thousand over the previous year.

Details of the item are as follows:

	30.09.2013	30.09.2012
Provision for risks:		
Legal disputes	-	-
Disputes with personnel	-	-
Contractual disputes	4.971.026	3.650.000
Other disputes	-	-
Other provisions:		
Expenses for personnel	-	-
Other expenses	546.800	546.800
	5.517.826	**4.196.800**

The item saw the following changes:

	30.09.2013	30.09.2012
Opening balance	**4.196.800**	**-**
increases:		
Allocation in the year	4.971.026	3.650.000
Other increases	-	546.800
Decreases:		
Use in the year	(3.650.000)	-
Other decreases	-	-
	5.517.826	**4.196.800**

The item “Provisions for risks” refers to an allocation set aside (EUR 4.971 thousand) to cover potential contractual losses. At the date of these financial statements, the amounts and date of occurrence were still undetermined.

The decreases refer to EUR 3.650 thousand for the release of the provision allocated in the previous year as a result of the report on findings served on Mittel Generale Investimenti S.p.A on 30 July 2010 relating to the tax periods 2004-2005 and 2005-2006. Specifically, that provision was allocated to cover both the payment of amounts due by Mittel S.p.A. in its role as consolidating company for tax purposes of Mittel Generale Investimenti S.p.A. and as regards the guarantee issued by Mittel S.p.A. in favour of Liberata S.p.A. as a result of the transfer of 100% of the share capital of Mittel Generale Investimenti S.p.A. on 25 July 2012. On 23 January 2013, settlement reports were signed with Direzione Provinciale I di Milano (Milan Provincial Tax Commission) pursuant to art. 48 of Legislative Decree no. 546/92, following which Mittel S.p.A. paid EUR 1,2 million to Liberata S.p.A. in addition to the amounts owing of EUR 2,4 million.

22. Sundry payables and other liabilities

This item totalled EUR 2.636 thousand (EUR 1.900 thousand as at 30 September 2012), and the increase of EUR 736 thousand is attributable to payables for legal settlement.

Current liabilities

23. Bond issue

These amount to EUR 1.321 thousand and refer to the interest accrued in the period from 12 July 2013, the date of issue of the bond loan, to the reporting date.

24. Financial payables

This item totalled EUR 56.233 thousand (EUR 101.153 thousand as at 30 September 2012), a decrease of EUR 44.920 thousand.
The item is composed as follows:

	30.09.2013	30.09.2012
Bank loans	49.940.754	61.183.349
Current portion of medium/long-term bank loans	5.109.938	1.432.988
Other loans	-	35.137.075
Other financial payables	1.182.422	3.399.105
	56.233.114	**101.152.517**

The item “Bank loans” includes hot money loans granted by the leading banks, regulated at rates indexed to the 1-3 month Euribor rates and expiring in four months.
The item “Other loans” decreased due to the full repayment of the outstanding payables due to Earchimede S.p.A. during the year.
The item “Other financial payables” mainly includes the payable due to Liberata S.p.A. of EUR 1.151 thousand, posted in relation to the capital replenishment in connection with the tax dispute, substantially adjusting the price paid to acquire the 100% investment of Mittel Generale Investimenti S.p.A., on which interest has accrued starting from 1 October 2013, at the 3-month Euribor rate (365) increased by 500 bps.

25. Tax liabilities

This item totalled EUR 0 thousand (EUR 349 thousand as at 30 September 2012).

	30.09.2013	30.09.2012
IRES (corporate income tax)	-	-
IRAP (regional business tax)	-	348.721
Other	-	-
	-	**348.721**

The item showed the following changes in the year:

	30.09.2013	30.09.2012
Opening balance	**348.721**	**-**
Increases	**-**	**1.423.497**
Current tax liabilities recorded in the year:	**-**	**1.423.497**
- other	-	1.423.497
Decreases	**(348.721)**	**(1.074.776)**
Current tax liabilities cancelled in the year:	**-**	**-**
- Other decreases	(348.721)	(1.074.776)
	-	**348.721**

26. Sundry payables and other liabilities

This item totalled EUR 13.152 thousand (EUR 15.745 thousand as at 30 September 2012). The item decreased by a total of EUR 2.593 thousand over 30 September 2012.

Details of the item are as follows:

	30.09.2013	30.09.2012
Trade payables	1.683.293	2.410.086
Tax payables	287.952	320.744
Payables relating to employees	747.351	579.968
Payables relating to other personnel	-	-
Payables due to directors and statutory auditors	298.266	103.471
Payables due to social security institutions	93.029	89.239
Disputed	-	-
Other payables	9.970.719	12.104.370
Accrued expenses and deferred income	71.519	137.425
	13.152.129	**15.745.303**

The item “Other payables” includes mainly:

- the payable due (EUR 7.208 thousand) to the company Bios regarding the tax receivable Mittel S.p.A. acquired from the company Bios S.p.A. as part of the contract for the purchase of the portion of share capital of Tethys S.p.A. on 18 May 2011; this receivable relates to the IRES (corporate income tax) surplus, for which a refund was requested;
- the contractual payable (EUR 990 thousand) related to a tax dispute regarding the company Bernardi S.p.A..

Comments on the main items are shown below.

27. Revenues

These amounted to EUR 1.499 thousand (EUR 2.030 thousand as at 30 September 2012). The item decreased by a total of EUR 530 thousand over 30 September 2012.

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

	30.09.2013	30.09.2012
Revenues from property sales	-	-
Revenues from rent	490.864	703.165
Revenues from provision of services	1.008.453	1.326.490
Revenues from fund management commission	-	-
Revenues from commission from finance leases	-	-
Other revenues	-	-
	1.499.317	**2.029.655**

The item revenues from rent refers to annual rents on properties owned, leased to subsidiaries and associates.
The item revenues from provision of services relates to chargebacks to subsidiaries and associates for outsourced direct debit, administrative and IT services.

28. Other income

This item totalled EUR 1.145 thousand (EUR 1.587 thousand as at 30 September 2012). The item decreased by a total of EUR 442 thousand over 30 September 2012.

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

	30.09.2013	30.09.2012
Recoveries of various expenses	-	-
Contingent assets	798.399	1.472.868
Income from elimination of assets	25.001	-
Other revenues and income	321.905	113.738
	1.145.305	**1.586.606**

29. Costs for services

This item totalled EUR 7.644 thousand (EUR 7.288 thousand as at 30 September 2012). The item increased by a total of EUR 356 thousand over 30 September 2012.

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

	30.09.2013	30.09.2012
Legal consultancy	(1.301.467)	(1.973.236)
Notary consultancy	(8.643)	(179.461)
Other consultancy	(1.917.248)	(1.366.805)
General services and maintenance	(593.647)	(657.724)
Administrative, organisational and audit services	(245.000)	(270.724)
Project-based partner costs	-	(57.167)
Directors' fees	(1.171.535)	(971.611)
Board of Statutory Auditors' fees	(298.266)	(287.190)
Supervisory Body's fees	(40.600)	(74.281)
Fees for prosecutors and Manager in charge	(16.000)	(70.000)
Rentals	(1.278.949)	(979.710)
Leases	(12.006)	(8.409)
Insurance	(341.201)	(256.825)
Utilities	(169.032)	(131.537)
Advertising	(250.303)	(3.172)
	(7.643.897)	**(7.287.852)**

30. Personnel costs

This item totalled EUR 3.803 thousand (EUR 4.023 thousand as at 30 September 2012). The item increased by a total of EUR 220 thousand over 30 September 2012.

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

	30.09.2013	30.09.2012
Wages and salaries	(2.543.935)	(2.114.421)
Social security costs	(824.948)	(762.162)
Employee termination indemnity	(93.600)	-
Allocation to employee severance indemnity	(183.406)	(146.878)
Other personnel costs	(157.607)	(999.448)
	(3.803.496)	**(4.022.909)**

The decrease in other personnel costs is due to the posting in the previous year of the cost incurred by the company for settlement agreements entered into in that period.

Average number of employees broken down by category:

	Average in year 2012/2013	Average in year 2011/2012
Managers	6	5
Officials	7	5
Employees	16	12
Total	**29**	**22**

31. Other costs

These amounted to EUR 1.833 thousand (EUR 1.977 thousand as at 30 September 2012). The item decreased by a total of EUR 144 thousand over 30 September 2012.

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

	30.09.2013	30.09.2012
Taxes and duties	(1.445.101)	(1.305.470)
Extraordinary contingent liabilities	(77.063)	(417.075)
Other sundry operating expenses	(311.166)	(254.840)
	(1.833.330)	**(1.977.385)**

The item “taxes and duties” mainly includes non-deductible pro-rata VAT costs. The increase compared to the previous year is attributable, among other factors, to the rise in consultancy costs.

32. Dividends and similar income

This item totalled EUR 9.549 thousand (EUR 68.514 thousand as at 30 September 2012). The item decreased by a total of EUR 58.965 thousand over 30 September 2012.

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

	30.09.2013	30.09.2012
Dividends from financial assets held for trading	-	-
Dividends from available-for-sale financial assets	935.205	3.753.813
Dividends from investments	8.613.536	64.759.865
	9.548.741	**68.513.678**

The item is composed of EUR 4.140 thousand for the dividend distributed by the subsidiary Earchimede S.p.A., EUR 3.368 thousand for the dividend distributed by the subsidiary Mittel Debt & Grant S.p.A., EUR 840 thousand for the dividend distributed by Brands Partners 2 S.p.A. and EUR 265 thousand for the dividend received from Castello Sgr S.p.A.. Dividends from available-for-sale financial assets refer to Fondo Augusto (EUR 736 thousand), Progressio SGR S.p.A. (EUR 121 thousand) and Sia S.p.A. (EUR 78 thousand).
In the previous year, dividends received were recorded for EUR 40 million from Mittel Generale Investimenti S.p.A., EUR 14,7 million from Brands Partners 2 S.p.A. and EUR 10,1 million from Mittel Private Equity S.p.A..
For more details, please refer to the section “Significant events in the year” in these financial statements.

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

In order to permit a better measurement of the actual trend in ordinary operations, net income from cost and revenue components deriving from disposals of non-current assets is indicated separately under EBIT.
The item “Profits/(losses) deriving from investments” includes:
- capital gains/losses from the disposal of investments in available-for-sale assets;
- capital gains/losses from the disposal of investments classified as available-for-sale, included in the item “Other non-current financial assets”;
- the fair value adjustment from the non-application of the equity method due to the loss of a significant influence.

This item totalled EUR 160 thousand, a decrease of EUR 38.483 thousand over 30 September 2012.

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

	30.09.2013	30.09.2012
Capital gains (losses) from transfer of investments	**160.388**	**38.643.408**
Capital gains (losses) from change in equity interest	**-**	**-**
Write-backs/value adjustments of investments	**-**	**-**
	160.388	**38.643.408**

The amount of the capital gain recorded in the previous year referred to the transfer of Mittel Generale Investimenti S.p.A. to Liberata S.p.A.

34. Amortisation/depreciation

This amounted to EUR 395 thousand, in line with the figure recorded in the previous year.

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

	30.09.2013	30.09.2012
Intangible assets		
Amortisation	(62.824)	(32.245)
Property, plant and equipment		
Amortisation of other assets owned	(332.433)	(363.675)
Assets relating to financial leasing	**-**	**-**
	(395.257)	**(395.920)**

35. Allocations to the provision for risks

This item totalled EUR 4.971 thousand, up by EUR 1.321 thousand on the allocations in the previous year.

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

	30.09.2013	30.09.2012
Provisions for ongoing disputes:		
Provision for contractual disputes	(4.971.026)	(3.650.000)
Other provisions	-	-
	(4.971.026)	**(3.650.000)**

The item “provisions for contractual disputes” refers to an allocation set aside to cover potential losses. At the date of these financial statements, the amounts and date of occurrence were still undetermined.

36. Value adjustments to financial assets and receivables

This item totalled EUR 8.736 thousand, an increase of EUR 6.319 thousand over 30 September 2012.
The breakdown of the item is shown in the following table:

	30.09.2013	30.09.2012
Write-downs of financial receivables	(4.754.530)	(2.417.171)
Write-downs of available-for-sale financial assets	(3.981.538)	-
	(8.736.068)	**(2.417.171)**

The item “Write-downs of financial receivables” refers mainly to the value adjustment effected for a credit position expiring in 2018 which was valued on the basis of the recoverable value of the future cash flows relating to expected reimbursements, discounted at a rate of return which reflects the increased counterparty risk in the year.

For more details on the item “Write-downs of available-for-sale financial assets”, please see paragraph “8 – Other financial assets”.

37. Write-downs of investments

This item totalled EUR 11.059 thousand (EUR 33.477 thousand as at 30 September 2012). The item decreased by a total of EUR 22.418 thousand over 30 September 2012.

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

	30.09.2013	30.09.2012
Write-downs of investments	(11.059.549)	(33.477.118)
	(11.059.549)	**(33.477.118)**

The item “Write-downs of investments” relates mainly to:

(i) EUR 8.394 thousand for the impairment of Earchimede S.p.A. resulting from the distribution of dividends in 2013, against which Earchimede S.p.A assigned 3.555.003 ordinary Mittel S.p.A. shares to its shareholders. In execution of this distribution, Mittel S.p.A. received 3.022.248 shares with an assignment value of EUR 2,778, and reduced its book value by the equivalent amount of EUR 8.4 million;

(ii) EUR 1.961 thousand for the impairment of Mittel Debt & Grant S.p.A. resulting from its distribution of dividends.

For more information on the issues relating to said impairment, please see the note Investments in these financial statements.

38. Financial income

This item totalled EUR 5.854 thousand (EUR 2.994 thousand as at 30 September 2012). The item increased by a total of EUR 2.860 thousand over 30 September 2012.

The item is composed as follows:

	30.09.2013	30.09.2012
Bank interest income	20.443	46.614
Interest income on financial receivables	5.830.518	2.942.018
Other interest income	2.970	5.311
	5.853.931	**2.993.943**

39. Financial expenses

This item totalled EUR 7.392 thousand (EUR 6.547 thousand as at 30 September 2012). The item increased by a total of EUR 845 thousand over 30 September 2012.

The item is composed as follows:

	30.09.2013	30.09.2012
Interest expense on bonds	(1.403.569)	-
Interest expense on bank loans	(4.272.765)	(4.697.457)
Interest expense on other loans	(1.153.377)	(1.014.771)
Other interest expenses	(33.443)	(262.361)
Other financial expenses	(528.511)	(572.585)
	(7.391.665)	**(6.547.174)**

40. Income taxes

The item totalled EUR 32 thousand (EUR 801 thousand as at 30 September 2012).
The item decreased by a total of EUR 769 thousand over 30 September 2012.
The amount is composed as follows:

	30.09.2013	30.09.2012
IRES (corporate income tax)	104.974	465.761
IRAP (regional business tax)	-	(1.423.497)
	(295.711)	2.865
Total current taxes	**(190.737)**	**(954.871)**
Deferred tax liabilities	-	-
Prepaid income taxes	158.706	386.637
Total deferred taxes	**158.706**	**386.637**
	-	(232.311)
Total income taxes	**(32.031)**	**(800.545)**

The statement of reconciliation of theoretical tax is shown in the table below, calculated on the basis of the applicable income tax rate:

	IRES (corporate income tax)		
Description	**Gross value**	**Rate**	**Tax**
Income (loss) before taxes	- 27.626.606	27,50%	- 7.597.317
Corrective measure for IRAP/IRES comparison	-	27,50%	-
Permanent increase	23.217.060	27,50%	6.384.692
Temporary increase	580.450	27,50%	159.624
Reversals of non-deductible costs in previous years	- 338.954	27,50%	- 93.212
Loss from PEX investments	- 198.088	27,50%	- 54.474
Profit from PEX investments	6.874	27,50%	1.890
Dividends	- 8.329.164	27,50%	- 2.290.520
10% IRAP recovery	-	27,50%	-
Other decreases	-	27,50%	-
Change in prepaid/deferred taxes	-	27,50%	-
Total	**- 12.688.428**	**27,50%**	**- 3.489.318**
Prepaid taxes on tax loss (not recognised)	12.688.428	27,50%	3.489.318
Change in prepaid/deferred taxes	(215.713)	27,50%	- 59.321
Effective tax benefit from application of tax consolidation	(743.123)	27,50%	- 204.359
Change in taxes in the previous year			295.711
Total			**32.031**

Note: In consideration of the company's specific nature, IRAP (regional business tax) was not considered, as Mittel does not have an IRAP taxable base as at 30 September 2013. Thus, this table refers only to IRES (corporate income tax).

The tax losses of Mittel S.p.A. as at 30 September 2013 amounted to EUR 20,8 million. The company 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.

41. Basic and diluted earnings (loss) per share

As set forth in IAS 33, Mittel S.p.A. shows i) basic earnings per share calculated as net income for the year divided by the weighted average number of shares outstanding in the year, and ii) diluted earnings calculated by adjusting net profit attributable to holders of ordinary equity instruments of 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, respectively, as follows:

- *Basic earnings or loss per share:*

  Basic earnings or loss per share are determined by dividing the net profit attributable to holders of ordinary equity instruments of Mittel S.p.A. by the weighted average of ordinary shares outstanding during the year.
  The calculation of the average weighted number of shares outstanding includes the effect of the transactions involving the number of treasury shares owned which occurred during the year. In this regard, changes occurred in the portfolio of treasury shares as a result of the following:
  - the assignment of 3.022.248 ordinary shares as a result of the distribution of reserves in kind resolved by the subsidiary Earchimede S.p.A. and executed in January 2013;
  - the transfer of 2.500.000 ordinary shares as partial payment of the consideration for the acquisition of Borghesi Advisory S.r.l (now Mittel Advisory S.p.A.) on 18 February 2013;
  - the exchange of ordinary shares offered as a result of the voluntary partial public exchange offer promoted by Mittel S.p.A. on its shares, with a consideration comprised of bonds issued through subscription of the "Mittel S.p.A. 2013-2019" bond loan. As a result of the voluntary public exchange offer on Mittel S.p.A. shares, which concluded in July 2013, 14.786.458 ordinary Mittel shares were offered, equal to 16,821% of the Issuer's share capital and 86,678% of the ordinary shares involved in the voluntary public exchange offer, for a total value (calculated on the basis of the nominal value of the bonds offered for exchange) equal to EUR 25.876.301,50.

- *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 as at 30 September 2013, compared with the previous year, are as follows:

Earnings/(loss) per share (in EUR)	**30.09.2013**	**30.09.2012** recalculated	**30.09.2012**
From income statement:			
- Basic	(0,329)	0,632	0,639
- Diluted	(0,329)		0,639
From comprehensive income:			
- Basic	(0,265)	0,597	0,603
- Diluted	(0,265)		0,603

As required by the reference legislation, the recalculated figures for earnings (loss) per share in the previous year are presented for the purposes of comparative information, as a result of the decrease in shares outstanding as a consequence of the transactions in treasury shares which occurred in the year.

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 30 September 2013, compared with the previous year, is as follows:

Basic earnings/(loss) per share	30.09.2013	30.09.2012
(no. ordinary shares)		
No. of shares at start of the year	87.907.017	70.504.505
Average weighted number of ordinary shares subscribed in the year		12.790.371
No. of shares at start of the year		-
Average weighted number of treasury shares acquired in the year	(5.252.939)	-
Average weighted number of treasury shares sold in the year	1.534.247	-
Average weighted number of shares outstanding at the end of the year	**84.188.325**	**83.294.876**
EUR		
Net profit/(loss)	**(27.658.637)**	**53.191.216**
EUR		
Basic earnings/(loss) per share	**(0,329)**	**0,639**
EUR		
Total net profit/(loss)	**(22.343.067)**	**50.223.854**
EUR		
Total basic earnings/(loss) per share	**(0,265)**	**0,603**

Reconciliation of the weighted average number of shares outstanding for the purposes of the calculation of diluted earnings or loss per share from the income statement and from the statement of comprehensive income as at 30 September 2013, compared with the previous year, is as follows:

Diluted earnings / (loss) per share	30.09.2013	30.09.2012
(no. ordinary shares)		
Average weighted number of shares outstanding at the end of the year	84.188.325	83.294.876
plus shares necessary for:		
subscription of shares	-	-
Potential dilution of ordinary shares	-	-
Average weighted number of shares at the end of the year	**84.188.325**	**83.294.876**
EUR		
Net profit/(loss)	(27.658.637)	53.191.216
Effect of subscriptions of potential new shares	-	-
Net profit/(loss) available for ordinary shareholders plus assumed subscriptions	**(27.658.637)**	**53.191.216**
EUR		
Diluted earnings / (loss) per share	**(0,329)**	**0,639**

EUR		
Net profit/(loss)	(22.343.067)	50.223.854
Effect of subscriptions of potential new shares	-	-
Total net profit/(loss) available for ordinary shareholders plus assumed subscription	**(22.343.067)**	**50.223.854**

EUR		
Total diluted earnings/(loss) per share	**(0,265)**	**0,603**

Given no profit or loss was recorded by disposal groups in the current year and in the previous year, Mittel S.p.A. did not calculate profit or loss relating to said disposal groups.

42. 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 Mittel S.p.A. as at 30 September 2013 was a negative EUR 121.715 thousand (a negative EUR 8.494 thousand if we take into consideration non-current financial receivables), as shown in the table below:

(Thousands of Euro)	**30.09.2013**	**30.09.2012**	**Variation**
Cash	2	2	(0)
Other cash equivalents	3.543	4.062	(519)
Securities held for trading	-	-	-
Current liquidity	**3.545**	**4.064**	**(519)**
Current financial receivables	**67.561**	**54.842**	**12.719**
Current bank payables	(49.941)	(61.183)	11.243
Current portion of medium/long-term bank loans	(5.110)	(1.433)	(3.677)
Bonds issued	(1.321)	-	(1.321)
Other current financial payables	(1.182)	(38.537)	37.355
Current financial debt	**(57.554)**	**(101.153)**	**43.599**
Net current financial debt	**13.552**	**(42.247)**	**55.798**
Non-current bank payables	(39.164)	(43.826)	4.662
- Bank payables expiring in the medium-term	(39.164)	(43.826)	4.662
- Bank payables expiring in the long-term	-	-	-
Bonds issued	(96.103)	-	(96.103)
Other financial payables	-	-	-
Non-current financial debt	**(135.267)**	**(43.826)**	**(91.441)**
Net financial position	**(121.715)**	**(86.073)**	**(35.642)**

Please refer to the report on operations for comments on the trend in the net financial position.
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 44 of these financial statements.

43. Commitments and guarantees

As at 30 September 2012, the guarantees below were given, summarised in the following table:

	30.09.2013	30.09.2012
Guarantees:		
commercial	24.328.289	26.758.714
Commitments:		
disbursement of funds	14.530.017	18.469.260
	38.858.306	**45.227.974**

Commercial guarantees refer to the sureties in favour of the Italian Inland Revenue for VAT for which a refund was requested (EUR 3,0 million), a bank guarantee relating to the residual contractual payable connected with the "Bernardi S.p.A." tax dispute (EUR 1 million), the guarantee in favour of Liberata S.p.A. (EUR 20 million) issued to secure the Equity against risks on credit, labour law and tax losses for the sale of Mittel Generale Investimenti S.p.A.
Commitments to disburse funds refer to the commitments for payments to be made into investment funds.

44. Intercompany transactions and transactions with related parties

Intercompany transactions and transactions with related parties

As regards 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 year 2012-2013, 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 to the following:

	Due to directors, statutory auditors and internal committees	Due to subsidiaries	Due to associates	Total
Non-current assets				
Financial receivables		26.753.750	65.626.225	**92.379.975**
Current assets				
Financial receivables		68.498.267	4.994.697	**73.492.964**
Sundry receivables and other assets		638.678		**638.678**
Current liabilities				
Financial payables			1.151.447	**1.151.447**
Sundry payables and other liabilities	298.266	279.213	7.208.513	**7.785.992**
Income statement				
Revenues		528.238	716.793	**1.245.031**
Other income		13.328		**13.328**
Costs for services	(2.109.801)	(245.000)		**(2.354.801)**
Personnel costs			(1.126.381)	**(1.126.381)**
Dividends		7.508.610	1.841.126	**9.349.736**
Financial income		2.040.013	2.789.009	**4.829.022**
Financial expenses		(1.153.377)		**(1.153.377)**

- Non-current financial receivables refer to loans granted by Mittel S.p.A. to Mittel Partecipazioni Stabili S.p.A. (EUR 26,5 million), and to Mittel Investimenti Mobiliari S.r.l. (EUR 0,3 million). Receivables due from associates refer to the loan granted to Liberata S.p.A. (EUR 35,6 million) and to the loan granted by Mittel Generale Investimenti S.p.A. to Mittel S.p.A. (EUR 30 million) in place with Castello SGR S.p.A, the “Fondo Augusto” management company, a closed-end mutual investment fund reserved to qualified investors, of which Mittel S.p.A. is a subscriber. For a more complete description of this transaction, please refer to the report on operations of these financial statements.

- Current financial receivables refer to loans granted to Ghea S.r.l. (EUR 21,8 million), to Locaeffe S.r.l. in liquidazione (in liquidation (EUR 0,3 million), to Mittel Investimenti Immobiliari S.p.A. (EUR 39,1 million), to Markfactor S.r.l. in liquidazione (in liquidation) (EUR 1,5 million), to Everel Group S.p.A. (EUR 1,1 million), to Castello SGR S.p.A. (EUR 0,2 million), to Liberata S.p.A. (EUR 0,1 million), to Tower 6 S.à r.l. (EUR 3,6 million), to Mittel Investimenti Mobiliari S.r.l. (EUR 1,0 million), to Mittel Advisory Debt and Grant S.p.A. (EUR 2,8 million) and to Mittel Advisory S.p.A. (EUR 2,0 million).

- The item sundry receivables and other assets is mainly comprised of receivables due from companies subscribing to the tax consolidation of the consolidating company Mittel S.p.A.

- The item financial payables refers to the price adjustment for Liberata S.p.A. relating to the transfer of Mittel Generale Investimenti S.p.A.

- The item sundry payables and other current liabilities refers to the payable due (EUR 7,2 million) to Bios S.p.A. following the acquisition by Mittel S.p.A. of tax receivable for a corresponding amount, for which a refund was requested by Bios, payables (EUR 0,3 million) deriving from tax consolidation accrued from subsidiaries included in the tax consolidation and payables due to statutory auditors for fees accrued and not paid (EUR 0,3 million).

- The item revenues from services provided refers mainly to chargebacks for administrative and direct debt services supplied to Group companies and to the chargeback of the Directors & Officers policy subscribed by the Parent Company Mittel S.p.A.

- The item other income refers to the chargeback of services administered and direct debit services provided to Group companies.

- The item costs for services refers to directors’ fees (EUR 1,8 million), fees to the Board of Statutory Auditors (EUR 0,3 million), charges for services supplied to Group companies (EUR 0,2 million) with the remainder concerning fees paid to attorneys and to key managers of the company. 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 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 and similar income is composed of dividends from investments distributed from Brands Partners 2 S.p.A. (EUR 0,8 million), from Earchimede S.p.A. (EUR 4,1 million), from Mittel Advisory Debt and Grant S.p.A. (EUR 3,4 million), from Castello SGR (EUR 0,3 million) and EUR 0,7 million from income deriving from the “Fondo Augusto” (Augusto Fund).

- The item financial income mainly refers to interest income accrued by Mittel from Liberata (EUR 1,8 million), from Ghea S.r.l. (EUR 0,4 million), from Markfactor S.r.l. in liquidazione (in liquidation) (EUR 0,2 million), from Locaeffe S.r.l. in liquidazione (in liquidation) (EUR 0,1 million), from Mittel Investimenti Immobiliari S.r.l. (EUR 1,3 million), from Mittel Investimenti Mobiliari (EUR 0,1 million), from Mittel Advisory Debt and Grant S.p.A. (EUR 0,1 million), from Mittel Advisory S.p.A. (EUR 0,1 million), from Everel (EUR 0,1 million) and from Fondo Augusto (EUR 0,9 million).

- The item financial expenses refers to interest expenses accrued in respect of Earchimede S.p.A. (EUR 1,2 million).

45. 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 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.

45.1 Categories of financial instruments

Categories of financial assets and liabilities

Additional disclosures required by IFRS 7 in order to assess the relevance of the financial instruments with reference to Mittel S.p.A.'s equity and financial situation are shown separately below for the two years being compared:

	IAS 39 CATEGORIES				
Financial assets at 30 September 2013	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	-	-	-	72.062.385	**72.062.385**
Bonds	-	-	-	30.000	**30.000**
Other financial assets	-	-	-	-	-
Non-current receivables:					
Financial receivables	-	-	113.221.372	-	**113.221.372**
Sundry receivables	-	-	160.252	-	**160.252**
Receivables due from related parties	-	-		-	-
Receivables due from customers and other current commercial assets:					
Sundry receivables and other assets	-	-	11.526.156	-	**11.526.156**
Current financial assets:					
Financial receivables	-	-	89.401.367	-	**89.401.367**
Sundry receivables	-	-	-	-	-
Hedging derivatives	-	-	-	-	-
Non-hedge derivatives	-	-	-	-	-
Cash and cash equivalents					
Bank and postal deposits	-	-	3.543.183	-	**3.543.183**
TOTAL FINANCIAL ASSETS	-	-	**217.852.330**	**72.092.385**	**289.944.715**

Financial liabilities as at 30 September 2013	IAS 39 CATEGORIES Financial instruments designated at fair value	Liabilities at amortised cost	Book value
Non-current payables and financial liabilities:			
Payables due to banks	-	39.163.897	**39.163.897**
Other financial liabilities	-	-	**-**
Sundry payables and other liabilities	-	2.635.502	**2.635.502**
Bond issue		93.103.299	**93.103.299**
Current liabilities:			
Payables due to banks and other lenders	-	56.233.114	**56.233.114**
Trade payables	-	1.683.293	**1.683.293**
Sundry payables	-	11.468.836	**11.468.836**
Bond issue		1.320.537	**1.320.537**
Other financial liabilities:			
Hedging derivatives	-	-	**-**
Non-hedge derivatives	-	-	**-**
TOTAL FINANCIAL LIABILITIES	**-**	**205.608.478**	**205.608.478**

Financial expenses and income recognised according to IAS 39

The net financial expenses and income from financial assets and liabilities are shown below, broken down into the categories required by IAS 39, highlighting the nature of said expenses and income for each category:

IAS 39 categories as at 30 september 2013	From interest	From fair value changes	Write-downs for impairment	From Equity reserve	From capital losses/gains	From other income/expenses	Exchange gains/losses	Net profits/losses
Financial instruments held for trading	-	-	-	-	-	-		-
Liabilities at amortised cost	(6.863)	-	-	-	-	(92)	-	(6.955)
Available-for-sale financial instruments and equity securities	-	-	(1.310)	(2.672)	-	(397)	-	(4.379)
Loans and receivables	5.851	-	(4.755)	-	-	-	-	1.096
Derivative hedging instruments	-	-	-	-	-	-	-	-
Derivative trading instruments	-	-	-	-	-	-	-	-
	(1.012)	-	(6.065)	(2.672)	-	(488)	-	(10.238)

45.2 Information on fair value

In relation to the financial instruments recorded in the Statement of Financial Position at fair value, IFRS 7 requires said values to be classified on the basis of a fair value hierarchy which reflects the significance of the inputs used in determining the fair value.

The fair value used for the purposes of the valuation of financial instruments is determined on the basis of a hierarchy split into the following levels:

- **Level 1** - determined by listed prices (not adjusted) in active markets; the valuation of the financial instruments is equal to the market price of the instrument, i.e. its listing price.
  The market is defined as active when prices reflect normal market transactions, are regularly and quickly available and if said prices represent actual and standard market transactions;
- **Level 2** - determined used valuation techniques based on variables that are directly or indirectly observable on the market; 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 similar assets or through valuation techniques for which all significant values are taken from parameters observable on the market. Although we are talking about the application of a valuation technique, the resultant price essentially lacks discretionality given that all parameters used can be observed on the market and the calculation methods used replicate prices present on active markets;
- **Level 3 -** determined using valuation techniques based on significant variables not observable on the market; these techniques consist of the calculation of the listed price of the instrument by using significant parameters not observable on the market and therefore, involve estimates and assumptions by management.

More specifically:

Securities (other than non-controlling interests recorded in the AFS (Available-for-sale financial assets) portfolio)

The fair value of securities (bonds and bank certificates of deposit) is measured using commonly accepted valuation techniques and based on analysis models through discounted cash flows, by using prices observable from recent market transactions and from broker prices for similar instruments (level 2) as variables.
Shares of hedge funds and private equity funds 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 independent transaction, on the basis of normal market considerations, at the valuation date (level 3).

Non-controlling interests recognised in the AFS (Available-for-sale financial assets) portfolio

As at 30 September 2012, 67,9% of non-controlling interests recorded in the statement of financial position under available-for-sale assets was valued according to methods based on the fundamental analysis of the company (level 3).
Investments measured at cost amount to around 50% of total available-for-sale financial assets. This value is monitored in accordance with Group policy.

Financial instrument fair value valuation techniques:

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).

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.

The valuation 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.

For shares, use of different valuation methods is envisaged. Direct transactions, or significant share transactions over a period of time deemed sufficiently short with respect to the time of the valuation and in constant market conditions, comparable transactions of companies that operate in the same sector and with each type of product/service supplied similar to those of the investee subject to valuation, the application of the average of significant stock market multiples of comparable companies with respect to the economic-equity amounts of the investee and, lastly, analytical financial, profit and equity valuation methods.

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.

The following table highlights the company's assets and liabilities which are measured at fair value as at 30 September 2013 and 2012, by hierarchical level of fair value measurement:

Amounts in EUR	30 September 2013				30 September 2012			
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	Prices listed on an active market	Valuation techniques based on variables observable from the market	Valuation techniques which incorporate significant variables not observable from the market	Total	Prices listed on an active market	Valuation techniques based on variables observable from the market	Valuation techniques which incorporate significant variables not observable from the market	Total
Financial assets:								
- at fair value through profit or loss (FVTPL)				-				-
- available-for-sale assets (AFS)	295.212	22.832.366	48.964.806	72.092.384		27.029.781	37.835.937	64.865.718
- hedging derivatives				-				-
- loans and receivables				-				-
TOTAL	**295.212**	**22.832.366**	**48.964.806**	**72.092.384**	**-**	**27.029.781**	**37.835.937**	**64.865.718**
Financial liabilities:								
- at fair value through profit or loss				-				-
- hedging derivatives				-				-
- trading derivatives				-				-
- financial guarantees issued				-				-
TOTAL	-	-	-	-	-	-	-	-

Transfer between portfolios and reclassifications of financial assets

The company did not carry out any portfolio reclassifications in the year 2012-2013.

Annual variations to financial assets designated at fair value level 3

No transfers from level 3 to other levels were effected during the year, deriving from changes to significant input variables of observable valuation techniques. Vice-versa, the fair value of the investment in Fondo Progressio Investimenti (Progressio Investimenti Fund) was transferred from level 2 to level 3 following the internal recalculation of the value of the financial assets to be assigned the higher value of the investment in Moncler S.p.A. compared to the value implicit in the fund's NAV.

With reference to financial instruments classified in level 3 of the fair value hierarchy, details of changes in the year, including profits/(losses) booked to the income statement, are shown below:

Valori in Euro	Financial assets:			Financial liabilities:	
	At fair value through profit or loss (FVTPL)	Available-for-sale assets (AFS)	Derivative instruments	At fair value through profit or loss	Derivative instruments
Values as at 1 October 2012	-	**37.835.937**	-	-	-
Profits/losses in the year:					
- in the income statement	-	(939.717)	-	-	-
- in the statement of comprehensive income	-	6.132.610	-	-	-
Other changes:					
Purchases	-	5.436.892	-	-	-
Transfers	-	(4.088.703)	-	-	-
Reimbursements	-	-	-	-	-
Accounting eliminations and reclassifications	-	-	-	-	-
Reclassifications to other levels of the fair value hierarchy	-	4.587.787	-	-	-
Values as at 30 September 2013	-	**48.964.806**	-	-	-

Available-for-sale financial assets refer mainly to the shares held in Azimut Benetti S.p.A. (EUR 29,2 million), shares held in Microventures SpA (EUR 3,0 million) and shares held in SIA S.p.A. (EUR 1,4 million).

45.3 Risk management policies

1. Credit risks

Credit risk represents the exposure of Mittel S.p.A. 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.
Mittel S.p.A.'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.

Qualitative information

1.1 General aspects

Mittel S.p.A. performs its activities in the private equity sector and buys and sells proprietary securities.
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 market risks in order to ensure that the overall exposure is monitored.

1.2 Impaired financial assets

At each reporting date, receivables are recognised in order to identify those that, as a result of events following their initial recognition, show objective evidence of possible impairment. The value adjustment is booked to the income statement.
The original value of the receivables is written back in subsequent years to the extent in which the reasons that determined the adjustment no longer exist, provided that said valuation can be objectively linked to an event which occurred after said adjustment. The write-back is recorded in the income statement and cannot, in any case, exceed the amortised cost that the receivable would have had in the absence of previous adjustments.
Operating criteria are used to determine the presumed recoverable value, aimed at quantifying the presence of any guarantees and/or the existence of bankruptcy proceedings.
The recovery plans are approved by the decision-making body and monitored extremely carefully.
The Board of Directors is responsible for the classification of receivables and their evaluation, normally on the proposal of the Chief Executive Officer.

Quantitative information

Distribution of credit exposures by relevant portfolio and by credit quality:

	Receivables written down due to non-collectability	Restructured exposures	Past due exposures	Other assets	Total
Financial assets held for trading	-	-	-	-	-
Financial assets designated at fair value	-	-	-	-	-
Available-for-sale financial assets	-	-	-	30.000	30.000
Financial assets held to maturity	-	-	-	-	-
Receivables due from banks	-	-	-	3.543.183	3.543.183
Receivables due from financial institutions	-	-	-	30.214.907	30.214.907
Receivables due from customers	3.243.326		13.143.598	152.447.726	168.834.649
Hedging derivatives	-	-	-	-	-
Total as at 30 September 2013	**3.243.326**	**-**	**13.143.598**	**186.235.816**	**202.622.739**
Total as at 30 September 2012	**-**	**2.315.813**	**-**	**206.775.975**	**209.091.788**

2. Credit exposures

2.1 Credit exposures: gross and net values

Type of exposures/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Impaired exposures:	-	-	-	-
- Exposures written down	11.916.372	(8.673.047)	-	3.243.326
- Restructured exposures	-	-	-	-
	11.916.372	**(8.673.047)**	-	**3.243.326**
Performing exposures	-	-	-	-
- Past due exposures	13.143.598	-	-	13.143.598
- Other exposures	189.517.849	(3.282.034)	-	186.235.816
	202.661.447	**(3.282.034)**	-	**199.379.413**
Total as at 30 September 2013	-	-	-	**202.622.739**
Total as at 30 September 2012	**211.808.975**	**(6.808.936)**	-	**205.000.039**

The table shown above includes financial receivables due from Group companies totalling EUR 87,8 million (42,8% of the total exposure).

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, the company proceeds with the valuation with reference to each receivable when individually significant or when it becomes significant in consideration of the receivables as a whole.

The company calculates 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 company totalled EUR 3.545 thousand (EUR 4.064 thousand as at 30 September 2012) and are composed of bank deposits.
As regards the choice of counterparties for the management of temporary surpluses of cash and the stipulation of financial hedge contracts (derivative instruments), the company only uses contacts with a high credit standing.

In this regard, it should be noted that, as at 30 September, no significant exposures to risks connected to a further deterioration in the overall financial context were highlighted.

Guarantees given and received

The financial statement values as at 30 September 2013 and 2012 relating to the guarantees issued in favour of third parties and commitments for the disbursements of funds are shown below:

	30.09.2013	**30.09.2012**
Commercial guarantees issued	24.328.289	26.758.714

Irrevocable commitments to disburse funds	14.530.017	18.469.260
	38.858.306	**45.227.974**

Sureties were issued in favour of third parties totalling EUR 6.759 thousand (EUR 3.381 thousand as at 30 September 2011) in the form of tax guarantees and to secure commercial lease contracts as well as a guarantee of EUR 20 million as a result of the transfer of the 100% investment in Mittel Generale Investimenti S.p.A. completed in the year.

With reference to the guarantee issued by the company 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 and an absolute excess of EUR 50,0 thousand.

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 24th 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 tax or labour law liabilities for which the indemnity obligation is valid for five years.

3. Market risks

3.1 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.
Interest rate risk represents the variation in the economic value of the intermediary following unexpected changes in interest rates that impact the bank portfolio, defined as the entire group of assets and liabilities sensitive to interest rates not classified in the trading portfolio.

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.

Quantitative information

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

The table below identifies the book value of the financial assets and liabilities subject to interest rate risk:

Distribution by residual duration of financial assets and liabilities

Amounts in thousands of Euro

Items/residual duration	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			30				30
Medium/long-term financial receivables			37.607	32.250	14.798	28.537	113.191
Current financial receivables	76.207	13.196					89.402
Available-for-sale financial assets							-
Financial assets designated at fair value							-
	76.207	**13.196**	**37.637**	**32.250**	**14.798**	**28.537**	**202.624**
Liabilities							
Non-current bank loans			39.164				39.164
Current bank loans	52.582	2.469					55.051
Bond issue	1.321				94.783		96.103
Other financial payables due to related parties							-
	53.903	**2.469**	**39.164**	**-**	**94.783**	**-**	**190.318**
Financial derivatives							
Hedging derivatives							-
Trading derivatives							-
	-	-	-	-	-	-	-
	130.109	**15.664**	**76.801**	**32.250**	**109.581**	**28.537**	**392.942**

The item current financial receivables differs from that indicated in the net financial position because the calculation of the latter did not include the financial receivable due from Ghea S.r.l.

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

Interest rate risk is a variable which the Company 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 company.

3.2 Price risk

Qualitative information

General aspects

Market risks encompass the risks generated by market transactions with regard to financial instruments, currencies and commodities.
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".

Quantitative information

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

As regards the company's situation, actual and prospective market risk is low.
The strategies and the budget for the current year are based on extremely prudent guidelines 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.

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 company has no operations in place in areas subject to currency risks.

Quantitative information

The company has no exposures in foreign currency.

3.3. 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.

Interest rate risk - Sensitivity analysis

The effect of a variation in interest rates on the variable component of payables and liquidity may involve higher or lower financial expenses/income and, in particular, if, at 30 September 2012, 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 roughly EUR 1 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.

Amounts in thousand of Euro		**30 September 2013**	
	Fixed rate	Variable rate	Total
Bank loans	31.394	62.821	**94.215**
Bond issue	97.424	0	**97.424**
Other financial liabilities			**0**
Total	**128.818**	**62.821**	**191.639**

Amounts in thousand of Euro		**30 September 2013**	
	Fixed rate	Variable rate	Total
Financial receivables	3.550	199.073	**202.623**
Other financial assets			**0**
Total	**3.550**	**199.073**	**202.623**

Effective interest rate

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 and deferrals.

Amounts in thousands of Euro

	30 September 2013		**30 September 2012**	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Deposits and cash	3.545	0,54%	4.064	1,90%
Other financial receivables from third parties	36.751	2,45%	41.030	2,60%
Other financial receivables from related parties	165.873	2,62%	163.970	3,90%
Total	**206.169**	**2,55%**	**209.064**	**3,61%**

Amounts in thousands of Euro

	30 September 2013		30 September 2012	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Bank loans	94.215	4,26%	116.153	4,89%
Bond issue	97.424	6,38%	-	0,00%
Other financial liabilities	-		-	
Total	**191.639**	**10,64%**	**116.153**	**4,89%**

Currency risk - Sensitivity analysis

As at 30 September 2013 (as at 30 September 2012), 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.

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 company 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 loans.
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.

Current financial assets as at 30 September 2013, together with unused committed lines, allow expiry dates to be fully observed as regards the repayment of debt envisaged over the coming 24 months.
With reference to the expiries of cash flows related to the company’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 30 September 2013, 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 thousand of Euro	**expiring within 30.9 of the year:**				
	2014	**2015**	**2016**	**After 2016**	**Total**
Bank loans	55.051	5.117	34.047	-	94.215
Bond issue	5.992	5.992	5.992	117.830	135.805
Derivative financial instruments					-
Total	**61.043**	**11.109**	**40.038**	**117.830**	**230.020**

The non-discounted contractual cash flows of gross non-current financial debt at nominal repayment values and the interest flows are shown below, determined by using the conditions and interest rates in place as at 30 September 2013.

More specifically, the “worst case scenario” is presented, which highlights:

- nominal future cash outflows, both for the principal and interest portions, with reference to financial liabilities (excluding trade payables) and derivative contracts on interest rates;
- does not consider financial assets;
- assumes that bank loans expire on demand, if relating to revocable credit lines, and, in the opposite case, are scheduled on the basis of the first expiry on which repayment can be requested.

The principal and interest portions of liabilities subject to hedging include both the disbursements and the collections of the associated hedging derivative instruments.

Financial liabilities - Analysis by expiry of contractually envisaged disbursements

Amounts in thousands of Euro	expiring within 30.9 of the year:				
	2014	2015	2016	After 2016	Total
Non-current bank loans					
Portion of capital		5.117	32.899		38.016
Portion of interest			1.147		1.147
Current bank loans					
Portion of capital	54.746				54.746
Portion of interest	305				305
Bond issue					
Portion of capital				99.854	99.854
Portion of interest	5.992	5.992	5.992	17.976	35.952

For information on the covenants of the Company, 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 company 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 Mittel S.p.A. as regards the management of capital are based on the protection of the company's ability to continue, simultaneously, to ensure both profitability for shareholders and to retain an efficient capital structure.

46. Publishing of the fees for auditing and other non-auditing services pursuant to Consob Issuers' Regulation, art. 149 duodecies

For the disclosure pursuant to the provisions of art. 149-duodecies of Consob Issuers' Regulation pertaining to the information on the fees paid to Independent Auditors Deloitte & Touche S.p.A., refer to note 59 of the consolidated financial statements.

Milan, 13 January 2014

for the Board of Directors

The Chairman

(Prof. Franco Dalla Sega)

Certification of the separate financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned Arnaldo Borghesi, 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 separate financial statements for the year ended as at 30 September 2013.

It is also certified that the separate financial statements for the year ended as at 30 September 2013:

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.

The report on operations includes a reliable analysis of the performance and result of operations, and of the position of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Milan, 13 January 2014

Executive Director

Arnaldo Borghesi

Manager responsible for preparing the Company's financial reports

Pietro Santicoli

"REPORT OF THE BOARD OF STATUTORY AUDITORS PURSUANT TO ART. 153 OF ITALIAN LEGISLATIVE DECREE NO. 58/1998 AND ART. 2429 OF THE ITALIAN CIVIL CODE"

To the Shareholders' Meeting of Mittel SpA (hereinafter, also Mittel, or the Company).

In the year ended as at 30 September 2013, we carried out the audit required by law and the Articles of Association - according to the principles of conduct of the Board of Statutory Auditors recommended by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Institute of Chartered Accountants) - which we refer to with this report, that has been drafted by also taking into account the indications provided by CONSOB by means of Communication no. 1025564 of 6 April 2001 and subsequent updates. Specifically:

- we took part in Shareholders' Meetings, meetings of the Board of Directors and of the Executive Committee held during the year and obtained prompt and appropriate information from directors on the general trend in operations and on the business outlook, as well as on the transactions of the greatest economic, financial and equity importance, in terms of size and their characteristics, carried out by the company and its subsidiaries. Specifically, we state that we were adequately informed in relation to:
    - the successful conclusion of the voluntary partial public exchange offer of ordinary Mittel SpA shares ("OPSC") and of the public subscription offer of bonds ("OPSO"), with the issue of 57.059.155 bonds with a nominal value of EUR 1,75 each, for a total nominal value of the bonds issued under the OPSC and the OPSO of EUR 99,85 million. The Bonds paid during the OPSC and those involved in the OPSO have the same characteristics and, therefore, accrue interest, from the Loan Use Date (12 July 2013) to the Loan Expiry Date (12 July 2019), at the gross fixed annual nominal rate of 6,0%. The bonds were listed on the MOT from 12 July 2013.
    - the acquisition, approved by the Board of Directors of Mittel S.p.A. on 10 January 2013, of 100% of the share capital of the financial consultancy company Borghesi Advisory S.r.l. (now Mittel Advisory S.p.A.) for a consideration of EUR 4,75 million in cash, and of 2,5 million ordinary Mittel S.p.A. shares, at a conventional value of EUR 2,78 each.

- the subscription of the share capital increase of RCS MediaGroup Spa ("RCS"), in relation to which, on 2 July 2013, in the name and on behalf of wholly-owned subsidiary Mittel Partecipazioni Stabili S.r.l. ("MPS"), which holds a stake in RCS MediaGroup S.p.A. equal to 1,28% of ordinary share capital, Mittel SpA communicated the exercise of 1.408.881 option rights on 1.408.881 ordinary shares tied to the Block Voting and Consultation Shareholders Agreement which entitle the company to subscribe 4.226.643 ordinary RCS shares for a total investment of EUR 5.219.904,11. Following the share capital increase of RCS, MPS holds 1,33% of share capital with voting rights and 1,06% of existing share capital;
- the extension to 17 May 2015, resolved on 19 November 2012, by Mittel S.p.A., Equinox Two S.c.A., Tower 6 S.àr.l., Ghea S.r.l. and Tower 6 bis S.àr.l. (with no provision for clauses of automatic renewal after said date) of the shareholders' agreement regarding relations between Mittel S.p.A, Tower 6 S.àr.l. and Ghea S.r.l., as shareholders holding a total of 72,73% of the share capital of Bios S.p.A., as well as investments of Bios S.p.A. and Tower 6 bis S.àr.l. in the company Sorin S.p.A., equal to 25,439% of share capital.

- we acquired knowledge and monitored, as regards matters within our competence, compliance with the law and the Articles of Association, respect for the principles of proper administration and the degree of adequacy of the Company's organisational structure, through direct surveys, by gathering information from the managers of the departments concerned, periodic exchanges of information with the Independent Auditors and with members of the Control and Risks Committee, Remuneration and Appointments Committee and Group Risk Committee;
- we checked the adequacy of the risk management and control, internal control and administrative and accounting systems and, in particular, the latter's reliability in representing operating events;
- we carried out monitoring activities in line with the provisions of art. 19 of Legislative Decree 39/2010 which assigns the Board of Statutory Auditors the role of "Internal control and auditing committee", with reference: a) to the financial information process; b) the effectiveness of internal control, internal auditing and risk management systems; c) the audit of the annual and consolidated accounts; d) the independence of the Independent Auditors.

  With reference to the aforementioned monitoring of the operations of the Independent Auditors, the Board of Statutory Auditors carried out a periodic exchange of information with the managers of said entity regarding the activities performed in accordance with art. 150 of the Consolidated Law on Finance; analysed the results of the work carried out by the Independent Auditors; received from said Independent Auditors the reports required by art.

14 and art. 19, paragraph 3, of Legislative Decree 39/2010; received from said Independent Auditors the "Annual confirmation of independence" pursuant to art. 17, paragraph 9, letter a) of Legislative Decree 39/2010; analysed, in accordance with said art. 17, paragraph 9, letter b) of Legislative Decree 39/2010, the risks relating to the independence of the Independent Auditors and the measures adopted by said entity to limit said risks;

- we monitored the functionality of the control system of Group companies and the adequacy of the provisions handed down to them, also pursuant to art. 114, paragraph 2, of Legislative Decree 58/1998;
- we acknowledged the preparation of the Report on Remuneration pursuant to art. 123-ter of Legislative Decree no. 58 of 24 February 1998 and art. 84-quater of Consob Regulation 11971/1999 ("Issuers' Regulation") and we have no particular remarks to make;
- we viewed and obtained information on organisational and procedural activities implemented pursuant to Legislative Decree No. 231/2001 on the administrative liability of entities.

  The Supervisory Body reported on the activities carried out during the year ended 30 September 2013, with no particular critical issues worthy of mention;
- we monitored, as regards matters within our competence, the compliance of the Procedures for transactions with related parties with the applicable legislation.

  we monitored the financial information process and verified compliance with the legal and regulatory provisions concerning the formation and layout of the separate and consolidated financial statements, and the associated supporting documents. The separate and consolidated financial statements are accompanied by the required declarations of conformity signed by the Executive Director and the Manager responsible for preparing the Company's financial reports;
- we verified the adequacy, from a methodological point of view, of the impairment process implemented to identify the existence of any losses of value of assets recorded in the financial statements;
- we checked that the Directors' Report on Operations for the year 2012/2013 is compliant with the applicable laws and regulations, consistent with the resolutions adopted by the Board of Directors, with the events reported in the separate and consolidated financial statements and with the significant events which occurred after the close of the year.

  The consolidated half-yearly report did not require any observations from the Board of Statutory Auditors. The Half-yearly report and the quarterly reports were published in accordance with the law and regulations in force.

During the course of our monitoring activities, carried out according to the above methods, no significant events emerged which need to be reported to the control bodies, or mentioned in this report.

* * * * *

The specific indications to be provided with this report are listed below, according to the provisions of the above-mentioned CONSOB Communication of 6 April 2001 and subsequent updates.

1. We acquired information on the transactions of the greatest economic, financial and equity importance entered into during the year, also via subsidiaries, to confirm that they were carried out in compliance with the law and the Articles of Association and that they were not manifestly imprudent, hazardous or, in any case, as such to compromise the integrity of the company's assets.

   In referring you to an illustration of the main initiatives undertaken during the year contained in the section "Significant events in the year" of the Directors' Report, we certify that, as far as we are aware, these initiatives are shaped by the principles of proper administration and that problems relating to potential or possible conflicts of interest were carefully assessed.
2. We did not receive any information on atypical and/or unusual transactions in the year, including intercompany transactions or transactions with related parties.
3. Solely the main economic effects of ordinary intercompany transactions or transactions with related parties are indicated in the Directors' Report and in the Explanatory notes to the Separate and Consolidated Financial Statements.

   The Board of Statutory Auditors verified that these transactions conform to the law and to the Articles of Association, are in keeping with the company's interest and are not likely to give rise to doubts regarding their accuracy and the completeness of the associated financial statement information, the existence of conflicts of interests, the safeguarding of company assets and the protection of non-controlling shareholders.
4. Independent Auditors Deloitte & Touche SpA, with whom we held periodic meetings during the year, to whom the audit was assigned, on today's date issued audit reports pursuant to art. 14 of Legislative Decree 39/2010, relating to the separate and consolidated financial statements as at 30 September 2013, also including the judgment of consistency required by art. 14, paragraph 2, letter e) of Legislative Decree 39/2010 and art. 123-bis of Legislative Decree no. 58/1998. These do not contain informative remarks or references.
5. No complaints were received from shareholders pursuant to art. 2408 of the Italian Civil Code.

6. No petitions or other reports were received.
7. During the year, in compliance with the legislation, the company assigned the company Deloitte & Touche SpA with the following offices in addition to the tasks envisaged by the audit:
    - as part of the activities prior to the OPSO and OPSC transactions, which include the report on the examination of the consolidated pro-forma financial statements as at 30 September 2012; the report on the examination of the consolidated pro-forma financial statements as at 31 March 2013; the Independent Auditors' Report on the provisional data; comfort letters and the bring-down letter; and certification of the financial covenants (for total consideration of EUR 396.000);
    - accounting and tax due diligence procedures (consideration of EUR 20.000).

No critical aspects emerged during the year regarding the independence of the Independent Auditors, also taking into consideration the provisions of Legislative Decree no. 39/2010.

8. During the year, Deloitte ERS Srl, a company belonging to the network of the Independent Auditors Deloitte & Touche SpA, was assigned the job of providing methodological support to risk assessment activities (consideration of EUR 16.000).
9. During the year, the Board of Statutory Auditors approved the resolutions for the Board of Directors to co-opt two Directors pursuant to art. 2386 of the Italian Civil Code.
10. Nine meetings of the Board of Directors were held during the year, as well as eleven meetings of the Executive Committee, eight meetings of the Board of Statutory Auditors, six meetings of the Control and Risks Committee and three meetings of the Remuneration and Appointments Committee.
11. We have no particular remarks to make on compliance with the principles of proper administration. In particular, also on the basis of findings that emerged during the meetings held with the Independent Auditors, the principles of proper administration were constantly observed.
12. On the basis of the knowledge acquired during the execution of the monitoring activities required by law, also realised through meetings with the Manager responsible for preparing the Mittel Group's financial reports, the Manager of the Internal Audit Department, the Control and Risks Committee, representatives of the Independent Auditors Deloitte & Touche SpA, we acknowledge that, during the year, the organisational strengthening of the company and of the Group again continued. With specific reference to the management-accounting information system, we confirmed that this is suitable to provide the required information for the execution of company activities according to the guidelines indicated by the Board of Directors.

13. The risk management and control and internal control system appeared to be suited to the dimensional and management characteristics of the company, as also ascertained during the meetings of the Control and Risks Committee in which, based on the regulations adopted by the Committee, the Board of Statutory Auditors is entitled to participate.

    In addition, the Manager of the Internal Audit Department and the entities in charge of internal control pursuant to the Corporate Governance Code for listed companies ensured the necessary functional and information collaboration regarding the execution of their institutional audit tasks, as well as on the outcomes of the checks carried out, also through participation in meetings of the Board of Statutory Auditors.
14. We have no observations to make on the adequacy of the administrative-accounting system and on its reliability to provide a proper representation of operating events. With reference to the accounting information contained in the separate and consolidated financial statements for the year ended as at 30 September 2013, we acknowledge the provision of the certification of the Executive Director and of the Manager responsible for preparing the Company's financial reports pursuant to art. 154-bis of Legislative Decree 58/1998 and art. 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions.
15. We have no observations to make on the adequacy of information flows provided by the subsidiaries to the Parent Company aimed at ensuring the prompt fulfilment of the communication obligations required by law. The coordination of Group companies, pursuant to art. 114, paragraph 2, of Legislative Decree no. 58/1998, is also ensured by the presence, in the corporate bodies of the main subsidiaries, of Boards of Directors, of members of Top Management and members of the Board of Statutory Auditors of the Parent Company.
16. During the periodic meetings held by the Board of Statutory Auditors with the Independent Auditors, also in accordance with art. 150, paragraph 3, of Italian Legislative Decree no. 58/1998, no aspects came to light which need to be highlighted in this Report.
17. The Board of Statutory Auditors monitored the actual methods of implementation of the corporate governance rules set forth by the Corporate Governance Code for listed companies promoted by Borsa Italiana SpA, as adopted by the Company and illustrated in the "Report on Corporate Governance and Ownership Structures" pursuant to art. 123-bis of Legislative Decree no. 58/1998.

    The assessment was conducted based on the new version of the Corporate Governance Code of December 2011, adopted by Mittel during the year in question.

    The Board successfully verified the existence of the independence requirements of its members, and monitored the correct application of the procedures and criteria adopted by the Board of Directors for assessing the independence of its members.

18. The company currently has no stock-option plans in place.
19. We carried out normal monitoring activity in the year ended as at 30 September 2013, and said activity did not bring to light any omissions, censurable events or irregularities to be documented in this Report.
20. In terms of an overview of the monitoring activity carried out, we have no proposals to put forward, pursuant to art. 153, paragraph 2 of Legislative Decree 58/1998, regarding the separate financial statements, their approval and matters within our competence, and we have no observations to make regarding the proposal to carry forward the loss for the year arising from said financial statements.

Milan, 27/01/2014

<u>The Board of Statutory Auditors</u>
Giovanni Brondi
Maria Teresa Bernelli
Simone Del Bianco

Deloitte.

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AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
MITTEL S.p.A.

1. We have audited the financial statements of Mittel S.p.A., which comprise the statement of financial position as of September 30, 2013, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and the related explanatory notes. These financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's financial statements, whose data are presented for comparative purposes, reference should be made to our auditors' report issued on January 28, 2013.

3. In our opinion, the financial statements give a true and fair view of the financial position of Mittel S.p.A. as of September 30, 2013, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005.

4. The Directors of Mittel S.p.A. are responsible for the preparation of the report on operations and the annual report on corporate governance in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on corporate governance, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual report on corporate governance are consistent with the financial statements of Mittel S.p.A. as of September 30, 2013.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Miccoli
Partner

Milan, Italy
January 27, 2014

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